Order No. 90/16

ORDER IN RESPECT OF THE MANITOBA PUBLIC UTILITIES BOARD'S REGULATORY OVERSIGHT OF GAS SAFETY MATTERS

July 19, 2016

BEFORE: Régis Gosselin, B ès Arts, MBA, CPA, CGA, Chair
Marilyn Kapitany, B.Sc. (Hon), M.Sc., Member

Table of Contents

1.0 Executive Summary

By this Order, the Public Utilities Board ("Board"):

- Establishes the Board's gas safety regulatory oversight policy and reporting requirements with respect to Centra Gas Manitoba Inc., Stittco Utilities Man Ltd., TransCanada Calibrations Ltd., and the gas distribution system in Churchill, Manitoba owned by the Manitoba Housing and Renewal Corporation and operated by Stittco Energy Ltd.;

- Establishes gas safety-related incidents for which Unusual Occurrence Reports must be filed; and

- Repeals Order 102/94, which to date has governed the notification of the Board and filing of reports with respect to Unusual Occurrences.

2.0 Gas Safety Oversight in Manitoba

Purpose of this Order

This Order sets out the Board's gas safety policy and formalizes the Board's regulatory oversight framework with respect to gas safety.

Natural gas and liquefied petroleum gas (collectively "gas") are flammable substances used for space and water heating, to generate electricity, and as manufacturing feedstocks. Safety precautions must be taken with these products to avoid injury to people, possible damage to the environment, or property damage. Each pipeline operator or distributor of gas, regardless of whether or not they are a public utility, has the ultimate responsibility for safety on their system.

The Province of Manitoba has legislated a regulatory oversight framework for the supervision of gas-related safety practices. Under *The Gas Pipe Line Act* as well as *The*

Public Utilities Board Act, the Board has been delegated with the regulatory oversight of gas safety for those utilities or operators that distribute gas by means of a piped distribution system.

This Order applies to:

- any gas distribution system that constitutes a “public utility” within the meaning of The Public Utilities Board Act; and
- any system that constitutes a “gas pipe line” within the meaning of The Gas Pipe Line Act, even if that system is not a public utility.

This Order does not apply to:

- federally regulated pipelines;
- the bulk storage of natural gas or liquefied petroleum gas, except where such storage vessels form part of a gas pipeline system as described in the CSA Z662 standard published by the Canadian Standards Association;
- privately owned piping and appliances downstream of a utility’s plant, such as piping located inside buildings or structures and piping downstream of a customer’s gas meter;
- portable containers used for the storage of gas, such as propane bottles;
- the use of natural gas or liquefied petroleum gas in vehicles; and
- the storage, handling, transportation, and use of gasoline, diesel fuel, and fuel oil.

The Legislative Framework in Manitoba

There are several federally regulated natural gas and liquefied petroleum gas pipelines in Manitoba that transport gas inter-provincially as well as internationally. There are also a number of local gas distribution networks that transport gas to end users.

Federally regulated pipelines are subject to the *National Energy Board Act*, and thus are within the jurisdiction of the National Energy Board. Federally regulated pipelines typically cross a provincial or national boundary.

At the provincial level, *The Public Utilities Board Act* and *The Gas Pipe Line Act* set out the Public Utilities Board's (Board) jurisdiction with respect to gas safety oversight in Manitoba.

The *Public Utilities Board Act*, in particular the following provisions, provide the Board with a broad supervisory jurisdiction over utilities involved in the transportation and distribution of natural gas and liquefied petroleum gas to the public:

> ***General supervision over utilities***
>
> *74(1) The board has a general supervision over all public utilities and the owners thereof subject to the legislative authority of the Legislature, and may make such orders regarding equipment, appliances, safety devices, extension of works or systems, reporting, and other matters, as are necessary for the safety or convenience of the public or for the proper carrying out of any contract, charter, or franchise involving the use of public property or rights.*
>
> ***Inquiries by board***
>
> *74(2) The board shall conduct all inquiries necessary for the obtaining of complete information as to the manner in which owners of public utilities comply with the law, or as to any other matter or thing within the jurisdiction of the board.*
>
> *…*

