



ATCO Gas and Pipelines Ltd. (South)

**Construction of the Peigan Trail Lateral Pipeline
in the City of Calgary**

September 14, 2016

Alberta Utilities Commission

Decision 21812-D01-2016

ATCO Gas and Pipelines Ltd. (South)

Construction of the Peigan Trail Lateral Pipeline in the City of Calgary

Proceeding 21812

Application 21812-A001

September 14, 2016

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Fifth Avenue Place, Fourth Floor, 425 First Street S.W.

Calgary, Alberta

T2P 3L8

Telephone: 403-592-8845

Fax: 403-592-4406

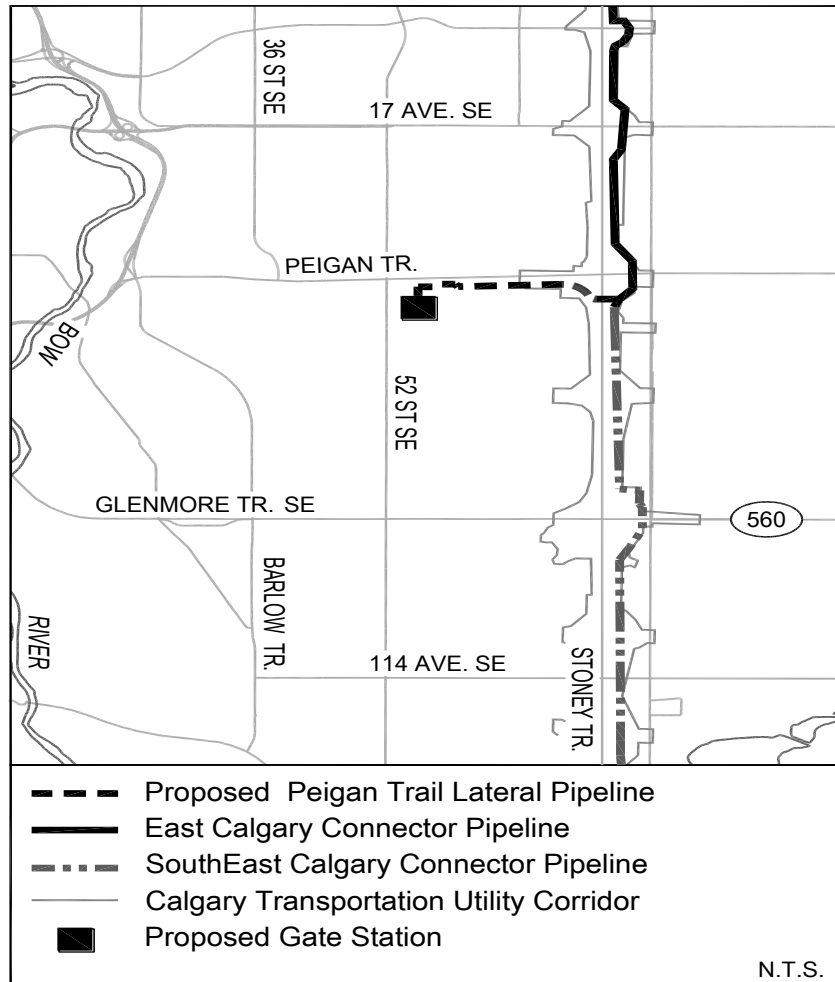
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1 Decision summary

1. In this decision, the Alberta Utilities Commission must decide whether to approve an application by ATCO Gas and Pipelines Ltd. (South) (ATCO) to construct the Peigan Trail Lateral Pipeline (the project). After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that the project is in the public interest and approves the project. The approval is subject to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*. ATCO must obtain written consent from the Minister of Infrastructure for the portion of the project within the Calgary transportation utility corridor. Upon receipt of such written consent from ATCO, the Commission will issue the necessary amendment to Licence 106.

2 Introduction

2. On July 20, 2016, ATCO filed an application with the Commission to construct the Peigan Trail Lateral Pipeline consisting of 2.84 kilometres of 406.4-millimetre pipeline, partially located within the Calgary transportation utility corridor (TUC) and partially within the city of Calgary's Peigan Trail road allowance between Stoney Trail and the intersection of 52 Street S.E. and Peigan Trail, as shown on the map below:



3. The application was filed pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*.

3 Background

3.1 ATCO's Urban Pipeline Replacement Project

4. Most of ATCO's high-pressure gas transmission pipelines currently located in Calgary and Edmonton were constructed prior to 1970 in rural areas on the outskirts of each city. Since the original installation, urban development has surrounded the previously-installed rural network of transmission pipelines, such that many pipelines are now located in highly developed, densely populated areas.

