

**Direct Testimony of Kenneth Fiola, Jr.**

1 Q. Please state your name and business address.

2 A. Kenneth Fiola, Jr., One Government Center, Fall River, Massachusetts 02722.

3 Q. What is your current position and what are your responsibilities particularly as  
4 they may relate to matters bearing on economic development?

5 A. I am Executive Vice President of Jobs for Fall River, Inc., a non-profit  
6 corporation that does business as the City of Fall River's Office of Economic  
7 Development.

8 Q. For whom are you appearing in this proceeding?

9 A. Mayor Lambert requested that I appear on behalf of the City of Fall River and its  
10 citizens.

11 Q. When Mayor Lambert asked that you appear in this proceeding did he indicate the  
12 issues that he wished you to address?

13 A. He did, but it is important that you understand that Mayor Lambert solicited my  
14 involvement and assessment long before we had any indication that there might  
15 be a proceeding and that I might be called upon to sponsor testimony.

16 Q. Please be more specific. Approximately when did Mayor Lambert first solicit  
17 your advice as it relates to the issues that are raised by the proposed Weaver's  
18 Cove facility?

1 A. It is my recollection that it was at the time that officials of Fall River first learned  
2 of the plan to locate the Weaver's Cove facility in our City.

3 Q. Did Mayor Lambert explain why it was that he was seeking an assessment and  
4 advice from you?

5 A. He did. Mayor Lambert has been a vigorous proponent of the economic  
6 revitalization of the City of Fall River and because of that we interact regularly on  
7 issues that could affect that revitalization, both positively and negatively. The  
8 Mayor immediately recognized that the Weaver's Cove project could have a  
9 profound effect on the future of the City and its efforts to successfully pursue  
10 economic revitalization. He asked me for my independent assessment of the  
11 consistency of the Weaver's Cove proposal with the economic revitalization of  
12 Fall River.

13 Q. Did you subsequently arrive at conclusions and discuss them with Mayor  
14 Lambert?

15 A. I did.

16 Q. What specifically did you conclude?

17 A. I reached the judgment that if the Weaver's Cove proposal were to go forward it  
18 would destroy the hopes that we have for the economic revitalization of the City  
19 of Fall River. It would forever destine Fall River to be a City on the decline,  
20 promoting the exodus of those in our population that enjoy relocation options and  
21 saddling those that remain with economic burdens, a deteriorating quality of life,

1 and a general loss of hope for a better future, the hope that had only recently been  
2 rekindled.

3 Q. Those are rather dire conclusions. Are you not engaging in a bit of hyperbole?

4 A. They are dire conclusions but they are not at all unrealistic or speculative. It is  
5 my judgment, as an economic development professional with an intimate  
6 knowledge of Fall River and its environs, that the conclusions that I reached and  
7 conveyed to Mayor Lambert, the same conclusions that I place before the  
8 Commission in this testimony, represent an accurate, indeed a conservative  
9 portrayal of the consequences to the City of Fall River and to its citizens should  
10 the Weaver's Cove proposal be permitted to go forward.

11 Q. Please be more specific.

12 A. In past decades the economic life of Fall River was tied to the vitality of the  
13 manufacturing industry. That no longer is the case. The manufacturing plants  
14 have closed and the jobs have moved, first to other locations in the United States  
15 and more recently offshore. There is limited hope that manufacturing will enjoy a  
16 rebirth in the Fall River area. If our City is to enjoy economic revitalization, if  
17 our citizens are to have opportunities for gainful employment, we must look to  
18 diversify our economy and strengthen existing manufacturing companies. Most  
19 specifically, we must be in a position to take full advantage of the positive  
20 attributes available within the City and use those attributes as the base of our  
21 revitalization efforts.

1 Q. What are the attributes that you and your associates have identified as available  
2 and critical to the economic revitalization of Fall River and the surrounding area?

