

DPU 3.03: In the past the Company has had compressors on its system, which it has removed. Please provide all analysis, reports, emails, memos etc. that were relied upon to make the decision to remove the compressors. Also, please provide an RFP reply, bid quotes, trade journal price sheets, etc. which would indicate how much it would cost to re-install compression on the Company's system.

Referencing the testimony sponsored by Mr. Landward

Answer: In the past few years the Company has retired three compressor stations. The stations are Lark, JW Allen and Indianola. The reports that outlined the rationale and recommended the retirement of the Lark and J.W. Allen stations are included as DPU 3.03 Attachments 1 and 2. A formal paper was not prepared regarding the retirement of Indianola. As the Lark and JW Allen reports indicate, neither station had the capacity to effectively serve as a solution for Company's growing needs.

The Indianola compressor station was constructed at the head of the Company's 8" high pressure feeder line (FL) serving Southern Utah. Initially, gas for this system was delivered through Questar Pipeline's main line (ML) 41. Since the operating pressure of ML 41 was approximately the same as the Company's FL system, the compression was needed to ensure that the pressures at the head of the FL system were maintained at or near its maximum allowable operation pressure (MAOP) of 720 psig. The compression ceased to be needed when the Company tapped Questar Pipeline's ML 104 at this location. ML 104's MAOP is significantly higher than ML 41 (1370 psig vs. 824 psig), therefore eliminating the need to compress flows into the Company's feeder line system. Instead the Company now operates Indianola as a "gate station" and regulates pressures down to 720 psig to match the MAOP of the FL system.

The question regarding the cost to re-install compression on the Company's system is a complex one because costs vary greatly depending on location, the inlet and outlet MAOP's of the pipelines, and the size of the compressors (horsepower) providing required pressures and volumes at a given location. The Oil and Gas Journal regularly publishes actual costs for compressor station construction for FERC regulated facilities. The 2015-16 publication of this report listed costs at between \$1,293/horsepower and \$5586/horsepower. For the example of constructing a plant the size of Indianola, which had approximately 1200 horsepower of compression, the cost could be between \$1.56M and \$6.7M, depending on location, land availability and permitting costs.