

August 11, 2017

Mr. Tim Schram, Chairman
Mr. Mike Hybl, Executive Director
Nebraska Public Service Commission
300-1200 N Street
Lincoln NE 68508
Tim.schram@nebraska.gov
Mike.hybl@nebraska.gov

**Re: TransCanada Keystone Pipeline L.P.
Keystone XL Pipeline Project
Application Proceeding Docket No. OP-0003**

Dear Mr. Schram and Mr. Hybl:

On behalf of the Canadian Association of Petroleum Producers (CAPP), I am writing to express support for TransCanada's proposed Keystone XL (KXL) project and inform the Nebraska Public Service Commission's review process which includes consideration of the economic and social impacts of the pipeline. CAPP represents companies, large and small, that explore for, develop and produce crude oil and natural gas throughout Canada. CAPP's member companies produce about 80 per cent of Canada's crude oil and natural gas.

CAPP respectfully submits the following comments:

Growth in crude oil production in both Canada and the United States requires expansion of the integrated North American pipeline network. The Keystone XL project is responding to that need. Keystone XL will afford a connection for growing crude oil production in western Canada and Nebraska's U.S. neighbors in the Bakken region to refineries in the United States that need these supplies.

The United States needs large imports of crude oil to meet its refineries demands. Canada is the largest supplier of oil to the United States. The stable, secure supply from Canada enables and supports a great wealth of economic activity in the United States to the benefit of all Americans that consume products made from crude oil or work in a business that is supported by our industry.

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A recent study on Economic Impacts of Canadian Oil and Natural Gas Supply in Canada and the US shows that every state in the United States derives significant economic benefit from the oil industry. (CERI August, 2017 <http://www.ceri.ca/publications>) What we see from this is that the integration of supply chains across North America due to free trade under NAFTA that Nebraskans are familiar with through their other trading activities, particularly agriculture, applies to the whole economy including the energy economy.

EIA data shows that the U.S. Gulf Coast region refineries that Keystone XL will connect require over 2 million b/d of heavy crude oil in 2016 with Venezuela among the countries currently supplying some of this demand. The KXL project will provide the United States with new and secure sources of supply.

All this can be done safely. Pipelines safely and efficiently move oil and petroleum products to serve markets located throughout the United States. The Canadian Energy Pipeline Association data shows that between 2002 and 2013, pipelines transported oil with a 99.999 per cent safety record.

The Canadian supply that will support this pipeline is a long term, growing supply. CAPP in its latest Canadian crude oil production outlook published in June forecasts Canadian heavy oil supplies to increase by over 700,000 b/d by 2020 and grow further by more than an additional 600,000 b/d by 2030. Canada's crude oil resource is among the largest in the world. Together with the vast crude oil resources of the United States there is a great opportunity to finally obtain North American energy security.

The KXL project is an important addition to the U.S. crude oil delivery system that will maximize the oil resources in both the US and Canada, enhance security of supply for the North American energy marketplace, and increase the benefits of an integrated North American energy economy to the benefit of all.

Timely approval for the KXL project would represent a key development in the long and stable trading relationship for energy between Canada and the United States.

Sincerely,



Tim McMillan
President and CEO