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November 19, 2020

British Columbia Public Interest Advocacy Centre  
Suite 803 470 Granville Street  
Vancouver, B.C.  
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

**Re: FortisBC Energy Inc. (FEI)**

**Project No. 1599129**

**Application for a Certificate of Public Convenience and Necessity (CPCN) for the Pattullo Gas Line Replacement Project (the Application)**

**Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 1**

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On August 31 2020, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-253-20 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties

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1    **1.0    Reference:    Exhibit B-1, General, Financial Responsibility for Cost Overruns**

2            1.1    In the event of material cost over-runs during the construction of the project  
3                    please provide the specific circumstances under which (i) the contractor(s) would  
4                    be financially responsible for some or all of the over-run, (ii) FEI would be  
5                    financially responsible for some or all of the over-run, and (iii) ratepayers would  
6                    be financially responsible for some or all of the over-run.

7  
8    **Response:**

9    A fundamental objective of risk allocation is to assign risks to the party who is best able to  
10   manage them. During contract negotiations, FEI and the contractor will agree on which party is  
11   best able to manage a particular risk occurrence, such that in the event of material cost over-  
12   runs during the construction of the Project, the responsible party bears the risk of those cost  
13   over-runs. Examples of a cost over-run to the contractor and FEI, respectively, are provided  
14   below.

15   A specific circumstance in which the contractor would be financially responsible for a cost over-  
16   run is where changes in productivity rates affect the execution of the works. As part of the  
17   contract risk allocation process, the contractor assumes the risk for constructing the Project on  
18   time and meeting the contract scheduled completion date. Any changes in productivity that  
19   cause a change in the labour quantities resulting in delays to the project schedule would be  
20   mitigated by the contractor adding resources at their cost to make up lost time in order to meet  
21   the contract completion date.

22   A specific circumstance under which FEI would be financially responsible for a cost over-run  
23   would be where unknown or unexpected subsurface and underground conditions are  
24   discovered. For example, where the contractor encounters rock, cobble, or boulders or  
25   unanticipated third party utilities potentially requiring rework or workarounds to resolve.

26   FEI submits project cost estimates as a range and calculates the contingency at a P50  
27   confidence level. Should the actual cost of work exceed the estimate, as long as the  
28   expenditures are prudently incurred, FEI would recover the costs from customer rates.

29

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1    **2.0    Reference:    Exhibit B-1, FEI's Historical CPCN Cost Control Results**

2            2.1    Please provide a table that shows, for each of the last 10 CPCN projects  
 3            undertaken (and completed) by FEI, the overall budget approved by the BCUC,  
 4            the final actual project costs to be recovered from ratepayers, the original target  
 5            date, and the actual date in-service.  
 6

7    **Response:**

8    FEI notes that in granting a CPCN for a project, the BCUC makes a determination of the public  
 9    interest regarding the project, which may be based in part on the cost estimate provided in the  
 10    CPCN application. The BCUC does not approve an "overall budget" for a project when granting  
 11    a CPCN. In more recent years, the BCUC has directed periodic reporting on the progress of  
 12    projects which includes updates to project expenditures, implementation schedules and, in  
 13    some cases, a requirement to file a material change report if, for example, there is a material  
 14    change in the project cost estimate.

15    The following are the last ten projects undertaken and completed by FEI for which the BCUC  
 16    granted a CPCN:

	BCUC Order	Project	Cost Estimate (\$millions) <sup>1</sup>	Completed Project Costs (\$millions) <sup>2</sup>	Estimated In-Service Date	Delivered In-Service Date
1.	C-6-14	Huntingdon Bypass	\$8.624	\$7.004	October 2015	Spring 2016
2.	C-2-14	Muskwa River Crossing in Fort Nelson	\$7.040	\$5.111	May 2014	July 2014
3.	C-1-11; C-6-11	Victoria Regional Operations Centre	\$14.3	\$12.769	2012	2012
4.	C-9-10	Kootenay River Crossing Upgrade	\$8.304	\$7.82	July 2011	2013
5.	C-2-10; G-68-10	Tilbury Property Purchase	\$15.930	\$12.630	2010	2010
6.	C-1-10	Customer Care Enhancement CPCN	\$115.5	\$109.5	January 1, 2012	January 1, 2012
7.	C-2-09	Fraser River South Arm Crossing	\$32.75	\$34.0	June 2009	Q4 2011
8.	C-9-07	Mt. Hayes LNG Facility	\$200.0	\$190.413	2011	2011
9.	C-5-07	Distribution Mobile Solution	\$6.2	\$6.1	2008	2008
10.	C-6-06	Residential Unbundling (Customer Choice)	\$12.1	\$10.7	2007	2007
<b>Total:</b>			<b>\$ 420.748</b>	<b>\$ 396.047</b>		

17    **Notes:**

18    <sup>1</sup>    Amounts include Allowance for Funds Used During Construction (AFUDC).

