

Schacht & McElroy

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June 26, 2013

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

Re: Interstate Navigation Company
Docket No. 4373 –Pension Expense Filing

Dear Luly:

As you know, this office represents Interstate Navigation Company (Interstate). Interstate's fiscal year ends May 31.

The Commission's Report and Order issued on June 20, 2013 (page 11) states that:

“Interstate's cost of service includes a \$70,000 annual pension expansion which is required to be funded thirty days following the end of the fiscal year and is an annual funding commitment unless altered by the Commission. Interstate is required to file documentation with the Commission regarding funding.”

In addition, the Settlement Agreement attached to the Report and Order as Appendix A states on page 9 that:


“Interstate's cost of service includes \$70,000 of annual pension expense. This amount will be funded and contributed to the external pension fund within thirty days after the end of the fiscal year. This funding commitment is ongoing and will continue from year to year unless directed otherwise by the Commission. Interstate will provide the Commission and the Division with documentation of its funding of the pension plan consistent with the terms of this paragraph.”

Pursuant to this requirement, enclosed is a Memorandum from David Bebyn, CPA, which shows that Interstate has made more than the \$70,000 required contribution for fiscal years 2012 and

2013. Interstate has contributed \$150,886.88. A copy of Mr. Bebyn's calculation and Interstate's check are attached hereto. Note that the plan Interstate uses allows flexible contributions and future years may vary, but Interstate's total contributions will not be less than the \$70,000 per year total required by the approved settlement.

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

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List

Interstate/2013 Rate Case/Massaros

TO: Mike McElroy
FROM: David Bebyn
RE: Interstate Navigation Company Pension Contribution.
Date: June 26, 2013

I have prepared the attached schedule which presents my calculation for the FY 2012 and FY 2013 pension contribution based upon my conversation with Sue. Sue has already prepared and sent out the check for this payment which is also attached.

If you have any questions please don't hesitate to call me at 785-0800 extension 29.

Sincerely,

David G. Bebyn, CPA

Calculation of FY 2012 & FY 2013 Pension Contribution

Interstate Navigation Company

5/31/13

Pension Contribution expense:

Qualified Employee Payroll FY 2012	\$	2,514,814.35	
Pension Funding Rate		<u>3%</u>	
Pension Contribution Expense	\$		75,444.43

Est Qualified Employee Payroll FY 2013	\$	2,514,814.35	
Pension Funding Rate		<u>3%</u>	
Pension Contribution Expense	\$		<u>75,444.43</u>
Total Contribution Made	\$		<u><u>150,888.86</u></u>

INTERSTATE NAVIGATION CO.

8208

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
5/31/13					150,888.86
CHECK DATE	CHECK NO.	PAYEE		DISCOUNT'S TAKEN	CHECK AMOUNT
5/31/13	08208	John Hancock USA FBO CN#110890			\$150,888.86

INTERSTATE NAVIGATION CO.

John Hancock USA FBO CN#110890

P.O. Box 7247-7122

Philadelphia, PA 19170-7122

Security Int'l. Details on Back

CHECK NO. 08208

DATE May 31, 2013

AMOUNT \$150,888.86

Pay TO THE ORDER OF One Hundred Fifty Thousand Eight Hundred Eighty Eight and 88/100 Dollars

John Hancock USA FBO CN#110890

John Hancock (USA)

P.O. Box 7247-7122

Philadelphia, PA 19170-7122

Susan L. ...
AUTHORIZED SIGNATURE

⑆0008208⑆ ⑆014500850⑆ 03031002⑆

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