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August 3, 2018

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

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Energy Inc. (FEI)

Application for Use of Lands under Sections 32 and 33 of the *Utilities Commission Act* (UCA) in the City of Coquitlam for the Lower Mainland Intermediate Pressure (IP) System Upgrade (LMIPSU) Projects – Coquitlam Gate IP Project (Project) (the Application)

FEI Supplementary Evidence

Further to the regulatory timetable established by the British Columbia Utilities Commission (the Commission) in Order G-144-18A, FEI writes to provide the following Supplementary Evidence on Phase One issues.

In Appendix A, FEI provides a copy of a Coquitlam report prepared for the Council-in-Committee, dated July 24, 2018.

If further information is required, please contact Ilva Bevacqua at 604-592-7664.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

Coquitlam

For Committee

7.

July 24, 2018

Our File: 11-5500-03/000/2018-1
Doc #: 3026875.v3

To: City Manager
From: General Manager Engineering and Public Works
Subject: **Fortis Como Lake Avenue Gas Main Project**
For: **Council-in-Committee**

Recommendation:

That Committee receive the report of the General Manager, Engineering and Public Works dated July 24, 2018 entitled, "Fortis Como Lake Avenue Gas Main Project" for information.

Report Purpose:

The purpose of this report is to provide an overview of the Fortis's Lower Mainland Intermediate Pressure System Upgrade (LMIPSU) project on Como Lake Avenue, and the challenges that are anticipated. In addition this report provides a high-level overview of two other major external utility projects that are planned for Coquitlam.

Strategic Goal:

This report supports the corporate goals to "enhance sustainability of City services and infrastructure" and "achieve excellence in governance".

Background:

Fortis is building a new 762mm (30") gas line on Como Lake Avenue from Mariner Way to the Burnaby border. It will be decommissioning its 60 year old, existing 508mm (20") gas line along the same corridor. Fortis plans to begin construction in Coquitlam in early 2019 and take approximately eight months to install this portion of the line. The Coquitlam portion of this project along Como Lake is difficult as the underground right-of-way is very congested and will involve numerous underground conflicts with other utilities. The project also extends across Burnaby and along First Avenue in Vancouver (construction has already begun in Vancouver).

Trans Mountain, recently purchased by the Government of Canada from Kinder Morgan, is planning the construction of its oil pipeline network expansion, in Coquitlam, next year. A significant portion of the new 916mm (36") pipeline will be built in City roads: United Boulevard, Hartley Avenue and Rogers Avenue. While these roads are not as congested with

PWS

underground utilities as Como Lake Avenue, federal pipeline damage prevention rules make constructing, operating, and maintaining municipal infrastructure in the vicinity of the pipeline much more difficult and expensive. An expert engineering report, commissioned in part by the City, estimates that the Trans Mountain Expansion Project (TMEP) will cost the City an additional \$59 million over the next 50 years.

Metro Vancouver is planning to construct the Coquitlam Main No. 4, which is a new 3.2m/2.2m (10.5'/7.2') diameter water supply main from Coquitlam Lake to its Cape Horn pump station on Mariner Way. The proposed pipeline, which is large enough to drive a small vehicle through, is planned to be constructed in phases along Pipeline Road and Westwood Street with a target service date of 2025. The proposed water main is an addition to the two existing Metro Vancouver water mains, 1.8 m (5.9') and 1.2 m (4'), in the same corridor, and a fourth main will be needed in the future. When construction of this Metro Vancouver water main is complete, the municipal rights-of-way will be effectively sterilized for any future critically needed municipal infrastructure. In addition, the planned City upgrade of the surface works on Pipeline from David to Guildford will need to be deferred, at least until that section of the Metro pipeline is dealt with, in order to avoid costly disruption of newly installed infrastructure.

The locations of these three projects are shown on Attachment 1.

Discussion:

The anticipated impacts of all of these projects are twofold. First, they involve substantial underground construction, which comes with traffic congestion and delay, and results in interim degradation of the City's road network. Second, they each involve the addition of large underground infrastructure in municipal roads, many of which are already congested with other infrastructure. This will result in ongoing financial and logistical impacts on the City's management of its own critical, local utilities.

