

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH FOR APPROVAL OF SPECIAL FLEET SAVER AGREEMENT WITH FLEET SAVER, LLC FOR RNGT SERVICE	Docket No. 19-057-11
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**DIRECT TESTIMONY OF KELLY B MENDENHALL**

**FOR DOMINION ENERGY UTAH**

**DEU Redacted Exhibit 1.0**

**April 11, 2019**

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**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Kelly B Mendenhall. My business address is 333 South State Street, Salt Lake City, Utah.

**Q. By whom are you employed and what is your position?**

A. I am employed by Dominion Energy Utah (DEU or Company) as the Director of Regulatory and Pricing. I am responsible for state regulatory matters in Utah and Wyoming. My qualifications are included in DEU Exhibit 1.01.

**Q. Attached to your written testimony are DEU Exhibits 1.1 through 1.8. Were these prepared by you or under your direction?**

A. Yes.

**Q. What is the purpose of your testimony in this Docket?**

A. The purpose of my testimony is to introduce Fleet Saver, LLC and the RNG project in Elberta, Utah, that will supply RNG to Fleet Saver customers. I will also describe the Fleet Saver Agreement-RNGT Service Agreement – RNGT001 between the Company and Fleet Saver (Fleet Saver Agreement) that is attached as Confidential DEU Exhibit 1.2, including the costs and revenues associated with the Fleet Saver Agreement. I will also provide evidence showing that the Fleet Saver Agreement is just, reasonable and in the public interest because of the economic benefits that it will provide to current NGV users as well as the environmental benefits it will provide by delivering renewable natural gas to our system.

**II. FLEET SAVER AND RNG PROJECT BACKGROUND**

**Q. Please provide a brief background of Fleet Saver, LLC.**

A. Fleet Saver, LLC is part of the WRH Group (WRH), which builds, owns and operates a variety of energy related projects, including landfill and digester RNG plants in the

26 Western United States. WRH's roots date back to 1978, when W.R. Henderson  
27 Construction, Inc. began constructing private, federal, state and local public works  
28 projects including many landfill, water, waste water, and conventional and renewable  
29 power generation facilities. WRH owns the gas rights to the Bayview Landfill in Elberta,  
30 Utah. The Bayview Landfill is a rapidly growing landfill that WRH forecasts will  
31 produce over [REDACTED] dekatherms (Dth) of RNG in its first year, and will grow to over  
32 [REDACTED] Dth of annual RNG production at its peak.

33 **Q. How will RNG be produced from the Bayview landfill?**

34 A. Raw biogas (a combination of methane, water, carbon dioxide, and trace amounts of  
35 other constituents) occurs as organic material decomposes in a landfill. If left alone, this  
36 raw biogas eventually seeps through the layers of the landfill and is emitted into the  
37 atmosphere. WRH captures the raw biogas by installing pipeline collection systems  
38 within the landfill layers. Assisted by production equipment called "blowers", the raw  
39 biogas travels through the gathering system to processing equipment. The processing  
40 equipment removes water, carbon dioxide, and any other unwanted components, resulting  
41 in upgraded, pipeline quality gas, or RNG, which can be injected into a commercial  
42 pipeline. More information about WRH and their process can be found at  
43 <https://wrhbiogas.com/>.

44 **Q. What are the environmental benefits of capturing this biomethane and delivering it**  
45 **to the Dominion Energy Utah system?**

46 A. If emitted into the atmosphere, methane has approximately 25-30 times more global  
47 warming potential than CO<sub>2</sub>. If that methane is processed and converted into RNG, it can  
48 be injected into a commercial pipeline and used for energy. The byproducts produced  
49 when burning that methane for energy are essentially CO<sub>2</sub> and water. Thus, there can be  
50 a net-negative carbon impact by capturing methane from biogas source and converting  
51 that into useable RNG.

52 In the case of Fleet Focus, it will be providing RNG specifically to fleet vehicles that  
53 would run on compressed natural gas engines using the Dominion Energy network of  
54 NGV stations. This could provide an additional environmental benefit as fleets convert  
55 from standard diesel or gasoline engines to ultra-low Nox CNG engines running on  
56 renewable natural gas.

