

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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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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**SURREBUTTAL TESTIMONY**  
**OF**  
**ALEX WARE**  
**FOR THE OFFICE OF CONSUMER SERVICES**

September 23, 2019

**PUBLIC REDACTED VERSION**

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**INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**  
3 **ADDRESS.**

4 A. My name is Alex Ware. I am a Utility Analyst for the Office of Consumer  
5 Services (Office). My business address is 160 East 300 South, Salt Lake  
6 City, Utah 84111.

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?**

8 A. Yes, I filed direct testimony on August 15, 2019 on behalf of the Office in  
9 response to Dominion Energy Utah's (DEU or Company) application to self-  
10 build and operate a liquefied natural gas (LNG) facility. I also filed rebuttal  
11 testimony in this docket on September 12, 2019.

12 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

13 A. I will respond to the rebuttal testimonies of Michael L. Platt, William F.  
14 Schwarzenbach, Michael L. Gill, Kelly B. Mendenall, and Tina M. Faust with  
15 Dominion Energy Utah (DEU or Company). My surrebuttal only addresses  
16 a limited number of issues. Silence on an issue in this docket should not be  
17 interpreted to be support or opposition.

18 **SURREBUTTAL TO DOMINION ENERGY UTAH**

19 **Q. IN HIS REBUTTAL, LINES 11 - 109, MR. PLATT PROVIDES**  
20 **ADDITIONAL DETAILS REGARDING DEU'S RISK ANALYSIS. HOW DO**  
21 **YOU RESPOND?**

22 A. Providing new supporting documentation in rebuttal does not allow time for  
23 parties to fully evaluate the information and conduct meaningful discovery,

24 given the approved timeline for this case. The Office asserts that the  
25 foundational mathematics and monetized annual risk is the type of  
26 necessary information that should have been presented in the Company's  
27 application, associated initial testimony, and risk analysis in this case.

28 **Q. IN HIS REBUTTAL, MR. PLATT STATES THAT DEU'S LNG FACILITY**  
29 **WOULD PREVENT ANY SUPPLY SHORTFALL UP TO 150,000**  
30 **DTH/DAY ON A DESIGN DAY. HOW DO YOU RESPOND?**

31 A. My response is that Mr. Platt does not address the Office's actual critique  
32 of DEU's analysis. As I indicated in my direct testimony, proper scenario  
33 analysis in this docket would have analyzed the optimal solution for a large  
34 range of potential supply shortfalls of various size. For example, for a supply  
35 shortage of 30,000 to 50,000 Dth/day on a design day, the capabilities of  
36 an LNG facility (and its costs to ratepayers) may be excessive. As I outlined  
37 in my testimony in this case, the Company's own evidence from a survey of  
38 other local distribution companies (LDCs) shows there are other resources  
39 used at greater rates to address supply reliability issues.<sup>1</sup>

40 In addition, DEU has failed in this docket to run scenario analysis on  
41 supply loss of more than 150,000 Dth/day. What would be the appropriate  
42 response or resource decision to address those risks? Mr. Platt provided  
43 some risk assessment of larger supply shortfalls due to potential  
44 earthquakes in his rebuttal testimony, but this falls far short of the robust

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<sup>1</sup> DEU Confidential Exhibit 2.06, p.2 (The Office conferred with DEU and verified that the aggregate summary information is properly presented as public information).

45 scenario analysis that should accompany large investments for the stated  
46 purpose of reducing reliability risk and is too late to be adequately analyzed.

47 **Q. ON LINES 179 – 180 AND 247 – 249, MR. PLATT SAYS THE COMPANY**  
48 **WILL TURN OFF CUSTOMERS' GAS OR BUILD MORE LNG**  
49 **FACILITIES IF SUPPLY RELIABILITY NEEDS EXCEED THE**  
50 **PROPOSED LNG FACILITY'S 150,000 DTH/DAY CAPACITY. IS THIS**  
51 **ROBUST PLANNING FOR GAS SUPPLY RELIABILITY?**

52 A. No. Providing customers with just two choices, more LNG plants or shutting  
53 off their gas, is not robust planning and does not provide the risk versus  
54 cost tradeoff that good risk assessment would entail.

