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August 08, 2018

Mr. Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

RE: CPF 1-2018-1016S – TRANSCANADA RESPONSE TO NOTICE OF PROPOSED SAFETY ORDER

Mr. Burrough,

On July 9, 2018 PHMSA Eastern Region issued a Notice of Proposed Safety Order (Notice) to Columbia Gas Transmission, LLC, a subsidiary of TransCanada Corporation (TransCanada), as a result of the June 7, 2018 failure of the Leach Xpress Pipeline.

TransCanada does not contest the findings or remedial requirements contained in the Notice; however, TransCanada wishes to apprise PHMSA of the work completed to date to ensure the safe operation of the Leach Xpress Pipeline (LXP). To clarify, specific requirements of the Notice were addressed in the elements of the Nixon Ridge Letter of Commitments and based upon the work completed and approvals from PHMSA, TransCanada requests that the Proposed Safety Order requirements be modified accordingly.

1. Review of the Isolated Segment

The Notice proposes that TransCanada “*review and inspect the Isolated Segment for conditions similar to those of the failure.*” To date, TransCanada has completed aerial and ground patrols with geotechnical subject matter experts to identify similar conditions to the failure site along the entire Affected Segment. There are currently no sites that present an immediate integrity concern in the Isolated Segment

2. Enhanced Surveillance and Monitoring

The Restart Plan submitted on July 14, 2018 outlined the requirements put in place for enhanced surveillance and patrolling of the Isolated Segment during purge, load, and restart. Following written approval from PHMSA, the Isolated Segment has been returned to normal service. Item 3, Item 5, Item 6, and Item 11 will prescribe additional surveillance, patrolling and monitoring as appropriate.

3. Installation of Strain Gauges

As specified in *Repair Plan Rev. 3* provided on June 18, 2018, seven sets of strain gauges (three gauges per set) were installed on or in the area of the replacement pipe at the failure location. In addition, four sets of strain gauges were installed at Mile Post 53.9 where the potential for land movement has been identified. The strain gauges will be monitored daily, tracked and trended for at least one month past the date that the permanent soil stabilization is completed. Strain monitoring will continue until engineering review determines that the readings are no longer required.

4. Hydrostatic Testing

Hydrostatic testing of approximately 2,770-feet of pipeline, including all replacement pipe at the failure site, was successfully completed on July 3, 2018 per 49 CFR Part 192 Subpart J requirements. The hydrostatic testing was conducted per the Hydrostatic Testing Plan provided to PHMSA on June 28, 2018.

5. Weather Contingency Plan

The Weather Contingency Plan is currently being drafted, and will contain a contingency plan to operate and monitor the Isolated Segment during saturated soil or flooding conditions, including enhanced patrolling and surveillance.

6. Instrumented Leakage Survey

The Restart Plan provided to PHMSA on July 14, 2018 called for instrumented leakage surveys to be performed on the Isolated Segment following the purge and load, during holding between pressure increase increments, and following full pressurization. These surveys were completed on July 13-15, 2018 and identified no anomalies.

7. Records Verification

Construction and inspection records for LXP are currently being compiled and reviewed.

8. Review of Prior Inline Inspection Results

Following construction of LXP, caliper and high-resolution inline inspection (ILI) tools were run on the Affected Segment in May of 2018. TransCanada is currently re-evaluating all ILI results, including a review of the ILI vendors' raw data and analysis.

9. Mechanical and Metallurgical Testing

On June 12, 2018, TransCanada notified PHMSA of its intention to contract with Blade Energy Partners of Houston, TX to conduct a full metallurgical and mechanical assessment of the failed pipeline segment. A proposed Work Plan and testing protocol was provided to PHMSA on July 18, 2018 for review and the subsequent schedule of the assessment was provided on July 24, 2018. Metallurgical testing of the failed segments commenced on July 30, 2018. To clarify, the testing protocol defines the requirement for five-day advance notice and that all testing reports are

distributed simultaneously to PHMSA and TransCanada. In addition, daily progress reports and schedules of events from Blade Energy are being disseminated to PHMSA.

10. Root Cause Failure Analysis

TransCanada informed PHMSA on June 8, as defined within the Nixon Ridge Letter of Commitments and on June 12, 2018, that Keifner and Associates has been retained to compete a third-party root cause failure analysis. TransCanada project personnel and third-party construction personnel interviews have been initiated and are ongoing. TransCanada will submit a final report, including findings, lessoned learned and the applicability of these to other location, to the Director 90 days following the receipt of the final Safety Order.

11. Remedial Work Plan

The Remedial Work Plan is currently under development and will incorporate all items outlined in Item 11 of the Notice.

12. Monthly Reports

TransCanada agrees to submit monthly progress reports to PHMSA.

13. Safety Order Documentation Report

Upon completion of all necessary remedial work, TransCanada agrees to provide a Safety Order Documentation Report. The Report will include all elements identified in Item 13 of the Notice. TransCanada requests that the work completed to date to ensure the safe operation of the Leach Xpress Pipeline be considered when drafting the final Safety Order. TransCanada is requesting the application of "FOIA and CEII Confidential Treatment Requested – Do Not Copy or Distribute" protection be applied to this communication.

In closing TransCanada looks forward to working with PHMSA to resolve this matter, and is willing, if requested by PHMSA, to schedule an informal consultation to discuss the proposed elements of the Safety Order.

Sincerely,



Lee Romack
Manager, US Regulatory Compliance