
From: Evan Vokes
Sent: Friday, May 27, 2011 6:02 PM
To: Patricia Zuczek
Cc: Maja Bruggencate
Subject: RE: Harbour Landing - Fabricator NDE

Hello Patricia

No update on the Fabshop inspection as that will be next week but we can deal with the audit.

I found out that subsequent to the Westpath ruling, in accordance with the OPR 99 guidance notes, one project manager had applied twice to have the prime hire the NDE and TC would audit according to TEP NDT ADT. Of the two applications, letting the prime contractor hire NDE with a TC audit was turned down on both occasions and that was several years ago. With this many project managers, I am pretty sure that more than one project manager has applied for permission but I always seem to be kept in the dark until someone needs help desperately.

The board does not object to the audit procedure TEP NDT ADT and has accepted it for rule 53 compliance numerous times. To my knowledge the only audit of Prime Contractor hired NDE the board accepted was the one Dave Hodgkinson did to resolve Westpath. Unless someone can produce evidence to the contrary, the response is that the board has only accepted TEP NDT ADT for internal use only.

From a purely engineering point of view, if you want to know where the line of what fabrication is in Canada, it shows in the code of construction.

The intent of the regulation rule 16 joining program is to cover activities governed under Z662 of which NDE in rule 17 belongs.

Fabricated parts are built under Z245, ASME VIII, API 5L and other codes fall into rule 14 in OPR99 where we are required to have a sufficient quality plan as per rule 15 and as such do not constitute part of our joining program.

For the joining program the fabrication and inspection of the pipeline is clearly Z662 so that is not in dispute.

The problem occurs when we use ASME codes of construction and there are two cases.

Fabrication of pipeline assemblies is under Z662 which allows the use of ASME B31.3.

Fabrication of a compressor station is still under Z662 which allows the use of ASME B31.3

There is no exemption for ASME B31 code of construction as they do not meet the intent of the rule 14 materials program.

Have a good day

Evan

From: Patricia Zuczek
Sent: Friday, May 27, 2011 10:40 AM
To: Evan Vokes; Maja Bruggencate
Subject: RE: Harbour Landing - Fabricator NDE

Thanks Evan, can you please update the attached document (using track changes) to include the appropriate wording regarding inspection? Maja can then review and provide comments.

Also, what is the audit document that was turned down by the Board? In the attached response TEP-NDT-ADT is referenced and I want to make sure that we are not referring to a document/process that is known to be rejected by the Board.

Thanks, Patricia

From: Evan Vokes
Sent: Friday, May 27, 2011 9:53 AM
To: Maja Bruggencate; Patricia Zuczek
Subject: RE: Harbour Landing - Fabricator NDE

As Harry knows, in my professional opinion this fabrication procedure doesn't meet the regulation and as Lockerbie and Hole pointed out, the fabricators that do work for other NEB regulated businesses know we are not in compliance. Note that the 3PI does not make sure that our RT specification is followed in the following claim. I know this to be true as there is no test shot for the problem at L&H last week
To me, it is proof that the problem is systemic when the board has ruled against it.
As a PEng, if I counsel you to follow the status quo when I know it does not meet the rulings of the board, then I would be complicit of an offence.

Like I told Sanam yesterday, everyone in Hollywood wants the cool chants and neat bracelets but no one wants to do the hard work of compliance with Kabbalah.
Pretty similar to TransCanada where we have cool statements of compliance but we don't make any attempt

I have Acuren and TEAM on the approved vendor list and am finishing up two more NDE contractors.
If you are having your fab done at L&H they use TEAM so you can arrange to directly contract and pay TEAM as L&H can schedule the work.
I believe Abraxus uses TEAM as the default as well.

From: Maja Bruggencate
Sent: Thursday, May 26, 2011 2:54 PM
To: Evan Vokes; Patricia Zuczek
Subject: FW: Harbour Landing - Fabricator NDE

Below is the answer I've received. Please let me know if you have any questions.

Thanks,
Maja

From: Nathan Burgess
Sent: Thursday, May 26, 2011 9:20 AM
To: Maja Bruggencate
Subject: RE: Harbour Landing - Fabricator NDE

Hi Maja,

The short answer is the fabricator hires a subcontractor to do the NDE; TransCanada does not specify who the fabricator will use. This is standard practice across all our fabricators; Abraxus, Triton, Lockerbie & Hole, etc. TransCanada's third party inspector ensures the NDE is qualified via the fabricators quality manual which is approved through ABSA. The process varies when the prime contractor subs out the fabrication.

