

D Barry Kirkham, QC⁺
 Duncan J Manson⁺
 Daniel W Burnett, QC⁺
 Ronald G Paton⁺
 Karen S Thompson⁺
 Laura A Wright
 James H McBeath⁺
 Edith A Ryan⁺
 Daniel H Coles⁺
 Brian Y K Cheng^{***}

Robin C Macfarlane⁺
 Alan A Frydenlund, QC⁺⁺
 Harvey S Delaney⁺
 Paul J Brown⁺
 Gary M Yaffe⁺
 Harley J Harris⁺
 Kari F Richardson⁺
 James W Zaitsoff⁺
 Jocelyn M Bellerud⁺
 Sarah M Pélouquin^{**}

Josephine M Nadel, QC⁺
 Allison R Kuchta⁺
 James L Carpick⁺
 Patrick J Haberl⁺
 Heather E Maconachie
 Jonathan L Williams⁺
 Paul A Brackstone⁺
 Pamela E Sheppard⁺
 Katharina R Spotzi
 Steffi M Boyce

James D Burns⁺
 Jeffrey B Lightfoot⁺
 Christopher P Weafer⁺
 Gregory J Tucker, QC⁺
 Terence W Yu⁺
 Michael F Robson⁺
 Scott H Stephens⁺
 George J Roper⁺
 Sameer Kamboj
 Patrick J Weafer

Cari J Pines, Associate Counsel⁺

Rose-Mary L Basham, QC, Associate Counsel⁺

Jennifer M Williams, Associate Counsel⁺

Hon Walter S Owen, QC, QC, LLD (1981)

John I Bird, QC (2005)

⁺ Law Corporation

^{*} Also of the Yukon Bar

^{**} Also of the Ontario Bar

^{***} Also of the Washington Bar

OWEN BIRD

LAW CORPORATION

PO Box 49130
 Three Bentall Centre
 2900-595 Burrard Street
 Vancouver, BC
 Canada V7X 1J5

Telephone 604 688-0401
 Fax 604 688-2827
 Website www.owenbird.com

Direct Line: 604 691-7557
 Direct Fax: 604 632-4482
 E-mail: cweafer@owenbird.com
 Our File: 23841/0187

November 21, 2018

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
 6th Floor, 900 Howe Street
 Vancouver, B.C.
 V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary and
 Manager, Regulatory Support**

Dear Sirs/Mesdames:

**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 ~ Project No.1598963**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's first set of Information Requests to the City of Coquitlam with respect to the above-noted matter.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer

CPW/jj

cc: CEC

cc: FortisBC Energy Inc.

cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA (“CEC”)**

INFORMATION REQUEST #1 TO CITY OF COQUITLAM

**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
Project No.1598963**

November 21, 2018

ISSUE 4 – REMOVAL OF DECOMMISSIONED NPS 20 PIPELINE

1. Reference: Exhibit C1-8, page 2 and Exhibit B-12, page 1 and page 21

The City’s position is that the preferred and most cost-effective approach is for FEI to remove the entire 5.5km of NPS 20 Pipeline underneath Como Lake Avenue as soon as possible (i.e., when the NPS 30 Pipeline is in service), rather than fill it with concrete and then remove it separately in the future.

- (i) FEI pave the entire width of a 5.5 kilometre segment of Como Lake Avenue and perform additional road remediation, beyond what would be required under the Operating Agreement between FEI and the City of Coquitlam dated January 7, 1957 (Operating Agreement) (Appendix A) and despite FEI’s construction being limited primarily to less than two lanes; and
- (ii) FEI remove, at its own cost, an approximate 380 metre segment of the nominal pipe size (NPS) 20 intermediate pressure (IP) gas line that has been approved by the BCUC to be abandoned in place.

FEI has previously indicated its willingness to remove the 380 metres of the abandoned NPS 20 IP gas line. However, FEI has not agreed to the City’s proposal that FEI bear the entire cost of this removal. In the City’s letter dated September 20, 2018, the City suggests that FEI should remove the entire 5.5 kilometre length of the NPS 20 IP gas line in the future¹⁴. FEI is prepared to undertake the removal of any portion of the NPS 20 IP gas line, including either 380 metres or 5.5 kilometres in accordance with the Operating Agreement if the City exercises its rights under the Operating Agreement and requests such a removal.

