



Daniel Cerkoney  
**ANR Pipeline Company**  
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August 24, 2011

Mr. David Barrett  
Director, Central Region  
PHMSA Office of Pipeline Safety  
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Kansas City, MO 64106

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Re: PHMSA IMP Audit  
Notice of Probable Violation and Proposed Civil Penalty  
**CPF 3-2011-1010**  
**CPF3-2011-1011**

Dear Mr. Barrett:

On August 1, 2011, ANR Pipeline Company received the above referenced Notices of Probable Violation (NOPVs). Pursuant to 49 CFR 190.209, ANR is submitting this timely response.

ANR is contesting Item 2 of CPF3-2011-1010 on the basis that the pipe was not subject to the requirements of § 192.477 because there was no determination that corrosive gas was being transported. The coupons were being used to monitor for internal corrosion, not as a result of a finding of a corrosive gas stream. ANR objects to the proposed civil penalty associated with this item.

ANR is also contesting Item 1 CPF 3-2011-1011 on the basis that ANR acted in accordance with PHMSA's clarification on when a defect is deemed to be "discovered" as a result of in-line inspection. When the defect was verified, ANR promptly completed repairs of the line within 5 days of discovery. Therefore, no report was required. Accordingly, ANR objects to the proposed civil penalties associated with this item. ANR is not contesting Item 2 of CPF 3-2011-1011, but objects to the proposed civil penalty on the basis that the fine is excessive under the circumstances listed in the alleged violation.

ANR has taken steps, consistent with its commitment to continuous improvement, to review and update its procedures to ensure appropriate notification of safety related condition based upon in-line inspection results. A summary of these procedures is attached for your perusal.

While ANR is contesting specific items cited in the NOPVs, we believe that a formal hearing will not be required. Accordingly, ANR is requesting an informal conference to respond to

the allegations in the NOPVs. We are willing to participate in person or via teleconference on these issues. Please contact me at (701)483-1434 or (701)290-1176 to schedule the conference or discuss further.

Sincerely,

A handwritten signature in blue ink that reads "Daniel C. Cercone". The signature is written in a cursive style with a large initial 'D'.

Daniel Cercone  
U.S. Compliance

## ATTACHMENT A

### Summary of Review of Procedures

To ensure appropriate notification of a Safety Related Condition based on in-line inspection assessment results, ANR reviewed its procedures and made the following modifications;

- A. The ILI Data Analysis procedure was modified to include procedure steps to review the ILI data to search for potential safety-related conditions.
- B. The process management tool, ICAM, was modified to include the requirement to confirm that a review of the data to identify safety-related conditions was completed.

**Action A:** The ANR engineering procedure for analysis and processing of ILI data; TEP-INT-ILI-US, *Analysis of ILI Data for US Pipelines*, has been revised as follows.

Three (3) new sections were added to the procedure;

1. Section 6.8, Regulatory Communications was added to the procedure. Section 6.8 includes a sub-section 6.8.1, Reporting a safety-related condition (§191.23)
2. within Section 8.3, Analyzing the Vendor's Preliminary ILI Report, a new section was added: 8.3.2, Identifying Reportable Safety-Related Conditions
3. within Section 8.4, Analyzing the Vendor's Final ILI Report, a new section was added: 8.4.4, Identifying Reportable Safety-Related Conditions

The following are the relevant excerpts from the updated procedure

#### **6.8 Regulatory Communications**

The required Regulatory communications are listed as follows

##### **6.8.1 Reporting a safety-related condition (§191.23)**

The company must report, in accordance with §191.25, the existence of any of the safety related conditions outlined in §191.23.

#### **8.3 Analyzing the Vendor's Preliminary ILI Report**

##### **8.3.2 Identifying Reportable Safety-Related Conditions**

*Upon receipt of the Preliminary ILI Report*

19. Review the Preliminary ILI Report for any evidence of a reportable safety-related condition (see the definition of safety-related conditions in 49 CFR 191.23).

*If a reportable safety-related condition (or suspected reportable safety-related condition) is identified:*

20. Review if there is enough information to determine if a safety related condition exists
  - a) If there is not enough information then gather additional information
  - b) If there is enough information then go to Step 21.

*If it is agreed that the condition is a safety-related condition*

21. Immediately report the condition to the regulators, in accordance with 49 CFR 191.25. US  
Compliance  
Team
22. Prepare a plan that details how adequate information will be gathered.
23. Document the notification in ICAM.

## **8.4 Analyzing the Vendor's Final ILI Report**

### **8.4.4 Identifying Reportable Safety-Related Conditions**

*Upon receipt of the Final ILI Report, during the preliminary screening:*

51. Review the Preliminary ILI Report for any evidence of a reportable safety-related condition (see the definition of safety-related conditions in 49 CFR 191.23).

*If a reportable safety-related condition (or suspected reportable safety-related condition) is identified:*

52. Review if there is enough information to determine if safety related condition exists
  - a) If there is not enough information then gather additional information
  - b) If there is enough information then go to Step 53.

*If it is agreed that the condition is a safety-related condition*

53. Immediately report the condition to the regulators, in accordance with CFR 191.25. US  
Compliance  
Team
54. Prepare a plan that details how adequate information will be gathered.
55. Document the notification in ICAM.

**Action B:** The process management tool, ICAM, has been modified to include a question for the user to identify whether a Safety Related Condition is identified upon receipt of the Preliminary Vendor Report and again upon receipt of the Final Vendor Report

The ICAM Processes and Tasks read as follows;

**Process:** 06 Receipt of Preliminary Report

**Process Description:** The purpose of this Process is to track the time for a Vendor to deliver the Preliminary Report following the tool run. Complete this process on the date the Vendor provided the report.

**Task:** Report Safety Related Condition (SRC) per 49 CFR 191.23 to PHMSA?

**Task Response Option:** No, safety related conditions

**Task Response Option:** Yes, report the SRC to Regulators (Branch to Process: "*Notification of a Safety Related Condition*")

**Process:** 13 In-Line Inspection Run Specific Data Analysis

**Process Description:** The purpose of this Process is to document the results of the Analysis of the Vendor final ILI report and communication of results. Completion date shall equal the date the Final Response Memo was communicated to appropriate stakeholders.

**Task:** Report Safety Related Condition (SRC) per 49 CFR 191.23 to PHMSA?

**Task Response Option:** No, safety related conditions

**Task Response Option:** Yes, report the SRC to Regulators (Branch to Process: "*Notification of a Safety Related Condition*")