



File OF-Surv-OpAud-A174-2018-2019-01
28 February 2019

Mr. Randy Toone
Executive Vice-President, Gas
AltaGas Holdings Inc.
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Calgary, AB T2P 0J1
Email: [REDACTED]

Dear Mr. Toone:

**Notification of the National Energy Board's (Board or NEB)
Final Audit Report AltaGas Holdings Inc. (AltaGas)**

Please find enclosed a copy of the Final Audit Report for the audit of the AltaGas Quality Assurance (QA) Program that the Board conducted during the period from June to October 2018. The Board is providing the report for AltaGas's necessary action.

On 20 June 2018, the Board notified AltaGas of its intent to audit the company with the objective of verifying that AltaGas had established and implemented a QA program as part of its management system that meets the requirements of the *National Energy Board Onshore Pipeline Regulations* (OPR). The scope of the audit included quality assurance aspects of the AltaGas management system and its section 55 programs as applied across its NEB-regulated facilities, covering all life-cycles in accordance with the requirements of the OPR.

To evaluate AltaGas' compliance with the requirements of 14 protocol items for the QA Program audit, the Board reviewed a sample of its documents and records and conducted interviews with company personnel on issues relevant to the audit objective and scope.

A copy of the Draft Audit Report was delivered to AltaGas on 23 January 2019 for the company's review and comment. The company provided its comments to the Board in a letter dated 21 February 2019, which the Board took into consideration when preparing the Final Audit Report.

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The Board notes that there was an issue of concern with the Accountable Officer adequately fulfilling their duties and responsibilities in accordance with the requirements of the OPR. This was referred to the Board's Enforcement Group for enforcement action.

In consideration of the findings of non-compliance, the Board concludes that, at the time of the audit, AltaGas had not established the required QA Program.

Although outside the scope of the audit, the Board noted that AltaGas has not established and implemented a management system and all of the protection programs in accordance with the requirements of the OPR. While these observations will not constitute non-compliant findings, requiring the submission of a corrective and preventative action plan to address each of them, the Board expects AltaGas to take immediate action to bring its management system and programs into alignment with the requirements of the OPR.

The Board is of the view that, if the appropriate management system, protection programs and QA Program had been in place and annual reporting had been appropriately completed by management staff and the Accountable Officer, the non-compliances noted in this report would have been avoided.

AltaGas is to develop and submit to the Board for review and approval, a Corrective and Preventative Action (CAPA) Plan to address the deficiencies noted in this report within 30 calendar days of the date of this audit report. The Board will make its final audit report and the AltaGas approved CAPA Plan public on the Board's website.

The Board will assess the implementation of all of the AltaGas CAPAs to confirm they are completed in a timely manner and on a system-wide basis until they are fully implemented.

If you require any further information or clarification, please contact Mark Tinney, Lead Auditor, at 403-966-1065.

Yours truly,

Original signed by L. George for

Sheri Young
Secretary of the Board

c.c. 

National Energy
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**Final Audit Report
Quality Assurance Program Audit**

**Compliance Verification Activity CV1819 - 431
File OF-Surv-OpAud-A174-2018-2019-01**

28 February 2019



Executive Summary

During the period June to October 2018, the National Energy Board (NEB or the Board) conducted an audit of AltaGas Holdings Incorporated (AltaGas) to verify whether AltaGas has established and implemented a QA Program as part of its management system that meets the requirements of the *National Energy Board Onshore Pipeline Regulations* (OPR) paragraph 6.5(1)(w). The audit was conducted using the protocol listed in Appendix 1 of this report.

As a result of the audit, the Board concluded that, at the time of the audit, AltaGas had not established and implemented a documented QA Program in accordance with the requirements of the OPR. The Board's assessment of AltaGas compliance with the requirements of the 14 protocol items selected for the audit resulted in the Board making 12 non-compliant findings. Although outside the scope of the audit, the Board noted that AltaGas has not established and implemented a management system and all of the protection programs in accordance with the requirements of the OPR.

The Board found that many of the deficiencies noted during the audit are due to a lack of clearly explained and documented quality assurance processes. The deficiencies noted by the Board can be generally summarized as follows:

- No documented QA Program;
- No policies and goals in accordance with the OPR s. 6.3(1);
- No process for setting objectives and targets to achieve the company's policies and goals;
- No documented process for identifying and monitoring compliance to legal requirements;
- No complete list of legal requirements;
- No documented process for the internal and external communication of QA information;
- No process for identifying the documents it requires for its protection and QA Programs;
- No documented process for preparing documents;
- No documented process for generating, retaining and maintaining records;
- No documented process for inspecting and monitoring the company's activities or management system for adequacy and effectiveness;
- Inadequate processes for monitoring for compliance;
- Inadequate processes for conducting program audits.

The Board notes with particular concern that the company has not been preparing an annual report as required by the OPR sections 6.5 and 6.6. This has been referred to the Board's Enforcement Group for possible enforcement action.

Notwithstanding the above, through interviews and discussions with AltaGas staff and a review of the information provided by the company, the Board was satisfied that the company is conducting the necessary quality assurance activities to be safe as it develops a comprehensive QA Program.

The Board requires AltaGas to develop and submit to the Board a Corrective and Preventative Plan (CAPA) to address the deficiencies noted in this report. While the observations associated with the deficient management system and protection programs will not constitute non-compliant findings, requiring the submission of a CAPA plan to address each of them, the Board expects AltaGas to take immediate action to bring them into alignment with the requirements of the OPR. The Board will assess the implementation of all of the AltaGas CAPAs to confirm they are completed in a timely manner and on a system-wide basis until they are fully implemented. The Board will make its final audit report and the AltaGas approved CAPA Plan public on the Board's website.

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1.1 Introduction

The National Energy Board (NEB or the Board) expects companies to have adequate, effective, established and implemented management systems and protection programs and a strong culture of safety, all of which are fundamental to keep people safe and protect the environment. One of the requirements of the OPR is for companies to establish and implement a QA Program for the management system and each program referred to in section 55 of the OPR, including a process for conducting inspections and audits and for taking corrective and preventive actions if deficiencies are identified.

In accordance with subsection 49(3) of the *National Energy Board Act* (NEB Act), during the period from June to October 2018, the Board conducted an audit of AltaGas Holdings Incorporated (AltaGas) QA Program. The Board notified the company by letter on 20 June 2018 of its intent to conduct the audit. Document review began on 24 August 2018 and onsite interviews were conducted during the period 1 – 3 October 2018. A pre-close out summary of draft audit findings was presented to the company on 16 October 2018, at which time the company was given an additional week to present information which could potentially resolve the draft findings; however, no additional information was received. A final closeout summary of draft findings was presented to the company on 31 October 2018.

At the 16 October 2018 meeting, the company was advised that one of the Board's findings related to the company's inability to provide documentation to demonstrate that annual reports for the previous four years had been completed in accordance with the requirements of subsection 6.6(1) of the OPR. The company was advised that the deficiency constituted a violation of the OPR and had been referred to the NEB Enforcement Group for possible enforcement action.

The results of the audit are summarized in Table 1 and explained in more detail in Appendix I. Abbreviations used in this audit report can be found in Appendix II.

1.2 Audit Objective

The objective of this audit was to verify whether AltaGas has established and implemented a QA Program as part of its management system that meets the requirements of paragraph 6.5(1)(w) of the OPR. Specifically, the Board audited the AltaGas QA Program and its linkages to the company's management system, the section 55 programs and operational activities.

1.3 Audit Scope and Methodology

As this audit focused on the company's QA Program and related activities, the regulatory scope of the audit included relevant sections of the OPR. The scope also included aspects of the AltaGas management system and its section 55 programs as applied across its facilities regulated by the NEB covering all life-cycles. The specific legislative requirements that were audited are listed in Table 1.



To evaluate AltaGas' compliance with the requirements of the protocol, the Board evaluated a sample of the company's documents and records and conducted interviews with company personnel.

2.0 Company Overview

AltaGas is a Canadian diversified energy infrastructure company with three business segments, gas, power, and utilities, spread throughout North America. The Gas Division in Canada is primarily comprised of extraction and fractionation, field gathering, and processing; its head office is located in Calgary.

The NEB-regulated assets belonging to AltaGas are shown in Appendix III. They consist of a network of 15 gas pipelines totalling approximately 350 kilometres in length, in-and-between the provinces of British Columbia, Alberta, and Saskatchewan, with one small NEB-regulated section in Alberta, ending where it enters into the northern United States.

3.1 Quality Assurance Program Assessment

3.2 Requirements and Expectations for Quality Assurance Programs

The Board requires each regulated company to establish and implement a QA Program as the documented framework for scheduled verification activities that include inspections and audits for monitoring compliance to legal requirements, and assuring environmental and safety outcomes. These verification activities must also be linked to a process that tracks and manages any deficiencies noted in QA activities within its management system and the protection programs to identify opportunities for continual improvement.

The Board expects its regulated companies to establish and implement management systems that meet the requirements of the OPR. In addition, companies must develop, implement, and maintain various programs to execute the management system processes to drive activities that promote ongoing safety and environmental protection. According to the 7 October 2016 edition of the OPR Guidance Notes, a program is defined as:

- *A documented set of processes and procedures designed to regularly accomplish a result. A program outlines how plans, processes and procedures are linked, and how each one contributes toward the result. Program planning and evaluation are conducted regularly to check that the program is achieving intended results.*

Among the OPR programs that companies are required to establish is a QA Program; specifically, the OPR paragraph 6.5(1)(w) requires companies to:

- *Establish and implement a quality assurance program for the management system and for each program referred to in section 55, including a process for conducting audits in*



accordance with section 53 and for taking corrective and preventive actions if deficiencies are identified.

