

Schacht & McElroy

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December 6, 2004

Eleanor Lough, Clerk
Division of Public Utilities and Carriers
Motor Carriers Division
89 Jefferson Boulevard
Warwick, RI 02888

Re: Interstate Navigation Company
Application for Water Carrier Certificates of Public Convenience and Necessity

Dear Eleanor:

This office represents Interstate Navigation Company d/b/a the Block Island Ferry (Interstate).

Enclosed for filing are the following:

1. A Request for Authority to Operate as a Jitney and/or Water Carrier. Interstate is seeking authority to operate as a fast ferry water vessel passenger and freight carrier (1) between Point Judith and Block Island (Old Harbor), and (2) between Newport and Block Island (Old Harbor).
2. My check in the amount of \$100 for the filing fee.
3. Supporting testimony of Walter E. Edge, CPA.
4. Supporting testimony of Susan E. Linda, President of Interstate.
5. Supporting testimony of Joshua Linda, Vice President of Interstate.
6. Supporting testimony of Mark G. Brodeur of the RI Tourism Council.
7. Supporting testimony of Joy A. Marx of Landmark Tours and Cruises.
8. Supporting testimony of Alan D. Slaimen of Collette Vacations.

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9. Supporting testimony of Nancy Reese of Starr Tours.
10. Supporting testimony of Thomas D. Donnelly of Celebration Tours.
11. Supporting testimony of David Eaton of Conway Tours.
12. Supporting testimony of Karen Smith of Enjoyable Journeys.
13. Supporting testimony of Leone Leone.
14. Supporting testimony of David Laraway.
15. Supporting testimony of Robert Closter, Jr.
16. Supporting testimony of Frank Reeves.
17. Supporting testimony of Merrill Slate.

Please note that for convenience, we have enclosed a typed version of the handwritten testimonies.

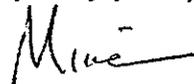
Please notify this office of the time and the date of the scheduled hearing.

I understand you will also publish a notice in the *Providence Journal*.

Please note that I have sent a copy of this application to the Towns of New Shoreham and Narragansett and the City of Newport and their legal counsel. I have also sent a copy to Hagopian & Hagopian, counsel to Island Hi-Speed Ferry.

If you need any further information, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg / In18:CPCN-Clerk

cc: Susan E. Linda
Walter E. Edge, Jr.
Packer & O'Keefe
Hagopian & Hagopian
Mark McSally, Esq.
Block Island Town Clerk (certified mail)
Narragansett Town Clerk (certified mail)
Newport City Clerk (certified mail)
Newport City Solicitor

Schacht & McElroy

DIRECT TESTIMONY of
SUSAN E. LINDA, PRESIDENT
INTERSTATE NAVIGATION COMPANY
d/b/a The Block Island Ferry

Regarding Application for
Water Carrier Certificates of Public Convenience and Necessity
To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and
(2) between Newport and Block Island (Old Harbor)

For
INTERSTATE NAVIGATION COMPANY
DOCKET No. _____

December 2004

1 **Q. Will you state your name and business address for the record?**

2 A. Yes. My name is Susan E. Linda. I am President, Secretary, and Treasurer of Interstate
3 Navigation Company (Interstate). My business mailing address is P.O. Box 482, New
4 London, Connecticut, and my administrative office is located at 14 Eugene O'Neill
5 Drive, New London, Connecticut. Interstate also has offices in Point Judith, Rhode
6 Island and Block Island, Rhode Island.

7
8 **Q. Mrs. Linda, have you testified for Interstate before the Division of Public Utilities
9 and Carriers (DPU) and the Rhode Island Public Utilities Commission (PUC) as a
10 witness prior to this docket?**

11 A. Yes. I testified in the last three Interstate rate Dockets 1935, 2484, and 3573 (PUC) and I
12 testified in Island Hi-Speed Ferry's (IHSF) Certificate of Public Convenience and
13 Necessity DPU Docket 98-MC-16, among others.

14
15 **Q. What are your duties and responsibilities at Interstate?**

16 A. As President, Secretary, and Treasurer, I am responsible for all of the office related
17 activities which include, but are not limited to, the following areas:

- 18 1. General Ledger Accounting
- 19 2. Billing
- 20 3. Cash Receipts
- 21 4. Purchasing
- 22 5. Cash Disbursements
- 23 6. Personnel
- 24 7. Computer Applications
- 25 8. Customer Relations
- 26 9. Contract Negotiations for Leases, etc.
- 27 10. PUC Related Activity
- 28 11. Office Management
- 29 12. Financial and Program Planning
- 30 13. Other Daily, Weekly, and Monthly Activities too numerous to list.

1 Q. Are you familiar with Interstate's last three rate filings and the results of Dockets
2 1935, 2484, and 3573?

3 A. Yes. In Docket 1935, Interstate agreed to an "Amended Stipulation" with the Division
4 which was approved by the PUC. That stipulation was signed on the 21st day of
5 December 1989.

6
7 In Docket 2484, Interstate, the DPU, the Town of New Shoreham (Town), the Town of
8 Narragansett, and the Block Island Residents Association executed a stipulation on
9 March 21, 1997 that was approved by the PUC on April 22, 1997.

10
11 In Docket 3573, Interstate, the DPU, and the Town executed a stipulation on May 12,
12 2004, that was approved by this PUC on May 17, 2004.

13
14 Q. What is the purpose of your testimony in this filing?

15 A. I will present information regarding Interstate's general financial situation, the
16 Company's financial fitness, willingness, and ability to run a Fast Ferry service, discuss
17 Interstate's ability to add this service to its current service, update the PUC on the
18 purchase of the M/V *Anna C*, and provide a general overview of the goals which
19 Interstate has for the future and particularly its proposed Fast Ferry operation. In
20 addition, I will be prepared to respond to any questions relating to the detailed
21 transactions of the Company.

22

23

1 Q. Are you aware of the stipulations which Interstate agreed to in Docket 3573?

2 A. Yes.

3

4 Q. Has Interstate complied with each of the items listed in the stipulation?

5 A. Yes, the following is a summary of items in the stipulation:

6 1. Interstate agreed to an additional revenue requirement of \$1,456,061 and rate year
7 revenue of \$8,804,337. We are currently reviewing the summer results to
8 determine if the rate year revenue stipulated amount will be reached.

9 2. Interstate agreed to a return on rate base of 10.75% and a rate base amount of
10 \$10,862,133. Interstate will check these items at year end to see if they were
11 attained.

12 3. The parties agreed to \$3,100,000 as the purchase price of the M/V *Anna C.*
13 Interstate purchased the M/V *Anna C* on August 20, 2004 for the agreed amount
14 of \$3,100,000.

15 4. Interstate agreed to provide a level of service equal to the level of service in its
16 2004 ferry schedule. This was done.

17 5. Interstate agreed to increase rates in a specific manner and we did so.

18 6. The parties agreed to allow Interstate to offer two volume and group discounts.
19 The Company implemented these discounts and the results are being evaluated.

20 7. The company agreed that if it sold the M/V *Manitou*, it would amortize the
21 proceeds over 60 months. The Company has not sold the M/V *Manitou*.

22 8. The Company agreed to new reporting requirements. Interstate has updated its
23 accounting software to assist in providing this information, which is not yet due.

1 9. The parties agreed to funding for homeland security in the amount of \$395,946.
2 These funds are to be held in a restricted interest bearing account and used
3 exclusively for homeland security activities. Interstate is in compliance with
4 homeland security requirements. Interstate has hired the former Block Island
5 Chief of Police, William McCombe, as Company Security Officer and Interstate's
6 confidential facility and vessel security plans have been approved.

7
8 **Q. Mrs. Linda, what are the major reasons which have caused you to request that**
9 **Interstate be given Certificates of Public Convenience and Necessity (CPCN) to**
10 **provide fast ferry service between Point Judith, Newport, and Old Harbor, Block**
11 **Island?**

12 A. The major reasons are listed in Mr. Edge's testimony, but I would like to expand on his
13 descriptions and give a little background.

14 1. When IHSF sought its CPCN for a fast ferry, I testified that I thought there was
15 no public need or demand for fast ferry travel to Block Island that would cost
16 about twice normal rates. I was wrong. I did not realize how important speed has
17 become to ferry customers, and how much they are willing to pay for it.

18
19 2. I have seen the success of IHSF, the new Connecticut fast ferry (Block Island
20 Express), and the new Quonset to Martha's Vineyard fast ferry, and I now believe
21 that the future of the ferry business is in providing fast ferry service. Therefore, I
22 was interested in determining if our current customer base would be interested in
23 having Interstate provide fast ferry service between Point Judith, Newport, and

1 Block Island (Old Harbor) at about twice the conventional rate. We enlisted the
2 help of Timothy Tyrrell, Ph.D., an economist at URI and a tourism expert, to
3 draw up a survey of our customers. We administered the survey this summer. I
4 was surprised that 35% of the responders (representing 43% of passengers
5 surveyed because of the size of groups the responder was travelling with)
6 traveling from Point Judith to Block Island (Old Harbor), and 73% of the
7 responders (representing 86% of passengers surveyed) traveling from Newport to
8 Block Island said that they would have taken a fast ferry (at about double the rate)
9 if Interstate had made one available. The Point Judith customers surveyed were
10 Interstate customers who had chosen not to travel on IHSF's fast ferry.

11
12 3. When these statistics were given to Mr. Edge, he calculated that a fast ferry
13 service would be immediately financially successful and in fact would help keep
14 the life line rates down. Given this new era of competition, I have been making
15 every effort to identify new revenue opportunities that will assist in keeping the
16 rates for the life line customers as low as possible. It now appears clear that a fast
17 ferry service will provide excess revenue (over the cost of operating the fast ferry
18 service) that will be available for reducing (or holding steady) Interstate's future
19 conventional ferry rates.

20
21 4. Over the 40 years that I have been in this business, I have been made aware of
22 many prospective customers that would like to travel to Block Island (Old
23 Harbor), but because of seasickness issues, have been avoiding the trip. The

1 proposed fast ferry service would spend considerably less time on the open seas
2 (less than half the time), and the special stabilizing design of the fast ferry would
3 provide a smoother and quieter ride, resulting in significantly less motion sickness
4 for our customers. I therefore believe that a number of people who previously
5 avoided going to Old Harbor will try our new fast ferry service.

6
7 5. Mr. Edge mentions the elderly in his testimony. I believe that the elderly often
8 travel on Interstate's boats because they want to get to Old Harbor where the
9 majority of the shops, restaurants, and hotels are clustered together. I believe that
10 these elderly customers should be given the choice of taking Interstate's current
11 fleet or Interstate's new fast ferry service directly to Old Harbor.

12
13 6. I also believe that the addition of a small car/freight deck on the fast ferry will
14 allow better service to those customers that can afford to take their car on the fast
15 ferry at more that double the price. Six percent (6%) of those surveyed said they
16 would take their cars on an Interstate fast ferry at a rate of \$200 round-trip. While
17 the percentage seems low, at a \$200 rate, this represents significant revenue. This
18 car deck will also provide fast transportation for ambulances, homeland security
19 activities, and the quick delivery of essential parts and supplies for key island
20 businesses such as the power company, water company, and sewer company. I
21 see the availability of this car/freight deck as improved fast ferry service for
22 Interstate's customers and for the Town of New Shoreham.