55 **Q. MR. SCHWARZENBACH STATES IN HIS REBUTTAL TESTIMONY**  
56 **THAT NO-NOTICE TRANSPORTATION SERVICE ON KERN RIVER**  
57 **GAS TRANSMISSION PIPELINE (KRGT) AND STORAGE FROM THE**  
58 **SOUTH WERE NOT CONSIDERED BECAUSE THEY DO NOT EXIST.**  
59 **HOW DO YOU RESPOND?**

60 A. Mr. Schwarzenbach's response to questions raised in my direct testimony  
61 is inadequate and is inconsistent with the Company's own actions pursuing  
62 a self-build liquefied natural gas (LNG) facility. This docket and DEU's prior  
63 LNG application in Docket No. 18-057-03 include an evaluation of various  
64 gas reliability resource options that all currently do not exist, including the  
65 Company's preferred option. Instead of basing the feasibility of a resource  
66 on its current state of existence, the correct approach would be to assess if  
67 a resource is viable and evaluate related costs in the context of potential

68 risk reduction. Mr. Schwarzenbach himself concedes KRGT no-notice  
69 service and southern storage were not considered (Schwarzenbach  
70 rebuttal, lines 70 to 74). DEU has not provided testimony or evidence that  
71 options proposed by the Office are impossible and not potentially beneficial.  
72 Also, Mr. Schwarzenbach's characterization of DEU's discussion with  
73 KRGT regarding possible no-notice transportation service is inconsistent  
74 with the Company's highly confidential response to OCS data request 2.13,  
75 which was provided in OCS Exhibit 1.1 submitted with my direct testimony.

76 Furthermore, Mr. Shultz for Magnum Energy in his direct testimony  
77 stated "An approximately 60-mile natural gas header connecting the  
78 Western Energy Hub to the interstate pipelines of Kern River Gas  
79 Transmission and/or Dominion Energy Questar Pipeline is also permitted  
80 by FERC and is shovel-ready" (Lines 92 – 94). Thus while Mr.  
81 Schwarzenbach's may assert that such a solution does not exist, Magnum  
82 Energy's testimony provides evidence that storage from the south,  
83 delivered through KRGT, is a distinct possibility.

84 **Q. HOW IS MR. SCHWARZENBACH'S REBUTTAL INCONSISTENT WITH**  
85 **THE COMPANY'S OWN ACTIONS PURSUING LNG OR OTHER**  
86 **RESOURCES SUCH AS PEAK HOUR SERVICES?**

87 A. While an LNG facility has never existed on DEU's distribution system, the  
88 Company has spent substantial time and money working with outside  
89 consultants to assess the feasibility of such a facility added to its system  
90 and if it could address reliability concerns. The Office asserts that it would

91 be prudent for DEU to investigate the capabilities and estimated costs of  
92 any viable resource option, and resource mixes, before declaring an optimal  
93 solution. For example, DEU considered an LNG facility to address peak  
94 hour needs but instead chose more cost effective peak hour contracts with  
95 Dominion Energy Questar Pipeline (DEQP) and KRGT. These peak hour  
96 services did not exist on DEQP or KRGT until DEU pursued them. Based  
97 on expert testimony in Docket No. 17-057-20, I understand that no interstate  
98 pipelines in the country offered contracts for peak hour services until DEU  
99 pursued and entered into them.<sup>2</sup>

100 **Q. MR. SCHWARZENBACH SAYS DEU DID NOT PURSUE CERTAIN**  
101 **OPTIONS BECAUSE THEY DO NOT EXIST, BUT HOW MUCH TIME**  
102 **AND RESOURCES HAS THE COMPANY EXPENDED TO STUDY**  
103 **FEASIBILITY OF ITS ON-SYSTEM LNG PREFERRED OPTION, WHICH**  
104 **ALSO DOES NOT EXIST YET?**

105 A. DEU has not disclosed in its application and supporting testimony the  
106 amount of resources it has used to study and evaluate each and every  
107 presented reliability resource option. However, the Company's integrated  
108 resource plans document that LNG pre-engineering studies began in 2014  
109 or 5 years ago. Also, in response to DPU data request 4.03, DEU reports  
110 that it has spent over **CONFIDENTIAL INFORMATION BEGINS** [REDACTED]  
111 [REDACTED] **CONFIDENTIAL INFORMAITON ENDS** evaluating on-system

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<sup>2</sup> Docket No. 17-057-20, Direct Testimony of Howard E. Lubow, Lines 85 – 87.

