

**Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate**

January 4, 2013

Div. 2-1. Referring to the Annual Report, Page 5, please provide an itemization of the Intangible Assets (Net) as of May 31, 2012.

RESPONSE:

See attached

Prepared by DGB

Interstate Allocation of Purchase of High Speed Ferry

Asset		Yearly Amort
Vessel	\$ 4,200,000.00	
Customer List	62,500.00	4,166.67
Covenant Not to Compete	1,000.00	66.67
Goodwill	50,000.00	3,333.33
CPCN	999,000.00	66,600.00
Berthing Permit	300,000.00	20,000.00
Total	\$ 5,612,500.00	\$ 94,166.67

Intangible Assets

	Cost	Accumulated Amortization May 31, 2011	Yearly Amort	Accumulated Amortization May 31, 2011	Net Value May 31, 2011
Customer List	62,500.00	18,875.00	4,166.67	23,041.66	39,458.34
Covenant Not to Compete	1,000.00	302.00	66.67	368.67	631.33
Goodwill	50,000.00	15,100.00	3,333.33	18,433.33	31,566.67
CPCN	999,000.00	301,697.93	66,600.00	368,297.93	630,702.07
Berthing Permit	300,000.00	90,599.98	20,000.00	110,599.98	189,400.02
Total	\$ 1,412,500.00	\$ 426,574.90	\$ 94,166.67	\$ 520,741.57	\$ 891,758.43

Division of Public Utilities and Carriers
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Div. 2-2. Referring to the Annual Report, Page 5, please explain what the Accounts Receivable represents?

RESPONSE:

The Accounts Receivable represents services rendered for freight which have not been collected. Customers who frequently ship are billed monthly in arrears. Only a small portion of freight is billed and collected at point of service. Since the revenues are booked when the services are rendered an Accounts Receivable is generated for this service.

Prepared by DGB

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Div. 2-3. Referring to the Annual Report, Page 5a, please explain what the Accrued Pension as of May 31, 2012 represents and why this liability exists if the Company funds its pension costs as they are recognized.

RESPONSE: Interstate's President has been hesitant about the submission of the annual pension contribution to the investment company because she has very little confidence in the market. Instead, the pension funds collected through rates have been held in the company's cash accounts and specifically identified by the Interstate's President as pension contributions due and reflected as the liability in the annual report. The liability shown on the May 31, 2012 financial statements represents the pension liability for the accrued pension payments for the last few years.

During the preparation of the filing this matter came to my attention and I advised Interstate that they should make the payment to eliminate the liability as soon as possible and fund the pension fund accounts. I suggested that if the concern about market volatility still exists, that the funds could be put into money market accounts until the market is less volatile. At my request Interstate paid the pension liability last week (WE December 29th, 2012) to the pension administrator and Interstate intends to make the pension contribution annually in the future.

In response to this data request Interstate also recalculated the appropriate amount for the annual pension payment. The \$55,000 amount used from FY 2009 through FY 2012 is no longer adequate. The new calculation shows that the contribution should be \$70,000 per year, not \$55,000 per year, to reflect salary increases over the most recent years through the rate year. Please use \$70,000 in the rate year for the pension contribution and I will use this amount in my rebuttal testimony.

Prepared by WEE

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Div. 2-4. Referring to the Annual Report, Page 5a, please explain what the Unearned Revenue as of May 31, 2012 represents.

RESPONSE:

The Unearned Revenue account represents revenues collected in advance. These collections mainly cover the cash collected for vehicle reservations. Since the revenues are booked when the services are rendered, the revenues collected in advance are charged to this unearned revenue account in accordance with Generally Accepted Accounting Principles. This account is reconciled with the vehicle revenue account based upon the count of actual vehicles carried for the period. This reconciliation is done every six months at mid-year and at the end of the fiscal year (May 31st).

Prepared by DGB

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Div. 2-5. Referring to the response to Division Data Request 1-2, please provide all assumptions and calculations supporting the crew expense of \$7,735 per week.

RESPONSE: The weekly crew expense was calculated using the required staffing for the *MV Islander* times the daily or hourly rates of compensation currently paid for the *MV Athena* crew as follows:

Captain \$316 per day x 7 days = \$2,212
Mate \$220 per day x 7 days = \$1,540
Engineer \$220 per day x 7 days = \$1,540
Deckhand 1 \$8.75 per hour x 58 hours = \$586
Deckhand 2 \$8.75 per hour x 58 hours = \$586
Deckhand 3 \$8.75 per hour x 48.75 hours = \$465
Deckhand 4 \$8.75 per hour x 44 hours = \$403
Deckhand 5 \$8.75 per hour x 44 hours = \$403

The above calculations results in a total of \$7,735 (hourly/daily) compensation per week.

When I completed this data response I was concerned that we did not include employer payroll taxes and benefits. Given that this is a weekly salary calculation the total salary expense was \$70,735 for 10 weeks. The payroll taxes would be about \$7,700 and the fringes would be about \$3,800 for a total taxes and fringes of about \$11,500. I could not find where we included this amount in the filing and will address this issue on rebuttal.

Prepared by WEE

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Div. 2-6. Referring to the response to Division Data Request 1-2, please provide all assumptions and calculations supporting the fuel usage of 97,020 gallons.

RESPONSE: The 97,020 gallons of fuel were calculated using as a guide the gallons used by the *MV* Athena per hour of cruising and harbor speed. These hourly usage figures were then multiplied times the number of hours expected for each activity per day for the *MV* Islander; times the number of days the *MV* Islander is expected to run per week; times the expected number of weeks that the *MV* Islander is intended to run per season as follows:

- 7.2 hours a day at cruising speed 2,150 RPM, 46.25 gallons per hour (GPH) per engine x 4 main engines = 1,332 gallons per day.
- 1.5 hours per day at harbor speed 700 RPM, 9 GPH per engine x 4 main engines = 54 gallons per day.
- Total gallons per day 1,386 x 7 days per week equals (9,702 gallons).
- Total gallons per week 9,702 x 10 weeks (97,020 gallons).
- Total gallons per season 97,020.

Prepared by WEE and JL

**Division of Public Utilities and Carriers
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Div. 2-7. How many gallons of fuel did the Athena use in the 2012 fiscal year?

RESPONSE:

See attached.

Prepared by DGB

Interstate Navigation Company
General Ledger

Attachment to DIV 2-7

For the Period From Jun 1, 2011 to May 31, 2012

Filter Criteria includes: 1) IDs from 7340 to 7345. Report order is by ID. Report is printed with shortened descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
7340	6/1/11			Beginning Balance			
Fuel-MV Nelseco	6/21/11	396861	PJ	Martini's Oil Company,	13,154.74	3998.4	
	6/30/11	397694	PJ	Martini's Oil Company,	5,687.05	1515.5	
				Current Period Change	18,841.79		18,841.79
	7/1/11			Beginning Balance			18,841.79
	7/5/11	397679	PJ	Martini's Oil Company,	1,803.81	512.4	
	7/6/11	398097	PJ	Martini's Oil Company,	4,745.88	1340.	
	7/14/11	898585	PJ	Martini's Oil Company,	6,713.17	1834.5	
	7/18/11	398782	PJ	Martini's Oil Company,	3,282.54	892.8	
	7/22/11	399131	PJ	Martini's Oil Company,	5,646.45	1543.	
	7/25/11	399260	PJ	Martini's Oil Company,	3,798.95	1032.1	
	7/26/11	399539	PJ	Martini's Oil Company,	3,181.31	864.3	
	7/29/11	399593	PJ	Martini's Oil Company,	3,989.85	1090.3	
				Current Period Change	33,161.96		33,161.96
	8/1/11			Beginning Balance			52,003.75
	8/2/11	399809	PJ	Martini's Oil Company,	1,087.31	298.	
	8/4/11	399918	PJ	Martini's Oil Company,	5,229.31	1433.2	
	8/7/11	400185	PJ	Martini's Oil Company,	1,884.48	522.1	
	8/9/11	400238	PJ	Martini's Oil Company,	2,384.53	698.6	
	8/15/11	400682	PJ	Martini's Oil Company,	5,451.01	1592.	
	8/19/11	500992	PJ	Martini's Oil Company,	4,209.87	1218.1	
	8/23/11	401252	PJ	Martini's Oil Company,	776.56	226.8	
	8/26/11	401530	PJ	Martini's Oil Company,	2,782.00	800.	
				Current Period Change	23,805.07		23,805.07
	9/1/11			Beginning Balance			75,808.82
	9/7/11	402361	PJ	Martini's Oil Company,	1,769.38	501.10	
				Current Period Change	1,769.38		1,769.38
	10/1/11			Beginning Balance			77,578.20
	11/1/11			Beginning Balance			77,578.20
	11/17/11	408094	PJ	Martini's Oil Company,	1,163.36	334.3	
				Current Period Change	1,163.36		1,163.36
	12/1/11			Beginning Balance			78,741.56
	12/22/11	411055	PJ	Martini's Oil Company,	3,190.00	1000.	
				Current Period Change	3,190.00		3,190.00
	1/1/12			Beginning Balance			81,931.56
	2/1/12			Beginning Balance			81,931.56
	3/1/12			Beginning Balance			81,931.56
	4/1/12			Beginning Balance			81,931.56
	5/1/12			Beginning Balance			81,931.56
	5/31/12			Ending Balance			81,931.56
							<i>Gallons 23,247.5</i>
7345	6/1/11			Beginning Balance			
Fuel-MV Athens	6/2/11	127515	PJ	Drew Oil Corp. - 1326	4,805.54	1326.	
	6/3/11	127551	PJ	Drew Oil Corp. - 679 g	2,444.05	679.	
	6/4/11	127558	PJ	Drew Oil Corp. - 664 G	2,404.97	664.	
	6/6/11	127565	PJ	Drew Oil Corp. - 830 G	3,006.22	830.	
	6/7/11	395915	PJ	Martini's Oil Company,	2,949.72	813.2	
	6/9/11	396052	PJ	Martini's Oil Company,	4,773.67	1314.1	
	6/13/11	396294	PJ	Martini's Oil Company,	4,920.77	1333.	
	6/13/11	396290	PJ	Martini's Oil Company,	2,496.06	681.1	
	6/13/11	396298	PJ	Martini's Oil Company,	3,272.99	893.1	
	6/14/11	396404	PJ	Martini's Oil Company,	3,079.49	820.3	
	6/16/11	396581	PJ	Martini's Oil Company,	4,692.40	1324.9	
	6/20/11	396797	PJ	Martini's Oil Company,	4,382.96	1293.8	
	6/20/11	396799	PJ	Martini's Oil Company,	2,378.69	619.6	
	6/20/11	396801	PJ	Martini's Oil Company,	3,148.50	886.3	
	6/20/11	396802	PJ	Martini's Oil Company,	3,003.91	845.6	
	6/22/11	396964	PJ	Martini's Oil Company,	2,864.07	823.6	
	6/23/11	397050	PJ	Martini's Oil Company,	2,750.44	805.8	
	6/23/11	397091	PJ	Martini's Oil Company,	2,708.12	793.4	
	6/27/11	397301	PJ	Martini's Oil Company,	2,723.80	815.9	
	6/27/11	3979303	PJ	Martini's Oil Company,	2,748.51	823.3	
	6/27/11	397305	PJ	Martini's Oil Company,	3,282.98	983.4	
	6/28/11	397424	PJ	Martini's Oil Company,	3,401.47	1012.4	
	6/29/11	397528	PJ	Martini's Oil Company,	3,392.00	984.5	
	6/30/11	397694	PJ	Martini's Oil Company,	3,521.71	1000.4	

