



ATCO Gas and Pipelines Ltd. (South)

East and Southeast Calgary Connector Pipeline Projects

June 5, 2015

Alberta Utilities Commission

Decision 20270-D01-2015

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Proceeding 20270

Applications 20270-A001 and 20270-A002

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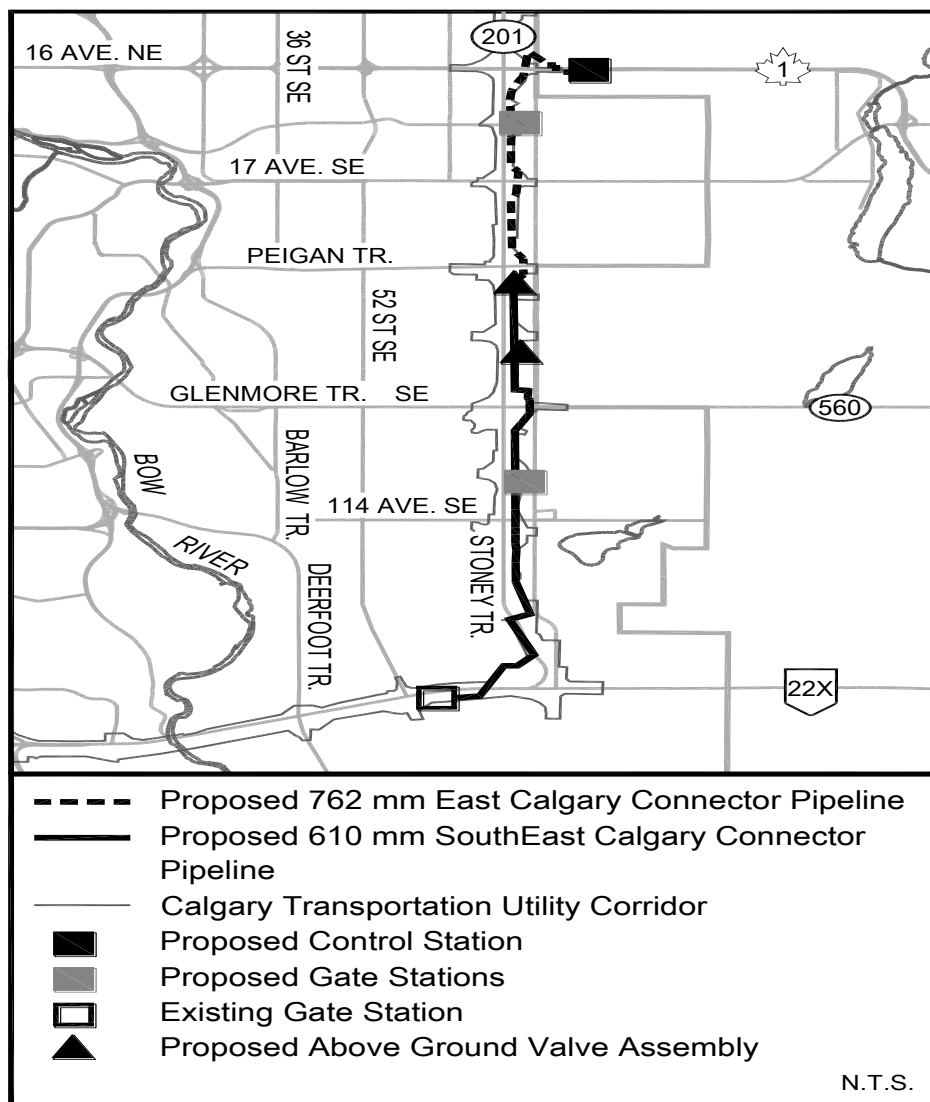
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1 Introduction

1. In this decision, the Alberta Utilities Commission must decide whether it is in the public interest to approve two new high-pressure pipelines. ATCO Gas and Pipelines Ltd. (South) (ATCO) applied on March 16, 2015, under the *Pipeline Act*, to construct and operate two new high-pressure natural gas transmission pipelines as part of the Urban Pipeline Replacement (UPR) Project. These projects, called the East Calgary Connector and the Southeast Calgary Connector, are both located in east Calgary, within or near the transportation and utility corridor (TUC) along Stoney Trail and in Rocky View County, as shown on the following map.



