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December 7, 2011

Elia Germani, Esq.  
Chairman  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Docket No. 3762 - Memo dated December 6, 2011 from Christopher Warfel of Entech Engineering, Inc. regarding Interstate Navigation freight rate for solar panels

Dear Chairman Germani:

As you know, this office represents Interstate Navigation Company d/b/a the Block Island Ferry.

I am in receipt of a memo dated December 6, 2011 from Christopher Warfel, complaining about the PUC-established rate for transporting solar panels from Point Judith to Block Island.

Mr. Warfel's comment was filed in Interstate's Rate Plan 4% CPI increase docket, which does not increase at all the solar panel freight rate that Mr. Warfel is commenting on (or any other freight rates, or any Block Islander rates). Please note that the solar panel freight rate was also previously addressed in 2010 by the Division in correspondence with Mr. Warfel on this issue.

Mr. Warfel alleges that he is being charged what he feels is an unreasonable rate to transport his solar panels.

As you know, a Stipulation and Settlement was signed on May 12, 2004 by and between Interstate Navigation Company, the Division of Public Utilities and Carriers, and the Town of New Shoreham. This Stipulation and Settlement established a rate for solar panels. It was approved by the Public Utilities Commission in Docket 3573 in Order # 17929. The solar panel rate was again approved by the PUC in Docket 3762, which established the 5-year Rate Plan for Interstate and approved rates effective January 1, 2007. (The Rate Plan was recently extended for an additional year).

Please also note that except for a very small ROE Rate Plan increase of 1.75% that went into effect April 1, 2011, but will end on March 31, 2012, the solar panel rate has not increased in over 7 years.

Accordingly, as you know, because PUC established rates have the force and effect of law (Narragansett Electric Co. v. Burke, 404 A.2d 821 (RI 1979), cert. denied, 444 U.S. 1079 (1980)) and because Interstate cannot discriminate regarding rates, it cannot charge Mr. Warfel any more or any less than the PUC established rate for his solar panels.

Also, as you know, there is a process in PUC full rate cases for establishing rates. If Mr. Warfel wants to make his rate design concerns known to the PUC in Interstate's next full rate case, that would be the appropriate time (and forum) for Mr. Warfel to address his concerns.

If you need anything else, please let me know.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Commissioner Paul Roberti, Esq.  
Commissioner Mary Bray  
Cynthia Wilson-Frias, Esq.

Interstate/Warfel/Germani