Interstate Navigation Company
General Ledger

For the Period From Jun 1, 2011 to May 31, 2012

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Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	6/30/11	397604	PJ	Martini's Oil Company, Current Period Change	3,417.39 82,570.43	979.7	
	7/1/11			Beginning Balance			82,570.43
	7/1/11	397729	PJ	Martini's Oil Company,	3,768.78	1023.9	
	7/5/11	397885	PJ	Martini's Oil Company,	2,638.12	799.4	
	7/5/11	397884	PJ	Martini's Oil Company,	3,500.24	994.3	
	7/5/11	397879	PJ	Martini's Oil Company,	3,527.69	1685.8	
	7/6/11	398097	PJ	Martini's Oil Company,	3,628.48	1024.5	
	7/6/11	397924	PJ	Martini's Oil Company,	4,652.42	1321.6	
	7/8/11	398183	PJ	Martini's Oil Company,	3,652.22	1028.1	
	7/11/11	398306	PJ	Martini's Oil Company,	3,695.79	1007.	
	7/11/11	398307	PJ	Martini's Oil Company,	3,670.10	1000.	
	7/11/11	398308	PJ	Martini's Oil Company,	3,670.10	1000.	
	7/12/11	398383	PJ	Martini's Oil Company,	3,847.00	1098.2	
	7/13/11	398486	PJ	Martini's Oil Company,	3,640.00	994.70	
	7/14/11	398585	PJ	Martini's Oil Company,	3,715.02	1015.2	
	7/15/11	398686	PJ	Martini's Oil Company,	3,705.87	1012.7	
	7/18/11	398779	PJ	Martini's Oil Company,	3,632.95	987.	
	7/18/11	398779	PJ	Martini's Oil Company,	3,770.24	1024.3	
	7/18/11	398782	PJ	Martini's Oil Company,	3,681.54	1000.2	
	7/19/11	398877	PJ	Martini's Oil Company,	3,824.07	1045.	
	7/20/11	398989	PJ	Martini's Oil Company,	3,730.76	1019.5	
	7/21/11	399065	PJ	Martini's Oil Company,	3,640.38	994.8	
	7/22/11	399131	PJ	Martini's Oil Company,	3,638.55	994.3	
	7/25/11	399261	PJ	Martini's Oil Company,	3,848.64	1045.6	
	7/25/11	399259	PJ	Martini's Oil Company,	3,794.54	1030.9	
	7/26/11	399339	PJ	Martini's Oil Company,	3,808.15	1034.6	
	7/27/11	399392	PJ	Martini's Oil Company,	3,714.29	1009.1	
	7/28/11	399508	PJ	Martini's Oil Company,	3,665.99	1001.8	
	7/29/11	399593	PJ	Martini's Oil Company,	3,687.57	1007.7	
	7/30/11	399629	PJ	Martini's Oil Company,	3,627.19	991.2	
	7/30/11	399630	PJ	Martini's Oil Company,	3,656.10	999.10	
	7/30/11	399635	PJ	Martini's Oil Company, Current Period Change	3,754.54 110,787.33	1026.	110,787.33
	8/1/11			Beginning Balance			193,357.76
	8/2/11	399809	PJ	Martini's Oil Company,	3,688.84	1011.	
	8/3/11	399850	PJ	Martini's Oil Company,	3,665.85	1004.7	
	8/4/11	399918	PJ	Martini's Oil Company,	3,663.29	1004.	
	8/5/11	400003	PJ	Martini's Oil Company,	3,497.69	984.6	
	8/5/11	4000063	PJ	Martini's Oil Company,	3,552.75	1000.1	
	8/7/11	400185	PJ	Martini's Oil Company,	3,496.25	1024.3	
	8/8/11	400184	PJ	Martini's Oil Company,	3,456.65	1012.7	
	8/9/11	400238	PJ	Martini's Oil Company,	3,634.48	1064.8	
	8/10/11	400359	PJ	Martini's Oil Company,	3,468.93	1039.1	
	8/11/11	400468	PJ	Martini's Oil Company,	3,391.81	1016.	
	8/15/11	400682	PJ	Martini's Oil Company,	3,454.82	1008.	
	8/15/11	400682	PJ	Martini's Oil Company,	3,548.63	1036.4	
	8/15/11	400681	PJ	Martini's Oil Company,	3,557.19	1038.9	
	8/16/11	400747	PJ	Martini's Oil Company,	3,451.39	1008.	
	8/17/11	400829	PJ	Martini's Oil Company,	3,672.73	1059.4	
	8/18/11	400921	PJ	Martini's Oil Company,	2,770.07	801.5	
	8/19/11	401010	PJ	Martini's Oil Company,	3,461.46	1017.30	
	8/19/11	500992	PJ	Martini's Oil Company,	4,108.61	1188.8	
	8/22/11	401173	PJ	Martini's Oil Company,	3,437.88	1007.2	
	8/22/11	401171	PJ	Martini's Oil Company,	3,423.20	1002.9	
	8/23/11	401252	PJ	Martini's Oil Company,	3,580.82	1045.8	
	8/24/11	401329	PJ	Martini's Oil Company,	3,558.40	1029.6	
	8/25/11	401445	PJ	Martini's Oil Company,	2,307.64	667.7	
	8/26/11	401530	PJ	Martini's Oil Company,	3,563.40	1024.7	
	8/27/11	401555	PJ	Martini's Oil Company,	3,665.45	1047.6	
	8/29/11	401698	PJ	Martini's Oil Company,	3,602.96	1026.6	
	8/30/11	401752	PJ	Martini's Oil Company,	2,944.25	889.5	
	8/30/11	401753	PJ	Martini's Oil Company,	1,966.70	555.3	
	8/31/11	401960	PJ	Martini's Oil Company, Current Period Change	2,450.25 98,042.39	675.5	98,042.39
	9/1/11			Beginning Balance			291,400.15
	9/2/11	402125	PJ	Martini's Oil Company,	4,777.66	1328.9	
	9/5/11	402360	PJ	Martini's Oil Company,	2,482.65	703.1	

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For the Period From Jun 1, 2011 to May 31, 2012

