

National Energy  
Board



Office national  
de l'énergie

OF-Surv-OpAud-P102-2009-2010 01  
15 January 2015

Mr. W. David Duckett  
President  
Plains Midstream Canada ULC  
607 8th Avenue SW, Suite 1400  
Calgary, AB T2P 0A7  
Facsimile 403-233-0399

Dear Mr. Duckett,

**Plains Midstream Canada ULC (Plains)  
2010 Management and Protection Program Audit  
Corrective Action Plan (CAP) Implementation Assessment**

As described in its 14 August 2014 letter, the National Energy Board (Board) has considered a report and recommendations of Board Member Bob Vergette following his 4 September 2014 meeting with Plains, and subsequent information received from Plains concerning its efforts to comply with the non-compliances associated with the 2010 Audit CAP. Those non-compliances relate to the adequacy and effectiveness of Plains' safety management and environmental protection programs.

While the Board recognizes that some progress has been made, the Board has decided that additional measures are required to ensure that Plains' pipeline and related facilities are maintained and operated in a manner that protects the public and the environment.

The Board has issued the attached Order SO-P384-001-2015, with additional conditions to Plains.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

*Original signed by*

Sheri Young  
Secretary of the Board

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**ORDER SO-P384-001-2015**

**IN THE MATTER OF** the *National Energy Board Act* (NEB Act) and the regulations made there under; and

**IN THE MATTER OF** 2010 Management and Protection Program Audit Corrective Action Plan (CAP) Implementation Assessment and non-compliance in the areas of safety and environmental protection, of Plains Midstream Canada ULC (Plains) file OF-Surv-OpAud-P102-2009-2010 01.

**BEFORE** the Board on 13 January 2015.

**WHEREAS** the Board regulates certain Plains' pipelines in Alberta, Saskatchewan, Manitoba and Ontario (Pipelines);

**AND WHEREAS** the Board, pursuant to section 15 of the NEB Act, authorized Member Vergette to assess Plains' approach to coming in compliance regarding its safety management, integrity management and environmental protection programs, and to report back to the Board.

**AND WHEREAS** on 4 September 2014, Member Vergette and Board staff met with Plains' senior management and received submissions in writing subsequent to the meeting;

**AND WHEREAS**, while there has been some progress, the Board finds Plains has not rectified the non-compliant findings associated with the 2010 Audit CAP and certain deficiencies with respect to its programs in the areas of safety management and environmental protection still exist;

**AND WHEREAS** the Board is of the view that additional measures must be taken to bring Plains into compliance and promote the operation of the Pipelines in a manner that is safe and protects the environment;

**IT IS ORDERED** that, pursuant to sections 12 and 48 of the Act, Plains shall continue to operate its Pipelines in accordance with all applicable regulatory requirements, subject to the following conditions:

1. Prior to 31 January 2015, Plains shall file, for Board approval:
  - (a) A listing of the safety critical tasks and the rationale for how these tasks were identified;

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- (b) Operational controls used to mitigate the hazards and risks associated with the identified safety critical tasks; and
  - (c) Demonstration of the process that will be used for the revision and maintenance of these controls to ensure their adequacy and effectiveness on an on-going basis.
2. Plains shall contract an independent third party expert to conduct an audit of its management system and Environmental Protection Program, as required in section 53 and 55 of the *Onshore Pipeline Regulations* (OPR), in order to assess the adequacy, implementation and effectiveness of Plains' pipeline system and ensure compliance with the OPR, including the identification of any deficiencies:
- (a) Prior to 28 February 2015, Plains shall file, for Board approval, the name and qualifications of the independent third party expert(s) as well as the scope and protocol to be utilized for the audit;
  - (b) The independent third party expert(s) shall submit all draft and partial reports to both Plains and the Board simultaneously;
  - (c) Prior to 30 November 2015, the independent third party expert(s) shall submit the final report(s) to both Plains and the Board simultaneously; and
  - (d) Prior to 31 December 2015, Plains shall file a response to the independent third party expert(s) report(s) with the Board. Plains' response shall include the rationale for the exclusion or acceptance of any deficiencies identified by the third party expert(s). Where accepted, a corrective action plan, including timelines for implementation, shall be provided.
3. Prior to 30 April 2015, Plains shall file, for Board approval, its quality assurance program as required by section 6.5(1) (w) of the OPR.
4. Plains shall contract an independent third party expert to conduct an audit of its Integrity Management Program, as required in section 53 and 55 of the OPR, in order to assess the adequacy, implementation and effectiveness Plains' pipeline systems and ensure compliance with the OPR, including the identification of any deficiencies:
- (a) Prior to 28 February 2016, Plains shall file, for Board approval, the name and qualifications of the independent third party expert(s) as well as the scope and protocol to be utilized for the audit;
  - (b) The independent third party expert(s) shall submit all draft and partial reports to both Plains and the Board simultaneously;
  - (c) Prior to 30 November 2016, the independent third party expert(s) shall submit the final report(s) to both Plains and the Board simultaneously; and

- (d) Prior to 31 December 2016, Plains shall file a response to the independent third party expert(s) report(s) with the Board. Plains' response shall include the rationale for the exclusion or acceptance of any deficiencies identified by the third party expert(s). Where accepted, a corrective action plan, including timelines for implementation, shall be provided.
5. Plains shall ensure that all filings associated with the conditions of this Order are reviewed and approved by its Accountable Officer and confirmation of this will be filed with the Board.
  6. Prior to 31 March 2015 and continuing quarterly until all conditions on this Order have been met, Plains shall coordinate quarterly meetings with Board staff to discuss the progress of its management system, performance of its management and protection programs and the status of any corrective and preventative actions.

NATIONAL ENERGY BOARD

*Original signed by*

Sheri Young  
Secretary of the Board