1 **Q. Is Interstate fit, willing, and able to provide a new fast ferry service to Block Island?**

2 A. Yes. Interstate has the knowledge and experience to run about six more trips to and from
3 Point Judith (about three trips) and Newport (about three trips) to Old Harbor per day.
4 Our Company has been running a ferry business to Block Island for over sixty years.
5 Interstate has the financial capability with its current bank, Washington Trust, to borrow
6 the monies needed to build the new fast ferry vessel. We also have the management and
7 crew needed to operate a successful fast ferry service.

8
9 **Q. What is your educational and work background?**

10 A. I graduated from high school and then attended business school in New London. I started
11 working for Interstate in 1965 as the office manager. At that time my father, John H.
12 Wronowski, was the President of the company. I worked my way up in the company and
13 served as Vice President and Secretary for many years. I became President and Treasurer
14 after my father died in 1997. I have worked for Interstate my entire working life of
15 approximately 40 years.

16
17 **Q. Do you believe the fast ferry service will be successful from the institution of its
18 operation?**

19 A. Yes. We hope to get the ferry in service for the summer of 2006. There is an
20 approximate one year lead time for the construction of the vessel, so we hope to have
21 approval of our CPCN request as soon as possible. If we commence operation at the
22 beginning of the summer of 2006, we should easily produce a profit in the first year of
23 ferry operation, assuming that we run at the same prices that IHSF is running.

1 **Q. What would you do to protect the ratepayers if the service is not profitable?**

2 A. In what I consider to be the extremely unlikely event that the fast ferry does not operate
3 at a profit, then we have identified three options to protect the ratepayers. The first
4 option would be to cover the losses from our retained earnings. The second option would
5 to charter the fast ferry. I have been informed by Gladding-Hearn Shipbuilding that
6 vessels of this type and size can often be chartered for in excess of \$30,000 per month
7 “bare boat.” In fact, this estimate was for a fast ferry vessel with less passenger carrying
8 capacity than the 350 passenger capacity we anticipate and no car or freight carrying
9 capacity. Therefore, it is quite possible that the vessel we are proposing could command
10 a vessel charter rate of more than \$30,000 per month. Third, as a final fail safe, Interstate
11 could sell the fast ferry. We have obtained a list of INCAT design catamaran ferries that
12 have re-sold in the United States as of March 2004 from Peter J. Duclos, President of
13 Gladding-Hearn. A copy of his letter of August 2, 2004 is attached as SL-1. You will
14 see that on average, the vessels have sold for about 8% more than the price at which they
15 were purchased, even though the vessels had been used for a number of years. Of the 15
16 sales identified, in only two cases was the fast ferry sold for less than its construction or
17 purchase price. In the other 13 cases, the vessel was sold for more than its construction
18 or purchase price, even though it had been used for a number of years.

19
20 **Q. What have you learned about fast ferries since IHSF sought a CPCN for a fast ferry
21 in 1998?**

22 A. Since 1998, I have become much more educated about fast ferries. Clearly I was
23 mistaken when I testified in IHSF’s docket that there was no need or demand for a fast

1 ferry service to Block Island. Fast ferries are the future of our industry. According to
2 Fast Ferry Information, Ltd., there are currently 1,900 fast ferries worldwide in service or
3 on order. Locally, there are at least 12 high speed ferries currently operating in the
4 nearby Rhode Island, Connecticut, and Massachusetts areas that I have become aware of.
5 These include (1) IHSF running from Point Judith to Block Island, (2) Block Island
6 Express running from New London to Block Island, (3) the Steamship Authority in
7 Massachusetts running from Hyannis to Nantucket, (4) Hy-Line Cruises running from
8 Hyannis to Nantucket, (5) Freedom Cruise Line running from Harwichport to Nantucket,
9 (6) Vineyard Fast Ferry running from Quonset Point to Martha's Vineyard, (7) New
10 England Fast Ferry running from New Bedford to Martha's Vineyard, (8) New England
11 Fast Ferry running from Providence to Newport, (9) Harbor Express Ferry operating in
12 Boston Harbor, (10) Boston Harbor Cruises operating in Boston Harbor, (11) Bay State
13 Cruises operating from Boston to Provincetown, and (12) Cross Sound Ferry Services
14 operating from New London, Connecticut to Long Island, New York. (See Exhibit SL2).
15 In addition, there are probably other high speed ferries operating in the area that I am
16 unaware of, but clearly ferry passengers have expressed an overwhelming demand for
17 travelling by fast ferries. Interstate was late in recognizing this quickly developing trend.
18 In order to retain our customers so that our lifeline rates are not driven out of sight, we
19 need to service the expressed need of our customers for fast ferry travel. An important
20 point to recognize is that for each of Interstate's existing customers that takes our new
21 fast ferry instead of our conventional ferries, that is the equivalent of adding a new
22 customer to our customer base because the rate will be approximately twice the current

1 rate. This is a method that we can use to increase our revenues by simply servicing our
2 existing customers' needs.

3
4 **Q. Do you intend to market your new fast ferry to customers of IHSF?**

5 A. No. We believe that our service and IHSF can coexist. IHSF runs to New Harbor and
6 our fast ferry would run to Old Harbor. Our intention is to market our fast ferry to our
7 existing customers and to open new markets. As shown by the survey that we conducted,
8 many of our existing customers who have already made the choice to travel with
9 Interstate and have rejected IHSF would prefer to travel with us by fast ferry to Old
10 Harbor, even at twice the fare. The number is quite significant. These are the customers
11 that we primarily intend to service with this fast ferry. We do not plan to travel to New
12 Harbor, but only to Old Harbor, and we will not be attempting to market ourselves to
13 IHSF's well-established customer base. IHSF's has over the last four summers (2001-
14 2004) established a substantial loyal customer base and has been quite successful. IHSF
15 fulfills a public need by taking customers from Point Judith to New Harbor. IHSF
16 experienced growth each summer from 2001 to 2003, the last year for which landing fee
17 statistics are available. Although I imagine that IHSF probably lost some customers (as
18 we did) due to competition from the New London-based Block Island Express in the
19 summer of 2004, IHSF still appears to have a solid, robust, and committed customer base
20 for its New Harbor service. There is no fast ferry service to Old Harbor from either Point
21 Judith or Newport. Interstate's customers have expressed a significant desire to have
22 such a service in place, and we are prepared to provide that service.

1 **Q. Do you believe there is an additional market besides existing Interstate customers**
2 **from Point Judith and Newport to Old Harbor?**

3 A. Yes. First, we believe that there are a significant number of potential customers who do
4 not currently go to Old Harbor because they fear getting sea sick on our slow
5 conventional vessels. The trip takes about an hour and can be uncomfortable in rough
6 seas. The fast ferry vessel will be fitted out with trim tabs and ride control devices that
7 will make the trip not only fast, taking only about 30 minutes, but will make it extremely
8 smooth. This will open Old Harbor up to a new customer base that has not in the past
9 traveled to Old Harbor because they were afraid of sea sickness.

10

11 Second, we also believe that we can expand our Newport to Block Island customer base.
12 Currently, we are running a service once a day from Newport to Block Island that takes
13 two hours each way. The trip leaves in the morning and comes back in the evening and
14 provides no other options. The trip spends four hours on the open water. It is slow and
15 the trip can be very uncomfortable in rough water. As a result, the demand has been very
16 low and is getting lower on our Newport to Block Island run. However, Newport is a
17 wonderful tourist destination, and if we provided a high speed ferry vessel that could get
18 from Newport to Block Island in less than an hour, that rode in a fast, comfortable
19 fashion, and provided two or three trip options per day coming and going, we believe we
20 would expand our Newport to Block Island market. We believe that those vacationing in
21 Newport would come to see a day trip to Block Island as a fun and exciting way to spend
22 a day on their vacation.

23

1 Third, there is a completely untapped market of those who vacation on Block Island for a
2 week or two. They could now travel by high speed ferry to Newport for the day and
3 return. They could shop, have lunch, see the mansions, etc., and return to Block Island
4 all in the same day in a short comfortable 50-minute trip. Currently, that is not possible.
5 We believe this is a significant untapped market that would be opened for the first time.
6

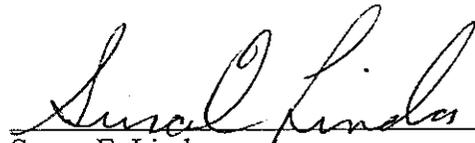
7 **Q. Are you confident that you will be able to obtain financing for the approximate \$6**
8 **million vessel?**

9 A. Yes. I have already had discussions with Washington Trust Company. They have been a
10 wonderful lender for us. They financed the approximate \$8 million construction of the
11 *M/V Block Island*. They are currently financing the bulk of the approximate \$3 million
12 reconstruction of the *M/V Carol Jean*. They financed the \$3.1 million acquisition of the
13 *M/V Anna C*. I recently spoke to Washington Trust Company and they are very
14 interested, and in fact excited, about providing financing to us for the approximate \$6
15 million fast ferry. They are pleased that we are addressing the issue of a continuing loss
16 of passengers due to high speed ferries operating all around us. Our lender has seen a
17 constant decline in our passenger traffic since 2001 when IHSF went into service and was
18 quickly followed by the new fast ferry from Quonset Point to Martha's Vineyard, and
19 they would like us to stop the loss of passengers. We were also particularly hard hit this
20 summer when Block Island Express started fast ferry operations from New London and
21 picked upon customers coming from the south that would normally travel to Point Judith.
22 All of these operations are fast ferries that appeal to today's new breed of ferry
23 passengers. In order to stop the loss of summer tourist passenger traffic and stop the

1 increase in our rates to lifeline customers due to this loss (we just increased rates in 2004
2 and may need to do so again soon), we need to hold on to our remaining summer tourist
3 passengers and address their clearly expressed interest in a fast ferry to Old Harbor.
4 Those passengers are willing to pay significantly more for the increased comfort and
5 speed. We should take advantage of that and use the profits from the fast ferry service to
6 reduce lifeline rates or at least hold down increases in those rates.

7
8 **Q. Does that conclude your testimony?**

9 A. Yes.

10 
11 _____
12 Susan E. Linda
13

14 Sworn to and Subscribed before me this 2 day of December, 2004.

15
16
17 
18 _____
19 Notary Public

My Commission Expires 01/31/2008

August 2, 2004

Michael R. McElroy
Schacht & McElroy
21 Dryden Lane, PO Box 6721
Providence, RI 02940-6721

Subject: Resold Incat Ferries

Dear Mr. McElroy:

Following is a list INCAT catamaran ferries that have resold in the U.S. as of March 2004.

