

News Release

November 1, 2011

Alberta Utilities Commission approves Heartland Transmission Project

Calgary, Alberta... Alberta's independent utilities regulator has approved, with conditions, an application for the Heartland Transmission Project, including its preferred east route option.

In Decision 2011-436, issued today, the Alberta Utilities Commission found the application from AltaLink Management Ltd. and EPCOR Distribution & Transmission Inc. to build the Edmonton-area Heartland line was in the public interest and met the need specified in law by the provincial government.

The Heartland line, a proposed 500-kilovolt, double-circuit transmission line with an associated substation and an 18-km 240-kilovolt transmission connection, would extend approximately 65 km from south Edmonton to the Heartland region near Fort Saskatchewan. The need for the line was specified by the Alberta government as critical transmission infrastructure in 2009 in the *Electric Statutes Amendment Act*.

The AUC has approved the applicants' preferred east route for the line, which skirts the city of Edmonton to the south and east and travels through an existing transportation and utility corridor (TUC) for roughly half the line's length. The Commission concluded the preferred east route is both in the public interest and superior to the alternate west route based on land-use, cost and environmental considerations. The preferred east route would utilize the public lands of the TUC, which were set aside to provide a location for this type of project.

The applicants provided information to the AUC on monopole and underground options for the Commission to consider. The Commission concluded an underground option would not be in the public interest as the evidence brought before the Commission indicated it would not mitigate electric and magnetic fields (EMF) or materially mitigate the impact on property values, while substantially raising costs. On EMF, the Commission found that evidence showed that there would be no material difference between underground and overhead lines at the nearest residences, schools, daycares, hospitals and businesses and that in any event EMF produced by the lines "will be much lower, and likely indistinguishable from, background magnetic field levels at the nearest residences, schools, daycares, hospitals and businesses." The Commission has required that EMF monitoring be conducted at Colchester Elementary School before and after construction of the line.

The Commission has required monopoles for a 9.5-km stretch from Hwy. 14 to Baseline Road, to reduce the visual impact on residents in the area. In addition, the Commission asked the applicants to examine additional options for routing the line near the Colchester Elementary School to reduce visual impact, which could move the line a further 50 metres, to 190 metres from the schoolyard, while remaining 213 metres from the school building.

Estimates provided by the applicants indicated that the cost for the line on the preferred route, without monopoles, would be \$582 million. The cost with monopoles would be approximately \$610 million.

Today's decision marks the completion of an AUC review procedure that stretches back to 2009 and represents the most substantial application process in the AUC's history, with a 25-day oral hearing, more than 1,300 exhibits, thousands of documents and more than 170 witnesses.

In recognition of the scope, nature and timeframe of the application, the AUC developed an enhanced process that included broad notification and provision of information, automatic standing for most parties, and multiple options for participation including community hearing sessions. The result was a remarkably open and transparent review that maximized the amount of preparation time for all participants. The application was received on September 27, 2010.

The decision along with extensive additional information related to the Heartland Transmission Project application, and the AUC's hearing process, can be found on the AUC's website, at www.auc.ab.ca. The decision conditions relate to the use of monopoles, the Colchester School alignment, pre- and post-construction EMF monitoring at the school and environmental requirements. In addition, the conditions require an approval from the minister of infrastructure to build the line within the TUC.

Attached to this news release are, separately, a timeline for the AUC's Heartland Transmission Project application process, and highlights of the AUC's decision released today.

The Heartland Transmission Project application is the first of four critical transmission infrastructure projects for which need was deemed by the Alberta government in the *Electric Statutes Amendment Act, 2009* and an application was made to the AUC.

The Alberta Utilities Commission is an independent, quasi-judicial agency of the province of Alberta. As part of its mandate the Commission has jurisdiction over the siting of facilities deemed to be critical transmission facilities, as well as other transmission facilities, electric power plants and natural gas transmission pipelines.

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Media inquiries may be directed to:

Jim Law
Director, External Relations, Alberta Utilities Commission
Phone: 403-512-3417 Email: jim.law@auc.ab.ca

Geoff Scotton
Senior Communications Advisor, Alberta Utilities Commission
Phone: 403-650-5774 Email: geoff.scotton@auc.ab.ca

Attachment

NR 2011-07

AUC Heartland decision highlights:

(Note: Material in square brackets in decision quotes is added to provide clarity or context.)

