

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION :
 COMPANY APPLICATION FOR GENERAL : DOCKET NOS. 3762 & 3764
 RATE INCREASE AND REQUEST FOR FAST :
 FERRY RATES :

REPORT AND ORDER

On July 31, 2006, the Interstate Navigation Company (“Interstate”) filed an application with the Rhode Island Public Utilities Commission (“Commission”) seeking a general increase in its existing rate schedule for effect September 1, 2006. Interstate’s request was designed to generate total revenue in the amount of \$11,333,579. This request would produce additional revenue in the amount of \$2,438,522, which translates to 27.41% across the board increase. The Commission suspended the effective date of the proposed rate increase.

The instant general rate case filing represents Interstate’s fifth such filing in the last twenty-one years. A brief history follows:

<u>DOCKET</u>	<u>DATE FILED</u>	<u>INCREASE REQUESTED</u>	<u>ALLOWED INCREASE</u>	<u>REVENUES</u>
1835	7/29/85	\$ 283,765	\$ 53,980	\$2,592,260
1935	3/22/89	\$1,539,967	\$ 770,000	\$4,114,031
2484	10/25/96	\$1,907,026	\$1,171,000	\$6,208,285
3573	12/2/03	\$2,750,712	\$1,456,061	\$8,804,337
3762	7/31/06	\$2,438,522		

I. INTERSTATE’S DIRECT TESTIMONY

In support of its filing, Interstate submitted the pre-filed testimonies of Joshua Linda, Vice President of Interstate, and Walter Edge and David G. Bebyn, who are outside consultants. In his pre-filed testimony, Mr. Linda discussed the general financial and operational condition of Interstate as well as its future goals. Mr. Linda stated that

the Point Judith terminal reconstruction project was substantially completed on May 26, 2006 at a cost of \$943,206. The State of Rhode Island had awarded the contract to J.G. Edwards Construction Company.

He outlined the major reasons for the proposed rate increase. First, he mentioned rising fuel costs and stated that the state fuel surcharge operates in a somewhat unfair manner to passengers to the benefit of freight and vehicle traffic. Second, he noted the significant amounts of money invested in improving Interstate's service by purchasing the M/V Anna C and upgrading the M/V Carol Jean. Third, he asserted that Interstate's passenger and bike revenues have declined in recent years as a result of competition. Also, Mr. Linda explained that Interstate has historically forgone paying out dividends in order to reinvest the money into the company such as by rehabilitating and purchasing ships.

Mr. Linda stated that Interstate's immediate goal is to continue to improve its vessels and service, comply with the Homeland Security Coast Guard regulations and improve the terminal areas at Point Judith and on Block Island. In order to stem the growing loss of summer customers and stop the downward spiral of revenues, Interstate has undertaken creative strategies of retaining and expanding its customer base such as offering fast ferry service in 2006. Also, Mr. Linda outlined Interstate's capital needs for the next three or four years, which set forth extensive improvements to Interstate's vessels. He noted that he and his father perform hours of maintenance on these vessels and that if this work were completed at local shipyards, he estimated the cost to be

\$680,000 in labor costs. Lastly, he mentioned capital and maintenance planned for Interstate's terminals.¹

In his pre-filed testimony, Mr. Edge discussed the proposed rate increase for Interstate's traditional ferry service. Mr. Edge stated that by far the largest increase to Interstate's costs is the increase in fuel costs for its traditional ferries. Since Interstate's last rate increase was only two years ago, Mr. Edge determined that 41 of Interstate's 64 expense accounts and all revenue accounts can be left at test year levels. Mr. Edge indicated that Interstate is requesting an increase in revenue of \$2,438,522 or 27.4%, but since certain revenues are not impacted by the proposed rate increase, the impacted rates must be increased by 29.40%. Mr. Edge noted the vessels Interstate currently owns and stated that during the summer of 2006, it leased the M.V. Athena to provide fast ferry services. But, he did not address their one year lease in this rate filing because any net profit from this fast ferry service in 2006 will be utilized to either purchase a fast ferry, subsidize its lifeline traditional rates or enhance service to customers at the determination of the Commission. Mr. Edge asserted that the 2006 fast ferry profits should not be used to reduce the rate increase in this traditional rate filing.²

For the rate year cost of service, Mr. Edge first discussed revenues. He indicated that Interstate has 12 sources of revenues in the test year, but about 90% of Interstate's revenues come from four accounts: passenger, car/truck, bike and freight. Mr. Edge explained that Interstate's revenues are directly affected by weather and that Interstate's peak in revenues is during June through August. Based on a few adjustments, Mr. Edge determined that Interstate's overall revenue has been flat from fiscal year 2001 through

¹ Interstate Ex. 2 (Linda's direct testimony) pp. 2-12.

² Interstate Ex. 1 (Edge's direct testimony), pp. 2-8.

fiscal year 2005. As a result, Mr. Edge chose to leave all of the revenue accounts at the adjusted test year level, which ended November 30, 2005, for the rate year.³

Next, Mr. Edge discussed Interstate's expenses. For the sake of simplicity and because Interstate received a rate increase two years earlier. Mr. Edge left 40 of Interstate's 64 expense accounts at the test year level. In the area of payroll, payroll taxes and fringe benefits, Mr. Edge indicated that Interstate tries to control payroll spending by establishing a 5 percent cap on salary expense increase from year to year. He noted that in 2002, Interstate had a large salary increase due to a Department of Labor lawsuit regarding overtime pay. Also, he indicated that in 2005, Homeland Security requirements increased payroll expenses on average above 5 percent. However, Mr. Edge decided to calculate salary increases for the rate year using Interstate's goal of 5 percent. Mr. Edge then calculated payroll taxes and used the company's standard 3 percent of gross payroll to project the pension contribution. As for health benefits, Mr. Edge utilized the most current rates and increased health insurance costs by 13.75 percent for the rate year.⁴

In other expense accounts, Mr. Edge calculated depreciation by utilizing the depreciation lapse schedule prepared by Interstate's outside accountant and added appropriate capital items. For crew expense, Mr. Edge increased the amount by the same 5 percent as he did payroll expense. For wharfage, Mr. Edge calculated the wharfage costs in the rate year by reviewing all of the wharfage contracts. He also indicated that Interstate only has a month to month lease for Old Harbor facilities due to circumstances beyond Interstate's control and that it is paying a fair market rate for the lease based on

³ Id., pp. 9-11.

⁴ Id., pp. 11-14.

an outside appraisal. Regarding charter expense, Mr. Edge reduced it to zero because the charter of the M.V. Anna C ended when Interstate purchased it from Nelseco Navigation. For bar supplies, Mr. Edge stated that their accounts are too volatile and difficult to project, but he kept them at test year levels because they are not material.⁵

As for Homeland Security expense, Mr. Edge explained that after the 9/11 attacks the Department of Homeland Security published "Port Security Regulations", which requires Interstate to spend significant amounts of money on security. In Docket No. 3573, Mr. Edge noted that Interstate agreed to put all monies collected for Homeland Security in a restricted account to be used exclusively for vessel and port security, and report the status of the restricted account on an annual basis to the Commission. Mr. Edge indicated that Interstate has hired Block Island's former police chief, William McCombe, as its company security officer and after two years of operations the reserve account had a net balance of approximately \$33,000. Mr. Edge recommended leaving the Homeland Security allowance at the same level as in Docket No. 3573 and to keep it in a restricted account. In regards to local transfer expense, Mr. Edge explained that local transfer expenses are payments made by Interstate to Lambs Package Service, which provides a delivery service on Block Island of UPS packages sent to the island on Interstate's boats. Mr. Edge calculated that the average percentage increase from 2002 through the test year was 13.2 percent and he used this percentage to increase the test year expense to the rate year level.⁶

In other expense accounts, Mr. Edge projected the rate year advertising expense to be 5 percent higher than the 2006 advertising plan. For professional services, which are

⁵ *Id.*, pp. 14-16.

⁶ *Id.*, pp. 16-18.

primarily legal and accounting services, Mr. Edge utilized the average of the last three actual years and the test year to estimate \$363,399 for the rate year. In the area of credit card administration, Mr. Edge stated that these fees have increased by well over 15 percent for the rate year. Regarding telephone expense, Mr. Edge left it at the test year level for the rate year. As for insurance expense, Mr. Edge explained that Interstate pays small injury and damage claims itself due to a large deductible it has on its primary insurance policy against large claims as a result of more catastrophic events. In total, Mr. Edge estimated \$285,314 as the rate year insurance expense. For the gross receipts tax, Mr. Edge based the amount on the rate year revenue requirement. As for vessel and terminal maintenance, Mr. Edge reviewed Mr. Joshua Linda's analysis of major maintenance expense and capital items that will be needed for the vessels and the terminals over the next three fiscal years. He projected rate year major vessel maintenance to be \$223,610 and projected terminal expense to be \$71,466. In addition, he included \$50,000 per year for emergency repairs for vessel maintenance.⁷

Mr. Edge discussed the fuel surcharge. He explained that the state legislature enacted an emergency fuel surcharge to protect transportation utilities from significant increases in fuel costs, and discussed a few flaws in it as originally enacted. Although some changes in the legislation have been made, Mr. Edge indicated that there are a number of weaknesses in how the surcharge is applied. He noted it is unfair that passengers and vehicles pay the same fuel charge and that the surcharge penalizes passengers who ride the ferry in the off-season when the excess cost of fuel is divided by a much smaller number of passengers resulting in a much higher emergency fuel surcharge. To redress these problems, Mr. Edge recommended that the cost of fuel be

⁷ Id., pp. 18-22.

placed into base rates, which would only increase the test year amount by less than 4 percent. Based on recent fuel prices and estimated increases, Mr. Edge estimated a reasonable average rate year price of \$2.81 per gallon, which would become the trigger at which Interstate would use the fuel surcharge. As for the rate case expense, Mr. Edge estimated the expense to be \$180,000 and is in addition to the yearly PUC administrative cost which was left at the test year level. He amortized the \$180,000 expense over two years for \$90,000 a year and noted that rate case expense from last case was amortized over five years, or \$30,000 a year. In total, Mr. Edge included rate case expense allowance for the rate year at \$120,000.⁸

Next, Mr. Edge discussed Interstate's rate base and rate of return. Mr. Edge explained that net utility plant represents over 95 percent of Interstate's rate base, and he calculated a rate base for 2007 of \$11,112,116. He indicated that the capital structure for Interstate is 30.31 percent equity and the remainder was long-term debt. He calculated a return on equity of 12 percent. Mr. Edge did not utilize the discounted cash flow method or the capital pricing model because Interstate does not distribute dividends and there are no regulated ferry companies comparable to Interstate. Mr. Edge did note that the return on equity for Interstate was 10.75 percent in the last rate case. Instead, he utilized Narragansett Electric's return on equity of 10.50 percent and added 150 basis points for added risk of competition, additional risk related to the utility's size, and Interstate's entry into the fast ferry market. Mr. Edge noted that each 50 basis points add only \$15,633 to the revenue requirement.⁹

⁸ Id., pp. 23-27.

⁹ Id., pp. 27-31.

For rate design, Mr. Edge proposed an across the board rate increase for all rates in the filing and made some minor changes in freight tariffs. This across the board increase resulted in all rates increasing 30.26 percent and the adult round trip rate increasing from \$14.30 to \$18.60.¹⁰

In his pre-filed testimony, Mr. Bebyn selected as a test year December 1, 2004 to November 30, 2005. He made twelve adjustments to normalize the test year. First, he removed interest income of \$44,901 from revenue because cash is not part of the rate base and, therefore, accrues to the stockholders. Second, he reclassified \$84,395 from payroll expense to crew expense. Third, he eliminated the provision of federal income tax amount of \$425,576. Fourth, he removed interest expense of \$625,618 because it will be accounted for in the return on rate base calculation. Fifth, he eliminated the cash over/short amount of \$2,841 because it is not a proper cost of service item. Sixth, he increased the Connecticut corporate tax amount to \$250. Seventh, he removed a portion of the landing fee expense in the amount of \$70,000 because it was a non-recurring expense due to a settlement of a law suit with the Town of Narragansett. Eighth, he removed revenues and expenses relating to the fuel surcharge. Ninth, he reduced the gross receipts tax by \$5,656. Tenth, he added \$30,000 of rate case expense to reflect the yearly amortization of prior rate case expense. Eleventh, he increased the depreciation expense by \$70,677 to correct an error on the depreciation lapse schedules. Lastly, he reclassified charter income of \$158,990 to miscellaneous charter income.¹¹

¹⁰ *Id.*, pp. 31-33.

¹¹ Interstate Ex. 3 (Bebyn's testimony), pp. 2-4.

II. FAST FERRY RATES

On August 29, 2006, Interstate filed a rate application with the Commission for its fast ferry operation. The application was placed in a separate docket, Docket No. 3764. Interstate filed a motion seeking permission to continue existing fast ferry rates beyond October 9, 2006 and expedited approval of the fast ferry rates. In its motion, Interstate explained that the Division has granted Interstate authority to operate a seasonal fast ferry between Point Judith and Block Island and for 2006 Interstate leased the M/V Athena from Island Hi-Speed Ferry. In 2006, the Commission approved Interstate's fast ferry rates for the 2006 summer season which was the same as Island Hi-Speed Ferry's fast ferry rates. Interstate stated that it planned to purchase all of the Rhode Island assets of Island Hi-Speed Ferry including the M/V Athena by November 1, 2006 and will be running the Athena in 2007 and beyond. Thus, Interstate requested that its fast ferry rates continue in effect beyond 2006. Also, Interstate requested that a hearing be waived pursuant to R.I.G.L. 39-3-12 and requested an exemption of certain rate filing requirements in the Commission's Procedural Rules. Interstate reiterated it has committed that any profits from the fast ferry service will be utilized to subsidize lifeline conventional rates, purchase another fast ferry vessel or enhance services to customers with the Commission making the ultimate determination.¹²

In support of the filing, Mr. Edge submitted pre-filed testimony. Mr. Edge explained that although Interstate still plans to purchase its own fast ferry vessel, Interstate's purchase and use of M/V Athena will allow Interstate to provide fast ferry services to its customers in the interim, give greater experience to Interstate in fast ferry operations, and provide a continuance of fast ferry service now that Island Hi-Speed

¹² Interstate's Motion seeking approval of Fast Ferry Rates (8/29/06).

Ferry has left the Rhode Island fast ferry market. He cited a previous Commission order indicating that fast ferry service is a discretionary service and there was not a need for a hearing. He asserted that Interstate needs approval for the extension of the fast ferry rates so that Interstate can close on the purchase of the Island Hi-Speed Ferry's assets on November 1, 2006.¹³

On September 8, 2006, the Division of Public Utilities and Carriers ("Division") and the Town of New Shoreham ("Town") filed separate letters indicating they did not object to Interstate's motion and stated that the fast ferry portion of Interstate's business should be reviewed in Docket No. 3762.¹⁴ On September 15, 2006, Interstate, the Division and the Town filed a Stipulation. The Stipulation indicated that Interstate's high speed rate filing should be approved by the Commission while issues related to the ratemaking treatment of Interstate's high speed operations in the context of determining Interstate's revenue requirements would be deferred to Docket No 3762. Also, Interstate agreed to provide by November 10, 2006 a detailed itemization of direct revenues and costs associated with the first year of high speed operations, and that Interstate would also provide an income statement and balance sheet related to the first year of high speed operations.¹⁵ At an open meeting on September 28, 2006, the Commission approved the Stipulation and Interstate's motion and fast ferry application.

III. DIVISION

On October 27, 2006, the Division submitted the pre-filed testimony of David Effron, an outside consultant. At the outset, he summarized his testimony by indicating that Interstate had a net revenue requirement of \$8,931,934 and would necessitate a 10.48

¹³ Mr. Edge's direct testimony in Docket No. 3764, pp. 1-5.

¹⁴ See Letters by the Division and the Town (9/8/06).

¹⁵ Joint Ex. 1 (Stipulation).

percent increase over revenues produced by base rates for traditional services. The rates for freight would not be increased and rates applicable to commuter passengers and vehicles would not be increased by more than 5 percent, but the remaining revenue deficiency would increase the other rates by 12.35 percent. He also stated that Interstate should have an incentive plan which would have a five year term, a rate freeze with limited exceptions for certain rate classes, and an earning sharing mechanism (“ESM”).¹⁶

Mr. Effron calculated a revenue deficiency of \$873,587. For the cost of service, Mr. Effron proposed a total cost of service of \$9,990,570. In the area of cash operating expenses, Mr. Effron reviewed payroll expense and disagreed with Interstate’s proposal to increase payroll expense by 5 percent. Mr. Effron stated it was inappropriate to include Homeland Security personnel costs with payroll. Once Homeland Security is excluded from payroll expense, there is an increase of 8.2 percent for payroll from fiscal year 2003 to the test year or approximately 3.2 percent a year. This adjustment decreased Interstate’s rate year payroll expense by \$101,790 and also caused a commensurate reduction in payroll taxes by \$11,873. For health insurance, Mr. Effron made various adjustments. He noted that the company had erroneously included the health insurance expense of an extra employee and failed to include the savings from 15 percent co-payment of the health insurance premium. Also, Mr. Effron projected that Interstate calculated health insurance costs starting in 2002 instead of 2003. As a result, Mr. Effron reduced Interstate’s rate year health insurance expense by \$86,457.¹⁷

Mr. Effron reviewed other expense accounts. For crew expense, Mr. Effron proposed increasing the actual test year crew expense by 6.84 percent, which is the same

¹⁶ Div. Ex. 1 (Effron’s direct testimony), pp. 3-4.

