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September 19, 2016

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

Re: Interstate Navigation Company
Docket No. 4373 –Pension Expense Filing

Dear Luly:

As you know, this office represents Interstate Navigation Company (Interstate). Interstate's fiscal year ends May 31.

The Commission's Report and Order issued on June 20, 2013 (page 11) states that:

“Interstate's cost of service includes a \$70,000 annual pension expansion which is required to be funded thirty days following the end of the fiscal year and is an annual funding commitment unless altered by the Commission. Interstate is required to file documentation with the Commission regarding funding.”

In addition, the Settlement Agreement attached to the Report and Order as Appendix A states on page 9 that:

“Interstate's cost of service includes \$70,000 of annual pension expense. This amount will be funded and contributed to the external pension fund within thirty days after the end of the fiscal year. This funding commitment is ongoing and will continue from year to year unless directed otherwise by the Commission. Interstate will provide the Commission and the Division with documentation of its funding of the pension plan consistent with the terms of this paragraph.”

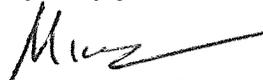
Pursuant to this requirement, enclosed is a Memorandum from David Bebyn, CPA, which shows that Interstate has made more than the \$70,000 required contribution for fiscal year 2016. A

copy of Mr. Bebyn's calculation is attached hereto. Note that the plan Interstate uses allows flexible contributions and future years may vary, but Interstate's total contributions will not be less than the \$70,000 per year total required by the approved settlement.

We apologize for the delay.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List

Interstate/Pension Filings/Massaro3

**Docket No. 4373 – Interstate Navigation Co. – Limited Rate Change Application
Service List as of 12/17/15**

***Requested to receive hard copy of all pleadings.**

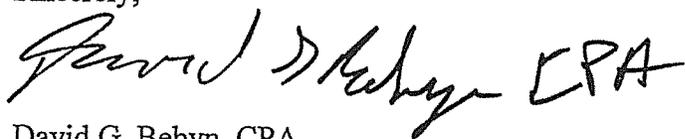
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	Cynthia.WilsonFrias@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	

TO: Mike McElroy
FROM: David Bebyn
RE: Interstate Navigation Company Pension Contribution.
Date: September 16, 2016

I have prepared the attached schedule which presents my calculation for the FY 2016 pension contribution based upon my conversation with Sue. Sue has already prepared and sent out the check for this payment. A copy of the payment from accounting program is also attached.

If you have any questions please don't hesitate to call me at 785-0800 extension 29.

Sincerely,

A handwritten signature in black ink that reads "David G. Bebyn CPA". The signature is written in a cursive style with a large initial "D" and "B".

David G. Bebyn, CPA

Calculation of FY 2016 Pension Contribution
Interstate Navigation Company
5/31/16

Pension Contribution expense:

Est Qualified Employee Payroll FY 2016	\$	2,620,364.40	
Pension Funding Rate		<u>5%</u>	
Pension Contribution Expense			\$ <u>131,018.22</u>
Total Contribution Made			\$ <u><u>131,018.22</u></u>

Interstate Navigation Company
Vendor Ledgers
For the Period From May 1, 2016 to Jul 1, 2016

Filter Criteria includes: 1) IDs from John to John. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
John John Hancock USA FBO CN#1	5/31/16	0014995	CDJ		131,018.22	131,018.22	0.00
Report Total					131,018.22	131,018.22	0.00