112 LNG and bringing related filings before the Utah Public Service Commission  
113 (Commission).<sup>3</sup> The Company's willingness to invest such a large amount  
114 of resources on investigating a company-owned on-system LNG plant  
115 without evaluating other viable options is troubling.

116 **Q. ON LINES 126 – 128, MR. GILL STATES “THE RFP PARAMETERS**  
117 **THAT THE COMPANY DID INCLUDE WERE NECESSARY TO**  
118 **DEVELOP PROPOSALS THAT WOULD SOLVE THE DEFINED SUPPLY**  
119 **RELIABILITY PROBLEM.” HE SAYS THEREFORE, THE RFP WAS NOT**  
120 **BIASED TOWARD THE COMPANY’S PROPOSED LNG FACILITY. DO**  
121 **YOU AGREE?**

122 A. No. First, it is not exactly clear where the Company has defined the supply  
123 reliability problem. Second, Mr. Gill provides no new information justifying  
124 the RFP parameters as necessary and not biased. The Office still asserts  
125 that the Company has not sufficiently defined the supply reliability problem;  
126 and therefore, the best mix of solutions or resources cannot yet be chosen.

127 **Q. MR. MENDENHALL STATES AT LINES 79 – 107 THAT EVEN IF**  
128 **IMPUTED DEBT IS REMOVED FROM RFP BID CALCULATIONS, THAT**  
129 **CERTAIN BIDS STILL COULD NOT BE THE PREFERRED RESOURCE**  
130 **CHOICE DUE TO OTHER CONCERNS. HOW DO YOU RESPOND?**

131 A. I do not agree with such a quick dismissal of certain bids because it appears  
132 that Mr. Mendenhall has overstated the concerns. First, there is already

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<sup>3</sup> OCS Surrebuttal Exhibit 1.1 Ware (DEU Confidential response to DPU data request 4.03).

133 legal precedent established to sell Company-owned gas to third parties.<sup>4</sup>

█ **HIGHLY CONFIDENTIAL INFORMATION BEGINS** █  
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138 █ **HIGHLY CONFIDENTIAL**

139 **INFORMATION ENDS** Third, at least 30 percent of stored LNG must be

140 used each year, whether it is needed for reliability or not. **HIGHLY**

█ **CONFIDENTIAL INFORMATION BEGINS** █

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143 █ **HIGHLY CONFIDENTIAL**

144 **INFORMATION ENDS** Mr. Mendenhall does not provide substantial

145 evidence to justify his discounting of potential benefits of certain RFP bids..

146 **Q. MS. FAUST STATES AT LINES 16 – 17 “THAT 150 MMCFD IS THE**

147 **MAXIMUM VOLUME THAT THE CURRENT SYSTEM COULD**

148 **EFFECTIVELY UTILIZE AT EACH INDIVIDUAL SITE”. IS SIZING A**

149 **RESOURCE BASED ON THE MAXIMUM THROUGHPUT AT A SPECIFIC**

150 **SITE THE BEST WAY TO APPROACH PLANNING FOR SUPPLY**

151 **RELIABILITY PROBLEMS?**

152 **A.** No. Sizing the resource in this manner does not address what would happen

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<sup>4</sup> Currently, Wexpro may sell cost-of-service gas production in order to manage to the 65 percent production limit DEU 2019-2020 IRP, page 9-1.



153 if the supply reliability problem is greater than 150,000 Dth per day. Proper  
154 reliability planning should examine a wide range of potential shortfalls from  
155 a wide range of potential causes. The Company appears to have backed  
156 into the 150,000 Dth need based on the limitations of where an LNG plant  
157 can be located.

158 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

159 **A.** Yes it does.