Orders as to owners

78(1) The board may, by order in writing and notice to, and hearing of, the parties interested, require every owner of a public utility

(a) to comply with the laws of the province and any municipal by-law affecting the public utility or its owner, and to conform to the duties imposed thereby, or by the provisions of its own charter, or by any agreement with any municipality or other owner;

(b) to furnish safe, adequate, and proper service, and to keep and maintain its property and equipment in such condition as to enable it to do so;

(c) to establish, construct, maintain, and operate any reasonable extension of its existing facilities where, in the judgment of the board, the extension is reasonable and practicable and will furnish sufficient business to justify the construction and maintenance thereof, and when the financial condition of the owner reasonably warrants the original expenditure required in making and operating the extension;

In addition, the following provisions of *The Gas Pipe Line Act* provide the Board with a number of mandatory and discretionary powers with respect to the regulation of gas safety as it pertains to gas pipelines, even if such gas pipelines do not constitute a public utility within the meaning of *The Public Utilities Board Act*:

Application of P.U. Board Act

5 Except as otherwise specifically provided herein, The Public Utilities Board Act applies to the construction and operation of a gas pipe line.

Plans, etc., for construction

6 Before authorizing the construction of a gas pipe line, the board may require the applicant for the authority to file complete plans and specifications of the proposed gas pipe line; and it shall require the applicant to file the certificate of a duly qualified engineer that, in his opinion, the plans and specifications are in accordance with the standards required by the regulations and that the construction of the proposed gas pipe line will not endanger the public safety.

Certificate as to construction

7 Before authorizing the operation of a gas pipe line, the board may require the production of a certificate signed by a duly qualified engineer certifying that, in his opinion, the gas pipe line has been constructed in accordance with the standards required by the regulations and any plans and specifications filed under section 6; and that it is tight and safe for use.

Inquiry respecting applications

8 For the purpose of determining whether the construction or operation of a gas pipe line should be authorized, or for the purpose of examining into the operation of any gas pipe line, the board may appoint or direct any duly qualified person to make an inquiry and report upon any application or upon the operation of any gas pipe line, and may also direct by whom, and in what proportion, the costs and expenses incurred in making the inquiry and report shall be paid, and may fix the amount of the costs and expenses.

Alteration to be approved

9(1) No person authorized to construct or operate a gas pipe line shall make any alteration, addition, or extension to the gas pipe line as authorized, or to any other pipe line connected therewith, except for maintenance, unless the alteration, addition, or extension, is authorized by order of the board; and this Part applies, with such modifications as the circumstances require, to all such alterations, additions, and extensions.

Connections to existing lines

9(2) Notwithstanding subsection (1), the board may permit an owner to make additional connections to any existing gas pipe line if the connections are made in accordance with the requirements of sections 10 and 33.

Inspection of installation

10 Before the owner of a gas pipe line sells or delivers gas in or to any building or structure, he shall inspect the installations in the building or structure, and shall satisfy himself that they are in accordance with all statutes, by-laws, and regulations applicable thereto and that they are tight and safe for use.

Liability insurance

11 Every owner shall be insured, by an insurance company licensed to do business in the province, against liability that it may incur to others by reason of negligence on its part, or on the part of its servants or agents, in the construction or operation of a gas pipe line or for any other reason; and the insurance shall be to such an amount as is approved by the board.

…

Manner of construction

33(1) Notwithstanding any provision of any other Act, every person authorized to construct or operate a gas pipe line shall locate, construct, maintain, and operate it so as not to endanger the public health or safety; and the construction thereof shall be in accordance with such standards and specifications as may from time to time be required by the board or prescribed in the regulations.

Historical Gas Safety Framework

Historically, the regulatory framework used by the Board with respect to gas safety has differed between gas utilities.

