

# Schacht & McElroy

Michael R. McElroy  
Leah J. Donaldson

Attorneys at Law

Michael@McElroyLawOffice.com  
Leah@McElroyLawOffice.com

Members of the Rhode Island  
and Massachusetts Bars

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

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

May 27, 2015

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

RE: RHODE ISLAND FAST FERRY, INC.  
Docket No. D-13-51

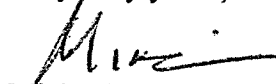
Dear Luly:

As you know, this office represents intervenor Interstate Navigation Company (Interstate) in this matter.

Enclosed for filing in this matter are an original and five copies of Interstate's More Responsive Responses to the Rhode Island Fast Ferry's 1<sup>st</sup> Set of Data Requests.

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

Very truly yours,



Michael R. McElroy

MRMc:tmg  
cc: Service List

*Interstate/Danadio/More Responsive Responses*

STATE OF RHODE ISLAND  
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: RHODE ISLAND FAST FERRY, INC. : DOCKET No. D-13-51

**INTERSTATE'S MORE RESPONSIVE RESPONSES TO  
RHODE ISLAND FAST FERRY FIRST SET OF DATA REQUESTS**

Dr. Edward M. Mazze – Prepared More Responsive Responses to Data Requests RIFF 1-6 through 1-11, 1-16, and 1-17  
Walter E. Edge, Jr., CPA – Prepared More Responsive Responses to Data Requests RIFF 1-32(a) and (c), 1-33, 1-34, 1-41(f) and (g), 1-46(g), 1-48(f) and (i), and 1-49.  
David G. Bebyn, CPA – Prepared information for More Responsive Responses to Data Requests RIFF 1-33, 1-34, and 1-48(f)

**RIFF 1-6 State who selected the actual survey takers, including how and why such selection was made.**

RESPONSE: The survey takers were selected by the individuals administering the survey. The survey takers selected every 10<sup>th</sup> purchaser of tickets for pre-selected ferries in the morning and early afternoon of July 31, 2013, August 12, 2013 and September 7, 2013. The interviewers were instructed to ask each respondent the same questions and record verbatim the responses on an individual survey form. If the purchaser of tickets did not want to take the survey, the interviewer was told to ask the next person in line. The objective was to obtain about 200 questionnaires for each day of the survey. Dr. Mazze determined that about 200 passengers a day would be representative of all passengers on traditional and hi-speed ferries traveling to Block Island from Point Judith during the summer months. Two hundred passengers a day represented about 10% of the passengers taking a ferry each day during the summer months.

MORE RESPONSIVE RESPONSE:

The individuals who administered the surveys were selected by Janette Centracchio. The individuals were Interstate summer employees who worked for Ms. Centracchio and were available at the time they were needed.

**RIFF 1-7 State each and every step taken by Mr. Mazze and Interstate to control for bias among the survey takers.**

RESPONSE: First, the questions asked on the survey were pretested to make sure that they were clear, not leading and precise. Second, the survey included open-ended questions about the passenger being surveyed and closed-ended questions where the passenger had a set of responses to choose from, namely, Yes or No. Third,

the surveys took place on different days, different weeks and in different months. Fourth, the names of respondents were not requested.

**MORE RESPONSIVE RESPONSE:**

See also pages 6 and 8 of Dr. Mazze's Prefiled Testimony.

**RIFF 1-8** State what Mr. Mazze knew about the bias of the survey takers, including any public comments they may have made prior to or at the time of the taking of the survey regarding RIFF's proposed Quonset service.

**RESPONSE:** Dr. Mazze was not aware of any public comments made by any of the survey takers prior to or at the time of the survey regarding RIFF's Quonset service.

**MORE RESPONSIVE RESPONSE:**

Dr. Mazze was not aware of any bias of those who administered the survey or any public comments they may have made prior to administering the survey.

**RIFF 1-9** Identify by name who gave the instructions to the survey takers referred to at page 8 lines 13-15 Mr. Mazze's Pre-filed Direct Testimony and specifically what instructions were given.

**RESPONSE:** The interviewers gave the instructions to each respondent. The respondents were told that the purpose of the survey was for marketing and promotion and that they would be asked a number of questions by the interviewer. The interviewer would record the answers verbatim on the individual survey form. At the end of the interview, the respondent was thanked.

**MORE RESPONSIVE RESPONSE:**

The instructions were given by Janette Centracchio.

