



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

September 8, 2006

Via Electronic Mail and Regular Mail

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

**Re: Interstate Navigation Company Motion Seeking
Expedited Approval Of Fast Ferry Rates And
Certain Other Relief – Docket No. 3764**

Dear Ms. Massaro:

During the procedural conference on this docket held September 6, 2006, the Public Utilities Commission's ("Commission") counsel asked the Division of Public Utilities and Carriers ("Division") what the Division's position was with respect to Interstate Navigation Company's ("Interstate") motion in the referenced docket by September 9, if possible.

In essence, Interstate is asking the Commission to: (1) remove the existing "October 9, 2006, expiration date for the fast ferry rates and to continue those same rates in effect until further order of the Commission"; (2) grant "expedited approval of this rate filing"; (3) waive "the hearing and investigation requirements of R.I.G.L. § 39-3-11 relative to the rates, tolls, and charges for its fast ferry service"; and, (4) grant "an exemption from the rate filing requirements of Part Two of the Commission's Rules of Practice and Procedure." Interstate offers as justification for its requests the fact that it is not actually proposing a change in rates, but merely seeking authority to continue collecting the existing rates beyond the current October 9, 2006, deadline pending further Commission consideration of the fast ferry service.

The Division does not object to any of the requests set out in Interstate's motion as delineated above, and sees no reason to conduct a hearing in the referenced docket in view of the fact that Interstate is merely seeking permission to continue operating under its existing rates until further order of the Commission. The Commission retains its full authority to determine the ultimate disposition of any net profits from the fast ferry operation, and further retains the authority to consider rates for the fast ferry service as part of the current overall rate proceeding pending in Commission Docket No. 3762. The Division does support reviewing the fast ferry portion of Interstate's business in the context of that docket.

The Division's concurrence with the requests set out in Interstate's motion should not be taken as approval of all of the conditions set out in the purchase and sale agreement attached to the motion. There are two separate dockets before the Division that will address many aspects of the purchase and sale agreement, particularly paragraph 2 of section 9.12 thereof, and the Division reserves all of its rights with respect to resolving those Division dockets.

In addition, paragraph 3 of section 9.12 of the purchase and sale agreement can be read to say that a condition of this sale is that the Commission will not be allowed to authorize reductions in the fares presently charged for the fast ferry service as a result of other proceedings before the Commission. The Division certainly would not concur with such a reading of the purchase and sales agreement. If instead paragraph 3 of section 9.12 of the purchase and sales agreement is only intended to condition the agreement upon Commission approval of the instant motion, without purporting to tie the hands of the Commission in other proceedings (such as the still-pending Docket 3762), the Division would have no objection to that provision.

I have enclosed for filing in the above-captioned proceeding nine (9) copies of this letter setting out the Rhode Island Division of Public Utilities and Carriers' position with respect to Interstate's Motion Seeking Expedited Approval Of Fast Ferry Rates And Certain Other Relief in Docket No. 3764. Copies have been provided to the service list in this docket.

Very truly yours,



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cc: Service List PUC Docket No. 3764

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the within letter was served this 8th day of September, 2006, via electronic and first class mail, postage prepaid, upon each person on the official service list in this proceeding.

