



AltaGas Utilities Inc.

Pipeline Replacement in the Pickardville Area

May 23, 2018

Alberta Utilities Commission

Decision 23431-D01-2018

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Pipeline Replacement in the Pickardville Area

Proceeding 23431

Application 23431-A001

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1 Decision summary

1. In this decision, the Alberta Utilities Commission must decide whether to approve an application from AltaGas Utilities Inc. for an amendment to Licence 210 for the addition of a new 11.2-kilometre long, 168.3-millimetre outside diameter pipeline and a short lateral pipeline to connect the new section (the Pickardville high-pressure supply line project). After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that approval of the project is in the public interest having regard to the social, economic, and other effects of the project, including its effect on the environment.

2 Introduction and background

2. AltaGas Utilities Inc. (AltaGas) filed an application with the AUC seeking approval for the project which consists of an amendment to Licence 210 pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* to replace lines 15, 36 and 38 with the following newly constructed pipelines in the Pickardville area:

- line 70 – 4.91 kilometres (km) of 168.3-millimetre (mm) outside diameter (OD) pipeline
- line 71 – 0.06 km of 60.3-mm OD pipeline
- line 72 – 6.29 km of 168.3-mm OD pipeline

3. This application was registered as Application 23431-A001 on March 20, 2018. The requested amendment is part of a pipeline replacement program to replace aging infrastructure. As part of this replacement program, pipelines installed prior to 1957 are being replaced due to corrosion and weld failure risks. A portion of the high-pressure (HP) line feeding the hamlet of Pickardville falls within this category and has been targeted for replacement in 2018 based on a risk assessment. AltaGas proposed to replace its existing 219.1-mm and 114.3-mm OD sections of pipeline with lines 70 and 72, forming a new 11.2-km long, 168.3-mm OD pipeline. AltaGas submitted that the replacement piping was sized to meet current and future demand requirements.

4. A 60-metre (m) long, 60.3-mm OD lateral pipeline, line 71, is proposed to connect line 70 to the existing system and accommodate the abandonment of a 114.3-mm OD pipeline near Township Road 592. AltaGas would submit an application for abandonment of the replaced sections of pipeline after the new pipeline is installed.

5. A notice of application was issued by the Commission on April 12, 2018, indicating a deadline of May 15, 2018, for filing submissions to express objections, concerns or support with respect to the application. No submissions were received.

3 Project need

6. AltaGas stated that the need for the Pickardville HP supply line project has been identified as part of its Capital Tracker Pipe Replacement program. The need for this project was addressed in Proceeding 20522 as part of AltaGas's pre-1957 steel replacement program in Section 3 of Appendix II(a) – Business Case for Replacement of Pre-1957 Steel Pipe in the AltaGas 2016-2017 Capital Tracker application.¹

7. In order to receive capital tracker treatment, programs and/or projects must satisfy three criteria established by the Commission in Decision 2012-237.² For the assessment of need, programs and/or projects are evaluated against the project assessment requirements of Criterion 1 (the project must be outside of the normal course of the company's ongoing operations). In Decision 20522-D02-2016, the Commission was satisfied that the Pickardville HP supply line project met the assessment of need under Criterion 1 for capital tracker treatment:

188. The Commission has reviewed the information provided on forecast program scope and costs for 2016 and 2017, including the forecast costs for each pipeline replacement, and finds that the forecast information provided by AltaGas supports a finding that the scope, level, timing and forecast costs for the projects in the pipeline replacement program are reasonable. Accordingly, the Commission finds that this program satisfies the project assessment requirement of Criterion 1.³

8. Each of the pre-1957 steel pipe replacement projects for which AltaGas requested approval, including the Pickardville HP supply line project, are identified in Table 14 of Section 7.1.4.3 of Decision 20522-D02-2016.⁴

