



OF-Surv-FIns-W102-2014 01
22 December 2015

Mr. Mark Fiedorek
President
Spectra Energy Transmission West
Suite 2600, 425-1 Street S.W.
Calgary, AB T2P 3L8
Facsimile [REDACTED]

Dear Mr. Fiedorek:

**Westcoast Energy Inc. carrying on business as Spectra Energy Transmission
(Westcoast)
Safety Order SG-W102-002-2015**

On 14 July 2015, the National Energy Board (NEB or Board) issued Safety Order SG-W102-002-2015 (Safety Order) to address a number of concerns with respect to the operations at Westcoast's processing plants and facilities. The Safety Order required Westcoast to, among other things, identify and correct its Management System failures, for the safety and security of its processing plants and facilities.

The Chair of the Board has appointed a Panel of three Members to assess and determine whether Westcoast has complied with the Safety Order. The Board has reviewed the information filed by Westcoast and requires further information before it can determine whether Westcoast has complied with the Safety Order.

I – Corrective Action Plan with Root Cause Analysis (Condition 1)

Condition 1 of the Safety Order required Westcoast to file a report which included a root cause analysis that identified Management System deficiencies. Westcoast filed a report and corrective action plan (CAP) pursuant to Condition 1 on 30 September 2015.

The Board has reviewed the CAP and noted several items that require additional follow-up. Westcoast evaluated the non-compliances identified by Board Inspectors from 1 April 2014 to 14 July 2015 and its overall Management System deficiencies. Upon completing its analysis, Westcoast identified seven root causes. The Board is not clear if all of the Management System elements, outlined in Schedule A of the Safety Order, were considered for each of the non-compliances as well as its overall Management System deficiencies.

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The Board expects Westcoast to consider all of the elements of a Management System as set out in Schedule A of the Safety Order when it conducts its analysis and develops its CAP.

The Board notes that most elements in a Management System have links to other elements. For instance, activities associated with one specific Management System element also generally result in activities with other elements, including communications; legal identification; management of change; training and competencies; and goals, objectives and targets. The Board seeks confirmation that Westcoast has addressed such links within its proposed corrective actions.

The Board requires further justification for the proposed target implementation date of each corrective action. The Board is concerned about Westcoast's suggested timelines, particularly those that have a two year timeframe, given the high number of Notices of Non-Compliances issued by Board Inspectors.

II – Staffing Reports for all Westcoast gas processing plants (Condition 2) and Updated Staffing Report for the McMahon Gas Plant (Condition 3)

As required by the Safety Order, Westcoast filed with the Board its staffing reports for all processing plants by 30 October 2015. These staffing reports will help demonstrate to the NEB that Westcoast has the necessary qualified employees to effectively and safely respond to an unplanned event at its gas processing plants and facilities. The Board will advise Westcoast of its views of these staffing reports in the future.

III – Westcoast's Request to rely on CAP for findings made by the Board, Inspectors, Auditors

Westcoast requested that the Board harmonize future compliance verification activities with the CAP as well as the timelines outlined by Westcoast. Westcoast also requested that it be able to rely on the CAP and target timelines if the Board, its inspectors or auditors, carry out a compliance verification activity that makes a finding that will be addressed by the CAP.

The Board requires Westcoast to be in compliance with the *National Energy Board Act*, its regulations and any certificates or orders issued by the Board. The Board will continue to verify Westcoast's compliance in the usual manner and will take into account the requirements of the Safety Order and any required filings approved by the Board.

IV – Concluding Comments and Information Request (IR)

The Board stated on 14 July 2015 that it requires certainty that Westcoast will address non-compliances in a systemic manner. In the Board's view, the information currently set out in Westcoast's CAP is insufficient to provide the Board with such certainty. Prior to taking additional measures in respect of the CAP, the Board requires more complete information from Westcoast.

Without this information, the Board will not be in a position to approve the CAP. The Board directs Westcoast to reply to the attached IR **on or before 18 January 2016**.

The Board reminds Westcoast that the safety of Canadians and protection of the environment in the operation of NEB-regulated facilities are the Board's top priorities. Should you have any questions, please do not hesitate to contact Andrea Hardie, Director, Safety Management at 403-292-8604 or Chris Loewen, Vice President, Operations at 403-299-3186.

Yours truly,

Sheri Young
Secretary of the Board

Attachment

cc: Mr. Greg Ebel, Chairman, President and Chief Executive Officer,
Facsimile [REDACTED]
Ms. Michele Harradence, Vice President, Operations & EHS, Facsimile [REDACTED]
[REDACTED], AGC and Director, Regulatory Compliance & Audit, Facsimile
[REDACTED]

**Westcoast Energy Inc. carrying on business as
Spectra Energy Transmission (Westcoast)
Safety Order SG-W102-002-2015**

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- References:**
- i) Board Safety Order SG-W102-002-2015
 - ii) Westcoast report and corrective action plan (CAP), filed on 30 September 2015.

Preamble: In reference i), the Board directed Westcoast to, among other things, identify where breakdowns or failures occurred in the implementation of its Management System. The elements of a Management System that the Board expected Westcoast to consider were set out in Schedule A of the Safety Order.

Reference ii) is Westcoast's CAP, filed with the Board under Condition 1 of the Safety Order.

- Request:**
- a) Provide documentation and records that show whether and how Westcoast considered *all* the elements of Schedule A for *every* non-compliance identified in the Safety Order and Westcoast's overall Management System deficiencies.
 - b) Provide additional information that shows how *each proposed corrective action* is linked to each element of Westcoast's Management System, including:
 - i) A complete list of any changes to each individual element of Westcoast's Management System that resulted from Westcoast's analysis.
 - ii) Implementation target dates for each individual change described in Information Request (b)(i).
 - c) Provide a rationale to justify the implementation target dates that are:
 - i) Currently set out in Westcoast's proposed CAP, filed 30 September 2015; and
 - ii) Described under Information Request (b)(ii).