

April 15, 2015

Decision 20281-D01-2015

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

Attention: Curtis Meunier, E.I.T
Project Engineer, Pipelines Engineering

**Elbow River Pipeline Replacement near Bragg Creek
Licence 14058
Proceeding 20281
Application 20281-A001**

Minor pipeline project application

1. ATCO Gas and Pipelines Ltd. (South) (ATCO), by Application 20281-A001 registered on March 18, 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* for approval of the following in Township 23, Range 5, west of the Fifth Meridian:

- splitting Line 1 into lines 1 and 19
- splitting Line 14 into lines 14, 20 and 21
- removal of Line 20
- Line 19 is to be abandoned on a subsequent application
- lines 14 and 21 will remain abandoned in place
- addition of a newly constructed pipeline (Line 22 - 0.21 kilometres of 88.9-millimetre (mm) outside-diameter pipeline)
- Line 1 is to remain in operation

2. The proposed work is related to a minor replacement of existing pipe previously constructed and operating in accordance with approvals granted in Licence 14058.

3. ATCO stated that the existing 60.3-mm Bragg Creek West Branch recently became exposed within the Elbow River. ATCO proposed to replace the exposed line with a new 88.9-mm pipeline. ATCO stated that it would seek the Commission's approval to abandon the exposed pipe within LSD 7-13-23-5-W5M in a subsequent application. ATCO explained that the new pipeline would be installed via horizontal directional drill under the Elbow River and would be tied into the existing pipeline. It stated that approximately 10 metres of the existing abandoned pipeline, Line 20, would be removed to provide space for the horizontal directional drill rig setup. The new pipeline, Line 22, would be installed within the existing right-of-way.

4. ATCO stated that the need for this project was demonstrated in the business case for the project, which was filed in the ATCO Pipelines 2015-2016 general rate application in Section 7.2.¹ Specifically, the need arose because the pipeline became exposed within the Elbow River by natural erosion and channel migration associated with recent flooding. ATCO explained that this exposure is contrary to a requirement of CSA Z662.11 that requires the minimum depth of cover for a pipeline to be maintained at 1.2 metres.

5. ATCO stated that replacing the existing crossing using a horizontal directional drill methodology would ensure that the code requirement is met and that the risk of pipeline failure would be minimized. ATCO submitted that the alternatives presented in the business case, in-stream remediation and open-cutting, were not feasible due to the characteristics of the river channel.

6. The Commission agrees that the pipeline should not remain exposed due to the risk of pipeline failure and accepts that replacing the existing crossing using the horizontal directional drill methodology is the best alternative since in-stream remediation and open-cutting are not technically feasible at this location.

7. ATCO submitted updated project costs based on detailed engineering and a contractor estimate.² The total project cost is now estimated at \$2,535,000. This includes a capital cost of \$1,960,000 and a removal cost of \$575,000. The updated breakdown of installation costs is as follows:

	Engineering	Materials	Land	Construction	AFUDC*	Total
2015	\$395,000	\$27,000	\$58,000	\$1,480,000	\$0	\$1,960,000
Total	\$395,000	\$27,000	\$58,000	\$1,480,000	\$0	\$1,960,000

* Allowance for Funds Used During Construction

8. The latest cost estimate of \$2,535,000 exceeds the cost estimate filed in the 2015-2016 general rate application by \$35,000. ATCO explained that the increase related to more detailed engineering, which resulted in a modified scope for the Bragg Creek replacement. It stated that the length of the proposed drill was reduced in favor of a more complex traffic accommodation plan, water quality management and the use of a specialized horizontal directional drill rig modified specifically for the proposed drill. Although the estimated costs are higher than the cost of projects of similar length and diameter, the Commission accepts that the specialized nature of this project in a congested area contributed significantly to the higher estimated engineering and construction costs.

9. ATCO stated that *Historical Resources Act* clearance³ was received on February 13, 2015.

10. ATCO stated that Code of Practice notifications, in accordance with the *Water Act* for pipelines crossing a water body, were submitted to Alberta Environment and Sustainable Resource Development (ESRD) on February 24, 2015. The application was reviewed by ESRD and found to have no deficiencies.

