

MEMORANDUM

April 22, 2015

TO: RHODE ISLAND PUBLIC UTILITIES COMMISSION
FROM: DAVID EFFRON BERKSHIRE CONSULTING SERVICES, ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS.
SUBJECT: INTERSTATE NAVIGATION COMPANY DOCKET NO. 4373-A: LIMITED RATE CHANGE APPLICATION FOR CERTAIN TRADITIONAL FERRY RATES

Section III-B of the Settlement Agreement between Interstate Navigation Company (“Interstate” or “the Company”) and the Division of Public Utilities and Carriers (“Division”) in Docket No. 4373, dated March 31, 2013 (“Settlement”), provides that:

Interstate shall be authorized to apply to the Commission from time to time to change rates subsequent to the Rate Year Period, subject to the limits in Exhibit 3, 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. Pursuant to this authorization, Interstate has the pricing flexibility to increase certain rates after the Rate Year Period to a level not more than 10% higher than the rates established for the Rate Year Period or to decrease certain rates after the Rate Year Period to a level not more than 20% lower than the rates established for the Rate Year Period; provided, however, that applications for rate increases will be allowed to take effect only on May 24 of a given 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.

Ordering clause 6 of the Commission’s Order 21069, June 30, 2013, modified this provision to require that Post Rate Period Filings be filed at least sixty (60) days prior to the proposed effective date and that the filings contain the reason for the change and certain financial information.

On March 24, 2015, Interstate filed a limited rate change application, seeking to implement 10% rate increases effective May 24, 2015 for all traditional ferry service other service for commuters, commuter vehicles, and freight. The Division analyzed the application for rate changes and supporting information and discussed the filing with the Company.

As noted above, Section III-B of the Settlement specifies that “The Division, except in extraordinary circumstances, will not object to any such changes, will not recommend any suspension by the Commission beyond the [sixty (60)] days’ notice, and will not request compliance with any traditional rate filing requirements other than the [sixty (60)] day notice.”

No extraordinary circumstances have been identified that would serve as cause for the Division to object to the rate changes proposed by Interstate, to recommend further suspension of the proposed rate increases, or to request additional compliance with traditional rate filing requirements.