¹⁷ Id., pp. 5-8.

percentage he utilized to increase payroll expense. This adjustment was \$5,171 less than the rate year expense calculated by Interstate. For wharfage, Mr. Effron disallowed \$39,124 sought by Interstate because it had failed to provide any documentation supporting the doubling of wharfage fees at the Point Judith dock. As for Homeland Security expense, Mr. Effron noted that since fiscal year 2005 there has been an annual allowance of \$395,956. He disagreed with Interstate's accounting and asserted that there is a credit balance in this account as of May 31, 2006 in the amount of \$83,450 and recommended amortizing the balance over three years. Mr. Effron then adjusted Interstate's proposed rate year for Homeland Security expense of \$395,956. He noted that \$144,730 is for capital additions and should be charged to capital accounts and depreciated over their useful lives. Also, he pointed out that operations expense in this amount should not be \$57,420 but approximately \$21,000, which is the average cost over the last two years. Mr. Effron agreed with the forecasted personnel expense of \$202,900 for the rate year in the Homeland Security expense account. In the end, Mr. Effron proposed a Homeland Security expense of \$196,083.¹⁸

Mr. Effron analyzed expense accounts in other areas. The local transfer expense is the cost of delivering UPS packages sent on Interstate's boats to their final destination, and Interstate is eventually reimbursed by UPS. Interstate calculated an increase of \$38,452 to test year for the local transfer expense based on the average annual increase in this expense over the last five years of 21.1 percent. Mr. Effron disagreed with this adjustment because Interstate is reimbursed by UPS for the local transfer expense and thus if the expense increases so would the reimbursement from UPS. In the area of professional services, Mr. Effron recommended an adjustment to eliminate professional

¹⁸ Id., pp. 9-13.

fees related to Island Hi-Speed Ferry and the certificate of public convenience and necessity (“CPCN”). He noted that there was \$121,770 in legal fees associated with Island Hi-Speed Ferry and CPCN out of the total actual test year professional expense of \$342,259. Utilizing a ratio, Mr. Effron estimated that there was \$40,590 in other professional services related to Island Hi-Speed Ferry and CPCN. As a result, Mr. Effron’s adjusted test year professional services expenses was \$179,899 or \$183,500 less than Interstate’s proposal of \$363,399. Furthermore, Mr. Effron disallowed, as a matter of public policy, \$24,500 in lobbying expenses, which were included in other professional fees. On credit card administration fees, Mr. Effron reduced Interstate’s proposal by 25 percent or \$39,835 because he assumed that one-half of the fees related to advance payments and that the earnings return to the company on the advance payments is adequate to offset the fees incurred by Interstate.¹⁹

For fuel expense, Mr. Effron noted that it is the second largest item of operation and maintenance expense, exceeded only by payroll, and is also very difficult to predict. He strongly disagreed with Interstate’s estimate of a 21 percent annual increase in the price of fuel oil or basing the cost of fuel oil on prices from November 2004 to November 2005. He noted that fuel oil prices actually declined from September 2005 to September 2006. Mr. Effron did agree that it is beneficial for actual fuel costs to be in base rates rather than to collect fuel costs through a surcharge mechanism in order to avoid unreasonable cross subsidies. To avoid the asymmetry in a surcharge mechanism, Mr. Effron recommended Interstate should be required to accrue in a reserve account the difference between a \$2.00 per gallon charge in the base rates and the actual cost of fuel oil, times the volume of fuel oil purchased. The balance in the reserve account would be

¹⁹ Id., pp. 13-17.

used to offset subsequent purchases of fuel oil in excess of \$2.00 per gallon. This approach would reduce the estimated rate year fuel oil expense by \$472,629.²⁰

Mr. Effron discussed a few other expense accounts. In rate case expense, Mr. Effron reduced Interstate's request in the amount of \$60,000 by eliminating the rate case expense related to the prior rate case and amortizing the rate case expense for the present rate case over three years rather than two years. For the gross receipts tax, Mr. Effron utilized a tax rate of 1.25 percent rather than 1.50 percent and applied the tax to Interstate's revenue requirement as adjusted by Mr. Effron. For depreciation expense, Mr. Effron adjusted the depreciation life from three years to ten years as applied to general additions to vessel improvements in 2006 and 2007, which reduced the depreciation expense by \$17,500. Regarding income tax expense, Mr. Effron used the return method of calculating income tax expense and the income tax rate of 34%, which is the rate for taxable income between \$335,000 and \$10,000,000.²¹

Next, Mr. Effron discussed the rate base and rate of return. For the rate base, which is the net investment in facilities necessary to provide utility service, Mr. Effron indicated that Interstate failed to reflect accumulated deferred income taxes ("ADIT") related to accelerated tax depreciation in excess of straight line book depreciation. He stated that the balance of ADIT should be deducted from the plant in service in Interstate's rate base. Mr. Effron explained that the difference between the book basis of the fixed assets and the tax basis of the fixed assets reflects the cumulative difference between the book depreciation and the tax depreciation on the fixed assets, and that GAAP requires that deferred taxes be recorded on the difference between the book basis

²⁰ Id., pp. 18-22.

²¹ Id., pp. 22-25.

and the tax basis of the fixed assets. As a result, he calculated a net balance in ADIT of \$691,363 as of May 31, 2005 after deducting a deferred tax debt balance of \$93,315 relating to operating loss carry-forwards. Mr. Effron also recommended that capital additions related to Homeland Security be charged to appropriate plant accounts. For the rate of return, Mr. Effron noted that Interstate's authorized return on equity ("ROE") is 10.75 percent rather than the proposed ROE of 12.0%. He retained this level for the ROE. Since common equity is only 30.31 percent of Interstate's capital structure and the remaining portion of the capital structure consists of long-term debt at the rate of 6.40 percent, the weighted average rate of return is 7.72 percent. Thus, Mr. Effron calculated a return on rate base of \$804,006.²²

In miscellaneous revenues, Mr. Effron deducted these revenues from the total cost of service because these services, such as bar revenues, are not tariffed. However, Mr. Effron adjusted miscellaneous revenues to incorporate expected profits from the high speed ferry service, which will be provided by a separate division of Interstate. Based in part on Interstate's projections in Division Docket No. D-06-53, he projected \$221,927 in high speed ferry profits. The projection was also based on Mr. Effron's elimination of the repayment of the principal on the loan to finance the acquisition as an expense. Also, Mr. Effron, for the purpose of calculating the high speed profits, eliminated the interest on \$700,000 related to a non-compete agreement and goodwill because he considered it a premium over the fair value of the asset.²³

For the rate design, Mr. Effron recommended no increase in freight rates because it would harm the island's economy and only a 5 percent increase for commuter

²² Id., pp. 25-29.

²³ Id., pp. 29-32.

passengers and vehicles since they use the service regularly but are only about 6 percent of total revenues. The remaining rates would have a rate increase of approximately 12.35 percent. Lastly, Mr. Effron discussed creating an incentive rate plan for Interstate to operate more efficiently similar to plans that Narragansett Electric and New England Gas Company currently have. He proposed a five year plan with all rates frozen for the first two years and in the last three years allowing for rate increases based on the consumer price index (“CPI”) for all rates except freight, and commuter passengers and vehicles. Also, Interstate would have an ESM. Under the ESM, Interstate would keep earnings accumulated over the five year period for all earnings up to 150 basis points above its authorized ROE and share equally with customers on a 50/50 basis any earnings which are more than 150 basis points above its authorized ROE.²⁴

IV. TOWN’S POSITION

On October 27, 2006, the Town filed a Position Memorandum.²⁵ The Town opposed Interstate’s proposed rate increase, and indicated that Interstate has failed to provide relevant information to assess Interstate’s request. Regarding fuel costs, the Town supported an increase in the base rate recovery of fuel costs but did not support Interstate’s proposed fuel cost of \$2.81 per gallon because Interstate’s projected fuel cost is well above the test year average and could cause Interstate to overcollect from ratepayers if fuel costs are below the projected level. The Town asserted that it would be unreasonable to increase the base rate portion of fuel above \$1.979, the test year average. As for legal and accounting costs, the Town argued that Interstate’s costs in this filing are inflated by the inclusion of extraordinary, non-recurring costs associated with Interstate’s

²⁴ *Id.*, pp. 32-35.

²⁵ On September 6, 2006, the Town of New Shoreham intervened. There was no objection to the motion.

battles with Island Hi-Speed Ferry. The Town indicated that Interstate's regulatory legal and accounting costs should be amortized over three years after the high speed ferry costs are removed. The Town's proposal would reduce Interstate's rate year expense for legal and accounting expenses by \$242,266.²⁶

The Town next discussed fast ferry operations. The Town recommended that any earnings from the summer of 2006 be credited to ratepayers as an offset to any conventional service revenue requirement. Also, the Town urged a fully allocated cost approach to ensure that conventional service is not subsidizing high speed ferry operations. The Town estimated that the high speed service should absorb at least \$840,000 of Interstate's operating costs, and therefore, there should be a high speed revenue credit of \$840,000. In the alternative, the Town recommended establishing a detailed basis for charging high speed ferry operations with their direct costs plus a reasonable portion of joint and common costs. Lastly, the Town asserted that high speed ferry earnings for revenue credit purposes cannot be reduced or offset by the substantial \$1.4 million asset acquisition premium incurred by Interstate in paying well over book value for Island Hi-Speed Ferry's Rhode Island assets.²⁷

In other expense accounts, the Town indicated that Interstate overstated its payroll expenses by including the Homeland Security payroll and having a payroll increase of 5 percent when in 2004 the increase was well below 5 percent. Also, for the Point Judith wharfage expense, the Town indicated that Interstate's estimate of a doubling of this wharfage expense is speculative and should be denied. The Town recommended an investigation of the lease expenses for the Old Harbor Wharfage because the lease is a

²⁶ Town's Position Memorandum, pp. 1-6.

²⁷ Id., pp 6-12.

month to month arrangement with a related party. For Homeland Security expenses, the Town expressed concern that Interstate may be charging to Homeland Security accounts costs which are not mandated and which include one-time capital expenditures. The Town recommended that the Homeland Security fund be dismantled for ratemaking purposes. However, the Town indicated that expenses should be tracked internally through separate accounts, and Interstate must demonstrate that the expenditures are reasonable and prudent. For Point Judith renovations, the Town stated that Interstate has not properly credited a federal grant of \$47,000 for this account. In vessel and terminal maintenance, the Town opposed \$50,000 for emergency repairs allowance and stated Interstate should be required to formalize its maintenance as well as capital planning budgeting. For rate case expense, the Town recommended that the expenses be amortized over at least a three year period. As for the ROE, the Town supported a ROE of 10.5 percent because Interstate does not have a year-round conventional ferry competition and now has the only high speed ferry service from mainland Rhode Island to Block Island.²⁸

V. INTERSTATE'S REBUTTAL

On November 14, 2006, Interstate submitted the pre-filed rebuttal testimonies of Mr. Edge and William McCombe, the Security Officer for Interstate. In his rebuttal testimony, Mr. Edge stated that the difference between the Division and Interstate's position is the result of few large issues. One issue, fuel costs, is not really an issue according to Interstate, and Interstate will agree to the Division's position. As for another major issue, rate year fast ferry profits, Interstate indicated it supports using rate year fast ferry profits to subsidize lifeline rates but felt there are weaknesses in the Division's

²⁸ Id., pp. 13-18.

calculation. Mr. Edge noted that these two adjustments represent \$694,556 or 44 percent of the difference between Interstate and the Division and neither of these two issues adversely impacts Interstate if implemented correctly. As for the Town, Mr. Edge noted that it failed to present an expert witness to support its memorandum and cost allocation model.²⁹

Mr. Edge indicated his acceptance of the Division's adjustments to the following accounts: employee insurance, crew expense, local transfer, other professional expense (lobbying), credit card fees, fuel and FIT. Also, he agreed with the Division's methodology for payroll taxes and gross receipts tax. Mr. Edge noted that the two largest items in disagreement remained Homeland Security and professional fees. For professional fees, Mr. Edge noted Interstate's professional fees have averaged \$300,000 for the past seven years and the Division's proposal of only allowing \$179,899 is inadequate. Also, Mr. Edge noted that although the total professional fees expense amount is consistent from year to year, the matters addressed are different from year to year. For Homeland Security, Mr. Edge disagreed with the Division's position to eliminate the Homeland Security restricted account and eliminate the purchase of capital items through Homeland Security funds. Mr. Edge noted Interstate projected that more than the allowance being sought in this rate case will be spent in the rate year and that it would be more expensive to purchase capital items such as cameras and fences through long-term financing. Through his discussion with Mr. McCombe, Interstate's security officer, Mr. Edge was aware of over \$500,000 in items to be purchased over the next five years for security reasons and of the need to replace items purchased two years ago due to reduced useful life due to exposure to salt air and sea conditions. In conclusion, Mr.

²⁹ Interstate Nav. Ex. 4 (Edge's rebuttal testimony), pp. 1-3.

Edge stated that Interstate would agree to a Homeland Security allowance of \$300,000 a year which is a reduction of \$95,956, while maintaining it as a restricted account with annual reports of expenditures to the Division and Commission.³⁰

Mr. Edge discussed the remaining expense issues. For payroll expenses, Mr. Edge agreed that only \$90,000, related to Homeland Security positions, should be eliminated from payroll expenses and that the payroll percentage increase should be 4.2 percent, which is in the middle range between the Division and Interstate's original positions. Regarding wharfage, Mr. Edge noted that Interstate has received an email from the State explaining that, based on recent appraisals for nearby properties, the lease increases in Point Judith have averaged 75 percent to 100 percent, which supports Interstate's original calculation. For rate case expense, Mr. Edge agreed to a three year amortization of the rate case expense in this rate case, but vehemently disagreed with the Division's elimination of the unamortized portion of the previous rate case expense. He believes it would be unfair since Interstate had originally sought a three year amortization in the prior case but the Division's position of a five year amortization was adopted. Regarding depreciation, Mr. Edge indicated that the adjustment of \$7,744 is not worth fighting since this adjustment will change if the Commission continues the Homeland Security account.³¹

As for other issues, Mr. Edge stated that the Division's ADIT adjustment should be reduced to reflect two items listed on Interstate's books that have not been included on Interstate's tax return, which reduces the ADIT by \$110,860. Also, Mr. Edge repeated that Interstate's ROE should be 12 percent. For the fast ferry, Mr. Edge disagreed with

³⁰ *Id.*, pp. 3-8.

³¹ *Id.*, pp. 8-10.

the Division's approach to not include repayment of debt on \$1.4 million in intangible assets purchased from Island Hi-Speed Ferry while requiring all profit from the fast ferry operation to be used to subsidize conventional ferry rates. He recommended an estimated rate year fast ferry profit of \$208,357 to subsidize conventional rates and that \$234,080 in fast ferry profits for 2006 be placed into a restricted cash account to be used to balance variances in actual profit from fast ferry operations over the years. Furthermore, Mr. Edge stated that Interstate is requesting a \$300,000 adjustment to rate year revenue at test year levels because in 2006 Interstate suffered an 8.8 percent reduction in passenger traffic and a 5.7 percent reduction in vehicle traffic. Also, Interstate would not discuss a rate freeze until it had a better understanding of what rate relief it would receive. Lastly, Mr. Edge indicated that rates should be increased equally across the board because there is no cost allocation study.³²

In his rebuttal prefiled testimony, Mr. McCombe discussed Interstate's Homeland Security needs. He referenced \$329,730 in proposed capital item purchases such as computer upgrades, identification card system, and cameras. He noted that Interstate spends \$200,000 a year on personnel costs, \$50,000 a year on equipment rentals and small purchases, and \$20,000 a year on supplies. Mr. McCombe stated that an annual \$300,000 Homeland Security account would be sufficient. He explained that with the \$50,000 remaining in his annual Homeland Security allowance, he would purchase the previously referenced capital items over a number of years. He noted that Interstate has received federal grants and will continue to apply for grants for Homeland Security, which would be added to the Homeland Security reserve funds. As for the fast ferry, Mr. McCombe identified \$36,000 in initial start-up costs associated with security

³² Id., pp. 10-14.

equipment which would come from 2006 fast ferry profits. Also, he stated that labor costs would be \$20,000, but could be performed by the fast ferry crew. Also, there would be \$10,000 in annual operations and equipment which would be charged directly to fast ferry operations.³³

VI. SETTLEMENT

On December 7, 2006, Interstate and the Division jointly filed a Settlement Agreement (“Settlement”). In the Settlement, Interstate proposes to implement a rate increase designed to produce \$1,100,694 of additional revenues per year for effect January 1, 2007. There will be a 0 percent increase for freight, a 5 percent increase for commuter passengers and commuter vehicles, and a 15.72 percent increase for all other tariff services. Also, Interstate will adjust its fuel surcharge level to reflect a base price for fuel of \$2.00 per gallon (including taxes). There will be a rate freeze for 2007 and 2008 except for the statutory fuel surcharge if the fuel oil price exceeds \$2.00 per gallon, or an exogenous event, which is a state or federal initiated cost change or a catastrophic event that causes a change in Interstate’s annual revenue requirement by more than \$100,000. If Interstate files for a change because of an exogenous event, it must do so by March 1st and Interstate cannot seek a rate increase for an exogenous event if its ROE is above 11 percent.³⁴

During 2008 through 2010, Interstate could file annually on or before November 15th for a change in rates to be effective on the following January 1st equal to the percentage change in the average Consumer Price Index (“CPI-U Northeast”) from the twelve months ended September 30th of the prior year to the twelve months ended

³³ Interstate Nav. Ex. 5 (McCombe’s rebuttal testimony), pp. 4-6.

³⁴ Joint Ex. 2 (Settlement) pp. 1-7.

September 30th of the current year. However, rates applicable to commuters, commuter vehicles and freight will not be increased. Also, during 2008 through 2010, Interstate could file annually or before November 15th, requesting an increase in rates if its ROE is below 5.5 percent. Also, in 2007 through 2011, Interstate is authorized an ROE of 11 percent; and any accumulated earnings over 12.5 percent will be shared equally between Interstate and its customers.³⁵

For the fast ferry operations, the Division agreed not to object or recommend suspension to any changes Interstate may propose for the fast ferry except in extraordinary circumstances. Also, the actual pre-tax profit earned by the fast ferry division of Interstate will be included in the cumulative five-year earnings sharing calculation. The pre-tax profit used in calculating the 5.5 percent ROE, Earnings Below Floor will not be less than zero. The \$365,750 of pre-tax fast ferry profits for 2006 will be amortized over three years beginning in 2007.³⁶

The base price of fuel oil is set at \$2.00 per gallon, which includes all applicable taxes. Whenever the price of fuel oil is below \$2.00 per gallon, Interstate will accrue a reserve equal to the volume purchased in that month, times the difference between the actual average price and the \$2.00 per gallon base price. If the price of fuel oil is above \$2.00 per gallon, the cost will be charged against the credit balance, and any excess fuel cost will be used to calculate the fuel surcharge for the following month. For Homeland Security account, the balance in this reserve account is \$83,450 as of May 31, 2006 and \$250,000 will be annually recorded for the homeland security account. Also, the annual amortization rate case expense is \$83,333 through 2009. Furthermore, Interstate will

³⁵ *Id.*, pp. 7-10.

