

INTERSTATE NAVIGATION COMPANY

**TESTIMONY AND DATA IN SUPPORT OF
INTERSTATE NAVIGATION COMPANY'S
FAST FERRY RATE FILING**

DOCKET No. _____

INTERSTATE NAVIGATION COMPANY
P.O. BOX 5680
WAKEFIELD, RI 02880

JANUARY, 2016

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

TABLE OF CONTENTS

1. Transmittal Letter
2. Rate Change Application
3. Existing Rates
4. Proposed New Rates
5. Interstate's Motion seeking expedited approval of revised fast ferry rates and waivers
6. Proposed Notice of Filing
7. Testimony of David G. Bebyn, CPA

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

TRANSMITTAL LETTER

Schacht & McElroy

Michael R. McElroy
Leah J. Donaldson

Attorneys at Law

Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com

Members of the Rhode Island
and Massachusetts Bars

21 Dryden Lane
Post Office Box 6721
Providence, RI 02940-6721

(401) 351-4100
fax (401) 421-5696

January 28, 2016

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

Re: Fast Ferry Rate Filing for Interstate Navigation Company

Dear Luly:

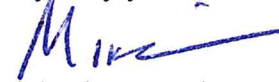
Enclosed are an original and nine (9) copies of the following:

1. Rate Change Application, with existing rates and proposed new rates attached.
2. Motion seeking expedited approval and waivers.
3. Notice of Filing for your review and approval.
4. Testimony of David G. Bebyn, CPA.

Once you have approved the notice, I will have it published in the Block Island Times and the Providence Journal. I will also have it posted at the ferry terminals on Block Island and in Point Judith.

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

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Susan E. Linda
David Bebyn, CPA
Thomas Ahern
Leo Wold, Esq.
Katherine Merolla, Esq.
Block Island Town Clerk (CMRRR)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

RATE CHANGE APPLICATION

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

RATE CHANGE APPLICATION

Pursuant to R.I.G.L. § 39-1-1 et seq., Interstate Navigation Company hereby applies for authorization and permission to change its fast ferry rates as shown in the proposed rates attached hereto.

The following is provided pursuant to Rule 1.9 of the Rules of Practice and Procedure (“Rules”):

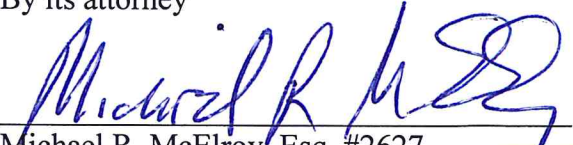
1. **NAME OF APPLICANT:** The Interstate Navigation Company, a Connecticut Corporation licensed to do business in Rhode Island.

2. **PLACE OF BUSINESS:** The Company’s principal Rhode Island operations are in Point Judith and Block Island. The Company’s Administrative Offices are at 316 Great Island Road, Narragansett, RI 02882. Its mailing address is P.O. Box 5680, Wakefield, RI 02880.

3. **NOTICES:** Correspondence or communications in regard to this Application should be addressed to:

Michael R. McElroy, Esq.
Schacht & McElroy
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
T: (401) 351-4100
F. (401) 421-5696
Email: Michael@McElroyLawOffice.com

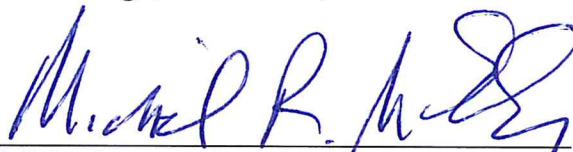
Respectfully submitted,
INTERSTATE NAVIGATION COMPANY
By its attorney



Michael R. McElroy, Esq. #2627
Leah J. Donaldson, Esq. #7711
Schacht & McElroy
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
(401) 351-4100 / Fax: (401) 421-5696
Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com

VERIFICATION

Michael R. McElroy, being first duly sworn, deposes and says that the information presented in this Application is true to the best of his knowledge, information, and belief.



Michael R. McElroy

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Sworn to and subscribed before me this 28th day of January, 2016.



Theresa Gallo

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

**INTERSTATE'S MOTION SEEKING EXPEDITED APPROVAL OF
REVISED FAST FERRY RATES AND WAIVERS**

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

MOTION OF INTERSTATE NAVIGATION COMPANY
SEEKING EXPEDITED APPROVAL OF REVISED
FAST FERRY RATES AND WAIVERS

Interstate Navigation Company (Interstate) operates a seasonal discretionary fast ferry passenger service between Point Judith and Block Island.