<u>Year Built</u>	<u>Name</u>	<u>Size/Capacity</u>	<u>Price New</u>	<u>Price Sold</u>	<u>Year Sold</u>
1984	Spirit of Alderbrook	22 meter prop,220	\$1,120,000	\$1,300,000	1990
1985	Gold Rush	22 meter prop,250	\$2,090,000	\$2,400,000	1990
1986	Express	26 meter prop,300	\$2,250,000	\$2,580,000	1988
1988	Vineyard Spray	24 meter prop,300	\$1,800,000	\$2,000,000	1990
1989	Nantucket Spray	37 meter jet WP,350	\$4,250,000	\$4,250,000	1990
* 1989	Sea Jet I (Ex Nantucket Spray)	37 meter jet WP, 350	\$4,250,000	\$2,950,000	1995
1990	Audubon Express	30 meter jet,365	\$2,750,000	\$3,000,000	1990
1991	Jet Cat Express	30 meter jet,365	\$3,100,000	\$3,300,000	1994
1994	Friendship IV	29 meter prop, 149	\$1,400,000	\$1,500,000	1995
1986	Klondike Express (Ex-Hawaii Express)	30 meter prop,300	\$3,500,000	\$3,300,000	1996
1998	Grey Lady I	26 meter jet,149	\$1,800,000	\$1,900,000	1999
1984	Klondike	22 meter prop,220	\$1,120,000	\$1,600,000	2000
1998	Millennium	37 meter jet,350	\$4,300,000	\$6,000,000	2001
1999	Voyager III	34 meter jet,325	\$3,800,000	\$4,000,000	2004
1998	Millennium	37 meter jet, 350	\$4,300,000	\$5,000,000est	2004

* Sea Jet I - This vessel was in bankruptcy for 2 years. She suffered damage when grounded onto a stone jetty due to a waterjet control failure. The main engines were grossly neglected for most of their operating life and needed considerable work, further devaluating this vessel. Nichols/Gladding-Hearn replacement cost for this vessel is in the \$7,500,000 range.

I hope this information is helpful.

Regards,

Peter J. Duclos
President
Director of Business Development

LIST OF HIGH SPEED FERRIES CURRENTLY OPERATING
IN THE RHODE ISLAND, CONNECTICUT, AND MASSACHUSETTS AREAS

1. Island Hi-Speed Ferry from Point Judith to Block Island
2. Block Island Express from New London to Block Island
3. The Massachusetts Steamship Authority from Hyannis, Massachusetts to Nantucket
4. Hy-Line Cruises from Hyannis, Massachusetts to Nantucket
5. Freedom Cruise Line (Harwich Port Ferry) from Harwich Port to Nantucket
6. Vineyard Fast Ferry from Quonset Point, Rhode Island to Martha's Vineyard
7. New England Fast Ferry from New Bedford to Martha's Vineyard
8. New England Fast Ferry from Providence, Rhode Island to Newport, Rhode Island
9. Harbor Express Ferry Service in Boston Harbor
10. Boston Harbor Cruises – 23 boats, including various high speed catamarans in Boston Harbor
11. Bay State Cruises Company from Boston to Provincetown and adding a new high speed ferry in 2004
12. Cross Sound Ferry Services from New London to Long Island, New York

**DIRECT TESTIMONY of
WALTER E. EDGE JR. MBA CPA
for
INTERSTATE NAVIGATION COMPANY
d/b/a The Block Island Ferry**

**Regarding Applications for
Water Carrier Certificates of Public Convenience and Necessity
To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor),
.....
and (2) between Newport and Block Island (Old Harbor)**

**For
INTERSTATE NAVIGATION COMPANY
DOCKET NO. _____**

December 2004

1 **Q. Please state your name and business address for the record.**

2 A. My name is Walter E. Edge Jr. MBA CPA and my business address is One
3 Worthington Road, Cranston, Rhode Island 02920.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Consulting Department Director and President of Bacon & Edge p.c. (B&E).
7 B&E is a CPA firm that specializes in utility regulation, expert rate and accounting
8 testimony, municipal auditing, school budget reviews (expert testimony), tax preparation
9 and accounting services.

10

11 **Q. Mr. Edge, are you the same Walter E. Edge Jr. who has filed expert testimony**
12 **on behalf of Interstate Navigation Company (Interstate) in numerous filings before**
13 **the Division of Public Utilities and Carriers (DPU) and the Rhode Island Public**
14 **Utilities Commission (PUC).**

15 A. Yes.

16

17 **Q. Mr. Edge, have you testified as an expert accounting witness prior to this docket**
18 **for other utilities?**

19 A. Yes. I have testified for Narragansett Bay Commission, Block Island Power
20 Company, Providence Water Supply Board, Pawtucket Water Supply Board, Newport
21 Water Department, Stone Bridge Fire District, and Prudence Ferry Inc.

22

23 **Q. What is your educational background?**

24 A. I received my Bachelors Degree in Business Administration (BSBA) from Bryant
25 College and a Masters Degree in Business Administration (MBA) from the University of
26 Rhode Island.

27

28

29

1 **Q. Have you been qualified as an expert witness by the DPUC and the PUC in**
2 **relation to any other public utilities?**

3 A. Yes. I have been qualified as an expert witness on many occasions for transportation,
4 water, sewer, electric, gas, and telephone utilities. I have testified as an expert witness on
5 hundreds of occasions in Rhode Island and less frequently in Washington D. C. and the
6 State of New York. I formerly was employed for five years as the Chief Accountant and
7 Rate Analyst for the Rhode Island Division of Public Utilities and Carriers.

8

9 **Q. What is the purpose of your testimony in this Docket?**

10 A. I have been asked by Interstate to provide expert testimony in support of Interstate's
11 requests for Water Carrier Certificates of Public Convenience and Necessity (CPCN) to
12 operate a fast ferry between Point Judith, Block Island (Old Harbor) and Newport, and to
13 evaluate and comment on the following areas:

14

15 1. Based upon my experience (including my experience with this Division), my
16 significant knowledge of Interstate's financial position and operations, and my
17 analysis of the CPCN requirements I will provide testimony relating to whether
18 Interstate is fit, willing and able to operate the proposed fast ferry service. My
19 testimony will primarily relate to the Company's financial fitness and operating
20 ability. Susan Linda will also address the Company's willingness to provide
21 the service. Joshua Linda will provide details of the Fast Ferry boat and
22 operations.

23

24 2. Provide my comments and observations relating to public convenience and
25 necessity of the proposed services. Further, I will provide an explanation of
26 the need for the new services to provide additional revenues to help keep
27 Block Island's year-round life line ferry rates (Interstate's primary
28 responsibility) as low as possible.

29

1 3. Lastly, I will calculate the impact on Interstate's financial position and rates if
2 the CPCN filing is granted as requested. I will also address the impact on
3 other competing fast ferry entities.
4

5 **Q. What did you review in order to make your observations and conclusions?**

6 A. I have reviewed the May 31st 2004 financial statements of Interstate, the CPCN
7 requirements of the DPU, results of a survey of Interstate passengers regarding fast ferry
8 preferences, the description and cost of the proposed fast ferry vessel, financing
9 alternatives, the proposed uses for the new fast ferry, the projected revenue that will be
10 generated, and the current statistics of passenger travel to Block Island by all water
11 carriers.
12

13 **Q. Per your review of the financial statements and your knowledge of Interstate is**
14 **it your opinion that Interstate is financially fit, willing and operationally able to run**
15 **a fast ferry service from Point Judith and Newport to Block Island?**

16 A. This may be the easiest question I have ever been asked. Given that Interstate
17 currently runs a successful year round life line ferry operation using four boats from Point
18 Judith to Block Island (and seasonally from Newport to Block Island), and has done so for
19 over 60 years, the answer is unequivocally yes. Even with the recent problems, facing
20 competition from every direction, Interstate remains a financially sound operation.
21 Further, operationally Interstate will have no difficulty adding a new fast ferry to its
22 current fleet and schedule.
23

24 **Q. Mr. Edge in your opinion, is there a need ("a public necessity") for the new fast**
25 **ferry services proposed by Interstate?**

26 A. Yes there is. There are actually many needs for Interstate to provide a fast ferry from
27 Point Judith and Newport to Old Harbor. They are as follows:
28
29

1 1. Interstate has suffered considerable loss of ridership as a result of competition
2 from two other fast ferries traveling to Block Island (and from another fast ferry
3 traveling from Quonset Point to Martha's Vineyard). This lost ridership has
4 resulted, and Interstate believes will continue to result, in lost revenue and
5 significant rate increases to Interstate's remaining customers. Interstate believes
6 that the addition of a fast ferry to its fleet will result in a slow down or elimination
7 of future passenger losses. Also, Interstate believes, as I will explain in this
8 testimony that the addition of a fast ferry will result in moderating future rate
9 increases for Interstate's life line customers.

10
11 2. Interstate has determined from a recent survey taken that a significant percentage
12 of its own current customers traveling to Old Harbor have expressed a need for a
13 fast ferry service so that they can have a choice of service. They are interested in
14 having a choice (for convenience) of Interstate's current fleet or a fast ferry to go
15 to Old Harbor. For example, when there is a need for a quick trip from Point
16 Judith to Old Harbor (or from Old Harbor to Point Judith or Newport) Interstate's
17 customers need access to faster transportation than Interstate can currently
18 provide. Interstate's proposed fast ferry service will address this need.

19
20 3. Interstate is aware of prospective customers that have gotten sick when traveling
21 on Interstate's current fleet for about an hour on the open sea (two hours from
22 Newport). These individuals have chosen not to travel to Old Harbor to avoid
23 getting sick. Often these prospective customers' family and friends who normally
24 travel with them likewise chose to not travel from Point Judith or Newport to Old
25 Harbor because their loved one can't go. A fast ferry to Old Harbor should
26 provide a smoother ride lasting about a half an hour from Point Judith and less
27 than an hour from Newport. Interstate believes that the addition of this faster
28 service will address this need and allow more of the public to travel to Old Harbor.

29

1 4. Interstate carries a substantial number of elderly to the island (individually and in
2 groups) that because of their limited mobility need to arrive in Old Harbor where
3 the bulk of the hotels, stores and restaurants are located. These customers
4 currently have no realistic option but to travel by Interstate's conventional vessels.
5 Interstate's fast ferry service will allow the elderly to chose, either the fast ferry to
6 Old Harbor or one of Interstate's current fleet. Interstate believes that this choice
7 for the elderly is necessary to adequately serve its customers.

8

9 **Q. Will the proposed service address any other needs of the public?**

10 A. Yes. The current service from Newport to Block Island has no fast ferry. Interstate
11 provides one trip per day (summers only) leaving from Newport at 9:15 AM and returning
12 from Old Harbor at 4:45 PM. Sailing time each way is about two hours, for a total of
13 four hours on the water. Currently, passengers can not travel by ferry from Block Island
14 to Newport and return in the same day. Further, passengers can not travel back and forth
15 between Newport to Block Island for shorter than full day visits.

16

17 The proposed fast ferry should allow Interstate to run about three trips (less than an hour
18 on the water each way) a day back and forth from Block Island to Newport (see the
19 testimony of Joshua Linda for the details regarding the possible schedule). Interstate
20 believes that a schedule of about three trips a day would address many needs currently not
21 serviced by the one trip a day. For example, this fast ferry service will allow individuals
22 and families in Newport to enjoy a half day or more if they chose to visit Block Island or
23 for that matter give Block Island residents and guests the opportunity to enjoy a half day
24 or more in Newport and then return the same day. This opens the door for an entirely
25 new customer base not being serviced at this time. Note that the three trip per day
26 schedule is tentative and will be adjusted, if necessary, to meet actual demand.

