



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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*Patrick C. Lynch, Attorney General*

December 14, 2006

Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**Re: In Re: Interstate Navigation Company –  
General Rate Filing – Traditional Service  
Rates – Commission Docket No. 3762**

Dear Ms. Massaro:

Enclosed please find for filing in the above-captioned proceeding an original and nine (9) copies of the revised executed "Settlement Agreement," and a copy of the mark-up version of this amended Settlement Agreement indicating where the changes have been made, jointly submitted by the Rhode Island Division of Public Utilities and Carriers and the Interstate Navigation Company. Copies of this filing are being mailed to the service list for this docket electronically as well as by U.S. Mail.

At the hearing on December 12, 2006, the Commission directed a number of record requests to the Division and Interstate Navigation. The parties have chosen to address each of those record requests jointly by amending the applicable provisions of the original Settlement Agreement. The changes addressing the Commission's record requests are identified in the enclosed mark-up version of the amended settlement. For the Commission's convenience, each record request is stated below, with the relevant amended paragraph in the Settlement Agreement that addresses the record request identified immediately after the record request.

1. Would the Settlement Parties object to the order in this case incorporating requirements or mandates imposed on the Company in earlier dockets (i.e., specifying the number/time of ferry trips, hours of operation, etc.)? *See* ¶ V, p. 15.
2. Would the Settlement Parties object to a provision similar to that in the NGRID merger decision excluding from the traditional ferry service rates and rate base any acquisition premium associated with the purchase of the Hi-Speed Ferry operation? *See* ¶ IV.A.1, p. 11.

3. Would the Settlement Parties object to a provision that provides that a loss in the Fast Ferry Division over the five year rate freeze period will not reduce the earnings sharing for the traditional ferry services (i.e., incorporate the "Hi-Speed Ferry's profits shall not be less than zero" language into the 5-year earnings sharing calculation provision)? See ¶ IV.A.1, p. 11.
4. Would the Settlement Parties object to inserting language in the Settlement that makes it explicit that the exogenous events (including catastrophic events) provision will not be applicable to the Fast Ferry Division? See ¶ III.A, p. 4.
5. Would the Settlement Parties object to inserting language in the Settlement to the effect that any filing for an increase in rates resulting from a ROE of less than 5.5% must be filed by September 1 or, in the alternative, insert language to the effect that the Commission has the express authority to suspend the rate increase? See ¶ III.B.3, p. 8.
6. Would Interstate Navigation Company agree that the Commission can require that the cumulative ROE can be calculated prior to the end of the rate plan? And would Interstate Navigation Company agree that the Commission has the authority to terminate the Settlement at some future date if the Commission deems it to be in the public interest to do so? See ¶ III.D.1.a, p. 9; ¶ V, p. 15.

The Settling Parties believe that the changes incorporated in the amended Settlement Agreement adequately address the Commission's questions, and do not plan to submit a separate record request response.

The Settling Parties very respectfully request that the Commission take up the enclosed executed amended Settlement Agreement at its next Open Meeting and that the Commission vote to accept the amended Settlement Agreement, enclosed herein, and executed on December 14, 2006.

The Settling Parties do not believe that Rule 1.25 of the Commission's *Rules of Practice and Procedure* mandate that parties must submit briefs in every case. However, it very clearly does give the Commission wide discretion in setting the time period during which any briefs that are filed must be submitted. In this case, given that the Town has already filed at least two extensive position memoranda and made substantial opening argument, and in view of the fact that the Town was present throughout the hearing itself and can obtain an expedited transcript of the proceeding if it believes such is necessary, the Settling Parties very respectfully request that the Chairman direct that any brief filed by the Town be so filed prior to the Commission's next Open Meeting. With a view to assisting the Town in focusing its brief, should it wish to file one, the Division and Interstate Navigation Company have jointly elected to adopt the Division's cover letter of December 11, 2006, forwarding the Division's responses to the Commission's December 8, 2006, data requests as their closing remarks in this matter, and very respectfully requests that the Commission consider those remarks in lieu of briefs from the Division and from Interstate Navigation Company. (For the convenience of the Commission, a copy of that cover letter has been enclosed.)

Very truly yours,

A handwritten signature in cursive script, appearing to read "William K. Lueker".

William K. Lueker (R.I. Bar # 6334)

Special Assistant Attorney General

Tel. (401) 274-4400, ext. 2299

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Encls.

cc: Service List PUC Docket No. 3762

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**  
**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: INTERSTATE NAVIGATION COMPANY – )**  
**GENERAL RATE FILING – )** **DOCKET NO. 3762**  
**TRADITIONAL SERVICE RATES )**

**AMENDED SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

**A. Summary**

The Interstate Navigation Company (“Interstate” or the “Company”) enters into this settlement agreement (the “Settlement Agreement” or “Settlement”) with the Division of Public Utilities and Carriers (the “Division”) (together, the “Settling Parties”), to resolve all issues arising in this docket, R.I.P.U.C. Docket No. 3762.

The Settling Parties are seeking approval of the Settlement Agreement by the Commission by December 26, 2006, so that the rates established in this Agreement may become effective as of January 1, 2007. Elements of the Settlement include, among other provisions, a two year rate freeze on rates for traditional ferry service after an increase in base rates to produce \$1,100,694 in additional annual revenues effective January 1, 2007, restrictions on rate increases for traditional ferry service in 2009, 2010, and 2011, a performance-based rate plan which includes an earnings sharing mechanism, and procedures to credit customers for decreases in fuel

prices for traditional ferry services below a \$2.00 per gallon floor (including taxes) during the term of the Rate Plan established by the Settlement.

**B. Procedural History**

On July 31, 2006, the Company filed a request for a traditional ferry service rate increase totaling \$2,438,522. During the period August 1 through November 30, 2006, the Company responded to numerous data requests issued by the Division, Commission, and the Town of New Shoreham ("the Town"). On October 27, 2007, the Division filed the direct testimony of David J. Effron, and the Town filed its Position Memorandum through its legal counsel. On November 13 and November 14, 2006, the Company submitted its rebuttal testimony.

**C. Parties' Statement**

This Settlement Agreement is based on extensive discovery and negotiations among the Settling Parties concerning all issues involved in establishing new base rates for traditional ferry service to become effective January 1, 2007. After due consideration of the testimony, exhibits and other documentation included in the filings by Interstate, the Division, and the Town, the Settling Parties now have agreed to a comprehensive settlement in the rate case which resolves all issues relating to the Company's traditional service revenue requirement, rate base, rate of return, rate design, and certain service related issues including the incorporation of the Company's new high speed ferry service into its business plan. The Settling Parties agree that the Settlement Agreement is just and reasonable, and represents a fair and equitable overall resolution of all of their concerns.

The Settlement Agreement is as set out below.

## **II. RATE INCREASE AND RATE DESIGN**

For traditional ferry service on and after January 1, 2007, Interstate Navigation Company shall implement a rate increase from the rates currently in effect, designed to produce \$1,100,694 of additional revenues per year, calculated as shown on Exhibit 1, measured using a rate year of calendar year 2007. The tariffs included in Exhibit 2 shall be approved and implemented effective January 1, 2007, for calendar years 2007 and 2008 (“the Rate Freeze Period”). The tariffs for traditional ferry service in Exhibit 2 include a 0% increase for freight, a 5% increase for commuter passengers and commuter vehicles, and a 15.72% increase for all other tariff services from the base rates presently in effect. Interstate will concurrently adjust its fuel surcharge level to reflect a base price for fuel of \$2.00 per gallon (including taxes), effective January 1, 2007, and will implement the fuel surcharges prospectively pursuant to the procedures specified in Section IV.B, below.

Only the holders of a current Rhode Island driver’s license with solely a Block Island address on the license are eligible for passenger commuter rates, except that for students attending the Block Island School who are too old to qualify for the child rate and too young to obtain a Rhode Island license, a current Block Island School picture identification card may be used to establish eligibility for the commuter passenger rate. To be eligible for the commuter car, SUV, van and pick-up truck rates, the vehicle (1) must be driven by a driver with solely a Block Island address on the current Rhode Island license, and (2) must have solely a Block Island address on the vehicle registration. The eligibility criteria will be included in the Company’s tariff and on the Company’s website.

### III. RATE PLAN

The Rate Plan for traditional ferry service will be in effect from January 1, 2007, through December 31, 2011. This Rate Plan will consist of a Rate Freeze Period consisting of the calendar years 2007 and 2008 and a Post Rate Freeze Period consisting of the calendar years 2009, 2010, and 2011.

#### A. Rate Freeze Period

Interstate's rates reflected in Exhibit 2 shall be frozen for the Rate Freeze Period, subject only to 1) statutory fuel surcharges if the price of fuel oil, including taxes, exceeds \$2.00 per gallon, subject to the procedures defined in subsection IV.B below, and 2) the exogenous events, defined in subsection 1 below, that occur during the Rate Freeze Period ("Exogenous Events"). During the Rate Freeze Period the Company will adjust rates of traditional ferry service resulting from any of the Exogenous Events according to the procedures set forth in subsection 2, below. The defined Exogenous Events (including catastrophic events) are applicable to the traditional service only, unless the Exogenous Event adversely impacts the ability of the traditional service to provide safe, reasonable, and adequate services and facilities per RIGL § 39-2-1(a).

#### 1. Exogenous Events

a. State or Federal Initiated Cost Change: Interstate shall adjust its rates (upward or downward) if the occurrence of a "State or Federal Initiated Cost Change," as defined below, causes (in the aggregate) a change in Interstate's annual revenue requirement by more than \$100,000. For purposes of this Settlement, the term "State or Federal Initiated Cost Change" shall mean:

(1) the enactment or promulgation of any new or amended Federal, state, or local, laws or regulations, or of any decision issued by a court of competent

jurisdiction, governing income, revenue, sales, franchise, gross receipts or property taxes, or any new or amended Federal, state or locally imposed fees (but excluding the effects of annual changes in local property tax rates and revaluations);

(2) the elimination of any existing Federal, state or local tax or fee obligations;

(3) any Federal, state or local legislative or regulatory mandates which impose new or amended obligations, duties or undertakings, or remove existing obligations, duties, or undertakings, which decrease or increase Interstate's costs, revenue, or revenue requirement; and,

(4) any externally imposed changes in the Federal state or local tax rates, laws or regulations or of any decision issued by a court of competent jurisdiction, governing income, revenue, or sales or other taxes, or any changes in Federal, state or local imposed fees.

b. Catastrophic Events: Events beyond the control of Interstate's management, such as (but not limited to) 1) injuries or death(s) to persons, 2) and damage to vessels or wharfs or other facilities caused by acts of god, acts of war, terrorism, criminal acts, natural disasters, storms such as (but not limited to) hurricanes, fires, flooding, collisions, allisions, or other similar events, and which cumulatively decrease or increase Interstate's costs, revenue, or revenue requirement by more than \$100,000.

## **2. Procedure for Adjusting Rates During the Rate Freeze Period.**

a. Procedure: If Interstate incurs any changes in costs, revenue, or revenue requirement in excess of the thresholds set forth in the prior section in connection with any of the Exogenous Events that have occurred during the Rate Freeze Period, Interstate shall



file for rate adjustments no later than March 1<sup>st</sup> following the year in which the amounts are incurred. If Interstate has not made a filing, the Division has the right to make a filing on its own to open a proceeding if the Division believes an Exogenous Event has occurred that should result in a rate decrease. Any proposed rate adjustments shall be subject to review by the Commission, and after a public hearing and approval by the Commission, shall be implemented for service on and after June 1st following the year in which the amounts are incurred (unless suspended by the Commission) and shall be applied through a uniform percentage rate adjustment applicable to all tariffed services (i.e. across the board). Absent extraordinary circumstances, any such filings are limited to once per calendar year, and any costs incurred or avoided from such Exogenous Events shall be deferred for consolidation in the single filing. However, when accumulated deferred costs reach \$100,000 the total cost shall accrue interest at an annual rate of 5% from such time until recovered in rates. In instances where the total accrued costs are less than \$100,000 and the effective date of the adjustment is suspended beyond June 1st, the Company shall be entitled to accrue interest at the 5% annual rate for the accumulated deferred costs (even though less than \$100,000) from June 1st until cost recovery is allowed. In any proceeding under this subsection, the party claiming that there should be a rate modification resulting from the occurrence of an Exogenous Event shall carry the burden of proving the occurrence and the cost impact. The Company will file a certification with the Commission by March 1st of each year during the Period of the Rate Plan, with copies to the Division, certifying that, to the best of the Company's knowledge and belief, there have been no occurrences of Exogenous Events except as identified in the certification.

b. Earnings Limit: If and when the Company makes a filing seeking an adjustment that increases rates under this section, if the average return on equity of the

Company, calculated using the same methodology as set forth in Section D.1.b below, for any fiscal year period ending May 31<sup>st</sup> 2008, 2009 or 2010 exceeds 11%, the Company will not be permitted to make a rate adjustment until the average return has dropped below 11%. If and when the average return on equity drops below 11%, the Company may only recover costs on a prospective basis (i.e. from the date the average return drops below 11% forward).

**B. Post Rate Freeze Period**

Interstate's rates reflected in Exhibit 2 shall be subject only to the specific adjustments defined below during the Post Rate Freeze Period of the Rate Plan.

**1. Exogenous Events**

During the Post Rate Freeze Period, the Company will adjust rates resulting from any of the Exogenous Events, as set forth in subsection A.1, above.

**2. Inflation**

On or before November 15, 2008, 2009, and 2010, Interstate is authorized to file with the Commission a percentage change in rates, to be effective on the following January 1, equal to the percentage change in the average Consumer Price Index ("CPI-U Northeast") from the twelve months ended September 30 of the prior year to the twelve months ended September 30 of the current year. Notwithstanding the foregoing, rates applicable to commuters, commuter vehicles, and freight shall not be increased for any rate increases authorized pursuant to this paragraph.

**3. Earnings Below Floor**

On or before November 15, 2008, 2009, and 2010, Interstate will file a report with the Commission detailing the earned return on common equity ("ROE") for the twelve months ended as of the preceding May 31 ("the historic period"). If the ROE, calculated using the same

methodology as set forth in Section D.1.a, below, is below 5.5% in the historic period, Interstate will be required to submit a report detailing the ROE calculated using the same methodology as set forth in Section D.1.b, below. If the ROE calculated using the same methodology as set forth in Section D.1.b, below, is below 5.5%, Interstate shall be authorized to increase its traditional ferry service rates across the board, effective the following January 1, to collect over twelve months the revenue necessary to make up the difference between the ROE pursuant to Section D.1.b in the historic period and 5.5%, except that if the report detailing the earned ROE is not filed by September 1, the Commission will have the express authority to suspend any rate increase for a period of not more than 120 days from the date of such filing. Any adjustment to rates pursuant to this subsection 3 is independent of any adjustment to rates pursuant to subsection 2 above.

**C. Traditional Cost of Service Ratemaking After the Rate Plan**

After expiration of the Rate Plan, if not extended by agreement of the settling parties and approval of the Commission, no special adjustments to rates for Exogenous Events, as described in this Section, shall be permitted, and rate changes for traditional service may occur under traditional cost of service ("COS") principles, consistent with Rhode Island law. As such, the Company is permitted to file a COS rate case to change rates effective January 2012 or later, if the Company believes it has or will have a revenue deficiency for the applicable rate year. The Division also has the right to file a complaint with the Commission requesting that the Commission require a COS review to reduce rates beginning in January 2012 if the Division believes that the Company has, or will have, a revenue excess.

**D. Incentive-Based Savings Plan**

A properly structured incentive-based rate plan can align the interests of the Company

and its customers by establishing appropriate incentives to maximize potential economies for the benefit of the Company and its customers. To that end, the Parties agree that economies achieved by the Company shall be shared between the Company and customers as described in this section.

**1. Earnings Reports**

a. The Company will be required to file annual earnings reports with the Commission by November 15 of each year during the Rate Plan Period, for the fiscal year ending May 31<sup>st</sup> in that year, commencing November 15, 2008. Copies also will be filed with the Division. This annual earnings report will calculate the earned ROE from the Company's financial statements on the basis of Generally Accepted Accounting Principles (GAAP). It is the intent of the Settling Parties to defer the final calculation of cumulative return on equity to determine if the Company has exceeded the allowed rate of return until the end of the Rate Plan. However, the Commission has the authority to require a report of the cumulative earned ROE prior to the end of the Rate Plan.

b. The final determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Plan Period in a Final Accumulated Earnings Report. Specifically, by June 1, 2012, Interstate shall file the Final Accumulated Earnings Report that determines the actual cumulative average return on equity for the entire Rate Plan Period from January 1, 2007, through December 31, 2011. For purposes of calculating return and income taxes for this final determination, Interstate shall use the capital structure and associated costs of capital approved by the Commission in this Docket No. 3762. For purposes of these earnings reports, the allowed return on equity shall be 11.0%, and results will be adjusted to reflect established Commission ratemaking principles. However, there will

be no adjustments to actual results to recognize or annualize prospective known and measurable changes. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by Interstate's average rate base. Any accumulated earnings as calculated in the Final Accumulated Earnings Report over 150 basis points (1.50%) above the allowed return on equity of 11.0% shall be shared 50% for customers and 50% for the Company. The customers' share will be credited to customers through the procedure described in subsection 2 below.

