



AUC

Alberta Utilities Commission

ATCO Gas and Pipelines Ltd. (South)

**Indus Pipeline System Upgrade
East of Calgary**

July 8, 2013



The Alberta Utilities Commission

Decision 2013-254: ATCO Gas and Pipelines Ltd. (South)

Indus Pipeline System Upgrade

East of Calgary

Application No. 1609492

Proceeding ID No. 2566

July 8, 2013

Published by

The Alberta Utilities Commission

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1 Introduction and background

1. ATCO Gas and Pipelines Ltd. (South) (ATCO) filed an application with the Alberta Utilities Commission (AUC or the Commission), on April 17, 2013, seeking approval for an amendment to Permit and Licence No. 10845¹ pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* for the following:

- Splitting Line 2 into lines 2, 18 and 19.
- Removal of Line 18.
- Addition of newly constructed pipelines (Lines 20, 21, 22, and 24 – 18.54 kilometres (km) of 114.3-millimetre (mm) outside-diameter (OD) pipeline).
- Addition of newly constructed pipelines (Lines 23 and 25 – 0.08 km of 33.4-mm OD pipeline).
- Length amendment to Line 2.
- Lines 2, 4, 5, 6, 8, 10, 12, 14, 15 and 19 to be abandoned in place under a subsequent application.
- Addition of three new meter/pressure regulating stations.
- Removal of the Indus control station.

1.1 Discussion

2. ATCO stated that the existing 60.3 mm aluminum Indus Lateral does not have adequate capacity to meet forecasted demand in the Indus region and the existing system must be upgraded. ATCO also referenced that a proposed industrial development in the area could not be serviced without the proposed upgrades. As the existing Indus Lateral is an aging aluminum pipeline, ATCO determined that to best ensure the long term integrity of the Indus system, the required upgrade would be completed as a replacement, rather than looping the existing pipeline.

3. In support of removing the existing aluminum line from service, ATCO pointed out that it intends to abandon all aluminum pipelines over time due to repair, maintenance and pipe impact resistance limitations.

4. ATCO's proposed Indus pipeline system upgrade project involves the installation of 18.5 km of 114.3 mm steel transmission pipeline with a maximum operating pressure (MOP) of 6,240 kPa to replace the existing 60.3 mm aluminum Indus Lateral (MOP of 2,580 kPa) from 14-14-23-27-W4M to 4-4-23-28-W4M. The scope of the project also includes the tie-in of three new ATCO Gas meter/pressure regulation stations, the removal of the existing Indus control station (since MOP protection will no longer be required) and the removal of 300 m of the

¹ Permit and Licence No. 10845, Application No. 1609492, Proceeding ID No. 2566.

existing 60.3 mm aluminum Indus Lateral. Both removals would occur at the time of abandonment.

5. In Proceeding ID 2041, ATCO Pipelines 2012 Final Revenue Requirement Application, ATCO Pipelines filed a business case for the Indus pipeline system upgrade in support of its forecast 2012 capital expenditures. The business case summarized that a pipeline upgrade is required to meet demand growth in the area that cannot be served with the existing pipeline due to excessive pressure drop, and associated high velocity that was described as a concern from the perspective of potential internal pipeline erosion. The business case analysis included two other alternatives using a smaller pipeline that were rejected as being inadequate or less economic in the long term. In association with Proceeding ID 2041, in Decision 2013-064,² the Commission directed ATCO to use updated capital expenditures, including \$8,212,000 for the Indus pipeline upgrade, in its compliance filing. That compliance filing review is still ongoing (Proceeding ID No. 2511) and will deal with the final 2012 revenue requirement.

6. ATCO stated that the need and scope of the project have not changed since the business case for the Indus Pipeline System Upgrade was originally filed under Proceeding ID 2041.

1.2 Commission process

7. The Commission issued information requests to ATCO on May 13, 2013. ATCO responded to the information requests on May 21, 2013.

8. Notice of application was issued by the Commission on May 24, 2013. The deadline for filing objections or concerns was June 18, 2013. No objections or concerns were filed.