In respect of Fortis's LMIPSU project, it will significantly affect traffic in the vicinity during the Fortis's estimated eight month construction window. The construction will require the two middle lanes of Como Lake Avenue to be closed to traffic, and the westbound curb lane for local traffic only for some sections. Only the eastbound curb lane will be open to traffic, but this will be impacted by slow or stopped traffic, such as when garbage collection is happening or for Fortis's construction activity. Impacts include:

- Business impacts, such as reduced access to Como Lake Village;
- School impacts – students, teachers, and parents will be affected;
- Impacts to commuters as delays will increase greatly;
- Impacts to local residents due to shortcircuiting;
- Transit operations will be impacted;
- Emergency response will be impacted;
- Noise impacts, including night time work.

While Fortis is working with Coquitlam to mitigate these concerns, there are two significant areas where the City and Fortis have not come to an agreement. The first area is with regard to pavement restoration. Coquitlam's requirement, which is not supported by Fortis, is that given the collective impacts and degradation to the road due to the construction, Fortis should repave all of Como Lake Avenue. Impacts on the roadway structure include:

- A trench will be excavated for the 30" line within the two middle lanes, and will extend for 5.5 km along Como Lake Avenue.
- There are more than 800 lateral services (water lines, sewer lines, traffic loops, etc.) that cross Como Lake Avenue, and many of these will need to be re-laid as part of the project.
- To provide for traffic management during the project, many of the existing pavement markings will need to be removed, temporary markings installed in new locations and then removed, and finally original markings reinstated in their original locations, which will affect the pavement surface on more than just the two middle lanes.
- Wear and tear will happen from heavy construction equipment needed to install the line.

It is well known that when a significant project like the Fortis upgrade occurs and there are numerous pavement cuts in a corridor, there are significant additional, long-term costs resulting from the degradation of the pavement base and surface. The result of this pavement degradation justifies a complete repaving.

The second area of disagreement is with regard to the decommissioning of the old 20" gas line. Fortis's plan is to fill this line with concrete and leave it in place. However, Como Lake Avenue is a congested corridor, both above and below ground, so this abandoned line would cause difficulties now and in the future when the City (or others) needs to upgrade utilities, if Fortis continues to refuse to remove it. This issue is most pressing in the section of

Como Lake Avenue between North Road and Clarke Road, where the City needs to install a new water line and a new sewer line along a similar alignment as the 20" line. The City has required that Fortis remove this 380m section of the 20" line as part of the LMIPSU project, but Fortis has refused. Coquitlam staff advised Fortis that it is not acceptable to leave its decommissioned pipe in constrained roads, interfering with the City's immediate use of that space for other, critical public works. The concept of leaving an abandoned, coal-tar¹ wrapped pipe in a constricted right-of-way is not appropriate in a progressive, modern society. This remains a major item of disagreement between the City and Fortis.

Since the City has not been able to come to an agreement with Fortis on these two significant issues regarding the LMIPSU project, no permits for the project have been issued by Coquitlam. Fortis has applied to the BC Utilities Commission (BCUC) seeking an order to proceed with the project without a permit from Coquitlam.

Coquitlam will be vigorously defending its positions that Como Lake Avenue must be fully repaved to remediate the damage caused by the LMIPSU project, and that the abandoned pipeline must be removed as requested. Transferring these financial responsibilities from Fortis to Coquitlam Taxpayers is fundamentally unfair. Currently staff is involved in the BCUC application process that was initiated by Fortis. The exact nature and timelines associated with that process are still being determined, and the City's initial submissions on how to address the issues in an appropriate public process are included in Attachment 2. Those submissions were filed with the BCUC on July 19 on the public registry of filings on its website.

Coquitlam will subsequently be following up with appropriate correspondence with the Premier, Minister of Municipal Affairs, and the Ministers responsible for the natural gas pipelines to ensure they are aware of Coquitlam's position on these issues.