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	9/6/11	402536	PJ	Martini's Oil Company,	2,482.38	700.9	
	9/7/11	402365	PJ	Martini's Oil Company,	3,068.79	869.1	
	9/7/11	402359	PJ	Martini's Oil Company,	3,073.03	870.3	
	9/7/11	402375	PJ	Martini's Oil Company,	3,014.79	856.4	
	9/12/11	402703	PJ	Martini's Oil Company,	2,989.79	849.3	
	9/12/11	402702	PJ	Martini's Oil Company,	3,713.92	1055.	
	9/12/11	402701	PJ	Martini's Oil Company,	3,524.88	1001.3	
	9/13/11	402795	PJ	Martini's Oil Company,	2,989.46	854.4	
	9/15/11	402987	PJ	Martini's Oil Company,	4,585.55	1326.8	
	9/19/11	403236	PJ	Martini's Oil Company,	2,891.89	819.	
	9/19/11	403235	PJ	Martini's Oil Company,	2,327.99	659.3	
	9/19/11	403233	PJ	Martini's Oil Company,	4,655.98	1318.6	
	9/20/11	403512	PJ	Martini's Oil Company,	3,123.88	884.7	
	9/22/11	403512	PJ	Martini's Oil Company,	3,478.89	1000.4	
	9/26/11	403787	PJ	Martini's Oil Company,	2,789.16	822.3	
	9/26/11	403786	PJ	Martini's Oil Company,	2,227.12	656.6	
	9/26/11	403753	PJ	Martini's Oil Company,	4,361.64	1285.9	
	9/27/11	403816	PJ	Martini's Oil Company,	2,799.33	825.3	
	9/29/11	404041	PJ	Martini's Oil Company,	4,361.75	1290.	
	9/30/11	404208	PJ	Martini's Oil Company,	2,883.12	850.	
				Current Period Change	72,603.65		72,603.65
	10/1/11			Beginning Balance			364,003.80
	10/3/11	404313	PJ	Martini's Oil Company,	3,952.00	1183.8	
	10/3/11	404314	PJ	Martini's Oil Company,	2,791.23	836.1	
	10/4/11	404349	PJ	Martini's Oil Company,	2,796.57	837.7	
	10/6/11	404578	PJ	Martini's Oil Company,	4,370.19	1296.6	
	10/11/11	404955	PJ	Martini's Oil Company,	2,944.57	857.3	
	10/11/11	404954	PJ	Martini's Oil Company,	2,890.31	841.5	
	10/11/11	404953	PJ	Martini's Oil Company,	3,708.45	1079.7	
	10/11/11	404933	PJ	Martini's Oil Company,	2,923.96	851.3	
	10/13/11	405140	PJ	Martini's Oil Company,	3,032.64	880.2	
				Current Period Change	29,409.92		29,409.92
	11/1/11			Beginning Balance			393,413.72
	11/9/11	407401	PJ	Martini's Oil Company,	3,088.30	890.	
				Current Period Change	3,088.30		3,088.30
	12/1/11			Beginning Balance			396,502.02
	1/1/12			Beginning Balance			396,502.02
	2/1/12			Beginning Balance			396,502.02
	3/1/12			Beginning Balance			396,502.02
	3/12/12	418866	PJ	Martini's Oil Company,	4,611.05	1263.3	
				Current Period Change	4,611.05		4,611.05
	4/1/12			Beginning Balance			401,113.07
	5/1/12			Beginning Balance			401,113.07
	5/24/12	424754	PJ	Martini's Oil Company,	2,463.16	730.8	
	5/25/12	424845	PJ	Martini's Oil Company,	2,247.12	666.7	
	5/29/12	424946	PJ	Martini's Oil Company,	2,277.45	675.7	
	5/29/12	424946	PJ	Martini's Oil Company,	2,907.39	862.6	
	5/29/12	424946	PJ	Martini's Oil Company,	2,872.68	852.3	
	5/30/12	424983	PJ	Martini's Oil Company,	2,847.07	844.7	
	5/31/12	425161	PJ	Martini's Oil Company,	4,564.67	1354.3	
				Current Period Change	20,179.54		20,179.54
	5/31/12			Ending Balance			421,292.61

Total Gallons 120,378.1

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-8. Referring to the response to Division Data Request 1-2, why does the fuel expense reflect a price of \$3.89 per gallon, rather than \$3.00 per gallon, given that the Newport High Speed Ferry is included with traditional ferry operations?

RESPONSE: Interstate's Vice President Joshua Linda used the estimated price of fuel for the rate year not realizing that the only fuel cost that should be in the rate year for fuel for traditional service vessels is the \$3.00 included in the base rates with any excess collected through the fuel surcharge. This was not caught on review by me or the other reviewers. Interstate will agree to an adjustment of \$86,347 to the fuel cost of the new fast ferry on Schedule WEE-2a reducing the net adjustment for the *MV* Islander on Schedule WEE-2 from \$100,273 to \$13,926. I will make this adjustment in my rebuttal testimony.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-9. Referring to the response to Division Data Request 1-6, what does the credit of \$20,033 represent, and what is the basis of the amount?

RESPONSE: Interstate's corporate general counsel, Mr. McElroy, gets his family Health Insurance through Interstate's health plan and has for years. He reimburses Interstate monthly for the full cost of the coverage, resulting in no additional cost to Interstate or the ratepayers. The \$20,033 represents the reimbursements received by Interstate during the test year.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-10. Referring to the response to Division Data Request 1-6, please provide documentation for the monthly Conn. Health expense of \$5,199.83.

RESPONSE: See Attached.

Prepared by WEE

THAMES SHIPYARD & REPAIR-MEDICAL
P.O. BOX 791
2 FERRY STREET
NEW LONDON, CT 06320

Voice: 860-442-5349
Fax: 860-440-3492

Invoice

Invoice Number:

1165

Invoice Date:

Jan 1, 2013

Page:

1

Sold To:

INTERSTATE NAVIGATION CO.
P.O. BOX 482
NEW LONDON, CT 06320

Ship to:

INTERSTATE NAVIGATION CO.
P.O. BOX 482
NEW LONDON, CT 06320

Customer ID	Customer PO	Payment Terms		
INTERSTATE		Due at end of Month		
Sales Rep ID	Shipping Method	Ship Date	Due Date	
	Hand Deliver		1/31/13	
Quantity	Item	Description	Unit Price	Extension
4.00	CENTURY PREF 15/15	CENTURY PREFER 15M 5 AND DENTAL PARTICIPANTS	1,299.95	5,199.80

Subtotal 5,199.80

Sales Tax

Total Invoice Amount 5,199.80

Payment Received 0.00

TOTAL 5,199.80

Check No:

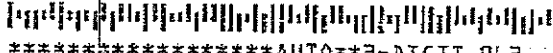


BASSETT ROAD
NORTH HAVEN CT 06473-0104

In Connecticut, Anthem Blue Cross and Blue Shield is a trade name of Anthem Health Plans Inc, an independent licensee of the Blue Cross and Blue Shield Association.
*Registered marks of the Blue Cross and Blue Shield Association

CONTRACT COUNT DETAIL

SECTION I PAGE 01



*****AUTO**E-DIGIT 063 52
13965 1 AT 0.374
INTERSTATE NAVIGATION
P.O. BOX 482
NEW LONDON CT 06320-0482

INITIAL DEPOSIT PAYMENTS WILL NOT BE REFLECTED ON YOUR FIRST INVOICE, PAYMENTS WILL BE REFLECTED ON YOUR SECOND INVOICE.

INTERSTATE NAVIGATION
P.O. BOX 482
NEW LONDON, CT 06320-0482

FIRM DIVISION NUMBER: 066839103
INVOICE NUMBER: 1300194232
BILL CREATION DATE: 01-01-2013
EFFECTIVE DATE: 01-01-2013

FIRM DIVISION/BENEFIT/PRODUCT	CLASS	NUMBER OF CONTRACTS	TOTAL CONTRACTS
HEALTH BENEFIT PLAN 001	#0001		
FLEXDENT - FLEX DENTAL			
	CLASS 1	2	
	CLASS 2	1	
	CLASS 5	1	
			FLEXDENT 4
PPPC90 - CENTURY PREFERRED, \$15.00			
	CLASS 1	2	
	CLASS 2	1	
	CLASS 5	1	
			PPPC90 4
Health Benefit Plan 002	#0002		
FLEXDENT - FLEX DENTAL			
			FLEXDENT 0
Health Benefit Plan 003	#0003		
FLEXDENT - FLEX DENTAL			
			FLEXDENT 0
PPPC90 - CENTURY PREFERRED, \$30.00			
			PPPC90 0

20130102 000374 066839103 Em (13,065) 1 of 2

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-11. Referring to the FY 2014 Depreciation Lapse schedule, page 5 of 6, why is the Sunflower building site being depreciated?

RESPONSE: The Sunflower site could be included in the value of the land since Interstate purchased the building and then knocked it down, but Interstate does not own the land. Therefore, the cost of buying the Sunflower restaurant and knocking it down should be added into the cost of the new building and depreciated over the useful life of the new building. Please note that the depreciation on the new building started in FY 2014. One could argue that the depreciation lapse schedule should be changed to add the cost of the Sunflower restaurant and knocking it down into the \$1,000,000 line item for the cost of the new building but I felt that it would be clearer for the Division and the Commission if I left them separate at this time and consolidated them in the future.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-12. Referring to the FY 2014 Depreciation Lapse schedule, page 5 of 6, why is the "Bulkhead BI" not fully depreciated as of May 31, 2012, given that the acquisition date was 6/1/1991 and the depreciation life is 10 years?

RESPONSE: There are two reasons for why the "Bulkhead BI" was not fully depreciated as of May 31, 2012. The first reason is that the date was mislabeled in preparing the FY 2012 lapse schedule which was then carried forward to the FY 2014 schedule. This mislabeling occurred when I was correcting the acquisition date for the "Bulkhead PJ" (June 1991) which appears above the asset in question on the FY 2012 lapse schedule. The date for the "Bulkhead PJ" was blank on lapse schedules prior to FY 2012. The correct acquisition date for the "Bulkhead BI" is 6/15/2003.

