



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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

January 8, 2016

TO : Luly Massaro, Commission Clerk
FROM : John Bell, Assistant Chief Accountant
SUBJECT: Docket No. 4373
Interstate Navigation – Compliance Filing re: Fuel Surcharge

On December 10, 2015, Interstate Navigation made a compliance filing in the above referenced docket in order to reduce passenger and vehicle rates by 8% to reflect lower fuel prices.

As noted in Interstate's filing, the Commission approved settlement agreement in this docket set the base price of fuel at \$3.25 per gallon. When fuel prices are above the base price, Interstate is allowed to implement a surcharge and when fuel prices are below the base price Interstates adds the savings to a reserve. Due to the decline in fuel prices the reserve has built up a balance of over \$400,000.

The Division met with Interstate concerning how best to address lower fuel prices along with the balance of the reserve. We agreed to reduce the price of fuel in base rates to \$1.50 per gallon which results in the 8% reduction to passenger and vehicle rates. By doing so, passengers and vehicle customers receive an immediate benefit of lower fuel prices and the fuel reserve will be worked off over time. The reserved will be used to cover fuel costs that exceed \$1.50 per gallon.

As noted in Interstate's filing, the Division agreed that once the reserve is eliminated, the Company will be allowed to collect a fuel surcharge using the \$1.50 per gallon base price of fuel or such other amount as agreed to and approved by the Commission.

The Division reviewed Interstate's filing and found that the compliance rates accurately reflect the decrease in base fuel cost from \$3.25 to 1.50 per gallon. The Division recommends the Commission approve the proposed lower rates as filed.

CC: Service List via E-Mail