



**ATCO Gas and Pipelines Ltd.**

**Swanhills Loop Transmission Project**

**October 23, 2023**

**Alberta Utilities Commission**

Decision 28431-D01-2023

ATCO Gas and Pipelines Ltd.

Swanhills Loop Transmission Project

Proceeding 28431

Application 28431-A001

October 23, 2023

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Alberta Utilities Commission

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## **1 Decision summary**

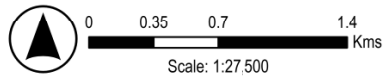
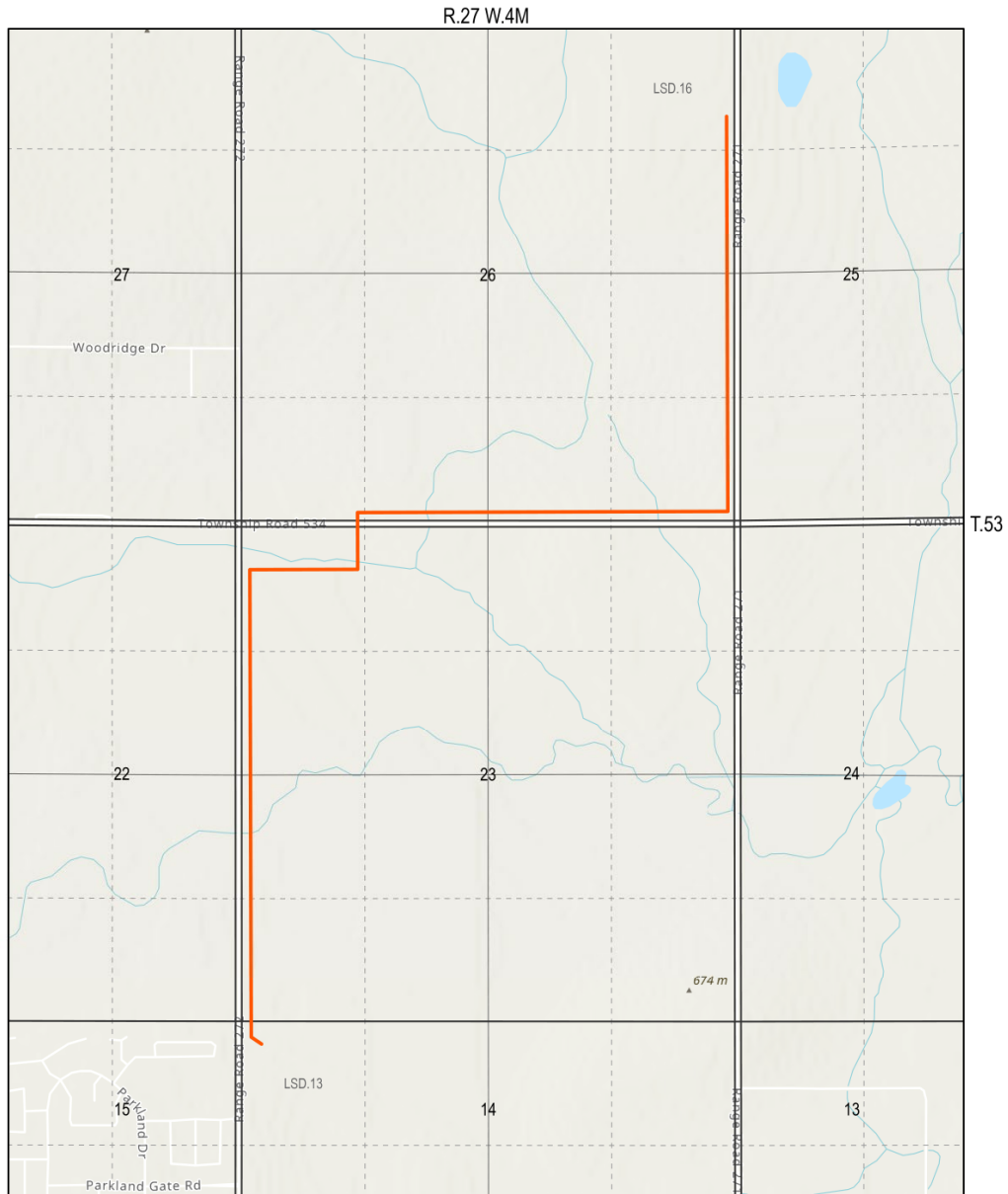
1. In this decision, the Alberta Utilities Commission considers whether it is in the public interest to approve an application by ATCO Gas and Pipelines Ltd. to construct and operate approximately 4.6 kilometres of new 168.3-millimetre high-pressure natural gas pipeline, in the area of Spruce Grove, Alberta.
2. After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that approval of the proposed project is in the public interest, having regard for the need for the project, and the social, economic and other effects of the proposed project, including its effects on the environment.

