

Wed Mar 25, 2015 3:58pm EDT

Related: GLOBAL ENERGY NEWS

Exclusive: Canada regulator probing TransCanada over safety allegations



A depot used to store pipes for TransCanada Corp's planned Keystone XL oil pipeline is seen in Gascoyne, North Dakota November 14, 2014. REUTERS/ANDREW CULLEN

(This March 18 story corrects paragraph nine to show audit had been scheduled, not prompted by allegations)

By [Mike De Souza](#)

(Reuters) - Canada's energy regulator is investigating up to a dozen new allegations of natural gas pipeline safety-code violations at TransCanada Corp ([TRP.TO](#)), according to documents reviewed by Reuters.

The regulator, the National Energy Board (NEB), and the company confirmed an investigation is under way but offered few details of the allegations.

It marks the second time in recent years the regulator has probed safety practices at Canada's second-largest pipeline company following complaints by a whistleblower.

Documents reviewed by Reuters showed the allegations include faulty or delayed repairs, sloppy welding work and a failure to report key issues to the regulator.

TransCanada declined to provide details about the allegations, but noted someone previously raised them within the company, prompting an internal investigation that is continuing.

Spokesman Davis Sheremata said that TransCanada was working diligently to gather relevant information to share with the regulator, but that it did not see any of the allegations

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representing either an immediate or long term threat to the public or its assets.

"We make it clear to all of our staff and contractors that we will not tolerate anything that undermines the safety and reliability of our facilities," he said.

The company's safety practices previously came under scrutiny over allegations raised publicly in 2012 by a former employee, Evan Vokes, who worked as an engineer for the company for five years. He left TransCanada in 2012 after he approached the regulator with his complaints.

Those allegations prompted the NEB to investigate his complaints within a scheduled audit. The audit, released in February 2014, confirmed some of those complaints and called on the company to address its oversight weaknesses in areas such as risk assessment, inspections and management review.

Rival company, Enbridge ([ENB.TO](http://enb.to)) has also been criticized by regulators over safety and management practices following a 2010 incident that spilled more than 20,000 barrels of heavy crude into Michigan's Kalamazoo River. In a separate incident, the regulator recently fined Enbridge C\$200,000 (\$157,617) for causing environmental and property damage and breaking conditions of a permit for construction work in 2014 in Manitoba.

Safety lapses, if confirmed, could put natural gas pipelines at increased risk of ruptures or explosions, said Najmedin Meshkati, a University of Southern California engineering professor who specializes in oil and gas industry safety issues.

In a Feb. 25, 2015 letter sent by the regulator to the whistleblower, the regulator said that it learned of the allegations in March 2014 and was taking them "very seriously," but that it had not flagged any immediate safety concerns.

The whistleblower, a former TransCanada employee, allowed Reuters to view the letter, but asked not to be identified.

According to a summary document prepared by a senior NEB official, the investigation was reviewing an allegation that TransCanada took several months to repair pipeline damage caused by a construction crew in May 2013 about 150 km (93 miles) north of Calgary, and also failed to report it to the regulator.

Another allegation describes sloppy repairs to a major line, the North Central Corridor, which serves companies in the oil sands. This natural gas pipeline had been damaged following an October 2013 explosion near Wabasca, Alberta.

TransCanada's network of more than 68,000 km of natural gas pipelines tap into virtually all major gas supply basins in North America. It has had some significant ruptures on these lines in recent years, including the 2013 explosion and another in 2014, still under investigation. One of the company's brand new lines in Wyoming also ruptured in 2011.

The new allegations come at a time when the Canadian pipeline operator awaits the final U.S. administration verdict on its long-debated Keystone XL oil pipeline.

TransCanada has been pushing to expand its operations in recent years, proposing two major pipelines for oil and gas distribution to eastern Canada.

It has also been tapped to build two new multibillion-dollar pipelines to carry natural gas from northeastern British Columbia to proposed liquefied natural gas export terminals on the Pacific coast.

(\$1 = 1.2689 Canadian dollars)

(Editing by [Jeffrey Hodgson](#) and [Tomasz Janowski](#))



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