

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: INTERSTATE NAVIGATION COMPANY :
EARNINGS REPORTS : **DOCKET NO. 4373**

ORDER

I. 2021 Earnings Report

On May 17, 2022, Interstate filed with the Public Utilities Commission (Commission) its earnings report for the Fiscal Year ending (FYE) May 31, 2021. Interstate is required to file annual earnings reports that allow for a 75/25 sharing of earnings between Interstate and ratepayers where the return on equity (ROE) is in excess of 12%.¹ The method of sharing is subject to review by the Division of Public Utilities and Carriers (Division) and approval of the Commission.² Interstate's FYE May 31, 2021 earnings report showed earnings in excess of the 12% ceiling in the amount of \$335,188.³ The ratepayers' portion was \$251,391 plus an additional \$42,880 resulting from the Tax Cuts and Jobs Act of 2017, which reduced the corporate income tax. Interstate requested approval to use those funds to replenish the fuel reserve.⁴

After negotiations between the Interstate and the Division of Public Utilities and Carriers (Division), a Settlement was filed on September 12, 2022. The parties agreed that the full amount of \$707,000 in Employee Retention Credit (ERC) funds Interstate had received would also be included in the ROE calculation. This inclusion increased the net income available for common equity to \$1,076,642. The revised earnings above the 12% ceiling totaled \$893,718, which results

¹ 2019 Settlement Agreement; <http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-DIV-Settlement%20Agreement%2012-5-19.pdf>.

Id. On April 29, 2013, the Commission approved Interstate's revenue requirement and associated rates for effect May 24, 2013.² As part of the PUC Order, Interstate was allowed a Return on Equity of 11%, but with an Earnings Sharing Mechanism that begins at 12%. [http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-Ord21069\(6-20-13\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-Interstate-Ord21069(6-20-13).pdf).

³ Interstate's Earnings Report (May. 17, 2022); <https://ripuc.ecms.ri.gov/sites/g/files/xkgbur841/files/2022-10/4373-Interstate%20Nav%20Earnings%20Report%205-17-22.pdf>.

⁴ Order No. 23287; [http://www.ripuc.ri.gov/eventsactions/docket/4373-4792-Interstate-Ord23287%20\(10-4-18\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4373-4792-Interstate-Ord23287%20(10-4-18).pdf)

in \$670,289 available for ratepayers. Also, \$111,872 is available to ratepayers as a credit for tax expense on tax depreciation for assets purchase from the capital reserve. This results in a revised total of \$825,041 available to ratepayers. The parties agreed to have Interstate Navigation transfer \$825,041 from the FY 2021 excess earnings to the fuel reserve to eliminate or reduce fuel surcharges for a number of months.

II. Commission Findings

At an Open Meeting on September 28, 2022, after a review of the filings, the Commission approved the 2022 Settlement Agreement finding it to represent a fair means by which to benefit customers with their share of overearnings. The Commission also required Interstate to make a filing in March 2023 to provide a schedule that includes an accounting of the application of the settlement funds in the months of October 2022 through February 2023 and to provide a projection of the depletion of the remaining funds. Interstate shall also provide notification to the Commission and Division in the month prior to depletion of the funds, with an updated schedule in the same format as the six-month report.

Accordingly, it is hereby

(24512) ORDERED:

1. Interstate Navigation Company's Earnings Report for the Fiscal Year Ending May 31, 2021 is hereby found to be in compliance with prior Commission orders.
2. The Settlement Agreement submitted on September 12, 2022 is hereby approved.
3. Interstate to make a filing in March 2023 to provide a schedule that includes an accounting of the application of the settlement funds in the months of October 2022 through February 2023 and to provide a projection of the depletion of the remaining funds.

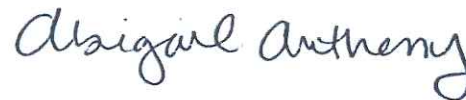
4. Interstate shall also provide notification to the Commission and Division in the month prior to depletion of the funds, with an updated schedule in the same format as the six-month report.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING
DECISION ON SEPTEMBER 28, 2022. WRITTEN ORDER ISSUED OCTOBER 19, 2022.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner



NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.