Centra Gas Manitoba Inc. (Centra) is Manitoba's largest gas utility. Until the mid-2000s, the Board, in conjunction with the Board's engineering advisor, provided detailed technical oversight with respect to the design, construction, and operation of Centra's gas distribution system. In 1999, Centra was acquired by Manitoba Hydro, a Crown Corporation. Prior to 1999, Centra was privately owned.

In Order 3/96, the Board directed Board staff, its engineering advisor, and Centra to review the reporting by Centra to the Board with respect to gas safety. This Directive was expanded into an Engineering and Operations Effectiveness Review of gas safety practices. This review resulted in the development of a regulating and reporting framework identified as the "preferred future". The "preferred future" was based on the Board qualifying gas utilities to self-manage gas safety in the planning, design,

construction and operation of their gas transmission and distribution systems. Utilities were to be responsible for quality assurance and quality control. So long as the utility demonstrated compliance with regulations and standards through system audits and reviews, the Board would grant an "evergreen" licence to construct and operate gas pipelines.

Despite the "preferred future" being identified in 1996, it was not until 2006 that the Board approved Centra to proceed with the formal development of the "preferred future" and outlined the following principles:

> *1) Manitoba Hydro/Centra has primary responsibility for the safe delivery of natural has to Manitobans in its franchise areas;*
>
> *2) Manitoba Hydro/Centra must continuously operate an effective Quality Assurance Program (QAP), subject to the Board's oversight;*
>
> *3) Primarily through the QAP, and with required reporting by Manitoba Hydro/Centra to The Public Utilities Board, the Board intends to meet its statutorily-based oversight responsibilities with respect to Centra.*

With the implementation of Centra's Quality Assessment Process (QAP) in 2009, the Board's role shifted from providing detailed technical oversight over Centra to regulating gas safety by means of oversight through the QAP and an expanded reporting framework. The QAP's objective is to validate Centra's quality control processes used in the planning, design, construction, operation and maintenance of the natural gas distribution system. This is achieved through regular reviews and assessments of standards, procedures, and processes by a dedicated team of assessors. These internal assessments contribute to the safety and continuous improvement of Centra's operations. The QAP is also subject to an external audit on an annual basis, unless otherwise varied by the Board.

The external audit report (April 2015) prepared by Jack Sekhon & Associates Inc. concluded that the QAP is very effective for enhancing communications, while it is

satisfactory for covering the degree of risk. However, the report also concluded that "*the PUB should endeavour to communicate with MH [Manitoba Hydro] the bigger picture requirements so that these are clearly and mutually understood*."

The 2015 audit report further noted that although both processes are referred to as "QAP", a quality assessment process and a quality assurance program are not identical. This issue is further discussed below.

Under the Quality Assessment Process, Board staff and Board engineering advisors participate in quarterly gas safety meetings with Centra to discuss technical and safety issues relating to the utility. Centra also files the following documents with the Board from time to time, most of which are discussed at these Quarterly Communication Meetings:

- Key performance indicator (KPI) reports;
- Cathodic protection status reports;
- Quality assessment reports;
- Corrective action request (CAR) reports;
- QAP multi-year plans;
- External QAP audits;
- Pipeline system integrity annual review reports;
- Risk assessment reports;
- Unusual occurrence reports (under Order 102/94);
- Monthly reports outlining damages to Centra's plant;
- Copies of progressive response letters sent to high-risk excavators;
- Engineer's certificates (under Order 12/16); and
- Internal standards and procedures as they are updated.

In contrast to Centra, the Stittco system, the TransCanada Calibrations Ltd. system, and the Manitoba Housing and Renewal Corporation system in Churchill, are subject to

technical oversight through the Board's designated engineering advisor. These systems continue to be regulated in a manner similar to the way Centra was regulated prior to the development of the Quality Assessment Process. This includes audits conducted by the Board's engineering advisor. These audits examine operational practices, records of maintenance activities required by CSA Z662, compliance with the Excavation Regulation (MR 140/92), as well as inspections of a sample of above-grade facilities.