## **2. Customers' Share of Accumulated Earnings**

Prior to proposing a method of crediting customers for the customers' share of earnings above the earnings thresholds, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement, Interstate shall file its proposal directly with the Commission subsequent to consulting with the Division and the Commission will make the ultimate determination.

## **F. Fast Ferry Rates and Terms and Conditions**

The Fast Ferry service is a purely discretionary service. Therefore, Interstate shall be authorized to apply to the Commission from time to time to change Fast Ferry Rates and Terms and Conditions and, with Commission approval, to implement such changes on thirty (30) days' notice. The Division, except in extraordinary circumstances, will not object to any such changes, will not recommend any suspension by the Commission beyond the thirty (30) days' notice, and will not request compliance with any traditional rate filing requirements other than

the thirty (30) day notice. Also, the previously agreed methodology for the calculation of Fast Ferry fuel surcharges will not change.

#### **IV. SPECIFIED ACCOUNTING REQUIREMENTS**

##### **A. Fast Ferry**

##### **1. Prospective Earnings**

All earnings reports required by Section III, above, will include pre-tax profits earned by Interstate's Fast Ferry Division. The actual pre-tax profit earned by the Fast Ferry Division will be calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket No. 3762. The debt service will include annual interest and principal repayments on all debt used by Interstate to acquire the operations of Island Hi-Speed Ferry in 2006. For the purpose of the reports required by Section III.D.1.a, above, the annual Fast Ferry pre-tax profit will be fixed at \$208,357. However for the purpose of the cumulative five year average ROE in Section III.D.1.b above and for the purpose of calculating the Earnings Below Floor in Section III.B.3 above, the annual Fast Ferry pre-tax profit will be the actual pre-tax profit calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket. However the pre-tax profit used in calculating the cumulative five year average ROE in Section III.D.1.b above and Earnings Below Floor will not be less than zero. Any acquisition premium and any costs associated with the acquisition of the Fast Ferry will be excluded from Interstate's rate base and from the establishment of rates for traditional service. The Fast Ferry pre-tax profit calculations shall not be affected by this exclusion.

##### **2. 2006 Earnings**

All earnings reports required by Section III, above, will include profits earned by Fast Ferry operations in 2006, deemed to be \$365,750 on a pre-tax basis, amortized over a three

year period (\$121,916 per year) commencing January 1, 2007. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

**3. Revenues and Expenses**

Interstate shall account for Fast Ferry revenues and expenses in a timely manner and shall maintain the books of account for its Fast Ferry Division in a manner such that expense categories shown on Schedule WEE-1RY in this Docket No. 3762 can be readily identified.

**B. Fuel**

**1. Base Price**

The base price of fuel oil included in the determination of the Company's revenue requirement for traditional ferry service in this Docket No. 3762 ("Base Price") is \$2.00 per gallon, which includes all applicable taxes.

**2. Fuel Price Less than Base Price**

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry services, including all applicable taxes, is less than the Base Price, Interstate will accrue a reserve equal to the volume of fuel purchased in that month times the difference between the actual average price and the Base Price. The reserve balance will be maintained in a separate account on the Interstate balance sheet, or in a readily identifiable sub-account.

**3. Fuel Price in Excess of Base Price**

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry service, including all applicable taxes, is in excess of the Base Price, for the purpose of calculating the Fuel Factor component of its rates for the following

month, the “Fuel Floor” used in the calculation of the fuel cost eligible for recovery (“Fuel Recovery”) will be equal to the Base Price. The eligible Fuel Recovery will be charged against the credit balance, if any, existing in the reserve account established pursuant to subsection 2, above. Any eligible Fuel Recovery in excess of the credit balance in the reserve account will be used to calculate the Fuel Factor (surcharge) component of Interstate’s traditional ferry service rates for the following month.

**4. Disposition of Balance in Reserve Account**

If a credit balance exists in the reserve account established pursuant to subsection 2, above, as of December 31, 2011, prior to proposing a method of crediting customers for that balance, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement Interstate shall file its proposal with the Commission and the Commission will make the ultimate determination.

**C. Homeland Security**

**1. Reserve Account**

The balance in the Homeland Security reserve account as of May 31, 2006, is \$83,450. Interstate will continue the reserve method of accounting for Homeland Security expenditures as established in Docket No. 3573, subject to the modifications in subsection 2, below.

**2. Annual Expense**

The annual Homeland Security expense to be recorded by Interstate during the term of the Rate Plan will be \$250,000. Any capital expenditures in excess of \$50,000 will be



charged to the appropriate plant account or accounts and not against the accrued reserve for Homeland Security.

**D. Other**

**1. Rate Case Expense**

For the purpose of all earnings reports required by Section III, above, Interstate will amortize the cost of this rate case and the unamortized rate case cost of Docket No. 3573 over three years. The annual amortization expense is deemed to be \$83,333. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

**2. Accumulated Deferred Income Taxes**

Interstate will establish the appropriate balance of accumulated deferred Federal income taxes on its books of account as of May 31, 2007, including a) the difference between the book basis of its fixed assets and the tax basis of those fixed assets times the applicable Federal income tax rate, and b) deferred federal income taxes on other book-tax temporary differences as may be appropriate pursuant to GAAP. The balance of accumulated deferred income taxes will be maintained in conformity with GAAP. The balance of accumulated deferred income taxes will be deducted from plant in service to determine the rate base used in the earnings reports required in Section III, above.

**3. Depreciation Accrual Rates**

Interstate will continue to use the depreciation accrual rates in effect during the twelve months ended November 30, 2005, for the term of the Rate Plan.

## V. EFFECT OF SETTLEMENT AGREEMENT

Nothing in this Settlement Agreement shall be construed to modify the previous commitments and obligations of Interstate set forth in Sections 4 and 7 of the Stipulation and Settlement in Docket #3573 dated May 12, 2004. This Settlement Agreement is the result of negotiations among the Settling Parties. The discussions that have produced this Agreement have been conducted on the explicit understanding that all offers of settlement and discussions relating hereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or other proceedings involving any one or more of the parties to this Settlement or otherwise. The agreement by a party to the terms of this Settlement Agreement shall not be construed as an agreement as to any matter of fact or law for any other purpose. In the event that the Commission (i) rejects this Agreement, (ii) fails to accept this Agreement as filed, or (iii) accepts this Agreement subject to conditions unacceptable to any party hereto, then this Agreement shall be deemed withdrawn and shall be null and void in all respects. The Parties recognize that the Commission has an ongoing obligation to protect the public against improper and unreasonable rates that cannot be precluded by a settlement agreement.

IN WITNESS WHEREOF, the parties agree that this Settlement Agreement is reasonable and have caused this document to be executed by their respective representatives, each being fully authorized to do so, and ask that this Settlement Agreement be substituted in its entirety for the Settlement Agreement previously filed on December 7, 2006. Dated at Providence this 14<sup>th</sup> day of December 2006.


Respectfully submitted,

**INTERSTATE NAVIGATION COMPANY**

**RHODE ISLAND DIVISION OF PUBLIC  
UTILITIES AND CARRIERS**

By its Attorney,

By its Attorney,

 12/14/06

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 12/14/06

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INTERSTATE NAVIGATION COMPANY  
RATE YEAR REVENUE INCREASES

Exhibit 1

	Company Original Position	Percentage Increase	Increase	Proposed Revenue	Remaining Revenue Deficiency
Passengers					
Non Commuter	3,632,928	15.72%	571,233	4,204,161	3,632,928
Commuter	<u>256,990</u>	5.00%	<u>12,850</u>	<u>269,840</u>	
	<u>3,889,918</u>		<u>584,083</u>	<u>4,474,001</u>	
			-	-	
Vehicles					
Non Commuter	2,988,058	15.72%	469,835	3,457,893	2,988,058
Commuter	<u>189,306</u>	5.00%	<u>9,465</u>	<u>198,771</u>	
	<u>3,177,364</u>		<u>479,301</u>	<u>3,656,665</u>	
			-	-	
Bikes & Mopeds	123,573	15.72%	19,430	143,003	123,573
Freight	719,432	0.00%	-	719,432	
Charters	113,716	15.72%	17,880	131,596	<u>113,716</u>
Tours	<u>33,804</u>		<u>-</u>	<u>33,804</u>	<u>6,858,275</u> a
	<u>990,525</u>		<u>37,311</u>	<u>1,027,836</u>	
Tariff Revenue	8,057,807		1,100,694	9,158,501	1,100,694
					(12,850)
					(9,465)
					<u>1,078,379</u> b
					15.72% b/a

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. 3762

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INTERSTATE NAVIGATION COMPANY

LOCAL TARIFF

Naming

PASSENGER AND VEHICLE RATES

FOR TRADITIONAL SERVICE

APPLYING BETWEEN

POINTS AND PLACES IN THE STATE OF

RHODE ISLAND

(As Indicated Herein)

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EFFECTIVE: January 1, 2007

ISSUED BY:

Interstate Navigation Company  
Susan Linda, President  
Post Office Box 482  
New London, Connecticut 06320

**RULE NO. 5            PETS OR ANIMALS ACCOMPANYING PASSENGERS:**

Animals or pets will not be allowed to accompany passengers aboard ships unless such animals are securely under leash.

**RULE NO. 10            BAGGAGE DEFINED:**

- (a) Baggage may be either personal or sales sample cases defined as follows: Personal luggage or baggage consists of wearing apparel, toilet articles or similar effects in actual use, necessary and appropriate for the wear, use, comfort or convenience of the passenger for the purpose of the trip and not intended for other persons or for sale. Sample cases are those to be used by salesman containing samples or articles or merchandise for sale and for future transportation and not articles for immediate sale forthwith.
- (b) Money, jewelry, negotiable papers or like valuables should not be enclosed in baggage to be checked. This carrier will not be responsible for such articles in baggage.
- (c) All baggage must be enclosed in receptacles such as trunks, valises, suit cases, leather hat boxes or satchels provided with handles, securely locked or otherwise fastened and made of material of sufficient strength and durability and quality to withstand the rapid handling and piling incidental to its transportation.

**RULE NO. 15            BAGGAGE ACCOMPANYING PASSENGERS:**

Each passenger purchasing an adult or child one way ticket will be allowed to transport without charge fifty (50) pounds of luggage or baggage, which must be carried on and off the ship by the passenger at points of embarkation and debarkation.

**RULE NO. 20.            ARTICLES IN AUTOMOBILES:**

Carrier will not be responsible for articles left in automobiles when not loaded in car trunks.

**RULE NO. 25            DAMAGE TO AUTOMOBILES IN TRANSIT:**

Any alleged damage to automobiles aboard ship shall be reported to ship's officers prior to leaving the dock at destination.

**RULE NO. 30            ROUND TRIP TICKET:**

The carrier will not be responsible to persons holding round trip tickets for failure to provide return carriage due to weather or mechanical failure; the carrier will honor the return ticket by providing carriage as soon as the weather and the sea are fit for navigation and the equipment is fit to operate.

**RULE NO. 35a      OVERSIZED VEHICLES:**

Deck space in general is restricted in the vessels by height and width. Outside deck space (which can accommodate higher vehicles) is also very limited in availability. Therefore, Oversized Vehicles, (which include cars, pick-up trucks, SUVs and vans) that do not fit the standard sized description of a standard car, pick-up truck, or van, will be charged an Oversized Vehicle rate of \$3.75 per linear foot, but only if they are 7' in height or less. If they are over 7' high, see Rule 35b. A standard car is no more than 18' long, 6' wide, and 5' high. As examples, without limiting the generality of the foregoing, the following are Oversized Vehicles that will be charged the per linear foot Oversized Vehicle rate of \$3.75 per linear foot but only if they are 7' in height or less:

- Any vehicles (including but not limited to cars, vans, and pick-ups) that are over 6' in width at the widest point.
- Extended cab pick-up trucks.
- Dual-wheel vehicles (including but not limited to the F350 Ford Series).
- Small dump trucks with a pick up front, and a dump body.
- Stake body trucks.
- Vehicles where racks extend the length of the car, van or pick-up.
- Vehicles that are wider than standard. For example, the vehicle has a utility body containing tool boxes, or the body of the vehicle is not ordinary or standard open backed.
- Vehicles that have ladder racks, or racks that hold pipes or other items on their roof.
- Any trailers (including but not limited to utility trailers), that are longer or wider than a standard car or are over 6' wide at the widest.

**RULE 35b      VEHICLES OVER 7' HIGH OR THAT REQUIRE OUTSIDE DECK SPACE:**

- Any vehicles (including but not limited to cars, vans, pick-ups, SUVs, and trailers of any type) that are over 7' in height at the highest point will be charged the \$5.10 per linear foot truck rate.
- Any vehicles that require the use of the limited outside deck space will charged the per linear foot truck rate of \$5.10 per linear foot. For example, people will often put their bikes on their car, and they often need outside deck space due to the extra height. We cannot guarantee them the outside deck space (trucks have priority) and the bikes and racks may have to come down. In such a case, if the bikes and racks come down and the car, van or pick-up is then otherwise standard size, the standard car, van or pick-up truck rate will apply, and the standard charges will also apply to the bikes, racks, or other items removed from the vehicle.

**RULE NO. 40      TIME LIMIT ON SUITS:**

Suits to recover on any claim for loss of life or bodily injury must be instituted within one (1) year from the day when the death or injury occurred. Suits to recover on any claim other than loss of life or bodily injury, including breach of contract, must be instituted within six (6) months of the scheduled arrival of the passenger or property at destination.

**RULE NO. 45      SCREENING AND INSPECTION:**

Pursuant to Homeland Security Coast Guard Regulations, entering the ferry facility is deemed valid consent to screening or inspection; and failure to consent or submit to screening or inspection will result in denial or revocation of authorization to enter.

**RULE NO. 50      ARTICLES LEFT ABOARD VESSEL:**

Carrier will not be responsible for articles left aboard the vessel. Such shipments shall be charged for at the minimum rates provided in the company's tariffs.

**RULE NO. 55      DAMAGE TO AUTOMOBILES:**

All vehicles are transported at owner's sole risk. Drivers must accompany vehicles. The company will not be responsible for any damages to vehicles while in transport or while they are being loaded and unloaded aboard the vessel. The owner or driver must drive the vehicle on and off the vessel. In the event a vessel is canceled, the car reservation is also canceled. Any alleged damage to automobiles shall be reported to vessel's officers prior to leaving dock at destination.

**RULE NO. 60      CAR RESERVATION CANCELLATIONS:**

Car reservations may be changed two times 7 full days in advance of departure, then only one time within 7 days of departure. Cancellations made 7 full days in advance will be assessed a \$10.00 cancellation fee for each cancellation. No refunds will be made for cancellations made within 7 days of departure.

**RULE NO. 65      VEHICLE OVERHANG CHARGE:**

There is a \$7.00 additional charge per each way, in addition to the vehicle fee, for items over 7' on top of cars, and the same fee will be charged for items on the front, back and side of vehicles as well as items overhanging the roof of vehicles that exceed the length or width of the vehicle.

**RULE NO. 70      NON-STANDARD VEHICLE CHARGES:**

Vehicles that require more than one car space (such as limousines) may be charged an increased rate based on the amount of deck space required for the vehicle as opposed to a standard car or SUV (see also Rule 35).



**RULE NO. 75      BLOCK TICKET SALES CHARGE:**

There is a \$19.50 block ticket sales service charge for all block sales of 25 or more tickets. The block ticket sales service charge for arrangements made for group travel that includes making luncheon reservations, bus tours, and/or other similar amenities shall be \$35.00.

**RULE NO. 80      ONLINE SALES CHARGE:**

For all online internet and telephone call center passenger transactions, there is a \$2.00 convenience fee per transaction, to cover postage/handling charges.

**RULE NO. 85      LOST TICKET CHARGE:**

There is a \$13.00 charge for all lost tickets which are replaced (each way).

**RULE NO. 90      GROUP DISCOUNTS:**

Carrier may from time to time apply a 15% promotional group discount rate to groups of 25 or more.

**RULE NO. 95      ADVANCE TICKET DISCOUNT:**

Carrier may sell advance tickets on a pay for 9 tickets in advance, get 10 tickets basis.