The Board expects that quality assurance activities for the management system and each protection program are deliberately developed and executed within a documented framework that meets the definition of a program. Therefore regulated companies are required to establish and implement a QA Program that is the documented framework for scheduled verification activities, including inspections and audits, for monitoring compliance to legal requirements and assuring environmental and safety outcomes. There is an expectation that these activities are conducted as part of a program that directs, coordinates, plans and manages the quality assurance activities in accordance with a pre-determined scheme for the verification of compliance. These verification activities must also be linked to a process that tracks and manages any deficiencies noted in quality assurance activities within its management system and the protection programs to identify opportunities for continual improvement.

3.3 Assessment of AltaGas' Quality Assurance Program

The Board is of the view that paragraph 6.5(1)(w) sets out the company's obligation to build a QA Program that includes a documented framework of activities including scheduled assessments, inspections and audits for its management system and within its protection programs to verify their adequacy, effectiveness and compliance. Through a review of the information provided by the company and through interviews, the Board concluded that AltaGas does not have a documented QA Program that meets the requirements of the OPR.

The assessment of the QA Program requirements and associated management system processes selected for evaluation during this audit are summarized in Table 1 and explained in greater detail in Appendix I. The Board's assessment of AltaGas compliance with the requirements of the 14 protocol items selected for the audit resulted in the Board making 12 non-compliant findings.

Although the NEB did not specifically review the company's management system, from the review of the documents and records provided and the interviews conducted, it appeared to the Board that AltaGas has not established a management system in alignment with the requirements of the OPR. AltaGas indicated during interviews that it requires each of the business units within the Gas division to create and maintain their own management system and programs rather than having one overarching management system as mandated by the OPR. However, AltaGas indicated that it is currently going through a process of integrating and standardizing processes and procedures across the Gas Division.

The OPR s. 6.5(1) requires the company to have as part of its management system and its protection programs the management system processes described in paragraphs 6.5(1)(a to x). The Board did not see several of these processes in its review. For example, objectives and targets to meet the company's overall goals in accordance with the requirement of paragraph 6.5(1)(a) were not evident. Also, there was no process for identifying and monitoring compliance with all legal requirements applicable to each program area in matters of safety, security and



protection of the environment as required by paragraph 6.5(1)(g).

According to the information provided to the Board at the time of the audit, AltaGas was moving from a fragmented system towards more cohesive centralized programs and standardized processes and activities.

The deficiencies noted by the Board can be generally summarized as follows:

- No documented QA Program;
- No policies and goals in accordance with the OPR subsection 6.3(1);
- No process for setting objectives and targets to achieve the company's policies and goals;
- No documented process for identifying and monitoring compliance to legal requirements;
- No complete list of legal requirements;
- No documented process for the internal and external communication of QA information;
- No process for identifying the documents it requires for its protection and QA Programs;
- No documented process for preparing documents;
- No documented process for generating, retaining and maintaining records;
- No documented process for inspecting and monitoring the company's activities or management system for adequacy and effectiveness;
- Inadequate processes for monitoring for compliance;
- Inadequate processes for conducting program audits.

Many of the deficiencies noted during the audit are associated with a lack of well-defined, documented processes. The Board found that quality assurance processes do not have clearly described steps and procedures. There is insufficient clarity on the specifics of what is to be carried out, by whom, when, how and using what resources. Also missing were the specific roles, responsibilities and authorities of the individuals or positions assigned the responsibility to execute the processes.

It was noted that many processes do not describe the outputs and inputs to/from other management system elements and the protection programs to describe how the process has been integrated into the overall management system. Without these links, it is difficult to confirm that the inspection, measurement and monitoring (IMM) activities are resulting in the necessary corrective and preventive actions to ensure the continual improvement of the company's management system and programs.

The Board noted that at the time of the audit AltaGas had not established the framework of a management system in alignment with the requirements of the OPR. AltaGas advised the Board during interviews that it requires each of the business units within the Gas division to create and maintain their own management system and programs rather than having one overarching management system as mandated by the OPR. However, AltaGas advised the Board that it is currently going through a process of integrating and standardizing processes and procedures across the Gas Division. The Board also noted that AltaGas does not have protection programs that meet the protection and management requirements of the OPR.



AltaGas provided the Board with a description of the inspection activities it carries out and copies of its completed records. It also provided the Board with copies of all of the internal and third-party audits that have been carried out on its management system and programs since 2013. However, these were found not to be in compliance with the inspection and audit requirements of sections 53(1) and 55(1) of the OPR. Aside from one compliance audit conducted in 2015, all other audits were designed to verify conformance to the company's procedures or to the Canada Labour Code. The Board also found during its review of the audit reports provided by the company, that not all of the deficiencies noted in the reports had been rectified. For more details on this issue, refer to the assessment of Audit Protocol Item 14 (AP-14) in Appendix 1.

AltaGas indicated to the Board during interviews that the company conducts safety inspections on a regular basis and makes note of any environmental issues that are observed during these inspections in an informal ad hoc manner.

The Board notes with concern that the results of the management review process are not being used to generate an annual report for the Accountable Officer as required by OPR sections 6.5 and 6.6. These sections require an annual, structured and documented assessment of AltaGas' performance in establishing its management system and meeting its regulatory obligations related to safety, security and environmental protection. Further, the Accountable Officer is required to attest in writing to the Board that the report has been completed.

The Board notes, with particular concern, that its audit found that AltaGas' Accountable Officers have been submitting signed statements to the Board indicating that the reviews have been undertaken and the reports completed for the past four years when, in fact, they have not been. This constitutes a violation of the OPR and has been referred to the NEB's Enforcement Group for enforcement action. Notwithstanding any enforcement action which might be taken, the Board expects AltaGas to rectify this deficiency immediately starting with the production of the company's annual report for 2018.

The Board notes that AltaGas' Accountable Officers have submitted to the Board signed statements accepting the responsibilities of their position. The Board is therefore of the view that each Accountable Officer has been aware of the requirements to ensure the appropriate establishment and oversight of the company's management system and programs for meeting the OPR obligations.

3.4 Types of Audit Findings

There are two possible types of audit findings which can be assigned to each audit protocol item evaluated by the Board in this audit:

- No Issues Noted – *No non-compliances were identified during the audit based on the information provided and reviewed within the context of the scope of the audit; and*



-
- Non-compliant - *an evaluated regulatory requirement does not meet legal requirements. The company has not demonstrated that it has developed and implemented programs, processes and procedures that meet the legal requirements. A corrective and preventative action plan must be developed and implemented.*

4.1 Conclusion

In conclusion, the Board found that AltaGas does not have a documented QA program that meets the requirements of the OPR. The specific deficiencies noted during this audit are summarized in Table 1 and explained in greater detail in Appendix I. Of the 14 protocol items that were assessed during the audit, the Board found the company to be non-compliant in 12 of the 14 legislative requirements.

In spite of the Board's conclusion, through document and record review, and interviews and discussions with AltaGas, the Board was satisfied that the company is carrying out the necessary activities to be safe as it develops a documented comprehensive QA Program.

The Board expects AltaGas to finalize its process documents and address the deficiencies in management system processes which have been identified during this audit. The Board requires AltaGas to develop and submit a Corrective and Preventative Action (CAPA) Plan to address the Board's findings detailed in Appendix I. The CAPA Plan must describe the company's analysis of its deficiencies and its proposed methods and timeframe to resolve them. AltaGas is required to submit its CAPA Plan for approval within 30 days of the Final Audit Report being issued by the Board.

Although outside the scope of the audit, the Board expects AltaGas to take immediate action to bring its management system and protection programs into alignment with the requirements of the OPR.

The Board will assess the implementation of the AltaGas CAPA Plan to confirm it is fully implemented in a timely manner on a system-wide basis and that the necessary safety for employees and the public and protections for the environment are maintained.

The Board also expects AltaGas to rectify the non-compliance related to the missing annual reports, which has been referred to the NEB's Enforcement Group for enforcement action. The Board expects AltaGas to rectify this deficiency immediately starting with the production of the company's annual report for 2018 and to ensure the report is prepared in all subsequent years.

The Board will make its Final Audit Report and the AltaGas approved CAPA Plan public on the Board's website.

**Table 1: Summary of Findings**

Audit Protocol (AP) Item	OPR Section	Topic	Status	Summary of Assessment
AP – 01	p. 6.5(1)(w)	Quality Assurance Program	Non-Compliant	Although it is undertaking several quality assurance activities including audits and inspections, AltaGas did not demonstrate that it has a documented QA Program to outline the company's scheme for verifying the adequacy, effectiveness and ongoing compliance of its management system and protection programs.
AP – 02	p. 6.5(1)(a)	Goals, Objectives and Targets	Non-Compliant	AltaGas did not demonstrate that it has established and implemented policies and goals in accordance with the OPR s. 6.3(1) or that it has established and implemented a process for setting objectives and targets for its QA Program to achieve the company's policies and goals.
AP – 03	p. 6.5(1)(g)	Legal Requirements	Non-Compliant	AltaGas did not demonstrate that it has a documented process for identifying and monitoring compliance with all legal requirements that are applicable to the company in matters of safety and security and protection of the environment.
AP – 04	p. 6.5(1)(h)	Legal List	Non-Compliant	AltaGas did not demonstrate that it has established and maintained a complete list of legal requirements.
AP – 05	p. 6.5(1)(i)	Management of Change	No Issues Noted	Based on the scope of this audit, the interviews conducted and the documentation reviewed, no issues were noted with this process.
AP – 06	p. 6.5(1)(m)	Internal and External Communications	Non-Compliant	AltaGas did not demonstrate that it has established and implemented a documented process for the internal and external communication of information including information that related to the QA Program.