Existing Board Orders dealing with Gas Safety

There are several active Board Orders dealing with gas safety. The most pertinent of these are as follows:

1. By way of Order 102/94, issued under authority of section 74(1) of *The Public Utilities Board Act*, the Board sets out instances in which utilities must report Unusual Occurrences to the Board's engineering advisor and to the Board itself. Order 102/94 is repealed by this Order, which sets out a revised framework for the reporting of Unusual Occurrences.

2. Orders 51/72 and 191/02 require gas detection instruments to be used by all gas utilities for all investigations of gas leaks, suspected gas leaks, fire investigations and related checks, to supplement other procedures.

3. Order 154/09 authorizes the use of four-party trenching.

4. Order 12/16, issued under authority of sections 6, 7, and 33(1) of *The Gas Pipe Line Act*, sets out the instances in which engineer's certificates must be filed with the Board and provides a prescribed form for such certificates.

5. Order 15/16, issued under authority of section 33(1) of *The Gas Pipe Line Act*, adopts the CSA Z662-2015 standard – Oil and Gas Pipeline Systems as the minimum standard for the design, construction, operation, maintenance, and abandonment of pipelines in Manitoba.

The Board's Gas Safety Oversight Policy

The Board remains of the view that the responsibility for gas safety must, at all times, rest with the pipeline operator. The Board's role is to approve and incorporate the appropriate technical standards and to direct pipeline operators to have management systems in place to comply with applicable technical standards and safe operating practices. The Board will exercise its responsibility for gas safety by means of pipeline operator filings of performance indicators, engineering assessments, and other reports the Board deems necessary to demonstrate safe and reliable design, construction, operation, and maintenance of the pipeline. The regulatory framework will not be identical for all utilities transporting, distributing, or selling natural or liquefied petroleum gas. Regulatory requirements must be tailored to the size, technical means, and operating characteristics of each utility.

The cost of regulatory oversight is charged through to the systems regulated by the Board and forms a cost to be passed on to customers of such systems. This method of cost recovery is authorized by section 30 of *The Public Utilities Board Act*, which states that:

> ***Reports to board, expense of***
>
> *30 The board may appoint or direct any person to make an inquiry and report upon any application, complaint, or dispute pending before the board, or any matter or thing over which it has jurisdiction under this Act or any other Act of the Legislature; and it may order and direct by whom and in what proportion the costs and expenses incurred in making the inquiry and report shall be paid, and may fix the amount of the costs and expenses.*

Cost recovery is handled in an identical matter for gas pipe line systems that are regulated under *The Gas Pipe Line Act* but do not constitute a Board-regulated public utility within the meaning of *The Public Utilities Board Act.* This is authorized by sections 5 and 8 of *The Gas Pipe Line Act*, which stipulate that:

Application of P.U. Board Act

5 Except as otherwise specifically provided herein, The Public Utilities Board Act applies to the construction and operation of a gas pipe line.

…

Inquiry respecting applications

8 For the purpose of determining whether the construction or operation of a gas pipe line should be authorized, or for the purpose of examining into the operation of any gas pipe line, the board may appoint or direct any duly qualified person to make an inquiry and report upon any application or upon the operation of any gas pipe line, and may also direct by whom, and in what proportion, the costs and expenses incurred in making the inquiry and report shall be paid, and may fix the amount of the costs and expenses.

The Board's Supervisory Framework for Centra Gas Manitoba Inc.

Centra is Manitoba's largest gas utility, and the only remaining public utility regulated by the Board that distributes natural gas.

The Board is of the view that Centra's Quality Assessment Process provides an effective level of oversight exercised through the Quarterly Communication Meetings and Centra's filing of the reports outlined above.

