



ATCO Gas and Pipelines Ltd.

Pipeline Licence Transfer from
NOVA Gas Transmission Ltd. to ATCO Pipelines

June 7, 2021

Alberta Utilities Commission

Decision 26461-D01-2021

ATCO Gas and Pipelines Ltd.

Pipeline Licence Transfer from NOVA Gas Transmission Ltd. to ATCO Pipelines

Proceeding 26461

Application 26461-A001

June 7, 2021

Published by the:

Alberta Utilities Commission

Eau Claire Tower

1400, 600 Third Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282) in Alberta

1-833-511-4AUC (1-833-511-4282) outside Alberta

Email: info@auc.ab.ca

Website: www.auc.ab.ca

The Commission may, within 30 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

1 Decision summary

1. In this decision, the Alberta Utilities Commission considers whether to approve an application from ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. (ATCO Pipelines), to transfer the 168.3-millimetre Coaldale Lateral Pipeline from NOVA Gas Transmission Ltd. to ATCO Pipelines. After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that the pipeline licence transfer application is in the public interest having regard to the social, economic, and other effects of the licence transfer.

2 Introduction and background

2. On April 13, 2021, ATCO Pipelines filed Application 26461-A001 with the Commission seeking approval to transfer the 168.3-millimetre Coaldale Lateral Pipeline, which is approximately 4.9 kilometres in length, from NOVA Gas Transmission Ltd. (NGTL) to ATCO Pipelines.

3. In its application, ATCO Pipelines stated that the Coaldale Lateral Pipeline is an NGTL asset supplied from ATCO Pipelines' Mainline East pipeline system. It delivers gas to ATCO Pipelines downstream customers, and it has no direct connection to NGTL's pipelines. ATCO Pipelines further explained that the Coaldale Lateral Pipeline is located within ATCO Pipelines' footprint as defined in the integration agreement between ATCO Pipelines and NGTL. ATCO Pipelines has concluded that this pipeline's current operations and maintenance by NGTL are inefficient for both ATCO Pipelines and NGTL.

4. ATCO Pipelines submitted that the proposed transfer would require no additional upgrades and have no impact on the existing pipeline system's continued operation. ATCO Pipelines expects that it will incur negligible incremental costs to operate the pipeline.

5. ATCO Pipelines stated that due to the location of the existing pipeline and its connection to the ATCO Pipelines' system, ATCO Pipelines agreed to purchase the Coaldale Lateral Pipeline. The purchase price of \$222,661 is based on the asset's net book value and is subject to minor adjustments at the time of closing and transfer.

6. ATCO Pipelines also stated that on May 5, 2021, the Canada Energy Regulator issued Order MO-004-2021 granting conditional approval for NGTL to sell the pipeline and for ATCO Pipelines to purchase the pipeline.

7. In its submission, ATCO Pipelines stated that consultation with potentially affected landowners and occupants has been completed by NGTL and there are no outstanding objections or concerns in regard to the pipeline licence transfer.

8. A notice of application was issued on April 26, 2021, with written submissions due on May 14, 2021. No written submissions were received.

3 Findings

9. The Commission has reviewed the application and has determined that it meets the requirements as stipulated in Rule 020: *Rules Respecting Gas Utility Pipelines*.

10. The Commission finds that the Coaldale Lateral Pipeline is connected exclusively to ATCO Pipelines' facilities with no direct connection to NGTL's pipeline system. Therefore, the Commission accepts that the proposed pipeline licence transfer would eliminate inefficiencies for both ATCO Pipelines and NGTL by allowing single-party operation and maintenance for the entire subsystem. The Commission is also aware that the Coaldale Lateral Pipeline is located within ATCO Pipelines' footprint as defined in the integration agreement between ATCO Pipelines and NGTL, and therefore the transfer will be consistent with the geographic service area concept. The Commission finds that these factors are sufficient to establish the need for the pipeline transfer.

11. The Commission accepts ATCO Pipelines' submission that the Coaldale Lateral Pipeline is in safe and operable condition and does not require upgrades or repairs at this time.

12. Based on the foregoing, the Commission considers the proposed pipeline transfer to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*. In making this finding, the Commission has not assessed the prudence of this addition to rate base or the impact on the rates of ATCO Pipelines. These matters may be examined in the next ATCO Pipelines general rate application.

4 Decision

13. Pursuant to sections 9 and 18 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the pipeline licence transfer of the 4.9-kilometre-long, 168.3-millimetre Coaldale Lateral Pipeline from NOVA Gas Transmission Ltd. to ATCO Pipelines. The new licence will be issued pending a pipeline database update with the Alberta Energy Regulator.

Dated on June 7, 2021.

Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member