Audit Protocol (AP) Item	OPR Section	Topic	Status	Summary of Assessment
AP - 07	p. 6.5(1)(n)	Identifying Required Documents	Non-Compliant	AltaGas did not demonstrate that it has established and implemented a process to identify the documents it requires for its protection programs and QA Program to meet its obligations under section 6 of the OPR.
AP - 08	p. 6.5(1)(o)	Document Control	Non-Compliant	AltaGas did not demonstrate that it has established and implemented a process for preparing documents in a manner to ensure documents across all programs are developed and maintained in a consistent manner.
AP - 09	p. 6.5(1)(p)	Records Management	Non-Compliant	AltaGas did not demonstrate that it has implemented a documented process for generating, retaining and maintaining records that document the implementation of the management system, protection programs and QA Program.
AP - 10	p. 6.5(1)(u)	Inspect and Monitor	Non-Compliant	AltaGas did not demonstrate that it has established and implemented a documented process for inspecting and monitoring the company's activities and facilities to evaluate the adequacy and effectiveness of the programs referred to in section 55 and for taking corrective and preventive actions if deficiencies are identified.
AP - 11	p. 6.5(1)(v)	Evaluating Adequacy and Effectiveness of the Management System	Non-Compliant	<p>AltaGas did not demonstrate that it has established and implemented a documented process for evaluating the adequacy and effectiveness of the company's management system and for monitoring, measuring and documenting the company's performance in meeting its obligations under section 6.</p> <p>It was also found that AltaGas is not preparing annual reports in accordance with the requirements of the OPR s. 6.6(1) that describes the performance of the company's management system in meeting its obligations under section 6 and the companies achievements of its goals, objectives and targets and the</p>



Audit Protocol (AP) Item	OPR Section	Topic	Status	Summary of Assessment
				actions taken during the year to rectify any deficiencies identified by the QA Program.
AP - 12	p. 6.5(1)(x)	Annual Management Review	No Issues Noted	AltaGas provided documentation of its management review process that was found to be satisfactory as it related to the QA activities. Based on the scope of this audit, the interviews conducted and the documentation reviewed, no issues were noted with the content of this process.
AP - 13	s. 53(1)	Compliance Audits and Inspections	Non-Compliant	AltaGas did not demonstrate that it conducts inspections on a regular basis and audits, with a maximum interval of three years, to ensure that its pipeline is designed, constructed, operated and abandoned in compliance with the requirements of the OPR s. 53.
AP - 14	s. 55(1)	Program Audits	Non-Compliant	AltaGas did not demonstrate that it conducts audits, with a maximum interval of three years, of the company's protection programs in accordance with the requirements of the OPR s. 55.

Appendix I: Audit Assessment Tables

AP-01: Quality Assurance Program

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(w) establish and implement a quality assurance program for the management system and for each program referred to in section 55, including a process for conducting audits in accordance with section 53 and for taking corrective and preventive actions if deficiencies are identified.</p>	
	<p>Assessment</p>
Accountabilities	<p>The company was unable to provide documented roles, responsibilities and accountabilities for a quality assurance program designed to meet the requirements of the OPR paragraph 6.5(1)(w).</p> <p><i>As indicated earlier, a program is defined as: A documented set of processes and procedures designed to regularly accomplish a result. A program outlines how plans, processes and procedures are linked, and how each one contributes toward the result. Program planning and evaluation are conducted regularly to check that the program is achieving intended results.</i></p> <p><i>A process is defined as: “a documented series of actions that take place in an established order and are directed toward a specific result. A process also outlines the roles, responsibilities and authorities involved in the actions. A process may contain a set of procedures, if required.”</i></p>
Program	<p>In the company’s response to the Board’s information request (IR), and during interviews, AltaGas informed the Board that it has not established and implemented a documented QA Program. The company informed the Board that its quality assurance activities primarily consist of audits and inspections, but these appear to be focused on conformance to procedures as opposed to compliance to legislated requirements. The company does not conduct its quality assurance activities in accordance with a specific strategy designed to verify compliance in a systematic manner.</p>

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(w)** establish and implement a quality assurance program for the management system and for each program referred to in section 55, including a process for conducting audits in accordance with section 53 and for taking corrective and preventive actions if deficiencies are identified.

	Assessment
Supporting Procedures	No supporting procedures associated with a QA Program were provided.
Integration and Application	The company did not demonstrate that it had integrated a QA Program with other management system elements or across the program areas mandated by the OPR.
<p>FINDING: Non-Compliant</p> <p>Although AltaGas is conducting a number of quality assurance activities including inspections and audits, AltaGas has not developed a standalone, documented QA Program and therefore the Board has determined it does not meet the definition of a program or the requirements of OPR paragraph 6.5 (1)(w). AltaGas will need to develop a corrective and preventive action plan to address the deficiency.</p>	

AP-02: Goals, Objectives and Targets (GOTs)

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(a) establish and implement a process for setting the objectives and specific targets that are required to achieve the goals established under subsection 6.3(1) and for ensuring their annual review.</p>	
	<p style="text-align: center;">Assessment</p>
Accountabilities	<p>The company was unable to provide documented roles, responsibilities and accountabilities for a process of setting objectives and targets to meet the company's goals set in accordance with the OPR subsection 6.3(1), and for ensuring their annual review.</p>
Process	<p>In its response to the Board's information request (IR) and during interviews, AltaGas indicated that its corporate goals are found in the company's Health and Safety Management Code of Conduct and its Environmental Management Code of Conduct. However, a review of these two documents by the Board did not find goals in accordance with the requirements of subsection 6.3(1) of the OPR. The OPR requires companies to have goals for the prevention of ruptures, liquid and gas releases, fatalities and injuries and for the response to incidents and emergency response; however, these were not found. Instead, the company has commitment statements and principles in its Codes of Conduct which the company and its employees are expected to follow for the protection of health and safety and the protection of the environment.</p> <p>Although this issue was outside of the scope of the audit, the fact that a company does not have goals in accordance with the requirements of the OPR paragraph 6.3(1)(b) was relevant to this audit because the OPR requires companies to have a process for setting objectives and targets to meet the OPR subsection 6.3(1) policies and goals and for ensuring their annual review. In the absence of overarching corporate goals, it would be impossible for program owners to set objectives and targets to meet them.</p> <p>AltaGas indicated that it uses a system of key performance indicators (KPIs) to measure and monitor the company's performance and strive for continual improvement. The KPIs are developed from a corporate standard and the</p>

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(a) establish and implement a process for setting the objectives and specific targets that are required to achieve the goals established under subsection 6.3(1) and for ensuring their annual review.</p>	
	<p>Assessment</p>
	<p>company keeps track of them at monthly senior management meetings. It also reviews them annually during an annual management review process.</p> <p>While AltaGas does have a process for establishing and monitoring KPIs, it has not established policies and goals in accordance with the OPR subsection 6.3(1) or a process for setting objectives and targets to meet those goals. AltaGas demonstrated that KPIs are discussed at several layers of the organization. The EHS Leadership team confirms and endorses the KPIs. However, performance indicators are meant to serve as an indicator of how well the company is doing in working towards the achievement of its targets and objectives; they are not targets or objectives in and of themselves.</p>
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, which the Board reviewed, included:</p> <ul style="list-style-type: none"> • EHS Management System: Element 1- Leadership and Commitment; • EHS Management System: Element 2 – Organizational Structure and Responsibilities; • EHS Management System: Element 11 – Performance Monitoring and Measurement; • EHS Management System: Element 14 – Management Review; and • Gas Division Code of Practice COP-A-005: Health and Safety KPIs and Statistics.
Integration and Application	<p>Although AltaGas demonstrated that it has integrated its KPI monitoring process with its management system and annual review process, the process itself does not meet the requirements of the OPR due to the fact that the company does not have overarching goals in accordance with the requirements of the OPR.</p>

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(a)** establish and implement a process for setting the objectives and specific targets that are required to achieve the goals established under subsection 6.3(1) and for ensuring their annual review.

Assessment

FINDING: Non-Compliant

AltaGas did not demonstrate that it has established and implemented policies and goals in accordance with the OPR subsection 6.3(1) or that it has established and implemented a process for setting objectives and targets for a QA Program designed to achieve the company's goals. AltaGas will need to develop a CAPA Plan to address the deficiency.