Staff is also in discussions with Trans Mountain and Metro Vancouver to mitigate the impacts from their utility projects in Coquitlam, and will keep Council updated on these projects.

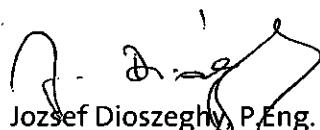
¹ Coal-tar wrapping on the 20" pipeline is believed to contain asbestos

Financial Implications:

The City is incurring costs to defend its position that utility companies using the City's roads must do so in a way that does not unfairly impact Coquitlam residents and businesses. However, those costs are substantially less than the anticipated short- and long-term impacts to City assets if the issues are not addressed. Furthermore, all three of these projects highlight an important public stewardship issue. Many utilities, like Fortis's 60 year-old 20" gas line, are being replaced as they near the end of their life expectancy. Others, like the Trans Mountain expansion and the proposed new Metro Vancouver water main, are expansions to serve increased demand. These projects increase the likelihood of utility conflicts in dense urban areas like the Lower Mainland. It is prudent for municipalities like Coquitlam to ensure remediation and abandonment issues are addressed on a principled basis.

Conclusion:

The City has made some progress with regard to its negotiations with Fortis, but there are several key issues that have not been resolved, including repaving requirements. Fortis has filed a BCUC application for an order authorizing it to proceed with construction without approval from Coquitlam. Over the summer, Coquitlam will participate in a BCUC proceeding to advance its positions on repaving of the corridor and immediate removal of the old 20" line.