5. In 2011, ATCO initiated a program for the replacement of these urban pipelines through a series of applications to the Commission. ATCO identified 12 individual replacement projects, four in Edmonton and eight in Calgary, designed to move many of its existing pipelines into the Edmonton and Calgary TUCs. ATCO referred to the project collectively as the Urban Pipeline Replacement Project (UPR project). In July 2012, the Commission directed ATCO to file a single application to establish the need for the UPR project.

6. In its UPR project application, ATCO described why the project was necessary, the three other alternatives it considered, and why it believed that its proposed UPR project was the best alternative.

7. The Commission held a public hearing in the fall of 2013 to consider the need for the UPR project and the alternatives developed by ATCO. Following the hearing, the Commission issued Decision 2014-010¹ in which it approved ATCO's UPR project application. The Commission decided that the risk of continued long-term operation of the existing Edmonton and Calgary pipeline systems was unacceptable and determined that ATCO's UPR project proposal to move the systems primarily into the TUCs was in the public interest. The Commission concluded that the UPR project proposal was superior to the other alternatives, having regard to risk management, system integrity, reliability of supply, public disruption, technical feasibility and siting.

8. Following the Commission's approval of the need for the UPR project, ATCO began to file applications for the individual pipeline projects, laterals, transfers and abandonments that were described in its UPR project application.

9. On December 15, 2014, ATCO filed its 2015-2016 general rate application² in which it sought approval for the forecast cost of the Peigan Trail Lateral Pipeline, which is a component of the UPR project, in response to the following direction given 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.³

10. The estimated project cost at that time was \$38.5 million. On February 29, 2016, the Commission approved the forecast cost in Decision 3577-D01-2016.⁴

4 The application

11. In the present proceeding, ATCO is requesting approval of the facility application to construct the Peigan Trail Lateral Pipeline, also referred to as line 117, and to amend the scope of the project discussed in more detail below. As stated above, because the Peigan Trail Lateral Pipeline is a part of the UPR project, the need for the project has been previously approved by the Commission in Decisions 2014-010 and 3577-D01-2016.

12. The project consists of constructing 2.84 kilometres of 406.4-millimetre outside-diameter pipe. ATCO also requested an amendment to Licence 106 to include the project.

13. ATCO proposed to install the Peigan Trail Lateral Pipeline in the Calgary TUC and the city of Calgary's Peigan Trail road allowance in southeast Calgary. The Peigan Trail Lateral

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 Exhibit 0001.00.ATCOPIPE-3577, 7.1 Attachment - UPR Project Updates, Pages 19–21.

³ Decision 2014-010, paragraph 249.

⁴ Decision 3577-D01-2016: ATCO Pipelines 2015-2016 General Rate Application, Proceeding 3577, February 29, 2016.

Pipeline would connect the East Calgary Connector Pipeline in the southeast quarter of Section 1, Township 24, Range 29, west of the Fourth Meridian to the proposed Peigan Trail Gate Station in the southwest quarter of Section 2, Township 24, Range 29, west of the Fourth Meridian.

14. In this application, ATCO stated that the present application differs from the application approved by the Commission in Decision 3577-D01-2016. ATCO explained that it revised the scope of the Peigan Trail Lateral Pipeline in order to address concerns recently brought forth during consultation with the City of Calgary. Specifically, a gate station proposed near 52 Street S.E. and Peigan Trail, rather than a more westerly location near the Bow River, was determined to be the most suitable location, because it reduced the number of high-pressure pipelines in a public thoroughfare. The new design substitutes approximately 5.3 kilometres of the high-pressure pipe from 52 Street S.E. to the Peigan Trail Gate station in the community of Bonnybrook, with a low-pressure distribution pipeline.

15. As stated above, the original forecast cost estimate for the Peigan Trail Lateral Pipeline was approximately \$38.5 million. ATCO explained that it revised that estimate to approximately \$14.8 million to reflect a reduced scope of the project.

5 Commission process

16. A notice of application was issued by the Commission on August 15, 2016, indicating a deadline of September 6, 2016, for filing submissions to express objections to, concerns about, or support for the application. No submissions were received by the September 6, 2016 submission deadline.

6 Environmental assessment

17. ATCO retained CH2M HILL Energy Canada Ltd. to prepare a pre-construction site assessment and environmental protection plan⁵ for the project. ATCO submitted that the project does not require a conservation and reclamation report because it is located within the municipal boundaries of the city of Calgary and within the TUC. However, ATCO indicated that because the Peigan Trail Lateral Pipeline is a Class II pipeline, it must be constructed in adherence to the *Environmental Protection and Enhancement Act* guidelines and in a manner that respects and protects environmental resources.

