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**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. 18-057-03
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**PUBLIC/REDACTED VERSION**

**Prefiled Surrebuttal Testimony and Exhibit of Kevin B. Holder on behalf of  
Magnum Energy Midstream Holdings, LLC**

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Magnum Energy Midstream Holdings, LLC hereby files the [REDACTED] Prefiled Surrebuttal Testimony and Exhibit of Kevin B. Holder in this docket. [REDACTED] information is highlighted in yellow.

DATED this 20<sup>th</sup> day of September 2018.

*/s/ Kevin B. Holder* \_\_\_\_\_

Kevin B. Holder  
Executive Vice President  
Magnum Energy Midstream Holdings, LLC

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

2 A. My name is Kevin Holder. My business address is 3165 East Millrock Drive, Suite 330,  
3 Holladay, Utah 84121. I am the Executive Vice President of Magnum Energy Midstream  
4 Holdings, LLC, a subsidiary of Magnum Development, LLC (“Magnum”). I filed direct  
5 testimony in this docket on August 16, 2018.

6 **Q. What is the purpose of your surrebuttal testimony?**

7 A. I will respond to rebuttal testimony relating to Magnum that was filed by Dominion  
8 Energy Utah (DEU) witnesses Gill, Paskett, Mendenhall, Faust and Platt.

9 **Gill Testimony**

10 **Q. At page 4-5, lines 111-114 of his Rebuttal Testimony, Mr. Gill states, “Based upon**  
11 **Magnum’s testimony and responses to data requests in this matter, Magnum**  
12 **apparently has not yet begun the permitting process for any proposed pipeline**  
13 **extension beyond Goshen, and, in fact, has not even commenced the necessary**  
14 **engineering studies, analysis and drawings needed for that permitting process to be**  
15 **started.” Is this an accurate statement?**

16 A. No. Magnum has never stated in any testimony or responses to data requests that it is not  
17 pursuing route, permitting and/or engineering work associated with extending its header  
18 to [REDACTED]. In fact, Magnum is currently actively pursuing engineering cost and  
19 scoping studies with respect to the route to [REDACTED]. However, with regards to  
20 Magnum’s DEU proposal, Magnum is focused solely on [REDACTED] as per Magnum’s  
21 response to DEU’s DR 1.01, whereby DEU stated [REDACTED] is no longer a viable option.

22 **Q. At page 5, lines 120-121 of his Rebuttal Testimony, Mr. Gill states, “In the face of all**  
23 **of this needed work, it is not accurate for Magnum to claim its project is “shovel**  
24 **ready” as Mr. Holder asserts.” Is this an accurate statement?**

25 A. No. As I stated in my direct testimony, page 7, lines 124-126, Magnum’s project is shovel  
26 ready, with all necessary regulatory approvals in hand, with exception of the section  
27 beyond Goshen downstream to DEU’s exact desired interconnect location with the DEU  
28 system, which was only recently requested by DEU (in March 2018). In addition, as I  
29 stated in my direct testimony on page 22, lines 439-442, Magnum would welcome an  
30 opportunity to work with DEU to develop a timely, cost-effective, safe and reliable high-  
31 deliverability, multi-cycle salt cavern storage facility and associated no-notice storage  
32 services to resolve DEU’s supply reliability and/or peak-hour requirements. Magnum  
33 eagerly awaits feedback from DEU to help determine the most optimal solution for this  
34 service.

35 **Q. At page 5, lines 126-130 of his Rebuttal Testimony, Mr. Gill states, “The Company**  
36 **annually constructs large diameter pipeline projects as part of its Feeder Line**  
37 **Replacement program. These projects are typically within heavily populated areas**  
38 **not unlike portions of the Magnum proposals. Due to this complexity, the design,**  
39 **procurement, property rights acquisition (i.e. easements or permits), and**  
40 **construction could take 4-5 years for a project of similar length as the Magnum**  
41 **proposals.” Do you agree?**

42 A. No. DEU states construction “could” take 4-5 years; It does not state that it “will” take 4-  
43 5 years. As indicated in my direct testimony on page 7, lines 124-126, following

44 execution of a definitive agreement between Magnum and DEU, Magnum expects to be  
45 in service within 36 months. Magnum’s owners, employees, consultants and contractors  
46 have decades of experience in engineering, procuring, designing, owning and operating  
47 energy infrastructure, including large diameter, high-pressure FERC regulated natural gas  
48 pipelines (in both sparsely and densely populated areas) and large salt cavern/reservoir  
49 storage facilities. Magnum’s employees and consultants have a long and proud history of  
50 delivering projects ahead of schedule and under budget. Given decades of experience,  
51 Magnum is more than qualified to estimate time and cost associated with building the  
52 necessary infrastructure to effectuate the services proposed to DEU.