4 Environmental assessment

9. AltaGas retained AMEC Foster Wheeler & Infrastructure to conduct environmental surveys and prepare an environmental protection plan⁵ for the Pickardville HP supply line project. The report includes a review of the current environmental conditions and mitigation measures to reduce potential adverse effects that this project would have on the environment. The report also includes aerial site photos and maps. The pre-project environmental land use is cropland. Thirty ephemeral water bodies and four temporary marsh wetlands were identified in the project area. The proposed pipeline crosses five watercourses. AltaGas proposes to use horizontal directional drilling for water crossings and the balance of the pipeline would be trenched with the soil layers separated and returned to their respective topsoil and subsoil layers. There were no occurrences of rare plants along the proposed pipeline route, but at the time of the survey, two species of noxious weeds were found. The Little Brown Bat was a species of conservation concern identified on the Alberta Environment and Parks Fisheries and Wildlife

¹ Exhibit 20522-X0010.03, AUI Application 2014 TU and 2016-2017 CT – Updated 2015-08-20, PDF pages 96 to 103.

² Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, September 12, 2012, PDF page 134, paragraph 592.

³ Decision 20522-D02-2016, AltaGas 2014 Capital Tracker True-Up and 2016-2017 Capital Tracker Forecast Application, Proceeding 20522, January 21, 2016, PDF pages 24 and 25, paragraphs 90 and 91 and PDF page 46, paragraph 188.

⁴ Decision 20522-D02-2016, PDF page 43.

⁵ Exhibit 23431-X0004, Pre-Construction Site Assessment and Environmental Protection Plan.

Information System Internet Mapping Tool which may occur within a five-km radius of the project, but there is no sensitive or critical habitat for these species within the project area. This location is not listed on Alberta Culture and Tourism's Listing of Historic Resources.

10. AltaGas stated that the project is planned for construction in the spring/summer of 2018. Mitigation measures would be put in place during construction including invasive species management, handling and storage of soil, erosion and sediment control, drilling of watercourses and temporary marsh wetlands, cleanup and revegetation, air quality management, and management of waste. A nest survey would be completed prior to any clearing.

11. AltaGas identified that it assessed noise from the proposed project associated with one existing and one proposed pressure regulating station, located in Legal Subdivision 4, Section 32, Township 59, Range 26, west of the Fourth Meridian and Legal Subdivision 6, Section 36, Township 58, Range 27, west of the Fourth Meridian, respectively. AltaGas provided noise assessment summary forms and stated that noise levels would be in compliance with Rule 012: *Noise Control*.

5 Consultation

12. AltaGas indicated that all landowners and occupants have been provided with written notification of the proposed construction, including a general description of the project. All landowners, occupants and municipalities have given confirmation that they have no objection to the project.

6 Findings

13. The Commission assessed and approved the need for the Pickardville HP supply line project in Decision 20522-D02-2016.

14. When deciding whether approval of the Pickardville HP supply line project 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 and economic effects and its effects on the environment.

15. The Commission has determined that the application meets the information requirements of Rule 020: *Rules Respecting Gas Utility Pipelines*, including the requirements for public involvement and consultation. The Commission accepts AltaGas'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 finds that the Pickardville HP supply line project's potential environmental impacts have been sufficiently addressed in AltaGas's environmental protection plan filed in support of its application. The Commission accepts AltaGas's commitment to follow the specifications presented in the environmental protection plan in order to reduce the risk of potential adverse environmental impacts associated with construction and operation of the Pickardville HP supply line project.

17. The Commission accepts the assessment by AltaGas that the noise levels from the pressure regulating stations will be in compliance with Rule 012.
18. The Commission finds that the proposed project addresses the need to replace the aging infrastructure and to ensure and maintain a safe and reliable supply of natural gas to the hamlet of Pickardville.
19. 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*.

7 Decision

20. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the application and grants AltaGas the amended licence as set out in Appendix 1 – Gas Utility Pipeline – Licence 210 – May 23, 2018 (Appendix 1 will be distributed separately).

Dated on May 23, 2018.

Alberta Utilities Commission

(original signed by)

Joanne Phillips
Commission Member