18. ATCO indicated that the project does not require *Historical Resources Act* clearance because it does not traverse any land with a designated historical resource value.

19. There are watercourses affected by the Peigan Trail Lateral Pipeline's route and ATCO stated that it would comply with the code of practice promulgated under the *Water Act* for all wetland crossings.

⁵ Exhibit 21812-X0007, Proceeding 21812, Peigan Trail Lateral Pipeline –Pre-Construction Site Assessment and Environmental Protection Plan.

20. ATCO engaged Acoustical Consultants Inc. to complete a noise impact assessment for the project. The assessment showed that noise mitigation would not be required because the noise level was assessed to be in compliance with Rule 012: *Noise Control*.

6 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 Peigan Trail Lateral Pipeline in the Calgary Sun and the Calgary Herald on May 20, 2016.

22. Notification to landowners within a 200-metre distance from the project was completed on May 25, 2016. ATCO indicated that the industry notifications were sent to all operators of licenced pipelines or wells within five kilometres of the Peigan Trail Lateral Pipeline's route on May 10, 2016.

23. ATCO received a letter from the City of Calgary⁶ stating that it has no objections to the project.

24. With respect to development in the TUC, Section 4(2) of the *Calgary Restricted Development Area Regulations* states:

No Minister of the Crown, government official or government agency shall, without the written consent of the Minister of Infrastructure, exercise any power under the *Municipal Government Act*, *The Pipeline Act*, 1975, the *Water Resources Act* or any other Act to order, authorize, approve, permit or consent to any operation or activity that causes, is likely to cause or will cause a surface disturbance of any land in the Area, or issue or cause to be issued any order, authorization, approval, permit, licence or consent instrument for that purpose.

25. ATCO indicated that it received a letter from Alberta Infrastructure⁷ stating that it has no objections to the project and that ministerial consent for the project within the TUC would be issued subsequent to Commission approval.

26. ATCO stated that it has not received objections to the project from any of the tenants, occupants and parties that may be potentially affected by the Commission's decision on its application. ATCO further reported that there were no concerns raised as a result of the industry notifications for the project.

7 Findings

27. As mentioned earlier, in Decision 2014-010, the Commission assessed and approved the need for the UPR projects. On February 29, 2016, the Commission also approved the forecast cost for the Peigan Trail Lateral Pipeline in Decision 3577-D01-2016.

⁶ Exhibit 21812-X0016 – City of Calgary Letter of Non-Objection.

⁷ Exhibit 21812-X0009 – MCC Letter of Non-Objection.

28. The Commission accepts ATCO's submission that it was appropriate to adjust the scope of the high-pressure portion of the Peigan Trail Lateral Pipeline to accommodate the City of Calgary's request. Due to its reduced scope, the project's estimated revised cost is \$14.8 million. The Commission accepts that this modified project alternative meets the need established in Decision 2014-010.
29. When deciding whether approval of the project is in the public interest, the Commission is required by Section 17 of the *Alberta Utilities Commission Act* to have regard for the project's social and economic effects and its effects on the environment.
30. The Commission has determined that the application meets the information requirements of Rule 020, including public involvement and consultation. The Commission accepts ATCO's confirmation in this respect that there are no outstanding public or industry objections or concerns.
31. The Commission expects ATCO to uphold its commitment to comply with the code of practice promulgated under the *Water Act* for all wetland crossings. The Commission accepts ATCO's submission that a conservation and reclamation report and *Historical Resources Act* clearance are not required for the project.
32. The Commission finds that the project's potential environmental impacts have been sufficiently addressed within ATCO's environmental protection plan filed in support of its application. The Commission expects ATCO to follow the specifications presented in the environmental protection plan in order to reduce the risk of potential adverse environmental impacts associated with construction and operation of the project.
33. The Commission recognizes that it may not issue a licence for the construction and operation of the portion of the project within the TUC until it receives the Minister of Infrastructure's written consent.
34. Based on the foregoing, the Commission considers the project to be in the public interest, in accordance with Section 17 of the *Alberta Utilities Commission Act*.

8 Decision

35. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the project, subject to ATCO obtaining written consent from the Minister of Infrastructure for the portion of the project within the TUC and providing the Commission with written confirmation of that consent. Upon receipt of that consent, the Commission will issue the necessary amended licence.

Dated on September 14, 2016.

Alberta Utilities Commission

(original signed by)

Anne Michaud
Commission Member