

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

August 22, 2012

Mr. Vern Meier  
VP, US Pipelines, Field Operations  
TransCanada Corporation  
717 Texas Avenue  
Houston, TX 77002

**CPF 5-2012-1019W**

Dear Mr. Meier:

On August 30 to September 1, 2011, a representative from the Arizona Corporation Commission on behalf of the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Ehrenberg Compressor Station and mainline pipe in Western Arizona.

As a result of the 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 violations are:

- 1. §192.615 Emergency plans.**
  - (c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:**
    - (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;**
    - (2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;**
    - (3) Identify the types of gas pipeline emergencies of which the operator notifies the officials; and,**

**(4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.**

At the time of the inspection, TransCanada did not have evidence that they conducted liaison activities with appropriate fire, police and other public officials to learn the responsibilities and resources of each organization that may respond to a gas pipeline emergency. TransCanada failed to acquaint the officials with their ability in responding to a gas pipeline emergency and how they can engage in mutual assistance to minimize hazards to life and property.

**2. §199.113 Employee assistance program.**

**(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.**

TransCanada does not have “on-site” supervisory personnel who were provided the 60-minute training regarding identification of probable drug use. The interim southern area manager, Stewart Sportsman, is trained but is only “on-site” approximately once every 3 months. The deficiency will also result in Recordkeeping and Retention of Records violations under §199.117 and §199.227, respectively.

**3. §199.241 Training for supervisors.**

**Each operator shall ensure that persons designated to determine whether reasonable suspicion exists to require a covered employee to undergo alcohol testing under §199.225(b) receive at least 60 minutes of training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse.**

TransCanada does not have “on-site” supervisory personnel who were provided the 60-minute training regarding identification of probable alcohol misuse. The interim southern area manager, Stewart Sportsman, is trained but is only “on-site” approximately once every 3 months. The deficiency will also result in Recordkeeping and Retention of Records violations under §199.117 and §199.227, respectively.

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. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in TransCanada Corporation being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2012-1019W**. 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).

Sincerely,

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

cc: PHP-60 Compliance Registry  
PHP-500 T. Finch (#133004)  
ACC-Robert Miller