



Inter Pipeline Ltd.

Application for a Pipeline Licence
Edmonton/Fort Saskatchewan Area

June 23, 2014

ALBERTA ENERGY REGULATOR

Decision 2014 ABAER 007: Inter Pipeline Ltd., Application for a Pipeline Licence,
Edmonton/Fort Saskatchewan Area

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Calgary Alberta

INTER PIPELINE LTD.

APPLICATION FOR A PIPELINE LICENCE
EDMONTON/FORT SASKATCHEWAN AREA

2014 ABAER 007
Application No. 1764137

DECISION

[1] Having carefully considered all of the materials filed in respect of this proceeding, the Alberta Energy Regulator (AER) approves Application No. 1764137.

INTRODUCTION

Application

[2] Inter Pipeline Ltd. (IPL) applied under part 4 of the *Pipeline Act* for approval to construct and operate a pipeline to transport low-vapour-pressure condensate (diluent) from a new Edmonton pump station at Legal Subdivision (LSD) 16, Section 6, Township 53, Range 23, West of the 4th Meridian, to an existing Lamont pump station tie-in point at LSD 9-11-56-21W4M. The proposed pipeline would be about 51.5 kilometres long with a maximum outside diameter of 609.6 millimetres and a maximum hydrogen sulphide concentration of 2.70 moles per kilomole (0.27 per cent).

[3] The pipeline would be located near several urban centres, including Sherwood Park and Fort Saskatchewan (see figure 1).

Background

[4] The AER issued a notice of hearing to request participation from interested parties on March 24, 2014. The AER received requests to participate from seven landowners and occupants along the proposed right-of-way. An errata to the notice of hearing was issued on April 4, 2014, with an updated map showing revised routing submitted by IPL.

[5] The AER issued a notice of scheduling of hearing on April 22, 2014. It gave notice that it would hold a public hearing commencing on June 10, 2014, in Sherwood Park, Alberta, before hearing commissioners R. C. McManus (presiding), B. T. McManus, and J. Lawson (the panel). The AER received withdrawals of requests to participate from three persons and denied participation to one person. The AER issued letters allowing three of the persons who requested participation to participate in the hearing.

[6] Before the start of the public hearing, one of the participants withdrew from the proceeding. A second participant did not file a submission for the proceeding and did not respond to the panel's request that it advise whether it was going to participate in the hearing. The panel deemed this participant as having withdrawn from the proceeding.

[7] On May 16, 2014, the AER received correspondence from the third participant, NPS Farms Ltd. (NPS Farms), stating that it would rely on the concerns it had raised in its August 15, 2013, statement of concern and would not be presenting any other evidence. In a letter dated May 22, 2014, IPL responded to NPS Farms' concerns. It also requested that the AER continue to process the application and make a decision without holding a hearing.

[8] On May 27, 2014, the AER received a letter from NPS Farms indicating that it had no further interest in an oral hearing and would not appear at the public hearing. It requested that the panel proceed with making a decision on the application.

[9] The AER issued a revised notice of hearing on May 30, 2014, closing the record of the proceeding, since no further evidence was to be presented. A public hearing was not held.

ISSUES

[10] The issues that arise for the AER with respect to any application under an energy resource enactment such as the *Pipeline Act* include whether the application meets the AER's requirements; the environmental, social, and economic effects of the proposed energy resource activity; and the impacts on landowners from use of their land for that activity.

[11] NPS Farms' concerns are with the impact of the proposed pipeline on its operations, the prematurity of the application, the location of the proposed pipeline with respect to the established pipeline corridor, and the proliferation of pipelines.

Analysis

[12] In NPS Farms' statement of concern, it submitted that it is a specialized grower of certified seed potatoes and that the construction of a pipeline on its land would create undue hardship and irreparable damage to its operations. NPS Farms uses its land as a part of its seed potato growing rotation and requires it for its 2014 potato crop. When NPS Farms submitted its statement of concern, it stated that the application was premature as alternate routes were still being suggested and that the timing of and techniques used for constructing the pipeline had not been established. NPS Farms stated that the effect of the pipeline construction on its lands and operation cannot be determined until these issues are resolved.

[13] NPS Farms stated that the land requested in this application falls outside of the provincial government's established North East Penetrator Corridor (NEPC). It submitted that it has endured a number of pipeline crossings over the years on its other properties; however, those crossings were all within the boundaries of the NEPC. NPS Farms stated that it was its understanding that once the NEPC was full, it would not be required to accept additional pipelines on its lands.

[14] NPS Farms submitted that in addition to IPL's proposed pipeline, two other projects from different operators have been proposed for this area. It further submitted that there is no coordination or joint consideration among these companies for the negative environmental impacts that their independence creates. NPS Farms asked the AER to dismiss this application, and if possible require the three projects to jointly minimize the environmental impact of their proposed projects.

