

Via Hand Delivery

November 7, 2014

Todd Bianco
Siting Board Coordinator
Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

Re: **Docket No. SB-2003-1**
In re: The Narragansett Electric Company d/b/a National Grid
(E-183 115kV Transmission Line Relocation)

Dear Todd:

I am enclosing an original and five (5) copies of National Grid's responses to the First Set of Data Requests from the City of East Providence.

Please acknowledge receipt of this filing on the enclosed copy of this letter and the responses and return them to me. Thank you.

Sincerely,



Peter V. Lacouture

PVL/blv

Enclosure

Copy to: Chairperson Margaret E. Curran, Esq. (*via hand delivery*)
Janet Coit (*via hand delivery*)
Kevin Flynn (*via hand delivery*)
Patricia S. Lucarelli, Esq. (*via hand delivery*)
Service List (*via electronic mail*)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORD REQUEST NO. 1-1: The estimated cost of \$33,939,850 has +/- 25% built-in error range or "Tolerance". National Grid states in a footnote, that a "Construction Grade Estimate" can only be prepared after final construction bids have been received. However, the City of East Providence does point out that the Settlement Agreement requires National Grid to produce a Construction Grade Estimate. The question is whether there is anything that can be done by National Grid's experts at this point to tighten the estimate, so that the 25% Tolerance can be reduced?

RESPONSE: National Grid has, since the Settlement Agreement was signed, changed its internal definition of a "Construction Grade" estimate. Under National Grid's present definition of a construction grade estimate, all permits must be obtained and actual construction bids must be received for an estimate to be considered construction grade. Given that there is not a clear signal for National Grid to proceed with the project, it would be premature for National Grid to obtain all permits and construction bids at this stage.

The estimate that was developed was based on a significant engineering effort involving route survey, geotechnical investigation, mapping and line layout, obtaining estimating quotations from material suppliers and installation contractors, a review of the anticipated permitting effort, and a review of property rights issues. As such, National Grid feels that it has satisfied the spirit of the Settlement Agreement with the most recent estimate.

At this stage, there are uncertainties in regard to the ultimate material and installation contract costs. There are also a number of high risk construction elements associated with the proposed undergrounding of the E183 line, primarily the 4 horizontal directional drills (HDDs) associated with the crossings of the Providence River and Seekonk River, and the jack and bore crossing of Interstate 195. Given that these elements represent a substantial portion of the route, and have significant construction risk, National Grid feels that the +/- 25 percent estimate tolerance is appropriate.

13210313-v1

Response prepared by or under the supervision of
David M. Campilli, P.E.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORD REQUEST NO. 1-2: For each subcategory of the estimate, i.e. “underground”, “overhead” and “transition stations”, there is also a contingency line item. The contingency line items total \$5,534,745. Is this contingency total captured within the +/- 25% Tolerance or is the Tolerance on top of this contingency? Our confusion arises from the fact that this contingency, in itself, is over 20% of the total estimate.

RESPONSE: The contingency line item is carried as a cost of the project. The contingency refers to costs for events that are not defined at the time of the estimate, but which will likely occur during project execution. Contingency percentages vary by project component, but the overall contingency applied to the estimate is approximately 20 percent.

The estimate tolerance of +/- 25% is a separate measure of the expected range of overall project cost, and is applied to the overall estimate.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORD REQUEST NO. 1-3: There is language in the estimate which National Grid highlighted at the hearing regarding a 15% contingency for electricity work and a 25% contingency for civil work. Our question is whether this additional contingency is captured within the contingency line item of \$5,534,745, or is it in addition thereto? And furthermore, how does this built-in contingency relate to the +/- 25% Tolerance.

RESPONSE: The 15% electrical contingency and 25% civil contingency are the factors that Power Engineers applied to the underground transmission portion of the estimate. This contingency is contained within the \$5.5 million overall project contingency. Refer to the response to Question 2 for the difference between contingency and estimate tolerance.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) ;

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORD REQUEST NO. 1-4: National Grid has \$1,900,000 factored in for the acquisition of a Right of Way. What acquisition does this include? The City of East Providence asked the question because it does not include any acquisitions on the East Providence side, which National grid wrongly assumes to be captured in a so-called “land swap”.

RESPONSE: The \$1.9 million that National Grid has included in the project estimate includes funds to obtain the property rights at the intersection of South Water Street and Tockwotton Street in Providence (the Singh property). It also includes administrative costs for obtaining this property and administrative costs for obtaining other properties or property rights.

National Grid has not included costs for acquisition of interests in the Tockwotton property in East Providence. The proposed undergrounding of the E183 line will provide benefits to both the City of East Providence and to the owners of the Tockwotton property in the form of released right-of way or in the form of additional developable land. As such, National Grid cannot justify carrying additional project costs for property acquisition on the Tockwotton property. If this assumption is ultimately determined to be invalid, then the undergrounding estimate will need to be increased to account for additional property acquisition costs.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORDS REQUEST NO. 1-5: In relation to the above questions, the narrative in the estimate states that “[i]n contrast to tolerances [the +/- 25% error range], which are based on unknown risks, contingencies refer to known costs that would probably occur based on past experience, but with some certainty regarding the magnitude.” If that is the case, can the City of East Providence get a better sense as to the underlying detail of the contingencies, i.e., what are the known costs that will probably occur based on past experience and what are the uncertainties on this particular project.

