



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 3, 2008

Mr. Ross T. Parker
Regional Director, US Operations
TransCanada
1400 SW 5th Avenue, Suite 900
Portland, OR 97201

CPF 5-2008-1008W

Dear Mr. Parker:

Between March and June of 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Gas Transmission Northwest (GTN) and Tuscarora Pipeline Systems in the States of Idaho, Oregon, California, and Nevada.

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

1. **§192.199 Requirements for design of pressure relief and limiting devices.**
Except for rupture discs, each pressure relief or pressure limiting device must:
 - (g) **Where installed at a district regulator station to protect a pipeline system from over-pressuring, be designed and installed to prevent any single incident such as an explosion in a vault or damage by a vehicle from affecting the operation of both the overpressure protective device and the district regulator;**

At the West Klamath tap, GTN utilizes “worker” and “monitor” regulators to control delivery pressure to the Avista Gas Company, a local distribution company. There are two parallel runs of worker and monitor pressure regulators at the West Klamath Tap. At the time of inspection, the pressure sensing lines for all four regulators were installed into one tap on the downstream lower pressure pipe line. Because a failure of the single tap would disable all pressure regulation, the described installation of the downstream pressure sensing lines is a violation of Section 192.199(g).

2. §192.473 External corrosion control: Interference currents.

(a) Each operator whose pipeline system is subjected to stray currents shall have in effect a continuing program to minimize the detrimental effects of such currents.

The GTN and Tuscarora systems both have pipeline segments that parallel high-voltage power lines. These segments did have mitigation systems in place to reduce the harmful effects of induced AC Voltage on the pipeline. However, GTN and Tuscarora do not regularly monitor and record AC pipe-to-soil potentials (P/S) in these areas to ensure the AC mitigation systems were effective.

During the inspection of the Tuscarora system, our inspector witnessed and recorded the following AC P/S readings on the mainline: MP 147.3 - 15.8 Volts, MP 145.9 - 10.6 Volts, MP 40.0 - 34 Volts, and MP 41.3 - 27 Volts. For the GTN system, there was one area at MP 18.2 on the Coyote lateral that revealed elevated AC Voltage readings at 10 Volts. These voltage levels indicate the presence of potentially damaging interference currents.

3. §192.735 Compressor stations: Storage of combustible materials.

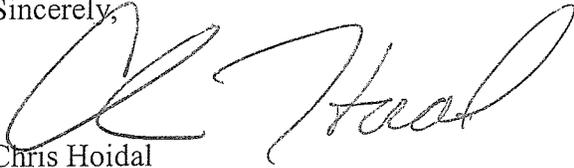
(a) Flammable or combustible materials in quantities beyond those required for everyday use, or other than those normally used in compressor buildings, must be stored a safe distance from the compressor building.

At GTN’s Bend compressor station, there were combustible box and pallet materials stored inside the compressor building. These combustibles were not required for everyday use.

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 item(s) identified in this letter. Failure to do so will result in TransCanada 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 5-2008-1008W**. 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,

A handwritten signature in black ink, appearing to read "C. Hoidal", written over a light blue horizontal line.

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

cc: PHP-60 Compliance Registry
PHP-500, C. Allen (#120797, #120800, #121745)