

**RHODE ISLAND
FAST FERRY**
Martha's Vineyard • Lighthouse Cruises

*1347 Roger Williams Way, North Kingstown, RI 02852
tel. 401.295.4040 fax 401.295.4930*

September 22, 2014

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 five copies of the Pre-filed Direct Testimony of RIFF in the above captioned docket.

If you have any questions, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Charles A. Donadio, Jr.". The signature is written in a cursive, flowing style with a large, prominent initial "C".

Charles A. Donadio, Jr.
President

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

In Re: Rhode Island Fast Ferry, Inc.

)

Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
ELIZABETH DOLAN
President
North Kingstown Town Council**

1. Q. Please state your full name and residence address?
A. Elizabeth Dolan 85 Saw Mill Drive, North Kingstown, RI 02852.
2. Q. In what capacity are you testifying in this matter?
A. I am the President of the North Kingstown Town Council and am testifying in that capacity.
3. Q. How long have you held that position?
A. From December 2002 to December 2004; and from December 2008 to present.
4. Q. Are you familiar with the current business operations of Rhode Island Fast Ferry, Inc.?
A. Yes.
5. Q. How so?
I was a Council member when the business began at Quonset and have been as it has grown over the years.
6. Q. Are you familiar with Rhode Island Fast Ferry's proposal to start fast ferry service from Quonset Point to Old Harbor, Block Island?
A. Yes.
7. Q. Has the North Kingstown Town Council taken a position as to that proposal?
A. Yes, the Council is in favor of it and I submitted a letter supporting RIFF's proposal to the DPUC on behalf of the Council.
8. Q. Is RIFF Exhibit 3 attached hereto a true and accurate copy of that letter of support?
A. Yes.
9. Q. What are the primary reasons for the Council's support of RIFF's proposal?

A. The Council believes that RIFF's proposal offers both local and visiting tourists a more convenient Block Island fast ferry option due to the ease of access to Quonset from Route 95 via Routes 4 and 403. The Council believes that this new travel option will not only be of economic benefit not only to the Town of North Kingstown, but to Block Island as well, by attracting additional tourism revenue and creating jobs. The Council supports and encourages intermodal transportation as a means of making travel more convenient and alleviating traffic congestion. Consequently, the Council believes that the connections between RIFF's ferry terminal, RIPTA bus service, the Wickford Junction commuter rail service and T.F Green Airport will not only make RIFF's service a success, it will promote State and federal transportation policy.

10. Q. Does that conclude your testimony?

A. Yes it does.


ELIZABETH DOLAN
President
North Kingstown Town Council



Town of North Kingstown, Rhode Island

80 Boston Neck Road
North Kingstown, RI 02852-5762
Phone: (401) 294-3331
Fax: (401) 583-4140
Web: www.northkingstown.org

July 22, 2013

Public Utilities Commission
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

Dear Members of the Public Utilities Commission:

I am in receipt of the application submitted to you on July 2, 2013 by Charles Donadio, Jr., proprietor of Rhode Island Fast Ferry, Inc., requesting a Certificate of Public Convenience and Necessity (CPCN) to operate a fast ferry between Quonset Point, North Kingstown, and Old Harbor, Block Island, pursuant to RIGL 39-3.

Mr. Donadio has very successfully provided fast ferry service from Quonset Point to Martha's Vineyard for the past ten years. An expansion of his business to service Block Island will allow both local and visiting tourists the convenience of a fast ferry with easy access to Quonset Point off of Route 95 via Route 403. Additional ferry services from Quonset Point will be beneficial to our business climate here in North Kingstown, and for Block Island as well. The potential for inter-modal connections between the ferry, RIPTA bus service, commuter rail service at Wickford Junction in North Kingstown, and T.F. Green Airport in Warwick supports our common goal of encouraging alternative modes of public transportation throughout Rhode Island and the nation.

On behalf of the North Kingstown Town Council, we wholeheartedly support this application, and urge you to approve the license. We would be happy to testify on behalf of this application when the matter is scheduled for public hearing in the near future.

Sincerely,

Elizabeth S. Dolan
North Kingstown Town Council President

cc: Charles Donadio, Jr.
Alan Shoer and James Hall, Attorneys Adler, Pollock and Sheehan
Steven King, Quonset Development Corporation

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PUBLIC UTILITIES COMMISSION

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

In Re: Rhode Island Fast Ferry, Inc.

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Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
CHARLES A. DONADIO, JR.
President
Rhode Island Fast Ferry, Inc.**

1. Q. Kindly state your name.
A. Charles A. Donadio, Jr.
2. Q. Are you currently employed?
A. Yes
3. Q. By whom are you employed?
A. Rhode Island Fast Ferry, Inc.
4. Q. What is your position with Rhode Island Fast Ferry, Inc.?
A. I am the owner of the company and currently hold all the corporate offices including the office of President.
5. Q. Are you involved in the day to day business affairs of Rhode Island Fast Ferry, Inc.?
A. Yes
6. Q. What is the business of Rhode Island Fast Ferry?
A. The company specializes in fast ferry services. Rhode Island Fast Ferry was the first ferry company to establish a successful high-speed ferry service to the island of Martha's Vineyard. We currently operate from Quonset Point, Rhode Island to the Town of Oak Bluffs, Martha's Vineyard. Currently there are now four additional fast ferry companies operating from New Bedford MA, Hyannis MA, Nantucket MA and New York. We also operate Sightseeing Cruises throughout Narragansett Bay & Newport Harbor. The company has also been involved in fast ferry charters and consulting services in Florida, New Jersey, New York and currently with the Government of Bermuda.