Route:

The AUC concluded the applicants' preferred east route was in the public interest and served to meet the need specified by the government of Alberta in the *Electric Statutes Amendment Act, 2009*. The AUC concluded the preferred east route was superior to the alternate west route. Reasons included lower cost, lesser distance, lesser land impact, use of public lands in the transportation and utility corridor (TUC), the utilization of the TUC for a purpose for which it was intended, impact on residences, businesses, schools, etc., and adherence to AUC requirements and guidance on routing derived from historic decisions made by the AUC's predecessor, the Alberta Energy and Utilities Board.

Paragraph 361: Despite the differences in opinions on routes and route segments, the experts who appeared at the hearing all agreed on the fundamental considerations required in routing a transmission line: avoid home sites, schools, hospitals and daycares; follow existing linear disturbances; and minimize line length and costs.

1079. Based on its analysis of the social, economic and environmental effects of the preferred east route and the alternate west route, and the costs of construction, the Commission finds that the preferred east route is the better route because it will result in the fewest overall social, economic and environmental impacts and is the least costly of the two routes. In addition, almost half of the route passes through a transportation and utility corridor specifically purchased by the provincial government for infrastructure such as transmission lines. It was also set aside for the purpose of containing activities harmful to the environment. No part of the alternate west route would pass through a transportation and utility corridor. Finally, more reasonable mitigation measures are available on the preferred east route to address many of the concerns that were raised in the proceeding and that the evidence discloses warrant mitigation.

Underground/Health and Safety/EMF:

The AUC concluded that the underground option was not in the public interest due to underground's high cost and evidence that electric and magnetic fields produced by either overhead or underground would result in essentially the same levels of EMF, that those levels would be negligible near residences, schools, daycares, hospitals or businesses, and that line-produced EMF would be lower than the existing background level in nearby structures. The applicants' modelling on electric and magnetic fields was not challenged by the interveners.

Paragraph 587: The Commission also finds that the magnetic fields likely to be produced by the proposed transmission lines, whether above ground or below, will be very low at the nearest residences, schools, daycares, hospitals and businesses. The evidence before the Commission was that the average background magnetic field level in Canadian homes is between one and two milligauss. The modelling performed by the applicants suggests that the magnetic fields produced

by the proposed project at the nearest residences, schools, day cares, hospitals and businesses are at or below existing background levels.

Paragraph 588: The two figures also clearly show that even at the higher operating conditions after 2027, there is no material difference in the magnetic fields produced by the underground and overhead options at the nearest residences, schools, day cares, hospitals and businesses. This was an observation shared by both [RETA, Strathcona County and the City of Edmonton's EMF expert] Dr. [Martin] Blank and [the applicants' EMF expert] Dr. [Michael] Bailey.

Paragraph 598: ... Given the expected electric and magnetic field levels, the Commission finds that the evidence before it does not support a conclusion that there will be health effects attributable to the electric and magnetic fields produced by the proposed transmission line at the nearest residences, schools, day-cares, hospitals or businesses. Because there are no material differences between magnetic field levels for the underground and overhead options at the nearest residences, schools, day cares, hospitals and businesses, the Commission concludes that approval of the underground option would have no meaningful mitigation effect upon magnetic fields at those locations.

Property values:

The Commission agreed with experts (from the applicants as well as interveners opposed to the project) that impact on property values depends on the setting (rural, urban, etc.) and the distance from the line, with impact diminishing as distance from the line increases. Generally speaking, the Commission heard that property impacts are low at 200 metres and decline from there as distance from the line increases. The Commission also noted that the preferred route crosses public land (the TUC) for almost half its length (47 per cent) and then largely utilizes industrial land, not residential.

Paragraph 742: The Commission accepts the evidence of the experts that the impact on property value diminishes with increased distance from the line, but also agrees that the unprecedented height of the proposed towers needs to be taken into account. The Commission is satisfied, based on the evidence of [the applicants' expert] Mr. [Don] Hoover and [RETA's expert] Mr. [Brian] Gettel, that any impact on property value would be small and would continue to diminish for distances greater than 200 metres from the transmission line.

Paragraph 744: However, on a more general level, the alternate west route crosses more private land. Much of this land is adjacent to growing and expanding population centres, increasing its potential for future development. The Commission heard evidence about the future development plans within the City of Spruce Grove and how the line would affect the plans. On the preferred route, the line passes through the transportation and utility corridor for roughly half of its total length and passes through some lands zoned for industrial use after it leaves the corridor. Most of the property value concerns on the preferred east route originated from the residential developments adjacent to the transportation and utility corridor. Following the applicants' amendment to the preferred route within the corridor, the distance from the front-row residences to the line would be between 390 metres and 516 metres.

