

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID ELECTRIC	:	
ENVIRONMENTAL RESPONSE FUND	:	DOCKET NO. 3617
REQUEST TO PROPOSE ADDITIONS	:	
TO LIST OF SITES	:	

ORDER

In 2000, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) was authorized to establish an Environmental Response Fund (“ERF”) for the recovery of Environmental Response Costs.¹ The ERF was reaffirmed in 2004 and Environmental Response Costs are defined as “all the reasonable and prudently incurred costs associated with remedial and clean-up obligations of Narragansett, or its predecessor companies under certain conditions.”² National Grid must also credit the ERF with “any applicable insurance proceeds and any net gains (after transaction costs) associated with the sale or lease of land” listed as qualifying for Environmental Response Costs “shall be credited to the [ERF].”³ As part of the ERF, National Grid maintains a Commission-approved List of Properties Qualifying as Environmental Response Sites to which National Grid may request the Commission approve additions.

On July 20, 2012, National Grid filed with the Commission a letter seeking to amend R.I.P.U.C. 2034-A and replacing it with R.I.P.U.C. 2126 proposing to add a new site to the Environmental Response Sites and to reinsert one mistakenly removed when the Company filed its Compliance Tariffs following the Commission’s decision in Docket No. 4065. Specifically, the Company had failed to list the environmental site at Pond Street, Woonsocket which had been approved by the Commission in Docket No. 2930 and again in Docket No. 3617. Not a

¹ Docket No. 2930 Order Approving the Third Amended Stipulation and Settlement.

² Docket No. 3617, Distribution Rate Plan, Second Amended Stipulation and Settlement, p. 20.

³ *Id.* at 21.

controversial issue between the parties in the subsequent rate proceeding, the Commission again confirmed the Environmental Response Sites as a part of its review of the Company's compliance filing in Docket No. 4065. However, in its July 20, 2012 filing, National Grid represented that the Pond Street, Woonsocket site "was inadvertently omitted from the existing list when the Company filed its compliance tariff in Docket 4065." Therefore, through its filing, National Grid was seeking to reinsert the site.⁴

Addressing the proposed new Environmental Response Site, National Grid identified it as The Great Lakes Container Corp. Superfund Site ("Great Lakes Site") located at 592 Arnold Road in Coventry, Rhode Island. According to National Grid, for approximately twenty (20) years, a drum reconditioning business was operated at the Great Lakes Site resulting in the presence of environmentally dangerous compounds as determined by the Environmental Protection Agency ("EPA") through the analysis of site samples.⁵

In 2009, National Grid was notified by the EPA that it had been identified as a potentially responsible party ("PRP") because the Company had "allegedly sent old drums for conditioning to the Great Lakes Site, and thereby arranged by contract, agreement or otherwise for disposal or treatment, or arranged for transport for disposal or treatment, of hazardous substances at or to the Great Lakes Site, or are successors to and have assumed the liabilities of such persons." Subsequently, the EPA demanded payment for EPA's past costs related to the Great Lakes Site and requested the PRPs to perform or finance a removal action estimated by EPA at approximately two million dollars (\$2,000,000). National Grid stated that it began working with other PRPs to coordinate efforts and ultimately entered into a PRP Group Agreement to complete removal action and share costs of which one percent (1.0%) was allocated to National Grid. On

⁴ Letter from Thomas Teehan, Esq. to Luly Massaro dated July 20, 2012 at 1.

⁵ *Id.* at 2.

June 3, 2010, the PRP Group executed an “Administrative Settlement Agreement and Order on Consent” with EPA under which the PRPs agreed to pay \$200,000 of EPA’s past costs and to perform removal action.⁶

On June 17, 2010, National Grid and the other PRPs received a “Letter of Responsibility” from the Rhode Island Department of Environmental Management (“RIDEM”) to bring the Great Lakes Site and all identified releases into compliance with RIDEM’s Rules and Regulations for the Investigation and Remediation of Hazardous Materials Releases. The purpose is to address any potential groundwater contamination. The PRPs have initially “agreed to include the initial EPA investigation actions that also overlap with some of what will be required by RIDEM into the ‘shared costs’ under the PRP Group Agreement.”⁷

National Grid expects there to be two phases of remediation with the first to be completed in 2012 and the second to have a work plan submitted in December 2012. Therefore, National Grid stated, “given the nature of the [Great Lakes] Site, the clean up costs, and the involvement of RIDEM, the Company believes it would be appropriate to include the Great Lakes Container Site to the list of environmental site [sic] contained in the fund. To date, National Grid has incurred under \$15,000 regarding this site.”⁸

Following suspension of the Tariff by the Commission and exchange of discovery, on September 24, 2012, the Division of Public Utilities and Carriers (“Division”) filed with the Commission a Memorandum from Stephen Scialabba, Chief Accountant, briefly summarizing Grid’s request. The Division did not object to the proposed amendment to the Environmental Response Fund Tariff and the proposed additions to the list of sites.⁹

⁶ *Id.* at 2-3.

⁷ *Id.* at 3.

⁸ *Id.*

⁹ Memorandum from Stephen Scialabba to Luly Massaro dated 9/24/2012.

At an open meeting held on September 26, 2012, the Commission considered National Grid's request and approved it, finding that the Pond Street, Woonsocket site was never meant to be excluded from the list of Environmental Response Sites and that the Great Lakes Container Site qualifies for inclusion within the Environmental Response Sites for recovery of prudently incurred costs under the Environmental Response Fund. The Commission always retains review of the costs incurred to determine that they qualify within the definition of Environmental Response Costs.

It is hereby,

(20837) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's R.I.P.U.C. 2126 reinserting the Pond Street, Woonsocket Site and adding the Great Lakes Container Site to the list of Environmental Response Sites is hereby approved.

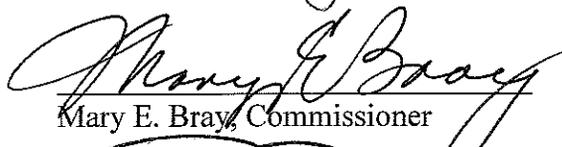
EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 26, 2012
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED OCTOBER
5, 2012.

PUBLIC UTILITIES COMMISSION





Elia Germani, Chairman



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner

NOTICE OF RIGHT OF APPEAL PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.