



Massachusetts Port Authority

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June 17, 2019

Mr. Frederick A. Laskey
MWRA
Charlestown Navy Yard
100 First Ave, Building 39
Boston, MA 02129

Dear Mr. Laskey,

We are in receipt of a letter prepared by the MWRA Advisory Board regarding the cross-harbor cable replacement project (“Existing Cable”) which powers the MWRA’s Deer Island Waste Water Treatment Plant. We have reviewed the concerns raised and provide information in response, as set forth below.

I. *Port of Boston Competitiveness/Harbor Dredging.* Pursuant to Massport’s 1956 Enabling Act, Massport is charged with the operation and maintenance of the Port of Boston, a maritime hub for global commerce and a major contributor to the local and regional economy. The Port of Boston is New England’s only full service Port. Currently, the Port handles more than 13 million metric tons of containerized/bulk cargo per year and generates an estimated 66,000 total jobs and \$8.2 billion annual economic impact for the state and the New England region. Conley Container Terminal serves more than 1,600 companies importing or exporting products and consumer goods, the vast majority of which are located in Massachusetts. With the expansion of the Panama Canal, the container shipping lines are deploying vessels carrying up to 14,000 TEUs. Boston Harbor and the Conley Container Terminal currently do not have the capacity to serve the larger ships that are increasingly being put into service by the shipping industry. Without the capacity to handle the larger ships, the carriers have indicated they may cease calling on the Port of Boston. In order to ensure the continued viability of the Port consistent with Massport’s statutory mission, Massport and the Army Corps of Engineers entered into an agreement in 2016 to deepen and widen certain navigation channels in the Harbor (the “Dredging Project”).

II. *Federal Lawsuit Over Non-Conforming Cable.* As the Dredging Project was scheduled to proceed, it was apparent that the Existing Cable was in a location that did not conform to the federal permit authorizing its installation in the Harbor, as it was at depths shallower than the federal permit allowed. A federal lawsuit to enforce the Existing Cable permit against Eversource and the MWRA ensued. In May 2017, the MWRA, Eversource, the U.S. Army Corps of Engineers, and Massport entered into a Stipulation and Order in federal court. The Stipulation outlines the actions to be taken to remove and replace the Existing Cable.

III. Massport Cooperation with Replacement Route Alternatives. According to related permitting documents, Eversource and the MWRA determined that installing a new cable using a route through Conley Container Terminal was the most expedient, cost effective, and least environmentally impactful solution, after assessing various alternatives. Accordingly, Massport negotiated the terms of an easement in good faith with Eversource, taking into account the impacts of the requested 195,000 square foot easement, over the operational areas of a constrained Conley Container Terminal, for an 80 year term and Massport's fiduciary obligations under federal law.

IV. Impacts to Conley Container Terminal. The most pertinent of the impacts of granting the easement are itemized below:

Short-Term Impacts:

- Reconfiguration of existing truck routes within Conley Container Terminal
- Reconfiguration of the existing container yard due to loss of available storage space
- Delay in Massport's dredging of berths 10 and 11 due to non-conforming cable
- Accelerated relocation of the entire refrigerated container yard

Long-Term Impacts:

- Loss of container storage area resulting in significant revenue loss to Conley Container Terminal
- Loss of use of newly installed utility conduits under the new Conley Container Terminal Freight Corridor Bridge - replacement conduits will require costly structural modifications to the bridge. As part of the easement agreement, Massport allowed Eversource the use of two-4" and two-5" conduits under the bridge which totals approximately 2,500 linear feet of conduits.

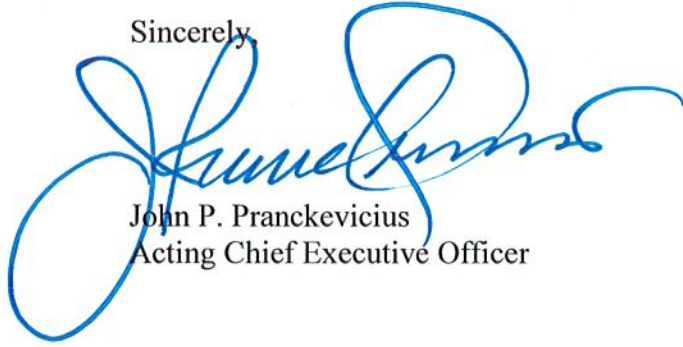
The amount per square foot of easement area amounts to just \$0.52 per square foot over the life of the easement, is approximately one-tenth of the per square foot rates of comparable industrial land uses in this area (\$4.33-\$8.32 per square ft.), and reflects only a small portion of the estimated millions of lost container revenue opportunity for Conley Container Terminal.

As a result of Massport's cooperation, the potential delay to a federally funded project to benefit the Commonwealth, and potential loss of the competitiveness of the Port of Boston resulting from the non-conforming Existing Cable were resolved. Although Massport absorbs a loss for the foreseeable future, the resolution allows the MWRA to replace the non-conforming 30 year old Existing Cable in the most cost effective, timely and environmentally sustainable manner.

The letter received also raises a question regarding use of the Wiggins pump station. Massport, like other ratepayers, has paid and continues to pay the Boston Water and Sewer Commission for water and sewer services provided to its facilities, including those at Conley Container Terminal. If there are any matters the MWRA would like to discuss regarding the pump station, we are open to such discussions and would be pleased to meet with you or members of your staff.

We hope this information addresses concerns raised in the letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. Prankevicius". The signature is fluid and cursive, with a large initial "J" and "P".

John P. Prankevicius
Acting Chief Executive Officer

cc: Massport Board Members