

One Financial Plaza, Suite 1430
Providence, RI 02903-2485
Direct (401) 709-3314
Fax (401) 709-3377
placouture@rc.com

VIA HAND DELIVERY

October 17, 2011

Mr. Nick Ucci
Principal Policy Associate
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 Nick:

I am enclosing for filing an original and seven (7) copies of the report on behalf of National Grid in the above referenced matter.

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

Sincerely,

Peter V. Lacouture

PVL/mmv
Enclosures

Copy to: Service List (via electronic mail)
Chairman Elia Germani, Esq. (via Hand Delivery)
Janet Coit (via Hand Delivery)
Kevin Flynn (via Hand Delivery)

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**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) :

**REPORT OF THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID
TO THE ENERGY FACILITY SITING BOARD**

The purpose of this report is to update the Energy Facility Siting Board (“EFSB”) on the progress in negotiating and signing a Cooperative Funding Agreement among the parties since the EFSB hearing (Status Conference) on August 23, 2011.

The Board will recall that the major issue at the August 23, 2011 status conference was the request by the City of East Providence that National Grid relocate the Phillipsdale Tap in advance of the construction of the underground transmission line and the transition station in East Providence. National Grid explained at the Status Conference its reasons for not relocating the Tap in advance, which included both economic and safety issues.

Following the Status Conference, National Grid made a proposal to counsel for East Providence late on the afternoon of August 23 to resolve the disagreement.

Later that week, counsel from the Rhode Island Department of Transportation (“RIDOT”) contacted National Grid counsel and suggested that, as an alternative to executing the Cooperative Funding Agreement by September 1 (which was the goal of all of the parties), RIDOT and National Grid could enter into a Force Account Agreement, which would have the effect of (i) committing the federal funds to the E-183 underground project and (ii) minimizing the likelihood that the funding could be revoked by the federal government. As a result, RIDOT

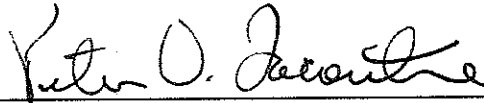
and National Grid negotiated and, on September 7, 2011, executed the Force Account Agreement. A copy of the signed agreement is attached to this report.

In the meantime, National Grid understands that counsel for the City of East Providence has been discussing the National Grid proposal with his client. A response is anticipated in the near future.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID**

**By its attorneys,
Robinson & Cole LLP**



Peter V. Lacouture, R.I. # 1188
One Financial Plaza, Suite 1430
Providence, Rhode Island 02903-2485
Tel: 401-709-3314
Fax: 401-709-3377

Counsel:
THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

Celia B. O'Brien, Esq.
40 Sylvan Road
Waltham, MA 02451-1120

Jennifer Brooks Hutchinson, Esq.
280 Melrose Street
Providence, RI 02901

Dated: October 17, 2011

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the within Report was sent by e-mail to the following this the 17th day of October, 2011.

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

LWold@riag.ri.gov
jhagopian@riag.ri.gov
Mtobin@riag.ri.gov
dmacrae@riag.ri.gov

Division of Public Utilities & Carriers

Thomas.kogut@ripuc.state.ri.us
Steve.scialabba@ripuc.state.ri.us

Janet Coit, Director
Dept. of Environmental
Management
235 Promenade Street
Providence, RI 02908
Kevin Flynn, Associate Director for
Division of Planning
Department of Administration
One Capitol Hill, 3rd Floor
Providence, RI 02903

janet.coit@dem.ri.gov

Rayna.santoro@dem.ri.gov

KFlynn@doa.ri.gov

Michael D. Mitchell, Esquire
Deputy Chief of Legal Services
Division of Legal Services
Rhode Island Department of
Administration
One Capitol Hill
Providence, RI 02908-5890

mmitchell@admin.ri.gov

Ms. 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 Blvd.
Warwick, RI 02888

