

June 19, 2017

Decision 22610-D01-2017

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

Attention: Zack Coen, P. Eng.
Senior Project Engineer, Measurement Engineering

**Removal of a Section of the Vermilion Transmission Pipeline
Licence 1828
Proceeding 22610
Application 22610-A001**

Minor pipeline project application

1. On April 27, 2017, ATCO Gas and Pipelines Ltd. (South) (ATCO) filed an application with the Alberta Utilities Commission, registered as Application 22610-A001, pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* for the following near Mannville:

- splitting of line 14 into lines 14, 15 and 16
- removal of line 14

2. The proposed work is related to the removal of an existing pipeline, within the original right-of-way, previously constructed and operated in accordance with approvals granted in Licence 1828.

3. ATCO stated that it received approval from the Commission in Decision 2011-481¹ to remove a compressor station on the same site.

4. ATCO indicated that the Buffalo Creek A Receipt Metering Station on this site (metering station) is no longer required because the producer has discontinued supplying gas to the ATCO system. ATCO proposed to remove the metering station and approximately 30 metres of the 168.3-millimetre Vermilion Transmission Pipeline, both of which are no longer in use. ATCO also proposed removing the remaining facilities on this site, including two additional abandoned meter stations and facilities that previously serviced the compressor station that was removed pursuant to Decision 2011-481. The total project cost is estimated at \$400,000.

5. As part of this project, ATCO proposed to abandon the 340-metre section of the Vermilion Transmission Pipeline, line 15, located between the metering station site and the

¹ Decision 2011-481: ATCO Gas and Pipelines Ltd. (South) – Compressor Removal, Township 48, Range 9, West of the Fourth Meridian, Proceeding 1585, Application 1607904, December 7, 2011.

closest active farm tap unit tap and submit a licence amendment application to record the abandonment of this pipeline.

6. ATCO stated that in 2015-2016, an evaluation process was conducted with respect to whether the metering station was required to be used for utility service. This evaluation process considered a number of factors including whether or not transportation contracts still exist at the location, whether reduced/ceased flow at the station was due to temporary production issues at upstream facilities, whether the assets can potentially be redeployed elsewhere on the system, and/or whether a portion of the assets need to remain in service in order to effectively operate the pipeline. In addition, ATCO consulted with NOVA Gas Transmission Ltd. with respect to the overall Alberta System, more specifically, the potential of the reserves upstream of the meter station for the prospect of future receipt service at this location. Following this evaluation process, ATCO determined in 2017 that the facilities were no longer required and could be removed.²

7. ATCO stated that the metering station, inclusive of the 30 metres of the Vermilion Transmission Pipeline situated within the site boundary, was retired from ATCO's rate base in 2017. ATCO described that the retirement of the metering station is primarily the result of ceasing producer operation due to the depletion of the reserves in the area, normal reservoir decline rates, and possible compounding effects from the depressed price of natural gas. The metering station was installed in 1976 and deemed no longer required to be used in 2017, representing retirement after 41 years, which exceeds the 35 years average service life for measurement and regulation equipment. ATCO considered the retirement of the metering station to be within the normal course of ATCO's business.

8. The two additional abandoned meter stations were retired from ATCO's rate base in 2014 and were deemed to be retired within ATCO's normal course of business. The remaining K40 compressor station facilities were retired from ATCO's rate base in 2012 and were deemed to be a retirement within the normal course. The 340-metre section of the Vermilion Transmission Pipeline, line 15, located between the metering station site and the closest active farm tap unit tap was retired from ATCO's rate base in 2017, and deemed to be a retirement in the normal course.³

9. ATCO stated that 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. ATCO also stated that the pipeline would be tested for liquids prior to removal and any liquids found would be removed and properly disposed of. There are no watercourse crossings or wetlands that would be affected by the proposed activities.

10. ATCO advised that it would meet the requirements of the *Guide for Pipelines Pursuant to the Environmental Protection and Enhancement Act and Regulations (Alberta Environment, 1994)*. The ground disturbance for the removal would be located within and immediately adjacent to the metering station site, which is owned by ATCO. Environmental site assessment, remediation, and reclamation work is being carried out. This work is continuing after having been started in conjunction with the removal of the compressor station.

² Exhibit 22610-X0016, Information Request Responses, page 5.

³ Exhibit 22610-X0016, Information Request Responses, pages 6 and 7.

11. ATCO stated that consultation with landowners and occupants for this work was completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*. Construction of this project is scheduled to commence in July and August of 2017.
12. 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 Commission accepts ATCO's explanation that the pipeline and all the facilities within the metering station site are no longer required.
13. 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.
14. The Commission approves the application. In approving the application however, the Commission makes no determination regarding the regulatory treatment of the costs of the assets to be removed, retired or abandoned pursuant to the application, the costs incurred in carrying out these activities, or the associated rate implications. 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