

August 17, 2017

Decision 22813-D01-2017

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

Attention: Dobry Mihov, P. Eng.
Senior Project Engineer, Pipelines Engineering

**Installation of the Grande Prairie Gate 8 Lateral Pipeline
Licence 15123
Proceeding 22813
Application 22813-A001**

Minor pipeline project application

1. ATCO Gas and Pipelines Ltd. (South) (ATCO), by Application 22813-A001 registered on July 19, 2017, 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 addition of a newly constructed pipeline (line 37 – 0.07 kilometres of 88.9-millimetre outside-diameter pipeline) near Grande Prairie.
2. ATCO proposed to install a new 88.9-millimetre high-pressure natural gas lateral pipeline from the existing 168.3-millimetre Grande Prairie Transmission Pipeline to the proposed ATCO Gas Grande Prairie Gate Station 8. ATCO also proposed a riser that would be connected to the above-ground ATCO Gas Grande Prairie Gate Station 8 inlet. The proposed ATCO pipeline would start within ATCO's Grand Prairie Transmission Line right-of-way, cross Highway 668, and end within the ATCO Gas Gate Station 8 site. The total cost of the pipeline installation is estimated at \$450,000.¹
3. ATCO stated that ATCO Gas has requested service to its new Grande Prairie Gate Station 8 to accommodate the current and incremental natural gas demand in the Grande Prairie County Industrial Park. The existing ATCO Gas Grande Prairie Gate Station 5 would be removed from service after the installation of the proposed new gate station.
4. In Proceeding 22011, ATCO Pipelines 2017-2018 general rate application, ATCO requested approval of its proposed 2017 and 2018 revenue requirement, which included provision for capital expenditures to install the Grande Prairie Gate 8 Lateral Pipeline. ATCO filed a business case with the Commission outlining the need to install the Grande Prairie Gate 8 Lateral Pipeline and a riser at the inlet to the ATCO Gas Grande Prairie Gate Station 8 to accommodate the current and incremental natural gas demand in the Grande Prairie County

¹ Exhibit 22813-X0016, AP IR Responses to AUC, Information Request Response (c), PDF Page 3.

Industrial Park. The business case included an assessment of three other alternatives considered by ATCO.²

5. In its business case, ATCO stated that ATCO Gas has submitted an application for service to NOVA Gas Transmission Ltd. requesting firm transportation delivery service of 3,467 GJ/d at the requested location in the franchise area of Grande Prairie. The existing ATCO Gas Grande Prairie Gate Station 5 facility does not have sufficient capacity to meet the requested quantity. ATCO Gas considered expanding the existing site or finding sites that overlapped the existing high-pressure right-of-way, which would eliminate the need for connecting pipe. However, ATCO Gas was not able to expand upon the existing site, nor find a landowner along the right-of-way willing to accommodate a station site.

6. Although ATCO indicated its preferred alternative is to install the Grande Prairie Gate 8 Lateral Pipeline, as part of its business case, 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 Grande Prairie Gate Station 5. However, since the existing facility only has capacity to supply incremental demand through the 2015-2016 heating season and does not have sufficient capacity to serve forecast future demand, this alternative was rejected by ATCO.

Alternative 2: Upgrade Grande Prairie Gate Station 5

8. ATCO stated that the second alternative considers an upgrade of the existing Grande Prairie Gate Station 5, which requires expansion of the existing site in order to accommodate new facilities. Since the landowner of the Grande Prairie Gate Station 5 site was not willing to expanding the existing station site, this alternative was rejected by ATCO.

Alternative 3: Keep Grande Prairie Gate Station 5 and install Grande Prairie Gate Station 8

9. ATCO stated that the third alternative considers shifting load away from the existing Grande Prairie Gate Station 5 to eliminate the need for ATCO Gas upgrades to the existing station. A new Grande Prairie Gate Station 8 would be installed to accommodate any demand required above the capacity of Grande Prairie Gate Station 5. However, since the ATCO Gas distribution system cannot effectively regulate system pressures with two pressure regulation points in such close proximity to one another, this alternative was rejected by ATCO.

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)*. 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.

² Exhibit 22011-X0009, Installation of Grande Prairie Gate 8 Lateral Pipeline – Business Case, PDF pages 35 to 39.

11. 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.

12. ATCO proposed to install a riser that would be connected to the above-ground ATCO Gas Grande Prairie Gate Station 8 inlet. Therefore, ATCO engaged the services of Acoustical Consultants Inc. to complete a noise impact assessment³ for the ATCO Gas Grande Prairie Gate Station 8. The noise impact assessment indicated that the predicted cumulative sound levels would be below the permissible sound levels indicated in Rule 012: *Noise Control*.

13. ATCO stated that consultation with the landowners for this work was completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*. The directly affected landowners 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 County of Grande Prairie. Construction is proposed to begin in the fall of 2017.

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

15. 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 capital costs.

16. In its application, ATCO requested approval of both the need and construction for the installation of the Grande Prairie Gate 8 Lateral Pipeline.

17. The Commission accepts ATCO's evidence that the installation of the Grande Prairie Gate 8 Lateral Pipeline is required to meet the customer's firm transportation delivery service request of 3,467 GJ/d resulting from an incremental natural gas demand and insufficient capacity of the existing facility.

18. The Commission accepts that the preferred option provides the required additional capacity and more effective and reliable pressure regulation compared to other alternatives.

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 accepts that the noise impact assessment submitted by ATCO fulfills the requirements of Rule 012.

³ Exhibit 22813-X0003, Noise Impact Assessment (NIA).

21. The Commission accepts that there are no watercourse crossings that would be affected by the installation activities and also accepts that the environmental information provided in the application demonstrates that there will be no significant environmental impact associated with the project.

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. 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