

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY :
FAST FERRY RATE REQUEST FOR THE ONE YEAR : DOCKET NO. 3742
PERIOD COMMENCING MAY 24, 2006 :

ORDER

On April 6, 2006, Interstate Navigation Company (“Interstate”), the Company which provides lifeline service between the Port of Galilee, Rhode Island and the Town of New Shoreham, Rhode Island, filed with the Public Utilities Commission (“Commission”) a request to implement rates for high speed ferry service, at rates equal to those currently in effect for Island Hi-Speed Ferry (“IHSF”), for effect May 24, 2006.¹ Interstate indicated that IHSF has chosen not to operate during the Summer 2006 Season and has agreed to lease its vessel, the M/V Athena, to Interstate for the Summer 2006 Season. Interstate represented that IHSF supports Interstate’s rate filing, including the requests for relief from certain filing requirements as discussed below.²

Interstate noted that both Interstate and IHSF had made applications to the Division of Public Utilities and Carriers (“Division”) to address any issues with their respective Certificates of Public Convenience and Necessity (“CPCN”).³ The Commission will only be addressing the rate portion of this matter. Interstate requested that the Commission exercise its authority under R.I.G.L. § 39-3-12 to waive the hearing

¹ Interstate filed Terms and Conditions and Passenger Rates which are identical to IHSF’s current rates. Between Galilee and Block Island and Block Island and Galilee, the rates are as follows: Adult one-way \$15.50; Adult round trip \$29.00; Child (12 and under) one-way \$8.75; Child round trip \$13.50. 10 Round Trip or 20 One-Way Frequent User Cards: Adult \$260.00; Child \$120.00. Volume Discount: May, June, September, October Adult \$20.30; July and August Adult \$23.20. Applicable landing fees will apply. Bicycle Rates: One Way \$3.00 and Round Trip \$6.00.

² Interstate’s Motion Seeking Expedited Approval of Fast Ferry Rates and Certain Other Relief, pp. 1, 3.

³ Interstate was granted a CPCN to operate a high speed ferry from Point Judith to Block Island to Newport and return by the Division, but does not yet own its own high speed vessel. Additionally, there are restrictions on the CPCN which will need to be waived by the Division. (Pre-Filed Testimony of Walter Edge), pp. 2-4.

requirement. Finally, noting that it had followed all applicable notice requirements, Interstate requested a waiver from the remaining filing requirements contained in Part Two of the Commission's Rules of Practice and Procedure because Interstate was not requesting a general revenue increase.⁴

Interstate stated that the rates will only apply to this purely discretionary service and not to the conventional lifeline service. Interstate committed to applying any profits generated from this high speed service toward the purchase of its own high speed vessel or to subsidize its lifeline service.⁵ Mr. Walter Edge, Jr., CPA, provided testimony regarding the estimated net profits expected from the 2006 Summer Season to be \$451,235.⁶

On April 17, 2006, at a Pre-Hearing Conference during which Interstate, IHSF, and the Division were identified as parties to the proceeding. The parties represented that they would file a Stipulation with the Commission. No party requested a hearing on this matter and the deadline for Intervention was set at April 21, 2006. No additional parties filed for intervention.

On April 24, 2006, Interstate filed a Stipulation among Interstate, the Division, the Town of New Shoreham, IHSF, and the Town of Narragansett seeking approval of the April 6, 2006 rate filing without a hearing and without meeting the filing requirements under Part Two of the Commission's Rules of Practice and Procedure. The Stipulation requested that the Commission approve the same high speed ferry rates currently in effect for IHSF with the exception of the Season's Pass which was previously withdrawn by IHSF. The parties agreed that IHSF would not be running a high speed

⁴ Interstate's Motion Seeking Expedited Approval of Fast Ferry Rates and Certain Other Relief, pp. 1-3.

⁵ *Id.* at 2.

⁶ Pre-Filed Testimony of Walter Edge, WEE-2.

ferry from Point Judith to Block Island during the Summer Season 2006 and therefore, approval of the rates was needed prior to May 24, 2006 to avoid any loss of high speed ferry service between the two termini. Interstate agreed that any net profit generated from this service will be utilized to either fund the purchase of Interstate's own high speed ferry, to subsidize its lifeline conventional rates, or to otherwise enhance its service to customers. The Commission will determine the ultimate disposition of net profits. Interstate will report its profit for the 2006 Summer Season fast ferry operation by January 15, 2007.⁷

At its Open Meeting held on April 26, 2006, the Commission reviewed the Stipulation and determined it to be just and reasonable and in the best interest of ratepayers. Assuming all of the necessary waivers sought by Interstate and IHSF are approved by the Division, the lease agreement between Interstate and IHSF will allow Rhode Island residents and visitors to enjoy high speed service during the 2006 Summer Season without interruption at the same rates as the 2005 season. The Commission notes that approval of this Stipulation is only for the Summer 2006 Season which runs during the period May 24, 2006 through October 9, 2006, inclusive.

