

MONTANA-DAKOTA UTILITIES CO.

Before the North Dakota Public Service Commission

Case No. PU-22-____

Direct Testimony

Of

Eric P. Martuscelli

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

2 A. My name is Eric P. Martuscelli, and my business address is 8113
3 West Grandridge Boulevard, Kennewick, Washington 99336.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Vice President of Field Operations for Montana-Dakota
6 Utilities Co. ("Montana-Dakota" or "Company"), Great Plains Natural Gas
7 Co. ("Great Plains"), Cascade Natural Gas Corporation ("Cascade"), and
8 Intermountain Gas Company ("Intermountain"). Collectively, "MDU Utilities
9 Group".

10 **Q. Please describe your duties and responsibilities with Montana-**
11 **Dakota.**

12 A. I provide executive leadership, direct, and coordinate activities for
13 the entire gas and electric distribution field operations in the MDU Utilities
14 Group service territory. I oversee delivery of regulated products and

1 services and provide strategic direction to managers in implementing our
2 organization's programs, policies, and procedures.

3 **Q. Please outline your educational and professional background.**

4 A. I have a bachelor's in Organizational Management, in the Forbes
5 School of Business, from Ashford University. I have been in the utility
6 industry for nearly 30 years; 10 years in the field and 20 years in
7 increasing levels of supervisory, managing, and leadership positions.
8 Prior to advancing into my current role, I provided similar, executive
9 oversight as Vice President, Operations for Cascade Natural Gas
10 Corporation in Washington and Oregon.

11 **Q. Have you testified in other proceedings before regulatory bodies?**

12 A. Yes. I have previously presented testimony before the Washington
13 Utilities and Transportation Commission.

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to provide an overview of the
16 Company's major field operation capital projects and the Work and Asset
17 Management system deployment.

1 **MAJOR CAPITAL PROJECTS**

2 **Q. Would you please describe the major field operation capital projects**
3 **that are currently in progress?**

4 A. Yes. I will provide a description of each project including the need
5 for each project.

6 **Kenmare Office and Shop**

7 **Q1. Please describe the construction of the new Kenmare Office and**
8 **Shop capital project.**

9 A. Our Kenmare location is an extension of the Williston District and is
10 our central operations hub for nearly 2,000 customers and 11 communities
11 in the surrounding area. There is a 3-person line crew and one district
12 representative regularly reporting, in Kenmare, and supervision and
13 operations support, from the Williston District, utilizing this space part-
14 time. Our current facility is located at 220 South Central Avenue in
15 Kenmare and is leased from the Canadian Pacific Railroad (CPR). Our
16 records indicate we began leasing this land in the 1950's. There are 3
17 shop-style structures which provide office space, warehouse/material
18 storage, and equipment/vehicle parking. Additionally, available space,
19 outside the structure, is utilized for the storage of poles, transformers, and
20 other material which can't be stored indoors.

1 **Q2. Why did Montana-Dakota undertake this project?**

2 A. The primary drivers for relocating our Kenmare facility are the
3 drawbacks of the location and the potential risk that a continued lease
4 present. Our current location is bordered by 4 sets of CPR railroad tracks
5 and Middle Des Lacs Lake. On occasion, planned work and after-hours
6 emergency response has been hindered by passing rail cars or the
7 positioning of rail cars on sidings. Although there is no current information
8 to suggest that CPR won't continue to lease this land to us, that risk
9 remains inherent with continued leasing. Additionally, while we take great
10 care to protect the lake from any contamination, our relocation will entirely
11 mitigate the potential risk that an oil spill, from our storage and
12 maintenance of transformers, could impact the lake in the future. The new
13 facility will be located at 1228 Central Avenue North in Kenmare and will
14 be a single structure, consisting of 1,000 square feet of office space, 3,500
15 square feet of warehouse/vehicle storage space, and sited on 1.03 acres.

16 **Q3. What is the project timeline?**

17 A. The Kenmare Office and Shop is anticipated to have construction
18 completed by December 2022.

1 **Q4. Describe any alternatives considered to address the identified**
2 **issues, if any, and associated costs compared to the chosen project.**

3 A. These facilities have reached the end of their useful and a
4 significant investment is required if we stay. All things considered, we
5 determined it is in the best interest of all stakeholders that we invest in a
6 more suitable location which will better serve our customers, communities,
7 and employees for the foreseeable future.