7. Q. How many high-speed ferries does Rhode Island Fast Ferry own?
- A. Two. The *Millennium*, a 400-passenger water-jet propelled ferry which can operate at speeds up to 35 knots and the *Ava Pearl*, a 150-passenger propeller driven ferry which can operate at speeds up to 32 knots. The *Ava Pearl* was built and delivered in July of 2012 and is currently one of the most advanced high-speed ferries in the country.
8. Q. Has Rhode Island Fast Ferry or have you ever owned or operated any other marine transportation companies?
- A. Yes. I was the President and Owner of Galilee Cruises, Inc., which operated the Southland Riverboat from 1995 to 2007. The Southland Riverboat provided narrated Sightseeing Cruises, Sunset Cruises and Private Charters throughout the Great Salt Pond and the Point Judith Harbor of Refuge; I sold the business in 2007. I was also the founder of Island Hi-Speed Ferry, LLC which obtained a DPUC license (Docket 98 MC 16) in 1998 to operate a new high-speed ferry service from Point Judith to Block Island. Island Hi-Speed Ferry, LLC consisted of three members; Galilee Cruises Inc., the Galilee Group and Boston Harbor Cruises. We built and launched the new 250-passenger high-speed ferry *Athena*. During the first two years of service I was the Operations Manager and handled the day-to-day operations. I sold my ownership interest in 2003 to start Rhode Island Fast Ferry, Inc.
9. Q. Have you or your companies been the recipient of any awards?
- A. Yes. I and Galilee Cruises were the recipient of the following awards.

*1995 - Excellence Award for Tourism Development in South County, Rhode

Island I received this award in recognition for the rehabilitation of the Southland Riverboat and the return of traditional, daily-guided tours on the Salt Pond. The award was presented by the South County Tourism Council.

*1997 - Southland Riverboat voted “Best Scenic Water Ride” by Rhode Island Monthly Magazine

*1998 - Rhode Island Young Entrepreneur of the Year

I was awarded the “1998 RI Young Entrepreneur of the Year” award for Small Business in Rhode Island by the U.S. Small Business Administration. I was evaluated on the evidence of success by measuring sales and profits, increased employment opportunities, development and/or utilization of innovative or creative business methods, and demonstrated entrepreneurial potential necessary for long-term business success and economic growth.

*1998 - New England Region Young Entrepreneur of the Year

Upon receiving the 1998 RI Young Entrepreneur of the Year award, I went on to compete against the winners from Maine, Vermont, New Hampshire, Massachusetts, Connecticut, and New York for the New England Regional Young Entrepreneur of the Year award. I won this competition and became the 1998 New England Region Young Entrepreneur of the Year.

*1999 & 2002 - Southland Riverboat voted as “Editor’s Pick”, Yankee

Magazine's Travel Guide

Editor’s Pick is an editorial, which highlights a venue as “a must see” each year in the annual publication of Yankee Magazine’s Travel Guide. The Southland Riverboat was given this prestigious award in 1999 and 2002.

*2003 - Providence Business News “Excellence Awards” –

Innovation/Entrepreneur

I received an Excellence Award for Innovation & Entrepreneurship from the Providence Business News PBN for the development of the new fast ferry service from Quonset Point, Rhode Island to the island of Martha’s Vineyard. The panel of judge’s decision was based on innovation, impact to the area’s economy, job creation, and added value to the overall business climate in Southeastern New England.

10. Q. In a few short words, please explain why you believe there is a public need for an additional high speed ferry service to Block Island from mainland Rhode Island and how you have reached that conclusion.
- A. Having operated the Southland across the pier from Interstate Navigation’s operation, then Island Hi-Speed Ferry from Point Judith and then Rhode Island Fast Ferry from Quonset, I have had the unique opportunity to study the preferences of people who choose to travel to offshore New England vacation destinations for day trips or extended stays. As a result of years of that experience I believe there is a market of passengers who currently choose not to travel to Block Island, even by high speed ferry, who would use RIFF’s proposed Quonset

service if offered the opportunity. Our operation at Quonset offers fast ferry passengers amenities not available to users of either Interstate's Point Judith or Newport fast ferry services that I believe would incentivize those who currently choose not to patronize those services even though it would mean more time spent travelling over water when compared to Interstate's Point Judith high speed.

11. Q. How long would the trip from Quonset to Block Island be on RIFF's ferry and what are those amenities?

A. The trip from Quonset would take approximately 55 minutes, whereas the trip time from Point Judith is approximately 30 minutes. But I believe that we will mitigate the advantage of less time over water from Point Judith with the high level of personal service and the first class travel experience we offer our customers, who enjoy the fact that their vacation begins when they board our vessel. The other amenities RIFF would offer that I think would attract new fast ferry users are: Quonset has very easy to access by interstate highway from every direction, as other witnesses have testified (whereas getting to Point Judith from Route 95, particularly from points North in the Summer, can be very time consuming and frustrating); RIFF has 5.5 acres of dedicated dockside parking which it has only filled twice in the more than 12 years we have been in business (whereas parking in Point Judith is spread out and can fill to capacity regularly on busy Summer weekends); dockside drop-off is also available all the time (whereas dockside drop-off in Point Judith is sometimes restricted due to heavy traffic on Great Island Road in front of the ferry terminal and on the ferry pier itself when incoming ferries are dropping off vehicles and passengers); RIFF also offers the

following intermodal transportation connections that make Quonset a more convenient departure point: Airport Shuttle meets every ferry and there is limousine service between Kingston Train Station and Quonset; the trip from Quonset will provide a much more scenic ride, as part of the route will be through Southern Narragansett Bay; also, 99% of RIFF's business is done through reservations, so that no one is turned away (whereas I believe the public has become used to Interstate's enormous capacity and as a result they sometimes just show up on busy weekends and can be turned away); also, RIFF's vessels Ava Pearl and Millennium will provide more spacious cabins for our passengers than Interstate's Athena does. Athena is a fifth generation whale watcher that was stretched out to accommodate 249 passengers in what had previously been a 149 passenger 29 meter platform. Ava Pearl has a 33 meter platform, capacity of 250 passengers, but is deliberately certificated for only 150, leaving at least 100 empty seats on every trip. It also has a very spacious exterior luggage and bike storage area, compared to the cramped exterior deck luggage area on the Athena. The Millennium is a 37 meter 400 passenger catamaran, which speaks for itself in terms of capacity.