53 **Q. At page 6, lines 153-156 of his Rebuttal Testimony, Mr. Gill states, “Based on these**  
54 **meetings and conversations, it does not appear that obtaining future permits will be**  
55 **a lengthy or difficult process. DEU is confident it will be able to meet the 2022 in-**  
56 **service date of the LNG facility to be operational.” How do you respond?**

57 A. I find the above statement very inconsistent. DEU believes it has completed sufficient  
58 “prep” work that “it does not appear that obtaining future permits will be a lengthy or  
59 difficult process.” In contrast, when Magnum states it believes obtaining regulatory  
60 approval to extend Magnum’s header beyond the Goshen Hub to [REDACTED] may be  
61 accomplished quickly via either Magnum’s FERC Blanket Certificate, an amendment to  
62 its existing FERC 7(c) certificate, a new FERC filing or other regulatory options, DEU  
63 cites it somehow as evidence of Magnum’s unpreparedness that supposedly will create a  
64 significant delay.

65           Magnum holds a FERC Section 7(c) certificate and all necessary BLM permits  
66 and rights of way to construct a header up to 36” in diameter, which will support  
67 potential interconnections at the Goshen Hub. Based on Magnum’s experience with  
68 obtaining its existing certificate, permits and rights of way, Magnum is comfortable that  
69 obtaining permits to extend its header to [REDACTED] “does not appear to be a lengthy or  
70 difficult process.”

71 **Q. At page 6, lines 157-167 of his Rebuttal Testimony, Mr. Gill states, “What timeline**  
72 **could be expected on the design, permitting and construction phases of Magnum’s**  
73 **proposals? As stated above, based on experience with similar projects, the pipeline**  
74 **project timeline could be 4 to 5 years. In addition, DEU has recently designed,**  
75 **permitted and constructed a large tap facility (Hunter Tap) to interconnect with Kern**  
76 **River Gas Transmission Company (KRGT) and is currently in the process of**  
77 **designing another in North Salt Lake. The planning, permitting and construction of**  
78 **the Hunter Tap project took approximately 36 months to complete. Likewise, it is**  
79 **anticipated that 31 months will be needed to design, permit and construct the North**  
80 **Salt Lake project. I would expect it to take at least that long for Magnum to design**  
81 **and permit the required interconnect facilities.” How do you respond to this**  
82 **statement?**

83 A. Magnum does not believe that Mr. Gill is qualified to opine on the design, permitting and  
84 construction of the Magnum facilities. Based on the experience of Magnum’s employees,  
85 owners and consultants, 36 months to design, permit and construct the pipeline and large  
86 tap facility seems to be way beyond industry norm. Magnum estimates the required time  
87 for the tap to be in the 18 month timeframe. However, even if it did take 31 months to  
88 place a large tap facility into service, that falls well within Magnum’s estimated range of

89 placing Magnum’s project into service with 36 months, following execution of a  
90 definitive agreement with DEU.

91 **Q. At page 8, lines 199-210 of his Rebuttal Testimony, Mr. Gill states, “...it does not**  
92 **appear that Magnum has performed the necessary engineering due diligence on**  
93 **which to base its proposals. In fact, its price proposals actually decrease in price, the**  
94 **farther the proposed delivery point is from its storage caverns. A longer pipeline**  
95 **constructed for less cost makes no sense. The Company also has serious concerns**  
96 **that Mangum may not be in service in a timely fashion, and that there is a significant**  
97 **risk that the actual construction costs of any of the Magnum storage options that**  
98 **require a pipeline extension beyond Goshen could be much higher than that the**  
99 **estimated costs used to develop Magnum’s business proposals. While it is true, that**  
100 **Magnum says it would bear these risks, it would not be wise for DEU to enter into a**  
101 **contract with an entity where the economic viability of the project – once**  
102 **construction costs are finalized – is questionable. The Company simply cannot give**  
103 **serious credence or rely upon a project that is only conceptual, and not proven to be**  
104 **feasible.” Do you agree?**

