



**ATCO Gas and Pipelines Ltd.**

**Worsley McLennan Loop Pipeline**

**September 22, 2017**

**Alberta Utilities Commission**  
Decision 22855-D01-2017  
ATCO Gas and Pipelines Ltd.  
Worsley McLennan Loop Pipeline

Proceeding 22855  
Application 22855-A001

September 22, 2017

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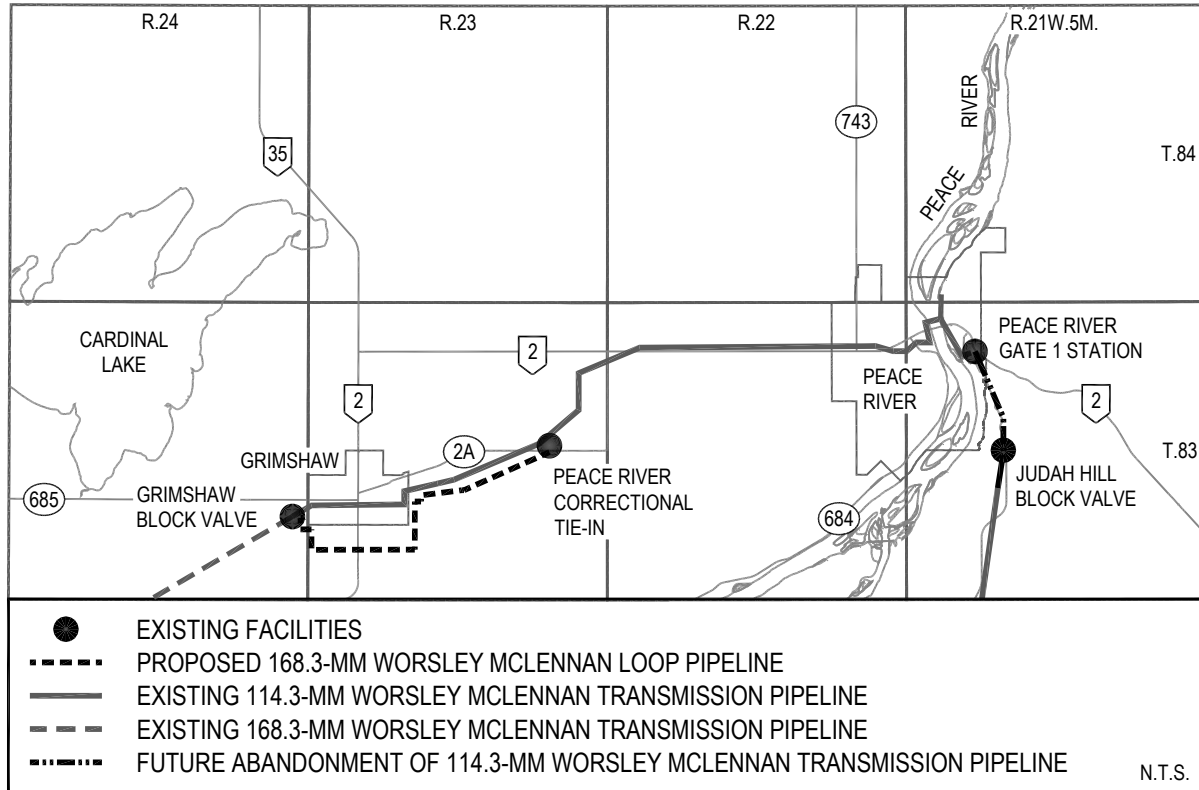
## **1 Decision summary**

1. In this decision, the Alberta Utilities Commission must decide whether it is in the public interest to approve an application by ATCO Gas and Pipelines Ltd. to construct the Worsley McLennan Loop Pipeline (the project). After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that approval of the proposed project is in the public interest, having regard to the social and economic effects of the proposed project, including its effects on the environment.

## **2 Introduction**

2. On August 2, 2017, ATCO Gas and Pipelines Ltd. (ATCO) filed an application with the Commission seeking approval for an amendment to Licence 4732 pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* for the addition of a newly constructed pipeline (line 36 – 10.70 kilometres of 168.3-millimetre outside-diameter pipeline) near Grimshaw.

3. ATCO proposed to install a new 168.3-millimetre Worsley McLennan Loop Pipeline from its existing Grimshaw block valve facility to its existing Peace River Correctional Institute tie-in facility east of Grimshaw. The new pipeline would bring additional gas supply from ATCO's existing 168.3-millimetre pipeline west of Grimshaw. It would loop the existing 114.3-millimetre Worsley McLennan Transmission Pipeline, as shown in the map below. The purpose of this project is to meet a Worsley McLennan transmission system capacity shortfall in Peace River, that would result from the planned abandonment of a portion of the existing 114.3-millimetre Worsley McLennan Transmission Pipeline within the Judah Hill area that is subject to pipeline failure due to geotechnical hazards.



