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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Request of Dominion Energy Utah for Approval of a Voluntary Resource Decision to Construct an LNG Facility	Docket No. 19-057-13
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Dominion Energy Utah Supply Reliability Resource RFP

Questions and Answers

Note: the most recent sets of questions are placed at the top of the document.

QUESTION SET 4 - updated Feb. 14, 2019

1. Question:

In the RFP under section 7. Credit Assurances - The RFP states "The RFP selected resources have the potential to expose DEU and its customers to credit risk in the event a selected Respondent is unable to fulfill its obligations pursuant to the terms of an executed agreement. The credit risk profile is a function of several factors including Type of Proposal agreement." Can you further define/clarify what is meant by Type of Proposal Agreement - are you requesting for a copy of a Precedent Agreement, Firm Service Agreement?

Answer:

Please see sections F.5 and F.7 of the RFP. "Type of Proposal Agreement" means a construction agreement, precedent agreement, firm service agreement or any other agreement necessitated by the proposal.

QUESTION SET 3 - updated Feb. 13, 2019

Resource Needs:

1. Question:

Dominion Energy Utah ("DEU") has previously demonstrated a need for a 15 million gallon LNG storage tank to vaporize 150,000 Dth/day for 8 full days (or equivalent), while maintaining pressure for firm customers in the event of supply shortfalls or other system emergencies. This current Supply Reliability Resource RFP ("RFP") requests "Total Annual Supply Availability" of 750,000 to 1,500,000 Dth, based on 150,000 Dth/day, which equates to a range of 5 to 10 days.

- a. Please explain the reasons for and implications of the changes in requested volumes and hence the range in days?

Answer:

The range in requested volumes was given to provide respondents flexibility in providing possible solutions. Any response that provides service within this range will be evaluated and considered.

- b. Will the revision in volume (from the prior LNG docket filing of 1.2 Bcf) to a Total Annual Supply Availability of 750,000 to 1,500,000 Dth also revise the price up and down of the LNG facility? If so, how much?

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

2. Question:

Please explain the optimal number of delivery days on which DEU will evaluate the proposals in comparison to the proposed LNG facility, and how that comparison will be done.

Answer:

All proposals will be evaluated on their ability to meet the criteria outlined in the RFP. All submissions that provide service within the parameters listed in the RFP will be evaluated. Respondents should provide the full range of capabilities provided by their proposal.

3. Question:

Please explain how will DEU evaluate, value and compare an RFP Proposal that also offers peak-hour system support and flexibility to offset DEU purchases when supplies are limited.

Answer:

Ancillary benefits of given proposals will be evaluated by calculating the realized value, including the cost savings of the contracts, purchases or projects they can offset.

4. Question:

Given the rapid current and projected growth in demand on DEU's system, please explain how long the LNG facility is projected to be able to meet DEU's future projected loads and needs.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

5. Question:

Please explain if and how the LNG facility can be expanded to meet future system growth/needs.

Answer:

LNG facilities can be expanded by adding additional storage, additional liquefaction capacity, additional vaporization capacity, trucking facilities, or any combination of these capabilities.

6. Question:

Given DEU's current and projected load growth, might DEU need both the proposed LNG facility and another supply reliability/peak day resource within the near future? Please elaborate.

Answer:

DEU re-evaluates its gas supply and peak day needs on an annual basis. These needs are based on demand driven by customer usage, growth and weather. While the chosen resource will most likely take care of the Company's supply reliability needs in the foreseeable future, it is possible that these factors could drive the need for additional resources in the longer term.

Delivery Location/Growth:

7. Question:

DEU identified the Bluffdale area as the optimal delivery location in the prior LNG docket¹; DEU's most recent IRP identifies that area as a primary area of system growth and development, resulting

¹ Bluffdale was identified as the optimal delivery point into DEU's system in PSC Docket 18-057-03, <https://psc.utah.gov/2018/04/24/docket-no-18-057-03/>.

in declining pressures;² and the University of Utah Kem C. Gardner Policy Institute Research Brief referenced by DEU³ identifies primarily Utah County as an area expected to experience significant growth. Please explain whether the Bluffdale area remains an optimal supply reliability point of delivery for DEU, and why or why not.