105 A. Absolutely not. In fact, I find Mr. Gill’s statement both wholly unsupported and  
106 objectionable. Magnum *absolutely has* performed the necessary engineering due  
107 diligence on which to base its proposal and Mr. Gill has no basis to suggest to the  
108 contrary. Magnum has received a FERC 7(c) certificate to construct the necessary  
109 facilities to the Goshen Hub. A company does not receive a FERC certificate without  
110 completing the necessary steps to demonstrate all things necessary to complete a project,

111 including engineering due diligence. This includes proposed storage cavern design,  
112 proposed compression designs, proposed interconnect designs, proposed header and  
113 pipeline designs, ROW work, and environmental work. Everything necessary on which to  
114 base Magnum's proposal, including all the work outlined in Magnum's responses to  
115 DEU's DR-1 questions 1.01 through 1.25 (a copy of which is attached as Magnum Exhibit  
116 1.1SR), has been thoroughly vetted. Indeed, given that DEU has access to this  
117 information it is preposterous for Mr. Gill to reach such a conclusion.

118 Based on Magnum's experience in obtaining a FERC 7(c) Certificate, Magnum is  
119 confident it can accurately determine the capital necessary to extend its header system  
120 from Goshen to [REDACTED]. To insinuate otherwise is to completely disregard everything  
121 that Magnum and its affiliates have accomplished. As stated in my direct testimony and in  
122 Magnum's response to DEU's DR-1 question 1.24, Magnum is prepared to move forward  
123 immediately with its project as proposed, subject to a definitive agreement with DEU.

124 Based on current negotiations and expectations of successful outcomes, Magnum  
125 wishes to share the anticipated cost savings associated with these negotiations directly  
126 with DEU, and ultimately its ratepayers, through its extremely economic proposal.  
127 Magnum cannot understand why DEU would not embrace Magnum's offer, as opposed  
128 to challenging and disparaging it. While DEU may have internal company reasons to  
129 prefer to build the LNG plant, the best interests of its customers and ratepayers are clearly  
130 better served by the more economical option that Magnum offers.

131 As discussed in my direct testimony at lines 93-100, 130-149 and 151-183,  
132 following a review of DEU's initial testimony filed on April 30, 2018, Magnum

133 understood DEU was focused primarily on “supply reliability” as opposed to “peaking  
134 and supply reliability,” and that an appropriate “apples to apples” comparison was needed  
135 as opposed to the “apples to oranges” comparison done by DEU. Those apples-to-apples  
136 comparisons clearly demonstrate that the most economical and efficient option is the one  
137 offered by Magnum.

138 **Q. At page 9, lines 239-241 of his Rebuttal Testimony, Mr. Gill states, “Magnum has**  
139 **provided no engineering studies for these proposed facilities that indicate that**  
140 **Magnum has designed its facilities to withstand earthquake risks.” Is this an**  
141 **accurate statement?**

142 **A.** No, and DEU has no basis for making such a statement. DEU has never requested that  
143 Magnum provide any engineering studies associated with potential earthquakes.  
144 However, DEU did ask in its DEU DR-1 1.19, “What protective measures will Magnum  
145 use to mitigate damage at fault crossings and other at-risk areas,” and Magnum responded  
146 as follows:

147 [REDACTED]  
148 [REDACTED]  
149 [REDACTED]  
150 [REDACTED]  
151 [REDACTED]  
152 [REDACTED]  
153 [REDACTED]  
154 [REDACTED]  
155 [REDACTED]  
156 [REDACTED]  
157 [REDACTED]

159 **Q. At page 10, lines 256-266 of his Rebuttal Testimony, Mr. Gill states, “DEU affiliates**  
160 **have a wealth of experience in design, construction, commissioning, operations and**



161 **maintenance of LNG facilities. Dominion Energy Inc. owns and operates one of the**  
162 **largest LNG import/export facilities in the country in Cove Point, Maryland. The**  
163 **Dominion Energy Cove Point project team has been heavily involved with the LNG**  
164 **project proposed in this docket, and DEU will continue to benefit from this shared**  
165 **knowledge as it develops standard practices, reviews construction plans, trains its**  
166 **personnel and commissions and operates the plant.” Would you like to address this**  
167 **comment?**

168 A. Absolutely. DEU responds to its lack of direct experience with LNG facilities by  
169 pointing to “affiliates” with such experience. Yet, DEU wholly discounts the extensive  
170 experience that Magnum’s affiliates have in constructing and operating natural gas  
171 pipelines and associated equipment. DEU has not challenged my direct testimony (lines  
172 312-313) that DEU has no experience in constructing or operating an LNG facility.

