

# Schacht & McElroy

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March 26, 2013

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

Re: Interstate Navigation Company – New Fast Ferry Report and Interstate’s Application to Modify its Fast Ferry Water Carrier Certificate of Public Convenience and Necessity (CPCN Certificate No. W-1169 dated January 18, 2012) and to relinquish its Conventional Ferry Water Carrier Certificate No.’s 2 and 3 (dated June 25, 1954).

Dear Luly:

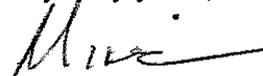
As you know, this office represents Interstate Navigation Company d/b/a The Block Island Ferry (Interstate).

Enclosed on behalf of Interstate are the original and five copies of a Status Report and Application supported by the direct testimony of Walter E. Edge, Jr. Mr. Edge’s testimony is in support of Interstate’s New Fast Ferry Report and Interstate’s Application to Modify its Fast Ferry Water Carrier Certificate of Public Convenience and Necessity (CPCN Certificate No. W-1169 dated January 18, 2012) and to relinquish its Conventional Ferry Water Carrier Certificate No.’s 2 and 3 (dated June 25, 1954).

I understand you will publish a notice in the *Providence Journal*. If you would like my assistance in preparing the notice, I would be happy to do so.

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

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Susan E. Linda  
Walter E. Edge, Jr.  
Leo Wold, Esq.  
Katherine Merolla, Esq.  
Mark McSally, Esq.  
Block Island Town Clerk (certified mail)  
Narragansett Town Clerk (certified mail)  
Newport City Clerk (certified mail)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: INTERSTATE NAVIGATION COMPANY : Docket No. D-12-\_\_\_\_\_

INTERSTATE NAVIGATION COMPANY'S NEW FAST FERRY STATUS REPORT AND APPLICATION TO MODIFY ITS FAST FERRY WATER CARRIER CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY (CPCN CERTIFICATE NO. 1169 DATED JANUARY 18, 2012) AND TO RELINQUISH ITS CONVENTIONAL FAST FERRY CPCN NOS. 2 AND 3 (DATED JUNE 25, 1954)

**STATUS REPORT**

Interstate Navigation Company d/b/a The Block Island Ferry (Interstate), by its undersigned counsel, and supported by the direct testimony of Walter E. Edge, Jr., hereby files the Status Report required by the Division in Order No. 20730 in Docket No. D-06-51 and D-06-53 dated May 8, 2012. That Order directed Interstate to file a Status Report with the Division on or before May 1, 2013 to apprise the Division of the progress being made with respect to the repairs and upgrades to the new fast ferry vessel to be operated primarily between Newport and Block Island and to provide a time estimate for when Interstate expects to begin service with the new vessel.

As shown by the testimony of Mr. Edge, the new vessel M/V Islander has been purchased by Interstate and is undergoing substantial repair, rehabilitation, and upgrades. Interstate expects to have the new vessel in service for the coming summer season of 2013. Interstate has also secured an agreement with the City of Newport to allow for day time docking of the new fast ferry vessel at Perrotti Park in downtown Newport commencing approximately June 22, 2013. The vessel cannot be docked overnight at Perrotti Park. Therefore, it must be docked overnight in Point Judith (as was the previous conventional vessel (M/V Nelseco) that was used on the Newport to Block Island run). Therefore, Interstate will be running the first fast ferry run of the morning for the Newport operation from Point Judith to Newport.

**APPLICATION TO MODIFY FAST FERRY CPCN NO. 1169**

Although Interstate has had authorization to operate a conventional ferry between Point Judith and Newport since 1954 (CPCN No. 3), it needs authority to operate a fast ferry between Point Judith and Newport. Accordingly, Interstate also hereby applies to the Division to modify its fast ferry water carrier Certificate of Public Convenience and Necessity No. W-1169 dated January 18, 2012 to add authority to operate a seasonal fast ferry from Point Judith to Newport.

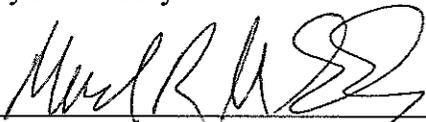
**APPLICATION TO RELINQUISH CONVENTIONAL CPCN NOS. 2 AND 3**

Upon the granting of this modification, Interstate will automatically relinquish its conventional ferry CPCN's No. 2 and 3, which will no longer be needed and will be automatically relinquished.