Accordingly, it is hereby

(18603) ORDERED:

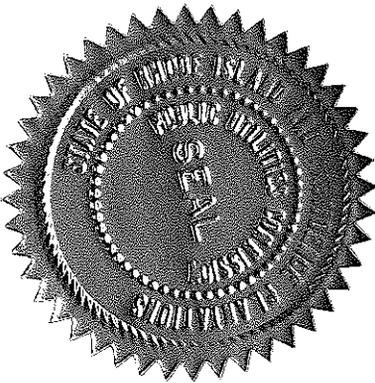
1. That the Stipulation Agreeing to Interstate Navigation Company's Motion Seeking Expedited Approval of Fast Ferry Rates and Certain Other Relief, filed on April 24, 2006, is hereby approved for the Summer 2006 Season commencing May 24, 2006 and ending October 9, 2006.

⁷ A copy of the Stipulation is attached hereto as Appendix A. A copy of the Tariff is attached hereto as Appendix B.

2. The Terms and Conditions and Tariffs filed by Interstate Navigation Company on April 6, 2006, are hereby approved for the Summer 2006 Season commencing May 24, 2006 and ending October 9, 2006.
3. Interstate Navigation Company shall comply with all other requirements of this Order and of the Stipulation.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MAY 6, 2006,
PURSUANT TO AN OPEN MEETING DECISION ON APRIL 26, 2006. WRITTEN
ORDER ISSUED ON MAY 11, 2006.

PUBLIC UTILITIES COMMISSION



Elia Germani

Elia Germani, Chairman

Robert B. Holbrook

Robert B. Holbrook, Commissioner

Mary E. Bray

Mary E. Bray, Commissioner

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No. 3742

STIPULATION AGREEING TO INTERSTATE NAVIGATION COMPANY'S
MOTION SEEKING EXPEDITED APPROVAL OF
FAST FERRY RATES AND CERTAIN OTHER RELIEF

The undersigned parties hereby stipulate and agree as follows:

1. The motion of Interstate Navigation Company's d/b/a The Block Island Ferry (Interstate) seeking expedited approval of fast ferry rates and certain other relief, filed on April 6, 2006, may be granted as filed.
2. The Commission may approve Interstate's request to implement the same fast ferry rates currently approved by this Commission for Island Hi-Speed Ferry (IHSF) (with the exception of the season's pass which was approved for IHSF, but later withdrawn).
3. IHSF will not be running a fast ferry from Point Judith to Block Island in 2006. Therefore, expedited approval of this rate filing is needed so that Interstate's fast ferry service can begin by May 24, 2006, (the Wednesday before Memorial Day) and there will be no loss of fast ferry service to Block Island from Point Judith. Accordingly, we support Interstate's requests pursuant to R.I.G.L. § 39-3-12 that the hearing and investigation requirements of R.I.G.L. § 39-3-11 be waived.
4. Interstate agrees that any net profit generated from its new fast ferry service in the 2006 season will be utilized to either fund the purchase of Interstate's own

fast ferry, to subsidize its life line conventional rates, or to otherwise enhance its service to customers. Interstate agrees to report its profit for its 2006 season fast ferry operation by January 15, 2007, in a manner similar to schedule WEE-2 filed in this Docket. Interstate and the other parties may recommend use of the net profits. Ultimate disposition will remain with the Commission.

5. The Commission may waive the Part Two filing requirements of the Commission's Rules.
6. The fast ferry rates and tariffs set forth in the testimony of Walter E. Edge may be approved by the Commission as filed, without suspension, to become effective 30 days from the April 6, 2006, filing by Interstate.

This Stipulation may be executed by the parties in counterparts.

Interstate Navigation Company
By its attorney



Michael R. McElroy, Esq., #2627
Schacht & McElroy
21 Dryden Lane
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Tel: (401) 351-4100
Fax: (401) 421-5696
Dated: 4/19/06

Division of Public Utilities & Carriers
By its attorney



William Lueker, Esq.
Attorney General's Office

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Providence, RI 02903

Tel: (401) 274-4400

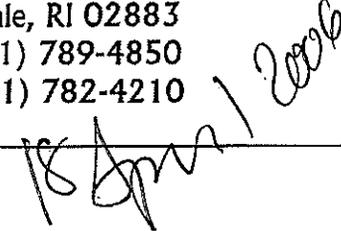
Fax: (401) 222-3016

Dated: 4/13/06

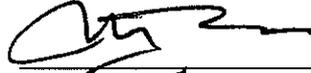
The Town of New Shoreham
By its attorney



Merlyn O'Keefe, Esq.
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Dated:



Island Hi-Speed Ferry, LLC
By its attorney



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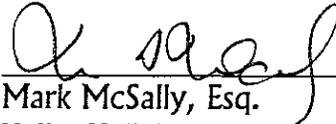
South Kingstown, RI 02879

Tel: (401) 783-9787

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Dated: April 17, 2006

The Town of Narragansett
By its attorney



Mark McSally, Esq.

Kelly, Kelleher, Reilly & Simpson

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Narragansett, RI 02882

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Fax: (401) 789-6990

Dated: 4/18/06

CERTIFICATE OF SERVICE

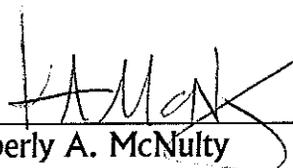
I hereby certify that on the 24th day of April, 2006, I mailed a true copy of the foregoing by first class mail to the following:

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Kimberly A. McNulty

IN24/IHSF/STIP Commission 2