19    <sup>2</sup>    For items 1-8, as reported in Final Project Reports to the BCUC.



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1 FEI follows the engineering standard prescribed by the BCUC's CPCN Guidelines when  
2 preparing the cost estimates provided in CPCN applications.<sup>1</sup> As seen in the table above, with  
3 the exception of the Fraser River South Arm Crossing, the actual completed project costs were  
4 lower than the estimate prepared for the CPCN Application. For the ten most recently  
5 completed CPCN projects, the cumulative total actual project costs were lower than the  
6 estimates by \$24.701 million or almost 6 percent.

7 With respect to the estimated in-service dates, as can also be seen in the table above, most of  
8 these projects were in service within the timeline expected. To the extent that some projects  
9 were delayed, those delays were primarily due to external factors outside of FEI's control.

10 In addition to project reporting requirements, project costs are subject to review when FEI adds  
11 the costs of a completed project into rate base.

12

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<sup>1</sup> Order G-20-15.



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1    **3.0    Reference:    Exhibit B-1, Page 45, 4.4.2.3 Scoring and Weighting**

2            The referenced page states: *Table 4-3 below shows the weighting applied for the PGR*  
3            *Project between non-financial and financial criteria, and also shows the weightings within*  
4            *the non-financial and financial criteria as described in Section 4.4.2 above. The*  
5            *weightings were determined through collaborative discussions with FEI's subject matter*  
6            *experts. In order to meet the stringent PGR Project schedule requirements driven by the*  
7            *Pattullo Bridge Replacement Project, FEI weighted schedule impacts highest. For non-*  
8            *financial evaluation criteria, each overland alternative was scored by subject matter*  
9            *leads based on system analysis and experience of similar projects using a scale from 1*  
10           *to 3 as defined in Table 4-4 below. For financial criteria, the Overland Gas Line*  
11           *alternatives (6A, 6B and 6C) were evaluated from the lowest levelized delivery rate*  
12           *impact to the highest using a scale from 1 to 3.*

13           3.1        Please provide additional details as to why the Non-Financial/Financial weighting  
14                      of 90%/10% was chosen as an appropriate weighting.

15  
16    **Response:**

17    Please refer to the response to CEC IR1 14.2.

18



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1 **4.0 Reference: Exhibit B-1, Evaluation Summaries, pages 46-49, Tables 4-6 – 4-8**

2 4.1 Can FEI confirm that it will be providing an update to the referenced tables to  
3 include the Sperling option in its responses or in its evidentiary update?

4  
5 **Response:**

6 Confirmed. Please refer to the response BCUC IR1 13.1.

7

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1    **5.0    Reference:    Exhibit B-1, page 29, Appendix A-1, and page 2, footnote 1**

2            The first referenced page states: *FEI believes that installing a replacement gas line on*  
3            *the New Bridge would have the Least impact, and therefore it continued to pursue this*  
4            *alternative with multiple attempts to meet with MoTI's chief engineer to discuss the*  
5            *reasons as provided and to discuss any design modifications to meet the new lifeline*  
6            *design criteria. MoTI verbally confirmed that its decision was final in January 2020.*  
7            *Having exhausted all possibilities for approval by MoTI, FEI concluded that this*  
8            *alternative was not feasible.*

9            5.1    Can FEI confirm that MoTI's chief engineer refused to meet with FEI to discuss  
10            this matter?