**RIFF 1-10** Provide all details of the calculations used to arrive at the conclusion that RIFF will take as much as 20% of Interstate's total passengers.

**RESPONSE:** Dr. Mazze tabulated the answers to the questions on the three surveys and as a result of the tabulations, it was found that as much as 20% of the total passengers of Interstate's ferries during July, August and September would take a fast ferry from Quonset Point to Block Island.

**MORE RESPONSIVE RESPONSE:**

Pages 5 through 11 of the Direct Testimony of Edward M. Mazze described the marketing research study conducted in July, August, and September 2013 to determine if passengers of Interstate's hi-speed ferry and traditional ferry would

travel to Block Island on a fast ferry from Quonset Point under various pricing scenarios.

The results of the three surveys were: 17% (or 59 of the 351 passengers) of traditional ferry respondents answered they would take the fast ferry from Quonset Point to Old Harbor, Block Island if the round-trip cost was \$50, and 27% (or 71 of the 263 passengers) of high speed ferry respondents answered they would take the fast ferry from Quonset Point to Old Harbor, Block Island if the round-trip cost was \$50.

Of the 614 respondents to the survey, 130 answered (or 21% of the 614 respondents) that they would take the fast ferry from Quonset Point to Old Harbor, Block Island if the round-trip cost was \$50.

**RIFF 1-11** What does Mr. Mazze predict as the minimum value of that statistic, if the stated maximum value is 20%.

RESPONSE: The percentage was determined by tabulating the responses to the three surveys. A minimum value to that statistic could be a different number if the survey was conducted at a different time of the year.

MORE RESPONSIVE RESPONSE:

Dr. Mazze has not predicted a minimum value.

**RIFF 1-16** Referring to Mr. Mazze's testimony on page 15, lines 4-6, provide a detailed explanation of the following:

**(d)** Did Mr. Mazze make any attempt to identify areas where Interstate might cut costs without significantly impacting service before giving this direct testimony;

RESPONSE: Dr. Mazze does not have sufficient information to answer this question.

MORE RESPONSIVE RESPONSE:

Dr. Mazze has not made any attempt to identify specific areas where Interstate might cut costs without significantly impacting service.

**RIFF 1-17** Referring to Mr. Mazze's testimony on page 15, lines 11-19, provide a detailed explanation of the following:

**(g)** In Mr. Mazze's opinion, if approximately 20% of Interstate's traditional and fast ferry would in essence "jump ship" and use a high speed ferry serve from Quonset based upon just location, price and

**travel time over water, what does that say about the adequacy of Interstate's existing service.**

RESPONSE: The study was not designed to measure service. The study presented a number of scenarios about a potential port of departure for Interstate Navigation at Quonset Point as an addition to Interstate Navigation's three current ports of departure - Point Judith, Newport and Fall River.

MORE RESPONSIVE RESPONSE:

In Dr. Mazze's opinion, this says nothing about the adequacy of Interstate's existing service.

---

*Mr. Edge*

---

**RIFF 1-32 Referring to Mr. Edge's Pre-filed Direct Testimony at page 5, lines 16-24, provide a detailed explanation of the following:**

- (a) **If in fact Interstate loses fast ferry ridership to RIFF why should not Interstate shareholders either absorb the losses, lease their fast ferry or sell it to protect Interstate's lifeline customers;**

RESPONSE: Interstate's stockholders receive no gains from fast ferry services so a loss of revenue is absorbed by the traditional ratepayers who get all of the benefit of the fast ferry operations. Interstate does lease its fast ferry as often as it can and those revenues have been given to the traditional ratepayers. If Interstate sells the fast ferry service the new owner would reap the benefits of the fast ferry service as profit and Interstate's traditional ratepayers would lose the subsidy.

MORE RESPONSIVE RESPONSE:

By agreement, no more responsive response is necessary.

- (c) **Is Interstate a "for-profit business" in the generally accepted meaning of that phrase, or is Interstate exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;**

RESPONSE: Yes.

MORE RESPONSIVE RESPONSE:

Interstate is a for-profit business in the generally accepted meaning of that phrase.

**RIFF 1-33 Please provide Interstate's total annual hi-speed and traditional ridership statistics for the years 2006 to the present, broken down by persons carried on board its vessels and by ticket fare classification.**

RESPONSE: Objection – This is confidential and proprietary information. Moreover, this information is not needed to evaluate RIFF’s request for a CPCN if RIFF is not going to pirate Interstate’s customers.

MORE RESPONSIVE RESPONSE:

As amended by Hearing Officer Spirito, attached as “Attachment to RIFF 1-33” (under seal) is the requested information for 2012, 2013, and 2014. **This is to be treated as confidential and proprietary information and is not to be disclosed in any way.** This is being forwarded only to RIFF due to the confidential nature of the information.

**RIFF 1-34 Please provide Interstate’s vessel annual passenger utilization rates for its hi-speed and traditional operations for the years 2006 to the present, broken down by vessel, stating in your answer each vessel’s total passenger capacity according to its Certificate of Inspection.**

RESPONSE: Objection. Passenger utilization rates are confidential and proprietary information. Moreover this information is not needed to evaluate RIFF’s request for a CPCN if RIFF is not going to pirate Interstate’s customers.

MORE RESPONSIVE RESPONSE:

Please see “Attachment to RIFF 1-34,” which, as ordered by Hearing Officer Spirito, explains how Mr. Edge calculated passenger utilization rates for 2012, 2013, and 2014. **This is to be treated as confidential and proprietary information and is not to be disclosed in any way.** This is being forwarded only to RIFF due to the confidential nature of the information.

**RIFF 1-41 Referring to Mr. Edge’s Pre-filed Direct Testimony at pages 3, lines 28-32, 4, lines 1-2 and page 20, lines 13-15, provide a detailed explanation of the following:**

**(f) What was Interstate’s total fuel usage in gallons for the years 2012-2014;**

RESPONSE: Objection. This data request exceeds the scope of Interstate’s direct testimony. However, this is public information available at the DPUC.

MORE RESPONSIVE RESPONSE:

By agreement and Order of the Hearing Officer, no more responsive response is needed.

**(g) What was Interstate’s per gallon cost of fuel for the years 2012-2014;**

RESPONSE: Objection. This data request exceeds the scope of Interstate's direct testimony. However, this is public information available at the DPUC.

MORE RESPONSIVE RESPONSE:

By agreement and order of the Hearing Officer, no more responsive response is needed.

**RIFF 1-46 Referring to Mr. Edge's Pre-filed Direct Testimony at pages 19, lines 7-32 and 20, lines 1-3, provide a detailed explanation of the following:**

**(g) Is the fact that a potential RIFF customer may live outside Rhode Island make them insignificant for public convenience purposes;**

RESPONSE: No but serving them by RIFF instead of BIPCo will adversely impact Rhode Islanders who live on Block Island.

MORE RESPONSIVE RESPONSE:

The reference to "BIPCo" should read "Interstate," but otherwise, no more responsive response is needed, by agreement.

**RIFF 1-48 Referring to Mr. Edge's Pre-filed Direct Testimony at pages 20, lines 31-31 and 21, lines 1-2, provide a detailed explanation of the following:**

**(f) State the actual dollar amount of hi-speed profits used by Interstate to subsidize its traditional ferry rates, after all expenses and deductions were made, including sharing of any joint or common costs with its traditional operations, for the years 2006 to present;**

RESPONSE: This is public information that can be found at the PUC.

MORE RESPONSIVE RESPONSE:

As ordered by the Hearing Officer, the fast ferry subsidy to the traditional service was \$573,417 in 2012, \$268,870 in 2013, and \$684,318 in 2014.

**(i) Is it not true that the Commission considers non-Block Island Resident users of Interstate's services, including non-Resident users of Interstate's traditional ferries, as discretionary users who may "avoid...rate increases by not utilizing the services";**

RESPONSE: I will not comment on how the Commission considers non-BI Residents.

MORE RESPONSIVE RESPONSE:

By agreement, no more responsive response is needed.

**RIF 1-49 Referring to Mr. Edge's Pre-filed Direct Testimony at page 23, lines 14-16, provide a detailed explanation of the following:**

- (a) State specifically which of the conditions in Docket D-13-105 Interstate believes are applicable to this Docket and why.**

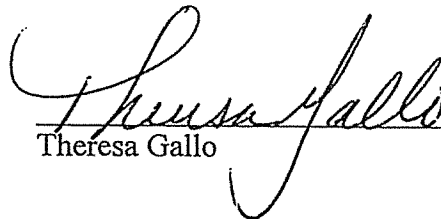
RESPONSE: Any Order of the Division regarding the issuance of CPCN when there are competitors for the service (like there are in this filing) can provide an expert witness (like me) with valuable knowledge as to how the Division is thinking about certain issues in a filing. Only someone who does not have significant experience testifying before the Division would ignore such an opportunity.