1.1 Background: the UPR proposal

2. The Commission approved the need for the UPR project as a whole in Decision [2014-010](#).¹ The Commission described the UPR proposal in that decision as follows:

In its UPR proposal, ATCO Pipelines reconfigures the existing high-pressure natural gas pipeline transmission systems within the cities of Edmonton and Calgary (the Edmonton and Calgary systems) by constructing new high pressure systems in the Edmonton and Calgary transportation and utility corridors (TUCs). The UPR proposal is comprised of 12 individual pipeline projects, four in Edmonton and eight in Calgary. ATCO Pipelines stated that the need for the UPR is driven by safety, reliability and future growth.²

3. ATCO Pipelines' application presented three alternatives to the UPR proposal: the integrity alternative, the replacement in place alternative and the distribution alternative.

4. The Commission found that the risk of continued long-term operation of the existing Edmonton and Calgary systems was unacceptable and determined that the UPR proposal of moving the systems primarily into the TUCs was in the public interest. The Commission concluded that the UPR proposal was superior to the other alternatives, having regard to risk management, system integrity, reliability of supply, public disruption, technical feasibility and siting.

1.2 The applications

5. In the present applications, ATCO is requesting approval of amendments to Licence 106 and Licence 18438. The amendments are sought pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*.

6. With respect to Licence 106: East Calgary Connector, ATCO is proposing to construct a new 762-millimetre outside-diameter pipeline that would mostly be located within the Calgary TUC. The proposed pipeline is 8.69 kilometres long and its location is shown in the above map. ATCO also proposes to add a control station and two above-ground valve assemblies.

7. ATCO explained that the proposed East Calgary Connector pipeline would be constructed within the Calgary TUC, except for a 1.6-kilometre portion, which crosses private land in the city of Calgary and Rocky View County. The pipeline would be connected to the proposed Carbon Connector control station in LSD 3-30-24-28-W4M. A new above-ground valve assembly would be used to connect the East Calgary Connector pipeline to the Southeast Calgary Connector pipeline in LSD 02-01-24-29-W4M. A new above-ground valve assembly would also be installed in LSD 02-24-24-29-W4M for future connection to the proposed ATCO East Industrial gate station.

8. With respect to Licence 18438: Southeast Calgary Connector, ATCO is proposing to construct a new 610-millimetre outside-diameter pipeline that would be located entirely within the Calgary TUC. The proposed pipeline is 13.44 kilometres long and its location is shown in the above map. ATCO also proposes to add three above-ground valve assemblies.

¹ Decision 2014-010: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. – Urban Pipeline Replacement Project, Proceeding 1995. Application 1608617, January 17, 2014. Errata issued on February 21, 2014.

² Ibid, at paragraph 2.

9. ATCO stated that the proposed Southeast Calgary Connector pipeline would be constructed entirely within the Calgary TUC. The pipeline would connect to ATCO's existing 406.4-millimetre Priddis transmission pipeline through a new above-ground valve assembly in LSD 16-27-22-29-W4M at ATCO's existing Mahogany gate station. From that point, the pipeline would be routed north and would connect to the East Calgary Connector pipeline through a valve assembly in LSD 02-01-24-29-W4M. A new above-ground valve assembly would be installed in LSD 09-13-23-29-W4M for future connection to the proposed ATCO Southeast Industrial gate station. A new above-ground valve assembly would be installed in LSD 16-25-23-29-W4M for future connection to the proposed Shepard Lateral-Connector control station.

1.3 Commission process

10. The Commission issued information requests to ATCO on April 1, 2015. ATCO responded to the requests on April 14, 2015.

11. A notice of applications was issued by the Commission on April 1, 2015, indicating a deadline of April 30, 2015, for filing submissions to express objections to, concerns about or support of one or more of the applications. The Commission also held a public information session in southeast Calgary on April 23, 2015. No submissions were received by the April 30, 2015 submission deadline.

12. On April 30, 2015, the Commission contacted ATCO and explained that it had received returned mail from the notice of applications. The returned mail was forwarded to ATCO with a request to provide updated mailing addresses. On May 7, 2015, the Commission reissued the notice of applications to the updated mailing addresses indicating a submission deadline of May 25, 2015.

