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**DIRECT TESTIMONY
OF
PHILIP DRISCOLL
ON BEHALF OF THE
PORTSMOUTH WATER AND FIRE DISTRICT**

**In re: Application for Rate Relief
City of Newport Utilities Department, Water Division
Docket No. 3675**

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

2

3 A. My name is Philip Driscoll and my address is 169 Immokolee Drive, Portsmouth, Rhode
4 Island.

5

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

7

8 A. I am a member of the Administrative Board of the Portsmouth Water and Fire District
9 (PWFD) and have been elected as its clerk for the past 18 years. I have served on all of
10 the various subcommittees of the PWFD. I am a resident, ratepayer, and taxpayer of
11 Portsmouth, Rhode Island.

12

13 **Prior Experience**

14 **Q. Please describe your professional and governmental qualifications and experience.**

15

16 A. I am a graduate of the University of Notre Dame with a degree in economics and have done
17 graduate work in accounting at the University of Rhode Island and Babson College.

18

19 After graduation from college I served as Supply and Disbursing Officer in the United States
20 Navy, active duty for over three years, and retired from the Naval Reserve as a Commander
21 after twenty-two years of total service. My most recent professional experience includes
22 Controller at Pearson Yacht Division of Grumman Corporation for three years and Executive
23 Vice President of Newport Harbor Corporation for twelve years. At Newport Harbor
24 Corporation I was the General Manager for seventeen years of Newport Energy, a fuel oil
25 and propane supplier. As a retired businessman I work part time preparing personal and
26 small business tax returns.

27

28 As a businessman, I served on the Audit Committee of the Bank of Newport, the Board of
29 Directors and Finance Committee of the Newport County YMCA, Treasurer of the Oil
30 Institute of Rhode Island, and as a member of the Board of Directors of the National Propane
31 Gas Association and New England Fuel Institute.

1 As a member of the Portsmouth community I have served on the finance committees of the
2 Saint Philomena School and the Saint Anthony Church. I am also the current Treasurer of
3 the Middletown Rotary.

4
5 My facilities management experience includes supervision of construction of the Newport
6 Yachting Center, Chairman of the Building Committee of the Newport County YMCA, and
7 member of the Building Committee for the Portsmouth High School 1980 facility additions.

8
9 My primary governmental service includes eighteen years as the elected Clerk of the
10 Portsmouth Water and Fire District. I have also served as Chairman and on the District's
11 Administrative Subcommittee and Engineering Subcommittee.

12
13 My governmental service also includes four years on the Portsmouth School Committee,
14 with two of those years as Vice Chairman. I have also served as the Portsmouth Town
15 Sergeant for eight years. In addition, I was an appointed Commissioner of the Portsmouth
16 Housing Authority.

17
18 **Q. Mr. Driscoll, why have you chosen to testify in this matter?**

19 A. To offer my observations and offer a suggestion to the Commission. As a member of
20 PWFD's Board with 18 years of experience working with PWFD and observing Newport
21 Water District, I believe that I can offer some unique insight.

22
23 As the Commission knows, NWD's current financial and operational difficulties aren't new.
24 These issues have been exposed in past rate filings and the Commission has expressed
25 serious concerns about NWD's operations. Although NWD has attempted to address some
26 of the Commission's concerns, they have been unable to effectively implement the changes
27 the Commission has suggested. The current rate filing confirms that financial and
28 operational difficulties remain at NWD and that they will remain there for the foreseeable
29 future. I fully expect that NWD will be back before this Commission in another year and that
30 we will be having the same conversation about NWD's finances and operations.

31

1 We all know that NWD's problems do not have to exist perpetually. It is possible to make
2 changes that will have a long-lasting impact that will improve the efficiency and productivity
3 of NWD and ensure that ratepayers and customers can have confidence in NWD. Here are
4 my suggestions for how to reach that goal:

5
6 • Financial and Management Audit

7 I have observed that when a Rhode Island water authority has become mired in financial or
8 operational problems, the Commission has extended assistance by implementing a financial
9 and management audit. I believe this was undertaken in Providence and it was quite
10 effective.

11
12 I would like the Commission to direct a careful financial and management audit of NWD.
13 This suggestion is not made to harass or embarrass NWD. It is made to help NWD become
14 more productive and efficient. Financial and management auditors are capable of identifying
15 problems and solutions that the rest of us may not be able to quickly see. A number of
16 benefits would flow from an audit. In particular, as NWD becomes more productive and
17 efficient these rate filings will be less protracted, they will be less contentious, and NWD's
18 customers and ratepayers will have greater confidence that they are paying their fair share of
19 NWD's costs.

20
21 • Accounting Changes

22 As an accountant, I believe that an accrual accounting system should be implemented. This
23 will improve the transparency of NWD's books and provide timely and accurate data to
24 reduce rate filing expenses.

25
26 Q. What issues do you believe will arise if these changes aren't implemented?

27
28 A. I believe that if these changes aren't implemented we can expect more of the same from
29 NWD. Newport will continue to experience high levels of personnel turnover. Rate filing
30 expenses will continue to climb. Money that this Commission approves for capital
31 improvements will be used for operations.

1 NWD does not need to exist in a perpetual state of financial and operation difficulty and I am
2 growing increasingly frustrated with its apparent inability to adopt and implement the
3 necessary changes. With a top to bottom financial and management audit and some
4 accounting changes NWD can be put on the road to recovery.

5

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

7 A. Yes, but I will be happy to address any questions the Commission may have.

8

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