

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**A & R MARINE CORP.,
d/b/a/ PRUDENCE & BAY ISLANDS TRANSPORT
(GENERAL RATE FILING)**

R.I.P.U.C. DOCKET NO. 4586

PRE-FILED DIRECT TESTIMONY

OF

RICHARD RAINER,

TOWN ADMINISTRATOR,

TOWN OF PORTSMOUTH, RHODE ISLAND

ON BEHALF OF INTERVENOR: PORTSMOUTH, RHODE ISLAND

MARCH 2, 2016

1 **Q. Will you please state your name for the record ?**

2 A. Yes, my name is Richard Rainer.

3 **Q. Where are you employed ?**

4 A. I work for the Town of Portsmouth, Rhode Island.

5 **Q. In what capacity are you so employed ?**

6 A. I am the Town Administrator.

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

8 A. I received a B.S. in Business Management from the University of Buffalo, a Master of

9 Science in Management Information Systems from the George Washington University,

10 and a Master of Science in Strategic Studies from the United States Army War College.

11 **Q. What is the purpose of your testimony in this Docket ?**

12 A. I am testifying on behalf of the Town of Portsmouth : A.) to express the Town's interest

13 in ensuring that a reliable ferry service exists for year-round access to Prudence Island;

14 (B.) to oppose the size of the rate increase requested by A & R Marine Corporation; and

15 (C.) to describe the desirability and need for discounted ferry rates for municipal vehicles

16 that regularly use the existing ferry in order to provide essential governmental services.

17 **Q. Please summarize your testimony.**

1 A. Prudence Island is a part of the Town of Portsmouth, and a dependable ferry to the island
2 is required for the delivery of essential government services to island residents and
3 visitors. The Town of Portsmouth supported the issuance of a “Certificate of Public
4 Convenience and Necessity” (CPCN) to A & R Marine Corporation when the previous
5 operator of a ferry to the island threatened to cease service. Portsmouth also assisted
6 A & R Marine Corporation’s proposed ferry service by making town-owned land
7 available for construction of a dock, and leasing such property to A & R Marine at
8 commercially reasonable rental rates. The existing ferry service is regularly used by the
9 Town of Portsmouth for transportation to Prudence Island in order to deliver a wide array
10 of governmental services such as police and fire protection, emergency medical services,
11 trash removal and recycling of waste, snowplowing, and road repair and maintenance.

12 The Town of Portsmouth’s support for A & R Marine Corporation’s application for
13 issuance of a CPCN was based in substantial part on the expert testimony presented by
14 A & R Marine Corporation concerning its anticipated operating expenses and revenue
15 requirements. Portsmouth reasonably relied upon the sworn testimony of A & R Marine’s
16 David Bebyn, (who was described as an expert in utility accounting and rate matters)
17 concerning the adequacy of existing revenue sources and need for future rate increases.
18 The testimony he provided (in 2014) indicated that although A & R Marine Corporation

1 would lose \$17,963 in its first year of operation based on the ferry rates then in existence,
2 it only “would need probably about a 6 percent rate increase, based on the current
3 numbers to recover the \$17,000 loss, plus provide the adequate base rate of return....”
4 (See: Hrg. Trans., DPUC Docket #D-13-105, Oct 20, 2013, p.32). The Division of Public
5 Utilities and Carriers likewise relied upon the testimony of Mr. Bebyn in finding the
6 company “fit, willing and able” and in granting a CPCN to A & R Marine for a ferry
7 service to Prudence Island. However, instead of the projected “6 percent rate increase”
8 A & R Marine has roposed to increase rates charged to Portsmouth by an estimated 112 %.
9 The requested rate increase would be excessive and unduly burdensome to ratepayers, and
10 does not appear to be justified by the testimony that was recently filed in support of the
11 requested rate increase. Discounted rates for town employees and vehicles using the ferry
12 in order to perform essential governmental services for the residents and businesses on
13 Prudence Island are both warranted and desirable. The Rhode Island Public Utilities
14 Commission has long ago expressly recognized that providing discounted ferry rates to
14 Portsmouth on ferries serving Prudence Island would not violate the “anti-discrimination”
15 purposes of R.I. General Laws 39-1-1, because municipalities “do qualify as valid
16 exceptions” under R.I General laws 39-2-5. (See: Docket 2090 “In re: Prudence Ferry,