Answer:

The question misstates the information previously provided by the Company. Bluffdale is a delivery point the Company is willing to consider for supply into the DEU system. However, gas delivered into this area cannot be delivered to the north portion of the DEU system due to an MAOP break between the two systems (The north system has a 471 psig MAOP and the south system has a 354 psig MAOP.) As indicated in the RFP, if proposals specify delivery outside the area identified in the RFP, costs for system reinforcements will be added as necessary to the proposal to account for equivalent system benefits.

8. Question:

If a project that is bid into this RFP ("RFP Response") proposes delivery at Bluffdale, please explain what additional costs/facilities DEU would consider or factor in to determine equivalent distribution system impacts.

Answer:

Depending on delivery location, pressure and volume, the Company would have to uprate or replace portions of its high-pressure FL system to allow for delivery into the 471 psig MAOP zone. This would include the construction of several HP regulator stations to separate this uprated FL from the 354 psig zone. The cost associated with these improvements would be included in DEU's analysis of the total cost of the option.

9. Question:

If an RFP Response proposes delivery at Bluffdale, please explain the nature and projected costs of any equipment and footprint that would be required by DEU for the end facilities in order for DEU to interconnect at Bluffdale.

Answer:

As with any interconnect, DEU would require custody transfer meters, line heaters, gas chromatographs, pressure regulation, odorization and over-pressure protection. The required lot size for DEU equipment would roughly be 200' x 200' (This does not include space for equipment owned by others). The projected costs for these facilities will be calculated by the Company based on the specific proposals being made.

10. Question:

Is the Hunter Park area also an optimal supply reliability point of delivery? Please explain why or why not.

Answer:

Hunter Park is not within the zone identified in the RFP as the optimal delivery zone. Responses that include deliveries outside this optimal delivery zone will be evaluated as indicated in the RFP.

² DEU's 2018- 2019 IRP states the following with respect to the South Bluffdale Regulator station, in Bluffdale, Utah: "As the Bluffdale area continues to grow, the Company's IHP distribution system has grown southward. Currently, the Company's IHP system is fed and regulator stations are located on the north end of Bluffdale. The Company's modeling shows that IHP pressures have dropped as a result of the increased load."

³ Ken C. Gardner Policy Institute, The University of Utah; Research Brief July 2017 Utah's Long-Term Demographic and Economic Projections Summary

11. Question:

If an RFP Response proposes delivery to Hunter Park, please explain what additional costs/facilities DEU would consider or factor in to determine equivalent distribution system impacts.

Answer:

The Company would have to uprate or replace portions of its high-pressure FL system to allow for delivery into the 471 psig MAOP zone. This would include the construction of several HP regulator stations to separate this uprated FL from the 354 psig zone. The cost associated with these improvements would be included in DEU's analysis of the total cost of the option.

12. Question:

The new draft RFP identifies as potential optimal delivery points Feeder Lines 13, 12, 33, or 21-10. Please explain why delivery into these feeder lines is important to or optimal for DEU.

Answer:

As explained in the bidder's conference hosted by DEU, delivery into the area identified in the RFP would allow the Company to deliver supply north into the 471 psig MAOP zone or south into the 354 psig MAOP zone.

13. Question:

Please explain the nature and amounts of any additional permits, construction, costs, time, etc., that may be required to tie the proposed LNG facility into the referenced feeder lines.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

14. Question:

Also please explain if/how delivery into the referenced feeder lines will help DEU meet the extreme growth occurring and projected, and declining pressures, in the south part of the Salt Lake Valley and Utah County.

Answer:

The RFP is seeking a supply reliability solution and not a solution limited to meet growth. Responses should include the information sought in the RFP.

