



**VIA ELECTRONIC TRANSMISSION
CONFIDENTIAL BUSINESS INFORMATION**

Re: CPF 4-2014-5005

May 9, 2014

Mr. Rod Seeley
Director, Southwest Region Office of Pipeline Safety
8701 South Gessner Road, Suite 900
Houston, Texas 77074

Dear Mr. Seeley:

On multiple occasions between March 25 and December 13, 2013 a representative of PHMSA inspected the pipe manufacturing process for the Flanagan South Pipeline ("FSP") construction project. Those inspections included a Request for Specific Information ("RFSI") dated September 25, 2013, to which Enbridge responded on November 15, 2013. On April 11, 2014 Enbridge received a Notice of Probable Violation ("NOPV"), Proposed Civil Penalty ("PCP"), and Compliance Order ("CO") referenced as CPF 4-2014-5005 dated April 8, 2014. That NOPV was subsequently replaced by a NOPV/PCP/CO received on April 28, 2014, dated April 21, 2014. The NOPV/PCP/CO found the following proposed violation:

PHMSA Finding

1. §195.202, Compliance with Specifications or Standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

CCPS did not follow their specifications for the manufacture of pipe used to construct the Flanagan South Pipeline project.

During an inspection of the construction of the Flanagan South Pipeline Project, PHMSA became aware that CCPS waived several of its written specifications for the manufacture of the pipe to be used in the construction of the Flanagan South pipeline. PHMSA requested justification for the waivers. The response to PHMSA's Request for Specific Information included a copy of the Enbridge Engineering Standard (EES103) created as the standard for the manufacture of pipe for pipeline construction projects along with a document that summarized the specification, the requested waivers(s) and an explanation for each waiver. PHMSA was unable to identify in these procedures any section that described a waiver process. The procedures had no allowance for waiving any requirement. Also CCPS's response did not include technical justification for the waivers. EVRAZ (pipe manufacturer) provided an "Inspection and Test Checklist" for each step of the manufacturing process. The "Checklist" clearly shows that EVRAZ manufactured the pipe using the requested waivers.

Enbridge Response

The pipe used in the FSP project was manufactured in accordance with Enbridge Equipment Specification (“EES”) EES-103, Submerged Arc Welded Steel Pipeline Specification, with approved deviations. Enbridge uses that EES to specify the requirements for the manufacture of steel line pipe, and it augments API 5L, “Specification for Line Pipe”, the industry specification incorporated by reference in the federal regulation.

EES-103 has been developed and maintained using API 5L requirements as a baseline and incorporating supplemental requirements based on experience and engineering judgment to provide the most modern and technically sound product reasonably available for liquid hydrocarbon transportation. At Enbridge, the EES documents are both comprehensive and overarching, and are intended to produce products that are fit for purpose in any service, anywhere along the pipeline network. They are also intended to challenge the supplier and vendor community to continuously improve manufacturing processes and product quality. While that onerous approach results in specifications that contain a level of rigor that is not necessarily appropriate for all applications, it has shown merit in stretching vendor capabilities and improving the quality of finished products.

When a difference exists between the requirements of the project and the level of rigor prescribed in the EES, the Technical Standards Deviation Request (“TSDR”) process is utilized to resolve the difference. That process utilizes subject matter expert review to rationalize a request to change the specification, and requests are either approved or declined based upon technical justification. The TSDR process can be used on a one-off basis for a specific project or can result in a wholesale change to the EES.

In the case of the FSP project, the TSDR process was followed and resulted in the amended specification that was used to manufacture the pipe. The pipe used in the FSP project was manufactured to Enbridge specifications, and Enbridge followed internal processes to modify the comprehensive specification to meet project requirements. Therefore Enbridge respectfully contests the findings associated with the NOPV but does not request an oral hearing.

The proposed CO attached to the NOPV requires:

In regard to Item Number one of the Notice pertaining to not following the company Specifications or Standards for the manufacture of steel pipe for pipeline projects CCPS (for the pipe that has already been purchased) must provide technical justification for the waivers and show that the waivers did not result in the pipeline being constructed with pipe that would pose an integrity threat to the public or environment. Also, if CCPS wants to allow waivers from their specifications they must modify their procedure or specification to define a process for waivers or variances from their specifications.

Enbridge will provide the requested justification supplemental to the information provided in the RFSI to demonstrate that the pipe used on the FSP project exceeds the requirements specified in API 5L and does not pose an integrity threat to the public or environment. Enbridge also will explain the TSDR process in detail to provide an enhanced understanding of the process Enbridge utilizes to manage the waiver and variance process. That information will be provided under separate cover.

Mr. Rod Seeley
May 9, 2014

As an aside, please note that while CCPS Transportation, LLC is the parent of Enbridge Pipelines (FSP), it is not involved in the FSP project.

Please contact me with questions at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Goman", followed by a long horizontal line extending to the right.

Michael D. Goman, P.E.
Senior Manager, U.S. Pipeline Compliance
Enbridge Pipelines (Lakehead) L.L.C.