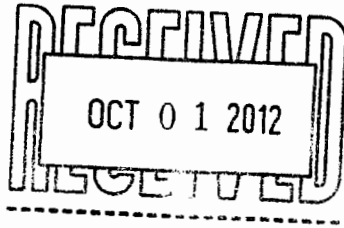


September 28, 2012

Mr. Chris Hoidal  
Director, Western Region  
Pipeline and Hazardous Material Safety Administration  
12300 West Dakota Avenue, Suite 110  
Lakewood, CO 80228-2585



**TransCanada**  
*In business to deliver*

Ken Crowl  
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US Pipeline Operations

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VIA ELECTRONIC DELIVERY AND COURIER

**Re: Response to CPF 5-2012-1018M**

Dear Mr. Hoidal:

On August 29, 2012 TransCanada Corporation received the above referenced Notice of Amendment (NOA) Letter that was a result of PHMSA's audit of North Baja facilities in Ehrenberg AZ in 2011. TransCanada submits the following to respond to the allegations made in the NOA Letter.

The NOA alleges that our procedure for inspection of ESD systems is inadequate as evidenced by an internal audit (Walk-along) comment that "No individual was designated as a Lead person for the Work Order. There are several items that need to be done before the work. Assumption is that someone else will do it."

The problem noted during this internal verification of work procedures was a problem that affected the efficiency of our work process, but had no effect on the effectiveness or adequacy of the required inspection to meet the code requirements. The procedure for inspecting Emergency Shutdown Systems fully complies with the regulations and no revision is necessary. While mischaracterized as a procedure problem on the walk along form, the issue was actually an operational efficiency issue that has been addressed at this location. The non-conformance should have been characterized in the category of "other" within the walk along program form.

The applicable inspection procedure is attached.

Accordingly, we are requesting that this NOA Letter be withdrawn or an informal conference be convened at which time we can discuss the basis of the NOA Letter.

Please contact me at (832)320-5462 if you wish to discuss this further.

Sincerely,

Ken Crowl  
Manager, US Pipeline Compliance – U.S. Pipeline Operations  
TransCanada Corporation  
717 Texas Street  
Houston, TX 77002