

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY

OF

JOHN F. CLOSSON

EXHIBIT JFC-1

New Hampshire Public Utilities Commission

Docket No. DE 21-030

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EXHIBITS

Exhibit JFC-2	Proposed Seacoast Region Facility Project Decision Document
Exhibit JFC-3	Buildings and Land Search Locations Matrix
Exhibit JFC-4	Outage Response Time Comparison
Exhibit JFC-5	Capital Budget Authorization for New Seacoast Regional Facility Construction
Exhibit JFC-6	Capital Budget Authorization for Acquisition of Land for New Seacoast Regional Facility and Sale of Existing Seacoast Distribution Operations Center

1 **I. INTRODUCTION**

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

3 A. My name as John F. Closson. My business address is 6 Liberty Lane West,
4 Hampton, New Hampshire 03842.

5 **Q. What is your position and what are your responsibilities??**

6 A. I am the Vice President of People, Shared Services, and Organizational
7 Effectiveness for Unitil Service Corp. (“Unitil Service”), which provides
8 centralized utility management and administrative services to Unitil Corporation’s
9 (“Unitil Corp”) utility operating subsidiaries, including Unitil Energy Systems,
10 Inc. (“UES” or the “Company”). Unitil Service and Unitil Corp’s utility operating
11 companies are referred to collectively as the “Unitil Companies.” My
12 responsibilities include leading the human resources, procurement, inventory
13 management, fleet management, facilities management, business resiliency,
14 environmental health and safety, and administrative services functions for the
15 Unitil Companies.

16 **Q. Please describe your business and educational background.**

17 A. I have over 15 years of professional experience in the utility industry supporting
18 electric and natural gas operational business units. I joined Unitil Service in 2008
19 in the role of Manager, Procurement and Supply Chain. In 2016 I was promoted
20 to the role of Director of Shared Services. In 2019 I was promoted to my current

1 position of Vice President of People, Shared Services and Organizational
2 Effectiveness. Prior to joining Unitil Service, I was employed for four years at
3 National Grid, USA where I held various positions supporting National Grid's
4 Supply Chain Management teams. I hold a Bachelor of Arts and Master of
5 Business Administration from the University of New Hampshire.

6 **Q. Have you previously testified before the New Hampshire Public Utilities**
7 **Commission (the "Commission") or other regulatory agencies on behalf of**
8 **the Unitil Companies?**

9 A. Yes, I testified before the Commission in 2016 for the Docket DE 16-384.

10 **II. PURPOSE OF TESTIMONY**

11 **Q. What is the purpose of your testimony in this proceeding?**

12 A. The purpose of this testimony is to describe the Company's Seacoast Regional
13 Facility Project. This three year project centered on the construction of a 53,940
14 square feet ("sf") multiuse facility located at 30 Energy Way, Exeter, New
15 Hampshire. The project addressed a number of longstanding facility and space
16 issues facing the Company and Unitil Service. The project was completed in late
17 fall 2020. In December 2020, approximately seventy employees relocated to the
18 new Seacoast Regional Facility. This new facility provides improved operational
19 performance for the Company's Seacoast Electric Operations division while
20 addressing critical redundancies needed throughout the organization.

1 **III. SEACOAST REGIONAL FACILITY**

2 **Q. What is the Seacoast Regional Facility?**

3 A. The new Seacoast Regional Facility is a multiuse facility that acts as the base of
4 operations for the Company’s Seacoast Electric Operations division. The facility
5 also houses a number other services that support all of Unitil Corp’s subsidiary
6 companies. These services include Central Electric Dispatch, Electric
7 Engineering, Forestry Operations and Sustainability. The Seacoast Regional
8 Facility also provides essential redundancies for Unitil Service’s electric, gas, and
9 emergency operations functions. The new Seacoast Regional Facility consists of
10 offices, conference rooms, warehouse, labs, workshops, garage, and material
11 storage yard.

