

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 20, 2010

Mr. Ken Leier  
US Operations Director  
TransCanada, North Baja Pipeline LLC  
1400 SW 5<sup>th</sup> Avenue, Suite 900  
Portland, Oregon 97201

**CPF 5-2010-1003W**

Dear Mr. Leier:

From April 13-16, 2009, representatives of the Arizona Corporation Commission pursuant to Chapter 601 of 49 United States Code inspected your Arizona Ehrenberg Compressor Station and mainline pipe to the Colorado River (state line). As part of their inspection, they reviewed records and performed a field inspection at your Ehrenberg Compressor Station.

As a result of the inspection, it appears that TransCanada, North Baja Pipeline LLC have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

**1. §192.709(a) Transmission lines: Record keeping.**

**Each operator shall maintain the following records for transmission line for the periods specified:**

**(a) The date, location, and description of each repair made to pipe (including pipe-to-pipe connections) must be retained for as long as the pipe remains in service.**

Documentation was not available during the inspection to demonstrate that compressor station yard piping and coating was repaired following an exposed pipe visual inspection done on December 18, 2007. The inspection record identifies coating damage and some general corrosion on the pipe surface. The description of the repair made is required by § 195.709(a).

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 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 5-2010-1003W**. 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 (#123980)  
Arizona Corporation Commission-Mr. Robert Miller