



File OF-Surv-Inc-2014-33 01
14 April 2014

Mr. Russell K. Girling,
President and Chief Executive Officer
TransCanada PipeLines Limited
450 – 1st Street SW
Calgary, AB T2P 5H1
Facsimile 403-920-2200

Dear Mr. Girling:

Nova Gas Transmission Ltd. (NGTL)
Order AO-001-SG-N081-001-2014
Request for Review and Variance

On 5 March 2014, the National Energy Board (NEB or Board) issued Safety Order SG-N081-001-2014 (Order) in response to a recent trend of pipeline releases on the NGTL system. Among other things, the Order required TransCanada to proactively reduce the maximum operating pressure on the unpiggable pipelines previously identified by the company to have the highest risk.

On 28 March 2014, NGTL submitted a request, pursuant to Condition 5 of the Order, to vary the pressure restrictions specified by the Board. The request outlined the potential impacts of the Order on shippers and the public, as well as the revised pressure restrictions that would minimize these impacts.

The Board has considered NGTL's request and has issued the attached Amending Order AO-002-SG-NO81-001-2014, which approves the variances requested. The Board has also imposed additional conditions relating to heightened monitoring and leak detection activities.

The Board is satisfied the operating conditions proposed by TransCanada, along with the additional safety conditions imposed in the Amending Order, meet the intention of the original Order to encourage the conditions necessary for the continued safe operation of this network of natural gas pipelines, while reducing the risk of future ruptures.

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The pressure restrictions imposed under this amended Safety Order will remain in effect until the Board is satisfied that the NGTL pipelines identified in this Order can be operated safely and in a manner that protects people and the environment at an increased pressure.

Yours truly,

A handwritten signature in blue ink, appearing to read 'S. Young', written over a faint horizontal line.

for
Sheri Young
Secretary of the Board

c.c. Mr. Declan Russell, TransCanada PipeLines Limited, facsimile 403-920-2319
Mr. Greg Lohnes, Executive VP, Operations and Major Projects, TransCanada Pipelines
Limited, facsimile 403-920-2411



ORDER AO-002-SG-N081-001-2014

IN THE MATTER OF the *National Energy Board Act* (the Act) and the regulations made thereunder; and

IN THE MATTER OF promoting the safety and security of operation of the TransCanada Alberta system by TransCanada PipeLines Limited (TransCanada), National Energy Board (Board) file OF-Surv-Inc-2014-33 01.

BEFORE the Board on 14 April 2014.

WHEREAS the Board issued Order SG-N081-001-2014 (the Order) on 5 March 2014 requiring specific safety and security measures of TransCanada;

AND WHEREAS the Board issued Order AO-001-SG-N081-2014 on 28 March 2014 extending the deadlines for compliance to Conditions 1 and 2 of the Order;

AND WHEREAS the Board has considered TransCanada's request dated 28 March 2014 to vary the Order pursuant to Condition 5;

AND WHEREAS the Board is in receipt of letters commenting on the pressure restriction imposed by the Order;

NOW THEREFORE, pursuant to sections 12 and 48 of the Act, the Board hereby orders that Conditions 1 to 5 of the Order are replaced with the following:

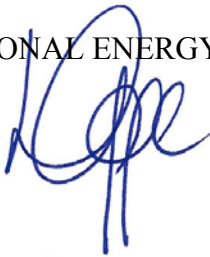
1. Subject to the conditions of the Order, by 24 April 2014, the maximum operating pressure of the twenty-five (25) unpiggable NGTL pipelines that TransCanada has calculated to have the highest societal risk shall be maintained at or below the pressures listed in Schedules A, B, C and D.
2. By 29 April 2014, TransCanada shall file with the Board written confirmation that it has implemented the pressure restrictions. The written confirmation shall include, for each pipeline, the 90 day high pressure, the restricted operating pressure, as specified in Schedules A, B, C and D and confirmation that both the local and the control centre set-points for shutdown and control of the operation and isolation valves have been adjusted according to CSA Z662-11 Clauses 4.18 and 10.9.5 to reflect the pressure restrictions.

