

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**A & R MARINE CORP.,  
d/b/a/ PRUDENCE & BAY ISLANDS TRANSPORT  
(GENERAL RATE FILING)**

**RIPUC DOCKET NO. 4589**

**SURREBUTTAL TESTIMONY**

**OF**

**RICHARD RAINER,  
TOWN ADMINISTRATOR,  
TOWN OF PORTSMOUTH, RHODE ISLAND**

**ON BEHALF OF INTERVENOR: PORTSMOUTH, RHODE ISLAND**

1 Q. Please state your name and occupation for the record.

2 A. My name is Richard Rainer, and I am the Town Administrator for the Town of  
3 Portsmouth, Rhode Island.

4 Q. Have you reviewed the Rebuttal Testimony filed in this matter on behalf of A & R Marine  
5 Corporation ( hereafter “ A & R”) by David Bebyn, CPA ?

6 A. Yes, I have, and I would like to address some aspects of it.

7 Q. Please summarize your response to Mr. Bebyn’s Rebuttal testimony.

8 A. The Town of Portsmouth supports the position of David Efron which was filed on behalf  
9 of the Division of Public Utilities and Carriers with regard to lowering A & R’s proposed  
10 fuel expense by \$21, 170, lowering the company’s depreciation expense by \$44,022, and  
11 lowering its return on Base Rate by \$34,914. Mr. Bebyn has not rebutted Portsmouth’s  
12 position that it provides many indirect benefits and essential services to A & R, or that the  
13 Public Utilities Commission has already concluded that providing discounted ferry rates to  
14 Portsmouth on ferries serving Prudence Island would not violate the “anti-discrimination”  
15. purposes of R.I. General Laws 39-2-5.

16 Q. Why does Portsmouth support the position of the Division’s expert witness with regard to  
17 recommendations to lower A & R’s cost of service projections ?

18 A. Mr. Efron’s Direct Testimony demonstrated that fuel prices have decreased since the  
19 filing of the request for approval of ferry rate increases, and that A & R has represented the  
20 service life of the dock to be between 20 – 30 years in the PUC Annual Report, and  
21 that lowering the company’s proposed rate of return would be appropriate.

22 Q Does Portsmouth support Mr. Efron’s recommendation to increase the frequent user  
23 discount for the Prudence Island ferry ?

24 A Yes. Portsmouth is a frequent user of the ferry and could benefit from implementation of  
25 such a recommendation.

1 Q. Did Mr. Bebyn’s Rebuttal Testimony adequately explain the difference between the  
2 amount he projected the company would need as a rate increase when A & R was seeking  
3 Certificate of Public Convenience and Need (CPCN), and the amount of increase now  
4 being requested ?

5 A. No. Mr. Bebyn does not dispute that he provided expert testimony that A& R would lose  
6 \$17,963 in its first year of operation, and only would need “probably a 6 percent rate  
7 increase” in order to recover such loss “plus provide the adequate base rate of return.”  
8 Portsmouth pointed out in Direct Testimony that instead of the projected 6% increase,  
9 A &R has proposed to raise the rate charged to Portsmouth by 112%, an amount that Mr.  
10 Bebyn did not dispute. The only explanation offered by Mr. Bebyn for the wide disparity  
11 between his prior testimony and the amount actually requested was a reference to  
12 “unforeseen setbacks” leading to higher labor costs, and the “costs of acquisition and  
13 construction of company assets” that were said to be necessary to meet tight deadlines.  
14 Mr. Bebyn had testified in the CPCN proceeding that his financial projection about a need  
15 for a 6 percent rate increase was based on reasonable assumptions by the company. At the  
16 time he testified A & R was obviously aware of the need to “acquire and construct” the  
17 assets it would need to become operational before the previous ferry operator ceased  
18 service. The reference to the cost of extra crew, and overtime wages to build a dock, does  
19 not adequately explain the difference between the 6% Mr. Bebyn projected the company  
20 would need as a rate increase, and the 112% increase it has requested.

21 Q. What is the Town’s reaction to Mr. Bebyn’s position that it would be “unfair” for  
22 A & R to provide a discounted ferry rate to Portsmouth ?

23 A. Portsmouth rejects this claim. Mr. Bebyn has not disputed Portsmouth’s position that the  
24 PUC has already recognized that providing discounted ferry rates to Portsmouth on ferries  
25 serving Prudence Island would not be a discriminatory practice, and that municipalities

1 qualify as valid exceptions to the anti-discriminatory provisions of Rhode Island General  
2 Laws 39-2-5. Mr. Bebyn's rebuttal testimony did not address Portsmouth's claim that it is  
3 a unique type of ratepayer which provides essential government services to island  
4 residents, as well as many valuable indirect benefits to A & R's operations. The impact  
5 of providing discounted rates to Portsmouth have been identified by A & R in a filing  
6 made on March 18<sup>th</sup>, and they are not substantial, especially in light of A & R's  
7 acceptance of most of the Division's recommendations to reduce the cost of service from  
8 the amount originally proposed. Portsmouth continues to maintain that a discount for  
9 vehicles and passengers from the community which provides essential governmental  
10 services to the island, as well as many benefits to A & R itself, is lawful, appropriate,  
11 and justified.

12 Q. Does this conclude your testimony ?

13 A. Yes.

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