

October 31, 2019

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

**Attention: Mr. Brian Shand, P. Eng.
Director, Gas Facilities**

Dear Mr. Shand:

**Re: Pipeline Safety and Loss Management Systems for Gas Utility Pipelines
ATCO Pipelines (“AP”) Response to AUC Request**

Please find enclosed AP’s response pursuant to the Alberta Utilities Commission’s assessment of Pipeline Safety and Loss Management Systems for Gas Utility Pipelines.

Should you have any questions relating to this submission, please contact the undersigned at (780) 420-7500.

Yours truly,

Nathan Carter

Nathan Carter
Vice President, Engineering



ATCO PIPELINES (“AP”) RESPONSE REGARDING PIPELINE SAFETY AND LOSS MANAGEMENT SYSTEMS FOR GAS UTILITY PIPELINES

This letter is in response to the Alberta Utilities Commission (“AUC”) assessment of safety and loss management systems (“SLMS”) associated with the management of emergency response and pipeline integrity for high-pressure gas utility pipelines. In this letter, AP will provide a summary of its current SLMS, which ensures that safe and reliable service is provided to customers. AP will also provide an overview of its commitment to continual improvement and its plans to improve its SLMS over the next five years.

SECTION 1 - BACKGROUND

On September 20, 2018, the AUC notified AP that it was updating its assessment of SLMS and requested that AP attach its complete relevant procedural documentation to demonstrate compliance with legislation and standards including:

- Sections 7, 8 and 9(3) of the Pipeline Rules.
- CSA Z662-15: Oil and gas pipeline systems including Section 3 Safety and Loss Management Systems, Annex A: Safety and loss management system and Annex N: Guidelines for pipeline integrity management systems.
- CSA Z246.2-14: Emergency preparedness and response for petroleum and natural gas industry systems.

The AUC identified a number of SLMS requirements set out in CSA Z662-15:

- (a) Clearly articulated policy and leadership commitment
- (b) Process to determine legal requirements
- (c) Process to determine hazards
- (d) Process for risk management
- (e) Process to mitigate risks by developing programs and procedures
- (f) Process to set goals and objectives

- (g) Process to identify and ensure adequate resources, human resources, contractors, infrastructure and work environment to meet objectives
- (h) Process to ensure training, competence and evaluation
- (i) Process to determine required operational controls
- (j) Process to ensure effective internal and external communication
- (k) Process to ensure document and records management
- (l) Process to ensure control of documents and records
- (m) Process to ensure management of change
- (n) Process to ensure continual improvement including performance monitoring, conformance monitoring control of nonconformance and management review.

In order to demonstrate its compliance with the relevant legislation and standards, AP provided procedural documentation related to its SLMS. The documentation provided by AP was comprehensive and included more than 100 documents comprising approximately 700 pages. The procedural documentation was provided on a confidential basis.

SECTION 2 - ENSURING SAFETY AND RELIABILITY FOR CUSTOMERS

AP is committed to ensuring safety and reliability for customers as well as compliance with legal requirements in the jurisdictions in which it operates. All work is completed in accordance with AP's SLMS practices to ensure compliance with legal requirements and appropriate industry best practices. AP operates in accordance with the following legislated requirements:

- The Gas Utilities Act
- The Pipeline Act and Pipeline Rules Regulation
- All applicable AUC Rules
- The requirements of AER Directives as referenced in the Pipeline Rules Regulation (aspects of approximately 10 applicable AER directives)

- The mandatory requirements of CSA Standard Z662
- The requirements of AER Directive 77 making non-mandatory CSA Z662 Annex N mandatory for Integrity Management
- Those requirements of AER Directive 71 as referenced in the Pipeline Rules Regulation requiring adherence to these specified Emergency Management activities:
 - Maintaining current emergency response plans for the pipeline, as necessary,
 - Conducting training exercises in carrying out emergency response plans, and
 - Ensuring capabilities associated with spill response.

AP also meets the SLMS requirements as identified by the AUC.

(a) Clearly articulated policy and leadership commitment

AP has clearly articulated policies regarding safety and loss management, which include commitments from its leaders. Health and safety is a core value and a shared responsibility of management and employees. In addition, it is a commitment of AP leadership to protect the environment by minimizing environmental impact, now and in the future, when planning and executing work.

(b) Process to determine legal requirements

As stated above, AP is committed to complying with all applicable legislation. The AP Technical Compliance group ensures this commitment is fulfilled by engaging management in annual reviews. AP also subscribes to a regulatory subscription service to identify new and amended legislation and to incorporate changes into the annual review process. AP's commitment includes active participation in the development of referenced industry standards such as CSA Z662. To ensure compliance monitoring takes place, leaders are assigned ownership of specific legal requirements and are automatically prompted to review them within the appropriate time-period. With legal

requirements captured in an IT platform, employees can access the information in real-time and update accordingly when legislation changes.

(c) Process to determine hazards

AP has processes for hazard assessment, identification, mitigation, and reporting. Additionally, AP maintains Job Hazard Analysis Specifications, which are an inventory of those hazards encountered by employees performing certain tasks, and employees are required to complete Project and Daily Hazard Assessments. For unique hazards, employees complete AP's Hazard Identification Report. In addition, hazards are included as part of the overall risk assessment process.