³⁶ *Id.*, pp. 10-11.

establish the appropriate balance of ADIT on its books of account as of May 31, 2007. This balance of ADIT will be maintained in conformity with GAAP. Lastly, Interstate will continue to use the depreciation accrual rates in effect during the twelve months which ended November 30, 2005.³⁷

VII. TOWN'S OPPOSITION TO THE SETTLEMENT

On December 11, 2006, the Town filed a memorandum which expressed opposition to a portion of the Settlement between Interstate and the Division. The Town did not contest the proposed revenue increase of \$1.1 million, the proposed rate design, or the treatment of fuel costs. The Town also accepted the three year amortization of rate case expenses, the use of 2006 fast ferry profits, and the calculation of ADIT.³⁸

However, the Town rejected various aspects of the Settlement. First, the Town argued that the Settlement shifts the risks associated with the fast ferry operation to traditional service customers. The Town cited the Exogenous Event provision, and stated that fast ferry operations could harm traditional service earnings. Also, the Town argued that the traditional service would bear virtually all joint and common costs. Second, the Town opposed the absence of annual earnings sharing, and Interstate's ability to keep the entire ROE between 11 and 12.50 percent. Third, the Town opposed the Earnings Below Floor provisions because according to the Town, Interstate would be guaranteed an 11 percent ROE. Fourth, the Town argued against the five-year incentive plan for Interstate because it did not include a productivity factor or service quality plan.³⁹

In the alternative, the Town recommended various modifications to the Settlement. First, the Town recommended that the Exogenous Event provision should

³⁷ Id., pp.11-15.

³⁸ Town's Opposition to the Settlement, pp. 1-2.

³⁹ Id., pp. 3-6.

not apply to fast ferry operations or include property tax changes, but include an offset for insurance payments or third party payments due to a catastrophic event. Second, the Town recommended that the five-year rate plan should have a productivity factor to offset CPI-based rate increases and a service quality plan. Third, the Town argued that the Earnings Below Floor provision be removed. Fourth, the Town indicated that fuel costs should be excluded from the inflation rate increase adjustment because of the separate fuel charge mechanism. Fifth, the Town also opposed the Settlement provision allowing the Division to waive its statutory ability to seek a suspension and investigation of Interstate's fast ferry rate filings. Lastly, the Town stated that Interstate should be required to capitalize its Homeland Security expenditures.⁴⁰

VIII. HEARING

After duly published notice, a public hearing was conducted at the Commission's offices at 89 Jefferson Boulevard, Warwick, Rhode Island on December 12, 2006. The following appearances were entered:

FOR INTERSTATE	:	Michael McElroy, Esq.
FOR DIVISION	:	William Leuker, Esq. Special Assistant Attorney General
FOR TOWN	:	Alan Mandl, Esq.
FOR COMMISSION	:	Steven Frias, Esq. Executive Counsel

Mr. Edge and Mr. Effron were presented as witnesses. Mr. Mandl was permitted to engage in cross-examination.⁴¹ Under cross-examination, Mr. Edge explained that

⁴⁰ Id., pp. 6-12.

⁴¹ Interstate objected to the Town's attorney being allowed to cross-examine witnesses since the Town had not pre-filed any testimony. Interstate relied on Order No. 17574, which stated that "in the future, full intervention will only be allowed to a movant if that movant makes an affirmative showing that it will be

because there are no added costs in the common cost area for operating the high speed ferry, the high speed ferry operation should not include common costs such as with management salaries or the Old Harbor lease. Mr. Mandl also made a record request as to whether Interstate would agree to maintain the same number of runs for its traditional ferry service. Mr. Edge stated that any commitments made by Interstate in prior dockets are in effect unless specifically eliminated by the proposed Settlement. Mr. Effron explained that the exogenous event provision in the Settlement would not be applicable for 2006. Also, Mr. Effron differed from Mr. Edge and indicated that the exogenous event provision would not be applicable to fast ferry operations. Also, Mr. Effron noted that the CPI adjustment would not apply to all of Interstate's revenue because commuter passengers or vehicles and freights would be excluded, and therefore, the inclusion of fuel costs in the inflation adjustment strikes a balance. Mr. Effron noted that a loss in the fast ferry operation would not be included in the earnings below floor calculation, but a loss would be included in the earnings sharing calculation. Mr. Effron justified using a five year average for earnings sharing because Interstate's earnings could have fluctuations based on weather and competition. Also, Mr. Edge stated that workers who commute to Block Island but are not residents of Block Island would not be eligible for the commuter rates.⁴²

Under cross-examination by the Commission, Mr. Edge agreed that the acquisition premium and the transaction costs related to Hi-Speed Ferry will be excluded

filing pre-filed testimony." Tr. 12/12/06, pp. 16-18. The presiding Commissioner, Chairman Germani, overruled the objection. The phrase "full intervention" in the context of Order No. 17574 is clarified to indicate that a party can present witnesses only if pre-filed testimony is submitted. Also, in Docket No. 3497, the Town of Cumberland was not permitted to cross-examine witnesses because the Town of Cumberland failed to provide timely responses to data requests, which prejudiced the other parties in the case. Tr. 12/12/06, pp. 40-41, 45. The Town of New Shoreham has not failed to respond to responses to any data requests in this docket.

⁴² Tr. 12/12/06, pp. 53-55, 60-63, 66, 70-76, 80-82, 85-86.

from the traditional ferry cost of service. He also agreed that the \$5.6 million used to purchase the Island Hi-Speed Ferry will not be part of Interstate's capital structure or the rate base for various earnings calculations. Mr. Effron defined acquisition premium as the difference between the price paid and the net book value of the asset in the hands of the prior owner, and that this is the definition used by this Commission. Both Mr. Effron and Mr. Edge agreed that it would not affect Interstate to exclude the acquisition premium for the Island Hi-Speed Ferry from Interstate's cost for traditional services. Mr. Effron defined ring fencing as the isolation of non-utility operations from the determination of the utility's revenue requirements. Mr. Edge concurred that there was a possibility that the high speed ferry division could incur losses and be unprofitable. Mr. Edge agreed that Interstate gets 10 percent to 20 percent or approximately \$1 million of its revenue from commuter or freight rates, and the cost of fuel oil as a percentage of Interstate's cost of service is also in the 10 percent to 20 percent range and is approximately \$1 million. Mr. Edge justified the need for an earnings floor due to Interstate's very small size and the risk it faces from weather and competition. Mr. Effron and Mr. Edge clarified that the 5.5 percent ROE earnings below floor provision only allows Interstate to increase its ROE to 5.5 percent, and not 11.0 percent. Also, Mr. Effron noted that any increase under the earnings below floor provision would be for only one year.⁴³

Mr. Edge indicated that based on Interstate's earnings history, it is very unlikely it would ever earn a ROE above 16.5 percent. Mr. Edge calculated that 150 basis points or 1.5 percent of ROE for Interstate is approximately \$40,000. Mr. Edge stated that allowing Interstate to keep the first 1.5 percent in ROE above 11 percent for earnings

⁴³ Id., pp. 89-113.

sharing was an incentive to Interstate to agree to the Settlement which includes a rate freeze.⁴⁴

The parties were requested to determine if they recognize that the Commission has the authority to request earnings reports prior to the end of the five year rate plan and to end of the settlement if the Commission deems it to be in the public interest. Mr. Edge clarified that any amounts used by the fast ferry from the Homeland Security account will be charged to the fast ferry division. Mr. Effron concurred that the Commission will interpret the Settlement as the need arises. Also, Mr. Edge concurred that an employer is frugal if they provide a defined contribution plan for their employees and require a 15 percent co-pay of health care premiums.⁴⁵

IX. AMENDED SETTLEMENT

In response to various Commission record requests, Interstate and the Division filed an Amended Settlement Agreement (“Amended Settlement”) on December 15, 2006. The Amended Settlement requires Interstate to continue the commitments and obligation it made regarding various services in the settlement approved in Docket No. 3573. It excluded the acquisition premium for the fast ferry from Interstate’s rate base and the establishment of rates for traditional ferry service. Also, the Amended Settlement prevents a loss from the fast ferry operations from reducing the amount of earnings sharing. In addition, the exogenous events provision was clarified to make it applicable only to events which affect traditional ferry services. Lastly, it recognized the

⁴⁴ Id., pp. 120, 126-129.

⁴⁵ Id., pp. 135-136, 222-224.

Commission's ongoing obligation to protect the public from improper and unreasonable rates regardless of a settlement agreement.⁴⁶

On December 20, 2006, the Town filed a letter in response to the Amended Settlement. The Town expressed satisfaction in regard to various issues addressed by the Amended Settlement such as the incorporation of existing service commitments, and the justification given at the hearing for the inflation factor, and the earnings below floor provision. The Town also expressed satisfaction with the improvements in the Amended Settlement regarding the acquisition premium and the exclusion of a loss in the fast ferry operations from the earnings sharing calculation.

The Town remained troubled as to other issues, but decided to defer to the Commission's judgment on the issues. Regarding the amended exogenous event provision, the Town stated that the new exogenous event provision allows the possibility of an event to the fast ferry to be deemed to affect traditional ferry services. Also, the Town indicated that it should be made clear that the Commission retains its statutory authority to suspend rate increases allowed under the Settlement. Furthermore, if under the Settlement the Division is allowed to waive its rights to request suspension of a fast ferry rate filing, the Town indicated that its rights should not be affected regarding future fast ferry rate filings. In addition, based on the hearings, the Town requested various findings. The Town requested that the Commission find that after the expiration of the rate plan, the various rate adjustments allowed under the Settlement would also expire. It also requested that the Commission find that the exogenous event provision would not be

⁴⁶ Amended Settlement Agreement filed 12/15/06.

applicable to 2006 costs and that insurance proceeds and third party revenues would offset the rate impact of an exogenous event.⁴⁷

In response to final Commission data requests, an Amended Settlement Agreement (“Final Amended Settlement”) was filed on December 22, 2006. It clarified that the Commission has the ability to suspend a rate increase requested under the Settlement pursuant to R.I.G.L. § 39-3-11. It included a revised appendix to the Settlement for commodity rates.⁴⁸ At an open meeting on December 27, 2006, the Commission reviewed the evidence and approved the Final Amended Settlement as just, reasonable and in the public interest.

X. RESIDENCY CRITERIA

On April 17, 2007, Interstate and the Town filed a joint petition with the Commission clarifying the criteria utilized to determine who is eligible for the discounted Block Island resident ferry rates. The parties agreed to use the residency criteria set forth in the New Shoreham Code of Ordinances. To receive the discount rate for Block Island, a person must certify that they reside on Block Island for at least nine months of the year as well as have a Rhode Island driver’s license and be registered to vote on Block Island. On April 26, 2007, Interstate filed a revised application for issuance of a Block Island Ferry Islander Card, which added the requirement that the application be notarized.⁴⁹ This revision was made at the request of the Division. On May 2, 2007, the Division recommended approval of the joint petition with the revised application. At an open

⁴⁷ Town’s 12/20/06 letter.

⁴⁸ Final Amended Settlement filed 12/22/06. This settlement is attached as Appendix A and is hereto incorporated by reference herein.

⁴⁹ The application for issuance of a Block Island Ferry Island Card is attached as Appendix B and is hereto incorporated by reference herein.

meeting on May 10, 2007, the Commission approved the joint petition with the revised application as filed on April 26, 2007.

COMMISSION FINDINGS

Interstate is a rather small utility that provides a lifeline to a small population on an island. In this case, Interstate has taken a large step towards controlling its operational expenses by agreeing to a five year rate plan. The Commission must determine if this rate plan is in the public interest while giving consideration to the small size of Interstate and the nature of its utility service.

At the outset, the Commission reviewed the rate revenue level set at the beginning of the five year rate plan. In the Settlement, the parties agreed to a revenue increase of \$1,100,694. This is very close to the Division's original position of allowing an increase of \$873,587, and significantly below Interstate's original revenue increase of \$2,438,522. In the context of a settlement, this proposed level of a revenue increase appears reasonable.

Next, the Commission reviewed the proposed rate design. The Settlement would provide for no rate increase on freight, only a 5 percent rate increase for commuter passengers and vehicles, while increasing all other rates by 15.72 percent. This is appropriate since the lifeline provided by Interstate are the services it provides to Block Island residents by shipping freight and transporting Block Island residents and their vehicles. Rate increases for lifeline services must be kept to a minimum. The non-lifeline services of Interstate are discretionary in nature and a matter of choice. Therefore, individuals can avoid these rate increases by not utilizing the services. Accordingly, the proposed rate design appears reasonable.

The proposed five year rate plan gives additional protection to lifeline services. From 2007 through 2011, there will be a rate freeze for Block Island residents and freight. This rate freeze gives substantial protection to the lifeline services used by Block Island residents.⁵⁰ Also, in the Amended Settlement, Interstate agreed to continue the commitments it made in Docket No. 3573 to provide the same level of service to its customers.

Other customers of Interstate also benefit from the five year rate plan. For 2007 and 2008, there is a rate freeze on all rates. From 2009 through 2011, all rates except for freight and commuters will still receive protection from high rate increases. The Settlement limits rate increases to the annual percentage change in the CPI, which is a recognized measure of inflation. This will help protect customers of Interstate from facing a rate increase in excess of increases in the cost of living. Although in past rate plans, the Commission has offset inflation adjustment factors with a productivity factor, it would be very difficult to develop a productivity factor for a small ferry company.⁵¹ Also, the CPI rate increase provision is not applicable to commuter or freight rates, and therefore, 80 percent to 90 percent of Interstate's revenue requirement would be increased under the CPI provision.

There are various other rate adjustment provisions which the Commission reviewed. The Settlement increased the fuel cost in the base rates to \$2.00 per gallon. Therefore, the statutory fuel surcharge will be charged only if the fuel cost goes above \$2.00 per gallon, but a credit for consumers will be given if the fuel cost is below \$2.00 per gallon. This is appropriate and is an improvement over the current method of

⁵⁰ To obtain this protection, an individual will need to meet the requirements in the Application for Issuance of a Block Island Ferry Islander Card.

⁵¹ See Order No. 14129 (approving New England Telephone's Price Regulation Trial plan).

calculating the fuel surcharge. The new method for calculating the fuel surcharge will avoid off-peak riders of the Interstate ferry from subsidizing on-peak riders of the Interstate ferry.⁵²

To protect Interstate's financial condition during the five year rate plan, the settlement included an earnings floor provision, which allows Interstate to increase its revenues to obtain a 5.5 percent ROE if it can demonstrate that its ROE is below 5.5 percent. This is an unusual provision for a rate plan. However, Interstate is a very small utility and its earnings can fluctuate significantly due to weather conditions since ferry usage declines in the summer due to poor weather. Although National Grid, the gas utility, does not have an earnings floor provision even though its earnings fluctuate due to weather, it is a large utility and has a weather normalization clause to protect its revenues from changes in the weather. Under these circumstances, an earnings floor provision for Interstate is acceptable with this five year rate plan.

The Settlement also seeks to protect Interstate's financial condition during the five year rate plan by including an exogenous event provision. An exogenous event provision in a multi-year rate plan is common and expected.⁵³ However, there was some confusion regarding the interpretation of the exogenous provision during the hearing. It is clear that the exogenous event provision is not applicable to costs incurred in 2006 and in calculating any rate adjustment due to an exogenous event, any insurance proceeds and third party revenues will offset the rate increase. More importantly, the exogenous event

⁵² Although the CPI provision does not exclude fuel costs, the percentage of revenues excluded from the CPI for commuters and freight is the equivalent of the percentage of expenses associated with fuel costs. Thus, the inclusion of fuel costs in the CPI calculation counter balances the exclusion of commuter and freight rates from CPI rate increases.

⁵³ See e.g. Order Nos. 18037, 17417, and 17381 (multi-year rate settlements for Narragansett Electric, Verizon-Rhode Island and New England Gas).

provision is for actions that clearly adversely impacts Interstate's traditional ferry service. An exogenous event provision is appropriate under a rate freeze plan. However, this settlement does not impose rate restrictions upon the fast ferry. If an exogenous event occurs to Interstate's fast ferry, Interstate could seek to raise its fast ferry rates.⁵⁴ Thus, the exogenous event provision is not applicable to fast ferry operations. Disputes may arise under this exogenous event provision. However, it is the Commission that has the authority to interpret the settlement it approves.⁵⁵

Next, the Commission must discuss Interstate's fast ferry operation. Interstate's fast ferry service is a utility service under Rhode Island law. However, it is entirely a discretionary service. Thus, the Commission's regulatory policy towards a fast ferry service is significantly more flexible from the Commission's regulatory approach to lifeline or traditional ferry service.⁵⁶ Based on this difference, the Commission allowed Interstate's fast ferry operation to include an acquisition premium in setting its rates, but expressly excluded the acquisition premium for the fast ferry from negatively affecting the traditional ferry service.⁵⁷ Thus, lifeline ratepayers and traditional ferry service customers will not be reimbursing Interstate's shareholders for the acquisition premium for purchasing Island Hi-Speed Ferry. This is consistent with prior Commission decisions excluding acquisition premiums from a utility's cost of service.⁵⁸ Although the acquisition premium is included in the fast ferry's costs, the fast ferry is entirely

⁵⁴ See Order No. 17417 (indicating the need for an exogenous event provision diminishes with greater pricing flexibility).

⁵⁵ See e.g. Order Nos. 18198, 17644 and 17524.

⁵⁶ Order No. 17619.

⁵⁷ An acquisition premium is the difference between the price paid for an asset and its net book value.

⁵⁸ See Order Nos. 18037 and 17381.

discretionary and, therefore, lifeline customers are not required to use this service and assist Interstate's shareholders in recouping its acquisition premium.

