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October 16, 2006

Luly Massaro, Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Interstate Navigation Company
Docket No. 3762

Dear Luly:

As you know, this office represents Interstate Navigation Company (Interstate).

Enclosed for filing are an original and nine copies of Interstate's responses to the 3rd set of data requests of the Division of Public Utilities and Carriers.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
In26:06-Massaro14

cc: Susan E. Linda
Joshua Linda
Walter E. Edge, Jr., CPA
David Bebyn, CPA
Service List

**THIRD SET OF DATA REQUESTS OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS TO
INTERSTATE NAVIGATION COMPANY**

DATA REQUESTS (THIRD SET)

DIV 3-1. The response to Comm 1-9 indicates that Interstate employees are required to pay 15% of health/dental insurance plans as a co-payment. Please explain where this co-pay requirement is taken into account in the determination of rate year employee benefits costs.

Response: In preparing the rate filing I was not aware of the co-payment. The Division's observation is a good one in that the co-pay is not reflected in the rate filing. I have researched this issue and found that the test year co-payments were as follows:

December 2004 – May 2005	\$10,794.90
June 2005 – November 2005	10,150.47
Seasonal Employee Payment	<u>1,813.20</u>
Total	<u>\$22,758.57</u>

Interstate agrees that there should be an adjustment to the filing to reflect co-payments.

Prepared by WEE

THIRD SET OF DATA REQUESTS OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS TO
INTERSTATE NAVIGATION COMPANY

DIV 3-2. Referring to the response to DIV 1-8, please provide workpapers supporting the estimated amount for FYE May 2006 and CY Dec. 2006.

Response: Division 1-8 shows actual employee insurance costs for FYE 2003, 2004, and 2005. Schedule WEE-5 shows the calculation of the employee insurance for the calendar year ended December 2006 "cost per year at current rates". The \$367,370 is the sum of BC \$291,492 + Conn. HS \$47,822 + DD \$28,056.

The estimate for FYE May 31st 2006 had to fall between actual cost in 2005 of \$263,549 and the CYE cost in 2006 of \$367,370. I estimated that the FYE May 2006 employee insurance cost would be \$325,000. The use of a smaller FY 2006 amount would result in a larger percentage increase for CY 2006 making the impact of my estimate less important. Nevertheless, I used 15% to be conservative after calculating an average percentage increase of 16%.

Prepared by WEE

THIRD SET OF DATA REQUESTS OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS TO
INTERSTATE NAVIGATION COMPANY

DIV 3-3. Referring to the response to DIV 2-3, if available, please provide the credit card fees applicable to vehicles and the credit card fees applicable to passengers.

Response: This information is simply not available. The information provided to Interstate by Washington Trust reflects monthly totals without the supporting detail (see attached).

Prepared by WEE

Statement Period: 01-Jun-2006 - 30-Jun-2006
 Merchant Number: 531888200885
 BLOCK ISLAND FERRY

Charges & Fees

Description	Sales Amount	Items	Rate	Item Charge	Amount Charged*
MasterCard Charges:					
MasterCard Sales Discount	\$ 16,557.05		2.51%		\$ 415.58
MasterCard Mid-Qual Sales Disc	\$ 7,716.95		3.06%		\$ 236.14
MasterCard Non-Qual. Sales Disc	\$ 11,820.60		3.75%		\$ 443.29
MasterCard Debit Sales Discount	\$ 11,934.35		1.59%		\$ 189.78
Total MasterCard Sales Fees					\$ 1,284.79
Visa Charges:					
Visa Sales Discount	\$ 12,604.45		2.51%		\$ 316.38
Visa Mid-Qual Sales Discount	\$ 14,765.20		3.06%		\$ 451.82
Visa Non-Qual Sales Discount	\$ 7,980.45		3.75%		\$ 299.26
Visa Debit Card Sales Discount	\$ 11,212.20		1.59%		\$ 178.28
Total Visa Sales Fees					\$ 1,245.74
Auth Fees:					
AMEX 950 Auth Fee		428		\$ 0.15	\$ 64.20
Discover 950 Auth Fee		70		\$ 0.15	\$ 10.50
Total Auth Fees					\$ 74.70
Other Fees:					
Monthly Maintenance Fee		498			\$ 6.85
Total of Other Fees					\$ 6.85
Total Charges and Fees					\$ 2,612.08

*Calculated daily, rounding differences may occur

† Bank account number 90480130
 ‡ Reflects most current bank account number
 ****Chargeback Interchange Refund
 *****Chargeback Reversal/Interchange Expense

THIRD SET OF DATA REQUESTS OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS TO
INTERSTATE NAVIGATION COMPANY

DIV 3-4. Referring to Edge testimony, Page 21, please explain how the estimated rate year insurance expenses were determined.