27

28

29

1 **Q. Will the new fast ferry provide any other services not currently addressed by**
2 **current fast ferry services to Block Island?**

3 A. Yes it will. The proposed fast ferry will be significantly different from any of the
4 existing fast ferries currently serving Block Island. Interstate intends to build a fast ferry
5 that will have a small freight/car deck that will provide choice to Interstate's current
6 customers to travel with their vehicle on a fast ferry to Block Island and return. Currently
7 this option does not exist for the public. For an additional fee the public will be able to
8 choose to travel to Old Harbor by fast ferry service and take their cars and freight.

9
10 Also, Interstate believes that this service will address the need of families who wish to
11 travel to the island by fast ferry that need a car and are currently forced to split up the
12 family. For example, dad and the kids take the existing fast ferry from Galilee to New
13 Harbor and mom has to go on the conventional vessel to Old Harbor with the car.

14 Interstate believes that families have the right to travel together and this new service will
15 address this need.

16
17 **Q. What is the value of providing a small freight/car deck?**

18 A. This deck will allow Interstate to address urgent needs of the island such as for
19 ambulance transport, medical supplies, critical parts needs for island businesses (such as
20 Block Island Power Company, the Sewer Commission, and the Water Department), 911
21 type emergencies, etc. Often Interstate's current vehicle/freight deck is totally booked
22 and it is hard to accommodate emergencies. Even when emergencies are accommodated,
23 Interstate's existing fleet cannot make the crossing in much less than an hour. The fast
24 ferry service will only take about a half an hour and will be almost as fast as (or faster than
25 in certain situations) arranging for a helicopter to airlift an injured person for example.

26
27
28
29 **Q. Will the proposed new fast ferry services provide convenience for the public?**

1 A. Yes, for all of the individuals that will have their needs addressed by the proposed fast
2 ferry services, Interstate believes these customers will find the new services very
3 convenient. Also, for those travelers that wish to simply take a quieter, smoother riding
4 boat to Old Harbor they will have the convenience of choice. Not only will the fast ferry
5 be more than twice as fast, it will be much quieter than Interstate's existing fleet, and with
6 the addition of "ride control", the fast ferry will give travelers a faster, quieter, smoother,
7 and more comfortable ride.

8

9 **Q. Mr. Edge, can Interstate afford this new fast ferry?**

10 A. Yes. I believe that this new fast ferry will not only pay for itself it will help subsidize
11 the other rates charged by Interstate to help keep life line rates lower.

12

13 **Q. How will this new services subsidize the current rates for Interstate's current**
14 **customers, including the life line customers?**

15 A. By generating more revenue than it costs to operate this vessel, Interstate expects that
16 this new operation will be profitable. Of course the revenue generation from the new fast
17 ferry is dependent on the rates allowed by the PUC. Interstate has done a preliminary
18 review of the winter fast ferry leasing industry and believes that the new vessel may be
19 marketable for winter leases. If leased off-season, the revenues will be applied to the
20 benefit of ratepayers. It is even possible that it could be more profitable per month to
21 lease the vessel in the off-season than it will be running back and forth to Block Island.

22

23 **Q. How would the rates for this new service be set?**

24 A. Interstate believes that the Division and the Commission would not want Interstate to
25 gain a competitive pricing edge over Island Hi-Speed Ferry (IHSF) since IHSF is
26 regulated by a price floor that it can not lower its rates past. Interstate believes that a
27 similar price floor is appropriate for Interstate's fast ferry service rates. In other words,
28 IHSF currently charges \$29.00 per adult round trip; Interstate proposes to charge the
29 same rates as IHSF or more for its fast ferry services, but not less.

1 Wherever possible, Interstate will use the exact same rates as IHSF if the Division and the
2 Commission feel that is the most favorable way for Interstate to operate its fast ferry. Of
3 course the freight rates and the vehicle rates for the fast ferry service will have to be
4 determined by the PUC. For purposes of the revenue projections, I have assumed vehicle
5 rates at \$200 per car round trip. Freight usage will be small, but I have assumed rates of
6 twice the conventional ferry.

7

8 **Q. If the passenger rates are initially set the same as IHSF's rates isn't it possible**
9 **that Interstate will earn a return on its investment greater than its current**
10 **authorized rate of return?**

11 A. No. Although IHSF has no rate of return cap, the intent of Interstate's proposal is to
12 allow the current ratepayers to benefit from either current Interstate customers or new
13 customers choosing to pay significantly more to take the Interstate fast ferry service to
14 Old Harbor rather than the less expensive conventional vessels in Interstate's fleet.

15

16 Interstate is confident that it will generate profits from this fast ferry at the current IHSF
17 rates and believes that this is just one more opportunity for Interstate to keep its current
18 life line rates as low as possible. In this time of competition Interstate must take every
19 opportunity to generate additional revenues to protect its life line ratepayers (passenger,
20 vehicle and freight) from significant rate increases and even rate shock. Interstate
21 believes that the proposed fast ferry services will address this need.

22

23 **Q. How will the fast ferry services generate new customers?**

24 A. First of all by providing new services, three runs a day from Block Island to Newport
25 and return. Interstate has seen the success of fast ferries in recent years and specifically
26 the new fast ferry from New London, Connecticut (a two hour trip on the conventional
27 ferry reduced to one hour by the fast ferry). The new fast ferry from Connecticut to
28 Block Island was an instant success and also created a significant new demand for the
29 service.

1 Similarly, Interstate believes that the Newport to Block Island fast ferry runs (increased
2 from one per day to about three per day and the one way travel time reduced from two
3 hours to less than one hour) will provide a whole host of new customers. Given that both
4 Block Island and Newport are great vacation spots, it is reasonable to expect that many
5 vacationers visiting Block Island for a week or two may wish to take a day trip to
6 Newport, and visa versa.

7

8 The total number of people traveling to Block Island is growing each year, but fewer of
9 them are traveling to Block Island on Interstate's ferries, especially since the introduction
10 of a fast ferry from Point Judith (Island Hi-Speed Ferry) and a fast ferry service from New
11 London (Block Island Express). Interstate believes that its new fast ferry services from
12 Point Judith and Newport to Old Harbor will encourage additional travelers to the island
13 for the reasons stated earlier. In addition for every current Interstate customer that
14 chooses to take the new Interstate fast ferry, Interstate will get additional revenue double
15 what is currently collected. In other words, for every current customer choosing to take
16 Interstate's new fast ferry service Interstate will be getting revenue equivalent to two
17 customers. Doubling revenue even without increasing the number of customers is one
18 way of addressing a shrinking customer base.

19

20 **Q. How does Interstate know that using IHSF's rates will generate profits that can**
21 **be used to subsidize current rates?**

22 A. I have prepared an analysis that projects revenues and expenses for Interstate's
23 proposed fast ferry service on a stand alone basis (excluding any overhead allocation from
24 Interstate's current operations). That analysis clearly shows that Interstate will make
25 money on it proposed fast ferry service even with no revenue from off-season charters
26 (See Schedule WEE-1).

27

28

29

30

1 **Q. Mr. Edge, would you please explain your calculations on Schedule WEE-1?**

2 A. Certainly. Schedule WEE-1 shows the projected revenue in the first year of
3 operations of the Fast Ferry in the amount of \$1,739,908 and projected expense for the
4 first year of operations of \$1,242,128. The projected profit is \$497,781.

5

6 **Q. How will the Fast Ferry profit be accounted for in Interstate's current**
7 **operations?**

8 A. It will be available in the rate setting process to keep current passenger, vehicle and
9 freight rates as low as possible and reduce the need for and size of future rate increases.
10 Interstate's management believes that this new service will create a new customer base,
11 provide its current customers with choice and subsidize the current service rates. The
12 fact that the choice will be theirs, it is appropriate to allow subsidization to exist.

13

14 **Q. Mr. Edge, how did you project the revenue for Interstate's Fast Ferry in the**
15 **first year of operations?**

16 A. First I identified that there will be two different sources of new revenue, 1) Fast Ferry
17 revenue collected from Interstate's current customer base, and 2) Fast Ferry revenue
18 collected from new customers (as described previously in this testimony). I have
19 prepared detailed calculation schedules (WEE-2 through WEE-8) that show my
20 assumptions and calculations for each revenue source.

21

22 **Q. What are the differences between revenue from current customers and new**
23 **customers?**

24 A. Unlike a new customer base, the projected Fast Ferry revenue from Interstate's
25 current customer base must be reduced by the amount of revenue that will be lost from
26 Interstate's current revenue base. In other words, when one of Interstate's current
27 customers chooses to use Interstate's Fast Ferry, Interstate will receive more revenue
28 from these customers but will lose the revenue that the ratepayer would have paid to use
29 Interstate's current fleet.

1 Schedule WEE-1 reflects "net" revenue growth for all current customers choosing to use
2 Interstate's Fast Ferry (net of lost revenue from Interstate's current revenue base).

3
4 **Q. Are you projecting more revenue from Interstate's current customers or from
5 new customers?**

6 A. I have projected \$1,132,368 net revenue from Interstate's current customers and
7 \$457,540 from new customers (Note: I also estimated \$150,000 of other revenue). It is
8 expected that about 70% of the Fast Ferry revenue will be generated from Interstate's
9 own current customer base.

10
11 **Q. Have you calculated the first year expense levels on you Schedule WEE-1?**

12 A. Yes I have. Mr. Josh Linda has provided his estimates of the cost of salaries, fuel,
13 and maintenance. I have added 10% of salaries for payroll taxes and \$100,000 for items
14 like insurance and advertising. Further, I have calculated the debt service cost for the first
15 year.

16
17 **Q. How did you calculate the debt service expense level for the first year?**

18 A. I was provided the cost of the new Fast Ferry by Josh Linda at approximately \$5.5
19 million but to be conservative I used \$6,000,000 to account for possible overages and
20 contingencies. I have used a fixed interest rate of 7% (slightly more than the fixed rate is
21 now) and a 20 year term. I calculated the interest at 7% of \$6,000,000 or \$420,000 in
22 the first year and principal payments (depreciation) of \$6,000,000 divided by 20 or
23 \$300,000. Note: I have assumed in this analysis that the principal payments and
24 depreciation are the same.

25
26 **Q. Is it possible that the new vessel may cost more or less than \$6,000,000?**

27 A. Yes it is possible that the cost could be less than \$6,000,000 if for example the
28 car/freight deck was not built, however I believe that the \$6,000,000 amount is very close
29 if not at the high end of the probable cost as currently planned.

