

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 22, 2012

Mr. Vern Meier
VP, US Pipelines, Field Operations
TransCanada Corporation
717 Texas Avenue
Houston, TX 77002

CPF 5-2012-1018M

Dear Mr. Meier:

On August 30 to September 1, 2011, a representative from the Arizona Corporation Commission on behalf of the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Ehrenberg Compressor Station and mainline pipe in Western Arizona.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within TransCanada's procedures, as described below:

1. **§ 192.605 Procedural manual for operations, maintenance, and emergencies**
Each operator shall include the following in its operating and maintenance plan:
 - (b) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (8) **Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.**

TransCanada did not provide evidence that they had modified their Emergency Shut Down (ESD) Procedures following discovery of an inadequacy. On July 2, 2010, TransCanada conducted a review of work done by operator personnel to determine the effectiveness and adequacy of its

Operation and Maintenance procedures. The evaluator noted a “procedure problem”. The description of the procedure problem was that “no individual was designated as the Lead person for the Work Order. There are several items that need to be done prior to the work. Assumption is that someone else will do it.” There is no documentation that the procedures were subsequently modified to correct this deficiency.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that TransCanada Corporation maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2012-1018M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

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

cc: PHP-60 Compliance Registry
PHP-500 T. Finch (#133004)
ACC Robert Miller