

December 22, 2015

Mr. Brian Shand, P.Eng.
Director, Gas Facilities
Fifth Avenue Place East
4th Floor, 424 – 1st Street S.W.
Calgary, AB T2P 3L8

Dear Mr. Shand,

Re: AP Pipeline Integrity Management and Emergency Response Procedures Manuals

In response to the Alberta Utilities Commission's letter of February 12, 2015, ATCO Pipelines ("AP") can confirm that a program is currently in place to investigate and explicitly verify, with producer transportation and connecting pipeline operators, that adequate overpressure protection is in place to ensure that the maximum pressure of AP's facilities will not be exceeded.

AP's pipeline system currently has 128 active producer receipt points. A written survey was initiated by AP requesting information from all active producers pertaining to existing pressure control ("PC") and overpressure protection ("OPP") equipment in place, and the licensed maximum operating pressure ("MOP") of the producers' facilities. The information requested allows for confirmation that the MOP of AP's downstream facilities will not be exceeded. AP has received responses from upstream producers, and has completed initial assessments of all 128 active receipts.

Acceptable PC and OPP equipment has been confirmed for 85 of the 128 receipts. As well, upstream producers have completed corrective actions, or have committed to completing corrective actions at 9 additional receipts where deficiencies were found. AP continues to work with the producers at the other 34 receipts to confirm if existing PC and OPP equipment at the producers' facilities are acceptable.

In addition to the 128 active producer receipt points, there are 107 active pipeline interconnect points on AP's system where gas is delivered from an upstream pipeline operator to AP. Interconnects with TransCanada's Nova Gas Transmission Ltd. ("NGTL") system account for 104 of the total 107 active pipeline interconnect points on AP's system. AP's initial assessment of active interconnects has confirmed that 74 of the 107 interconnects have adequate PC and OPP equipment in place, or is not necessary.

AP is continuing to work with NGTL to evaluate the remaining 33 interconnects to confirm PC and OPP equipment, and licensed MOPs. This process is expected to be complete by April 1, 2016.

In addition to OPP, all of AP's 128 active receipts and major pipeline interconnects are monitored on a 24 hour per day basis, by AP's Control Centre. Pipeline operating pressure data is available for these facilities through AP's Supervisory Control and Data Acquisition ("SCADA") system. Existing SCADA alarms are set to notify Control Centre operators if pipeline operating pressures are approaching the MOP of AP's facilities, so that appropriate measures can be taken to protect AP's assets.

AP will verify pressure control and overpressure protection in place for producer receipt facilities on an annual basis to identify any system upgrades or changes required.

Should you have any questions regarding this response or require further assistance, please contact the undersigned, at (780) 733-2877 at your convenience.

Thank you,

A handwritten signature in black ink, appearing to read 'J. Sharpe', with a long horizontal stroke extending to the right.

Jason Sharpe
Senior Vice President & General Manager