3 A. *Apart from its people and their community spirit, Fall River is fortunate to have*  
4 *two attributes upon which it should be possible to build a better future for its*  
5 *citizens. They are both occasioned by the location of the City. First, the City of*  
6 *Fall River is within easy driving distance of Providence, Rhode Island and within*  
7 *easy rail commuting distance of Boston and its high technology centers. The rail*  
8 *connections already exist and there are plans in place for the development of*  
9 *efficient and desirable service, which inevitably will make the Fall River area an*  
10 *exceedingly attractive residential community for those commuting to the Boston*  
11 *area for employment. But critical to making Fall River a desirable residential*  
12 *community for commuters to Providence and Boston, is the City's ability to build*  
13 *upon its most desirable natural attribute, specifically, its ability to capitalize on its*  
14 *waterfront location and upon its miles and miles of highly attractive shoreline.*  
15 *That ability is also the foundation for the indigenous job creation possibilities that*  
16 *we see as possible. If we can take advantage of the water related environmental*  
17 *amenities that the City is fortunate to have at its doorstep, not only can we restore*  
18 *Fall River as an attractive place to live for those who are employed at more*  
19 *distant locations, we hopefully as well can make the City an attractive place for*  
20 *the creation of new-economy job opportunities.*

1 Q. Why would the ability of Fall River to pursue these revitalization efforts be  
2 affected negatively by the location within the City of the Weaver's Cove  
3 proposal?

4 A. Were the Weaver's Cove proposal to go forward it would rob the City and its  
5 citizens of the very essence of the attribute that is so critical to the economic  
6 revitalization that I have just described. Our plans to redevelop the downtown  
7 waterfront through the introduction of restaurants and places of public enjoyment  
8 and accommodation would be rendered fanciful. Our ability to attract water  
9 borne tourism and to encourage downtown residential development along the  
10 waterfront, would fail. And, the miles of attractive shoreline contiguous to the  
11 Mount Hope Bay and to both sides of the Taunton River would cease to be  
12 attractive for residential and recreational development when the passage of  
13 supertankers and associated exclusion zones becomes a reality. I do not come  
14 before this Commission professing any expertise with respect to the safety issues  
15 that I have been advised are associated with the transportation and the storage of  
16 LNG. I do, however, know a considerable amount about how the existence of  
17 those tankers and the facility and the perception of safety concerns and of the  
18 inability to assure absolute safety, would affect the ability to promote  
19 development of the waterfront and the waterways for residential and other uses  
20 that depend on the willingness of people to settle in or even to visit the impacted  
21 areas. The presence of the Weaver's Cove proposal and the associated tanker  
22 transport would seal the fate of Fall River as a City on the decline.

1 Q. Mr. Fiola, to provide the basis for your conclusions, could you please provide the  
2 Commission with background information beginning first with a description of  
3 the economic prejudice that has befallen the City of Fall River and its citizens  
4 over the past several decades?

5 A. Certainly. At the beginning of the twentieth century, Fall River was the world's  
6 leading manufacturer of cotton. Commensurate with this designation, the City  
7 thrived economically as well as socially. Tremendous public investments were  
8 made with regard to infrastructure, roadways, school buildings, civic buildings  
9 and magnificent private residences.

10 With the onset of cotton manufacturing facilities being constructed through the  
11 South in the 1920's, cotton manufacturing shifted from the North to the South and  
12 left in its wake were large empty granite mill buildings. Fall River entered the  
13 Great Depression as a city in desperation.

14 Already reeling from the decline of the textile industry, Fall River emerged from  
15 the depression bankrupt. As such, a State Financial Oversight Board was charged  
16 with the management of the City and its associated improvements. Needless to  
17 say, the primary purpose of the Oversight Board was to stabilize the City's  
18 finances and it did so without making any infrastructure improvements or  
19 building of new schools.

20 While some cities prospered as a result of the ending of World War II and the  
21 influx of returning GI's, Fall River remained behind the eight ball in terms of job

1           opportunities and the female workforce became employed as low-paid sewing  
2           operators in the large mills that were previously occupied by the textile industry.  
3           Conditions from the '40's throughout the '70's remained stagnant. Fall River  
4           emerged as one of the poorer communities within the Commonwealth.  
5           Characterized by a large immigration wave of Azorean Portuguese during the  
6           time period between 1930 and 1970, the City's workforce was characterized by  
7           hardworking, unskilled workers who were willing to work for wages  
8           commensurate with their skill level. Education was secondary to the first  
9           generation of immigrants and the lack of an educated workforce has hindered the  
10          City's ability to attract better paying jobs.

