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Before the Public Utilities Commission
of the State of South Dakota

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

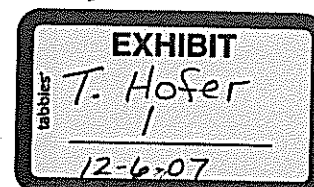
IN THE MATTER OF THE APPLICATION	)	HP 07-001
BY TRANSCANADA KEYSTONE PIPELINE,	)	
LP FOR A PERMIT UNDER THE SOUTH	)	DIRECT TESTIMONY OF
DAKOTA ENERGY CONVERSION AND	)	Tim Hofer
TRANSMISSION FACILITIES AC T TO	)	605-352-7175
CONSTRUCT THE KEYSTONE PIPELINE	)	
PROJECT	)	

My name is Tim Hofer and my address is 40918 192nd Street, Carpenter, South Dakota 57322. I farm with my parents Del and Pam Hofer near Carpenter, SD. We have farm land that would be crossed by the oil pipeline proposed by Trans-Canada.

I have attended several meetings sponsored by TransCanada and SD Public Utilities Commission in the past several months. The last meeting I attended was at in Clark, SD. It was a hearing put on by the U.S. State Department from Washington, DC. I don't know why they made the trip out to South Dakota at taxpayer expense, because it was obvious from the meeting that the people attending on behalf of the federal government had already made up their minds before the meeting even started. One lady from an environmental consulting firm hired by the State Department to prepare the EIS nearly fell asleep during the meeting which went from 7:00 pm to 9:00 pm.

I also attended an informational meeting in the same room in Clark, SD in June which the PUC and TransCanada attended. We were disappointed that TransCanada was allowed to talk first and dominate most of the meeting time. The room was packed but there was very little time set aside for landowners and concerned citizens. I'm sure that the PUC and TransCanada set it up that way to "educate" us. But the fact is, we had already read about the other hearings in the paper and wanted to tell our side of things rather than have to listen to the Canadians all night.

Since the meetings and hearings many things have changed about the plan. One important thing that changed is the thickness of the pipeline that will be installed in the rural area where we live. It's supposed to be just as safe and as good as other crude oil pipelines around the USA but I question if this thinner pipe is so safe, why are they going to use thicker pipe in the more populated areas, like Yankton, SD? Are the lives of farmers and rural people less important to the PUC and the Governor than city



residents?

It seems to me that if that pipeline is supposed to be in operation for 50 years it would make sense to use the thicker pipe. The cost that TransCanada will save will be small in comparison to what they will get for the 591,000 barrels of oil they pump through South Dakota every day.

I believe the reason they want to use the thinner pipe just to save money. That's another example of how much they care about the people living out here in the country trying to make a living off the land. The land that we thought we owned until this private oil company from a foreign country came along and said it was theirs to use however they wanted and no elected official in South Dakota lifted a finger to help us. We are mad and sad about that. What did we ever do to offend you. What did we do to deserve being ignored and neglected by our government in Pierre?

The TransCanada Keystone pipeline is set to run kity-corner through our best piece of farmland. I can only get to that piece of land from one direction. During construction how am I going to plant, spray, and harvest with a ditch running on an angle? The payment TransCanada offered is even equal to what the land would rent for over a 50 year period. We asked them what happens if they have sink holes over the pipeline and we get stuck with farm machinery? I heard Buster Grey, the engineer for TransCanada from Kansas say that they pack the ground, but I don't believe they can put it back to natural conditions. He also said that if we damage the pipe with farm machinery, whether it's an accident or not, they will hold us liable. When I get stuck it costs me money, especially if I break something. Once the pipeline is approved by the PUC and our land is taken by eminent domain no matter what happens if I farm my land and get stuck over the pipeline it's at our expense. How can they say we have full use of our land? Trans-Canada will have millions of dollars a day flowing through their pipes and the landowners are the ones who pay for it. We will find out soon how important the farmers and land owners are to the PUC. I'm afraid we don't count for much.

They plan to building a pumping station a mile to the north of our land. This spring it was very wet and the summer was very dry. There were cracks in the ground several inches wide in places. Using thinner pipe does not make me feel any better with the way the ground shifts around here. With the temperature of the pipeline the ground will freeze later and thaw sooner, if it even freezes at all. When I plant winter wheat, which is an important cash crop for us, it will never be any good over that pipeline because TransCanada will heat the oil to 80 degrees so it will flow. Whatever crop I plant on there no one can tell me it won't dry out over that pipeline quicker in the summer and all I'll have to harvest is weeds. Here again, TransCanada gets the millions of dollars of oil money and I get to pay for spraying weeds. TransCanada may deny it but I have seen pictures from farmers in Canada who have oil pipes like this on their land and the land ends up not being good for much of anything.

I'm also concerned about the added risk of fire. TransCanada claims we have nothing to worry about. But do a search on the internet and you will find news stories and proof

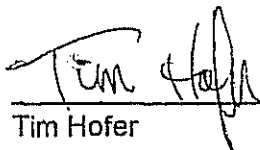
that these kinds of pipelines leak and blow up all the time. I have read where during the first years of operation that two pump stations blew up and burned on the oil pipeline in Alaska. TransCanada's documents say that if there is a leak and it starts on the fire the best thing to do is let it burn out. You know what the summer and fall winds are like in South Dakota. If they do that it will start grass fire like we have never seen before in South Dakota. They will be gone and the three PUC commissioners and their staff will be left to pick up the pieces and handle the fall out.

Once they get their permit from you it won't matter to TransCanada what happens to the farmers like me and the rural communities they cross. It does matter very much to us and our families. I've heard the PUC say they have no control over the eminent domain part of this project but I beg to differ. I believe if you wanted to, the PUC could deny the project a permit until TransCanada agrees to play fair with the landowners. No one's property should be taken from them by force by the government let alone by an oil company. How would you feel if was your home or your property or your family business.

I wonder if any one of the three of you ever lived on a farm or tried to make a living off the land. You can work as hard as possible, from sun-up to sun-down, and be wiped out by a hail storm, a frost, prices, costs or the lack of rain. Now we have another thing to worry about, TransCanada.

I'm afraid I won't be able to attend the hearings you will be holding in Pierre on December 3 through 14, 2007. If was held in Huron or Clark we could make it. We feed cattle in the winter and we just can't leave them alone that long.

Please look into your hearts and study all the laws and the information and see if you can place conditions on any permit you decided to grant TransCanada that at least provides more protection for public safety, ground water, the farmer, the landowner and the environment. We have a great place to live here and we should be so eager for a few tax dollars that we bring in something like crude oil that could damage the great place where we live.



Tim Hofer

Date: October 28, 2007