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File OF-Surv-OpAud-K103-2021-2022 01  
CV 2122-258  
29 September 2021

Jim Hand  
President and CEO – Accountable Officer  
Kingston Midstream Westspur Limited  
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Calgary, AB T2P 0H7  
Email: [REDACTED]

Dear Jim Hand:

**Canada Energy Regulator Final Audit Report  
Kingston Midstream Westspur Limited (Kingston)  
Audit Topic: Contaminated Site Management**

Please find attached a copy of the Final Audit Report for the audit of Kingston **Midstream Westspur Limited** Contaminated Site Management. This audit was conducted by the Canada Energy Regulator (**CER**) from 3 May 2021 to 28 July 2021, under the authority of section 103 of the *Canadian Energy Regulator Act*.

The CER recognizes its obligations under both the *Access to Information Act* and the *Privacy Act* and will consult with affected parties prior to releasing any documents. Kingston may request any redactions to the CER by 8 October 2021. A redacted version of the report will be posted on the CER external website.

Attached is a corrective and preventive action (**CAPA**) workbook which Kingston is to use to generate a CAPA plan. This plan will describe the corrective and preventive actions that Kingston will implement to resolve the deficiencies identified in the Final Audit Report. The CAPA plan shall be submitted to the CER by 29 October 2021.

Once approved, the CER will monitor and assess the implementation of the CAPA plan. Upon completion of all action items, the CER will issue an audit closeout letter to Kingston indicating the end of this audit.

If you require any further information or clarification, please contact Mark Tinney, Lead Auditor, at [REDACTED], or at [REDACTED].

Sincerely,

*Signed by*

Mark Tinney  
Lead Auditor  
Canada Energy Regulator

.../2

Attachments: Kingston Midstream Westspur Limited – Contaminated Site Management -  
Final Audit Report  
CAPA Workbook

cc: Olivera Blagojevic, Director, Audit Enforcement and Investigation, Canada Energy  
Regulator, Email: [REDACTED]

[REDACTED], Vice-President, Commercial, Corporate and Regulatory,  
Kingston Midstream Westspur Limited,  
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Regulator

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du Canada

Suite 210, 517 Tenth Avenue SW  
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## **Final Audit Report**

**Auditee: Kingston Midstream Westspur Limited**

**Audit Topic: Contaminated Site Management**

**CV 2122-258**

**File: OF-Surv-OpAud-K103-2021-2022 01**

**Date: 29 September 2021**



## Executive Summary

The Canada Energy Regulator (**CER**) expects pipelines and associated facilities within its jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment. To this end, the CER conducts a variety of compliance oversight activities, such as audits.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) (**CER Act**) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations.

The purpose of compliance audits is to evaluate if CER-regulated companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulation* (SOR/99-294) (**OPR**).

The CER conducted a: **Contaminated Site Management** regulatory compliance audit of Kingston Midstream Westspur Limited (**Kingston or auditee**) between 3 May 2021 and 28 July 2021.

The objective of this audit is to verify that the auditee manages contaminated sites as a component of its Environmental Protection Program as per the requirements of the OPR.

For this audit, 15 regulatory requirements were evaluated. The results of the audit were that five (5) were deemed to be non-compliant and for the remaining ten (10), no issues were identified. Table 1 in the report summarizes the audit findings. Detailed assessments can be found in Appendix 1.

Note that all findings are specific to the information assessed at the time of the audit as related to the audit scope.

The focus of this audit was Kingston's environmental protection program and specifically contaminated sites management. While non-compliant findings have been identified related to contaminated sites management, the auditors are of the opinion that none of these findings would prevent Kingston from continuing to operate its pipelines in a manner that will preserve the safety of persons, the environment, and property.

The audit team found that Kingston has a process for managing a historical contaminated site when one is encountered. Of note though, the audit team found that the company did not have a process to comprehensively identify all potentially contaminated sites through an established and implemented process. Companies are required to do their due diligence to identify all hazards and potential hazards and not just manage hazards as they are encountered.

The final audit report will be made available to the public on the CER website.

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## 1.0 Background

### 1.1 Introduction

The Canada Energy Regulator (**CER**) expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) (**CER Act**) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations.

The purpose of operational audits is to ensure that regulated companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulation* (SOR/99-294) (**OPR**). For this specific audit, the CER's published Remediation Process Guide was also considered as part of the audit's focus.

The CER conducted a Contaminated sites regulatory compliance audit of Kingston Midstream Westspur Limited (**Kingston or auditee**) between 3 May 2021 and 28 July 2021.

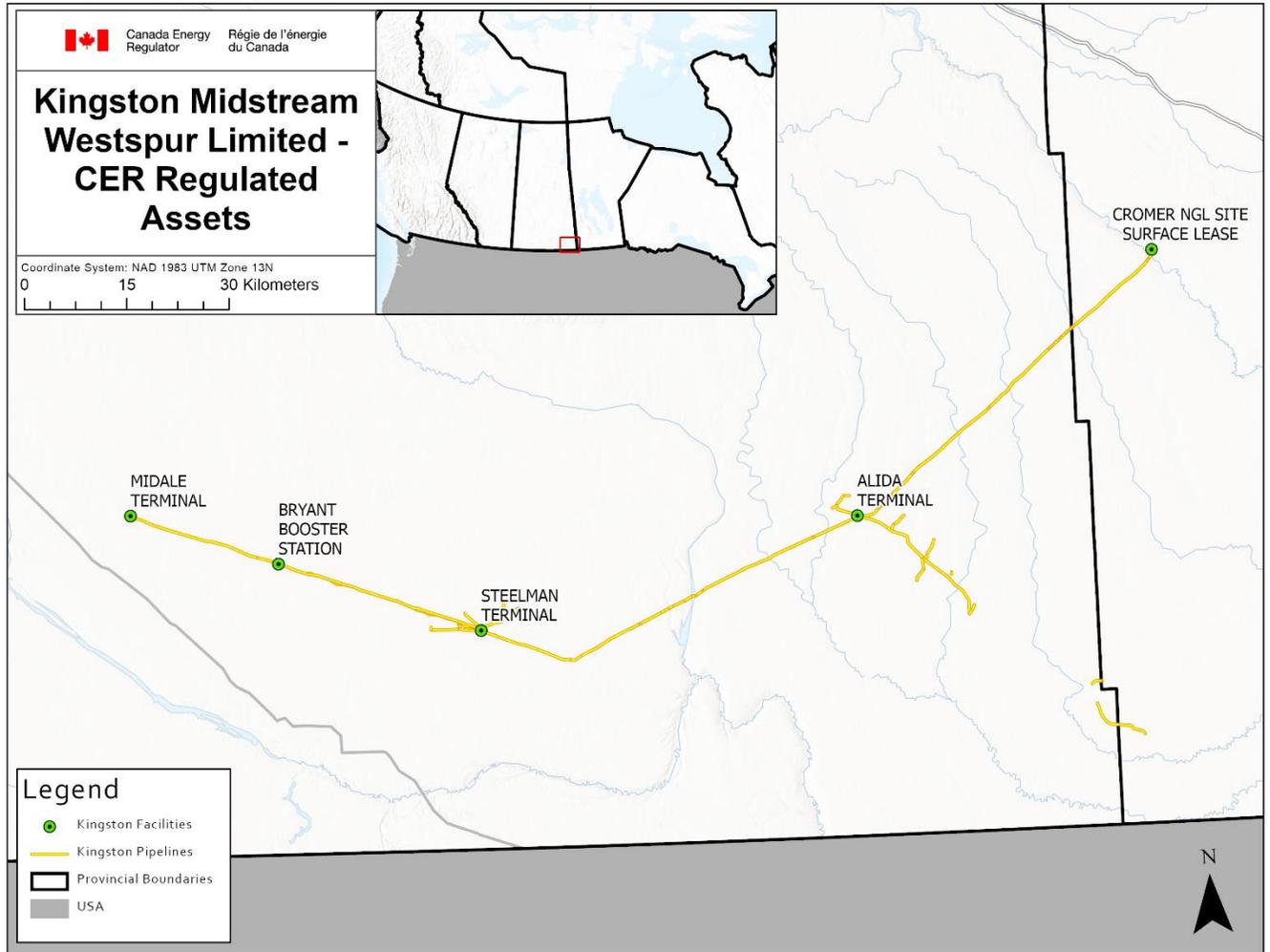
### 1.2 Description of Audit Topic

While the OPR does not have a specific requirement for contaminated sites management, the CER expects the company's Environmental Protection Program to proactively manage contaminated and suspected contaminated sites. The protection of ecological and human health must be maintained throughout a facility's lifecycle, as a result the appropriate management of contaminated and potentially contaminated sites is a critical activity.

### 1.3 Company Overview

Kingston Midstream Westspur Limited is an affiliate of Kingston Midstream Limited which operates in Manitoba, Saskatchewan, and Alberta. Kingston Midstream Limited's business includes transportation of commodities through pipelines and rail, operation and maintenance of storage facilities and conducting marketing. A network of approximately 545 kilometres (km) of trunk line and 1800 km of crude oil and liquids-gathering pipelines make up the parent company's transportation system. Storage tanks throughout the operations have a combined capacity of approximately 1,165,000 barrels.

Kingston Midstream Westspur Limited's CER-regulated assets, as depicted in the map in Figure 1, consist of approximately 250 km of pipelines and five terminals located in southeast Alberta and southwest Manitoba.



The map is a graphical representation intended for general informational purposes only. Map produced by the CER, June, 2021. Last updated on Jun 24

Figure 1: Kingston's CER-Regulated Assets

## 2.0 Objectives and Scope

The objectives of this audit are to:

- verify that Kingston has a contaminated site management program as a component of its Environmental Protection Program that meets the requirements of the OPR. As part of assessing this objective, the auditors evaluated if the company has the necessary processes, procedures, and work instructions in place to fulfil the requirements of sections 6 and 48 of the OPR; and
- verify that Kingston is applying and following the CER's Remediation Process Guide as it applies to its pipelines and facilities.

This audit assessed whether Kingston had the required processes, procedures, performance measures, competencies, training materials, etc. in place to properly anticipate, prevent, manage, and mitigate the hazards and risks that result from contaminated or potentially contaminated sites.

The following are scope limitations to this audit. First, this audit does not serve as a certificate or approval of any specific remediation activities. Although sampling of site-specific activities was completed at random locations, this audit is not a comprehensive assessment of all site-specific remediation activities. Second this audit does not address emergency management and/or incident response practices that would either prevent the creation of a contaminated site or minimize the magnitude of a contaminated site.

The table below outlines the scope selected for this audit.

Audit Scope	Details
Audit Topic	Contaminated Site Management
Lifecycle Phases	<input checked="" type="checkbox"/> Construction <input checked="" type="checkbox"/> Operations <input checked="" type="checkbox"/> Abandonment
Section 55 Programs	<input type="checkbox"/> Emergency Management <input type="checkbox"/> Integrity Management <input type="checkbox"/> Safety Management <input type="checkbox"/> Security Management <input checked="" type="checkbox"/> Environmental Protection <input type="checkbox"/> Damage Prevention

### 3.0 Methodology

As part of this audit, the CER Auditors (auditors) conducted a sampling of Kingston’s management system processes, procedures, work instructions and environmental program documentation related to contaminated sites. The auditors did not review and assess all management system documentation, nor did they review all environmental protection documentation. A sampling of documents and records was conducted in order to reduce the chance of error in making the audit findings described herein.

