

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED CIVIL PENALTY**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

May 11, 2017

Mr. Stanley Chapman  
Senior Vice President and General Manager  
Great Lakes Gas Transmission Company / TransCanada<sup>a</sup>  
700 Louisiana Street  
Houston, TX 77002

**CPF 3-2017-1007**

Dear Mr. Chapman:

On January 21, 2016, Great Lakes Gas Transmission Company (GLGT) submitted a safety related condition report. Beginning January 22, 2016, representatives of the Michigan Public Service Commission (MIPSC) and the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code conducted an investigation into the safety related condition reported on Line 200 near Crystal Falls in Iron County, Michigan.

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<sup>a</sup> Great Lakes Gas Transmission Limited Partnership is operated by a subsidiary of TransCanada Corporation. TC PipeLines, LP owns 46.45 percent of Great Lakes. The remaining 53.55 percent is held by subsidiaries of TransCanada. <http://www.tcpipelineslp.com/great-lakes-transmission.html> accessed April 7, 2017.

As a result of the investigation, it is alleged 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. §191.25 Filing safety-related condition reports.**

- (a) Each report of a safety-related condition under §191.23(a) must be filed (received by OPS within five working days, not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reports may be transmitted by electronic mail to InformationResourcesManager@dot.gov or by facsimile at (202) 366-7128.**

GLGT did not file a safety related condition report (SRCR) with OPS within 10 working days after the day a safety related condition was discovered by a GLGT representative. The date of discovery was reported by GLGT as being October 21, 2015. The date of the SRCR was January 21, 2016, which was approximately 61 working days after the day of discovery.

The circumstances leading to the discovery of the safety related condition began July 23, 2015, when GLGT performed an in-line inspection (ILI) of their Line 200 in the segment near Crystal Falls, Michigan. GLGT received the ILI vendor's final report on October 21, 2015, that identified two dent with metal loss anomalies on the pipeline located within 220 yards of a building intended for human occupancy. A dent with metal loss is indicative of physical damage impairing the serviceability of the pipeline, and could lead to an imminent hazard. Based on the GLGT reported day of discovery as October 21, 2015, the SRCR should have been filed no later than November 4, 2015, which was 10 working days after the day of discovery.

**2. §192.933 What actions must be taken to address integrity issues?**

- (d) Special requirements for scheduling remediation. -**

- (1) Immediate repair conditions. An operator's evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure in accordance with paragraph (a) of this section or shut down the pipeline until the operator completes the repair of these conditions. An operator must treat the following conditions as immediate repair conditions:**

- (ii) A dent that has any indication of metal loss, cracking or a stress riser.**

In 2015, GLGT did not maintain safety by temporarily reducing the operating pressure or shutting down Line 200 when they discovered two immediate repair conditions. The line operated normally for approximately 83 days after discovery before the segment was isolated and the operating pressure reduced.

On October 21, 2015, GLGT received an ILI vendor's final report that identified two dents with metal loss in a high consequence area (HCA). Based on information provided by GLGT, they considered October 21, 2015 as discovery of these two immediate repair conditions because GLGT had adequate information to determine that the conditions presented potential threats to the integrity of the pipeline. On January 14, 2016, GLGT isolated the pipeline segment, and reduced the pressure by 20% on January 15, 2016.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with maximum penalty not to exceed \$1,000,000 for related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$56,900 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$15,500
2	\$41,400

Response to this Notice

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. All material submit in response to this enforcement action may be 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.

In your correspondence on this matter, please refer to **CPF 3-2017-1007** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore  
Director, Central Region, OPS  
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*