1.3 Environmental assessment

9. ATCO stated that, although the pipeline replacement project is outside the category for a Conservation and Reclamation application, ATCO Pipelines retained TERA Environmental Consultants to complete a Pre-Construction Site Assessment (PCSA) & Environmental Protection Plan (EPP)³ for the pipeline construction activities. TERA Environmental Consultants would have an environmental inspector on site as required for the duration of the pipeline construction activities to ensure compliance with the recommendations set out in the PCSA & EPP. The EPP would comply with the guidelines contained in the Environmental Protection Guidelines for Pipelines (C&R/IL/94-5) document published by Alberta Environment and Sustainable Resource Development (AESRD).

10. ATCO stated that, according to Section 2.6 in the PCSA and EPP, the proposed pipeline route does not traverse lands with a designated Historic Resource Value. Since the project is a Class II pipeline and does not intersect lands on Alberta Culture's Listing of Historic Resources, Historical Resources Act clearance is not required.

11. ATCO stated that it would comply with the Code of Practice in accordance with the Water Act and the EPP for proposed wetland crossings on the pipeline route.

² ATCO Pipelines 2012 Final Revenue Requirement Application, issued February 28, 2013.

³ Exhibit No. 0007.00.ATCO-2566, PCSA and EPP.

12. ATCO stated that the farm tap unit and regulating stations have been designed to meet AUC Rule 012: *Noise Control* (AUC Rule 012) requirements. FDI Acoustics completed noise impact assessments and AUC Rule 012 Appendix 3 - Noise Impact Assessment Summary Forms.

1.4 Consultation

13. ATCO stated that it has obtained confirmation of non-objection for the proposed pipeline from all landowners and occupants along the right-of-way and conducted industry notifications in accordance with AUC Rule 020: *Rules Respecting Gas Utility Pipelines* (AUC Rule 020) requirements. In addition, this project was advertised by ATCO in the Rocky View Weekly newspaper for two consecutive weeks.

14. ATCO stated that all potentially affected parties were given a detailed description of the proposed visual appearance, equipment to be contained within and noise produced by the proposed farm tap unit and regulating stations during the consultation process.

15. In its submission, ATCO stated that the requirements of the consultation and notification program were met and that no outstanding objections or concerns remain in regard to the application.

2 Findings

16. The Commission accepts ATCO's evidence that the project is necessary to meet forecasted demand in the Indus region and that since the existing Indus Lateral is an aging aluminum pipeline, the required upgrade should be completed as a replacement rather than looping the existing pipeline.

17. The Commission accepts ATCO's statement that TERA Environmental Consultants would have an environmental inspector on site as required for the duration of the pipeline construction activities to ensure compliance with the recommendations set out in the PCSA & EPP and that the EPP would comply with the guidelines contained in the Environmental Protection Guidelines for Pipelines (C&R/IL/94-5) document published by AESRD. In addition the Commission accepts ATCO's statement that since the project is a Class II pipeline and does not intersect lands on Alberta Culture's Listing of Historic Resources, Historical Resources Act clearance is not required.

18. The Commission has reviewed the application and has determined that it meets the requirements, including the public involvement and consultation requirements of AUC Rule 020. The Commission observes in this respect ATCO Pipelines' confirmation that there are no outstanding public or industry objections or concerns. The Commission also finds that information in the application submitted by ATCO fulfills the requirements of AUC Rule 012.

19. 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*.

3 Decision

20. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the amendment to Permit and Licence No. 10845 and grants ATCO the amended permit and licence as set out in Appendix 1 – Gas Utility Pipeline – Indus Pipeline System Upgrade – Permit and Licence No. 10845 – July 8, 2013 (Appendix 1 will be distributed separately).

Dated on July 8, 2013.

The Alberta Utilities Commission

A handwritten signature in blue ink that reads "H. van Egteren". The signature is written in a cursive style with a long horizontal stroke at the end.

Henry van Egteren
Commission Member