The auditors assessed compliance to the audit criteria through:

- document reviews;
- record sampling; and
- interviews.

A list of documents reviewed, records sampled, and interviews conducted are retained on file with the CER. Interviews were conducted with Kingston staff to have them explain their documents and records and how they believe that their processes and activities meet the requirements of the 15 protocol items shown in Appendix 1.

An audit notification letter was sent to Kingston on 3 May 2021 advising the company of the CER’s plans to conduct a compliance audit. The Lead Auditor provided the audit protocol and initial information request to Kingston on 7 May 2021 and followed up on 11 May 2021 with a

meeting with Kingston’s staff to discuss the plans and schedule for the audit. Document review began on 14 June 2021 and interviews were conducted between 28 June 2021 and 9 July 2021.

In accordance with the established CER audit process, the Lead Auditor shared a pre-closeout summary of the audit results on 21 July 2021. At that time, Kingston was given five business days to provide any additional documents or records to help resolve any identified gaps in information or compliance. After the pre-closeout meeting, Kingston provided additional information to assist the auditors in making their final assessment of compliance. The Lead Auditor conducted a final closeout meeting with Kingston on 28 July 2021.

This audit was conducted during the Covid-19 pandemic. All interactions between the auditors and Kingston were virtual (i.e., through Microsoft Teams). No in-person contact between the auditors and Kingston’s staff was possible, and no field inspections were conducted.

#### 4.0 Summary of Findings

The Lead Auditor has assigned a finding to each audit protocol. A finding can be either:

- No Issues Identified – No non-compliances were identified during the audit, based on the information provided by the Auditee, and reviewed by the Auditor within the context of the audit scope; or
- Non-Compliant – The Auditee has not demonstrated that it has met the legal requirements. A corrective and preventive action plan shall be developed and implemented to resolve the deficiency.

Note that all findings are specific to the information assessed at the time of the audit, as related to the audit scope.

The table below summarizes the finding results. See [Appendix 1: Audit Assessment](#) for more information.

**Table 1: Summary of Findings**

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-01	OPR paragraph 6.4(c)	Annual Documented Evaluation of Need	No issues identified	The auditors found no issues of concern with Kingston’s process to conduct an annual evaluation of need that takes into consideration the human and physical resources required to establish, implement, and maintain the management system and Environmental Program.
AP-02	OPR paragraph 6.5(1)(a)	Setting Objectives and Specific Targets	Non-compliant	Kingston did not adequately demonstrate to the auditors how its <i>Corporate and Regulatory Department Goals and Objectives</i> align with the goals listed in the <i>Safety and Loss Management System (SLMS) Policy Statement</i> . Although Kingston

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
				has set objectives and targets, it did not demonstrate that they have been established to achieve the goals established under subsection 6.3(1) of the OPR. Therefore, Kingston is found to be in non-compliance with the regulatory requirement of paragraph 6.5(1)(a) of the OPR.
AP-03	OPR paragraph 6.5(1)(b)	Performance Measures	No issues identified	The auditors found no issues of concern with Kingston's process for setting departmental objectives and targets and performance measures to achieve the goals listed in its <i>2021 Commercial, Corporate and Regulatory Department Goals and Objectives</i> spreadsheet.
AP-04	OPR paragraph 6.5(1)(c)	Identifying and Analyzing all Hazards and Potential Hazards	Non-compliant	The auditors found that Kingston has a process to identify and manage hazards that it encounters through its daily activities and through projects and maintenance activities. However, Kingston has not comprehensively identified all of its potentially contaminated sites through an established and implemented process. Therefore, Kingston is found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(c) of the OPR.
AP-05	OPR paragraph 6.5(1)(d)	Hazard Inventory	No issues identified	The auditors found no issues of concern with Kingston's inventory of its identified hazards as they related to contaminated land. However, it is recognized that Kingston's inventory may change as Kingston takes corrective action to rectify the non-compliance in AP-04.
AP-06	OPR paragraph 6.5(1)(e)	Risk Assessment	No issues identified	The auditors found no issues of concern with Kingston's established and implemented <i>Risk Assessment Process</i> to assess the risks associated with its identified hazards.
AP-07	OPR paragraph 6.5(1)(f)	Controls	No issues identified	The auditors found no issues of concern with Kingston's established and implemented <i>Risk Control Process</i> to develop controls associated with its identified hazards and risks.
AP-08	OPR paragraph 6.5(1)(h)	Legal List	No issues identified	Within the objectives and scope of this audit, the auditors had no issues of concern with Kingston's established and maintained list of

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
				legal requirements for its Environmental Management Program.
AP-09	OPR paragraph 6.5(1)(j)	Training, Competence and Evaluation	Non-compliant	The auditors found that many of Kingston's process documents have not identified competency and training requirements within the process documents, aside from knowledge of the process itself. Kingston was found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(j) of the OPR.
AP-10	OPR paragraph 6.5(1)(m)	Communication	Non-compliant	The auditors found that Kingston did not demonstrate that it has established and implemented a <i>Communication Process</i> that provides guidance on the internal and external communications relating to protection of the environment that meets the requirements of the OPR. The process directs the <i>Core Protection Program (CPP)</i> Owners to create a process for the internal and external communication of information to applicable stakeholders but does not provide any guidance on "how" to do it. In turn, the various environmental process documents all refer back to the <i>Communication Process</i> for guidance on "how" to communicate. In addition, competencies and training requirements related to the <i>Communication Process</i> were not provided. Kingston was found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(m) of OPR.
AP-11	OPR paragraph 6.5(1)(q)	Operational Control	Non-compliant	The auditors found that Kingston's <i>Integrated Operational Planning Process</i> has been established but not yet fully implemented. The CER considers a process to be implemented once it can be demonstrated as having been in use for a minimum of three months. Therefore, Kingston was found to be non-compliant with the regulatory requirement to establish and implement a process that meets the requirements of paragraph 6.5(1)(q) of the OPR.

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-12	OPR paragraph 6.5(1)(r)	Internal Reporting of Hazards, Potential Hazards, Incidents and Near-misses	No issues identified	The auditors found no issues of concern with Kingston's established and implemented process for incident reporting, incident management, incident investigation and follow-up.
AP-13	OPR paragraph 6.5(1)(u)	Checking and Corrective Actions	No issues identified	The auditors found no issues of concern with Kingston's established and implemented process for conducting audits of its Environmental Program and Health, Safety and Environmental inspections of its facilities and projects and for taking corrective and preventive actions when deficiencies are found.
AP-14	OPR paragraph 6.5(1)(x)	Conducting Annual Management Review	No issues identified	The auditors found no issues of concern with Kingston's established and implemented process for conducting an <i>Annual Management Review</i> . The CER also had no issues of concern with Kingston's 2021 Management Review of its management system and section 55 Environmental Program.
AP-15	OPR paragraph 6.6(1)(c)	Correcting Deficiencies	No issues identified	The auditors found no issues of concern with Kingston's process to complete an annual report for the previous calendar year, that describes the actions taken during the year to correct deficiencies identified by the company's quality assurance program.

## 5.0 Next Steps

Kingston is required to resolve all non-compliant findings through the implementation of a Corrective and Preventive Action (**CAPA**) Plan. The next steps of the audit process are as follows:

- Within 30 calendar days of receiving the final audit report, Kingston shall deliver a CAPA Plan to the CER for approval, detailing how the non-compliant findings will be resolved;
- The CER will monitor and assess the implementation of the CAPA Plan to confirm that it is completed:
  - in the approved manner;
  - in accordance with agreed timelines; and

- in a safe and secure manner that protects people, property, and the environment.
- Once implementation is completed, the CER will issue an audit close out letter.

## **6.0 Conclusion**

In conclusion, the CER conducted a compliance audit of Kingston Midstream Westspur Limited related to Contaminated Site Management. Out of a total of 15 audit protocols that were assessed, five (5) were deemed to be non-compliant. For the remaining ten (10), no issues were identified.

The audit team found that Kingston has a process for managing a historical contaminated site when one is encountered. Of note though, the audit team found that the company did not have a process to comprehensively identify all potentially contaminated sites through an established and implemented process. Companies are required to do their due diligence to identify all hazards and potential hazards and not just manage hazards as they are encountered.

Kingston is expected to resolve these deficiencies through the implementation of a CAPA Plan. The CER will monitor and assess the implementation of this CAPA Plan and issue an audit close-out letter upon its completion.

## Appendix 1: Audit Assessment

### AP-01 Annual Documented Evaluation of Need

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.4(c) of the OPR: The company must have a documented organizational structure that enables it to  (c) demonstrate based on an annual documented evaluation of need, that the human resources allocated to establishing, implementing and maintaining the management system are sufficient to meet the requirements of the management system and to meet the company's obligations under these Regulations.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has completed an annual documented evaluation of need.</li> <li>- The annual documented evaluation of need discusses the amount of human resources allocated to establishing, implementing, and maintaining the management system.</li> <li>- The annual documented evaluation of need meets the company's obligations with respect to these Regulations.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001-Environmental Management Program, dated 19 May 2021</li> <li>- HS-PRC-01-HSE- Personnel Resourcing, dated 30 September 2020</li> <li>- HR-PRC-01-0001- Annual Resource Evaluation Process, dated 30 November 2020</li> <li>- HR-SUP-01-0001-Resource Requirement Forecasting Worksheet, dated 30 November 2020</li> <li>- QAM-PRC-05-0002-Annual Management Review Rev 0.0, dated 27 October 2020</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's process to conduct an annual evaluation of need that takes into consideration the human and physical resources required to establish, implement, and maintain the management system and its Environmental Program.

### Detailed Assessment

Kingston's *Safety and Loss Management System (SLMS)* manual is its overarching corporate management system document. According to the document, it was established and implemented to meet the requirements of section 6 of the OPR. It consists of 14 management system elements which provide oversight over Kingston's 13 *Core Protection Programs (CPPs)*. The two CPPs that are relevant for this audit are:

- Health and Safety; and
- Environmental Management.

The 14 management system elements include:

- SLMS 00: Leadership and Accountability;
- SLMS 01: People Management;
- SLMS 02: Training and Competency;

- SLMS 03: Risk Management;
- SLMS 04: Legal Requirements;
- SLMS 05: Quality Assurance;
- SLMS 06: Incident Management ;
- SLMS 07: Management of Change;
- SLMS 08: Project Management;
- SLMS 09: Communication;
- SLMS 10: Records and Information Management;
- SLMS 11: Continuous Improvement;
- SLMS 12: Contingency Planning for Abnormal Events; and
- SLMS 13: Contractor Management.

Within SLMS 01, the People Management element, it indicates that "... it includes the requirement to annually evaluate the need for resources to support the ongoing maintenance of the SLMS."

As indicated in the *Environmental Management Program Manual*, the Environmental Core Protection Program (**ENV Program**) Owner, which is the HSE Manager, in conjunction with other core protection program owners, work to anticipate, prevent, manage, and mitigate conditions that could adversely affect the environment.

As detailed in the *Environmental Management Program Manual*, the ENV Program Owner is responsible for identifying the resources required to implement and maintain the environmental program. The ENV Program Accountable Person is the Vice President Commercial, Corporate and Regulatory and they are responsible for ensuring resources required for the successful implementation of the environmental program and associated processes and procedures are identified, justified, and approved.

The auditors found that in the third quarter of each year, as part of an annual resource review, the ENV Program Owner in collaboration with the Senior Environmental Advisor establish priorities for the management of contaminated sites through the Long-Range Plan. This is coordinated with the budgetary planning cycle for the following year which occurs in the fourth quarter.