AP-03: Legal Requirements

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(g) establish and implement a process for identifying, and monitoring compliance with, all legal requirements that are applicable to the company in matters of safety, security and protection of the environment.</p>	
	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities for this process.
Process	<p><u>Identifying Legal Requirements</u></p> <p>The AltaGas EHS Management System does not include a separate element to address how AltaGas will identify legal requirements or monitor compliance to its legal requirements. Instead, monitoring legislation is mentioned within several sections of the management system including Element 1 – Leadership and Management Commitment as a key principle and in the Code of Conduct specifically indicating “<i>AltaGas will comply or exceed applicable Health and Safety laws, acts, regulations, codes and industry standards</i>”. Compliance to regulatory requirements is also referred to in Element 2 - Organizational Structure and Responsibilities regarding supervisors’ and personnel obligations to ensure that workers comply with all regulatory requirements. Element 3 - Hazard Identification and Control includes “<i>monitoring legislation</i>” as a critical EHS aspect.</p> <p>Upon review of this EHS Management System documentation, the Board found no specific direction regarding how any of these commitments are to be conducted. Currently, AltaGas relies on its operational program managers to identify legal requirements applicable to the program they manage. As a result:</p> <ul style="list-style-type: none"> • The Pipeline Integrity Manager is responsible for tracking regulatory and other legal requirements in relation to pipeline matters; • The Health and Safety Manager is responsible for tracking regulatory and other legal requirements for safety matters; • The Senior Advisor EH&S is responsible for doing the same for environmental matters; and

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(g) establish and implement a process for identifying, and monitoring compliance with, all legal requirements that are applicable to the company in matters of safety, security and protection of the environment.</p>	
	<p>Assessment</p>
	<ul style="list-style-type: none"> The Manager Compliance, Gas is responsible for tracking changes to regulatory and legal requirements related to compliance matters impacting AltaGas Operations. <p><u>Monitoring Compliance</u></p> <p>Within OPR paragraph 6.5(1)(g), there is a requirement to identify the legal requirements that apply to the organizations activities and facilities. In addition, there is a requirement for the monitoring of compliance to those requirements. Together, this requirement mandates that companies identify and list the legal requirements that apply to them and that they also monitor their activities and facilities to ensure compliance to those requirements. AltaGas does conduct inspections, audits, assessments and reviews, but it did not demonstrate that it has developed a process (or QA program) to demonstrate that these activities are done in a systematic manner to monitor and verify compliance to its legal requirements.</p> <p>The Board noted that there is no link between, or process for, monitoring for compliance to legal requirements through the use of the company's quality assurance activities.</p>
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, which the Board reviewed, included:</p> <ul style="list-style-type: none"> EHS Management System: Element 2 – Organizational Structure and Responsibilities; and The EHSS Governance Standard.
Integration and Application	<p>The company did not demonstrate that it had integrated this process with other management system elements or across all program areas.</p>

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(g)** establish and implement a process for identifying, and monitoring compliance with, all legal requirements that are applicable to the company in matters of safety, security and protection of the environment.

Assessment

FINDING: Non-Compliant

Although AltaGas acknowledges the importance of compliance throughout its documentation, the Board determined that it does not have a documented process or related procedures to describe:

- how it will identify legal requirements that are applicable to the company in matters of safety and security and protection of the environment;
- how it will monitor compliance to those requirements; and
- how it will meet its own compliance commitments.

AltaGas will need to develop a CAPA Plan to address the deficiency.

AP-04: Legal List

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(h) establish and maintain a list of those legal requirements</p>	
	Assessment
Accountabilities	<p>During interviews, AltaGas stated that each operational program manager at AltaGas is responsible for identifying legal requirements applicable to the program they manage and maintaining a list of those requirements. In addition, the Compliance Manager is responsible for tracking changes to regulatory and legal requirements related to compliance matters impacting AltaGas Operations. There is no single legal list or a position within the Gas Division held accountable for ensuring the company's legal obligations are identified and put into a single list and monitored for changes.</p> <p>At the time of the audit, AltaGas had introduced a new position titled Compliance Manager and staffed the position. However, it was unclear as to the responsibility this new position would have regarding the development and maintenance of a legal list.</p>
Legal List	<p>At the time of the audit, AltaGas indicated that it does not maintain a single list of legal requirements; rather it expects the managers of the protection programs to maintain lists within the program. AltaGas did not provide written procedures that ensure that legal requirements are consistently identified by the Program Managers and integrated into the program lists nor did it demonstrate that it was verifying that these legal lists were being maintained consistently. Therefore, AltaGas did not demonstrate that it is maintaining any of the lists.</p> <p>In addition, AltaGas informed the Board that although the company keeps track of its legal requirements within the Programs, it does so at a title only level. Upon reviewing the documentation, the Board confirmed that AltaGas does not consistently document or monitor its legal obligations down to the section and clause level of regulations. The Board is of the view that failure to identify and monitor specific legal requirements directly impacts a company's ability to develop appropriate programs, processes and procedures to ensure the company is operating in compliance.</p>

	<p>The Board also noted that the absence of a single legal list was identified as a deficiency in a 2015 AltaGas internal audit. AltaGas did not provide any corrective active actions that were developed to address this internal audit finding.</p>
<p>Supporting Procedures</p>	<p>The documents provided by AltaGas to address this protocol item, included:</p> <ul style="list-style-type: none"> • EHS Management System: Element 2 – Organizational Structure and Responsibilities; and • The EHSS Governance Standard.
<p>Integration and Application</p>	<p>AltaGas did not provide documentation to demonstrate that the company had a legal requirements list applied to the section 55 program areas.</p>
<p>FINDING: Non-Compliant</p> <p>AltaGas did not demonstrate that it has established and maintained a complete list of legal requirements. AltaGas will need to develop a CAPA Plan to address the deficiency.</p>	

AP-05: Management of Change

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(i) establish and implement a process for identifying and managing any change that could affect safety, security or the protection of the environment, including any new hazard or risk, any change in a design, specification, standard or procedure and any change in the company's organizational structure or the legal requirements applicable to the company.</p>	
	Assessment
Accountabilities	Roles, responsibilities and authorities for the management of change (MOC) process are identified in the documents listed below.
Process	<p>AltaGas demonstrated the company's MOC process to the Board and provided the documents listed below.</p> <p>AltaGas explained that anybody in the Gas Division can propose a change. The company makes use of a specially-designed, centralized SharePoint site to keep track of all changes. Each change is assessed for all of the potential impacts it might have and then each potential impact is assessed for risk using a standardized risk assessment process. All affected managers must review and sign off on proposed changes and their associated risks. No change is allowed to proceed unless it is fully signed off and approved by senior management.</p> <p>Changes are reviewed as part of the annual management review process. One drawback to the process, noted by the Board is that there does not appear to be a step in the process in which adequacy and effectiveness of changes are monitored after they have been implemented. The company was of the view that the process of reviewing and assessing proposed changes is believed to be sufficiently thorough that potentially faulty changes would be detected before they were implemented. AltaGas indicated that in the event a change was found to have unforeseen negative impacts after implementation, it would be reverted back to the original configuration using another MOC process.</p> <p>AltaGas uses a SharePoint Corrective Action Plan system to keep track of corrective action plans (CAPs) such as those identified through inspections. Audit CAPs and corrective actions stemming from inspections can lead to</p>

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(i) establish and implement a process for identifying and managing any change that could affect safety, security or the protection of the environment, including any new hazard or risk, any change in a design, specification, standard or procedure and any change in the company's organizational structure or the legal requirements applicable to the company.</p>	
	Assessment
	changes being implemented through the MOC process. AltaGas demonstrated to the Board that all work packages, specifications and drawings associated with these changes are uploaded and linked to the MOC.
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, which the Board reviewed, included:</p> <ul style="list-style-type: none"> • Management System Element 4 – Management of Change; • Management of Change COP-D-006; • Management of Change GDP-D-006; • Management of Change (Electronic SharePoint Database); • Corrective Action Plans COP-A-009.
Integration and Application	For the purpose of the current audit, the AltaGas' MOC process appears to have been sufficiently integrated with the company's existing management system elements and the company's quality assurance activities.
<p>FINDING: No issues noted</p> <p>Based on the scope of the audit, the documents reviewed and interviews conducted, the Board did not identify any deficiencies with this requirement.</p>	

AP-06: Internal & External Communication

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(m) establish and implement a process for the internal and external communication of information relating to safety, security and protection of the environment.</p>	
	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities for this process.
Process	<p>During interviews, AltaGas indicated that internal communications are managed through the use of the EHS Management System Procedure, Element 10 - Communications. External communications dealing with community relations and investor relations are handled by the AltaGas Communications Group. During interviews, the company also indicated that they have a Stakeholder Relations Group and a Land Group. The Stakeholder Relations Group coordinates communications with indigenous groups in the AltaGas operating area, and the Land Group coordinates communication with landowners to disseminate information and address individual landowner questions as they arise. The EH&S Advisor coordinates stakeholder communications that are a part of the Emergency Response and Damage Prevention Program.</p> <p>However, the company was unable to demonstrate that it has established a documented process in sufficient detail that identifies information related to quality assurance activities that is to be communicated, how, when and by whom relating to the safety, security and protection of the pipeline both internally and externally.</p>
Supporting Procedures	<p>The documents provided for review by AltaGas to address this requirement included:</p> <ul style="list-style-type: none"> • AltaGas EHS Management System Element 10: Communications; • Landowner communication example – line abandonment; • Safety Bulletin – Falling Objects, Undated; • Safety Bulletin – Eaton Heavy Duty 30 A and 60A Safety Switches, June 2018.

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(m)** establish and implement a process for the internal and external communication of information relating to safety, security and protection of the environment.

Assessment

Integration and Application	The company did not demonstrate that it had integrated this process with other management system elements or that it had been integrated to ensure the consistency of communications across the program areas.
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FINDING: Non-Compliant

AltaGas did not demonstrate that it has established and implemented a documented process for the internal and external communication of quality assurance information relating to safety, security and protection of the environment. AltaGas will need to develop a CAPA Plan to address the deficiency.