Interstate wishes to revise its Point Judith to Block Island fast ferry rates, and Interstate respectfully requests expedited approval of this rate filing so that the rates will be effective on or before May 1, 2016.

Fast Ferry rates have not changed since 2010. In general, the proposed revised rates would increase most Point Judith to Block Island fast ferry rates by \$1.00 each way. Other proposed changes are set forth in the attached rates.

Interstate is asking, pursuant to R.I.G.L. § 39-3-12, that the Commission approve the revised fast ferry rates and tariffs and:

“ . . . allow changes within less time than required by the notice specified in § 39-3-11, and without holding the hearing and investigation therein provided for, or modify the requirements of § 39-3-11 with respect to filing and publishing tariffs either in the particular instance or by general order applicable to special or particular circumstances or conditions . . . ”

Pursuant to this statutory authority, Interstate seeks a waiver of the hearing and investigation requirements of R.I.G.L. § 39-3-11 and § 39-3-12 relative to the rates for its fast ferry service. Interstate also requests that it be granted an exemption/waiver from the rate filing requirements of Part Two of the Commission’s Rules of Practice and Procedure.

In Order No. 19962 in Docket No. 4152 dated April 14, 2010, the Commission approved Interstate's last fast ferry rate increase of \$3 each way and found:

"The Commission further finds that a comprehensive rate proceeding is not required in this matter and therefore exercises its option under R.I.G.L. § 39-3-12, finding good cause to exist to waive further investigation, further notice and public hearing, based upon the fact that the services, proposed by the applicant, do not constitute "lifeline" ferry services to an isolated ratepayer population."

These new rates will apply only to Interstate's seasonal fast ferry passenger service (which is a purely discretionary service) between Point Judith and Block Island. They will not apply to Interstate's conventional lifeline ferry service or to Interstate's fast ferry service between Newport and Block Island.

Interstate has previously committed that any profits generated from its fast ferry service will be utilized to either fund the purchase of a ferry vessel, to subsidize its lifeline conventional rates, or to otherwise enhance service to its customers. The Commission will determine the ultimate disposition of net profits from the fast ferry operation.

In Docket No. 3495, the Commission likened non-lifeline fast ferry summer service to Block Island to a competitive local exchange carrier ("CLEC") because consumers have the discretion to choose the service. The Commission determined that fast ferry service is not a lifeline service and that the service is purely discretionary. The Commission therefore ruled that Interstate's fast ferry service should have the flexibility to set its own rates as long as the rates are not anti-competitive.

Interstate is not requesting a waiver of notice of this filing (in a form to be approved by the Commission) to be published in its service territory within 10 days after the rate filing. A proposed notice has been sent for review and approval to the Commission Clerk. Upon

approval, the notice will be published in the *Block Island Times* and the *Providence Journal* and posted at Interstate's ticket booths in both Point Judith and Block Island.

The existing fast ferry rates are set forth in Exhibit A attached to the Application. The proposed new fast ferry rates are set forth in Exhibit B attached to the Application.

Accordingly, Interstate respectfully requests that the proposed revised fast ferry rates be approved by the Commission as filed, to become effective on May 1, 2016, without suspension.

Respectfully submitted,
INTERSTATE NAVIGATION COMPANY
By its attorney



Michael R. McElroy, Esq. #2627
Leah J. Donaldson, Esq. #7711
Schacht & McElroy
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
(401) 351-4100 / Fax: (401) 421-5696
Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of January, 2016, I sent a true copy of the foregoing to the recipients below.

Leo Wold, Esq.
Office of the Attorney General
150 South Main Street
Providence, RI 02903

Block Island Town Clerk (CMRRR)
P.O. Drawer 220
Block Island, RI 02807

Thomas Ahern, Administrator
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

Katherine Merolla, Esq.
Merolla & Accetturo
469 Centerville Road, Suite 206
Warwick, RI 02886


Theresa Gallo

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

NOTICE OF FILING

NOTICE OF FILING

The Interstate Navigation Company (“Interstate”) hereby gives notice that on _____, 2016, Interstate filed with the Rhode Island Public Utilities Commission (the “Commission”) proposed revised rates for its high-speed ferry service between Point Judith and Block Island (Docket No. _____). These rates will apply only to Interstate’s seasonal discretionary high-speed ferry passenger service between Point Judith and Block Island, and will not apply to its year-round conventional passenger and freight ferry service or to Interstate’s high speed ferry service between Newport and Block Island. In general, the proposed revised rates, if approved, would increase high-speed ferry ticket prices by \$1.00 each way. Other proposed changes are set forth in the proposed rates.

