

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**PREHEARING MEETING
CENTRICA CANADA LIMITED
APPLICATION TO CONSTRUCT AND OPERATE A SWEET
GAS PIPELINE AND SWEET OIL EFFLUENT PIPELINE
BRUDERHEIM AREA**

**Decision 2002-040
Application No. 1247777**

1 INTRODUCTION

In accordance with Part 4 of the Pipeline Act, Centrica Canada Limited (Centrica) submitted Application No. 1247777 to the Alberta Energy and Utilities Board (EUB/Board) on November 6, 2001, for approval to construct and operate a sweet gas pipeline and a sweet oil effluent pipeline from Legal Subdivision 9, Section 1, Township 56, Range 21, West of the 4th Meridian (LSD 9-1-56-21W4M) to a tie-in point at LSD 9-12-56-21W4M. The sweet gas pipeline would have a 60.3 millimetre (mm) outside diameter (OD), while the oil effluent pipeline would be 88.9 mm OD, with both pipelines approximately 1.55 kilometres (km) in length and set in a common ditch.

Several area residents and landowners directly affected by the proposed pipelines raised concerns about the routing of the subject pipelines and Centrica's lack of willingness to agree to remove the pipelines when the wells are abandoned.

The Board directed that Application No. 1247777 be considered at a public hearing, and a prehearing meeting was scheduled to provide direction on procedural and other matters.

The Board held a prehearing meeting in Nisku, Alberta, on April 5, 2002, before Board Members A. J. Berg, P.Eng. (Presiding Member), J. R. Nichol, P.Eng., and G. J. Miller. Those who appeared at the prehearing meeting, along with a list of abbreviations used in the decision are set out below.

THOSE WHO APPEARED AT THE PREHEARING MEETING*

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Centrica Canada Limited (Centrica)

S. Munro

T. Cholowski, D. and A. Guenette, and
R. Prochnau (the Intervener Group)

A. Hull

Alberta Energy and Utilities Board staff
G. Perkins, Board Counsel
L. Wilson-Temple
S. Cartwright

* Mr. Yaworski, an adjacent landowner, attended the meeting as an interested party; however, he did not formally register as a participant.

2 ISSUES CONSIDERED AT THE PREHEARING MEETING AND ISSUES TO BE CONSIDERED AT THE HEARING

The Board included the following items on the agenda for the prehearing meeting:

- the scope and nature of the issues to be discussed at the hearing;
- the procedures to be adopted with respect to the hearing;
- the timing for any information requests, submissions, and the hearing itself;
- the hearing location; and
- any other matters that might aid in the simplification or the fair and most expeditious disposition of the hearing.

With respect to the scope of the hearing, Centrica and the Intervener Group agreed that at the hearing the Board should properly consider the following issues:

- the need for the pipelines and their projected operating term;
- the removal of the pipelines from the property upon abandonment of the pipelines and associated wells;
- the potential devaluation of land zoned for heavy industrial development due to the existence of pipelines;
- the impacts of operational and abandoned pipelines on current land use; and
- consideration of alternative pipeline routes and associated applications, if necessary; and
- authority regarding pipeline removal.

Centrica confirmed that it would be providing further submissions before the hearing and would also speak to the following:

- the need for the pipelines,
- its position on removal of the pipelines,
- the impacts of the pipelines, including its general view on the issue of property devaluation, and
- evidence of its evaluation of alternative pipeline routes investigated.

Centrica commented that it would not be filing significant evidence on the issue of property devaluation until it had an opportunity to review and respond to the position taken by the Intervener Group.

The Intervener Group also confirmed that it was prepared to provide evidence on the above issues and was still evaluating information on property devaluation to bring forward. In response to a request from the Board, both parties agreed to provide a legal brief on the issue of the Board's authority in requiring pipeline removal.

With respect to the issue of alternative routes, Centrica asked that the Intervener Group advance any proposal of alternative routing as soon as possible and, in any case, prior to the hearing, so that it could properly respond and so that any other potentially affected landowners could be identified. The Intervener Group agreed to this request.

