Sarah Walsh
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3861
Cell: (604) 230-7874
Fax: (604) 576-7074
www.fortisbc.com

April 20, 2023

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Patrick Wruck:

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)

Errata to the Responses to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 1 – Questions 1.2.1 and 13.2

On April 20, 2023, FEI filed its responses to IR No. 2 in the Application referenced above. During the course of responding to IR No. 2, FEI has identified corrections required to the responses to BCUC IR1 1.2.1 and 13.2 (Exhibit B-4), as discussed in the responses to RCIA IR2 23.4 and CEC IR2 47.1, respectively.

Accordingly, FEI submits the attached blacklined Errata to the responses to BCUC IR1 1.2.1 (page 6) and 13.2 (page 61) of Exhibit B-4.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registered Interveners

Table 2: Schedule for Baseline EMAT ILI on the Savona to Penticton 323 Mainline (2023 to 2027)

ITS TIMC	2023				2024				2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Savona to Penticton 323	BCUC reviews and approves ITS TIMC CPCN Application				Detailed Design / Fabrication / Construction (Phase 1)								MFL-CA Run[2]	EMAT Run	Reduce pressure & perform priority pipeline repairs (100 km)		Restore pressure (100 km)		Perform remainder of pipeline repairs (142 km)		Restore pressure (242 km)

FEI notes that, in the absence of the OCU Project or another equivalent capacity improvement, the following short-term mitigation measures described in Section 4.2 of the OCU Project CPCN Application[3] are required for normal operations, and assumed to be already in place when the operational strategy is implemented:

- Improving peak day pressure at Savona into the north and central Okanagan on the NPS 12 Savona to Penticton mainline;
- Shifting load from the critical stations at Kelowna #1 Gate and Polson Gate to other areas with capacity to temporarily accept the load shift;
- Modifying stations at critical locations to enable them to operate reliably at pressures below FEI's normal design standard minimums; and/or,
- Monitoring and managing existing or new customer loads that may be moderated or shifted out of the peak hours with low or no adverse customer impact.

FEI anticipates that the OCU Project, or another equivalent capacity improvement, will be in-service prior to baseline inspections of the Penticton to Trail 273, East Kootenay Link 323 and Kingsvale to Oliver 323 mainlines planned for 2028 through 2032, and future runs on the Savona to Penticton 323 mainline. Since these baseline runs are proposed to be completed in the 5-to-10-year planning horizon, FEI will re-evaluate capacity requirements closer to each baseline run and plan for capacity mitigation accordingly, including if the OCU Project or another equivalent capacity improvement is not yet in-service.

[2] The magnetic flux leakage – ~~axial~~ circumferential (MFL-C~~A~~) tool run must occur prior to the EMAT ILI run. Data from the MFL-~~A~~C tool informs the interpretation of EMAT ILI run results.

[3] https://docs.bcuc.com/Documents/Proceedings/2021/DOC_60485_B-1-2-FEI-OCU-CPCN-Updated-Application.pdf

IR1 12.2 and consistent with FEI's presentation and treatment in its other CPCN applications (including the CTS TIMC CPCN), these costs are not part of the capital cost estimate for the ITS TIMC Project that is the subject of the approvals sought in this Application. If these costs materialize, FEI will seek BCUC approval for these costs in a future revenue requirement application or CPCN application, depending on the magnitude of the costs.

The costs related to future EMAT ILI runs are not included in the sustainment capital estimate of $103.062 million. This is consistent with the financial analysis completed for the approved CTS TIMC Project.[19] FEI notes that major pipeline inspection costs, including the costs of the ILI runs, are capitalized in accordance with FEI's capitalization policy approved by Order G-141-09.[20]

Under the current MRP, integrity O&M expenditures are approved to be treated as flow-through.[21] As 2024 is the last year of the current MRP, FEI will seek approval of future (2025 and later) integrity-related O&M and sustainment capital resulting from the ITS TIMC Project as part of the rate setting filing for the relevant year(s).

13.2 Please provide an estimate of the costs for each of the post project work tasks described in the Application. As part of the response, please provide an estimate of running the EMAT ILI tools on a per-run basis, on an annual basis for the ITS TIMC system, and the number of runs expected over the 65 year post-project analysis period.

Response:

The cost to run EMAT ILI tools differs for each of the ITS pipelines because of their varying lengths, diameters and configurations. Based on current forecasts, which are consistent with the estimates provided in the response to BCUC IR1 28.2 in the CTS TIMC Project proceeding and referenced in that decision,22 a single EMAT ILI tool run can range from $1.5 to $2.5 million (inclusive of both FEI's costs and contractor costs). ~~The current forecast frequency of EMAT ILI tool runs is once every seven years. Therefore, a~~Assuming a seven-year re-inspection cycle, FEI would~~expects to~~ run an EMAT ILI tool eight to ten times per pipeline over the 65-year post-Project analysis period, for a total of approximately 75 runs across the eight ITS pipelines, or equivalent to an annual average cost of approximately $1.7 million to $2.9 million over the 65-year post-

[19] Page 36 of Decision and Order C-3-22.
[20] Terasen Gas Inc. 2010 and 2011 Revenue Requirements and Delivery Rates Application, Order G-141-09 dated November 26, 2009, Appendix A, p. 15.
[21] MRP Decision and Order G-165-20, p. 74.
[22] Page 36 of Decision and Order C-3-22.