The Commission can suspend the proposed rates if it chooses to do so. However, Interstate is asking that these new rates be allowed to go into effect on May 1, 2016, without suspension or hearing.

A copy of the filing is available at the offices of Interstate’s attorney, Michael R. McElroy, Esq., 21 Dryden Lane, P.O. Box 6721, Providence, RI 02940-6721, and at the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, RI 02888, and may be examined by the public during business hours. This notice is given pursuant to the Commission’s Rules of Practice and Procedure.

Interstate Navigation Company

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

EXISTING RATES

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. 4152

INTERSTATE NAVIGATION COMPANY

LOCAL FAST FERRY TARIFFS

Naming

PASSENGER RATES
APPLYING BETWEEN
POINTS AND PLACES IN THE STATE OF
RHODE ISLAND

(As indicated herein)

EFFECTIVE: May 1, 2010

ISSUED BY:

Interstate Navigation Company
Susan Linda, President
P.O. Box 482
New London, CT 06320

RULE NO. 5 PETS OR ANIMALS ACCOMPANYING PASSENGERS:

Animals or pets will not be allowed to accompany passengers aboard ships unless such animals are securely under leash.

RULE NO. 10 BAGGAGE DEFINED:

1. Baggage may be either personal or sales sample cases defined as follows: Personal luggage or baggage consisting of wearing apparel, toilet articles or similar effects in actual use, necessary and appropriate for the wear, use, comfort or convenience of the passenger for the purpose of the trip and not intended for other persons or for sale. Sample cases are those to be used by the salesman containing samples or articles or merchandise for sale and for future transportation and not articles for immediate sale forthwith.
2. Money, jewelry, negotiable papers or like valuables should not be enclosed in baggage to be checked. This carrier will not be responsible for such articles in baggage.
3. All baggage must be enclosed in receptacles such as trunks, valises, suit cases, leather hat boxes or satchels provided with handles, securely locked or otherwise fastened and made of material of sufficient strength and durability and quality to withstand the rapid handling and piling incidental to its transportation.
4. No items considered to be freight may be transported on the fast ferry.

RULE NO. 15 BAGGAGE ACCOMPANYING PASSENGERS:

Each passenger purchasing an adult or child one way ticket will be allowed to transport without charge fifty (50) pounds of luggage or baggage, which must be carried on and off the ship by the passenger at points of embarkation and debarkation.

RULE NO. 20 ARTICLES IN AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 25 DAMAGE TO AUTOMOBILES IN TRANSIT:

This rule is not applicable for the fast ferry at this time.

RULE NO. 30 ROUND TRIP TICKET:

The carrier will not be responsible to persons holding round trip tickets for failure to provide return carriage due to weather or mechanical failure; the carrier will honor the return ticket by providing carriage as soon as the weather and the sea are fit for navigation and the equipment is fit to operate.

RULE NO. 35 OVERSIZED VEHICLES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 40 TIME LIMIT ON SUITS:

Suits to recover on any claim for loss of life or bodily injury must be instituted within one (1) year from the day when the death or injury occurred. Suits to recover on any claim other than loss of life or bodily injury, including breach of contract, must be instituted within six (6) months of the scheduled arrival of the passenger or property at destination.

RULE NO. 45 SCREENING AND INSPECTION:

Pursuant to Homeland Security Coast Guard Regulations, entering the ferry facility is deemed valid consent to screening or inspection; and failure to consent or submit to screening or inspection will result in denial or revocation of authorization to enter.

RULE NO. 50 ARTICLES LEFT ABOARD VESSEL:

Carrier will not be responsible for articles left aboard the vessel. Such shipments shall be charged for at the minimum rates provided in the company's tariffs.

RULE NO. 55 DAMAGE TO AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 60 CAR RESERVATION CANCELLATIONS:

This rule is not applicable for the fast ferry at this time.