The ENV Program Owner and Senior Environmental Advisor participate in a collaborative interdisciplinary team to discuss contaminated sites based on risk evaluation and prioritization and identify the internal and external resources that will be required to manage the sites in accordance with the annual objectives.

Kingston advised the auditors that within each of its environmental process documents, it defines the various roles and responsibilities required to fulfil the requirements of the process. These define the human resource requirements. Kingston provided a representative sample of its documents as evidence. The ENV Program Owner is required to allocate the necessary resources to fulfil these roles and responsibilities.

Kingston stated that it conducts an annual evaluation of need for the ENV Program in accordance with its *Annual Resource Evaluation Process*, using its *Resource Requirement Forecasting Worksheet* and its *Health, Safety and Environment (HSE) Personnel Resourcing* document.

The *HSE Personnel Resourcing Process* outlines the process for obtaining additional personnel resources, if required. The document indicates that the HSE Manager is to work with inputs from several sources to develop a list of priorities for the following year and the following five years. This is carried out each year to develop a rolling 5-year plan. The auditors verified through interviews and record review that this process is followed.

According to the *HSE Personnel Resourcing Process*, if the HSE Manager can justify two or more years of additional responsibilities, an internal resource may be sought as an addition to the HSE Team. If the requirement is short-term, an external consultant is to be considered.

The auditors found that Kingston conducts an *Annual Management Review* through which opportunities for program improvement are identified. The evaluation encompasses the need for human resources (employees, contractors, and consultants) and physical resources such as tools, equipment, and information technology (IT) resources. It culminates in the third quarter with a review of long-range plans and integration into the budget cycle for the upcoming fiscal year.

Kingston provided the auditors with a copy of its completed *2021 Resource Requirement Forecasting Worksheet* showing the link between the goals, objectives, targets, and performance indicators, the required resources, gap assessment, and action plan(s). This includes those specific to the management of contaminated sites.

Kingston demonstrated to the auditors:

- that it has a documented process for its annual documented evaluation of need;
- that the process is in accordance with the Kingston SLMS 01 Process for People Management;
- that it has documented processes and templates, which it utilizes;
- that the accountable person for the *Environmental Management Program* has the responsibility for ensuring resources required for implementing the ENV Program are obtained, including the resources required for the management of contaminated sites;
- the Environmental Program Owner (HSE Manager) allocates resources to enable successful implementation of procedures including environmental screening, contaminated site prioritization procedure and the process for the management of contaminated sites; and
- the process is conducted annually.

Overall, the auditors found no issues of concern with Kingston's process to conduct an annual evaluation of need that takes into consideration the human and physical resources required to establish, implement, and maintain the management system and ENV Program.

## AP-02 Setting Objectives and Specific Targets

<b>Finding Status</b>	Non-compliant
<b>Regulatory Section</b>	Paragraph 6.5(1)(a) of the OPR: A company shall, as part of its management system and programs referred to in section 55, (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.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The company has set objectives and targets that are required to achieve the goals established under subsection 6.3(1).</li> <li>- All objectives are relevant to the company's management system when considering the scope of the process and their application to section 55 programs.</li> <li>- An annual review of the objectives and targets is performed by the company.</li> <li>- The review determines if the objectives were achieved or if corrective or preventive actions are needed.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- CIE-PRC-11-0001-Continuous Improvement Process, dated 10 May 2021</li> <li>- CCR 2021 Department Goals and Objectives</li> <li>- HSE 2021 Department Goals – Final</li> <li>- Goals and Performance Form – CW –, dated 24 February 2021</li> <li>- QAM-PRC-05-0002-Annual Management Review Rev 0.0, dated 27 October 2020</li> <li>- QAM-RPT-05-0001 2021 AMR Rev 1, dated 19 May 2021</li> </ul>
<b>Finding Summary</b>	Kingston did not adequately demonstrate to the auditors how its <i>Corporate and Regulatory Department Goals and Objectives</i> align with the goals listed in the <i>SLMS Policy Statement</i> . Although Kingston has set objectives and targets, it did not demonstrate that they have been established to achieve the goals established under subsection 6.3(1) of the the OPR. Therefore, Kingston is found to be in non-compliance with the regulatory requirement of paragraph 6.5(1)(a) of the OPR and will have to develop a corrective and preventive action plan.

### Detailed Assessment

Kingston provided the auditors with a copy of its SLMS, which contains the corporate Policy and Goals that the SLMS is focused on achieving.

The *SLMS Policy Statement* indicates that Kingston is committed to the safety and security of the public and its employees, the safety and security of its pipeline system, the protection of

property, and the protection of the environment. It also states that Kingston will continually improve its SLMS as a tool to meet these commitments throughout the lifecycle of the pipeline system.

The six goals listed in the *SLMS Policy Statement* are:

- prevent damage to its pipeline assets;
- prevent releases of hydrocarbon product and any other hazardous material;
- prevent fatalities;
- prevent injuries;
- effectively respond to emergencies and incidents; and
- continuous Improvement.

Kingston provided the auditors with a copy of its *2021 Commercial, Corporate and Regulatory Department Goals and Objectives* spreadsheet. However, the auditors noted that there was no clear link between the Corporate and Regulatory Departmental goals and objectives listed in the spreadsheet and the goals listed in the *SLMS Policy Statement*.

Through document, record review, and interviews the auditors noted that HSE Department Objectives are aligned with the *Corporate and Regulatory Department Goals and Objectives*. The department had also developed performance factors to monitor its success in achieving those objectives.

The auditors found that the goals, objectives, and targets for the ENV Program are set in accordance with Kingston's *Continuous Improvement Process* and its *Environmental Management Program*. The auditors noted that Kingston had objectives and targets related to the remediation of its contaminated sites. Budgeting for these activities was carried out as part of the Annual Management Review Process as explained in AP-14.

The auditors found that the *Continuous Improvement Process* defines the requirements for setting goals and objectives and targets [referred to as Key Performance Indicators (**KPIs**)] and assigns responsibilities.

The ENV Program is a sub-component of the HSE Department and has its own goals and objectives which are in line with the *Corporate and Regulatory Department Goals and Objectives*.

Kingston demonstrated to the auditors that:

- within its *SLMS Policy Statement*, it has corporate goals and a policy statement in accordance with the requirements of subsection 6.3(1) of the OPR;
- it also has *Commercial, Corporate and Regulatory Department Goals and Objectives*;
- the objectives within the HSE Department and the ENV Program were relevant to the company's management system and to its contaminated sites management within the Environmental Management System; and
- Kingston annually reviews its objectives and targets through its *Annual Management Review Process*.
- The annual review determined which objectives were achieved.

However, Kingston did not adequately demonstrate to the auditors how the goals in its *SLMS Policy Statement* align with its *Corporate and Regulatory Department Goals and Objectives*.

While a company can establish policies and goals specific to its operational needs, the OPR requires that CER-regulated companies also establish documented policies and goals to ensure that their obligations under subsection 6.3(1) of the OPR are met. There needs to be a clear line of sight from the overarching corporate goals established in accordance with subsection 6.3(1) down to the departmental goals, objectives, and targets and then further to Kingston's performance measures. However, the auditors did not observe this direct relationship and Kingston did not adequately explain the link.

As Kingston did not demonstrate to the auditors that its process for setting departmental objectives and targets has been established and implemented to achieve goals established under subsection 6.3(1) of the OPR, Kingston is found to be in non-compliance with the regulatory requirement of paragraph 6.5(1)(a) of the OPR and will have to develop a corrective and preventive action plan.

## AP-03 Performance Measures

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(b) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (b) develop performance measures for evaluating the company's success in achieving its goals, objectives and targets.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has developed performance measures that are relevant to its documented goals, objectives, and targets.</li> <li>- The following two items will be confirmed in connection with the company's annual report per paragraph 6.6(1)(b):</li> <li>- The performance measures support the ability to assess the achievement of the company's goals, objectives, and targets.</li> <li>- The company applies the performance measures to assess its success in achieving its goals, objectives and targets.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- CIE-PRC-11-0001-Continuous Improvement Process, dated 10 May 2021</li> <li>- CCR 2021 Department Goals and Objectives</li> <li>- HSE 2021 Department Goals – Final</li> <li>- Goals and Performance Form – CW – dated 24 February 2021</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's process for setting departmental objectives and targets and performance measures to achieve the goals listed in its <i>2021 Commercial, Corporate and Regulatory Department Goals and Objectives</i> spreadsheet.

### Detailed Assessment

In the *Environmental Management Program* manual, it states that annual goals, objectives, and performance measures (or KPIs) are to be aligned with, and identified as part of, the corporate level *Continuous Improvement Process*. It states "Program goals should be broad statements of desired accomplishments. Objectives developed from these goals include measurable activities that should be accomplished within identified time frames. The ENV goals and performance measures are to be developed and aligned with the organization's overarching goals and objectives and reviewed on an annual basis."

In the *Continuous Improvement Process* document, it states that "For each of the selected objectives, the team will propose a target or benchmark to be achieved by the end of the quarter or by year-end. The target will constitute a key component in deciding the successful execution of the objectives by year-end. Where applicable and possible, the team shall establish one or more Key Performance Indicators for the related objective and targets to enable tracking throughout the year."

The goals and objectives shown in the *2021 Commercial, Corporate and Regulatory Department Goals and Objectives* spreadsheet are the ones that the CPP Owners use to set their departmental, objectives, targets, and performance measures.

The auditors found that within the HSE Department, Kingston had established objectives, targets and performance measures directly aligned to the *2021 Commercial, Corporate and Regulatory Department Goals and Objectives*. As mentioned in AP-02, the auditors noted that Kingston had objectives and targets related to the remediation of its contaminated sites and that budgeting for these activities is carried out as part of the Annual Management Review Process.

As discussed in AP-02, the auditors found Kingston to be non-compliant because it did not demonstrate to the auditors that its process for setting departmental objectives and targets has been established and implemented to achieve goals established under subsection 6.3(1) the OPR. However, the auditors found no issues of concern with Kingston's process for setting departmental objectives and targets and performance measures to achieve the goals listed in its *2021 Commercial, Corporate and Regulatory Department Goals and Objectives* spreadsheet.

## AP-04 Identifying and Analyzing all Hazards and Potential Hazards

<b>Finding Status</b>	Non-compliant
<b>Regulatory Section</b>	Paragraph 6.5(1)(c) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (c) establish and implement a process for identifying and analyzing all hazards and potential hazards.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The methods for identification of hazards and potential hazards are appropriate for the nature, scope, scale and complexity of the company's operations, activities and section 55 programs.</li> <li>- The identification of hazards and potential hazards must include the full lifecycle of the pipeline.</li> <li>- The company has comprehensively identified all relevant hazards and potential hazards.</li> <li>- The hazards and potential hazards have been identified for the company's scope of operations through the lifecycle of the pipelines.</li> <li>- The identified hazards and potential hazards have been analyzed for the type and severity of their consequences.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- CIE-PRC-11-0001-Continuous Improvement Process, dated 10 May 2021</li> <li>- RSK-PRC-03-0001-Risk Management Process, dated 23 June 2020</li> <li>- HS-PRC-03-0006-Hazard Control Process, dated 23 April 2021</li> <li>- RSK-PRC-03-0002 Risk Control Process, dated 20 October 2020</li> <li>- HS-STD-00-0001-Pipeline Operations and Maintenance Manual, dated 29 May 2020</li> <li>- ENV-PRC-03-0002-Environmental Screening for Project Activities Process, dated 19 May 2021</li> <li>- ENV-PCD-03-0003-Contaminated Sites Prioritization Procedure, dated 19 May 2021</li> <li>- Environmental Liability Tracking Spreadsheet (May 2021) – Westspur</li> </ul>
<b>Finding Summary</b>	<p>The auditors found that Kingston has a process to identify and manage hazards that it encounters through its daily activities and through projects and maintenance activities. However, Kingston has not comprehensively identified all of its potentially contaminated sites through an established and implemented process. Therefore, Kingston is found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(c) of the OPR and will have to develop a corrective and preventive action plan.</p>

## Detailed Assessment

Kingston's SLMS is the overarching management system-level directive that provides oversight over all the CPPs, including the *Environmental Management Program*. It outlines Kingston's requirements to:

- identify hazards (including potential hazards);
- assess hazards and associated risks; and
- select and implement risk control measures where necessary.