MORE RESPONSIVE RESPONSE:

It is up to the Division to determine which conditions, if any, should be applicable to this docket.

**CERTIFICATE OF SERVICE**

I hereby certify that on the 27<sup>th</sup> day of May, 2015, I sent a copy of the foregoing to the attached service list.

  
Theresa Gallo



Ridership Statistics by ticket fare classification *Attachment to RIFF 1-33*  
Interstate Navigation Company

CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED

CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED

CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED

CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED

**CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED**

**CONFIDENTIAL – SUBMITTED UNDER SEAL – NOT TO BE RELEASED**

**Rhode Island Fast Ferry (RIFF) – CPCN Application Docket No. D-13-51**  
**Updated 11/7/14**

<b>Name/Address</b>	<b>E-mail Address</b>	<b>Phone</b>
Alan Shoer, Esq. (for RIFF) James Hall, Esq. Adler Pollock & Sheehan One Citizens Plaza, 8 <sup>th</sup> Floor Providence, RI 02903-1345	<a href="mailto:Ashoer@apslaw.com">Ashoer@apslaw.com</a>	401-274-7200
	<a href="mailto:Jhall@apslaw.com">Jhall@apslaw.com</a>	
Charles A. Donadio, Jr., President RI Fast Ferry	<a href="mailto:Charlie@vineyardfastferry.com">Charlie@vineyardfastferry.com</a>	401-295-4040
Leo Wold, Esq. (for Division) Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Lwold@riag.ri.gov">Lwold@riag.ri.gov</a>	401-222-2424
	<a href="mailto:Chetherington@riag.ri.gov">Chetherington@riag.ri.gov</a>	
	<a href="mailto:Jmunoz@riag.ri.gov">Jmunoz@riag.ri.gov</a>	
	<a href="mailto:Dmacrae@riag.ri.gov">Dmacrae@riag.ri.gov</a>	
Michael McElroy, Esq. (for Interstate Navigation) Schacht & McElroy PO Box 6721 Providence, RI 02940-6721	<a href="mailto:Michael@McElroyLawOffice.com">Michael@McElroyLawOffice.com</a>	401-351-4100
	<a href="mailto:nspd2000@yahoo.com">nspd2000@yahoo.com</a>	
	<a href="mailto:emazze@verizon.net">emazze@verizon.net</a>	
	<a href="mailto:ilg@BlockIslandFerry.com">ilg@BlockIslandFerry.com</a>	
	<a href="mailto:MVManitou@aol.com">MVManitou@aol.com</a>	
	<a href="mailto:wedge@beconsulting.biz">wedge@beconsulting.biz</a>	
	<a href="mailto:Megan@BlockIslandFerry.com">Megan@BlockIslandFerry.com</a> <a href="mailto:suel@BlockIslandFerry.com">suel@BlockIslandFerry.com</a>	
Katherine A. Merolla, Esq. (for New Shoreham) Merolla & Accetturo Kent Office Bldg. 469 Centerville Rd., Suite 206 Warwick, RI 02886	<a href="mailto:KAMLAW2344@aol.com">KAMLAW2344@aol.com</a>	401-739-2900
Nancy Dodge, Town Manager Town of New Shoreham PO Drawer 120 Block Island, RI 02807	<a href="mailto:kpson@aol.com">kpson@aol.com</a>	401-466-3211
Richard LaCapra 5 Carmine Street New York, New York 10014	<a href="mailto:rlacapra@lacapra.com">rlacapra@lacapra.com</a>	212-675 - 8123
<b>File original &amp; four (4) copies w/:</b> Luly E. Massaro, Clerk Division of Public Utilities & Carriers 89 Jefferson Boulevard Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a>	401-780-2107
	<a href="mailto:John.spirito@dpuc.ri.gov">John.spirito@dpuc.ri.gov</a>	
	<a href="mailto:Thomas.kogut@dpuc.ri.gov">Thomas.kogut@dpuc.ri.gov</a>	
	<a href="mailto:Terry.mercer@dpuc.ri.gov">Terry.mercer@dpuc.ri.gov</a>	
<b>Interested Parties:</b>		
Elizabeth Dolan, Town Council President Jeannette Alyward, Town Clerk Town of North Kingstown	<a href="mailto:ldolan@northkingstown.org">ldolan@northkingstown.org</a>	401-294-3331
	<a href="mailto:jalyward@northkingstown.org">jalyward@northkingstown.org</a>	