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August 19, 2013

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

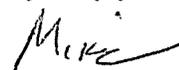
RE: RHODE ISLAND FAST FERRY, INC.  
Docket No. D-13-51

Dear Luly:

Enclosed for filing are an original and nine copies of a Motion of Interstate Navigation Company d/b/a The Block Island Ferry for Intervention as a Full Party in the above mentioned docket.

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

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Service List (attached)

Interstate/Donadio/Massaro

STATE OF RHODE ISLAND  
DIVISION OF PUBLIC UTILITIES AND CARRIERS

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

MOTION OF INTERSTATE NAVIGATION COMPANY  
D/B/A THE BLOCK ISLAND FERRY  
FOR INTERVENTION AS A FULL PARTY

Pursuant to Rule 17 of the Rules of Practice and Procedure of the Division of Public Utilities and Carriers, Interstate Navigation Company d/b/a The Block Island Ferry (Interstate), by and through its undersigned counsel, moves to intervene as a full party in this matter.

Pursuant to Rule 17(b), intervention may be allowed when a person or entity has “an interest of such nature that intervention is necessary or appropriate . . .” Appropriate intervenors include those who “may be directly affected,” but are not “adequately represented by existing parties.” Intervention is also appropriate when the proposed intervenors possess an “interest of such a nature that movant’s participation may be in the public interest.”

Interstate has been operating a year round ferry service to Block Island for 80 years. Interstate provides year-round lifeline service to Block Island. Interstate operates the only ferry service to Block Island from Rhode Island and carries passengers as well as virtually all of Block Island's freight, including, but not limited to, trucks carrying fuel oil, gasoline and propane, garbage trucks, food trucks, cars, mail, food, building supplies, and all the many other items needed by Island residents and businesses to live.

Interstate carries about 200,000 round-trip ticketed passengers per year to Block Island.

Interstate operates three large conventional ferries on its Point Judith to Block Island run (M/V Carol Jean, M/V Block Island, and M/V Anna C), and each ferry is capable of carrying trucks, cars, freight, and approximately 1,000 or more passengers. Interstate also runs the high speed ferry M/V Athena from Point Judith to Block Island in the summer tourist season.

Effective May, 2013, Interstate also added a newly purchased and rebuilt fast ferry M/V Islander to its fleet to significantly improve its Newport to Block Island operation.

Interstate is also close to completing construction of its new office building in Galilee. When completed (expected fall 2013), Interstate will move its corporate headquarters and its corporate employees from New London to Galilee.

Interstate has debt of approximately \$12 million to support its operation that was borrowed with Division approval.

The application of Rhode Island Fast Ferry seeks a certificate of public convenience and necessity (CPCN) to operate a summer only, passenger only ferry to Block Island from Quonset Point. We understand that this applicant plans to operate in the summer tourist season with a fast ferry that will carry between 150 and 300 passengers on as many as 4 round-trip runs per day.

For the entire 2012 fiscal year, Interstate carried about 200,000 round-trip ticketed passengers. For the 5 months May through September of the 2012 fiscal year, Interstate carried about 174,000 round-trip ticketed passengers. These round-trip passengers (commonly known as "day trippers") provide the majority of Interstate's revenues. Assuming the applicant seeks to run 4 round-trip runs per day, using a 300-passenger vessel, this means that in the 5 month peak summer time period, the applicant would have the capacity to carry approximately 180,000 round-trip ticketed passengers from Quonset Point to Block Island.

Interstate's costs are essentially fixed. The majority of Interstate's costs are debt service, payroll and benefits, and fuel. To the extent that passenger traffic (and the accompanying revenues) are lost to this competing service, this would either force Interstate's rates to dramatically increase not only for freight, but for the remaining passenger traffic as well, and/or Interstate would be forced to significantly reduce its service level to the Island, especially during

the winter months when Interstate operates at a major loss. Currently, winter service is significantly subsidized by summer tourist traffic.

Moreover, as rates increase, ridership will further decrease, again requiring an increase in rates and/or reduction in service, with a continuing downward spiral.

If this CPCN application is granted, Interstate's operation could to a great extent become primarily a freight/vehicle operation in the summer and a freight/vehicle and passenger operation in the winter, with very few passengers to support Interstate's large fixed expenses.

Interstate is Block Island's "bridge" to the mainland. It is Block Island's "lifeline." If the applicant in this matter is allowed to "skim the cream" of Interstate's business (i.e., its summertime day tripper passengers) this will drive rates up for freight and vehicles and other passengers so high that it would have a dramatic negative impact on Block Island, its residents and its businesses. It would drive up the cost of all goods on Block Island including food, gasoline, fuel oil, building materials, etc.

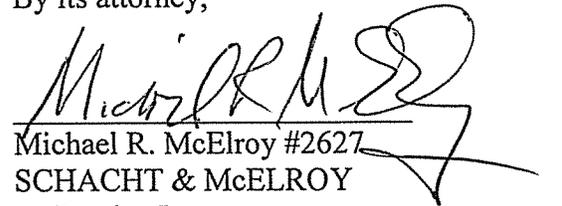
In a worst case scenario, Interstate's rates could be forced so high that Interstate would be unable to recover its costs from declining traffic and could be forced to dramatically reduce service, lay off employees, sell vessels, etc.

Interstate is currently serving Block Island more than adequately with its three large conventional vessels and two fast ferries. There is no "public convenience and necessity" which can be shown that "requires" this new service, as mandated by R.I.G.L. § 39-3-3 and Rule 15. The new seasonal only, passenger only service would be contrary to the public convenience and necessity because, at a minimum, it would dramatically drive up rates for freight, vehicle, and passenger service on the Block Island lifeline.

In essence, if the CPCN application is granted, Block Island's 80 year old "bridge" to the mainland could collapse.

For these reasons, Interstate moves to intervene in this matter as a full party. Also, for these reasons, and other reasons which will be more fully developed in the testimony and at the hearings in this matter, Interstate Navigation Company d/b/a The Block Island Ferry respectfully requests that the applicant's request for a certificate of public convenience and necessity be denied.

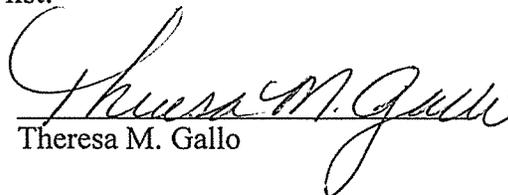
Respectfully submitted,  
Interstate Navigation Company  
By its attorney,

  
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Dated: August 19, 2013

**CERTIFICATE OF SERVICE**

I hereby certify that on the 19<sup>th</sup> day of August, 2013, I mailed a true copy of the foregoing by first class mail to the attached service list:

  
Theresa M. Gallo

Interstate/Donadio/Motion to Intervene

**Rhode Island Fast Ferry – CPCN Application Docket No. D-13-51**  
**Updated 8/5/13**

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