The process applies to hazards and risks that could affect safety and security of people and property or the protection of the environment throughout the lifecycle of the pipeline system.

*Kingston's Environmental Management Program* states that the ENV Program Manager is accountable for hazard identification and risk management, and is to provide input, and assess and review *Kingston's Hazard Inventory and Risk Registry*. To accomplish this, it references the *Risk Management Process*, *Risk Control Process* and the *Hazard and Risk Registry*. Further, it uses the SLMS Risk Matrix to conduct frequency and consequence analysis.

The *SLMS Risk Management Process* document states that the process "... outlines Kingston's requirements for identifying risks including hazards (and potential hazards), assessing hazards and associated risks, and selecting and implementing risk control measures where necessary."

The *SLMS Risk Management Process* document states that Kingston is to identify the hazards and risks that may affect safety and security of people and property or the protection of the environment throughout the lifecycle of the pipeline. The document goes on to describe the process steps for hazard identification, hazard assessment, risk analysis, risk control and monitoring and review of the hazard inventory and risk registry.

The auditors found that Kingston uses its *Environmental Screening for Project Activities Process* to assess the various environmental risks associated with operations and maintenance, project activities, and to develop site-specific mitigative measures.

Kingston provided the auditors with a copy of its *Pipeline Operations and Maintenance Manual (POMM)*, which defines how Kingston operates and maintains its assets within its Pipeline Operations. The POMM provides guidance on the protection of worker Health and Safety. The Hazard Assessment section provides guidance on hazard identification, risk assessment and the development of controls for hazards which have the potential to impact worker health or safety. The section includes definitions, process descriptions, hazard types and sources, roles and responsibilities, legal requirements, communications, and frequency of update. Until recently, the POMM was Kingston's primary document for all operations and maintenance related processes and procedures, including HSE and Environment. During interviews, Kingston indicated that it has been in the process of extracting all HSE related processes and instructions from the POMM and relocating them under the umbrella of the HSE and ENV Program. However, the process has not yet been completed.

The POMM provides the reporting criteria and timelines for reporting incidents to regulators concerning hydrocarbon releases, leaks, and spills from pipeline systems and during the transport of dangerous goods. It also provides the reporting criteria and timelines for incidents that cause adverse environmental effects or environmental non-compliance.

The environment section of the POMM provides the following:

- procedural steps and roles and responsibilities to manage contaminated soil in compliance with applicable laws and regulations;
- procedural steps and roles and responsibilities to conduct Environmental Screening for operations and maintenance activities and projects;
- procedural steps and roles and responsibilities for groundwater monitoring for CER-Regulated facilities;
- reporting of annual releases to air, water, and land to Environment and Climate Change Canada's *National Pollutant Release Inventory*; and
- guidance on how to ensure Kingston's contaminated sites are managed in an efficient and effective way.

The stated objective of the Contaminated Sites Program to ensure Kingston's environmental liability for contaminated sites is properly managed.

According to the POMM, Kingston's contaminated sites are to be prioritized and classified. Kingston's *Contaminated Sites Prioritization Process* document is to be used to assess the environmental risk for each contaminated site and calculate a risk score. Once a site is prioritized, it is to be added to, or removed from, the *Long-Range Plan (LRP)*. When a new or historical contaminated site is identified, it is to be added to Kingston's *Release Site Tracking Spreadsheet* and the LRP until the site has been fully remediated.

Based on the information provided, the auditors found that Kingston has a process to identify and manage hazards that it encounters through its daily activities and through projects and maintenance activities. However, Kingston has not comprehensively identified all of its potentially contaminated sites through an established and implemented process.

Section 48 of the OPR specifies the requirement for a company to develop, implement and maintain an environmental program that anticipates, prevents, manages, and mitigates conditions that could adversely impact the environment. The auditors found that Kingston does not have a process to comprehensively identify all of its potentially contaminated sites. During interviews, Kingston indicated that, based on the contamination it has found, it suspects that there is other contamination on its facilities and right of ways not yet identified and analyzed. However, it does not have an established and implemented process of trying to identify where this contamination might be, the type of contamination, and its extent.

Therefore, Kingston is found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(c) of the OPR and will have to develop a corrective and preventive action plan.

## AP-05 Hazard Inventory

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(d) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (d) establish and maintain an inventory of the identified hazards and potential hazards.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant inventory that is established and maintained.</li> <li>- The inventory includes hazards and potential hazards associated within the company scope of operations and activities through the lifecycle of the pipelines.</li> <li>- Hazards and potential hazards are identified across all section 55 programs.</li> <li>- The inventory has been maintained, it is current, and is up to date including changes made to company operations and activities.</li> <li>- The inventory is being used as part of the risk evaluation and controls processes.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- RSK-PRC-03-0001-Risk Management Process, dated 23 June 2020</li> <li>- RSK-PRC-03-0002 Risk Control Process, dated 20 October 2020</li> <li>- Hazard and Risk Register – ENV</li> <li>- ENV-PRC-03-0002-Environmental Screening for Project Activities Process, dated 19 May 2021</li> <li>- ENV-PCD-03-0003-Contaminated Sites Prioritization Procedure, dated 19 May 2021</li> <li>- Environmental Liability Tracking Spreadsheet (May 2021) – Westspur</li> <li>- HS-STD-00-0001-Pipeline Operations and Maintenance Manual, dated 29 May 2020</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston’s inventory of its identified hazards as they related to contaminated land. However, it is recognized that Kingston’s inventory may change as Kingston takes corrective action to rectify the non-compliance in AP-04.

### Detailed Assessment

Kingston’s SLMS is the overarching management system-level document that provides oversight over all the CPPs, including the *Environmental Management Program*.

Kingston’s *Environmental Management Program* manual indicates that the ENV Program Manager is accountable for hazard identification, risk management and to provide input, assess

and review Kingston's *Hazard Inventory and Risk Registry*. To accomplish this, it references the *Risk Management Process*, *Risk Control Process* and the *Hazard and Risk Registry*.

Kingston uses its *Environmental Screening for Project Activities Process* to assess the various environmental risks associated with operations and maintenance activities and projects to develop site-specific mitigation measures. Kingston provided the CER with its *Hazard Inventory and Risk Registry*.

During interviews, Kingston indicated the POMM currently provides the procedures and roles and responsibilities related to the management of contaminated sites.

The Hazard Assessment section of the POMM provides guidance on hazard identification, risk assessment and the development of controls for hazards which have the potential to impact worker health or safety. The section includes definitions, process descriptions, hazard types and sources, roles and responsibilities, legal requirements, communications, and frequency of update.

Kingston's *Contaminated Sites Prioritization Procedure* details how Kingston is to manage risks associated with historical release sites. According to the process, all contaminated sites that have not yet been fully remediated to pre-release conditions are to be tracked and prioritized based on site-specific risks and are listed in Kingston's *Environmental Liability Tracking Spreadsheet (ELTS)*. The *Contaminated Sites Prioritization Procedure* contains the process steps and associated responsibilities and describes the frequency and timing to update the information contained in the ELTS.

Kingston provided the auditors with a copy of its ELTS and the auditors found that it showed the contaminated sites that are being tracked, risk ranked and mitigated.

The auditors found no issues of concern with Kingston's inventory of its identified hazards as they related to contaminated land. In view of the finding of the non-compliance in AP-04, Hazard Identification, it is recognized that this inventory may change as Kingston takes corrective action.

## AP-06 Risk Assessment

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(e) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (e) establish and implement a process for evaluating the risks associated with the identified hazards, including the risks related to normal and abnormal operating conditions.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process for evaluating risks that is established and implemented.</li> <li>- The method(s) for risk evaluation confirm that the risks associated with the identified hazards (related to normal and abnormal operating conditions) are based on referenced regulatory standards and are appropriate for the nature, scope, scale, and complexity of the company's operations, activities, and are connected to the purposes and intended outcomes of the section 55 programs.</li> <li>- Risks are evaluated for all hazards and potential hazards and includes normal and abnormal conditions.</li> <li>- Risk levels are monitored on a periodic basis and as needed and re-evaluated for changing circumstances.</li> <li>- Risk tolerance/acceptance criteria is determined for all hazards and potential hazards.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- RSK-PRC-03-0001-Risk Management Process, dated 23 June 2020</li> <li>- RSK-PRC-03-0002 Risk Control Process, dated 20 October 2020</li> <li>- Hazard and Risk Register – ENV</li> <li>- ENV-PRC-03-0002-Environmental Screening for Project Activities Process, dated 19 May 2021</li> <li>- ENV-PCD-03-0003-Contaminated Sites Prioritization Procedure, dated 19 May 2021</li> <li>- Environmental Liability Tracking Spreadsheet (May 2021) – Westspur</li> <li>- HS-STD-00-0001-Pipeline Operations and Maintenance Manual, dated 29 May 2020</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's established and implemented <i>Risk Assessment Process</i> to assess the risks associated with its identified hazards.

### Detailed Assessment

Kingston's SLMS is the overarching management system document that provides oversight on the CPPs, including the *Environmental Management Program*.

The SLMS is responsible for Risk Management and outlines Kingston's requirements to identify hazards, including potential hazards, assess hazards and associated risks, and select and implement risk control measures where necessary. The process applies to hazards and risks that could affect safety and security of people and property or the protection of the environment throughout the lifecycle of the pipeline system.

Kingston's *Environmental Management Program* section on, Risk Management indicates that the ENV Program Manager is accountable for hazard identification, and risk management to provide input, assess and review Kingston's *Hazard Inventory and Risk Registry*. To accomplish this, it uses its *Risk Management Process*, *Risk Control Process* and the Hazard and Risk Registry. Further, it uses the SLMS Risk Matrix to determine frequency and consequence analysis.

For each identified hazard, the CPP Owner completes a risk evaluation. This process involves identifying the inherent risk (i.e., risk without controls) and the residual risk (i.e., risk with controls or safeguards in place). For those hazards with a residual risk rating of medium or high, Kingston develops an action plan and control measures based on the findings and recommendations from the risk assessment. Those assessed as having a residual risk rating of "very high" must cease immediately until further control measures are introduced to mitigate the risk to an acceptable level.

The Hazard Assessment section of the POMM provides guidance on hazard identification, risk assessment and the development of controls for hazards which have the potential to impact worker health or safety. The section includes definitions, process descriptions, hazard types and sources, roles and responsibilities, legal requirements, and communications.