AP-07: Identifying Required Documents

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(n) establish and implement a process for identifying the documents required for the company to meet its obligations under section 6.</p>	
	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities related to the identification of required documents within its management system or its programs.
Process	<p>During interviews AltaGas acknowledged that it does not have a corporate-level process to identify the documents it requires for its protection programs. Such a process is required to ensure documents such as the templates and work instructions are identified, developed and maintained to a consistent standard across the management system, including the QA Program and other protection programs.</p> <p>The Board noted that AltaGas has developed and implemented a document hierarchy with Codes of Practice, Forms and Gas Division Procedures, which are accessible to staff through the Company's intranet; however, the company was unable to produce a documented description of the process used to identify the need for these codes, forms and procedures.</p>
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, included:</p> <ul style="list-style-type: none"> • EHS Management System-Element 13: Document Management and Retention; • Code of Practice COP-A-010, Document and Records Management; • Records Retention Policy; • Records Retention Schedule.
Integration and Application	The company did not demonstrate that it had integrated this process with other management system elements or across the program areas.

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(n)** establish and implement a process for identifying the documents required for the company to meet its obligations under section 6.

Assessment

FINDING: Non-Compliant

AltaGas did not demonstrate that it has established and implemented a process to identify the documents it requires for a QA Program, management system or its protection programs to meet its obligations under section 6 of the OPR. AltaGas will need to develop a CAPA Plan to address the deficiency.

AP-08: Document Control

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(o) establish and implement a process for preparing, reviewing, revising and controlling those documents.</p>	
	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities for this process.
Process	<p>Element 13 of the AltaGas EHS Management System describes its Document Management and Retention process. It also has developed a code of practice for Documents and Records Management. Staff can access the most up to date versions of these documents including procedures and templates on the corporate intranet. As such, the company has a process for managing documents once they are prepared. However, what the Board found lacking was a process to be used by the company to prepare its documents in a standardized, consistent manner in the first place.</p> <p>AltaGas was unable to demonstrate that it has a documented process for generating documents to ensure they are created and formatted in a standardized way. Such a process is required to ensure documents are established, implemented and maintained across all program areas in a consistent manner.</p>
Supporting Procedures	<p>The documents provided by AltaGas for review to address this protocol item included:</p> <ul style="list-style-type: none"> • EHS Management System-Element 13: Document Management and Retention; • Code of Practice COP-A-010, Document and Records Management; • Records Retention Policy; • Records Retention Schedule.
Integration and Application	The company did not demonstrate that it had integrated this process with other management system elements or across the program areas.

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(o) establish and implement a process for preparing, reviewing, revising and controlling those documents.	
	Assessment
FINDING: Non-Compliant AltaGas did not demonstrate that it has established and implemented a process to identify and prepare documents in a manner to ensure documents across all programs are developed and managed in a consistent manner. AltaGas will need to develop a CAPA Plan to address the deficiency.	

AP-09: Records Management

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(p) establish and implement a process for generating, retaining and maintaining records that document the implementation of the management system and the programs referred to in section 55 and for providing access to those who require the in the course of their duties.</p>	
	<p style="text-align: center;">Assessment</p>
<p>Accountabilities</p>	<p>AltaGas has included a description of responsibilities for Records Management within the COP-A-010 document. Within this document, it states that Divisional Management ensures the development of a documented procedure that identifies the documents and records to be maintained, the retention period and where records and documents are stored. AltaGas did not provide any procedures or work instructions that were developed based on this high level direction.</p> <p>The Board also notes that AltaGas has developed a Record Retention Schedule that describes roles and responsibilities within the organization, but it has not yet been fully implemented.</p>
<p>Process</p>	<p>AltaGas has included Records Management as Element 13 in its EHS Management System. In addition, AltaGas provided its COP-A-010 which provides additional guidance on the Records Management practices, roles and responsibilities.</p> <p>At the time of the audit, AltaGas provided a draft Record Retention Policy and Schedule for dealing with record review and retention. Once these two documents are fully established and implemented, they have the potential to meet the requirements of the OPR.</p>
<p>Supporting Procedures</p>	<p>The documents provided by AltaGas to address this protocol item, included:</p> <ul style="list-style-type: none"> • EHS Management System-Element 13: Document Management and Retention; • Code of Practice COP-A-010, Document and Records Management; • Records Retention Policy;

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(p)** establish and implement a process for generating, retaining and maintaining records that document the implementation of the management system and the programs referred to in section 55 and for providing access to those who require the in the course of their duties.

	Assessment
	<ul style="list-style-type: none"> • Records Retention Schedule.
Integration and Application	AltaGas demonstrated that it has several repositories for records related to its quality assurance activities such as inspection reports. At the time of the audit, it was developing and implementing a centralized policy and schedule to describe the process of record retention. However, at the time of the audit no documentation was provided to demonstrate that the company had integrated a centralized record retention process with other management system elements or across the program areas.

FINDING: Non-Compliant

AltaGas did not demonstrate that it has implemented a documented process for identifying the records it needs to generate, retain and maintain relating to its QA activities. AltaGas will need to develop a CAPA Plan to address the deficiency.

AP-10: Inspect and Monitor

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(u) establish and implement a process for inspecting and monitoring the company's activities and facilities to evaluate the adequacy and effectiveness of the programs referred to in section 55 and for taking corrective and preventive actions if deficiencies are identified.</p>	
	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities for this process.
Process	<p>During interviews, AltaGas indicated to the Board that it conducts formal, regular safety inspections. When the company is conducting its safety inspections, the inspectors are instructed to make note of any environmental issues that they encounter in an informal, ad hoc manner. In the documentation provided, AltaGas indicates that it conducts inspections to identify safety and health hazards. AltaGas also indicated that each of its protection programs determines inspection needs differently. In addition, environmental issues are managed at the corporate level, there are no scheduled environmental inspections. Instead, field staff are expected to note any environmental issues that are observed during other inspections.</p> <p>AltaGas confirmed that there are no regular environmental inspections conducted by the company and no specific environmental checklist to use when an ad hoc observation is made. AltaGas provided the Board with its Codes of Practice which it has established to address environmental stewardship. These Codes describe the practices to be carried out by AltaGas for environmental issues that might arise, such as releases to air, land or water, soil management, waste management, spill reporting, and environmental audits.</p> <p>AltaGas demonstrated to the Board that it conducts monthly comprehensive inspections of facilities. Any deficiencies noted during inspections are entered into the company's work order tracking software, mentioned earlier, and tracked until the deficiency is rectified. At the time of the audit, the Board reviewed a sample of records that confirmed this practice.</p>

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(u)** establish and implement a process for inspecting and monitoring the company’s activities and facilities to evaluate the adequacy and effectiveness of the programs referred to in section 55 and for taking corrective and preventive actions if deficiencies are identified.

Assessment

AltaGas informed the Board that the company has set a minimum annual inspection frequency for its pipeline and rights of way, but the frequency can be increased based on perceived risk. Specifically, the company conducts:

- rights of way inspections,
- aerial inspections,
- depth of cover inspections; and
- water crossing inspections.

AltaGas informed the Board that the company does not carry out any specific monitoring activities; they are all included as part of the company’s inspection activities.

Although AltaGas does carry out a number of inspection, measuring and monitoring (IMM) activities designed to ensure the pipeline is operated in a safe and environmentally protective manner, it was unable to demonstrate that it has established a documented process for these IMM activities to ensure they are carried out consistently.

In addition, although AltaGas references regulatory requirements within its management system documentation related to inspection, it is unclear if it conducts any inspection or monitoring activities to verify compliance to those requirements.

Monitoring Process

In addition to inspecting, OPR paragraph 6.5(1)(u) requires that companies have a process to monitor their activities and facilities to evaluate the performance of their programs over time. Together, this requirement mandates that companies inspect (check) and monitor (track). Typically, monitoring requirements for the protection programs can

<p>OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, OPR p. 6.5(1)(u) establish and implement a process for inspecting and monitoring the company's activities and facilities to evaluate the adequacy and effectiveness of the programs referred to in section 55 and for taking corrective and preventive actions if deficiencies are identified.</p>	
	Assessment
	be the result of legal requirements or conditions imposed such as noise, migratory birds, and etcetera. In this case, AltaGas did not provide its process for selecting and managing the issues it is monitoring over time.
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, included:</p> <ul style="list-style-type: none"> • AltaGas Gas Division Code of Practice, Worksite Inspections, COP-D-001; • In addition, AltaGas provided the Board with its Codes of Practice to deal with environmental issues that might arise, such as spill reporting, releases to air, land or water, soil management, waste management, and environmental audits.
Integration and Application	The company did not provide documentation to demonstrate that it has integrated this process with other management system elements or across the program areas.
<p>FINDING: Non-Compliant</p> <p>Although AltaGas is conducting inspections, it did not demonstrate that it has established and implemented a documented process for inspecting and monitoring the company's activities and facilities to evaluate the adequacy and effectiveness of the programs referred to in section 55 and for taking corrective and preventive actions if deficiencies are identified. Specifically, the Board noted several issues with the activities as demonstrated. AltaGas must address the following deficiencies in its CAPA Plan:</p> <ul style="list-style-type: none"> • lack of a process for conducting inspections to confirm compliance with the legal requirements within each of the s. 55 programs; • lack of a proactive program for conducting environmental inspections; and • lack of a process for identifying issues it will monitor over time (e.g., ROW health, noise, etc.), and how it captures and tracks these issues. 	