1 Inc.” Order # 14235, p. 13, (1993)). Portsmouth provides many indirect benefits to A & R
2 Marine Corporation’s ferry operations by, e.g., making available police, fire, and
3 emergency medical services for users of the ferry, hauling away trash and recyclables
4 generated by passengers using the company’s ferry, and by maintaining roads to the ferry.
5 But these and other essential government services come at a considerable expense to
6 taxpayers in the town. Providing discounts for municipal vehicles and passengers would
7 improve the ability of the town to maintain (or improve) such services, and lessen the chance
8 of essential services being reduced or curtailed due to budgetary considerations. The
9 reduction in revenues resulting from discounted rates for municipal vehicles and passengers
10 would be relatively low given the volume of municipal trips to the island.

11 **Q. Are you familiar with the ferry services to Prudence Island that is currently**
12 **provided by A & R Marine Corporation ?**

13 A. Yes, in my capacity as Town Administrator I have personally observed the ferry operation
14 and used the ferry to reach the island to meet with citizens. I have also and become
15 acquainted with the existing costs incurred by the Town in using the ferry to provide essential
16 governmental services to Prudence Island residents and businesses.

17 **Q. Can you describe how frequently the Town of Portsmouth uses the existing ferry**
18 **service to Prudence Island ?**

1 A. Yes, Portsmouth makes use of the ferry on a routine basis, at all times of the year. The
2 Department of Public Works (DPW) in the Town of Portsmouth sends one employee to the
3 island and back every week day, and sends one 10 to 20 ton truck to the island once a week.
4 The DPW also takes equipment on and off the island about 10 times per year, and uses
5 the ferry to conduct inspections on the island about 12 times per year. In addition, hauling of
6 solid waste and recyclables involves approximately 90 round trips on the ferry per year.
7 Portsmouth also uses the ferry for miscellaneous governmental meetings, and for deliveries of
8 heating oil, gasoline, and diesel fuel, but such trips are infrequent. Likewise, the Building
9 Inspector and Board of Canvassers for the Town of Portsmouth use the ferry occasionally to
10 conduct inspections or for election-related business, but such trips are infrequent.

11 **Q. Why does the Town of Portsmouth use the ferry to Prudence Island ?**

12 A. The ferry is a “lifeline” service and it is used to provide a variety of essential governmental
13 services to all of the residents and visitors on Prudence Island, as well as to the businesses
14 operating there, such as A & R Marine Corporation. For example, Portsmouth provides
15 and fire protection and emergency medical services to the island, plows snow from the
16 roadways, maintains and improves the roads, removes trash and recyclable materials,

1 provides public works services, inspects buildings, assesses taxes on property, and
2 conducts elections on the island, all of which requires use of the existing ferry services.
3 he ferry is also used to transport school children to and from the island to schools on the
4 mainland.

5 **Q. What amount of discount in rates does Portsmouth propose for vehicles and**
6 **employees using the A & R Marine Corporation's ferry for essential governmental**
7 **services ?**

8 A. Portsmouth is requesting a discount for municipal employees and vehicles using the ferry
9 for essential governmental services that would maintain the rates currently charged to the
10 Town for such passengers and vehicles.

11 **Q Why does the Town of Portsmouth seek the requested discounts in ferry rates for**
12 **municipal vehicles and passengers ?**

13 A. Portsmouth is providing essential government services by use of this public utility, and it is
14 appropriate to allocate the cost of municipal discounts to the other users of the ferry in order
15 to ensure that such municipal services continue to benefit island residents and businesses.

16 **Q. Does this conclude your direct testimony ?**

17 A. Yes.

CERTIFICATE OF SERVICE

I certify that a copy of the within Direct Testimony was sent via e-mail on this 2nd day of March, 2016 to :

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