8 **Q5. What are the costs of the project?**

9 A. The Kenmare Office and Shop cost allocated to the North Dakota
10 Electric jurisdiction is \$1,365,316 as shown in FP-317154, FP-319040,
11 FP-319116, FP-321203, FP-319117 on Statement B, Schedule B-1, pages
12 4 and 5.

13 **Other Building Projects**

14 **Q1. Is the Company performing any other upgrades and improvements to**
15 **other buildings?**

16 A. Yes, there are building improvements planned for the Bismarck
17 Service Center (BSC) and the Dickinson District Office.

18 The BSC is located at 909 Airport Road in Bismarck and the planned
19 improvements consist of 3 separate capital projects:

1 1. Updating the north parking lot outdoor lights, which are vintage
2 metal halide technology, to current, more efficient LED lighting.
3 LED lighting is proven to both be less costly to operate and improve
4 lighting in the area.

5 2. Installing an automatic gate in the BSC yard to improve the safety
6 and security of our employees, facility, and the public. Currently,
7 the gate is operated manually and is opened in the morning and
8 remains open during normal business hours. There have been
9 several occasions where non-company private vehicles and non-
10 company private individuals have used our lot as a crossing to,
11 respectfully, avoid the main intersection light or cross to the
12 adjacent sidewalks. Additionally, the City of Bismarck has a
13 planned project to install sidewalks on Expressway and we expect
14 increased foot traffic along our lot perimeters when that project is
15 complete.

16 3. Improvements to the engineering area. The BSC is a legacy site
17 and is a large facility that we have made incremental improvements
18 throughout the interior, over the years. The engineering area is one
19 of the final areas to be improved, i.e., lighting, ceiling tiles, and
20 flooring being the main components.

1 The Dickinson district office is located at 1133 West Broadway
2 Street in Dickinson and is a legacy site. The planned improvements
3 consist of 5 separate capital projects, all planned due to the age of the
4 facility and components. The capital projects include:

- 5 1. Replacing ceiling tiles
- 6 2. Updating interior office lighting to LED
- 7 3. Replacing a garage door, including remote open/close capability,
- 8 4. Replacing a humidifier
- 9 5. Replacing exhaust fans

10 **Q2. What are the costs of these projects?**

11 The costs allocated to the North Dakota Electric jurisdiction for the
12 the Dickinson District Office improvements (as shown as FP-317030, FP-
13 317098, FP-321158, FP-321171, and FP-321172 on Statement B,
14 Schedule B-1, page 6) are \$125,730. The costs allocated to the North
15 Dakota Electric jurisdiction for the BSC (as shown as FP-316843, FP-
16 317038, and FP-320197 on Statement B, Schedule B-1, pages 9 and 10)
17 are \$184,361.

1 **Lines Growth**

2 **Q1. Please describe the overhead and underground lines growth and**
3 **service line growth capital projects for the Bismarck and Dickinson**
4 **area?**

5 A. These capital projects are considered “blanket funding projects”,
6 meaning any single capital project, under \$100,000 will be allocated to the
7 blanket funding project, throughout any given plan addition year.
8 Alternatively, any capital project estimated at \$100,000 or above, is
9 assigned to its own unique funding project and is not allocated to these
10 blanket funding projects.

11 Growth capital project estimates, for these blanket growth funding
12 projects, are budgeted and estimated in advance of the plant addition
13 year. The estimates for the 2022 and 2023 blanket funding projects are
14 derived from a combination of 2 years of actual expense, historical
15 expense, and future year load growth forecasts.

16 **Q2. What are the costs of the project?**

17 A. The costs allocated to the North Dakota Electric jurisdiction for
18 Lines Growth are \$2,292,981 in 2022 and \$2,709,936 in 2023.

1 **Lines Replacement**

2 **Q1. Please describe the overhead and underground line replacement and**
3 **service lines replacement capital projects for the Bismarck and**
4 **Dickinson area?**

5 A. These capital projects are considered “blanket funding projects”,
6 meaning any single capital project, under \$100,000 will be allocated to the
7 blanket funding project, throughout any given plan addition year.
8 Alternatively, any project estimated at \$100,000 or above, is assigned to
9 its own unique funding project and is not allocated to these blanket
10 funding projects.

