



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 9, 2008

Ross Parker
Regional Director
TransCanada – Gas Transmission Northwest
1400 SW 5th Avenue
Suite 900
Portland, OR 97201

CPF 5-2008-1003M

Dear Mr. Parker:

On June 25 to 29, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected TransCanada procedures for operations and maintenance in Spokane, Washington.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within TransCanada plans or procedures, as described below:

1. **§192.605 Procedural manual for operations, maintenance, and emergencies**
Each operator shall include the following in its operating and maintenance plan:
 - (b) **Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 - (1) **Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.**

And

§192.713 Transmission lines: Permanent field repair of imperfections and damages.

(a) Each imperfection or damage that impairs the serviceability of pipe in a steel transmission line operating at or above 40 percent of SMYS must be-

- (1) Removed by cutting out and replacing a cylindrical piece of pipe; or**
- (2) Repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.**

(b) Operating pressure must be at a safe level during repair operations.

The following procedure was found to be inadequate for qualifying welders.

§192.227 Qualification of welders.

(a) Except as provided in paragraph (b) of this section, each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see § 192.7) or section IX of the ASME Boiler and Pressure Vessel Code (incorporated by reference, see § 192.7). However, a welder qualified under an earlier edition than listed in § 192.7 of this part may weld but may not requalify under that earlier edition.

(b) A welder may qualify to perform welding on pipe to be operated at a pressure that produces a hoop stress of less than 20 percent of SMYS by performing an acceptable test weld, for the process to be used, under the test set forth in section I of Appendix C of this part. Each welder who is to make a welded service line connection to a main must also first perform an acceptable test weld under section II of Appendix C of this part as a requirement of the qualifying test.

TransCanada's welder qualification procedure shown on Drawing Number 61-E-W-4 does reference those sections of API 1104 that provide guidance for welder qualification. Instead this procedure references CFR 49 Part 192 Appendix A for the current edition of API 1104.

49 CFR 192 can not be used as a reference for procedures required by 49 CFR 192. Instead an operator's procedure must provide reference to the applicable industry standard that has been incorporated by reference into 49 CFR 192.

2. §192.479 Atmospheric corrosion control; General.

(a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

(c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, the operator need not protect from atmospheric corrosion any pipeline for which the operator demonstrates by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will—

(1) Only be a light surface oxide; or

(2) Not affect the safe operation of the pipeline before the next scheduled inspection.

TransCanada's procedure CC-31, Operation and Maintenance Instruction Sheet, Inspections of Aboveground Gas Piping Atmospheric Corrosion does not specifically require coating at the air to soil interface if the coating is found deficient. This procedure only states that remedial actions will be taken if corrosion found.

49 CFR 192.479(c) requires that TransCanada have a procedure that requires coating suitable to prevent corrosion of soil to air interfaces regardless if corrosion is not evident.

3. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

TransCanada Operating Procedures (TOP) for Valve and Valve Operator M24 Inspection and Valve and Valve Operator M24 Leak Inspection/Cycle Test only requires this testing and inspection occur at an interval not to exceed 15 months.

An operator's procedure must provide guidance for testing and inspection of valves once each calendar year. Additionally an operator must also provide guidance that in addition to the testing inspection once each calendar year, the period of time between these inspections cannot exceed 15 months.

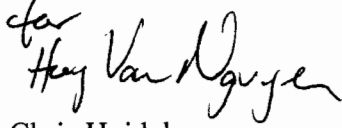
Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2008-1003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hoidal". The signature is written in a cursive style with a large initial "C".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 G. Davis #118881

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