



ATCO Gas and Pipelines Ltd.

South Airdrie Lateral Pipeline Resumption

March 3, 2021

Alberta Utilities Commission

Decision 26319-D01-2021

ATCO Gas and Pipelines Ltd.

South Airdrie Lateral Pipeline Resumption

Proceeding 26319

Applications 26319-A001 and 26319-A002

March 3, 2021

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1 Decision summary

1. In this decision, the Alberta Utilities Commission approves applications from ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. (ATCO Pipelines), for an amendment to resume line 1, under Licence 56256 and line 3, under Licence 60905.

2 Introduction and background

2. On February 12, 2021, ATCO Pipelines filed applications 26319-A001 and 26319-A002 with the Commission seeking approval to amend line 1, under Licence 56256 and line 3, under Licence 60905, from discontinued status to operating status, pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* (the current applications).

3. There are two previous, related proceedings concerning the above referenced lines. On December 20, 2018, ATCO Pipelines filed applications 24174-A001 and 24174-A002 with the Commission seeking approval to transfer two existing pipelines, line 15 under Licence 15140 and line 1 under Licence 56256, from Steelhead Petroleum Ltd to ATCO Pipelines. More specifically, ATCO Pipelines requested approval for the transfer of approximately 8.7 kilometres of 168.3-millimetre outside diameter pipelines, proposed to be used to provide incremental gas supply to the city of Airdrie (the South Airdrie Lateral project). In Decision 24174-D01-2019,¹ the Commission approved, with conditions, those applications and found that the pipeline acquisition was the best alternative to meet the identified need to increase the security of natural gas supply to the city of Airdrie.

4. The conditions imposed in Decision 24174-D01-2019 required ATCO Pipelines to file a summary of the results of the pipeline integrity assessment confirming that the pipelines are fit for service as well as a noise impact assessment (NIA) for the associated pressure regulating station. In addition, ATCO Pipelines was required to file an Alberta Energy Regulator approval for the pipeline transfer. On March 26, 2019, ATCO Pipelines filed the Alberta Energy Regulator approval of the pipeline transfer and on February 6, 2020, ATCO Pipelines filed the pipeline integrity summary and an NIA for the associated pressure regulating station. After ATCO Pipelines filed the NIA² demonstrating compliance with Rule 012: *Noise Control* and the pipeline integrity summary, the Commission issued licences 60905 and 56256 to replace the Steelhead Petroleum Ltd. licences 15140 and 56256, respectively.

¹ Decision 24174-D01-2019: ATCO Gas and Pipelines Ltd. – Pipeline Licence Transfer from Steelhead Petroleum Ltd., Proceeding 24174, Applications 24174-A001 and 24174-A002, February 14, 2019.

² Exhibits 24174-X0022 and 24174-X0025 – Noise Impact Assessment.

5. On January 19, 2021, ATCO Pipelines filed Application 26249-A001 with the Commission requesting approval to: perform a pipeline split of line 1 under Licence 60905, into lines 1, 2 and 3; and amend the hydrogen sulphide concentration of the pipeline from 2.5 mol/kmol to 0.0 mol/kmol. ATCO Pipelines stated that after the split, line 1 would be abandoned in place, line 2 would be transferred to ATCO Gas to be operated at low-pressure distribution service and line 3 would be amended from discontinued to operating status. The Commission approved that application in Decision 26249-D01-2021.³

6. To date, neither line 3, under Licence 60905, nor line 1, under Licence 56256 have been operated by ATCO Pipelines; both lines had been discontinued by their former owner, Steelhead Petroleum Ltd.

7. In this proceeding, ATCO Pipelines proposed to amend line 3, under Licence 60905, and line 1, under Licence 56256, from discontinued status to operating status, to allow ATCO Pipelines to place these pipelines into high-pressure service. In support of the current applications, ATCO Pipelines submitted a pipeline integrity risk assessment⁴ and stated that all risks that require mitigations would be completed in accordance with the pipeline integrity risk assessment.

3 Environmental and noise assessments

8. Also in support of the current applications, ATCO Pipelines prepared an environmental evaluation report⁵ for the South Airdrie Lateral project and stated that all recommendations in the environmental evaluation report would be followed during construction activities.

9. The NIA filed in Proceeding 24174, regarding noise from the associated metering and pressure regulating gate station, determined that noise levels would be compliant with Rule 012.

4 Consultation

10. ATCO Pipelines stated that notifications were issued to all parties that may be directly and adversely affected by the South Airdrie Lateral project, in accordance with Rule 020: *Rules Respecting Gas Utility Pipelines*, and there are no outstanding objections. Construction is anticipated to begin in March 2021.

5 Findings

11. Due to the nature of the current applications, a notice of application was not issued and a hearing was not required as the Commission considered that its decision or order would not directly and adversely affect the rights of a person pursuant to Section 9 of the *Alberta Utilities Commission Act*.

³ Decision 26249-D01-2021: ATCO Gas and Pipelines Ltd. – South Airdrie Lateral Pipeline Split, Proceeding 26249, Application 26249-A001, February 5, 2021.

⁴ Exhibits 26319-X0004 and 26319-X0010 – Line Resumption – Pipeline Integrity Risk Assessment.

⁵ Exhibits 26319-X0005 and 26319-X0011 – Line Resumption – Environmental Evaluation Report.

12. The Commission has reviewed the current applications and has determined that they meet the requirements of Rule 020.

13. The Commission accepts ATCO Pipelines' submission that a participant involvement program has been conducted and that there are no outstanding public or industry objections or concerns.

14. The Commission has reviewed the pipeline integrity risk assessment and accepts ATCO Pipelines' commitment that all risks that require mitigations will be completed in accordance with that assessment.

15. The Commission finds that the potential environmental impacts of the South Airdrie Lateral project have been sufficiently addressed in ATCO Pipelines' environmental evaluation report and accepts ATCO Pipelines' commitment to implement the recommendations presented in that report to reduce the risk of potential adverse environmental impacts associated with the South Airdrie Lateral project.

16. The NIA concludes that the noise levels from the proposed metering and pressure regulating station will be in compliance with Rule 012.

17. Licence amendment of the existing pipeline, line 1 under Licence 56256 and line 3 under Licence 60905 from discontinued status to operating status is required to allow ATCO Pipelines to place these acquired pipelines into high-pressure service as was intended to provide security of natural gas supply to the city of Airdrie.

18. For the above reasons, the Commission considers the applied-for licence amendments to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

6 Decision

19. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the applications and grants ATCO Gas and Pipelines Ltd. the amended licences as set out in Appendix 1 – Gas Utility Pipeline Licence 56256 – March 3, 2021, and Appendix 2 – Gas Utility Pipeline Licence 60905 – March 3, 2021 (appendices 1 and 2 will be distributed separately).

Dated on March 3, 2021.

Alberta Utilities Commission

(original signed by)

Carolyn Hutniak
Commission Member