11 Replacement capital project estimates, for these blanket
12 replacement funding projects, are budgeted and estimated in advance of
13 the plant addition year. Unlike growth capital projects, the estimates for
14 these blanket funding projects are primarily derived from historical
15 expense. We anticipate, in any given year, that replacements of our
16 facilities will be required, for a variety of reasons, including, but not limited
17 to, damage, failure, or franchise/governing authority requirements. For the
18 most part, these replacement capital projects can’t always be anticipated
19 so historical expense is estimated, and each subsequent years’ funding
20 project allocation is updated accordingly.

1 **Q2. What are the costs of the project?**

2 A. The costs allocated to the North Dakota Electric jurisdiction for
3 Lines Growth are \$2,643,050 in 2022 and \$2,562,336 in 2023 as shown
4 as FP-100785, FP-100768, FP-100772, FP-100792 in Statement B,
5 Schedule B-1, pages 4, 8, and 9.

6 **WORK AND ASSET MANAGEMENT**

7 **Q1. Please describe the Work and Asset Management system (Maximo)?**

8 A. Maximo is a central database and system which stores asset
9 information, work orders, work order tracking information, maintenance
10 schedules, and is integrated to core utility systems, to ensure the safe and
11 efficient operations of the electric and gas system.

12 **Q2. Why did Montana-Dakota undertake this project?**

13 A. Maximo will provide six primary benefits:

- 14 1. Align operations business processes across the enterprise.
- 15 2. Replace fragmented and non-integrated operations technology
16 systems/processes with one unified work and asset management system
17 – improving efficiency of implementation and support.
- 18 3. Reduce touch points and redundancy.
- 19 4. Gain enterprise-wide insight into asset tracking, construction,
20 maintenance, compliance and costs. This includes tracking Operation's

1 Key Performance Indicators (KPI's).

2 5. Drive consistent work flows across the enterprise, improving work product
3 results.

4 6. Improve the user experience with consistent field data entry technology –
5 lowers training needs, and limits confusion and errors.

6 **Q3. What is the project timeline?**

7 **A.** Montana-Dakota is in the second phase of a three-phase and five-
8 year implementation of Maximo.

- 9 • Phase I was maintenance work and was implemented in 2019-
10 2021. This phase included equipment maintenance, electric
11 distribution system maintenance; such as, line patrols, substation
12 maintenance, and electric work order tracking/work flow.
- 13 • Phase II, the phase that is being considered in this case, is
14 construction and is being implemented in 2022-2023. This will
15 include the full lifecycle of construction – initiate, design, estimate,
16 plan/schedule, construct, close out and document construction
17 work. This will be a full electronically driven construction process
18 integrated to core systems, reducing touchpoints and data entry.
- 19 • Phase III is the implementation of transmission electric, electric
20 generation and environmental sections and is planned for 2024.

1 **Q4. How will the Montana-Dakota customers benefit from the project?**

2 A. Customers will benefit through the elimination of redundancy of
3 systems and the inherent resources that are necessary to support multiple
4 systems to complete the same or similar tasks.

5 **Q5. Describe any alternatives considered to address the identified
6 issues, if any, and associated costs compared to the chosen project.**

7 A. The Company did due diligence when selecting Maximo. An
8 exploratory team was formed in 2017 and evaluated the implementation of
9 work and asset management systems across the gas and electric utility
10 industry. It was determined Maximo was the best choice because it is a
11 lower cost solution, the system integrates well to disparate systems, and
12 Maximo is mature and proven compared to other Work and Asset
13 Management systems. The Company visited other utilities to learn best
14 practices for implementing Work and Asset Management systems. This
15 information was used to develop the phased approach and to leverage
16 internal resources to develop expertise to support the system going
17 forward. The strategy has worked thus far through the successful, on time
18 and on budget implementation of Phase I.

1 **Q6. What are the costs of the project?**

2 A. The cost of the Work and Asset Management system for North
3 Dakota Electric jurisdiction is \$2,159,511 as shown as FP-100550 on
4 Statement B, Schedule B-1, page 10.

5 **Q. Does this complete your direct testimony?**

6 A. Yes, it does.