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December 8, 2010

TransCanada Pipelines Limited
GTN System

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
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CERTIFIED MAIL RETURN RECEIPT REQUESTED 7009 0080 0001 2840 0597

Dear Mr. Hoidal,

On September 27, 2010, TransCanada - GTN received a letter from your office dated September 21, 2010 (CPF 5-2010-1005) titled "Notice of Probable Violation and Proposed Compliance Order."

TransCanada has taken steps necessary to correct the deficient pipe-to-soil readings and accumulated the associated costs as specified in the Proposed Compliance Order. Additional resources have now been assigned to ensure more prompt remediation of cathodic protection abnormalities in the future.

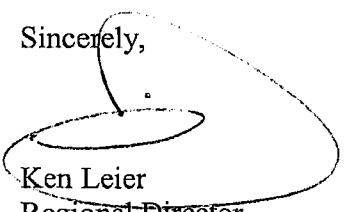
Additional anodes have been installed and a flange insulation kit has been replaced to improve the performance of the cathodic protection system. Testing has been conducted to verify the pipe-to-soil potential meets the specified criteria. The most recent tests show that the native potential at the location is -396 mv DC and the "instant off" potential is -610 mv DC. This meets the required 100 mv DC negative polarization shift criteria.

The costs associated with the work include \$14,221 for preparation/revision of plans, procedures, studies, and analyses, and \$32,400 for replacements, additions, and other changes to pipeline infrastructure.

We believe that this satisfies the provisions of the Proposed Compliance Order and hope that it may obviate the issuance of a Final Order.

If you have any other questions, please call or write me.

Sincerely,



Ken Leier
Regional Director
Western States Region
U.S Pipeline Operations