For more details related to this Status Report and Application to modify the fast ferry CPCN, and relinquishing conventional CPCN Nos. 2 and 3, please see the attached testimony of Walter E. Edge, Jr., which is incorporated by reference into this motion.

Respectfully submitted,  
Interstate Navigation Company  
By its attorney

Dated: 3/26/13

  
\_\_\_\_\_  
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Tel: (401) 351-4100  
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[Michael@McElroyLawOffice.com](mailto:Michael@McElroyLawOffice.com)

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that I served by first class mail, postage-paid, a true and accurate copy of the within Application on this 26<sup>th</sup> day of March 2013 to:

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

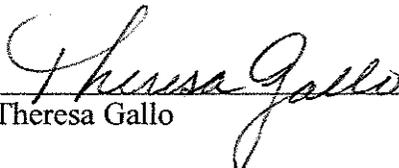
Katherine Merolla, Esq.  
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469 Centerville Road, Suite 206  
Warwick, RI 02886

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Kelly, Kelleher, Reilly & Simpson  
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Block Island Town Clerk  
P.O. Drawer 220  
Block Island, RI 02807

Newport City Clerk  
City Hall  
43 Broadway  
Newport, RI 02840

Narragansett Town Clerk  
Town Hall  
25 Fifth Avenue  
Narragansett, RI 02882

  
\_\_\_\_\_  
Theresa Gallo

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

**New Fast Ferry Status Report**

**And**

**Interstate's Application to Modify its Fast Ferry  
Water Carrier Certificate of Public Convenience and Necessity  
(CPCN Certificate No W-1169 dated January 18, 2012)**

**And to Relinquish its**

**Conventional Ferry Water Carrier CPCN No.'s 2 and 3 (dated June 25, 1954)**

**For**

**INTERSTATE NAVIGATION COMPANY**

**DOCKET NO. D-13- \_\_\_\_**

**March 2013**

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 21 Dryden  
3 Lane, Providence, Rhode Island, 02904.

4

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

6 A. I am the Consulting Department Director and Sr. Vice President of B&E Consulting  
7 LLC. B&E is a CPA firm that specializes in utility regulation, expert rate and accounting  
8 testimony, school budget reviews (expert testimony), tax preparation and accounting  
9 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 a status report on its new fast ferry (the *MV*  
11 *Islander*) which will operate between Point Judith and Newport, Newport and Block  
12 Island, and Block Island and Point Judith. In addition, I will provide expert testimony in  
13 support of Interstate's application to 1) modify Interstate's Fast Ferry Certificate of Public  
14 Convenience and Necessity (CPCN) No. W-1169 to operate a fast ferry between Point  
15 Judith and Newport and 2) relinquish Interstate's Conventional Ferry CPCNs No. 2  
16 (between Newport and Block Island) and No. 3 (between Newport and Point Judith).  
17 (Please note that Interstate previously relinquished the Providence to Newport leg of  
18 CPCN No. 2).

19

20

21

### **New Fast Ferry Status Report**

22

23 **Q. What is the current status of the implementation of a new fast ferry between**  
24 **Newport and Block Island?**

25 A. Interstate has purchased a fast ferry formerly called the *MV* Royal Miss Belmar that  
26 Interstate had re-named the *MV* *Islander* (See Exhibit 1). This vessel was damaged and  
27 Interstate paid approximately \$440,000 for the vessel. Repairs to the vessel are expected  
28 to exceed \$1,000,000. Interstate is on schedule for a launch of the vessel for the  
29 Interstate's 2013 summer season.

30

1 **Q. What expenditures are being made to the *MV* Islander?**

2 A. The major expenditures are 1) main engine rebuilds (about \$300,000), 2) engine and  
3 related parts installation (about \$160,000), 3) new generators (about \$60,000), 4) water  
4 jet rebuilds (about \$100,000), and 5) interior renovations (about \$190,000).

5  
6 **Q. What is the expected schedule for the fast ferry?**

7 A. The fast ferry is expected to leave Point Judith daily (8 AM) and arrive in downtown  
8 Newport (8:40 AM) at Perrotti Park (See Exhibit 2). The vessel will then make three 1  
9 hour and 15 minute runs to Block Island and returning twice (also 1 hour and 15 minute  
10 runs). It will end the day with a run from Block Island at 8:15 PM and arrive back at  
11 Point Judith at 8:50 in the evening.

12  
13 **Q. Under what Certificate of Public Convenience and Necessity (CPCN) are these**  
14 **fast ferry services provided?**

15 A. Interstate has a fast ferry certificate, CPCN NO. W-1169 (See Exhibit 3), which reads  
16 as follows:

17  
18 **The authority conferred by this CPCN NO. W-1169 further authorizes the**  
19 **holder to:**

- 20  
21 **1. Operate as a seasonal “fast ferry” water carrier of passengers and freight**  
22 **between Point Judith and Old Harbor, Block Island.**  
23 **2. Operate as a seasonal “fast ferry” water carrier of passengers and freight**  
24 **between Newport and Old Harbor, Block Island.**  
25 **3. Operate as a seasonal “fast ferry” water carrier of passengers and freight**  
26 **between (1) Point Judith and Old Harbor, Block Island; and (2) Newport**  
27 **and Old Harbor, Block Island, with a vessel that is materially consistent**  
28 **with the “originally planned larger car/freight/passenger fast ferry”**  
29 **described in Docket No. D-05-06. THIS REQUIREMENT IS**  
30 **CURRENTLY SUSPENDED (See Order No. 19599).**  
31  
32  
33  
34

1 **Q. Which of the above authorizations are applicable to the new fast ferry service?**

2 A. Authorization 2 above authorizes seasonal fast ferry service between Newport and  
3 Block Island and therefore covers the majority of the proposed *MV* Islander runs.  
4 Authorization 1 above authorizes all of the *MV* Athena's runs (between Point Judith and  
5 Old Harbor, Block Island). Interstate believes that Authorization 1 also authorizes the  
6 *MV* Islander's last run of the day (between Old Harbor, Block Island and Point Judith).

7  
8 **Q. It appears that the *MV* Islander's schedule includes one additional run not  
9 currently covered by the authorizations in CPCN W-1169, is that correct?**

10 A. That is correct. The initial seasonal fast ferry run to be made each day by the *MV*  
11 Islander from Point Judith to Newport is not currently covered by CPCN W-1169.  
12 Therefore, although this service has been provided with a conventional (slower) ferry for  
13 many years, there will now be a new fast ferry service providing this service which  
14 requires Division authorization. Therefore, a modification of CPCN No. W-1169 to add  
15 this fast ferry run is requested.

16  
17  
18 **Application to Modify the Fast Ferry**

19 **Water Carrier Certificate of Public Convenience and Necessity**

20 **(CPCN No W-1169 dated January 18, 2012)**

21  
22 **Q. What is required to get approval for a service and the issuance of a CPCN (in  
23 this case the modification of a CPCN)?**

24 A. An applicant must show that it is fit, willing, and able to provide the requested  
25 service and the applicant must show that the public convenience and necessity require the  
26 requested service. To this end, I will evaluate and comment on the following areas:

27  
28  
29

- 1           1. Based upon my experience (including my experience with this Division), and  
2           my significant knowledge of Interstate's financial position and operations, I  
3           will provide testimony relating to Interstate's fitness, willingness and ability to  
4           operate the proposed seasonal fast ferry service between Point Judith and  
5           Newport. My testimony will primarily relate to the Company's financial  
6           fitness and operating ability.  
7  
8           2. I will provide my testimony relating to the public convenience and necessity  
9           of the service.  
10  
11          3. Lastly, I will provide the impact on Interstate's financial position and rates if  
12          the requested modification to CPCN W-1169 is authorized.  
13

14   **Q. What did you review in order to provide your testimony?**

15   A. I have reviewed the May 31<sup>st</sup> 2012 financial statements of Interstate Navigation, the  
16   May 31<sup>st</sup> 2012 PUC annual report of Interstate Navigation, the proposed fast ferry run  
17   between Point Judith and Newport, the projected revenue that will be generated, and the  
18   current statistics of passenger travel already being provided from Point Judith to Newport  
19   on the conventional ferry.  
20

21   **Q. Form your review of the financial statements and your knowledge of**  
22   **Interstate's overall operations is it your professional opinion that Interstate is fit,**  
23   **willing and able to run a seasonal fast ferry service from Point Judith to Newport?**

24   A. Yes. Given that Interstate 1) has for many years successfully run a year round life  
25   line ferry operation using four conventional ferry vessels between Point Judith and Block  
26   Island 2) has for many years run a seasonal conventional vessel from Point Judith to  
27   Newport to Block Island and return, and 3) has run a seasonal fast ferry service from  
28   Point Judith to Block Island in recent years, the answer is unequivocally yes.  
29

