



File OF-Surv-Gen-T217 01
29 August 2013

Mr. John Ferris
President and CEO
Trans-Northern Pipelines Inc.
45 Vogell Road, Suite 310
Richmond Hill, ON L4B 3P6
Facsimile 905-770-1639

Dear Mr. Ferris:

**Trans-Northern Pipelines Inc. (TNPI)
Integrity Management Program
Application to Increase Pressure Pursuant to Safety Order SO-T217-03-2010**

TNPI Integrity Management Program

On 8 October 2010, the National Energy Board (Board) issued Safety Order SO-T217-03-2010 (Order) to TNPI imposing a pressure restriction on its entire pipeline system as a result of several incidents and a lack of evidence that the TNPI Integrity Management Program was adequate and effective.

The Board has considered the report and recommendations of Board Member Bob Vergette, pursuant to section 15 of the *National Energy Board Act*, following his meetings with TNPI regarding pipeline integrity, and the information provided by TNPI in the 30 November 2012 Request for a Return to Full Pressure from Montreal, Quebec, to Farran's Point Ontario (Application).

The Board recognizes that TNPI has provided information to demonstrate that it has addressed all undertakings arising from the 27-28 October 2010 Technical Meeting as required by the Order. The Board also notes TNPI's commitments in regards to continual improvement of its Integrity Management Program with respect to pipeline operation.

The TNPI Integrity Management Program now meets Board expectations of proactively addressing hazards to its pipeline integrity. Consistent with TNPI commitments, the Board expects TNPI to continually improve its Integrity Management Program.

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Compliance with Safety Order SO-T217-03-2010

The Board is satisfied that TNPI has complied with the following conditions of the Order:

- TNPI restricted the operating pressure of all pipelines in its system as set out in Condition 1.
- TNPI provided written confirmation of changes in operation of the pipeline as set out in Condition 2.
- TNPI attended a Technical Meeting with the Board on 27-28 October 2010 as set out in Condition 3.
- TNPI filed site specific emergency response plans as set out in Condition 4.
- TNPI developed a Commitments Table and filed it with the Board monthly as set out in Condition 5.
- TNPI provided evidence of completion of undertakings applicable to Condition 6a.
- TNPI provided evidence of a plan and undertaking to incorporate changes to its Integrity Management Program for undertakings applicable to Condition 6b.

The Board directs TNPI to maintain the Commitments Table from Condition 5 of the Order, but it no longer needs to be filed with the Board on the last Friday in each month.

Future requests for a return to full pressure for remaining sections of the pipeline must include fitness for service assessments. These requests can rely on the information filed for Conditions 6a and 6b in the Montreal to Farran's Point Application, as the information regarding undertakings is common to the entire pipeline system.

Return to Full Pressure from Montreal to Farran's Point

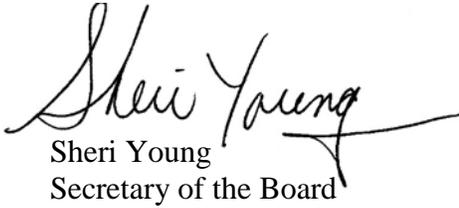
The Board has issued Order SO-T217-006-2013 (attached), which approves TNPI's Application to return the Montreal to Farran's Point pipeline section to full pressure. The fitness for service assessments submitted by TNPI concludes that the Montreal to Farran's Point pipeline section is safe for service at full operating pressures. The Board is satisfied that the integrity and safety of the Montreal to Farran's Point pipeline section is being managed effectively and may immediately be returned to full pressure.

The Board notes that the fitness for service assessments were based on limited corrosion inspection data. Accordingly, Order SO-T217-006-2013 requires TNPI to conduct additional planned in-line inspections for corrosion to corroborate the conclusions in the fitness for service assessments and enable the database for the Integrity Management Program to effectively manage long term risks for corrosion.

The Board reminds TNPI that the pressure restriction imposed under Safety Order SO-T217-03-2010 remains in force for the remaining sections of the pipelines in its system.

If you have any questions on this letter please contact Alan Pentney at 403-299-3726 or toll free at 1-800-899-1265.

Yours truly,



Sheri Young
Secretary of the Board

Attachment



ORDER SO-T217-006-2013

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

IN THE MATTER of incidents which have occurred on the Trans-Northern Pipelines Inc. (TNPI) system, and National Energy Board Order SO-T217-03-2010, under File OF-Surv-Gen-T217 01.

BEFORE the Board on 29 August 2013.

WHEREAS the Board regulates the operation of the TNPI pipeline;

AND WHEREAS the Board has issued Safety Order SO-T217-03-2010 (Order) imposing a pressure restriction on all pipelines in its system;

AND WHEREAS TNPI is required to comply with all the conditions contained in the Order;

AND WHEREAS on 30 November 2012, TNPI filed an application in accordance with Condition 6 of the Order to lift the pressure restriction set out in Condition 1 of the Order for a portion of the pipeline known as Montreal to Farran's Point (the Application);

AND WHEREAS the Board has reviewed the Application, and determined that TNPI has complied with the conditions of the Order for the Montreal to Farran's Point pipeline section;

AND WHEREAS TNPI has provided fitness for service assessments for the Montreal to Farran's Point pipeline section;

AND WHEREAS the Board is of the view that TNPI has demonstrated that the integrity and safety of the Montreal to Farran's Point pipeline section is being managed effectively;

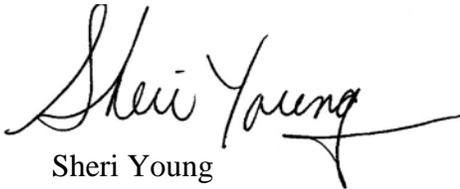
IT IS ORDERED THAT, pursuant to sections 12 and 48 of the Act, TNPI may return the Montreal to Farran's Point section of its pipeline to full pressure immediately subject to the following condition:

1. TNPI shall, by 29 August 2014:
 - a. complete 2013 planned in-line inspections for metal loss for this section of the pipeline;

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- b. conduct inspection analysis to identify critical features, if any, within 60 days of the in-line inspections in Condition 1a;
- c. prepare a detailed list of selected features to be investigated;
- d. perform investigative digs following the 2013 metal loss inspections identified in Condition 1a in 2014, or sooner if there are findings in Condition 1b;
- e. validate field data from digs performed according to Condition 1d through quality assurance and quality control of the records;
- f. determine tool accuracy and confidence intervals by plotting the measured and reported depths;
- g. submit to the Board a validation of the probability of exceedance full calculation for the Montreal to Farran's Point section of the pipeline; and
- h. submit to the Board a report, based on results from Condition 1a to 1g, from Det Norske Veritas regarding the status of the condition of the Montreal to Farran's Point pipeline section for corrosion.

NATIONAL ENERGY BOARD

A handwritten signature in cursive script that reads "Sheri Young". The signature is written in black ink and has a long horizontal flourish extending to the right.

Sheri Young
Secretary of the Board