13. Q. Are there any other amenities RIFF will offer its customers?

A. Yes. RIFF is about to begin construction of a new 4,000 square foot terminal facility that will be like a mini airport terminal. It will be spacious, climate controlled, and have both outdoor and indoor waiting areas. It will have flat screen televisions and phone/computer charging stations. There will also be

food service with a liquor license and a gift shop. Interstate has a small, cramped, indoor waiting area in Point Judith that doubles as a ticket window.

14. Q. Have you studied RIFF's market in any other way?

A. Yes, by population density. I am confident based upon a population radius analysis together with other evidence that the market for more Block Island fast ferry service exists. The data on population and businesses located within close proximity to Quonset and Point Judith are as follows:

*10 mile radius of:

Narragansett – population 83,819 & business 4,863

North Kingstown – population 192,175 & business 9,755

*15 mile radius of:

Narragansett – population 147,331 & business 8,176

North Kingstown – population 527,265 & business 27,742

*25 mile radius of:

Narragansett – population 638,663 & business 33,717

North Kingstown – population 1,208,049 & business 64,375

*50 mile radius of:

Narragansett – population 2,507,825 & business 127,301

North Kingstown – population 3,533,710 & business 177,710

These data show that there is a much larger population base within close proximity to Quonset than there is to Point Judith. This, together with all the other evidence I have seen, including Bob Billington's experience with servicing pent-up demand for Block Island travel even after Island Hi-Speed Ferry started

operations and after Interstate acquired IHSF's assets tells me that an untapped market for Block Island fast ferry service exists.

15. Q. What other evidence of unsatisfied demand have you seen?

A. Currently people regularly call RIFF who want to know whether we service Block Island or simply show up thinking we do. Presumably they would not do so if Quonset was not their desired departure point. Some have expressed a desire to use our service to visit both the Vineyard and Block Island.

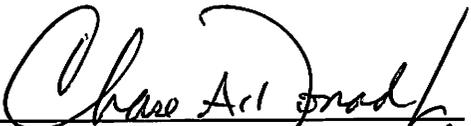
16. Q. Have you seen any other evidence of this demand?

A. Yes. RIFF and Cross Sound Ferry actually have engaged in a coop marketing effort where each company promoted the other's service in "their" market areas on their web sites. Meaning, RIFF promotes ferry travel between Long Island and New London, Connecticut on its web site and Cross Sound promotes Quonset to Martha's Vineyard fast ferry service. Interstate initially declined my offer to participate in this effort. Since this effort began RIFF has promoted Block Island via a separate page on its web site and until 2013 RIFF promoted Cross Sound's service as a connecting link on this page. As a result of this effort RIFF received many calls from people who wanted to travel by fast ferry to Block Island. The attached Google Analytics Content Drilldown shows that between January 1, 2010 and December 31, 2012 that web page 223,888 views. I believe this is further evidence that there was untapped demand for Block Island fast ferry service because Interstate had a well-established high speed service and a robust internet presence during that period of time.

17. Q. Do you think there are any untapped markets for fast ferry service to Block Island from other New England tourist destinations?
- A. Yes. It has become very evident in the Northeast fast ferry market in recent years that people will travel long distances, sometimes hundreds of miles by fast ferry if the right connections exist. Fast ferry travel has become very much like air travel in many respects. For example Seastreak carries passengers from Northern New Jersey and New York by fast ferry to Martha's Vineyard. RIFF also carries passengers bound for Nantucket who layover in the Vineyard for the day and Vineyard vacationers who come to Rhode Island to visit our vacation sites. So, I believe there is also a reverse market from the Vineyard to Block Island. But I seriously doubt that such travelers would use Interstate's fast ferry because it would not be a seamless route.
18. Q. Have you made a determination as to what RIFF's round trip ticket price would be?
- A. Yes I have determined what the range will be. Subject to approval by the Public Utilities Commission, the range will be between \$40.00 and \$50.00 for a round trip ticket.
19. Q. Have you determined what the schedule will be?
- A. Yes, generally. I plan to start service with an abbreviated schedule, with service beginning in the last week of June and ending on Labor Day, with two to three round trips per day. This schedule would continue until it can be optimized to respond to demand.

20. Q. Does that conclude your testimony?

A. Yes.


CHARLES A. DONADIO, JR.

Content Drilldown

Jan 1, 2010 - Dec 31, 2012

ALL » PAGE: /block_island_ferry.htm

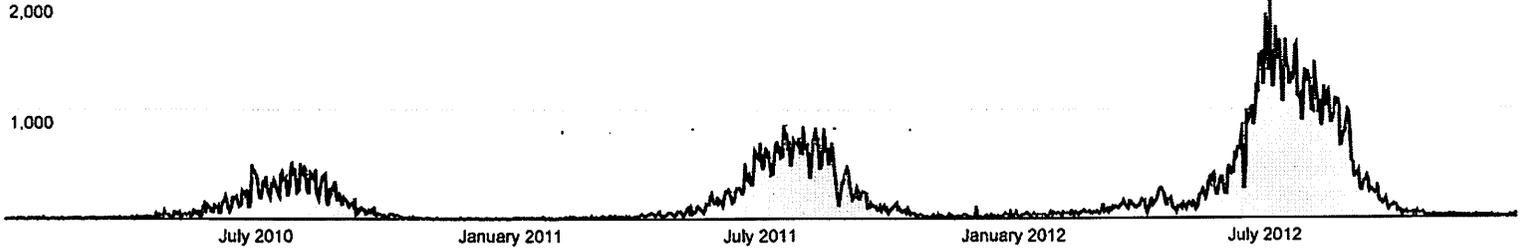
This report is based on 249,447 sessions (19.17% of sessions). [Learn more](#)

All Sessions
5.14%

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Pageviews



Page	Pageviews	Unique Pageviews	Avg. Time on Page	Bounce Rate	% Exit
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Rows 1 - 1 of 1

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

In Re: Rhode Island Fast Ferry, Inc.

