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. 18-057-03

REBUTTAL TESTIMONY OF TINA M. FAUST

FOR DOMINION ENERGY UTAH

September 6, 2018

DEU Exhibit 2.0R

TABLE OF CONTENTS

Q. Please state your name and business address.

A. My name is Tina M. Faust. My business address is 333 S. State, Salt Lake City, UT.

Q. Are you the same Tina M. Faust that submitted prefiled-direct testimony in this docket?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My testimony rebuts portions of the testimonies of Douglas D. Wheelwright, Allen R. Neale, Bela Vastag, Jerome D. Mierzwa, and Kevin B. Holder. Specifically, I address issues those witnesses raised related to (1) Dominion Energy Utah's (DEU or Company) need for a supply reliability solution; (2) the Company's evaluation of solutions for its supply reliability risk; and (3) other miscellaneous issues.

I. NEED FOR A SUPPLY RELIABILITY SOLUTION

Q. Witnesses from the Office of Consumer Services (Office) and the Division of Public Utilities (Division) question the Company's evidence that supply shortfalls are a true risk. How do you respond?

A. I disagree with these witnesses and will address specific criticisms below. As part of my role as the Director of Gas Supply and Commercial Support, I lead a team that is responsible to ensure that the Company secures sufficient supplies to meet the demand of an increasing customer base on its system. My team, in conjunction with engineering, is responsible for long-term planning to address risks presented by supply shortfalls. With the increasing demand on our system and forecasted growth, it is critically important that we have a supply reliability solution that meets our customers' needs. I believe that the proposed LNG on-system storage facility is the ideal solution for this critical need.

Q. Mr. Vastag suggests, in lines 77-189 of his direct testimony, that the supply outage that impacted customers in Arizona was unique and that Utah customers are not vulnerable to similar outages. Do you agree?

A. No, based on my experience with the Company I do not agree. Without taking

permanent steps to address supply reliability challenges, we could face a similar outage in Utah. Indeed, with Utah and Wyoming's substantially colder temperatures, a supply shortfall in Utah could be more likely and much worse. DEU and Southwest Gas both rely on gas supplies that come from remote areas as well as off-system storage. DEU sources the majority of its gas from Wyoming, where extremely cold temperatures have resulted in well freeze-offs during the winter months. DEU has experienced weather-related natural gas shortfalls in the past just as Arizona did in 2011. Because the risks to the Southwest Gas system were not correctly assessed and acted upon, many of its customers lost natural gas service. As discussed in my direct testimony, the Arizona Corporation Commission held an Open Meeting on March 2, 2011 regarding the outage. During this meeting Commissioner Kennedy said, "We have been talking about it, I think now, for three, four years. But I think it would increase the reliability of supply to Arizona natural gas customers. And I think Mr. Crockett took the words right out of my mouth: If not today, then when. And I think Commission staff and stakeholders have been talking about it since, I believe, 2003. It is time we do something about it." (DEU Exhibit 2.05, page 82). During this Open Meeting, Arizona Commissioner Kennedy also stated concerns that natural gas outages impact human health and safety and result in financial losses to businesses. He also expressed the hope that the lessons learned from the outage in Arizona might be able to prevent other LDCs from repeating Arizona's experience. As the Director of Gas Supply, I believe DEU is on notice based on past events and needs to take steps now to avoid putting customers' safety at risk.

Q. **In lines 133-148 of his direct testimony, Mr. Wheelwright suggests that there is no need for a supply reliability solution because the frequency and severity of supply shortfalls have not increased over time. Do you agree?**

A. No. Mr. Wheelwright misunderstands the Company's point. The Company is not claiming that there has been a year-over-year increase in shortfalls during the past seven years. Rather, the Company is illustrating that, in recent years, it has experienced weather-related shortfalls even with weather that never approached peak-day temperatures. Such events are a clear indication that there is a risk to the Company's

system that needs to be addressed.