Ownership/Operation:

15. Question:

Is DEU open to an RFP Response in which DEU could invest or participate in ownership or operation of a supply resource or a pipeline?

Answer:

Yes, as indicated section F.5.c of the RFP.

16. Question:

If so, given the stated restrictions on communications, how should a bidder proceed to determine the level of potential DEU interest and to identify potentially acceptable terms?

Answer:

Bidders should reply to the RFP with terms and proposals that are acceptable to their company. DEUWI will evaluate the proposals to determine if the proposed terms are acceptable.

Timing:

17. Question:

Please explain the intended schedule and timing for obtaining Utah Public Service Commission (“PSC”) approval for either DEU’s proposed LNG facility or another resource selected by DEU that is bid in an RFP Response (“Selected Resource”).

Answer:

DEU anticipates that it will notify the PSC of its chosen option sometime within the second quarter of 2019. The supply resource must be in service in time to meet the Company’s needs, as set forth in the RFP.

18. Question:

Will DEU move forward with acquisition or construction of an LNG facility or another Selected Resource prior to obtaining PSC preapproval?

Answer:

The answer to this question will depend on the selected resource. The company will notify the PSC of its chosen option sometime within the second quarter of 2019.

19. Question:

Please explain the expected schedule and timing, including online date, for DEU’s proposed LNG facility.

Answer:

The supply reliability solution chosen by the Company must be able to be in service by Q4 2022. Please see section D.5 of the RFP.

20. Question:

Please explain the status of DEU efforts to address and mitigate regulatory, environmental and safety concerns associated with siting an LNG facility in a populated area, and how the cost and time necessary to address and mitigate those issues have been factored into the estimated LNG facility cost and timing.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

21. Question:

Please explain any community outreach and similar activities relating to safety, environmental impacts and other issues, that have been undertaken by DEU in connection with its proposed LNG facility.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

22. Question:

Please explain what work has been completed and what permits have been obtained, and what additional work and additional permits will be required, for the proposed LNG facility, and what DEU considers to be a realistic time frame for obtaining and completing the same.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

23. Question:

Please explain the current status of the land lease option for the proposed LNG facility.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

24. Question:

In the prior LNG docket, DEU anticipated PSC approval in 2018 and a 4-year engineering/construction cycle for its proposed LNG facility, with an in-service date in 2022. Given a delay in PSC approval by approximately one year, will the schedule and online date of the proposed LNG facility be extended beyond 2022? Please explain why or why not.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility. The supply reliability solution chosen by the Company must be able to be in service by Q4 2022. Please see section D.5 of the RFP.

25. Question:

The RFP indicates that the “Awarded Proposal(s) will be subject to acceptance through March 31, 2020.” How soon will definitive agreements be executed either for the LNG facility developer or another Selected Resource?

Answer:

The execution date of agreements will be dependent upon the nature of the proposal and appropriate regulatory review and approvals.

26. Question:

Will the timing be the same irrespective if an LNG facility is built or another Selected Resource is chosen?

Answer:

Please see response to the previous question.

27. Question:

If definitive agreements relating to the LNG resource or another Selected Resource are not executed until in or after March 2020, does DEU still consider a 2022 in-service date realistic? Please explain why or why not.

Answer:

The RFP provides that proposals must be in-service no later than Q4 2022. DEU considers this to be a realistic schedule.

28. Question:

If a 2022 online date for the LNG facility or an RFP Response is no longer realistic (if definitive agreements may not be secured until in or after March 2020), will DEU consider extending the required online date?

Answer:

DEU does not anticipate extending the in-service date.

Process:

29. Question:

Given the critical nature of the system reliability issues being addressed, the magnitude of the expenditures, potential community opposition for environmental and safety reasons, and in an effort to create confidence in bidders that they are on a fair and even playing field with the LNG facility, is DEU willing to: (a) have the RFP evaluated and approved by the PSC before it is issued; (b) lock down (in an independently verifiable way) all of the details of its LNG proposal before receiving bids from others; and/or (c) have an outside independent evaluator help evaluate responsive bids; even if such things are not mandatory? Please explain why or why not.

