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April 20, 2023

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

Attention: Leigha Worth, Executive Director

Dear Leigh Worth:

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

**Application for a Certificate of Public Convenience and Necessity (CPCN) for Approval of the Interior Transmission System Transmission Integrity Management Capabilities Project (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, Tenant Resource and Advisory Centre, and Together Against Poverty Society (BCOAPO) Information Request (IR) No. 2**

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On September 20, 2022, FEI filed the Application referenced above. In accordance with the further regulatory timetable established in British Columbia Utilities Commission Order G-48-23, FEI respectfully submits the attached response to BCOAPO IR No. 2.

For convenience and efficiency, if FEI has provided an internet address for referenced reports instead of attaching the documents to its IR responses, FEI intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Sarah Walsh

Attachments

cc (email only): Commission Secretary  
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Application for a Certificate of Public Convenience and Necessity (CPCN) for Approval of the Interior Transmission System (ITS) Transmission Integrity Management Capabilities (TIMC) Project (ITS TIMC Project or the Project) (Application)	Submission Date: April 20, 2023
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1 **A. PROJECT NEED AND JUSTIFICATION**

2 **7.0 Reference: Exhibit B-6, BCOAPO IRs 1.1, 1.2, 1.5, 1.10 and 1.11**

3 **Coverage & Scope of the FEI ITS TIMC Project**

4 Preamble:

5 FEI provides tables indicating that the percentage of the ITS that will be assessed  
6 for cracking over the seven year run frequency as part of the proposed ITS TIMC  
7 Project is 36% and that 64% of the length of the ITS will not be assessed for  
8 cracking as part of the ITS Project. **(BCOAPO IRs 1.1 and 1.11)**

9 FEI provides a table indicating that the percentage of the Coastal Transmission  
10 System (CTS) that will be assessed for cracking over the seven year run frequency  
11 as part of the CTS TIMC Project is 92%. **(BCOAPO IR 1.2)**

12 FEI indicates that the percentage of the ITS mainline for which EMAT IL tools are  
13 not yet commercially available (NPS  $\frac{3}{4}$ ,  $1\frac{1}{4}$ , 2, 3, 4, 6 and 8) and will not be  
14 assessed for cracking as part of the proposed ITS TIMC Project is 47%. **(BCOAPO**  
15 **IR 1.5)**

16 FEI indicates that it did not factor the lower relative cracking risk of the ITS as  
17 compared to the CTS into the scope of the ITS Project. **(BCOAPO IR 1.10)**

18 7.1 Please confirm that, in terms of the length of the ITS to be assessed for cracking  
19 as part of the proposed ITS TIMC Project, (i) the NPS 10 and greater to be  
20 assessed for cracking represents 36% of the length of the ITS; (ii) the NPS 10 and  
21 greater not to be assessed for cracking represents 17% (64% - 47%) of the length  
22 of the ITS; and (iii) the NPS below 10 not to be assessed for cracking represents  
23 47% of the length of the ITS.

24 **Response:**

26 With regard to (i), FEI confirms that the NPS 10 and greater pipelines that are to be assessed for  
27 cracking as part of the ITS TIMC Project represent approximately 36 percent of the length of the  
28 ITS.

29 With regard to (ii), FEI confirms that the NPS 10 and greater pipelines that have been assessed  
30 as not being susceptible to cracking threats, and which FEI therefore does not intend to use EMAT  
31 ILI tools to assess for cracking, represent approximately 17 percent of the length of the ITS.  
32 However, FEI does nonetheless screen for cracking threats on all ITS pipelines using integrity  
33 digs as part of its standard integrity dig practices.



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1 With regard to (iii), FEI confirms that the pipelines that are smaller than NPS 10, for which EMAT  
2 ILI tools are not yet commercially available, and which FEI therefore does not intend to use EMAT  
3 ILI to assess for cracking, represents approximately 47 percent of the length of the ITS. As noted  
4 above, FEI does nonetheless screen for cracking threats on all ITS pipelines using integrity digs  
5 as part of its standard integrity dig practices.