**RULE NO. 100      COMMUTER RATE ELIGIBILITY:**

Only the holders of a Rhode Island driver's license with solely a Block Island address on the license are eligible for commuter rates, and to be eligible for the commuter standard sized car, SUV, van and pick up rates, (Oversized Vehicles as defined in Rule 35, are not eligible for the commuter vehicle rate), the vehicle (1) must be driven by a driver with solely a Block Island license, and (2) must have solely a Block Island address on its registration. Also, Block Island resident school students who are over the age of eleven, but under the age of sixteen who attend the Block Island School may obtain the adult resident commuter rate by presenting a valid Block Island School Photo Identification Card which will be issued by the Town of New Shoreham.

**EXPLANATION OF ABBREVIATIONS**

No. = Number

P.O. = Post Office

R.I. = Rhode Island

R.I.P.U.C = Rhode Island Public Utilities Commission

NA = Not Available

PLF. = Per Linear Foot

**PASSENGER RATES**  
**(Rates in Dollars and Cents Per Passenger)**

ITEM:

Between Newport and Block Island Apply Column A Rates  
 Between Point Judith and Block Island Apply Column B Rates

**COLUMN**

A	B						
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**5 ADULT PASSENGER FARES**

ONE WAY ADULT	\$9.85	\$10.10					
ROUND TRIP ADULT	\$14.50	\$16.55					

**10 CHILDREN PASSENGER FARES**

ONE WAY	\$4.65	\$5.20					
ROUND TRIP	\$6.70	\$8.20					

**Commuter Rate \$10.50 (See Rule 100)**

**Senior Discount (over 65 years):**

- \$ .50 off non-commuter one way tickets
- \$1.00 off non-commuter round trip tickets

NOTE a. The passenger rates for children published in Item No. 10 will apply to children five (5) years of age up to and including children eleven (11) years of age when accompanied by an adult. For children twelve (12) years of age and older the adult passenger fares published in Item No. 5 will be charged.

NOTE b. Children under five (5) years of age when accompanied by an adult will be transported free.

FOR EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS SEE PAGE 5.

## VEHICLE RATES

ITEM:

Between Block Island and Newport Apply Column A Rates  
 Between Block Island and Point Judith Apply Column B Rates

RATES IN DOLLARS AND CENTS PER UNIT (one way)

		COLUMN	
		A	B
15	Automobiles (See Rules 20, 25, 35, 50, 55, 60, 65 and 70 herein and Rule 20 of Freight Tariff)	n/a	45.00
16	Bicycles	2.90	2.90
16a	Bicycle wagons, whether or not attached to a bicycle	2.90	2.90
16b	Tandem Bicycles, whether or not attached to a bicycle	2.90	2.90
16c	Electric Bicycles, motorized skateboards, and mini-motorcycles	7.50	7.50
17	Motorcycles	19.70	19.70
18	Pick-up trucks, vans, and SUV's (See Rules 20, 25, 35, 50, 55, 60, 65 and 70 herein and Rule 20 of Freight Tariff)	n/a	54.30
19	Trucks* (See note)	n/a	5.10/lf
20	Hazardous Trucks* (See note)	n/a	7.65/lf

### Commuter Vehicle Rates:

- Standard-sized Automobiles \$ 27.00  
(See Rules 20, 25, 35, 50, 55, 60, 65, 70, and 100 herein and Rule 20 of Freight Tariff)
- Standard-sized Pick-up Trucks, Vans, and SUVs \$ 32.75  
(See Rules 20, 25, 35, 50, 55, 60, 65, 70, and 100 herein and Rule 20 of Freight Tariff)

\* Note: Except as set forth below, trucks carrying hazardous materials or dangerous goods, as defined by 49 CFR, Subchapter C Hazardous Materials Regulations, the U.S. Coast Guard, and the International Maritime Organization, can not be transported aboard passenger vessels. Therefore, except as set forth below, when carrying these materials, the vessel must operate strictly as a cargo vessel, and the per foot rate is as set forth above for hazardous trucks. For this purpose, the Carrier will make a vessel available as a cargo vessel on a reservation only, as available basis, at the rate set forth above per same day round trip run from Point Judith to Block Island and return (maximum 4 hours). When available, the cargo vessel must be scheduled to leave Point Judith and complete the run at the discretion of the Carrier.

Trucks which carry sludge for the New Shoreham Sewer Commission will be required to travel on the hazardous truck cargo vessel, and will not be allowed to travel on a vessel with passengers, but will be allowed to travel at the regular truck rate of \$5.10 per linear foot, because the sludge is not a hazardous material or dangerous good as defined by 49 CFR, Subchapter C, but odor from the truck is a problem for ferry passengers. In addition, trucks which carry garbage for the Town of New Shoreham will also be allowed, on an as-needed basis, to travel on the hazardous truck cargo vessel, but at the standard truck rate of \$5.10 per linear foot, or they may travel on the usual passenger ferry.

Trucks which have a gross weight of 50,000 pounds or more and are not tractor trailer trucks and are not carrying property for the Town of New Shoreham will be required to pay, in addition to the per linear foot truck rate, a weight premium of \$50 per one way trip due to the weight limitations imposed upon the ferry vessels.

STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

Docket No. 3762

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INTERSTATE NAVIGATION COMPANY

LOCAL TARIFF

Naming

CLASS AND COMMODITY RATES

FOR TRADITIONAL SERVICE

APPLYING BETWEEN

POINTS AND PLACES IN THE STATE OF

RHODE ISLAND

(As Indicated Herein)

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For reference to the governing Classification and other governing publications, see Rule No. 5 herein.

EFFECTIVE: January 1, 2007

ISSUED BY:

Interstate Navigation Company  
Susan Linda, President  
Post Office Box 482  
New London, Connecticut 06320

## EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS

Bbl= Barrel Co= Company Col= Column Conn= Connecticut Ctn= Carton I.C.C.= Interstate Commerce Commission KD= Knocked Down Lbs= Pounds M= Thousand MT= Empty	Min= Minimum Charge No.= Number NOIBN= Not Otherwise indexed by name in classification Pkg= Package Pt= Point R.I.= Rhode Island Department of Public Utilities SU= Set Up Viz= Namely &= And
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### RULES GOVERNING ALL TARIFFS

#### RULE NO. 5 GOVERNING CLASSIFICATION, RULES AND EXCEPTIONS TARIFF:

Governed, except as otherwise provided herein, by the Coordinated Freight Class- No. 11, The New England Motor Rate Bureau, Inc., Agent's MF-I.C.C. No. A-210, MF-R.I.D.P.U. No. A-84 and by the Rules, Regulations and Exceptions thereto, the New England Motor Rate Bureau, Inc., Agent's MF-I.C.C. No. A-202, MF-R.I.D.P.D. No A-82, supplements thereto or successive issued thereof.

#### RULE NO. 10 APPLICATION OF RATES:

(a) Commodity rates named in this tariff are applicable only on shipments tendered to the carrier in exact accordance with the commodity description and packing requirements set forth herein.

(b) Unless otherwise provided, the rates shown herein apply only on articles received on one bill of lading at one time and place from one consignor for delivery to one consignee at one place, at one destination.

(c) The transportation obligation of the carrier under this tariff consists of the receipt of freight at its dock at the shipping point and its transportation to the dock of the carrier at destination.

**RULE NO. 15      MAXIMUM CHARGES:**

In no case shall the charge for a given shipment be greater than the charge for a shipment of the same commodity, of a greater weight, between the same points.

**RULE NO. 20      MINIMUM CHARGES:**

Except as provided in individual items herein rates named are subject to the following minimum charges per shipment.

<u>BETWEEN</u>	<u>AND</u>	<u>MINIMUM CHARGE</u>
Newport or Pt. Judith, R.I.	Block Island, R.I.	\$4.00

**RULE NO. 25      LIABILITY FOR FEEDING LIVESTOCK:**

The carrier will not be responsible for the feeding or watering, of livestock transported. It shall be the responsibility of the consignor to guarantee the carrier that a plentiful supply of feed and water shall be placed aboard vessel prior to the boarding of such shipments of livestock.

**RULE NO. 30      HOUSEHOLD GOODS, DESCRIPTION OF:**

The rates on Household Goods apply to all Household Goods, new or used, including but not limited to goods and personal effects such as furniture, clothing and residence furnishings and when shipped uncrated will only be accepted at owner's risk.

**RULE NO. 35      INTEREST:**

Interest will be charged on overdue accounts (past 30 days) at 1.5% per month, plus reasonable attorney's fees if collection efforts are needed.

**RULE NO. 40 C.O.D. SHIPMENTS, COLLECTION AND REMITTAL CHARGES:**

The following charges will apply for the collection and the remittance of C.O.D. bills collected from consignees between all points in Rhode Island:

When the amount collected is:		Charge for Collection and remittance will be:	
Not over	TO	\$ 10.00	\$ 0.90
\$ 10.01	TO	20.00	1.07
20.01	TO	30.00	1.25
30.01	TO	40.00	1.43
40.01	TO	50.00	1.61
50.01	TO	75.00	1.78
75.01	TO	100.00	2.23
100.01	TO	150.00	2.85
150.01	TO	200.00	3.57
200.01	TO	300.00	4.65
300.01	TO	400.00	5.72
400.01	TO	500.00	6.79
500.01	TO	1,000.00	8.03
	OVER	1,000.00	8.03 per \$1,000

**RULE NO. 45 EMPTY CONTAINERS RETURNED, RATES APPLICABLE:**

The rates in cents per can, case, carton or other empty alcoholic or nonalcoholic beverage container including bottles in racks, or other containers not otherwise shown herein will apply as follows:

	<b>Pt. Judith &amp; B.I.</b>
<b>BETWEEN</b>	
(a)	
Containers with bottles, each	.52
Containers without bottles, each	.45
Milk Cans, Each	.45
Milk Dispensers, each	.52
Beer Kegs, each	1.07

(b)  
The rates in cents per empty tank shall be returned as follows:

Soda Fountain tanks, each	.80
Pyrofax tanks, each	1.07
Propane Gas Tanks, each	1.07



**RULE NO. 50            FREIGHT TRANSPORTED AT OWNER'S RISK:**

Shipments of livestock, pinball machines, music machines, neon or electric signs and pianos will be accepted for transportation at owner's risk.

**RULE NO. 55            TRANSPORTATION OF LIVESTOCK:**

All Livestock, except household pets accompanied by an owner or handler, dogs, cats and animals of like size in portable kennels, and fowl in crates, will be carried only in animal vans or trailers. The tariff for such transportation will be the tariff for such vans or trailers.

**RULE NO. 60            PERSONAL PALLETS:**

Personal pallets are \$7.85 each. Personal pallets can be used on an as available basis in the discretion of the Carrier and are solely to be used for the transportation of personal items (such as groceries and luggage). Each pallet is 3 ½' high and no items may be loaded on a personal pallet that are higher than 3 ½'. Personal pallets will be given to customers on a "first come, first served" basis, and the boats are limited to how many pallets can be taken. The number of personal pallets which can be taken will vary trip to trip in the discretion of the Carrier based on the availability of deck space and pallets.

**RULE NO. 65            SURFBOARDS:**

Surfboards are \$6.50 one way, \$13.00 round trip.

# COMMODITY RATES

(BECAUSE NO INCREASE IS BEING APPLIED TO FREIGHT RATES IN ACCORDANCE  
WITH THE STIPULATION AND AGREEMENT, THE "AFTER" RATES  
SET FORTH HEREIN ARE TO BE DISREGARDED)

DATE: 7/26/58 14:12

ITEM MASTER RATE TOOL LISTING RATE: 750.25 (RATE) PAGE 1

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN
					A	B
ABC	ABC	ABC ITEM MASTER RECORD. THIS W RA		1.0000	1.440	1.550
		AS THE FIRST ITEM ENTERED			1.550	1.725
					1.550	2.150

1\*

DATE: 7/25/66 1911Z

ITEM MASTER RATE TUGL LISTING

RATE: +30.26 (RATE)

PAGE 2

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN
006	45-00	EMPTY CONTAINER WITH BOTTLES RULE 45	EA		A	B
	45-01	EMPTY CONTAINER W/O BOTTLES RULE 45	EA		AFTER:	.540 .710
	45-02	EMPTY MILK CASES, CANS RULE 45	EA		AFTER:	.460 .600
	45-03	EMPTY MILK DISPENSERS RULE 45	EA		AFTER:	.450 .600
	45-04	EMPTY BEER KEGS RULE 45	EA		AFTER:	.640 .710
	45-05	EMPTY BEER TRAT. PLASTIC	EA		AFTER:	1.070 1.400
						.460 .600

DATE: 7/25/66 1411Z

ITEM MASTER RATE TOOL LISTING

RATES: 430.26 (RATE)

PAGE 3

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN
657	015-02	AREA WALL	EA		A	B
	030-05	BAIT BARRELS, ERFTT	EA		AFTER:	3.519
						3.260
	035-05	BALNTUB, CAST IRON	EA		AFTER:	1.250
						1.630
	035-05	JACUZZI, WHIRLPOOL	EA		AFTER:	13.263
		RUCE #40 APPLIES				17.320
	036-07	SHOWER BISE, GRANITE, NOISEM	EA		AFTER:	15.123
						25.153
	040-00	BATTERIE: USED, CAR	EA		AFTER:	5.620
						7.600
	040-03	BATTERIE: USED INDUSTRIAL	EA		AFTER:	.713
		MAKINE				.950
	045-00	REG, WINE 1/4	EA		AFTER:	1.769
						3.320
	045-05	COLD PLATE W/COOLER	EA		AFTER:	2.243
						2.930
	10-03	ANCHOR, POORING, 200-499LB	EA		AFTER:	2.870
						3.783
	10-04	ANCHOR, POORING, 500-799LB	EA		AFTER:	7.173
						9.353
	10-05	ANCHOR, POORING, 600-999	EA		AFTER:	15.043
						19.540
	10-06	ANCHOR, SMALL	EA		AFTER:	22.420
						29.250
	10-07	ANCHOR, POORING, 100-159LB	EA		AFTER:	1.440
						1.650
	10-08	ANCHOR, POORING, 1000 & ABOVE	EA		AFTER:	5.360
						7.030
	30-03	BARREL, 15 GAL	EA		AFTER:	33.400
						43.610
	30-05	BARREL, 30 GAL	EA		AFTER:	3.550
						4.550
	40-02	BATTERIE, ELECTRICAL, SOLAR	EA		AFTER:	5.370
		INDUSTRIAL, MAKINE				7.010
						3.500
						4.650

DATE: 7/25/06 14:12

ITEM MASTER RATE TOOL LISTING

RATE%: 739.26

(RATE)

PAGE 4

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN A	COLUMN B	C
	45-05	KEG: WINE 1/2	EA		AFTER:			3.220 4.210
	45-10	DISPENSER, WATER	EA		AFTER:	8.600 11.230	8.600 11.230	6.600 11.230
	50-00	WATER, BOTTLE, 5GAL	EA		AFTER:			1.440 1.860
	55-02	BICYCLE, UNCRATED	EA		AFTER:			2.570 3.750
	600-21	SOLAR PANEL APPROX 4X8	EA		AFTER:	24.430 31.910	24.430 31.910	24.430 31.910
	005-01	ALUMINUM LOUVERS, VENTS	PC		AFTER:			.500 1.040
	005-02	ANTI-FREEZE COMPOUNDS, NOISEM, LIQUID, IN CASES, EA.	EA		AFTER:			1.440 1.860
	005-03	ANTI-FREEZE COMPOUNDS, NOISEM, LIQUID IN BARRELS OR DRUMS EA.	EA		AFTER:			7.330 9.570
	006-04	ANGLE IRON BY LINEAR FEET	FT		AFTER:			.460 .500
	010-01	AUTOMOBILE PARTS VIZ: EXHAUST PIPES OR MUFFLERS, EA	EA		AFTER:			1.440 1.860
	010-02	AUTO SEATS	EA		AFTER:			6.050 7.550
	015-01	AUTO TRANSMISSIONS	EA		AFTER:			5.030 7.550
	020-01	BASS, BURLAP, GUMMI CE JUTE, NOISEM	EA		AFTER:			5.370 7.010
	025-01	BARRELS (HOT OIL OR TAR), DRUMS FALLS, TUBS, WOOD/IRON/STEEL	EA		AFTER:			.540 .710
	030-02	BARRELS, TAR, EMPTY, EACH	EA		AFTER:			1.250 1.630
	030-03	BARRELS, TAR, FULL, EACH	EA		AFTER:			7.330 9.570
	030-04	BALT BARRELS	EA		AFTER:			5.570 7.010
	035-01	BATHTUBS, EACH	EA		AFTER:			6.600 11.230