RULE NO. 65 VEHICLE OVERHANG CHARGE:

This rule is not applicable for the fast ferry at this time.

RULE NO. 70 NON-STANDARD VEHICLE CHARGES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 75 BLOCK TICKET SALES CHARGE:

There is a \$15.00 block ticket sales service charge for all block sales of 25 or more tickets (e.g., weddings, corporate outings and other such events).

RULE NO. 80 ONLINE SALES CHARGE:

For all online internet ticket sales, there is a \$2.00 convenience fee per transaction .

RULE NO. 85 LOST TICKET CHARGE:

There is a \$10.00 charge for all lost tickets which are replaced (each way).

RULE NO. 90 GROUP DISCOUNTS:

Not required at this time because of the Volume Discount rate elsewhere in this tariff.

PASSENGER RATES

1. ROUTE:

Between Galilee and Block Island
Between Block Island and Galilee

2. FARES:

a. Individual Tickets

Adult one-way	\$18.50
Adult round trip	\$35.00
Child one-way	\$11.75
Child round trip	\$19.50

b. Frequent User Booklets

Adult	10 round trips (or 20 one-way)	\$328.50
Child	10 round trips (or 20 one-way)	\$180.00

c. Season's Pass

Not requested

d. Volume Discount (Adult Round Trip)

May/June & September/October

Monday – Thursday	Adult	\$24.50
Friday, Sat. & Sun.	Adult	\$28.00

July & August

Monday – Thursday	Adult	\$29.75
Friday, Sat. & Sun.	Adult	\$31.50

Holidays, use Friday, Saturday, & Sunday rates

This rate is available to groups that book a group reservation at least two weeks prior to departure date through the group sales office.

NOTE a. The passenger rates for children will apply to children five (5) years of age up to and including children eleven (11) years of age when accompanied by an adult. For children twelve (12) years of age and older, the adult passenger fares published apply. Children four (4) years of age and under when accompanied by an adult will be transported one-way for \$7.00 and round-trip for \$12.00.

NOTE b. Applicable municipal landing fees will be added.

NOTE c. All Tickets are open ended. However, passengers will be asked for a return date and time, which will be printed on the boarding pass (for seating purposes). If the passenger's travel plans change, they must redeem the issued boarding pass at an Interstate ticket office for a new one, subject to seating availability on a particular departure. This means that passengers who change travel plans on busy weekends, for example, travel on a standby, first come first serve basis.

Because Frequent User Booklet holders will be allowed to proceed directly to the gate for boarding, it is recommended that at times of heavy traffic volume they check in at the ticket office before boarding, or call in advance to reserve a seat. All tickets, including Frequent User Booklets, must be used during the season they are issued.

NOTE d. The Season's Passes note is not needed at this time.

NOTE e. Volume Discounts are available only to passengers traveling in groups of 25 or more persons.

STANDARD BICYCLE RATES

One-way \$ 3.00
Round Trip \$ 6.00

TANDEM BIKE OR BIKE WITH BACK WHEELED ATTACHMENT

One-way \$ 6.00
Round Trip \$12.00

SURFBOARDS

One-way \$ 7.00
Round Trip \$14.00

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

PROPOSED RATES

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. _____

INTERSTATE NAVIGATION COMPANY

LOCAL FAST FERRY TARIFFS

Naming

PASSENGER RATES
APPLYING BETWEEN
POINTS AND PLACES IN THE STATE OF
RHODE ISLAND

(As indicated herein)

EFFECTIVE: May 1, 2016

ISSUED BY:

Interstate Navigation Company
Susan Linda, President
P.O. Box 5680
Wakefield, RI 02880

RULE NO. 5 PETS OR ANIMALS ACCOMPANYING PASSENGERS:

Animals or pets will not be allowed to accompany passengers aboard ships unless such animals are securely under leash.

RULE NO. 10 BAGGAGE DEFINED:

1. Baggage may be either personal or sales sample cases defined as follows: Personal luggage or baggage consisting of wearing apparel, toilet articles or similar effects in actual use, necessary and appropriate for the wear, use, comfort or convenience of the passenger for the purpose of the trip and not intended for other persons or for sale. Sample cases are those to be used by the salesman containing samples or articles or merchandise for sale and for future transportation and not articles for immediate sale forthwith.
2. Money, jewelry, negotiable papers or like valuables should not be enclosed in baggage to be checked. This carrier will not be responsible for such articles in baggage.
3. All baggage must be enclosed in receptacles such as trunks, valises, suit cases, leather hat boxes or satchels provided with handles, securely locked or otherwise fastened and made of material of sufficient strength and durability and quality to withstand the rapid handling and piling incidental to its transportation.
4. No items considered to be freight may be transported on the fast ferry.