1 It was important to determine if the projected revenues from this Fast Ferry operation
2 would cover a worst case (highest cost) situation to make sure that the current ratepayers
3 were not adversely impacted by Interstate's decision to run a fast ferry.
4

5 **Q. Are there any other situations that will reduce the net cost of the new Fast
6 Ferry?**

7 A. Yes. Interstate intends to try to sell the M/V Nelseco (the boat currently used on the
8 Newport to Block Island run) after the Fast Ferry is in service and operating well. The
9 after tax proceeds from the sale of the Nelseco could be used for example to pay down the
10 debt on the Fast Ferry. This would make the cash flow from the Fast Ferry operation
11 greater and therefore more beneficial to the current ratepayers.
12

13 **Q. How would the current ratepayers benefit from the sale of the Nelseco?**

14 A. The after tax net proceeds from the sale of the Nelseco could be used to pay down
15 long-term debt or it could possibly be deferred and amortized as a revenue source over
16 some future period of time (to be determined by the Commission) to benefit the current
17 ratepayers. This revenue source would go directly to the benefit of the current ratepayers
18 without a reduction of service because the new Fast Ferry would be providing a greater
19 level of service than the Nelseco currently provides.
20

21 **Q. Your analysis clearly shows that the Fast Ferry operation will generate enough
22 money to cover its costs and provide a subsidy to the current Interstate operations.
23 How will this subsidy get passed through to the current ratepayers?**

24 A. When Interstate files its first full rate filing after the first year of operations of the Fast
25 Ferry service the revenues and expenses from the Fast Ferry operation will become part of
26 the cost of service calculation to determine Interstate's rates. Since the Fast Ferry
27 revenues will exceed the Fast Ferry expenses, the increase needed in rates will be less than
28 if Fast Ferry did not exist. At that time (which will be later than if there were no Fast
29 Ferry) the benefit of running the Fast Ferry will be passed to the current ratepayer base.

1 **Q. What if Interstate does not file a rate increase request immediately after the**
2 **first year of the Fast Ferry operations?**

3 A. At that point one of two things can happen, both of which are advantageous to the
4 current customer base (and the life line customers). By not filing, Interstate causes a
5 temporary freeze in the current base rates until a filing is made. Secondly the Commission
6 may choose, after reviewing Interstate's annual report, to call Interstate in for a possible
7 rate review and rate reduction. In either case the life line ratepayers benefit from the Fast
8 Ferry operations.

9

10 **Q. What if Interstate losses money on the Fast Ferry operation, how would that**
11 **impact the current customer base?**

12 A. It would have no impact. Interstate would simply not file for a rate increase relating
13 to the loss from the Fast Ferry operation and therefore the loss would not be passed on to
14 the ratepayers. In other words Interstate is willing to take the business risk of the Fast
15 Ferry not being profitable.

16

17 **Q. Mr. Edge, isn't it possible that a large loss from the Fast Ferry operation could**
18 **result in a financial hardship for Interstate which in turn could adversely impact on**
19 **Interstate's current ratepayers even if there is no increase in current rates?**

20 A. Based upon my analysis, I do not expect a large loss from the Fast Ferry operations.

21

22 **Q. Nevertheless, what if there is a large loss from the Fast Ferry operations, what**
23 **will Interstate do?**

24 A. Interstate will determine why there was a loss. If it is decided that the Fast Ferry
25 operation can not be profitable, then Interstate Navigation's management intends to sell or
26 charter the new Fast Ferry. Our research has shown that the resale value of these fast
27 ferry boats, due to the high demand for this quickly growing mode of transportation, is
28 often greater than the original cost for a period of time. Therefore, Interstate is confident
29 that even the worst case loss scenario will not adversely impact the current ratepayers.

30

1 **Q. Is Interstate prepared to take any other steps to protect the current rate payers?**

2 A. Yes. Interstate is prepared to lease the new Fast Ferry from a related entity, either
3 Nelseco Navigation Company or some other company owned and operated by the Linda
4 family. Interstate believes that this approach would best protect the current ratepayers
5 (the ratepayers would only be exposed to the lease payments rather than the \$6,000,000
6 purchase price) but this approach would involve related party activity.

7

8 Also, although Interstate prefers to use the new Fast Ferry exclusively for its own
9 operations, it is possible that the new Fast Ferry could be leased to other operators.
10 Interstate has determined that these leases can be very profitable. The Commission's
11 review of Hi-Speed's winter leases should support this claim.

12

13 **Q. Will this new Fast Ferry adversely impact Hi-Speed's operations?**

14 A. I believe not. Hi-Speed Ferry provides transportation from Point Judith to New
15 Harbor (not Old Harbor) and to passengers in a previously un-served or underserved
16 "niche market". Interstate intends to offer its Fast Ferry service predominantly to its own
17 customer base and those few individuals (and their traveling companions) that wish to go
18 to Old Harbor and due to age or physical impairment are unable to travel to Old Harbor
19 through New Harbor.

20

21 As for the Newport runs, Island Hi-Speed Ferry does not run from Newport to Block
22 Island therefore the Newport runs should have no impact on Hi-Speed's operation. When
23 Hi-Speed Ferry started its operation it suggested to the Commission that it was offering a
24 "niche market" of Block Island travelers a choice of high speed service from Point Judith
25 to Block Island through New Harbor instead of Interstate's conventional fleet and as we
26 know many travelers have accepted that choice. Hi-Speed said that it was not targeting
27 Interstate's customers and that it would have very little or no impact on Interstate's
28 operations.

29

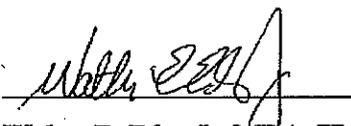
1 That said, the current Interstate travelers, who chose to stay with Interstate, that wish to
2 travel from Point Judith or Newport to Block Island (through Old Harbor) are entitled to
3 have a choice as well of a Fast Ferry or Interstate's conventional fleet. Interstate believes
4 that this choice requires Interstate to provide a Fast Ferry service to Block Island.
5 Interstate believes that this new Fast Ferry service will have more of a positive impact on
6 Interstate's current operations (and have reflected that impact in this filing) than it will
7 impact Hi-Speed Ferry's operations to New Harbor. It is important to point out that Hi-
8 Speed Ferry has been operating successfully for a number of years now and they have
9 developed a loyal customer base that Interstate does not intend to service.

10

11 **Q. Does this conclude your testimony?**

12 A. Yes

13

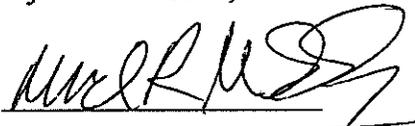

Walter E. Edge Jr. MBA CPA

14

15

16 Sworn to and subscribed before this 3rd day of December , 2004.

17


Notary Public

18

19

Michael R. McElroy
Notary Public
My Commission Expires: 6/16/05

Projection of Revenues and Expenditures

WEE-1

First Full Year of Operations

Interstate Fast Ferry

Revenues:

Interstate's Current Customers:

Source

Passenger (Point Judith - Block Island) - Net	\$ 1,014,000	WEE-2
Vehicle (Point Judith - Block Island) - Net	63,000	WEE-3
Freight (Point Judith - Block Island) - Net	15,368	WEE-4
Passenger (Newport - Block Island) - Net	40,000	WEE-2
Vehicle (Newport - Block Island)	-	
Freight (Newport - Block Island)	-	
Total estimated Revenue Interstate's Current Customers	<u>1,132,368</u>	

Projected New Customers:

Passenger (Point Judith - Block Island)	290,000	WEE-5
Vehicle (Point Judith - Block Island)	57,540	WEE-6
Freight (Point Judith - Block Island)	10,000	WEE-7
Passenger (Newport - Block Island)	100,000	WEE-5
Vehicle (Newport - Block Island)	-	
Freight (Newport - Block Island)	-	
Total Revenue New Customers	<u>457,540</u>	
Other Revenues (Bar, bike, etc)	150,000	WEE-8
Interstate Charter Revenue	*	
Total Revenue	<u>1,739,908</u>	

Expenses:

Salaries and wages (\$6,000 per week X 13.7 weeks)	82,048
Payroll taxes	8,205
Fuel (\$18,750 per week X 13.7 weeks)	256,875
Maintenance (estimate)	25,000
Insurance, advertising, bar and other expense	150,000
Debt service:	
Principal	300,000
Interest	<u>420,000</u>
Total Expense	<u>1,242,128</u>

Net profit available for regulated business \$ 497,781

* Assumes no lease revenue although Interstate believes that there may be opportunities to lease the Fast Ferry in the off season

Projection of Increased Passenger Revenues - Current Customers
 First Full Year of Operations
 Interstate Fast Ferry

WEE-2

Interstate Navigation Current Customers:

Point Judith:

	<u>Low</u>	<u>High</u>
Estimated Passenger Revenue (June -September)	\$ 2,600,000	\$ 2,600,000

Survey Results:

Respondents who would use Fast Ferry	0.35	
Respondents and party who would use Fast Ferry		<u>0.43</u>
Projected net Revenue *	<u>\$ 910,000</u>	<u>\$ 1,118,000</u>
Average		<u>\$ 1,014,000</u>

Newport:

Estimated Passenger Revenue (June -September) **	<u>\$ 40,000</u>
--	------------------

* Given that the Fast Ferry Rate (\$29.00) would be about twice the current rate (\$14.30) the revenue could be doubled. However, there will be lost revenue from Interstate's current business equal to the gross-up amount. Therefore, the Projected net Revenue is net of the lost revenue.

** There will be no conventional service but rather three Fast Ferry trips per day from Newport to BI. Therefore, assuming the same number of passengers on the first trip of the day would result in a net increase in revenue of \$40,000 per year. Interstate currently collects about \$40,000 of passenger revenue in Newport from June through September.

Projection of Increased Vehicle Revenues - Current Customers
 First Full Year of Operations
 Interstate Fast Ferry

WEE-3

Estimated Vehicle Revenue (June -September)	\$ 700,000
Survey Results:	
Respondents who would take their auto on the Fast Ferry	<u>0.06</u>
	42,000
Projected increase in price (two and a half times greater)	<u>2.50</u>
	105,000
Less lost revenue from current service	<u>(42,000)</u>
	<u><u>\$ 63,000</u></u>

Alternative approach -check:

Number of weeks expected operation	13.7
Days in a week	<u>7</u>
Total days available	95.9
Round trips per day	<u>3</u>
Total round trips	287.7
Number of cars per round trip	<u>2</u>
Total number of cars	575.4
Round trip rate	<u>\$ 200</u>
	\$ 115,080
Lost revenue (40%)	<u>(46,032)</u>
Net Revenue	<u><u>\$ 69,048</u></u>

Note: At this time there will be no vehicle traffic from Newport.

Projection of Increased Freight Revenues - Current Customers
First Full Year of Operations
Interstate Fast Ferry

WEE-4

Freight Revenue (June -September)	\$ 307,366
Percentage estimated to use Fast Ferry	<u>0.05</u>
	<u>\$ 15,368</u>

Note: Although possible, it is not expected that there will be freight revenues collected from the Newport to Block Island Fast Ferry runs.

Projection of Passenger Revenues - New Customers
First Full Year of Operations
Interstate Fast Ferry

WEE-5

New Customers:

Point Judith:

Estimated New Passengers	10,000
Price per ticket *	<u>\$ 29</u>
Estimate revenue from new customers	<u>\$290,000</u>

Newport: **

Second trip per day (75% of first trip)	\$ 60,000
Third trip per day (50% of first trip)	<u>40,000</u>
	<u>\$ 100,000</u>

* Adult rate used for estimated revenue. Additional revenues would be collected if there are children tickets sold in addition to the adult tickets.