57 **Q. Does the Company believe that usage at its stations will shift to include greater**  
58 **usage by fleet vehicles?**

59 A. Yes. Over the past several years, the Company has observed a shift in the CNG market  
60 towards larger class engine fleets. Many of these large fleet customers are pursuing the  
61 type of arrangement with an RNG producer that this provision would allow. Any volumes  
62 passing through the NGV class from these fleet customers would directly benefit current  
63 customers, as the NGV rate is inversely related to the volumes.

### 64 III. FLEET SAVER AGREEMENT TERMS AND CONDITIONS

65 **Q. When will the proposed Fleet Saver Agreement between Dominion and Fleet Saver**  
66 **take effect?**

67 A. The Fleet Saver Agreement will take effect on the first day of a calendar month within  
68 120 days of Commission Approval. During this 120 day period, Dominion Energy will  
69 perform the necessary programming and configuration required to enable the service. The  
70 Fleet Saver Agreement period would then continue for the following 60 months.

71 **Q. Does the Fleet Saver Agreement follow the terms, conditions, and provisions set**  
72 **forth in Tariff Section 5.07 of Dominion Energy's Natural Gas No. 500 Tariff**  
73 **(Tariff)?**

74 A. Yes. In section 5.07 of the Tariff, under the heading "Required Fleet Saver Agreement"  
75 several provisions are detailed that must be included in the Fleet Saver Agreement. These  
76 provisions include approved receipt points, alternate receipt points, and daily Fleet Saver  
77 Agreement limits for each station where RNG will be delivered. These have been  
78 specified in Attachment A of the Fleet Saver Agreement.

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79 The Fleet Saver Agreement must also include “provisions to ensure RNG transporters  
80 will defend and indemnify the Company against all claims, demands, costs or expenses  
81 for losses of any nature (whether direct or consequential), damage, or injury to persons or  
82 property in any manner directly or indirectly connected with or growing out of the service  
83 or use of gas service by the RNG transporter, or its NGV customers.” This provision has  
84 been included in Paragraph 13 of the Fleet Saver Agreement.

85 **Q. Does the Fleet Saver Agreement include each of the fees, rates, and charges**  
86 **contemplated in the Tariff Section 5.07?**

87 A. Yes. The Tariff calls for a cost-based administrative fee, a distribution non-gas rate, a  
88 transportation imbalance charge, local charges and applicable state sales tax, and a fuel  
89 reimbursement percentage. Each of these rate components is included in the Fleet Saver  
90 Agreement under Paragraph 4. Each of these charges will be discussed in more detail  
91 later in my testimony.

92 **Q. What is the Data Card Use Agreement provided as Attachment B?**

93 A. The Data Card Use Agreement, or Attachment B to the Fleet Saver Agreement, governs  
94 the provision and use of data cards issued by Dominion Energy. These data cards will  
95 allow the Company to track Fleet Saver’s RNGT usage at each station separately from  
96 typical public refueling customers. When Fleet Saver customers swipe the data card  
97 provided under this agreement, information such as the time, place, vehicle ID, and total  
98 usage is recorded immediately. This data will be compiled and used to create Fleet  
99 Saver’s monthly bill.

100 **Q. Please explain the affidavit templates provided as Attachments C and D of the Fleet**  
101 **Saver Agreement.**

102 A. Attachment C provides a template for the affidavit that DEU will supply to Fleet Saver  
103 on a quarterly basis. This affidavit will include a summary of the amount of gas  
dispensed at the Company’s CNG station.

█  
█  
106 █

█ [REDACTED]

108 █ This allows DEU to know the amount of renewable natural gas that is  
109 being transported to its stations.

110 **Q. Did the Company analyze the capacity at the CNG stations, including above-the-**  
111 **ground equipment and below-the-ground infrastructure, to ensure that capacity**  
112 **exists to extend the level of service anticipated in the Fleet Saver Agreement?**

113 A. Yes. The Company stations are currently underutilized as the demand has been dropping  
114 over the last several years. As DEU Exhibit 1.03 shows, the usage in 2018 at all stations  
115 was 271,664 Dths, or about 41% of the usage in 2014. Additionally, the Company  
116 conducted a conservative analysis in order to ensure that current service will not be  
117 disrupted by additional volumes caused by the Fleet Saver Agreement. As part of that  
118 analysis, the Company assumed that the maximum hourly usage shown in Column G of  
119 Attachment A to the Fleet Saver agreement (DEU Confidential Exhibit 1.2) would occur  
120 during the highest periods of current customer usage. The Company analyzed the  
121 upstream capacity, service line capacity, meter capacity, and equipment capacity of each  
122 station. Based on this analysis, capacity exists to provide the level of service requested in  
123 Attachment A while continuing to meet current levels of demand. As Fleet Saver expects  
124 to grow over the 5 year Fleet Saver Agreement period, it may request an amendment to  
125 Attachment A to increase the level of service, at which point the Company will again  
126 conduct this analysis.