RULE NO. 15 BAGGAGE ACCOMPANYING PASSENGERS:

Each passenger purchasing an adult or child one way ticket will be allowed to transport without charge fifty (50) pounds of luggage or baggage, which must be carried on and off the ship by the passenger at points of embarkation and debarkation.

RULE NO. 20 ARTICLES IN AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 25 DAMAGE TO AUTOMOBILES IN TRANSIT:

This rule is not applicable for the fast ferry at this time.

RULE NO. 30 ROUND TRIP TICKET:

The carrier will not be responsible to persons holding round trip tickets for failure to provide return carriage due to weather or mechanical failure; the carrier will honor the return ticket by providing carriage as soon as the weather and the sea are fit for navigation and the equipment is fit to operate.

RULE NO. 35 OVERSIZED VEHICLES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 40 TIME LIMIT ON SUITS:

Suits to recover on any claim for loss of life or bodily injury must be instituted within one (1) year from the day when the death or injury occurred. Suits to recover on any claim other than loss of life or bodily injury, including breach of contract, must be instituted within six (6) months of the scheduled arrival of the passenger or property at destination.

RULE NO. 45 SCREENING AND INSPECTION:

Pursuant to Homeland Security Coast Guard Regulations, entering the ferry facility is deemed valid consent to screening or inspection; and failure to consent or submit to screening or inspection will result in denial or revocation of authorization to enter.

RULE NO. 50 ARTICLES LEFT ABOARD VESSEL:

Carrier will not be responsible for articles left aboard the vessel. Such shipments shall be charged for at the minimum rates provided in the company's tariffs.

RULE NO. 55 DAMAGE TO AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 60 CAR RESERVATION CANCELLATIONS:

This rule is not applicable for the fast ferry at this time.

RULE NO. 65 VEHICLE OVERHANG CHARGE:

This rule is not applicable for the fast ferry at this time.

RULE NO. 70 NON-STANDARD VEHICLE CHARGES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 75 BLOCK TICKET SALES CHARGE:

There is a \$15.00 block ticket sales service charge for all block sales of 25 or more tickets (e.g., weddings, corporate outings and other such events).

RULE NO. 80 ONLINE SALES CHARGE:

For all online internet ticket sales, there is a \$2.00 convenience fee per transaction .

RULE NO. 85 LOST TICKET CHARGE:

There is a \$10.00 charge for all lost tickets which are replaced (each way).

RULE NO. 90 GROUP DISCOUNTS:

Not required at this time because of the Volume Discount rate elsewhere in this tariff.

PASSENGER RATES

1. ROUTE:

Between Galilee and Block Island
Between Block Island and Galilee

2. FARES:

a. Individual Tickets

Adult one-way	\$18.50 <u>19.50</u>
Adult round trip	\$35.00 <u>37.00</u>
Child one-way	\$11.75 <u>12.75</u>
Child round trip	\$19.50 <u>21.50</u>

b. Frequent User Booklets

Adult	10 round trips (or 20 one-way)	\$328.50 <u>348.50</u>
Child	10 round trips (or 20 one-way)	\$180.00 <u>200.00</u>

c. Season's Pass

Not requested

d. Volume Discount (Adult Round Trip)

May/June & September/October

Monday – Thursday	Adult	\$24.50 <u>26.50</u>
Friday, Sat. & Sun.	Adult	\$28.00 <u>30.00</u>

July & August

Monday – Thursday	Adult	\$29.75 <u>31.75</u>
Friday, Sat. & Sun.	Adult	\$31.50 <u>33.50</u>

Holidays, use Friday, Saturday, & Sunday rates

This rate is available to groups that book a group reservation at least two weeks prior to departure date through the group sales office.

NOTE a. The passenger rates for children will apply to children five (5) years of age up to and including children eleven (11) years of age when accompanied by an adult. For children twelve (12) years of age and older, the adult passenger fares published apply. Children four (4) years of age and under when accompanied by an adult will be transported one-way for \$7.00 and round-trip for \$12.00.