However, there is a difference between a Quality Assessment Process and a Quality Assurance Program or Quality Management System. A Quality Assessment Process deals primarily with verifying the pipeline operator's compliance with its documented procedures, standards, safe work practices, and work instructions. In contrast, a Quality Assurance Program or Quality Management System is an overarching management system focused on consistently delivering products and services that meet established acceptance criteria. A Quality Assurance Program or Quality Management System is a risk-based, pro-active approach that allows a company to ensure its processes and procedures are appropriate and correctly and consistently implemented. This distinction

was identified in the 2015 external QAP audit prepared by Jack Sekhon & Associates Inc. The audit noted that:

> *Following [Natural Gas Operations Quality Assessment Process] NGOQAP implementation in 2006, the value added by the NGOQAP and its effectiveness over time appears to require further improvements; as stated by the majority of interviewees. NGOQAP is an assessment tool and not a prevention-based approach such as a Quality Assurance Program (or a Quality Management System) which was initially required by the PUB. Furthermore, the Quality Assessment Department have conformance based [Key Performance Indicators] KPIs such as number of procedures planned, audited and number of non-conformances raised but does not have KPIs that directly determine the positive impact of the quality assessment process on the performance of departments audited. The various departments have procedures, work instructions, standards and safe work practices that are assessed by the quality assessment group. These form a part of a management system standard, such as ISO 9001:2015. These departments are not subject to other requirements of a management system. Such requirements include:*
>
> *a) Context of the organization*
>
> *b) Management leadership*
>
> *c) Planning*
>
> *d) Support (human and infrastructure)*
>
> *e) Monitoring/measurement/analysis/evaluation and*
>
> *f) Improvement*

The 2015 external audit report preceded the Board's adoption of the CSA Z662-2015 standard through Order 15/16 issued on February 1, 2016. The 2015 version of CSA Z662 includes an expanded requirement for each utility to have a Safety and Loss Management System. In particular, subsection 3.1.2 of the standard requires that:

3.1.2

The safety and loss management system shall cover the life cycle of the pipeline system and shall include the following elements:

a) clearly articulated policy and leadership commitment to the development and implementation of the safety and loss management system;

b) an organizational structure with well-defined responsibilities and authorities that supports the effective implementation of the safety and loss management system;

c) a process for the management of resources, including:

i) the establishment of competency requirements;

ii) a training program that includes a process for evaluating the effectiveness of the training provided and for maintaining training records; and

iii) contractor selection and performance monitoring that ensures services are performed in a manner that conforms to the requirements of the safety and loss management system;

d) an internal and external communication process that supports the effective implementation of the safety and loss management system;

e) a document and records management process for the effective implementation of the safety and loss management system, including

i) procedures for the control and distribution of documents; and

ii) procedures for the control of records;

f) operational controls, as applicable, for

i) risk management;

ii) design, material selection, and procurement;

iii) construction;

iv) operations and maintenance;

v) pipeline system integrity management;

vi) engineering assessments;

vii) emergency preparedness, response, and recovery;

viii) security management; and

ix) deactivation and abandonment;

g) a process for the management of change that includes

i) the identification of changes that could affect the safety and loss management system;

ii) assigning responsibilities and authorities for the review, approval, and implementation of changes;

iii) documentation of reasons for the changes;

iv) analysis of implications and effects of the changes;

v) the documentation and communication of changes to affected parties; and

vi) the timing of changes; and

h) a process for continual improvement, including

i) development of measurable objectives and targets;

ii) a process for the reporting, collection, evaluation, and trending of data related to hazards, incidents, and near misses, including the communication of any findings and actions;

iii) a process for learning from events;

iv) performance monitoring against objectives and targets;

v) conformance monitoring, including periodic audits, to assess conformance with the requirements of the standard and the safety and loss management system;

vi) procedures for the control of non-conformances, including procedures for defining responsibility and authority, for handling and investigating non-conformance, taking action to mitigate