¹ Exhibit 2.00.ATCOPIPE-3577, Business Case to replace exposed 60-mm Bragg Creek West Branch Pipeline at Elbow River, PDF pages 104-105.

² Exhibit 20281-X0016, Round 1 Information Request Responses.

³ Exhibit 20281-X0005, *Historical Resources Act* clearance.

11. ATCO provided a pre-construction site assessment and environmental protection plan (PCSA and EPP), which was prepared by TERA Environmental.⁴ This document assessed aquatic, plant and wildlife aspects of the proposed project and noted that a riparian re-vegetation plan is being prepared for the project. An aquatic assessment with recommended mitigations to avoid harm to fish and fish habitat was included.

12. The PCSA and EPP stated that the project route is in an extensively disturbed area with little likelihood of rare plant occurrences and did not consider that a rare plant survey was warranted. Section 2.5 of the PCSA and EPP noted that a search of the online Fisheries and Wildlife Management Information System database identified no occurrences of wildlife species with special conservation status within one kilometre of the project.⁵ Appendix E of the PCSA and EPP provides contingency plans for wildlife species of concern that may be identified prior to or during construction, including provision for consultation with applicable government agencies including ESRD Fish and Wildlife or Environment Canada. The Commission accepts ATCO's statement that it will implement all recommendations contained in the PCSA and EPP.

13. ATCO stated that TERA Environmental has determined, by means of the self-assessment criteria provided by the Department of Fisheries and Oceans, that the work for this project does not require a request for review. The self-assessment tool, which is included in the environmental protection plan, was created by TERA Environmental and was used to assess the crossing. ATCO also stated that no application is required for Navigable Waters (Transport Canada) under the *Navigable Waters Act* as this crossing is not within a scheduled waterway.

14. ATCO stated that the Elbow River at Bragg Creek is designated as a Class C watercourse with a restricted activity period of May 1st to July 15th and September 16th to April 5th according to the *Alberta Water Act Code of Practice for Watercourse Crossings* maps (2006). Construction of the horizontal directional drill crossing is proposed to begin in March or April of 2015. Once the proposed new crossing is installed, the existing exposed pipeline segment would be taken out of service. Removal of the exposed pipeline would take place in August or September 2015, outside of the restricted activity period. A subsequent application would be submitted for the removal, following an application to ESRD for clearance under the *Water Act*.

15. ATCO stated that the pipeline would be tested for liquids prior to removal activities and any liquids found would be removed and properly disposed of. The topsoil would be stripped and stored and all surface disturbances would be backfilled before the topsoil is returned.

16. ATCO indicated an urgency to complete construction on the replacement pipeline prior to historical high water flows on the Elbow River due to concerns the exposed pipe may be damaged. All directly and adversely affected landowners and occupants were notified and no objections were received. Given the nature of the project, the concerns associated with leaving the existing pipe exposed in high water conditions and ATCO's assurances regarding notification and lack of objection, the Commission decided not to issue a notice of application.

17. ATCO's application included information respecting the need, nature and extent of the project. Because the project involves limited ground disturbance and is within the original

⁴ Exhibit 20281-X0006, Pre-construction Site Assessment and Environmental Protection Plan for the ATCO Pipelines Elbow River Pipeline Replacement Project.

⁵ AESRD 2014a,c, Alberta Sustainable Resource Development 2011, Committee on the Status of Endangered Wildlife in Canada 2014, Environment Canada 2014.

right-of-way, the resultant environmental impact of the work has been assessed by the Commission and it has identified no significant impact associated with the work proposed.

18. Based upon the information provided, ATCO has demonstrated that the proposal is of a minor nature, no person other than the landowners and occupants of the land upon which the project takes place will likely be directly affected by the proposal, and no significant adverse environmental impact will be caused by the proposed project.

19. The Commission approves the application. The amended licence is attached.

Alberta Utilities Commission

(original signed by)

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

Attachment