NOTE b. Applicable municipal landing fees will be added.

NOTE c. All Tickets are open ended. However, passengers will be asked for a return date and time, which will be printed on the boarding pass (for seating purposes). If the passenger's travel plans change, they must redeem the issued boarding pass at an Interstate ticket office for a new one, subject to seating availability on a particular departure. This means that passengers who change travel plans on busy weekends, for example, travel on a standby, first come first serve basis.

Because Frequent User Booklet holders will be allowed to proceed directly to the gate for boarding, it is recommended that at times of heavy traffic volume they check in at the ticket office before boarding, or call in advance to reserve a seat. All tickets, including Frequent User Booklets, must be used during the season they are issued.

NOTE d. The Season's Passes note is not needed at this time.

NOTE e. Volume Discounts are available only to passengers traveling in groups of 25 or more persons.

STANDARD BICYCLE RATES

One-way	\$ 3.00 <u>4.00</u>
Round Trip	\$ 6.00 <u>8.00</u>

TANDEM BIKE OR BIKE WITH BACK WHEELED ATTACHMENT

One-way	\$ 6.00 <u>7.00</u>
Round Trip	\$ 12.00 <u>14.00</u>

SURFBOARDS

One-way	\$ 7.00 <u>8.00</u>
Round Trip	\$ 14.00 <u>16.00</u>

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. _____

INTERSTATE NAVIGATION COMPANY

LOCAL FAST FERRY TARIFFS

Naming

PASSENGER RATES
APPLYING BETWEEN
POINTS AND PLACES IN THE STATE OF
RHODE ISLAND

(As indicated herein)

EFFECTIVE: May 1, 2016

ISSUED BY:

Interstate Navigation Company
Susan Linda, President
P.O. Box 5680
Wakefield, RI 02880

RULE NO. 5 PETS OR ANIMALS ACCOMPANYING PASSENGERS:

Animals or pets will not be allowed to accompany passengers aboard ships unless such animals are securely under leash.

RULE NO. 10 BAGGAGE DEFINED:

5. Baggage may be either personal or sales sample cases defined as follows: Personal luggage or baggage consisting of wearing apparel, toilet articles or similar effects in actual use, necessary and appropriate for the wear, use, comfort or convenience of the passenger for the purpose of the trip and not intended for other persons or for sale. Sample cases are those to be used by the salesman containing samples or articles or merchandise for sale and for future transportation and not articles for immediate sale forthwith.
6. Money, jewelry, negotiable papers or like valuables should not be enclosed in baggage to be checked. This carrier will not be responsible for such articles in baggage.
7. All baggage must be enclosed in receptacles such as trunks, valises, suit cases, leather hat boxes or satchels provided with handles, securely locked or otherwise fastened and made of material of sufficient strength and durability and quality to withstand the rapid handling and piling incidental to its transportation.
8. No items considered to be freight may be transported on the fast ferry.

RULE NO. 15 BAGGAGE ACCOMPANYING PASSENGERS:

Each passenger purchasing an adult or child one way ticket will be allowed to transport without charge fifty (50) pounds of luggage or baggage, which must be carried on and off the ship by the passenger at points of embarkation and debarkation.

RULE NO. 20 ARTICLES IN AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 25 DAMAGE TO AUTOMOBILES IN TRANSIT:

This rule is not applicable for the fast ferry at this time.

RULE NO. 30 ROUND TRIP TICKET:

The carrier will not be responsible to persons holding round trip tickets for failure to provide return carriage due to weather or mechanical failure; the carrier will honor the return ticket by providing carriage as soon as the weather and the sea are fit for navigation and the equipment is fit to operate.

RULE NO. 35 OVERSIZED VEHICLES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 40 TIME LIMIT ON SUITS:

Suits to recover on any claim for loss of life or bodily injury must be instituted within one (1) year from the day when the death or injury occurred. Suits to recover on any claim other than loss of life or bodily injury, including breach of contract, must be instituted within six (6) months of the scheduled arrival of the passenger or property at destination.

RULE NO. 45 SCREENING AND INSPECTION:

Pursuant to Homeland Security Coast Guard Regulations, entering the ferry facility is deemed valid consent to screening or inspection; and failure to consent or submit to screening or inspection will result in denial or revocation of authorization to enter.

