



File OF-Surv-Compl-C293-01
18 September 2012

Mr. Todd Karry
President
Centra Transmission Holdings Ltd.
1085 Suffield Avenue
Birmingham, MI 48009
Facsimile 519-652-0428

Dear Mr. Karry:

**Centra Transmission Holdings Ltd. (Centra) Meeting Regarding Order
SG-C293-01-2011**

The National Energy Board (NEB or the Board) is concerned about Centra's lack of progress in complying with Order SG-C293-01-2011 (the Order).

Pipeline safety is of paramount importance to the NEB. The Board holds companies accountable for public safety and protection of the environment and takes appropriate action when they fail to live up to their requirements. The Board will take all available actions to protect Canadians and the environment and requires pipeline companies to anticipate, prevent, manage and mitigate potentially dangerous conditions associated with their pipelines. The NEB will make any enforcement actions public.

Board staff conducted field inspections and implementation assessment meetings in June 2012, for the purpose of assessing Centra's compliance with the Order and the *Onshore Pipeline Regulations, 1999*. Board inspectors verified compliance with the requirements of the Assurances of Voluntary Compliance (AVCs) received in 2010, and evaluated the adequacy of each of Centra's programs. The Board notes that Centra continues to have gaps in required programs and therefore does not comply with certain conditions of the Order. Specifically, Centra has not fully updated its Integrity Management Plan, nor developed and implemented Safety and Environmental Protection Programs that meet the expectations of the Board as described in the "*National Energy Board Management and Protection Program Evaluation and Audit Protocol*."

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The Board expects companies to comply with its orders in a timely fashion, and in accordance with Board directed deadlines. A claim of inadequate resources is an unacceptable excuse for failure to achieve compliance with the conditions contained in this or any Order. Regulated companies are expected to invest the resources required to ensure safe operation, environmental protection and full regulatory compliance at all times.

The Chairman of the NEB has authorized Jamie Ballem pursuant to Section 15 of the *National Energy Board Act* to carry out duties regarding the progress Centra is making in satisfying the conditions included in the Order and to report back to the full Board. A Section 15 Member has all of the powers of the Board for the purpose of acquiring the necessary information for the report. Any decisions on this matter will be made by the full Board.

The Section 15 Member has the authority to recommend to the full Board that further enforcement actions be taken against Centra if he determines they are required to achieve compliance with the Order. Potential NEB enforcement actions which may be recommended include, but are not limited to:

- revoking certain authorizations;
- imposing safety orders that further restrict Centra's operations; and
- initiating show-cause proceedings in which Centra would be required to demonstrate why the Board should not shut its pipeline system down until Centra is fully compliant with the Order.

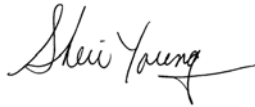
To facilitate Jamie Ballem's efforts in this regard, the Board hereby directs you to attend a meeting to be held in Calgary, Alberta on 17 October 2012 beginning at 10:00 am to discuss the status of certain conditions of the Order, including all outstanding issues of non-compliance which have been identified by Board staff.

The purpose of the meeting is for you to account for Centra's inability to meet the conditions of the Order. You will be expected to explain your company's failure to comply with the Order, what is left to be done to satisfy the outstanding conditions for which Centra remains non-compliant, and your anticipated timelines for resolving all outstanding issues of non-compliance. You may determine which additional members of Centra's technical or operating staff will also attend. Jamie Ballem will be accompanied at the meeting by members of Board staff.

During the meeting Jamie Ballem will assess Centra's commitment to safety, environmental protection and integrity on the Centra Pipeline system. Following the meeting the Member will provide a report to the full Board regarding any steps he considers necessary and appropriate in the circumstances to achieve compliance with the Order.

The Board notes that Centra has requested that Condition 5 of the Order be lifted. This request is currently being reviewed by NEB staff and Centra will be contacted regarding the Board's decision on that particular request at a later date.

Yours truly,

A handwritten signature in cursive script that reads "Sheri Young". The signature is written in black ink and is positioned above the printed name and title.

Sheri Young
Secretary of the Board

c.c. Mr. Joe Brophy
Vice President
Centra Transmission Holdings Ltd.
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