Response: I simply reviewed the detail insurance expense for the past few years and noted that many of the components varied little from year to year and therefore rounded off (up and down) the 2006 renewal amounts to arrive at the rate year projected insurance cost for those items. Some items have been the same for the past few years. Only Hull and Machinery (H&M) insurance has increased steadily from year to year. I increased the H&M insurance level by 7% and then rounded down to \$140,000 to be consistent with recent percentage increases.

Prepared by WEE

THIRD SET OF DATA REQUESTS OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS TO
INTERSTATE NAVIGATION COMPANY

DIV 3-5. Please provide an update to the response to DIV 1-3.

Response: See attached. Please note that the items in Column C on Schedule DGB 5a are amounts available for recovery under the fuel surcharge allowance, not the actual recovery under the fuel surcharge.

Prepared by DGB

Passenger & Vehicle Revenue Derived from Fuel Factor **Schedule DGB-5**
Interstate Navigation Company

Month Recovered	(A) Fuel Recovery	Average Passenger Count	Average Vehicle Count	Fuel Factor (rounded to nearest .05)	Passenger Fuel Factor Revenue	Vehicle Fuel Factor Revenue
December 2005	\$ 23,733.54	8,649	2,100	2.20	\$ 19,027.80	\$ 4,620.00
January 2006	14,302.49	7,641	1,955	1.50	11,461.50	2,932.50
February 2006	21,146.74	8,646	2,147	1.95	16,859.70	4,186.65
March 2006	14,475.69	14,780	3,021	0.80	11,824.00	2,416.80
April 2006	20,556.42	25,630	4,645	0.70	17,941.00	3,251.50
May 2006	32,009.22	45,655	6,962	0.60	27,393.00	4,177.20
June 2006	52,999.25	95,419	9,889	0.50	47,709.50	4,944.50
July 2006	65,717.52	141,237	11,547	0.45	63,556.65	5,196.15
August 2006	86,570.21	106,332	9,576	0.75	79,749.00	7,182.00
September 2006	104,173.74	42,045	5,865	2.15	90,396.75	12,609.75
October 2006	47,205.96	18,342	3,616	2.15	39,435.30	7,774.40
	<u>\$ 482,890.78</u>				<u>\$ 425,354.20</u>	<u>\$ 59,291.45</u>

(A) Obtained from DGB-5a

Analysis of Fuel Expense- Costs Eligible for Recovery
Interstate Navigation Company

Schedule DGB-5a

Date	(A)	(A)	(A)	(B)	(C)
	Gallons	Average Fuel Cost	Total Fuel	Fuel Floor	Fuel Recovery
Recovered December 2005	27,784	\$ 2.05	\$ 57,074.34	\$ 33,340.80	\$ 23,733.54
Recovered January 2006	17,105	2.04	34,828.49	20,526.00	14,302.49
Recovered February 2006	23,625	2.10	49,496.74	28,350.00	21,146.74
Recovered March 2006	18,490	1.98	36,663.69	22,188.00	14,475.69
Recovered April 2006	22,032	2.13	46,994.82	26,438.40	20,556.42
Recovered May 2006	28,802	2.31	66,571.62	34,562.40	32,009.22
Recovered June 2006	45,835	2.36	108,001.25	55,002.00	52,999.25
Recovered July 2006	61,779	2.26	139,852.32	74,134.80	65,717.52
Recovered August 2006	80,051	2.28	182,631.41	96,061.20	86,570.21
Recovered September 2006	90,221	2.35	212,438.94	108,265.20	104,173.74
Recovered October 2006	52,395	2.10	110,079.96	62,874.00	47,205.96
	<u>468,119</u>		<u>\$ 1,044,633.58</u>	<u>\$ 561,742.80</u>	<u>\$ 482,890.78</u>

