

BEFORE THE STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

**IN RE: INTERSTATE NAVIGATION COMPANY :
FY 2020 EARNINGS REPORT :**

DOCKET NO. 4373

STIPULATION AND SETTLEMENT AGREEMENT

Interstate Navigation Company ("Interstate" or the "Company") and the Rhode Island Division of Public Utilities and Carriers ("Division") (collectively, the "Parties") enter into this Settlement Agreement regarding disposition of Interstate's excess earnings for FY 2020.

I. BACKGROUND

1. On August 11, 2021, the Interstate filed its annual "Earnings Report," for the period ending May 31, 2020, as required by the settlement agreement in Docket 4373. The report shows net income available for common equity of \$1,059,642, which results in a return on equity ("ROE") of 68.5%. The settlement agreement in Docket 4373 with respect to the FY 2018 ROE requires earning in excess of a 12% ceiling to be shared 75% to the ratepayers. The earnings above the 12% ceiling totaled \$874,106, which results in \$655,579 available for ratepayers. In addition, \$42,880 is available to ratepayers from the tax savings on the ROE below the ceiling in conformity with the FY 2017 ROE report settlement agreement. This results in a total of \$698,459 available to ratepayers.
2. In its filing, Interstate proposed to transfer \$300,000 of the FY 2020 excess earnings to the fuel reserve to continue a \$1/ticket credit until the end of September 2021, and the remainder to the capital reserve. The capital reserve was established as the result of a Commission approved settlement agreement between Interstate and the Division related to the FY 2017 ROE excess earnings.
3. After negotiations between Interstate and the Division, the Parties agreed that \$186,476 of the amount available to the ratepayers will be placed into the capital reserve to eliminate its current

negative balance, and the remainder will be placed into the fuel reserve to continue the \$1/ticket credit until the balance in the fuel reserve drops below \$50,000

4. The Parties agree that this Settlement Agreement is a just and reasonable resolution of the issues in this proceeding and jointly request its approval by the Commission.

II. TERMS OF SETTLEMENT

5. The Parties propose that the Commission authorize \$186,476 of the amount available to ratepayers be credited to the capital reserve account to eliminate its current negative balance.

6. The Parties propose that the Commission authorize the remainder available, \$511,983, be credited to the fuel reserve and continue the \$1/ticket credit until the balance of the fuel reserve drops below \$50,000.

7. The Division will work with the Company to monitor the status of the Fuel Account balance and the Parties may adjust the fuel surcharge amount from time to time, as is the process currently in place, in the interest of leveling any gross overage in the Fuel Account balance while also maintaining a balance sufficient to cover potential increases in fuel prices.

III. EFFECT OF SETTLEMENT


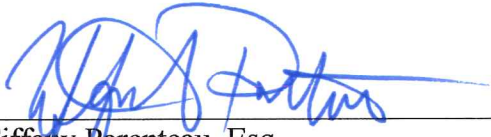
8. This Settlement Agreement is the result of a negotiated agreement. The Parties conducted discussions that produced this Settlement Agreement with the explicit understanding that all offers of settlement and discussion relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or any other proceedings.

9. The terms of this Settlement Agreement shall not be construed as an agreement to any matter of fact or law beyond the terms hereof. By entering into this Settlement Agreement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this Settlement Agreement, and nothing in this Settlement Agreement shall preclude any party from taking any position in any future proceeding regarding settled or unsettled matters.
10. This Settlement Agreement is the product of negotiation and compromise. The making of this Settlement Agreement does not establish any principle or precedent. This Settlement Agreement shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation.
11. If the Commission rejects this Settlement Agreement, or modifies any provision herein, this Settlement Agreement shall be deemed withdrawn and shall be null and void in all respects.

IN WITNESS WHEREOF, the Parties agree that this Settlement Agreement is reasonable, in the public interest, in accordance with applicable law and regulatory policy, and is executed by their respective representatives, each being authorized to do so.

(Signature page to follow)

Dated: September 9, 2021

<p>INTERSTATE NAVIGATION CO.</p> <p>By its Attorney,</p>  <hr/> <p>Michael McElroy, Esq. Managing Partner McElroy & Donaldson 21 Dryden Lane P.O. Box 6721 Providence, RI 02940-6721 Tel. (401) 351-4100</p>	<p>DIVISION OF PUBLIC UTILITIES AND CARRIERS</p> <p>By its Attorney,</p>  <hr/> <p>Tiffany Parenteau, Esq. Special Assistant Attorney General Office of the Rhode Island Attorney General 150 South Main Street Providence, RI 02903 Tel. (401) 274-4400, x. 2109</p>
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