



July 30, 2020

Ms. Steffany Powell Coker
Secretary to the Commission
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

Re: Superior Water, Light and Power Company Nemadji Project
Docket No. 5820-CE-104
Quarterly Progress Report – Q2 2020

Dear Ms. Coker:

Pursuant to the Public Service Commission of Wisconsin's ("Commission") *Final Decision* in the above-captioned docket, granting a certificate of public convenience and necessity ("CPCN") to Superior Water, Light and Power Company's ("SWL&P") Nemadji Project ("Nemadji Project"), SWL&P submits this quarterly progress report for the period April 1 through June 30, 2020, consistent with order point 10 of the *Final Decision*.

Construction Schedule

Construction of the permitted transmission lines (132L, 169L) began in Q3 2018. Construction of the permitted switching station began in Q4 2019. Grading, earthwork and stormwater controls have been completed and the Electric Equipment Enclosure ("EEE") building has been set and energized.

On April 12, 2019, SWL&P filed with the Commission a request to modify the Nemadji Project, titled the Superior Refining Company ("SRC") Expansion. That request was acknowledged by the Commission as compliant with relevant *Final Decision* order points on May 29, 2019.

Since the 2019 Q4 report, certain events have necessitated a temporary pause in specific construction activities. As further described in a separate filing¹, this pause in construction will not impact reliability to any SWL&P customers. As of this date, and other than as described below and consistent with the pause notification provided to the Commission, construction has not yet recommenced.

Construction and Environmental Milestones

As detailed on the bi-weekly reports filed by SWL&P as required by the Commission's waiver of Order Point 5, SWL&P has received all necessary permits for the Nemadji Project as originally approved, and has also received all necessary permits for the SRC Expansion. Details are below:

¹ See PSC REF#: 388469.



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- U.S. Army Corps of Engineers Permit – received 5/18/18
- SRC Expansion Permit Revision – received 5/23/19
- Commission CPCN – received 2/8/18
 - SRC Expansion Permit Revision – received 6/29/19
- Wisconsin Department of Natural Resources (“WDNR”) Utility Permit – Wetland/Waterway – received 4/19/18
 - SRC Expansion Permit Revision – received 6/6/19
- WDNR Water/Erosion Control Plan – received 2/27/18
 - SRC Expansion Plan Revision – received 6/20/19
- Endangered Resource Review – received 3/15/17
 - SRC Expansion Review Revision- received 4/25/19
- Railroad Permits – received 1/19/18

Construction Status, In-Service Date, and Percent Completed

- The 2018 transmission line segment (132L tap to Enbridge North substation – which also includes portions of 169L, 166L, and 165L) is complete and in service as of 3/15/19.
- Nemadji switching station construction began with below-grade construction in Q4-2019.
- Excavation, grading, drainage features and EEE building foundation were completed in December 2019.
- The EEE building was set on the foundation on 12/19/19 and station service power extended.

Following completion of the work listed above, work was ceased for the winter of 2020. No new construction work was undertaken during Q1-2020. The only work completed during Q2-2020 was construction of the perimeter fence and staging of materials from various off-site locations to within the fenced station yard. Due to the overall project pause noted above, the remaining construction is expected to be undertaken according to the following schedule, which are unchanged from the last quarterly progress report:

- Nemadji switching station, including expansion, recommence construction Q2 – Q3 2021. In service by Q4-2021.
- 165L and 167L transmission line construction including foundations, complete and in service by Q3-2021.
- Reconfiguration of 168L and 169L in service by Q2-2022.
- The overall Nemadji Project in-service date is anticipated to occur in Q3-2022.

The Nemadji switching station project is approximately 30 percent complete (including the procurement of materials). The Nemadji transmission line work is approximately 55 percent complete (including procurement of materials).



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Nemadji Project Expenditures

The approved cost estimate for the Nemadji Project was \$16,600,000, excluding the SRC Expansion, which was approved by the Commission and added to the Nemadji Project post-issuance of the CPCN. As described in more detail in the table below, SWL&P projects the overall Nemadji Project will exceed this amount, with a current estimate of \$21,561,000 (excluding the SRC Expansion). An unanticipated increase in labor costs, driven by a strong construction environment, and delays in the project due to the explosion and fire at SRC, were responsible for the earlier cost increases previously reported. Additional materials storage cost increases have resulted from COVID-19 related labor challenges. Due to the announced project pause, no new bidding has been undertaken for transmission line construction (foundations, access matting and line construction).

**Nemadji Cost Summary
 Through Jun 2020**

Nemadji Transmission Line	Actual Costs	SWLP Anticipated Cost	PSCW Approved Cost
Material Costs	\$ 2,212,457	\$ 2,605,000	\$ 2,450,000
Labor Costs	\$ 4,982,890	\$ 9,151,000	\$ 5,220,000
Other Costs	\$ 625,357	\$ 960,000	\$ 1,675,000
Pre-Certification Costs	\$ 332,986	\$ 333,000	\$ 275,000
SubTOTAL TRANSMISSION COST	\$ 8,153,690	\$ 13,049,000	\$ 9,620,000
Nemadji Station			
	Actual Costs	SWLP Anticipated Cost	PSCW Approved Cost
Material Costs	\$ 1,975,253	\$ 1,975,000	\$ 2,070,000
Labor Costs	\$ 1,949,962	\$ 4,093,000	\$ 4,215,000
Other Costs	\$ 793,154	\$ 1,052,000	\$ 170,000
Pre-Certification Costs	\$ 581,849	\$ 582,000	\$ 525,000
SubTOTAL SUBSTATION COST	\$ 5,300,219	\$ 7,702,000	\$ 6,980,000
TOTAL NEMADJI BUNDLE	\$ 13,453,909	\$ 20,751,000	\$ 16,600,000
Nemadji Expansion			
	Actual Costs	SWLP Anticipated Cost	PSCW Approved Cost
*Costs paid by 3rd Party			
Material Costs	\$ 7,145	\$ 840,000	\$ 840,000
Labor Costs	\$ 277,500	\$ 1,360,000	\$ 1,360,000
Other Costs	\$ 52,098	\$ 300,000	\$ 300,000
SubTOTAL EXPANSION COST	\$ 336,743	\$ 2,500,000	\$ 2,500,000



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If there are any questions with this filing, please contact me at 218.355.3366.

Sincerely,

A handwritten signature in cursive script, reading "Zach Golkowski".

Zach Golkowski
Environmental & Land Manager
ALLETE, Inc.