Not only must the acquisition premium for the fast ferry be excluded from Interstate but it must not negatively impact Interstate's traditional ferry rates. In the Amended Settlement, only a credit from the fast ferry division can be passed on to Interstate's traditional ferry rates. If there is an overall loss in the fast ferry division, no loss will adversely affect the traditional ferry service. Instead a zero balance will be recorded when the earnings below floor or the earnings sharing mechanism calculation is made. Not allowing an overall loss from the fast ferry division to cause a rate adjustment or a reduction in earnings sharing will protect traditional ferry service customers. It is also consistent with the utility concept of ring fencing.⁵⁹ The Final Amended Settlement approved by the Commission is consistent with these principles and concepts.

A significant component of most multi-year rate plans is the ESM. The ROE for the ESM is set at 11 percent ROE. Although this is a slight increase from Interstate's current ROE of 10.75 percent, the rise in interest rates since Interstate's last rate case can justify this slight rise in the ROE as well as the small size of the utility. In addition, earnings sharing does not begin until the Interstate's ROE is 12.5 percent. Although National Grid, both its electric and gas utilities, is allowed to retain a portion of merger savings, Interstate does not have merger savings from acquiring its fast ferry. This retention by Interstate of earnings between 11 percent and 12.5 percent ROE equates to approximately \$40,000 in earnings for Interstate. In light of the small amount of these earnings, the small size of the utility and the willingness of Interstate for the first time to

⁵⁹ Ring fencing prevents losses in non-utility operation from adversely affecting a utility's revenue requirements. In addition, the Commission did not explore the issue of a cost allocation study between Interstate's traditional and fast ferry divisions because no expert testimony was presented on this issue.

accept a rate freeze and multi-year incentive plan, the Commission accepts this provision in light of the overall settlement.

In addition, the ESM for Interstate calculates earnings over a five year period rather than annually. This is also of some concern to the Commission since National Grid, the gas utility, shares earnings on an annual basis. However, unlike National Grid, Interstate does not have a weather normalization clause to stabilize its finances if weather conditions should cause a drop in revenues. Also, Interstate is subject to competition from a ferry service from New London, Connecticut while National Grid is the gas distribution monopoly in Rhode Island. Furthermore, Interstate is a much smaller utility which generates a much smaller amount of shareholders earnings than National Grid's gas operations. An annual proceeding to calculate earnings sharing could be as costly in regulatory expense relating to witnesses and attorneys as the amount of earnings to be shared with customers determined by such a proceeding. Lastly, based on the most recent decade of Interstate's earnings which consistently show earnings below an 11 percent ROE, it appears unlikely there will be much earnings sharing unless the fast ferry division of Interstate proves remarkably profitable.⁶⁰ Under the circumstances, the calculation of earning sharing over a five year period for Interstate is accepted.

Lastly, the Commission must clarify its legal authority regardless of its approval of this settlement. There are numerous provisions in the settlement for allowing Interstate to request rate adjustments pursuant to various provisions such as earnings below floor, inflation and exogenous events. At the expiration of the multi-year rate plan, these provisions would no longer be applicable and Interstate could return to

⁶⁰ PUC Ex. 2 (Data Resp. No. 5)

traditional cost of service regulation.⁶¹ More importantly, the Commission has the statutory right pursuant to R.I.G.L. § 39-3-11 to suspend and investigate any rate increase requested by Interstate pursuant to any provision of the settlement to ensure that the rate increase is justifiable based on the evidence such as inflation, earnings or an exogenous event. Any potential suspension of a rate increase pursuant to a provision of this settlement should be short, assuming Interstate provides the information necessary to complete a reasonable investigation of Interstate's request.⁶² The approval of any settlement cannot erode the Commission's statutory authority to suspend a rate increase.

Most importantly, the approval of this multi-year settlement does not limit the Commission's legal authority to seek an earnings report from Interstate at any time or limit the Commission's legal authority to terminate the settlement if the Commission deems it in the public interest. The approval of any settlement cannot erode the Commission's statutory obligation to modify rates to protect the public against improper and unreasonable rates.⁶³ The Final Amended Settlement, which was approved by the Commission, appears to recognize the Commission's plenary statutory authority in public utility regulation.

On the whole, the Final Amended Settlement appears to be in the public interest. The multi-year rate plan will provide significant protection from rate increases for the residents of Block Island, who rely on Interstate's lifeline service.

⁶¹ Final Amended Settlement, p. 8.

⁶² In addition, although it is unlikely the Commission would suspend a rate filing for Interstate's fast ferry since it is a discretionary service, the Town certainly can request a fast ferry rate filing being suspended even if the Division does not request the suspension of the filing.

⁶³ See e.g. Order Nos. 18198, 17644 and 17524.

Accordingly, it is

(18957) ORDERED:

1. Interstate Navigation's Application for Fast Ferry Rates and its Motion filed on August 29, 2006 is hereby approved.
2. The Stipulation filed on September 15, 2006 is hereby approved.
3. The Amended Settlement as last filed on December 22, 2006 is hereby approved.
4. The Passenger and Vehicle Rates and the Rules Governing All Tariffs filed as Exhibit 2 to the December 15, 2006 Settlement are approved for effect on January 1, 2007.
5. The Commodity Rates filed on December 22, 2006 are approved for effect on January 1, 2007
6. The Joint Petition filed on April 17, 2007 with the revised Application for Issuance of a Block Island Ferry Islander Card filed on April 26, 2007 is hereby approved.
7. Interstate Navigation shall comply with all other findings and instructions contained in the Report and Order.

EFFECTIVE JANUARY 1, 2007 IN WARWICK, RHODE ISLAND
PURSUANT TO OPEN MEETING DECISIONS ON SEPTEMBER 28, 2006,
DECEMBER 27, 2006 AND MAY 10, 2007. WRITTEN ORDER ISSUED MAY 11,
2007.



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
RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: INTERSTATE NAVIGATION COMPANY –)
GENERAL RATE FILING –) DOCKET NO. 3762
TRADITIONAL SERVICE RATES)**

AMENDED SETTLEMENT AGREEMENT

I. INTRODUCTION

A. Summary

The Interstate Navigation Company (“Interstate” or the “Company”) enters into this settlement agreement (the “Settlement Agreement” or “Settlement”) with the Division of Public Utilities and Carriers (the “Division”) (together, the “Settling Parties”), to resolve all issues arising in this docket, R.I.P.U.C. Docket No. 3762.

The Settling Parties are seeking approval of the Settlement Agreement by the Commission by December 26, 2006, so that the rates established in this Agreement may become effective as of January 1, 2007. Elements of the Settlement include, among other provisions, a two year rate freeze on rates for traditional ferry service after an increase in base rates to produce \$1,100,694 in additional annual revenues effective January 1, 2007, restrictions on rate increases for traditional ferry service in 2009, 2010, and 2011, a performance-based rate plan which includes an earnings sharing mechanism, and procedures to credit customers for decreases in fuel

prices for traditional ferry services below a \$2.00 per gallon floor (including taxes) during the term of the Rate Plan established by the Settlement.

B. Procedural History

On July 31, 2006, the Company filed a request for a traditional ferry service rate increase totaling \$2,438,522. During the period August 1 through November 30, 2006, the Company responded to numerous data requests issued by the Division, Commission, and the Town of New Shoreham ("the Town"). On October 27, 2007, the Division filed the direct testimony of David J. Effron, and the Town filed its Position Memorandum through its legal counsel. On November 13 and November 14, 2006, the Company submitted its rebuttal testimony.

C. Parties' Statement

This Settlement Agreement is based on extensive discovery and negotiations among the Settling Parties concerning all issues involved in establishing new base rates for traditional ferry service to become effective January 1, 2007. After due consideration of the testimony, exhibits and other documentation included in the filings by Interstate, the Division, and the Town, the Settling Parties now have agreed to a comprehensive settlement in the rate case which resolves all issues relating to the Company's traditional service revenue requirement, rate base, rate of return, rate design, and certain service related issues including the incorporation of the Company's new high speed ferry service into its business plan. The Settling Parties agree that the Settlement Agreement is just and reasonable, and represents a fair and equitable overall resolution of all of their concerns.

The Settlement Agreement is as set out below.

II. RATE INCREASE AND RATE DESIGN

For traditional ferry service on and after January 1, 2007, Interstate Navigation Company shall implement a rate increase from the rates currently in effect, designed to produce \$1,100,694 of additional revenues per year, calculated as shown on Exhibit 1, measured using a rate year of calendar year 2007. The tariffs included in Exhibit 2 shall be approved and implemented effective January 1, 2007, for calendar years 2007 and 2008 (“the Rate Freeze Period”). The tariffs for traditional ferry service in Exhibit 2 include a 0% increase for freight, a 5% increase for commuter passengers and commuter vehicles, and a 15.72% increase for all other tariff services from the base rates presently in effect. Interstate will concurrently adjust its fuel surcharge level to reflect a base price for fuel of \$2.00 per gallon (including taxes), effective January 1, 2007, and will implement the fuel surcharges prospectively pursuant to the procedures specified in Section IV.B, below.

Only the holders of a current Rhode Island driver’s license with solely a Block Island address on the license are eligible for passenger commuter rates, except that for students attending the Block Island School who are too old to qualify for the child rate and too young to obtain a Rhode Island license, a current Block Island School picture identification card may be used to establish eligibility for the commuter passenger rate. To be eligible for the commuter car, SUV, van and pick-up truck rates, the vehicle (1) must be driven by a driver with solely a Block Island address on the current Rhode Island license, and (2) must have solely a Block Island address on the vehicle registration. The eligibility criteria will be included in the Company’s tariff and on the Company’s website.

III. RATE PLAN

The Rate Plan for traditional ferry service will be in effect from January 1, 2007, through December 31, 2011. This Rate Plan will consist of a Rate Freeze Period consisting of the calendar years 2007 and 2008 and a Post Rate Freeze Period consisting of the calendar years 2009, 2010, and 2011.

A. Rate Freeze Period

Interstate's rates reflected in Exhibit 2 shall be frozen for the Rate Freeze Period, subject only to 1) statutory fuel surcharges if the price of fuel oil, including taxes, exceeds \$2.00 per gallon, subject to the procedures defined in subsection IV.B below, and 2) the exogenous events, defined in subsection 1 below, that occur during the Rate Freeze Period ("Exogenous Events"). During the Rate Freeze Period the Company will adjust rates of traditional ferry service resulting from any of the Exogenous Events according to the procedures set forth in subsection 2, below. The defined Exogenous Events (including catastrophic events) are applicable to the traditional service only, unless the Exogenous Event adversely impacts the ability of the traditional service to provide safe, reasonable, and adequate services and facilities per RIGL § 39-2-1(a).

1. Exogenous Events

a. State or Federal Initiated Cost Change: Interstate shall adjust its rates (upward or downward) if the occurrence of a "State or Federal Initiated Cost Change," as defined below, causes (in the aggregate) a change in Interstate's annual revenue requirement by more than \$100,000. For purposes of this Settlement, the term "State or Federal Initiated Cost Change" shall mean:

(1) the enactment or promulgation of any new or amended Federal, state, or local, laws or regulations, or of any decision issued by a court of competent

jurisdiction, governing income, revenue, sales, franchise, gross receipts or property taxes, or any new or amended Federal, state or locally imposed fees (but excluding the effects of annual changes in local property tax rates and revaluations);

(2) the elimination of any existing Federal, state or local tax or fee obligations;

(3) any Federal, state or local legislative or regulatory mandates which impose new or amended obligations, duties or undertakings, or remove existing obligations, duties, or undertakings, which decrease or increase Interstate's costs, revenue, or revenue requirement; and,

(4) any externally imposed changes in the Federal state or local tax rates, laws or regulations or of any decision issued by a court of competent jurisdiction, governing income, revenue, or sales or other taxes, or any changes in Federal, state or local imposed fees.

b. Catastrophic Events: Events beyond the control of Interstate's management, such as (but not limited to) 1) injuries or death(s) to persons, 2) and damage to vessels or wharfs or other facilities caused by acts of god, acts of war, terrorism, criminal acts, natural disasters, storms such as (but not limited to) hurricanes, fires, flooding, collisions, allisions, or other similar events, and which cumulatively decrease or increase Interstate's costs, revenue, or revenue requirement by more than \$100,000.

2. Procedure for Adjusting Rates During the Rate Freeze Period.

a. Procedure: If Interstate incurs any changes in costs, revenue, or revenue requirement in excess of the thresholds set forth in the prior section in connection with any of the Exogenous Events that have occurred during the Rate Freeze Period, Interstate shall

file for rate adjustments no later than March 1st following the year in which the amounts are incurred. If Interstate has not made a filing, the Division has the right to make a filing on its own to open a proceeding if the Division believes an Exogenous Event has occurred that should result in a rate decrease. Any proposed rate adjustments shall be subject to review by the Commission, and after a public hearing and approval by the Commission, shall be implemented for service on and after June 1st following the year in which the amounts are incurred (unless suspended by the Commission) and shall be applied through a uniform percentage rate adjustment applicable to all tariffed services (i.e. across the board). Absent extraordinary circumstances, any such filings are limited to once per calendar year, and any costs incurred or avoided from such Exogenous Events shall be deferred for consolidation in the single filing. However, when accumulated deferred costs reach \$100,000 the total cost shall accrue interest at an annual rate of 5% from such time until recovered in rates. In instances where the total accrued costs are less than \$100,000 and the effective date of the adjustment is suspended beyond June 1st, the Company shall be entitled to accrue interest at the 5% annual rate for the accumulated deferred costs (even though less than \$100,000) from June 1st until cost recovery is allowed. In any proceeding under this subsection, the party claiming that there should be a rate modification resulting from the occurrence of an Exogenous Event shall carry the burden of proving the occurrence and the cost impact. The Company will file a certification with the Commission by March 1st of each year during the Period of the Rate Plan, with copies to the Division, certifying that, to the best of the Company's knowledge and belief, there have been no occurrences of Exogenous Events except as identified in the certification.

b. Earnings Limit: If and when the Company makes a filing seeking an adjustment that increases rates under this section, if the average return on equity of the

Company, calculated using the same methodology as set forth in Section D.1.b below, for any fiscal year period ending May 31st 2008, 2009 or 2010 exceeds 11%, the Company will not be permitted to make a rate adjustment until the average return has dropped below 11%. If and when the average return on equity drops below 11%, the Company may only recover costs on a prospective basis (i.e. from the date the average return drops below 11% forward).

B. Post Rate Freeze Period

Interstate's rates reflected in Exhibit 2 shall be subject only to the specific adjustments defined below during the Post Rate Freeze Period of the Rate Plan.

1. Exogenous Events

During the Post Rate Freeze Period, the Company will adjust rates resulting from any of the Exogenous Events, as set forth in subsection A.1, above.

2. Inflation

On or before November 15, 2008, 2009, and 2010, Interstate is authorized to file with the Commission a percentage change in rates, to be effective on the following January 1, equal to the percentage change in the average Consumer Price Index ("CPI-U Northeast") from the twelve months ended September 30 of the prior year to the twelve months ended September 30 of the current year. Notwithstanding the foregoing, rates applicable to commuters, commuter vehicles, and freight shall not be increased for any rate increases authorized pursuant to this paragraph.

3. Earnings Below Floor

On or before November 15, 2008, 2009, and 2010, Interstate will file a report with the Commission detailing the earned return on common equity ("ROE") for the twelve months ended as of the preceding May 31 ("the historic period"). If the ROE, calculated using the same

methodology as set forth in Section D.1.a, below, is below 5.5% in the historic period, Interstate will be required to submit a report detailing the ROE calculated using the same methodology as set forth in Section D.1.b, below. If the ROE calculated using the same methodology as set forth in Section D.1.b, below, is below 5.5%, Interstate shall be authorized to increase its traditional ferry service rates across the board, effective the following January 1, to collect over twelve months the revenue necessary to make up the difference between the ROE pursuant to Section D.1.b in the historic period and 5.5%, except that if the report detailing the earned ROE is not filed by September 1, the Commission will have the express authority to suspend any rate increase pursuant to R.I.G.L. § 39-3-11. Any adjustment to rates pursuant to this subsection 3 is independent of any adjustment to rates pursuant to subsection 2 above.

C. Traditional Cost of Service Ratemaking After the Rate Plan

After expiration of the Rate Plan, if not extended by agreement of the settling parties and approval of the Commission, no special adjustments to rates for Exogenous Events, as described in this Section, shall be permitted, and rate changes for traditional service may occur under traditional cost of service (“COS”) principles, consistent with Rhode Island law. As such, the Company is permitted to file a COS rate case to change rates effective January 2012 or later, if the Company believes it has or will have a revenue deficiency for the applicable rate year. The Division also has the right to file a complaint with the Commission requesting that the Commission require a COS review to reduce rates beginning in January 2012 if the Division believes that the Company has, or will have, a revenue excess.

D. Incentive-Based Savings Plan

A properly structured incentive-based rate plan can align the interests of the Company

and its customers by establishing appropriate incentives to maximize potential economies for the benefit of the Company and its customers. To that end, the Parties agree that economies achieved by the Company shall be shared between the Company and customers as described in this section.

1. Earnings Reports

a. The Company will be required to file annual earnings reports with the Commission by November 15 of each year during the Rate Plan Period, for the fiscal year ending May 31st in that year, commencing November 15, 2008. Copies also will be filed with the Division. This annual earnings report will calculate the earned ROE from the Company's financial statements on the basis of Generally Accepted Accounting Principles (GAAP). It is the intent of the Settling Parties to defer the final calculation of cumulative return on equity to determine if the Company has exceeded the allowed rate of return until the end of the Rate Plan. However, the Commission has the authority to require a report of the cumulative earned ROE prior to the end of the Rate Plan.

b. The final determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Plan Period in a Final Accumulated Earnings Report. Specifically, by June 1, 2012, Interstate shall file the Final Accumulated Earnings Report that determines the actual cumulative average return on equity for the entire Rate Plan Period from January 1, 2007, through December 31, 2011. For purposes of calculating return and income taxes for this final determination, Interstate shall use the capital structure and associated costs of capital approved by the Commission in this Docket No. 3762. For purposes of these earnings reports, the allowed return on equity shall be 11.0%, and results will be adjusted to reflect established Commission ratemaking principles. However, there will

be no adjustments to actual results to recognize or annualize prospective known and measurable changes. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by Interstate's average rate base. Any accumulated earnings as calculated in the Final Accumulated Earnings Report over 150 basis points (1.50%) above the allowed return on equity of 11.0% shall be shared 50% for customers and 50% for the Company. The customers' share will be credited to customers through the procedure described in subsection 2 below.