6

7

8

9 7.2 Given that the proposed ITS TIMC Project is only expected to assess 36% of length  
10 of the ITS for cracking as compared to 92% of the CTS to be assessed for cracking,  
11 and that the ITS has a lower cracking risk relative to the CTS, please explain why  
12 FEI appears to consider the ITS and CTS projects as similar in terms of need and  
13 justification.

14

15 **Response:**

16 FEI's assessment of the need and justification of the ITS and CTS projects is similar and is  
17 independent of the length of pipe being assessed. The need and justification for both projects is  
18 primarily established by the following common factors:

19 • FEI has identified pipelines that are susceptible to cracking, including through the QRA  
20 reports prepared by JANA, the findings of SCC on FEI's pipelines, and the knowledge and  
21 experience of other pipeline operators;

22 • Cracking is a credible threat that has the potential to cause failure by rupture, for which  
23 the potential consequences are significant and unacceptable to FEI;

24 • Cracking is a time-dependent threat, meaning there is an increasing potential to impact  
25 the pipeline over time, and FEI needs to ascertain integrity information on its pipelines in  
26 a timely manner to mitigate the potential for failures;

27 • FEI needs to align with evolving industry practices that include utilizing EMAT ILI tools  
28 with new and improved capabilities and functionalities to assess, manage and mitigate  
29 cracking; and

30 • FEI has regulatory obligations to mitigate cracking threats to its transmission pipelines.

31



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1 **B. DESCRIPTION & EVALUATION OF ALTERNATIVES**

2 **8.0 Reference: Exhibit B-6, BCOAPO IRs 2.2 and 2.4**

3 **Identification & Evaluation of Credible/Feasible Alternatives**

4 Preamble:

5 When asked to explain how FEI considers the PLR (Pipelined Replacement) and  
6 PLE (Pipeline Exposure & Recoat) are meaningful alternatives to EMAT ILI, as  
7 they involve either the replacement or recoating of the ITS pipelines in their  
8 entirety, FEI compartmentalized the response into the following: (i) these are highly  
9 effective methods (ii) they are technically feasible methods and (iii) they are not  
10 financially feasible methods. As such, the answer to the IR was not responsive to  
11 the spirit of the question that requests FEI to explain if these are meaningful  
12 alternatives to EMAT ILI. **(BCOAPO IR 2.2)**

13 FEI confirmed that it did not identify or evaluate any sub-options to the EMAT ILI  
14 option in terms of: (i) less or more than the proposed 8 ITS pipelines; (ii) less or  
15 more than the proposed 3 pipelines alternations and 13 facility alterations; and (iii)  
16 a longer or shorter timeframe. **(BCOAPO IR 2.4)**

17 8.1 Please respond to the original question in BCOAPO IR 2.2 as to whether FEI views  
18 the PLR and PLE as meaningful alternatives to EMAT ILI. That is, is FEI of the  
19 view that alternatives that are so obviously not financially feasible – that it did not  
20 even consider the cost of estimating the NPV of these alternatives to be warranted  
21 and instead used information from the CTS TIMC CPCN Application – are  
22 meaningful alternatives for consideration and review by the BCUC.

23  
24 **Response:**

25 FEI carefully considered BCOAPO's question in BCOAPO IR1 2.2 and provided a full and  
26 adequate response in the circumstances, which described the pertinent features of FEI's analysis  
27 of the PLR and PLE alternatives. FEI has difficulty adopting BCOAPO's concept of a "meaningful  
28 alternative" as it is not clear what that is meant to imply. If it is BCOAPO's position that FEI's  
29 alternatives analysis was not "meaningful" in some sense, FEI respectfully disagrees and submits  
30 that is ultimately a matter for argument.

31 FEI notes that the BCUC's CPCN Guidelines (Order G-20-15) do not use the term "meaningful"  
32 with respect to alternatives, but instead refer to "feasible" alternatives. Consistent with the CPCN  
33 Guidelines, FEI identified the feasible alternatives considered, along with alternatives deemed to  
34 be not feasible at an early stage and, importantly, the reasons why these alternatives were not  
35 considered further.