(A) Obtained from DGB-5b

(B) Calculated Gallons x Floor Rate \$1.20 = Fuel Floor

(C) Total Fuel less Fuel Floor = Fuel Recovery

Analysis of Fuel Expense
Interstate Navigation Company

Date	Gallons	Price	Fuel cost	Tax	Total	Monthly Total		
						Fuel Costs	Gallons	Average
11/1/2005	2,506	\$ 2.01	\$ 5,027.04	\$ 351.89	\$ 5,378.93			
11/4/2005	3,357	1.98	6,646.86	465.28	7,112.14			
11/8/2005	2,761	1.95	5,392.23	377.46	5,769.69			
11/11/2005	2,404	1.95	4,678.18	327.47	5,005.66			
11/15/2005	3,003	1.89	5,663.66	396.46	6,060.11			
11/18/2005	3,038	1.88	5,723.59	400.65	6,124.24			
11/22/2005	3,223	1.88	6,059.24	424.15	6,483.39			
11/25/2005	4,320	1.91	8,233.92	576.37	8,810.29			
11/29/2005	3,172	1.87	5,915.78	414.10	6,329.88			
						57,074.34	27,784	2.054216
12/6/2005	5,090	\$ 1.92	\$ 9,757.53	\$ 683.03	\$ 10,440.56			
12/13/2005	4,510	1.88	8,478.80	593.52	9,072.32			
12/20/2005	3,499	1.89	6,606.11	462.43	7,068.54			
12/27/2005	4,006	1.92	7,707.54	539.53	8,247.07			
						34,828.49	17,105	2.036158
1/3/2006	5,001	\$ 1.91	\$ 9,541.91	\$ 667.93	\$ 10,209.84			
1/10/2006	4,816	1.98	9,535.68	667.50	10,203.18			
1/17/2006	4,671	1.89	8,804.84	616.34	9,421.17			
1/24/2006	4,596	2.04	9,385.03	656.95	10,041.98			
1/31/2006	4,541	1.98	8,991.18	629.38	9,620.56			
						49,496.74	23,625	2.0951
2/8/2006	4,507	\$ 1.90	\$ 8,554.29	\$ 598.80	\$ 9,153.09			
2/15/2006	4,301	1.78	7,655.78	535.90	8,191.68			
2/22/2006	4,591	1.83	8,392.35	587.46	8,979.81			
2/28/2006	5,091	1.90	9,662.72	676.39	10,339.11			
						36,663.69	18,490	1.982893
3/7/2006	4,300	\$ 1.98	\$ 8,501.10	\$ 595.08	\$ 9,096.18			
3/14/2006	5,024	1.95	9,776.70	684.37	10,461.07			
3/21/2006	4,790	1.99	9,546.47	668.25	10,214.72			
3/25/2006	2,000	2.01	4,020.00	281.40	4,301.40			
3/28/2006	3,508	2.00	7,005.48	490.38	7,495.86			
3/31/2006	2,410	2.10	5,070.64	354.94	5,425.58			
						46,994.82	22,032	2.133025
4/6/2006	2,424	\$ 2.08	\$ 5,029.80	\$ 352.09	\$ 5,381.89			
4/7/2006	5,003	2.05	10,261.15	-	10,261.15			
4/11/2006	3,000	2.10	6,312.00	441.84	6,753.84			
4/12/2006	2,821	2.17	6,124.39	428.71	6,553.10			
4/14/2006	1,502	2.17	3,259.34	228.15	3,487.49			
4/18/2006	2,693	2.20	5,929.99	415.10	6,345.09			
4/19/2006	1,612	2.24	3,607.66	252.54	3,860.19			
4/25/2006	2,119	2.27	4,803.77	336.26	5,140.04			
4/27/2006	7,628	2.30	17,559.66	1,229.18	18,788.83			
						66,571.62	28,802	2.311354