In response to a question from the Board, both Centrica and the Intervener Group confirmed they would work on providing a statement of the facts they have agreed upon to the Board in order to ensure that the hearing remains focused on only those issues that remain unresolved between the parties.

Neither party identified a need to adopt any special procedures for the hearing; both welcomed having a reasonable schedule established, which would include a period for making information requests (IRs) to the other party. They both believed that the IR process would be most helpful if it occurred after initial submissions were made.

Centrica and the Intervener Group made comments as to their respective availability for a hearing and to the time needed to file and reply to submissions. Both parties were agreeable to holding the hearing in the Edmonton-Fort Saskatchewan area.

The Intervener Group also identified two late concerns it would like to see addressed. It raised the issue of impeded drainage on the proposed pipeline right-of-way and expected Centrica to address this concern. The Intervener Group also discussed needing some certainty about local interveners' costs, as this could affect the ability of some landowners residing outside of Alberta to participate in the hearing.

Centrica responded to the second concern by indicating that it would reimburse reasonable costs of affected parties who wished to participate in the hearing based on the EUB's *Guidelines for Energy Cost Claims (Guide 31A)*. It encouraged the participants to select a spokesperson per family to represent their concerns.

3 BOARD DIRECTION

The Board accepts the views of the parties respecting the scope of the issues to be discussed at the hearing and expects both parties to be ready to present evidence on the issues identified above. The Board emphasizes the importance of the parties filing and presenting complete, concise, and relevant information that will assist the Board in reaching its decision on the application. With respect to the issue of pipeline removal, the Board requests each of the parties to include in its submissions to be filed in these proceedings a discussion of the Board's authority and jurisdiction, if any, to direct the removal of a pipeline or portion of a pipeline.

With respect to the potential for alternative pipeline routes suggested by the Intervener Group, the Board strongly encourages the earliest possible exchange of specifics on this issue in order to ensure that other potentially affected parties can be identified and that any alternatives can be fully evaluated.

The Board notes the willingness of both parties to create a statement of facts agreed upon, which would assist in ensuring that the hearing remains focused on unresolved issues.

Regarding the two additional issues raised by the interveners at the prehearing, the Board will expect Centrica to provide information regarding the effects of the pipeline right-of-way on drainage and the mitigating measures it proposes to take. Respecting local interveners' costs, the Board has a well-established discipline in reviewing cost claims and notes Centrica's acknowledgment of the status of the landowners as local interveners and its commitment to agree with reasonable costs.

The Board notes that there was little discussion on the proposed venue for the hearing. The Board believes it appropriate to hold the hearing proximate to Centrica's facilities and near the affected landowners and residents.

Therefore, the Board has determined that the hearing will be held on Thursday, June 20, 2002, in the Edmonton-Fort Saskatchewan area at a venue to be determined. All interveners to the proceeding must be present at the commencement of the hearing to register their appearance. A hearing notice will be issued to all parties in due course.

The Board has considered the comments of the parties and directs that the following schedule be adhered to:

Monday, May 6, 2002	Submissions by Centrica and the Intervener Group be filed, including discussion of the issue of pipeline removal
Thursday, May 16, 2002	Information requests exchanged between the parties and the Board
Friday, May 31, 2002	Responses due to the information requests
Friday, June 7, 2002	Additional/final submissions due, including “statement of agreed-upon facts”
Wednesday, June 19, 2002	Site visit (further details to be provided)
Thursday, June 20, 2002	Hearing commences

4 OTHER MATTERS—APPROPRIATE DISPUTE RESOLUTION (ADR)

The Board notes the interest and willingness of both the parties to consider further negotiations and the potential to engage the EUB’s Appropriate Dispute Resolution (ADR) process. The Board is advised that Centrica and the Intervener Group will appraise their opportunities for discussion in more detail after the initial submission deadline of May 6, 2002. The Board encourages the parties to continue working together to resolve their issues.

DATED at Calgary, Alberta, on April 9, 2002.

ALBERTA ENERGY AND UTILITIES BOARD

<Original signed by>

A. J. Berg, P.Eng.
Presiding Board Member

<Original signed by>

J. R. Nichol, P.Eng.
Board Member

<Original signed by>

G. J. Miller
Board Member