

March 1, 2018

Decision 23253-D01-2018

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

Attention: Kenny Chuong, E.I.T.
Project Engineer, Operations Engineering

**Replacement of the Coaldale East #2 Branch Pipeline Across the Malloy Drainage Canal
Licence 7839
Proceeding 23253
Application 23253-A001**

Minor pipeline project application

1. ATCO Gas and Pipelines Ltd. (ATCO), by Application 23253-A001 registered on January 10, 2018, 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 following near the town of Coaldale:

- splitting line 3 into lines 3, 7 and 8
- removal of line 7
- addition of newly constructed pipeline (line 9 – 0.15 kilometres of 88.9-millimetre outside diameter pipeline)

2. The proposed work is related to the minor split, removal and replacement of existing pipe within the original right-of-way, previously constructed and operating in accordance with approvals granted in Licence 7839.

3. ATCO stated that the existing 88.9-millimetre Coaldale East #2 Branch Pipeline has inadequate depth of cover underneath the Malloy Drainage Canal and requires replacement. Inadequate depth of cover was identified by an ATCO representative during a hydrovac investigation of the pipeline and by the canal owner in October of 2016. The crossing was installed in 1970 and is critical in order to maintain safe and reliable service in the Coaldale area.

4. ATCO proposed to replace approximately 150 metres of the existing 88.9-millimetre Coaldale East #2 Branch Pipeline crossing the Malloy Drainage Canal, with a new 88.9-millimetre pipeline, and remove the shallow section of the existing pipeline. The new pipeline, line 9, would be installed within the existing right-of-way by horizontal directional drilling and tied into the existing pipeline. The existing pipeline crossing the drainage canal, line 7, would be removed by an open-cut excavation method.

5. ATCO also stated that two mitigation alternatives to supplement the depth of cover were considered as follows:

- In-stream remediation through the installation of protective materials was considered, but was not acceptable to the canal owner.
- Lowering of the pipeline crossing using an open-cut excavation method was considered but rejected because it would require significantly more trenching, as the canal owner's depth of cover requirement is a minimum of two metres below ditch bottom and this would be required for the entire width of the canal right-of-way. This would result in trenches that are five to six metres in depth across the 50 metre-wide canal right-of-way. Due to the significant trenching required, the horizontal directional drilling method is the least cost alternative. The total cost for this project is estimated to be \$725,000 if completed by horizontal directional drilling compared to \$950,000 if completed by an open-cut excavation method.

6. ATCO stated the project was identified under its depth-of-cover program, which was included in its 2017-2018 general rate application and was approved in Decision 22011-D01-2017.¹

7. In the general rate application depth-of-cover program, ATCO identified that it would be replacing and removing sections of pipeline that do not have sufficient depth of cover on various transmission systems across ATCO's network in order to maintain code compliance. The Commission accepts that the Malloy Drainage Canal project falls within the need rationale associated with the general rate application business case.

8. ATCO prepared an environmental evaluation report² for the proposed project. The Commission accepts ATCO's statement that all recommendations included in the environmental evaluation report would be implemented. During construction, ATCO would comply with the requirements of the *Guide for Pipelines Pursuant to the Environmental Protection and Enhancement Act and Regulations* and industry best practices. The pipeline segment would be tested for liquids prior to removal and any liquids found would be removed and properly disposed of. Construction is planned for the first quarter of 2018.

9. ATCO stated that consultation with landowners and occupants for this work has been completed in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*. Confirmation of non-objection by directly and adversely affected landowners was obtained by ATCO.

10. The Commission accepts ATCO's assessment that the pipeline crossing the drainage canal requires replacement as proposed in order to facilitate the safe and reliable operation of the gas transmission pipeline. The Commission also accepts that the horizontal directional drilling

¹ Decision 22011-D01-2017, ATCO Pipelines, 2017-2018 General Rate Application, Proceeding 22011, August 29, 2017, page 20, paragraph 51.

² Exhibit 23253-X0003, Environmental Evaluation Report.

method to install the new pipeline is the least cost alternative compared to an open-cut method for this project.

11. 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 landowners and occupants of the affected lands did not object to the project.

12. 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.

13. 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