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February 7, 2014

**Via Email**  
**Original via Mail**

British Columbia Public Interest Advocacy Centre  
Suite 209 – 1090 West Pender Street  
Vancouver, B.C. V6E 2N7

Attention: Ms. Tannis Braithwaite, Acting Executive Director

Dear Ms. Braithwaite:

**Re: FortisBC Energy Inc. (FEI or the Company)**

**Application for a Certificate of Public Convenience and Necessity (CPCN) for the Huntingdon Station Bypass (the Application)**

**Response to the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Pensioners' and Seniors' Organization *et al* (BCPSO) Information Request (IR) No. 2**

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On October 25, 2013, FEI filed the Application as referenced above. In accordance with Commission Order G-11-14 setting out the Amended Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCPSO IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc: Commission Secretary  
Registered Parties (e-mail only)



FortisBC Energy Inc. (FEI or the Company) Application for a Certificate of Public Convenience and Necessity for the Huntingdon Station Bypass (the Application)	Submission Date: February 7, 2014
Response to British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Pensioners' and Seniors' Organization <i>et al</i> (BCPSO) Information Request (IR) No. 2	Page 2

1    **2.0    Reference:    Exhibit B-2, BCUC IR 1.20.3, Expansion Costs**

2           **Preamble:**    The response to the referenced IR includes the following:

3                           *The bypass has been sized to manage the confirmed and relatively*  
4                           *certain future throughput for the foreseeable future through prudent*  
5                           *design. If required and necessary in the future, the Huntingdon Station*  
6                           *and the bypass are expandable. The increase in capacity to the*  
7                           *Huntingdon station can be accomplished through the addition of a fourth*  
8                           *control valve run on Stations #1 and #2 and an upgrade to the Station #2*  
9                           *flow meter. The bypass is for the most part an emergency provision and*  
10                           *its design basis is relatively conservative; peak day flow at minimum*  
11                           *Spectra pressure. That said, its capacity could be increased as needed*  
12                           *by replacing or modifying the control valves.*

13           2.1    Would there be any difference in cost between increasing the bypass capacity  
14                    now (i.e., higher capacity as initially constructed) versus increasing the bypass  
15                    capacity later (i.e., after construction and in-service date)? If so, can FEI provide  
16                    a high level or “ball park” cost estimate of the difference in costs of these two  
17                    bypass expansion scenarios?  
18

19            **Response:**

20            The Huntingdon Station Bypass is proposed as a redundancy and emergency back up to the  
21            Huntingdon Station. Thus, simply increasing capacity of the bypass may not fully address the  
22            situation where the future demand is increased and additional capacity is required.

23            However, if the bypass must accommodate increased capacity, it can be accomplished by the  
24            means explained below.

25            For instance, the Project proposed includes two NPS 24 control valves. If a higher capacity for  
26            the bypass is required in the future, it would be possible to accomplish this by replacing the two  
27            NPS 24 control valves with two larger NPS 30 control valves. The current estimated cost to  
28            install the two NPS 24 control valves is \$770 thousand. To install two NPS 30 control valves at  
29            this time would result in an incremental cost of \$730 thousand to the Project and would increase  
30            the capacity of the bypass in peak day flow at minimum Spectra pressure to an excess of 3,500  
31            MMscfd. The cost of replacing the control valves with NPS 30 control valves in the future,  
32            including installation costs but excluding inflation, is estimated at approximately \$1.7 million.<sup>1</sup>

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<sup>1</sup> FEI has not included the impact of inflation of the capital costs in this estimate because the determination of when such an upgrade may be required is unidentifiable.



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1 Alternatively, by modifying the design conditions of the bypass for a 4 psid differential compared  
2 to 3 psid currently used, the capacity of the bypass can be increased to 1,950 MMscfd using the  
3 currently specified NPS 24 control valves. To complete this, a system capacity survey of the  
4 entire Coastal Transmission System would need to be conducted to determine whether other  
5 system improvements are necessary due to the lower operating pressures. FEI is unable to  
6 comment on the extent of the upgrades or the costs associated.

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1    **3.0    Reference:    Exhibit B-2, BCUC IR 1.26.1, “As Spent Dollars”**

2            3.1    Can FEI confirm that “as spent dollars” refers to dollars to be spent in the future  
3                    as opposed to dollars that have already been spent?  
4

5    **Response:**

6    “As spent dollars” refers to both dollars that have been spent (and not escalated) as well as  
7    future expenditures (expressed in 2013\$) that need to be escalated to represent nominal dollars  
8    that are forecasted to be spent.

9    The “as spent dollars” in Exhibit B-2, BCUC IR 1.26.1 was in reference to the total forecast  
10   capital cost of \$8.0 million, i.e. future expenditures. The \$8.0 million forecast does not contain  
11   actual expenditures that have already occurred.

12   In Appendix F-3 under Deferred Prefeasibility Costs, there is a line for Costs to Date, these  
13   costs have been spent and there is no escalation for these costs.

14