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3. NGTL shall advise the Board of pipelines, if any, for which natural gas supply diminishment resulting from the pressure reductions outlined above are anticipated to result in a significant impact to public safety within the following 30 days.
4. For each pipeline listed in Schedule A:
 - a. TransCanada shall conduct the appropriate in-line inspection (ILI) for the susceptible hazard(s), subsequent correlation excavations to validate the ILI and as a result of the ILI results any applicable mitigation of the hazard(s) before 31 December 2014.
 - b. If TransCanada is unable to complete the requirements outlined in Condition 4a above, then TransCanada shall conduct a hydrotest as per CSA Z662-11 Clause 8 and Table 8.1 before 31 December 2014.
 - c. TransCanada shall provide the Board an Engineering Assessment, which is in compliance with CSA Z662 requirements, that demonstrates the line is fit for continued service by 31 December 2014. The Engineering Assessment shall be signed by TransCanada's Accountable Officer, as defined in the Onshore Pipeline Regulations.
 - d. In the interim to provide assurance of the safety of the pipeline, TransCanada shall, only for the portions of the pipeline with the high societal risk, conduct Direct Assessments for the applicable hazard(s) in compliance with the appropriate NACE Direct Assessment Standard Practice (NACE DA SP) for the relevant hazard(s) (e.g. ANSI/NACE SP0502-2010 for Pipeline External Corrosion Direct Assessment) before 31 July 2014. This condition includes conducting the above ground assessments and correlation excavations outlined in the relevant NACE DA SP.
 - e. TransCanada shall provide the Board a letter, signed by TransCanada's Accountable Officer, by 31 July 2014 confirming that the Direct Assessment has been completed in compliance with the NACE DA SP for the relevant hazard(s) and that an Engineering Assessment has been completed demonstrating that the pipeline is fit for purpose up to the 31 December 2014 deadline.
 - f. Until Condition 4c is satisfied, TransCanada shall conduct appropriate leak detection on the entire pipeline monthly to verify that there are no leaks.
5. For each pipeline listed in Schedule B:
 - a. TransCanada shall conduct the appropriate in-line inspection (ILI) for the susceptible hazard(s), subsequent correlation excavations to validate the ILI and as a result of the ILI results any applicable mitigation of the hazard(s) before 1 September 2015.

- b. If TransCanada is unable to complete the requirements outlined in Condition 5a above, then TransCanada shall conduct a hydrotest as per CSA Z662-11 Clause 8 and Table 8.1 before 1 September 2015.
 - c. TransCanada shall provide the Board an Engineering Assessment which is in compliance with CSA Z662 requirements, that demonstrates the line is fit for continued service by 1 September 2015. The Engineering Assessment shall be signed by TransCanada's Accountable Officer.
 - d. In the interim, to provide assurance of the safety of the pipeline, TransCanada shall, only for the portions of the pipeline with the high societal risk, conduct Direct Assessments for the applicable hazard(s) in compliance with the appropriate NACE DA SP for the relevant hazard(s) before 31 December 2014. This condition includes conducting the above ground assessments and correlation excavations outlined in the relevant NACE DA SP.
 - e. TransCanada shall provide the Board a letter, signed by TransCanada's Accountable Officer, by 31 December 2014 confirming that the DA has been completed in compliance with the NACE DA SP for the relevant hazard(s) and that an Engineering Assessment has been completed demonstrating that the pipeline is fit for purpose up to the 1 September 2015 deadline.
 - f. Until Condition 5c is satisfied, TransCanada shall conduct appropriate leak detection on the entire pipeline monthly to verify that there are no leaks.
6. The pressure restrictions shall remain in place until a plan and program to assess the integrity of the subject lines is approved by the Board and implemented by TransCanada.
 7. TransCanada shall comply with all of the conditions of this Order unless the Board otherwise directs.

NATIONAL ENERGY BOARD



for
Sheri Young
Secretary of the Board

Schedule A

Line Number	Facility	Licensed MAOP	90 Day High Pressure ending March 4 2014	Reduced MAOP
1	Suffield South Lateral	8475	5286	5286
2	Unity Lateral	7068	5879	5879
3	Donalda Lateral	8380	6251	5938

Schedule B – Pressure Reduction of 5% or 10% below 90 Day High Pressure (as Specified)

Line Number	Facility	Licensed MAOP	90 Day High Pressure ending March 4 2014	Reduced MAOP
1	Bassano South Lateral	8275	5955	5657
2	Wildcat Hills Lateral	6516	5700	5415
3	Quirk Creek Lateral	6736	5818	5527
4	Sylvan Lake Lateral	6517	5967	5669
5	Nevis Lateral	7068	6155	5847
6	Robb Lateral	6895	5865	5572
7	Minnehik Buck Lake Lateral Loop	6386	6248	5623
8	Crossfield Lateral Loop	6517	5478	5204
9	Crossfield Lateral	6516	5478	5204
10	Cutbank River Lateral	8290	7075	6367

Schedule C – Pressure Reduction of 20% below 90 Day High Pressure

Line Number	Facility	Licensed MAOP	90 Day High Pressure ending March 4 2014	Reduced MAOP
1	Eastern Alberta System Mainline Empress to Princess Loop 3	5695	4634	3707
2	Waterton Lateral	6516	6266	5013
3	Waterton Interchange Lateral	7446	5323	4258
4	Ricinus Lateral	7448	6000	4800
5	East Lateral Loop	6280	4806	3845
6	Alderson Lateral	6737	6220	4976
7	Atmore Lateral	8462	7326	5861
8	September Lake Lateral	8455	7548	6038
9	North Lateral Extension Stage 1 Brooks	8450	5690	4552
10	Ferrier North Lateral	6282	6178	4942

Schedule D – No additional Pressure Restriction Required

Line Number	Facility	Licensed MAOP	90 Day High Pressure ending March 4 2014	Reduced MAOP
1	Kaybob South Lateral	6248	nil	Not applicable; line is currently out of service pending repair and submission of EA per Order
2	Carstairs Lateral Sales	6206	690	Not applicable; line is operated at low pressure