



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

NOV 17 2017

Mr. Russell Girling
President & CEO
TransCanada Corporation
450-1 Street SW
Calgary, Alberta, Canada T2P 5H1

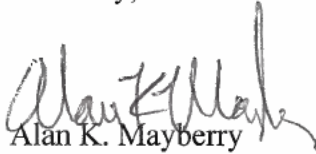
Re: CPF No. 3-2017-1007

Dear Mr. Girling:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$56,900 against your subsidiary, Great Lakes Gas Transmission Company. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated June 5, 2017. This enforcement action is now closed. Service of the Final Order is deemed effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,


Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Allan C. Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Lee Romack, Manager, U.S. Regulatory Compliance, TransCanada, 700 Louisiana
Street, Suite 700, Houston, Texas 77002
Mr. Stanley Chapman, Senior Vice President and General Manager, Great Lakes Gas
Transmission Company, 700 Louisiana Street, Houston, Texas 77002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

**Great Lakes Gas Transmission Company,
a subsidiary of TransCanada Corporation,**

Respondent.

CPF No. 3-2017-1007

FINAL ORDER

Beginning on January 22, 2016, pursuant to 49 U.S.C. § 60117, representatives of the Michigan Public Service Commission (MIPSC) and the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an inspection of a safety-related condition report filed by Great Lakes Gas Transmission Company (GLGT or Respondent) on January 21, 2016. The safety-related condition report regarded GLGT's Line 200 near Crystal Falls in Iron County, Michigan. GLGT, a subsidiary of TransCanada Corporation,¹ transports over 2.2 billion cubic feet of natural gas through 2,115 miles of pipeline per day.²

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated May 11, 2017, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that GLGT had violated 49 C.F.R. §§ 191.25 and 192.933 and proposed assessing a civil penalty of \$56,900 for the alleged violations.

TransCanada Corporation responded to the Notice on behalf of GLGT by email on May 25, 2017 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$56,900 by wire transfer dated June 5, 2017. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this Final Order.

¹ <http://www.tcpipelineslp.com/great-lakes-transmission.html> (last accessed August 14, 2017).

² http://www.glgt.com/1_frame.htm (last accessed August 14, 2017).

FINDINGS OF VIOLATION

In its Response, GLGT did not contest the allegations in the Notice that it violated 49 C.F.R. Part 191 and Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 191.25(a), which states:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 191.25(a) by failing to report a safety-related condition to OPS not later than 10 working days after the day a representative of the operator discovered the condition. Specifically, the Notice alleged that GLGT discovered a safety-related condition on October 21, 2015, but did not report the condition to OPS until January 21, 2016, which was 61 working days after the date of discovery.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 191.25(a) by failing to report a safety-related condition not later than 10 working days after the day a representative of the operator discovered the condition.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii), which states:

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

(a)

(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:

(i)

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

The Notice alleged that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii) by failing to

temporarily reduce operating pressure or shut down Line 200 until GLGT completed the repair of two immediate-repair conditions discovered on the pipeline. Specifically, the Notice alleged that Respondent received an ILI vendor's final report on October 21, 2015, that identified two dents with metal loss in a "High Consequence Area" along Line 200. After discovering these immediate-repair conditions, GLGT did not isolate the pipeline until January 14, 2016, and did not reduce the pressure on the line until January 15, 2016, approximately 86 days after the conditions were discovered.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.933(d)(1)(ii) by failing to temporarily reduce operating pressure or shut down Line 200 until GLGT completed the repair of two immediate-repair conditions.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.³ In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$56,900 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$15,500 for Respondent's violation of 49 C.F.R. § 191.25(a), for failing to report a safety-related condition to OPS within 10 working days after the day that a GLGT representative discovered the condition. GLGT neither contested the allegation nor presented any evidence or argument justifying elimination or reduction of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$15,500 for the violation of 49 C.F.R. § 191.25(a).

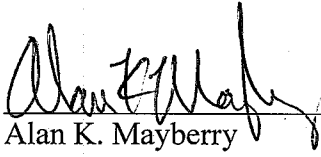
Item 2: The Notice proposed a civil penalty of \$41,400 for Respondent's violation of 49 C.F.R. § 192.933(d)(1)(ii), for failing to temporarily reduce operating pressure or shut down Line 200 until GLGT completed the repair of two immediate-repair conditions discovered on the pipeline. GLGT neither contested the allegation nor presented any evidence or argument justifying elimination or reduction of the proposed penalty. Accordingly, having reviewed the record and

³ These amounts are adjusted annually for inflation. *See, e.g.,* Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

considered the assessment criteria, I assess Respondent a civil penalty of \$41,400 for the violation of 49 C.F.R. § 192.933(d)(1)(ii).

In summary, having reviewed the record and considered the assessment criteria for the Items cited above, I assess the respondent a total civil penalty of **\$56,900**, which amount was paid in full by Respondent on June 5, 2017.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

NOV 17 2017

Date Issued