Nathan Burgess, EIT
TransCanada Pipelines Ltd.
Phone: 403.920.6647

From: Maja Bruggencate
Sent: Wednesday, May 25, 2011 12:53 PM
To: Nathan Burgess
Subject: Fw: Harbour Landing

From: Patricia Zuczek
Sent: Wednesday, May 25, 2011 12:49 PM
To: Maja Bruggencate
Cc: Robert Lazor; Joel Forrest; Evan Vokes
Subject: RE: Harbour Landing

Maja, can you confirm fab shop NDE for Harbour Landing?

Thanks, Patricia

From: Evan Vokes
Sent: Wednesday, May 25, 2011 11:12 AM
To: Patricia Zuczek
Cc: Robert Lazor; Maja Bruggencate
Subject: RE: Harbour Landing

Hi Patricia

I have been looking at the OPR rules a lot lately and we do not make the claim that we hire the inspection independently as per s. 54 OPR99

What TC have written does not make a specific claim about how the inspection is hired but there is a bit of a catch and you could get asked to prove compliance with this letter.

I did not make a reference to it as I could not make this independence claim until the fabshop NDE was confirmed.

The background

The good folks in meter stations let the genie out of the bottle on s.54 on inspection and closure welds and it is only a matter of time till the in depth inspection comes just like the board did for Cutbank after the Groundbirch submission. My view is they caught us on Groundbirch WPS and then waited for a new project and then they went in depth with WPS review. I don't know if they will revisit the hydrotest at Kearl as it is in the code not the regulation but compliance with s54 is the new question and if we do not hire NDE in the fabrication shop we are in noncompliance as per the board ruling at Westpath.

Further to the Westpath ruling, TC developed the Audit procedure to achieve the conditions of the OPR 99 guidance notes which was confirmed last week as not accepted by NEB for the prime hiring NDE on two occasions by a single project manager. I know the board has to have rejected the audit procedure in lieu of direct hiring the NDE more than twice as we have more than one project manager.

If the fabshop hires NDE, I still object and suggest we at least pay the NDE to overcome the boards concerns. Only Keystone and our competition KM, Enbridge comply with this regulation.

We seem to be on the path of begging forgiveness more than asking permission because we do not like the answer and the problem keeps getting worse.

The ship ran aground twice last week while we are playing a word games on independence but we haven't got the message that we need to control our process.

You can send the letter to the board in this form and it may be accepted but it might not be as well in which case we will have to brush up our act.

From: Patricia Zuczek
Sent: Wednesday, May 25, 2011 10:26 AM
To: Evan Vokes

Cc: Robert Lazor; Maja Bruggencate
Subject: RE: Harbour Landing

Hi Evan,

Does the fab shop NDE affect the wording in the document? I've attached the latest draft.

Thanks, Patricia

From: Evan Vokes
Sent: Tuesday, May 24, 2011 12:06 PM
To: Patricia Zuczek
Cc: Robert Lazor; Maja Bruggencate
Subject: RE: Harbour Landing

Hi Patricia

This is way too early in the process to have inspection designs
We need a contractor first.

Please check with Maja as the document was sent April 27th but it contained a question on fab shop NDE that needs to be answered.

Have a good day
Evan

From: Patricia Zuczek
Sent: Tuesday, May 24, 2011 9:41 AM
To: Robert Lazor; Evan Vokes
Subject: RE: Harbour Landing

Robert, I never received the Inspection Designs from Evan. I am planning to file our response with the Board on Thursday at the latest. Please let me know if I can expect to receive these within the next day.

Thanks, Patricia

From: Robert Lazor
Sent: Wednesday, May 04, 2011 6:05 PM
To: Patricia Zuczek; Evan Vokes
Subject: RE: Harbour Landing

Patricia,

I apologize for not getting back to you sooner. I had put this aside when I became stalled putting together some of the supporting pdf files, and only this afternoon have I had the chance to finish this.

The attached files include the Joining Program and Nondestructive Examination Plan.

James had sent you the Materials and QA practices. I am assuming that Vivian has sent you the Pressure Testing Program.

Please let me know if you require additional details.

Evan,

Have you provided the Inspection Designs?

Robert Lazor
Materials Engineering
Phone (403) 920-5679

From: Robert Lazor
Sent: Wednesday, May 04, 2011 10:45 AM
To: Patricia Zuczek
Subject: Re: Harbour Landing

Will get back to you this afternoon

From: Patricia Zuczek
Sent: Wednesday, May 04, 2011 10:42 AM
To: Robert Lazor
Subject: RE: Harbour Landing

Hi Robert,

I have only received information from James for the Harbour Landing project. Will the other information be coming soon?