> *any impacts, for initiating and completing corrective and preventive action, and for evaluating the effectiveness of any actions taken; and*
>
> *vii) management reviews of the safety and loss management system at planned intervals to ensure its continuing suitability, adequacy, and effectiveness. The management review shall include an assessment of opportunities for improvement and the need for changes to the safety and loss management system, its policy and objectives.*

The Board understands, through discussions with Centra, that Centra may not be in strict compliance with the Safety and Loss Management System requirements of CSA Z662-15 Clause 3.1, but Centra has identified any existing shortcomings and is actively working to achieve compliance. Since the requirement for a Safety and Loss Management System has already been adopted by the Board as part of the adoption of the CSA Z662-15 standard earlier this year, the Board directs Centra to comply with the requirements for a Safety and Loss Management System set out in the CSA standard by the end of 2016 and report to the Board on its compliance by that date.

The Board will audit Centra's compliance with CSA Z662's Safety and Loss Management System requirements. The Board considers CSA Z662's Safety and Loss Management System framework to be the overarching management system to demonstrate a pipeline operator's compliance with technical standards and safe operating practices.

The Board, in this Order, also formalizes the current level of reporting that has evolved over the years through discussions between Centra and the Board. The Board will require the periodic filing of performance indicators, engineering assessments, and reports described in the operative section of this Order. Such filings will allow the Board to verify that Centra's management systems and procedures comply with CSA Z662 and contribute to the safe and reliable delivery of gas.

The Board's Supervisory Framework for Stittco Utilities Man Ltd., Stittco Energy Ltd., and TransCanada Calibrations Ltd.

Stittco Utilities Man Ltd., which is owned by Stittco Energy Ltd., is engaged in the delivery of propane, a liquefied petroleum gas. Stittco Utilities Man Ltd. operates distribution systems in Snow Lake, Flin Flon, and Thompson. Stittco Energy Ltd. also operates a propane distribution system in Churchill that is owned by Manitoba Housing and Renewal Corporation (MHRC) and distributes propane to rental dwellings also owned by MHRC.

TransCanada Calibrations Ltd. owns and operates a bypass on the TransCanada Mainline that is used to calibrate gas meters which, unlike the main pipeline, is not regulated by the National Energy Board.

Stittco Utilities Man Ltd. ("Stittco Utilities") and Stittco Energy Ltd. ("Stittco Energy") are subject to the same gas safety Orders of the Board as Centra, primarily the adoption of CSA Z662-15 in Order 15/16 and the need to file Engineer's Certificates in accordance with Order 12/16. As such, like Centra, both Stittco Utilities and Stittco Energy are required to have a Safety and Loss Management System in place. The Board directs Stittco Utilities and Stittco Energy to comply with the requirements for a Safety and Loss Management System set out in the CSA standard by the end of 2016 and report to the Board on its compliance by that date.

The Board is of the view that for a utility and an operator of the size and nature of Stittco Utilities and Stittco Energy, the best approach to oversee compliance with applicable standards is to have the Board's engineering advisors conduct audits at a frequency determined by the Board.

Stittco Energy currently operates the MHRC distribution system in Churchill, Manitoba. This system constitutes a gas pipe line within the meaning of *The Gas Pipe Line Act*, and as such is subject to the Board's orders issued under authority of that statute,

including the requirement to comply with CSA Z662. Since Stittco Energy is the operator, the Board expects Stittco to provide a compliance update with respect to the MHRC system by December 31, 2016, similar to the update required of Stittco Utilities. At the present time, MHRC is privately auditing compliance with applicable standards, while the Board conducts audits under authority of section 8 of *The Gas Pipe Line Act* every two to four years.