- 1.1 The City’s evidence is that the City requires that FEI remove the entire 5.5 km of NPS 20 pipeline under Como Lake Avenue, whereas FEI’s evidence appears to be that the City requires FEI to remove an approximate 380 metre segment of the NPS 20, at FEI’s cost, but has also later requested removal of the entire 5.5 km of pipeline. Please clarify the City’s position

2. **Reference: Exhibit B-12, page 21 and page 32**

As illustrated below in Section 3.4.3, applying the formula in section 5(a) of the Operating Agreement to an old gas line like the NPS 20 IP gas line, for which the original book value is much smaller than the removal cost, results in the City being responsible for most of the cost.

In the sections below FEI describes:

1. The complex scope of work associated with the removal of the NPS 20 IP gas line (for the 5.5 kilometre length from the outlet of Coquitlam Gate Station and North Road mostly located along Como Lake Avenue within the City, as well as the 380 metre segment);
2. The schedules associated with the removal of the NPS 20 IP gas line for both lengths of gas line;
3. Cost estimates associated with both lengths of gas line;
4. The application of the cost allocation formula in the Operating Agreement;
5. The removal costs that would be shared between FEI and the City using the Operating Agreement cost allocation formula and the impacts on the incremental cost of service and average rates; and
6. The removal costs and impacts on the incremental cost of service and average rates that would occur if the Operating Agreement cost allocation formula was not applied and FEI was required to assume all of the costs.

The City's contribution to relocation under the Operating Agreement can be expressed as follows:

$$\text{Municipality's Contribution} = \text{CAC} - [2\% \times \text{COI} \times (\text{YC} - \text{YOI})]$$

Where:

- CAC is equal to total cost of the required alteration of the gas piping in the current year (this would include the cost of temporary works, bypasses etc., i.e. all inclusive)
- COI is equal to the total cost of the original installation for the portion of the gas system being impacted and that will be removed
- YC is equal to the current year in 4 digits
- YOI is equal to the Year of original installation in 4 digits

- 2.1 Please provide the City's views as to whose cost the removal of the entire 5.5 km of NPS 20 Pipeline underneath Como Lake Avenue would accrue under the City's proposal and under the Operating Agreement. Please be specific as to which portions would accrue to the City and which portions would accrue to FEI.
- 2.2 Please comment on FEI's assessment of the Municipality's Contribution shown on page 32 of FEI's evidence and discussed later.

3. Reference: Exhibit B-12, page 33

Table 3-6: Estimation of Original Cost, Number of Years Since Installation, Removal Costs and Cost Allocation

		High Cost		Low Cost	
		5.5 km	380 m	5.5 km	380 m
1	Original Installed Cost 2018\$ millions	\$25.1	\$1.7	\$14.1	\$1.0
2	Original Installed Cost 1957\$ millions	\$2.8	\$0.2	\$1.6	\$0.1
3	No. of Years: Year of Removal minus Year of Installation	67 Years	64 Years	67 Years	64 Years
4	Removal Costs 2021		\$9.4		\$9.4
5	Removal Costs 2024	\$77.5		\$77.5	
6	FEI's Allocation ¹⁷	\$3.8	\$0.2	\$2.1	\$0.1
7	City Allocation	\$73.7	\$9.2	\$75.4	\$9.3

As shown above, the City's contribution to removal costs for the NPS 20 IP gas line is expected to range from \$9.2 million to \$9.3 million for the 380 metre segment, and from \$73.4 million to \$75.7 million for the 5.5 kilometre segment.

¹⁷ FEI's allocation is Original Installed Cost (Line 2) x 2% x Number of Years (Line 3). See also Appendix G.1 through G.4.

¹⁸ BCUC Order account-141-09 dated November 26, 2009, Appendix A, Page 13 of 110.

- 3.1 Please comment on the validity of FEI's estimation of total costs shown in Table 3-6 and discussed in Exhibit B-12.
- 3.2 Please comment on the validity of FEI's allocation of costs to FEI and the City as shown in Table 3-6 and discussed in Exhibit B-12.

