

**Pre-filed Testimony in the Matter of Application by TransCanada Keystone
Pipeline, LP for a Permit Under South Dakota Energy Conversion and
Transmission Facilities – HP07-001**

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Soil and water contamination of crude oil products – There are many examples of crude oil spills. TransCanada's *Spill Frequency Volume Study* predicts spills of crude oil of various amounts can occur from time to time at any place along the pipeline.

The Keystone pipeline crosses the eastern slope of the James River watershed throughout the state. The region contains highly productive farm land, and some of the richest wetlands of the state. Also the pipeline will lie over and near several groundwater aquifers. Drainage of surface waters throughout this region is to the James River.

Crude oil contains several highly toxic small weight chemicals including benzene, toluene, ethylbenzene, and xylene that rapidly disperse in water and wet soils. These chemicals are regulated contaminants in both surface and ground water by South Dakota water quality standards.

Again Pipe lines leak! Crude oil spills in or around any of these surface waters could pollute the water in violation of the water quality standards.

Wildlife Resources – Threatened and Endangered Species – The proposed route of the Keystone pipeline crosses through habitat of several protected species including the Bald Eagle, Dakota Skipper, Western Prairie Fringed Orchid, Pallid Sturgeon, Topeka Shiner, and others.

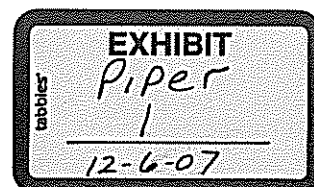
The operation of the pipeline must consider the needs and maintenance of habitat for the continuation of these species.

Energy Policy

We are enticed by the possibility that TransCanada will pay \$6.5 Million to the state in taxes each year. I don't know what the market for crude is, but for example if it is \$45 per barrel the sale of 144,444 barrels would pay the taxes. At the rate of delivery of 435,000 barrels per day, the taxes could be paid in 8 hours

We are also told that we need this crude oil pipeline that will contribute to meet energy needs, bring about energy independence, and solve the energy problems. Conservation and efficient use of energy must be a part of the solution.

The development of the Keystone crude oil pipeline flies in the face of an emerging national energy policy that advocates the reduction of green house gasses. The state of



South Dakota and the PUC should be leaders in championing initiatives that reduce carbon emissions and rewards the conservation and efficient use of energy. Build a new energy system and energy economy around the many innovative processes of energy production and use that are environmentally friendly.

Recommendations

1. Require TransCanada to provide a remedial plan that they and their contractors will follow to clean-up soil, surface waters, and ground waters contaminated by an operational crude oil spill **both inside and outside** of their easement right-of-way. The plan should also include reimbursement to landowners, adjacent property owners, water utilities and public lands and resources that are impacted by an oil spill or pipeline accidents.
2. Require TransCanada and its partners to post a bond or cash payment with the State of South Dakota to cover the cost of clean-up of any crude oil spill during the lifetime of the project.