(d) Process for risk management, and

(e) Process to mitigate risks by developing programs and procedures

AP has a Risk Management Program that involves leaders and employees at all levels throughout the organization. The Management Systems group ensures Risk Owners are identified and risks are reviewed by Management and Senior Leaders on a quarterly basis. The Risk Management Program includes risk identification and assessment processes and action planning for improvement. Risk management plays an integral part of planning, business decisions, and operating practices. AP reviews risks on a regular basis. AP's risk framework aligns with CSA Z662 Annex B and is reiterated throughout AP's procedures.

(f) Process to set goals and objectives

AP has processes to set goals and objectives at multiple levels within the organization, including with respect to SLMS. Corporate level goals and metrics are monitored and reviewed by AP's leadership team on a regular basis. Joint Safety, Environment, and Quality teams support the implementation of plans to achieve health and safety, environment, quality, and security goals and objectives. In addition, all employees participate in the setting of their individual goals and objectives.

(g) Process to identify and ensure adequate resources, human resources, contractors, infrastructure and work environment to meet objectives, and

(h) Process to ensure training, competence and evaluation

AP has processes and practices to identify and ensure adequate resources are available to meet objectives. Resource requirements are reviewed as part of project identification, business case development, project management planning, and business plan development. The resources considered as part of these processes include internal permanent employees, temporary and contract employees, external contractors, infrastructure required for business operation, resources required for a safe and healthy work environment, and resources required for monitoring and measurement. AP also has existing processes and practices to ensure training, competence, and evaluation of employees and contractors. These processes and practices are the responsibility of the Workforce Development group.

(i) Process to determine required operational controls

AP has processes to determine required operational controls. AP has operated under a management system aligned with ISO 9001 principles since 2000. AP has recently updated its Management System to align with the 2015 edition of ISO 9001 and applies the approach to several aspects of its operations including health and safety, environmental protection, quality, and security. AP's procedures ensure consistent execution in accordance with code requirements.

(j) Process to ensure effective internal and external communication

AP has processes to ensure effective internal and external communication. AP uses several communications tools to ensure effective communications and provides instructions to employees regarding their responsibilities for communications planning. Additionally, the Marketing & Communications group supports other departments within the organization to provide messaging to external stakeholders.

(k) Process to ensure document and records management, and

(l) Process to ensure control of documents and records

AP has processes to manage and control documents and records. Recent changes include greater use of electronic platforms for the management and control of SLMS documents and records.

(m) Process to ensure management of change

AP has processes to ensure management of change. AP manages change through a variety of processes, including document control quality processes, material and tool evaluation processes, project management processes, and business planning processes. When specific processes do not apply, AP has a generic Management of Change process to ensure new changes are evaluated and communicated appropriately throughout the company. The Technical Compliance group ensures processes are appropriate for the nature of the changes, works with the Management Systems Group and all Program Owners, and assumes overall responsibility for Management of Change.

(n) Process to ensure continual improvement including performance monitoring, conformance monitoring control of nonconformance and management review.

AP has processes to ensure continual improvement. AP takes corrective action to eliminate the cause of identified trends in nonconformities and takes preventive action to eliminate the causes of potential nonconformities. The management review process involves a review and/or monitoring process for all elements of the Management System.

SECTION 3 - OVERVIEW OF PLANNED SLMS IMPROVEMENTS

AP is committed to continual improvement and the identification and implementation of best practices. As explained below, AP has outlined a plan for the next five years to improve its SLMS on a priority basis. AP will also take steps to integrate these processes into its software platform for managing health, safety, environment and quality (“HSEQ”) requirements and initiatives (the “HSEQ management platform”). This will allow AP to



monitor progress in improving its SLMS processes by ensuring they are actively being reviewed, updated, and effectively implemented within the organization.

First, AP recognizes the value in further developing its legal registry. AP is currently undertaking work to identify the applicable “shall, must, or will” statements in high priority legal requirements that relate to the protection of people, property, and the environment, and review how this information can be incorporated into its HSEQ management platform to allow for effective tracking and utilization of this information throughout the organization. Additionally, AP will review and improve existing processes and procedures to manage, review, and update the legal registry. AP will continue to ensure that legal requirements are reviewed on a regular basis to ensure that any updates to legal requirements are incorporated in the legal registry. The improvements to the legal registry and associated processes are planned over the next two years.

In conjunction with its improvements to its legal registry, AP will improve and expand its identification of hazards to more comprehensively include hazards to people, property, and the environment throughout the lifecycle of pipelines including design, construction, operation, and abandonment phases. Additionally, AP commits to improving and documenting processes to incorporate identified hazards into its risk management process. The improvements to the hazard registry and associated processes are planned over the next three years.

Following these improvements to its processes to determine legal requirements and hazards, AP will evaluate opportunities for improvement to its other existing SLMS processes on a priority basis. These subsequent improvements will take place over a target timeline of five years.

The improvements set out above are grounded in AP’s overall commitment to continual improvement and the identification and implementation of best practices. Furthermore, AP reiterates that it is committed to compliance with the letter and spirit of legal requirements in the jurisdictions in which it operates.