The second reason for why the "Bulkhead BI" was not fully depreciated as of May 31, 2012 was that depreciation life was initially set for 100 years. When the "Bulkhead BI" was begun to be depreciated in FY 2004 it was assigned a depreciation life of 100 years which was the same as the "Bulkhead PJ" (June 1991). This 100 year life was considered excessive since the other assets listed in the classification for Docks and Ramps used a 10 year life. The depreciation lives for both of these "Bulkheads" were corrected on a go forward basis to a 10 year life. The need for this correction was identified during the preparation for the last full rate filing (Docket 3762).

A copy of the page from the FY 2004 lapse schedule containing the Docks & Ramps asset class is attached.

Prepared by DGB

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2004
INTERSTATE NAVIGATION CO.

DATE OF ACQ.	COST	METHOD	Prior Year ACC. DEPREC	DEPRECIATION FYE 5/31/05	Current Year ACC. DEPREC
	1,012,675.44		728,100.00	75,993.00	804,093.00
BUILDINGS					
Terminal Building-PJ	25000		25,000.00		25,000.00
Freight Shed-PJ	44,588.00		44,588.00		44,588.00
Building Expansion Shed-PJ	204,063.00	SL 20 yrs	140,777.00	10,203.00	150,680.00
Block Island Office	9,670.00		9,670.00		9,670.00
Freight Shed-BI	27,028.89	SL 31.5 yr	8,463.00	868.00	9,331.00
Block Island Terminal	130,429.00	SL 10 yrs	96,740.00	13,043.00	109,783.00
Remodelling BI Ticket Office	61,901.00	SL 10 yrs	6,190.00	6,190.00	12,380.00
Roof-PJ Ticket Terminal	25,772.00	SL 5 yrs	5,154.00	5,154.00	10,308.00
	8,746.00	SL 10 yrs	875.00	875.00	1,760.00
	537,197.89		337,157.00	36,333.00	373,490.00
DOCKS & RAMPS					
Docks	15,901.00		15,901.00		15,901.00
Dolphin Fender Piles	13,120.00		13,120.00		13,120.00
Ramps	112,801.00		112,801.00		112,801.00
Docks	139,174.00		139,174.00		139,174.00
Docks-BI	130,367.00		130,367.00		130,367.00
Ramps-PJ	88,284.00		88,284.00		88,284.00
Ramps-PJ	130,087.00		130,087.00		130,087.00
Ramps-BI	43,865.00		43,865.00		43,865.00
Dock Improvements-PJ	67,849.00	SL 10 yrs	16,960.00	6,785.00	23,745.00
Dock Improvements	101,782.00	SL 10 yrs	101,782.00		101,782.00
Ramp-BI	21,860.00	SL 10 yrs	-	2,186.00	2,186.00
DOCKS (CONTINUED)					
Bulkhead-PJ	785,291.00	SL 100 yrs	98,652.00	7,853.00	106,505.00
Bulkhead-BI	640,700.65	SL 100 yrs	-	6,140.00	6,140.00
	2,291,081.65		890,993.00	22,964.00	913,957.00

NIS-NOT IN SERVICE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-13. Referring to the response to Division Data Request 1-11, please provide the actual advertising expense for each month from June 2012 until the most recent month available.

RESPONSE: See attached.

Prepared by DGB

Interstate Navigation Company

General Ledger

For the Period From Jun 1, 2012 to Dec 31, 2012

Filter Criteria includes: 1) IDs: 7800. Report order is by ID. Report is printed with shortened descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
7800	6/1/12			Beginning Balance			
Advertising & Promotion	6/1/12	9241	PJ	Akins Marketing & Desi	4,675.00		
	6/1/12	9242	PJ	Akins Marketing & Desi	4,055.97		
	6/1/12	9243	PJ	Akins Marketing & Desi	4,037.08		
	6/1/12	9244	PJ	Akins Marketing & Desi	2,016.64		
	6/1/12	9245	PJ	Akins Marketing & Desi	1,514.70		
	6/1/12	9246	PJ	Akins Marketing & Desi	44.00		
	6/1/12	9247	PJ	Akins Marketing & Desi	471.90		
	6/1/12	9248	PJ	Akins Marketing & Desi	22,077.98		
	6/1/12	9249	PJ	Akins Marketing & Desi	2,904.45		
	6/1/12	9250	PJ	Akins Marketing & Desi	515.61		
	6/1/12	9251	PJ	Akins Marketing & Desi	2,034.05		
	6/1/12	9252	PJ	Akins Marketing & Desi	695.30		
	6/2/12	110001380679	PJ	Supermedia, LLC - AD	278.95		
	6/12/12	61212	PJ	Block Island Times - A	384.00		
	6/20/12	109	PJ	Providience Media, Inc.	1,400.00		
	6/26/12	50408	PJ	Northeast Promotions -	2,718.00		
	6/26/12	62612	PJ	Block Island Times - A	1,204.00		
	6/29/12	62912	PJ	The Anchor - AD	195.00		
	6/30/12	1780	PJ	BI Guide - AD	225.00		
				Current Period Change	51,447.63		
	7/1/12			Beginning Balance			51,447.63
	7/1/12	9264	PJ	Akins Marketing & Desi	785.40		
	7/1/12	9265	PJ	Akins Marketing & Desi	1,614.78		
	7/1/12	9266	PJ	Akins Marketing & Desi	280.50		
	7/1/12	9267	PJ	Akins Marketing & Desi	149.60		
	7/1/12	9268	PJ	Akins Marketing & Desi	430.10		
	7/1/12	9269	PJ	Akins Marketing & Desi	130.90		
	7/1/12	9270	PJ	Akins Marketing & Desi	261.80		
	7/1/12	9271	PJ	Akins Marketing & Desi	24,040.80		
	7/1/12	9272	PJ	Akins Marketing & Desi	31,500.15		
	7/1/12	9273	PJ	Akins Marketing & Desi	23,826.69		
	7/1/12	9274	PJ	Akins Marketing & Desi	6,875.65		
	7/1/12	9275	PJ	Akins Marketing & Desi	22,327.80		
	7/1/12	01S-099232	PJ	CTM Brochure Display,	1,051.00		
	7/2/12	110001380679	PJ	Supermedia, LLC - AD	278.95		
	7/5/12	INT-65	PJ	Graphic Pix, Inc. - AD c	35.00		
	7/13/12	71312	PJ	Lynda L. Danz - Delive	300.00		
	7/20/12	72012	PJ	The Anchor	585.00		
	7/24/12	BasketballTou	PJ	Block Island Volunteer	75.00		
	7/31/12	5260/ly 2012	PJ	Citibank Visa - Boats &	440.00		
	7/31/12	73112Stateme	PJ	Block Island Times - Ad	376.00		
				Current Period Change	115,365.12		
	8/1/12			Beginning Balance			115,365.12
	8/1/12	9286	PJ	Akins Marketing & Desi	22,327.80		
	8/1/12	9284	PJ	Akins Marketing & Desi	13,938.30		
	8/1/12	9282	PJ	Akins Marketing & Desi	24,110.08		
	8/1/12	9280	PJ	Akins Marketing & Desi	95.70		
	8/1/12	9276	PJ	Akins Marketing & Desi	392.70		
	8/1/12	9285	PJ	Akins Marketing & Desi	5,175.65		
	8/1/12	9281	PJ	Akins Marketing & Desi	198.00		
	8/1/12	9278	PJ	Akins Marketing & Desi	1,448.29		
	8/1/12	9283	PJ	Akins Marketing & Desi	24,281.10		
	8/2/12	110001380679	PJ	Supermedia, LLC	278.95		
	8/27/12	Aug2012	PJ	The Anchor - ADS	780.00		
	8/28/12	508229005349	PJ	Citibank Visa - SpringH	160.63		
	8/31/12	06498	CDJ	Pawcatuck Middle Scho	150.00		
				Current Period Change	93,337.20		
	9/1/12			Beginning Balance			93,337.20
	9/1/12	9287	PJ	Akins Marketing & Desi	374.00		
	9/1/12	9288	PJ	Akins Marketing & Desi	841.50		
	9/1/12	9289	PJ	Akins Marketing & Desi	569.95		
	9/1/12	9290	PJ	Akins Marketing & Desi	411.40		
	9/1/12	9291	PJ	Akins Marketing & Desi	748.00		
	9/1/12	9292	PJ	Akins Marketing & Desi	37.40		
	9/1/12	9293	PJ	Akins Marketing & Desi	6,128.50		
	9/1/12	9294	PJ	Akins Marketing & Desi	130.90		
	9/1/12	9295	PJ	Akins Marketing & Desi	6,159.01		
	9/1/12	9296	PJ	Akins Marketing & Desi	346.80		
	9/1/12	9297	PJ	Akins Marketing & Desi	102.00		