Kingston's *Contaminated Sites Prioritization Procedure* explains how Kingston is to manage risks associated with historical release sites. All contaminated sites that have not yet been fully remediated to pre-release conditions are to be tracked and prioritized based on site-specific risks and are listed in Kingston's ELTS. The *Contaminated Sites Prioritization Procedure* details the process steps and associated responsibilities and describes the frequency and timing to update the information contained in the ELTS. The CER reviewed the ELTS to verify that risks are being assessed and managed.

The auditors found that Kingston uses its *Environmental Screening for Project Activities Process* to assess the various environmental risks associated with operations and maintenance, project activities, and to develop site-specific mitigative measures.

In summary, through document and record review and interviews, the auditors found no issues of concern with Kingston's established and implemented *Risk Assessment Process* to assess the risks associated with its identified hazards.

## AP-07 Controls

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(f) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (f) establish and implement a process for developing and implementing controls to prevent, manage and mitigate the identified hazards, potential hazards and the risks and for communicating those controls to anyone who is exposed to the risks.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process for developing and implementing controls.</li> <li>- The method(s) for developing controls are appropriate for the nature, scope, scale, and complexity of the company's operations and activities and section 55 programs.</li> <li>- Controls are developed and implemented.</li> <li>- Controls are adequate to prevent, manage and mitigate the identified hazards and risks.</li> <li>- Controls monitored on a periodic basis and as needed and re-evaluated for changing circumstances.</li> <li>- Controls are communicated to those exposed to the risks.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- RSK-PRC-03-0001-Risk Management Process, dated 23 June 2020</li> <li>- RSK-PRC-03-0002 Risk Control Process, dated 20 October 2020</li> <li>- Hazard and Risk Register – ENV</li> <li>- ENV-PRC-03-0002-Environmental Screening for Project Activities Process, dated 19 May 2021</li> <li>- ENV-PCD-03-0003-Contaminated Sites Prioritization Procedure, dated 19 May 2021</li> <li>- Environmental Liability Tracking Spreadsheet (May 2021) – Westspur</li> <li>- HS-STD-00-0001-Pipeline Operations and Maintenance Manual, dated 29 May 2020</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's established and implemented <i>Risk Control Process</i> to develop controls associated with its identified hazards and risks.

### Detailed Assessment

The SLMS Risk Management section outlines Kingston's requirements to identify hazards, including potential hazards, assess hazards and associated risks, and select and implement risk control measures where necessary.

Kingston's *Risk Control Process* indicates that its purpose is to "... provide further detail on how risk controls are selected, implemented and communicated. The Risk Control Process would be

initiated after completing the Risk Analysis and Risk Evaluation components of the Risk Management Process.”

Kingston’s *Risk Control Process* defines a Control as “Any measure that acts to prevent hazards or causes from escalating to unwanted consequences and includes mitigation measures. Also known as a safeguard. A control may be preventative (reduces frequency or likelihood of exposure to the hazard) or mitigative (reduces severity of the consequence if the outcome scenario does occur).”

The auditors found that after each CPP Owner has completed the risk evaluation process and identified the inherent risk (i.e., risk without controls) and the residual risk (i.e., risk with controls or safeguards in place) of each hazard scenario, the *Risk Control Process* is applied.

For those hazards with a residual risk rating of medium or high, Kingston develops an action plan and control measures based on the findings and recommendations from the risk assessment. Those assessed as having a residual risk rating of “very high” must cease immediately until further control measures are introduced to mitigate the risk to an acceptable level.

The *Risk Control Process* describes:

- the roles and responsibilities to select, implement and communicate risk controls;
- the process steps to select a risk control;
- the process to implement the control; and
- the process to communicate the control.

The POMM Hazard Assessment section provides guidance on hazard identification, risk assessment and the development of controls for hazards which have the potential to impact worker health or safety. The section includes definitions, process descriptions, hazard types and sources, roles and responsibilities, legal requirements, communications, and frequency of update.

All contaminated sites that have not yet been fully remediated to pre-release conditions are to be tracked and prioritized based on site-specific risks and are listed in Kingston’s ELTS. The *Contaminated Sites Prioritization Procedure* provides the process steps, associated responsibilities, and describes the frequency and timing to update the information contained in the ELTS. The auditors reviewed the ELTS to verify that controls have been developed to manage the assessed risks.

As mentioned previously, the auditors found that Kingston uses its *Environmental Screening for Project Activities Process* to assess the various environmental risks associated with operations and maintenance, project activities, and to develop site-specific mitigative measures or controls.

In summary, the auditors found no issues of concern with Kingston’s established and implemented *Risk Control Process* to develop controls associated with its identified hazards and risks.

## AP-08 Legal List

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(h) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (h) establish and maintain a list of those legal requirements.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has established and maintained a list of legal requirements.</li> <li>- The list has been communicated to appropriate personnel.</li> <li>- The list has been maintained and is up-to-date based on the company scope of operations, its activities, including new and existing legal requirements.</li> <li>- The list includes all legal requirements for all section 55 programs.</li> <li>- The legal list has been developed to the clause level of the applicable regulation and standards.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- REG-PRC-04-0001 Regulatory – Legal Requirements Process, Rev 1.0, dated 31 August 2020</li> <li>- Legal Registry – ENV.xls</li> <li>- Legal Registry Validation ENV, dated 18 August 2020</li> <li>- Annual Review of the Legal Review of the Legal Registry – Environment</li> <li>- Legal Registry Updates – ENV CS Nov 2020</li> <li>- MOC-PGM-00-0001-Management of Change Program, dated 28 February 2020</li> <li>- MOC 70 – Legal Requirements Process</li> </ul>
<b>Finding Summary</b>	Within the objectives and scope of this audit, the auditors had no issues of concern with Kingston’s established and maintained list of legal requirements for its Environmental Management Program.

### Detailed Assessment

The Legal Requirements section of the SLMS outlines the requirement for Kingston to:

- identify and monitor compliance with legal requirements;
- develop and maintain Kingston’s Legal Registry; and
- identify and manage changes in legal requirements.

Kingston provided the auditors with a copy of its Environmental Management Program’s Legal Registry. Kingston stated that it is aligned with its corporate *Regulatory – Legal Requirements Process* which has all of the details on Kingston’s Legal Registry.

The process applies to all legal and regulatory requirements applicable to Kingston pertaining to safety, security, and protection of the environment. In the *Regulatory – Legal Requirements Process* document, it states that the process applies to all CPPs. The process is owned by the

Regulatory Affairs Advisor who oversees the coordination and development of the legal requirements.

The document defines the roles and responsibilities for the process and provides a description of how Program Owners and the Regulatory Affairs Advisor are to interact to prepare, update and maintain the legal registry and how it links to the *Management of Change (MOC) Process*.

During interviews, Kingston shared its list of legal requirements for the ENV Program and indicated that it makes use of third-party services to maintain it. The CER noted that the Legal List identified Kingston's legal obligations down to the specific clause level of each regulatory document.

The Legal Requirements section of the *Environmental Management Program* manual, states that the ENV Program coordinates with Kingston's *Regulatory Management Program* to address legal and regulatory requirements. It states that Kingston's SLMS Legal Registry houses items related to the ENV Program; specifically identifying regulations and legal requirements set out by the CER and the Saskatchewan and Manitoba provincial governments.

In summary, within the objectives and scope of this audit, the auditors had no issues of concern with Kingston's established and maintained list of legal requirements for its Environmental Management Program.

## AP-09 Training, Competence and Evaluation

<b>Finding Status</b>	Non-compliant
<b>Regulatory Section</b>	<p>Paragraph 6.5(1)(j) of the OPR: A company shall, as part of its management system and the programs referred to in section 55,</p> <p>(j) establish and implement a process for developing competency requirements and training programs that provide employees and other persons working with or on behalf of the company with the training that will enable them to perform their duties in a manner that is safe, ensures the safety and security of the pipeline and protects the environment.</p>
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process for developing competency requirements and training programs.</li> <li>- The company has defined what competency requirements are required.</li> <li>- Training programs are traceable and trackable to the defined competency requirements and effective at achieving the desired competencies.</li> <li>- Employees and those working on behalf of the company are competent to carry out their assigned work.</li> <li>- Provide persons working with or on behalf of the company with adequate training applicable to section 55 programs and the management system.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- TCE-PRC-02-Training and Competency Process, Rev 0.0, dated 28 October 2020</li> <li>- 2021 HSE General Orientation Training</li> <li>- 2021 HSE General Orientation – ENV Quiz Example</li> <li>- HS-PRC-01-HSE Competency Requirements</li> <li>- ENV-REF-02-ENV Knowling Kingston Environmental Management, Remediation and Reclamation</li> <li>- ENV-REF-02-ENV Knowling Kingston Environmental Management, Remediation and Reclamation Meeting, dated 22 October 2020</li> <li>- ENV-REF-02-ENV Knowling Kingston Environmental Management, Remediation and Reclamation Attendance, dated 22 October 2020</li> <li>- ENG-PRC-00-0002-Engineering Program Construction Process-0.0, dated 19 February 2021</li> <li>- 2020 01 07 HSE Bulletin – Petroleum vs Bacterial Sheen on Water</li> <li>- ENV-REF-02-ENV Program Training PowerPoint</li> <li>- ENV-REF-02-ENV Program Training PowerPoint Operations</li> <li>- ENV-REF-02-Safety Meeting ENV Awareness Slides</li> <li>- Technical Training Competency Library and Role Profiles – HSE</li> <li>- TCE-SUP-02-Appendix A Competency and Role Profile Tool</li> <li>- Integrity Dig RFQ Bid Tab – Environmental Consultant Competence Example (Oct 8, 2020)</li> </ul>

## Finding Summary

The auditors noted that many of Kingston's process documents have not identified competency and training requirements inside the process documents, aside from knowledge of the process itself. Kingston was found to be non-compliant with the regulatory requirement of paragraph 6.5(1)(j) of the OPR and will have to develop a corrective and preventive action plan.

## Detailed Assessment

Kingston provided the auditors with a copy of its *Training and Competency Process* which is its management system-level process.

Within Kingston's SLMS, the various CPP Owners are directed to ensure competency and training requirements are maintained in accordance with the requirements of the OPR.

Kingston's *Health and Safety Management HSE Competency Requirements* document indicates that the HSE Manager is to be trained by HR on the competency development process. Kingston indicated that competency profiles developed by each CPP Owner are to be reviewed by HR for consistency. However, the auditors found that this is not specifically listed as a requirement in the *Training and Competency Process* manual. Kingston provided the auditors with the competency profile for the Senior Environmental Advisor who manages the contaminated site program under the guidance of the HSE Manager.

The auditors found that Kingston uses its hiring practice and job competency profile to ensure it hires the right people with the right skillsets. The competency profile identifies the type of check to be carried out to verify competency and the frequency to conduct it. After an individual is hired, their ongoing competency is evaluated through task observations and performance reviews in accordance with the competency profile to assess if an individual is maintaining their competency.

The auditors found that when Kingston develops training packages, it either does it internally or makes use of contractors with expertise in niche areas. In some situations, Kingston requires a contractor to develop the training content, and in other situations to review it.

Kingston provided the auditors with several documents related to its training, including:

- HSE General Orientation Training (and associated quiz);
- knowing Kingston Environmental Management, Remediation and Reclamation;
- ENV Program Training PowerPoint; and
- Environmental Program Training PowerPoint – Operations.

The auditors found that Kingston uses a third-party certification and safety services company to manage the contractor prequalification process, which includes a contractor's safety records, insurance, safety manuals, programs and policies, and their safety training and certifications.

