

March 31, 2016

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4610 – Electric Environmental Response Fund
Request to Propose an Addition to the List of Sites**

Dear Ms. Massaro:

On behalf of National Grid¹, I am submitting this request for PUC approval of the proposed Environmental Response Fund Provision, RIPUC No. 2164, to include an additional environmental site to the list of environmental sites included in the Company's currently-effective Environmental Response Fund tariff at RIPUC No. 2126, and which provides that:

Narragansett shall have the right to propose additions to the list of sites by including the request to include additional sites at the time that Narragansett files its annual report under subparagraph (C) below, provided that the inclusion of the Environmental Response Costs associated with additional sites to be charged to the fund shall be subject to the approval of the Commission.

As described more fully below, National Grid requests to include the Chandonnet Site to the list of environmental sites contained in the Environmental Response Fund tariff that would provide for the recovery of eligible Environmental Response Costs, as defined in the Company's tariff, through the fund. Concurrent with this request, National Grid is filing its Environmental Response Cost Report for the period April 1, 2014 through March 31, 2015 (fiscal year 2015).

In addition, pursuant to Commission Rule 1.9(c), I have enclosed ten (10) copies of National Grid's proposed Environmental Response Fund Provision, RIPUC No. 2164, in which the Company is proposing revisions to the currently-effective tariff, RIPUC No. 2126, as well as the additional site proposed to be added to the current list of sites contained in RIPUC No. 2126. The proposed revisions reflect the addition of the Chandonnet Site to the list and clarify the date the fund was established. The proposed tariff marked to identify the revisions to the currently-effective tariff is contained in this filing as Attachment 1. A clean copy of the proposed tariff is attached as Attachment 2.

¹ The Narragansett Electric Company d/b/a National Grid (Narragansett, National Grid, or the Company).

The Chandonnet Site

The Chandonnet Site (the Site) is located on Kyan Street in Lowell, Massachusetts along the Pawtucket Canal. The contamination at the Site consisting of polychlorinated biphenyls (PCBs) originated on the 0.2-acre 1 Kyan Street property where, between 1952 and 1984, Mr. Edward Chandonnet operated a metal scrap reclamation business. In or around 1962, Mr. Chandonnet began purchasing transformers for reclamation from scrap metal brokers selling used utility company equipment. Until 1977, the transformers contained mineral oil dielectric fluid, which was drained and collected on the Site.

In addition to the 1 Kyan Street property formerly owned by Mr. Chandonnet, PCBs have been detected on numerous adjacent properties, which together comprise the Site. The upland extent of the Site is approximately 1.6 acres, and the sediment portion of the Site within the Pawtucket Canal is approximately 0.9 acres. As detailed below, the Site consists of several parcels owned by numerous parties including the City of Lowell, Colonial Gas Company, the Massachusetts Department of Conservation and Recreation, the Massachusetts Bay Transit Authority, the Proprietors of The Locks and Canals of Merrimack River, and a private party.

- 9 Kyan Street owned by the City of Lowell, and located west of 1 Kyan Street.
- 15 Kyan Street owned by Colonial Gas Company, and located west of 9 Kyan Street.
- 19 Kyan Street owned by a private party, and located west of 15 Kyan Street.
- Property located south of 19 Kyan Street and north of the Pawtucket Canal owned by the Massachusetts Department of Conservation and Recreation.
- Property located north of 1, 9 and 15 Kyan Street and east of 1 Kyan Street owned by the Massachusetts Bay Transportation Authority.
- The Kyan Street Right of Way located south of 1, 9, and 15 Kyan Street:
 - The southern half of the Kyan Street Right of Way owned by The Proprietors of the Locks and Canals of Merrimack River (Proprietors).
 - The northern half of the Kyan Street Right of Way that abuts 1 and 9 Kyan Street owned by The City of Lowell.
 - The northern half of the Kyan Street Right of Way that abuts 15 Kyan Street owned by Colonial Gas Company.
- A portion of the Pawtucket Canal located south of the Kyan Street Right of Way, extending from 9 Kyan Street east approximately 1,100 feet downstream owned by Proprietors.