Mr. Wheelwright also ignores the fact that the frequency and severity of past shortfalls does not change the likelihood of a future severe event. On January 6, 2017, DEU's service territory experienced cold temperatures, but warmer than design-day temperatures, and supplies were disrupted on that day. Multiple processing plants experienced disruptions, and remained off-line or severely under-producing for the remainder of the day. As a result of the upstream supply disruptions, DEU was short supplies for its firm sales customers. Had the supply disruptions and cold weather continued for a longer duration, there is a high likelihood that the Company would have lost service to customers.

Q. In lines 143-151 of his direct testimony, Mr. Wheelwright also asserts that supply shortfalls have been of short duration and that it would be more appropriate to select a solution that provides greater volumes over a shorter period of time. He also notes that historic supply disruptions were smaller than 150,000 Dth/day. How do you respond?

A. Mr. Wheelwright's assertions are inconsistent. On one hand, he claims that future supply reliability problems are unlikely to exceed 150,000 Dth/day, given past experience. On the other hand, he argues that the Company should select an option that offers a larger supply volume. The Company has sized the facility to match the supply reliability need now and into the foreseeable future. Also, Mr. Wheelwright misunderstands the flexibility of the proposed LNG facility. The LNG facility, while capable of providing supply reliability support at full capacity for eight days, would also be capable of providing lower volumes for longer durations. The Company expects it will use this flexibility to address a variety of supply disruptions in the future. Finally, while he claims that the Company should be focused on products and services that will provide higher volumes over shorter periods of time, he does not identify any such option.

Q. Is Mr. Wheelwright correct that past events have only lasted a day or two?

A. No. In responding to discovery requests in this docket, we provided additional information related to other, less recent events. For example, at the end of 1990, the DEU system experienced a loss of supply during arctic weather that lasted from

December 19, 1990 through January 2, 1991. The temperatures during this time period are shown in the table below.

Day (Noon to Noon)	Mean SLC Temperature (degrees Fahrenheit)
12-19 to 12-20	26
12-20 to 12-21	6
12-21 to 12-22	3
12-22 to 12-23	-4
12-23 to 12-24	1
12-24 to 12-25	9
12-25 to 12-26	12
12-26 to 12-27	13
12-27 to 12-28	17
12-28 to 12-29	20
12-29 to 12-30	3
12-30 to 12-31	8
12-31 to 1-1	13
1-1 to 1-2	12

December 22, 1990 was the last time the Company was near a design day temperature.

Q. Please describe the supply shortfalls caused by those extended cold temperatures.

A. There were several weather-related shortfalls during that period. Dominion Energy Questar Pipeline's (DEQP) predecessor, Mountain Fuel Resources, experienced mechanical problems at a compressor station from December 19, 1990 through December 22, 1990, resulting in a supply shortfall of 30 to 40 MMCFD of production. The mechanical problems ranged from vibration-induced shut down, oil cooling, fuel valve problems and seal oil regulator failure. Additionally, Mountain Fuel Resources experienced frozen turbines at two different compressor stations causing the units' oil to become so viscous that fluid would not flow through the unit's coolers, resulting in unit shutdown. The cold weather also increased demand for Clay Basin storage, resulting in

increased pressures on Mountain Fuel Resources' ML 58 which, in turn, caused its Frontier compressor unit to shut down on high discharge pressure. This resulted in an additional loss of production of 13 MMCFD. Finally, there were four plant failures in the Overthrust area resulting in a shortfall in deliveries to the Mountain Fuel Resources system of 126 MMCFD from December 19 - 20, 1990. The combination of events resulted in a supply shortfall for the DEU system. The events of the winter of 1990 are examples of the precise risks the Company seeks to mitigate by constructing the proposed LNG facility.

