



**ATCO Pipelines
A Division of ATCO Gas and Pipelines Ltd. (South)**

Pipeline Transfer in the St. Albert Area

August 25, 2016

Alberta Utilities Commission

Decision 21767-D01-2016

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A Division of ATCO Gas and Pipelines Ltd. (South)

Pipeline Transfer in the St. Albert Area

Proceeding 21767

Application 21767-A001

August 25, 2016

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1 Decision summary

1. In this decision, the Alberta Utilities Commission must decide whether to approve an application from ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. (South) for the transfer of an existing pipeline from ATCO Energy Solutions Ltd. After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission approves the transfer.

2 Introduction and background

2. ATCO Pipelines filed an application with the Commission requesting approval to transfer an existing pipeline, line 5 of Licence 28886 (line 5 or the pipeline), from ATCO Energy Solutions Ltd. to ATCO Pipelines (the proposed pipeline transfer). This application was registered as Application 21767-A001 on June 28, 2016.

3. In its application ATCO Pipelines submitted that participant involvement requirements were met and that there were no outstanding objections or concerns related to this application.

4. The Commission issued information requests on July 14, 2016 to clarify details of the application and ATCO Pipelines responded to the Commission's information requests on August 2, 2016. A notice of application was issued on July 15, 2016, with written submissions due on August 3, 2016. No written submissions were received.

5. In its application, ATCO Pipelines explained that line 5, which is located downstream of a gas plant formerly owned by ATCO Energy Solutions Ltd., feeds into ATCO Pipelines' Paddle River Transmission Pipeline. The gas plant is currently owned by Tidewater Midstream and Infrastructure Ltd. (the gas plant).

6. In 2013, as part of its in-line inspection valve assembly upgrade program, ATCO Pipelines determined that a pig launcher was required for its 273.1 millimetre Paddle River Transmission Pipeline. Due to several constraints including access and proximity to existing structures, ATCO Pipelines determined that the existing connection between line 5 and the Paddle River Transmission Pipeline was not a feasible location for the pig launcher valve assembly. Instead, ATCO Pipelines determined that the least cost alternative would be to construct the pig launcher valve assembly at the gas plant, and to transfer line 5 to ATCO Pipelines.

7. ATCO Pipelines and ATCO Energy Solutions Ltd. have agreed to the proposed pipeline transfer for the nominal amount of \$1 in order to resolve the unnecessary variation in ownership and operation of the pipeline. Should the application be approved, ATCO Pipelines would own and operate the entire pipeline downstream of the gas plant.

8. ATCO Pipelines submitted that line 5 was originally installed in 1997. It added that no leaks or other incidents are known to have occurred on the pipeline. An in-line inspection of line 5 was conducted in 2014 and no information from the in-line inspection indicated that an additional inspection of line 5 is necessary. A re-inspection of line 5 is tentatively scheduled for 2019. ATCO Pipelines stated that it does not believe there are any liabilities associated with the transfer of line 5.

3 Findings

9. The Commission accepts ATCO Pipelines' submission that a participant involvement program has been conducted and that there are no outstanding public or industry objections or concerns regarding the proposed pipeline transfer.

10. The Commission has reviewed the application and has determined that it meets the requirements stipulated in Rule 020: *Rules Respecting Gas Utility Pipelines*.

11. In deciding whether to approve the application, an important consideration for the Commission was the evidence regarding the condition and age of the pipeline. The Commission also took into account ATCO Pipelines' statement that it was not aware of any liabilities associated with the proposed pipeline transfer.

12. The Commission accepts ATCO Pipelines' submission that the proposed pipeline transfer would eliminate unnecessary variation in pipeline ownership and operation downstream of the gas plant. If the proposed pipeline transfer were approved, ATCO Pipelines would own and operate the entire pipeline downstream of the gas plant. The Commission has also considered that ATCO Energy Solutions Ltd. and ATCO Pipelines are related entities and both parties have consented to the transfer.

13. Based on the foregoing, the Commission considers the proposed pipeline transfer to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*. In making this finding, the Commission has not assessed the prudence of this addition to rate base or the impact on the rates of ATCO Pipelines. These matters may be examined in the next ATCO Pipelines general rates application.

4 Decision

14. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the transfer of line 5 of Licence 28886 from ATCO Energy Solutions Ltd. to ATCO Pipelines and will issue a pipeline licence after the pipeline transfer is completed.

Dated on August 25, 2016.

Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair