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September 19, 2006

Luly Massaro  
Clerk  
Division of Public Utilities and Carriers  
89 Jefferson Blvd.  
Warwick, RI 02888

Re: Interstate Navigation  
Docket Nos. D-06-51, D-06-53

Dear Luly:

The Town of New Shoreham (the "Town") submits these Comments regarding Interstate Navigation Company's ("Interstate Navigation") applications to the Division for various Division approvals to implement its purchase of the Rhode Island assets of Island Hi-Speed Ferry ("IHSF")<sup>1</sup> and for the issuance of long term debt in the amount of approximately \$5.6 million for purposes of funding its purchase of IHSF's Rhode Island assets.

**Interstate's Navigation's Asset Purchase Application**

The Town and Interstate Navigation have entered into a Stipulation whereby Interstate Navigation has committed to providing the Town with 180 days' advance notice of any reactivation of the fast ferry New Harbor CPCN now held by IHSF or the Newport leg of its fast ferry CPCN.

**Interstate's Navigation's Long-Term Financing Application**

The Town does not oppose Interstate Navigation's long term financing application; however, the Town is concerned that the cost and reliability of conventional "lifeline" ferry service not be adversely affected by Interstate's simultaneous operation of fast ferry service, given that the proposed long term debt used to acquire IHSF's Rhode Island assets will be

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<sup>1</sup> Interstate Navigation has requested Division approval of: (1) the purchase of IHSF Rhode Island assets; (2) the elimination of all restrictions on Interstate Navigation's fast ferry CPCN; (3) the elimination of all restrictions on IHSF's fast ferry CPCN; (4) transfer of IHSF's fast ferry CPCN to Interstate Navigation and approval to hold that CPCN in dormant status indefinitely; and (5) approval to continue to hold the Newport leg of Interstate Navigation's fast ferry CPCN in dormant status.

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secured in part by Interstate Navigation assets used to provide conventional "lifeline" ferry service.

The issue of how Interstate's fast ferry operations should be treated for purposes of conventional ferry ratemaking is now before the Commission in Interstate's pending rate case. The Town has intervened in Interstate Navigation's pending rate case and will address these rate-related issues in that case.<sup>2</sup>

The Town would appreciate be kept on the service list in these matters, although it has opted not to intervene.

Do not hesitate to contact me if the Division has any questions concerning the Town's Comments.

Very truly yours,



Alan D. Mandl, Bar No. 6590

cc: John Spirito, Esq.  
Service List

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<sup>2</sup> The Town understands that the Division will defer to the Commission any issues regarding the treatment of Interstate's high speed operations for purposes of establishing rates for conventional "lifeline" ferry service. *In Re: Application By Interstate Navigation Company for Water Carrier Authority*, Docket No. D-05-06 (January 23, 2006) at 69 (citing *O'Neil v. Interstate Navigation Company*, 565 A.2d 530(R.I. 1989)).