13. No objections or submissions were received by the May 25, 2015 deadline in response to the Commission's notice of applications.

1.4 Environmental assessment

14. ATCO stated that it engaged the services of Tera, a CH2M Hill Energy Canada Ltd. Company, to prepare a pre-construction site assessment and environmental protection plan³ for these projects. ATCO described that these projects are entirely within the Calgary TUC, except for a 1.6-kilometre portion of the East Calgary Connector and determined that these projects do not require submission of a conservation and reclamation report or approval because the majority of the proposed project is located within the municipal boundaries of the city of Calgary and within the boundaries of the TUC. However, ATCO's submission explained that these are Class II pipeline projects and, therefore, must still be constructed in adherence with Alberta *Environmental Protection and Enhancement Act* guidelines and in a manner that respects and protects environmental resources.

15. ATCO stated that these projects do not traverse any lands with a designated historical resource value and, therefore, do not require *Historical Resources Act* clearance.

³ Exhibit 20270-X0005, East Calgary Connector – PCSA [pre-construction site assessment] and EPP (environmental protection plan); Exhibit 20270-X0020, Southeast Calgary Connector - PCSA and EPP.

16. ATCO stated that there are no watercourses affected by the proposed routes and that it would comply with the Code of Practice in accordance with the *Water Act* for all wetland crossings.

17. ATCO described that the East Calgary Connector would connect to ATCO's existing 406.4-millimetre Carbon transmission pipeline and 508-millimetre Carbon Loop transmission pipeline through the proposed Carbon-Connector control station in LSD 03-30-24-28-W4M. A noise study was completed for the proposed control station.⁴ Two additional above-ground valve assemblies would be installed in LSD 02-24-24-29-W4M and LSD 02-01-24-29-W4M. ATCO submitted that noise impact assessments were not included for these valve assemblies because no control facilities are proposed to be installed at these locations.

18. ATCO stated that the Southeast Calgary Connector would connect to ATCO's existing 406.4-millimetre Priddis transmission pipeline through an above-ground valve assembly in LSD 16-27-22-29-W4M at ATCO's existing Mahogany gate station. To ensure the new connection does not impact noise levels, a noise study was completed for the existing gate station.⁵ Two additional above-ground valve assemblies would be installed in LSD 09-13-23-29-W4M and LSD 16-25-23-29-W4M. ATCO submitted that noise impact assessments were not included for these valve assemblies because no control facilities are proposed to be installed at these locations.

19. The assessments showed that noise mitigation would not be required for the proposed Carbon-Connector control station and existing Mahogany gate station sites as the noise levels were assessed to be in compliance with Rule 012: *Noise Control* requirements.

20. ATCO proposed to construct the East Calgary Connector and Southeast Calgary Connector pipelines along with related above-ground facilities from July 2015 through December 2015, with the exception of East Industrial gate station, Southeast Industrial gate station and Shepard Lateral-Connector control station. These stations are scheduled to be completed separately.

1.5 Consultation

21. ATCO stated that consultation with industry and landowners was completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*. ATCO submitted that it placed public notification advertisements describing the proposed projects in the Rocky View Weekly on July 15, 2014, and in the Calgary Sun and the Calgary Herald on July 17, 2014, and that it held an open house on July 24, 2014, at the Deerfoot Inn and Casino in Calgary. ATCO further submitted that initial public consultation was undertaken in June and July of 2014, with landowners within a 200-metre distance of the proposed pipeline routes, and in March of 2015, a second notification with updated project timelines was provided to all residents within a 200-metre distance of the proposed pipeline routes. ATCO indicated that the industry notifications were completed to all operators of licenced pipelines or wells within five kilometres of the proposed pipeline routes.

⁴ Exhibit 20270-X0006, Noise Impact Assessment - Carbon-Connector Control Station.

⁵ Exhibit 20270-X0021, Noise Impact Assessment - Mahogany Gate Station.

22. ATCO indicated that it received a letter from Alberta Infrastructure^{6,7} stating it agreed in principle to the installation of the proposed pipelines within the TUC and that ministerial consent for constructing these projects within the TUC would be issued subsequent to Commission approval.

23. In its submission, ATCO stated that the requirements of the consultation and notification program were met and that no outstanding objections or concerns remained in regard to these projects.