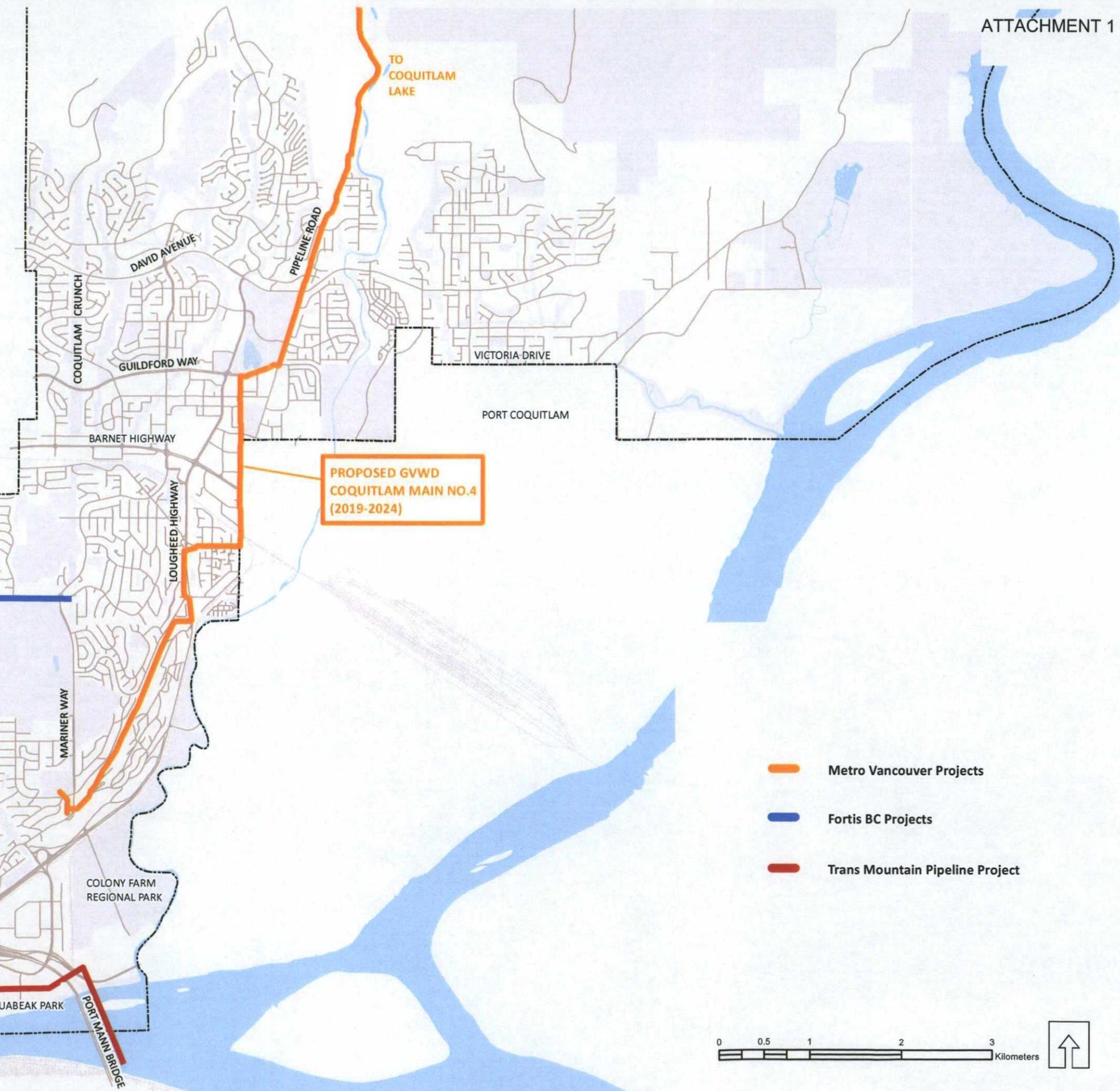
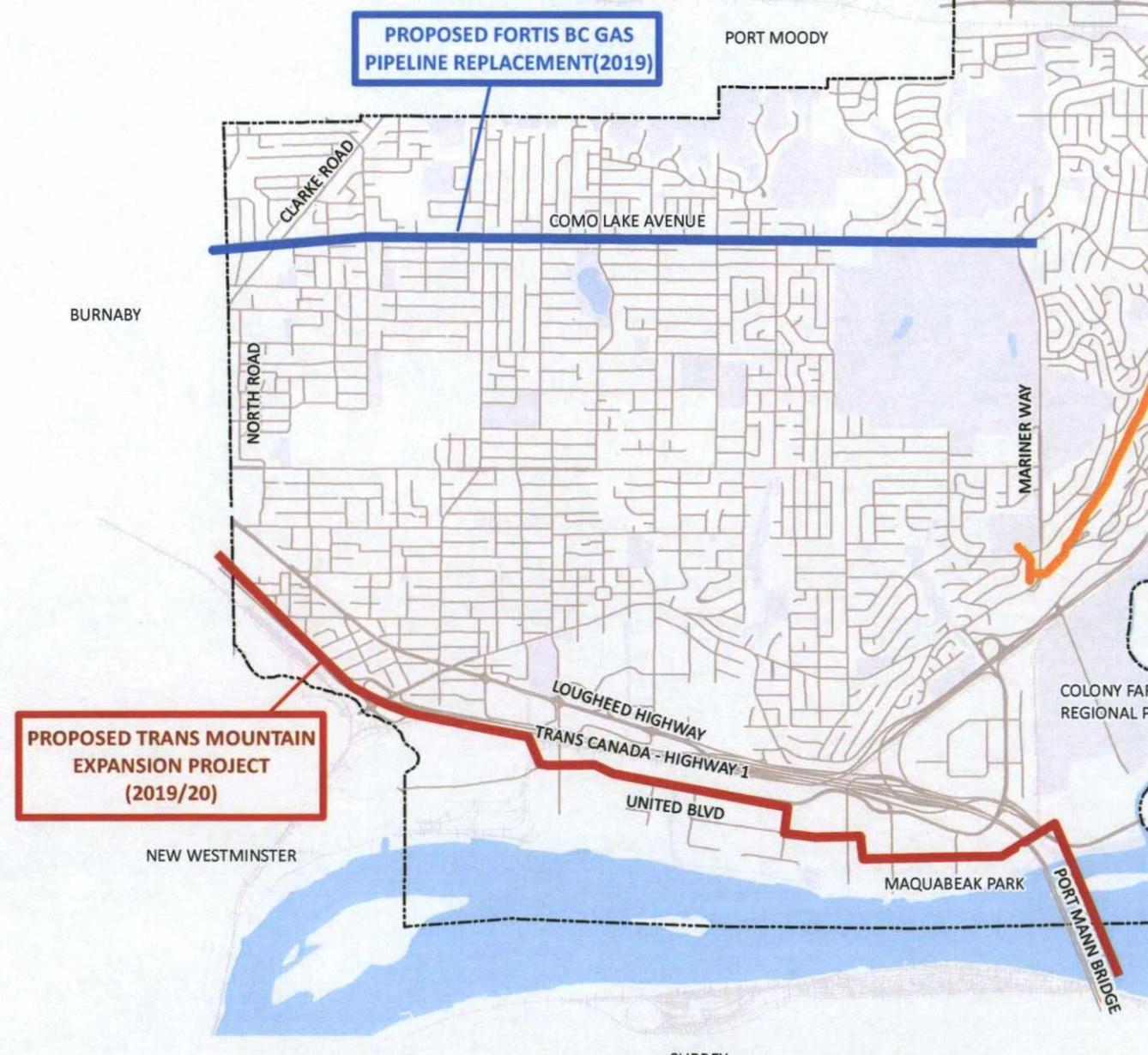
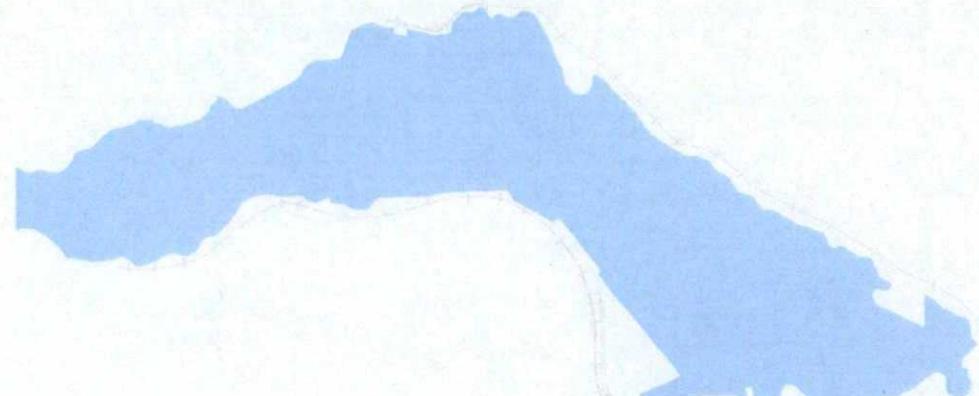
Jozsef Dioszeghy, P.Eng.