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1 FEI also observes that the alternatives identified in the Application, along with the associated  
2 alternatives evaluation methodology, are consistent with those in the CTS TIMC Application,  
3 reflecting that both projects share the same Project Objective.<sup>1</sup> In the CTS TIMC proceeding, the  
4 alternatives and evaluation methodology were accepted by both BCOAPO and the BCUC.  
5 BCOAPO stated in its Final Argument in the CTS TIMC CPCN proceeding: “BCOAPO agrees  
6 with FEI on its evaluation of the six alternatives and its assessment that EMAT ILI is the only  
7 viable option from the alternatives assessed.”<sup>2</sup> The BCUC stated the following in its Decision in  
8 that proceeding (Order C-3-22):<sup>3</sup>

9 The Panel is satisfied that FEI has appropriately and adequately assessed the  
10 identified alternatives for meeting the objectives of mitigating the risk of cracking  
11 on the CTS pipelines leading to rupture. Pursuant to that analysis, the Panel finds  
12 FEI’s preferred alternative, to modify the 11 CTS pipelines to allow for the use of  
13 EMAT ILI tools, to be reasonable on the basis of technical and financial feasibility.  
14 FEI has demonstrated that, of the six available alternatives for meeting the  
15 objectives of the Project, at this time, only three are technically feasible and of the  
16 latter, only the EMAT ILI alternative is financially feasible, as both the PLR and  
17 PLE alternatives are prohibitively expensive. Furthermore, interveners all agree  
18 with FEI’s alternatives analysis, and the selection of EMAT ILI as the preferred  
19 solution.

20  
21

22

23 8.2 Please explain how FEI expects the BCUC and Intervenors to be in a position to  
24 appropriately evaluate CPCN Applications that are presented such that the  
25 objective of the proposed project has no meaningful alternatives to that proposed  
26 by FEI or as all or none propositions that do not contain any meaningful sub-  
27 options to the proposed alternative.

28

29 **Response:**

30 Please refer to the response to BCOAPO IR2 8.1.

31 This Application is for approval to proceed with the capital investment to address an integrity risk  
32 to FEI’s pipelines on the ITS. There is sufficient information on the record, including the

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<sup>1</sup> As stated in Section 4.1 of the Application, the Project Objective for the ITS TIMC Project is to enhance FEI’s integrity management capabilities to mitigate cracking threats on 8 ITS pipelines. As stated in Section 4.1. of the CTS TIMC CPCN Application, the Project Objective for the CTS TIMC Project is to enhance FEI’s integrity management capabilities to mitigate cracking threats to the 11 CTS transmission pipelines.

<sup>2</sup> CTS TIMC BCOAPO Final Argument, p.10., as reproduced on p.18 of BCUC Order C-3-22.

<sup>3</sup> BCUC Order C-3-22, p.19.



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1 alternatives analysis provided in Section 4 of the Application, for the BCUC and interveners to  
2 assess FEI's conclusion that the only cost-effective alternative to mitigate the identified risk is  
3 EMAT ILI.

4 FEI has worked with internal subject matter experts and ILI tool vendors to determine what  
5 alterations are required on its system to support successful runs of EMAT ILI tools on the eight  
6 ITS pipelines, and the alterations proposed in the Application are the minimum requirements. For  
7 example, FEI has identified three pipeline alterations to address known speed excursions that  
8 have resulted in the collection of unusable data during past ILI runs. It is more cost effective to  
9 proactively mitigate these speed excursions through heavy-wall pipe replacements, as compared  
10 to reactively mitigating cracking on the impacted pipe through a PLR or PLE alternative following  
11 the EMAT ILI run. There is sufficient information on the record for the BCUC and interveners to  
12 evaluate FEI's analysis and conclusions in this regard.