1.6 Cost increase

24. On December 15, 2014, ATCO Pipelines filed a 2015-2016 general rate application, which is currently being considered by the Commission in Proceeding 3577, providing an updated forecast cost for the East Calgary Connector and Southeast Calgary Connector components of the UPR project. ATCO explained that it filed this update in response to the following direction provided by the Commission in paragraph 249 of Decision 2014-010:

249. Should there be any material changes in the timing or any other aspect of the implementation of the UPR project, the Commission directs ATCO Pipelines to advise the Commission of such changes at the time of any related facilities application or at the time of its next [general rate application] GRA, whichever comes first.

25. ATCO stated that the original forecast cost estimate for the East Calgary Connector was approximately \$42 million. ATCO subsequently revised that estimate to approximately \$65 million.⁸

26. ATCO stated that the original forecast cost estimate for the Southeast Calgary Connector was approximately \$30 million. ATCO subsequently revised that estimate to approximately \$63 million.⁹

27. ATCO updated the costs of these projects and they were being reviewed in Proceeding 3577. ATCO stated that it would retender the East Calgary Connector and Southeast Calgary Connector projects closer to the time of construction, due to the exceptional change in market conditions in order to ensure that the most recent market pricing is obtained.¹⁰

2 Findings

28. As mentioned earlier, in Decision 2014-010, the Commission assessed and approved the need for the UPR projects in Calgary and Edmonton.

29. The Commission accepts ATCO's commitment to retender the East Calgary Connector and Southeast Calgary Connector projects closer to the time of construction and considers that process will provide an effective means to ensure that the pipeline construction bids accurately reflect current market conditions. Accordingly, the Commission will include, as a condition of

⁶ Exhibit 20270-X0004, East Calgary Connector – MCC Letter of Non-Objection.

⁷ Exhibit 20270-X0019, Southeast Calgary Connector – MCC Letter of Non-Objection.

⁸ Exhibit 1.00.ATCOPIPE-3577, 7.1 Attachment - UPR Project Updates, pages 8-10.

⁹ Exhibit 1.00.ATCOPIPE-3577, 7.1 Attachment - UPR Project Updates, pages 11-14.

¹⁰ Exhibit 3577-X0055, 01 – UCA, Information Response AP-UCA-2015FEB03-002 (e).

this decision, a direction to ATCO to advise the Commission when the updated bid process has been completed; detail any changes in the projects' costs and scope; and provide a project schedule in Proceeding 3577 or ATCO's next general rate application.

30. The Commission has reviewed the applications and has determined that they meet the requirements, including public involvement and consultation, of Rule 020. The Commission observes in this respect ATCO's confirmation that there are no outstanding public or industry objections or concerns. The Commission also finds that the information submitted by ATCO in its applications fulfills the requirements of Rule 012.

31. The Commission recognizes ATCO's statement that it will comply with the Code of Practice in accordance with the *Water Act* for all wetland crossings. The Commission also recognizes that the conservation and reclamation report approval and *Historical Resources Act* clearance are not required for these projects.

32. The Commission finds that the environmental information required for these projects has been sufficiently identified within the application environmental protection plan and information request responses. The Commission expects ATCO to follow the specifications presented in the environmental protection plan in order to reduce the risk of adverse environmental impacts of these projects.

33. The Commission expects that ATCO will not begin construction until ministerial consent allowing it to construct and operate the two pipelines within the Calgary TUC has been issued and that ATCO will abide by any conditions set forth in the ministerial consent issued by Alberta Infrastructure.

34. Based on the foregoing, the Commission considers these projects to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

3 Decision

35. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the amendments to Licence 106 and Licence 18438, and grants ATCO the amended licences as set out in Appendix 1 – Gas Utility Pipeline Licence 106, East Calgary Connector Pipeline - June 5, 2015, and Appendix 2 – Gas Utility Pipeline Licence 18438, Southeast Calgary Connector Pipeline - June 5, 2015 (Appendix 1 and Appendix 2 will be distributed separately) subject to the condition that ATCO is required to advise the Commission when the updated bid process has been completed; detail any changes in the projects' costs and scope; and provide a project schedule in Proceeding 3577 or ATCO's next general rate application.

Dated on June 5, 2015.

Alberta Utilities Commission

(original signed by)

Henry van Egteren
Commission Member