RULE NO. 50 ARTICLES LEFT ABOARD VESSEL:

Carrier will not be responsible for articles left aboard the vessel. Such shipments shall be charged for at the minimum rates provided in the company's tariffs.

RULE NO. 55 DAMAGE TO AUTOMOBILES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 60 CAR RESERVATION CANCELLATIONS:

This rule is not applicable for the fast ferry at this time.

RULE NO. 65 VEHICLE OVERHANG CHARGE:

This rule is not applicable for the fast ferry at this time.

RULE NO. 70 NON-STANDARD VEHICLE CHARGES:

This rule is not applicable for the fast ferry at this time.

RULE NO. 75 BLOCK TICKET SALES CHARGE:

There is a \$15.00 block ticket sales service charge for all block sales of 25 or more tickets (e.g., weddings, corporate outings and other such events).

RULE NO. 80 ONLINE SALES CHARGE:

For all online internet ticket sales, there is a \$2.00 convenience fee per transaction .

RULE NO. 85 LOST TICKET CHARGE:

There is a \$10.00 charge for all lost tickets which are replaced (each way).

RULE NO. 90 GROUP DISCOUNTS:

Not required at this time because of the Volume Discount rate elsewhere in this tariff.

PASSENGER RATES

1. ROUTE:

Between Galilee and Block Island
Between Block Island and Galilee

2. FARES:

a. Individual Tickets

Adult one-way	\$19.50
Adult round trip	\$37.00
Child one-way	\$12.75
Child round trip	\$21.50

b. Frequent User Booklets

Adult	10 round trips (or 20 one-way)	\$348.50
Child	10 round trips (or 20 one-way)	\$200.00

c. Season's Pass

Not requested

d. Volume Discount (Adult Round Trip)

May/June & September/October

Monday – Thursday	Adult	\$26.50
Friday, Sat. & Sun.	Adult	\$30.00

July & August

Monday – Thursday	Adult	\$31.75
Friday, Sat. & Sun.	Adult	\$33.50

Holidays, use Friday, Saturday, & Sunday rates

This rate is available to groups that book a group reservation at least two weeks prior to departure date through the group sales office.

NOTE a. The passenger rates for children will apply to children five (5) years of age up to and including children eleven (11) years of age when accompanied by an adult. For children twelve (12) years of age and older, the adult passenger fares published apply. Children four (4) years of age and under when accompanied by an adult will be transported one-way for \$7.00 and round-trip for \$12.00.

NOTE b. Applicable municipal landing fees will be added.

NOTE c. All Tickets are open ended. However, passengers will be asked for a return date and time, which will be printed on the boarding pass (for seating purposes). If the passenger's travel plans change, they must redeem the issued boarding pass at an Interstate ticket office for a new one, subject to seating availability on a particular departure. This means that passengers who change travel plans on busy weekends, for example, travel on a standby, first come first serve basis.

Because Frequent User Booklet holders will be allowed to proceed directly to the gate for boarding, it is recommended that at times of heavy traffic volume they check in at the ticket office before boarding, or call in advance to reserve a seat. All tickets, including Frequent User Booklets, must be used during the season they are issued.

NOTE d. The Season's Passes note is not needed at this time.

NOTE e. Volume Discounts are available only to passengers traveling in groups of 25 or more persons.

STANDARD BICYCLE RATES

One-way \$ 4.00
Round Trip \$ 8.00

TANDEM BIKE OR BIKE WITH BACK WHEELED ATTACHMENT

One-way \$ 7.00
Round Trip \$14.00

SURFBOARDS

One-way \$ 8.00
Round Trip \$16.00

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: INTERSTATE NAVIGATION COMPANY : DOCKET No.: _____
FAST FERRY RATES :

DIRECT TESTIMONY OF DAVID G. BEBYN, CPA

FAST FERRY RATE CHANGE TESTIMONY

of

DAVID G. BEBYN, CPA, PRESIDENT

B&E CONSULTING, LLC

For

INTERSTATE NAVIGATION COMPANY

Before

RHODE ISLAND PUBLIC UTILITIES COMMISSION

Docket No. _____

January, 2016

1 **Q. Will you please provide your full name and your employer for the record?**