Thanks, Patricia

From: James Ferguson
Sent: Friday, April 29, 2011 4:01 PM
To: Patricia Zuczek
Cc: Robert Lazor
Subject: RE: Harbour Landing

Hello Patricia,

It might be best if we could get an example from another recent project (i.e. Horn River) just to see how they word the response.

In terms of specifications for the pipe and fittings to be used on the site:

14. A company shall develop specifications for the pipe and components to be used in the pipeline and shall submit them to the Board when required to do so.

TransCanada has several specifications depending upon the commodity. These are the applicable materials specifications for the Harbour Landing Pipe Replacement Project:

- Pipe
 - TES-PIPE-SAW, which has requirements in addition to those of CSA Z245.1;
- Fittings
 - TES-FITG-LD, which has requirements in addition to those of CSA Z245.11;
- Flanges
 - TES-FLGE-LD, which has requirements in addition to those of CSA Z245.15;
- Valves
 - TES-VALV-LD, which has requirements in addition to those of CSA Z245.12;

NOTE: All of these specifications apply for larger diameter componenets (i.e. NPS 16 and above), and all of these should already be on file with the NEB. If it is below this size, then TransCanada has different standards, as outlined in TES-MATL-MD1.

15. A company shall develop a quality assurance program for the purpose of ensuring that the pipe and components to be used in the pipeline meet the specifications referred to in section 14.

TransCanada has a Quality Management System for Pipeline Projects (QMS), TED-QMS-MAN. The relevant Clause of the QMS is Clause 7.4, which is copied below:

7.4 Purchasing, Manufacturing and Transportation

7.4.1 Purchasing Process

Pipeline Projects and Engineering ensures the appropriate specifications (industry standards and Company) are provided to Supply Chain Operations and Commercial Support for purchasing the specified materials and inclusion in the design and construction contracts.

Engineering, Supply Chain Operations and Commercial Support ensure the commodities (materials and services) purchased conform to specified requirements. The type and extent of control applied to the suppliers and the purchased commodities is dependent on the effect of the commodity on the pipeline project's ability to meet Customer Requirements.

7.4.1.1 Supplier Qualification

Supply Chain Operations coordinates the supplier qualification process, with the exception of that used for construction inspection services. Suppliers are evaluated and selected based on their ability to supply materials and services in accordance with Company technical requirements and their capability regarding safety, finance and quality. The goal of the qualification process is to identify and approve suppliers, and ensure there are an adequate number of suppliers in each commodity (materials and services) area.

For commodities requiring a technical evaluation (i.e., where a Company specification exists or for services considered strategic) Engineering or other appropriate technical areas are responsible for the technical evaluation procedures and any supporting documents such as technical questionnaires. For example, Pipeline Projects is the technical area responsible for the qualification of construction contractors.

Supply Chain Operations is responsible for maintaining the list of commodities requiring technical evaluations and the responsible technical area, maintaining the supplier evaluation forms and maintaining the records related to supplier evaluations and qualification status.

Construction Management Services is responsible for the process related to sourcing and selection of site construction and inspection personnel. These personnel are evaluation and selected based on their qualifications and experience and their ability to fulfill industry and Company specified inspection requirements.

References to supplier qualification procedures, including the criterion used are referenced in the QMS Procedures.

7.4.1.2 Pipe

Engineering and Commercial Support ensure high quality pipe material is manufactured and delivered to construction sites by utilizing sound engineering practices and quality assurance activities including:

- a) Pipe mill assessment and qualification
- b) Pipe standards and Company specifications
- c) Preproduction and specification review meeting
- d) Third party surveillance
- e) Pipe qualification tests, supplier certification of conformance to specified requirements
- f) Pipe handling, transportation and stockpiling specifications

7.4.1.3 Components

Engineering and Supply Chain Operations ensure high quality components (e.g., fittings, flanges and valves) are manufactured and delivered to construction sites by utilizing sound engineering practices and quality assurance activities including:

- a) Supplier assessment and qualification
- b) Preproduction and specification review meeting when introducing new product or where Company Specifications have been revised
- c) Third party surveillance
- d) Supplier certification of conformance to specified requirements
- e) Component and fabricated assembly testing and physical verification, status and final reporting
- f) Component and fabricated assembly handling, storage, packaging, preservation and delivery specifications

7.4.2 Purchasing Information

Pipeline Projects provides materials purchasing information for the pipeline project to Supply Chain Operations and Commercial Support.