11        Q.    Please summarize the current population of the City and the demographic  
12          constituency of that population.

13        A.    According to the most recent census data, the City has a relatively stable  
14          population noting that there was only a 0.7% change between 1980 and 2000. In  
15          *terms of racial/ethnic composition*, 91.2% of the City's population is  
16          characterized as white, 2.5% is black, 2.6% is other and 3.3% is Hispanic.

17          With regard to education attainment levels, 56.6% of the City's population has a  
18          high school degree and 10.7% have completed a 4 year college program. This is  
19          in contrast to State average where 84.8% of the State's resident have completed  
20          high school and 33.2% have completed a 4 year college program.

1 Median house hold income and Per Capita income in Fall River ranks amongst  
2 the State's lowest according to the 2000 census data. Fall River's Median HH  
3 income was \$29,014 and the Per Capita income was \$16,118. This is in contrast  
4 to the State's average with \$50,502 and \$25,952 for Median HH income and Per  
5 Capita respectively.

6 Q. How would you assess the tax burden that has been imposed on the citizens of  
7 Fall River?

8 A. Although the City's residential tax rate (\$7.61) and its industrial tax rate (\$19.50)  
9 are relatively low, the City and its residents cannot afford to bear a higher tax  
10 burden without negatively impacting their health and well being. The City's  
11 Median and Per Capita levels make it difficult for residents and property owners  
12 to incur any greater tax liability.

13 Q. Has the City of Fall River undertaken a commitment to restore its economic  
14 vitality and to enhance the economic opportunities available to its citizens?

15 A. The City most certainly has. Under the leadership of Mayor Lambert, the City  
16 has begun to diversify its economic base so that it is no longer so dependent upon  
17 the manufacturing sector. Whereas the City maintains an employment deficit vis-  
18 a-vis the State in education, professional services, fire and insurance, and  
19 information employment, the City's employment in health care and social  
20 services surpassed the State wide rate.

1 In addition, the City has begun to repair decades worth of neglected infrastructure  
2 and schools. The City of Fall River is currently in the process of spending more  
3 that \$42 million to repair and replace the City's aged water and sewer mains and  
4 has also implemented a plan to construct a total of 10 new elementary and middle  
5 schools.

6 The City has also secured State funds to enhance public accessibility to its  
7 waterfront and develop a plan to secure 10 acres of developable land as a result of  
8 the relocation of Route 79. The development of these 10 acres will consist of  
9 commercial, retail and residential development.

10 The City is also currently negotiating with the State for the purchase of 300 acres  
11 of land and the construction of a new highway ramp, which will facilitate the  
12 development of 4.9 million s/f of development and the creation of 11,000 new  
13 jobs.

14 Q. How important is it to the City's revitalization that it remain able to attract  
15 commercial and residential development along the waterfront in areas contiguous  
16 to where the Weaver's Cove proposal would place its onshore LNG storage  
17 facility?

18 A. The ability to attract additional commercial and residential development along the  
19 waterfront is of tremendous importance to the City. The shoreline of the Taunton  
20 River and that area near the proposed LNG Facility is one of the City's most  
21 desirable locations for industrial, commercial and residential development. In

1           addition, access to the shoreline by the public in a safe manner continues to be  
2           one of the City's greatest amenities and adds considerably to the quality of life for  
3           Fall River residents.

4    **Q.**    How important is the ability to maintain and to enhance the attractiveness of the  
5           shorelines of the Mount Hope Bay and Taunton Rivers for residential and  
6           environmental uses to the economic revitalization of the areas?

7    **A.**    The Taunton River and its shoreline act as the City's front porch. It is absolutely  
8           essential that the City be able to display its shoreline in a fashion that is inviting,  
9           safe and marketable. The siting of an LNG facility anywhere along the shoreline  
10           will have a tremendous detrimental effect on the City's ability to market the  
11           waterfront and to attract new industrial, commercial and resident development.

12   **Q.**    Does the downtown waterfront area currently enjoy tourist attractions and do the  
13           revitalization plans call for adding to those attractions and for the promotion of  
14           greatly increased tourist utilization?

