

**NOTICE OF PROBABLE VIOLATION
And
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 27, 2011

Mr. Vern Meier
Vice President, Field Operations
TransCanada, Great Lakes Gas Transmission
717 Texas Avenue, Suite 2400
Houston, Texas 77002-2761

CPF 3-2011-1012

Dear Mr. Meier:

On July 26 - 30, August 9 - 13, and September 20 - 23, 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your gas integrity management program in Calgary, Alberta, Canada. Additionally, safety-related condition reporting (SRCR) was inspected.

As a result of the SRCR inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§191.23 Reporting safety-related conditions.**

(a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with §191.25 the existence of any of the following safety-related conditions involving facilities in service:

(4) Any material defect or physical damage that impairs the serviceability of a pipeline that operates at a hoop stress of 20 percent or more of its specified minimum yield strength.

TransCanada, Great Lakes Gas Transmission (GLGT) did not report a material defect that impaired the serviceability of its pipeline as a safety-related condition (SRC) to PHMSA as required. GLGT performed an in-line inspection of its 36” diameter 200 Line from CS 8 to CS 9 on May 14, 2009. GLGT received a final report from the vendor on July 10, 2009, that included Dent 28, which was characterized as a dent with metal loss that was subsequently classified by GLGT as an immediate repair condition in accordance with §192.933(d)(1)(ii). Several exceptions to the reporting requirements are outlined in §191.23(b); however, since Dent 28 was located within 220 yards of building intended for human occupancy, a report was still required for this defect. The pressure on the affected pipeline segment was reduced on October 23, 2009, and Dent 28 was remediated on October 28, 2009.

The operator was asked to provide a copy of the report it submitted to PHMSA on Dent 28, but no report was provided to the inspection team. Also, the lead inspector checked the PHMSA data base “SMART” for a copy of a report, but none was found.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$28,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$28,700

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement

action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2011-1012** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*