Q. Did DEU customers lose service as a result of the supply shortfall in 1990?

A. No. DEU was able to maintain service at the time using a number of mechanisms that no longer exist. The gas supply functions were performed by the upstream pipeline, Mountain Fuel Resources. As a result, Mountain Fuel Resources had flexibility in how storage was deployed and gas was delivered for DEU. Additionally, transportation customers at that time were interruptible and 100% of their gas automatically went to DEU's sales customers when they were interrupted during this cold weather event. In fact, almost 50% of DEU's supply on December 22, 1990 was supplied from either existing storage or gas supplies that were originally delivered for transportation customers but under the terms of the tariff were diverted for use by the Company to serve its firm sales customers.

Q. Why couldn't the Company manage a supply disruption the same way today?

A. Prior to FERC Order 636 in 1992, pipelines bought natural gas from producers and sold it to customers. "Bundled" rates existed that included charges for services such as transportation and storage. Order 636 requires pipelines to separate the offering and pricing of gas sales from the transportation of natural gas, with this "unbundling" taking place at a point near the gas production area. Today, customers of upstream pipelines (like DEU) are obligated to nominate under NAESB cycles, and if the space is fully allocated on the pipeline or from the storage facilities, new nominations (in later cycles) are not allowed to flow. On December 22, 1990, storage sources were able to provide the

Company 36% of its supply. Today, the Company's contracts for storage only guarantee deliveries of approximately 20% of the Company's Design Peak Day demand.

In addition, it is very important to note that DEU's system - and its Design Peak-Day demand - has grown significantly over the past three decades and is projected to continue to grow. Also, DEU can no longer depend on interrupting transportation customers to help replace supply shortfalls.

Q. In lines 1205-1211 of his testimony, Mr. Neale argues that supply outages can be managed without LNG because the Company has been successful in managing more recent shortfalls. Could DEU's supply portfolio provide enough supply to meet customers' needs during the shortfall events that the Company anticipates?

A. In making this argument, Mr. Neale fails to note that these more recent outages have occurred during periods when temperatures were not approaching Design Peak-Day temperatures. The Company's proposal for construction of an LNG facility is intended to provide supply reliability under that worst-case scenario as well as those times when temperatures are above Design Peak Day temperatures, but are still cold for extended periods of time.

For example, on January 6, 2017, the mean temperature was 6 degrees F, 11 degrees above Design Peak-Day temperatures and well above the coldest day in 1990. Even at this temperature, upstream systems experienced freeze-offs, power outages and other events that resulted in a supply shortfall of 101,000 Dth. It's entirely possible that the magnitude of a shortfall could increase significantly as temperatures approach Design Peak-Day and the Company's demand for gas supply continues to grow.

Q. In lines 231-238 of his testimony, Mr. Mierzwa notes that the outages cited by the Company were outside the Company's load center and that the proposed facility would not have remedied those shortfalls and suggests that, therefore, there is no need for the LNG facility.

A. Mr. Mierzwa misunderstands the Company's point. Given the Company's obligation to serve, it cannot base its Design Day and reliability planning on an assumption that such

events are geographically isolated. Each of these outages demonstrated how these external and third-party risks can cause supply disruptions. If one of those events occurred on an upstream pipeline serving the Company's load center, it would be catastrophic. The proposed on-system LNG storage facility would provide a remedy to address such a shortfall. Additionally, gas from the LNG facility could be used to offset supply shortfalls that occur in locations outside the Wasatch Front, through displacement.

Q. Mr. Mierzwa says "currently 100% of the gas supplies relied upon by DEU sales customers are sourced from locations that are significant distances from the DEU system and delivered by utilizing facilities owned and operated by third parties. This reliance on third parties has not had a negative impact on service reliability." (Mierzwa Direct, lines 281-285). How has DEU been able to handle recent shortfalls without outages?

A. Mr. Mierzwa is in fact making my point. As stated in my direct testimony, previous supply shortfalls experienced by DEU occurred during times when the temperatures were well above DEU's Design-Peak Day temperature. Had these supply disruptions occurred on a Design-Peak Day, or if cold temperatures had persisted for a longer period of time, DEU likely would have lost service to firm sales customers. Knowing this risk, I believe it is irresponsible to ignore it. That is why the Company began vetting possible short and long-term solutions and why it is proposing to build the facility described in this docket.