[15] IPL submitted that it has taken every reasonable step possible to mitigate and address NPS Farms' concerns. It met with D. Pentelchuk of NPS Farms to discuss his concerns. IPL also stated that it has worked to reduce how much pipeline right-of-way is on NPS Farms' property. IPL has agreed to compensate NPS Farms for any anticipated crop damages/construction impact for 20 years. IPL noted that multiple pipelines are already located in the portion of the NEPC where NPS Farms successfully farms the land. IPL stated that it proposed routing that directly parallels the existing pipeline corridor and to the extent possible minimizes disturbance. IPL also noted that the proposed routing uses the remaining portion of the NEPC to try and eliminate all gaps between the existing NEPC and proposed routing on NPS Farms' land. IPL stated that NPS Farms has already agreed to special construction requirements and compensation.

[16] IPL noted that the total right-of way on NPS Farms' land is 560 metres in length. Of the total length, 200 metres are entirely within the boundaries of the NEPC. Of the remaining 360 metre right-of-way, 4 metres of width is in the NEPC and 6 metres is outside the NEPC on NPS Farms' land. The total right-of-way impact on NPS Farms is 678 m³ (0.55 acres). This routing follows established pipeline corridor routing in the existing NEPC and uses the remaining space in that corridor.

[17] With respect to NPS Farms' concern that the proposed pipelines in the area are not coordinated and that this creates environmental effects, IPL said that it has committed to coordinating with the other proposed pipeline projects. IPL stated that the majority of lands required for the installation of this pipeline are already disturbed due to previous installations of other pipelines. IPL noted that the topsoil has already been stripped by Enbridge Pipelines (Woodlands) Inc. (Enbridge). Part of IPL's plans for mitigating impacts and coordinating with other pipeline installations involves using already stripped rights-of-way. IPL submitted that the key to limiting impacts on NPS Farms' land is to start constructing the pipeline as soon as possible to conserve topsoil.

[18] To avoid disturbing the NPS Farms' land further, IPL stated that it has already arranged with Enbridge to leave the topsoil stripped along a large portion of the pipeline. IPL would then install its pipeline and return topsoil over both rights-of-way. It further noted that other synergies have also been discussed, such as using specialized equipment and similar construction methodologies. IPL also stated that it has shared its routing plans with another company and that they meet regularly to look for ways to coordinate and to minimize impacts.

[19] IPL submitted that it has addressed all of NPS Farms' concerns. On concerns raised with the processing of multiple projects on its property, IPL noted that these matters have already been determined in previous applications or have yet to be decided. IPL submitted the routing of pipeline corridors are beyond the AER's jurisdiction and, therefore, should not be considered as part of this proceeding. IPL further submitted that matters on previously installed pipelines have already been determined, and that those projects have already been found to be in the public interest.

Findings

[20] Regarding NPS Farms' concerns with the timing of IPL's application, the panel finds that they no longer have merit. The panel accepts IPL's revised route and confirms that IPL's application contains all information necessary for the AER to make a decision on it. The panel notes that IPL's routing eliminates all gaps between the proposed pipeline and the existing NEPC

and minimizes disturbance. NPS Farms received the revised routing before it advised the AER that it would rely on its statement of concern as its submission in the proceeding.

[21] The panel notes IPL's commitments to construct the pipeline in the spring/summer of 2014 and use lands previously disturbed by Enbridge to reduce topsoil disturbance, lessen crop loss, and compensate NPS Farms for crop loss due to this timing. The panel also notes IPL's statement that it has agreed to use construction techniques such as limiting traffic, cleaning equipment, protecting against weed contamination, and compaction methods.

[22] The panel notes that NPS Farms requested that the AER make a decision on its concerns with the processing of multiple projects on its land. NPS Farms believes that the failure of three operators to coordinate the projects would increase environmental impacts. Unfortunately, other than raising the concern, NPS Farms did not give any evidence to assist the panel in considering this issue. Therefore, the panel accepts IPL's submission that it has and will continue to coordinate with the operators of the two other pipeline projects by using already stripped rights-of-way and the topsoil from those already stripped lands. The panel encourages IPL to continue discussions with the other operators to pursue opportunities and practices to minimize the environmental impact of its activities on NPS Farms.

[23] The panel acknowledges NPS Farms' concerns with the location of the pipeline in relation to the NEPC. However, the panel finds the scant evidence provided by NPS Farms to be of little assistance on this topic. The panel accepts that IPL has minimized the surface impacts to NPS Farms' land by using the NEPC as much as possible. While the panel accepts that NPS Farms believed that once the corridor was full, no additional pipelines would be approved on its land, the panel finds that the AER has no information to support or put this belief into context and, therefore, can put no weight on that evidence.

CONCLUSION

[24] The panel acknowledges its obligations to consider the social, economic, and environmental effects of the proposed pipeline on NPS Farms and notes that it has considered these factors in its decision. However, the panel notes that the evidence submitted by NPS Farms did not assist it in this regard because it was minimal and untested. As a result, the panel can place little, if any, weight upon it. As noted above, IPL's evidence supports that it has adequately addressed NPS Farms' concerns with the prematurity of the application, the effect of it on NPS Farms' operations, and coordination of other projects in the area. NPS Farms' did not provide any substantive evidence about the NEPC pipeline corridor that could allow the panel to address that issue.

