

June 25, 2021

Ms. Emily Larson
Senior Analyst
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C., 20548

RE: TC Energy Response to draft report GAO-21-588, "Information on Keystone Accidents and DOT Oversight"

Dear Ms. Larson,

Thank you for the opportunity to comment on this draft report. We appreciate the work of the Government Accountability Office (GAO) and the Pipeline and Hazardous Materials Safety Administration (PHMSA) and share their interest and commitment to the safe operation of our pipeline systems.

At TC Energy, nothing matters more to us than safety. Safety is a core value and embedded in everything we do. Our employees live and work in the communities where we operate, and every one of us takes seriously our responsibility to protect people, communities, and the environment. While our safety record is strong, we recognize we must continuously strive to do better. To that end, we have taken decisive action over the last several years to implement measures to strengthen our approach to safety and the integrity of the Keystone System with a laser-focus on incident prevention.

Meaningful Actions Have Been Taken to Improve Safety

Our actions to achieve a higher level of safety performance have included a comprehensive third-party review of our pipeline integrity program to capture and incorporate independent recommendations designed to improve our safety programs and processes. We have also leaned heavily into the development and utilization of new technology. For example, our engineering team helped develop an advanced inspection validation tool and next-generation crack detection technology that expands our ability to detect minute pipeline imperfections. By year-end, we will have conducted internal pipeline inspections using this and other state-of-the-art technologies through the entirety of the Keystone System.

These actions have contributed to a significant improvement in our safety performance, with zero high-impact incidents occurring in the past 18 months. Our team is working hard every day to extend this success well into the future.

The Keystone Special Permit Was Rigorously Reviewed and Not Connected to Pipeline Incidents

We agree with the report's acknowledgment of the rigorous approach PHMSA took to review the Keystone special permit application. As noted in the report, PHMSA requested and incorporated the input of pipeline safety experts, federal and state government officials, the Oak Ridge National Laboratory, and the public into the safety-related aspects of the permit. We agree with the safety and technical stakeholders who were interviewed for the report that the safety conditions included in the special permit offset any potential risk associated with operating at a higher stress level. We also agree with the report's acknowledgment that based on independent root cause

failure analyses, neither of the significant historical incidents that occurred on the Keystone System were causally related to the operation of our system under the terms of the special permit issued by PHMSA.

As noted in the report, TC Energy is not unique in its operation of our pipeline under a special permit, and PHMSA has issued similar permits to other pipeline operators. The Keystone System continues to operate well within the allowable engineering and design limits for safety and in compliance with additional requirements imposed by PHMSA, and we are confident it can continue to do so. We understand that PHMSA is preparing to more formally document and track compliance of all special permits. We wholeheartedly support them in this effort and stand ready to assist in any way possible.

TC Energy Has a Strong Safety and Sustainability Culture

At TC Energy, no safety incident will ever be acceptable to us. Our goal remains focused on reaching a zero-incident operating record. We believe this is achievable through a multi-layered approach to safety that includes a strong internal safety culture, industry-leading technology, a commitment to continuous improvement, and shared best practices and learnings across industry.

An equally broad approach is being taken toward the development of new initiatives that promote environmental sustainability and long-term economic opportunities for Indigenous groups in the U.S. and Canada. We are actively pursuing new renewable electricity projects to power pipeline operations with clean zero-carbon energy. When fully implemented, this initiative would reduce GHG emissions by two million metric tonnes annually. We are also exploring opportunities for Tribal Nations to own an equity stake in our North American energy assets, which would provide meaningful long-term financial benefits for those who participate.

The Keystone System is North America's critical energy transportation linkage between responsibly developed energy supplies in western Canada and some of the world's most sophisticated refining facilities in the U.S. Midwest and Gulf Coast. By safely and reliably connecting these endpoints, the Keystone pipeline provides enhanced economic and energy security for North America and the communities within its operational footprint.

We are committed to continuing to identify opportunities to apply this level of ingenuity across our business going forward, whether it's in safety innovation, environmental improvements, or economic development for North America.

Thank you again for the opportunity to comment on this draft report.

Sincerely,



Leslie Kass
Executive Vice-President, Technical Centre