

March 30, 2017

**Decision 22474-D01-2017**

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

Attention: Mike Yee, P. Eng.  
Senior Engineer, Supervisory, Pipelines Engineering

**Installation of Olds Gate 2 Lateral Pipeline  
Proceeding 22474  
Application 22474-A001**

**Minor pipeline project application**

1. ATCO Gas and Pipelines Ltd. (South) (ATCO), by Application 22474-A001 registered on March 14, 2017, filed an application with the Alberta Utilities Commission under Section 9 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* to obtain a new licence for a proposed pipeline (line 1 – 0.13 kilometres of 88.9-millimetre (mm) outside-diameter pipeline) in the town of Olds.
2. ATCO proposed to install a new 88.9-mm high-pressure natural gas lateral pipeline from the NOVA Gas Transmission Ltd. (NGTL) Netook Lateral Pipeline to the ATCO Gas Olds Gate Station 2, which has already been installed but is awaiting high-pressure gas service. ATCO also proposed a riser that would be connected to the above-ground ATCO Gas Olds Gate Station 2 inlet. NGTL would install a sales tap from its 114.3-mm Netook Lateral Pipeline for connection by ATCO. The proposed ATCO pipeline would start within the NGTL right-of-way, cross the roadway, and end within the ATCO Gas Gate Station 2 site. Approximately 100 metres of the proposed pipeline would be installed via directional drilling to accommodate a road crossing.
3. ATCO stated that the ATCO Gas Olds Gate Station 2 would provide supplemental gas service to a new development area located on the west side of Olds and would serve as backup to the ATCO Gas Olds Gate Station 1. The ATCO Gas Olds Gate Station 1 is located on the east side of the town and is connected to an existing ATCO high-pressure pipeline and will remain in service. The total cost of the pipeline project is estimated at \$549,000.
4. In Proceeding 22011, ATCO Pipelines 2017-2018 general rate application, ATCO requested approval of its 2017 and 2018 revenue requirement, which included provision for capital expenditures to install the Olds Gate 2 Lateral Pipeline. ATCO filed a business case with the Commission outlining the need to install the Olds Gate 2 Lateral Pipeline and a riser at the inlet to the ATCO Gas Olds Gate Station 2 to accommodate incremental natural gas demand in

the town of Olds. The business case included an assessment of two other alternatives considered by ATCO.<sup>1</sup>

5. In its business case, ATCO stated that ATCO Gas has submitted an application for service to NGTL requesting firm transportation delivery service of 1,875 GJ/d at the requested location in the franchise area of Olds. The existing ATCO Gas Olds Gate Station 1 facility does not have sufficient capacity to meet the ATCO Gas requested service of 1,875 GJ/d. The proposed project also provides ATCO Gas with a backup supply connection to its downstream distribution facilities.

6. Although ATCO indicated its preferred alternative is to install the Olds Gate 2 Lateral Pipeline, as part of its business case, two other alternatives were discussed as follows:

**Alternative 1: Do nothing/status quo**

7. ATCO stated that the first alternative considers maintaining the status quo and meeting incremental demand at the existing ATCO Gas Olds Gate Station 1. However, the existing facility does not have sufficient capacity and would result in customer outages; therefore, this alternative was rejected by ATCO.

**Alternative 2: Tie-in to high-pressure pipeline adjacent to site**

8. ATCO stated that the second alternative considers tying into the high-pressure pipeline immediately adjacent to the ATCO Gas Gate Station 2 site. While this would eliminate the need for the 130 metres of connecting pipeline in the project, a proper tie-in connection was deemed not feasible due to the alignment of the NGTL Netook Lateral Pipeline. The depth and bend angle of the Netook Lateral Pipeline at this location are prohibitive to tap connections; therefore, this alternative was rejected by ATCO.

9. ATCO prepared an environmental protection plan<sup>2</sup> for this project and stated that it would comply with all recommended mitigations contained within the report. This project does not require a historical resources impact assessment since the proposed work area is not referenced in the latest edition of Alberta Culture and Tourism's listing of historic resources.