12 **Q. Can you describe these essential redundancies?**

13 A. Yes, the Seacoast Regional Facility provides essential redundancies for three of
14 Unitil Service’s critical functions. The critical functions are Gas Control, System
15 Level Emergency Operations Center, and Operator Qualification (“OQ”) Testing
16 and Training. Each of these critical functions serves multiple Unitil Corp
17 subsidiary operating companies. Gas Control monitors gas distribution systems
18 in three states on a 24/7 basis from Unitil Service’s office in Portsmouth, New
19 Hampshire. The Seacoast Regional Facility was designed with a dedicated space
20 for Gas Control to run its operations should the Portsmouth facility become
21 compromised in any way. Unitil Service’s System Level Emergency Operations

1 Center is based at its corporate headquarters in Hampton, New Hampshire. In the
2 event the Hampton facility becomes unavailable the System Level Emergency
3 Operations Center can be operated out of the new Seacoast Regional Facility.
4 Finally, Unitil Corp's subsidiary natural gas operating companies (Fitchburg Gas
5 and Electric Light Company, Northern Utilities, Inc. and Granite State Gas
6 Transmission, Inc.) have adopted the Northeast Gas Association's ("NGA")
7 Operator Qualification program. One requirement of the NGA program dictates
8 all individual qualification testing be completed in a space managed by global
9 testing services provider, Prometric. Prior to the construction of the new Seacoast
10 Regional Facility the only internal location for Unitil Service employees to be
11 tested in accordance with the Prometric standards was at Northern Utilities, Inc.'s
12 Portland, Maine facility. The Seacoast Regional Facility was constructed with a
13 Prometric compliant testing and training center. The addition of the Prometric
14 compliant testing and training center at the new Seacoast Regional Facility
15 provides both redundancy and proximity benefits for Unitil Corp's subsidiaries'
16 natural gas workers in New Hampshire and Massachusetts.

17 **Q. What teams are assigned to the Seacoast Regional Facility as their primary**
18 **reporting location?**

19 A. All of the Company's Seacoast Electric Operations teams, including Metering,
20 Overhead Line Department, and Field Services, are assigned to the Seacoast
21 Regional Facility. Also, there are a number of Unitil Service employees reporting
22 to the Seacoast Regional Facility. These employees are from the following

1 departments: Central Electric Dispatch, Electric Engineering, Forestry Operations,
2 Sustainability, and Electric Substations.

3 **IV. EXISTING CONDITIONS**

4 **Q. Where did the Company locate its electric operations teams prior to the**
5 **construction of the Seacoast Regional Facility in Exeter?**

6 A. The Company's Seacoast Electric Operations division was located at 114
7 Drinkwater Road in Kensington, New Hampshire.

8 **Q. Was the facility at Drinkwater Road adequate for the needs of the**
9 **Company's Seacoast Electric Operations division?**

10 A. No, the Drinkwater Road facility had a number of limitations that impacted the
11 Company's ability to safely provide reliable service to its customers as well as a
12 positive working environment for its employees. The Drinkwater Road facility
13 was constructed in 1954, and many aspects of the facility remained unchanged
14 from that time. In the 1960's there was a renovation at the facility which
15 expanded its total square footage to just over 21,000sf.

16 The age and size of the Drinkwater Road facility rendered it inadequate for the
17 Company's Seacoast Electric Operations division. For example, the garage at the
18 Drinkwater Road facility was designed for individual bays for each vehicle. The
19 openings constructed for each overhead door in the garage at the Drinkwater Road
20 facility is not adequate for modern features such as additional insulation, casing

1 and hydraulics found on contemporary utility bucket trucks. Without renovation,
2 future utility bucket trucks may no longer be able to enter the garage at the
3 Drinkwater Road facility causing logistic complications. Additionally, the low
4 ceiling in the garage also resulted in poor ventilation. The Company installed an
5 auxiliary ventilation system in an attempt to address the issue and improve air
6 quality, but the improvement did not fully address the Company's needs.

