



ATCO Gas and Pipelines Ltd.

Disposition of Land Parcel 6090JK;2

September 14, 2022

Alberta Utilities Commission

Decision 27580-D01-2022

ATCO Gas and Pipelines Ltd.

Disposition of Land Parcel 6090JK;2

Proceeding 27580

September 14, 2022

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 60 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 finds that the proposed sale is within the ordinary course business for ATCO Gas and Pipelines Ltd. (AGPL), and Commission approval for the disposition of land parcel 6090JK;2 is not required.

2 Background

2. On August 15, 2022, AGPL filed an application with the Commission regarding a proposed disposition of a parcel of land legally described as 6090JK;2. AGPL requested that the Commission either approve the sale as required pursuant to Section 26 of the *Gas Utilities Act* or confirm that Section 26 does not apply.

3. The parcel of land is 1.61 acres located at 8911 6 Street S.E. in Calgary, Alberta. It was purchased in 1975 for \$2,877.05. According to a valuation prepared by Ernst & Young LLP, the fair market value of the land is \$1.49 million.¹

4. AGPL explained that ATCO Pipelines, a division of AGPL, determined that the land was no longer required to be used for utility service because the facilities previously located on this land were relocated as part of the approved Urban Pipeline Replacement Project (specifically the West Calgary Connector Project).² Accordingly, the land was removed from its rate base in 2020. AGPL confirmed that ATCO Pipelines has maintained safe and reliable utility service without the use of this land since its removal from rate base. AGPL submitted that the sale of this non-utility asset will not adversely affect customers who are currently receiving service or may receive utility service from ATCO Pipelines.

5. The Commission issued notice of the application on August 17, 2022.³ The Commission did not receive any statements of intent to participate in response to the notice.

3 Commission findings

6. Section 26(2)(d) of the *Gas Utilities Act* prevents a designated owner of a gas utility, such as AGPL,⁴ from selling its property outside the ordinary course of business without first obtaining Commission approval. If the sale is in the ordinary course of business, Commission approval is not required. If the sale is outside the ordinary course of business, the Commission

¹ Exhibit 27580-X001, Appendix A.

² Decision 21591-D01-2017: ATCO Gas and Pipelines Ltd. (South), West Calgary Connector Pipelines Project, Proceeding 21591, Application 21591-A001, February 21, 2017.

³ Exhibit 27580-X0004.

⁴ Section 2(c) of the *Gas Utilities Designation Regulation*, Alta Reg 257/2007, designates AGPL as the owner of a gas utility to which sections 26 and 27 of the *Gas Utilities Act* applies.

will apply the “no harm” test and assess what impact the proposed transaction may have on customers. Accordingly, the Commission must first assess whether the proposed sale is outside the ordinary course of business.

7. In determining whether a disposition is outside the ordinary course of business, the Commission considers the frequency and type of sale, the quantum and materiality of the proceeds of disposition, and the net book value in relation to total rate base.⁵

8. The fact that a utility is proposing to sell real estate is, by itself, not sufficient to find that it is outside the ordinary course of business. A utility typically has real property holdings associated with its plant and equipment, and from time to time needs to dispose of such property when it is no longer needed for public service.⁶

9. In this case, the net book value is immaterial compared to ATCO Pipelines’ mid-year rate base of approximately \$2.0 billion. The fair market value, which the Commission considers representative of the expected proceeds of sale, is also relatively immaterial. Moreover, the sale in this case deals with what is now a non-utility asset, and ATCO Pipelines has continued to provide safe and reliable utility service without the use of this land since 2020. Taken together, the Commission has determined these considerations support a conclusion that the proposed sale is inside the ordinary course of ATCO Pipelines’ business.

10. Based on the foregoing, the Commission concludes that its approval is not required pursuant to Section 26(2)(d) of the *Gas Utilities Act* as it relates to the sale of the parcel legally described as 6090JK;2.

4 Order

11. It is hereby ordered that:

- (1) ATCO Gas and Pipelines Ltd.’s proposed sale of the parcel of land located at 8911 6 Street S.E., Calgary, Alberta, with the legal land description of 6090JK;2, is in the ordinary course of business and does not require Commission approval pursuant to Section 26(2)(d) of the *Gas Utilities Act*.

Dated on September 14, 2022.

⁵ For example, see: Decision 2011-450: ATCO Gas (a Division of ATCO Gas and Pipelines Ltd.), 2011-2012 General Rate Application Phase I, Proceeding 969, December 5, 2011, Section 4.5 “Land and structures”; Decision 21321-D01-2016: ATCO Gas and Pipelines Ltd., CU Inc. and Canadian Utilities Limited, Disposition of the Calgary Service Centre, Proceeding 21321, June 29, 2016; and applying similar provisions under the *Public Utilities Act* see Decision 22055- D01-2017: ENMAX Power Corporation, Application to Dispose of Substation Properties, Proceeding 22055, February 15, 2017; and Decision 25442-D01-2020: EPCOR Distribution & Transmission Inc., Disposition of Substation Property, Proceeding 25442, June 16, 2020.

⁶ As summarized by the Commission in Decision 25442-D01-2020, paragraph 40.

Alberta Utilities Commission

(original signed by)

Renée Marx
Commission Member