Interstate Navigation Company

General Ledger

For the Period From Jun 1, 2012 to Dec 31, 2012

Filter Criteria includes: 1) IDs: 7800. Report order is by ID. Report is printed with shortened descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	9/1/12	9298	PJ	Akins Marketing & Desi	695.30		
	9/1/12	9112	PJ	Block Island Times - A	992.00		
	9/1/12	01S-101617	PJ	CTM Brochure Display.	302.00		
	9/2/12	110001380679	PJ	Supermedia, LLC	278.95		
	9/11/12	06565	CDJ	Boats & Harbors - Nels	220.00		
	9/26/12	92612	PJ	Block Island Times - Ad	1,114.00		
	9/28/12	Sept2012	PJ	The Anchor - ADS	780.00		
				Current Period Change	20,231.71		20,231.71
	10/1/12			Beginning Balance			280,381.66
	10/1/12	9299	PJ	Akins Marketing & Desi	261.80		
	10/1/12	9300	PJ	Akins Marketing & Desi	748.00		
	10/1/12	9301	PJ	Akins Marketing & Desi	654.50		
	10/1/12	9302	PJ	Akins Marketing & Desi	355.30		
	10/1/12	9303	PJ	Akins Marketing & Desi	635.80		
	10/1/12	9304	PJ	Akins Marketing & Desi	7,582.00		
	10/1/12	9305	PJ	Akins Marketing & Desi	579.70		
	10/1/12	9306	PJ	Akins Marketing & Desi	467.50		
	10/1/12	9307	PJ	Akins Marketing & Desi	1,424.23		
	10/1/12	9308	PJ	Akins Marketing & Desi	206.00		
	10/2/12	110001380679	PJ	Supermedia, LLC	278.95		
	10/5/12	"Nelseco AD"	PJ	Boats & Harbors - AD	220.00		
	10/31/12	Oct2012	PJ	The Anchor	585.00		
				Current Period Change	13,998.78		13,998.78
	11/1/12			Beginning Balance			294,380.44
	11/1/12	11112	PJ	Block Island Times - A	828.00		
	11/1/12	9309/Oct2012	PJ	Akins Marketing & Desi	93.50		
	11/1/12	9310/Oct2012	PJ	Akins Marketing & Desi	93.50		
	11/1/12	9311/Oct2012	PJ	Akins Marketing & Desi	112.20		
	11/1/12	9312/Oct2012	PJ	Akins Marketing & Desi	1,570.80		
	11/1/12	9813/Oct2012	PJ	Akins Marketing & Desi	392.70		
	11/1/12	9314/Oct2012	PJ	Akins Marketing & Desi	205.70		
	11/1/12	9315/Oct2012	PJ	Akins Marketing & Desi	66.00		
	11/1/12	9316/Oct2012	PJ	Akins Marketing & Desi	1,655.80		
	11/2/12	110001380679	PJ	Supermedia, LLC - Ads	278.95		
	11/14/12	AD.	PJ	Boats & Harbors - AD	220.00		
	11/29/12	112912	PJ	Block Island Times - A	800.80		
				Current Period Change	6,317.95		6,317.95
	12/1/12			Beginning Balance			300,698.39
	12/1/12	9317	PJ	Akins Marketing & Desi	187.00		
	12/1/12	9318	PJ	Akins Marketing & Desi	542.30		
	12/1/12	9319	PJ	Akins Marketing & Desi	878.90		
	12/1/12	9320	PJ	Akins Marketing & Desi	374.00		
	12/1/12	9321	PJ	Akins Marketing & Desi	392.70		
	12/1/12	9322	PJ	Akins Marketing & Desi	520.20		
	12/2/12	110001380679	PJ	Supermedia, LLC	278.95		
	12/10/12	50542	PJ	Northeast Promotions -	1,267.69		
				Current Period Change	4,441.74		4,441.74
	12/31/12			Ending Balance			305,140.13

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-14. Referring to the response to Division Data Request 1-20, please reconcile the purchase price of \$221,764 with the \$289,708 shown on the FY 2014 Depreciation Lapse schedule, page 5 of 6 for the Sunflower building site.

RESPONSE: The difference for the most part is the demolition and removal of the building (about \$62,000). There was about \$6,000 of closing costs as well. The Sunflower purchase price, closing costs and the demolition cost will be added to the cost of the new building and depreciated over 25 years.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-15. Referring to the response to Division Data Request 1-25, please explain how the deferred tax balances were developed, given that Deferred Income Tax balance as of May 31, 2012 was \$396,322. The response should include supporting workpapers.

RESPONSE: The deferred tax balances were developed using the temporary timing differences between book and tax expenditures. The main difference in these expenditures arises from the depreciation lives allowed for book and tax. The difference between tax and book remaining depreciation for the Test Year was \$(1,197,303). The Test Year value decreases a little over \$675,000 when it is compared to the difference between tax and book remaining depreciation for the Rate Year of \$(522,045). This drop occurs when assets are fully depreciated for tax purposes but still have some remaining depreciation for book purposes. The difference between tax and book balances continues to decrease each year as the assets continue to be depreciated for book purposes.

Much of difference between tax and book remaining depreciation comes from one asset. The MV Block Island accounts for \$575,000 of the \$675,000 decrease between the Test Year and the Rate Year. The MV Block Island for tax purposes will be fully depreciated during the interim year. The MV Block Island for book purposes will continue to depreciate for another 5 year. During the interim year the book and tax differential will decrease around \$196,000 and \$381,000 each year thereafter.

Supporting workpapers for the Test Year, Interim Year and Rate Year calculations are attached.

Prepared by DGB

Deferred Federal Income Tax
 Interstate Navigation Company Test Year Calculations and Workpapers
 Test Year

	Current 2012	Long Term 2013+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(449,293.28)	(748,010.69)	(1,197,303.97)
NOL	0.00	-	0.00 Any NOL has been fully recovered
Loan Amortization	31,651.48	-	31,651.48
Def. Reg. Asset (Rate Case)	-	-	- This Item has been fully recovered
Deferred Barge Removal	-	-	- Balance already net of tax
	<u>\$ (417,641.80)</u>	<u>\$ (748,010.69)</u>	<u>\$ (1,165,652.49)</u>

TAX (34%)

	Current 2012	Long Term 2013+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(152,759.72)	(254,323.63)	(407,083.35)
NOL	0.00	-	0.00
Loan Amortization	10,761.50	-	10,761.50
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (141,998.21)</u>	<u>\$ (254,323.63)</u>	<u>\$ (396,321.85)</u>
Deferred Asset	\$ 10,761.50	\$ -	\$ 10,761.50
Deferred Liability	(152,759.72)	(254,323.63)	(407,083.35)
	<u>\$ (141,998.21)</u>	<u>\$ (254,323.63)</u>	<u>\$ (396,321.85)</u>

Attachment to DIV 2-15
Test Year Calculations and Workpapers

<u>Year End</u>	<u>Tax Depreciation</u>	<u>Book Depreciation</u>	<u>Difference</u>
5/31/2012	1,230,995.51	1,680,288.79	(449,293.28)
5/31/2013 +	7,664,719.92	8,412,730.61	(748,010.69)
	<u>8,895,715.43</u>	<u>10,093,019.40</u>	<u>(1,197,303.97)</u>

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2012 SUMMARY
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	COST	METHOD	FY 2011 ACC. DEPREC	DEPRECIATION FYE 5/31/12	FY 2012 ACC. DEPREC	NBV	Current	Long Term
VESSELS								
	13,410,182.25		11,001,180.00	576,705.00	11,577,885.00	1,832,316.25	391,680.00	1,440,630.25
VESSEL IMPROVEMENTS AND EQUIPMENT								
	3,899,517.18		2,904,937.00	409,739.00	2,705,078.00	661,442.18	265,057.03	480,385.14
OFFICE & TERMINAL EQUIPMENT								
	1,610,796.36		1,233,229.56	74,183.00	1,307,392.56	303,405.80	131,082.38	172,323.48
BUILDINGS								
	888,284.62		443,485.00	10,223.00	453,719.00	414,635.62	9,637.00	404,998.62
DOCKS & RAMPS								
	2,389,169.00		1,433,836.00	94,607.00	1,528,443.00	860,726.00	91,127.62	769,598.38
STAGING & P.J. PROJECTS								
	1,141,047.70		265,344.00	32,725.00	288,069.00	852,978.70	36,772.87	916,205.83
VEHICLES								
	175,200.35		139,116.35	7,279.00	146,395.35	28,805.00	15,562.28	13,242.72
TOTALS - Conventional Service Only								
	23,164,169.44		16,810,518.91	1,199,441.00	18,009,959.91	5,154,208.53	1,040,825.14	4,113,384.39
Neiseco	1,035,117.00	SL 25 yrs	1,035,117.00	0.00	1,035,117.00	0.00	0.00	0.00
Athena	4,200,000.00	SL 25 yrs	756,000.00	168,000.00	924,000.00	3,276,000.00	168,000.00	3,108,000.00
MV Royal Mias Belmar	441,330.40		0.00	0.00	0.00	441,330.40	0.00	441,330.40
Rebuilt Engine-MV Neiseco	21,943.00	SL 10 yrs	21,943.00	0.00	21,943.00	0.00	0.00	0.00
Radar-MV Neiseco	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
MV Athena-Engine O/H	143,904.34	SL 3 yrs	119,920.11	23,984.23	143,904.34	0.00	0.00	0.00
NELSECO-RENEW HULL/P	93,299.36	SL 2 YRS	31,006.00	41,466.00	72,466.00	20,833.36	20,833.36	0.00
AVC-MV Athena	7,642.49	SL 7 yrs	2,963.00	1,337.00	4,300.00	3,342.49	1,337.00	2,005.49
TOTALS - All Services								
	29,110,228.03		18,780,284.02	1,434,228.23	20,214,512.25	8,895,715.78	1,230,995.50	7,664,720.28

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2012 SUMMARY
INTERSTATE NAVIGATION CO.