### 3 Background

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 Worsley McLennan Loop Pipeline. ATCO filed a business case with the Commission outlining the need to install the Worsley McLennan Loop Pipeline. In its business case, ATCO described why the project was necessary, the seven alternatives it considered, and how it reached the conclusion that its proposed Worsley McLennan Loop Pipeline was the best alternative.<sup>1</sup>

5. The Commission assessed and approved the need for the Worsley McLennan Loop Pipeline in Decision 22011-D01-2017.<sup>2</sup>

### 4 Change in cost and length of proposed pipeline from business case

6. ATCO stated that upon completion of the land consultation process, which was completed after ATCO submitted its general rate application business case, it determined additional pipeline length was required to address landowner concerns. Routing modifications were proposed that increased the length of the project from 9 kilometres to 10.70 kilometres.

<sup>1</sup> Exhibit 22011-X0009 - 7.0 Attachments (Including 7.1, 7.2 and 7.3), Worsley McLennan Transmission Loop – Installation – Business Case, PDF pages 91 to 105.

<sup>2</sup> Decision 22011-D01-2017: ATCO Pipelines 2017-2018 General Rate Application, Proceeding 22011, August 29, 2017.

Due to the additional length of pipeline, the capital cost was estimated to increase from \$7,016,000 to \$7,800,000.

## 5 Commission process

7. The Commission issued a notice of application on August 17, 2017, indicating a deadline of September 12, 2017, for filing submissions to express objections to, concerns about, or support for the application. The notice was sent directly to all landowners, occupants and residents along the proposed route, and was advertised in the High Level Echo, Mile Zero News and Manning Banner Post newspapers. No submissions were received by the September 12, 2017 submission deadline.

8. The Commission issued information requests to ATCO on August 17, 2017, to clarify details of the application and ATCO filed its responses on September 1, 2017.

## 6 Environmental assessment

9. ATCO retained Millennium EMS Solutions Ltd. to prepare an environmental protection plan<sup>3</sup> for the Worsley McLennan Loop Pipeline. ATCO determined that this project does not require submission of a conservation and reclamation report or approval because the project footprint falls entirely within the White Area<sup>4</sup> of Alberta. ATCO also indicated that all recommendations included in the environmental protection plan would be implemented.

10. ATCO stated that the 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.

11. The Worsley McLennan Loop Pipeline would include six trenchless crossings expected to be installed by horizontal directional drill, and four crossings by auger bore. ATCO indicated that there are watercourses and wetlands affected by the proposed pipeline route and that it would comply with the code of practice in accordance with the *Water Act* for all watercourse and wetland crossings.

## 7 Consultation

12. ATCO stated that consultation with landowners and occupants for this work has been completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines* and that it obtained confirmation of non-objection from directly and adversely affected landowners on July 31, 2017. Construction of this project is scheduled to commence in November of 2017.

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<sup>3</sup> Exhibit 22855-X0003, Environmental Protection Plan.

<sup>4</sup> White Area (White Zone), from AESRD glossary of terms refers to:

1. The settled regions of Alberta where agriculture is the most significant land use, including the grasslands and parklands of southern and central regions, and the Peace Country in the north.
2. The White Area includes nearly 40% of the total area of Alberta.

## 8 Findings

13. As previously stated, the Commission assessed and approved the need for the Worsley McLennan Loop Pipeline in Decision 22011-D01-2017.
14. When deciding whether approval of the Worsley McLennan Loop Pipeline is in the public interest, the Commission is required by Section 17 of the *Alberta Utilities Commission Act* to have regard for the project's social, economic, and other effects of the project, including its effects on the environment.
15. The Commission has reviewed the application and has determined that it meets the information requirements of Rule 020, including public involvement and consultation. The Commission accepts ATCO's confirmation that a participant involvement program has been conducted and that there are no outstanding public or industry objections or concerns.
16. The Commission accepts ATCO's statement that it will comply with the code of practice in accordance with the *Water Act* for all watercourse and wetland crossings, and also that a conservation and reclamation report approval and *Historical Resources Act* clearance are not required for this project.
17. The Commission finds that the environmental information required for the project has been sufficiently addressed within the environmental protection plan. The Commission accepts ATCO's commitment to follow the recommendations presented in the environmental protection plan in order to reduce the risk of adverse environmental impacts associated with construction and operation of the Worsley McLennan Loop Pipeline.
18. The Commission accepts ATCO's assessment that additional pipeline length was required to address landowner concerns and therefore resulted in a revised capital cost. The Commission approves the application without approving the forecast rate increases necessary to recover the project's costs.
19. The Commission finds that the proposed project addresses the need for pipeline capacity requirements to loop the existing 114.3-millimetre Worsley McLennan Transmission Pipeline and to ensure and maintain a safe and reliable supply of natural gas to the town of Peace River. The Commission also accepts ATCO's conclusion that the proposed project is the least cost alternative.
20. 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*.

## 9 Decision

21. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the Worsley McLennan Loop Pipeline and grants ATCO the amended licence as set out in Appendix 1 – Gas Utility Pipeline Licence 4732 – September 22, 2017 (Appendix 1 will be distributed separately).

Dated on September 22, 2017.

### Alberta Utilities Commission

*(original signed by)*

Neil Jamieson  
Commission Member