Answer:

DEU asserts that the regulatory process ensures a "fair and even playing field" for all bidders. For example, the RFP was reviewed and included feedback provided by Regulators prior to its issuance.

30. Question:

If DEU is not willing to do all or any of the items suggested in the prior question, please explain what assurances DEU can provide to potential bidders that DEU cannot and will not simply push ahead under all circumstances in an effort to construct its preferred LNG option?

Answer:

Please see response to the previous question.

Price Increases:

31. Question:

Please explain any DEU contingency plans to address potential price increases for its LNG facility, or for another Selected Resource, resulting from uncontrollable factors such as steel tariffs.

Answer:

Responses should respond to the information sought in the RFP regardless of what the costs of an LNG facility may be. Per the RFP respondents should include contingency with their proposal.

32. Question:

Please explain how DEU will evaluate contingencies relating to potential price increases resulting from things such as steel tariffs in comparing DEU's LNG facility with RFP Responses.

Answer:

DEU will consider contingencies as part of the bid evaluations. Respondents should provide any contingency information that they would like DEU to consider.

Reliability:

33. Question:

Please explain what value, if any, the proposed LNG facility would offer in the event of a significant seismic event along the Wasatch Fault.

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

34. Question:

Please explain what value, if any, a supply source on the load side and outside of the demand center would offer, if a significant seismic event along the Wasatch Fault occurred.

Answer:

Responses should include the information sought in the RFP regardless of considerations outside the RFP.

Hydraulic System:

35. Question:

Please explain what system hydraulic studies have been conducted by or for DEU.

Answer:

Responses should include the information sought in the RFP regardless of considerations outside the RFP.

36. Question:

Since the Kern System plays a critical role in meeting DEU's system reliability and supply needs, has a Kern system study been conducted?

Answer:

Responses should include the information sought in the RFP regardless of considerations outside the RFP.

37. Question:

Are any of the above-referenced studies available for review by potential bidders?

Answer:

Responses should include the information sought in the RFP regardless of considerations outside the RFP.

Contract Provisions:

38. Question:

Will DEU require the winning bidder to utilize unionized labor in the construction of the pipeline or end facilities?

Answer:

There will be no requirement for unionized labor.

39. Question:

Will DEU utilize unionized labor to construct the proposed LNG facility?

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility.

40. Question:

In evaluating the LNG facility and the RFP Responses, will DEU take into account any other social or environmental considerations? If so, what and how?

Answer:

Responses should include the information sought in the RFP regardless of considerations related to a potential LNG facility. Respondents are welcome to include information they would like considered as part of their proposal. DEU will determine the relevance of the provided information.

Miscellaneous:**41. Question:**

The RFP requests responses by email. What size e-mails and attachments will the DEU system accept? What should a Respondent do if its Proposal is larger than what the DEU system will accept?

Answer:

Less than 20 MB. Respondents can use a large file transfer program to ensure the Proposal is received by the due date and time.

QUESTION SET 2 - updated Feb. 11, 2019

Two questions related to slide #7 of a presentation entitled "Supply Reliability Technical Conference" dated June 19, 2018 and found in the Docket:

1. Question:

The four remote communities (Green River, Bear Lake, Kanab, Wendover) together show a total annual potential gas requirement of approximately 1500 MMscf—could you provide a rough breakdown of these volume potentials by month or by quarter for each community?

Answer:

The Company has refined its usage estimates for these communities. The table below shows the 5 year growth projection on estimated usage assuming a 75% conversion to natural gas.