1 **Q. Mr. Edge in your opinion, is there a need (“a public necessity”) for the new fast**  
2 **ferry seasonal service between Point Judith and Newport as proposed by Interstate?**

3 A. Yes there is. There are actually a few needs for Interstate to provide a fast ferry from  
4 Point Judith to Newport. The first need is to replace the current conventional seasonal  
5 service from Point Judith to Newport which will be discontinued with the start of this  
6 new fast ferry service. This new seasonal fast ferry service will provide a much  
7 smoother and faster ride for Interstate’s customers from Point Judith to Newport.  
8 Although ridership on this run has been very small (less than 100 passengers per season)  
9 using the conventional vessel, Interstate does not want to eliminate the service, but rather  
10 Interstate wants to improve the service.

11  
12 Interstate believes that part of the reason for low ridership in the past was the fact that  
13 Interstate’s conventional service landed at Fort Adams instead of downtown Newport.  
14 This new fast ferry service will be landing at Perrotti Park in downtown Newport which is  
15 convenient to tourist sites, restaurants, shopping, etc. The conventional ferry vessel  
16 previously used for this run was too big to land at Perrotti Park and Interstate was unable  
17 to find any other downtown landing location.

18  
19 **Q. Mr. Edge you said that there was more than one need, what are the other**  
20 **needs?**

21 A. The second need is a location issue. Interstate cannot dock its new fast ferry at  
22 Perrotti Park over-night so it will be docking the new fast ferry in Point Judith over-night  
23 and will make its first run in the morning to Newport, allowing it the ability to carry  
24 passengers for no additional operating cost. This maximizes revenues which is  
25 beneficial to the Company and the ratepayers.

26  
27 **Q. Is the Point Judith to Newport fast ferry run an integral part of the new fast**  
28 **ferry schedule that will provide service to/from Newport and Block Island?**

29 A. Yes. The seasonal service from Newport to Block Island was previously provided  
30 by a conventional ferry vessel (the *MV Nelseco*). Interstate previously provided only one

1 round trip per day (summers only) leaving from Newport (Fort Adams) at 9:15 AM and  
2 returning from Old Harbor at 4:45 PM. Sailing time each way was about two hours, for  
3 a total of four hours on the water. Passengers could not travel by ferry from Block Island  
4 to Newport and return in the same day. Further, passengers could not travel back and  
5 forth between Newport and Block Island for shorter than a full day visit. This new fast  
6 ferry service from Point Judith to Newport is an important part of the already approved  
7 fast ferry service between Newport and Old Harbor, Block Island.

8

9 As stated above, the proposed fast ferry service will allow Interstate to run three trips  
10 from Newport to Block Island and two return trips (a little over an hour on the water each  
11 way). At the end of the day, the fast ferry will return to its mooring berth in Point Judith.  
12 Interstate believes that this schedule will address many needs currently not serviced by  
13 the one trip per day conventional service between Newport and Block Island. For  
14 example, this fast ferry service will allow individuals and families in Newport to enjoy a  
15 half day (or more if they chose) to visit Block Island. It will also allow Block Island  
16 residents and guests the opportunity to enjoy a half day (or more in Newport) and return  
17 the same day. This opens the door for an entirely new customer base not being serviced  
18 at this time. This initial run each day (Point Judith to Newport) is essential to allow for  
19 all of the subsequent needs to be filled for travelers between Newport and Block Island.

20

21 **Q. Mr. Edge, can Interstate afford this new fast ferry run from Point Judith to**  
22 **Newport?**

23 A. Yes. Interstate will have to make the run with or without passengers. It only makes  
24 sense to allow passenger to ride on this run.

25

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

27 A. Interstate reviewed local fast ferry rates such as the rates for the *MV Athena* (\$18.50  
28 one way) and the rates for the Massachusetts Steamship Authority's (MSA) Fast Ferry  
29 from the Cape to Nantucket (about 29 miles) \$35.00 one way.

1 The MSA also encourages ridership on weekdays with a discount rate of \$50.00 round  
2 trip Monday through Thursday. Given that the *MV Islander* will be traveling 26 miles,  
3 which is further than the *MV Athena* (13 miles), the price for the Block Island to Newport  
4 run should be greater than \$18.50. Given that the trip from the Cape to Nantucket (29  
5 miles) is slightly greater than the Block Island to Newport trip, the *MV Islander* rate  
6 should be less than the \$35.00. Therefore, the *MV Islander* rate should be between  
7 \$18.50 and \$35.00. Interstate thinks that the \$50.00 discount round trip rate (\$25.00 one  
8 way) charged by the MSA for the weekday trip to Nantucket is a reasonable surrogate for  
9 the *MV Islander* initial one way rate whether from Point Judith to Newport, Newport to  
10 Block Island and Block Island back to Newport. For the last *MV Islander* run of the day  
11 Interstate intends to use the *MV Athena* rate for the *MV Islander* for the trip from Block  
12 Island back to Point Judith.

13

14 **Q. How will this new fast ferry service from Point Judith to Newport generate new**  
15 **customers?**

16 A. The *MV Islander* will be faster and much more comfortable than the *MV Nelseco* was.  
17 Passengers will disembark right in downtown Newport and not at Fort Adams (far away  
18 from most tourist activities). Passengers would be able to then go to Block Island for  
19 dinner and then back to Point Judith in the evening on the 8:15 PM boat. Interstate  
20 believes that this new service will appeal to a whole host of new customers.

21

22 **Q. What is interstate requesting regarding modification of CPCN W-1169 to reflect**  
23 **the new fast ferry service from Point Judith to Newport?**

24 A. Interstate requests that CPCN W-1169 be modified to reflect the following: (1) a  
25 new authorization (shown as the new number 3 highlighted below), and (2) the existing  
26 number 3 be changed to 4 so that the new CPCN No. W-1169 would be modified to read  
27 in pertinent part as follows:

28

- 29 1. Operate as a seasonal “fast ferry” water carrier of passengers and freight  
30 between Point Judith and Old Harbor, Block Island.

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- 2. Operate as a seasonal “fast ferry” water carrier of passengers and freight between Newport and Old Harbor, Block Island.
- 3. Operate as a seasonal “fast ferry” water carrier of passengers and freight from Point Judith to Newport.**
- 4. Operate as a seasonal “fast ferry” water carrier of passengers and freight between (1) Point Judith and Old Harbor, Block Island; and (2) Newport and Old Harbor, Block Island, with a vessel that is materially consistent with the “original planed larger car/freight/passenger fast ferry” described in Docket No. D-05-06. THIS REQUIREMENT IS CURRENTLY SUSPENDED (See Order No. 19599).

This would provide for all Interstate’s fast ferry operations on one fast ferry CPCN.

**Q. Will any of Interstate’s other CPCNs be changed?**

A. Yes. If this modification is approved Interstate’s Water Carrier Conventional CPCN No. 2 (Exhibit 4) and CPCN No. 3 (Exhibit 5) can be eliminated.

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

A. Yes

1 DHS, USCG CG-1270 (REV. 06-04)

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1625-0027

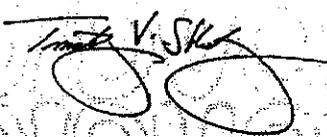
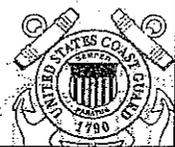


# UNITED STATES OF AMERICA

DEPARTMENT OF HOMELAND SECURITY  
UNITED STATES COAST GUARD

NATIONAL VESSEL DOCUMENTATION CENTER

## CERTIFICATE OF DOCUMENTATION

VESSEL NAME ISLANDER		OFFICIAL NUMBER 1100671	IMO OR OTHER NUMBER 8994207	YEAR COMPLETED 2000	
HAILING PORT BLOCK ISLAND RI		HULL MATERIAL ALUMINUM		MECHANICAL PROPULSION YES	
GROSS TONNAGE 245 GT ITC .96 GRT	NET TONNAGE 99 NT ITC 65 NRT	LENGTH 89.6	BREADTH 32.0	DEPTH 10.2	
PLACE BUILT TUCKAHOE NJ					
OWNERS INTERSTATE NAVIGATION COMPANY INC			OPERATIONAL ENDORSEMENTS COASTWISE		
MANAGING OWNER THE INTERSTATE NAVIGATION COMPANY INC 14 EUGENE O'NEILL DRIVE PO BOX 482 NEW LONDON CT 06320					
RESTRICTIONS NONE					
ENTITLEMENTS NONE					
REMARKS None					
ISSUE DATE SEPTEMBER 25, 2012		 DIRECTOR, NATIONAL VESSEL DOCUMENTATION CENTER			
THIS CERTIFICATE EXPIRES					
SEPTEMBER 30, 2013					
					

## Agreement

This Agreement is made as of March 13, 2013, by and between Interstate Navigation Company, 304 Great Island Road, PO Box 3333, Narragansett, R.I. 02882 ("Interstate"), and The City of Newport, c/o Jane Howington, City Manager, Newport City Hall, 43 Broadway, Newport, R.I. 02840 ("Newport").

WHEREAS, on November 14, 2012, the Newport City Council approved a Resolution of the Council No. 2012-169:

RESOLVED: that the request of Interstate Navigation Company for the use of the Perrotti Park Facility to operate a fast ferry between Newport and Block Island is approved for a one year trial period, contingent upon the cost of any necessary pier upgrades to accommodate the ferry to be borne by the Ferry operator.

AND BE IT FURTHER

RESOLVED: that the Mayor is authorized to sign any documents deemed necessary for the aforementioned use, upon review by the City Solicitor's Office, on behalf of the City, and

WHEREAS, Newport seeks to provide a ferry operator to utilize the City's Marine Transportation Center, thus increasing the travel options for the residents of Newport, Aquidneck Island, and the State of Rhode Island, and promote tourism to the City of Newport, and

WHEREAS, Interstate seeks to establish a new fast ferry service linking the communities of Newport, R.I. and Block Island, R.I., utilizing the docks owned by the City of Newport at Perrotti Park.

NOW THEREFORE, for consideration paid, the receipt and sufficiency of which is acknowledged, Newport agrees to the use of the "A" dock at Perrotti Park by Interstate upon the following terms and conditions:

1. The term of this Agreement shall be for one year. Interstate will use the "A" dock for ferry runs commencing approximately June 22, 2013 and continuing through approximately September 2, 2013. At the end of the 2013 summer season, Interstate may at its option, continue ferry operations from the "A" dock from approximately September 2013 through and including June 2014, subject to the approval of the Newport Harbormaster and the City Administration, which approval will not be unreasonably withheld or delayed.
2. Interstate shall pay for the cost to upgrade the "A" Dock to accommodate its ferry, including the addition of cleats or bitts to secure the vessel to the dock.
3. Interstate will have the right to utilize the south side (berth) of the "A" Dock at Perrotti Park, unless directed to utilize a different berth at the reasonable discretion of the Newport Harbormaster when it is necessary such as in the event of a weather condition or other contingency.
4. Interstate agrees to provide at its expense a loading ramp/gangway arrangement for passenger loading/unloading that will remain at the vessel berth on the "A" Dock.
5. Interstate agrees to operate the ferry for three (3) arrivals and departures per calendar day during its summer season, with the times subject to the reasonable review and approval of the Newport Harbormaster, which approval will not be

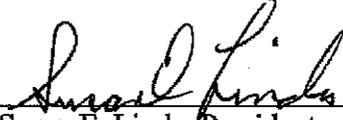
unreasonably withheld or delayed. The run times will be displayed in Interstate's published ferry schedule.

6. Interstate agrees to operate its ferry upon the waters of Newport Harbor at no wake speed, observing the posted speed limit of 5 knots, and in accordance with applicable Newport regulations and ordinances.
7. Interstate agrees to limit the "jet wash" of the ferry ISLANDER (or any substitute vessel) during the docking and un-docking maneuvers of the vessel at Perrotti Park. The Company agrees to not leave the main propulsion systems engaged generating jet wash and agrees to secure the main engines while docked and loading/unloading passengers at the Perrotti Park docks.
8. Interstate agrees to provide an employee to provide information and guidance to ferry passengers waiting for the vessel to arrive or depart Perrotti Park. Also, Interstate agrees that its employee will stage all of the waiting passengers in the public areas of Perrotti Park, and not on the floating docks.
9. Interstate agrees to provide adequate insurance coverage to protect the City from damage to the piers and docks.
10. Newport agrees that Interstate will have the right to the berth at the south side of the "A" Dock at Perrotti Park, unless Interstate is directed to utilize a different berth at the reasonable discretion of the Newport Harbormaster when it is necessary such as in the event of a weather condition or other contingency.
11. Interstate agrees to pay to Newport for landing at the Perrotti Park dock in accordance with Attachment A appended herein.

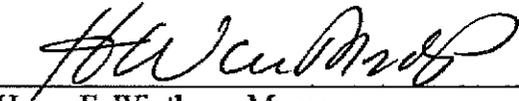
12. This Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island.
13. Interstate is authorized to erect a simple sign identifying Perrotti Park as a place of business of the "Block Island Ferry," which sign will be subject to the reasonable approval of the Harbormaster, which approval will not be unreasonably withheld or delayed.

IN WITNESS THEREOF, the parties have executed this Agreement by their duly authorized officers as of the above mentioned date.

INTERSTATE NAVIGATION COMPANY

By:   
Susan E. Linda, President

CITY OF NEWPORT

By:   
Henry F. Winthrop, Mayor

APPROVED AS TO FORM:



STATE OF Connecticut  
COUNTY OF New London

In New London, CT., on the 18<sup>th</sup> day of March, 2013, before me personally appeared Susan E. Linda, the President of INTERSTATE NAVIGATION CO., to me known and known by me to be the party executing the foregoing instrument for and on behalf of INTERSTATE NAVIGATION CO., and she acknowledged said instrument by her executed to be her free act, her free act and deed in her capacity as aforesaid, and the free act and deed of INTERSTATE NAVIGATION CO.

Brian J. Cox  
Notary Public

My commission expires: 1/31/2018

STATE OF RHODE ISLAND  
COUNTY OF NEWPORT

In Newport on the 21<sup>st</sup> day of March, 2013, before me personally appeared Henry F. Winthrop, Mayor of Newport, to me known and known by me to be the party executing the foregoing instrument for and on behalf of City of Newport, Rhode Island, and he acknowledged said instrument, by him executed to be his free act and deed, his free act and deed in his capacity as aforesaid and the free act and deed of the City of Newport.

Kathleen M. Dunn  
Notary Public  
Kathleen M. Dunn  
My commission expires: 8/20/13

Attachment A

Perrotti Park Marine Terminal

Interstate Navigation – Fast Ferry

Schedule of Fees

Newport City Council Approved Permit **\$750 (annual)**

Vessel owners /operators wishing to utilize the Perrotti Park Marine Terminal shall apply for a Perrotti Park Marine Terminal Permit issued by the Newport City Council. Vessel owners or operators are responsible for providing a detailed schedule to the Harbor Division Prior to the operating season. Any changes to the schedule must be received in writing and are the responsibility of the Vessel owner /operator. Daily schedule changes due to weather or equipment failure require immediate notification in writing to the Harbor Division. Vessel owner operators not performing to the posted schedule risk revocation of permit.

Special Events Permit (Only available to current permit holders)

A Special Events Permit is required for any event which is recognized as such by the City of Newport and increases the approved operator's passenger capacity by employment of additional vessels.

Special Events Permit Fee = **\$50/per vessel**

Vessel Size Restrictions

No Vessels over 100 feet will be permitted to utilize the Perrotti Park Marine Terminal without special authorization of the Newport City Council. Vessels over 50 feet will be required to pay an additional landing fee of: **\$25/landing**

Rental of Office Space

Use of Harbormaster office for the purpose of ticket sales. **\$50/day**

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
 DIVISION OF PUBLIC UTILITIES AND CARRIERS  
 89 JEFFERSON BOULEVARD  
 WARWICK, RHODE ISLAND 02888

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

INTERSTATE NAVIGATION COMPANY  
 14 EUGENE O'NEILL DRIVE  
 NEW LONDON, CONNECTICUT 06320

COMMON CARRIER OF PERSONS AND PROPERTY UPON WATER BETWEEN TERMINI  
 (WATER CARRIER)

CERTIFICATE NO. W- 1169

This Certificate of Public Convenience and Necessity ("CPCN") is hereby issued by the Rhode Island Division of Public Utilities and Carriers ("Division") to the Interstate Navigation Company, 14 Eugene O'Neill Drive, New London, Connecticut 06320. This CPCN is being issued in conformance with the requirements prescribed in R.I.G.L. §§39-3-3 and 39-3-3.1, and further predicated upon findings made by the Division in the following dockets/report and orders: Docket No. 98 MC 16 (Order Nos. 15652 and 16146), Docket No. 02-MC-54 (Order No. 17007), Docket No. 02-MC-56 (Order No. 17081), Docket No. D-05-06 (Order No. 18506), Consolidated Docket Nos. D-05-06, D-06-16 and D-06-17 (Order No. 18597) and Consolidated Docket Nos. D-06-51 and D-06-53 (Order Nos. 18728, 19477, 19599 and 20625).

The authority conferred by this CPCN authorizes and requires the holder thereof to: (1) operate a vessel(s) that is capable of operating comparatively smoothly and quietly with a service speed of approximately 28 knots; (2) provide advanced ticketing and guaranteed seating, and (3) maintain amenities like airline seating, wall-to-wall carpeting, climate control (including A/C) and galley services.

The authority conferred by this CPCN further authorizes the holder to:

1. Operate as a seasonal "fast ferry" water carrier of passengers and freight between Point Judith and Old Harbor, Block Island.
2. Operate as a seasonal "fast ferry" water carrier of passengers and freight between Newport and Old Harbor, Block Island.
3. Operate as a seasonal "fast ferry" water carrier of passengers and freight between (1) Point Judith and Old Harbor, Block Island; and (2) Newport and Old Harbor, Block Island, with a vessel that is materially consistent with the "originally planned larger car/freight/passenger fast ferry" described in Docket No. D-05-06. THIS REQUIREMENT IS CURRENTLY SUSPENDED (See Order No. 19599).

The holder of this CPCN shall render service to the public pursuant to the authority herein granted, and shall comply with all rules and regulations and orders of the Division and the Public Utilities Commission; and that failure to do so shall constitute sufficient grounds for suspension, modification or revocation of this CPCN.

Dated and effective at Warwick, Rhode Island on January 18, 2012.

  
 Thomas F. Ahern, Administrator



STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
OFFICE OF PUBLIC UTILITY ADMINISTRATOR

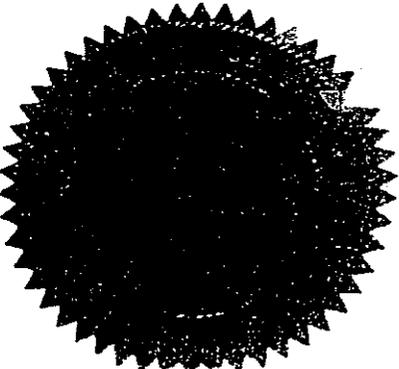
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CERTIFICATE OF CONVENIENCE AND NECESSITY  
FOR TRANSPORTATION BY WATER

NO. 2

THIS IS TO CERTIFY that INTERSTATE NAVIGATION COMPANY, a Connecticut corporation, having applied for a Certificate of Public Convenience and Necessity for the transportation by water of passengers and freight between Providence, Newport, and Block Island, Rhode Island; and the Public Utility Administrator, after investigation, having found that said applicant has qualified for said Certificate under the provisions of Section 55 of Chapter 122 of the General Laws of 1938, as amended, hereby grants this Certificate of Public Convenience and Necessity as evidence of the authority of the holder hereof to transport upon water passengers and freight between Providence, Newport, and Block Island, Rhode Island, subject, however, to such terms, conditions, and limitations as are now by law, or may hereafter be, attached to the exercise of the privileges granted herein.

June 25, 1954

  
*Thomas A. Kennedy*  
Public Utility Administrator

STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
OFFICE OF PUBLIC UTILITY ADMINISTRATOR

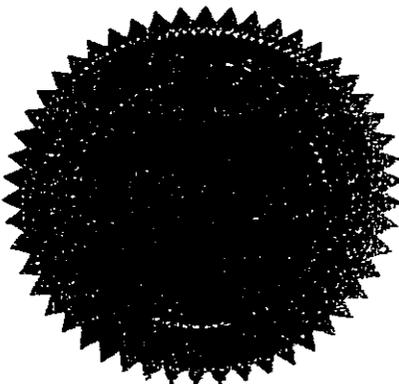
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CERTIFICATE OF CONVENIENCE AND NECESSITY  
FOR TRANSPORTATION BY WATER

NO. 3

THIS IS TO CERTIFY that INTERSTATE NAVIGATION COMPANY, a Connecticut corporation, having applied for a Certificate of Public Convenience and Necessity for the transportation by water of passengers and freight between Newport and Point Judith, Rhode Island; and the Public Utility Administrator, after investigation, having found that said applicant has qualified for said Certificate under the provisions of Section 55 of Chapter 122 of the General Laws of 1938, as amended, hereby grants this Certificate of Public Convenience and Necessity as evidence of the authority of the holder hereof to transport upon water passengers and freight between Newport and Point Judith, Rhode Island, subject, however, to such terms, conditions, and limitations as are now by law, or may hereafter be, attached to the exercise of the privileges granted herein.

June 25, 1954



*Thomas A. Kennedy*  
Public Utility Administrator