

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

**REBUTTAL TESTIMONY OF MICHAEL L. GILL
FOR DOMINION ENERGY UTAH**

September 12, 2019

DEU CONFIDENTIAL Exhibit 5.0R

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael L. Gill. My business address is 1140 West 200 South, Salt Lake City, UT 84104.

Q. Are you the same Michael L. Gill that filed direct testimony in this docket?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. I address aspects of the direct testimony filed by Alan Neale, Douglas D. Wheelwright, David Shultz, and Alex Ware.

Q. On lines 320-324 of his testimony, Mr. Neale states that vaporizing Liquefied Natural Gas (LNG) to a gaseous state is a process that would take more than 30 minutes. Do you agree with his statement?

A. Not exactly. While it is true that vaporization of LNG is a multi-step process, most of these steps would be completed prior to the Company calling on the LNG facility for gas supply. During cold months, when a supply shortfall is most likely to cause system outages, the Company would operate the LNG facility in “vaporization mode”. The Company would prepare the LNG Facility to vaporize LNG quickly by pre-cooling the LNG pumps and associated piping, keeping boilers on low-fire, and cycling the pumps for the glycol-water mixture. Operating in this mode would allow the Company to start converting LNG to gaseous form, odorizing it and transporting it onto its system in significantly less than 30 minutes.

Q. When would the Company operate the plant in “vaporization mode”?

A. The Company would operate the LNG Plant in “vaporization mode” throughout the heating season. This season typically extends from November through the end of March.

Q. Is it common in the industry to operate LNG plants in the manner described above?

A. Yes, particularly for facilities of the size and function presented for pre-approval in this docket.

28 **Q. During the RFP process did any respondents, or potential respondents, question the**
29 **requirement to have services available within 30 minutes of call?**

30 A. No. Dominion received 51 questions during the RFP process and none of them were
31 related to that particular requirement of the RFP. Additionally, the responses to the RFP
32 make clear that the prospective bidders clearly understood the 30-min requirement and no
33 respondent indicated any concern with that requirement.

34 **Q. On line 54 of his testimony, Mr. Wheelwright suggests that the proposed LNG**
35 **facility will not be available for the 2022/2023 heating season. Do you agree with his**
36 **statement?**

37 A. No. The information provided to Mr. Wheelwright by the Company was based on
38 incorrect assumptions which need to be clarified. Mr. Mendenhall and Mr.
39 Schwarzenbach provided information based on the premise that the LNG facility could
40 not be filled until the facility is in service in November 2022. However, construction of
41 the facilities will be completed and commissioning will start near the beginning of
42 September 2022, allowing the filling process to commence prior to the November in-
43 service date. This information has been updated by Mr. Schwarzenbach and Mr.
44 Mendenhall in their rebuttal testimony. The proposed LNG Facility would be ready to
45 provide supply in the event of a supply disruption by the end of November 2022.

46 **Q. How much supply would the Facility have available by the end of November 2022?**

47 A. The Company would start manufacturing and storing LNG at the beginning of September
48 2022. Given the rate of liquefaction for the proposed LNG plant (100,000 gallons per
49 day), the Company could have 9.1 million gallons of LNG produced and stored by the
50 end of November 2022. This is more than 750,000 Dth of available gas supply.

51 **Q. Mr. Shultz complains that DEU did not answer Magnum Midstream Energy**
52 **Holdings, LLC's (Magnum) questions fairly during the Supply Reliability RFP**
53 **process. Mr. Shultz states, "DEU refused to provide meaningful information in**
54 **response to those requests." (Pre-filed Direct Testimony of David Schultz (Schultz**
55 **Direct) at Lines 140-142). Do you agree with Mr. Shultz's assertion?**

56 A. No. Magnum Exhibit 1.3, attached to Mr. Schultz's Direct Testimony, shows the
57 Company's responses to Magnum's questions as well as those submitted by other
58 prospective bidders. In the interest of fairness and transparency, the Company posted all
59 questions received, along with the answer to each question, on its RFP website. That
60 way, all prospective bidders had access to the same information prior to submitting a bid.
61 The Company's RFP and its responses to inquiries provided thorough and complete
62 information that allowed bidders to develop their proposals. To the extent the Company
63 felt questions were irrelevant to the bidding process, the Company referred respondents
64 to the details listed in the RFP. Mr. Neale confirmed the Company's approach was
65 appropriate when he concluded that DEU "conducted a robust RFP process that allowed
66 for an adequate number of bids to be received from multiple bidders in a fair and
67 reasonable manner" and "thoroughly evaluated these alternative bids and even adjusted
68 certain missing cost assumptions in a manner that *was favorable to the bidder.*" Prefiled
69 Direct Testimony of Alan R. Neale (Neal Direct) at lines 110-117 (emphasis added). The
70 intent of any RFP is to allow the respondents to provide the best option that satisfies the
71 requirements of the RFP while meeting their own business requirements, not to
72 "negotiate" a deal between one respondent and the RFP requestor as Mr. Shultz suggests.

73 **Q. Did the Company refuse to discuss the RFP with Magnum directly as Mr. Shultz**
74 **alleges?**

75 A. Other than conducting a pre-bid meeting that was open to all potential respondents, the
76 Company did not meet with any respondents individually in order to maintain the
77 integrity of the RFP process. To hold private conversations with Magnum personnel
78 could have placed other bidders at a disadvantage in the process. If Magnum had
79 additional questions, or was unsatisfied with the answers it was receiving, the RFP

80 process allowed it to pose additional questions and receive answers—but they would be
81 made public for the benefit of all bidders.