7 The Drinkwater Road facility's electrical, heating, plumbing, and emergency
8 power (generator) systems are in need of costly repair or replacement.

9 Furthermore, the facility did not have a fire suppression system, putting many
10 Company assets at risk.

11 Heating and cooling expenses at the Drinkwater Road facility were high, due to a
12 lack of insulation coupled with single pane windows found throughout the
13 facility. Renovation or replacement of the windows, or other elements of
14 Drinkwater Road facility, are hampered by the presence of asbestos in the
15 window caulking, pipe insulation and flooring of the facility.

16 The material storage yard at the Drinkwater Road facility did not meet the needs
17 of the Company's Seacoast Electric Operations division. The layout of the
18 material storage yard did not allow for the easy access and egress of Company
19 vehicles. Additionally, Drinkwater Road's material storage yard was suited for a
20 time when utility poles and equipment were much smaller than they are today.

1 Expansion of the material storage yard at Drinkwater Road would require
2 impacting wetlands located just behind the facility.

3 Drinkwater Road itself has presented challenges to the Company's Seacoast
4 Electric Operations as it has flooded a number of times forcing access to the
5 facility to be limited to one direction. See Exhibit JFC- 2 for a thorough
6 description of the existing conditions at the Drinkwater Road facility.

7 **Q. Were there additional facility or space issues in other parts of the**
8 **organization beyond the needs of the Seacoast Electric Operations divisions?**

9 **A.** Yes, Unitil Service faced facility and space challenges at both its corporate
10 headquarters in Hampton, New Hampshire and its Portsmouth, New Hampshire
11 facility. At Unitil Corp's Hampton office, occupancy was at its limit based on
12 the configuration of systems furniture (cubicles) in that office. Employees were
13 going to have to relocate out of that office, or a renovation would be required, to
14 accommodate additional staffing.

15 After thorough analysis, it was decided that the Forestry Operations,
16 Sustainability, and Electric Engineering departments would relocate from the
17 corporate headquarters in Hampton to the new Seacoast Regional Facility. These
18 teams presented the best operating synergies with the Company's Seacoast
19 Electric Operations division. The relocation of these teams relieved the
20 occupancy constraints at the corporate headquarters in Hampton.

1 Unitil Service’s Central Electric Dispatch team was located at Unitil Service’s
2 Portsmouth, New Hampshire office. The accommodations for the Central Electric
3 Dispatch team were inadequate in the Portsmouth office. Often, Electric
4 Dispatchers would need to leave the operation unattended as they visited
5 breakrooms or used the restroom. The management team for Unitil Service’s
6 Electric Substation Operations also reported out of the Portsmouth office;
7 primarily to be adjacent to the Central Electric Dispatch team. Both the Central
8 Electric Dispatch team and the Electric Substation Operations relocated from
9 Unitil Service’s Portsmouth office to the new Seacoast Regional Facility.

10 **Q. How did the new Seacoast Regional facility address the challenges you**
11 **described?**

12 A. The new Seacoast Regional Facility in Exeter allowed the Company’s Seacoast
13 Electric Operations division to relocate to a facility adequate for its needs. The
14 new Seacoast Regional Facility provides ample material and vehicle storage along
15 with the addition of workshops and testing labs required to evaluate and manage
16 the evolving technologies in the utility sector. At the new Seacoast Regional
17 Facility, Unitil Service’s Central Electric Dispatch team has a best-in-class
18 operations center to perform their duties. The Central Electric Dispatch
19 operations center incorporated a restroom and small kitchen into its design to
20 eliminate the need for staff to leave the space during their shifts. Also, the space
21 issues in Unitil’s corporate headquarters and Portsmouth office were alleviated by
22 the new Seacoast Regional Facility. Finally, the close proximity of departments

1 which commonly interact (e.g. Electric Engineering, Electric Substation,
2 Company Seacoast Electric Operations, and Forestry Operations) provides
3 operational efficiencies for normal work and during system emergencies.