2. Customers' Share of Accumulated Earnings

Prior to proposing a method of crediting customers for the customers' share of earnings above the earnings thresholds, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement, Interstate shall file its proposal directly with the Commission subsequent to consulting with the Division and the Commission will make the ultimate determination.

F. Fast Ferry Rates and Terms and Conditions

The Fast Ferry service is a purely discretionary service. Therefore, Interstate shall be authorized to apply to the Commission from time to time to change Fast Ferry Rates and Terms and Conditions and, with Commission approval, to implement such changes on thirty (30) days' notice. The Division, except in extraordinary circumstances, will not object to any such changes, will not recommend any suspension by the Commission beyond the thirty (30) days' notice, and will not request compliance with any traditional rate filing requirements other than

the thirty (30) day notice. Also, the previously agreed methodology for the calculation of Fast Ferry fuel surcharges will not change.

IV. SPECIFIED ACCOUNTING REQUIREMENTS

A. Fast Ferry

1. Prospective Earnings

All earnings reports required by Section III, above, will include pre-tax profits earned by Interstate's Fast Ferry Division. The actual pre-tax profit earned by the Fast Ferry Division will be calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket No. 3762. The debt service will include annual interest and principal repayments on all debt used by Interstate to acquire the operations of Island Hi-Speed Ferry in 2006. For the purpose of the reports required by Section III.D.1.a, above, the annual Fast Ferry pre-tax profit will be fixed at \$208,357. However for the purpose of the cumulative five year average ROE in Section III.D.1.b above and for the purpose of calculating the Earnings Below Floor in Section III.B.3 above, the annual Fast Ferry pre-tax profit will be the actual pre-tax profit calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket. However the pre-tax profit used in calculating the cumulative five year average ROE in Section III.D.1.b above and Earnings Below Floor will not be less than zero. Any acquisition premium and any costs associated with the acquisition of the Fast Ferry will be excluded from Interstate's rate base and from the establishment of rates for traditional service. The Fast Ferry pre-tax profit calculations shall not be affected by this exclusion.

2. 2006 Earnings

All earnings reports required by Section III, above, will include profits earned by Fast Ferry operations in 2006, deemed to be \$365,750 on a pre-tax basis, amortized over a three

year period (\$121,916 per year) commencing January 1, 2007. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

3. Revenues and Expenses

Interstate shall account for Fast Ferry revenues and expenses in a timely manner and shall maintain the books of account for its Fast Ferry Division in a manner such that expense categories shown on Schedule WEE-1RY in this Docket No. 3762 can be readily identified.

B. Fuel

1. Base Price

The base price of fuel oil included in the determination of the Company's revenue requirement for traditional ferry service in this Docket No. 3762 ("Base Price") is \$2.00 per gallon, which includes all applicable taxes.

2. Fuel Price Less than Base Price

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry services, including all applicable taxes, is less than the Base Price, Interstate will accrue a reserve equal to the volume of fuel purchased in that month times the difference between the actual average price and the Base Price. The reserve balance will be maintained in a separate account on the Interstate balance sheet, or in a readily identifiable sub-account.

3. Fuel Price in Excess of Base Price

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry service, including all applicable taxes, is in excess of the Base Price, for the purpose of calculating the Fuel Factor component of its rates for the following

month, the “Fuel Floor” used in the calculation of the fuel cost eligible for recovery (“Fuel Recovery”) will be equal to the Base Price. The eligible Fuel Recovery will be charged against the credit balance, if any, existing in the reserve account established pursuant to subsection 2, above. Any eligible Fuel Recovery in excess of the credit balance in the reserve account will be used to calculate the Fuel Factor (surcharge) component of Interstate’s traditional ferry service rates for the following month.

4. Disposition of Balance in Reserve Account

If a credit balance exists in the reserve account established pursuant to subsection 2, above, as of December 31, 2011, prior to proposing a method of crediting customers for that balance, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement Interstate shall file its proposal with the Commission and the Commission will make the ultimate determination.

C. Homeland Security

1. Reserve Account

The balance in the Homeland Security reserve account as of May 31, 2006, is \$83,450. Interstate will continue the reserve method of accounting for Homeland Security expenditures as established in Docket No. 3573, subject to the modifications in subsection 2, below.

2. Annual Expense

The annual Homeland Security expense to be recorded by Interstate during the term of the Rate Plan will be \$250,000. Any capital expenditures in excess of \$50,000 will be

charged to the appropriate plant account or accounts and not against the accrued reserve for Homeland Security.

D. Other

1. Rate Case Expense

For the purpose of all earnings reports required by Section III, above, Interstate will amortize the cost of this rate case and the unamortized rate case cost of Docket No. 3573 over three years. The annual amortization expense is deemed to be \$83,333. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

2. Accumulated Deferred Income Taxes

Interstate will establish the appropriate balance of accumulated deferred Federal income taxes on its books of account as of May 31, 2007, including a) the difference between the book basis of its fixed assets and the tax basis of those fixed assets times the applicable Federal income tax rate, and b) deferred federal income taxes on other book-tax temporary differences as may be appropriate pursuant to GAAP. The balance of accumulated deferred income taxes will be maintained in conformity with GAAP. The balance of accumulated deferred income taxes will be deducted from plant in service to determine the rate base used in the earnings reports required in Section III, above.

3. Depreciation Accrual Rates

Interstate will continue to use the depreciation accrual rates in effect during the twelve months ended November 30, 2005, for the term of the Rate Plan.

V. EFFECT OF SETTLEMENT AGREEMENT

Nothing in this Settlement Agreement shall be construed to modify the previous commitments and obligations of Interstate set forth in Sections 4 and 7 of the Stipulation and Settlement in Docket #3573 dated May 12, 2004. This Settlement Agreement is the result of negotiations among the Settling Parties. The discussions that have produced this Agreement have been conducted on the explicit understanding that all offers of settlement and discussions relating hereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or other proceedings involving any one or more of the parties to this Settlement or otherwise. The agreement by a party to the terms of this Settlement Agreement shall not be construed as an agreement as to any matter of fact or law for any other purpose. In the event that the Commission (i) rejects this Agreement, (ii) fails to accept this Agreement as filed, or (iii) accepts this Agreement subject to conditions unacceptable to any party hereto, then this Agreement shall be deemed withdrawn and shall be null and void in all respects. The Parties recognize that the Commission has an ongoing obligation to protect the public against improper and unreasonable rates that cannot be precluded by a settlement agreement.

IN WITNESS WHEREOF, the parties agree that this Settlement Agreement is reasonable and have caused this document to be executed by their respective representatives, each being fully authorized to do so, and ask that this Settlement Agreement be substituted in its entirety for the Settlement Agreement previously filed on December 7, 2006. Dated at Providence this 14th day of December 2006.


Respectfully submitted,

INTERSTATE NAVIGATION COMPANY

**RHODE ISLAND DIVISION OF PUBLIC
UTILITIES AND CARRIERS**

By its Attorney,

By its Attorney,

 12/14/06

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INTERSTATE NAVIGATION COMPANY
RATE YEAR REVENUE INCREASES

Exhibit 1

	Company Original Position	Percentage Increase	Increase	Proposed Revenue	Remaining Revenue Deficiency
Passengers					
Non Commuter	3,632,928	15.72%	571,233	4,204,161	3,632,928
Commuter	<u>256,990</u>	5.00%	<u>12,850</u>	<u>269,840</u>	
	<u>3,889,918</u>		<u>584,083</u>	<u>4,474,001</u>	
			-	-	
Vehicles					
Non Commuter	2,988,058	15.72%	469,835	3,457,893	2,988,058
Commuter	<u>189,306</u>	5.00%	<u>9,465</u>	<u>198,771</u>	
	<u>3,177,364</u>		<u>479,301</u>	<u>3,656,665</u>	
			-	-	
Bikes & Mopeds	123,573	15.72%	19,430	143,003	123,573
Freight	719,432	0.00%	-	719,432	
Charters	113,716	15.72%	17,880	131,596	<u>113,716</u>
Tours	<u>33,804</u>		<u>-</u>	<u>33,804</u>	<u>6,858,275</u> a
	<u>990,525</u>		<u>37,311</u>	<u>1,027,836</u>	
Tariff Revenue	8,057,807		1,100,694	9,158,501	1,100,694
					(12,850)
					(9,465)
					<u>1,078,379</u> b
					15.72% b/a

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. 3762

INTERSTATE NAVIGATION COMPANY

LOCAL TARIFF

Naming

PASSENGER AND VEHICLE RATES

FOR TRADITIONAL SERVICE

APPLYING BETWEEN

POINTS AND PLACES IN THE STATE OF

RHODE ISLAND

(As Indicated Herein)

EFFECTIVE: January 1, 2007

ISSUED BY:

Interstate Navigation Company
Susan Linda, President
Post Office Box 482
New London, Connecticut 06320

RULE NO. 5 PETS OR ANIMALS ACCOMPANYING PASSENGERS:

Animals or pets will not be allowed to accompany passengers aboard ships unless such animals are securely under leash.

RULE NO. 10 BAGGAGE DEFINED:

- (a) Baggage may be either personal or sales sample cases defined as follows: Personal luggage or baggage consists of wearing apparel, toilet articles or similar effects in actual use, necessary and appropriate for the wear, use, comfort or convenience of the passenger for the purpose of the trip and not intended for other persons or for sale. Sample cases are those to be used by salesman containing samples or articles or merchandise for sale and for future transportation and not articles for immediate sale forthwith.
- (b) Money, jewelry, negotiable papers or like valuables should not be enclosed in baggage to be checked. This carrier will not be responsible for such articles in baggage.
- (c) All baggage must be enclosed in receptacles such as trunks, valises, suit cases, leather hat boxes or satchels provided with handles, securely locked or otherwise fastened and made of material of sufficient strength and durability and quality to withstand the rapid handling and piling incidental to its transportation.

RULE NO. 15 BAGGAGE ACCOMPANYING PASSENGERS:

Each passenger purchasing an adult or child one way ticket will be allowed to transport without charge fifty (50) pounds of luggage or baggage, which must be carried on and off the ship by the passenger at points of embarkation and debarkation.

RULE NO. 20. ARTICLES IN AUTOMOBILES:

Carrier will not be responsible for articles left in automobiles when not loaded in car trunks.

RULE NO. 25 DAMAGE TO AUTOMOBILES IN TRANSIT:

Any alleged damage to automobiles aboard ship shall be reported to ship's officers prior to leaving the dock at destination.

RULE NO. 30 ROUND TRIP TICKET:

The carrier will not be responsible to persons holding round trip tickets for failure to provide return carriage due to weather or mechanical failure; the carrier will honor the return ticket by providing carriage as soon as the weather and the sea are fit for navigation and the equipment is fit to operate.

RULE NO. 35a OVERSIZED VEHICLES:

Deck space in general is restricted in the vessels by height and width. Outside deck space (which can accommodate higher vehicles) is also very limited in availability. Therefore, Oversized Vehicles, (which include cars, pick-up trucks, SUVs and vans) that do not fit the standard sized description of a standard car, pick-up truck, or van, will be charged an Oversized Vehicle rate of \$3.75 per linear foot, but only if they are 7' in height or less. If they are over 7' high, see Rule 35b. A standard car is no more than 18' long, 6' wide, and 5' high. As examples, without limiting the generality of the foregoing, the following are Oversized Vehicles that will be charged the per linear foot Oversized Vehicle rate of \$3.75 per linear foot but only if they are 7' in height or less:

- Any vehicles (including but not limited to cars, vans, and pick-ups) that are over 6' in width at the widest point.
- Extended cab pick-up trucks.
- Dual-wheel vehicles (including but not limited to the F350 Ford Series).
- Small dump trucks with a pick up front, and a dump body.
- Stake body trucks.
- Vehicles where racks extend the length of the car, van or pick-up.
- Vehicles that are wider than standard. For example, the vehicle has a utility body containing tool boxes, or the body of the vehicle is not ordinary or standard open backed.
- Vehicles that have ladder racks, or racks that hold pipes or other items on their roof.
- Any trailers (including but not limited to utility trailers), that are longer or wider than a standard car or are over 6' wide at the widest.

RULE 35b VEHICLES OVER 7' HIGH OR THAT REQUIRE OUTSIDE DECK SPACE:

- Any vehicles (including but not limited to cars, vans, pick-ups, SUVs, and trailers of any type) that are over 7' in height at the highest point will be charged the \$5.10 per linear foot truck rate.
- Any vehicles that require the use of the limited outside deck space will charged the per linear foot truck rate of \$5.10 per linear foot. For example, people will often put their bikes on their car, and they often need outside deck space due to the extra height. We cannot guarantee them the outside deck space (trucks have priority) and the bikes and racks may have to come down. In such a case, if the bikes and racks come down and the car, van or pick-up is then otherwise standard size, the standard car, van or pick-up truck rate will apply, and the standard charges will also apply to the bikes, racks, or other items removed from the vehicle.

RULE NO. 40 TIME LIMIT ON SUITS:

Suits to recover on any claim for loss of life or bodily injury must be instituted within one (1) year from the day when the death or injury occurred. Suits to recover on any claim other than loss of life or bodily injury, including breach of contract, must be instituted within six (6) months of the scheduled arrival of the passenger or property at destination.

RULE NO. 45 SCREENING AND INSPECTION:

Pursuant to Homeland Security Coast Guard Regulations, entering the ferry facility is deemed valid consent to screening or inspection; and failure to consent or submit to screening or inspection will result in denial or revocation of authorization to enter.

RULE NO. 50 ARTICLES LEFT ABOARD VESSEL:

Carrier will not be responsible for articles left aboard the vessel. Such shipments shall be charged for at the minimum rates provided in the company's tariffs.

RULE NO. 55 DAMAGE TO AUTOMOBILES:

All vehicles are transported at owner's sole risk. Drivers must accompany vehicles. The company will not be responsible for any damages to vehicles while in transport or while they are being loaded and unloaded aboard the vessel. The owner or driver must drive the vehicle on and off the vessel. In the event a vessel is canceled, the car reservation is also canceled. Any alleged damage to automobiles shall be reported to vessel's officers prior to leaving dock at destination.

RULE NO. 60 CAR RESERVATION CANCELLATIONS:

Car reservations may be changed two times 7 full days in advance of departure, then only one time within 7 days of departure. Cancellations made 7 full days in advance will be assessed a \$10.00 cancellation fee for each cancellation. No refunds will be made for cancellations made within 7 days of departure.

RULE NO. 65 VEHICLE OVERHANG CHARGE:

There is a \$7.00 additional charge per each way, in addition to the vehicle fee, for items over 7' on top of cars, and the same fee will be charged for items on the front, back and side of vehicles as well as items overhanging the roof of vehicles that exceed the length or width of the vehicle.

RULE NO. 70 NON-STANDARD VEHICLE CHARGES:

Vehicles that require more than one car space (such as limousines) may be charged an increased rate based on the amount of deck space required for the vehicle as opposed to a standard car or SUV (see also Rule 35).

RULE NO. 75 BLOCK TICKET SALES CHARGE:

There is a \$19.50 block ticket sales service charge for all block sales of 25 or more tickets. The block ticket sales service charge for arrangements made for group travel that includes making luncheon reservations, bus tours, and/or other similar amenities shall be \$35.00.

RULE NO. 80 ONLINE SALES CHARGE:

For all online internet and telephone call center passenger transactions, there is a \$2.00 convenience fee per transaction, to cover postage/handling charges.

RULE NO. 85 LOST TICKET CHARGE:

There is a \$13.00 charge for all lost tickets which are replaced (each way).

RULE NO. 90 GROUP DISCOUNTS:

Carrier may from time to time apply a 15% promotional group discount rate to groups of 25 or more.

RULE NO. 95 ADVANCE TICKET DISCOUNT:

Carrier may sell advance tickets on a pay for 9 tickets in advance, get 10 tickets basis.

RULE NO. 100 COMMUTER RATE ELIGIBILITY:

Only the holders of a Rhode Island driver's license with solely a Block Island address on the license are eligible for commuter rates, and to be eligible for the commuter standard sized car, SUV, van and pick up rates, (Oversized Vehicles as defined in Rule 35, are not eligible for the commuter vehicle rate), the vehicle (1) must be driven by a driver with solely a Block Island license, and (2) must have solely a Block Island address on its registration. Also, Block Island resident school students who are over the age of eleven, but under the age of sixteen who attend the Block Island School may obtain the adult resident commuter rate by presenting a valid Block Island School Photo Identification Card which will be issued by the Town of New Shoreham.

EXPLANATION OF ABBREVIATIONS

No. = Number

P.O. = Post Office

R.I. = Rhode Island

R.I.P.U.C = Rhode Island Public Utilities Commission

NA = Not Available

PLF. = Per Linear Foot

PASSENGER RATES
(Rates in Dollars and Cents Per Passenger)

ITEM:

Between Newport and Block Island Apply Column A Rates
 Between Point Judith and Block Island Apply Column B Rates

COLUMN

A	B						
---	---	--	--	--	--	--	--

5 ADULT PASSENGER FARES

ONE WAY ADULT	\$9.85	\$10.10					
ROUND TRIP ADULT	\$14.50	\$16.55					

10 CHILDREN PASSENGER FARES

ONE WAY	\$4.65	\$5.20					
ROUND TRIP	\$6.70	\$8.20					

Commuter Rate \$10.50 (See Rule 100)

Senior Discount (over 65 years):

- \$.50 off non-commuter one way tickets
- \$1.00 off non-commuter round trip tickets

NOTE a. The passenger rates for children published in Item No. 10 will apply to children five (5) years of age up to and including children eleven (11) years of age when accompanied by an adult. For children twelve (12) years of age and older the adult passenger fares published in Item No. 5 will be charged.

NOTE b. Children under five (5) years of age when accompanied by an adult will be transported free.

FOR EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS SEE PAGE 5.