BOOK

DATE OF ACQ.	COST	METHOD	FY 2011 ACC. DEPREC	DEPRECIATION FYE 5/31/12	FY 2012 ACC. DEPREC	NBV	Current	Long Term
VESSELS								
	13,458,552.25		9,436,978.00	588,554.00	10,025,532.00	3,433,020.25	588,554.00	2,844,466.25
VESSEL IMPROVEMENTS AND EQUIPMENT								
	3,638,228.16		2,205,913.86	411,278.60	2,817,180.46	1,021,037.70	382,869.27	638,368.43
OFFICE & TERMINAL EQUIPMENT								
	1,048,738.68		1,240,038.19	77,786.38	1,317,824.57	328,913.01	112,389.58	276,814.06
BUILDINGS								
	827,209.62		511,449.00	7,932.28	519,381.29	307,828.33	7,930.40	299,897.93
DOCKS & RAMPS								
	2,578,381.52		1,975,729.24	186,873.00	2,172,602.24	406,779.28	210,134.75	196,844.53
STAGING & P.J PROJECTS								
	1,141,047.70		251,411.00	32,083.00	203,494.00	857,553.70	32,083.44	826,470.26
VEHICLES								
	175,200.35		149,367.75	7,560.80	156,928.55	18,271.80	7,560.80	10,711.00
TOTALS - Conventional Service Only								
	23,466,358.18		15,770,888.04	1,322,086.07	17,092,954.11	6,373,404.07	1,341,331.02	5,032,073.05
Nelseco	1,035,106.00	SL 25 yrs	1,035,106.00	0.00	1,035,106.00	0.00	0.00	0.00
Athens	4,200,000.00	SL 26 yrs	761,040.00	168,000.00	929,040.00	3,270,960.00	336,000.00	2,934,960.00
MV Royal Miss Blair	441,330.40	his	0.00	0.00	0.00	441,330.40	0.00	441,330.40
Rebuilt Engine-MV Nelseco	21,843.00	SL 10 yrs	21,843.00	0.00	21,843.00	0.00	0.00	0.00
Radar-MV Nelseco	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
MV Athena-Engine O/H	143,904.34	SL 3 yrs	119,920.11	0.00	143,904.34	0.00	0.00	0.00
NELSECO-RENEW-HULL/P	93,299.36	SL 2 YRS	44,783.69	23,984.23	143,904.34	0.00	1,865.99	0.00
A/C-MV Athena	7,642.49	SL 7 Yrs	1,081.78	48,649.68	91,433.37	1,865.99	1,091.78	4,367.16
TOTALS - All Services								
	17,757,594.82		15,617,917.76	1,561,791.76	19,319,386.38	10,093,019.39	1,680,288.79	8,412,730.60

Deferred Federal Income Tax
 Interstate Navigation Company
 Interim Year

	Current 2014	Long Term 2015+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(441,511.01)	(283,776.45)	(725,287.46)
NOL	0.00	-	0.00 Any NOL has been fully recovered
Loan Amortization	-	-	- This Item has been fully recovered
Def. Reg. Asset (Rate Case)	-	-	- This Item has been fully recovered
Deferred Barge Removal	-	-	- Balance already net of tax
	<u>\$ (441,511.01)</u>	<u>\$ (283,776.45)</u>	<u>\$ (725,287.46)</u>

TAX (34%)

	Current 2014	Long Term 2015+	
Depreciation (Asset)	\$ -	\$ -	\$ -
Depreciation (Liab)	(150,113.74)	(96,483.99)	(246,597.74)
NOL	0.00	-	0.00
Loan Amortization	-	-	-
Deferred Regulatory Asset	-	-	-
Deferred Barge Removal	-	-	-
	<u>\$ (150,113.74)</u>	<u>\$ (96,483.99)</u>	<u>\$ (246,597.74)</u>
Deferred Asset	\$ 0.00	\$ -	\$ 0.00
Deferred Liability	(150,113.74)	(96,483.99)	(246,597.74)
	<u>\$ (150,113.74)</u>	<u>\$ (96,483.99)</u>	<u>\$ (246,597.74)</u>

Attachment to DIV 2-15
Interim Year Calculations and Workpapers

<u>Year End</u>	<u>Tax Depreciation</u>	<u>Book Depreciation</u>	<u>Difference</u>
5/31/2014	793,978.99	1,235,490.00	(441,511.01)
5/31/2015 +	8,113,269.70	8,397,046.15	(283,776.45)
	<u>8,907,248.69</u>	<u>9,632,536.15</u>	<u>(725,287.46)</u>

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2013 SUMMARY
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	COST	METHOD	FY 2012 ACC. DEPREC	DEPRECIATION FYE 5/31/13	FY 2013 ACC. DEPREC	NBV	Current	Long Term
VESSELS								
	13,410,182.25		11,577,866.00	381,686.00	11,969,552.00	1,440,630.25	206,667.00	1,233,963.25
VESSEL IMPROVEMENTS AND EQUIPMENT								
	3,569,517.16		2,708,075.00	363,420.73	3,070,950.73	498,566.43	164,003.72	334,562.71
OFFICE & TERMINAL EQUIPMENT								
	1,810,788.38		1,307,392.66	67,341.00	1,374,733.66	238,084.80	84,416.28	141,668.52
BUILDINGS								
	888,254.62		453,719.00	9,783.00	463,502.00	404,752.62	12,959.99	391,792.63
DOCKS & RAMPS								
	2,389,169.00		1,528,443.00	94,607.00	1,623,050.00	766,119.00	92,344.00	673,775.00
STAGING & P.J. PROJECTS								
	1,141,047.70		286,069.00	32,726.00	320,794.00	820,253.70	32,726.00	787,528.70
VEHICLES								
	175,200.35		145,395.35	7,279.00	159,674.35	21,526.00	21,526.00	0.00
TOTALS - Conventional Service Only								
	23,164,189.44		18,009,959.91	866,841.73	18,976,256.64	4,187,912.80	624,641.99	3,563,270.81
Nelsec	1,035,117.00	SL 25 yrs	1,035,117.00	0.00	1,035,117.00	0.00	0.00	0.00
Athens	4,200,000.00	SL 25 yrs	924,000.00	168,000.00	924,000.00	3,276,000.00	168,000.00	3,108,000.00
MV Royal Miss Belmar	441,330.40	nils	0.00	0.00	0.00	441,330.40	0.00	441,330.40
MV Islander Overhaul	1,000,000.00	nils	0.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00
Rebuilt Engine-MV Nelsec	21,943.00	SL 10 yrs	21,943.00	0.00	21,943.00	0.00	0.00	0.00
Radar-MV Nelsec	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
MV Athena-Engine O/H	143,904.34	SL 3 yrs	143,904.34	23,984.23	143,904.34	0.00	0.00	0.00
NELSECO-RENEW HULL/PI	93,299.36	SL 2 YRS	72,466.00	20,833.36	93,299.36	0.00	0.00	0.00
A/C-MV Athens	7,642.49	SL 7 yrs	4,300.00	1,337.00	5,637.00	2,005.49	1,337.00	668.49
TOTALS - All Services								
	30,110,228.03		20,214,512.25	1,180,996.32	21,202,979.34	8,907,248.69	793,978.59	8,113,269.70

BOOK

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2013 SUMMARY
INTERSTATE NAVIGATION CO.

DATE OF ACQ.	COST	METHOD	FY 2012 ACC. DEPREC	DEPRECIATION FYE 5/31/13	FY 2013 ACC. DEPREC	NBV	Current	Long Term
VESSELS								
	13,488,552.26		10,925,532.00	588,554.00	10,614,088.00	2,844,466.25	588,554.00	2,255,912.25
VESSEL IMPROVEMENTS AND EQUIPMENT								
	3,638,228.16		2,617,190.46	392,669.27	2,999,859.73	630,368.43	321,370.00	316,998.43
OFFICE & TERMINAL EQUIPMENT								
	1,646,736.66		1,317,825.67	73,866.31	1,391,693.89	255,004.70	22,139.07	232,816.63
BUILDINGS								
	827,209.62		619,381.20	7,928.09	627,310.38	299,699.24	868.00	299,031.24
DOCKS & RAMPS								
	2,579,381.62		2,172,602.24	186,871.00	2,369,473.24	209,900.28	93,022.20	119,086.08
STAGING & PJ PROJECTS								
	1,141,047.70		283,494.00	32,083.00	315,677.00	825,470.70	32,083.44	793,387.26
VEHICLES								
	175,200.36		156,928.55	7,560.50	164,489.36	10,711.00	7,560.80	3,150.20
TOTALS - Conventional Service Only								
	23,486,368.18		17,082,894.11	1,289,525.47	18,382,479.58	6,083,678.60	1,066,397.61	4,017,481.09
Nelsco	1,036,106.00	SL 25 yrs	1,035,106.00	0.00	1,035,106.00	0.00	0.00	0.00
Athens	4,200,000.00	SL 25 yrs	929,040.00	168,000.00	1,097,040.00	3,102,960.00	168,000.00	2,934,960.00
MV Royal Miss Belmar/Islander	441,330.40	SL 25 yrs	0.00	0.00	0.00	441,330.40	0.00	441,330.40
MV Islander Overhaul	1,000,000.00	SL 25 yrs	0.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00
Rebuilt Engine-MV Nelsco	21,943.00	SL 10 yrs	21,943.00	0.00	21,943.00	0.00	0.00	0.00
Radar-MV Nelsco	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
MV Athena-Engine O/H	143,804.34	SL 3 yrs	143,804.34	0.00	143,804.34	0.00	0.00	0.00
NELSECO-RENEW HULL/PLA1	93,299.36	SL 2 YRS	91,433.37	1,865.99	93,299.36	0.00	0.00	0.00
A/C-MV Athens	7,642.49	SL 7 yrs	2,183.56	1,091.78	3,275.34	4,367.15	1,091.78	3,275.37
TOTALS - All Services								
	19,319,366.36		1,460,483.24	20,779,869.62	9,632,536.15	1,235,489.29	0,387,046.80	

Deferred Federal Income Tax
 Interstate Navigation Company Rate Year Calculations and Workpapers
 Rate Year

	Current 2014	Long Term 2015+		
Depreciation (Asset)	\$ -	\$ -	\$	-
Depreciation (Liab)	(462,824.01)	(59,221.21)		(522,045.22)
NOL	0.00	-		0.00 Any NOL has been fully recovered
Loan Amortization	-	-		- This Item has been fully recovered
Def. Reg. Asset (Rate Case)	-	-		- This Item has been fully recovered
Deferred Barge Removal	-	-		Balance already net of tax
	<u>\$ (462,824.01)</u>	<u>\$ (59,221.21)</u>		<u>\$ (522,045.22)</u>

TAX (34%)

	Current 2014	Long Term 2015+		
Depreciation (Asset)	\$ -	\$ -	\$	-
Depreciation (Liab)	(157,360.16)	(20,135.21)		(177,495.37)
NOL	0.00	-		0.00
Loan Amortization	-	-		-
Deferred Regulatory Asset	-	-		-
Deferred Barge Removal	-	-		-
	<u>\$ (157,360.16)</u>	<u>\$ (20,135.21)</u>		<u>\$ (177,495.37)</u>
Deferred Asset	\$ 0.00	\$ -	\$	0.00
Deferred Liability	(157,360.16)	(20,135.21)		(177,495.37)
	<u>\$ (157,360.16)</u>	<u>\$ (20,135.21)</u>		<u>\$ (177,495.37)</u>

Attachment to DIV 2-15
Rate Year Calculations and Workpapers

<u>Year End</u>	<u>Tax Depreciation</u>	<u>Book Depreciation</u>	<u>Difference</u>
5/31/2014	793,978.99	1,256,803.00	(462,824.01)
5/31/2016+	7,977,922.00	8,037,143.21	(59,221.21)
	<u>8,771,900.99</u>	<u>9,293,946.21</u>	<u>(522,045.22)</u>

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2014 SUMMARY
INTERSTATE NAVIGATION CO.

TAX

DATE OF ACQ.	COST	METHOD	FY 2013 ACC. DEPREC	DEPRECIATION FYE 5/31/14	FY 2014 ACC. DEPREC	NBV	Current	Long term
VESSELS								
	13,410,182.25		11,989,552.00	206,897.00	12,176,219.00	1,233,963.25	206,667.00	1,027,296.25
VESSEL IMPROVEMENTS AND EQUIPMENT								
	3,669,517.16		3,070,950.73	323,106.00	3,393,610.73	176,006.43	181,827.43	14,179.00
OFFICE & TERMINAL EQUIPMENT								
	1,610,798.36		1,374,733.56	30,307.11	1,406,040.67	205,767.69	22,326.29	183,432.40
BUILDINGS								
	1,808,254.62		463,502.00	50,376.57	513,881.57	1,364,373.06	50,379.67	1,303,993.49
DOCKS & RAMPS								
	2,389,159.00		1,623,050.00	92,344.00	1,715,394.00	673,775.00	90,963.00	583,692.00
STAGING & P.J PROJECTS								
	1,141,047.70		320,794.00	32,725.00	353,519.00	787,528.70	32,726.00	754,803.70
VEHICLES								
	175,200.35		153,674.35	5,375.00	159,049.35	16,151.00	3,650.00	12,501.00
TOTALS - Conventional Service Only								
	24,164,169.44		18,876,256.64	740,802.68	19,716,914.32	4,447,555.12	567,657.29	3,879,897.84
Netsecco								
Athens	1,035,117.00	SL 25 yrs	1,035,117.00	0.00	0.00	0.00	0.00	0.00
MV Royal Miss Belmar	4,200,000.00	SL 25 yrs	1,092,000.00	168,000.00	1,260,000.00	2,940,000.00	168,000.00	2,772,000.00
MV Islander Overhaul	441,330.40		0.00	17,653.22	17,653.22	423,677.18	17,653.22	406,023.97
Rebuilt Engine-MV Neliseco	1,000,000.00		0.00	40,000.00	40,000.00	960,000.00	40,000.00	920,000.00
Radarr-MV Neliseco	21,943.00	SL 10 yrs	21,943.00	0.00	0.00	0.00	0.00	0.00
MV Athena-Engine O/H	2,822.00	SL 5 yrs	2,822.00	0.00	0.00	0.00	0.00	0.00
NELSECO-RENEW HULL/P	143,904.34	SL 3 yrs	143,904.34	0.00	0.00	0.00	0.00	0.00
A/C-MV Athena	93,299.36	SL 2 yrs	93,299.36	0.00	0.00	0.00	0.00	0.00
	7,642.49	SL 7 yrs	5,637.00	1,337.00	6,974.00	668.49	668.49	0.00
TOTALS - All Services								
	31,110,228.03		21,370,979.34	967,892.89	22,338,327.23	8,771,900.80	793,978.99	7,977,921.80

FIXED ASSETS AND ACCUMULATED DEPRECIATION - FY 2014 SUMMARY
INTERSTATE NAVIGATION CO.

BOOK

BOOK	DATE OF ACQ.	COST	METHOD	FY 2013 ACC. DEPREC	DEPRECIATION FYE 5/31/14	FY 2014 ACC. DEPREC	NBV	Current	Long term
VESSELS									
VESSEL IMPROVEMENTS AND EQUIPMENT		13,458,552.25		10,614,086.00	588,554.00	11,202,640.00	2,255,912.25	588,554.00	1,667,388.25
OFFICE & TERMINAL EQUIPMENT		3,638,228.16		2,999,859.73	321,370.00	3,321,229.73	316,998.43	316,998.43	0.00
BUILDINGS		1,648,738.56		1,391,683.88	15,999.24	1,407,683.12	239,055.46	15,468.24	223,687.22
DOCKS & RAMPS		1,827,209.62		527,310.38	82,486.04	578,766.42	1,247,443.20	62,458.04	1,194,987.18
STAGING & P.J. PROJECTS		2,579,381.92		2,369,473.24	93,821.65	2,463,294.89	116,056.63	21,771.00	94,316.63
VEHICLES		1,141,047.70		315,577.00	32,083.00	347,660.00	793,367.70	32,083.00	761,304.70
TOTALS - Conventional Service Only		175,200.35		164,489.35	7,560.80	172,050.15	3,150.20	3,150.80	-0.60
		24,466,358.18		18,382,479.58	1,111,844.73	19,494,324.31	4,972,033.87	1,030,481.51	3,941,552.36
Nelseco	7/1/1981	1,035,106.00	SL 25 yrs	1,035,106.00	0.00	1,035,106.00	0.00	0.00	0.00
Athens	8/19/2004	4,200,000.00	SL 25 yrs	1,097,040.00	166,000.00	1,265,040.00	2,934,960.00	168,000.00	2,766,960.00
MV Royal Mss. Belmar/Island	6/1/2013	441,336.40	SL 25 yrs	0.00	17,653.22	17,653.22	423,677.18	17,653.22	406,023.97
MV Islander Overhaul	6/1/2013	1,000,000.00	SL 25 yrs	0.00	40,000.00	40,000.00	960,000.00	40,000.00	920,000.00
Rebuilt Engine-MV Nelseco	6/19/2000	21,943.00	SL 10 yrs	21,943.00	0.00	21,943.00	0.00	0.00	0.00
Redair-MV Nelseco	6/27/2003	2,822.00	SL 5 yrs	2,822.00	0.00	2,822.00	0.00	0.00	0.00
MV Athena-Engne O/H	1/20/2008	143,904.34	SL 3 yrs	143,904.34	0.00	143,904.34	0.00	0.00	0.00
NELSECO-RENEW-HULL/P	06/14/10	93,299.36	SL 2 YRS	93,299.36	0.00	93,299.36	0.00	0.00	0.00
A/C-MV Athens	5/31/2010	7,642.49	SL 7 yrs	3,275.34	1,091.78	4,367.12	3,275.37	668.49	2,606.88
TOTALS - All Services		20,779,869.62		1,338,589.72	22,118,459.34	9,293,946.43	1,236,803.21	8,037,143.21	20,779,869.62

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-16. Referring to the response to Division Data Request 1-9, please provide the basis for the 15% allocation factor. The response should include all supporting workpapers and calculations.