Analysis of Fuel Expense
Interstate Navigation Company

Schedule DGB-5b
Page 2 of 2

Date	Gallons	Price	Fuel cost	Tax	Total	Monthly Total		
						Fuel Costs	Gallons	Average
5/2/2006	8,151	\$ 2.28	\$18,543.53	\$ 1,298.05	\$ 19,841.57			
5/5/2006	4,148	2.21	9,158.78	641.11	9,799.90			
5/9/2006	4,249	2.16	9,177.84	642.45	9,820.29			
5/12/2006	4,448	2.27	10,088.06	706.16	10,794.23			
5/16/2006	4,923	2.23	10,993.06	769.51	11,762.57			
5/19/2006	3,554	2.13	7,580.68	530.65	8,111.33			
5/23/2006	4,411	2.15	9,474.83	663.24	10,138.07			
5/26/2006	3,350	2.17	7,276.20	509.33	7,785.53			
5/27/2006	2,728	2.16	5,892.48	412.47	6,304.95			
5/30/2006	5,873	2.17	12,750.28	892.52	13,642.80			
						108,001.25	45,835	2.356305
6/2/2006	1,954	2.14	4,185.47	292.98	4,478.45			
6/3/2006	2,640	2.13	5,610.00	392.70	6,002.70			
6/5/2006	3,226	2.18	7,019.78	-	7,019.78			
6/6/2006	4,390	2.21	9,693.12	678.52	10,371.64			
6/9/2006	2,706	2.15	5,809.78	406.68	6,216.47			
6/10/2006	2,279	2.15	4,897.57	342.83	5,240.40			
6/13/2006	6,034	2.21	13,311.00	931.77	14,242.77			
6/16/2006	4,551	2.09	9,511.59	665.81	10,177.40			
6/17/2006	3,166	2.07	6,553.62	458.75	7,012.37			
6/20/2006	7,171	2.07	14,851.14	1,039.58	15,890.72			
6/23/2006	4,869	2.12	10,307.67	721.54	11,029.21			
6/24/2006	3,450	2.11	7,276.05	509.32	7,785.37			
6/27/2006	7,399	2.12	15,656.28	1,095.94	16,752.22			
6/28/2006	3,372	2.11	7,114.92	-	7,114.92			
6/30/2006	4,572	2.15	9,829.80	688.09	10,517.89			
						139,852.32	61,779	2.263752
7/2/2006	3,054	2.15	6,566.10	459.63	7,025.73			
7/5/2006	11,008	2.15	23,667.20	1,656.70	25,323.90			
7/6/2006	1,908	2.17	4,138.45	289.69	4,428.14			
7/7/2006	3,110	2.16	6,717.60	470.23	7,187.83			
7/8/2006	3,897	2.14	8,320.10	582.41	8,902.50			
7/11/2006	9,030	2.07	18,674.04	1,307.18	19,981.22			
7/13/2006	1,155	2.12	2,442.83	171.00	2,613.82			
7/14/2006	5,872	2.18	12,789.22	895.25	13,684.46			
7/15/2006	3,130	2.17	6,792.10	475.45	7,267.55			
7/18/2006	9,795	2.17	21,245.36	1,487.17	22,732.53			
7/21/2006	4,062	2.08	8,428.65	590.01	9,018.66			
7/22/2006	4,409	2.10	9,276.54	649.36	9,925.89			
7/25/2006	10,037	2.11	21,218.22	1,485.28	22,703.49			
7/28/2006	5,265	2.14	11,261.84	788.33	12,050.16			
7/28/2006	1,219	2.14	2,607.44	182.52	2,789.96			
7/29/2006	3,100	2.11	6,537.90	457.65	6,995.55			
						182,631.41	80,051	2.281438

Analysis of Fuel Expense
Interstate Navigation Company

Date	Gallons	Price	Fuel cost	Tax	Total	Monthly Total		
						Fuel Costs	Gallons	Average
8/1/2006	9,849	2.16	21,263.99	1,488.48	22,752.47			
8/4/2006	5,989	2.26	13,505.20	945.36	14,450.56			
8/5/2006	4,278	2.23	9,539.94	667.80	10,207.74			
8/8/2006	9,571	2.29	21,936.73	1,535.57	23,472.30			
8/9/2006	1,700	2.27	3,852.20	269.65	4,121.85			
8/11/2006	5,473	2.24	12,232.16	856.25	13,088.41			
8/12/2006	4,290	2.19	9,395.10	657.66	10,052.76			
8/15/2006	9,058	2.19	19,791.73	1,385.42	21,177.15			
8/16/2006	1,430	2.17	3,108.82	217.62	3,326.44			
8/18/2006	5,289	2.17	11,455.97	801.92	12,257.89			
8/19/2006	4,270	2.13	9,073.75	635.16	9,708.91			
8/22/2006	9,954	2.16	21,520.55	1,506.44	23,026.99			
8/25/2006	5,564	2.17	12,057.19	844.00	12,901.19			
8/26/2006	2,831	2.21	6,248.02	437.36	6,685.38			
8/28/2006	1,280	2.21	2,824.96	197.75	3,022.71			
8/29/2006	9,395	2.21	20,734.77	1,451.43	22,186.20			
						212,438.94	90,221	2.354651
9/1/2006	6,140	2.15	13,201.00	924.07	14,125.07			
9/3/2006	3,064	2.11	6,477.30	453.41	6,930.71			
9/5/2006	7,202	2.11	15,225.03	1,065.75	16,290.78			
9/8/2006	2,137	2.03	4,338.11	303.67	4,641.78			
9/9/2006	2,432	1.99	4,827.52	337.93	5,165.45			
9/12/2006	5,423	1.99	10,764.66	753.53	11,518.18			
9/15/2006	1,973	1.90	3,748.70	262.41	4,011.11			
9/16/2006	2,282	1.85	4,230.83	296.16	4,526.99			
9/19/2006	5,455	1.85	10,113.57	707.95	10,821.52			
9/22/2006	4,487	1.83	8,220.18	575.41	8,795.60			
9/23/2006	2,217	1.83	4,061.54	284.31	4,345.85			
9/26/2006	5,468	1.81	9,886.14	692.03	10,578.17			
9/29/2006	1,906	1.88	3,589.00	251.23	3,840.23			
9/30/2006	2,209	1.90	4,194.89	293.64	4,488.53			
						110,079.96	52,395	2.100963