Additionally, the Company has experienced supply reliability issues from facilities owned and operated by third parties. A 2013 outage in Monticello is an example of the vulnerability associated with reliance on third parties. In that event an employee of the upstream pipeline (Williams) left one of its valves partially closed after performing maintenance. When the weather turned cold, demand exceeded upstream supply, and the town lost service. It took DEU two days to restore service to customers. Mr. Mierzwa's argument assumes no similar issues could affect the supply into the Company's demand center. I am unwilling to make that same assumption given what I have seen in recent years relative to supply reliability risks.

Mr. Mierzwa's comments also highlight the Company's lack of supply diversity in its supply stack. The fact that 100% of the gas supplies come from off-system sources is precisely my point. It evidences that an on-system source is critical for supply diversity. Given past events, it has become increasingly clear that total reliance on off-system supply sources places the Company and its customers at a greater risk of supply disruptions.

Q. In lines 408-413 of his testimony, Mr. Wheelwright states that the Commission should be skeptical about the Company's motives in reaching its decision to construct an LNG facility. How do you respond?

A. During the past 25 years of experience working in Gas Supply for DEU, LDCs have benefited from the supply diversity and supply independence during high-demand periods when supply shortfalls have occurred. Recently, an LDC without on-system storage experienced a severe outage. I would like to reduce the likelihood of that happening in the DEU service territory by seeking permanent solutions to address supply reliability on the Company's system. The Company has conducted a robust analysis, and Mr. Wheelwright does not offer any other option, let alone one that more appropriately addresses this need than the proposed LNG facility.

Q. Alex Ware argues that the Company has changed the justification for an LNG facility in past IRP dockets. How do you respond to his complaint?

A. First, Mr. Ware spends the majority of his testimony criticizing the content of the Company's IRPs over the years, but ultimately acknowledges that the concerns he raises are issues to be dealt with in those IRP dockets. He does not provide any basis for challenging the Company's analysis or conclusions in this docket.

Second, Mr. Ware correctly notes that the Company has considered LNG as a potential solution over the years. The Company's actions demonstrate that it is being responsible about the options it elects to implement to address issues that have arisen. For example, LNG was evaluated in the IRP as early as 2014 as an alternative to replacing storage capacity at the Aquifers. After conducting an analysis, the Company determined that the

Aquifers were the better solution. The Company later considered LNG as a possible solution to meet peak-hour needs, and similarly concluded that peak hour contracts were a preferable solution. The Company now is addressing the need to provide a replacement supply for supply-shortfall events like the January 6, 2017 event, and the others I've described in my testimony. After an extensive review and analysis of options and proposals, the Company concluded that an on-system LNG storage facility is the best option.

II. EVALUATION OF SOLUTIONS TO SUPPLY RELIABILITY RISK

Q. In lines 482-492 of his direct testimony, Mr. Mierzwa argues that DEU failed to analyze procedures used by other LDCs to manage supply shortfalls. Do you agree?

A. No. DEU initiated an AGA survey that asked LDCs to explain the ways they manage supply reliability and plan for potential shortfalls. I included results of that survey as DEU Confidential Exhibit 2.04, attached to my direct testimony. In fact, all of the options considered by the Company and summarized in DEU Highly Confidential Exhibit 2.11 are ways LDCs identified for managing challenges faced by LDCs in securing adequate supply reliability. The Company's analysis shows that relying solely on off-system options to manage supply reliability is not wise because these options are vulnerable to numerous risks that have historically disrupted supplies on cold winter days, and could potentially do the same in the future.

The Company is also aware of the Southwest Gas outage in 2011 and how the lack of a long-term, on-system supply option led to a serious supply outage impacting a significant number of customers for several days. As a result of its experience, Southwest Gas sought approval of an on-system LNG storage facility to manage supply shortfalls in the future. This is a recent example of how a western LDC is taking steps to minimize its supply reliability risk.