cwilson@puc.state.ri.us

anault@puc.state.ri.us

John J. Spirito, Esq.
Division of Public Utilities
and Carriers

jspirito@ripuc.state.ri.us

Joanne Sutcliffe

Josut321@cox.net

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

mrusso@frlawri.com

wsmith@frlawri.com
jboyle@cityofeastprov.com

Nicholas Ucci, Coordinator
Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

nucci@puc.state.ri.us

egermani@puc.state.ri.us

plucarelli@puc.state.ri.us

Monique Victor

E-183 TRANSMISSION LINE RELOCATION PROJECT – A/C I-195 RELOCATION

a/k/a

BURY THE POWER LINES AT INDIA POINT

PROVIDENCE/EAST PROVIDENCE, RHODE ISLAND

**SECTION 1702 of the “SAFE ACCOUNTABLE, FLEXIBLE AND EFFICIENT
TRANSPORTATION EQUITY ACT OF 2005” (SAFETY-LU) – HIGH PRIORITY
PROJECT 4853**

CONSTRUCTION AND MAINTENANCE AGREEMENT

STATE HIGHWAY/PRIVATE OWNER FACILITIES

by and between the

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

and

“THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID”

Agreement entered into by and between the State of Rhode Island and Providence Plantations (hereinafter called the State), through its Department of Transportation and “The Narragansett Electric Company d/b/a National Grid” (hereinafter called the Owner).

Whereas the State and the Owner are planning the above referenced project in East Providence/Providence, Rhode Island with funds apportioned to the State under Section 1702 of the “Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2005” (SAFETY-LU) for High Priority Project 4853 as amended and supplemented, and from other sources available for the purpose, and

Whereas the Owner has installed and is operating and/or maintaining an electrical transmission system (hereinafter called the Facilities), and in connection with said project and appurtenances it will be necessary to displace, relocate, alter, and/or adjust certain portions of said Facilities to the extent shown on the Scope of Work and Force Account Estimate, which is attached hereto as Exhibit A and made a part hereof, and

Whereas the eligibility of Federal participation has been established in accordance with Part 645-Utilities, Subpart A- Utility Relocations, Adjustments and Reimbursement of the Federal-Aid Policy Guide (FAPG) of the United States Department of Transportation, Federal Highway Administration; and

Whereas said alterations and/or adjustments must be closely and dependably integrated with said project and appurtenances during the various phases of operations, both preparatory and permanent, for the best interest of traffic movement and control and for the public convenience, and

Whereas credit for the expired service life of the replaced Facilities may be required, when applicable, in accordance with the provisions of the aforementioned FAPG, Part 645, Subpart A, and

Whereas the predominate portion of the existing Facilities must be maintained in service until the replacement Facilities are completed.

Now therefore, the State and the Owner hereby agree as follows:

SECTION I – DIVISION OF WORK

1. All necessary labor, materials, equipment and other services shall be furnished by or for the Owner in accordance with the aforementioned FAPG, Part 645, Subpart A of the Federal Highway Administration, and the work shall be done by Method (a) and (b) as shown below:
 - (a) By the Owner's forces;
 - (b) By a contractor, who shall have prior approval of the State, in case the Owner is not adequately staffed or equipped to perform the adjustments with its own forces and their method is in the best interest of the State;
 - (c) By a continuing contract subject to approval by the State, under which certain work is regularly performed for the Owner and under which the lowest available costs are developed;
 - (d) By the State's contractor awarded the project.
2. A Pre-Bid Conference will be held between representatives of the Owner, its contractor(s) and the State in order to acquaint the interested parties with all possible utility relocations and/or adjustments to be required.
3. After the contract has been awarded, a Pre-Construction Conference will be held, at which time the contractor will meet the representatives of the State and the utilities in order to expedite the project and the utility installations and adjustments. The Owner or its contractor shall have available all necessary personnel and materials as are

delineated on the plans and as are necessary to make changes to its Facilities to the completion of the project.

