

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: INTERSTATE NAVIGATION COMPANY :
EARNINGS REPORTS : **DOCKET NO. 4373**

ORDER

I. 2020 Earnings Report

On August 11, 2021, Interstate filed with the Public Utilities Commission (Commission) its earnings report for the Fiscal Year ending (FYE) May 31, 2020. Interstate is required to file annual earnings reports that allow for a 75/25 sharing of earnings between Interstate and ratepayers where the return on equity (ROE) is in excess of 12%.¹ The method of sharing is subject to review by the Division of Public Utilities and Carriers (Division) and approval of the Commission.² Interstate's FYE May 31, 2020 earnings report showed earnings in excess of the 12% ceiling in the amount of \$874,106.³ The ratepayers' portion was \$655,579 plus an additional \$42,880 resulting from the Tax Cuts and Jobs Act of 2017, which reduced the corporate income tax. Interstate proposed to transfer \$300,000 of the ratepayers' portion into the fuel reserve to continue a previously approved \$1 per ticket credit until the end of September 2021. The remaining \$511,983 was proposed to be deposited in a capital reserve account that was approved by the PUC in 2018.⁴

On September 21, 2021, Interstate filed a Settlement it had entered into with the Division solely related to the disposition of the excess earnings from FY 2020. The parties agreed to deposit

¹ 2019 Settlement Agreement; <http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-DIV-Settlement%20Agreement%2012-5-19.pdf>.

Id. On April 29, 2013, the Commission approved Interstate's revenue requirement and associated rates for effect May 24, 2013.² As part of the PUC Order, Interstate was allowed a Return on Equity of 11%, but with an Earnings Sharing Mechanism that begins at 12%. [http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-Ord21069\(6-20-13\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-Ord21069(6-20-13).pdf).

³ Interstate's Earnings Report (Aug. 11, 2021); [http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-ROE%20Report%20\(8-11-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-ROE%20Report%20(8-11-21).pdf).

⁴ Order No. 23287; [http://www.ripuc.ri.gov/eventsactions/docket/4373-4792-Interstate-Ord23287%20\(10-4-18\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-4792-Interstate-Ord23287%20(10-4-18).pdf)

\$186,476 of the ratepayers' share into the capital reserve to eliminate the negative balance and to deposit the remainder into the fuel reserve to continue the \$1 per ticket credit until the fuel reserve balance drops below \$50,000.⁵ The Division subsequently provided a schedule showing that the fuel reserve was expected to drop below \$50,000 in May 2022 based on the expected fuel cost as projected in August 2021.

II. Commission Findings

At an Open Meeting on October 14, 2021, after a review of the filings, the Commission approved the 2021 Settlement.

Accordingly, it is hereby

(24285) ORDERED:

1. Interstate Navigation Company's Earnings Report for the Fiscal Year Ending May 31, 2020 is hereby found to be in compliance with prior Commission orders.
2. The Settlement Agreement submitted on September 21, 2021 approved.

⁵ 2021 Settlement Agreement at 1-2; [http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-DIV-ROE%202020%20Settlement%20Agreement%20\(9-9-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-DIV-ROE%202020%20Settlement%20Agreement%20(9-9-21).pdf).

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING
DECISION ON OCTOBER 14, 2021. WRITTEN ORDER ISSUED DECEMBER 29, 2021.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.