Q. Mr. Mierzwa claims that third-party resources are not vulnerable to supply

reliability risks (Mierzwa direct testimony lines 264-285) and that DEU has redundant pipelines, storage fields, processing plants and production that minimizes the risk of supply shortfalls. Do you agree?

A. I do not. Despite having those resources, DEU has still experienced supply disruptions that could have had catastrophic consequences under Design Peak-Day conditions, or conditions approaching Design-Peak-Day conditions. DEU has experienced supply shortfalls from third-party resources on days in the past that were not approaching Desgin Peak-Day temperatures. On those occasions, DEU was able to use its contracted supplies and storage options to minimize potential shortfalls and impacts to customers. But in colder temperatures, these same upstream resources would not be sufficient. In addition, DEU would not able to increase Wexpro production or control the flow of processing plants on those occasions. DEU has determined that, if a Design Peak-Day occurs, any disruption to the Company's current supply portfolio would prevent the Company from meeting its forecasted customer demands. Finally, Mr. Mierzwa's argument presumes that there will not be a disruption to one of the feeder lines to the Company's demand centers and that there would be sufficient supply otherwise to cover for such a shortfall. As Mr. Platt makes clear, this presumption is unfounded.

Q. Why are off-system solutions insufficient?

A. As I mentioned in my direct testimony, off-system solutions are geographically remote and therefore more vulnerable to the sorts of events that cause supply shortfalls. Additionally, off-system options are constrained by the NAESB nomination cycles—which could limit the Company's ability to purchase, schedule and receive back-up volumes in a timely manner. Most disruption events occur overnight and, as a result, impair reliability going into the morning peak-demand period. If DEU were required to schedule additional supplies using the NAESB cycle schedule, the soonest DEU could nominate replacement supplies would be in the Intraday 1 (ID1) cycle. That gas would not flow until 1:00pm. During peak demand, the gas may not be able to flow even after meeting NAESB cycle deadlines due to the transportation and storage capacity already

being constrained.

Further, off-system options do not necessarily ensure dedicated service as suppliers must accommodate other customers' needs. An on-system LNG storage facility dedicated to meeting the needs of firm sales customers would be a captive supply source available to the Company because it would be owned and controlled by the Company. It could deliver supply nearly instantaneously, and would add supply diversity to the Company's current portfolio of exclusively off-system resources.

Q. Mr. Mierzwa states that most utilities use LNG for capacity as well as supply reliability (Mierzwa direct testimony lines 174-204). Do you agree?

A. DEU initiated an AGA survey that confirmed that the majority of responsive LDCs utilize LNG for supply reliability. Southwest Gas is a recent example of a utility that is expressly building its LNG facility for this purpose. DEU is concerned that part of its existing portfolio of supply resources necessary to meet a peak-day may be unreliable and will need to be supplemented with on-system LNG storage. With that express purpose in mind, we recommend relying on the LNG supply for times when planned supply falls short.

Q. Mr. Wheelwright (Wheelwright direct testimony lines 408-413) and Mr. Neale (Neale direct testimony Lines 223-225) argue that the Company could not have conducted a thorough analysis without issuing a Request for Proposal (RFP). Would issuing an RFP help identify different options than the ones the Company considered in its analysis?

A. No. The Company issued an RFP for peak-hour services on February 26, 2016. When considering the need for supply reliability, the Company realized that parties who responded to that RFP would be the same parties who could potentially provide supply reliability services. Rather than issuing another RFP to the same parties, DEU just continued discussions with those parties for supply reliability solutions. In addition, the

Company researched and surveyed what other LDCs did to address supply reliability challenges. As shown in DEU Highly Confidential Exhibit 2.11, the Company reviewed and analyzed proposals in response to its RFP process as well as all other foreseeable options including options required by the regulators such as demand response. No party to this docket has offered or identified a solution or resource the Company has not already considered and that could reasonably offer the same level of reliability and supply diversity as an on-system LNG storage facility located adjacent to the Company's growing demand area. The exhibit summarized the key attributes of each option considered. Parties had ample opportunity to intervene in this proceeding, to request additional details or offer additional options, and none (other than Magnum) have done so.