173 Just as DEU’s affiliates may have experience with LNG plants, Magnum’s  
174 affiliates, employees, consultants and owners have decades of experience engineering,  
175 constructing, owning and operating multiple energy infrastructure projects including  
176 large diameter natural gas pipelines with pressure up to 1480 pounds per square inch, up  
177 to 42” in diameter and providing well over 5,000,000 Dth/day of capacity. Additionally,  
178 Magnum affiliates, employees, consultants and owners have engineered, constructed  
179 and/or operated multiple intrastate and interstate reservoir and salt cavern underground  
180 natural gas storage facilities with more than 100,000,000 Dths of natural gas capacity,  
181 including Lodi Gas Storage, Bobcat Gas Storage, Arcadia Gas Storage, Cadeville Gas  
182 Storage and Perryville Gas Storage. Magnum has assembled and continues to assemble

183 some of the best talent with proven experience with placing these types of facilities into  
184 service on-time and under budget.

185 At page 10, lines 267-269 of his Rebuttal Testimony, Mr. Gill asks, “Does  
186 Magnum have a similar base of experience for the development of natural gas storage, or  
187 for the construction and operations FERC regulated pipelines and facilities?” The answer  
188 is a resounding “yes.” Moreover, DEU intends to retain a world-class “Owner’s  
189 Engineer” to help facilitate the execution of the Engineering, Procurement and Construct  
190 contracts, provide design and contractor oversight, and provide assistance with final  
191 permitting and commissioning of the project.

192 **Q. At page 11, lines 281-285 of his Rebuttal Testimony, Mr. Gill states, “No, Magnum is**  
193 **not an on-system solution. Interconnecting with Magnum would be no different than**  
194 **other interconnects DEU has with other interstate pipeline companies.” Is this**  
195 **accurate?**

196 A. No, absolutely not. An interconnect with Magnum would provide DEU with an  
197 instantaneous, on-system, no-notice supply option, exactly where it is needed most and in  
198 complete control of DEU and DEU Gas Control that is outside of the current normal  
199 NAESB nomination cycles. That’s a true definition of “on-system” supply and there is  
200 currently no other remotely similar interstate (or intrastate) option that is available to  
201 DEU.

202 **Paskett Testimony**

203 **Q. At page 2, lines 24-27 of his Rebuttal Testimony, Mr. Paskett states, “DEU has an**  
204 **in-depth understanding of the most current information regarding the various**

205           **options available for cold weather supply reliability solutions, including the**  
206           **different Magnum options.” Is this an accurate statement?**

207    A.     Unfortunately, no, at least insofar as it pertains to the Magnum options. It appears that  
208           DEU either does not fully understand, or chooses to ignore or distort, the various  
209           Magnum options. This is evident by the extensive amount of mis-statements and  
210           misinformation contained in DEU’s testimony and exhibits. Magnum felt the need to  
211           intervene and file testimony in this case specifically because the public record relating to  
212           the Magnum proposals was inaccurate and incomplete.

213    **Q.     At page 2, lines 31-33 of his Rebuttal Testimony, Mr. Paskett states, “Since the**  
214           **Magnum Storage facility is located approximately 80-100 miles away from the DEU**  
215           **distribution system, it is, by definition, an off-system resource.” Is that accurate?**

216    A.     Only if one adopts a strained definition of “off-system.” Given the fact that the proposed  
217           DEU/Magnum interconnect will allow for DEU-owned natural gas supplies to be  
218           delivered directly into the DEU gas distribution system on a no-notice basis, with flow  
219           controlled at the interconnect under the direct supervision of DEU as proposed by  
220           Magnum, it is every bit an “on-system” supply point as would be an LNG facility.  
221           Indeed, other large, publicly owned gas distribution systems consider such facilities to be  
222           on-system resources. For example, Pacific Gas and Electric Company (PG&E), one of  
223           the largest combined natural gas and electric energy companies in the United States,  
224           provides natural gas and electric service to approximately 16 million people throughout a  
225           70,000-square-mile service area in northern and central California, including 42,141