13



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1 **C. PROJECT DESCRIPTION AND PROJECT COST ESTIMATE**

2 **9.0 Reference: Exhibit B-6, BCOAPO IRs 3.1 and 3.2**

3 **Priority Ranking of 16 Alternations & Contingency/Management**  
4 **Reserves**

5 Preamble:

6 FEI confirms that it has not undertaken an evaluation to rank the 3 proposed  
7 pipeline alterations and 13 proposed facility alterations in order of priority.  
8 **(BCOAPO IR 3.1)**

9 FEI provides a table which identifies the capital cost estimate (before escalation  
10 and contingency) of each of the 3 proposed pipeline alterations that total \$8.986  
11 million (12%) and each of the 13 proposed facility alterations that total \$62.908  
12 million (88%), for a grand total of \$71.894 million (before project development,  
13 deferral costs, management reserve, AFUDC and Income Tax Recovery).  
14 **(BCOAPO 3.2)**

15 9.1 Please explain if FEI has a tool that it uses to rank capital projects for the purposes  
16 of prioritizing its capital budgets. If yes, please provide the priority ranking of the  
17 16 proposed alternations using FEI's capital priority ranking tool, including the  
18 criteria to rank, the weighting of the criteria, and the individual scoring for each of  
19 the 16 proposed alterations.  
20

21 **Response:**

22 FEI utilizes Copperleaf's C55 Asset Investment Planning tool to prioritize potential sustainment  
23 capital projects and ensure that the sustainment capital portfolio is delivering the greatest value  
24 by mitigating the most risk on a per dollar basis for various types of risks. These risks include, but  
25 are not limited to, safety (such as those posed by cracking), reliability, environmental, and  
26 regulatory risks. The tool assumes each potential project (or "investment") is intended to address  
27 and mitigate risk at some cost, and that the risk can be estimated before and after implementation  
28 of the investment with some certainty.

29 The 16 alterations within the Project scope are required to ready the 8 ITS pipelines for EMAT ILI  
30 runs, and do not directly influence the risk estimates for these pipelines. As explained in the  
31 response to BCUC IR2 20.5, safety risk on these pipelines cannot be influenced until after the  
32 EMAT ILI tools are run, interpreted and findings are responded to. Further, as explained in Section  
33 5.4.4 of the Application, the extent of cracking threats is unknown until after the successful EMAT  
34 run and initial data analysis is completed. As such, evaluating the individual proposed alterations  
35 using the C55 tool would not be useful in the context of this Project as the risk following  
36 implementation of the alterations remains materially unchanged until after the EMAT ILI tool is  
37 run.



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1 **D. CONSULTATION AND ENGAGEMENT**

2 **10.0 Reference: Exhibit B-6, BCOAPO IRs 4.2 and 4.3**  
3 **Consultation Objectives and Tactics**

4 Preamble:

5 "As defined by the...IAP2 spectrum...FEI considers its engagement level for  
6 Indigenous Groups as "Involve" because FEI works directly with potentially  
7 affected groups throughout the process to ensure the concerns and aspirations  
8 are consistently understood and considered...FEI considers the remaining  
9 audiences as "Consult" on the IAP2 spectrum because it is obtaining feedback on  
10 analysis, alternatives and/or decision." **(BCOAPO IR 4.2)**

11 "Two separate letters were sent to each of the 35 Indigenous Groups offering to  
12 have a meeting. To date, FEI has held two, two-way meetings with Indigenous  
13 Groups." **(BCOAPO IR 4.3)**

14 10.1 Please explain if FEI's engagement activities with Indigenous Groups to date have  
15 met the "Involve" level on the IAP2 spectrum to ensure that Indigenous concerns  
16 and aspirations are directly reflected in the alternatives developed and their input  
17 influenced the decision.

18 **Response:**

19 FEI considers that by commencing early engagement activities with Indigenous groups before the  
20 Application was filed with the BCUC it has met the "Involve" level of the IAP2 spectrum. In  
21 particular, FEI provided each of the 35 Indigenous groups with opportunities to provide input on  
22 the preliminary Project scope and to identify potential areas of involvement in its development.  
23 While responses to this engagement included expressions of interest to be involved in activities  
24 during field assessments and construction, to date, no Indigenous groups have raised specific  
25 input regarding Project alternatives.  
26

27  
28  
29  
30 10.2 Please elaborate on how FEI plans to achieve the "Involve" level on the IAP2  
31 spectrum with the 35 Indigenous Groups if the ITS TIMC Project is approved by  
32 the BCUC.  
33





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1 **Response:**

2 As outlined in Section 8.3.6 of the Application, FEI will continue providing detailed Project  
3 information to the 35 Indigenous groups identified for their consideration and comment. Further  
4 engagement will take place throughout the Project's lifecycle, including Project planning,  
5 construction and restoration. In particular, as development of the Project progresses, FEI will also  
6 continue to follow up and address concerns that were identified as part of early engagement  
7 activities.