The TransCanada Calibrations Ltd. system is similarly subject to the Board's jurisdiction under *The Gas Pipe Line Act* but not *The Public Utilities Board Act*, as set out by the Board in Order 68/04. This system was last audited in 2004, after the Board initially concluded that it had jurisdiction over the system. TransCanada Calibrations Ltd. is also subject to the adoption of CSA Z662-15 in Order 15/16 and the need to file Engineer's Certificates in accordance with Order 12/16. As such, like Centra and the Stittco companies, TransCanada Calibrations Ltd. is required to have a Safety and Loss Management System in place. The Board directs the company to comply with the requirements for a Safety and Loss Management System set out in the CSA standard by the end of 2016 and report to the Board on its compliance by that date.

The Board is of the view that for an entity of the size and nature of TransCanada Calibrations Ltd., the best approach to oversee compliance with applicable standards is to have the Board's engineering advisors conduct audits at a frequency determined by the Board.

In addition to auditing pipeline operators for compliance with the CSA standard, the Board will require the filing of appropriate performance indicators, engineering assessments, and reports to verify that each operator's management systems and procedures comply with CSA Z662-15 or any subsequent standard adopted by the Board.

3.0 Unusual Occurrences

The Board has long considered it necessary for gas utilities to immediately report certain incidents involving gas rather than wait for quarterly updates. As not all incidents - also known as Unusual Occurrences - are of equal importance, magnitude, or safety implication, the Board desires to establish a threshold of materiality that triggers reporting to the Board's engineering advisor and the Board itself. Historically, thresholds have been set out in the Board's Orders with respect to Unusual Occurrences. The most recent Unusual Occurrence Order established by the Board is Order 102/94, which means the thresholds have not been amended in over 20 years.

In 2015, the Board sought comments from Centra on potential changes to Order 102/94. Comments were provided by way of a letter from Centra dated August 27, 2015.

The Board notes that Order 102/194 was promulgated under authority of section 74.1 of *The Public Utilities Board Act*. As such, it does not apply to Stittco with respect to the Churchill system or the TransCanada Calibrations Ltd. system, neither of which are currently regulated as public utilities under that statute.

In the Board's view, it is vital that all gas pipeline systems the Board regulates under *The Gas Pipe Line Act* are subject to timely oversight by the Board. Section 8 of *The Gas Pipe Line Act* stipulates that:

> ***Inquiry respecting applications***
>
> *8 For the purpose of determining whether the construction or operation of a gas pipe line should be authorized, or for the purpose of examining into the operation of any gas pipe line, the board may appoint or direct any duly qualified person to make an inquiry and report upon any application or upon the operation of any gas pipe line, and may also direct by whom, and in what proportion, the costs and expenses incurred in making the inquiry*

and report shall be paid, and may fix the amount of the costs and expenses.

Unusual occurrence reports are an integral part of the Board's supervision of gas pipeline systems under section 8 of *The Gas Pipe Line Act*. As such, this Order should be considered to be promulgated under both section 74.1 of *The Public Utilities Board Act* and section 8 of the *The Gas Pipe Line Act*. This means it applies to both the Churchill system operated by Stittco and the TransCanada Calibrations Ltd. system, despite these systems not being regulated as public utilities.

Order 102/94 creates two different categories of reporting requirements – firstly, immediate reporting by telephone to the Board's engineering advisor; and, secondly, written post-incident reports. After considering the appropriateness of the thresholds in Order 102/94 and Centra's comments with respect to the Order, the Board has determined to keep the two separate categories of reporting requirements but amend them as set out in the operative section of the Order below.

4.0 IT IS ORDERED THAT:

I. Unusual Occurrence Reports – Immediate Reporting

1. Any natural or liquefied petroleum gas utility or pipeline system operator regulated by the Board must notify the Board's designated engineering advisor for gas safety matters by telephone immediately after the discovery of any incident involving natural or liquefied petroleum gas that occurs in the transmission or distribution system of that utility or system operator up to the point of delivery, if the incident:

   (a) Caused a death or personal injury requiring immediate medical attention;

   (b) Resulted in damage to the transmission or distribution system sufficient to require the curtailment of supply to two or more customers;

   (c) Resulted in property damage exceeding or likely to exceed $10,000;

   (d) Resulted in an unintended ignition or explosion of gas;

   (e) Resulted in the detection of gas inside a building or structure that is reasonably believed to have originated from a leak in the transmission or distribution system prior to the point of delivery and migrated into the building or structure;

   (f) Resulted in a concentration of gas in excess of 50% of the lower explosive limit in a sewer, catch basin, or similar underground structure; or

   (g) Resulted in a leak requiring immediate action to curtail the escaping gas.