4. Reference: Exhibit C1-8, page 2

The Project

As part of the LMIPSU Project, FEI is upgrading its infrastructure under Como Lake Avenue in the City. FEI's Project within the City will include construction of a new NPS 30 Pipeline and decommissioning of the existing 60-year-old NPS 20 Pipeline along an approximately 5.5 kilometre section of Como Lake Avenue from Mariner Way to the Burnaby border.

Summary of Coquitlam's Position

There are two issues remaining to be considered in Phase Two of this proceeding.

Issue 4: Removal of the decommissioned NPS 20 Pipeline

The City's position is that the preferred and most cost-effective approach is for FEI to remove the entire 5.5km of NPS 20 Pipeline underneath Como Lake Avenue as soon as possible (i.e., when the NPS 30 Pipeline is in service), rather than fill it with concrete and then remove it separately in the future.

The NPS 20 Pipeline is occupying space that is needed now or will be needed in the future. The most urgent need for space currently occupied by the NPS 20 Pipeline is the 380m section of the NPS 20 Pipeline between North Road and Clarke Road. This space is needed by the City for the installation of its new 250mm water main and 450mm sanitary sewer, which the City has deferred the installation of to avoid having to relocate the NPS 20 Pipeline while it remains in service. The space occupied by the remaining section of the decommissioned NPS 20 Pipeline will be needed in the near future because the projected and planned growth of the City will require new utilities to be installed in the already congested corridor under Como Lake Avenue.

- 4.1 Please describe how the City has ascertained that its proposed approach is most 'cost effective'. Please itemize and provide quantification of the costs, and identify which party would be responsible for each of the costs under the City's proposal and under the Operating Agreement.
- 4.2 Please provide a more precise estimate of when the City expects to require the space currently occupied by the NPS Pipeline in the 380 m section between North Road and Clarke Road, and the other segments of the 5.5 km pipeline space.
- 4.3 For how long has the City deferred installation of its new 250 mm water main and 450 mm sanitary sewer?
- 4.4 If the City had undertaken the installation of its new 250 mm water main and/or 450 mm sanitary sewer and consequently relocated the NPS 20 pipeline while it remained in service, would the City have incurred more costs than it expects to do under the City's proposed scenario? Please explain.

- 4.4.1 If yes, please provide a list of costs with quantification.
- 4.5 For how long would the City be able to continue to defer the new 250 mm water main and/or the 450 mm sanitary sewer if FEI was not upgrading its infrastructure under Como Lake Avenue as part of its LMIPSU project?
- 4.6 Why does the City believe that all 5.5 km should be removed when the urgency is related to only 380 m? Please explain.
- 4.7 Please confirm that if FEI were not upgrading its infrastructure, the City would bear the costs of related to any accommodations FEI was required to make for the City to install its water mains and sanitary sewers.
- 4.8 If FEI were not upgrading its infrastructure at this time, would the City proceed immediately or in the near future with the installation of water mains and sanitary sewers? Please explain.
 - 4.8.1 If yes, would the City pay for removal and/or relocation of all 5.5 km of pipeline, or would the City require only a portion of the pipeline to be removed/relocated. Please explain.
 - 4.8.2 If the City would not conduct removal/relocation of the 5.5 km of pipeline, please detail the length of pipeline the City would undertake to remove/relocate in order address its future needs.
- 4.9 Please provide the City's standard operating processes regarding removal of any City infrastructure under roadways, when it may choose to abandon all or a portion of the infrastructure for whatever reason.
- 4.10 Please provide the City's historical requirements for crossing the Como Lake Avenue span as a frequency per year for a 380 mm width of impact.

5. Reference: Exhibit C1-8, page 5 and page 7

Issue 4: Removal of the decommissioned NPS 20 Pipeline

The City's position is that the decommissioned NPS 20 Pipeline will remain FEI's property and liability. Under no circumstances will the City assume ownership of or responsibility for the decommissioned NPS 20 Pipeline or any harm to persons or property that might result if the decommissioned pipeline is left in place. FEI has confirmed that the decommissioned NPS 20 Pipeline will remain FEI's responsibility and that FEI will remove it if it interferes with municipal infrastructure.⁴

The City is not aware of a standardized approach for how decommissioning end-of-life natural gas pipelines in underground municipal areas should proceed; however, there are two basic options:

- (i) the pipeline owner can make the pipeline safe (e.g., by filling it to prevent its collapse which could cause a sinkhole or other damage), leave it in place and subsequently remove it when the space is needed (FEI's position), or
- (ii) the pipeline owner can immediately remove the pipeline, backfill and restore the surface (the City's position).⁵

FEI has proposed that if the NPS 20 Pipeline is abandoned in place and future City works conflict with the abandoned pipeline, the City's contractor would be required to expose the NPS 20 Pipeline using precautions as this pipeline is believed to contain asbestos, and then wait for FEI to remove the conflicting parts of the pipeline prior to continuing with the work. This approach would greatly complicate the contractor's schedule and construction activity, and this would increase costs to the City. This would also cause increased costs for FEI as a result of repeated excavation and repaving in the same area.

The City believes that the preferred and most cost-effective approach is for FEI to remove the entire 5.5km of NPS 20 Pipeline as soon as possible (i.e., when the NPS 30 Pipeline is in service), rather than fill it with concrete and then remove it separately in the future. This approach is appropriate in the circumstances of Como Lake Avenue, namely the importance of the road to the community and region (lack of detour options) and the illustrated need for the space in the near future to support the City's development plan.

This is not a situation where a decommissioned pipeline can be filled with concrete and left, out of mind, for a century. This is a situation where the space is needed in the foreseeable future, and the road will already be subjected to extensive damage by the installation of the NPS 30 Pipeline.

- 5.1 Recognizing that the City disputes the cost effectiveness of FEI's proposal relative to its own, please comment on whether or not FEI's proposal represents a safety hazard, and if so, why.
- 5.2 Please elaborate on the 'precautions' required by the City's contractor to deal with asbestos.

- 5.3 Please confirm that the City's contractor is capable and versed in managing the precautions that would be required for dealing with asbestos.
- 5.4 Please provide the estimated additional costs for both FEI and the City that would be required as a result of the need for 'precautions' to deal with asbestos.

ISSUE 5 – REPAIR AND REPAVING OF DAMAGE TO COMO LAKE AVENUE CAUSED BY PROJECT

6. Reference: Exhibit C1-8 Page 8 and 9

The scope of Issue 5 is not whether FEI will be responsible for reinstating Como Lake Avenue in as good a state of repair as it was prior to its disturbance as a result of the Project, but rather the expected extent of disturbance that will be caused by FEI's Project and the extent of repair and paving required.

The City submits the whole of the 5.5km section of Como Lake Avenue must be returned to an acceptable standard at the end of the Project. FEI's proposal to pave only the middle

lanes of Como Lake Avenue will not abide by the terms of the 1957 Operating Agreement as all four lanes will be extensively damaged by the Project.

- 6.1 Please provide the specific terms that FEI will not be abiding by in the City's view.
- 6.2 Please discuss whether or not the terms of the Operating Agreement require FEI to return disrupted roadways to current condition or better than current condition, and provide evidence to support the City's position.
- 6.3 How does the City normally deal with contractors that disrupt/damage more than was anticipated in an original agreement? Please explain.
- 6.4 Please confirm that FEI's proposal does not limit it to repaving the centre two lanes if it damages more than that.
- 6.5 If FEI did not disturb/damage more than the two middle lanes of Como Lake Avenue, would the City still require FEI to repave all four lanes? Please explain why or why not.
- 6.6 When the City conducts its own repairs to City roadways, does the City policy require itself to repair and repave all lanes, or only those disturbed/damaged by the activity? Please explain and attach any policies that the City has in place.
- 6.7 Please discuss the current condition of the roadways at issue.
- 6.8 Please provide the City's definition of 'acceptable' condition.

7. Reference: Exhibit B-12, page 4

To summarize, the WSP Report confirms many existing pavement distresses especially in the curb or outside lanes of Como Lake Avenue and Spuraway Avenue, and that several sections of these roadways will likely need a full width rehabilitation treatment or extensive repairs within the next five to ten years. As set out above, the NPS 30 IP gas line trench construction activities will be confined to less than two lanes of Como Lake Avenue and decommissioning and abandonment of the NPS 20 IP gas line will involve excavation of small bell holes approximately every 300 metres within a third lane.

