

MONTANA-DAKOTA UTILITIES CO.

Before the North Dakota Public Service Commission

Case No. PU-22-194

Surrebuttal Testimony

of

Eric P. Martuscelli

1 **Q. Would you please state your name and business address?**

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

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

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. Are you the same Eric P. Martuscelli that previously offered direct
11 and rebuttal testimony in this proceeding?**

12 A. Yes, I am.

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

14 A. The purpose of my testimony is to address certain analysis
15 and recommendations in the surrebuttal testimony of Dr. Marie
16 Fagan, Chief Economist, London Economics International, LLC
17 testifying on behalf of the North Dakota Public Service Commission
18 Advocacy Staff.

1 **Q. Please summarize Dr. Fagan's recommendations you will**
2 **address.**

3 A. Dr. Fagan on page 9 of her surrebuttal testimony has
4 recommended that the North Dakota Public Service Commission
5 (Commission) disallow \$40,000 related to Montana-Dakota's
6 employees' personal use of Company vehicles.

7 **Q. Do you agree that the Commission should disallow \$40,000**
8 **based on Dr. Fagan's testimony?**

9 No. Montana-Dakota's assigned vehicles are not permitted to be
10 used for an employee's personal affairs after one's regular shift concludes
11 (evenings, weekends, holidays, etc). If a vehicle is in use after one's
12 regular shift it is because they are a first responder, responding to a call,
13 or performing other business duties, with resulting mileage being
14 attributed to business mileage, not personal mileage.

15 Montana-Dakota wants its assigned first responders to respond as
16 quickly as possible so they are encouraged to use their vehicles at all
17 hours, but they are not required to sit at home and wait for an emergency
18 to respond to. Therefore, the first responders are frequently seen out
19 and about, in their Company vehicles in the communities they reside,
20 going to the grocery store, going to a restaurant, or even going to the golf
21 range to hit a bucket of balls. It may appear that they are using their
22 Company vehicle for personal use but that is not the case.

23

1 **Q. How does Montana-Dakota assign vehicles?**

2 A. As stated previously in rebuttal testimony (Page 2, Lines 14-19)
3 Montana-Dakota bases vehicle assignments on specific requirements.
4 When these requirements are met, "A Company vehicle assigned to the
5 employee can be used to commute to and from work with the resulting
6 mileage being deemed personal use if the Company designates it
7 beneficial to have the vehicle readily available to the employee. Personal
8 use will be calculated at the "standard mileage rate", prescribed by the
9 Internal Revenue Service, and that calculated value will be added to the
10 employee's taxable income for income tax and Social Security tax
11 purposes."

12 The Company believes it has made prudent decisions on which
13 employees are assigned vehicles. Inherently, because we have physical
14 locations that our employees report to daily, we will continue to have
15 expenses attributed to personal mileage due to the IRS reporting
16 guidelines.

17 **Q. Do you agree that disallowance is appropriate?**

18 A. No. Disallowing this expense forces the Company into a no-win
19 consideration:

- 20 • Accepting disallowance of a legitimate recoverable expense
21 required to be reported in this manner per the IRS; or
- 22 • Limit the ability of employees with assigned vehicles to commute to
23 and from work when the Company has designated it beneficial to

1 have the vehicle readily available to the employee.

2 **Q. How will the disallowance affect Montana-Dakota’s emergency**
3 **response?**

4 A. The decision to disallow affects Montana-Dakota’s ability to
5 respond to emergencies in a timely manner if all qualified first responder
6 employees, not designated as the primary first responder during any given
7 shift, are not allowed to commute from home to work. These employees
8 take their vehicles home daily and are considered “back-up” for the
9 primary first responder. If the primary first responder is on another call and
10 the supervisor On-Call deems it necessary to call a back-up, Montana-
11 Dakota relies on these folks. For this group, a decision to disallow and
12 potentially force the Company to require them to park their assigned
13 vehicles at the shop every night has the potential to extend emergency
14 response times if they don’t have their Company vehicle immediately
15 available to them at home, they are called to assist on an additional
16 emergency that the primary first responder cannot be dispatched to, and
17 they have to drive to the office to get pick up their assigned work vehicle.
18 Similarly, supervisors and managers are called by their field staff, during
19 emergencies, and frequently meet employees on site. Supervisors and
20 managers, as exempt employees, are always “On-Call” and greatly
21 contribute to the \$40,000 in question because they must commute daily,
22 as well. For this group, a decision to disallow and potentially force the
23 Company to require them to park their assigned vehicles at the shop every

1 night does not contribute to extended emergency response times, it is just
2 inefficient if they must go to an emergency and are required to drive their
3 personal vehicle to the shop to pick up their work vehicle. In some cases,
4 depending on the mileage between home, shop, and emergency location,
5 this could increase costs associated with business mileage.

6 In summary, the personal mileage in question is not a result of
7 employees using Company vehicles for personal business, it is largely
8 commute mileage required to be recorded as such due to IRS reporting
9 requirements. Montana-Dakota believes our current fleet assignment
10 strategy is the right balance between emergency response, operational
11 efficiency, and IRS requirements.

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

13 **A. Yes.**