

REBUTTAL TESTIMONY

of

DAVID PRESTON

before the

PUBLIC UTILITIES COMMISSION

DOCKET No. 3573

FOR

GENERAL RATE RELIEF

for

INTERSTATE NAVIGATION COMPANY

April, 2004

1 **Q: Please state your name.**

2 A: David Preston.

3 **Q: Where do you work?**

4 A: I am a founding partner of Trion Communications which was established in 1992. I
5 am also an attorney admitted to the Rhode Island Bar and I am a registered lobbyist with
6 the State of Rhode Island.

7 **Q: What is your educational background?**

8 A: I graduated from Providence College with a degree in English in 1984. I then served
9 as an officer in the Marines, stationed in Okinawa, Japan. I graduated from Suffolk
10 University Law School in 1986.

11 **Q. What is your government relations background?**

12 A: I have managed a successful re-election campaign for Governor of Rhode Island. I
13 have also served as Communications Director to a Governor of Rhode Island. I am a
14 political analyst for WJAR TV Channel 10. I am the managing partner of Trion
15 Communications' public relations practice. Trion represents many clients at the Rhode
16 Island Legislature. These clients include public utilities such as Interstate Navigation
17 Company d/b/a The Block Island Ferry, The Narragansett Electric Company, Verizon,
18 and the Block Island Power Company, among many others.

19 **Q: Are you a registered lobbyist for Interstate Navigation Company?**

20 A: Yes. I have been a registered lobbyist for Interstate Navigation Company for a
21 number of years.

22 **Q: Do you believe that government relations (lobbying) expenses are an appropriate cost**
23 **of doing business for a public utility such as Interstate Navigation Company?**

1 A: Yes. Government relations expenses are incurred by hundreds of Rhode Island's
2 leading businesses, including almost all of the state's regulated public utilities. Even the
3 Division and the Commission have requested lobbyists at the Legislature, as do dozens of
4 other state agencies. In my opinion, Interstate's expenses in this area are not at all
5 unusual, but are necessary and have created tangible benefits for the ratepayers.

6 **Q: Please explain the kind of tangible benefits you are talking about.**

7 A: Interstate's investment in government relations has paid dividends for ratepayers
8 many times. In the global sense, Interstate's lobbyists monitor, and express the
9 company's views on, the entire range of business related legislation that is introduced in
10 the General Assembly on an annual basis, including, but not limited to, health care,
11 taxation, minimum wage, workers compensation, regulations, etc. Increased business
12 costs imposed by legislation translate to increases rates for the ratepayer. We try to keep
13 legislatively-imposed costs as low as possible.

14 **Q: Can you provide specific examples of lobbying that you have done that has benefited**
15 **Interstate's ratepayers?**

16 A: Yes, I would be glad to. In a number of specific cases, the efforts of Interstate's
17 lobbyists have benefited the ratepayers. What follows are only a handful of instances
18 where this has been the case.

19
20 During the 2003 session of the General Assembly, legislation was introduced which
21 would have had the effect of preventing Interstate from scuba diving at their docking
22 facilities should they be required to inspect, monitor or service the hulls of their vessels
23 underwater. In an era of increased homeland security, this was a serious potential
24 problem. Had this legislation passed, the company would have been forced to find an

1 alternative location to dive and check its vessels, at great expense in money and time.
2 Interstate's costs and its service could have been greatly affected. We successfully
3 lobbied against this legislation.
4

5 During the 2002 session of the General Assembly, we were instrumental in the passage of
6 legislation that extended the allowable length of time DEM is allowed to lease property in
7 Galilee from 20 years to 40 years. This will benefit Interstate's ratepayers by providing
8 certainty for its docking facilities. A longer term lease should also allow Interstate to
9 secure more favorable financing.
10

11 During the 2001 session of the General Assembly, we played a key role in negotiating an
12 agreement that resolved the longstanding issue of a landing fee for the Town of
13 Narragansett. This agreement created a number of tangible benefits for the ratepayers.
14

15 ➤ The agreement removed the objections of the Town to the planned terminal
16 improvements in Galilee, a development that will benefit ratepayers
17 tremendously. Had the Town's objections remained in place, a lengthy and
18 expensive CRMC proceeding would have been the result.
19

20 ➤ The Town also dropped a number of proposals for handling parking in
21 Galilee that would have been not only expensive for the ratepayers, but
22 terribly inconvenient as well.
23

1 ➤ The agreement also made available to Interstate hundreds of thousands of
2 dollars in funds that were used to successfully refinance the loan for the *M/V*
3 *Block Island*, at a much lower interest rate, realizing considerable savings for
4 the ratepayers.

5 **Q: Does Interstate need government relations expertise in the future?**

6 A: Absolutely. For example, in the future, Interstate plans to continue to seek passage of
7 legislation allowing lease credits for Interstate's contributions to the Galilee terminal
8 project. The company will also seek an exemption from property taxes in Narragansett (a
9 payment we believe is now satisfied by the landing fee). The company also plans to have
10 its lobbyist monitor the legislature for harmful bills, like last year's diving bill, and other
11 general business legislation.

12 **Q: What has Interstate done to hold down government relations expenses?**

13 A: In an effort to be as frugal as possible, Interstate negotiated a special agreement with
14 Trion Communications which allows the company not to have to engage a lobbyist all
15 year 'round. For this reason, the company will utilize lobbying services only when the
16 2004 General Assembly is in session. During the session, Interstate's lobbyist will work
17 generally in the following three areas, as described above:

18 Monitor, and advocate where necessary on general business legislation;

19 Monitor and advocate where necessary on legislation that directly impacts the
20 company and its ratepayers;

21 Seek passage of legislation that will benefit the company and its ratepayers.

22 **Q: Does that conclude your testimony?**

23 A: Yes.