)

Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
LAWRENCE R. KUNKEL**

1. Q. Please state your full name and residence address?

A. Lawrence R. Kunkel and my residence is 83 North Pearson Drive, Warwick, RI 02888.
2. Q. Is RIFF Exhibit 4 a true and accurate copy of your Curriculum Vitae?

A. Yes.
3. Q. What is your educational background?

A. I received a B.A. in Economics from Providence College in 1978. I received an A.M. in Social Science-Economics from the University of Chicago in 1981. While studying at the University of Chicago from 1979 to 1981 I was the sole research assistant to George J. Stigler who was the winner of the 1982 Nobel Prize in Economics. Professor Stigler was awarded the Nobel Prize for his work in the area of Industrial Organization. He also was the Charles W. Walgreen Distinguished Service Professor in the University of Chicago's Graduate School of Business.
4. Q. What is the study of Industrial Organization?

A. It is the study of how firms behave in an industry and how industries behave in an economy. I relied in part upon principals of Industrial Organization as well as a related discipline known as Game Theory to form my opinions in this docket.
5. Q. What is Game Theory?

A. Game Theory is a dynamic, versus a static, theoretical framework, that examines the payoff in a multi-round game and the strategies necessary to achieve the maximum payoff by participants in the game, which in this case would be businesses that are perceived to be potential economic competitors.

6. Q. Please summarize your professional and business experience since graduating from the University of Chicago?

A. I currently serve as the President and Chief Strategy Officer of WhiteCap Holdings International, Inc. Prior to joining WhiteCap, I served as the President and Chief Operating Officer of Sustainable Building Innovations and Senior Advisor to the Governor of Rhode Island on Renewable Energy. Over the past 35 years, I have been the Chief Economist and Director of Corporate Strategy for the Federal Home Loan Bank of Chicago, New York Life Insurance Company and Kunkel Strategic Services, IBC. During my career, I have operated in numerous industries, including businesses in the technology and manufacturing sectors and he have been involved in over 150 mergers and acquisitions I recently served as the non-executive Chairman of POET Technologies, I am a Director of Modular Thermal Technologies, and Director of American Strategic Holdings, LLC. I have been the recipient of Special Congressional Recognition from the U.S. House of Representatives and the U.S. Senate as well as the Ronald Regan Republican Gold Medal. I am also the author of thirteen academic and professional publications in the areas of economics, law and economics, strategy and econometrics.

7. Q. Have you ever been qualified and testified as an expert in utility regulatory matters.

A. Yes, I was qualified and testified as an expert in the Island Hi-Speed Ferry CPCN proceedings, docket 98-MC-16, as well as in follow-on

Division proceedings involving IHSF. I also was qualified and testified as an expert in IHSF's rate making proceedings before the Public Utilities Commission. I am recognized by the PUC as an expert in economics, finance and game theory.

8. Q. What is the purpose of your testimony in these proceedings?

A. I was asked to express an opinion as to the public need for a new high speed ferry service from Quonset Point to Block Island, Rhode Island and in particular the service that Rhode Island Fast Ferry proposes for that route.

9. Q. Do you have an opinion, with a reasonable degree of economic certainty, as to whether a public need exists for new high speed ferry service from Quonset Point to Block Island, Rhode Island and whether the proposed Rhode Island Fast Ferry service will meet that need?

A. Yes. It is my expert opinion that there is a public need for such a service and that RIFF's proposed service will satisfy that need.

10. Q. What is the basis of that opinion?

A. First, both the federal and State governments have invested a combined \$660 million in infrastructure improvements in the Quonset Davisville Business Park and notably in the Route 403 exchange with the purpose of attracting private investment in diverse areas of commerce, including marine transportation. Thus, both federal and State policymakers determined that multi-modal commerce compatible with those improvements justified such a large public investment because the Park's unique location and attributes, to include its streamlined and uniform development process, would be a major economic driver. Inherent in that decision making was the assumption that there was a public need for the goods

and services that business tenants of the Park would provide. Examples of this commerce driven development in the marine services area include the dredging of the Port of Davisville for the purpose of handling roll-on roll-off cargo, and in the future lift-on lift-off cargo operations, as well as the public improvements to RIFF's docks.

Second, the QDC Board of Directors made a policy decision when it granted RIFF's concession/land lease and approved its bulkhead improvements, that those actions would promote the manifest federal and State policies mentioned above, as well as serve the public's marine transportation needs.

Third, in my studied opinion there is a dormant, unserved, market for additional high speed ferry service to Block Island not currently satisfied by Interstate Navigation's fast ferry service from either Point Judith or Newport.

11. Q. Would you please expand upon your third point.

A. Yes. I believe that there has been a maturation and market embrace of the high speed ferry market to Block Island, but not a saturation of demand from all conceivable geographic markets that would also embrace high speed ferry service to Block Island if the opportunity presented itself.

12. Q. What do you mean by that?

A. As I opined in docket 98-MC-16, there was a dormant market for high speed ferry travel to Block Island not being served at the time by Interstate. Interstate of course denied that fact, but five years of operation by IHSF proved my thesis and disproved Interstate's "death spiral" prediction. In fact, in just the last year Interstate inaugurated high speed service from its historically lightly travelled

departure point in Newport and added a Fall River, Massachusetts departure point to that route, responding to what it believed was a demand for such service.

However, I believe that there is still an unserved market of travelers from mid-State and Northern Rhode Island, as well as from Massachusetts who have avoided both Interstate's traditional and high speed Galilee services because of the burdens involved in driving there in Summer traffic down Route 95, then Route 4, then Route 1, then Point Judith Road, finding a parking space and lugging their belongings sometimes hundreds of yards to the terminal – and on extremely busy weekends being unable to find parking at all. Quonset offers obvious beneficial alternatives to those travelers, with ease of access on an off major highways such as Routes 95 and 403 and ample dockside parking next to RIFF's ferries. Block Island currently has only 5 mainland departure points for ferry access to the island, three of which are controlled by Interstate. In comparison, Martha's Vineyard has 7 mainland departure points, with 10 total ferry service options.