226 miles of natural gas distribution pipelines and 6,438 miles of transmission pipelines.<sup>1</sup>  
227 PG&E defines “off-system” as “a delivery outside of the Pacific Gas and Electric  
228 Company service territory. PG&E defines “on-system” as “delivery to end-use or  
229 wholesale loads located within the PG&E service territory, PG&E storage facilities,  
230 Golden Gate Market Center Citygate and, a third-party’s storage facilities located within  
231 the PG&E service territory.” Further, PG&E defines an On-System Storage Facility as  
232 “An entity, acknowledged by the California Public Utility Commission as providing  
233 storage services within California, which is physically connected to the PG&E pipeline  
234 transmission system with facilities dedicated to the transmission, injection and  
235 withdrawal of gas supply. The storage facility either has an interconnection and a storage  
236 operating agreement with PG&E or it belongs to PG&E.” Also, PG&E defines “on-  
237 system” supply as “the supply brought onto the system by any particular path for  
238 destination on the system. *On-system supply = Total system supply - Off-system*  
239 *deliveries.*”<sup>2</sup>

240 Moreover, Magnum’s proposed “on-system” deliveries and supply are consistent  
241 with the view of such supplies of the U.S. Energy Information Administration (EIA).  
242 The EIA collects, analyzes, and disseminates independent and impartial energy  
243 information to promote sound policymaking, efficient markets, and public understanding  
244 of energy and its interaction with the economy and the environment. The EIA definition  
245 for on-system is “Any point on or directly interconnected with a transportation, storage,

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<sup>1</sup> [https://www.pge.com/en\\_US/about-pge/company-information/profile/profile.page](https://www.pge.com/en_US/about-pge/company-information/profile/profile.page)

<sup>2</sup> [https://www.pge.com/pipeline/library/doing\\_business/glossary/index.page](https://www.pge.com/pipeline/library/doing_business/glossary/index.page)

246 or distribution system operated by a natural gas company.” EIA **defines** “on-system  
247 sales” as “Sales to customers where the delivery point is a point on, or directly  
248 interconnected with, a transportation, storage, and/or distribution system operated by the  
249 reporting company.”<sup>3</sup>

250 Most importantly, the Magnum Gas Storage facility will serve the precise  
251 function as an on-system resource. It will involve a direct interconnection with DEU’s  
252 distribution system that will give DEU direct control over a natural gas supply. To  
253 challenge the Magnum options as anything but on-system options is to make the  
254 distinction between on- and off-system resources meaningless.

255 **Q. At page 8, lines 148-158 of his Rebuttal Testimony, Mr. Paskett states, “The**  
256 **assertion that there is no distinction between the proposed Magnum facility located**  
257 **80-100 miles away and an LNG facility located on the DEU system is incorrect. It is**  
258 **incongruous to state that being 100 miles away is the equivalent to being on-system.**  
259 **Further, to assert that Magnum is an “on-system” storage facility is without merit**  
260 **and clearly an attempt to portray that option as being directly comparable to the**  
261 **proposed LNG facility when it is abundantly clear that it is not. Since the Magnum**  
262 **storage facility would be located 80-100 miles away from the DEU distribution**  
263 **system (depending on the pipeline route and ultimate interconnect location) and**  
264 **therefore storage gas must be transported through a 80-100 mile long transmission**

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<sup>3</sup> <https://www.eia.gov/tools/glossary/>

265 **pipeline to reach the DEU system, there is no way the Magnum storage facility can**  
266 **reasonably be characterized as being on-system.” How do you respond?**

267 A. As I stated in my direct testimony, lines 328 through 346, DEU will not have to wait for  
268 natural gas to travel 80-100 miles to reach Goshen and/or [REDACTED] before this gas supply  
269 will be available for service. Based on pipeline size, design, pressure and line pack, the  
270 “on-system” natural gas supply proposed by Magnum is a no-notice service that will be  
271 available instantaneously whenever DEU requires the supply and at a pressure necessary  
272 to effectuate delivery of the service for which DEU has contracted. Additionally, DEU  
273 can have primary flow control at the interconnect with DEU and can call on this supply at  
274 any time it is contracted for, without prior notice to Magnum. Again, whether the supply  
275 is one mile away or 100 miles away, if the pressure necessary to maintain the flow is  
276 accomplished, distance to the supply source for operational reasons is irrelevant.