11  
12    **Response:**

13    FEI and the MoTI Chief Engineer met on March 13, 2019 regarding installing a replacement gas  
14    line on the New Bridge. This was the only meeting that the MoTI Chief Engineer held with FEI  
15    despite multiple requests by FEI to meet between September 2018 and January 2020. At the  
16    meeting held on March 13, 2019, FEI made a brief presentation to the Chief Engineer and  
17    suggested an independent technical review of whether the new gas line could be installed on  
18    the New Bridge such that it met the MoTI's lifeline design criteria. The Chief Engineer declined  
19    FEI's proposal to undertake an independent technical review and indicated he would not change  
20    his decision.

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23

24            The document A-1 is a letter from MoTI, dated July 3, 2018 which states (in part):

25            *MoTI has reviewed Fortis' request to install a natural gas pipeline on the new bridge, and*  
26            *after careful consideration of all the factors, including the justifications put forward by*  
27            *Fortis, the decision reached is to not allow Fortis to install a replacement natural gas*  
28            *pipeline at either distribution or intermediate pressure on the new Pattullo Bridge.*

29            The third reference provides a link to the Council Meeting Minutes for the July 20, 2020  
30            meeting at Burnaby City Hall. This document at page 8 reads (in part):

31            *The Financial Management Committee recommended:*

32            1. *THAT Council oppose the proposed Fortis Pattullo Bridge Gas Line*  
33            *Replacement Project pipeline route through Burnaby and notify FortisBC and*  
34            *the British Columbia Ministry of Transportation and Infrastructure that the City*  
35            *of Burnaby require that FortisBC be allowed to replace its existing gas line on*

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1                                    the Pattullo Bridge with a new gas line on the new bridge to prevent  
2                                    avoidable impacts to City of Burnaby residents. ...” (Emphasis added.)

3                    The motion was amended and passed unanimously.

4                    5.2     Did FEI make any representations to Council in advance of the referenced  
5                    meeting in respect of the MoTI’s flat refusal, two years prior, to allow the  
6                    replacement gas line on the new bridge? If so, please provide details.

7  
8                    **Response:**

9                    Yes. On February 11, 2020, FEI presented the Project’s proposed Gaglardi Route to City of  
10                    Burnaby staff, and to Mayor and Council at a Council workshop on March 3, 2020. During both  
11                    discussions, FEI confirmed that the Ministry of Transportation and Infrastructure would not  
12                    permit the replacement gas line to be attached to the New Bridge.

13  
14

15  
16                    5.3     Can FEI confirm that Burnaby City Council was aware of MoTI’s 2018 denial of  
17                    use of the new bridge for the replacement gas line when it approved the  
18                    referenced motion in 2020?

19  
20                    **Response:**

21                    Please refer to the response to BCOAPO IR1 5.2.

22



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1   **6.0   Reference:   Exhibit B-3, page 13**

2           The Report states: *“Due to Indigenous groups implementing COVID-19 restrictions in*  
3           *March 2020, and subsequent associated capacity challenges, communications with*  
4           *Indigenous groups have focused on email, regular mail, and virtual meetings. FEI also*  
5           *respected Indigenous groups’ requests for longer document review times and conducted*  
6           *engagement meetings virtually where possible.”*

7           6.1    Please describe what FEI means by “subsequent associated capacity  
8           challenges” in this context and how FEI accommodated those challenges.

9

10   **Response:**

11   “Subsequent associated capacity challenges” in this context refers to Indigenous groups  
12   focusing their resource capacity and attention on the immediate health and safety needs of their  
13   communities in light of COVID-19. This has resulted in constraints on the available time and  
14   resources of Indigenous groups to review FEI’s Projector ground disturbance activity.

15

16

17

18           6.2    Were there times when FEI was not able to accommodate the request of  
19           potentially affected First Nations peoples for more time to review documents or  
20           for virtual meetings? If so, please describe those instances and how FEI  
21           proceeded in the absence of such accommodation.

22

23   **Response:**

24   No, FEI has been able to accommodate all requests by potentially affected Indigenous groups  
25   for more time to review documents and for virtual meetings regarding the Project.