13. Q. Have you had the opportunity to review the testimony of RIFF's witness Robert Billington in this matter?
- A. Yes and it factored into my opinion that there is still unsatisfied demand, particularly in Northern Rhode Island, for additional high speed ferry service to Block Island.

14. Q. Given Interstate Navigation's behavior in the high speed ferry market in the past decade and a half, do you have an opinion with a reasonable degree of economic certainty as to why it is opposing RIFF's application for a Block Island route CPCN?
- A. Yes. By employing a game theoretic approach it is my opinion that Interstate has engaged in a game where the ultimate payoff has been preserving its monopoly on ferry transportation from mainland Rhode Island to Block Island. First, it opposed IHSF's permitting on the fallacious ground that there was no need for Block Island high speed service. Then after the DPUC-imposed moratorium on Interstate's entry into that market expired, it applied for its own Galilee-Block Island CPCN. I was convinced in 2005 that by applying for its own Galilee high speed CPCN Interstate's motives were predatory, with the ultimate economic payoff sought by Interstate at that time being the elimination of a weaker market participant, namely IHSF, and the reestablishment of its monopoly market position, both of which followed shortly thereafter. This same behavior manifested itself after RIFF announced that it intended to apply for a Block Island CPCN. Interstate inaugurated high speed service from Newport and added the Fall River route. As a participant in the many rounds of competition in the administrative arena between Interstate and IHSF between 1998 and 2005, I have had the unique opportunity to observe Interstate's behavior and game playing strategies. Additionally, from a practical standpoint I have supplied the United States Justice Department with over three hundred and fifty antitrust opinions, none of which have been challenged. As a result of my practical experience and

observations of Interstate's strategic moves, I can only conclude that Interstate's motive here is not necessarily to serve a public need as much as it is to prevent entry by what it incorrectly perceives to be a market rival, with the ultimate payoff being the preservation of its monopoly.

15. Q. What do you mean by the statement that Interstate incorrectly perceives RIFF to be a potential rival?
- A. Just as Interstate falsely perceived IHSF to be a direct market rival, it now incorrectly perceives RIFF to be its direct competitor. It is my opinion that each fast ferry provider will be serving different markets, with geographic location of departure points being the main differentiating factor for the reasons stated above. But even if there is some passenger crossover from Interstate's Galilee high speed service to RIFF, some direct competition will be beneficial to the travelling public. As was observed after IHSF's licensure, even though IHSF was not Interstate's direct market rival in economic terms, Interstate perceived it to be and improved its own traditional service by directly responding to deficiencies in its vessels and customer service highlighted during the multi-round IHSF administrative proceedings and follow-on litigation. Moreover, high speed ferry service has historically been treated by the DPUC as a discretionary service and there is no plausible economic reason or clear public policy for preventing some direct competition in that market.
16. Q. Does that conclude your direct testimony?
- A. Yes.

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

In Re: Rhode Island Fast Ferry, Inc.

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Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
MARTHA PUGHE
Executive Director
North Kingstown Chamber of Commerce**

1. Q. Please state your full name and residence address?
A. Martha Pughe, 55 Plum Beach Road, Saunderstown, RI, 02874.
2. Q. Are you presently employed and if so in what capacity?
A. Yes. I am the Executive Director of the North Kingstown Chamber of Commerce.
3. Q. How long have you held that position?
A. Two years.
4. Q. What is the North Kingstown Chamber of Commerce and what is its mission?
The North Kingstown Chamber of Commerce is a membership organization of local businesses. The North Kingstown Chamber of Commerce is a diverse group of business, professional, civic, and educational leaders that act on the needs and interests of the business community to make the area a better place to live and work.
5. Q. What are your duties and functions as Director of the of the North Kingstown Chamber of Commerce?
A. Achieve the strategic goals determined by the Board of Directors;
B. Generate revenue for the operations and activities of the Chamber;
C. Manage in the recruitment, retention, and expansion of members and local business; and,
D. Provide tangible networking, educational, and advocacy opportunities for Chamber members.
6. Q. Are you familiar with the current business operations of Rhode Island Fast Ferry, Inc.?
A. Yes.

7. Q. How so?

Rhode Island Fast Ferry has been a Chamber member since August of 2003. The North Kingstown Chamber of Commerce is an official tourist site for the State of Rhode Island and we provide referrals to RI Fast ferry numerous times a day. Mr. Donadio communicates with us numerous times a year to keep us up to date on what his service is for that given time period.

8. Q. Are you familiar with Rhode Island Fast Ferry's proposal to start fast ferry service from Quonset Point to Old Harbor, Block Island?

A. Yes.

9. Q. Has the North Kingstown Chamber of Commerce taken a position as to that proposal?

A. Yes, the Chamber is in favor of it and I submitted a letter supporting RIFF's proposal to the DPUC on behalf of the Council.

10. Q. Is RIFF Exhibit 4 attached hereto a true and accurate copy of that letter of support?

A. Yes.

11. Q. What is the primary reason for the Chamber's support of RIFF's proposal?

A. The Chamber believes that RIFF has all the necessary ingredients for success, including its existing infrastructure and intermodal transportation connections via Routes 4 and 403. We also believe that offering tourists another, more convenient, Block Island fast ferry option will encourage more commerce by tapping into the market of people who might not have otherwise travelled to the

island. The Chamber believes that this will grow the market of persons who travel to the island via fast ferry, rather than simply redistribute it. To the extent that this creates competition between existing fast ferry providers and RIFF, this will be healthy, as it should cause the service providers to innovate and improve their business operations. The Chamber believes that simply providing more choice will make the Block Island fast ferry market and the larger Rhode Island economy stronger.

