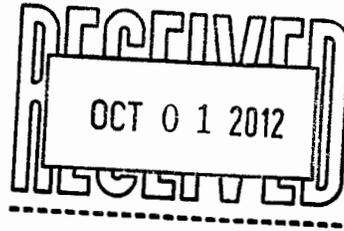


September 28, 2012

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Material Safety Administration
12300 West Dakota Avenue, Suite 110
Lakewood, CO 80228-2585



TransCanada
In business to deliver

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US Pipeline Operations

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VIA ELECTRONIC DELIVERY AND COURIER

Re: Response to CPF 5-2012-1019W

Dear Mr. Hoidal:

On August 29, 2012 TransCanada Corporation received the above referenced Warning Letter that was a result of PHMSA's audit of North Baja facilities in Ehrenberg AZ in 2011. TransCanada submits this response to contest the allegations made in the Warning Letter.

The Warning Letter alleges that we fail to meet the requirements of §192.615(c) by conducting liaison with fire, police, and public officials regarding response to a pipeline emergency.

Attached are three documents showing that in 2009 and 2010 we did conduct liaison as required in the regulation with the Ehrenberg Fire Department, the La Paz county sheriff and the La Paz County Emergency Management. Othe

The Warning Letter also alleges that we fail to meet the requirements of §199.113(c) "Training under each EAP for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause must include one 60-minute period of training on the specific, contemporaneous physical, behavioral, and performance indicators of probable drug use." It makes a similar allegation regarding alcohol abuse training as required by §199.241.

TransCanada's Drug and Alcohol Policy requires all field employees to be trained to recognize the specific, contemporaneous physical, behavioral, and performance indicators of probable alcohol or drug use and to report any suspected alcohol or drug abuse to his/her supervisor. Both employees at Ehrenberg Compressor Station have received the required training that is also provided to supervisory personnel. The relevant Alcohol and Drug Policy and the records of the employees' training are attached. The training course materials can be presented through a webinar if desired by PHMSA.

Additionally, the Warning Letter acknowledges that the proper training has been provided to the supervisor, but asserts that because the supervisor is not "on-site full time" that we are not in compliance with the regulations. The regulations do not require that supervisors be "on-site". Thus, this is an unwarranted expansion of these sections of the regulations.

Accordingly, we are requesting that all portions of this Warning Letter be withdrawn or an informal conference be convened at which time we can discuss the basis of the Warning Letter.

Please contact me at (832)320-5462 if you wish to discuss this further.

Sincerely,

A handwritten signature in black ink that reads "Ken Crowl". The signature is written in a cursive, slightly slanted style.

Ken Crowl
Manager, US Pipeline Compliance – U.S. Pipeline Operations
TransCanada Corporation
717 Texas Street
Houston, TX 77002