



**ATCO Pipelines, a division of ATCO Gas and
Pipelines Ltd.**

**Updated Placeholder for the Acquisition of the Pioneer Pipeline
in Compliance with Decision 25937-D01-2021 and
Decision 26443-D01-2021**

January 12, 2022

Alberta Utilities Commission

Decision 27053-D01-2022

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Proceeding 27053

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1 Introduction

1. This decision approves ATCO Pipelines', a division of ATCO Gas and Pipelines Ltd., application to revise its zero-dollar placeholder related to ATCO Pipelines acquisition of the Pioneer Pipeline to \$9.99 million for 2021, \$16.46 million for 2022 and \$15.12 million for 2023, which increases the total revenue requirement for ATCO Pipelines to \$319,984,000 in 2021, \$341,814,000 in 2022, and \$350,506,000 in 2023. There are several past Alberta Utilities Commission decisions that relate to ATCO Pipelines' application.

2. In Decision 25663-D01-2021, for ATCO Pipelines 2021-2023 general rate application (GRA), the Commission approved a zero-dollar placeholder for the acquisition of the Pioneer Pipeline pending a Commission determination of ATCO Pipelines' facilities application related to the acquisition of the Pioneer Pipeline.¹

3. On June 15, 2021, the Commission approved in Decision 25937-D01-2021² the inclusion of the acquisition costs of an existing pipeline and associated facilities from Pioneer Pipeline Inc. in ATCO Pipelines' revenue requirements. In that decision, the Commission approved a 2021 revenue requirement of \$7.75 million.³ Further, the Commission directed ATCO Pipelines to revise its 2021-2023 revenue requirement to reflect the approval of the acquisition of the Pioneer Pipeline, including the impact on rate base and operation and maintenance, in its next rate application.

4. In Decision 26189-D01-2021, the Commission approved applications from ATCO Pipelines for the sale and transfer of the 29.9-kilometre westerly segment of the Pioneer Pipeline Inc. pipeline and associated facilities to NOVA Gas Transmission Ltd. (NGTL) that fall within NGTL's footprint, and a request to amend the existing pipeline licence.⁴

5. In Decision 26443-D01-2021, the Commission reaffirmed its approved zero-dollar placeholder for the Pioneer Pipeline acquisition costs, pending the closing of the transaction⁵ and advised ATCO Pipelines that, if it wished to, it could file a separate rates application to true up

¹ Decision 25663-D01-2021: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd., 2021-2023 General Rate Application, Proceeding 25663, March 1, 2021, paragraph 299.

² Decision 25937-D01-2021: ATCO Gas and Pipelines Ltd., Pipeline Acquisition from Pioneer Pipeline Inc., Proceeding 25937, Applications 25937-A001 and 25937-A002, June 15, 2021.

³ Decision 25937-D01-2021, paragraph 46.

⁴ Decision 26189-D01-2021: ATCO Gas and Pipelines Ltd., Pipeline Transfer to NOVA Gas Transmission Ltd., Proceeding 26189, Applications 26189-A001 and 26189-A002, June 15, 2021, paragraph 1.

⁵ Decision 26443-D01-2021: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd., 2021-2023 General Rate Application Compliance Filing, Proceeding 26443, June 24, 2021, paragraph 50.

its 2021-2023 revenue requirements to reflect the costs related to the Pioneer Pipeline acquisition.⁶

6. On June 30, 2021, ATCO Pipelines closed its acquisition of the Pioneer Pipeline. ATCO Pipelines now operates the Pioneer Pipeline as part of the integrated ATCO/NGTL pipeline system to provide service to NGTL and its customers.

7. On December 13, 2021, ATCO Pipelines filed an application with the Commission requesting approval to update its zero-dollar placeholder for the acquisition of the Pioneer Pipeline to \$9.99 million for 2021, \$16.46 million for 2022 and \$15.12 million for 2023 in compliance with Decision 25937-D01-2021.⁷ ATCO Pipelines also requested continued placeholder treatment for the Pioneer Pipeline and indicated that it would finalize and true up the placeholder for the Pioneer Pipeline in a future application when the transfer of certain facilities, the NGTL Footprint Pipeline Facilities, to NGTL closes, or in ATCO Pipelines' next GRA.

8. On January 15, 2021, NGTL filed for Canada Energy Regulator (CER) approvals pursuant to the *Canadian Energy Regulator Act* for NGTL to acquire from ATCO Pipelines and to operate the NGTL Footprint Pipeline Facilities. At the time ATCO Pipelines filed this application, the NGTL applications had not been approved by the CER.

9. In a January 4, 2022, letter,⁸ ATCO Pipelines advised the Commission that on December 22, 2021, the CER approved NGTL's applications.⁹ ATCO Pipelines is expecting the transfer of the NGTL Footprint Pipeline Facilities to NGTL to close at the end of the first quarter of 2022. Following close of the transaction with NGTL, ATCO Pipelines will finalize and request approval of the true-up of the placeholder amounts so that ATCO Pipelines' revenue requirement includes the remaining Pioneer Pipeline assets that will be owned and operated by ATCO Pipelines.

10. For the period prior to the closing of the transaction, ATCO Pipelines will own and operate the NGTL Footprint Pipeline Facilities. ATCO Pipelines has included the asset held for sale for the NGTL Footprint Pipeline Facilities in its necessary working capital and the operating costs in its revenue requirements.

11. The Commission issued a notice of the application on December 14, 2021, with statements of intent to participate (SIPs) due January 4, 2022. In response to the notice, a SIP was filed by NGTL. In its SIP, NGTL supported ATCO Pipelines' proposal for continued placeholder treatment for the Pioneer Pipeline facilities in ATCO Pipelines' revenue requirement.