4 **V. PRECONSTRUCTION PLANNING AND DESIGN**

5 **Q. When faced with a number of facility and space issues did the Company**
6 **review other locations it owned as possible solutions?**

7 A. Yes, the Company and Unitil Service reviewed all New Hampshire Seacoast
8 region real estate portfolios and no options were identified that would satisfy the
9 requirements for the new Seacoast Regional Facility.

10 **Q. How did the Company determine the extent of its requirements for solving its**
11 **facility and space issues?**

12 A. The Company undertook an extensive space planning program to determine the
13 requirements for addressing its facility and space challenges. The final
14 requirements were established by an internal team of stakeholders from the
15 Company and Unitil Service with input from key business partners. This team
16 was focused on determining long term solutions to continue the Company's
17 excellence in service while innovating to meet future needs of an evolving
18 industry.

19 **Q. What approaches did the Company consider when trying to address its**
20 **facility and space issues?**

1 A. The Company thoroughly evaluated four options to address its facility and space
2 issues. These options included: Option 1- renovate the 21,000sf Drinkwater Road
3 facility and build a 10,500sf addition at the corporate headquarters in Hampton;
4 Option 2 - renovate the 21,000sf Drinkwater Road facility including a 10,500sf
5 addition to that facility; Option 3 - demolish the Drinkwater Road facility and
6 rebuild it to address all facility and space needs; and Option 4 - purchase land and
7 build a new facility to address the Company's and Unitil Service's needs. (Please
8 see "Proposed Seacoast Region Facility Project – Decision Document," attached
9 here as Exhibit JFC-2.)

10 **Q. Did the Company consider buying an existing facility and renovating it to**
11 **suit its needs?**

12 A. Yes, the Company engaged a commercial real estate broker with over 30 years of
13 commercial real estate experience in the New Hampshire's Seacoast market. The
14 Company's real estate broker presented several options in the greater Seacoast
15 area.

16 **Q. What properties did your Real Estate broker identify and why did the**
17 **Company Unitil Service not proceed with these options?**

18 A. Exhibit JFC- 3 shows a matrix of properties and buildings vetted by the
19 Company's real estate broker. Although several options were presented, many
20 were not viable due to the location of the real estate within the Company's
21 Seacoast electric service territory.

1 **Q. What locations were considered preferential by the Company, and why?**

2 A. Locations along the NH Route 101 corridor between Exeter and Hampton were
3 considered ideal. The bulk of the Company's electric seacoast customer
4 interruptions were in Exeter, Kingston, Stratham, Plaistow and Hampton. Please
5 see Exhibit JFC-4 for a table of customer interruptions between 1/1/2013 and
6 12/31/2016.

7 **Q. The Company ultimately proceeded with Option 4 - Purchase land and build
8 a new facility. How did the Company arrive at this decision?**

9 A. A number of factors were considered when determining that Option 4 was the
10 best for the Company and Unitil Service overall. Once the regional commercial
11 real estate market was vetted and determined not to have a suitable alternative for
12 the Company, focus turned to renovation and/or construction. Options 1 – 3
13 centered on renovating the Drinkwater Road facility in Kensington, New
14 Hampshire. The zoning for the Drinkwater Road facility was approved in the
15 1950's. The current zoning for this district of Kensington, New Hampshire is
16 Residential – Agricultural. Any significant renovation or construction at the
17 Drinkwater Road facility would require a special exception by the town zoning
18 board, per the Board of Adjustment, section 3.3 of the Kensington's Zoning
19 Ordinance. Section 3.3 of the Kensington's Zoning Ordinance outlines that a
20 permit exception would only be granted if the building was compatible to the
21 nature and quality of the neighborhood and if building use is not offensive to the
22 public because of noise, vibration, or excessive traffic.

