

November 10, 2016

Decision 22003-D01-2016

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

Attention: Dean Millis, P. Eng., PMP
Project Engineer, Pipelines Engineering

Pipeline Splits Near Canmore
Licence 1950
Proceeding 22003
Application 22003-A001

Minor pipeline project application

1. ATCO Gas and Pipelines Ltd. (South) (ATCO), by Application 22003-A001 registered on September 20, 2016, 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 the following near Canmore:

- splitting of line 39 into lines 39 and 159
- splitting of line 117 into lines 117 and 160
- lines 117, 118 and 159 are to be abandoned in place and then recorded as abandoned under a subsequent application

2. The proposed work is related to the minor splitting of existing pipelines, within the original right-of-way, previously constructed and operating in accordance with approvals granted in Licence 1950.

3. ATCO proposed to split lines 39 and 117 to accommodate the abandonment of a 2.6-kilometre long segment of the existing 168.3-millimetre Banff Transmission Pipeline. That proposed abandonment would include lines 117 and 159, as well as line 118.

4. ATCO had previously proposed to replace this section of pipeline, but has now revised its plans. In that respect, on December 21, 2012, ATCO Pipelines filed a 2013-2014 general rate application business case¹ to replace approximately 2.5 kilometres of the 168.3-millimetre Banff Transmission Pipeline in a new alignment in order to eliminate a 600-metre long bare pipeline that could not be cathodically protected, was subject to leaks, and was located on a steep slope. On December 4, 2013, the Commission approved that business case in AUC Decision 2013-430.² ATCO stated that after further investigation, forecast costs of replacement were determined to be significantly higher than originally proposed in the business case. The operational benefits of this

¹ Exhibit 0001.00.ATCOPIPE-2322, Proceeding 2322, ATCO Pipelines Business Cases, Pages 90 to 94 of 143.

² Decision 2013-430: ATCO Pipelines 2013-2014 General Rate Application, Proceeding 2322, December 4, 2013.

supplemental gas supply to the Banff/Canmore area could not justify the new cost forecast to replace this pipeline segment in place. Therefore, ATCO is proposing to abandon 2.6 kilometres of the 168.3-millimetre Banff Transmission Pipeline in order to resolve the pipeline integrity concerns. ATCO explained that abandonment of the full 2.6-kilometer section, rather than just the 600-metre bare section would be appropriate in order to circumvent non-flowing pipeline sections that could be subject to potential liquid accumulations and corrosion concerns, consistent with section 82 of the *Pipeline Rules*.

5. ATCO stated that the 168.3-millimetre Banff Transmission Pipeline was installed in 1951 to supply natural gas to the Banff/Canmore region. Since that time, several segments of the 168.3-millimetre Banff Transmission Pipeline have been replaced due to corrosion or relocated in order to accommodate highway and railway upgrades. In total, approximately six kilometres of the 14.3-kilometre pipeline section between Canmore and Exshaw, which is to remain in service, has been replaced with yellow jacket coated pipe. Due to an increase in demand, the 323.9-millimetre Banff Loop Transmission Pipeline was installed in 1995. Since then, the 168.3-millimetre Banff Transmission Pipeline has supplied several customers between Exshaw and Canmore and provided capacity when outage work has occurred on the 323.9-millimetre Banff Loop Transmission Pipeline.

6. ATCO stated that there are no existing customers along the 2.6-kilometre segment of 168.3-millimetre Banff Transmission Pipeline that is proposed for abandonment. Customers east of the proposed pipeline abandonment would continue to be served by the existing operating segments of the 168.3-millimetre Banff Transmission Pipeline. Customers west of the proposed pipeline abandonment would continue to be served by the 323.9-millimetre Banff Loop Transmission Pipeline. ATCO stated that the proposed pipeline abandonment would have minimal impact to the overall pipeline system capacity. At this time, no additional measures to supplement capacity to serve existing customer contractual requirements are necessary as a result of the proposed pipeline abandonment. In addition, the demand forecast for the area does not indicate additional capacity-related measures are necessary.

7. ATCO stated that any liquids contained in the pipeline would be captured and disposed of prior to the abandonment.

8. ATCO stated that notification of landowners and occupants for this work was completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*.

9. The Commission accepts ATCO's submission that abandonment of the 2.6-kilometer pipeline is appropriate in order to eliminate the pipeline integrity concerns associated with the bare and leak-prone section of pipeline.

10. ATCO has provided information respecting the need, nature and extent of the project. Since the project involves limited ground disturbance and is within the original right-of-way, the resultant environmental impact of the work has been assessed with no significant impact identified. The landowners and occupants of the affected lands did not object to the project.

11. 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.

12. 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