DATE: 7/25/56 14112

ITEM MASTER RATE TOOL LISTING

RATE: +30.26

(RATE)

PAGE

5

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN E	COLUMN C
	035-02	COMBINATION TUB AND SHOWER (FIBERGLASS)	EA		AFTER:	18.330	23.940
	035-03	SHOWER IN BOX BY PIECE	EA		AFTER:	3.330	3.950
	035-04	SHOWER (FIBERGLASS)	EA		AFTER:	12.330	16.360
	040-01	BATTERIES, ELECTRIC, STORAGE, EACH	EA		AFTER:	1.780	2.520
	045-01	BEVERAGES, ALCOHOLIC, VIZ. M.T. KECS	KEG		AFTER:	1.070	1.400
	045-02	BEER, 24 PER CASE,	CAS		AFTER:	1.250	1.630
	045-03	BEER IN KECS EACH	KEG		AFTER:	2.240	2.530
	045-04	LIQUORS, SPLITS PER CASE	CAS		AFTER:	2.420	3.160
	045-05	WINE, PER CASE	GAS		AFTER:	1.760	2.320
	045-06	BEER 48 BOTTLES PER CASE, EACH	CAS		AFTER:	1.780	2.320
	050-01	BEVERAGES, SODA, JUICE, WATER	CAS		AFTER:	.320	1.280
	050-02	BEVERAGES, NON-ALCOHOLIC, SODA . PRE-MIXED CANS, EACH	CAS		AFTER:	1.250	1.630
	050-03	BEVERAGES, NON-ALCOHOLIC, CO2 + 1/2 TANKS AND CYLINDERS	CYL		AFTER:	2.240	2.930
	055-01	BICYCLES, MOLEM, IN BOXES OR CRATES, EACH	EA		AFTER:	3.650	4.810
	055-11	CARRIAGE, BICYCLE TRAILER, SIX WHEEL CRATED	EA		AFTER:	2.200	2.670
	055-12	CARRIAGE, STOLLER UNCRATED	EA		AFTER:	2.000	2.610

DATE: 7/25/66 14:12

ITEM MASTER RATE TOOL LISTING

(RATE)

PAGE 6

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
008	065-04	COBBLESTONE	EA		AFTER:	.450	.450	.450
						.590	.590	.590
065-05		CUBBLESTONE, LESS THAN 10 INCH	EA		AFTER:	.220	.220	.220
						.290	.290	.290
66-03		BLOCK, PAVO	EA		AFTER:	.540	.540	.540
						.710	.710	.710
70-00		BUOY, CARTON, LOOSE, SMALL	EA		AFTER:			2.150
		2'X2' BOX						2.610
70-01		BUOY, CARTON, LOOSE, LARGE	EA		AFTER:			3.250
		OVER 2'X2' BOX						4.660
70-02		BUOY, LOBSTER	EA		AFTER:	.360	.360	.360
						.470	.470	.470
70-04		BOBCAT TRACTOR	EA		AFTER:	29.020	29.020	29.020
						37.900	37.900	37.900
70-05		BOBCAT TRACTOR WITH BACK	EA		AFTER:	38.340	38.340	38.340
		ATTACHMENTS				50.070	50.070	50.070
060-01		BLINDS, WINDOW OR SHUTTERS	EA		AFTER:			.600
								1.040
065-01		BLOCKS, CRIMMET 9 X 12	EA		AFTER:			.460
								.500
065-02		BLOCKS, BUILDING, CEMENT OR	EA		AFTER:			.640
		CINDER EACH						.710
070-00		KAYAK, CANOE, WALK ON	EA		AFTER:			11.150
								14.560
070-01		BOATS, PER LINEAR FOOT	FT		AFTER:			1.440
								1.680
075-01		BOAT TRAILERS, EACH	EA		AFTER:			18.420
								24.060
080-01		BOILER/FURNACE	EA		AFTER:			24.450
								31.910
085-01		HOOKS, BY IKE CARTON	CTN		AFTER:			2.420
								3.160
065-02		BOGIES OR SROES, IN CARTONS,	CTN		AFTER:			2.420
		EACH						3.160
090-01		BOGIES, TELEPHONE, STEEL/WOODEN,	EA		AFTER:			12.150
		SU LOOSE OR IN BOXES, CRATES	EA					



DATE: 7/25/06 14:12

ITEM MASTER RATE TOOL LISTING

RATE: +30.26

(CREATE)

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN A	COLUMN B	C
	090-02	BRASS FITTINGS, CARTONS	CTN					
	095-01	BREAD, BAKERY PRODUCTS, IN CARTONS EACH (1.74 MIN)	CTN		AFTER:		3.680	4.510
	095-02	BREAD BAKES OR CARRIERS (R.T. EACH)	EA		AFTER:		.980	1.260
	100-01	BRIDGING BOX METAL	EA		AFTER:		6.550	11.690
	100-02	BROOM, ROAD, ATTACHMENT	EA		AFTER:		.270	.350
	105-01	BOTTLES, CARBOYS, DEMIJONS, JAR, NOISE, GLASS OTHER CUT, EMPTY RT	EA		AFTER:		25.550	33.420
	110-01	BOXALUM DRIF EDGE	EA		AFTER:		.880	1.150
	115-01	BOXES, FISH, EMPTY, EACH	EA		AFTER:		3.650	4.610
	120-01	BRICKS, BUILDING, COMMON, LESS THAN 4, EACH	EA		AFTER:		.270	.350
	120-02	BRICKS, BUILDING, COMMON OVER 4, 1,000 BRICKS	M		AFTER:	1,000.00000	60.620	79.430
	125-01	BRIDGING METAL, BOX	EA		AFTER:	1.440	1.780	1.440
	125-02	BRICKS, FACE, EACH	EA		AFTER:	1.880	2.320	1.880
	125-03	BRICKS, FIRE, EACH	EA		AFTER:		.100	.150
					AFTER:		.130	.170

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ITEM MASTER RATE TOOL LISTING

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
009	130-02	WEED WHACKER, ELECTRIC	EA		AFTER:	3.560	3.560	3.560
					AFTER:	4.650	4.650	4.650
	170-00	COMPUTER EQUIPMENT; MONITOR, CPU	EA		AFTER:			7.330
					AFTER:			9.570
	170-01	CASH REGISTERS, BOOKKEEPING, FAX COPY, TYPING OR STENOGRAPH MACH	EA		AFTER:	7.330	9.750	7.330
					AFTER:	9.570	12.750	9.570
	170-02	COMPUTER PRINTER, SCANNER	EA		AFTER:	5.440	5.440	5.440
					AFTER:	7.100	7.100	7.100
	175-05	CABINET, FILLER	EA		AFTER:	1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880
	175-10	CABINET, PANEL	EA		AFTER:	3.210	3.210	3.210
					AFTER:	4.190	4.190	4.190
	175-11	CABINET, FILING	EA		AFTER:	6.090	6.090	6.090
		RULE # 40 APPLIES			AFTER:	7.950	7.950	7.950
	175-12	CABINET, QUAD	EA		AFTER:	17.880	17.880	17.880
		RULE #40 APPLIES			AFTER:	23.350	23.350	23.350
	175-13	CABINET, FILING, SMALL, 2 DRAW	EA		AFTER:	2.870	2.870	2.870
		RULE #40 APPLIES			AFTER:	3.750	3.750	3.750
	180-06	CAZKET, GRAVE, LINER	SET		AFTER:	18.990	18.990	18.990
					AFTER:	24.800	24.800	24.800
	180-06	PRECAST STAIRWAY	EA		AFTER:			38.560
					AFTER:			50.490
	180-07	CART, SHOPPING	EA		AFTER:	3.560	3.560	3.560
					AFTER:	4.650	4.650	4.650
	185-04	EXPANSION JOINT	EA		AFTER:	.140	.140	.140
					AFTER:	.180	.180	.180
	240-00	COUNTER TOP	FT		AFTER:	.930	.930	.930
					AFTER:	1.210	1.210	1.210
	240-01	COPPER SHOWER PANS	EA		AFTER:	2.680	3.350	2.680
					AFTER:	3.500	4.430	3.500
	150-01	BRUSH, WEED CUTTER, GAS POWERED	EA		AFTER:	6.090	7.620	6.090
					AFTER:	7.950	9.950	7.950
	135-01	BULKHEAD STEEL	EA		AFTER:	6.630	10.700	6.630
					AFTER:	11.350	13.970	11.350
	140-01	BURLAP, ROLL OR BALE	EA		AFTER:	7.330	9.100	7.330
					AFTER:	9.570	11.800	9.570

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
145		BOUY FLOAT, MAST HEAD	EA		AFTER:	1.260	1.530	1.260
						1.630	2.000	1.630
150		BUFFER/POLISHER	EA		AFTER:	8.500	10.540	6.500
						11.100	13.900	11.100
155		CALCIUM CHLORIDE PER BAG	EA		AFTER:	2.420	3.030	2.420
						3.160	3.950	3.160
160		BUILDING-SHED, HOUSE, FABR STEEL PER CWT.	EA		AFTER:	4.030	5.100	4.030
						5.260	6.550	5.260
165		CANDY OR CONFECTIONERY, IN BOXES OR CARTONS	EA		AFTER:	2.420	3.030	2.420
						3.160	3.950	3.160
166		CANDY OR CONFECTIONERY MINIMUM CHARGE PER SHIPMENT	EA		AFTER:	3.030	3.580	3.030
						3.950	4.610	3.950
175		CABINET, MEDICINE	EA		AFTER:	1.780	2.330	1.780
						2.320	3.030	2.320
175-01		CAN, REFUSE AND PLASTIC, TIN, FUEL EMPTY	EA		AFTER:	1.780	2.330	1.780
						2.320	3.030	2.320
175-02		CARTONS; GAMES, TOYS	EA		AFTER:	2.420	2.650	2.420
						3.160	3.500	3.160
175-03		CABINET, SINGLE RULE 40 APPLIES	EA		AFTER:	3.680	4.550	3.680
						4.810	5.560	4.810
175-04		CABINET, DOUBLE RULE 40 APPLIES	EA		AFTER:	6.090	7.620	6.090
						7.950	9.950	7.950
175-07		CARPETS OR LINOLEUM/ROLL	EA		AFTER:	7.170	7.170	7.170
						9.360	9.360	9.360
175-08		FOAM FADING/ROLL	EA		AFTER:	2.240	2.240	2.240
						2.930	2.930	2.930
180-02		CASKETS OR VAULT, BURIAL, CASKET, WOODEN, EACH	EA		AFTER:	12.160	15.830	12.160
						15.880	20.670	15.880
180-03		CASKETS OR VAULTS, BURIAL, CASKET, STEEL, EACH	EA		AFTER:	17.070	20.750	17.070
						22.290	27.110	22.290
180-04		CASKETS OR VAULT, BURIAL, VAULT, CEMENT, EACH	EA		AFTER:	29.250	36.550	29.250
						36.210	47.730	36.210
185-01		CEMENT, MASONRY, NATURAL OR PORTLAND, IN BAGS EACH	EA		AFTER:	1.440	2.050	1.440
						1.680	2.530	1.680
185-02		POWER CEMENT TROWEL	EA		AFTER:	6.030	7.610	6.030
						7.950	9.950	7.950

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	186-03	SAKRETE, MORTAR OR ANV. 25 LB BAG	BAG			.710	.710	.710
					AFTER:	.530	.530	.530
	150-01	CESSPOOLS, COMPLETE, EACH	EA			54.810	61.000	54.310
					AFTER:	71.710	79.670	71.710

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN		C
						A	B	
510	180-08	STAIRWAY, FOLDING ATTIC	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	180-10	STAIRWAY, PREFAB 8 FEET / LESS	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	180-11	STAIRWAY, PREFAB GREATER THAN 8 FEET	EA		AFTER:			5.020 11.780
	195-01	CHARCOAL, OTHER THAN ANIMAL OR WOOD, IN CLOTH BAGS	BAG		AFTER:	1.780 2.320	2.420 3.160	1.780 2.320
	200-01	CAULKING COMPOUND, ACCESS PER BOX	BOX		AFTER:	1.440 1.880	1.780 2.320	1.440 1.880
	205-01	CHEMICALS, KEISEN, IN CARBOYS, EACH	CRB		AFTER:	2.420 3.160	3.560 4.810	2.420 3.160
	205-02	CHAIN, 500-799 LB BARREL	EA		AFTER:	15.250 19.920	15.250 19.920	15.250 19.920
	205-03	CHAIN, 200-499 LB BARREL	EA		AFTER:	10.100 13.190	10.100 13.190	10.100 13.190
	205-04	CHAIN, LESS THAN 200 LB	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	210-01	CHIMNEY FLUE LINING, CLAY, 8"X8" LINEAR FOOT	EA.		AFTER:	.540 .710	.540 .810	.540 .710
	210-02	CHIMNEY FLUE LINING, CLAY 6" X 12"	EA.		AFTER:	.520 .810	.710 .530	.520 .810
	215-01	CIGARETTE VENDING MACHINE	EA.		AFTER:	13.420 17.530	17.070 22.290	13.420 17.530
	220-01	CLAY TRIMBLE 6"X8"	EA.		AFTER:	.620 .810	.800 1.040	.620 .610
	235-01	CLOTH, BET GOODS, FABRIC, BAGGING, GUNNY, IN BDL OR CTN	CTN		AFTER:	1.250 1.630	1.780 2.320	1.250 1.630
	245-01	COAL OR COKE IN CLOSED BAGS PER TON (2000 LBS)	TON		AFTER:	13.420 17.530	15.830 20.670	13.420 17.530
	245-02	COAL OR COKE IN CLOSED BAGS, PER 50 LBS BAG	BAG		AFTER:			.480 .600
	245-03	CORD WOOD: PER PALLET: OR 1/2 CORD	CRD		AFTER:			8.350 11.550
	245-04	CORD WOOD: PER CORD	CRD		AFTER:			17.670 23.340

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	250-01	CROCKERY OR EARthenWARE IN BOXES OR BARRELS	BOX		AFTER:	3.030 3.960	3.680 4.610	3.030 3.960
	255-01	DOORS, WOODEN, GLAZED, EACH	EA.		AFTER:	3.030 3.960	3.680 4.610	3.030 3.960
	255-02	DOORS, SCREEN	EA.		AFTER:			3.030 3.960
	255-03	DOOR, ALUMINUM	EA.		AFTER:	3.030 3.960	4.470 5.840	3.030 3.960
	255-04	DOOR, GARAGE, DOUBLE OR OVERHEAD, EACH	EA.		AFTER:	7.330 9.670	9.750 12.750	7.330 9.670
	255-05	DOOR FRAMES	EA.		AFTER:	2.420 3.160	3.030 3.960	2.420 3.160
	255-06	DOOR, STEEL FIRE, EACH	EA.		AFTER:	11.630 15.190	15.210 19.660	11.630 15.190
	255-07	DOOR, CELLER, EACH	EA.		AFTER:	12.160 15.860	16.210 19.660	12.160 15.860
	255-08	DOORS, PRE-HUNG, EACH	EA.		AFTER:			4.920 6.450
	255-09	DOOR, SLIDING GLASS	EA.		AFTER:			10.700 13.970
	255-13	DOOR, DOUBLE PRE-HUNG	EA.		AFTER:	9.820 12.820	9.820 12.820	9.820 12.820
	255-14	DOOR, BIFOLD	EA.		AFTER:	3.030 3.960	3.030 3.960	3.030 3.960
	255-15	DOOR, WOOD, W/WINDOW	EA.		AFTER:	3.650 4.650	3.650 4.650	3.650 4.650
	255-17	DOOR, COMBO	EA.		AFTER:	4.470 5.840	4.470 5.840	4.470 5.840
	255-18	DOOR, SLIDING GLASS, DOUBLE	EA.		AFTER:	21.470 28.040	21.470 28.040	21.470 28.040
	255-19	GATE, LARGE 12' OR LESS	EA.		AFTER:	5.520 7.210	5.520 7.210	5.520 7.210
	255-20	GATE, LARGE 17' OR GREATER	EA.		AFTER:	9.390 12.260	9.390 12.260	9.390 12.260
	250-01	DRUGS OR MEDICINES, NOISEM IN CARTONS	CTN		AFTER:	3.030 3.960	3.680 4.610	3.030 3.960

