

**NATIONAL TRANSPORTATION SAFETY
BOARD**

Washington, D.C.

**Attachment V
REFERENCE 26**

IR 326 NEB Inspection- 19 Dec., 2008 NEB letter to Enbridge. Pages: 1-3

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Marshall, MI
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National Energy
Board



Office national
de l'énergie

File OF-Surv-OpAud-E101-2007-2008
19 December 2008

Mr. Stephen J. Wuori
Executive Vice President
Liquids Pipelines
Enbridge Inc.

Dear Mr. Wuori:

**Enbridge Pipelines Inc. [Enbridge],
Enbridge Pipelines (Norman Wells) Inc. [Enbridge (NW)], and
Enbridge Pipelines (Westspur) Inc.
OPR-99 Safety and Integrity Management Programs Final Audit Report**

The National Energy Board completed an *Onshore Pipeline Regulations, 1999* (OPR-99) audit of Enbridge on 18 July 2008 and submitted a Draft Report to Enbridge on 1 August 2008 for your review and comment. The draft report documented the NEB's evaluation of the adequacy and effectiveness of Enbridge's safety and integrity management programs.

On 7 November 2008, Enbridge provided comments on the Draft Report. The Board is of the view that the comments can be divided into two main categories. The first category includes factual inaccuracies such as the names of Enbridge staff who were interviewed during the audit and the legal name of Enbridge Pipelines (Westspur) Inc. The Board is in agreement with these comments and has made the changes to the report accordingly.

The second category of comments relate to the format, terminology and to compliance evaluation of management programs contained in the draft audit report.

With respect to audit report format, Enbridge's request was accommodated by providing separate assessment tables for each of the company's self-defined programs in accordance with Board's process requirements. The intent of audit reports is to provide an evaluation of companies' safety and integrity management programs in a manner which effectively communicates to the responsible company staff (management) the views and requirements of the Board. Further breakdown of this audit report to the extent requested by Enbridge could result in eliminating the ability to identify and document systematic program deficiencies rather than "one-off" issues. Likewise, corrective action plans should also be developed to address systematic program

 
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deficiencies. Therefore, the Board has not changed the original format and has issued one report for the four distinct management programs. To provide further clarification, Tables A.2, A.3 and A.4 were updated with Enbridge's comments. In addition, Table A.4 was modified to include all three entities covered under the Safety audit.

With regard to audit terminology, although the Board has made minor modifications to the terms "non-conformance" or "non-compliance", their meanings have always been consistently applied by the Board to matters requiring corrective action.

With respect to compliance evaluation of management programs, the terms "Non-compliance", "unacceptable", "Non-conformance" with or without the subset of "Need for Improvement" were designed to aid Enbridge in identifying areas that require improvement through a corrective action plan. The non-conformances were linked to industry best practices as indicated in the Enbridge Pipeline Integrity Management System Awareness Training document page 10 stating "*The Structure and Elements of the Pipeline Integrity Management Systems were designed based on these documents [CSA-Z662 Annex N, API 1160, ASME B31.8S, ISO 14000]*" and page 13 illustrating the Integrity Management System flowchart linked to Annex N. However, Enbridge clarified on 9 October 2008 that these industry standards were not formally adopted by the company and provided guidance only. Accordingly, non-conformance findings referencing to Annex N and B31.8S were removed from the assessment tables and requirement clauses from OPR-99, CSA-Z662 and Enbridge's own procedures were added. A standardization of the tables between the three integrity audits resulted in a net increase in reported elements; however, changing non-conformances to non-compliances resulted in a small decrease of overall findings requiring corrective action.

The Board wishes to clarify to Enbridge that OPR-99 subsection 4 (2) indicates that "specifications, programs, manuals, procedures, measures and plans developed and implemented by the company" are mandatory requirements. In addition, CSA Z662-07 Clause 10.14 directs companies to develop and implement integrity management programs (IMP). The IMP must describe company commitment, responsibilities and quantifiable objectives and include effective procedures to monitor for conditions that may lead to failure and methods to identify risk reduction approaches and corrective actions and monitoring of results. These changes are also reflected in the audit report terminology section and the assessment tables. The NEB Evaluation Column in the assessment tables now states whether the audited element is "Adequate" or "Corrective Action Plan Required". In addition, the NEB Assessment column where the term "need for improvement" was used this has been expanded to "This was deemed to require improvement and a corrective action plan."

Goal-oriented regulation requires companies to implement management programs that are adequate and effective. Failure to do so will result in findings of non-compliance. A company's management programs may encompass best industry practices or some other approach to achieve the management program goal. Where a company chooses some other approach, the Board will determine whether that approach achieves the intended goal.

The Board is issuing the attached report as the final Enbridge Audit Report. Enbridge is required to file a Corrective Action Plan (CAP) which describes the methods and timing for addressing the Audit Findings identified. The CAP must be filed for Board approval by Monday, 2 February 2009.

If you require any further information or clarification, please contact Joe Paviglianiti, Lead Auditor at [REDACTED] or Chris Finley, Team Leader, Compliance Group 1 Oil (CGO) at [REDACTED]

Yours truly,

[REDACTED]

Claudine Dutil-Berry
Secretary of the Board

Attachment – Final Audit Report, Enbridge Pipelines Inc.

c.c. Mr. Craig D. Sluser, Enbridge, facsimile [REDACTED]
Mr. Shaun Kavajecz, Enbridge, facsimile [REDACTED]