12. Q. Does that conclude your testimony?

A. Yes it does.


MARTHA PUGHE
Executive Director
North Kingstown Chamber of Commerce



North Kingstown Chamber of Commerce

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401/295-5566

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Martha M. Pughe

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DIRECTORS

Toby Aaron
The Wickford Collection

Betsy Alexander
Coleman Realtors

Thomas Alexander, Jr., Esq.
Lightship Group

Charles Angeloro
Rose & Kiernan, Inc.

Pastor Peter Atkin
Living Hope Christian Church

Joe Bell
BankNewport

Kathi Crowe
West Bay Family YMCA

Lori Delfosse, RN
SCH Medical & Wellness Center

James Halley, Ed. D
Educational Consultant

Barbara Jackson
TCP Learning

Scott P. Libman, CPA
Libman & Associates, Ltd.

Ian Manning
OrthoCore Physical Therapy

Fred Scholz
The Scholz Group

Mark Shovlin
Pascack Builders

Craig Sipe
General Dynamics Electric Boat

Cathleen Studley
The Washington Trust Co.

Lt. Col. Rick Taito
143rd Air National Guard

Katherine Trapani
Quonset Development Corp.

EX-OFFICIO

Michael Embury
NK Town Manager

Dr. Phil Auger
Superintendent, NK School Dept.

August 8, 2013

Thomas Ahern, Administrator
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Dear Mr. Ahern,

The North Kingstown Chamber of Commerce Board of Directors strongly urges you to approve the application to allow Rhode Island Fast Ferry to provide passenger service to Block Island.

Mr. Charles A. Donadio, Jr. is well established businessman in the fast ferry industry for the last 13 years. He has the infrastructure in place in Quonset as well as inter-model connections to make this venture a success. It is encouraging to see an innovative company identify markets which have not been tapped and to create a business plan to embrace growth and expansion. This expansion of services will bring another outlet for tourism to Block Island as well as job growth for North Kingstown.

The expansion of the Rhode Island Fast Ferry business is economic development at its best for both our state and our free market system. The United States is a capitalistic society based on business competition and free markets. Rivalry amongst business can be a positive force to make competing business stronger. By allowing a choice of ferry services to Block Island you are creating a more robust economy in Rhode Island simply by providing a choice of services for consumers to utilize.

The Board of North Kingstown Chamber of Commerce respectfully asks you to approve Rhode Island Fast Ferry's application. Please submit this letter as testimony to your public hearing.

Sincerely,

Peter Atkin
Chair of the Board
North Kingstown Chamber of Commerce

CC: Governor Lincoln Chafee
State Representative Doreen Costa
State Representative Robert Craven
State Senator Dawson Hodgson
State Senator James Sheehan
Marcel Valois, Executive Director, RIEDC
Steven King, Managing Director, Quonset development Center

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

In Re: Rhode Island Fast Ferry, Inc.

)

Docket No. D-13-51

**PRE-FILED TESTIMONY OF
MYRNA GEORGE
President South County Tourism Council**

1. Q. Please state your full name and residence address?
A. Myrna George, 8 Shadow Farm Way, Wakefield, Rhode Island 02879.
2. Q. Are you presently employed and if so in what capacity?
A. Yes. I am the President of the South County Tourism Council.
3. Q. How long have you held that position?
A. I have been SCTC President for 10 years.
4. Q. What is the South County Tourism Council and what is its mission?
A. The primary mission of the South County Tourism Council is to plan, promote and market tourism beyond our 11-town region. This includes identifying our target tourism market, and developing marketing campaigns that attract visitors to our region.
5. Q. What are your duties and functions as President of the South County Tourism Council?
A. The President is the chief executive and administrative officer of the organization and it is the responsibility of the President to represent the interests of the Region with the State of Rhode Island. The President helps shape the tourism promotion of the region and is frequently called upon to relate South County Tourism Council activities to the activities of all other tourism related groups. The President represents the SCTC in meetings of local, state and national organizations, and constantly strives to develop a better public understanding of the purpose and functions of the organization.

6. Q. Are you familiar with the business operations of the parties to this docket, Rhode Island Fast Ferry, Inc. and Interstate Navigation Company, d/b/a The Block Island Ferry?
- A. Yes.
7. Q. How so?
- A. Rhode Island Fast Ferry currently provides fast ferry service to Martha's Vineyard from Quonset Point. Interstate Navigation Company presently provides traditional and fast ferry service to Block Island from Galilee and fast ferry service from Newport. As of last year, it added a fast ferry line from Fall River, Massachusetts.
8. Q. Are you familiar with Rhode Island Fast Ferry's proposal to start fast ferry service from Quonset Point to Old Harbor, Block Island?
- A. Yes.
9. Q. Has the South County Tourism Council taken a position as to that proposal?
- A. Yes, the Council is in favor of it and I submitted a letter supporting RIFF's proposal to the DPUC on behalf of the Council.
10. Q. Is RIFF Exhibit 2 attached hereto a true and accurate copy of that letter of support?
- A. Yes.
11. Q. What is the primary reasons for the Council's support of RIFF's proposal?
- A. The primary reasons the Council supports the Quonset Point departure proposal are that it may reduce some of the traffic burden in South County during high season, created by those travelling through South County to reach other

destinations, while at the same time it would increase the convenience and ease of access for ferry passengers coming from areas outside of South County.

12. Q. Are there any other tourism benefits that RIFF's proposed new service will promote?

A. Yes. The Council has long advocated alternative modes of transportation and believes that the convenient access to Quonset via Routes 4 and 403 is underutilized. The Council supports the development of all intermodal transportation connections whether it be between the existing ferry services in Point Judith or RIFF's proposed service and RIPTA bus service, commuter rail service at Wickford Junction and Kingston Train Station, TF Green Airport and our bike paths. Due to the proximity of Quonset to the Routes 4/403 exchange, Wickford Junction and the Airport, travelers from Northern Rhode Island and Massachusetts, as well as long distance airline passengers, should find RIFF's Block Island fast ferry option particularly appealing.

13. Q. Then, to summarize your testimony, is it the South County Tourism Council's and your opinion that RIFF's proposed fast ferry service from Quonset to Block Island will promote public convenience and serve a public need not currently being satisfied?