2 A. Yes, my name is David G. Bebyn, CPA. I am the President of B&E Consulting, LLC.
3 (B&E).

4
5 **Q. Are you the same David G. Bebyn who has previously filed expert accounting and**
6 **rate testimony for Interstate Navigation Company (Interstate) in previous DPUC**
7 **and PUC dockets?**

8 A. Yes, I am.

9
10 **Q. Mr. Bebyn, have you testified as an expert accounting and rate witness prior to this**
11 **docket for other utilities?**

12 A. Yes. I have provided expert testimony on rate related matters before utility commissions
13 in Rhode Island and Connecticut. Regarding the Rhode Island Public Utilities
14 Commission, I have filed testimony and testified in the Woonsocket Water Department's
15 (WWD) last two rate filing Dockets No. 3800 and No. 4320 and Interstate's general rate
16 filing Docket No. 4373 in support of the adjusted test year and rate design. I have also
17 filed testimony on behalf of the Pascoag Utility District in Docket No. 4341 and A & R
18 Marine Corp. in Docket No. 4586.

19
20 **Q. Mr. Bebyn, what is the purpose of your testimony in this docket?**

21 A. Interstate hired B&E to prepare testimony in support of its request for rate relief for its
22 Point Judith to Block Island Fast Ferry operation. My testimony will provide the

1 information necessary for the DPUC and the PUC to adequately review the filing and for
2 the PUC to hopefully approve the filing as filed.

3
4 **Q. What is the subject of this filing?**

5 A. Interstate is requesting approval from the PUC to change its Fast Ferry rates between
6 Point Judith and Block Island. These rates have not changed since 2010. In this
7 testimony, I will provide the reasoning for the proposed rate change.

8
9 Interstate's Fast Ferry operation has been described by the PUC as follows: "customers
10 have the discretion to choose the service," the fast ferry service "does not provide lifeline
11 service" and the service is "purely discretionary" (page 3 of PUC Order in Docket No.
12 3599). Based on this description, Interstate believes that new Fast Ferry rates can be
13 approved by the PUC subject to a far lesser review by the DPUC and the PUC and the
14 new Fast Ferry rates can be implemented without holding hearings.

15
16 **Q. What Fast Ferry rate changes are being requested in this filing?**

17 A. In general, Interstate is asking to increase the Fast Ferry ticket rates by \$1.00 each way
18 for all passengers. This results in the base rates changing as follows:

19

Type Ticket	Current Rates	Proposed Rates
Adult One Way	\$18.50	\$19.50
Adult Round Trip	\$35.00	\$37.00
Child One Way	\$11.75	\$12.75
Child Round Trip	\$19.50	\$21.50

1 **Q. Why is the proposed across the board increase of \$1.00 each way also be applied to**
2 **the existing child rates?**

3 A. Yes. Under Coast Guard regulations, Interstate must count every carried passenger
4 toward the maximum capacity allowed on the boat regardless of size. In other words, a
5 child held by its mother counts the exact same toward the passenger count as an adult.

6

7 **Q. Are there other proposed rate increases?**

8 A. Yes. Carrying the rate increase above through to all of Interstate's Fast Ferry trip rates,
9 Interstate proposes to increase the price of frequent user booklets (10 round trips) from
10 the adult rate of \$328.50 to \$348.50 and the child (5 to 11 years old frequent user)
11 booklet rate from \$180.00 to \$200.00.

12

13 **Q. What about children four years old and younger?**

14 A. For children four years old and younger, Interstate is not proposing a rate increase.

15

16 **Q. Is Interstate requesting an increase in the bike and surf board rates?**

17 A. Yes. The proposed new rate will increase by \$1.00 each way.

18

19 **Q. Are all of the proposed changes the result of Interstate now having a better**
20 **understanding of Fast Ferry operations and rates than Interstate had when it**
21 **purchased the company a few years ago?**

22 A. Yes. These proposed changes are Interstate's attempt to maximize revenues without
23 reducing ridership. In fact, this rate increase does not even keep up with inflation. If we

1 applied inflation from 2010 to 2015 to the existing adult round trip rate of \$35.00, the
2 new adult round trip rate would be approximately \$38.00. However, we are only
3 proposing to increase the adult round trip rate to \$37.00.

4

5 **Q. Does that conclude your testimony?**

6 A. Yes.