## **2 Application details**

3. ATCO Gas and Pipelines Ltd., by Application 28431-A001, registered on August 28, 2023, filed an application for approval to install approximately 4.6 kilometres of new 168.3-millimetre natural gas pipeline, under Licence 3861. ATCO has proposed that construction of the Swanhills Loop Transmission Project (the project) would occur in the first quarter of 2024.
4. The new 168.3-millimetre pipeline that ATCO has proposed would connect its existing 323.3-millimetre Swan Hills Transmission Pipeline to a proposed regulator station in the Spruce Grove area. The new pipeline would assume the current demand of the existing Stony Plain Transmission line as well as bring additional gas supply from the existing Swan Hills Transmission line for the future needs of the Spruce Grove area. Under ATCO's Spruce Grove and Stony Plain Upgrade (SUPU) program, ATCO has proposed to abandon 4.2 kilometres of the existing 114.3-millimetre Stony Plain Transmission pipeline and convert the remaining 12.3 kilometres of the transmission pipeline to low-pressure distribution service.
5. ATCO stated that the need for the project was established as part of ATCO's SUPU program, and approved as part of ATCO Pipelines' 2021-2023 General Rate Application in Decision 25663-D01-2021.<sup>1</sup>
6. The proposed project would be sited approximately two kilometres north of the city of Spruce Grove and route from Legal Subdivision 16 of Section 26, Township 53, Range 27 west of the Fourth Meridian to Legal Subdivision 13 of Section 14, Township 53, Range 27 west of the Fourth Meridian. The map below identifies the proposed pipeline route.

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<sup>1</sup> Decision 25663-D01-2021: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. - 2021-2023 General Rate Application, Proceeding 25663, March 1, 2021.

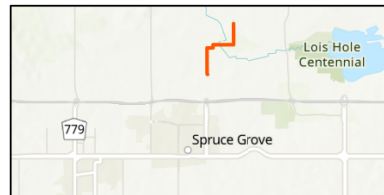


Data Source: Alberta Environment and Parks Parkland County, Esri Canada, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc., METINASA, USGS, EPA, US Census Bureau, USDA, NRCAn, Parks Canada, Esri, NASA, NGA, USGS, FEMA, Parkland County, Esri Canada, Esri, HERE, Garmin, SafeGraph, FAO, METINASA, USGS, EPA, NRCAn, Parks Canada, Esri, CGIAR, USGS

### Swan Hills Loop Transmission Project

Legend

— Proposed Pipeline



Spruce Grove Area  
 Proceeding No. 28431  
 ATCO Gas and Pipelines Ltd.

7. A participant involvement program was completed for the project in accordance with Section 13 of Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines*. ATCO indicated that no concerns were identified during its consultation and notification process and that it obtained confirmation of non-objection from directly and adversely affected landowners.

8. ATCO retained Jacobs Consultancy Canada Inc. to prepare an environmental evaluation report,<sup>2</sup> and environmental protection plan<sup>3</sup> for the project. ATCO stated that during construction it would comply with the requirements of the *Guide for Pipelines Pursuant to the Environmental Protection and Enhancement Act and Regulations* and with industry best practices. The topsoil would be stripped and stored, and all surface disturbances would be backfilled before the topsoil is returned. ATCO has reviewed aerial images of the proposed site and confirmed that six watercourses, four water bodies, and six wetlands have been identified within the project footprint. As such, ATCO has confirmed that a wetland assessment and impact form, as well as a notification under the *Code of Practice for Pipelines and Telecommunications Line Crossing a Water Body* (Government of Alberta, 2013) and the *Code of Practice for Watercourse Crossings* (Government of Alberta, 2019) is required to be submitted to the Alberta Energy Regulator a minimum of 14 days prior to construction commencement. The wetland assessment impact form must also be authenticated by a qualified wetland professional, who meets the requirements in the *Professional Responsibilities in Completion and Assurance of Wetland Science, Design and Engineering Work in Alberta* (Government of Alberta, 2017). ATCO indicated that five ground water wells were identified within 100 metres of the project footprint area. ATCO stated that with the implementation of all recommendations included in the environmental protection plan, the potential adverse environmental effects associated with the project would not be significant.

9. A *Historical Resources Act* clearance for the project was applied for on August 18, 2023, for the proposed construction activities. ATCO stated that construction activities would not commence until the clearance has been received.

### 3 Background and project need

10. In Proceeding 25663, ATCO Pipelines 2021-2023 General Rate Application, ATCO requested approval of its 2021 to 2023 revenue requirement, which included provision for capital expenditures for the SwanHills Loop Transmission Project. ATCO filed a business case with the Commission outlining the need for the proposed project, the four alternatives it considered, and how it reached the conclusion that the proposed project was the best alternative.<sup>4</sup>

11. The Commission assessed and approved the need for the SwanHills Loop Transmission Project, as part of the SUPU program, in Decision 25663-D01-2021.<sup>5</sup>

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<sup>2</sup> Exhibit 28431-X0003, ATCO SwanHills\_EE.

<sup>3</sup> Exhibit 28431-X0002, ATCO SwanHills\_EPP.

<sup>4</sup> Proceeding 25663, Exhibit 25663-X0011 – Section 7.2, Spruce Grove and Stony Plain Upgrade Program – Business Case, PDF pages 73 to 99.

