

February 19, 2015

Decision 20140-D01-2015

ATCO Gas and Pipelines Ltd. (South)
7210 – 42 Street N.W.
Edmonton, Alberta T6B 3H1

Attention: Chris Johnson, P. Eng.
Group Leader, Pipelines Engineering

**Transfer of a Portion of the Paddle River Pipeline
Licence 5341
Proceeding 20140
Application 20140-A001**

Minor pipeline project application

1. ATCO Gas and Pipelines Ltd. (South) (ATCO), by Application 20140-A001 registered on February 5, 2015, filed an application with the Alberta Utilities Commission under Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* to delete lines 4, 34, 35, 36, 42, 43, 47 and 48 from Licence 5341 in Township 54, Ranges 26, 27 and 28, west of the Fourth Meridian and Townships 54, 55 and 56, Ranges 1, 2, 3, 4, 5 and 6, west of the Fifth Meridian in order to facilitate the transfer of lines 4, 34, 35, 36, 42, 43, 47 and 48 from ATCO to ATCO Energy Solutions Ltd. (AESL). The proposed amendment is related to facilities previously constructed in accordance with approvals granted in Licence 5341.
2. On January 1, 1995, ATCO and AESL entered into a long-term pipeline facilities lease whereby ATCO leased one of its Paddle River pipelines to AESL for the purpose of transporting natural gas. In conjunction with NOVA Gas Transmission Ltd., ATCO determined that the Paddle River line is no longer required for regulated utility service and should therefore be removed from utility rate base. In accordance with the terms of the lease, on June 30, 2014, ATCO provided AESL with formal notification of ATCO's intent to terminate the lease effective December 31, 2014. AESL subsequently expressed its desire to acquire the pipeline effective December 31, 2014. Transfer of the Paddle River line would be completed via ATCO's affiliate asset transfer method as per the approved ATCO Group Inter-Affiliate code of conduct (Appendix 5 Decision [2003-040](#)¹).
3. ATCO explained that the pipeline to be transferred would remain in a shared right-of-way between ATCO and AESL. This shared right-of-way would be partially assigned to ATCO and AESL, incorporating 50 per cent equal rights, with both parties entering into a 'joint-use

¹ Decision 2003-040: ATCO Group. Affiliate Transactions and Code of Conduct Proceeding Part B: Code of Conduct, Application 1237673, May 22, 2003.

agreement'. The joint-use agreement would allow both parties equal rights to the right-of-way, and also include cost sharing for ongoing right-of-way management.

4. ATCO stated that after approval from the AUC, ATCO would initiate the transfer through the Alberta Energy Regulator transfer process for AESL to accept. Once this process is complete, ATCO would notify the AUC that the transfer has been completed.

5. ATCO has provided information respecting the need, nature and extent of the project. Since the project does not involve a ground disturbance, there will be no environmental impact. The landowners and occupants of the affected lands did not object to the project.

6. Based upon the information provided, ATCO has demonstrated that the proposal is of a minor nature, no other person will be directly affected by the proposal, and no adverse environmental impact will be caused by the proposed project.

7. The Commission approves the application. The amended licence will be issued upon approval of the pipeline transfer by the Alberta Energy Regulator.

Alberta Utilities Commission

(original signed by)

Brian Shand, P. Eng.
Director, Gas Facilities
On behalf of the Alberta Utilities Commission