12. The Commission considers the record of this proceeding to have closed on January 4, 2022, the deadline date for SIP filings.

13. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly,

⁶ Decision 26443-D01-2021, paragraph 49.

⁷ Decision 25937-D01-2021, paragraphs 1 and 46.

⁸ Exhibit 27053-X0007.

⁹ CER Filing ID C16961-1. Please also see Filing ID C16961-3, CER Order MO-041-2021 and Filing ID C16961-5, CER Order XG-015-2021, on the CER website: <https://www.cer-rec.gc.ca/en/index.html>

references in this decision to specific parts of the records in this or the aforementioned proceedings are intended to assist the reader in understanding the Commission’s reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

Should the Commission approve ATCO Pipelines’ application to update the Pioneer Pipeline placeholder?

14. In its application, ATCO Pipelines updated the GRA schedules previously provided in the post-disposition filing in Proceeding 26443. The table below reflects the 2021-2023 revenue requirement impact of the acquisition of the Pioneer Pipeline:¹⁰

Table 1. Updated 2021-2021 utility revenue requirement

	2021 Forecast	2022 Forecast	2023 Forecast
	(\$000)		
Total utility revenue requirement	309,992	325,357	335,385
Pioneer Pipeline acquisition	9,992	16,457	15,121
Total utility revenue requirement	319,984	341,814	350,506

*Due to rounding, some totals may not correspond with the sum of the separate figures.

15. In light of the fact that the Commission has approved the acquisition of the Pioneer Pipeline and transfer of NGTL Footprint Pipeline Facilities to NGTL, the Commission finds that ATCO Pipelines’ proposal to update its zero-dollar placeholder for the acquisition of the Pioneer Pipeline to \$9.99 million for 2021, \$16.46 million for 2022 and \$15.12 million for 2023 in compliance with Decision 25937-D01-2021 and Decision 26443-D01-2021 is reasonable. The Commission also notes NGTL’s SIP in support of ATCO Pipelines’ application and reference to CER approvals regarding its acquisition of a portion of the Pioneer Pipeline:

The Pioneer South Pipeline facilities are currently owned and operated by ATCO Pipelines and form part of the Integrated System. These facilities are currently being used to provide service to NGTL System customers and will continue to be used to do so after their acquisition by NGTL. On December 22, 2021, the CER issued its decision approving NGTL’s acquisition and operation of the Pioneer South Pipeline facilities (CER Filing ID: C16961). As such, NGTL now anticipates that the transaction to transfer the Pioneer South Pipeline facilities will close around the end of the first quarter in 2022. Given the uncertainty regarding the specific date at which the transaction will close, NGTL agrees that continued placeholder treatment for the Pioneer Pipeline facilities in the ATCO Pipelines’ revenue requirement is warranted, as proposed by ATCO Pipelines....¹¹

16. Because ATCO Pipelines will own and operate the NGTL Footprint Pipeline Facilities and the Pioneer Pipeline and related facilities providing utility service to customers as part of the integrated system until the transaction closes, e.g., in 2022, the Commission is satisfied that including the asset held for sale for the NGTL Footprint Pipeline Facilities in its necessary working capital and operating costs in ATCO Pipelines’ revenue requirements is reasonable. The Commission also approves continued placeholder treatment for Pioneer Pipeline’s costs pending

¹⁰ Exhibit 27053-X0001, application, paragraph 15.

¹¹ Exhibit 27053-X0008, NGTL SIP.

the closing of the transaction for the transfer of the NGTL Footprint Pipeline Facilities to NTGL. The Commission directs ATCO Pipelines to true up and finalize the Pioneer Pipeline placeholder amounts for 2021-2023 in its next rates application.

17. The Commission approves ATCO Pipelines' placeholder for the acquisition of the Pioneer Pipeline of \$9.99 million for 2021, \$16.46 million for 2022 and \$15.12 million for 2023, which increases the total revenue requirement for ATCO Pipelines to \$319,984,000 in 2021, \$341,814,000 in 2022, and \$350,506,000 in 2023.

2 Order

18. It is hereby ordered that:

- (1) ATCO Pipelines' placeholder amounts for the acquisition of the Pioneer Pipeline to \$9.99 million for 2021, \$16.46 million for 2022 and \$15.12 million for 2023 is approved as filed, and which increases the total revenue requirement for ATCO Pipelines to \$319,984,000 in 2021, \$341,814,000 in 2022, and \$350,506,000 in 2023.
- (2) Following the close of the transaction to transfer the NGTL Footprint Pipeline Facilities to NOVA Gas Transmission Ltd., ATCO Pipelines is directed to true up and finalize the Pioneer Pipeline placeholder amounts in its next rates application.

Dated on January 12, 2022.

Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Pipelines
NOVA Gas Transmission Ltd. (NGTL)

Alberta Utilities Commission
Commission panel N. Jamieson, Commission Member
Commission staff A. Sabo (Commission counsel) M. McJannet F. Alonso

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. Because ATCO Pipelines will own and operate the NGTL Footprint Pipeline Facilities and the Pioneer Pipeline and related facilities providing utility service to customers as part of the integrated system until the transaction closes, e.g., in 2022, the Commission is satisfied that including the asset held for sale for the NGTL Footprint Pipeline Facilities in its necessary working capital and operating costs in ATCO Pipelines' revenue requirements is reasonable. The Commission also approves continued placeholder treatment for Pioneer Pipeline's costs pending the closing of the transaction for the transfer of the NGTL Footprint Pipeline Facilities to NTGL. The Commission directs ATCO Pipelines to true up and finalize the Pioneer Pipeline placeholder amounts for 2021-2023 in its next rates application. paragraph 16