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR		COLUMN	
					A	B	A	B
	250-02	DURA-WALL 500 LINEAL FEET 8"	EA.					5.200 7.570
	260-03	DURA-WALL 500 LINEAL FEET 12"	EA.					5.700 8.750
	270-00	WIRE. COIL	EA		1.780 2.320	1.780 2.320		1.780 2.320
	300-02	DRESSER, CHEST	EA		6.050 7.950	6.050 7.950		6.050 7.950
	300-13	DISPLAY CASE, RACK	PC					6.090 7.950
	602-00	DUMPSTER, 15YRD	EA					35.820 46.780
	602-01	DUMPSTER, 10-14 YRDS	EA					22.560 37.430
	602-02	DUMPSTER, 6-5 YRDS	EA					21.500 28.080
	602-03	DUMPSTER, 3-5 YRDS	EA					17.880 23.350
	602-04	DUMPSTER, LESS THAN 3 YRDS	EA		7.170 9.360	7.170 9.350		7.170 9.350
	245-00	COOKIES	BOX					.620 .810
	255-00	DOOR, SHOWER	EA					3.550 4.650
	255-10	DOOR, STORM	EA					3.550 4.650
	255-11	SCREEN, SLIDING	EA					2.720 3.550





CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	270-11	FENCE, PER ROLL, SILT	EA		AFTER:	1.950 2.550	1.950 2.550	1.950 2.550
	275-00	FERTILIZER COMPOUNDS, SINGLE O ME TOM BAG, NOISEM	TOM		AFTER:	1.950 2.550	2.420 3.150	1.750 2.550
	275-01	FERTILIZER COMPOUNDS, NOBIN, LIME, MANURE IN BAG	EA		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	275-02	MULCH, PEAT MOSS	EA		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	275-03	SOIL	EA		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	275-04	MULCH, PEAT MOSS PALLET SIZE SALE	PLT		AFTER:	19.870 25.950	19.870 25.950	19.870 25.950
	275-05	FERTILIZER COMPOUND, 100LB B AG, NOISEM	BAG		AFTER:	5.730 7.460	5.730 7.460	25.550 33.500
	280-00	FISH, LARGE, FRESH, BOXED	EA		AFTER:	3.680 4.610	4.630 6.310	3.680 4.610
	280-01	FISH, FRESH OR FROZEN, IN BARRELS, EACH	EA		AFTER:	2.420 3.160	3.020 3.960	2.420 3.160
	280-02	FISH, FRESH OR FROZEN, BOXES	EA		AFTER:	1.780 2.320	1.780 2.320	1.780 2.320
	280-03	FISH, FRESH OR FROZEN, IN BAGS, EACH	EA		AFTER:	4.630 6.310	7.330 5.570	4.630 6.310
	280-04	LOBSTERS, IN BARRELS OR CRATES, EACH	EA		AFTER:	11.440 14.940	11.440 14.940	11.440 14.940
	280-045	LOBSTER, IN LARGE FBL OR CRATE	EA		AFTER:	16.090 21.010	16.090 21.010	16.090 21.010
	280-11	FISH, X-TUB	TUB		AFTER:	8.050 10.510	8.050 10.510	8.050 10.510
	280-12	X-TUB, EMPTY	EA		AFTER:	26.550 37.450	26.550 37.450	26.550 37.450
	285-00	FLAG STONES, BLUESTONE, SLATE PALLET	PLT		AFTER:	1.780 2.550	1.780 2.550	1.780 2.550
	285-01	FLAG STONES, BLUESTONE, SLATE	EA		AFTER:	1.780 2.550	1.780 2.550	1.780 2.550
	285-02	FIRE EXTINGUISHERS	EA		AFTER:	1.780 2.550	1.780 2.550	1.780 2.550

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	290-01	FLOWERS, ARTIFICIAL, CJT OR UNCUT; PER BOX OR CARTON	CTN		AFTER:			1.440 1.880
	290-02	FLASHING, ALUMINUM OR LEAD 2" ROLL	ROL		AFTER:			1.250 1.630
	290-03	FLASHING, ALUMINUM OR LEAD 12" ROLL	ROL		AFTER:			1.610 2.100
	290-04	FLASHING, BOXED	BOX		AFTER:	1.440 1.880		1.440 1.880
	290-05	FLASHING, COPPER	RL		AFTER:	2.510 3.280		2.510 3.280
	290-06	ALUMINUM, SHEET BY SQUARE FOOT	SQF		AFTER:			.210 .270
	295-01	FRUITS OR VEGETABLES	LB	100.00000	AFTER:			2.160 2.620
	300-06	TABLE, FOLDING RENTAL RULE #40 APPLIES	EA		AFTER:	2.870 3.750		2.870 3.750
	300-07	DESK RULE #40 APPLIES	EA		AFTER:			7.170 9.360
	300-09	TABLE, PICNIC	EA		AFTER:	7.170 9.360		7.170 9.360
	300-1	CHAIR, FOLDING IN RACK	EAK		AFTER:	28.660 37.430		28.660 37.430
	300-10	ENTERTAINMENT CENTER/ ARMOIRE	EA		AFTER:	7.170 9.360		7.170 9.360
	300-12	CHAIR, FATIO, SLEEVE	SLV		AFTER:	8.280 10.810		8.280 10.810
	305-02	GALLET	EA.		AFTER:	24.430 31.910		24.430 31.910
	305-03	DIST. BOXES	EA.		AFTER:			5.820 7.600
	305-04	1,000 GAL SEPTIC TANK	EA.		AFTER:			85.840 112.110
	305-05	SHALLOW GALLET/FLOW DIFFUSOR	EA		AFTER:	13.260 17.320		13.260 17.320
	305-07	BLOCK, RETAINING / BARRICADE 3X3X6	EA		AFTER:	13.260 17.320		13.260 17.320

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	305-06	BUTCHER BLOCK TABLE	EA		AFTER:	2.870 3.750	2.870 3.750	2.870 3.750
	310-01	GLASS, BOX OF, CRATED, LOOSE	EA.		AFTER:	4.830 6.310	6.050 7.950	4.830 6.310
	310-02	GLASSWARE, CARBOYS. EMPTY EACH	EA.		AFTER:	.540 .710	.710 .950	.540 .710
	310-03	GLASSWARE. IN CARTONS. INCLUDE EA. POTTERY. ETC.	EA.		AFTER:			1.420 3.160
	315-00	PET FOOD	PKS		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	315-01	GRAIN, FEED, SEED, BAG (UNDER A TON)	EA.		AFTER:	1.250 1.630	1.440 1.830	1.250 1.630
	315-02	GRAIN, FEED, SEED, BAG, OVER TON	EA		AFTER:			.600 1.040
	315-03	GRAVEL MIX. 90#	EA.		AFTER:	1.250 1.630	1.440 1.850	1.250 1.630
	315-04	GRAIN, FEED, SEED, 1 TON BAG / OR 2 1/2 TON BAGS	EA		AFTER:			25.760 33.570
	320-01	GREASE DRUM, 120#	EA.		AFTER:	2.240 2.930	2.770 3.620	2.240 2.930
	320-02	GREASE, ENGINE OR MOTOR, IN BOXES. OR BARRELS	EA.		AFTER:	1.950 2.550	2.420 3.180	1.950 2.550
	325-01	GROCERIES, BAG OF, EACH	EA.		AFTER:	.540 .710	.620 .810	.540 .710
	325-02	GROCERIES, 5Y CWT	CWT		AFTER:	2.150 2.810	2.660 3.500	2.150 2.810
	325-03	GROCERIES, TOTE, FEAPJD ITEM	EA		AFTER:			2.430 3.170
	325-04	GROC. SUPPLIES ARE DESCRIBED IN COMMODITY LIST #1 P.16 & 19			AFTER:	1.950 2.650	2.150 2.810	1.950 2.550
	325-05	GROCERY SUPPLIES MINIMUM CHARGE PER SHIPMENT	CTM		AFTER:			1.070 1.400
	325-06	GROCERIES, MINIMUM CHARGE PER SHIPMENT	LBS	10.00000	AFTER:			1.530 2.000
	330-02	GUTTERS OR EAVE TROUCHE, PER LINEAR FOOT	LF		AFTER:	.130 .170	.150 .210	.130 .170

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	330-03	GIPSOLITE, BY BAG	BAG		AFTER:	1.250	1.530	1.250
	265-04	TRANSFORMER, 10 KVA	EA		AFTER:	1.630	2.000	1.630
	265-05	TRANSFORMER, 15 KVA	EA		AFTER:			10.720
	265-06	TRANSFORMER, 26 KVA	EA		AFTER:			14.000
	270-05	FENCE, POST AND/OR RAIL	EA		AFTER:			14.530
	270-06	FENCE, HOLDER, POST	EA		AFTER:			18.710
	290-00	FORMICA	EL		AFTER:			21.500
	295-00	PRODUCE	LB		AFTER:			28.080
	300-00	CHAIRS; FATIO, FOLDING RULE 40 APPLIES	EA		AFTER:			.710
	300-01	CHAIRS; LOUNGE, CTN (R LOOSE RULE 40 APPLIES	EA		AFTER:			.930
	300-02	SOFA; COUCH, SLEEPER RULE 40 APPLIES	EA		AFTER:			.360
	300-03	TABLE; DINING ROOM RULE 40 APPLIES	EA		AFTER:			.470
	300-04	TABLE; END RULE 40 APPLIES	EA		AFTER:			5.230
	300-05	TABLE; COFFEE RULE 40 APPLIES	EA		AFTER:			8.140

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
012	310-04	FOOTERY BY PALLET	PLT		AFTER:	24.180 31.580	24.160 31.580	24.180 31.580
	330-01	GROUND RODS, PER LINE/4 FOOT	LF		AFTER:	.060 .080	.050 .120	.060 .080
	335-01	KAMPERS, LAUNDRY EMPTY RETURN RULE 40 APPLIES	EA.		AFTER:			2.870 3.750
	335-03	KAMPERS, LAUNDRY, OPEN COVERS RULE 40 APPLIES	EA.		AFTER:	4.830 6.310	6.050 7.950	4.830 6.310
	335-04	KAMPER, DIRTY LAUNDRY RULE 40 APPLIES	EA		AFTER:			4.250 5.500
	335-05	LAUNDRY, DIRTY RULE 40 APPLIES	EA		AFTER:			1.440 1.860
	340-02	SPADES, SHOVELS, BROOMS, POST HOLE DIGGERS, RAKES, PER BNOL.	BOL		AFTER:			1.610 2.100
	340-03	SPADES, SHOVELS, BROOMS, POST HOLE DIGGERS, ECT. EACH	EA.		AFTER:			1.440 1.860
	340-04	HARROW	EA.		AFTER:	25.550 33.420	32.010 41.810	25.550 33.420
	340-05	WHEEL BARROW	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	345-01	HAY, IN BALES, PER TON	TON		AFTER:	18.330 23.940	24.430 31.910	18.330 23.940
	345-02	HAY, BALES	EA		AFTER:	.980 1.280	.980 1.280	.980 1.280
	345-03	SHAYINGS	BAG		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	350-01	HEATERS, AIR, ELECTRIC, FANS, OR COMB. IN BOXES OR CTNS.	CTN		AFTER:	1.760 2.320	2.420 3.160	1.760 2.320
	350-02	HEATER, LARGE, CRATED	EA		AFTER:	5.370 7.010	5.370 7.010	5.370 7.010
	350-03	HEATER, KEROSENE	EA		AFTER:	3.560 4.650	3.560 4.650	3.560 4.650
	355-01	HEATERS, GAS OR ELECTRIC, HOT WATER LESS THAN 40 °F.	EA.		AFTER:	6.090 7.950	8.530 11.100	6.090 7.950
	355-02	HEATERS, GAS OR ELECTRIC HOT WATER, 40-79 °F.	EA.		AFTER:	6.600 11.100	11.010 14.380	6.600 11.100

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	355-03	HEATERS, GAS OR ELECTRIC HOT WATER, 80 OR GREATER (CAP)	EA		AFTER:			13.740 18.210
	360-01	HOUSES, PREFABRICATED BUNGALOW OR RANCH PER SQ.FOOT	PSE	.620 .810	AFTER:			.620 .810
	360-02	HOUSES, PREFABRICATED TWO STORY, PER SQUARE FOOT	PSE	.980 1.280	AFTER:			.980 1.280
	365-00	ICE, BAG BY PALLET	EA		AFTER:			28.750 37.430
	366-01	ICE, ARTIFICIAL OR NATURAL, PER BLOCK	BLK	2.420 3.160	AFTER:			2.420 3.160
	366-02	ICE, ARTIFICIAL OR NATURAL, PER BUSHEL BASKET OR BAG	EA.	1.440 1.880	AFTER:			1.440 1.880
	370-01	ICE CREAM, PER CARTON	CTN	3.030 3.960	AFTER:			3.030 3.960
	370-02	ICE CREAM JACKET, OVER TWO GALLONS CAPACITY (ALWAYS)	EA.		AFTER:			4.920 5.430
	375-01	ICE CREAM JACKETS, EMPTY RETN PER ONE OR TWO GALLON JACKETS	EA.	.980 1.280	AFTER:			.980 1.280
	375-02	ICE CREAM JACKETS EMPTY RETN OVER TWO GALLON CAPACITY	EA.	1.440 1.880	AFTER:			1.440 1.880
	375-03	ICE CREAM, 1H PALLET BOX, PER UNIT/PRG.	EA		AFTER:			1.440 1.680
	380-01	IRON OR STEEL, BUILDING, PREFABRICATED NOIBN PER TON	TON	45.060 58.850	AFTER:			45.060 58.850
	380-02	IRON OR STEEL, JUNK (E. SCRAP PER TON	TON	45.060 58.850	AFTER:			45.060 58.850
	380-03	INSULATION, PER ROLL	EA.	.980 1.280	AFTER:			.980 1.280
	380-04	INSULATION, PER BATT	EA.		AFTER:			1.440 1.680
	380-05	INSULATION, SHEETS 1"	EA.		AFTER:			.680 1.150
	380-06	INSULATION, SHEETS 2"	EA.		AFTER:			1.250 1.630
	380-07	INSULATION, SHEETS 3"	EA		AFTER:			1.510 2.100

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	QTY	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN A	COLUMN B	C
	380-08	INSULATION, 4" SHEETS	EA		AFTER:	2.150	2.150	2.150
						2.610	2.610	2.610
	380-09	INSULATION, SHEETS 5"	EA		AFTER:			2.500
								3.270
	380-12	STYROFOAM LOGS	EA		AFTER:	2.670	2.670	2.670
						3.750	3.750	3.750
	380-13	FLOAT DRUM, DOCK FLOATION	EA		AFTER:			7.170
								9.360

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
013	280-09	LOBSTER TRAP. FENCE. ROLLS OVER 20"	EA		AFTER:	4.290	4.290	4.290
					AFTER:	5.600	5.600	5.600
	280-10	LOBSTER LINE. COIL	EA		AFTER:	1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880
	300-11	HEADBOARD/FOOTBOARD	EA		AFTER:	2.870	2.870	2.870
					AFTER:	3.750	3.750	3.750
	385-00	COLUMN. WOOD	EA		AFTER:	3.540	3.540	3.540
					AFTER:	5.150	5.150	5.150
	385-02	LOLLY COLUMNS	EA		AFTER:			2.420
					AFTER:			3.150
	390-00	SINK, TRIPLE	EA		AFTER:	9.820	9.820	9.820
					AFTER:	12.820	12.820	12.820
	350-07	LAWN MOWER. WALK BEHIND	EA		AFTER:	10.700	10.700	10.700
					AFTER:	13.970	13.970	13.970
	350-08	LAWN MOWERS. FLAIL, TOW MOWER	EA		AFTER:	6.090	6.090	6.090
					AFTER:	7.950	7.950	7.950
	390-09	LAWN MOWERS - LARGE RIDING	EA		AFTER:			23.020
					AFTER:			37.900
	395-00	LIVESTOCK, VIZ: BEES IN CRATES	CR1		AFTER:			3.150
					AFTER:			4.090
	395-01	LIVESTOCK, DOGS. GATE IN PORTABLE KENNELS	EA		AFTER:			3.680
					AFTER:			4.810
	395-02	LIVESTOCK. HENS. DUCKS. OR TURKEYS IN CRATES	CR1		AFTER:			4.530
					AFTER:			5.310
	400-05	TRUSS	EA		AFTER:	10.720	10.720	10.720
					AFTER:	14.000	14.000	14.000
	400-06	FLOORING, BOXED, BUNDLED	EA		AFTER:	1.780	1.780	1.780
					AFTER:	2.320	2.320	2.320
	405-01	AIR CONDITIONER	EA		AFTER:	6.090	6.090	6.090
					AFTER:	7.950	7.950	7.950
	405-05	POWER WASHER	EA		AFTER:	6.090	6.090	6.090
					AFTER:	7.950	7.950	7.950
	405-07	GALLOW JUG	EA		AFTER:	1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880
	405-08	ROTOILLER. ELECTRIC	EA		AFTER:			5.440
					AFTER:			7.100