277 **Q. At pages 8-9, lines 160-162 of his Rebuttal Testimony, Mr. Paskett states, “The fact**  
278 **that Magnum isn’t even fully permitted, much less constructed, places it at a distinct**  
279 **disadvantage compared to those other options.” Is that a fair statement?**

280 A. No, and it is far from clear what other options Mr. Paskett may be referring to that can  
281 come close to duplicating Magnum’s capabilities. Magnum knows of no other options  
282 besides its own—including the proposed LNG facility—that are fully permitted and/or  
283 constructed and that can meet DEU’s supply reliability or peaking requirements, store the  
284 necessary quantities of supply, deliver supply to the DEU system at [REDACTED] on a no-  
285 notice basis, at an interconnect that is owned and controlled by DEU Gas Control and  
286 maintain the necessary pressures to effectuate the required service. Magnum is the only

287 option that can provide all the necessary tools needed to meet DEU’s supply reliability  
288 and/or peaking requirements.

289 **Q. At page 11, lines 216-218 of his Rebuttal Testimony, Mr. Paskett states, “There is a**  
290 **serious question as to whether the Magnum storage option will ever be built and**  
291 **become available to provide reliable gas supplies to DEU (or other subscribers).**  
292 **There are currently no subscribers to the Magnum storage option(s) and DEU is not**  
293 **confident that the Magnum storage option(s) will ever materialize.” How do you**  
294 **respond?**

295 A. That claim is inaccurate, unsupported and reprehensible. If DEU signs an agreement  
296 with Magnum, the facilities absolutely will be built. Indeed, if DEU truly believed such  
297 claims, it makes no sense why it would have considered Magnum as an alternative option  
298 to the LNG facility or requested proposal after proposal and multiple revised options.  
299 Magnum would hope that the many hours and thousands of dollars spent by Magnum in  
300 responding in good faith to DEU’s multiple requests for proposals and information were  
301 not wasted as part of a process designed to lead to a pre-determined decision favored by  
302 DEU’s owner—as some have testified. Magnum prefers to believe that this process is a  
303 legitimate search involving a common goal by all involved—DEU, third-party suppliers,  
304 regulators and utility customers alike—to identify and pursue the most appropriate and  
305 cost-effective option. Magnum’s continued participation in this docket is predicated on  
306 that belief.

307 **Mendenhall Testimony**

308 **Q. At page 9, lines 217-221 of his Rebuttal Testimony, Mr. Mendenhall states, “The**  
309 **fourth Magnum option is comparable in annual cost to the LNG option, but it is**  
310 **worth noting that this option was provided to Dominion a couple of weeks before**  
311 **this docket was filed and would require more capital investment by Magnum than**  
312 **the other three options. Mr. Gill provides additional evidence questioning the**  
313 **validity of the Magnum cost estimate in his rebuttal testimony.” What is your**  
314 **response?**

315 **A. As explained in my direct testimony, Magnum’s “fourth” proposal referenced by Mr.**  
316 **Mendenhall would allow up to 3 billion cubic feet of natural gas storage (more if needed)**  
317 **and would deliver the quantities of gas needed for supply reliability and/or peaking hour**  
318 **demands and at a cost that will save ratepayers approximately [REDACTED] every**  
319 **year (or [REDACTED] over 30 years) compared to LNG options. It is not**  
320 **comparable to the LNG option.**

321 Magnum did provide multiple options to DEU, at DEU’s request, but there is  
322 currently only one specific Magnum proposal still in front of DEU. As Magnum stated in  
323 its last updated proposal to DEU on April 19, 2018: [REDACTED]

324 [REDACTED]  
325 [REDACTED]  
326 [REDACTED]

327 While Magnum has made and would consider many other options, Magnum’s  
328 current proposal to provide service to [REDACTED] is the only Magnum proposal up for



329 consideration. The annual cost of this Magnum proposal is in no way comparable to the  
330 annual cost of an LNG option. My direct testimony provides “apples to apples”  
331 comparisons of the Magnum options and LNG options and, clearly illustrates significant  
332 cost advantages of the Magnum proposal.

333 Finally, as discussed above, there is no basis for DEU to question the validity of  
334 the Magnum project. Magnum will provide the services described in its proposal and at  
335 the rate proposed. All that is required is execution of a definitive agreement with DEU.