2. If a utility or system operator is made aware of any incident involving natural gas or liquefied petroleum gas delivered by the utility or system operator that, but for the fact that it occurred downstream of the point of delivery, would be a

reportable incident under section 1, the utility or system operator must report the incident in the same manner as an incident reportable under section 1.

II. Unusual Occurrence Reports – Written Reporting

3. Any utility or system operator required to report an incident under section 1(a)-(f), but not section 2, must, within 15 business days of the incident, also file a written report to the Board that sets out the relevant facts relating to the incident, including the consequences of the incident, the utility's or system operator's opinion as to the cause of the incident, and any changes to the utility's or system operator's systems or procedures made or planned to be made as a result of the incident.

4. Order 102/94 **BE AND HEREBY IS REPEALED**.

5. Centra Gas Manitoba Inc. shall continue to operate the Quality Assessment Process (QAP). The QAP shall be subject to an annual external audit or at a frequency approved by the Board. The Terms of Reference for the external audit and the selection of the external auditor must be approved by the Board. All costs of the external audit are to be paid by Centra. Centra shall arrange for Quarterly communication meetings between Centra, Board staff, and the Board's engineering advisors. The purpose of these meetings is to discuss gas safety and other related matters as outlined in the Terms of Reference for these meetings.

6. Centra shall file the following reports at a frequency to be determined by the Board:

    i. Key performance indicator (KPI) reports;

    ii. Cathodic protection status reports;

iii. Quality assessment reports;

iv. Corrective action request (CAR) reports;

v. Pipeline system integrity annual review reports;

vi. Risk assessment reports;

vii. Summary reports outlining damages to Centra's plant;

viii. Copies of any progressive response letters issued to high-risk excavators;

ix. Copies of Centra's internal technical standards and procedures as they are updated;

x. QAP Multi-Year Plans; and

xi. Such further and other reports as may be requested by the Board from time to time.

7 Centra's Safety and Loss Management System shall be audited at a frequency determined by the Board by an auditor retained by the Board.

8 Stittco Utilities Man Ltd., Stittco Energy Ltd., and TransCanada Calibrations Ltd. shall be subject to audits of their compliance with the *Gas Pipe Line Act* and applicable standards by the Board's designated engineering advisor at a frequency determined by the Board.

9 Stittco Utilities Man Ltd. and Stittco Energy Ltd. shall file the following at a frequency to be determined by the Board:

i. Cathodic protection system check results;

ii. Odorant check results;

iii. Cathodic system survey reports;

iv. Leak survey reports; and

v. Valve maintenance reports.

10 TransCanada Calibrations Ltd. shall file the following at a frequency to be determined by the Board:

i. Cathodic protection system check results;

ii. Cathodic system survey reports;

iii. Leak monitoring reports; and

iv. Valve maintenance reports.

11 Centra, Stittco Utilities Man Ltd., Stittco Energy Ltd., and TransCanada Calibrations Ltd. are directed to comply with the requirements for a Safety and Loss Management System as set out in the CSA Z662-2015 standard by December 31, 2016 and file a report with the Board by that date demonstrating compliance.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

THE PUBLIC UTILITIES BOARD

"RÉGIS GOSSELIN, B ès Arts, MBA, CPA, CGA"
Chairman

"KURT SIMONSEN"
Acting Secretary

Certified a true copy of Order No. 90/16
issued by The Public Utilities Board

_____
Acting Secretary