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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	405-05	ROTOILLER, GAS POWERED	EA		AFTER:			6.090 7.950
	405-10	ROTOILLER, RIDING	EA		AFTER:			10.700 13.970
	405-11	VACUUM	EA		AFTER:	5.440 7.100	5.440 7.100	6.440 7.100
	525-17	MACHINE, WELDER	EA		AFTER:			7.330 9.870
	595-06	DISPOSAL	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	595-05	COMPACTOR	EA		AFTER:	6.090 7.950	6.090 7.950	6.090 7.950
	595-07	COOK TOP	EA		AFTER:	5.010 6.540	5.010 6.540	5.010 6.540
	280-05	LOBSTER TRAP	EA		AFTER:	2.150 2.810	2.150 2.810	2.150 2.810
	280-06	LOBSTER TRAP, FENCE, ROLLS UP TO 20"	RL		AFTER:			2.150 2.810
	280-07	LOBSTER TRAP, MESH APPROX 3X4 FT FALLET	PLT		AFTER:			28.650 37.430
	280-08	LOBSTER TRAP, MESH APPROX 3X4	EA		AFTER:			1.440 1.880
	385-01	LADDERS, ALUMINUM, STEEL, WOOD, PER LINEAR FOOT	FT		AFTER:			.560 .470
	385-03	LATTICE	SK		AFTER:			2.300 3.000
	385-04	LAUNDRY, SMALL PEG RULE 40 APPLIES	BRU		AFTER:			1.370 1.790
	385-05	LAUNDRY, LARGE BAG RULE 40 APPLIES	EA		AFTER:			1.780 1.520
	350-01	SINK	EA		AFTER:			4.320 6.430
	350-03	TOILET, TANK/BOWL	EA		AFTER:			4.520 6.430
	350-05	TOILET, 1 PIECE	EA		AFTER:			5.820 12.820

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	400-01	LUMBER-FINISH (OVER 1000 BOARD FEET)	BFT		1.000.00000			61.300 79.670
	400-02	LUMBER-FINISH-LESS-1000-	BFT					.100 .130
	400-03	LUMBER-UNFINISH OVER-1000	BFT		1.000.00000			44.710 56.390
	400-04	LUMBER-UNFINISH-LESS-1000	BFT					.060 .080
	405-00	MACHINES - CANDY, CIG, VENDING	EA					13.420 17.530
	405-02	MACHINES POWER TOOLS	EA					6.090 7.950
	405-03	MACHINES VIDEO GAMES, JUKE BOX FINBALL	EA					20.760 27.110
	405-04	MACHINES COMPRESSOR	EA					7.330 9.570
	405-05	MACHINES COFFEE	EA					4.570 6.360
	415-00	GRAVE STONES	WT		100.00000			3.030 3.960
	415-00	MATRASSES SINGLE BEN	EA					2.420 3.160
	415-01	MATRASSES DOUBLE BEN	EA					3.680 4.610
	415-02	FRAMES/FOLDING CARTS/BEDS	EA					3.030 3.560
	420-00	MILK-PER-CASE	CS					1.440 1.660
	420-01	MILK-DISPENSERS	EA					1.780 2.320
	390-02	LAWN MOWERS - PUSH	EA					5.370 7.010
	350-04	LAWN MOWERS - RIDING	EA					13.700 13.970

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	E	C
014	270-07	FENCE, HOLDER, POST BUNDLE	EA			1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880
	430-02	MOTORCYCLE	EA					21.500
					AFTER:			28.080
	435-03	LAWN TRACTOR MOWER DECK	EA				15.510	7.540
					AFTER:		20.390	9.980
	440-04	NEWSPAPER, PALLET	EA			10.720	10.720	10.720
					AFTER:	14.000	14.000	14.000
	450-01	MEATS	LB		100.00000			2.235
					AFTER:			2.920
	460-02	DRY FOOD GOODS CTN CR BAG	EA			1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880
	455-02	PAINTS/PER-CTN	CS					1.440
					AFTER:			1.880
	500-27	PIPE, EMT 2"	FT			.170	.170	.170
					AFTER:	.220	.220	.220
	500-28	PIPE, EMT 1 1/2"	FT			.130	.130	.130
					AFTER:	.170	.170	.170
	500-25	PIPE, COPPER 3"	FT					.290
					AFTER:			.380
	500-33	SOMO TUBE, 36"	FT			.390	.390	.390
					AFTER:	.510	.510	.510
	500-34	PIPE, BLACK IRON 1/2"	FT			.040	.040	.040
					AFTER:	.050	.050	.050
	500-35	PIPE, BLK IRON, 1 1/4"	FT					.070
					AFTER:			.090
	500-36	PIPE, BLACK IRON 6"	FT			.430	.430	.430
					AFTER:	.560	.560	.560
	500-37	SOMO TUBE, 6"	FT			.070	.070	.070
					AFTER:	.090	.090	.090
	500-38	PIPE, BLACK IRON 6"	FT			.360	.360	.360
					AFTER:	.470	.470	.470
	500-39	SOMO TUBE 2 1/2"	FT			.270	.270	.270
					AFTER:	.350	.350	.350
	500-40	PIPE, BLK IRON, 1 1/2"	EA			.080	.080	.080
					AFTER:	.100	.100	.100

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR		COLUMN	
					A	B	A	B
	500-41	PIPE, PVC 1/2"	FT					.020 .030
	500-43	PIPE, CORRUGATED, 12" DIAMETER	FT					.710 .930
	500-44	PIPE, CORRUGATED, 16" DIAMETER	FT					.580 1.260
	500-45	SOMO TUBE 16"	FT		.210 .270		.210 .270	
	500-46	PIPE, ENT, 1 1/4"	FT		.100 .130		.100 .130	.100 .130
	500-47	SOMO TUBE, 16"	FT		.190 .250		.190 .250	.150 .250
	500-48	PIPE; BLK IRN, 12"	LF		.660 .860		.650 .850	.650 .850
	500-49	PIPE, CORRUGATED, 24" DIAMETER	FT		1.250 1.630		1.250 1.630	1.250 1.630
	500-50	PIPE, BLACK IRON, 2 1/2"	FT		.140 .160		.140 .160	.140 .160
	500-51	PIPE, PVC, 18"	FT		.390 .510		.390 .510	.390 .510
	500-52	SOMO TUBE BASE, FOOTING	EA		.660 .730		.660 .730	.660 .730
	500-53	PIPE; BLACK IRON 4"	EA					.230 .300
	500-54	PIPE; BLACK IRON 3"	FT		.140 .160		.140 .160	.140 .160
	500-55	PIPE, ENT, 4"	FT		.320 .420		.320 .420	.320 .420
	500-56	PIPE, CORRUGATED, 10' DIAMETER	FT		.660 .860		.660 .860	.660 .860
	500-57	PIPE, ENT, 3"	FT		.270 .350		.270 .350	.270 .350
	505-07	SHEETROCK 4X8X1/4-1/2	EA					1.830 2.390
	505-13	PANEL; GLASSSTEEL, PLASTIC WALL PANEL, CRINKLE CUT	EA		1.010 1.520		1.010 1.520	1.010 1.520

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN A	COLUMN B	C
	505-14	PEG BOARD 4X8X1/4	EA		AFTER:			1.830 2.390
	510-01	FILM	EA		AFTER:	2.750 3.590	2.750 3.590	2.750 3.590
	425-00	MIRRORS	EA		AFTER:			4.830 5.310
	430-00	MOPEDS	EA		AFTER:			8.530 11.140
	430-01	HOLDING-PER-100-LF	LF		100.00000 AFTER:			1.440 1.860
	435-02	TRACTOR MOWER DECK	EA		AFTER:			14.330 18.710
	440-01	NAILS-IN-CTN	BX		AFTER:			1.440 1.860
	440-02	NEWSPAPERS, MAGAZINES BY BNDL	BOL		AFTER:			.520 .810
	440-03	NEWSPAPER, MAGAZINES BY CARTON	CTN		AFTER:			2.420 3.160
	445-01	OIL-PER-CASE	EA		AFTER:			1.440 1.860
	445-02	OUTBOARD-MOTOR	EA		AFTER:			5.820 7.600
	455-01	5-GALLON-FALLS	EA		AFTER:	1.440 1.860	1.440 1.860	1.440 1.860
	500-00	PIPE, EMT, 1/2"	FT		AFTER:			.340 .350
	500-01	PIPE, EMT, 3/4"	FT		AFTER:			.550 .580
	500-02	PIPE/ROSE PLASTIC	FT		AFTER:			.350 .380
	500-03	PIPE, STEEL, GALV.	FT		AFTER:			.140 .180
	500-04	PIPE, EMT, 1"	FT		AFTER:			.550 .120
	500-05	PIPE, BLACK IRON, 1"	FT		AFTER:			.070 .090



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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	500-26	PIPE, COPPER, 2"	FT		AFTER:			.210
	500-30	SONO TUBE, 6"	FT		AFTER:			.270
	500-31	SONO TUBE, 10"	FT		AFTER:			.090
	500-32	SONO TUBE, 12"	FT		AFTER:			.120
	505-00	PLYWOOD 4X8X1/4-1/2	EA		AFTER:			1.630
	505-01	PLYWOOD 4X8X3/4-5/8	EA		AFTER:			2.350
	505-02	PLYWOOD 4X12X1/2	EA		AFTER:			2.750
	505-03	PLYWOOD 4X12X3/4-5/8	EA		AFTER:			3.590
	505-04	PLYWOOD (AC) 4X8X1/4-3/8	EA		AFTER:			2.750
	505-05	PLYWOOD (AC) 4X8X1/2	EA		AFTER:			3.590
	505-06	PLYWOOD (AC) 4X8X5/8-3/4	EA		AFTER:			4.130
	505-07	SHEETROCK 4X8X5/8-3/4	EA		AFTER:			4.130
	505-08	SHEETROCK 4X12X1/4-1/2	EA		AFTER:			2.750
	505-09	SHEETROCK 4X12X5/8-3/4	EA		AFTER:			3.590
	510-00	POLES, TELEPHONE, FLG	LF		AFTER:			4.130
	500-42	PIPE, PVC 3/4"	FT		AFTER:	.020	.020	.620
						.030	.030	.630

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
012	305-06	CEMENT STORM DRAINS	EA		AFTER:	10.590	10.590	13.590
					AFTER:	13.630	13.630	13.630
525-00		REFRIGERATORS-LESS THAN 8 CU FEET	EA		AFTER:			6.800
					AFTER:			11.230
525-01		REFRIGERATORS-8\CUBIC-FT-LESS THAN 15 CU	EA		AFTER:			11.910
					AFTER:			14.360
525-02		REFRIGERATORS-15/19-CUBIC-FT	EA		AFTER:			24.430
					AFTER:			31.910
525-03		REFRIGERATORS-20\CUBIC-FT	EA		AFTER:			35.590
					AFTER:			47.730
525-04		REFRIGERATORS, WALK-IN	EA		AFTER:			50.130
					AFTER:			65.470
525-07		ICE MACHINE WITHOUT BIN	EA		AFTER:	14.330	14.330	14.330
					AFTER:	18.710	18.710	18.710
525-08		ICE MACHINE WITH BIN	EA		AFTER:			24.430
					AFTER:			31.910
525-09		ICE MACHINE BIN	EA		AFTER:			11.440
					AFTER:			14.940
525-10		MACHINE, SODA	EA		AFTER:	24.430	24.430	24.430
					AFTER:	31.910	31.910	31.910
525-11		MACHINE, GENERATOR <10 KW	EA		AFTER:	6.050	6.050	6.050
					AFTER:	7.950	7.950	7.950
525-12		ICE MAKER	EA		AFTER:	3.560	3.560	3.560
					AFTER:	4.660	4.660	4.660
525-13		MACHINE, EXERCISE	EA		AFTER:	6.090	6.090	6.090
					AFTER:	7.950	7.950	7.950
525-14		DEHUMIDIFIER	EA		AFTER:			5.440
					AFTER:			7.100
525-15		MACHINE, GENERATOR 10-20 KW	EA		AFTER:			17.190
					AFTER:			22.450
525-16		MACHINE, GENERATOR >10 KW	EA		AFTER:			42.360
					AFTER:			56.110
530-02		SAFE, VAULT LESS THAN 3X3X3	EA		AFTER:			7.330
					AFTER:			9.570
535-03		SAND, BLASTING	BAG		AFTER:	1.440	1.440	1.440
					AFTER:	1.880	1.880	1.880



CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	535-04	SAND, BULK PALLET. NOT IN BAGS	PLT					28.770 37.570
	545-03	STEEL I BEAM	FT			1.070 1.400	1.070 1.400	1.070 1.400
	545-04	STEEL SHEET, BY SQUARE FOOT	SQF					.350 .470
	550-02	STOVE, WOOD, FIREPLACE	EA			6.950 11.690	6.950 11.690	6.950 11.690
	550-03	STEREO EQUIP	EA			5.010 6.540	5.010 6.540	5.010 6.540
	550-04	GRILL, GAS, OUTDOOR	EA			5.440 7.100	5.440 7.100	5.440 7.100
	555-02	TANK, PROPANE EMPTY	EA			1.160 1.510	1.160 1.510	1.160 1.510
	555-03	WATER SOFTENER/ FILTER	EA					2.420 3.160
	555-04	TANK, PROPANE, 100LB OR GREATER	EA					4.150 5.460
	560-02	1000 GAL JIL TANK	EA			32.180 42.030	32.180 42.030	32.180 42.030
	560-03	TANKS; OIL OR SEPTIC 330GL	EA			11.630 15.190	11.630 15.190	11.630 15.190
	560-04	CURBING, CEMENT	EA					5.620 7.500
	560-05	ELJEM DRNS/ SEPIC INFILTRATOR	EA			1.440 1.860	1.440 1.860	1.440 1.860
	560-06	TANK; GIL. LESS THAN 275	EA			5.040 6.560	5.040 6.560	5.040 6.560
	565-08	RANGE HOOD	EA			2.510 3.260	2.510 3.260	2.510 3.260
	600-15	WELL MATE TANK	EA			8.500 11.100	8.500 11.100	8.500 11.100
	600-16	PAPER GOODS	EA			1.440 1.660	1.440 1.660	1.440 1.660
	615-00	POTATO-CHIPS	CTN					.620 .510

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	E	C
	515-01	FORTA-JOHN	EA		AFTER:			13.430 17.500
	520-00	PUMPS- IN-CTNG	EA		AFTER:			4.830 6.310
	520-01	PUMP-JACKS-PER-BUNDLE	EA		AFTER:			1.780 2.820
	520-02	REEL, CABLE, NEW ENGLAND TELEPH ONE, 5FT DIAM.	EA		AFTER:			21.500 28.080
	520-03	REEL, CABLE, NEW ENGLAND TELEP HOME, 3 SFT DIAM	EA		AFTER:			42.550 56.110
	520-04	REEL, CABLE, EMPTY, NEW ENGLAND TELEPHONE	EA		AFTER:			12.180 15.910
	525-05	SM-REEL-CABLE	EA		AFTER:			6.660 8.730
	525-06	RE ROD	FT		AFTER:			.640 .850
	530-00	ROOFING-PAPER-TAR	EA		AFTER:			1.440 1.680
	530-01	RED-ROSIN-PAPER	EA		AFTER:			.600 1.040
	535-00	SALT-IN-BAGS	EA		AFTER:			1.440 1.880
	540-00	SIGNS-NEON-OR-ELECTRIC	EA		AFTER:			12.150 15.860
	545-00	SHINGLES-WOOD-ASPHALT	BOL		AFTER:			.350 0.871
	550-00	STOVES-GAS-PROPANE	EA		AFTER:			6.050 7.950
	550-01	STOVES, RANGE; RESTUARANT FURNACE	EA		AFTER:			24.430 31.910
	555-00	TANKS; PROPANE,GAS,DIY,ACEI, D IVE TANKS	EA		AFTER:			2.420 3.150
	555-01	TURF	FLT		AFTER:			23.250 30.550
	560-00	TANKS; OIL OR SEPTIC 275GL	EA		AFTER:			6.050 10.510

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ITEM MASTER RATE TOOL LISTING

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(IRATE)

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN
	560-01	TANKS: 500 GAL OIL	EA		A	B
						C
						15.630
						20.670

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ITEM MASTER RATE TOOL LISTING

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(IRATE)