VEHICLE RATES

ITEM:

Between Block Island and Newport Apply Column A Rates
 Between Block Island and Point Judith Apply Column B Rates

RATES IN DOLLARS AND CENTS PER UNIT (one way)

		COLUMN	
		A	B
15	Automobiles (See Rules 20, 25, 35, 50, 55, 60, 65 and 70 herein and Rule 20 of Freight Tariff)	n/a	45.00
16	Bicycles	2.90	2.90
16a	Bicycle wagons, whether or not attached to a bicycle	2.90	2.90
16b	Tandem Bicycles, whether or not attached to a bicycle	2.90	2.90
16c	Electric Bicycles, motorized skateboards, and mini-motorcycles	7.50	7.50
17	Motorcycles	19.70	19.70
18	Pick-up trucks, vans, and SUV's (See Rules 20, 25, 35, 50, 55, 60, 65 and 70 herein and Rule 20 of Freight Tariff)	n/a	54.30
19	Trucks* (See note)	n/a	5.10/lf
20	Hazardous Trucks* (See note)	n/a	7.65/lf

Commuter Vehicle Rates:

- Standard-sized Automobiles \$ 27.00
(See Rules 20, 25, 35, 50, 55, 60, 65, 70, and 100 herein and Rule 20 of Freight Tariff)
- Standard-sized Pick-up Trucks, Vans, and SUVs \$ 32.75
(See Rules 20, 25, 35, 50, 55, 60, 65, 70, and 100 herein and Rule 20 of Freight Tariff)

* Note: Except as set forth below, trucks carrying hazardous materials or dangerous goods, as defined by 49 CFR, Subchapter C Hazardous Materials Regulations, the U.S. Coast Guard, and the International Maritime Organization, can not be transported aboard passenger vessels. Therefore, except as set forth below, when carrying these materials, the vessel must operate strictly as a cargo vessel, and the per foot rate is as set forth above for hazardous trucks. For this purpose, the Carrier will make a vessel available as a cargo vessel on a reservation only, as available basis, at the rate set forth above per same day round trip run from Point Judith to Block Island and return (maximum 4 hours). When available, the cargo vessel must be scheduled to leave Point Judith and complete the run at the discretion of the Carrier.

Trucks which carry sludge for the New Shoreham Sewer Commission will be required to travel on the hazardous truck cargo vessel, and will not be allowed to travel on a vessel with passengers, but will be allowed to travel at the regular truck rate of \$5.10 per linear foot, because the sludge is not a hazardous material or dangerous good as defined by 49 CFR, Subchapter C, but odor from the truck is a problem for ferry passengers. In addition, trucks which carry garbage for the Town of New Shoreham will also be allowed, on an as-needed basis, to travel on the hazardous truck cargo vessel, but at the standard truck rate of \$5.10 per linear foot, or they may travel on the usual passenger ferry.

Trucks which have a gross weight of 50,000 pounds or more and are not tractor trailer trucks and are not carrying property for the Town of New Shoreham will be required to pay, in addition to the per linear foot truck rate, a weight premium of \$50 per one way trip due to the weight limitations imposed upon the ferry vessels.

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. 3762

INTERSTATE NAVIGATION COMPANY

LOCAL TARIFF

Naming

CLASS AND COMMODITY RATES

FOR TRADITIONAL SERVICE

APPLYING BETWEEN

POINTS AND PLACES IN THE STATE OF

RHODE ISLAND

(As Indicated Herein)

For reference to the governing Classification and other governing publications, see Rule No. 5 herein.

EFFECTIVE: January 1, 2007

ISSUED BY:

Interstate Navigation Company
Susan Linda, President
Post Office Box 482
New London, Connecticut 06320

EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS

Bbl= Barrel Co= Company Col= Column Conn= Connecticut Ctn= Carton I.C.C.= Interstate Commerce Commission KD= Knocked Down Lbs= Pounds M= Thousand MT= Empty	Min= Minimum Charge No.= Number NOIBN= Not Otherwise indexed by name in classification Pkg= Package Pt= Point R.I.= Rhode Island Department of Public Utilities SU= Set Up Viz= Namely &= And
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RULES GOVERNING ALL TARIFFS

RULE NO. 5 GOVERNING CLASSIFICATION, RULES AND EXCEPTIONS TARIFF:

Governed, except as otherwise provided herein, by the Coordinated Freight Class- No. 11, The New England Motor Rate Bureau, Inc., Agent's MF-I.C.C. No. A-210, MF-R.I.D.P.U. No. A-84 and by the Rules, Regulations and Exceptions thereto, the New England Motor Rate Bureau, Inc., Agent's MF-I.C.C. No. A-202, MF-R.I.D.P.D. No A-82, supplements thereto or successive issued thereof.

RULE NO. 10 APPLICATION OF RATES:

(a) Commodity rates named in this tariff are applicable only on shipments tendered to the carrier in exact accordance with the commodity description and packing requirements set forth herein.

(b) Unless otherwise provided, the rates shown herein apply only on articles received on one bill of lading at one time and place from one consignor for delivery to one consignee at one place, at one destination.

(c) The transportation obligation of the carrier under this tariff consists of the receipt of freight at its dock at the shipping point and its transportation to the dock of the carrier at destination.

RULE NO. 15 MAXIMUM CHARGES:

In no case shall the charge for a given shipment be greater than the charge for a shipment of the same commodity, of a greater weight, between the same points.

RULE NO. 20 MINIMUM CHARGES:

Except as provided in individual items herein rates named are subject to the following minimum charges per shipment.

<u>BETWEEN</u>	<u>AND</u>	<u>MINIMUM CHARGE</u>
Newport or Pt. Judith, R.I.	Block Island, R.I.	\$4.00

RULE NO. 25 LIABILITY FOR FEEDING LIVESTOCK:

The carrier will not be responsible for the feeding or watering, of livestock transported. It shall be the responsibility of the consignor to guarantee the carrier that a plentiful supply of feed and water shall be placed aboard vessel prior to the boarding of such shipments of livestock.

RULE NO. 30 HOUSEHOLD GOODS, DESCRIPTION OF:

The rates on Household Goods apply to all Household Goods, new or used, including but not limited to goods and personal effects such as furniture, clothing and residence furnishings and when shipped uncrated will only be accepted at owner's risk.

RULE NO. 35 INTEREST:

Interest will be charged on overdue accounts (past 30 days) at 1.5% per month, plus reasonable attorney's fees if collection efforts are needed.

RULE NO. 40 C.O.D. SHIPMENTS, COLLECTION AND REMITTAL CHARGES:

The following charges will apply for the collection and the remittance of C.O.D. bills collected from consignees between all points in Rhode Island:

When the amount collected is:		Charge for Collection and remittance will be:	
Not over	TO	\$ 10.00	\$ 0.90
\$ 10.01	TO	20.00	1.07
20.01	TO	30.00	1.25
30.01	TO	40.00	1.43
40.01	TO	50.00	1.61
50.01	TO	75.00	1.78
75.01	TO	100.00	2.23
100.01	TO	150.00	2.85
150.01	TO	200.00	3.57
200.01	TO	300.00	4.65
300.01	TO	400.00	5.72
400.01	TO	500.00	6.79
500.01	TO	1,000.00	8.03
	OVER	1,000.00	8.03 per \$1,000

RULE NO. 45 EMPTY CONTAINERS RETURNED, RATES APPLICABLE:

The rates in cents per can, case, carton or other empty alcoholic or nonalcoholic beverage container including bottles in racks, or other containers not otherwise shown herein will apply as follows:

	BETWEEN	Pt. Judith & B.I.
(a)		
Containers with bottles, each		.52
Containers without bottles, each		.45
Milk Cans, Each		.45
Milk Dispensers, each		.52
Beer Kegs, each		1.07

(b)
The rates in cents per empty tank shall be returned as follows:

Soda Fountain tanks, each	.80
Pyrofax tanks, each	1.07
Propane Gas Tanks, each	1.07

RULE NO. 50 FREIGHT TRANSPORTED AT OWNER'S RISK:

Shipments of livestock, pinball machines, music machines, neon or electric signs and pianos will be accepted for transportation at owner's risk.

RULE NO. 55 TRANSPORTATION OF LIVESTOCK:

All Livestock, except household pets accompanied by an owner or handler, dogs, cats and animals of like size in portable kennels, and fowl in crates, will be carried only in animal vans or trailers. The tariff for such transportation will be the tariff for such vans or trailers.

RULE NO. 60 PERSONAL PALLETS:

Personal pallets are \$7.85 each. Personal pallets can be used on an as available basis in the discretion of the Carrier and are solely to be used for the transportation of personal items (such as groceries and luggage). Each pallet is 3 ½' high and no items may be loaded on a personal pallet that are higher than 3 ½'. Personal pallets will be given to customers on a "first come, first served" basis, and the boats are limited to how many pallets can be taken. The number of personal pallets which can be taken will vary trip to trip in the discretion of the Carrier based on the availability of deck space and pallets.

RULE NO. 65 SURFBOARDS:

Surfboards are \$6.50 one way, \$13.00 round trip.

COMMODITY RATES

DATE: 12/07/06 9:21

ITEM MASTER COMMODITY RATES LISTING

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	*
ABC	ABC	ABC ITEM MASTER RECORD. THIS W AS THE FIRST TEST ITEM ENTERED	EA	1.00000	1.00000	1.720

1*

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UCM	WEIGHT PER UNIT	CONVERSION FACTOR
006	45-00	EMPTY CONTAINER WITH BOTTLES RULE 45	EA		.540
	45-01	EMPTY CONTAINER W/O BOTTLES RULE 45	EA		.460
	45-02	EMPTY MILK CASES. CANS RULE 45	EA		.460
	45-03	EMPTY MILK DISPENSERS RULE 45	EA		.540
	45-04	EMPTY BEER KEGS RULE 45	EA		1.070
	45-05	EMPTY BREAD TRAY, PLASTIC	EA		.460

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	COM	WEIGHT PER UNIT	CONVERSION FACTOR	*
007	015-02	AREA WALL	EA			2.510
	030-05	BAIT BARRELS, EMPTY	EA			1.250
	035-05	BATHTUB, CAST IRON	EA			13.260
	035-06	JACUZZI, WHIRLPOOL RULE #40 APPLIES	EA			19.280
	035-07	SHOWER BASE, GRANITE, MOIBN	EA			5.620
	040-00	BATTERIES, USED, CAR	EA			.710
	040-03	BATTERIES, USED INDUSTRIAL MARINE	EA			1.780
	045-00	KEG; WINE 1/4	EA			2.240
	045-08	COLD PLATE W/COOLER	EA			2.870
	10-03	ANCHOR, MOORING, 200-499LB	EA			7.170
	10-04	ANCHOR, MOORING, 500-799LB	EA			15.040
	10-05	ANCHOR, MOORING, 800-999	EA			22.420
	10-06	ANCHOR, SMALL	EA			1.440
	10-07	ANCHOR, MOORING, 100-199LB	EA			5.360
	10-08	ANCHOR, MOORING, 1000 & ABOVE	EA			35.400
	30-05	BARREL, 15 GAL	EA			3.560
	30-06	BARREL, 30 GAL	EA			5.570
	40-02	BATTERIES, ELECTRICAL, SOLAR INDUSTRIAL, MARINE	EA			2.560

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	
	45-05	KEG; WINE 1/2	EA			3.220
	45-10	DISPENSER, WATER	EA			8.600
	50-00	WATER, BOTTLE, 3 GAL	EA			1.440
	55-02	BICYCLE, UNCRATED	EA			2.870
	600-21	SOLAR PANEL APPROX 4X8	EA			24.430
	005-01	ALUMINUM LOUVERS, VENTS	PC			.800
	005-02	ANTI-FREEZE COMPOUNDS, NOISE, LIQUID, IN CASES, EA.	EA			1.440
	005-03	ANTI-FREEZE COMPOUNDS, NOISE, LIQUID IN BARRELS OR DRUMS EA.	EA			7.330
	005-04	ANGLE IRON BY LINEAR FEET	FT			.460
	010-01	AUTOMOBILE PARTS VIZ: EXHAUST PIPES OR MUFFLERS, EA	EA			1.440
	010-02	AUTO SEATS	EA			6.090
	015-01	AUTO TRANSMISSIONS	EA			6.090
	020-01	BAGS, BURLAP, GUNNY OR JUTE, NOISE	EA			5.370
	025-01	BARRELS (NOT OIL OR TAR), DRUMS PAIRS, TUBS, WOOD/IRON/STEEL	EA			.540
	030-02	BARRELS, TAR, EMPTY, EACH	EA			1.250
	030-03	BARRELS, TAR, FULL, EACH	EA			7.330
	030-04	BAIT BARRELS	EA			5.370
	035-01	BATHTUBS, EACH	EA			8.600

WEIGHT PER UNIT
CONVERSION FACTOR

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	035-02	COMBINATION TUB AND SHOWER (FIBERGLASS)	EA		19.330
	035-03	SHOWER IN BOX BY PIECE	EA		3.030
	035-04	SHOWER (FIBERGLASS)	EA		12.530
	040-01	BATTERIES, ELECTRIC, STORAGE, EACH	EA		1.780
	045-01	BEVERAGES, ALCOHOLIC, VIZ. M.T. KECS	KEG		1.070
	045-02	BEER, 24 PER CASE,	CAS		1.250
	045-03	BEER IN KECS EACH	KEG		2.240
	045-04	LIQUORS, SPLITS PER CASE	CAS		2.420
	045-05	WINE, PER CASE	CAS		1.780
	045-06	BEER 48 BOTTLES PER CASE, EACH	CAS		1.780
	050-01	BEVERAGES, SODA, JUICE, WATER	CAS		.980
	050-02	BEVERAGES, NON-ALCOHOLIC; SODA, PRE-MIXED CANS, EACH	CAS		1.250
	050-03	BEVERAGES, NON-ALCOHOLIC; CO2 + O2 TANKS AND CYLINDERS	CYL		2.240
	055-01	BICYCLES, NORM, IN BOXES OR CRATES, EACH	EA		3.680
	055-11	CARRIAGE, BICYCLE TRAILER, STO LLER CRATED	EA		2.200
	055-12	CARRAIGE, STOLLER UNCRATED	EA		2.000

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
008	065-04	COBBLESTONE	EA		.450
	065-05	COBBLESTONE, LESS THAN 10 INCH	EA		.220
	65-03	BLOCK, PATIO	EA		.640
	70-00	BUOY, CARTON, LOOSE, SMALL 2'X2' BOX	EA		2.150
	70-01	BUOY, CARTON, LOOSE, LARGE OVER 2'X2' BOX	EA		3.560
	70-02	BUOY, LOBSTER	EA		.360
	70-04	BOBCAT TRACTOR	EA		29.020
	70-05	BOBCAT TRACTOR WITH BACK ATTACHMENTS	EA		38.340
	060-01	BLINDS, WINDOW OR SHUTTERS	EA		.800
	065-01	BLOCKS, CHIMNEY 9 X 13	EA		.460
	065-02	BLOCKS, BUILDING, CEMENT OR CINDER EACH	EA		.540
	070-00	KAYAK, CANOE, WALK ON	EA		11.150
	070-01	BOATS, PER LINEAR FOOT	FT		1.440
	075-01	BOAT TRAILERS, EACH	EA		18.420
	080-01	BOILER/FURNACE	EA		24.430
	085-01	BOOKS, BY THE CARTON	CTN		2.420
	085-02	BOOTS OR SHOES, IN CARTONS, EACH	CTN		2.420
	090-01	BOOTH, TELEPHONE, STEEL/WOODEN, SU LOOSE OR IN BOXES, CRATES	EA		12.160

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	090-02	BRASS FITTINGS, CARTONS	CTN		3.680
	095-01	BREAD, BAKERY PRODUCTS, IN CARTONS EACH (1.74 MIN)	CTN		.980
	095-02	BREAD RACKS OR CARRIERS (E.T. EACH)	EA		8.950
	100-01	BRIDGING BOX METAL	EA		.270
	100-02	BROOM, ROAD, ATTACHMENT	EA		25.590
	105-01	BOTTLES, CARBOYS, DEMIJOHNS, JAR, NOIEN, GLASS OTHER CUT, EMPTY RT	EA		.880
	110-01	BOXALUM DRIP EDGE	EA		3.680
	115-01	BOXES, FISH, EMPTY, EACH	EA		.270
	120-01	BRICKS, BUILDING, COMMON, LESS THAN M, EACH	EA		.090
	120-02	BRICKS, BUILDING, COMMON OVER 1,000 BRICKS	M	1,000.00000	60.820
	125-01	BRIDGING METAL, BOX	EA		1.440
	125-02	BRICKS, FACE, EACH	EA		.100
	125-03	BRICKS, FIRE, EACH	EA		.130

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
009	130-02	WEED WHACKER, ELECTRIC	EA		3.550
	170-00	COMPUTER EQUIPMENT;MONITOR,CPU	EA		7.320
	170-01	CASH REGISTERS,BOOKKEEPING,FAX COPY,TYPING OR STENOGRAPH MACH	EA		7.320
	170-02	COMPUTER PRINTER, SCANNER	EA		5.440
	175-09	CABINET, FILLER	EA		1.440
	175-10	CABINET, PANEL	EA		3.210
	175-11	CABINET, FILING RULE # 40 APPLIES	EA		5.090
	175-12	CABINET, QUAD RULE #40 APPLIES	EA		17.280
	175-13	CABINET, FILING, SMALL 2 DRWR RULE #40 APPLIES	EA		2.870
	180-05	CASKET, GRAVE, LINER	SET		18.990
	180-06	PRECAST STAIRWAY	EA		38.660
	180-07	CART, SHOPPING	EA		3.560
	185-04	EXPANSION JOINT	EA		.140
	240-00	COUNTER TOP	FT		.930
	240-01	COFFEE SHOWER PANS	EA.		2.680
	130-01	BRUSH/ WEED CUTTER,GAS POWERED	EA		6.090
	135-01	BULKHEAD STEEL	EA		8.690
	140-01	EURLAP, ROLL OR BALE	EA		7.330