AP-11: Adequacy & Effectiveness of the Management System

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(v)** establish and implement a process for evaluating the adequacy and effectiveness of the company’s management system and for monitoring, measuring and documenting the company’s performance in meeting its obligations under section 6.

	Assessment
Accountabilities	The company was unable to provide documented roles, responsibilities and accountabilities for this process.
Process	<p>During interviews, AltaGas indicated that it has established an internal Board Committee and an Executive Committee to evaluate the adequacy and effectiveness of its protection programs. The company was unable to provide a documented process to explain how this process is carried out on a consistent basis.</p> <p>AltaGas’ process for evaluating the adequacy and effectiveness of the Integrated EH&S Management System and Pipeline Integrity Management Program is described in COP-A-005 Health & Safety KPIs. However, a review of the document during the audit, showed that the procedure is primarily focused on the setting and monitoring of KPIs. The Board notes that evaluating the adequacy and effectiveness of the company’s management system entails more than monitoring these selected metrics. The OPR requires that companies set goals to describe desired final outcome. Companies are required to review these goals annually to verify whether the programs’ outcomes have been achieved.</p> <p>In addition, AltaGas was unable to demonstrate that it has established and implemented a documented process for conducting an annual evaluation of management system or the quality assurance processes to ensure they meet the requirements of the OPR. Also, there were no inspections conducted to verify compliance to the OPR requirements.</p> <p>AltaGas had a third party conduct an internal audit of its management system in 2016. Based on the related documentation provided, it was unclear what, if any follow-up from that audit was done to address the deficiencies identified.</p>

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55,
OPR p. 6.5(1)(v) establish and implement a process for evaluating the adequacy and effectiveness of the company’s management system and for monitoring, measuring and documenting the company’s performance in meeting its obligations under section 6.

Assessment

Accountable Officer Annual Report

The Board notes with particular concern, that the audit identified non-compliances related to the development of the annual report as required by OPR sections 6.5 and 6.6. These OPR sections require an annual, structured and documented assessment of AltaGas’ performance in establishing its management system and meeting its regulatory obligations related to safety, security and environmental protection. Further, the Accountable Officer is required to attest in writing to the Board that the report has been completed.

In addition, the Board notes, that AltaGas’ Accountable Officers have been submitting signed statements to the Board indicating that the annual reports and the analysis required to complete them have been undertaken and the reports completed for the past four years. At the time of the audit, AltaGas was unable to provide documentation to demonstrate that the required analysis had been conducted and the annual reports prepared.

The Board has confirmed that AltaGas’ Accountable Officers have submitted to the Board signed statements accepting the responsibilities of their position. The Board is therefore of the view that each Accountable Officer has been aware of the requirements to ensure the appropriate establishment and oversight of the company’s management system and programs for meeting the OPR obligations.

Supporting Procedures

The documents provided by AltaGas to address this protocol item, included:

- EHSS Governance Standard;
- EH&S Management System, Element 2: Organizational Structure and Responsibilities;
- EH&S Management System, Element 11: Performance Monitoring & Measurement;
- EH&S Management System, Element 14: Management Review;

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(v)** establish and implement a process for evaluating the adequacy and effectiveness of the company's management system and for monitoring, measuring and documenting the company's performance in meeting its obligations under section 6.

	Assessment
	<ul style="list-style-type: none"> • AltaGas, Gas Division, EHS Management System Element 11: Performance Monitoring & Measurement and Element 14: Management Review; • Gas Division Code of Practice, Health and Safety KPIs and Statistics, COP-A-005; • Gas Division Code of Practice, Emergency Response Plans, COP-B-001, Last Revised: May 1, 2017; • Gas Division Code of Practice, Emergency Response Orientation and Exercises, COP-B-002; • Gas Division Code of Practice, Worksite Inspections, COP-D-001; • Gas Division Code of Practice, Health and Safety System Audits, COP-D-008; • Gas Division Code of Practice, Environmental System Audits, COP-H-001; and • Gas Division Code of Practice, Third-Party Environmental Assessments, COP-H-007.
Integration and Application	The company did not demonstrate that it had integrated this process with other management system elements or across the program areas.
<p>FINDING: Non-Compliant</p> <p>AltaGas did not demonstrate that it has established and implemented a documented process for evaluating the adequacy and effectiveness of the company's management system and for monitoring, measuring and documenting the company's performance in meeting its obligations under section 6 of the OPR.</p> <p>It was also found that AltaGas has not been preparing annual reports in accordance with the requirements of the OPR subsection 6.6(1) to describe the performance of the company's management system in meeting its obligations under section 6 of the OPR and the company's achievement of its goals, objectives and targets during the year as measured by its performance measures; or the actions taken during the year to correct any deficiencies identified by the QA Program. The Board expects AltaGas to rectify this deficiency immediately starting with the production of the company's annual report for 2018 and all subsequent years. AltaGas will need to develop two corrective and preventive actions to address these deficiencies.</p>	



AP-12: Annual Management Review

OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(x)** establish and implement a process for conducting an annual management review of the management system and each program referred to section 55 and for ensuring continual improvement in meeting the company's obligations under section 6.

	Assessment
Accountabilities	Roles and responsibilities for the management review process were explained in sufficient detail in the EHSS Governance Standard and the EH&S Management System Elements.
Process	<p>AltaGas informed the Board during interviews and provided documentation demonstrating that it has a process for conducting regular weekly incident review meetings, monthly health and safety committee meetings, quarterly Board of Directors EOHS Committee meetings and an annual management review. AltaGas management reviews KPIs, incidents, proposed changes, corrective actions and sets KPI targets for the coming year. Although this audit has identified several deficiencies with the processes related to the QA Program, the Board is of the view that the improvements resulting from corrective action implementation will provide additional content for this process.</p> <p>Based on the interviews conducted and the information provided, the Board found no issues of concern with the company's management review process as it applies to its quality assurance activities.</p>
Supporting Procedures	<p>The documents provided by AltaGas to address this protocol item, included:</p> <ul style="list-style-type: none"> • AltaGas EHSS Governance Standard; • EH&S Management System, Element 2: Organizational Structure and Responsibilities; • EH&S Management System, Element 11: Performance Monitoring & Measurement; and • EH&S Management System, Element 14: Management Review.
Integration and Application	AltaGas was able to demonstrate that it is conducting management review of the management system and programs it currently has implemented.



OPR s. 6.5(1) A company shall, as part of its management system and the programs referred to in section 55, **OPR p. 6.5(1)(x)** establish and implement a process for conducting an annual management review of the management system and each program referred to section 55 and for ensuring continual improvement in meeting the company's obligations under section 6.

Assessment

FINDING: No issues noted

Based on the scope of the audit, the documents reviewed and interviews conducted, the Board did not identify any deficiencies with this requirement. The Board notes that CAPAs for related findings identified during this audit will impact the content of this process.



AP-13: Compliance Audits & Inspections

<p>OPR ss. 53(1): A company shall conduct inspections on a regular basis and audits, with a maximum interval of three years, to ensure that its pipeline is designed, constructed, operated, and abandoned in compliance with</p> <ul style="list-style-type: none"> (a) Part III of the Act; (b) Part V of the Act, as it related to the protection of property and the environment and the safety and security of the public and of the company's employees; and (c) these Regulations; and (d) the terms and conditions of any certificate or order issued by the Board, as they relate to the protection of property and the environment and the safety of the public and of the company's employees. <p>(2) The audit shall document</p> <ul style="list-style-type: none"> (a) all non-compliance noted; and (b) any corrective action taken or planned to be taken. 	
	Assessment
Accountabilities	AltaGas has an internal audit team that reports to the management team designed to control and manage internal audits. Upon review, the NEB noted that the company was unable to provide the roles, responsibilities and accountabilities for a process designed to verify compliance with this process.
Audits & Inspections	<p>AltaGas was unable to demonstrate that it is conducting inspections and audits to verify that it is operating in compliance with legislated requirements applicable to its operations and facilities.</p> <p>The NEB noted that AltaGas has an internal audit group that conducts various types of audits within the company.</p> <p>AltaGas has hired third party contractors to review its management system as well as its programs; however, these audits did not verify compliance to specific OPR regulatory requirements.</p> <p>Inspection checklists indicate that these activities are conducted to confirm conformance to procedures and not compliance to the identified legislated requirements.</p> <p>Alta Gas has not developed an audit / inspection framework that demonstrates that it is verifying compliance to regulatory requirements.</p>



OPR ss. 53(1): A company shall conduct inspections on a regular basis and audits, with a maximum interval of three years, to ensure that its pipeline is designed, constructed, operated, and abandoned in compliance with

- (a) Part III of the Act;
- (b) Part V of the Act, as it related to the protection of property and the environment and the safety and security of the public and of the company's employees; and
- (c) these Regulations; and
- (d) the terms and conditions of any certificate or order issued by the Board, as they relate to the protection of property and the environment and the safety of the public and of the company's employees.

(2) The audit shall document

- (a) all non-compliance noted; and
- (b) any corrective action taken or planned to be taken.