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
015	400-07	THRESHOLD	EA		AFTER:	.710	.710	.710
						.930	.530	.930
	570-03	TELEVISION; LARGE SCREEN	EA		AFTER:			24.430
								31.910
	570-04	TENT, GARDEN	EA		AFTER:	6.010	5.610	5.010
						6.540	6.540	6.540
	575-04	TILE, WELL 24" OR LESS	EA		AFTER:	5.440	5.440	5.440
						7.100	7.100	7.100
	575-05	TILE; WELL COVER 24" OR LESS	EA		AFTER:			3.480
								4.540
	580-021	TIRE, LARGE, TRACTOR	EA		AFTER:	2.510	2.510	2.510
						3.280	3.280	3.280
	580-04	TREE, SHRUB, LIVE OVER 8'	EA		AFTER:			6.090
								7.950
	580-06	FLANT, TRAY	EA		AFTER:			1.440
								1.680
	580-07	TOY, LOBSTER, EMPTY	EA		AFTER:			1.440
								1.680
	585-01	TABACCO, CANTO, SMOKING ACC	EA		AFTER:	2.420	2.420	2.420
						3.160	3.160	3.160
	590-01	VOTING MACHINE, SMALL, TABLE SIZE	EA		AFTER:			12.550
								16.630
	595-09	WASHER/DRYER COMBINATION	EA		AFTER:			12.150
								16.910
	595-10	DRYER, COMMERCIAL, LARGE	EA		AFTER:	12.180	12.180	12.180
						16.910	15.910	15.910
	600-04	WINDOW; QUAD	EA		AFTER:	25.300	25.300	25.300
						38.270	38.270	38.270
	600-17	TANK, EXPROL, WELL SIZE	EA		AFTER:			8.500
								11.100
	600-16	MIX	EA		AFTER:	1.440	1.440	1.440
						1.680	1.680	1.680
	600-13	WINDSURFER	EA		AFTER:	7.170	7.170	7.170
						9.360	9.360	9.360
	600-20	SURFBOARD	EA		AFTER:	4.450	4.450	4.450
						5.610	5.610	5.610

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	565-00	TAB;MCHM, IN BARRELS OR DRUMS	EA					7.330 9.570
	570-00	TELEVISION SETS; IN CARTONS COLOR	EA					12.160 15.580
	570-01	TELEVISION SETS; CONS.OE MODELS. BLACK AND WHITE	EA					5.930 7.950
	570-02	TELEVISION SETS; TABLE MODELS BLACK AND WHITE	EA					4.520 6.430
	576-00	TILE; WELL OVER 24"	EA					9.100 11.880
	575-01	TILE; FLOOR, VINYL, ETC.	CTM					1.250 1.530
	575-02	TILE; WELL COVERS GREATER THAN 24"	EA					5.360 7.000
	576-03	TILE, CEILING, BOX	EA					1.440 1.880
	580-00	TIRES; RUBBER, PASSENGER CAR	EA					1.440 1.880
	580-01	TIRES; TRUCK	EA					1.350 2.550
	580-02	TREES; SHRUBS UNDER 4'	EA			1.530 2.000		1.530 2.000
	580-03	TREES; SHRUBS OVER 4'	EA			1.350 2.550		1.350 2.550
	565-00	TABACCO; CHewing.CIGARS. CIGAR ETS.	CTN					2.420 3.160
	590-00	VOLTING / ATM MACHINE	EA					24.320 31.760
	555-00	WASHING MACHINES	EA					5.050 7.950
	555-01	RANGE	EA					5.050 7.950
	555-02	DISHWASHER	EA					5.050 7.950
	555-03	DRYER	EA					5.050 7.950

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
	555-04	MICROWAVE	EA		AFTER:			8.050
								7.350
	500-00	WINDOWS: SINGLE. SASHES	EA		AFTER:			3.580
								4.810
	500-01	WINDOWS: DOUBLE MULLION	EA		AFTER:			4.650
								5.310
	500-02	WINDOWS: PICTURE, PLATE GLASS, THERMOFANE OR TRIPLES	EA		AFTER:			24.450
								31.510
	500-03	WINDOWS: IN BOXES OR CARTONS	EA		AFTER:			4.030
								5.260
	500-12	ENVELOPE, MISC	EA		AFTER:			1.440
								1.880
	500-13	TANK, EXTROL SMALL	EA		AFTER:			2.420
								3.180
	500-14	TANK, EXTROL LARGE	EA		AFTER:			4.630
								6.310
	501-11	JOINT COMPOUND	EA		AFTER:			1.440
								1.880

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ITEM MASTER RATE TOOL LISTING

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(IRATE)

CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
G17	285-03	FIREARMS	EA		AFTER:	2.870	2.870	2.870
					AFTER:	3.750	3.750	3.750
	500-10	EMPTY DRUM, KERO. OIL 55 GAL	EA		AFTER:			2.510 3.260
	501-07	PALLET, PERSONAL, LARGE	EA		AFTER:			21.525 28.110
	501-12	PALLET MISC	EA		AFTER:			10.700 13.970
	501-13	DURA-ROCK, WONDERBOARD 3XS	EA		AFTER:	2.150	2.150	2.150
	501-14	RADIATOR, CAST IRON	EA		AFTER:	2.810	2.810	2.810
	501-15	MONEY BOX WASHINGTON TRUST	EA		AFTER:	3.550	3.550	3.550
	501-16	FEDERAL EXPRESS PKG	EA		AFTER:	4.650	4.650	4.650
	501-17	DURA-ROCK, WONDERBOARD 4XS	EA		AFTER:			24.330 31.770
	501-18	DURA-ROCK, WONDERBOARD 3XS	EA		AFTER:			2.300 3.000
	501-19	LATH, DIAMOND, GALV, APPROX 27"X35"	EA		AFTER:	1.440	1.440	1.440
	500-09	DRUM, 55 GAL, KERO, OIL	EA		AFTER:	1.660	1.660	1.660
	501-00	UPS PKG	EA		AFTER:			7.330 9.570
	501-01	PKG MISC	EA		AFTER:			5.790 7.560
	501-02	BAG MISC	EA		AFTER:			1.440 1.660
	501-03	JAMES	BOL		AFTER:			1.440 1.660
	501-04	BOX, FITTING	EA		AFTER:			1.440 1.660
	501-05	TYPAR, TYVEK, ROLL	EA		AFTER:			1.440 1.660

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ITEM MASTER RATE TOOL LISTING

(IRATE) PAGE 38

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN	
					A	B	C
	501-05	PALLET, PERSONAL	EA				7.960 10.380
	501-06	BASE BOARD	EA		AFTER:		1.780 2.520
	501-09	BASE BOARD; CAST IRON	EA		AFTER:		2.670 3.750
	501-10	BUNDLE MISC	EA		AFTER:		1.440 1.860
	501-5	CAN. MISC	EA		AFTER:		1.440 1.880



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ITEM MASTER RATE TOOL LISTING

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(RATE)

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	COLUMN
					A	B
090	165-00	CTN MISC	EA			C
						1.440
						1.560

AFTER:

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ITEM MASTER RATE TOOL LISTING

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CLASS	ITEM NUMBER	DESCRIPTION OF COMMODITY	UOM	WEIGHT PER UNIT	CONVERSION FACTOR	A	B	C
L01	225-01	CLEANING FLUID, NOIBS, IN BARRELS OR DRUMS, EACH	EA		AFTER:	7.330	9.750	7.330
						9.570	12.760	9.570
	230-01	CLEANING FLUID BARRELS OR DRUM EMPTY, EACH	EA		AFTER:	3.660	4.650	3.660
						5.040	6.050	5.040

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**  
**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: INTERSTATE NAVIGATION COMPANY – )**  
**GENERAL RATE FILING – )** **DOCKET NO. 3762**  
**TRADITIONAL SERVICE RATES )**

**AMENDED SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

**A. Summary**

The Interstate Navigation Company (“Interstate” or the “Company”) enters into this settlement agreement (the “Settlement Agreement” or “Settlement”) with the Division of Public Utilities and Carriers (the “Division”) (together, the “Settling Parties”), to resolve all issues arising in this docket, R.I.P.U.C. Docket No. 3762.

The Settling Parties are seeking approval of the Settlement Agreement by the Commission by December 26, 2006, so that the rates established in this Agreement may become effective as of January 1, 2007. Elements of the Settlement include, among other provisions, a two year rate freeze on rates for traditional ferry service after an increase in base rates to produce \$1,100,694 in additional annual revenues effective January 1, 2007, restrictions on rate increases for traditional ferry service in 2009, 2010, and 2011, a performance-based rate plan which includes an earnings sharing mechanism, and procedures to credit customers for decreases in fuel

prices for traditional ferry services below a \$2.00 per gallon floor (including taxes) during the term of the Rate Plan established by the Settlement.

**B. Procedural History**

On July 31, 2006, the Company filed a request for a traditional ferry service rate increase totaling \$2,438,522. During the period August 1 through November 30, 2006, the Company responded to numerous data requests issued by the Division, Commission, and the Town of New Shoreham (“the Town”). On October 27, 2007, the Division filed the direct testimony of David J. Efron, and the Town filed its Position Memorandum through its legal counsel. On November 13 and November 14, 2006, the Company submitted its rebuttal testimony.

**C. Parties’ Statement**

This Settlement Agreement is based on extensive discovery and negotiations among the Settling Parties concerning all issues involved in establishing new base rates for traditional ferry service to become effective January 1, 2007. After due consideration of the testimony, exhibits and other documentation included in the filings by Interstate, the Division, and the Town, the Settling Parties now have agreed to a comprehensive settlement in the rate case which resolves all issues relating to the Company’s traditional service revenue requirement, rate base, rate of return, rate design, and certain service related issues including the incorporation of the Company’s new high speed ferry service into its business plan. The Settling Parties agree that the Settlement Agreement is just and reasonable, and represents a fair and equitable overall resolution of all of their concerns.

The Settlement Agreement is as set out below.

## **II. RATE INCREASE AND RATE DESIGN**

For traditional ferry service on and after January 1, 2007, Interstate Navigation Company shall implement a rate increase from the rates currently in effect, designed to produce \$1,100,694 of additional revenues per year, calculated as shown on Exhibit 1, measured using a rate year of calendar year 2007. The tariffs included in Exhibit 2 shall be approved and implemented effective January 1, 2007, for calendar years 2007 and 2008 (“the Rate Freeze Period”). The tariffs for traditional ferry service in Exhibit 2 include a 0% increase for freight, a 5% increase for commuter passengers and commuter vehicles, and a 15.72% increase for all other tariff services from the base rates presently in effect. Interstate will concurrently adjust its fuel surcharge level to reflect a base price for fuel of \$2.00 per gallon (including taxes), effective January 1, 2007, and will implement the fuel surcharges prospectively pursuant to the procedures specified in Section IV.B, below.

Only the holders of a current Rhode Island driver’s license with solely a Block Island address on the license are eligible for passenger commuter rates, except that for students attending the Block Island School who are too old to qualify for the child rate and too young to obtain a Rhode Island license, a current Block Island School picture identification card may be used to establish eligibility for the commuter passenger rate. To be eligible for the commuter car, SUV, van and pick-up truck rates, the vehicle (1) must be driven by a driver with solely a Block Island address on the current Rhode Island license, and (2) must have solely a Block Island address on the vehicle registration. The eligibility criteria will be included in the Company’s tariff and on the Company’s website.

### **III. RATE PLAN**

The Rate Plan for traditional ferry service will be in effect from January 1, 2007, through December 31, 2011. This Rate Plan will consist of a Rate Freeze Period consisting of the calendar years 2007 and 2008 and a Post Rate Freeze Period consisting of the calendar years 2009, 2010, and 2011.

#### **A. Rate Freeze Period**

Interstate's rates reflected in Exhibit 2 shall be frozen for the Rate Freeze Period, subject only to 1) statutory fuel surcharges if the price of fuel oil, including taxes, exceeds \$2.00 per gallon, subject to the procedures defined in subsection IV.B below, and 2) the exogenous events, defined in subsection 1 below, that occur during the Rate Freeze Period ("Exogenous Events"). During the Rate Freeze Period the Company will adjust rates of traditional ferry service resulting from any of the Exogenous Events according to the procedures set forth in subsection 2, below. The defined Exogenous Events (including catastrophic events) are applicable to the traditional service only, unless the Exogenous Event adversely impacts the ability of the traditional service to provide safe, reasonable, and adequate services and facilities per RIGL § 39-2-1(a).

#### **1. Exogenous Events**

a. State or Federal Initiated Cost Change: Interstate shall adjust its rates (upward or downward) if the occurrence of a "State or Federal Initiated Cost Change," as defined below, causes (in the aggregate) a change in Interstate's annual revenue requirement by more than \$100,000. For purposes of this Settlement, the term "State or Federal Initiated Cost Change" shall mean:

(1) the enactment or promulgation of any new or amended Federal, state, or local, laws or regulations, or of any decision issued by a court of competent

jurisdiction, governing income, revenue, sales, franchise, gross receipts or property taxes, or any new or amended Federal, state or locally imposed fees (but excluding the effects of annual changes in local property tax rates and revaluations);

(2) the elimination of any existing Federal, state or local tax or fee obligations;

(3) any Federal, state or local legislative or regulatory mandates which impose new or amended obligations, duties or undertakings, or remove existing obligations, duties, or undertakings, which decrease or increase Interstate's costs, revenue, or revenue requirement; and,

(4) any externally imposed changes in the Federal state or local tax rates, laws or regulations or of any decision issued by a court of competent jurisdiction, governing income, revenue, or sales or other taxes, or any changes in Federal, state or local imposed fees.

b. Catastrophic Events: Events beyond the control of Interstate's management, such as (but not limited to) 1) injuries or death(s) to persons, 2) and damage to vessels or wharfs or other facilities caused by acts of god, acts of war, terrorism, criminal acts, natural disasters, storms such as (but not limited to) hurricanes, fires, flooding, collisions, allisions, or other similar events, and which cumulatively decrease or increase Interstate's costs, revenue, or revenue requirement by more than \$100,000.

**2. Procedure for Adjusting Rates During the Rate Freeze Period.**

a. Procedure: If Interstate incurs any changes in costs, revenue, or revenue requirement in excess of the thresholds set forth in the prior section in connection with any of the Exogenous Events that have occurred during the Rate Freeze Period, Interstate shall

file for rate adjustments no later than March 1<sup>st</sup> following the year in which the amounts are incurred. If Interstate has not made a filing, the Division has the right to make a filing on its own to open a proceeding if the Division believes an Exogenous Event has occurred that should result in a rate decrease. Any proposed rate adjustments shall be subject to review by the Commission, and after a public hearing and approval by the Commission, shall be implemented for service on and after June 1st following the year in which the amounts are incurred (unless suspended by the Commission) and shall be applied through a uniform percentage rate adjustment applicable to all tariffed services (i.e. across the board). Absent extraordinary circumstances, any such filings are limited to once per calendar year, and any costs incurred or avoided from such Exogenous Events shall be deferred for consolidation in the single filing. However, when accumulated deferred costs reach \$100,000 the total cost shall accrue interest at an annual rate of 5% from such time until recovered in rates. In instances where the total accrued costs are less than \$100,000 and the effective date of the adjustment is suspended beyond June 1st, the Company shall be entitled to accrue interest at the 5% annual rate for the accumulated deferred costs (even though less than \$100,000) from June 1st until cost recovery is allowed. In any proceeding under this subsection, the party claiming that there should be a rate modification resulting from the occurrence of an Exogenous Event shall carry the burden of proving the occurrence and the cost impact. The Company will file a certification with the Commission by March 1st of each year during the Period of the Rate Plan, with copies to the Division, certifying that, to the best of the Company's knowledge and belief, there have been no occurrences of Exogenous Events except as identified in the certification.

b. Earnings Limit: If and when the Company makes a filing seeking an adjustment that increases rates under this section, if the average return on equity of the



Company, calculated using the same methodology as set forth in Section D.1.b below, for any fiscal year period ending May 31<sup>st</sup> 2008, 2009 or 2010 exceeds 11%, the Company will not be permitted to make a rate adjustment until the average return has dropped below 11%. If and when the average return on equity drops below 11%, the Company may only recover costs on a prospective basis (i.e. from the date the average return drops below 11% forward).

**B. Post Rate Freeze Period**

Interstate's rates reflected in Exhibit 2 shall be subject only to the specific adjustments defined below during the Post Rate Freeze Period of the Rate Plan.

**1. Exogenous Events**

During the Post Rate Freeze Period, the Company will adjust rates resulting from any of the Exogenous Events, as set forth in subsection A.1, above.

**2. Inflation**

On or before November 15, 2008, 2009, and 2010, Interstate is authorized to file with the Commission a percentage change in rates, to be effective on the following January 1, equal to the percentage change in the average Consumer Price Index ("CPI-U Northeast") from the twelve months ended September 30 of the prior year to the twelve months ended September 30 of the current year. Notwithstanding the foregoing, rates applicable to commuters, commuter vehicles, and freight shall not be increased for any rate increases authorized pursuant to this paragraph.