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	145-01	BUOY FLOAT, MAST HEAD	EA		1.250
	150-01	BUFFER/POLISHER	EA		6.500
	155-01	CALCIUM CHLORIDE PER BAG	EA		2.420
	160-01	BUILDING-SHED, HOUSE, FABR STEEL PER CWT.	EA		4.030
	165-01	CANDY OR CONFECTIONERY, IN BOXES OR CARTONS	EA		2.420
	165-02	CANDY OR CONFECTIONERY MINIMUM CHARGE PER SHIPMENT	EA		3.030
	175-01	CABINET, MEDICINE	EA		1.780
	175-03	CAN, REFUSE AND PLASTIC, TIN, FUEL EMPTY	EA		1.780
	175-04	CARTONS: GAMES, TOYS	EA		2.420
	175-05	CABINET, SINGLE RULE 40 APPLIES	EA		3.680
	175-06	CABINET, DOUBLE RULE 40 APPLIES	EA		6.090
	175-07	CARPETS OR LINOLEUM/ROLL	EA		7.170
	175-08	FOAM PADDING/ROLL	EA		2.240
	180-02	CASKETS OR VAULT, BURIAL, CASKET, WOODEN, EACH	EA		12.160
	180-03	CASKETS OR VAULTS, BURIAL, CASKET, STEEL, EACH	EA		17.070
	180-04	CASKETS OR VAULT, BURIAL, VAULT, CEMENT, EACH	EA		29.260
	185-01	CEMENT, MASONRY, NATURAL OR PORTLAND, IN BAGS EACH	EA		1.440
	185-02	POWER CEMENT TROWEL	EA		6.090

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	185-03	SAKRETE, MORTAR OR ANY 25 LB BAG	BAG		.710
	150-01	CESSPOOLS, COMPLETE, EACH	EA		54.910

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
010	180-08	STAIRWAY, FOLDING ATTIC	EA		5.010
	180-10	STAIRWAY, PREFAB 8 FEET / LESS	EA		5.010
	180-11	STAIRWAY, PREFAB GREATER THAN 8 FEET	EA		9.020
	195-01	CHARCOAL, GREATER THAN ANIMAL OR WOOD, IN CLOTH BAGS	BAG		1.780
	200-01	CAULKING COMPOUND, ACCESS PER BOX	BOX		1.440
	205-01	CHEMICALS, NOIBM, IN CARBOYS, EACH	CRB		2.420
	205-02	CHAIN, 500-799 LB BARREL	EA		15.250
	205-03	CHAIN, 200-499 LB BARREL	EA		10.100
	205-04	CHAIN, LESS THAN 200 LB	EA		5.010
	210-01	CHIMNEY FLUE LINING, CLAY, 8"X8" LINEAR FOOT	EA.		.540
	210-02	CHIMNEY FLUE LINING, CLAY 8" X 12 "	EA.		.620
	215-01	CIGARETTE VENDING MACHINE	EA.		13.420
	220-01	CLAY TRIMBLE 8"X8"	EA.		.620
	235-01	CLOTH, DRY GOODS, FABRIC, BAGGING, GUNNY, IN BNGL OR CTN	CTN		1.250
	245-01	COAL OR COKE IN CLOSED BAGS PER TON (2000 LBS)	TON		13.420
	245-02	COAL OR COKE IN CLOSED BAGS, PER 50 LBS BAG	BAG		.460
	245-03	CORD WOOD; PER PALLET OR 1/2 CORD	CRD		8.950
	245-04	CORD WOOD; PER CORD	CRD		17.870

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	250-01	CROKERY OR EARTHENWARE IN BOXES OR BARRELS	BOX		3.030
	255-01	DOORS, WOODED, GLAZED, EACH	EA.		3.030
	255-02	DOORS, SCREEN	EA.		3.030
	255-03	DOOR, ALUMINUM	EA.		3.030
	255-04	DOOR, GARAGE, DOUBLE OR OVERHEAD, EACH	EA.		7.330
	255-05	DOOR FRAMES	EA.		2.420
	255-06	DOOR, STEEL FIRE, EACH	EA.		11.630
	255-07	DOOR, CELLER, EACH	EA.		12.160
	255-08	DOORS, PRE-HUNG, EACH	EA.		4.920
	255-09	DOOR, GLASS, SLIDING, FRENCH PATIO	EA.		10.700
	255-13	DOOR, DOUBLE PRE-HUNG	EA		9.620
	255-14	DOOR, BIFOLD	EA		3.030
	255-16	DOOR, WOOD, W/WINDOW	EA		3.560
	255-17	DOOR, COMBO	EA		4.470
	255-18	DOOR, GLASS, SLIDING, FRENCH, DOUBLE PATIO	EA		21.470
	255-19	GATE, LARGE 16' OR LESS	EA		5.520
	255-20	GATE, LARGE 17' OR GREATER	EA		9.390
	255-21	DOOR, BATH TUB	EA		6.500

CLASS

ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
260-01	DRUGS OR MEDICINES, NOIBN IN CARTONS	CTN		3.040
260-02	DURA-WALL 600 LINEAL FEET 8"	EA.		5.800
260-03	DURA-WALL 500 LINEAL FEET 12"	EA.		6.700
270-00	WIRE, COIL	EA		1.780
300-08	DRESSER, CHEST	EA		6.090
300-13	DISPLAY CASE, RACK	PC		6.090
602-00	DUMPSTER, 15YRD	EA		25.820
602-01	DUMPSTER, 10-14 YRDS	EA		28.660
602-02	DUMPSTER, 6-9 YRDS	EA		21.500
602-03	DUMPSTER, 3-5 YRDS	EA		17.880
602-04	DUMPSTER, LESS THAN 3 YRDS	EA		7.170
245-00	COOKIES	BOX		.620
255-00	DOOR, SHOWER	EA		3.560
255-10	DOOR, STORM	EA		3.560
255-11	SCREEN, SLIDING	EA		2.720

CONVERSION
FACTOR

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
011	15-02	ENGINE BLOCK	EA		5.370
	15-03	ENGINE, COMPLETE	EA		10.720
	265-01	EGGS, NOIBN, IN CASES EACH	CS		3.030
	265-03	ELECTRIC SUPPLIES PER CARTON	CTN		1.780
	265-07	TRANSFORMER, 75 KVA	EA		71.620
	265-08	TRANSFORMER, 112.5 KVA	EA		93.080
	265-09	TRANSFORMER, 5 KVA	EA		7.170
	265-10	TRANSFORMER, 37 KVA	EA		34.350
	265-11	TRANSFORMER, 45 KVA	EA		50.130
	265-12	UTILITY ENCLOSURES	EA		13.260
	270-0	WIRE, SPOOL	EA		1.780
	270-01	FELT, BUILDING IN ROLLS PER ROLL	EA.		1.440
	270-02	FENCE, PER ROLL; SNOW	EA.		4.520
	270-03	FENCE, PER ROLL, CHICKEN WIRE	EA.		1.950
	270-04	FENCE, PER ROLL, STEEL	EA.		6.700
	270-08	FENCE, STOCKADE 3'X8'	SEC		4.290
	270-09	FENCE, STOCKADE < OR = 3'X8'	SEC		2.780
	270-10	FENCE, SHEET 5'X10' BY PALLET	PLT		31.950

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	270-11	FENCE, PER ROLL, SILT	EA		1.950
	275-00	FERTILIZER COMPOUNDS, SINGLE O NE TON BAG, NOIBN	TON		39.030
	275-01	FERTILIZER COMPOUNDS, NOBIN, LIME, MANURE IN BAGS	EA.		1.950
	275-02	MULCH, PEAT MOSS	EA		1.440
	275-03	SOIL	EA		1.440
	275-04	MULCH, PEAT MOSS PALLET SIZE BALE	PLT		19.870
	275-05	FERTILIZER COMPOUNDS, 1000LB B AG, NOIBN	BAG		25.650
	280-00	FISH, LARGE, FRESH, BOXED	EA		5.730
	280-01	FISH, FRESH OR FROZEN, IN BARRELS, EACH	EA.		3.580
	280-02	FISH, FRESH OR FROZEN, BOXES	EA.		2.420
	280-03	FISH, FRESH OR FROZEN, IN BAGS , EACH	EA.		1.780
	280-04	LOBSTERS, IN BARRELS OR CRATES , EACH	EA.		4.830
	280-045	LOBSTER, IN LARGE BBL OR CRATE	EA		11.440
	280-11	FISH, X-TUB	TUB		16.050
	280-12	X-TUB, EMPTY	EA		8.050
	280-13	FISH, X-TUB, SMALL	TUB		8.500
	285-00	FLAG STONES, BLUESTONE, SLATE PALLET	PLT		28.660
	285-01	FLAG STONES, BLUESTONE, SLATE	EA		1.950

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	285-02	FIRE EXTINGUISHERS	EA.		1.780
	290-01	FLOWERS, ARTIFICIAL, CUT OR UN CUT; PER BOX OR CARTON	CTN		1.440
	290-02	FLASHING; ALUMINUM OR LEAD 8" ROLL	ROL		1.250
	290-03	FLASHING, ALUMINUM OR LEAD 12" ROLL	ROL		1.610
	290-04	FLASHING, BOXED	BOX		1.440
	290-05	FLASHING; COPPER	RL		2.510
	290-06	ALUMINUM, SHEET, BY SQUARE FOOT	SQF		.210
	295-01	FRUITS OR VEGETABLES	LB	100.00000	2.160
	300-06	TABLE, FOLDING RENTAL RULE #40 APPLIES	EA		2.870
	300-07	DESK RULE #40 APPLIES	EA		7.170
	300-09	TABLE, PICNIC	EA		7.170
	300-1	CHAIR, FOLDING IN RACK	BAK		28.660
	300-10	ENTERTAINMENT CENTER/ ARMOIRE	EA		7.170
	300-12	CHAIR; PATIO, SLEEVE	SLV		8.280
	305-02	GALLEY	EA.		24.430
	305-03	DIST. BOXES	EA.		5.820
	305-04	1,000 GAL SEPTIC TANK	EA.		85.840
	305-05	SHALLOW GALLEY/FLOW DIFFUSOR	EA		13.260

CLASS ITEM NUMBER	DESCRIPTION OF COMMODITY	UOK	WEIGHT PER UNIT	CONVERSION FACTOR	
305-07	BLOCK, RETAINING / BARRICADE 3X3X6	EA			13.260
308-06	BUTCHER BLOCK TABLE	EA			2.070
310-01	GLASS, BOX OF, CRATED, LOOSE	EA,			4.930
310-02	GLASSWARE, CARBOYS, EMPTY EACH	EA,			.540
310-03	GLASSWARE, IN CARTONS, INCLUDE POTTERY, ETC.	EA,			2.420
315-00	PET FOOD	PKG			1.440
315-01	GRAIN, FEED, SEED, BAG (UNDER A TON)	EA,			1.250
315-02	GRAIN, FEED, SEED, BAG, TON AM D OVER	EA			.800
315-03	GRAVEL NIK, 90#	EA,			1.250
315-04	GRAIN, FEED, SEED, 1 TON BAG / OR 2 1/2 TON BAGS	EA			25.780
315-05	PELLETS, WOOD BY 50LB BAG	BAG			1.250
320-01	GREASE DRUM, 120#	EA,			2.240
320-02	GREASE, ENGINE OR MOTOR, IN BOXES, OR BARRELS	EA,			1.950
325-01	GROCERIES, BAG OF, EACH	EA,			.540
325-02	GROCERIES, BY CWT	CWT		100.00000	2.150
325-03	GROCERIES, TON, PEASOD ITEM	EA			2.430
325-04	GROC. SUPPLIES ARE DESCRIBED IN COMMODITY LIST #1 P.18 & 19				1.950
325-05	GROCERY SUPPLIES MINIMUM CHARGE PER SHIPMENT	CTN			1.070

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UCM	WEIGHT PER UNIT	CONVERSION FACTOR	
	325-06	GROCERIES, MINIMUM CHARGE PER SHIPMENT	LBS	10.00000	C	1.530
	330-02	GUTTERS OR EAVE TROUGHS, PER LINEAR FOOT	LF			.130
	330-03	GYPSONITE, BY BAG	BAG			1.250
	265-04	TRANSFORMER, 10 KVA	EA			10.720
	265-05	TRANSFORMER, 15 KVA	EA			14.330
	265-06	TRANSFORMER, 25 KVA	EA			21.500
	270-05	FENCE, POST AND/OR RAIL	EA			.710
	270-06	FENCE, HOLDER, POST	EA			.350
	280-00	FORMICA	RL			6.230
	295-00	PRODUCE	LR		100.00000	2.160
	300-00	CHAIRS; PATIO, FOLDING RULE 40 APPLIES	EA			1.440
	300-01	CHAIRS; LOUNGE, CIN OR LOOSE RULE 40 APPLIES	EA			2.870
	300-02	SOFA; COUCH, SLEEPER RULE 40 APPLIES	EA			8.950
	300-03	TABLE; DINING ROOM RULE 40 APPLIES	EA			7.170
	300-04	TABLE; END RULE 40 APPLIES	EA			2.870
	300-05	TABLE; COFFEE RULE 40 APPLIES	EA			4.290

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
012	310-04	POTTERY BY PALLET	PLT		24.180
	330-01	GROUND RODS, PER LINEAR FOOT	LF	.060	
	335-01	HAMPERS, LAUNDRY EMPTY RETURN RULE 40 APPLIES	EA.		2.870
	335-03	HAMPERS, LAUNDRY, OPEN COVERS RULE 40 APPLIES	EA.		4.830
	335-04	HAMPER, DIRTY LAUNDRY RULE 40 APPLIES	EA		4.290
	335-05	LAUNDRY, DIRTY RULE 40 APPLIES	EA		1.440
	340-02	SPADES, SHOVELS, BROOMS, POST HOLE DIGGERS, RAKES, PER BNDL.	BDL		1.610
	340-03	SPADES, SHOVELS, BROOMS, POST HOLE DIGGERS, ECT. EACH	EA.		1.440
	340-04	HARROW	EA.		25.590
	340-05	WHEEL BARROW	EA		5.010
	345-01	KAY, IN BALES, PER TON	TON		18.330
	345-02	KAY, BALES	EA		.980
	345-03	SHAVINGS	BAG		1.440
	350-01	HEATERS, AIR, ELECTRIC, FANS, OR COMB. IN BOXES OR CTNS.	CTM		1.780
	350-02	HEATER, LARGE, CRATED	EA		5.370
	350-03	HEATER, KEROSENE	EA		3.560
	355-01	HEATERS, GAS OR ELECTRIC, HOT WATER LESS THAN 40 CAP.	EA.		6.090
	355-02	HEATERS, GAS OR ELECTRIC HOT WATER, 40-75 CAP	EA.		8.500

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	355-03	HEATERS, GAS OR ELECTRIC HOT WATER, 80 OR GREATER CAP	EA		13.940
	360-01	HOUSES, PREFABRICATED; BUNGALOW OR RANCH PER SQ. FOOT	PSF		.620
	360-02	HOUSES, PREFABRICATED; TWO STORY, PER SQUARE FOOT	PSF		.980
	365-00	ICE, BAG BY PALLET	EA		28.560
	365-01	ICE, ARTIFICIAL OR NATURAL, PER BLOCK	BLK		2.420
	365-02	ICE, ARTIFICIAL OR NATURAL, PER BUSHEL BASKET OR BAG	EA.		1.440
	370-01	ICE CREAM, PER CARTON	CTN		3.030
	370-02	ICE CREAM JACKET, OVER TWO GALLONS CAPACITY (ALWAYS)	EA.		4.520
	375-01	ICE CREAM JACKETS, EMPTY RETN PER ONE OR TWO GALLON JACKETS	EA.		.980
	375-02	ICE CREAM JACKETS EMPTY RETN OVER TWO GALLON CAPACITY	EA.		1.440
	375-03	ICE CREAM, IN PALLET BOX, PER UNIT/PKG.	EA		1.440
	380-01	IRON OR STEEL, BUILDING, PREFABRICATED NOISEM PER TON	TON		45.060
	380-02	IRON OR STEEL, JUNK OR SCRAP PER TON	TON		45.060
	380-03	INSULATION, PER ROLL	EA.		.980
	380-04	INSULATION, PER BATT	EA.		1.440
	380-05	INSULATION, SHEETS 1"	EA.		.880
	380-06	INSULATION, SHEETS 2"	EA.		1.250
	380-07	INSULATION, SHEETS 3"	EA		1.610

ASS ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
380-08	INSULATION, 4" SHEETS	EA		2.150
380-09	INSULATION, SHEETS 5"	EA		2.500
380-12	STYROFOAM LOGS	EA		2.870
380-13	FLOAT DRUM, DOCK FLOATION	EA		7.170

ASS ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
3 280-09	LOBSTER TRAP, FENCE, ROLLS OVER 20"	EA		4.290
280-10	LOBSTER LINE, COIL	EA		1.440
300-11	HEADBOARD/FOOTBOARD	EA		2.870
385-00	COLUMN, WOOD	EA		3.940
385-02	LOLLY COLUMNS	EA		2.420
390-00	SINK, TRIPLE	EA		9.820
390-07	LAWN MOWER, WALK BEHIND	EA		10.700
390-08	LAWNMOWERS, FLAIL, TOW MOWER	EA		6.090
390-09	LAWN MOWERS - LARGE RIDING	EA		29.020
395-00	LIVESTOCK, VIZ: BEES IN CRATES	CRT		3.130
395-01	LIVESTOCK, DOGS, CATS IN PORTABLE KENNELS	EA		3.680
395-02	LIVESTOCK, HENS, DUCKS, OR TURKEYS IN CRATES	CRT		4.830
400-05	TRUSS	EA		10.720
400-06	FLOORING, BOXED, BUNDLED	EA		1.780
405-01	AIR CONDITIONER	EA		6.090
405-05	POWER WASHER	EA		6.090
405-07	GALLON JUG	EA		1.440
405-08	ROTTILLER, ELECTRIC	EA		5.440

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	405-09	ROTTILLER, GAS POWERED	EA		6.090
	405-10	ROTTILLER, RIDING	EA		10.700
	405-11	VACUUM	EA		5.440
	525-17	MACHINE, WELDER	EA		7.330
	595-05	DISPOSAL	EA		5.010
	595-06	COMPACTOR	EA		6.090
	595-07	COOK TOP	EA		5.010
	280-05	LOBSTER TRAP	EA		2.150
	280-06	LOBSTER TRAP, FENCE, ROLLS UP TO 20"	RL		2.150
	280-07	LOBSTER TRAP, MESH APPROX 3X4 BY PALLET	PLT		28.660
	280-08	LOBSTER TRAP, MESH APPROX 3X4	EA		1.440
	385-01	LADDERS, ALUMINUM, STEEL, WOOD, FT PER LINEAR FOOT	FT		.360
	385-03	LATTICE	SK		2.300
	385-04	LAUNDRY, SMALL PKG RULE 40 APPLIES	BND		1.370
	385-05	LAUNDRY, LARGE BAG RULE 40 APPLIES	EA		1.780
	390-01	SINK	EA		4.920
	390-03	TOILET, TANK/BOWL	EA		4.920
	390-06	TOILET, 1 PIECE	EA		5.820