	Assessment
	<p>AltaGas was unable to provide a documented process for its inspection and auditing practices for each of its s. 55 programs to assess for compliance.</p> <p>Although it was noted by the NEB that the company has a process to record and track corrective actions stemming from audits and inspections, the Board noted repeat findings were noted in follow up audits.</p>
Supporting Procedures	The company was unable to provide supporting procedures related to this process.
Integration and Application	Although there was a degree of integration of the company's activities of conducting inspections and audits with other management system elements and across the company's protection programs, it was not carried out as a clearly defined process designed to ensure the company's activities are being carried out in a systematic manner to ensure continual improvement of the company's management system.

FINDING: Non-Compliant

AltaGas did not demonstrate that it conducts inspections to verify compliance and audits, with a maximum interval of three years, to ensure that its pipeline is designed, constructed, operated and abandoned in compliance with the requirements of the OPR s. 53. In addition, AltaGas did not demonstrate that it has a formal documented system to conduct inspections and audits in order to



OPR ss. 53(1): A company shall conduct inspections on a regular basis and audits, with a maximum interval of three years, to ensure that its pipeline is designed, constructed, operated, and abandoned in compliance with

- (a) Part III of the Act;
 - (b) Part V of the Act, as it related to the protection of property and the environment and the safety and security of the public and of the company's employees; and
 - (c) these Regulations; and
 - (d) the terms and conditions of any certificate or order issued by the Board, as they relate to the protection of property and the environment and the safety of the public and of the company's employees.
- (2) The audit shall document
- (a) all non-compliance noted; and
 - (b) any corrective action taken or planned to be taken.

Assessment

verify compliance to all of its legal requirements. As discussed in AP01 of this report, AltaGas has not developed a documented QA Program that ensures that its pipeline is being operated in compliance with the regulations. The CAPA required for AP01 of this report should incorporate the section 53 and section 55 requirements.



AP-14: Program Audits

OPR ss. 55(1): A company shall conduct audits, with a maximum interval of three years, of the following programs

- (a) the emergency management program referred to in section 32;
- (b) the integrity management program referred to in section 40, including the pipeline control system referred to in section 37;
- (c) the safety management program referred to in section 47;
- (d) the security management program referred to in section 47.1;
- (e) the environmental protection program referred to in section 48; and
- (f) the damage prevention program referred to in section 47.2.

(2) The documents prepared following the audit shall include (a) any deficiencies noted; and (b) any corrective action taken or planned to be taken.

	Assessment
Accountabilities	AltaGas has an internal audit team that reports to the management team designed to control and manage internal audits. Upon review, the NEB noted that the company was unable to provide the roles, responsibilities and accountabilities for a process designed to verify compliance with this process.
Process	<p>AltaGas was unable to demonstrate that it has established and implemented a documented process for verifying that its protection programs comply with the legislated requirements applicable to its operations and facilities.</p> <p>AltaGas demonstrated that it has conducted audits of its management system and program areas listed below. However, none of these audits confirmed compliance to regulatory requirements. The audits provided for review included:</p> <ul style="list-style-type: none"> • Contracted Enform Certificate of Recognition (COR) audits of its safety program in 2015, 2016 and 2017; • A 2013 internal audit of its Integrity Management Program and a follow up audit in 2015; • A 2015 internal Regulatory Compliance Audit of Pouce Coupé and Coutts; and • A 2016 third party audit of its EH+S Management System. <p>Upon review of the audits, the Board noted that they did not confirm that AltaGas' programs were able to "anticipate, prevent, manage and mitigate" the hazards and outcomes as per the OPR requirements. As a result, the audits did not include a determination of whether the programs were meeting all of the technical regulatory requirements of the OPR and that AltaGas has implemented suitable controls.</p> <p>AltaGas did conduct an audit of two of its facilities to assess compliance to the NEB OPR, but the company was unable to demonstrate what corrective actions were taken to rectify the deficiencies identified. In addition, the</p>



<p>OPR ss. 55(1): A company shall conduct audits, with a maximum interval of three years, of the following programs</p> <p>(a) the emergency management program referred to in section 32;</p> <p>(b) the integrity management program referred to in section 40, including the pipeline control system referred to in section 37;</p> <p>(c) the safety management program referred to in section 47;</p> <p>(d) the security management program referred to in section 47.1;</p> <p>(e) the environmental protection program referred to in section 48; and</p> <p>(f) the damage prevention program referred to in section 47.2.</p> <p>(2) The documents prepared following the audit shall include (a) any deficiencies noted; and (b) any corrective action taken or planned to be taken.</p>	
	<p>Assessment</p> <p>company was unable to produce an audit schedule or completed audit reports to verify that it has conducted audits of all of its section 55 programs in the past to confirm their ongoing suitability.</p> <p>Although AltaGas demonstrated that it has a process to record and track corrective actions stemming from audits and inspections, the Board noted some findings were still not corrected. For example, the 2015 follow up audit to the 2013 internal audit of the integrity management program noted some deficiencies were still outstanding. The 2015 Regulatory Compliance Audit of Pouce Coupé and Coutts found that AltaGas did not have a complete and current inventory of all legal requirements.</p>
Supporting Procedures	<p>The documents provided for review by AltaGas to address this protocol item included:</p> <ul style="list-style-type: none"> • EHS Management System, Element 11: Performance Monitoring & Measurement – External Audits and Assessments; • Code of Practice: Health and Safety System Audits COP-D-008; and • Code of Practice: Environmental System Audits COP-H-001.
Integration and Application	<p>Although there was a degree of integration of the company's quality assurance activities such as audits across the section 55 programs, it was not carried out consistently or in accordance with the OPR requirements to ensure the company's activities are being carried out in a systematic manner to ensure continual improvement of the company's management system and programs.</p>
<p>FINDING: Non-Compliant</p> <p>AltaGas did not demonstrate that it conducts audits, with a maximum interval of three years, of the company's protection programs in accordance with the requirements of the OPR s. 55. In addition, the Board found that AltaGas did not incorporate the</p>	

OPR ss. 55(1): A company shall conduct audits, with a maximum interval of three years, of the following programs

- (a) the emergency management program referred to in section 32;
- (b) the integrity management program referred to in section 40, including the pipeline control system referred to in section 37;
- (c) the safety management program referred to in section 47;
- (d) the security management program referred to in section 47.1;
- (e) the environmental protection program referred to in section 48; and
- (f) the damage prevention program referred to in section 47.2.

(2) The documents prepared following the audit shall include (a) any deficiencies noted; and (b) any corrective action taken or planned to be taken.

Assessment

review of all of the program related legal requirements within its audits and therefore did not assess the program's technical compliance or suitability. Also, as discussed in AP01 of this report, AltaGas has not developed a QA Program to ensure that its pipeline is being operated in compliance with the regulations. The CAPA Plan required for AP01 of this report should incorporate the section 53 and section 55 requirements.

Appendix II - Abbreviations

The following abbreviations were used in this report:

AO: Accountable officer

CAP: Corrective Action Plan

CAPA: Corrective and Preventative Action Plan

COP: Code of Practice

EHS: Environment, health and safety

EOHS: Environment and Occupational Health and Safety

GDP: Gas Division Procedure

IMM: Inspection, Measurement and Monitoring

KPI: Key Performance Indicator

MOC: Management of change

MS: Management System

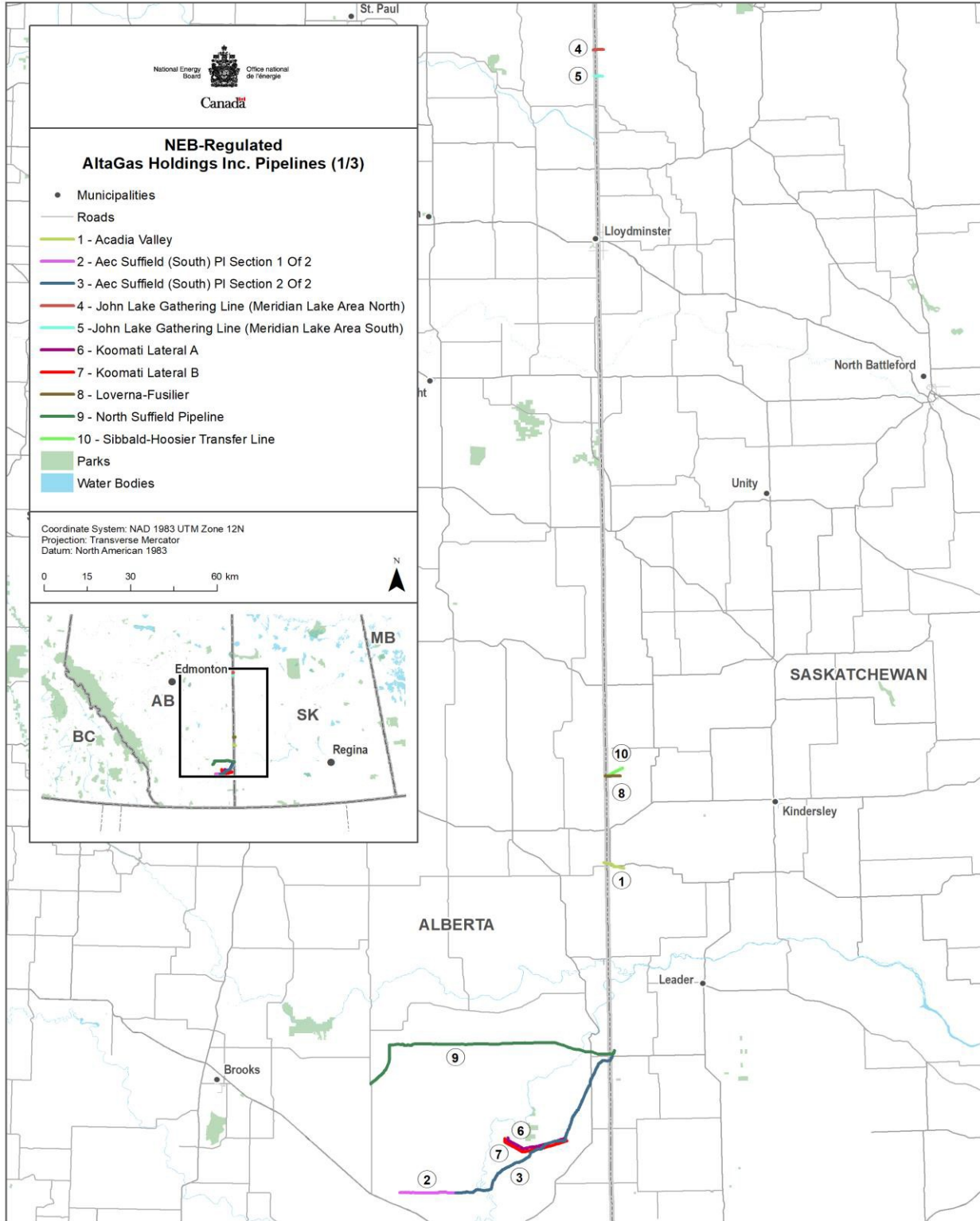
NEB: National Energy Board

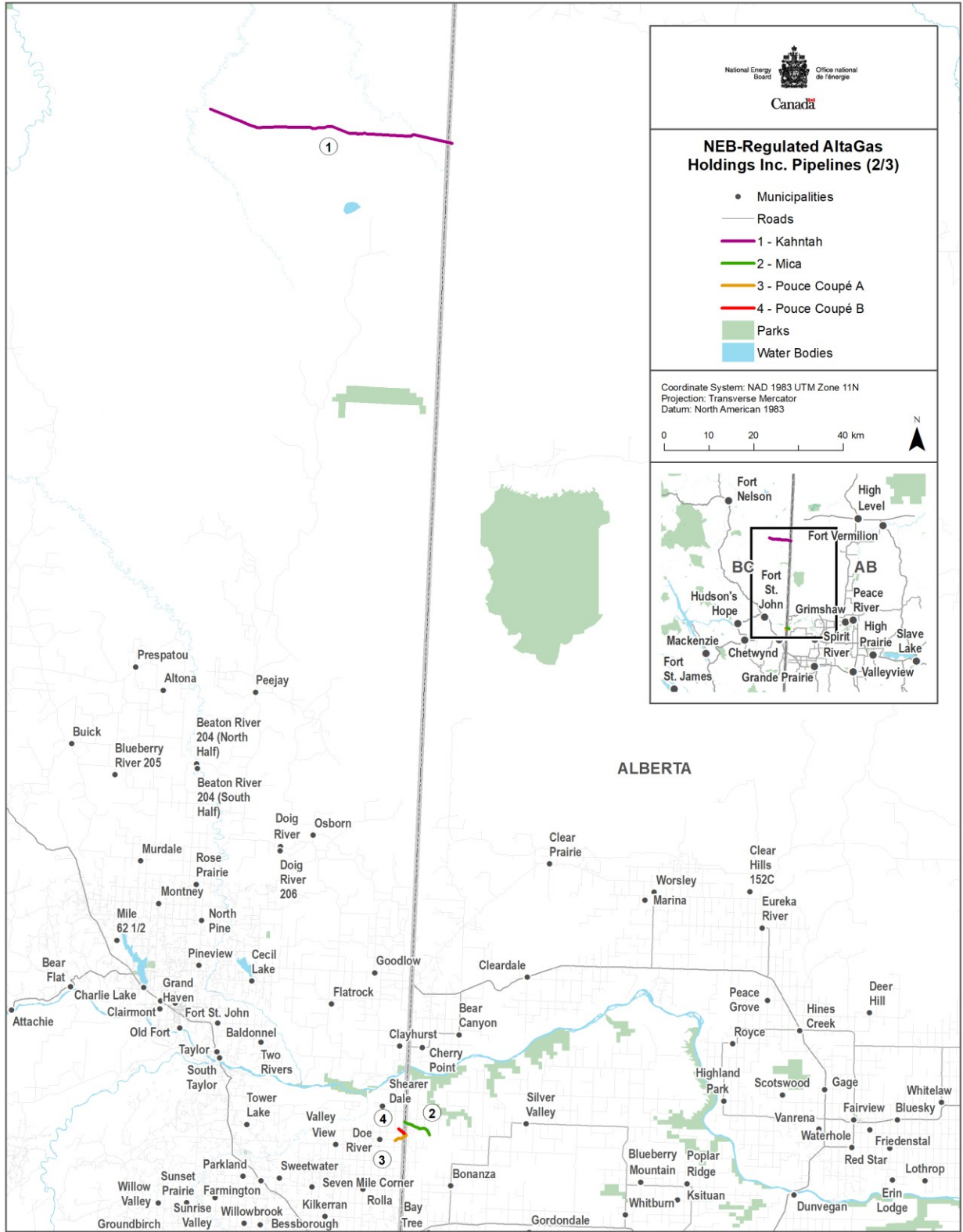
OPR: *National Energy Board Onshore Pipeline Regulations*

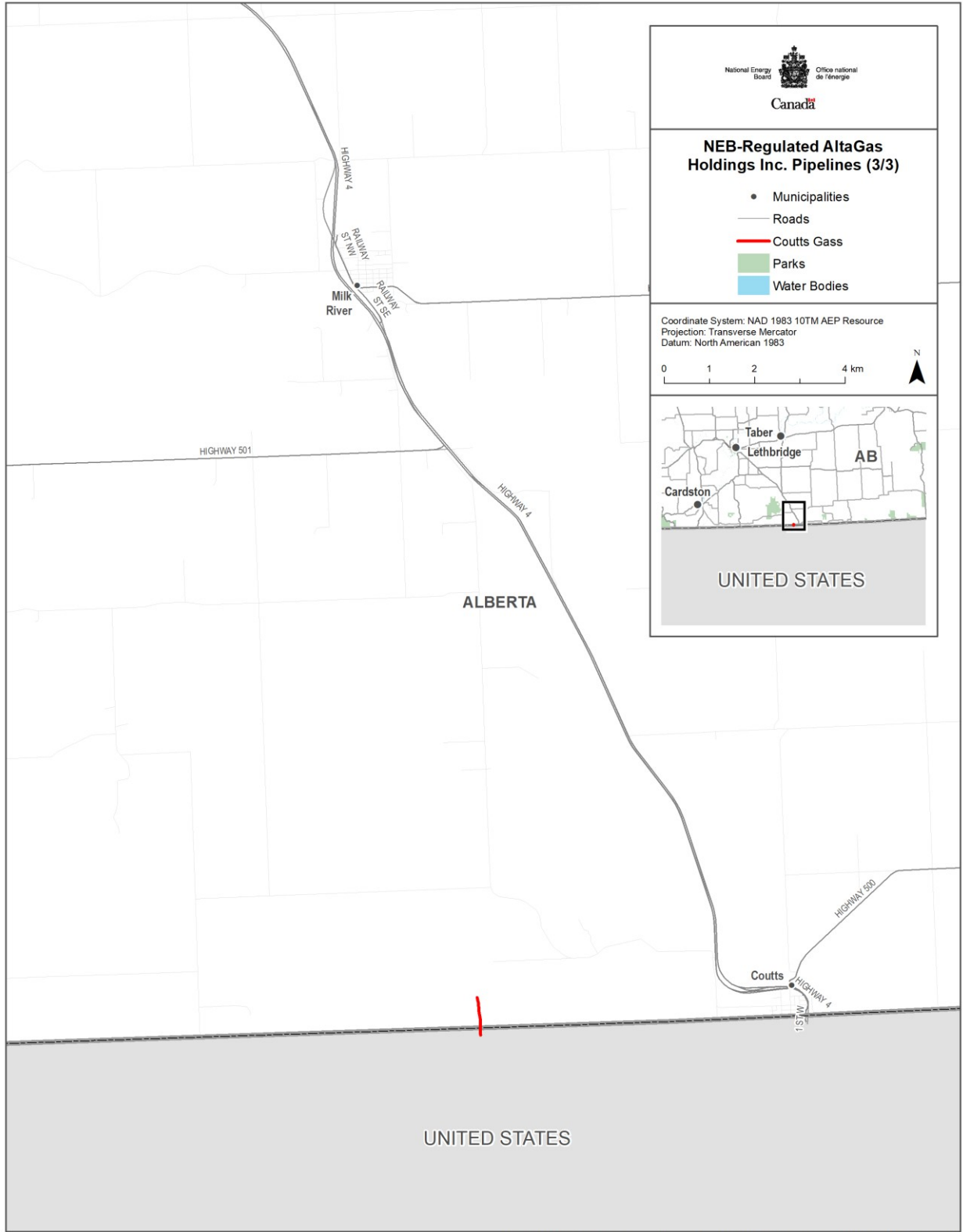
QA: Quality Assurance

Appendix III - NEB-Regulated Pipelines of AltaGas Holdings Inc.

The NEB-Regulated pipelines of AltaGas Holdings Inc., at the time of the QA Program Audit 1 are as shown in the following three graphics:







Map produced by the NEB, November 2018. The map is a graphical representation intended for general informational purposes only