82 **Q. Mr. Schultz also complains that the Company unreasonably shortened its**
83 **engineering/construction schedule in the RFP. (Schultz Direct at Lines 176-200).**
84 **How do you respond?**

85 A. The Company has not changed its schedule with regard to having a supply reliability
86 resource in service for the 2022/2023 heating season. In response to the RFP, Magnum
87 and all of the other bidders have stated that they could meet the 2022/2023 deadline
88 specified in the RFP. For that reason, Mr. Shultz' complaint is irrelevant. For the
89 Company's part, after the Commission declined to approve it in Docket No. 18-057-03,
90 the Company gave consideration as to whether the LNG Facility could be constructed to
91 meet that timeline. In collaboration with HDR, the Company was able to develop a
92 construction schedule that did so. If the Company and each of the other bidders can meet
93 that schedule, then the schedule is not unreasonable.

94 **Q. On line 183 of his testimony, Mr. Shultz states, "In Magnum's view, neither DEU's**
95 **proposed LNG facility, the Magnum option's, nor any other available options could**
96 **reasonably be expected to be engineered, financed and completed in an efficient**
97 **manner within such a narrow timeframe." How do you respond?**

98 A. If Mr. Shultz is suggesting that Magnum's proposals could not meet the RFP deadline for
99 the supply reliability option to be in service, then its proposals do not meet the RFP
100 requirements. None of the other bidders, nor the Company, have suggested that they
101 could not meet the in-service date set forth in the RFP.

102 **Q. Have other respondents questioned the reasonability of the November 2022 in-**
103 **service date?**

104 A. No.

105 **Q. Mr. Ware argues that DEU's supply reliability proposal was biased by "giving**
106 **preference to on-system solutions and requiring delivery to a specific gas location**
107 **and within a certain capability requirement". Do you agree with Mr. Ware's**
108 **assessment that the Supply Reliability was biased?**

109 A. Not at all. The very purpose of an RFP is to clearly identify the needs of the requestor
110 and provide requirements that all the respondents must satisfy to be considered. In the
111 RFP, the Company clearly identified the required pressure, volume, and delivery
112 requirements in order to ensure that each response meets the needs of the Company and
113 that each response can be fairly evaluated against each other. It also ensures that all
114 parties have complete, specific and thorough information in order to craft the best, most
115 responsive proposal possible. It should also be noted that, while any bidder could
116 propose a solution that delivers to the optimal delivery location, the Company entertained
117 and evaluated other delivery locations proposed by respondents. Two of the bidders
118 offered proposals with delivery locations outside the optimal delivery area as defined by
119 the Company, and the Company included those bids in its evaluation.

120 **Q. Starting at line 339 of his testimony, Mr. Ware states: "The office takes particular**
121 **issue with the mandates for an on-system solution and 150,000 Dth/day over eight**
122 **days of replacement as DEU's analysis has not justified setting such specific**
123 **parameters and doing so biases the outcome". Is Mr. Ware's statement correct?**

124 A. No. The Company did not mandate an on-system solution, and the RFP references no
125 such requirement. In addition, as discussed at length in the technical conference in this
126 docket, as well as my direct testimony and that of Mr. Platt and Ms. Faust, the RFP
127 parameters that the Company did include were necessary to develop proposals that would
128 solve the defined supply reliability problem. Additionally, the Company was flexible in
129 the type and size of solutions it would accept for evaluation. For example, the RFP
130 allowed ranges for delivery pressure, delivery rate, total volumes, and delivery location.

131 **Q. Both witnesses for the Division of Public Utilities state that the ability to potentially**
132 **serve remote, currently unserved communities with LNG should not be considered**
133 **in this resource decision proceeding. Do you agree with that assessment?**

134 A. No, I don't. The Company has completed pre-FEED studies on serving the communities
135 of Kanab, Green River and Wendover, Utah, and in each case has demonstrated that
136 serving these communities with LNG can likely be done cheaper than with traditional
137 piping. In fact, the Company has demonstrated that, in the cases of Kanab and
138 Wendover, traditional pipelines would not be economically viable. While the Company
139 understands that serving these communities would be the subject of other dockets,
140 ignoring potential future benefits of having an on-system LNG plant should not be
141 ignored in this docket as it is a potential future use and benefit that could be provided by
142 the LNG plant.

143 **Q. Mr. Shultz argues that the RFP process should have been conducted by an**
144 **independent evaluator. (Shultz Direct lines 245-262). How do you respond?**

145 A. This regulatory process ensures a fair evaluation for all bidders. In fact, the RFP was
146 reviewed and included feedback provided by regulators prior to its issuance. In addition,
147 the regulatory process leaves to the Commission the authority and flexibility to consider
148 and review all bids provided as well as the RFP process itself.

149 **Q. Does this conclude your testimony?**

150 A. Yes.

State of Utah)
) ss.
County of Salt Lake)

I, Michael L. Gill, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.



Michael L. Gill

SUBSCRIBED AND SWORN TO this 12th day of September, 2019.



Notary Public