Kingston described how the competency and training process is implemented for contaminated-land activities. Kingston stated that in accordance with the *Health and Safety Program HSE Orientations* document, all workers entering a Kingston field location must complete and be competent in the content provided in the HSE Orientation Training and have successfully completed the associated quiz. In addition, the POMM defines the training requirements for inspectors including mandatory safety training and specialty safety training and knowledge.

The mandatory training includes Environmental awareness training, Safety awareness, H2S Alive, First Aid/CPR, WHMIS, Ground Disturbance, among others. In addition, there are site-specific training and knowledge requirements listed in the POMM. Kingston also stated that it holds semi-annual meetings with inspectors, the Senior Environmental Advisor and Construction Managers to review any new environmental requirements.

The *Construction Process* manual specifies that for each project, Engineering is to develop the quality standards and specifications including contractor qualifications required to perform the work. Kingston's construction personnel play a key role in verifying that these are met. It is up to the construction coordinators, inspection staff and Engineering to ensure that a contractor is aware of any Kingston-specific training requirements.

Kingston provided the auditors with an excerpt from one of its Request for Quotes (**RFQ**) for Inspection Services. Within the RFQ it defines the training and knowledge that contracted inspectors must have completed to work on a Kingston site. However, the auditors noted a lack of competency requirements for personnel to supervise or inspect work where contamination may be encountered.

The auditors found that the competency and training profile for construction supervisors and inspectors as it relates to the ability to identify and manage contaminated lands were not identified. When a supervisor is managing a project or an integrity dig, it is important that they know what to look for to identify if a site is potentially contaminated and what actions to take if contamination is discovered.

The auditors noted that many of Kingston's process documents have not identified competency and training requirements inside the process documents aside from knowledge of the process itself. As an example, in the Communications Process it is stated that all CPP owners must be trained to implement the process, but it does not indicate what this training is. As for competencies, the only competency identified is knowledge of the Communication Process itself; there is nothing about the ability to prepare internal and external communications to a specific level.

Kingston was found to be non-compliant with the regulatory requirement paragraph 6.5(1)(j) of the OPR for a company to establish and implement a process to develop competency requirements and training programs and will have to prepare a corrective and preventive action plan.

## AP-10 Communication

<b>Finding Status</b>	Non-compliant
<b>Regulatory Section</b>	Paragraph 6.5(1)(m) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (m) establish and implement a process for the internal and external communication of information relating to safety, security and protection of the environment.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The methods for both internal communication and external communication are defined.</li> <li>- The company is communicating internally and externally related to safety, security, and protection of the environment.</li> <li>- Internal and external communication is occurring, and it is adequate for the management system and section 55 program implementation.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- COM-PRC-09-0001-Communication Process, dated 29 July 2020</li> <li>- MOC-FCD-00-006 Comms MSE Process MOC 71</li> <li>- Communications Process Rollout, 5 March 2011 (Meeting Invite)</li> <li>- Communications Process – Interactive Learning for CPP Implementation, delivered 5 March 2021</li> <li>- Communications Process Rollout 11 March 2021 (Meeting Invite)</li> <li>- COM-PRC-09-0001-Planning Table20200819</li> <li>- Hazard and Risk Communication Schedule-0.0, dated 15 January 2021</li> </ul>
<b>Finding Summary</b>	<p>The auditors found that Kingston did not demonstrate that it has established and implemented a <i>Communication Process</i> that provides guidance on the internal and external communications relating to protection of the environment that meets the requirements of the OPR. The process directs the CPP Owners to create a process for the internal and external communication of information to applicable stakeholders but does not provide any guidance on “how” to do it. In turn, the various environmental process documents all refer back to the <i>Communication Process</i> for guidance on “how” to communicate. In addition, competencies and training requirements related to the <i>Communication Process</i> were not provided. Therefore, Kingston is found to be in non-compliance with the regulatory requirement of paragraph 6.5(1)(m) of the OPR and will have to develop a corrective and preventive action plan.</p>

### Detailed Assessment

The SLMS requires CPP Owners to establish and implement a process for the internal and external communication of information relating to safety, security and protection of the environment.

Kingston provided the auditors with a copy of its corporate *Communications Process* manual which describes Kingston's expectations for conducting internal and external communications related to CPPs.

The Training and Competency Requirements section indicates that "All Core Protection Program owners must be trained to implement the Process. There are no additional competency requirements to use this process." The auditors noted that the training required to implement the process was not listed.

The procedural steps required to be followed by the CPP Owners for internal and external communications include:

- determine the need for internal and/or external communications;
- identify the audience;
- identify what is to be communicated;
- identify the method;
- develop the communications materials; and
- execute the communications.

The auditors note that the procedural steps listed above identify "what" is to be done but provide limited guidance on "how". Also, within the process steps, no evidence was found of a procedural step to conduct quality assurance of the documents generated by the CPP Owners to ensure there is a certain level of consistency.

Kingston provided a copy of the *Communications Planning and Tracking Table* which goes through the various lifecycle stages of the pipeline and provides guidance on:

- lifecycle stage;
- audience;
- topic;
- communication method;
- communication materials;
- frequency;
- responsible CPP Owner; and
- additional details, as needed.

Kingston provided the auditors with a variety of its environmental process and procedural documents as evidence that it follows its own Communication Process. The auditors noted that each of the documents provided by Kingston refer to the *Communication Process* for the procedural steps on how to prepare internal and external communication materials.

The auditors note the following issues of concern with Kingston's *Communication Process*:

- the process directs the CPP Owners to create a process for the internal and external communication of information to applicable stakeholders but does not provide any guidance on "how" to do it. In turn, the various environmental process documents all refer back to the *Communication Process* for guidance on "how" to communicate. As a result, the actual guidance on "how" to communicate appears to be missing.

- competencies and training requirements related to the *Communication Process* were not provided. If the various CPP Owners are to develop communications documents, it is important that a standard level of competency is identified.
- if CPP Owners are to decide on their own the “what” and “how” to communicate internally and externally, it is important to provide a measure of quality assurance to verify that a consistent standard is being achieved. Quality assurance was not discussed in the process document.

In summary, the auditors found that Kingston did not demonstrate that it has established and implemented a *Communication Process* that provides guidance on the internal and external communications relating to protection of the environment that meets the requirements of paragraph 6.5(1)(m) of the OPR. Kingston will have to develop a corrective and preventive action plan.

## AP-11 Operational Control

<b>Finding Status</b>	Non-compliant
<b>Regulatory Section</b>	<p>Paragraph 6.5(1)(q) of the OPR: A company shall, as part of its management system and the programs referred to in section 55,</p> <p>(q) establish and implement a process for coordinating and controlling the operational activities of employees and other people working with or on behalf of the company so that each person is aware of the activities of others and has the information that will enable them to perform their duties in a manner that is safe, ensures the safety and security of the pipeline and protects the environment.</p>
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The methods for coordinating and controlling operational activities are defined.</li> <li>- Employees and other people working with or on behalf of the company are aware of the activities of others.</li> <li>- Employee's operational activities are planned, coordinated, controlled, and managed.</li> <li>- People working for or on behalf of the company:             <ul style="list-style-type: none"> <li>o are pre-qualified for their assigned duties to ensure safety, the security of the pipeline and to protect the environment;</li> <li>o are assigned work plans that have been reviewed by the company and are assessed for the interoperation with the work to be performed by other people working on behalf of the company; and</li> <li>o have adequate oversight performed by company representatives for their assigned tasks to ensure safety, security of the pipeline and the protection of the environment.</li> </ul> </li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- RSK-PRC-03-0003-Coordinating and Controlling Work Process, dated 8 February 2021</li> <li>- OM-PRA-00-0001-Integrated Operations Planning-0.0, dated 4 May 2021</li> <li>- ENV-MAN-03-0001-Environmental Guidelines for Construction-3.0, dated 31 March 2021</li> <li>- MOC-FCD-00-006 – CCW Admin MOC 98</li> <li>- CCW Process Rollout Feb 24 2021 v3 MOC 98</li> <li>- HS-MAN-13-0001 Health and Safety Program Construction Safety Manual-2.1, dated 5 February 2021</li> <li>- QAM-PRC-05-0003-Supervision of Work Process-1.0, dated 28 January 2021.</li> <li>- ENG-PRC-00-0002-Engineering Program Construction Process-0.0, dated 19 February 2021.</li> </ul>

## Finding Summary

The auditors found that Kingston's *Integrated Operational Planning Process* has been established but not yet fully implemented. The CER considers a process to be implemented once it can be demonstrated as having been in use for a minimum of three months. Therefore, Kingston was found to be non-compliant with the regulatory requirement to establish and implement a process that meets the requirements of paragraph 6.5(1)(q) of the OPR and will have to develop a corrective and preventive action plan.

## Detailed Assessment

Kingston's *Environmental Management Program* refers to the *Coordinating and Controlling Work (CCW) process*. According to the CCW process, its main objectives are safety, improved operational efficiency, and regulatory compliance. The CCW process indicates that it was developed as part of Kingston's risk management framework to ensure that employees and other personnel doing work on company sites or facilities are aware of the impact of their activities on others. According to the document, the CCW process was designed as a point of integration with other SLMS processes such as *Risk Management, Risk Controls, Training and Competency, Contractor Selection, Integrated Operations Planning, Contingency Planning, and Supervision of Work*, among others.

The CCW process provides roles and responsibilities for the implementation of the process. The CPP Owners are to ensure that the processes they develop aligns with the *SLMS Risk Management, Risk Control Process* and the CCW process. The CCP Owners are also responsible for ensuring the appropriate resources are available. The CPP Owner is responsible for assigning an individual to ensure that the coordination and controls associated with operational activities are planned and scheduled according to the CCW process.

The CCW process describes the steps, including inputs, from all CPPs to develop controls. It then moves on to the operational planning stage where integrated operational planning is to take place and other processes are to be initiated. These other processes include *Control Room Management, Competency and Training, Contractor Selection, Communications, and Contingency Planning*. Finally, it moves to the execution stage, where *Health and Safety Management, Environmental Protection, Construction Safety, and the Supervision of Work Process* among others come into play.

Kingston provided the auditors with a copy of its *Integrated Operations Planning (IOP) process* which is a critical component of Kingston's SLMS. The IOP process describes how work planning is to be conducted at Kingston to ensure that hazards are proactively identified, and controls are developed to mitigate operational risk. The IOP process establishes responsibilities for planning work that supports the coordinating and controlling of operational activities to ensure facilities are maintained and operated safely. It is also part of the Operations and Maintenance Management system and provides support to the CCW process.

Kingston advised the auditors that its IOP process had a planned roll-out to Operations date of June 2021, however it was completed in May 2021. Kingston would then undertake the process of ensuring it is being properly implemented and aligned with the CCW process. During interviews, Kingston stated that prior to the creation of the IOP process integrated operations had been conducted for years through activity, but the creation of the IOP document formalized it. The auditors found that the new IOP process was communicated to employees through the

MOC Process. In approximately three to six months, CCP Owners will have to verify that it is being properly carried out.

The auditors requested additional evidence to demonstrate how Kingston coordinates worker planning. In response, Kingston provided the CER with its *Engineering Program Construction Process* manual, its *Construction Safety Manual* and its *Supervision of Work Process*.