Paragraph 745: In light of the above, the Commission considers that the impacts on property value favour approval of the preferred route.

Conditions:

Monopoles are to be used on 9.5-kilometre portion of route on the TUC from Hwy. 14 to Baseline Rd. The Commission made this condition of its approval to reduce the visual impact on nearby residents. Monopoles are slimmer and the conductors (wires) arranged differently than on traditional lattice-style towers.

In addition, the Commission asked the applicants to examine additional options for routing the line near the Colchester Elementary School to reduce visual impact, which could move the line a further 50 metres, to 190 metres from the schoolyard while remaining 213 metres from the school building. [Also, see paragraph 1106.]

The Commission required that EMF monitoring be conducted at the Colchester Elementary School prior to and after construction of the line.

The Commission required that the applicants obtain an approval from the minister of infrastructure to build within the TUC. This is standard requirement for construction within the TUC.

The Commission required the preferred east route not violate minimum clearance requirements at the Edmonton Eastport Heliport.

The Commission required the applicants survey noise levels at the Ellerslie and Heartland substations, using AUC guidelines, within one year and report the findings to the AUC.

Alberta Utilities Commission

Heartland Transmission Project application timeline

- On November 26, 2009 the Alberta government passed Bill 50 which amended the *Electric Utilities Act* to approve the need for five critical transmission infrastructure projects including the Heartland Transmission Project.
- The Heartland Transmission Project application consisted of a substation, a double-circuit 500-kilovolt transmission line and a 240-kilovolt transmission line to connect the facilities to the interconnected system, with route options, in the Edmonton area.
- The passage of Bill 50 removed the requirement for the AUC to approve the need for critical transmission infrastructure projects. The role of the AUC was to review the facilities portion of the Heartland Transmission Project and determine if the proposed project met the need identified and if the proposed preferred or alternate route was in the public interest, having regard for the social, economic and environmental effects of the project.
- After considering the facilities application, the AUC had three options in reaching a decision: approve the application as applied for, approve it with conditions or deny it.
- To maximize the preparation time for parties that may be directly and adversely affected by the Commission's decision on the application, and in recognition of the scope, nature and timeframe of this project, the Commission adopted an enhanced process for the Heartland Transmission Project on January 20, 2010. The enhanced process included: streamlined standing, pre-registration, three options for participation, information sessions and a process meeting.
- In March 2010 the AUC held information sessions in Sherwood Park, Fort Saskatchewan, Morinville, Spruce Grove, Bon Accord and south Edmonton to explain the AUC hearing process, how to participate in the process and to explain the Commission's local intervener funding process.
- On September 27, 2010 AltaLink filed the Heartland Transmission Project application – the first of four critical transmission infrastructure applications filed with the AUC.
- On October 1, 2010 the AUC issued extensive notice of application, inviting interested persons who believed they might be directly and adversely affected to register for participation in the proceeding. The notice was mailed to landowners within 1,000 metres of the proposed transmission line routes, published in various newspapers and posted on the AUC external website.
- In late October 2010 the AUC held additional information sessions in Morinville and Edmonton.
- On November 2, 2010 the AUC held a process meeting where interested parties were invited to make a brief appearance before the Commission and discuss their main areas of concern in regards to the project, scheduling for the public hearing and the process for review of the application.
- In December, 2010, the AUC began issuing advance funding decisions for interveners, awarding funds to allow interveners to more effectively participate in the AUC hearing process.
- On January 11, 2011 the AUC deemed the Heartland Transmission Project application complete in a notice of hearing. The notice was mailed to landowners within 1,000 metres of the proposed transmission line routes, published in various newspapers and posted on the AUC external website.

- In the notice of hearing the AUC offered six community hearing sessions in Spruce Grove, Sherwood Park, Morinville, Bon Accord, Fort Saskatchewan and south Edmonton. The sessions were scheduled in the evening and gave the opportunity for interested parties to make an oral presentation to the Commission outside of the formal hearing.
- On March 15, 2011 the AUC decided to forgo the community hearing sessions, except for the one in Sherwood Park, due to lack of interest from participants.
- On April 11, 2011 the public hearing for the Heartland Transmission Project commenced at the Edmonton EXPO Centre.
- On April 20, 2011 the AUC held the community hearing session in Sherwood Park. More than 200 people attended the session.
- On May 18, 2011 the public oral hearing closed.
- After the final written argument and reply argument, the close of record for the Heartland proceeding was July 18, 2011.
- On November 1, 2011, the Heartland Transmission Project application decision (Decision 2011-436) was released.