4. All work performed under this agreement is subject to approval and inspection of the State and Federal authorities, in accordance with the provisions of the aforementioned FAPG, Part 645, Subpart A of the Federal Highway Administration, as amended and supplemented, which is hereby made a part of this agreement by reference. All work relative to the Facilities shall conform to the Owner's standard specifications and procedures.
5. All construction signing shall meet the requirements of the Manual of Uniform Traffic Control Devices, including all latest revisions.

SECTION II – DIVISION OF EXPENSE

1. All estimates for the work necessary to complete the adjustment of the Owner's Facilities shall be submitted to the State and be at a reasonable cost as set forth in the cost estimates as listed below:
 - (a) An estimate of the costs of labor, materials, equipment and other services to be furnished by the Owner for their alterations and adjustments in the amount of Two Million Five Hundred Thousand Dollars and 00/100 Cents, (\$2,500,00.00), attached hereto as Exhibit A and made a part of this agreement;
 - (b) An estimate of the cost of work to be performed by the State's contractor awarded the project under this agreement, in the amount of Zero Dollars and 00/100 Cents, (\$0.00), which will be borne by the State.
2. In the event that a substantial change in the scope of work or materials required becomes necessary, a revised estimate of cost and a revised plan shall be submitted by the Owner to the State for approval and subsequent inclusion in this agreement.
3. In reference to work done by the Owner and/or its contractor, under this agreement, the State will reimburse the Owner for the actual costs and related indirect costs incurred (including the Scope of Work set forth on Exhibit A attached hereto and made a part hereof) in accordance with accounting procedures in use by the Owner in its operations, less the salvage value of materials removed, all in accordance with the

provisions of the aforementioned FAPG, Part 645, Subpart A, presently in effect. The Owner's cost records and accounts shall be available for inspection and audit by the representatives of the State and the Federal Highway Administration. All labor, materials, equipment and other services furnished by and/or for the Owner shall be billed to the State only by the Owner.

4. The Owner shall provide a final and complete billing of all costs incurred within one year following completion of the utility work, otherwise previous payments to the Owner shall be considered final.

SECTION III – FUTURE MAINTENANCE

Upon completion of the alterations and/or adjustments of the Owner's Facilities, the Owner shall thereafter own and shall maintain said Facilities as altered and/or adjusted, including the cost thereof, with the restriction that maintenance thereof shall be done in a manner not detrimental to the highway and its uses, and on the condition that the Facilities located inside or outside of the Freeway Lines (limited access highways) shall not be serviced by access from the through lanes or ramps, except that Facilities located within interchange areas may be serviced from the ramps provided that service vehicles and equipment are first driven entirely off the pavement. sufficient traffic control, at the Owner's expense must be provided in accordance with the requirements of the Manual of Uniform Traffic Control Devices, including all latest revisions.

SECTION IV – SPECIAL PROVISIONS

1. The Owner shall indemnify and hold the State harmless from any and all injury or damage to persons or property arising out of the performance of work by the Owner or persons engaged by the Owner necessary to complete the adjustments of the Owner's Facilities and shall carry adequate insurance to that end.

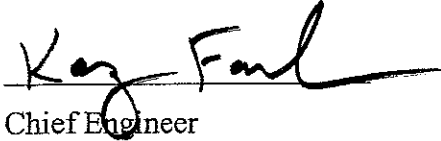
(a) Adequate insurance for purposes hereof shall mean a policy or policies of comprehensive general liability insurance, with the minimum limits of not less than \$1,000,000.00 for injury to one or more persons in any one occurrence, and also insurance in the sum of not less than \$1,000,000.00 against claims of property damage in any one accident. Such policy or policies shall name the State as

additional insured and require the carrier to give the State at least thirty (30) days written notice of its intension to cancel, terminate or amend the insurance policy or policies in any material respect. Evidence of such insurance shall be submitted to the State prior to work being performed hereunder.

- (b) Adequate insurance shall be construed to include self-insurance as evidenced by a certificate to such effect signed by the appropriate corporate officer and accepted by the State prior to work being performed hereunder.
- (c) Adequate insurance shall also mean any other evidence of insurance coverage, including terms and amounts thereof, that is acceptable to the State.