RESPONSE: Six Interstate vessels (Athena, Block Island, Carol Jean, Anna C, Nelseco, and the Manitou) use the old harbor docks therefore an allocation of wharfage could be 16.67% to any one boat based upon the number of vessels. However some vessel use the docks significantly more than the others. While other vessels like the Manitou use the docks sparingly. Because the Athena does not run in the winter, Interstate felt that the allocation to the fast ferry should be less than 16.67% and instead used a 15% allocator for the fast ferry service. Per my review and evaluation I believe that the 15% is probably a bit excessive. No adjustment is needed however because if anything I believe that Interstate charged too much to the fast ferry service lowering the traditional rate request.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-17. Referring to the response to Division Data Request 1-13, please reconcile the difference between the two amounts noted in the request to the fuel expense of \$81,932 for MV Nelseco on Schedule DGB-4, Page 2.

RESPONSE: I prepared an analysis which identifies the differences between the fuel expenses per the surcharge filings and fuel expense in the general ledger. A copy of the analysis is attached to this response. As part of the reconciliation, I attempted to match all of the invoices listed in the general ledger to the invoices submitted with the monthly surcharge filings for the 2012 fiscal year.

I found two minor miss-posting of invoices not included in the monthly surcharge filings due to invoices for fuel purchased for the Athena being posted to a conventional service fuel expense account. While they were correctly excluded from the fuel surcharge they were miss-posted in the general ledger.

In addition to the Athena postings I also found invoices not included in the monthly fuel surcharge filings which were for fuel used by the vessels to run to Connecticut for winter storage and/or to run engines to avoid freezing during the winter months while in storage. This fuel cost should be covered in the base rate cost of fuel. Therefore this cost must be added to the base cost of fuel in the rate year. See Mr. Edge's response to Division Data Request 2-19 which has addressed this issue.

With these adjustments the general ledger fuel cost balance and the fuel expenses of the surcharge filings matched exactly. I then recalculated the fuel expense by boat originally reported on DGB-3. I have as a result revised DGB-3, which is attached to this response, to reflect this proper allocation and to remove Athena expenditure miss-postings.

Prepared by DGB

Reconciliation of Fuel Expense per Surcharge Filing to General Ledger
Interstate Navigation Company

		Test Year 5/31/2012	Fuel for Athena misposted	Fuel not included in Surcharge Fuel used for Maint/Storage	Fuel included in Surcharge	Percentage of Expense subject to Surcharge
7300	Fuel - MV Block Island	\$ 766,533	\$ (3,553)	\$ -	\$ 762,979	51.01%
7310	Fuel - MV Carol Jean	479,721		(13,984)	465,736	31.14%
7320	Fuel - MV Manitou	10,989		(10,989)	-	0.00%
7325	Fuel - MV Southland	-		0	-	0.00%
7330	Fuel - MV Anna C	218,823		(25,647)	193,176	12.92%
7340	Fuel - Nelseco	81,932	(3,799)	(4,353)	73,779	4.93%
		<u>\$ 1,557,997</u>	<u>\$ (7,352)</u>	<u>\$ (54,974)</u>	<u>\$ 1,495,671</u>	

Balance of Fuel Exp per DGB-3 originally filed (bottom of Schedule)	\$ 1,476,065
Add Nelseco per DGB-4 page 2	81,932
Balance of Fuel Expense including Nelseco	<u>\$ 1,557,997</u>

Balance of Fuel Exp per DGB-3 originally filed (top of Schedule)	\$ 1,495,671
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Analysis of Fuel Expense- Costs Eligible for Recovery
Interstate Navigation Company

Schedule DGB-3
Revised 1/10/13

Date	(A)		(A)	(B)	(C)
	(A)	Average			
	Gallons	Fuel Cost	Total Fuel	Fuel Floor	Fuel Recovery
May 31, 2012	41,681	\$ 3.52	\$ 146,572.00	\$ 83,362.00	\$ 63,210.00
April 30, 2012	25,538	3.71	94,853.00	51,076.00	43,777.00
March 31, 2012	18,700	3.84	71,878.00	37,400.00	34,478.00
February 29, 2012	16,494	3.81	62,775.00	32,988.00	29,787.00
January 31, 2012	18,357	3.63	66,554.00	36,750.00	29,804.00
December 31, 2011	17,850	3.47	61,859.00	35,700.00	26,159.00
November 30, 2011	22,801	3.61	82,308.00	45,602.00	36,706.00
October 31, 2011	23,156	3.46	80,178.00	46,312.00	33,866.00
September 30, 2011	37,024	3.46	128,104.00	74,048.00	54,056.00
August 31, 2011	74,425	3.47	258,417.00	148,850.00	109,567.00
July 31, 2011	76,262	3.64	277,851.00	152,524.00	125,327.00
June 30, 2011	47,050	3.49	164,322.00	94,100.00	70,222.00
	<u>419,338</u>		<u>\$ 1,495,671.00</u>	<u>\$ 838,712.00</u>	<u>\$ 656,959.00</u>

(A) Obtained from Interstate's monthly fuel surcharge filings

(B) Calculated Gallons x Floor Rate \$2.00 = Fuel Floor

(C) Total Fuel less Fuel Floor = Fuel Recovery

		(D)	(E)	(F)	(D+E+F)
		Test Year 5/31/2012	Test Year Adjustments Athena Reclass	Test Year Adjustments Fuel Recovery	Adjusted Test Year
7300	Fuel - MV Block Island	766,533	(3,553)	(335,131)	427,848
7310	Fuel - MV Carol Jean	479,721	-	(204,570)	275,150
7320	Fuel - MV Manitou	10,989	-	0	10,989
7325	Fuel - MV Southland	-	-	0	-
7330	Fuel - MV Anna C	218,823	-	(84,851)	133,973
7340	Fuel - Nelseco	81,932	(3,799)	(32,407)	*
		<u>1,557,997</u>	<u>(7,352)</u>	<u>(656,959)</u>	<u>847,960</u>

(D) Obtained from Interstate's General Ledger

(E) Athena Fuel Expense included in test Year balance (See Attachment to Div 2-17)

(F) Fuel Recovery multiplied percentage of fuel included in surcharge by vessel (Percentages obtained from Attachment to DIV 2-17)

* Adjusted Test Year only includes Conventional service without Newport run.

**Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate**

January 4, 2013

Div. 2-18. Referring to the response to Division Data Request 1-13, how many gallons of fuel did the MV Nelseco burn in Fiscal Year 2012?

RESPONSE:

See attachment to Division 2-7.

Prepared by DGB

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-19. Referring to the response to Division Data Request 1-13, please provide the workpapers supporting the exclusion of the Nelseco fuel expense from the fuel expense on the bottom half of Schedule DGB-3.

RESPONSE: There are no additional workpapers. DGB-4 is a calculation of the traditional service test year starting with the annual report and removing the Nelseco and the fast ferry costs. Specifically the Nelseco fuel amount of \$81,932 was removed from general ledger account #7340 on page 2 of 4 Column 3 of DGB-4. The result of making these adjustments on DGB-4 was to arrive at a test year cost of service for the traditional service only that reflects the services that will be provided in the rate year with the elimination of the Nelseco run and the elimination of the fast ferry costs (not regulated). The calculated test year on DGB-4 was then transferred to Schedule DGB-2 (see column 1 - test year 5/31/2012). This test year was then adjusted for all appropriate normalizing adjustments to arrive at the adjusted test year (column 3).

The fuel expense numbers on the bottom half of Schedule DGB-3 came from Schedule DGB-2, page 1 of 3 (also shown on Schedule DGB-5, page 2 of 4) which shows the test year fuel amounts by boat and the Nelseco fuel costs have already been removed. The table on the bottom of Schedule DGB-4 does not have the Nelseco fuel costs because it was already removed from the source document Schedule DGB-2 which was used to create the table at the bottom of Schedule DGB-3.

While reviewing the information for this data request, I noted that there was a problem with another schedule in my testimony that was created from the information of Schedule DGB-3. I noticed that the total gallons (419,338) on the top of DGB-3 were used to calculate the cost of fuel in the base rate. Since the 419,388 gallons included the Nelseco fuel use the total dollars of fuel cost is overstated. Removing the fuel cost for the Nelseco requires multiplying the Nelseco gallons used of 23,247.5 gallons (see response to Division Data Request 2-7) times \$3.00 which results in an adjustment to reduce the base rate year cost of fuel by \$69,742.50.

In response to Div. 2-17 Mr. Bebyn found that certain fuel invoices were not included in the fuel surcharge calculation in the amount of \$54,969 for fuel not used on Interstate runs (\$4,353 of that amount was used by Nelseco). Therefore \$50,616 should be added to the test year cost of fuel. Reflecting both the elimination of the Nelseco and the addition of the additional fuel the net reduction to the test year fuel amount of \$1,258,014 is \$19,126.50 (\$69,742.50-\$50,616). Rate year fuel in base rates is \$1,238,887.50.

Prepared by WEE

Division of Public Utilities and Carriers
Interstate Navigation Company Application to Change Rates
Docket 4373
Second Data Request of the Division to Interstate

January 4, 2013

Div. 2-20. Referring to the response to Division Data Request 1-18, please provide available documentation supporting the costs incurred to date.

RESPONSE: A listing of the expenditures paid to date is included on the response to Division set 1-19 (remitted later than the rest). Is this listing sufficient or are you requesting additional information such as invoices, checks, either/or, or both.

Prepared by WEE