

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION  
OF ENBRIDGE GAS FOR APPROVAL OF  
THE PICEANCE DEVELOPMENT PHASE II  
AS A WEXPRO II PROPERTY

Docket No. 25-057-10

**REDACTED DIRECT TESTIMONY OF KELLY B MENDENHALL**

**FOR ENBRIDGE GAS**

**Enbridge Gas Redacted Exhibit 2.0**

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**I. INTRODUCTION**

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

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

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

5 A. I am employed by Enbridge Gas (“Company”) as Director of Regulatory and Pricing. I am  
6 responsible for state regulatory matters in Utah, Idaho, and Wyoming.

7 **Q. What are your qualifications to testify in this proceeding?**

8 A. I have listed my qualifications in Enbridge Gas Exhibit 2.1.

9 **Q. Attached to your written testimony are Enbridge Gas Exhibits 2.1 through 2.2. Were**  
10 **these prepared by you or under your direction?**

11 A. Yes.

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

13 A. The purpose of my testimony is to: 1) describe Wexpro Development Company’s  
14 participation in the development of reserves under an option it negotiated under a joint  
15 development agreement (“Joint Agreement” or “Piceance Phase II Drilling Program”), 2)  
16 explain the requirements for Enbridge Gas to bring acquisitions to the Utah Public Service  
17 Commission (“Utah Commission”) and the Wyoming Public Service Commission  
18 (“Wyoming Commission”) (together, “Commissions”) for approval as a Wexpro II  
19 property; and 3) explain why including the Piceance Phase II Drilling Program as a Wexpro  
20 II property is in the public interest and should be approved by the Commissions.

21 **Q. Are there others who will provide testimony in this proceeding?**

22 A. Yes, Mr. Brady B. Rasmussen, Vice President and General Manager of Wexpro Company  
23 (“Wexpro”), will also provide an overview of the Piceance Phase II Drilling Program and  
24 explain how the proposed properties improve the overall cost of service.

## II. PICEANCE II AREA DRILLING PROGRAM

25 **Q. Please describe Wexpro’s recent investment in the Piceance II Development.**

26 A. On December 23, 2024, Wexpro Development Company (“WDC”) signed a Joint  
27 Agreement with [REDACTED] for assets located in the Piceance II  
28 Basin. The Joint Agreement included an option for WDC to participate in a second phase  
29 of development beyond what was included in the original Piceance Development in  
30 Docket No. 25-057-03. [REDACTED]

31 [REDACTED]  
32 [REDACTED]  
33 [REDACTED]  
34 [REDACTED]

35 **Q. Is this a Wexpro property acquisition that the Company must bring to the Utah and**  
36 **Wyoming Public Service Commissions for approval?**

37 A. No. Under the terms of the Wexpro II Agreement, the Company is required to apply for  
38 Utah and Wyoming Commission approval of Wexpro property acquisitions in the Wexpro  
39 I Development Drilling areas. The wells in the Piceance Phase II Drilling Program are not  
40 located on property within a Wexpro I Development Drilling area. Enbridge Gas has  
41 voluntarily brought the Piceance Phase II Drilling Program interests to the Commissions  
42 for approval to be included as a Wexpro II property.

**III. WEXPRO II AGREEMENT REQUIREMENTS**

**Q. Please explain the requirements for Wexpro acquisitions related to the Wexpro II Agreement.**

A. A flow diagram summarizing the requirements for including properties under the Wexpro I and Wexpro II agreements is attached as Enbridge Gas Exhibit 2.2. As the exhibit shows, if WDC makes an acquisition that falls within the Wexpro Development Drilling Area, Enbridge Gas is required to bring the property to the Utah and Wyoming Commissions for consideration to be included as Wexpro II properties. If the acquisition falls outside of the Wexpro Development Drilling Area, WDC has the option to seek approval to include the property as a Wexpro property or to keep it as an unregulated property in WDC where direct costs and overheads are assigned to it and none of the production or costs are included as part of the Wexpro II portfolio.

**Q. Do the wells in the Piceance Phase II Drilling Program fall within the Wexpro development drilling area?**

A. No. The working interests earned by WDC are outside the Wexpro I footprint. Wexpro is familiar with the geology of the area and believes this area presents drilling locations at a low cost of service. For this Application, the Company is proposing to include all wells as Wexpro II properties.

**Q. Does Enbridge Gas support the Piceance Phase II Drilling Program?**

A. Yes, the Company believes that the wells are beneficial to Enbridge Gas customers. The Wexpro II concept was conceived to accommodate adding these types of properties to Enbridge Gas' supply portfolio. In addition, given the volatility of the natural gas market, increasing gas prices, and the project economics, which indicate that the Piceance Phase II Drilling Program will lower the cost of service for Wexpro gas, the Company believes the timing of this joint development and its inclusion as a Wexpro II Property is beneficial to the Company's customers.

68 **Q. Does Enbridge Gas want Wexpro to develop gas reserves at or below today's current**  
69 **5-Year Forward Curve?**

70 A. Yes. Events like the Texas weather event in February 2021 and the price volatility in the  
71 2022/2023 winter heating season highlight the value of gas supply that is reliable and stable  
72 in price. It is good for customers anytime Wexpro can develop natural gas that will produce  
73 for 20 to 30 years at stable prices that are forecasted to be below or competitive with market  
74 prices. Second, as more fully explained by Mr. Rasmussen, the addition of new wells helps  
75 lower the per-unit cost of cost-of-service production and preserves Wexpro's expertise and  
76 efficiencies in developing these properties.

#### IV. PUBLIC INTEREST

77 **Q. How could this acquisition be beneficial to customers?**

78 A. As Enbridge Gas Exhibit M shows, absent any new production, the percentage of Wexpro  
79 production is expected to decline [REDACTED]  
80 [REDACTED]  
81 [REDACTED] additional supply to help stabilize the production. Additionally,  
82 these reserves will provide natural gas production at prices that are expected to beat the  
83 five-year curve.

84 **Q. Should this property be approved as a Wexpro II property?**

85 A. Yes, both Commissions should approve the Piceance Phase II Drilling Program as a  
86 Wexpro II property and find that doing so is in the public interest. The production from  
87 Wexpro I wells comes from a defined set of properties that are clearly set forth in the  
88 Wexpro I Agreement. While technological improvements in drilling, completion, and  
89 production methods extended the expected producing life of Wexpro I properties, Wexpro  
90 I production is finite and limited to defined areas. The Company and Wexpro believe that

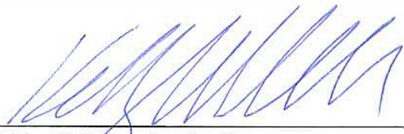
91 including the Piceance Phase II Drilling Program will benefit Enbridge Gas' customers and  
92 extend the cost-of-service gas stream that has benefited the Company's customers for many  
93 years.

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


95 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. 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.

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

SUBSCRIBED AND SWORN TO this 11th day of June, 2025.

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

