

February 19, 2014

Mr. Rodrick M. Seeley
Director, Southwest Region
Pipeline and Hazardous Material Safety Administration
U.S. Department of Transportation
8701 South Gessner Road, Suite 1110
Houston, Texas 77074

RE: Warning Letter CPF 4-2013-5021W - TransCanada's Gulf Coast Pipeline Manual Welding on Spread 3

Dear Mr. Seeley:

On September 26, 2013 the Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a Warning Letter (CPF 4-2013-5021W) to TC Oil Pipeline Operations, Inc. (TransCanada) regarding probable violations of Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Sections 195.214 Welding Procedures and 195.222 Qualification of Welders. The letter alleged that "TransCanada failed to perform welding on construction Spread 3 of the Gulf Coast Pipeline project in accordance with a procedure qualified according to Section 5 of API 1104" and further that "TransCanada failed to use properly qualified welders on Spread 3 of the Gulf Coast Pipeline project".

Following more than twelve (12) months of extensive meetings and discussions, comprehensive (and voluntary) supplemental destructive testing and exhaustive records reviews, on November 26, 2013 a meeting held between representatives of PHMSA's Southwest Region, PHMSA's Washington D.C. Headquarters, and TransCanada resulted in confirmation that the welder qualifications and manual welding procedures performed on Spread 3 of TransCanada's Gulf Coast Pipeline did, in fact, comply with all applicable requirements of the federal regulations (49 CFR §195) and the standards incorporated by reference.

The conclusions reached at the November 26th meeting established that TransCanada had addressed the welding issues that occurred during the start-up of the Gulf Coast Pipeline construction and had taken appropriate steps, beyond those taken during typical pipeline projects, to ensure the integrity of the welds including

- Engaging internationally renowned consultant, Det Norske-Veritas to review the measures taken by TransCanada, and who subsequently concluded that "the assessment of refinements that were made by (TransCanada) indicates that no essential variable requirements in API 1104 were violated and that the refinements that were made represent industry best practice."
- Voluntarily conducting extensive destructive testing of both welding procedures and randomly selected production welds that were cut out and tested and which verified the integrity of the weld procedures.

Pursuant to 49 CFR §190.206, the purpose of a Warning Letter is to advise the operator of a probable violation and to correct it or be subject to potential enforcement action in the future. TransCanada is concerned that the incomplete record contained within the Enforcement Action website may prove problematic in the future despite it indicating that the status of the enforcement action is closed. Left unaddressed, TransCanada could also be subjected to unwarranted enforcement actions based on the incomplete record, or, misperceptions by its pipeline safety stakeholders. In the absence of a mechanism for requesting the formal withdrawal of this Warning Letter, an act that TransCanada believes is merited, TransCanada hereby requests PHMSA to consider posting this response to its Enforcement Action website in much the same way as PHMSA does for operator's responses to Notices of Probable Violation.

TransCanada is committed to ensuring its pipeline projects are designed, built and operated in accordance with its own high standards for safety and reliability and all applicable standards, regulations and permit conditions. We understand and appreciate the integral role that PHMSA performs in achieving these objectives.

Thank you for your consideration of this matter. If you have any questions or require additional information in support of this request please do not hesitate to contact me directly at 832-320-5505 or by email at vern_meier@transcanada.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Vern Meier". The signature is fluid and cursive, with the first name "Vern" being more prominent than the last name "Meier".

Vern Meier
President, TC Oil Pipeline Operations Inc.

Cc: Alan Mayberry, PHMSA
Jeff Wiese, PHMSA
Corey Goulet, VP Keystone Projects, TransCanada