

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 21, 2012

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

**CPF 5-2012-1003M**

Dear Mr. Meier:

On March 8-9, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected TransCanada's procedures for Operator Qualification, dated October 28, 2010 in Omaha, Nebraska.

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

- 1. §192.805 Qualification program.**  
**Each operator shall have and follow a written qualification program. The program shall include provisions to:**
  - (b) Ensure through evaluation that individuals performing covered tasks are qualified;**

TransCanada's Operator Qualification Manual Revision 6.0 dated October 28, 2010 did not contain procedures in Section 6 for a process to ensure individuals are reevaluated in the event that an evaluator is disqualified.

2. **§192.805 Qualification program.**  
Each operator shall have and follow a written qualification program. The program shall include provisions to:  
(h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;

TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include a process to ensure contractor employees conducting "covered tasks" are trained and evaluated with respect to TransCanada's Operations and Maintenance Manual.

3. **§192.805 Qualification program.**  
Each operator shall have and follow a written qualification program. The program shall include provisions to:  
(a) Identify covered tasks;

Section 3.01 in TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include several common covered tasks such as pipeline lowering in, pipeline moving, operation of pig traps, use of nitrogen plugs, and pipe coating.

4. **§192.805 Qualification program.**  
Each operator shall have and follow a written qualification program. The program shall include provisions to:  
(b) Ensure through evaluation that individuals performing covered tasks are qualified;

TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include a process to ensure newly-acquired company and contractor individuals are qualified in the event that TransCanada purchases another operator's pipeline. Incorporation of another operator's OQ Plan and records must be included in the purchase of other pipeline companies.

5. **§192.807 Recordkeeping.**  
Each operator shall maintain records that demonstrate compliance with this subpart.  
(a) Qualification records shall include:  
(1) Identification of qualified individual(s);  
(2) Identification of the covered tasks the individual is qualified to perform;  
(3) Date(s) of current qualification; and  
(4) Qualification method(s).

TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include a process to review contractor OQ records to assure accuracy.

- 6. §192.805 Qualification program.**  
**Each operator shall have and follow a written qualification program. The program shall include provisions to:**  
**(b) Ensure through evaluation that individuals performing covered tasks are qualified;**

TransCanada did not fully ensure through evaluation that individuals performing covered tasks are qualified. In order to be qualified, an individual must be able to perform assigned covered tasks and recognize and react to abnormal conditions. TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include an adequately detailed list of approved responses to specific Abnormal Operating Conditions.

- 7. §192.805 Qualification program.**  
**Each operator shall have and follow a written qualification program. The program shall include provisions to:**  
**(e) Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**

TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, had no provisions to ensure contractor individuals are notified when they are disqualified.

- 8. §192.807 Recordkeeping.**  
**Each operator shall maintain records that demonstrate compliance with this subpart.**  
**(a) Qualification records shall include:**  
**(1) Identification of qualified individual(s);**  
**(2) Identification of the covered tasks the individual is qualified to perform;**  
**(3) Date(s) of current qualification; and**  
**(4) Qualification method(s).**

TransCanada's Operator Qualification Manual Revision 6.0, dated October 28, 2010, did not include a process to access, track, communicate, and monitor records of each individual's names that performed specific covered task when company and contractor individuals were performing multiple covered tasks on different segments of large projects. This is required to readily determine if the individuals were qualified to perform the covered task at the time the tasks were performed.

## 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 60 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 Corporation 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 5-2012-1003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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 J. Haddow (#132723)