The *Construction Safety Manual* provides a framework for construction activities, and is designed to ensure that safety, environment, and quality hazards are identified, and risks mitigated. It consists of two distinct phases, planning, and execution. The document describes the roles, responsibilities, competency and training requirements for each phase, the associated controls, and the required documentation needed to demonstrate conformance to Kingston's standards and regulatory requirements. The document includes process steps and a process map.

The *Supervision of Work Process* is specifically directed to anyone in a position of authority to direct or engage others to complete tasks or deliverables on behalf of the company. This includes managers, supervisors, executives, and coordinators. It is a management system level document, which is meant to guide CPP Owners in the development of procedural documents to supervise work specific to their area of responsibility. As such, the HSE Department Manager and the Senior Environmental Advisor are responsible for ensuring that inspectors and supervisors are competent and trained to carry out their duties. The process provides the steps related to the supervision of work so that employees and other persons conducting work on behalf of the company can show they are competent, trained and supervised to ensure the safety and security of people, the pipeline, facilities, and the environment.

Kingston was able to demonstrate to the auditors that it has established its *IOP Process* but could not demonstrate that the process has been utilized for a minimum of three months. The CER considers a process to be implemented when it can be demonstrated that it has been in use for a minimum of three months. Therefore, Kingston is found to be non-compliant with the regulatory requirement to establish and implement a process that meets the requirements of paragraph 6.5(1)(q) of the OPR. Kingston will have to develop a corrective action plan.

## AP-12 Internal Reporting of Hazards, Potential Hazards, Incidents and Near-misses

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(r) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (r) establish and implement a process for the internal reporting of hazards, potential hazards, incidents and near misses and for taking corrective and preventive actions, including the steps to manage imminent hazards.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The company has defined its methods for internal reporting of hazards, potential hazards, incidents, and near-misses.</li> <li>- Hazards and potential hazards are being reported as required by the company's process.</li> <li>- Incidents and near-misses are being reported as required by the company's process.</li> <li>- The company has defined how it will manage imminent hazards.</li> <li>- The company is performing incident and near-miss investigations.</li> <li>- The company's investigation methodologies are consistent and appropriate for the scope and scale of the actual and potential consequences of the incidents or near misses to be investigated.</li> <li>- The company has defined the methods for taking corrective and preventive actions.</li> <li>- The company can demonstrate through records that all corrective and preventative actions can be tracked to closure.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- HS-PRC-06-0001-Incident Management-3.0, dated 30 September 2020</li> <li>- ENV-PRC-03-0004-Contaminated Soil Identification, Temporary Storage and Disposal Process-1.0, dated 19 May 2021</li> <li>- EMP-PCD-06-0005-Emergency Procedures Manual-3.2, dated 15 March 2021</li> <li>- MOC-FCD-00-0006-MOC 74 Revised Incident Management Process is SLMS-0.0, dated 24 September 2020</li> <li>- Email MOC #74 – Revised Incident Management Process in SLMS</li> <li>- HS-COM-09-HSE Alert Incident Management Process-0.0, dated 30 September 2020</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's established and implemented process for incident reporting, incident management, incident investigation and follow-up.

## Detailed Assessment

Kingston's SLMS addresses the requirement for Kingston and the various CPP Owners to have a process to deal with incident response and incident management.

The SLMS states that the incident management process developed by CPP Owners is to:

- establish and implement a process for the internal reporting of hazards, potential hazards, incidents and near misses and for taking corrective and preventive actions, including the steps to manage imminent hazards;
- establish and implement a process for reporting, collection, evaluation, and trending of data related to hazards, incidents and near misses, including the communication of any actions and findings; and
- establish and implement a process to learn from the incidents and events that includes incident analysis findings for consideration in decision making related to hazard identification, risk management and risk control.

The *Incident Management Process* is utilized for environmental incidents such as:

- releases;
- cultural or historic resource impacts;
- wildlife impacts;
- fires and explosions;
- adverse environmental effects; and
- non-compliances.

The Health and Safety team is accountable for the SLMS *Incident Management Process*, including:

- classification based on risk level;
- internal and external notification;
- investigative techniques and requirements;
- development and tracking of closure of corrective actions; and
- ensuring there is effective leadership.

The auditors noted that the *Incident Management Process* includes incident:

- notification;
- reporting;
- classification;
- investigation;
- training and communication;
- closure through corrective action or preventive action plan(s); and
- verification and assurance of completion.

The *Incident Management Process* has a comprehensive list of roles and responsibilities for all aspects of the incident reporting and incident management process, such that all positions within Kingston are aware of their accountabilities within the process.

Within the *Incident Management Process*, the process steps are provided for:

- incident reporting;
- immediate response;

- incident classification and response;
- incident investigation;
- corrective and preventive actions;
- verification and assurance; and
- records management.

The auditors found that incident data is reviewed and analyzed monthly to look for trends. The incident data is discussed during HSE quarterly meetings. Kingston provided an example where an increase in third-party hydraulic releases during trucker off-loading procedures at its terminals resulted in Kingston investigating and taking corrective actions in the form of increased trucker inspections, a face-to-face meeting with company owners, and changes to equipment and procedures which resulted in a decrease in the number of incidents.

The process for incident reporting is followed by Kingston's employees, contractors and third parties working on behalf of Kingston. To that end, all of Kingston office staff, contractors and field staff are provided with training on the incident reporting process.

Kingston provided the auditors with various other documents that link to the incident response procedure. One example is its *Contaminated Soil Identification, Temporary Storage and Disposal Process*. This document explains how Kingston is to manage contaminated soil as it is encountered, and states that it is intended to comply with the *CER Remediation Process Guide*. The document lists the various roles and responsibilities and the process steps to be followed, including incident reporting when historical contamination is encountered.

The *Contaminated Soil Identification, Temporary Storage and Disposal Process* defines how to manage the identification of contamination and report it through the incident management process. Kingston was requested to clarify how the process links to the *Contaminated Site Prioritization Procedure*. Kingston stated that its *Contaminated Soil Identification, Temporary Storage and Disposal Process* describes the notification steps to follow when historical contamination is found, including a link to the *Incident Management Process*.

Kingston also provided the auditors with a copy of its *Emergency Procedures Manual* which provides a process map of the steps to be taken when an incident occurs. If the incident is classified as an emergency, the process map directs Kingston staff to follow the *Emergency Response Process*. If the incident is deemed to be a non-emergency, it specifies that the *Incident Management Process* is to be followed.

Kingston provided evidence of the process in use by providing an incident notification of a release of a small amount of crude oil at one of its stations and the actions taken.

In summary, the auditors found no issues of concern with Kingston's established and implemented process for incident reporting, incident management, incident investigation and follow-up.

## AP-13 Checking and Corrective Actions

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	<p>Paragraph 6.5(1)(u) of the OPR: A company shall, as part of its management system and the programs referred to in section 55,</p> <p>(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 of deficiencies are identified.</p>
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>• The company has a compliant process that is established and implemented.</li> <li>• The company has developed methods for inspecting and monitoring their activities and facilities.</li> <li>• The company has developed methods to evaluate the adequacy and effectiveness of the programs referred to in section 55.</li> <li>• The company has developed methods for taking corrective and preventive actions when deficiencies are identified.</li> <li>• The company is completing inspections and monitoring activities as per the company's process.</li> <li>• The company retains records of inspections, monitoring activities, and corrective and preventive actions implemented by the company.</li> </ul>

<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- QAM-PRC-05-0006-SLMS Evaluation Process, dated 28 January 2021</li> <li>- QAM-PRC-05-0002-Annual Management Review Rev 0.0, dated 27 October 2020</li> <li>- 2021 Annual Management Review (AMR) Report, dated 19 May 2021</li> <li>- QAM-PRC-05-0005-Inspections and Monitoring Process, dated 28 January 2021</li> <li>- ENV-PRC-05-0001-Environmental Facility Inspection Process</li> <li>- ENV-PRC-05-0001-Environmental Facility Inspection Checklist</li> <li>- ENV-PRC-05-0001-Environmental Project Inspection Process</li> <li>- ENV-PRC-05-0001-Environmental Project Inspection Checklist</li> <li>- ENV-PCD-03-0004-Westspur Facility Groundwater Monitoring Procedure</li> <li>- ENV-RPT-05-Steelman Environmental Facility Inspection Report, dated 14 September 2020</li> <li>- RIM-AUD-05-ZZZZ-ENV Critical RIM Compliance Audit 0.0, dated 21 May 2021</li> <li>- Kingston Audit Report – Environmental Management, dated 19 May 2021</li> <li>- QAM-PRC-05-0004-CAPA Process Rev 0.1, dated 1 December 2020</li> <li>- CAPA Site Screenshot</li> <li>- CAPA Site ENV Program Screenshot</li> <li>- CAPA Status, dated May 2021</li> <li>- ENV-SUP-05-Environmental Project Inspection 7-4-5-4 W2M Line Repair, dated 19 November 2020</li> <li>- ENV-RPT-03-Westspur Facility Groundwater Monitoring and Sampling Report-2020</li> <li>- Inspections and Monitoring January 2021</li> </ul>
<b>Finding Summary</b>	<p>The auditors found no issues of concern with Kingston’s established and implemented process for conducting audits of its ENV program. Along with Health, Safety and Environmental inspections of its facilities and projects and for taking corrective and preventive actions when deficiencies are found.</p>

### Detailed Assessment

Kingston’s SLMS addresses the requirement for Kingston and the various CPP Owners to have a process to deal with quality assurance. The SLMS states that the quality assurance process is to include the:

- establishment and implementation of 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 of the OPR and for taking corrective and preventive actions if deficiencies are identified;
- establishment and implementation of a process for evaluating the adequacy and effectiveness of the company’s management system;

- establishment and implementation of a quality assurance program for the management system and for each program referred to in section 55 of the OPR, including a process for conducting audits in accordance with section 53 of the OPR and for taking corrective and preventive actions if deficiencies are identified; and
- establishment and implementation of a process for conducting an annual management review of the management system and each program referred to in section 55 of the OPR and for ensuring continual improvement in meeting the company's obligations under section 6 of the OPR.

Kingston's *SLMS Evaluation Process*, which is a sub-element of Kingston's *Quality Assurance Program*, provides guidance and direction on assessing and evaluating its SLMS and CPPs' performance to identify gaps or opportunities for improvement. The process describes the various roles and responsibilities including those of the CPP Owners. This includes the development of programs to meet the requirements of the SLMS, verify compliance through quality assurance measures, and identify any non-compliances and opportunities to improve. The results are provided to the Quality Assurance Specialist and are part of the *Annual Management Review Process*. The process discusses the company's success in achieving goals, objectives, and targets through an assessment of performance measures and any corrective actions.

The *SLMS Evaluation Process* directs CPP Owners on the various types of activities to conduct to verify performance, including:

- audits;
- supervision of work;
- inspections and monitoring;
- corrective and preventive actions;
- data trending and analysis; and
- annual management review.

The *SLMS Evaluation Process* provides CPP Owners the processes to identify the need for and create corrective and preventive actions through audits, inspections, monitoring activities, assessments and turn them into manageable plans. The CAPAs are to close out any identified gaps.

Kingston's *Corrective and Preventive Action (CAPA) process* provides roles and responsibilities and the procedural steps to:

- identify an issue;
- evaluate the risk;
- investigate the root cause;
- develop a resolution plan;
- implement the resolution plan;
- monitor effectiveness;
- communication; and
- documents and records.