[25] In its decision, the panel also notes that it considered IPL's commitment to coordinate its activities with other pipeline projects that have been proposed in the area, including the conservation of topsoil.

[26] In reaching its decision, the AER has considered all relevant materials constituting the record of this proceeding, including the evidence provided by each party. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the AER's reasoning on a particular matter and do not mean that the AER did not consider all relevant portions of the record with respect to this matter. Having reviewed all of the

materials filed in respect of this proceeding, and noting that Application No. 1764137 meets all AER requirements, Application No. 1764137 is approved.

Dated in Calgary, Alberta, on June 23, 2014.

ALBERTA ENERGY REGULATOR

<original signed by>

R. C. McManus, M.E.Des.
Presiding Hearing Commissioner

<original signed by>

B. T. McManus, Q.C.
Hearing Commissioner

<original signed by>

J. Lawson, MPA
Hearing Commissioner

APPENDIX 1 HEARING PARTICIPANTS

Principals and Representatives (Abbreviations used in report)

Inter Pipeline Ltd.
L. Jamieson

NPS Farms Ltd.
B. McElhanney

Alberta Energy Regulator staff
R. J. Mueller, AER Counsel
M. LaCasse, AER Counsel
R. Ruddell
J. Stewardson

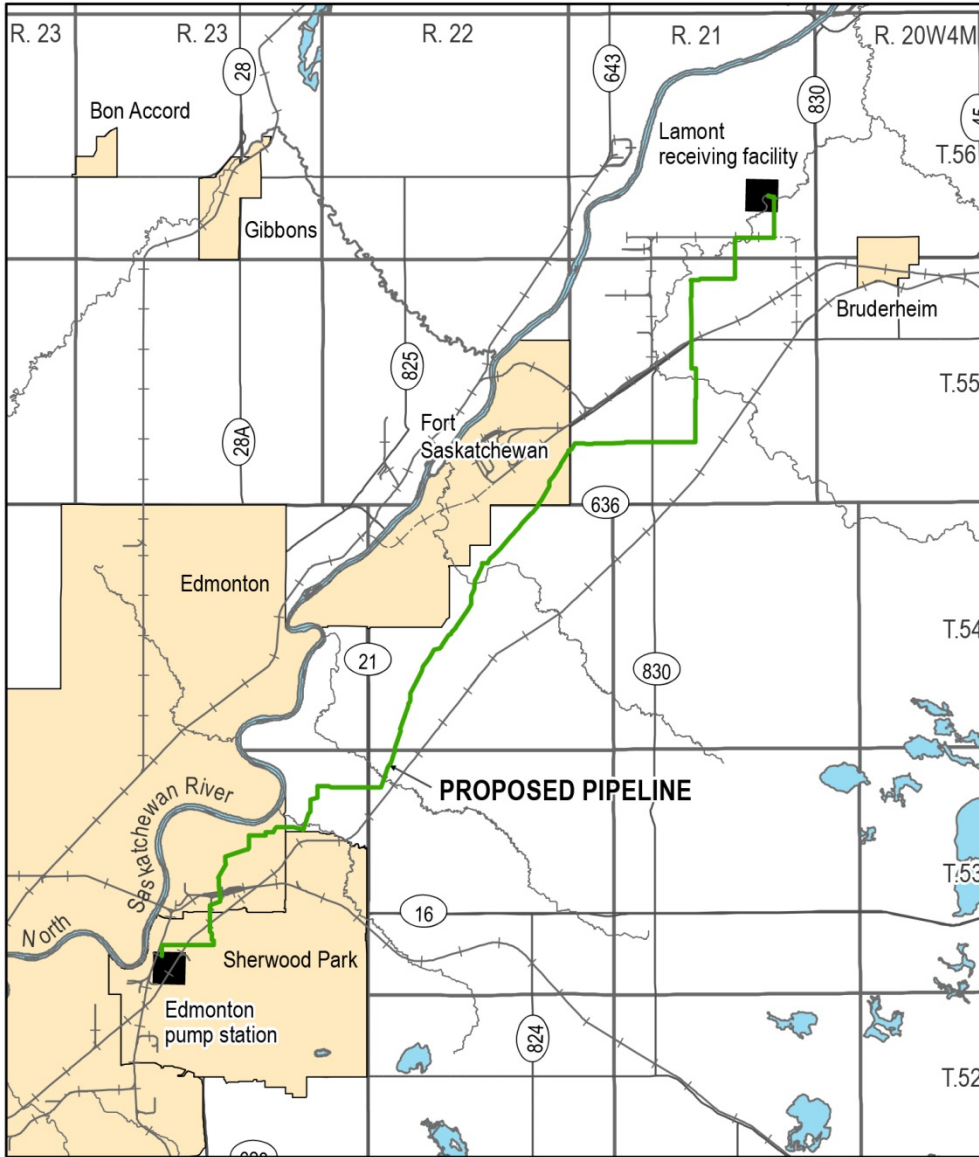


Figure 1. Map of the proposed pipeline