



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Division of Public Utilities and Carriers
89 Jefferson Blvd.
Warwick RI 02888

December 7, 2010

TO : Luly Massaro, Commission Clerk
FROM : John Bell, ^{JB}Public Utilities Analyst
SUBJECT: Docket No. 3762
Interstate Navigation Company

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2010 DEC -7 PM 2:10
PUBLIC UTILITIES COMMISSION

On November 5, 2010, Interstate Navigation Company (Interstate) filed for a CPI increase for its traditional ferry service as allowed for in the Amended Settlement Agreement approved in this docket.

The Amended Settlement Agreement allows Interstate to file for an inflation related rate adjustment for calendar years 2009, 2010 and 2011. There was no inflation based increase for 2010 so this is the first such increase in 2 years and it is the last CPI rate increase allowed under the 5 year rate plan which expires on December 31, 2011. Paragraph 2 of the Amended Settlement Agreement addresses this matter and it specifically states:

“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 increase authorized pursuant to this paragraph.”

As discussed in the Company's filing, the inflation rate for the 12 months ending September 30, 2010 was 1.2%. As an example of the rate impacts, the adult roundtrip passenger fare from Point Judith would increase from \$17.40 to \$17.60 and the roundtrip auto fare will increase from \$47.35 to \$47.90. The calculation of all new rates is included in the Company's filing on Schedule WEE-A. As noted on that schedule the rates included in the tariff are rounded to the nearest nickel, which is in accordance with past practices.

The Division reviewed Interstate's filing and found that the rates as calculated are appropriate and are consistent with the settlement. Interstate used the correct inflation factor and applied it to all rates category's except for commuters, commuter vehicles, freight or fast ferry service, which is in accordance with the Amended Settlement Agreement. The Division recommends the Commission approve the proposed rates as requested for effect on January 1, 2011.

CC: Service List via E-Mail