



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Ave., SE
Washington, DC 20590

JAN 31 2011

Mr. Vern Meier
Vice President, Field Operations
TransCanada U.S. Pipelines
717 Texas Street, Suite 2400
Houston, TX 77002-2661

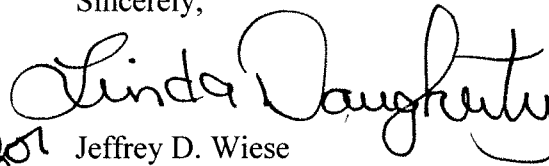
Re: CPF No. 3-2008-1004

Dear Mr. Meier:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$41,000. This letter acknowledges receipt of payment of the full penalty amount, by wire transfer, dated September 22, 2008. 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,


for Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: David Barrett, Director, Central Region, PHMSA

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7005 1160 0001 0041 3498

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

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In the Matter of)	
)	
TransCanada U.S. Pipelines,)	CPF No. 3-2008-1004
)	
Respondent.)	
)	

FINAL ORDER

On December 4-6, 2007, 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 TransCanada U.S. Pipelines (TransCanada or Respondent) facilities operated by ANR Pipeline Company (ANR) in Portland and Sulphur Springs, Indiana. TransCanada's ANR pipeline system transports natural gas from Louisiana, Texas, and Oklahoma to destinations throughout the Midwest through a 10,000-mile pipeline network.¹

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated August 15, 2008, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that TransCanada had violated 49 C.F.R. § 192.745(a) and proposed assessing a civil penalty of \$41,000 for the alleged violation. The Notice also proposed finding that Respondent had committed a probable violation of 49 C.F.R. § 192.731(a) and warning Respondent to take appropriate corrective action or be subject to future enforcement action.

TransCanada responded to the Notice by letter dated September 9, 2008 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$41,000 as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

FINDING OF VIOLATION

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

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.745(a), which states:

¹ <http://www.ngts.com/> (last accessed on December 28, 2010).

§ 192.745—Valve maintenance: Transmission lines.

- (a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

The Notice alleged that Respondent violated 49 C.F.R. § 192.745(a) by failing to partially operate 97 transmission line valves on mainlines, laterals, meter stations, and at compressor stations in 2004, 2005, and 2006. The specified valves that were not operated included:

- two 501/502 line meter station valves in 2004
- 58 Portland compressor station valves, 14 Sulphur Springs compressor station valves; five 501/502 line meter station valves, four 501/502 mainline valves, four Pennville lateral valves, five St. Henry lateral valves, two Winchester lateral valves, and one Lebanon lateral valve in 2005
- One 501/502 line meter station valve and one Pennville lateral valve in 2006

Respondent did not contest this allegation of violation and acknowledged that the specified valves were not partially operated at the required interval. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.745(a) by failing to partially operate 97 transmission line valves on mainlines, laterals, meter stations, and at compressor stations in 2004, 2005, and 2006.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum of \$1,000,000 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; the Respondent's ability to pay the penalty 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 civil penalty of \$41,000 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$41,000 for Respondent's violation of 49 C.F.R. § 192.745(a) for failing to partially operate 97 transmission line valves on mainlines, laterals, meter stations, and at compressor stations in 2004, 2005, and 2006. TransCanada did not contest the allegation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$41,000, which TransCanada has already remitted to PHMSA.

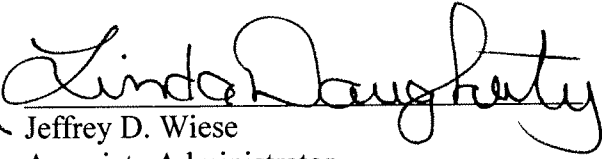
WARNING ITEM

With respect to Item 2, the Notice alleged a probable violation of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.731(a) (Item 2) — Respondent's alleged failure to set relief valve and monitor regulator settings at the Sulphur Springs and Portland compressor stations in 2007 to ensure that maximum allowable overpressure did not exceed 110% of MAOP.

TransCanada presented information in its Response showing that it had taken certain actions to address the cited item. Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that a probable violation of 49 C.F.R. § 192.731(a) (Notice Item 2) occurred and Respondent is hereby advised to correct such condition. In the event that OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

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


for Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

JAN 31 2011

Date Issued