127 **IV. FEES, RATES, AND CHARGES**

128 **Q. Please describe the Fees, Rates, and Charges included in the Fleet Saver Agreement.**

129 A. As seen in Paragraph 4 of the Fleet Saver Agreement, the admin fee amounts to

█ [REDACTED] Fleet Saver will pay █ [REDACTED]

█ [REDACTED]

█ [REDACTED]

133 █ The transportation imbalance charge, fuel reimbursement,  
134 applicable taxes, and any applicable fees will apply as stated in the tariff.

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135 **Q. What is the basis of the Administrative Fee?**

136 A. The administrative fee allows the Company to collect the costs required to set up and  
137 administer this new service. This fee covers typical costs borne by transportation  
138 customers such as account management, measurement and allocation, billing, commercial  
139 support, nominations, and scheduling. In addition, the fee will also cover costs to initiate  
140 this new service as the card readers and information systems will need to be configured to  
141 process and track RNGT transactions.

[REDACTED]

147  
148 This arrangement will support the fixed costs of the stations and will incent producers  
149 and fleets to increase utilization of Company stations.

[REDACTED]

[REDACTED]

161 [REDACTED]



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█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

167 [REDACTED]

168 **Q. Does the Company expect the NGV rate to increase in its upcoming general rate**  
 169 **case?**

170 A. Yes. Given the decreased usage described above, the Company expects the NGV rate to  
 171 increase in the general rate case that the Company plans to file in July of 2019.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

177 [REDACTED] We anticipate that  
 178 these additional volumes will help reduce the NGV rate in the next general rate case and  
 179 benefit all other customers in this class.

180 **Q. Have you calculated what the rate impact could be with these additional volumes?**

181 A. Yes. The final 2019 rate case numbers are still being developed but using the 2016 rate  
 182 case filing as an example, I've provided the potential rate impact below:

	Without the Fleet Saver Agreement volumes	With the Fleet Saver Agreement volumes
[REDACTED]	[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

183 As the table shows, the approval of the Fleet Saver Agreement could potentially reduce  
 184 the NGV rate in the 2019 general rate case by about [REDACTED].

[REDACTED]

[REDACTED]

193 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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234 Fleet Saver Agreement could provide environmental benefits resulting from increased  
235 RNG/CNG transportation fuel.

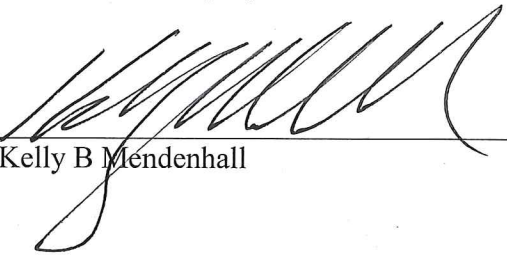
236 The Company believes that the [REDACTED] rates proposed will assure that the revenue  
237 collected will exceed any incremental costs. Accordingly, Commission approval of the  
238 Fleet Saver Agreement is just, reasonable and in the public interest. The Company  
239 therefore requests that the Commission approve the Fleet Saver Agreement.

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

241 A. Yes.

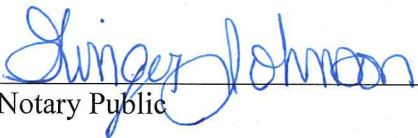
State of Utah )  
 ) ss.  
County of Salt Lake )

I, Kelly B Mendenhall, 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.

  
\_\_\_\_\_  
Kelly B Mendenhall

SUBSCRIBED AND SWORN TO this 11<sup>th</sup> day of April, 2019.



  
\_\_\_\_\_  
Notary Public