Attachments:

1. Location of Planned, Fortis, Trans Mountain, and Metro Vancouver Projects
2. City of Coquitlam letter to BCUC regarding proposed regulatory process, dated July 19, 2018

This report was prepared by Mark Zaborniak, Manager Design and Construction and was reviewed by Dana Soong, Manager Utility Programs.

Major External Utility Projects





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July 19, 2018

E-Filed

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**British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, BC V6C 2N3**

Attention: Patrick Wruck, Commission Secretary

**Re: FortisBC Energy Inc. - Application for Use of Lands under Sections 32 and 33 of the
Utilities Commission Act in the City of Coquitlam for the Lower Mainland Intermediate
Pressure System Upgrade (LMIPSU) Projects (Application)
Project No. 1598963**

Dear Mr. Wruck:

We represent the City of Coquitlam (the City) for the British Columbia Utilities Commission (Commission) proceeding related to the Application. We write on behalf of the City to respond to the Commission's July 11, 2018 letter to the City requesting submissions regarding the regulatory procedure for the Application.

Overview of the City's Position

The City fully appreciates that the aging infrastructure of FortisBC Energy Inc. (FEI) needs to be upgraded to ensure the safety of the natural gas distribution network, and that the Commission has granted a certificate of public convenience and necessity (CPCN) to FEI for its LMIPSU Projects.