8



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1 **E. COMPLIANCE FRAMEWORK AND REPORTING**

2 **11.0 Reference: Exhibit B-6, BCOAPO IRs 5.1 and 5.2**

3 **ITS TIMC Project Compliance Framework & Reporting**

4 Preamble:

5 FEI recommends that if the ITS TIMC Project is approved, that the BCUC direct  
6 similar semi-annual progress, material change and final reporting requirements as  
7 for the CTS TIMC Project. **(BCOAPO IR 5.1)**

8 FEI indicates that environmental and archeological impacts that are assessed as  
9 moderate to high should be included in the project risks section of semi-annual  
10 progress reports to the BCUC. **(BCOAPO IR 5.2)**

11 11.1 Please explain why environmental and archeological impacts that are assessed as  
12 moderate to high would not be included in material change reports if they meet the  
13 criteria of a material change.

14 **Response:**

15 FEI clarifies that, if an environmental or archaeological impact assessed as moderate to high  
16 meets the criteria of a material change, FEI would include it in a material change report.

17 However, it is not necessarily the case that such impacts will meet the criteria of a material  
18 change.

19 Therefore, consistent with its practice with respect to other CPCN projects and to ensure  
20 transparency, FEI will include all environmental and archaeological impacts that are assessed as  
21 moderate to high in the project risks section of the progress reports to the BCUC.  
22

23



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1 **F. VALUE OF INCREMENTAL IMPROVEMENT IN RISK**

2 **12.0 Reference: Exhibit B-6, BCOAPO IRs 6.4, 6.5 and 6.6**

3 **FEI Response to BCUC Directive re: Assess the Value of Incremental**  
4 **Improvement in Risk**

5 Preamble:

6 "...FEI considers that the existing CPCN regulatory process...remains the best  
7 opportunity to analyze and assist with assessing the incremental value of risk  
8 mitigation...CPCN processes benefit from inherent flexibility to adapt to the  
9 circumstances of each project driven by unique risk mitigation characteristics.  
10 Therefore, in FEI's view, there is no need to develop a separate risk management  
11 framework for CPCN regulatory processes as the relevant risk elements are  
12 assessed through the process that exists" **(BCOAPO IR 6.4)**

13 "FEI's corporate risk management framework is not an appropriate tool for  
14 assessing the value of incremental improvements to future CPCN projects."  
15 **(BCOAPO IR 6.5)**

16 "Please refer to the response to BCOAPO IR1 6.4 and Appendix R to the  
17 Application which provides a discussion of FEI's view and recommendation that  
18 existing CPCN regulatory processes remain the best forum for the BCUC to  
19 analyze the incremental value of risk mitigation aspects specific to a project."  
20 **(BCOAPO IR 6.6)**

22 12.1 Please confirm that FEI's position regarding the BCUC's directive to assess the  
23 value of improvements in risk is that the status quo of the current CPCN process  
24 should continue and that FEI considers this BCUC directive to be fully responded  
25 to in Appendix R of the Application.

26 **Response:**

28 Confirmed. As discussed in Appendix R to the Application, FEI considered possible processes to  
29 assess the value of incremental improvements in risk resulting from a given project and concludes  
30 that there is no "silver bullet" answer to the question of how to assess incremental improvement  
31 in risks, and that the CPCN regulatory process remains the best opportunity to assess and test  
32 the costs and benefits of a project for ratepayers, including the incremental value of risk mitigation  
33 as applicable.



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1 FEI has not identified a single way to evaluate incremental improvements in risk. Ultimately, the  
2 existing CPCN process is flexible enough to adapt to the circumstances of individual projects,  
3 including a diverse range of drivers and justifications.

4  
5

6

7 12.2 Please explain why an overall framework for the evaluation of the value of  
8 improvements in risk, that would have the flexibility to be adapted/applied to  
9 specific projects through CPCN applications, could not be developed for FEI's  
10 CPCN applications.

11

12 **Response:**

13 Please refer to the response to BCOAPO IR2 12.1.

14