** There will be no conventional service from Newport to BI but rather three Fast Ferry trips per day. Therefore, assuming the same number of passengers on the first trip of the day would result in a net increase in revenue of \$40,000 per year calculated on WEE-2. I believe that it would be inappropriate to assume that the level of usage would remain the same for the second and third runs. Therefore, I have estimated that the level of usage will decrease to 75% of the first run for the second run and to 50% of the first run for the third run.

Projection of Vehicle Revenues - New Customers
First Full Year of Operations
Interstate Fast Ferry

WEE-6

Estimated New Customer Vehicle Usage	288
Vehicle Rate	<u>\$ 200</u>
	<u>\$ 57,540</u>

Estimated number of new customers:

Number of weeks expected operation	13.7
Days in a week	<u>7</u>
Total days available	95.9
Round trips per day	<u>3</u>
Total round trips	<u>287.7</u>

Note: At this time there will be no vehicle traffic from Newport.

Projection of New Fast Ferry Freight Revenues
First Full Year of Operations
Interstate Fast Ferry

WEE-7

Estimated new Freight Revenue

\$ 10,000

Note: Although possible, it is not expected that there will be freight revenues collected from the Newport to Block island Fast Ferry runs.

Projection of Other Revenues (Bar, bike etc.)
First Full Year of Operations
Interstate Fast Ferry

WEE-8

Total Other Revenues for Interstate 2004	A	\$ 612,134
Total Passenger, Vehicle and Freight 2004	B	\$ 6,384,709
Percentage of other revenue (A/B)		<u>0.095875</u>
Additional Fast Ferry Passenger, Vehicle and Freight		<u>\$ 1,589,908</u>
Calculated Other revenue		<u>\$ 152,432</u> (use \$150,000)

DIRECT TESTIMONY of
JOSHUA LINDA, VICE PRESIDENT
INTERSTATE NAVIGATION COMPANY
d/b/a The Block Island Ferry

Regarding Application for
Water Carrier Certificates of Public Convenience and Necessity
To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and
(2) between Newport and Block Island (Old Harbor)

For
INTERSTATE NAVIGATION COMPANY
DOCKET No. _____

December 2004

1 **Q. Please state your name and business address for the record.**

2 A. My name is Joshua Linda and my business address is Interstate Navigation Company,
3 P.O. Box 482, New London, CT 06320.

4
5 **Q. Mr. Linda, have you testified on behalf of Interstate Navigation Company before the**
6 **Division of Public Utilities and Carriers (DPU) and the Rhode Island Public Utilities**
7 **Commission as a witness prior to this docket?**

8 A. Yes.

9
10 **Q. What is your educational background?**

11 A. I have a Bachelor's Degree in Business Management from Roger Williams University.

12
13 **Q. What is your background with Interstate Navigation Company (Interstate)?**

14 A. I am a licensed Captain and the holder of a Coast Guard 100-ton Master's license. I am
15 currently 33 years old, and I been working with Interstate in various capacities for over
16 20 years. I have worked on the vessels as a deck hand, an engineer, a mate, and as a
17 captain. I have worked with my father, Raymond Linda, the General Manager of the
18 company, in the construction, maintenance, and repair of our vessels and docking
19 facilities. I have worked with my mother, Susan Linda, in the office on the various
20 administrative responsibilities of running the company. I am Vice President of the
21 company and I am one of the three directors of the company. I have been involved in the
22 ferry business with Interstate for my entire working life.

23

1 **Q. What is the purpose of your testimony in this Docket?**

2 A. I will present the appropriate information relating to our request for two (2) Certificates
3 of Public Convenience and Necessity for our proposed Fast Ferry service between Point
4 Judith and Old Harbor, Block Island, and between Newport and Old Harbor, Block
5 Island. I will provide a description and the estimated cost of the vessel, the crew
6 requirements for the vessel, a proposed schedule of trips, and the estimated costs of
7 providing the crew for the new Fast Ferry in the first year of operation. I have also
8 provided certain estimates directly to Mr. Edge such as fuel costs, insurance, etc., and
9 they are incorporated into his testimony.

10

11 **Q. Mr. Linda, would you please provide a description of the ferry that Interstate**
12 **intends to build for its proposed Fast Ferry service?**

13 A. Certainly. I am currently in discussions with Gladding-Hearn Shipbuilding of Somerset,
14 Massachusetts for the construction of a fast ferry for Interstate. The fast ferry we are
15 considering would be approximately 38 meters (about 125 feet) in length. It would be a
16 passenger/vehicle catamaran ferry with a capacity of approximately 350 passenger and
17 approximately 6 vehicles. It would be powered by four caterpillar engines and four water
18 jets. Stability would be greatly improved over our conventional vessel by the installation
19 of an active trim tabs ride control system. The ferry would have a top speed of
20 approximately 30 to 31 knots (about 35 mph) at full power, fully loaded. (By
21 comparison, this is somewhat less than Island Hi-Speed Ferry's (IHSF) top speed of
22 about 33 knots (about 38 mph), but much faster than the top speed of Interstate's newest
23 ferry, the M/V *Block Island* (about 18 knots)). The current estimated price is \$5.4

1 million to \$5.5 million. However, we have not yet completely worked out all of the
2 construction details and the price could increase to as much as \$6 million, with change
3 orders that occur during the ship building process. The design for the vessel would be an
4 Incat design. Incat is a successful Australian fast ferry company that has licensed their
5 aluminum fast ferry design to Gladding-Hearn Shipbuilding.

6
7 **Q. How much do you estimate this proposed new fast ferry will cost?**

8 A. In order to be conservative, we are estimating the total cost of the ferry, for the purpose
9 of the preparation of the pro forma statements by our accountant, Mr. Edge, at
10 approximately \$6 million.

11
12 **Q. What crew will you use for this vessel?**

13 A. The anticipated crew will be a captain, a mate, an engineer, two deck hands and a
14 bartender. The crew will work all day on this one vessel, most of the time underway.

15
16 **Q. How much do you estimate the crew costs will be to operate the proposed new fast
17 ferry service?**

18 A. I have estimated that the crew salary cost will be about \$6,000 per week (plus taxes).
19 Based on my research and my experience in the industry, I anticipate paying the captain
20 \$210 per day, the mate \$145 per day, the engineer \$150 per day, the deck hands \$7.50 per
21 hour, and the bartender \$6.75 per hour. If we run daily from June 18 until September 5
22 (80 days), the crew cost will be about \$67,500. If we also run on weekends only from

1 September 9 until October 10 (16 days) crew cost will be an additional \$13,000, for a
2 total of about \$80,569. See attached Exhibit JL1.
3

4 **Q. What schedule of runs do you hope to make with this vessel?**

5 A. We hope to run three trips per day from Point Judith to Block Island (Old Harbor) (30
6 minutes), then to Newport (50 minutes), back to Block Island, and then return to Point
7 Judith. This will allow passengers to ride from Point Judith and Newport to Block Island
8 (Old Harbor) and back three times per day. See Exhibit JL2. Of course, this is only a
9 tentative schedule and is subject to change based on actual customer demand. We
10 believe that there is a large untapped market for day trippers between Newport and Block
11 Island that is currently not being serviced. The fast ferry will service that market. We
12 also believe based on a survey of our passengers, that our passengers want us to provide
13 them with a fast ferry option between Point Judith and Old Harbor and they are willing to
14 pay extra for the fast ferry service. It would even be possible for someone to go from
15 Point Judith to Newport by fast ferry (a trip of about 1 hour and 35 minutes, including the
16 lay-over). Someone could also go from Point Judith or Newport to Block Island and then
17 go to New London and then even to Long Island, New York by fast ferry (different
18 companies) in one day. The expanded possibilities offered by increased speed are
19 amazing. We believe that such opportunities, which have never before been available,
20 will result in our new fast ferry service being profitable from day one and creating
21 positive revenues to help our life line business.
22
23

1 **Q. Do you believe that Interstate is fit, willing and able to run this new operation?**

2 A. Yes. I have worked most of my adult life on Interstate's boats. I was instrumental in the
3 building of the M/V *Block Island*. I am currently involved in the rebuilding of the M/V
4 *Carol Jean*. I would also take an active part in the building of the new fast ferry vessel.
5 My parents have spent a combined 75 plus years working in the ferry business. I know
6 that we are all willing to provide this service and in my opinion, we are all fit and able to
7 do so.

8
9 **Q. Why are you so confident that the new fast ferry service you are proposing would be
10 successful from day one?**

11 A. There are a number of reasons. The fast ferry business is the cutting edge of the ferry
12 business worldwide. Ferry passengers have repeatedly expressed a strong preference for
13 fast ferry travel instead of conventional travel, even if it means they must pay twice as
14 much (or more) to utilize the fast ferry service. The industry has shown that essentially
15 "if you build it, they will come," and according to Fast Ferry Information, Ltd., over
16 1,900 fast ferries are currently in service or on order.

17
18 **Q. Do you have local examples?**

19 A. Yes.

- 20 • In 2001, Island Hi-Speed Ferry instituted fast ferry service from Point Judith to
21 Block Island (New Harbor). It was an instant success and has continued to be a
22 successful operation for the last four summers. Passenger traffic increased every
23 year from 2001 until 2003, the last year for which landing fee statistics are available.

- 1 • After IHSF was established, one of its founders, Charles Donadio, split from the
2 company and started a new fast ferry operation from Quonset Point to Martha's
3 Vineyard. Once again, it was an instant success. In fact, I have been informed that
4 within approximately a year of commencing operation, Mr. Donadio was able to go
5 from leasing the high speed ferry vessel to purchasing it.
- 6
- 7 • In 2004, a fast ferry service was started from New London to Block Island (Old
8 Harbor). That service replaced Nelseco Navigation Company's conventional ferry.
9 In the summer of 2003, Nelseco Navigation only carried approximately 15,000
10 passengers from New London to Old Harbor. The trip took about 2 hours on the
11 M/V *Anna C*. In 2004, Nelseco Navigation sold the M/V *Anna C* to Interstate and
12 stopped providing service from New London. That service was provided in the
13 summer of 2004 by Block Island Express using a single fast ferry. The fast ferry was
14 an instant success and carried approximately 80,000 one-way (40,000 round-trip)
15 passengers in its first year of operation, according to an article which ran in the *New*
16 *London Day* on August 28, 2004. In describing Block Island Express, the author
17 stated "the lesson seems to be that if you build it they will come, and come and
18 come, by the thousands." The article talked about the crowds taking the fast ferry
19 from New London to Old Harbor, Block Island, and the fact that the company had
20 decided to extend its service for longer than originally anticipated. The article said
21 that the owners of Block Island Express estimated that by the end of the summer
22 season, "they expect they will have sold 80,000 one-way tickets."