The City appreciates the need for FEI's LMIPSU Projects including those components within Coquitlam; however, these projects could have major impacts on the community, including impacts to

- municipal infrastructure (roads, water works, sewers, etc.),
- the public's use of the roads, and
- homes, businesses and schools in the area.

The City believes that FEI should mitigate the impacts of its project on the community to the extent reasonably possible and that FEI should bear the costs of doing so. The City further believes that it would be fundamentally unfair if FEI's project leaves the community with ongoing and long-term negative impacts.

Representatives of the City and FEI met several times to discuss the measures FEI ought to take to mitigate the impacts of its LMIPSU Projects on the community. Overall, the City found the discussions with FEI to be a frustrating experience.

Submissions on the Issues

With respect to the issues identified by FEI in its Application, the Panel requested that the City confirm whether it concurs with the description of the agreed and outstanding Project issues, and if the City is not in agreement with the description of the Project issues, the Panel requested the City to submit its position on the issues or provide additional information on issues it believes have not been raised.

The City confirms that the immediate issues are those identified and summarised in sections 4 and 5 of FEI's Application, as follows:

1. Protocols and processes to guide FEI and the City's interactions relating to the LMIPSU Projects
2. Traffic management plans
3. Engineering Drawings
4. Removal of 380 metres of the decommissioned NPS 20 IP gas line under Como Lake Avenue between North Road and Clarke Road in the Burquitlam area
5. Repair and repaving of the damage that FEI and its contractors will do to Como Lake Avenue

In its Application, FEI characterizes issues 1, 2 and 3, above, above as "technical" and issues 4 and 5 as "financial" matters. The City does not agree with FEI's characterizations. Each of the five matters is significant, interrelated with the other matters, and needs to be addressed to mitigate the impacts of FEI's project on the City's infrastructure and the community to the extent reasonably possible. The manner in which each of the five matters is addressed will have financial impacts to the City, FEI and/or the public. For example, FEI's obligations to manage traffic in Coquitlam during construction of the LMIPSU Projects and to repair and repave the damage that it and its contractors do to Como Lake Avenue each have technical and financial components.

The City confirms that City and FEI staff were in the process of developing non-binding documents outlining "Terms Agreed To" and "Terms not Agreed To" in relation to the five matters above to guide the parties in their efforts to identify and pursue opportunities for

collaboration; however, both of these documents were draft works in progress when FEI filed its Application.

FEI overstates the situation to the extent it suggests that the "Terms Agreed To" document provided in Appendix C of its Application reflects terms actually agreed-to by City. The parties were discussing the "Terms Agreed to" document when FEI filed its Application, but the City had not yet provided a response to FEI in relation to the draft document.

FEI staff confirmed on June 24, 2018 (four days before FEI filed its Application) that the "Terms Agreed To" document was still draft and did not yet incorporate any changes from the City. The City's staff were in the process of developing a response to FEI's draft "Terms Agreed To" and "Terms not Agreed To" documents when FEI filed its Application on June 28, 2018.

In addition to the five matters above, there are two matters which the City expects will require the Commission's attention subsequent to this current proceeding:

- FEI's obligations to remove the entire approximately 5.5 km length of its NPS 20 IP line in Coquitlam when the line has been removed from service. The City fundamentally believes that FEI is responsible to remove its decommissioned pipeline from the City's street. It is not appropriate to abandon decommissioned facilities in a congested urban underground space because this would prevent the use of the space by other public interest infrastructure like water works, sewers and other utilities.
- A new operating agreement between FEI and the City to replace the legacy operating agreement from 1957. The 1957 operating agreement is from a time when FEI's predecessor was building new natural gas infrastructure in the Lower Mainland, there was significantly less (or no) congestion in the urban underground, and decommissioning of the new pipeline infrastructure would not become an issue for many decades.