7.1 Please comment on FEI's evidence related to the condition of the existing pavement.

8. Reference: Exhibit B-12, page 3 and page 10

Under section 8 of the Operating Agreement, FEI is required at its cost to reinstate the paving or surface on public property which it has disturbed in as good a state of repair as it was prior to its disturbance and in accordance with reasonable specifications, and subject to the supervision of, the Municipal Engineer.²

FEI is committed to repairing any damage to Como Lake Avenue resulting from the Project in accordance with the Operating Agreement, and in particular, in accordance with the City's Paving Specifications as described in Section 2.2 below.

During the decommissioning and abandonment of the NPS 20 IP gas line, FEI would also excavate a small 3 metre by 3 metre bell hole approximately every 300 metres to abandon the NPS 20 IP gas line in place. As set out in Figure 2-3 below, FEI anticipates this work would have an impact on parts of an additional third lane. FEI would also repair damage caused by the decommissioning work in accordance with the Agreed Expanded Paving Specifications.

8.1 FEI states that it is committed to repairing any damage to Como Lake Avenue resulting from the Project. Please comment on the steps the City would take if FEI was required to repave two lanes but damaged some segments of a third lane.

8.2 Does the City expect that FEI would be willing to make repairs to those areas it damaged? Please explain why or why not.

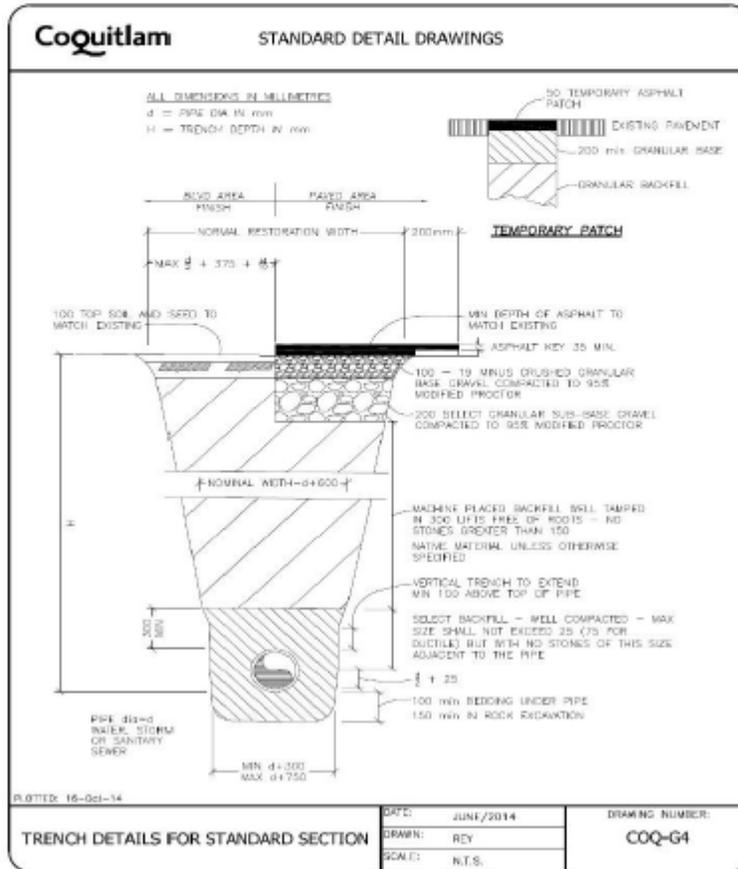
8.3 Please comment on the City's recourse options if FEI was required to repave two lanes and damaged some segments of a third lane.

8.4 Who is the arbiter of whether or not damage has been done and, if so, whether it has been fully mitigated?

9. Reference: Exhibit B-12, page 5

Municipal Construction Document dated March 2016 (City's Paving Specifications)³. The City's Paving Specifications are a supplemental specification to the Master Municipal Construction Document - 2009 Edition (often referred to as the "Platinum Book"). FEI considers the City's Paving Specifications for trenches, included as Figure 2-1 (reproduced as Appendix C), to be reasonable and by complying with these specifications, FEI would satisfy the requirements of the Operating Agreement. However, as described further below, the City's demands with respect to paving have expanded over time beyond the City's own specifications.

Figure 2-1: City Paving Specification for Trenches, COQ-G4 Specification to MMCD



9.1 Do the City's requests exceed its own specifications as posed by FEI? Please comment.