A. Yes, that is our opinion.

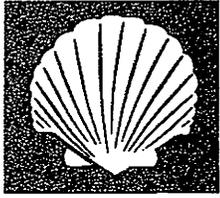
14. Q. Does that conclude your testimony?

A. Yes it does.


MYRNA GEORGE

**President
South County Tourism Council**

**SOUTH
COUNTY**



**TOURISM
COUNCIL**

RECEIVED

2013 AUG 16 AM 9:12

PUBLIC UTILITIES COMMISSION

August 14, 2013

Public Utilities Commission
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Dear Members of the Public Utilities Commission:

Charlestown

The goal of the South County Tourism Council is to successfully grow the tourism industry for all of South County.

Coventry

The Council believes that all forms of alternative modes of transportation are crucial to the consumers' enjoyment of this pristine 449 square mile tourism region. The Council is and has been, keenly aware that there will be no more 'taking' of land for the creation of new roads within the South County Region. To that end, we have long advocated that all alternative modes of transportation be developed to ease the burden on an overtly stressed highway/byway system.

East Greenwich

Exeter

Hopkinton

Narragansett

The cardinal rule to consumer enjoyment of a tourism destination, first and foremost is: Travel must not be a burden! Sitting for prolonged periods of time in traffic is that very burden. As we all know, there are more than 20 public beaches within the 100 miles of South County coastline, they are some of the finest drivers of tourism to the region.

North Kingstown

Richmond

South Kingstown

West Greenwich

Major intersections at Route 4, Route 102, Route 108, Route 1, Tower Hill Road, and Route 1A all suffer heart attack congestion within these arteries during the high season – particularly, during major events being held in adjoining communities i.e., Soccer Tournaments, Art Shows, Air Shows, Balloon Festivals, to name a few. The resulting traffic gridlock – can and has lasted up to two hours. There have been occasions when people attempting to reach Escape Road in Narragansett travelling from nearby East Greenwich, found travel impossible due to backed up congestion at Route 4 and Route 102, that there was simply no way around.

Westerly

The convenient access provided by Route 403 adjacent to Route 4 is clearly underutilized. The Council supports all intermodal connections between the ferry,RIPTA bus service, commuter rail service at Wickford Junction and Kingston Train Station, TF Green Airport, as well as our bike paths.

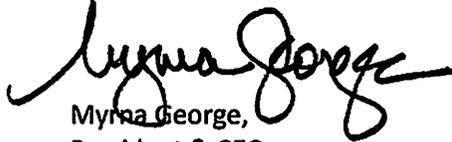
For Tourism to be truly successful in any community, ease of getting where you want to go must be priority number one, for both visitors and residents.

www.southcountyrri.com

4808 Tower Hill Road, Suite 101 | Wakefield, RI 02879 | 401.789.4422 | 800.548.4662 | Fax 401.789.4437

As you consider the application submitted to you on July 2, 2013 by Charles Donadio, Jr., proprietor of Rhode Island Fast Ferry, Inc., requesting a Certificate of Public Convenience and Necessity (CPCN) to operate a fast ferry between Quonset Point, North Kingstown, and Old Harbor, Block Island, pursuant to RIGL 39-3, the Council offers this information to you, for your deliberations.

Sincerely,

A handwritten signature in black ink, appearing to read "Myrna George". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Myrna George,
President & CEO

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

In Re: Rhode Island Fast Ferry, Inc.

)

Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
STEVEN J. KING, P.E.
Managing Director
Quonset Development Corporation**

1. Q. Please state your full name and business address?
A. Steven J. King, 95 Cripe Street, North Kingstown, RI 02852.
2. Q. In what capacity are you testifying in this matter?
A. I am Managing Director Quonset Development Corporation and am testifying in that capacity.
3. Q. How long have you held that position?
A. Since June of 2008.
4. Q. Are you familiar with the current business operations of Rhode Island Fast Ferry, Inc.?
A. Yes.
5. Q. How so?
A. Rhode Island Fast Ferry is a Quonset Tenant.
6. Q. Are you familiar with Rhode Island Fast Ferry's proposal to start fast ferry service from Quonset Point to Old Harbor, Block Island?
A. Yes.
7. Q. Has the QDC taken a position as to that proposal?
A. Yes, the QDC is in favor of it and I submitted a letter supporting RIFF's proposal to the DPUC on behalf of the Corporation.
8. Q. Is RIFF Exhibit 5 attached hereto a true and accurate copy of that letter of support?
A. Yes.

9. Q. What are the primary reasons for the Council's support of RIFF's proposal?
- A. The RIFF proposal for new fast ferry service from Quonset to Block Island is a use of its facilities that is consistent with RIFF's lease with QDC, it will optimize the use of RIFF's newly renovated docking facilities and will create additional private investment and employment opportunities. As indicated in the Corporation's letter, QDC recently completed construction of two new docks to support RIFF's existing ferry operations with funding from RIDOT. The purpose of the expenditure of those public funds was to complement private investment by RIFF in the construction of its new fast ferry *Ava Pearl*. To qualify for the particular State funding for the new dock construction required evidence that the project would result in mitigation of vehicular traffic congestion and would have the collateral effect of improving air quality by taking automobiles off the road. QDC believes that more fast ferry service, such as that proposed by RIFF to Block Island will further promote those public policy goals.
10. Q. Then taking those factors and goals into mind, is it fair to say that there is a public need for new Block Island fast ferry service from Quonset and that RIFF's proposed service will satisfy that need?
- A. Yes.
11. Q. Does that conclude your testimony?
- A. Yes it does.