In witness whereof, the State and the Owner have caused this agreement to be executed by their duly authorized officials as of the 7th day of September, 2011.

Recommended for Approval:



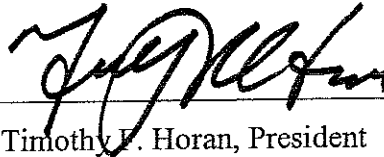
Chief Engineer
Department of Transportation

Recommended for Approval:



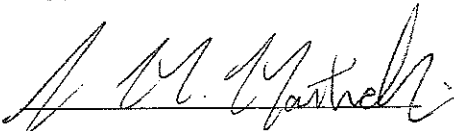
Chief Financial Officer
Department of Transportation

THE NARRAGANSETT ELECTRIC COMPANY
D/B/A NATIONAL GRID



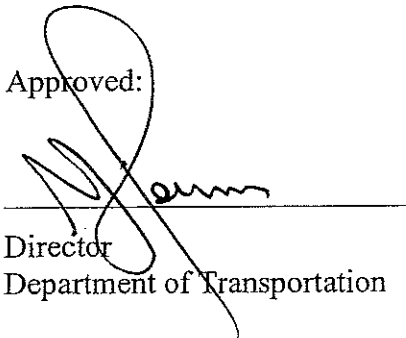
Timothy F. Horan, President

Approved as to form:



Executive Counsel
Department of Transportation

Approved:



Director
Department of Transportation

Examined and Approved:

NA

Division Administrator
U.S. Department of Transportation
Federal Highway Administration

EXHIBIT A

**BURY THE POWER LINES AT INDIA POINT
PROVIDENCE/EAST PROVIDENCE, RHODE ISLAND
SECTION 1702 of the “SAFE ACCOUNTABLE, FLEXIBLE AND EFFICIENT
TRANSPORTATION EQUITY ACT OF 2005” (SAFETY-LU) – HIGH PRIORITY
PROJECT 4853**

THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID

SCOPE OF WORK AND FORCE ACCOUNT ESTIMATE

DEFINITION OF COSTS

As used herein, the term “costs” shall mean any and all reasonable costs, expenses, and fees, direct and/or indirect, incurred by the Owner in connection with the development and construction of Project 4853 (the “Project”), including without limitation, all construction costs, engineering costs and fees, contractor costs and fees, consultant fees, attorneys fees, costs and fees to obtain the necessary permits and/or other regulatory approvals for the Project, environmental remediation costs, and costs and fees incurred by the Owner in connection with the acquisition of any necessary land rights for the Project.

SCOPE OF WORK

1. **Construction-Related Work:** The parties hereto mutually agree that the scope of the work for the Project consists of the following:

a. **Engineering and associated costs** described as follows: Engineering associated with the design, development of detailed plans, and construction of an underground conduit system (including horizontal direction drilling (“HDD”) under the Providence and Seekonk Rivers) to replace the existing overhead circuit.

b. **Right-of-way acquisition** described as follows: Acquisition of fee, easement, and other rights necessary or desirable for the construction of the Project.

c. **Construction work** to be accomplished by the Owner described as follows: Permanent construction of two (2) HDDs under each of the Providence and Seekonk Rivers, civil work associated with the installation of underground manhole and conduit system and construction of transition station, and installation of such manholes, cable, padmounted switchgears, loadbreak switches, and other electrical equipment for the underground alignment; and de-energizing and removing existing poles and open wire construction, guys and hardware.

SAFETEA-LU – High Priority Project No. 4853

2. **Environmental Work:** The parties hereto mutually agree that the scope of the work for the Project may require the Owner to perform certain environmental activities within the project area to comply with any applicable environmental laws. Such environmental activities may include without limitation notifying and reporting to applicable governmental agencies (such as the Rhode Island Department of Environmental Management), soil analyses, soil or hazardous materials reuse and/or disposal and other related activities.

FORCE ACCOUNT ESTIMATE

Project 4853 contribution — Two Million, Five Hundred Thousand Dollars (\$2,500,000)