336 **Faust Testimony**

337 **Q. At page 13, lines 328-332 of her Rebuttal Testimony, Ms. Faust states, “After almost**  
338 **eight years, Ryckman Creek is still struggling to become a reputable storage**  
339 **resource, despite all of its representations early on about its ability to be fully**  
340 **operational by 2013. Given this experience, the Company is wary of relying on a**  
341 **third-party like Magnum to provide a solution to the supply reliability problem.” Is**  
342 **Ryckman Creek a fair comparison to the Magnum Project?**

343 **A.** No, not at all. Publicly available information confirms that the Ryckman Creek facility  
344 has had operational issues. However, Ryckman Creek is an outlier as it pertains to how  
345 natural gas storage should be engineered and constructed. Based on the latest  
346 information from the EIA, there is over 4 trillion cubic feet of working natural gas stored  
347 in hundreds of underground natural gas caverns and reservoirs in the United States safely,  
348 economically, and reliably, at any given time. In fact, DEU currently relies on third  
349 party natural gas storage and transportation to maintain system reliability every day. It is  
350 disingenuous to point to an isolated exception like Ryckman Creek to challenge what is

351 nearly-universally accepted as safe, economical, and reliable underground natural gas  
352 storage facilities. That would be like Magnum referencing the Plymouth-Liquefied  
353 Natural Gas (LNG) facility that experienced a catastrophic failure and a resulting  
354 explosion on a portion of the facility’s LNG-1 purification and regeneration system, as  
355 being indicative of all LNG facilities.<sup>4</sup>

356 **Q. At page 13, lines 342-346 of her Rebuttal Testimony, Ms. Faust states, “The**  
357 **Company is also concerned the Magnum facility will not be placed in service in a**  
358 **timely fashion or that it will encounter permitting, construction, property or other**  
359 **roadblocks or delays. To claim the Magnum project is “shovel ready” as Mr. Holder**  
360 **does several times does not accurately represent the status of the proposed project**  
361 **that specifically extends to an interconnect with DEU.” Is Magnum “shovel ready?”**

362 **A.** The Magnum underground storage facilities and pipeline header to Goshen is absolutely  
363 shovel ready, with all necessary regulatory approvals in hand. The last-minute request  
364 from DEU for a Magnum proposal to extend the pipeline beyond Goshen is the only part  
365 of the project that requires additional permitting. Upon execution of a definitive  
366 agreement, Magnum can complete the facilities necessary to effectuate the services  
367 described in its proposal within the stated timeframe and at the stated price.

368 **Platt Testimony**

369 **Q. At page 10, lines 249-257 of his Rebuttal Testimony, Mr. Platt states, “I am not**  
370 **aware of an alignment that is immune to the effects of earth movement. Magnum’s**

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[https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/FIR\\_and\\_APPENDICES\\_PHMSA\\_WUTC\\_Williams\\_Plymouth\\_2016\\_04\\_28\\_REDACTED.pdf](https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/FIR_and_APPENDICES_PHMSA_WUTC_Williams_Plymouth_2016_04_28_REDACTED.pdf)

371 **planned alignment to Goshen will most likely intersect either the East Tintic**  
372 **Mountain fault or the Long Ridge fault (as shown in Figure 1). Reviewing Utah’s**  
373 **fault lines, there are a number of fault lines located in between the Magnum facility**  
374 **and either of its options for tying into the Company’s high pressure system. The**  
375 **fault lines and folds identified in this map are “the most likely sources of large**  
376 **earthquakes in the future.” Id. While the Magnum facility may be a facility that can**  
377 **augment supplies from upstream third-party sources in the future, it cannot provide**  
378 **guarantees against earthquakes.” What is your response?**

379 A. Magnum has never claimed that its alignment is immune to earth movement and no  
380 facility can guarantee absolute protection against earthquakes. The intent of my previous  
381 testimony was to highlight that the location of the Magnum facility enhances supply  
382 reliability and system redundancy in the event of catastrophic seismic activity along the  
383 Wasatch fault. Magnum's header pipeline will not cross the Wasatch fault like most  
384 natural gas supply lines to the Salt Lake and Utah Valleys, including the Dominion  
385 Energy Questar Pipeline and Kern River Pipeline interstate pipelines. By any reasonable  
386 measure it would be advantageous to have stored natural gas supply located further  
387 away from the Wasatch fault as opposed to being in immediate proximity to it.