10. ATCO stated that there are no watercourse crossings that would be affected by the installation activities. After the pipeline is installed, ATCO would restore the project area to the landowner's requirements.

11. ATCO proposed to install a riser that would be connected to the above-ground ATCO Gas Olds Gate Station 2 inlet. Therefore, ATCO engaged the services of FDI Acoustics to complete a noise impact assessment<sup>3</sup> for the ATCO Gas Olds Gate Station 2. The noise impact assessment indicated that the predicted cumulative sound levels would be below the permissible sound levels indicated in Rule 012: *Noise Control*.

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<sup>1</sup> Exhibit 22011-X0009, Installation of Olds Gate 2 Lateral Pipeline – Business Case, pages 40 to 44 of 207.

<sup>2</sup> Exhibit 22474-X0006, Environmental Protection Plan (EPP).

<sup>3</sup> Exhibit 22474-X0005, Noise Impact Assessment (NIA).

12. ATCO stated that consultation with the landowner for this work was completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*. The directly affected landowner (developer) did not object to the pipeline and ATCO has acquired the right-of-way and working space required to complete the construction of the pipeline. ATCO also completed consultations with the local municipality of the Town of Olds. Construction is proposed to begin in the fall of 2017.

13. ATCO stated that there are no outstanding objections or concerns related to this project.

14. The Commission's Rule 020 allows for an applicant to apply for both the need and the facility in a single proceeding. Pursuant to these provisions in Rule 020, a gas utility can seek approval to construct and operate a new gas utility pipeline under the *Pipeline Act* without prior approval of the associated forecast capital expenditures. In that case, the Commission would consider the need for the project, the alternatives, and the specific routing, all within the facility proceeding, without approving the forecast rate increases necessary to recover the project's costs.

15. In its application, ATCO requested approval of both the need for the installation of the Olds Gate 2 Lateral Pipeline as well as approval of the construction of the facilities specified to meet the need.

16. The Commission accepts ATCO's evidence that the installation of the Olds Gate 2 Lateral Pipeline is required to meet the customer's firm transportation delivery service request of 1,875 GJ/d in the town of Olds resulting from an incremental natural gas demand and insufficient capacity of the existing facility. Based on the above, the Commission finds that ATCO has demonstrated that there is a need for the Olds Gate 2 Lateral Pipeline.

17. The Commission finds that the preferred option minimizes land-use impacts by installing the connecting pipeline via horizontal directional drilling rather than an open-cut trenching method and has the lowest implementation risk compared to other alternatives. Based on the above, the Commission agrees with ATCO that the preferred alternative presented in the facilities application is superior to the other alternatives presented.

18. When deciding whether approval of the proposed facilities is in the public interest the Commission is required by Section 17 of the *Alberta Utilities Commission Act* to have regard to the project's social and economic effects and its effects on the environment.

19. The Commission finds that the application meets the requirements of Rule 020, including the public involvement and consultation requirements. In this regard, the Commission acknowledges ATCO's confirmation that there are no outstanding public or industry objections or concerns.

20. The Commission also finds that the noise impact assessment submitted by ATCO fulfills the requirements of Rule 012.

21. The Commission finds that the environmental information provided in the application is sufficient. The Commission also recognizes that there are no watercourse crossings that would be

affected by the installation activities. The Commission is satisfied with ATCO's commitments to follow the specifications presented in the environmental protection plan.

22. The Commission observes the project does not require *Historical Resources Act* clearance because the proposed work area is not referenced in the latest edition of Alberta Culture and Tourism's listing of historic resources.

23. Based on the foregoing, the Commission considers the installation of Olds Gate 2 Lateral Pipeline to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

24. The Commission approves the application and grants a new licence to be issued pending pipeline database updates.

**Alberta Utilities Commission**

*(original signed by)*

Brian Shand, P. Eng.  
Director, Gas Facilities  
On behalf of the Alberta Utilities Commission