Q. Mr. Neale claims DEU has not fully vetted the Magnum option (Neale direct testimony lines 809-962). How do you respond?

A. During our numerous discussions and meetings with representatives from Magnum over the past two years, we fully reviewed and evaluated the Magnum options. Mr. Neale has not done this, and his suggestion that there may be some other variation of the Magnum proposal that would provide a viable and competitive alternative to the proposed LNG facility is speculative and unfounded. He offers no specifics to support his claim. After reviewing the information gained during our discussions, I concluded the Magnum options do not address the Company's concerns for the reasons set forth in my direct testimony. Additionally, given its experience with Ryckman Creek, the Company is wary of a third-party's promises of future, but unproven solutions. Also, as discussed in greater detail in Mr. Gill's rebuttal testimony, DEU is concerned about the pricing and viability of the Magnum proposals. In the future, if Magnum were to construct an off-system facility, this very well may augment upstream off-system supply options. But for the purpose of supply reliability, this option is still off-system and still vulnerable to all the challenges of any off-system option, as well as risks associated with its viability.

Q. What was DEU's experience with Ryckman Creek?

A. In November of 2010, Ryckman Creek filed an application with FERC under section 7(c) of the Natural Gas Act to construct and operate a storage facility. FERC granted section 7(c) certification, and the facility was expected to be in service in 2013. However, Ryckman was unable to meet its expected timing or make the facility operational in line with its expected cost. Indeed, during the last five years, the facility has experienced fires, equipment and construction issues, delays, and other issues that prevented the facility from being operational. In 2016, Ryckman filed for bankruptcy and in late 2017 was purchased by Spire Storage. After almost eight years, Ryckman Creek is still struggling to become a reputable storage resource, despite all of its representations early on about its ability to be fully operational by 2013. Given this experience, the Company is wary of relying on a third-party like Magnum to provide a solution to the supply reliability problem.

Q. Mr. Holder testified on behalf of Magnum Energy, in lines 227-255 of his direct testimony, that the proposed facility would be a superior alternative because it is available for more than 5 days and could also provide peak hour services. Do these attributes make the Magnum proposal a better supply reliability solution?

A. No. It is possible Magnum will be able to provide attractive upstream pipeline transportation and/or peak hour service alternatives to DEU in the future. However, as a supply reliability solution, Magnum's facility is subject to all of the risks associated with other off-system alternatives evaluated by DEU and would still have to be connected to DEU's load center by an 80-100 mile FERC regulated interstate pipeline.

The Company is also concerned the Magnum facility will not be placed in service in a timely fashion or that it will encounter permitting, construction, property or other roadblocks or delays. To claim the Magnum project is "shovel ready" as Mr. Holder does several times does not accurately represent the status of the proposed project that specifically extends to an interconnect with DEU.

III. OTHER MISCELLANEOUS ISSUES

Q. Mr. Neale criticizes the Company for failing to participate in a recent Magnum Open Season (Neale direct testimony in lines 1010-1029). Is his criticism valid?

A. No. On July 2, 2018, Magnum Energy issued a Non-binding Open Season that was open for "expressions of interest" until August 31, 2018 with the intent to "gauge Shipper interest" in the WEST Header Project. Magnum and the Company have had discussions based on the Company's needs and "expressions of interest" for years. This Open Season provided no cost information and no specified delivery sites to DEU's system. Magnum has confidentially offered to DEU multiple options, with volume, delivery point and cost information that were detailed in my direct testimony. It would be meaningless for the Company to send a non-binding "expression of interest" to Magnum months after specific proposals had been offered to the Company.

Q. Mr. Mierzwa claims that other options won't require additional upstream capacity because existing capacity could be used (Mierzwa direct testimony lines 264-285). Do you agree?

