

Prefiled Direct Testimony

of

Jerome A. Edwards, President

Block Island Power Company

Docket # _____

December 2004

1 **Q. Please state your name and relationship to Block Island Power Company (BIPCo)**
2 **for the record.**

3 A. My name is Jerome A. Edwards. I am the President of BIPCo, a shareholder and a
4 director. I have been President of BIPCo since 1994.

5

6 **Q. Mr. Edwards, have you testified as a witness prior to this docket?**

7 A. Yes. I have testified as a witness in support of a number of filings for BIPCo.

8

9 **Q. What is your professional background and experience?**

10 A. For forty years I was co-owner and President of Edwards, Platt and Deely (EP&D),
11 White Plains, New York, a very successful manufacturers' representative firm. My position
12 at EP&D provided me the opportunity to develop extensive management skills and gave me
13 valuable business experience.

14

15 In December 1986, I participated in the purchase of BIPCo. In 1989, I retired from EP&D
16 and assumed an active role in BIPCo. Prior to becoming President, I was involved in
17 various rate, tax and employee matters. In addition to my business experience, I have
18 significant knowledge of Block Island and I owned a house on the Island for over thirty
19 years.

20

21 **Q. What is your function at BIPCO?**

22 A. I am responsible for the overall daily activities of the Company. I supervise the
23 operations manager; work with the financial aspects of the Company; and deal with
24 generation problems, customer complaints and generally anything that comes up during the
25 day. I also negotiate contracts and address the concerns of outside entities such as the
26 Town, the PUC, DPU and other regulatory entities. In general I do the presidential duties
27 of the Company. After ten year as President, I am going to retire and assume the position of
28 advisor to the President. I will be available as needed to provide guidance and history for
29 the new President (Dr. Albert Casazza) of BIPCo.

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31

1 **Q. What has been the most significant accomplishment of your presidency?**

2 A. I believe that the biggest accomplishment has been the fact that we took a broken down
3 electric company plagued with outages, poor employee moral and lousy relationships with
4 regulatory bodies and turned it around. We have obtained all new engines, built a new
5 \$1,000,000 substation, began to improve the distribution system and turned around the
6 financial position of the Company. All of this was done without requesting a rate increase in
7 base rates for thirteen years.

8

9 **Q. Mr. Edwards, what are the major managing innovations that you and the rest of**
10 **BIPCo's management team have accomplished at BIPCo?**

11 A. The first is reliability. As I stated earlier, we took a broken down generation system
12 with on average ten year old engines and we now have engines that on average are less then
13 three years old. We have significantly reduced outages and brown outs. All that time we
14 were increasing our capacity to service greater demand.

15

16 We also removed at great expense unused fuel tanks that per DEM caused an environmental
17 hazard (See Mr. McGinnes' testimony for greater detail). Now, however, the old regulatory
18 issues have been addressed, and we continue to address new environmental concerns due to
19 unreliable SCR equipment.

20

21 We have implemented expense savings in an effort to keep rates down. We have also
22 increased revenue from new sources (for example: the communication tower).

23

24 We have improved employee moral by contributing to the profit sharing program and hope
25 to improve the benefit by changing it to a defined contribution pension program rather than
26 profit sharing. We have gradually increased salary levels to address the fact that our
27 employees were underpaid by most standards.

28

29 **Q. What innovations have occurred on the financial side?**

30 A. This question will be addressed in detail in our treasurer's testimony but in summary
31 we have completed the following:

1 We participate in on line banking to (1) facilitate cash management, (2) provide remote
2 access and (3) optimize interest earnings. We have implemented direct payment for fuel to
3 take advantage of fuel discounts. Also in the finance area, we successfully obtain very low
4 interest rate loans from the Rural Utilities Services (RUS) saving ratepayers thousands of
5 dollars each year.

6

7 **Q. You mentioned a communication tower previously in your testimony. How has**
8 **that tower impacted the ratepayers?**

9 A. From my point of view it has helped the ratepayers by postponing this rate filing for
10 about four years. When I look at the results of last year (about a \$100,000 loss) I believe
11 that we are a year late in filing but the tower carried us for at least three years because we
12 considered filing in 2000 and found that the tower revenues without any costs resulted in a
13 postponement of the need for a filing. See the testimonies of Mr. McGinnis and Dr.
14 Casazza for more details about the benefits of the tower.

15

16 **Q. In your position of President of the Company do you support this request for rate**
17 **relief at this time?**

18 A. Yes I do. As I stated earlier we probably should have filed for rate relief last year.

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20 **Q. Does that conclude your testimony?**

21 A. Yes.

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