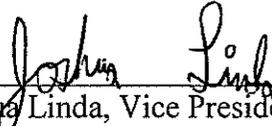
1 • I have also looked at the first year of operation (2004) for the new fast ferry from
2 New Bedford to Martha's Vineyard. That route is very interesting because there is
3 both a fast ferry and a conventional ferry run by the same company in the
4 summertime. The fast ferry was put on the New Bedford to Martha's Vineyard run
5 for the first time in the summer of 2004. The fast ferry trip took one hour as
6 compared to two hours for the traditional ferry service. Published reports show that
7 75% to 80% of the company's customers moved to the fast ferry instead of the
8 traditional ferry in its first year of service, despite the increased ticket cost of almost
9 twice the conventional rate. (The traditional adult round-trip ferry rate is \$24. The
10 fast ferry rate is \$40 round-trip for an adult.) The service carried 28,884 passengers
11 in July, approximately 75% of whom went on the new fast ferry. It then carried
12 30,085 passengers in August, approximately 80% of whom went on the new fast
13 ferry. The fast ferry was often sold out. In fact, the fast ferry was so successful in its
14 first year of service, that the New England Fast Ferry Company, which operates the
15 run, has recently announced that it is building a second fast ferry so that in the
16 summer of 2005, two fast ferries will be operating continuously all day.

17
18 • As a further example of the local popularity of fast ferries, the Steamship Authority
19 in Massachusetts, which operates ferries from Cape Cod (Hyannis) to Martha's
20 Vineyard and Nantucket, carried 233,821 passengers on its conventional ferries to
21 Nantucket and 123,164 passengers on its fast ferry to Nantucket through August 31,
22 2004, even though the fast ferry is much more expensive.

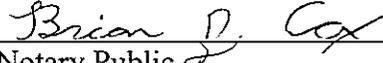
- 1 • Finally, as shown by the testimony of my mother, Susan Linda, President of
2 Interstate, we did a survey of our passengers and they expressed a definite preference
3 for fast ferry travel. In fact, for our Newport to Block Island service, 73% of the
4 survey responders (representing 86% of the passengers surveyed) would have taken
5 Interstate's fast ferry from Newport to Block Island at about double the rate if
6 Interstate had one in service. For our Point Judith to Block Island service, 35% of
7 the responders (representing 43% of the passengers surveyed) would have taken our
8 fast ferry instead of our conventional ferries, even at approximately twice the fare. It
9 must be remembered that those surveyed were all existing Interstate customers who
10 were traveling our conventional ferries and had chosen not to travel on IHSF's fast
11 ferry. This represents a significant demand within our own customer base, and it is a
12 demand that we feel needs to be serviced in order to meet our customers' needs and
13 retain our customer base. We also feel that given this high rate of demand, the ferry
14 will be an immediate success.

15
16 **Q. Does this conclude your testimony?**

17 **A. Yes.**

18
19 
20 _____
21 Joshua Linda, Vice President
22

23
24 Sworn to and Subscribed before me this 2 day of December, 2004.

25
26
27 
28 _____
29 Notary Public

My Commission Expires 01/31/2008

Schedule A
June 18 - September 5, 2005

Departures

7:45am dep. PJ
 8:30 dep. BI
 9:35 dep. NWP
 10:45 dep. BI
 11:50 dep. PJ
 12:45pm dep. BI
 2:00 dep. NWP
 4:00 dep. BI
 5:00 dep. PJ
 6:00 dep. BI
 7:10 dep. NWP
 8:30 dep. BI

Arrivals

8:15am arr. BI
 9:20 arr. NWP
 10:25 arr. BI
 11:15 arr. PJ
 12:20pm arr. BI
 1:35 arr. NWP
 2:50 arr. BI
 4:30 arr. PJ
 5:30 arr. BI
 6:50 arr. NWP
 8:00 arr. BI
 9:00 arr. PJ

PJ -BI

7:45am
 11:50
 5:00pm

BI -PJ

10:45am
 4:00pm
 8:30

NWP -BI

9:35am
 2:00pm
 7:10

BI -NWP

8:30am
 12:45pm
 6:00

30 knot vessel speed
 30 minute trip Point Judith to Block Island
 50 minute trip Newport to Block Island

DIRECT TESTIMONY of
Mark G. Brodeur of the RI Tourism Division

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Mark G. Brodeur, 1 West Exchange Street, Providence, RI 02903.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Rhode Island Tourism Division, Director of Operations, RI Tourism Division.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. Approximately 5 times per year.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Yes, time is an important factor when planning for a vacation.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

- 4 A. - More time can be spent at the destination.
5 - Prefer less time aboard boat.
6 - Additional alternative for scheduling.

7

8 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
9 **the public if Interstate Navigation Company operated a fast ferry service between**
10 **Galilee and Old Harbor, Block Island?**

- 11 A. High traffic volume during peak travel season would be somewhat eliminated. The
12 service would provide the Island with an increase in tourist which would result in positive
13 economic impact.

14

15 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
16 **Harbor and Point Judith operated by Interstate Navigation Company.**

- 17 A. Interstate Navigation has a positive and professional reputation. High end clients that
18 frequent the Island will have no problem paying the small increase for the convenience.

19

20 BETWEEN NEWPORT AND OLD HARBOR

21 **Q. If Interstate Navigation Company had a fast ferry service operating between**
22 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**

1 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
2 **this service instead of Interstate's conventional ferries?**

3 A. This would be a positive for the tourism industry as a whole. The tourism season on the
4 Island would begin earlier and end later if there were a more convenient connection
5 between Newport and BI. This would positively impact economy on Island.

6
7 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
8 **service operated by Interstate between Old Harbor and Newport rather than**
9 **Interstate's conventional ferries?**

10 A. I believe there will continue to be a need for transport of freight and autos on traditional
11 ferry. Separating passenger would be more comfortable and convenient.

12
13
14 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
15 **the public if Interstate Navigation Company operated a fast ferry service between**
16 **Newport and Old Harbor?**

17 A. I believe the present 2 hour crossing is a deterrent. A faster crossing would make a
18 substantial difference.

19
20 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
21 **and Old Harbor operated by Interstate?**

22 A. I do feel that Newport tourist would feel that Block Island was an extension of the
23 destination if they did not have to drive to Point Judith and were able to quickly transport

1 to the Island from mainland. I also believe this will work in Newport's favor and will
2 extend vacation for both destinations.
3

4 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a
5 fast ferry service between Point Judith, Newport, and Old Harbor?**

6 A. Interstate Navigation Company offers substantial experience supported by a professional
7 and knowledgeable staff. In my opinion, they are the most likely candidate to take on
8 this endeavor.
9

10 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and
11 able to operate such a fast ferry service.**

12 A. Experience in marketing and transportation, physical location and understanding of
13 industry.
14
15

16 **Q. Is there anything else you wish to add?**

17 A. My professional experience has been very positive with Interstate Navigation Company.

DIRECT TESTIMONY of

Joy A. Marx – Landmark Tours and Cruises

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Joy A. Marx, 208 College Highway, Southwick, MA 01077.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Landmark Tours and Cruises (address above)

6 Owner – We plan tours for groups.

7

8 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
9 **Block Island?**

10 A. Yes.

11

12 **Q. Approximately how often do you travel on Interstate's ferries?**

13 A. I've booked about 5 coaches this year.

14

15 BETWEEN POINT JUDITH AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
17 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
18 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
19 **friends, or customers (i.e. the public) use this service instead of Interstate's**
20 **conventional ferries?**

21 A. Yes.

22

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. Convenience of fast and smooth transportation.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 A. Yes.
10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 A. Currently, this service does not exist.
14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 A. Unsure.
21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. It would help tourists in Newport to also see Block Island.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. I believe there would be.
10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. --
14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes.
18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. They have been most efficient to work with.
22
23

1 Q. Is there anything else you wish to add?

2 A. --

DIRECT TESTIMONY of
Alan D. Slaimen from Collette Vacations

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Alan D. Slaimen, 3 Tokes Street, Johnston, RI 02919.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Collette Vacations, 162 Middle Street, Pawtucket, RI 02860. I am the Transportation
6 Contract Manager.

7

8 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from
9 Block Island?**

10 A. Yes I do and my company does as well.

11

12 **Q. Approximately how often do you travel on Interstate's ferries?**

13 A. 3 - 4 times per season.

14

15 BETWEEN POINT JUDITH AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high
17 speed ferry service) travelling between Point Judith and Old Harbor, Block Island
18 that took about 30 minutes, and cost about \$30 round-trip, would you, your family,
19 friends, or customers (i.e. the public) use this service instead of Interstate's
20 conventional ferries?**

21 A. Yes. I also feel it will be something for Collette to use for the time factor issue. Makes
22 better sense for our groups.

23

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 **A. A quick crossing makes sense, with everything we do today it would be the way to go.**
5 **Saving time always works for me.**

6
7 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
8 **the public if Interstate Navigation Company operated a fast ferry service between**
9 **Galilee and Old Harbor, Block Island?**

10 **A. Yes very much.**

11
12 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
13 **Harbor and Point Judith operated by Interstate Navigation Company.**

14 **A. Saving time is something we all want. The highlight of the Island is the Island not the**
15 **ferry. Get me to my destination faster, safer and on time is a win win.**

16
17 BETWEEN NEWPORT AND OLD HARBOR

18 **Q. If Interstate Navigation Company had a fast ferry service operating between**
19 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
20 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
21 **this service instead of Interstate's conventional ferries?**

22 **A. Yes if Point Judith was not running in terms of a fast ferry.**

23

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. For the people in the area, but I feel Point Judith makes better sense. Or both?

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes only if they do both Point Judith and Newport. If I had to choose one I would prefer
10 Point Judith. It makes better sense for me because of living near Providence.

11
12 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
13 **and Old Harbor operated by Interstate?**

14 A. If they run the conventional ferries from Galilee then having a fast ferry works well out
15 of Newport. It would be a welcome service for visitors who come to Newport and want
16 to do a day in Newport. It now becomes a better day trip for them.

17
18 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
19 **fast ferry service between Point Judith, Newport, and Old Harbor?**

20 A. Yes they have always been great and helpful to deal with on both a business and personal
21 level.

22

1 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
2 **able to operate such a fast ferry service.**

3 A. I think the history they have operating today is proof enough they can handle anything in
4 a professional manner. I feel it would be a natural step for them.

5

6 **Q. Is there anything else you wish to add?**

7 A. I feel the Galilee to Block I. would service Mass, CT. and RI residents. And Newport
8 would service vacation travelers and local residents.

DIRECT TESTIMONY of
Nancy Reese of Starr Tours

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Starr Tours, 1646 Nottingham Way, Trenton, NJ 08619.

3
4 **Q. If you are employed, where you work and what do you do?**

5 A. Tour operator / Starr Tours

6
7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10
11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. 4 x's - year

13
14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Our passengers prefer the conventional ferry. However with different individuals there
21 would be a need for a high speed ferry.

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. The public would prefer a fast ferry over the conventional ferry as timing may be an
5 issue—it would obviously get them to their destination quicker.

6

7 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
8 **the public if Interstate Navigation Company operated a fast ferry service between**
9 **Galilee and Old Harbor, Block Island?**

10 A. Yes.

11

12 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
13 **Harbor and Point Judith operated by Interstate Navigation Company.**

14 A. Both options are needed—the fast ferry is needed for those on a rigid schedule—the
15 conventional is needed for a more relaxed group of people.