At the program level, the auditors noted that Kingston's *Environmental Management Program* directs environmental staff on the audit and assurance activities to be carried out to monitor the adequacy and effectiveness of its ENV Program, including:

- regularly reviewing ENV Program documents;

- conducting environmental facility and project inspections;
- participate in quality assurance program-led internal audits;
- participate in the SLMS *Annual Management Review* process; and
- develop, implement, and follow through with environment related corrective and preventive actions.

Kingston provided the auditors with a copy of its *Inspection and Monitoring Process* which indicates that Kingston conducts a wide range of operations, health, safety, security, leak detection, environmental, right-of-way, and pipeline integrity inspections, monitoring activities and audits across all areas of its business. Through these activities Kingston indicated that it can identify and address issues, failures, or non-conformances that require corrective and preventive action plans. It directs Kingston staff to use its CAPA process document to ensure corrective or preventive actions resulting from inspections and monitoring activities are effectively identified, recorded, and actioned according to company requirements.

Kingston provided the auditors with copies of its facility and project inspection process documents, inspection checklists, and its groundwater monitoring procedure. These inspections are reviewed by the immediate supervisor. The auditors identified that if corrective actions can be taken immediately by personnel, they are and no further action is taken. However, if deficiencies cannot be rectified immediately and will require corrective actions that will require a maintenance activity, they are entered into Kingston's maintenance database. They are also discussed at the next HSE Meeting. Kingston provided the auditors with a spreadsheet showing the status of its ENV Program corrective and preventive actions.

The auditors found that the HSE Program Owner conducts inspections of Kingston facilities and projects on a regular basis. Normally these inspections are conducted by office staff twice per month. These are in addition to the regular inspections of facilities, contaminated sites and projects conducted by the Senior Environmental Advisor.

Kingston provided further information on how it identifies the need for inspections and monitoring of sites with potential contamination and those sites with historical contamination. The need to conduct inspections and their frequency are entered into the ELTS and reviewed on a semi-annual basis which details the actions to be taken by whom and when. Kingston indicated that aside from inspection frequencies listed in its ELTS, the need to complete inspections and monitor contaminated sites can also come from stakeholders, such as the regulator, landowners, and 3<sup>rd</sup> party environmental consultants depending on their concerns or recommendations.

Kingston stated that it brings in environmental consultants to develop work plans for individual contaminated site inspection and monitoring activities. The scope of work is then agreed upon between Kingston and the consultant.

In summary, the auditors had no issues of concern with Kingston's established and implemented process for conducting audits of its ENV program and health, safety and environmental inspections of its facilities and projects and for taking corrective and preventive actions when deficiencies are found.

## AP-14 Conducting Annual Management Review

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.5(1)(x) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, (x) establish and implement a process for conducting an annual management review of the management system and each program referred to in section 55 and for ensuring continual improvement in meeting the company's obligations under these Regulations.
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has a compliant process that is established and implemented.</li> <li>- The company's methods for conducting the management review are defined.</li> <li>- The company has defined methods for reviewing the management system and each section 55 program.</li> <li>- The company has maintained records to demonstrate the achievement of meeting obligations under these Regulations is continually improved;</li> <li>- The company has identified, developed, and implemented corrective action as part of its continual improvement.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- SLMS-MAN-00-0001-SLMS Manual, dated 28 May 2020</li> <li>- ENV-PGM-00-0001 Environmental Management Program, dated 19 May 2021</li> <li>- QAM-PRC-05-0006-SLMS Evaluation Process, dated 28 January 2021</li> <li>- QAM-PRC-05-0002-Annual Management Review Rev 0.0, dated 27 October 2020</li> <li>- Annual Management Review (AMR) – CPP Update Request – SPP, HSP, ENV, EMP email 21 January 2021</li> <li>- 2021 AMR Updates -CPPs ENV Component</li> <li>- 2021 Annual Management Review (AMR) Report, dated 19 May 2021</li> <li>- Pre-Read Material – 2021 Annual Management Review (AMR) – SLMS and CPPs email, dated 12 April 2021</li> <li>- QAM-MTG-05-0002 2021 AMR Agenda, dated 20 April 2021</li> <li>- QAM-MTG-05-0001 2021 AMR MTG, dated 20 April 2021</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's established and implemented process for conducting an annual management review. The auditors also had no issues of concern with Kingston's 2021 Management Review of its management system.

### Detailed Assessment

Kingston's SLMS section on continuous improvement has the following requirements:

- establish and implement a process for setting objectives and targets to achieve the goals that have been established;

- establish and implement a process for the annual review of its objectives and targets;
- develop and implement performance measures for assessing the success in achieving its goals, objectives and targets; and
- establish and implement a process for monitoring, measuring, and documenting the company's performance in meeting its obligations under section 6 of the OPR.

The *Environmental Management Program* manual is responsible for quality assurance for the ENV Program. The activities as part of quality assurance include:

- regularly reviewing ENV Program documents;
- conducting environmental facility and project inspections;
- participating in quality assurance program-led internal audits;
- participating in the SLMS Annual Management Review process; and
- developing, implementing, and following through with environment related corrective and preventive actions.

Kingston provided the auditors with a copy of its *Annual Management Review Process* which defines the requirements for Kingston staff to conduct an annual management review of its SLMS and associated CPPs to ensure continual improvement. The process also directs that one of the outputs of the process is to be an annual report and lists what must go into the report. The process provides:

- the roles and responsibilities;
- training and competency requirements; and
- a description of the process steps to gather data and conduct the annual management review.

The auditors found that the *Annual Management Review Process* starts in January to evaluate the previous year's goals, objectives and targets. It also assesses how well the company fared in achieving its goals objectives and targets through an assessment of its performance measures. A document is developed which is then reviewed by the Regulatory Team and Senior Management Committees. Once it is deemed suitable, it is presented to the President and CEO for approval.

Kingston provided evidence that it started its *2021 Annual Management Review Process* with a request from the SLMS Quality Assurance Specialist to the HSE Manager. This started the collection of performance data from the 2020 operating year and to prepare for the 2021 operating year. The HSE Manager was provided with specific instructions and a data collection template for use. The auditors found that the same procedure was employed for all the other CPP Owners.

Kingston provided the auditors with evidence that the data collection template was populated with program priorities which had been identified at the previous year's management review. It identified any connections to other corrective and preventive actions revealed through audits or gap analysis activities.

Using input from Regulatory, the Board of Directors and CPP Owners, senior management sets goals, objectives, and targets for the coming year. These get passed down to the Budgetary Planning group to assess financial resourcing. Once approved, the CPP Owners confirm the goals, objectives and targets for the coming year and develop appropriate performance

measures. The Annual Management Review Meeting is held, the purpose of which is to review the previous year's performance and formally approve the plan for the upcoming year.

Kingston provided the auditors with a copy of its *2021 Annual Management Review Report* which included a status update of the ENV Program and summarizes the priorities identified at the previous year's management review and those identified for work plans in the current year.

Through a review and assessment of the various protocol items evaluated through this audit, the auditors were able to conclude that Kingston had identified, developed, and implemented corrective actions as part of its continual improvement process. It also demonstrated that it reviewed the status of those corrective actions during its Annual Management Review Meeting as evidenced in its *2021 Annual Management Review Report*.

In summary, the auditors found no issues of concern with Kingston's established and implemented process for conducting an annual management review.

## AP-15 Correcting Deficiencies

<b>Finding Status</b>	No issues identified
<b>Regulatory Section</b>	Paragraph 6.6(1)(c) of the OPR: A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes, (c) the actions taken during the year to correct any deficiencies identified by the quality assurance program established under paragraph 6.5(1)(w).
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- The company has completed an annual report for the previous calendar year that is signed by the accountable officer.</li> <li>- The annual report discusses the actions taken to correct identified deficiencies.</li> <li>- The discussion of quality assurance of the management system is based on the program established and implemented in accordance with the requirements of paragraph 6.5(1)(w) of the OPR.</li> </ul>
<b>Relevant Information Provided by the Auditee</b>	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> <li>- QAM-PGM-05-0001 Quality Assurance Program 0.1, dated 5 November 2020</li> <li>- QAM-PRC-05-0004-CAPA Process Rev 0.1, dated 1 December 2020</li> <li>- CAPA Status May 2021</li> <li>- QAM-PRC-05-0006- SLMS Evaluation Process, dated 28 January 2021</li> <li>- QAM-PRC-05-0002-Annual Management Review Rev 0.0, dated 27 October 2020</li> <li>- Annual Management Review (AMR) – CPP Update Request – SPP, HSP, ENV, EMP email 21 January 2021 2021 AMR Updates -CPPss ENV Component</li> <li>- 2021 Annual Management Review (AMR) Report, dated 19 May 2021</li> <li>- QAM-REG-05-0001 2021 Kingston Confirmation of AR signed</li> <li>- CER's Event Reporting System – Final Event Report ARN2021-016 Submitted 26 April 2021</li> </ul>
<b>Finding Summary</b>	The auditors found no issues of concern with Kingston's process to complete an annual report for the previous calendar year, that describes the actions taken during the year to correct deficiencies identified by the company's quality assurance program.

### Detailed Assessment

Kingston provided the auditors with a copy of its *2021 Annual Management Review Report* which indicated that it was prepared in order to meet the requirements of subsection 6.6(1) the OPR.

Kingston also provided the auditors with a copy of its *Annual Management Review Process* document. The document's purpose is to define requirements for Kingston staff to conduct an annual management review of its SLMS and associated core protection programs to ensure continual improvement. The document also directs that the output of the process is to be an annual report and lists what must go into the report.

Kingston described how it determines what corrective actions are to be implemented through the management system and specifically for the ENV Program. The *Annual Management Review Process* included the associated roles and responsibilities and the process steps to prepare for and conduct the annual management review, including the generation of an annual report.

The auditors reviewed Kingston's *2021 Annual Management Review Report* and found that it described the actions taken during the year to correct any deficiencies identified by the *Quality Assurance Program* established under paragraph 6.5(1)(w) of the OPR. During this audit, Kingston provided the auditors with a copy of its *Quality Assurance processes* (refer to AP-13) including the audits, inspections, and assessments and how they lead to the generation and resolution of corrective actions.

During interviews, Kingston advised the auditors that the Accountable Officer took part in the *2021 Annual Management Review* and then approved and signed the report, which was then sent to each of the CPP Owners.

The goals and objectives are listed on a spreadsheet which a CPP Owner must update on a bi-monthly basis before being reviewed by the SLMS Steering Committee. The steering committee meets every two months to evaluate if everything is on track or behind schedule. If things are off-track and the CPP Owner can prove that it is due to insufficient resources, the CPP Owner can go through the process to obtain additional resources.

In summary, the auditors found no issues of concern with Kingston's process to complete an annual report for the previous calendar year, that describes the actions taken during the year to correct deficiencies identified by the company's quality assurance program.

## Appendix 2: Terms and Abbreviations

Term/Abbreviation	Definition
AMR	Annual Management Review
AP	Audit Protocol
CAPA	Corrective and Preventive Action
CCW	Coordinating and Controlling Work
CER	Canada Energy Regulator
CPP	Core Protection Program
ELTS	Environmental Liability Tracking Spreadsheet
ENV	Environment
GOTs	Goals, Objectives, and Targets
HSE	Health, Safety, and Environment
IOP	Integrated Operations Planning
KPI	Key Performance Indicator
MOC	Management of Change
OPR	Canadian Energy Regulator Onshore Pipeline Regulations
POMM	Pipeline Operations and Maintenance Manual
QA	Quality Assurance
SLMS	Safety and Loss Management System