388 Further, Magnum's Certificate requires Magnum to complete and file with the  
389 Secretary, for review and written approval by the FERC Director of Office of Energy  
390 Projects, reports of detailed investigations of all potentially active faults that will be  
391 crossed by the proposed pipeline and include site-specific design measures that will be  
392 implemented to minimize the potential for pipeline rupture in the event of a fault

393 movement. Magnum will complete this detailed study to identify all active faults and any  
394 potential risks to the Magnum header from seismic activity. If identified, any fault  
395 crossing would then be designed in accordance with standard engineering designs for  
396 natural gas pipelines and be matched to the hazard, as required by 49 CFR 192.

397 **Q. At page 11, lines 263-269 of his Rebuttal Testimony, Mr. Platt states, “The distance**  
398 **between Magnum’s proposed storage facility and the customers matter in this**  
399 **designation, regardless of what Mr. Holder believes. In addition, the pipeline that**  
400 **will not be owned by the Company and will require equipment (valves, compressors,**  
401 **cathodic protection, and gate station, etc.) along the way that will be maintained and**  
402 **operated by Magnum. This is not remotely similar to a short tap line (approximately**  
403 **1 mile in length) from the proposed LNG storage facility that connects directly to**  
404 **the DEU’s system and is owned and operated by DEU.” What is your response?**

405 **A.** As stated in my direct testimony, lines 328 through 346, DEU will not need to wait for  
406 natural gas to travel 80-100 miles to reach Goshen and/or ██████████ before this gas supply  
407 will be available for use. Based on pipeline size, design, pressure and line pack, the  
408 natural gas supply proposed by Magnum is an on-system, no-notice service that will be  
409 available instantaneously whenever DEU requires the supply and at a pressure necessary  
410 to effectuate delivery of the service for which DEU has contracted. Additionally, DEU  
411 can have primary flow control at the interconnect with DEU and can call on this supply at  
412 any time it is required and contracted for, without prior notice to Magnum. Again,  
413 whether the supply is one mile away or 100 miles away, if the pressure necessary to  
414 maintain the flow is accomplished, distance is irrelevant with regards to operational

415 issues. That distance is, however, extremely relevant with regards to the safe storage of  
416 natural gas supplies, given its distance from the Wasatch fault.

417 **Q. At page 11, lines 263-269 of his Rebuttal Testimony, Mr. Platt states, “The straight-**  
418 **line distance from the Magnum facility ... is 58 miles. Such a route, however, is not**  
419 **a viable option, and Magnum would have to account for changes in geography,**  
420 **economics, and other hurdles to construct a pipeline to [REDACTED]. This in turn would**  
421 **extend the pipeline from Magnum’s facility well beyond 60 miles.” Is this statement**  
422 **accurate?**

423 A. No. Magnum is not familiar with a cited distance of 58 miles to [REDACTED], Goshen,  
424 [REDACTED] or any location for that matter. The official distance to Goshen, per Magnum’s  
425 FERC filing and alignment sheets, is 61.5 miles. Magnum is not sure where Mr. Platt  
426 obtained this information. Additionally, Mr. Platt is in no position to evaluate or criticize  
427 the extensive siting work that has been done by Magnum.

428 **Q. At page 11, lines 278-281 of his Rebuttal Testimony, Mr. Platt states, “When the**  
429 **Company estimated the distance, educated assumptions about the path that the**  
430 **pipeline would need to be installed in were made. Those assumptions were based on**  
431 **the geography and existing pipeline alignments. Magnum did not account for these**  
432 **factors, as they do not have an engineering design prepared.” Is this statement**  
433 **accurate?**

434 A. No, it is a baseless and unsupported claim. It is unclear what factors Magnum allegedly  
435 did not account for. In fact, Magnum has accounted for all relevant factors. Magnum has  
436 carefully measured and evaluated the distance and routing from the Magnum site to

437 ██████████ and has taken into account all relevant factors in submitting its proposal to

438 DEU.

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

440 A. Yes.

**Certificate of Service**

**Docket No. 18-057-03**

A true and correct copy of the foregoing was served by email this day 20<sup>th</sup> day of August 2018 on the following:

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*/s/ Sara Turner*

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