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UCM	WEIGHT PER UNIT	CONVERSION FACTOR	*****
	400-01	LUMBER-FINISH (OVER 1000 BOARD FEET)	BFT		1,000.00000	61.000
	400-02	LUMBER-FINISH-LESS-1000-	BFT			.100
	400-03	LUMBER-UNFINISH OVER-1000	BFT		1,000.00000	44.710
	400-04	LUMBER-UNFINISH-LESS-1000	BFT			.060
	405-00	MACHINES - CANDY, CIG, VENDING	EA			13.420
	405-02	MACHINES POWER TOOLS	EA			6.090
	405-03	MACHINES VIDEO GAMES, JUKE BOX FINBALL	EA			20.760
	405-04	MACHINES COMPRESSOR	EA			7.330
	405-05	MACHINES COFFEE	EA			4.870
	410-00	GRAVE STONES	WT		100.00000	3.020
	415-00	MATTRESSES SINGLE BED	EA			2.420
	415-01	MATTRESSES DOUBLE BED	EA			3.680
	415-02	FRAMES/FOLDING CARTS/SEDS	EA			3.030
	420-00	MILK-PER-CASE	CS			1.440
	420-01	MILK-DISPENSERS	EA			1.780
	390-02	LAWN MOWERS - PUSH	EA			5.370
	390-04	LAWN MOWERS - RIDING	EA			10.700

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UCM	WEIGHT PER UNIT	CONVERSION FACTOR	-----*
014	270-07	FENCE, HOLDER, POST BUNDLE	EA			1.440
	430-02	MOTORCYCLE	EA			21.500
	435-03	LAWN TRACTOR MOWER DECK	EA			7.640
	440-04	NEWSPAPER, PALLET	EA			10.720
	450-01	MEATS	LB		100.00000	2.235
	450-02	DRY FOOD GOODS CTN OR BAG	EA			1.440
	455-02	PAINTS/PER-CTN	CS			1.440
	500-27	PIPE, EMT 2"	FT			.170
	500-28	PIPE, EMT 1 1/2"	FT			.130
	500-29	PIPE, COPPER 3"	FT			.290
	500-33	SONO TUBE, 36"	FT			.390
	500-34	PIPE, BLACK IRON 1/2"	FT			.040
	500-35	PIPE; BLK IRON, 1 1/4"	FT			.070
	500-36	PIPE; BLACK IRON 6"	FT			.430
	500-37	SONO TUBE, 6"	FT			.070
	500-38	PIPE; BLACK IRON 6"	FT			.360
	500-39	SONO TUBE 24"	FT			.270
	500-40	PIPE; BLK IRON, 1 1/2"	EA			.080

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	500-41	PIPE, PVC 1/2"	FT		.020
	500-43	PIPE, CORRUGATED, 12" DIAMETER	FT		.710
	500-44	PIPE, CORRUGATED, 18" DIAMETER	FT		.980
	500-45	SOMO TUBE 18"	FT		.210
	500-46	PIPE, EMT, 1 1/4"	FT		.100
	500-47	SOMO TUBE, 16"	FT		.190
	500-48	PIPE; BLK IRN, 12"	LFT		.650
	500-49	PIPE, CORRUGATED, 24" DIAMETER	FT		1.250
	500-50	PIPE, BLACK IRON, 2 1/2"	FT		.140
	500-51	PIPE, PVC, 16"	FT		.390
	500-52	SOMO TUBE BASE, FOOTING	EA		.550
	500-53	PIPE; BLACK IRON 4"	EA		.230
	500-54	PIPE; BLACK IRON 3"	FT		.140
	500-55	PIPE, EMT, 4"	FT		.320
	500-56	PIPE, CORRUGATED, 10" DIAMETER	FT		.660
	500-57	PIPE, EMT, 3"	FT		.270
	505-07	SHEETROCK 48X1/4-1/2	EA		1.830
	505-13	PANEL; GLASSSTEEL, PLASTIC WALL PANEL, CRINKLE CUT	EA		1.010

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	*
	505-14	PEG BOARD 4X8X1/4	EA			1.830
	510-01	FILON	EA			2.750
	425-00	MIRRORS	EA			4.830
	430-00	MOPEDS	EA			8.530
	430-01	MOLDING-PER-100-LF	LF		100.00000	1.440
	435-02	TRACTOR MOWER DECK	EA			14.330
	440-01	NAILS-IN-CTN	BX			1.440
	440-02	NEWSPAPERS, MAGAZINES BY BNDL	BUL			.620
	440-03	NEWSPAPER, MAGAZINES BY CARTON	CTM			2.420
	445-01	OIL-PER-CASE	EA			1.440
	445-02	OUTBOARD, MOTOR	EA			5.620
	455-01	5-GALLON-PAILS	EA			1.440
	500-00	PIPE, EMT, 1/2"	FT			.040
	500-01	PIPE, EMT, 3/4"	FT			.060
	500-02	PIPE/HOSE PLASTIC	FT			.060
	500-03	PIPE, STEEL, GALV.	FT			.140
	500-04	PIPE, EMT, 1"	FT			.090
	500-05	PIPE, BLACK IRON, 1"	FT			.070

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	500-07	PIPE, BLACK IRON, 3/4	FT		.040
	500-09	PIPE, BLACK IRON, 2"	FT		.110
	500-10	PIPE, PVC, 1"	FT		.030
	500-11	PIPE, PVC, 1 1/2"	FT		.030
	500-12	PIPE, PVC, 2"	FT		.040
	500-13	PIPE, PVC, 2 1/2"	FT		.060
	500-14	PIPE, PVC, 3"	FT		.060
	500-15	PIPE, PVC, 3 1/2"	FT		.080
	500-16	PIPE, PVC, 4"	FT		.090
	500-17	PIPE, PVC, 6"	FT		.130
	500-18	PIPE, PVC, 8"	FT		.170
	500-19	PIPE, PVC, 12"	FT		.270
	500-20	PIPE, COPPER, 1/2"	FT		.090
	500-21	PIPE, COPPER, 3/4"	FT		.100
	500-22	PIPE, COPPER, 1"	FT		.130
	500-23	PIPE, COPPER, 1 1/4"	FT		.140
	500-24	PIPE, COPPER, 1 1/2"	FT		.160
	500-25	PIPE, COPPER, 1 3/4"	FT		.170

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	500-26	PIPE, COPPER, 2"	FT		.210
	500-30	SONG TUBE, 8"	FT		.090
	500-31	SONG TUBE, 10"	FT		.110
	500-32	SONG TUBE, 12"	FT		.130
	505-00	PLYWOOD 4X8X1/4-1/2	EA		1.830
	505-01	PLYWOOD 4X8X3/4-5/8	EA		2.750
	505-02	PLYWOOD 4X12X1/2	EA		2.750
	505-03	PLYWOOD 4X12X3/4,5/8	EA		4.130
	505-04	PLYWOOD (AC) 4X8X1/4-3/8	EA		2.750
	505-05	PLYWOOD (AC) 4X8X1/2	EA		3.210
	505-06	PLYWOOD (AC) 4X8X5/8-3/4	EA		4.130
	505-08	SHEETROCK 4X8X5/8-3/4	EA		2.750
	505-09	SHEETROCK 4X12X1/4-1/2	EA		2.750
	505-10	SHEETROCK 4X12X5/8-3/4	EA		4.130
	510-00	POLES, TELEPHONE, FLAG	LF		.540
	500-42	PIPE, PVC 3/4"	FT		.020

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
015	305-06	CEMENT STORM DRAINS	EA		10.590
	525-00	REFRIGERATORS-LESS THAN 8 CU FEET	EA		8.600
	525-01	REFRIGERATORS-8\CUBIC-FT- LESS THAN 15 CU	EA		11.010
	525-02	REFRIGERATORS-15/19-CUBIC-FT	EA		24.430
	525-03	REFRIGERATORS-20\CUBIC-FT	EA		36.590
	525-04	REFRIGERATORS, WALK-IN	EA		50.130
	525-07	ICE MACHINE WITHOUT BIN	EA		14.320
	525-08	ICE MACHINE WITH BIN	EA		24.430
	525-09	ICE MACHINE BIN	EA		11.440
	525-10	MACHINE, SODA	EA		24.430
	525-11	MACHINE, GENERATOR <10 KW	EA		6.090
	525-12	ICE MAKER	EA		3.550
	525-13	MACHINE, EXERCISE	EA		6.090
	525-14	DEHUMIDIFIER	EA		5.440
	525-15	MACHINE, GENERATOR 10-20 KW	EA		17.190
	525-16	MACHINE, GENERATOR >20 KW	EA		42.960
	530-02	SAFE, VAULT LESS THAN 3X3X3	EA		7.330
	535-03	SAND, BLASTING	BAG		1.440

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	535-04	SAND, BULK PALLET, NOT IN BAGS	PLT		28.770
	545-03	STEEL I BEAM	FT		1.070
	545-04	STEEL, SHEET, BY SQUARE FOOT	SQF		.360
	550-02	STOVE, WOOD, FIREPLACE	EA		8.950
	550-03	STEREO EQUIP	EA		5.010
	550-04	GRILL, GAS, OUTDOOR	EA		5.440
	555-02	TANK, PROPANE EMPTY	EA		1.160
	555-03	WATER SOFTENER/ FILTER	EA		2.420
	555-04	TANK, PROPANE, 100LB OR GREATER	EA		4.160
	560-02	1000 GAL OIL TANK	EA		32.180
	560-03	TANKS; OIL OR SEPTIC 330CL	EA		11.630
	560-04	CURBING, CEMENT	EA		5.820
	560-05	ELJEM DRNS/ SEPTIC INFILTRATOR	EA		1.440
	560-06	TANK; OIL, LESS THAN 275	EA		5.040
	595-08	RANGE HOOD	EA		2.510
	600-15	WELL MATE TANK	EA		2.500
	600-16	PAPER GOODS	EA		1.440
	515-00	POTATO-CHIPS	CTN		.620

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	515-01	PORTA-JOHN	EA		13.400
	520-00	PUMPS-IN-CTNS	EA		4.830
	520-01	PUMP-JACKS-PER-BUNDLE	EA		1.780
	520-02	REEL, CABLE, NEW ENGLAND TELEPH ONE, 5FT DIAM.	EA		21.500
	520-03	REEL, CABLE, NEW ENGLAND TELEP HONE,) 5FT DIAM	EA		42.950
	520-04	REEL, CABLE, EMPTY, NEW ENGLAND TELEPHONE	EA		12.180
	525-05	SM-REEL-CABLE	EA		5.560
	525-06	RE ROD	FT		.040
	530-00	ROOFING-PAPER-TAR	EA		1.440
	530-01	RED-ROBIN-PAPER	EA		.800
	535-00	SALT-IN-BAGS	EA		1.440
	540-00	SIGNS-NEON-OR-ELECTRIC	EA		12.160
	545-00	SHINGLES-WOOD-ASPHALT	BOL		.950
	550-00	STOVES-GAS-PROPANE	EA		5.090
	550-01	STOVES, RANGE; RESTUARANT FURNACE	EA		24.430
	555-00	TANKS; PROPANE,GAS,OXY,ACET, D IVE TANKS	EA		2.420
	555-01	TURF	FLT		23.250
	560-00	TANKS; OIL OR SEPTIC 275GL	EA		6.050

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	560-01	TANKS; 500 GAL OIL	EA		15.830

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
016	400-07	THRESHOLD	EA		.710
	570-03	TELEVISION; LARGE SCREEN	EA		24.430
	570-04	TENT, GARDEN	EA		5.010
	575-04	TILE, WELL 24" OR LESS	EA		5.440
	575-05	TILE; WELL COVER 24" OR LESS	EA		3.480
	580-021	TIRE, LARGE, TRACTOR	EA		2.510
	580-04	TREE, SHRUB, LIVE OVER 8'	EA		5.090
	580-05	PLANT, TRAY	EA		1.440
	580-07	TOTE, LOBSTER, EMPTY	EA		1.440
	585-01	TABACCO, CANDY, SMOKING ACC	EA		2.420
	590-01	VOTING MACHINE, SMALL, TABLE SIZE	EA		12.560
	595-09	WASHER/DRYER COMBINATION	EA		12.180
	595-10	DRYER, COMMERCIAL, LARGE	EA		12.180
	600-04	WINDOW; QUAD	EA		29.300
	600-17	TANK, EXTEOL, WELL SIZE	EA		8.500
	600-18	MIX	EA		1.440
	600-19	WINDSURFER	EA		7.170
	600-20	SURFBOARD	EA		4.450

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	565-00	TAR;NOISEN, IN BARRELS OR DRUMS	EA		7.330
	570-00	TELEVISION SETS; IN CARTONS COLDR	EA		12.160
	570-01	TELEVISION SETS; CONSOLE MODELS, BLACK AND WHITE	EA		6.090
	570-02	TELEVISION SETS; TABLE MODELS BLACK AND WHITE	EA		4.920
	575-00	TILE; WELL OVER 24"	EA		9.100
	575-01	TILE; FLOOR, VINYL, ETC.	CTN		1.250
	575-02	TILE; WELL COVERS GREATER THAN 24"	EA		6.360
	575-03	TILE, CEILING, BOX	EA		1.440
	580-00	TIRES; RUBBER, PASSENGER CAR	EA		1.440
	580-01	TIRES; TRUCK	EA		1.950
	580-02	TREES; SHRUBS UNDER 4'	EA		1.530
	580-03	TREES; SHRUBS OVER 4'	EA		1.950
	585-00	TABACCO; CHEWING,CIGARS, CIGAR ETTE,	CTM		2.420
	590-00	VOTING / ATM MACHINE	EA		24.320
	595-00	WASHING MACHINES	EA		6.090
	595-01	RANGE	EA		6.090
	595-02	DISHWASHER	EA		6.090
	595-03	DRYER	EA		6.090

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
	595-04	MICROWAVE	EA		6.090
	600-00	WINDOWS; SINGLE, SASHES	EA		3.680
	600-01	WINDOWS; DOUBLE MULLION	EA		4.830
	600-02	WINDOWS; PICTURE, PLATE GLASS, THERMOFANE OR TRIPLES	EA		24.430
	600-03	WINDOWS; IN BOXES OR CARTONS	EA		4.030
	600-12	ENVELOPE, MISC	EA		1.440
	600-13	TANK, EXTROL SMALL	EA		2.420
	600-14	TANK, EXTROL LARGE	EA		4.830
	601-11	JOINT COMPOUND	EA		1.440

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	*
017	285-03	FIREARMS	EA			2.870
	600-10	EMPTY DRUM, KERO, OIL 55 GAL	EA			2.510
	601-07	PALLET, PERSONAL, LARGE	EA			21.520
	601-12	PALLET MISC	EA			10.700
	601-13	DURA-ROCK, WONDERBOARD 3X5	EA			2.150
	601-14	RADIATOR, CAST IRON	EA			3.560
	601-15	MONEY BOX WASHINGTON TRUST	EA			24.330
	601-16	FEDERAL EXPRESS PKG	EA			2.300
	601-17	DURA-ROCK, WONDERBOARD 4X8	EA			4.590
	601-18	DURA-ROCK, WONDERBOARD 3X6	EA			2.590
	601-19	LATH, DIAMOND, GALV, APPROX 27"X96"	EA			1.440
	600-09	DRUM, 55 GAL, KERO, OIL	EA			7.330
	601-00	UPS PKG	EA			5.790
	601-01	PKG MISC	EA			1.440
	601-02	BAG MISC	EA			1.440
	601-03	JAMES	BDL			1.440
	601-04	BOX, FITTING	EA			1.440
	601-05	TYPAR, TYVEK, ROLL	EA			1.440

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UCM	WEIGHT PER UNIT	CONVERSION FACTOR
	601-06	PALLET, PERSONAL	EA		7.950
	601-08	EASE BOARD	EA		1.780
	601-09	BASE BOARD; CAST IRON	EA		2.670
	601-10	BUNDLE MISC	EA		1.440
	601-9	CAN, MISC	EA		1.440

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
090	165-00	CTM MISC	EA		1.440

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR
101	225-01	CLEANING FLUID, NOIEM, IN BARRELS OR DRUMS, EACH	EA		7.330
	230-01	CLEANING FLUID BARRELS OR DRUM EMPTY, EACH	EA.		3.660

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CLASS ITEM NUMBER DESCRIPTION OF COMMODITY UOM WEIGHT PER UNIT CONVERSION FACTOR

999

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APPENDIX B

APPLICATION FOR ISSUANCE OF A BLOCK ISLAND FERRY ISLANDER CARD

1. Full name: _____ Date of Birth: _____

2. Full time residence address (not a post office box):

3. By checking and signing below, under oath, I hereby certify that:

I am a full time resident of Block Island. I reside full time (for at least 9 months per calendar year) at the Block Island address shown in #2 above.

AND

4. I hold a current Rhode Island Registry of Motor Vehicles driver's license that has a Block Island address as the sole address on the license (license must be produced for inspection and copying).

OR

I am too young to obtain a Rhode Island Registry of Motor Vehicles driver's license, but I attend the Block Island School (current Block Island School photo i.d. must be produced for inspection and copying).

AND

5. I am a duly registered and valid Block Island voter as shown on the Block Island voter's registration list (voter's list will be checked to verify).

OR

I am too young to register to vote, but I attend the Block Island School and have produced a current Block Island School photo i.d.

6. I wish to obtain the discounted Block Island resident rate for the following vehicles, which are all registered with a Block Island address as the sole address on the Rhode Island registration (registration for each vehicle must be produced for inspection and copying).

Vehicle #1 _____
 make model year vin #

Vehicle #1 _____
 make model year vin #

CERTIFICATION

I hereby certify and affirm, under oath, and under the pains and penalties of perjury, that the forgoing statements are true, accurate and complete in all respects.

Date: _____ Signature: _____

Sworn to and subscribed before me this ____ day of _____, 20__.

Notary Public

FOR INTERSTATE USE ONLY:

Application has been APPROVED DENIED

Date: _____

Signature of authorized Interstate employee