

January 13, 2016

Mr. Russell Girling
President and CEO
TransCanada Corporation
450 1st St. SW
Calgary, Alberta T2P 5H1

Re: CPF No. 4-2015-2001

Dear Mr. Girling:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, ANR Pipeline Company. It makes a finding of violation and assesses a civil penalty of \$21,900. This is to acknowledge receipt of payment of the full penalty amount, by certified check dated May 6, 2015. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R. M. Seeley, Director, Southwest Region, OPS
Mr. Ken Crawl, Director, Regulatory Compliance, TransCanada Corp.
717 Texas Street, Houston, TX 77002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
ANR Pipeline Company,)	CPF No. 4-2015-2001
a subsidiary of TransCanada Corporation,)	
)	
Respondent.)	
)	

FINAL ORDER

Between February 2, 2014, and September 18, 2014, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of ANR Pipeline Company (ANR or Respondent) in Louisiana, Offshore Louisiana, Mississippi, and Tennessee. ANR is a subsidiary of TransCanada Corporation (TransCanada)¹ and owns and operates natural gas pipeline systems throughout the United States, with approximately 10,600 miles of pipeline and more than 250 billion cubic feet of natural gas storage capacity.²

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated March 17, 2015, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ANR had violated 49 C.F.R. § 192.612, and proposed assessing a civil penalty of \$21,900 for the alleged violation.

TransCanada, on behalf of ANR, responded to the Notice by letter dated May 18, 2015 (Response). The company did not contest the allegation of violation and paid the proposed civil penalty of \$21,900, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

¹ TransCanada Corporation, website, available at <http://www.transcanada.com/customerexpress/4321.html> (last accessed November 27, 2015).

² ANR Pipeline Company, website, available at https://anrpl.com/company_info/ (last accessed November 27, 2015).

FINDING OF VIOLATION

In its Response, the company did not contest the allegation in the Notice that ANR violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.612(a), which states:

§ 192.612 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

The Notice alleged that ANR violated 49 C.F.R. § 192.612(a) by failing to follow its own written procedures for the underwater inspection of pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet deep. Specifically, the Notice alleged that ANR failed to follow procedures in TransCanada's *O&M Manual, 192.612, Underwater Inspection and Reburial of Pipelines in the Gulf of Mexico and its Inlets (O&M Manual 192.612)*, which required ANR to inspect underwater pipelines every seven calendar years.

The company's *O&M Manual 192.612, section 2.0*, provides:

This procedure applies to offshore pipelines in the U.S. Gulf of Mexico and its inlets that are operated by TransCanada. The applicable pipelines are those in waters from the mean high watermark of the coast of the Gulf of Mexico and its inlets that are open to the sea seaward to a depth of 15 feet, as measured from mean low water.³

O&M Manual 192.612, section 4.0(2), further provides, in relevant part:

Underwater inspections are conducted on applicable pipelines at an interval of once each seven calendar years. . . .⁴

According to PHMSA's Violation Report, Respondent inspected underwater pipelines ANR 734 30-inch and ANR 733 20-inch (Subject Pipelines) on June 26, 2006.⁵ Respondent next inspected the Subject Pipelines on November 19, 2014, after the conclusion of PHMSA's inspection. The Notice alleged that Respondent did not inspect the Subject Pipelines within the required seven-year interval, as required by *O&M Manual 192.612*.

³ Pipeline Violation Safety Report (Violation Report), (March 17, 2015) (on file with PHMSA), at 14.

⁴ *Id.*, at 14.

⁵ *Id.*, at 4, 16, 21.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.612(a) by failing to follow its own written procedures for the underwater inspection of pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet deep.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$21,900 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$21,900 for Respondent's violation of 49 C.F.R. § 192.612(a), for failing to follow a procedure, set forth in the company's own *O&M Manual 192.612*, which required Respondent to inspect underwater pipelines every seven calendar years. The company did not contest the allegation and paid the proposed penalty, which serves to close the case with prejudice to Respondent.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$21,900 for violation of 49 C.F.R. § 192.612(a), which amount has already been paid in full.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued