

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 7, 2009

Mr. Vern Meier
Vice President – Field Operations
TransCanada / ANR Pipeline Company
717 Texas Street, Suite 2400
Houston, TX 77002-2661

CPF 3-2009-1001W

Dear Mr. Meier:

On September 30 – October 2, and October 13-15, 2008, a representative of the Michigan Public Service Commission (MIPSC), acting as an interstate agent for the Pipeline and Hazardous Materials Safety Administration, Central Region (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected ANR Pipeline Company's records and facilities in Lincoln, Big Rapids, and Capac, MI.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §192.481 Atmospheric corrosion control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

**If the pipeline is located:
Onshore**

**Then the frequency of inspection is:
At least once every 3 calendar years, but with
intervals not exceeding 39 months**

Offshore

At least once each calendar year, but with intervals not exceeding 15 months

ANR Pipeline Company (ANR) did not inspect several above ground locations for atmospheric corrosion within the three year interval.

Review of ANR's atmospheric corrosion records identified five above ground locations that exceeded the 3 year interval for atmospheric corrosion inspections. They were as follows:

<u>Location</u>	<u>Last Inspection</u>
Lincoln Compressor Station	6-6-05
M-C-1 Valve Assy	4-19-05
Freeman Field	6-23-05
MC-1 North Clare Sales Tap	4-19-05
TC Sales	4-19-05

ANR personnel inspected these facilities shortly after the deficiency was brought to their attention.

2. §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.

ANR did not inspect one emergency valve annually since 2005.

Review of ANR's emergency valves identified one emergency valve (F10-57) which had not been inspected since 10-18-05. The valve was classified as an emergency valve at the time of the inspection. Since the inspection, ANR personnel re-classified the valve as a non-emergency valve. However, this re-classification should have taken place back in 2005, if the valve was not to be maintained as an emergency valve.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in ANR Pipeline Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2009-1001W**. 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).

Sincerely,

Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

cc: John King – MIPSC
Leonard Steiner - PHMSA