16

17 BETWEEN NEWPORT AND OLD HARBOR

18 **Q. If Interstate Navigation Company had a fast ferry service operating between**
19 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
20 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
21 **this service instead of Interstate's conventional ferries?**

22 A. Our company would consider the service.

23

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Timing.

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes.

10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Both options are needed—fast ferry for those on a strict schedule—conventional for
14 leisure travelers.

15

16 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
17 **fast ferry service between Point Judith, Newport, and Old Harbor?**

18 A. Yes.

19

20 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
21 **able to operate such a fast ferry service.**

22 A. We have done business w/Interstate Navigation for several years. We have found their
23 services meet all of our standards thus recommend them to operate a fast ferry service.

1 Q. Is there anything else you wish to add?

2 A. --

DIRECT TESTIMONY of

Thomas D. Donnelly of Celebration Tours

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Thomas Donnelly, 236 Presidents Lane, Quincy, MA 02169.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Celebration Tours, 500 Victory Road, Quincy, MA 02171.

6 Tour Operator.

7

8 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
9 **Block Island?**

10 A. Yes.

11

12 **Q. Approximately how often do you travel on Interstate's ferries?**

13 A. 15 to 20 buses x 50 passengers each bus.

14

15 BETWEEN POINT JUDITH AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
17 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
18 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
19 **friends, or customers (i.e. the public) use this service instead of Interstate's**
20 **conventional ferries?**

21 A. Some of the time.

22

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. It would allow more time on Block Island.

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 A. Yes.

10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 A. It will give the public more options to fit their individual needs.

14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 A. Probably not because of our location in Massachusetts.

21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. More convenience to travelers.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes.
10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Many people are in a hurry and this would help their schedules.
14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes.
18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. They have been extremely efficient and cooperative in every way in our dealings with
22 them. I'm sure that service would continue!
23

1 **Q. Is there anything else you wish to add?**

2 A. Whenever a company is very good at what it does, the chances are that they will also be
3 very good and successful as they expand.

DIRECT TESTIMONY of

David Eaton of Conway Tours

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. David Eaton, 3240 Mendon Road, Cumberland, RI 02864.

3
4 **Q. If you are employed, where you work and what do you do?**

5 A. (1) Conway Tours, Cumberland, RI

6 (2) General Manager

7
8 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
9 **Block Island?**

10 A. Yes.

11
12 **Q. Approximately how often do you travel on Interstate's ferries?**

13 A. Varies, depending on group demand.

14
15 BETWEEN POINT JUDITH AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
17 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
18 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
19 **friends, or customers (i.e. the public) use this service instead of Interstate's**
20 **conventional ferries?**

21 A. At times.

22

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 **A. Today, we are all concerned about time. The faster we can get somewhere the better.**

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 **A. Yes.**

10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 **A. Again, I think more people would travel to Block Island because it is faster.**

14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 **A. Yes.**

21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Same as above. Time.

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes.

10
11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Same.

14
15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes.

18
19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. They have been doing a great job for years and would love to add a new service to sell

22

23

1 Q. Is there anything else you wish to add?

2 A. --

DIRECT TESTIMONY of
Karen Smith of Enjoyable Journeys

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Karen Smith, Enjoyable Journeys, 40 Dean Street, Taunton, MA 02780.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. I work for Enjoyable Journeys in Taunton, MA. I put together motor coach tours.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. I currently book motor coach tour groups to Block Island usually around 5-10 per year.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. We usually book 5 - 10 groups to go over to Block Island on the ferry.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. I think that \$30 round trip is a bit high for this service so I probably would not use it
21 useless (sic) it was cheaper.

22

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. People take the boat to Block Island to see the island. They are in a hurry to get there so
5 they will be able to see everything there is to see.
6

7 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
8 **the public if Interstate Navigation Company operated a fast ferry service between**
9 **Galilee and Old Harbor, Block Island?**

10 A. Yes, people want to get to places more quickly so they can make the most of their day.
11

12 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
13 **Harbor and Point Judith operated by Interstate Navigation Company.**

14 A. People do not want to spend hours getting to Block Island. They want more time to
15 explore the island and can do this with faster service.
16

17 BETWEEN NEWPORT AND OLD HARBOR

18 **Q. If Interstate Navigation Company had a fast ferry service operating between**
19 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
20 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
21 **this service instead of Interstate's conventional ferries?**

22 A. I think \$30 round trip would be a little high for this service.
23

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Newport from where we are would be closer and less traffic then (sic) going to Port
5 Judith.

6
7 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
8 **the public if Interstate Navigation Company operated a fast ferry service between**
9 **Newport and Old Harbor?**

10 A. Yes I think it would be great if there was a fast ferry service out of Newport. It is more
11 convenient.

12
13 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
14 **and Old Harbor operated by Interstate?**

15 A. For us Newport is easier for us to get to then (sic) Port Judith. There would be less
16 traffic.

17
18 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
19 **fast ferry service between Point Judith, Newport, and Old Harbor?**

20 A. I think they would.

1 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
2 **able to operate such a fast ferry service.**

3 A. Interstate Navigation does a great job and giving it a faster service would make their
4 service better.

5

6 **Q. Is there anything else you wish to add?**

7 A. My group dealing with Interstate Navigations have been very positive and the people we
8 bring with us enjoy it as well.

DIRECT TESTIMONY of

Leone Leone

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Leone Leone.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Aldo's Bikes.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. Bi-weekly.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Yes, my customers and family.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. Time, ride (seasick).
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 A. Yes.
10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 A. People want to be dropped of (sic) in Old Harbor.
14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 A. Yes indeed.
21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Time and ride.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes, I have had call from customers in Newport.
10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Bring my customers! And people from Block Island to Newport.
14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes, of course.
18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. Because been in business for many year operating on time and have the resources.
22
23

1 **Q.** **Is there anything else you wish to add?**

2 **A.** Good luck.

DIRECT TESTIMONY of

David Laraway

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. David Laraway, Chapel Street, Block Island

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Self employed, construction.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. Bi-weekly.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Yes.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 **A. Get to destination quicker.**

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 **A. Yes.**

10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 **A. Once again, get to destination quicker.**

14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 **A. Yes.**

21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Get to destination quicker.

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Yes.

10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Get to destination quicker.

14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Absolutely.

18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. They have grown, and are more efficient. Also, they have tried a high speed years ago.

22

23

1 Q. **Is there anything else you wish to add?**

2 A. --

DIRECT TESTIMONY of

Robert J. Closter, Jr.

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Robert J. Closter, Jr., P.O. Box 732, Block Island, RI 02807.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Town of New Shoreham Recreation Director

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. @ least once a week.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Yes.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 **A. Convenience, timing.**

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 **A. Yes.**

10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 **A. --**

14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 **A. Yes.**

21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. Timing, short trips, convenience.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. Y [yes].
10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. Support the tourist industry which BI strives off of.
14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes.
18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. Provides great service already and sure will continue.
22
23

- 1 **Q.** **Is there anything else you wish to add?**
- 2 **A.** Have option to take either fast speed or normal.

DIRECT TESTIMONY of

Frank Reeves

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Frank Reeves, 76 Halstead Avenue, Apt. #2, Port Chester, NY 10573.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Purchase, NY – Commodity Trader.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. Weekly – seasonal.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. Yes.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. A more convenient way to travel.
5

6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 A. Yes.
10

11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 A. Same as above.
14

15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 A. N/A
21

1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**

4 A. N/A

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**

9 A. N/A

10

11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**

13 A. N/A

14

15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**

17 A. Yes.

18

19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**

21 A. I have always ridden the Block Island Ferry and I am pleased with the service provided.

22

23

1 Q. Is there anything else you wish to add?

2 A. --

DIRECT TESTIMONY of

Merrill Slate

Regarding Application by Interstate Navigation Company

d/b/a The Block Island Ferry

for

Water Carrier Certificates of Public Convenience and Necessity

To Operate a Fast Ferry (1) between Point Judith and Block Island (Old Harbor), and

(2) between Newport and Block Island (Old Harbor)

For

INTERSTATE NAVIGATION COMPANY

DOCKET No. _____

December 2004

1 **Q. What is your name and address?**

2 A. Mr. and Mrs. Merrill E. Slate, 478 Old Town Road, Block Island, RI 02807.

3

4 **Q. If you are employed, where you work and what do you do?**

5 A. Not employed.

6

7 **Q. Do you currently travel on Interstate Navigation Company's ferries to and from**
8 **Block Island?**

9 A. Yes.

10

11 **Q. Approximately how often do you travel on Interstate's ferries?**

12 A. As often as is necessary.

13

14 BETWEEN POINT JUDITH AND OLD HARBOR

15 **Q. If Interstate Navigation Company had a fast ferry service (also known as a high**
16 **speed ferry service) travelling between Point Judith and Old Harbor, Block Island**
17 **that took about 30 minutes, and cost about \$30 round-trip, would you, your family,**
18 **friends, or customers (i.e. the public) use this service instead of Interstate's**
19 **conventional ferries?**

20 A. We probably would not because we need a car, but we think it would be a good idea.

21

1 **Q. Please explain why you believe the public would prefer to use a fast ferry service**
2 **operated by Interstate between Point Judith and Old Harbor, Block Island rather**
3 **than Interstate's conventional ferries.**

4 A. It would save time for those who want to travel quicker.

5
6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Galilee and Old Harbor, Block Island?**

9 A. Yes.

10
11 **Q. Please explain why do you feel there is a public need for a fast ferry between Old**
12 **Harbor and Point Judith operated by Interstate Navigation Company.**

13 A. It would save time for those who do not have a car such as the day trippers.

14
15 BETWEEN NEWPORT AND OLD HARBOR

16 **Q. If Interstate Navigation Company had a fast ferry service operating between**
17 **Newport and Old Harbor, Block Island that took about 50 minutes, and cost about**
18 **\$30 round-trip, would you, your family, friends or customers (i.e. the public) use**
19 **this service instead of Interstate's conventional ferries?**

20 A. Yes. It would be a faster service for those who prefer to come from Newport.

21

- 1 **Q. Please explain why would you believe the public would prefer to use a fast ferry**
2 **service operated by Interstate between Old Harbor and Newport rather than**
3 **Interstate's conventional ferries?**
- 4 A. It would be quicker, but there would still be a need for the regular ferry service.
5
- 6 **Q. In your opinion, is there a public need and do you believe it would be convenient for**
7 **the public if Interstate Navigation Company operated a fast ferry service between**
8 **Newport and Old Harbor?**
- 9 A. Interstate has been serving the island for many years very ably.
10
- 11 **Q. Please explain why you feel there is a public need for a fast ferry between Newport**
12 **and Old Harbor operated by Interstate?**
- 13 A. We think Interstate should have the opportunity to have this service.
14
- 15 **Q. In your opinion, is Interstate Navigation Company fit, willing, and able to operate a**
16 **fast ferry service between Point Judith, Newport, and Old Harbor?**
- 17 A. Yes.
18
- 19 **Q. Please explain why you feel that Interstate Navigation Company is fit, willing, and**
20 **able to operate such a fast ferry service.**
- 21 A. Interstate has been serving the island for many years.
22
23

- 1 **Q. Is there anything else you wish to add?**
- 2 A. We think Interstate would do a good job at it.