26

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1   **7.0   Reference:   Exhibit B-3, page 16**

2           The referenced page states: *“Issues raised by Indigenous groups regarding the Gaglardi*  
3 *and Sperling Routes included capacity constraints to engage and participate in field*  
4 *programs due to the impact of the COVID-19 pandemic on communities’ availability of*  
5 *personnel and safety policies. FEI supported the capacity constraints with*  
6 *communication in a frequency and format desired by communities, as well as offers of*  
7 *financial assistance to fund additional personnel or equipment, if necessary. Interests*  
8 *raised include involvement in archaeological and cultural monitoring, and socio-*  
9 *economic opportunities. These interests and issues will be addressed through the*  
10 *ongoing engagement with these communities.”*

11           7.1   When FEI says it offered to fund additional personnel or equipment to allay  
12           capacity concerns, does it mean it made that offer of capacity funding in the first  
13           instance to all of the Indigenous groups it reached out to, or only those who  
14           expressed a concern or made a specific request for funding in the absence of an  
15           offer?

16  
17   **Response:**

18           FEI offered capacity funding to Indigenous groups who met with FEI to discuss the Project. FEI  
19           communicated this offer verbally and through presentation materials. FEI’s archaeological  
20           consultant also offered funding to support the attendance of Indigenous archaeological monitors  
21           on-site and/or virtually. FEI is early in the development of capacity funding agreements with  
22           interested Indigenous groups, and as such, has not placed any limitations on the funding at this  
23           time.

24  
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26  
27           7.2   Please specify what the utility communicated to the Indigenous communities  
28           about its willingness to provide capacity funding and any limitations it placed on  
29           that funding.

30  
31   **Response:**

32           Please refer to the response to BCOAPO IR1 7.1.

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1           7.3     Does FEI have any documentation from the engaged groups indicating their  
2                     position on the engagement/consultation process thus far? If so, please provide  
3                     those on the record.  
4

5     **Response:**

6     FEI does not have any documentation from the engaged Indigenous groups regarding their  
7     position on the engagement/consultation process thus far.

8  
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10

11           7.4     Does the Utility have any documentation from the engaged groups indicating  
12                     their views of the likelihood that they and FEI will conclude this consultation and  
13                     engagement process on a positive note? If so, please provide those on the  
14                     record.

15

16     **Response:**

17     At this early stage of engagement, the overall tone of feedback has been neutral. FEI does not  
18     have any documentation from engaged Indigenous groups indicating their views regarding how  
19     the consultation and engagement process will likely conclude.

20

21

22

23           7.5     When does FEI expect this engagement process will conclude?  
24

25

25     **Response:**

26     FEI expects the engagement process to continue for the duration of the Project, including post-  
27     construction. FEI's approach to engagement ensures ongoing dialogue and the incorporation of  
28     feedback during the Project's development and execution. FEI may also hold a Project debrief  
29     with interested Indigenous groups following construction in order to solicit feedback and lessons  
30     learned for the benefit of future project planning.

31

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1    **8.0    Reference:    Exhibit B-3, page 19**

2            The referenced page states: *“While the potential impacts on Indigenous rights and*  
3 *interests are understood as being fairly low, FEI will continue to engage through follow-*  
4 *up meetings, information sharing, and letters/emails, including advising of our filing of*  
5 *the Application. FEI will ensure the Indigenous groups are able to participate through*  
6 *providing capacity funding when requested.”*

7            8.1        How has FEI come to understand that the potential impacts of this project on  
8                    Indigenous rights and interests is “fairly low”?

9

10    **Response:**

11    FEI makes no assessment of Indigenous rights, title, or interest in the Project Area. Rather,  
12    FEI’s characterization is based on the fact that the majority of ground disturbance activity will  
13    take place in pre-disturbed areas. Further, based on a preliminary assessment of the Gagliardi  
14    Route, there is only one known archaeological site, near the intersection of Cariboo Road and  
15    Highway 1, which is more than 50 metres away from the anticipated work zone where ground  
16    disturbance would occur.

17    FEI will continue to engage with Indigenous groups to understand their interests, develop  
18    mitigations, and support their involvement as the Project progresses.

19

20

21

22            8.2        Is this a characterization agreed to by the engaged groups?

23

24    **Response:**

25    FEI is not implying that its characterization is agreed to by the engaged Indigenous groups.  
26    Please refer to the response to BCOAPO IR1 8.1.

27

28

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30            8.3        Is this characterization an FEI measure of the number of impacts, the number of  
31                    groups potentially impacted, the seriousness of the concerns caused to the  
32                    affected peoples or some other measure?

33

34    **Response:**

35    Please refer to the response to BCOAPO IR1 8.1.