A. No. The issue with relying on existing capacity is that the upstream pipelines use primary-to-primary firm pathed contract capacity. In other words, while the Company has firm capacity on the pipeline, that capacity is only firm if the Company nominates from its primary receipt point on the pipeline to its primary delivery point from the pipeline. Service from an alternate receipt point or to an alternate delivery point may not be provided on a firm basis. In the likely case that the replacement supply does not come from the same location as the shortfall location, there is no firm capacity available for the replacement supply.

In addition, if the shortfalls occur during high demand periods and are recognized after the gas has been nominated (the day before flow), the new supply will be subject to the constraints of the nomination cycles and potential allocation of the upstream pipelines.

For example, if a supply shortfall occurs overnight, the transportation capacity originally nominated on would have the cuts scheduled as part of the Intra-day 1 Cycle, which happens at noon. Therefore, DEU would not be able to nominate on that capacity, at the earliest and if available, until the Intra-day 2 Cycle, at 1:30 p.m. This nominated gas would not flow until 5:00 p.m. that evening. Thus, in the best case, it would take nearly a day to make up the supply shortfall if one was relying on this approach, and any customers who have lost service may not have service restored for days or weeks.

Q. Could No Notice Transportation (NNT) be used instead of LNG, as Mr. Mierzwa suggests in lines 317-333 of his direct testimony?

A. No, it could not. No Notice Transportation is a transportation service DEU contracts for on DEQP. While it is an important service that allows DEU to manage intra-day swings on its system, it does not include any associated *gas supply*. Therefore, if there is a gas supply shortfall, there would be no gas to flow under the No Notice Transportation contract. Existing storage would likely be fully utilized for withdrawals and not be available for additional no-notice adjustments.

Q. Mr. Wheelwright is concerned that DEQP will have access to the LNG facility through the joint operating agreement (Wheel wright direct testimony lines 219-225). Is this a legitimate concern?

A. No. The joint operating agreement is an agreement that governs the operations and oversight of interconnecting facilities between DEU and DEQP. The joint operating agreement has benefits that allow DEQP and DEU to maximize resources in a way that benefits customers. But the joint operating agreement does not govern any DEU on-system facilities or pipelines, nor would it ever govern such facilities in the future.

Q. Mr. Neale (Neale direct testimony lines 362-374) questions what type of transportation capacity DEU will utilize to fill the LNG tank. Can you reply?

A. Yes. DEU will use existing firm transportation capacity it holds with its upstream

399 interstate pipeline providers to bring gas to its system to fill the LNG tank.

400 **Q. Mr. Neale expresses concern regarding filling the LNG tank with Wexpro gas**
401 **(Neale direct testimony Lines 387-396). What is your response?**

402 A. As an initial matter, the LNG facility would be filled with gas according to the
403 Company's current procurement policies, which ensure that the Company would not be
404 using Wexpro gas for the facility unless doing so was the most cost-effective option. The
405 Company utilizes a SENDOUT gas supply model that takes many factors into
406 consideration, including shut-in costs associated with Company-owned supplies, and
407 recommends supply sources. The Company will continue to rely upon this model in
408 determining how best to fill the LNG facility.

409 **Q. In summary, do you believe you have thoroughly vetted all the reasonable and**
410 **reliable options to address long-term supply reliability issues?**

411 A. Yes. It is DEU's responsibility to reliably, safely and affordably supply our customers
412 with natural gas and meet our duty and obligation to serve. DEU is now at an important
413 crossroads where during periods of supply shortfalls, DEU's current portfolio of off-
414 system options is no longer sufficient to meet the growing peak day demand on its
415 system. For these reasons, the Company believes an on-system LNG storage facility is
416 the best option to meet its supply reliability challenges now and into the future.

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

418 A. Yes.

State of Utah)

) ss.

County of Salt Lake)

I, Tina M. Faust, 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.

Tina M. Faust

Tina M. Faust

SUBSCRIBED AND SWORN TO this 6th day of September, 2018.

GINGER JOHNSON
Notary Public State of Utah
My Commission Expires on:
August 4, 2019
Comm. Number: 684539

Notary Public