Submissions on the Process

The Commission Panel also requested that the City provide submissions on the regulatory process and timetable for considering FEI's Application.

Firstly, the City submits that the Commission's proceeding should be open to the public. The implementation of the LMIPSU Project will have significant impacts on the community in Coquitlam and surrounding areas. The City does not support FEI's proposed process where the Commission would make determinations on certain issues with only the involvement of FEI and the City. If the Commission is going to determine and make orders addressing the matters identified above, the City submits that the Commission should do so on the basis of an open and transparent public process.

The City agrees with the Commission's decision to post FEI's Application on the Commission's current proceeding website to enable the public to intervene and review the Application and

submit comments. The City further believes that the Commission should require FEI to provide public notice of its Application in the appropriate newspapers. The City will post FEI's Application on the City's website.

Secondly, the City does not support FEI's proposed two-phase approach. The City believes that all of the five matters outlined in FEI's Application and confirmed above should be determined by the Commission in one decision on the basis of a public process. Matters 4 and 5 outlined above (removal of 380 metres of the decommissioned NPS 20 IP gas line, and repair and repaving of the damage that FEI and its contractors will do to Como Lake Avenue) are urgent matters that need to be incorporated into FEI's and the City's planning related to the implementation of the LMIPSU Project. As discussed above, the City does not see any difference between the five matters in issue that would warrant the Commission considering the matters separately. Moreover, FEI has not provided sufficient justification for its proposed two-phase approach. FEI suggests there might be urgency, but provides nothing specific in that regard. On page 7 of its Application, FEI says that its construction project in Coquitlam is not scheduled to begin until "early 2019 (weather permitting)".

The City proposes that the next step in the process should be for the City to submit its proposals in relation to each of the five matters at issue, including supporting explanation and evidence. The City expects that it will be able to make the proposed submission by August 3, 2018. Following such submission, the Commission could have a process for the Commission, FEI, the City and interveners to submit information requests (IRs) to the City and FEI about their respective proposals. Many City staff will be away in August, but the City will do its best to respond to any IRs on a timely basis.

Following such an IR process, FEI, the City and interveners could submit final arguments on a schedule that accommodates a Commission decision by mid-October.

Confidentiality of Certain Information

In section 1.4 of its Application, FEI requested confidential treatment of certain appendices to its Application. The City believes that FEI's request for confidential treatment is overly broad, capturing information that should be available to the public.

The City agrees with FEI's requested confidential treatment of technical information to the extent that disclosure of the information could jeopardise the safety and security of critical infrastructure; however, the City does not agree that the proposed terms for addressing the matters at issue in this proceeding are commercially sensitive or confidential. These terms will address the extent to which the impacts of the implementation of FEI's LMIPSU Projects on the City and the public will be mitigated, and the extent to which FEI, the City and/or the public will bear the costs resulting from FEI's project and its infrastructure. The City has no intention to request the Commission to treat the City's proposals as confidential.

The City's position is that all of FEI's Application should be made public except for technical information the disclosure of which could jeopardise the safety and security of critical

infrastructure. Moreover, the City believes that the terms ordered by the Commission as a result of this proceeding should support the public interest and should be made public. The basis for the Commission's determinations should be transparent to the public.

On April 6, 2018 the City submitted to the Commission responses to questions the Commission staff submitted to the City on February 19, 2018. Neither the Commission staff's questions nor the City's responses were identified as or considered confidential. The City requests that the City's April 6, 2018 response to the Commission staff's questions be placed on the public record of this proceeding.

Registration as an Intervener

Please register the City of Coquitlam as an intervener in this Commission proceeding. All of the City's submissions should be marked as proceeding exhibits and placed on the public record.

Contact Information

Please direct all correspondence regarding this proceeding to:

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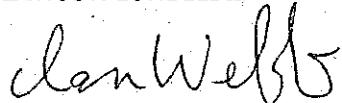
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Yours very truly,

LAWSON LUNDELL LLP



Ian Webb

cc. Stephanie James, City of Coquitlam
Regulatory Affairs, FortisBC Energy Inc.