1 These zoning stipulations presented a challenge for the Company when
2 considering Options 1-3. Options 1 and 2 each had a total square foot available of
3 31,500sf. If the Company had proceeded with Option 1 or Option 2 it would have
4 fallen approximately 22,500sf short of the 54,000sf requirement defined in the
5 Company's space planning program. Furthermore, Options 1-3 would require
6 some form of temporary accommodations for the Company's Seacoast Electric
7 Operations teams during construction. Based on the nature of the materials,
8 equipment and vehicles needed by the Company's Seacoast Electric Operations
9 division, identifying a suitable temporary accommodation would have been
10 difficult. Finally, when evaluating the estimated cost per square foot of each
11 Option available to the Company, Option 4, at \$285.47 per square foot, was the
12 lowest Option by 11% (see attachment F in Exhibit JFC-2). After considering
13 all of the factors, the Company determined that Option 4 was the best choice to
14 address the organization's facility and space challenges, while maintaining its
15 continuity of service excellence.

16 **VI. POST CONSTRUCTION AND SUSTAINABILITY**

17 **Q. How long did it take to construct the new Seacoast Regional Facility?**

18 A. The project took approximately 14 months to complete. There were no
19 significant setbacks to the project, although the COVID-19 pandemic did result in
20 some minor project delays and additional safety protocols.

1 **Q. What was the impact to customers during the Company's transition from the**
2 **Drinkwater Road facility to the new Seacoast Regional facility?**

3 A. There was no impact to Customers during the transition. The Company phased
4 the move to the new Seacoast Regional Facility over a period of three weeks to
5 ensure no disruption to service would occur. On December 25, 2020, shortly after
6 the Company moved in, the Company's Seacoast Electric Operation division
7 prepared for its first weather event in the new facility. The Company was able to
8 respond to weather related electric system outages without issue. In subsequent
9 weather events, the new Seacoast Regional Facility's emergency operations center
10 capabilities and Center Electric Dispatch technology have proven to be assets to
11 the Company's emergency response.

12 **Q. What steps did the Company take to control ongoing operating and**
13 **maintenance expenses at the new Seacoast Regional Facility?**

14 A. The Company integrated a number of Sustainability measures into the new
15 Seacoast Regional Facility which will result in lower operating expenses and
16 lower impact on the environment. These measures include: increased insulation
17 for the metal paneling and office roof to increase the R-value of the facility,
18 advanced LED lighting controls to offset energy consumption, enhanced
19 ventilation system in warehouse and garage to employ natural air conditioning,
20 and a rainwater harvesting system that will be used in the vehicle wash bay to
21 offset the use of Town supplied water (Exeter Town water is taxed between \$8.38
22 - \$12.57 per 1000 gallons based on total consumption).

1 **Q. Is the Company responsible for all operating and maintenance expenses at**
2 **the new Seacoast Regional Facility?**

3 A. No. Because Unitil Service employees are utilizing areas of the new Seacoast
4 Regional Facility, Unitil Service is responsible for a portion of the operating and
5 maintenance expenses. An inter-company lease agreement and sub-lease has
6 been established which allocates costs to Unitil Service based on square footage.
7 This allocation will also include shared common areas of the building including
8 restrooms, conference rooms, and breakrooms/kitchens. Unitil Service will
9 reimburse the Company for operating expenses through the inter-company lease
10 agreement.

11 **Q. What is the disposition of the Drinkwater Road facility and what does the**
12 **Company have planned for that facility?**

13 A. The Drinkwater Road facility is currently unoccupied and being prepared for sale.
14 A number of parties have come forward and expressed interest in the property.
15 Any profit realized from the sale of the facility will be returned to the Company's
16 ratepayers.

17 **Q. What was the final cost of the Facility?**

18 A. To date the total project costs including facility construction, land acquisition, and
19 preparation of the Drinkwater Road property for sale equal \$17,517,969. The
20 Company is awaiting final reconciliation from its General Contractor; however, it
21 is not anticipated any significant additional costs will be incurred.

1 **Q. Have you provided copies of the construction authorizations for the project?**

2 **A.** Yes. Please see Exhibits JFC-5 and JFC-6.

3 **VII. CONCLUSION**

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

5 **A.** Yes, it does.

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