

1 Q. **C-22, Tab 10: Upgrade Fuel Oil Day Tank - Holyrood; \$584,200**

2 In the report entitled: Upgrade Fuel Oil Day Tank, located in Volume II, Tab
3 10, Hydro states that:

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5 *"The American Petroleum Institute (API) recommends that tanks, such as the*
6 *daytank at Holyrood, undergo an external inspection every five years and an*
7 *internal inspection every ten years after its initial service date. The required*
8 *inspection procedures are outlined in API Standard 653, Tank Inspection,*
9 *Repair, Alteration, and Reconstruction. The day tank at Holyrood has not*
10 *been inspected since 1998. Therefore, it is recommended that the tank*
11 *undergo a full inspection that is in compliance with the API 653 standard in*
12 *2013."*

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14 What has changed to make this inspection a priority in 2013?

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17 A. For a period of time Hydro acknowledged the risk of failure when operating beyond
18 the ten year period between internal inspections recommended by API. However,
19 the API recommended internal inspection timeline has now been exceeded by
20 approximately 50 percent, and as the equipment ages, the probability of failure
21 increases, and the risk is no longer acceptable.

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23 In recent years Hydro has been actively inspecting the four much larger main fuel
24 storage tanks at Holyrood. Based on the condition of these large tanks and their age
25 relative to the smaller day tank, Hydro decided not to complete an internal
26 inspection every ten years on the much smaller day tank. The day tank is about ten
27 years younger than two of the large tanks and had a new floor installed in 1998. The

1 decision not to inspect the day tank was made with consideration to Hydro's
2 experience with the larger tanks at Holyrood that had been operating in a similar
3 circumstance, as it relates to the type of fuel stored and exposure to weather.