15   **A.**    The City's waterfront and Battleship Cove is home to the City's largest tourist  
16           attraction, the USS Massachusetts. The USS Massachusetts generates hundreds  
17           of thousands of visits annually from the general public as well as Boys and Girls  
18           Scouts Programs. In addition to the USS Massachusetts, Battleship Cove is also  
19           home to the Fall River Carousel, Heritage State Park, the Marine Museum and the  
20           soon to be constructed Iwo Jima War Memorial. Collectively these attractions  
21           also generate thousands of visits to Fall River's waterfront.

1           The waterfront is also home to New England's largest annual waterfront  
2           celebration known as Fall River Celebrates America. Each August, Fall River  
3           Celebrates America generates more than 200,000 visitors to Fall River's  
4           waterfront for a weekend of ethnic foods, music and waterside events.

5           Plans call for the continued revitalization of Fall River's waterfront. As noted  
6           earlier, the City has secured more than \$5 million to begin the design and  
7           permitting necessary for the relocation of Route 79 and the development of 10  
8           acres of land along the waterfront. The State has also appropriated more than \$20  
9           million for a new State Pier facility, which will accommodate Short Sea Shipping  
10          as well as retail, restaurant and cruise ship utilization. These proposed  
11          improvements are in addition to the recently completed \$2.3 million waterfront  
12          boardwalk which extends from Heritage State Park north to Bicentennial Park.

13        Q.    As part of its efforts to increase tourist traffic has the City endeavored to  
14           encourage visits by cruise boats and have those efforts met with any success and  
15           do they suggest the possibility of increased success in the future, perhaps with the  
16           redevelopment of the waterfront as a more tourist friendly environment?

17        A.    For the past 15 years, the City has been marketing its waterfront to various cruise  
18           ship lines. Throughout the course of the past 15 years, the City has received  
19           numerous cruise ship visits and welcomed thousands of cruise passengers to its  
20           shores.

1           As a result of the proposed \$20 million improvements to the new State Pier  
2           facility, the City anticipates that it will have an additional cruise ship capacity and  
3           be in a better position to attract more cruise ship related businesses to the  
4           waterfront. As such, it is anticipated that tourism will continue to grow on an  
5           annual basis and that the City will continue to be recognized as one of the most  
6           exciting ports of call in New England.

7    Q.     In your judgment, as an expert in the area of economic development, how would  
8           the presence of the onshore LNG terminal and the necessity for the tanker  
9           transport through the waters of the Mount Hope Bay and the Taunton River affect  
10          the revitalization efforts that you have just described?

11   A.     In my opinion, the presence of an onshore LNG terminal facility, as well as its  
12          associated tanker transport, will have a tremendous detrimental impact upon  
13          recent as well as planned improvements to Fall River's waterfront. Given the fact  
14          that the City has based a large part of its revitalization upon a revitalized  
15          waterfront, the establishment of an LNG facility will not only undermine the  
16          existing and proposed public investments to date, but also thwart the needed  
17          private investment necessary for the construction of industrial, commercial, retail  
18          and residential development. The presence of an onshore LNG facility will  
19          forever negatively characterize the Fall River waterfront and significantly  
20          interfere with its proper development.

21          Aside from the logistical issues associated with tanker transport and public safety,  
22          the presence of an onshore LNG facility will, in my opinion, also impact property

Exhibit \_\_\_\_

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1 values along the waterfront and surrounding areas. The devaluation of these  
2 properties will also have a negative impact on the City's ability to attract new  
3 business to the area and to create new job opportunities for Fall River residents.

4 Q. Does this conclude your testimony?

5 A. Yes.

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Weaver's Cove Energy, L.L.C. and )  
Mill River Pipeline, L.L. C. )

Docket Nos. CP04-36-000, CP04-41-000,  
CP04-42-000, and CP04-43-000

**DECLARATION OF WITNESS**

I, Kenneth Fiola, Jr. declare under penalty of perjury that the statements contained in the Prepared Direct Testimony of Kenneth Fiola, Jr. on behalf of the City of Fall River and the Attorney General of the Commonwealth of Massachusetts in this proceeding are true and correct to the best of my knowledge, information, and belief.

Executed on this 7<sup>th</sup> day of June, 2005.



Kenneth Fiola, Jr., Esq.  
Executive Vice President  
Jobs for Fall River, Inc. d/b/a  
Fall River Office of Economic Development