



U.S. Department  
of Transportation

Pipeline and Hazardous Materials  
Safety Administration

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

## NOTICE OF AMENDMENT

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

August 6, 2012

Vern Meier  
Vice President  
US Pipelines, Field Operations  
TransCanada-Northern Border, Inc.  
717 Texas Avenue  
Houston, TX 77002-2761

**CPF 5-2012-1016M**

Dear Mr. Meier:

On September 19-22, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected TransCanada-Northern Border (TransCanada)'s Alternative Maximum Operating Procedures for the Bison Pipeline. The Procedures to operate and maintain the pipeline were reviewed, and records documenting adherence with your established procedures were audited. The inspection was conducted at your temporary offices in Gillette, Wyoming.

On the basis of the inspection, PHMSA has identified inadequacies within TransCanada's plans or procedures, as described below:

- 1. §192.605 Procedural manual for operations, maintenance, and emergencies  
Each operator shall include the following in its operating and maintenance plan:**

**(a) General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

**(b) Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart [Subpart L] and Subpart M of this part.**

TransCanada's operation and maintenance (O&M) manual did not adequately address the requirements of §192.620(a)(1), a requirement of Subpart L. Specifically, TransCanada's procedures did not adequately address alternative maximum allowable operating pressure (AMAOP) design pressure and design factor consistent with class location.

**2. §192.605 Procedural manual for operations, maintenance, and emergencies**  
**Each operator shall include the following in its operating and maintenance plan:**

**(a) General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

**(b) Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart [Subpart L] and Subpart M of this part.**

TransCanada's O&M manual did not adequately address the requirements of §192.620(a)(2)(i), a requirement of Subpart L. Specifically, TransCanada's procedures did not adequately address design pressure of the weakest element in adequate detail or with adequate references (no reference to or the inclusion of the relevant sections of Part 192, Subparts C and D).

**3. §192.605 Procedural manual for operations, maintenance, and emergencies**  
**Each operator shall include the following in its operating and maintenance plan:**

**(a) General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

**(b) Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart [Subpart L] and Subpart M of this part.**

TransCanada's O&M manual did not adequately address the requirements of §192.620(b), a requirement of Subpart L. Specifically, TransCanada's procedures did not address the seven conditions an operator must meet before operating a pipeline at the AMAOP calculated under paragraph (a) of this section:

- 1) Class 1, 2, and 3 locations;
- 2) Steel pipe must meet requirements of §192.112
- 3) Supervisory and data acquisition requirements;
- 4) Pipeline construction must meet requirements of §192.328;
- 5) Restriction of using mechanical couplings;
- 6) If previously operated, no failure during normal operations indicative of systematic fault in material as determined by root cause analysis;
- 7) Minimum of 95% non-destructive examination of girth welds per §192.243(b) and (c) for segments operated before December 22, 2008.

**4. §192.605 Procedural manual for operations, maintenance, and emergencies**  
**Each operator shall include the following in its operating and maintenance plan:**

**(a) General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

**(b) Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart [Subpart L] and Subpart M of this part.**

TransCanada's O&M manual did not adequately address the requirements of §192.620(c), a requirement of Subpart L. Specifically, the procedures did not specify what TransCanada must do to operate at an AMAOP including:

- 1) Notifications to PHMSA;
- 2) Certifications with signature of a senior executive officer;
- 3) Where to send certifications;
- 4) Strength tests;
- 5) Additional O&M requirements;
- 6) Performance of "covered tasks;"
- 7) Record keeping requirements; and
- 8) Class location changes.

**5. §192.605 Procedural manual for operations, maintenance, and emergencies**  
**Each operator shall include the following in its operating and maintenance plan:**

**(a) General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

**(b) Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

**(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart [Subpart L] and Subpart M of this part.**

TransCanada's O&M manual did not adequately address the requirements of §192.620((d)(11)(i)(A), a requirement of Subpart L. Specically, TransCanada's procedure did not adequately address or make clear the use of the most conservative calculation for anomaly remaining strength, or alternative calculation.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this

Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that TransCanada's maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2012-1016M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Hoidal".

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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry  
PHP-500 C. Allen (# 132900)