<sup>5</sup> Decision 25663-D01-2021: ATCO Pipelines, a division of ATCO Gas and Pipelines Ltd. - 2021-2023 General Rate Application, Proceeding 25663, March 1, 2021.

#### 4 Pipe diameter change from the business case presented

12. In the business case filed in Proceeding 25663, ATCO originally stated that the project would entail installing a new 219.3-millimetre pipeline. However, the pipe specifications included in this proceeding indicated the installation of a new 168.3-millimetre pipeline. ATCO submitted a brief explanation,<sup>6</sup> which detailed the rationale for downsizing the pipe diameter. At the time the business case was filed, ATCO was utilizing the latest pipeline engineering models and factors to design its pipeline systems. However, since that time, the engineering models and factors have been refined as a result of new data and improved manufacturing processes. As such, the engineering models now indicate that the original pipeline diameter can be downsized while still safely and sufficiently meeting the current and future demands of the target area.

#### 5 Commission process

13. Approval for new gas utility pipelines in Alberta generally follows two separate application processes. In the first application process (rates process) in which the gas utility seeks approval of rates to recover its prudently incurred costs, the gas utility requests the Commission's approval of forecast capital expenditures for new pipeline facilities in the context of a general rate application made pursuant to the *Gas Utilities Act*. In its general rate application, the gas utility includes a business case for the proposed new pipeline that describes the need or justification for the project, the alternatives available to meet that need, and the utility's choice of the best alternative to meet the need. In Decision 23799-D01-2019, the Commission described how it assesses the need for new gas utility pipelines proposed in a general rate application:

The Commission's assessment of the business case is economic in nature and includes a cost benefit analysis, supply-demand forecasts, safety and security of supply and rate impact analyses. However, there is generally little consideration of site-specific impacts and, consequently, potentially-affected landowners do not usually participate in the general rate application process.<sup>7</sup>

14. In the second application process (facility process), the gas utility seeks the Commission's approval to construct and operate new pipeline facilities, pursuant to the *Pipeline Act* and the *Gas Utilities Act*. The facility application generally focuses on the site-specific impacts of the project. When deciding whether to approve the facility application, the Commission must first determine if the need or justification for the new gas utility pipeline was identified and approved in the rates process. If so, then the site-specific impacts, in particular any adverse social, economic or environmental effects, of the proposed facilities are assessed to determine if approval of the proposed facilities is in the public interest.

15. In this proceeding, ATCO requested approval to construct and operate the project in order to meet the need that was previously approved by the Commission in Decision 25663-D01-2021.

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<sup>6</sup> Exhibit 28431-X0012, LIC 3861 LN 101 Install - Size difference information from GRA Filing.

<sup>7</sup> Decision 23799-D01-2019: ATCO Gas and Pipelines Ltd., Pembina-Keephills Transmission Pipeline Project, Proceeding 23799, Application 23799-A001, August 6, 2019, paragraph 8.

16. The Commission issued a notice of application<sup>8</sup> on September 6, 2023, for filing submissions to express objections to, concerns about, or support for the application. The notice was sent directly to all landowners, occupants and residents along the proposed route, and was advertised in the Spruce Grove Examiner newspaper. During the three-week notice period, no submissions were received by the Commission.

## 6 Commission findings

17. As previously stated, the Commission assessed and approved the need for the Swan Hills Loop Transmission Project in Decision 25663-D01-2021.

18. The Commission has reviewed the application and has determined that it meets the information requirements of Rule 007, including the requirements for public involvement and consultation. The Commission accepts ATCO's confirmation that a participant involvement program has been conducted and that there are no outstanding public or industry objections or concerns.

19. The Commission accepts ATCO's statement that it will comply with the code of practice requirements in accordance with the *Water Act* for all watercourse and wetland crossings, and also that a *Historical Resources Act* clearance will be obtained prior to construction commencement.

20. The Commission finds that the environmental information required for the project has been sufficiently addressed within the environmental protection plan. The Commission accepts ATCO's commitment to follow the recommendations presented in the environmental protection plan in order to reduce the risk of adverse environmental impacts associated with construction and operation of the proposed project.

21. The Commission accepts ATCO's assessment that a smaller diameter pipeline would be safe and sufficient to supply the current and future needs of the Spruce Grove area. The Commission also accepts ATCO's conclusion that the proposed project, including the pipe diameter reduction, is the least cost alternative.

22. 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*.

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<sup>8</sup> Exhibit 28431-X0011, Notice of application - Swan Hills Loop Transmission Project.

## 7 Decision

23. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the installation of 4.6 kilometres of new 168.3-millimetre high pressure natural gas pipeline and grants ATCO Gas and Pipelines Ltd. the amended licence as set out in Appendix 1 – Gas Utility Pipeline Licence 3861 (Appendix 1 will be distributed separately).

Dated on October 23, 2023.

### Alberta Utilities Commission

*(original signed by)*

Doug Hawkins  
Acting Commission Member