	Wendover (Utah)	Kanab	Green River	Bear Lake
Jan	16,890,006	48,619,471	10,389,752	90,537,128
Feb	14,096,072	40,576,869	8,671,086	75,560,534
Mar	11,080,520	31,896,317	6,816,093	59,395,976
Apr	7,184,466	20,681,161	4,419,467	38,511,585
May	4,454,369	12,822,320	2,740,069	23,877,183
Jun	2,715,728	7,817,479	1,670,558	14,557,380
Jul	2,076,627	5,977,765	1,277,420	11,131,542

Aug	1,868,964	5,379,989	1,149,678	10,018,389
Sep	1,881,022	5,414,698	1,157,096	10,083,022
Oct	2,176,969	6,266,611	1,339,145	11,669,419
Nov	4,634,838	13,341,817	2,851,083	24,844,569
Dec	9,913,919	28,538,147	6,098,467	53,142,533
<i>Volumes shown in scf</i>				

2. Question:

Also the slide shows a footnote referencing a cost of \$25-30 MM for a 270,000 gallon/10 MMscfd vaporization system—how this footnote related to the rest of the slide?

Answer:

The footnote referenced in the slide was to used provide an “order of magnitude” comparison to the costs of building satellite LNG facilities in these locations. It does not represent actual costs to build these facilities.

3. Question:

Does DEU have a preference, or more importantly, a cost or control incentive to provide feed gas to the proposed LNG facility?

Answer:

The Company does not have a preference as to the source of the feed gas. The Company relies upon its gas supply modeling (the SendOut model) in determining what supply options are most appropriate.

4. Question:

Has DEU experienced any supply issues in the past 3-5 years necessitating curtailment or interruption of gas supply to any of its customers? If so, can you describe the duration of lost sales from those events?

Answer:

The Company has identified its supply reliability needs in the RFP. Submitted proposals will be evaluated on the ability of the proposals to meet those needs.

QUESTION SET 1 - updated Jan. 16, 2019**1. Question:**

I am reaching out this morning regarding your upcoming project, Salt Lake Valley Grassroots LNG Peak Shaver Plant, which I have been tracking for some time. I am wondering you have time to chat about the project, specifically regarding pipe fabrication sourcing, whether it is direct, or through the general contractors. Any information would be helpful.

Answer:

With the current RFP, Dominion Energy is seeking supply reliability solutions that could be alternatives to a Dominion Energy owned and operated LNG facility. The RFP is not for the engineering, procurement or construction on a Dominion Energy owned LNG facility.

2. Question:

I was reading your posted RFP and I was hoping to understand better what you are looking for. Specifically are you looking for a supply proposal (supplier provide service via existing

infrastructure) or an expansion of infrastructure from a pipeline with service that provides the no-notice type flexibility you discuss (storage backed service). Ruby is due north of Salt Lake City and depending on your needs, we may be able to develop a service to help provide a solution for you supply reliability concerns. Please let me know what specifics you can provide above the existing information in the RFP.

Answer:

Dominion Energy is seeking an additional supply resource that can ideally be delivered to the area of its system as described in the RFP. As noted, in the RFP, other solutions, delivered at other locations, will be reviewed and considered, however the system benefits of all proposed solutions will be compared to the system benefits achieved by delivering the requested pressures and volumes directly to the optimal delivery area. To make a proper comparison, the company will include reinforcement costs, as necessary, to all proposals that provide delivery outside the area identified in the RFP.

3. Question:

In follow-up to your email below, can you kindly provide an update on the status of the Magna LNG Facility and how it relates to the current solicitation in the following link?

<https://www.dominionenergy.com/utahrfp>

We were one of the original EPC bidders solicited for the Magna facility. We may have a partner that would be interested in a Build Own and Operate scenario as well, so I wanted to see how the two projects were related if at all.

Answer:

With the current RFP, Dominion Energy is seeking supply reliability solutions that could be alternatives to a Dominion Energy owned and operated LNG facility. The RFP is not for the engineering, procurement or construction on a Dominion Energy owned LNG facility.