RESPONSE: Examples of contingencies that might occur would include encountering unanticipated underground obstructions, such as utilities or other structures not previously identified, during trenching. These might trigger costs to relocate the obstruction, or costs to abandon a portion of the trench and excavate a new trench on a revised alignment. Another example of a contingency could be a failure of any of the 4 directional drills, necessitating additional directional drilling or other remedial costs. Contingency items typically occur during the project execution phase.

The estimate tolerance reflects the expected range of project cost and accounts for things like material and installation bids being higher or lower than the estimates.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

The Narragansett Electric Company d/b/a National Grid's
Responses to the
First Set of Data Requests from the
City of East Providence (October 24, 2014)

RECORDS REQUEST NO. 1-6: In the October 21, 2014 estimate assumptions assembled by Power Engineers, there is a section entitled "Cost Estimate Assumptions" beginning at p. 3 and states as follows:

- a. Construction rates have been obtained from area contractors and recent projects in the New England area with similar scopes of work. Our question is that if you are looking at construction rates based from other contractors, and recent projects in New England area with similar scopes of work, then why can't this project be put out for a competitive design build RFP that may lower costs and incentivize the contractor?

RESPONSE: Given that the project is well into the design phase, National Grid does not see a significant benefit to a design/build contract at this point. If the project proceeds, National Grid will certainly obtain competitive bids for material and installation services at the appropriate time. This is typically done toward the end of licensing so that licensing and permit conditions are reflected in the construction bids.

- b. The assumption states that the costs to obtain all environmental, local, state, federal permits and mitigation as required are not included. Are those costs included in the summary estimate which totals almost \$34M?

RESPONSE: Power Engineers was retained to develop the underground transmission line cost estimate, and this statement relates to Power Engineers' estimate assumptions. National Grid has included estimated costs to obtain all environmental, local, state, and federal permits in the overall project estimate.

- c. The estimate assumption says that the costs include the cost to install a fiber optic cable for communication. What is the fiber optic for?

RESPONSE: The fiber optic cable is installed for end-to-end communication for protective relaying systems associated with the underground transmission line. This is typically done for new underground transmission lines.

- d. What is meant by the comment “no internal National Grid overheads included”?

RESPONSE: Power Engineers was retained to develop the underground transmission line cost estimate, and this statement relates to Power Engineers estimate assumptions. National Grid has included internal overheads in the project estimate.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the within Responses was sent by e-mail to the following this the 7th day of November, 2014.

Department of Attorney General
150 South Main Street
Providence, RI 02903

L.Wold@riag.ri.gov

klyons@riag.ri.gov
Jmunoz@riag.ri.gov
dmacrae@riag.ri.gov

Division of Public Utilities & Carriers

Thomas.kogut@dpuc.ri.gov

JHagopian@dpuc.ri.gov
Steve.scialabba@dpuc.ri.gov
Joseph.shilling@dpuc.ri.gov

Janet Coit, Director
Dept. of Environmental Management
235 Promenade Street
Providence, RI 02908

janet.coit@dem.ri.gov

Rayna.maguire@dem.ri.gov

Kevin Flynn, Associate Director for
Division of Planning
Department of Administration
One Capitol Hill, 3rd Floor
Providence, RI 02903

kevin.flynn@doa.ri.gov

National Grid

Jennifer.hutchinson@nationalgrid.com

National Grid

Celia.obrien@nationalgrid.com

Adrienne G. Southgate, City Solicitor
City of Providence
Department of Law
275 Westminster Street
Providence, RI 02903

asouthgate@providenceri.com

RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Cynthia.WilsonFrias@puc.ri.gov

alan.nault@puc.ri.gov

Paul.roberti@puc.ri.gov

John J. Spirito, Esq. (e-mail only)
Division of Public Utilities and Carriers

jspirito@dpuc.ri.gov

Timothy J. Chapman, City Solicitor
City of East Providence
145 Taunton Avenue
East Providence, RI 02914-4505

tchapman@cityofeastprov.com

Mark W. Russo, Esq.
Ferrucci Russo P.C.
55 Pine Street, 4th Floor
Providence, RI 02903

mrusso@frlawri.com

Terence Tierney (e-mail only)

wsmith@frlawri.com
jboyle@cityofeastprov.com
tierneylaw@yahoo.com

Seth H. Handy, Esq.

Seth@handylawllc.com

David Riley, Friends of India Pt. Park

davidpriley@aol.com

Amar Singh

amar@indiarestaurant.com

File an original and 5 copies w/:

Todd Bianco
Siting Board Coordinator
Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

todd.bianco@puc.ri.gov

Patricia S. Lucarelli, Esq.
Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

patricia.lucarelli@puc.ri.gov

Margaret.curran@puc.ri.gov