STEVEN J. KING, P.E.
Managing Director
Quonset Development Corporation

QUONSET

DEVELOPMENT CORPORATION

RECEIVED
2013 AUG -9 PM 1:11
PUBLIC UTILITIES COMMISSION

August 6, 2013

Public Utilities Commission
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. D-13-51
Rhode Island Fast Ferry
Proposed Service from Quonset to Block Island

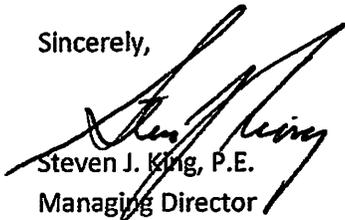
Dear Commissioners:

The Rhode Island Fast Ferry (RIFF) has been a tenant in the Quonset Business Park since 2003 and has recently extended their lease until 2035. The Quonset Development Corporation, with funding from RI Department of Transportation's Congestion Mitigation Air Quality Program, has recently completed two new docks in support of RIFF operations.

RIFF recently invested \$6.5 million in a new high speed vessel for the Martha's Vineyard service, and hired an additional 12 people to operate it. This ferry service, together with their Lighthouse Cruises, encourage both in-state and regional tourism and are an asset to the State of Rhode Island.

The proposed new service to Block Island is consistent with their lease, will optimize the new docking facilities, and will create additional investment and employment. Please accept QDC's support of RI Fast Ferry's application.

Sincerely,



Steven J. King, P.E.
Managing Director

cc: Charlie Donadio, RI Fast Ferry

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

In Re: Rhode Island Fast Ferry, Inc.

)

Docket No. D-13-51

**PRE-FILED DIRECT TESTIMONY OF
ROBERT BILLINGTON
President
Blackstone Valley Tourism Council**

1. Q. Please state your full name and residence address?

A. Robert Billington, 555 Roosevelt Avenue, Central Falls RI 02863.
2. Q. Are you presently employed and if so in what capacity?

A. Yes. I am the President of the Blackstone Valley Tourism Council.
3. Q. How long have you held that position?

A. I have been BVTC President for 30 years.
4. Q. What is the Blackstone Valley Tourism Council and what is its mission?

A. The BVTC's mission is to develop sustainable tourism in the Blackstone Valley of Rhode Island.
5. Q. What are your duties and functions as President of the Blackstone Valley Tourism Council?

A. I manage a full and part time staff of 20, together we operate two visitor centers and two riverboats. We produce several events each year, the most popular being the Polar Express Train Ride under the direction of Warner Brothers Studios. We promote the industrial history and attractions of 9 Blackstone Valley communities.
6. Q. Are you familiar with the business operations of the parties to this docket, Rhode Island Fast Ferry, Inc. and Interstate Navigation Company, d/b/a The Block Island Ferry?

A. Yes.

7. Q. How so?
- A. I have known the applicant for at least 20 years and have admired the work that he has done to introduce Narragansett Bay and Rhode Island's waters to thousands of people each year.
8. Q. Are you familiar with Rhode Island Fast Ferry's proposal to start fast ferry service from Quonset Point to Old Harbor, Block Island?
- A. Yes.
9. Q. Has the Blackstone Valley Tourism Council taken a position as to that proposal?
- A. Yes, the Council is in favor of it.
10. Q. What are the primary reasons the Council is in favor of the proposal?
- A. The Council favors the proposal because Quonset will present a more convenient departure point to Block Island for persons living in Northern Rhode Island, which is the main State population base and location of major tourism markets; RIFF already has infrastructure in place at Quonset to accommodate the service; a Quonset fast ferry service may take some traffic off the roadways, alleviating Summertime congestion; and we believe it will satisfy pent up demand for more convenient travel to Block Island.
11. Q. Please explain why the Council believes that RIFF's service will satisfy pent up demand.
- A. It is a well known fact in the Rhode Island tourism industry that many Rhode Islanders have never enjoyed a trip to Block Island. I personally first became aware of this ten years ago when I was involved in a program known as Tour RI

and I was somewhat stunned to learn how large the number of Rhode Islanders who had never been to Block Island really was.

12. Q. What is Tour RI?

A. Tour RI was an organization that I founded approximately 10 years ago and was Chairperson of, whose purpose was to get Rhode Islanders out touring and sightseeing in their own home State. Tour RI would book 24 motor coaches to conduct such tours and 3 to 4 were dedicated to Block Island visits. There was so much demand for the Block Island tours that they always sold out first. Those tours were so successful that the ticket price for them doubled from \$24 to \$50 during the life of the program. Another interesting fact learned from this program was that most of the Rhode Islanders who took advantage of the Block Island tours had travelled to other New England destinations such as Cape Cod.

13. Q. What then do you believe were the lessons learned from Tour RI regarding the Block Island tourism market?

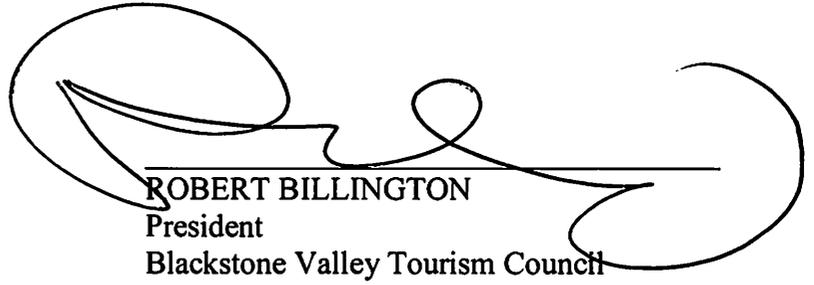
A. I believe that the most significant lesson was that many Rhode Islanders do not travel to Block Island because it is viewed as distant and difficult to reach. But when they are presented with a more convenient mode of travelling to the Island they will take advantage of it, even if the cost of such convenience is higher than driving to Galilee, parking and purchasing a ferry ticket.

14. Q. Then to summarize your testimony, is it your opinion and the opinion of the Blackstone Valley Tourism Council that there is a public need for another Block Island fast ferry service option not currently being met, and that RIFF's proposed service will satisfy that need?

A. Yes, that is our opinion.

15. Q. Does that conclude your direct testimony?

A. Yes.



ROBERT BILLINGTON
President
Blackstone Valley Tourism Council

Natalie Carter
Commissioner expires 12/1/2014