**3. Earnings Below Floor**

On or before November 15, 2008, 2009, and 2010, Interstate will file a report with the Commission detailing the earned return on common equity ("ROE") for the twelve months ended as of the preceding May 31 ("the historic period"). If the ROE, calculated using the same

methodology as set forth in Section D.1.a, below, is below 5.5% in the historic period, Interstate will be required to submit a report detailing the ROE calculated using the same methodology as set forth in Section D.1.b, below. If the ROE calculated using the same methodology as set forth in Section D.1.b, below, is below 5.5%, Interstate shall be authorized to increase its traditional ferry service rates across the board, effective the following January 1, to collect over twelve months the revenue necessary to make up the difference between the ROE pursuant to Section D.1.b in the historic period and 5.5%, except that if the report detailing the earned ROE is not filed by September 1, the Commission will have the express authority to suspend any rate increase for a period of not more than 120 days from the date of such filing. Any adjustment to rates pursuant to this subsection 3 is independent of any adjustment to rates pursuant to subsection 2 above.

**C. Traditional Cost of Service Ratemaking After the Rate Plan**

After expiration of the Rate Plan, if not extended by agreement of the settling parties and approval of the Commission, no special adjustments to rates for Exogenous Events, as described in this Section, shall be permitted, and rate changes for traditional service may occur under traditional cost of service (“COS”) principles, consistent with Rhode Island law. As such, the Company is permitted to file a COS rate case to change rates effective January 2012 or later, if the Company believes it has or will have a revenue deficiency for the applicable rate year. The Division also has the right to file a complaint with the Commission requesting that the Commission require a COS review to reduce rates beginning in January 2012 if the Division believes that the Company has, or will have, a revenue excess.

**D. Incentive-Based Savings Plan**

A properly structured incentive-based rate plan can align the interests of the Company

and its customers by establishing appropriate incentives to maximize potential economies for the benefit of the Company and its customers. To that end, the Parties agree that economies achieved by the Company shall be shared between the Company and customers as described in this section.

**1. Earnings Reports**

a. The Company will be required to file annual earnings reports with the Commission by November 15 of each year during the Rate Plan Period, for the fiscal year ending May 31<sup>st</sup> in that year, commencing November 15, 2008. Copies also will be filed with the Division. This annual earnings report will calculate the earned ROE from the Company's financial statements on the basis of Generally Accepted Accounting Principles (GAAP). It is the intent of the Settling Parties to defer the final calculation of cumulative return on equity to determine if the Company has exceeded the allowed rate of return until the end of the Rate Plan. However, the Commission has the authority to require a report of the cumulative earned ROE prior to the end of the Rate Plan.

b. The final determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Plan Period in a Final Accumulated Earnings Report. Specifically, by June 1, 2012, Interstate shall file the Final Accumulated Earnings Report that determines the actual cumulative average return on equity for the entire Rate Plan Period from January 1, 2007, through December 31, 2011. For purposes of calculating return and income taxes for this final determination, Interstate shall use the capital structure and associated costs of capital approved by the Commission in this Docket No. 3762. For purposes of these earnings reports, the allowed return on equity shall be 11.0%, and results will be adjusted to reflect established Commission ratemaking principles. However, there will

be no adjustments to actual results to recognize or annualize prospective known and measurable changes. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by Interstate's average rate base. Any accumulated earnings as calculated in the Final Accumulated Earnings Report over 150 basis points (1.50%) above the allowed return on equity of 11.0% shall be shared 50% for customers and 50% for the Company. The customers' share will be credited to customers through the procedure described in subsection 2 below.

## **2. Customers' Share of Accumulated Earnings**

Prior to proposing a method of crediting customers for the customers' share of earnings above the earnings thresholds, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement, Interstate shall file its proposal directly with the Commission subsequent to consulting with the Division and the Commission will make the ultimate determination.

## **E. Fast Ferry Rates and Terms and Conditions**

The Fast Ferry service is a purely discretionary service. Therefore, Interstate shall be authorized to apply to the Commission from time to time to change Fast Ferry Rates and Terms and Conditions and, with Commission approval, to implement such changes on thirty (30) days' notice. The Division, except in extraordinary circumstances, will not object to any such changes, will not recommend any suspension by the Commission beyond the thirty (30) days' notice, and will not request compliance with any traditional rate filing requirements other than

the thirty (30) day notice. Also, the previously agreed methodology for the calculation of Fast Ferry fuel surcharges will not change.

#### **IV. SPECIFIED ACCOUNTING REQUIREMENTS**

##### **A. Fast Ferry**

##### **1. Prospective Earnings**

All earnings reports required by Section III, above, will include pre-tax profits earned by Interstate's Fast Ferry Division. The actual pre-tax profit earned by the Fast Ferry Division will be calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket No. 3762. The debt service will include annual interest and principal repayments on all debt used by Interstate to acquire the operations of Island Hi-Speed Ferry in 2006. For the purpose of the reports required by Section III.D.1.a, above, the annual Fast Ferry pre-tax profit will be fixed at \$208,357. However for the purpose of the cumulative five year average ROE in Section III.D.1.b above and for the purpose of calculating the Earnings Below Floor in Section III.B.3 above, the annual Fast Ferry pre-tax profit will be the actual pre-tax profit calculated employing the debt service method, as shown on Schedule WEE-1RY in this Docket. However the pre-tax profit used in calculating the cumulative five year average ROE in Section III.D.1.b above and Earnings Below Floor will not be less than zero. Any acquisition premium and any costs associated with the acquisition of the Fast Ferry will be excluded from Interstate's rate base and from the establishment of rates for traditional service. The Fast Ferry pre-tax profit calculations shall not be affected by this exclusion.

##### **2. 2006 Earnings**

All earnings reports required by Section III, above, will include profits earned by Fast Ferry operations in 2006, deemed to be \$365,750 on a pre-tax basis, amortized over a three

year period (\$121,916 per year) commencing January 1, 2007. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

**3. Revenues and Expenses**

Interstate shall account for Fast Ferry revenues and expenses in a timely manner and shall maintain the books of account for its Fast Ferry Division in a manner such that expense categories shown on Schedule WEE-1RY in this Docket No. 3762 can be readily identified.

**B. Fuel**

**1. Base Price**

The base price of fuel oil included in the determination of the Company's revenue requirement for traditional ferry service in this Docket No. 3762 ("Base Price") is \$2.00 per gallon, which includes all applicable taxes.

**2. Fuel Price Less than Base Price**

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry services, including all applicable taxes, is less than the Base Price, Interstate will accrue a reserve equal to the volume of fuel purchased in that month times the difference between the actual average price and the Base Price. The reserve balance will be maintained in a separate account on the Interstate balance sheet, or in a readily identifiable sub-account.

**3. Fuel Price in Excess of Base Price**

Commencing January 1, 2007, in any month in which the average price of fuel purchased for traditional ferry service, including all applicable taxes, is in excess of the Base Price, for the purpose of calculating the Fuel Factor component of its rates for the following

month, the “Fuel Floor” used in the calculation of the fuel cost eligible for recovery (“Fuel Recovery”) will be equal to the Base Price. The eligible Fuel Recovery will be charged against the credit balance, if any, existing in the reserve account established pursuant to subsection 2, above. Any eligible Fuel Recovery in excess of the credit balance in the reserve account will be used to calculate the Fuel Factor (surcharge) component of Interstate’s traditional ferry service rates for the following month.

**4. Disposition of Balance in Reserve Account**

If a credit balance exists in the reserve account established pursuant to subsection 2, above, as of December 31, 2011, prior to proposing a method of crediting customers for that balance, Interstate will consult with the Division to propose a mutually acceptable method. The agreed upon method will then be filed with the Commission for review and approval. If the parties cannot reach agreement Interstate shall file its proposal with the Commission and the Commission will make the ultimate determination.

**C. Homeland Security**

**1. Reserve Account**

The balance in the Homeland Security reserve account as of May 31, 2006, is \$83,450. Interstate will continue the reserve method of accounting for Homeland Security expenditures as established in Docket No. 3573, subject to the modifications in subsection 2, below.

**2. Annual Expense**

The annual Homeland Security expense to be recorded by Interstate during the term of the Rate Plan will be \$250,000. Any capital expenditures in excess of \$50,000 will be

charged to the appropriate plant account or accounts and not against the accrued reserve for Homeland Security.

**D. Other**

**1. Rate Case Expense**

For the purpose of all earnings reports required by Section III, above, Interstate will amortize the cost of this rate case and the unamortized rate case cost of Docket No. 3573 over three years. The annual amortization expense is deemed to be \$83,333. The amortization will be complete on December 31, 2009, and no amortization will be included in the calculation of earnings subsequent to that date.

**2. Accumulated Deferred Income Taxes**

Interstate will establish the appropriate balance of accumulated deferred Federal income taxes on its books of account as of May 31, 2007, including a) the difference between the book basis of its fixed assets and the tax basis of those fixed assets times the applicable Federal income tax rate, and b) deferred federal income taxes on other book-tax temporary differences as may be appropriate pursuant to GAAP. The balance of accumulated deferred income taxes will be maintained in conformity with GAAP. The balance of accumulated deferred income taxes will be deducted from plant in service to determine the rate base used in the earnings reports required in Section III, above.

**3. Depreciation Accrual Rates**

Interstate will continue to use the depreciation accrual rates in effect during the twelve months ended November 30, 2005, for the term of the Rate Plan.



**V. EFFECT OF SETTLEMENT AGREEMENT**

Nothing in this Settlement Agreement shall be construed to modify the previous commitments and obligations of Interstate set forth in Sections 4 and 7 of the Stipulation and Settlement in Docket #3573 dated May 12, 2004. This Settlement Agreement is the result of negotiations among the Settling Parties. The discussions that have produced this Agreement have been conducted on the explicit understanding that all offers of settlement and discussions relating hereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or other proceedings involving any one or more of the parties to this Settlement or otherwise. The agreement by a party to the terms of this Settlement Agreement shall not be construed as an agreement as to any matter of fact or law for any other purpose. In the event that the Commission (i) rejects this Agreement, (ii) fails to accept this Agreement as filed, or (iii) accepts this Agreement subject to conditions unacceptable to any party hereto, then this Agreement shall be deemed withdrawn and shall be null and void in all respects. The Parties recognize that the Commission has an ongoing obligation to protect the public against improper and unreasonable rates that cannot be precluded by a settlement agreement.

IN WITNESS WHEREOF, the parties agree that this Settlement Agreement is reasonable and have caused this document to be executed by their respective representatives, each being fully authorized to do so, and ask that this Settlement Agreement be substituted in its entirety for the Settlement Agreement previously filed on December 7, 2006. Dated at Providence this 7<sup>th</sup> ~~th~~ day of December 2006.

Respectfully submitted,

**INTERSTATE NAVIGATION COMPANY**

**RHODE ISLAND DIVISION OF PUBLIC  
UTILITIES AND CARRIERS**

By its Attorney,

By its Attorney,

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*Patrick C. Lynch, Attorney General*

December 11, 2006

**Via Electronic Mail and Regular Mail**

Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**Re: Interstate Navigation Company – General Rate  
Filing – Traditional Rates – Docket No. 3762**

Dear Ms. Massaro:

Enclosed for filing in the above-captioned proceeding are the original and nine (9) copies of the Rhode Island Division of Public Utilities and Carriers' Response to the Commission's First Set of Data Requests.

Many of the Commission's questions went to the issue of the differences in the proposed Interstate Settlement [and attendant Performance Based Regulatory (PBR) plan] and that of other utilities with approved PBR plans and settlements, such as National Grid. While the attached responses provide answers to the specific questions posed, the Division would like to take this opportunity to explain further our rationale for supporting the proposed Settlement and to put the Commission's review of the proposed Settlement in a context appropriate for a company such as Interstate Navigation.

By way of background, the Division notes that the proposed Settlement is the first of its kind for Interstate. There are obvious differences between a small local company such as Interstate and a large multi-national utility such as National Grid, for which the Commission has already approved a performance-based regulatory (PBR) plan and rate-making approach. National Grid (Rhode Island) has annual revenues in excess of \$700 million, and its Rhode Island operations are but one component of a multi-national corporation. It has numerous financial resources, financing options, and access to capital markets. National Grid faces no competition for its delivery and transmission service, and it provides a product for which demand is relatively inelastic.

Interstate Navigation on the other hand is a family-owned, privately held business with far fewer financial resources and more limited access to capital. Current total revenues of Interstate are a little more than \$8 million. Additionally, while Interstate provides a lifeline

service to those who live on Block Island, the vast majority of its revenues are derived from services which are discretionary in nature and subject to competition from a variety of sources. Even though Interstate has just acquired the assets of Island High-Speed Ferry, one cannot conclude that it does not continue to face competition going forward.

Competition comes from many sources. There is a high-speed ferry that runs from New London to Block Island during the summer. The recent implementation of that ferry has not only impacted Interstate, but has also impacted the ridership of the former Island High Speed Ferry as well. There is also the competition for the discretionary leisure dollar from the high-speed ferry that runs from Quonset Point, RI to Martha's Vineyard, MA. This service just completed its second year of operation. Ultimately, Interstate's profitability is subject to the attractiveness of the destination, Block Island, to day-trippers and vacationers versus the whole panoply of other options for leisure and recreational activities. Interstate, as a transportation company in business to service the demands of the populace to travel to Block Island from its Rhode Island departure points, has very little control over these factors.

Interstate operates its 364 days per year (no service on Christmas day). The Company serves passengers, vehicles, and freight, including necessities such as propane, fuel oil, gasoline, and every other commodity necessary to support year-round habitation. This is the "lifeline" aspect of its operation. The aforementioned high-speed ferry from New London does not operate year round and is passenger-only, and the Island High Speed Ferry Company did not operate in the mid-October through May period. There is a large drop off in demand for service to Block Island after September. This aspect of seasonality combined with the discretionary nature of the service adds much more risk to a company like Interstate compared to an electric or gas distribution company.

Interstate bears the additional risk of the impact of poor weather on its ridership in the peak summer months. Rainy weather, especially on summer weekends which would normally be the time of highest utilization, can seriously affect whether the company will operate profitably. This is not dissimilar to the weather related risk of the gas division of National Grid. In that utility's Commission-approved PBR plan there is a Weather Adjustment clause to mitigate this type of risk. In the proposed Settlement with Interstate there is no Weather Adjustment clause, as it is difficult to precisely quantify the impact of weather as simply as we do with the gas company (by measuring the variance of heating degree days from the norm and applying a revenue factor to the variance). Instead of a weather adjustment, the Interstate Settlement contains an Earnings Floor provision that activates at a reported level of 5.5%. In the Division's opinion, significant earnings erosion would be most likely attributable to a decline in revenues as opposed to an increase in allowable, prudent expenses.

As explained further in the attached data responses, the rates of Interstate do not include acquisition costs or acquisition premiums, nor the other elements of concern noted in the first three questions of the Request. The traditional ferry cost of service does include a subsidy of over \$330,000 in profits from the fast ferry, which reduces the revenue requirement and rates of passengers, vehicles, and freight on the traditional vessels. Further, with the inclusion of \$2.00 of fuel in base rates and a more appropriate fuel recovery in base rates, rather than through the fuel surcharge, the rates for those who travel in off peak months will decline substantially. For

example, the fuel surcharge currently in effect is \$4.80 per round trip. Added to the commuter rate of \$10.00, a total round trip ticket for a commuter is presently \$14.80. Effective January 1, that trip will cost \$10.50. Similarly, a non-commuter pays a total of \$19.10 today, and January 1 will pay \$16.55.

Finally, an important consideration for the Division in recommending a PBR approach for Interstate is to limit rate increases in the foreseeable future to an inflationary index, limit the cost associated with the rate filings, and get the management focused on containing its controllable costs and therefore increasing its profitability. The Division has recommended pricing flexibility for the fast ferry operation during the plan term. This flexibility should provide the company with a tool to help maximize its profits on the fast ferry operation which will, in turn, continue to benefit the traditional and lifeline services.

We hope this additional explanation assists the Commission in its review of both the attached data responses as well as the proposed Settlement Agreement. We appreciate the opportunity to provide this additional information.

Very truly yours,



William K. Lueker (R.I. Bar # 6334)  
Special Assistant Attorney General  
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Fax (401) 222-3016

Encl.

cc: Service List PUC Docket No. 3762

#### CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the within Division Response to the Commission's First Set of Data Requests (with cover letter), was served this 11<sup>th</sup> day of December, 2006, via first class mail, postage prepaid, as well as by electronic mail, upon each person on the official service list in this proceeding.