Supply Chain Operations and Commercial Support, with support from Engineering, ensure purchasing information describes the products and services to be purchased, including where appropriate:

- a) Requirements for approval of product, procedures, processes, and equipment
- b) Requirements for qualification of personnel
- c) Management system requirements

The adequacy of specified purchase requirements are ensured prior to their communication to the supplier by performing technical and commercial reviews. Prior to order placement, purchase order data is reviewed for commercial accuracy by Supply Chain Operations and Commercial Support. Purchase order technical data for components (including catalogue descriptions) are reviewed by Engineering for accuracy. Pipe and component order technical requirements are also reviewed with the supplier at a preproduction and specification review meetings as required. Additional details regarding purchasing information for pipe and components are included in the QMS Procedures.

7.4.3 Verification of Purchased Product

Suppliers of pressure containing and engineering components are required to maintain registered quality systems (i.e., ISO 9001, etc.) and are responsible for product quality. Supply Chain Operations and Commercial Support, with Engineering's support, verify its suppliers' capability to produce quality products by implementing surveillance activities at the supplier facilities during product manufacture.

Where Supply Chain Operations intends to perform surveillance at the supplier's premises, the intended verification arrangements and method of services is stated in the purchasing information to the supplier. This is confirmed and acknowledged with the supplier during the pipe order specification review and preproduction meeting. This is also reviewed and acknowledged with the supplier for the component order during the preproduction meeting if new product/ special order or review of revised Company specifications is being specified.

Please let me know if you have any other questions.

Sincerely,



James Ferguson, P.Eng.
TransCanada
450 - 1st Street S.W.
Calgary, AB T2P 5H1
Phone: 403.920.6009
Cell: 403.462.3313

From: Robert Lazor
Sent: Friday, April 29, 2011 7:02 AM
To: James Ferguson; Evan Vokes; VIVIAN Liu
Subject: FW: Harbour Landing

I had misplaced the printed copy, but Patricia has provided me with her request. She had initially asked to get this to her today, Friday 29 April. Please address the following:

James,

- Materials specifications for the pipe and fittings to be used on the site (s.14 OPR-99)
- A description of the quality assurance activities carried out by TCPL to ensure that the pipe and components meet the specifications referred to in the above (s.15 OPR-99)

Evan,

- The non-destructive examination plan for the project (s.17 OPR-99)

Vivian,

- The pressure testing program for the pipe replacements (s.23 OPR-99)

I will do the joining program.

Let me know if you cannot get this done today. Thanks.

Robert Lazor
Materials Engineering
Phone (403) 920-5679

From:
Sent: Thursday, April 28, 2011 4:23 PM
To: Robert Lazor
Subject: Harbour Landing

Hi Robert, could you please give me an update on where you are at with the joining program, pressure testing program, etc. for Harbour Landing?

Thanks, Patricia

Patricia Zuczek, P.Eng.
Regulatory Services, Law & Regulatory Affairs
TransCanada Pipelines Ltd.
Tel: 403.920.5378
Fax: 403.920.2347
Email: patricia_zuczek@transcanada.com



Patricia,

I've had a look at the O&M notification submitted on 2 March 2011 for a pipe replacement on Lines 3 and 4 near the Harbour Landing development in Regina Sk. I see that the work is scheduled to commence in July 2011. Pursuant to section 7 and the below referenced clauses of the *Onshore Pipeline Regulations, 1999* (OPR-99) I request that thirty (30) days prior to commencing construction TCPL submit the following information to the NEB:

- Materials specifications for the pipe and fittings to be used on the site (s.14 OPR-99)

- A description of the quality assurance activities carried out by TCPL to ensure that the pipe and components meet the specifications referred to in the above (s.15 OPR-99)
- The joining program for the pipe replacement (s.16 OPR-99)
- The non-destructive examination plan for the project (s.17 OPR-99)
- The pressure testing program for the pipe replacements (s.23 OPR-99)
- A detailed construction schedule for the project.

Please do not hesitate to contact me if you have any questions or concerns with this request.

Regards,

Graham Emmerson, P.Eng. PMP

Compliance Program Manager - Integrity | Gestionnaire du programme de conformité - Intégrité

Operations Business Unit | Secteur des Operations

National Energy Board | Office national de l'énergie

444 Seventh Avenue SW | 444, Septième Avenue S.-O., Calgary, AB Canada T2P 0X8