In 1986, Massachusetts Electric Company, Narragansett, and New England Power Company (herein referred to collectively as the National Grid Parties), together with additional utility companies, were identified by the Massachusetts Department of Environmental Protection (MassDEP) as Potentially Responsible Parties (PRPs) at the Site. In 1987, MassDEP assigned the Site Release Tracking Number 3-347. The Site has been identified as a Tier II disposal site under Massachusetts General Laws Chapter 21E and the Massachusetts Contingency Plan, 310 C.M.R. 40.0000 (MCP)².

Since 1984, the National Grid Parties have performed numerous investigations and remedial actions at the Site. Notably, in August 1999 a Phase IV Remedy Implementation Plan was submitted to MassDEP and the United States Environmental Protection Agency (EPA). EPA required additional investigation activities, which were completed in 2001. In August 2003, the PRPs filed a Class C Response Action Outcome (RAO) under the MCP documenting that the Site had reached a Temporary Solution, as a Permanent Solution could not be achieved at that time.

Beginning in the late 1980s, Mr. Chandonnet defaulted on his real estate tax payments. In 2008, the City of Lowell initiated tax taking proceedings that resulted in a spring 2010 foreclosure judgment. As a result, the City of Lowell now owns the 1 Kyan Street portion of the Site and is cooperating with the PRPs. In May 2010, the National Grid Parties and the remaining utility PRPs at the Site entered into a Cost Sharing Agreement with the additional utility companies. Under this agreement, the National Grid Parties are collectively responsible for conducting response actions at the Site. The National Grid Parties are responsible for 63.558% of the total response costs, of which Narragansett is responsible for 18.2% of the overall share (or 11.57% of the total response costs).

The Class C RAO was retracted in January 2012 and the PRPs submitted a Tier II Permit Extension to MassDEP. The PRPs obtained access to and completed additional investigation activities on property owned by the City of Lowell and others, and have determined the disposal site boundaries. The PRPs continue to work with the City of Lowell and the other property owners and the regulators in developing a remedial action plan for the Site.

Given the nature of the Site and the cleanup costs, the Company believes that it would be appropriate to include the Chandonnet Site in the list of environmental sites contained in the Fund. As of February 29, 2016, the Company's portion of the costs incurred to date is approximately \$226,565.

As described above, in accordance with Section (A) of the Environmental Response Fund tariff, National Grid requests to include the Chandonnet Site to the list of environmental sites covered by the Environmental Response Fund.

² Capitalized terms used herein but not otherwise defined have the definitions ascribed to such terms under the MCP.

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Thank you for your attention to this filing. Please contact me at 781-907-2153 if you have any questions concerning this matter.

Very truly yours,

A handwritten signature in blue ink that reads "Celia B. O'Brien". The signature is written in a cursive style.

Celia B. O'Brien

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, Division

The Narragansett Electric Company
Environmental Response Fund Provision

The Environmental Response Fund ~~originally established in Docket No. 2930 and continued in Docket No. 3617~~ shall ~~be continued to~~ fund the recovery of “Environmental Response Costs,” as defined below.¹

(A) Definition of “Environmental Response Costs”

“Environmental Response Costs” are all the reasonable and prudently incurred costs associated with remedial and clean-up obligations of Narragansett Electric (“Narragansett” or “Company”), or its predecessor companies, arising out of (i) Narragansett’s or its predecessors’ utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants; and (ii) electric operations other than electricity generation² of Narragansett or its predecessor companies that gave rise to deposits or waste, which are regulated under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), Resource Conservation and Recovery Act (“RCRA”), Rhode Island General Laws 23-19.14, or any other laws regulations, or orders by courts or governmental authorities, now located on Company property or on property to which the deposits may have migrated, or on any off-site location at which the deposits or waste may have been deposited and to sites to which such material may have migrated. A list of the known locations of manufactured gas waste sites and other sites containing material subject to this section is provided in section (D) below. Narragansett shall have the right to propose additions to the list of sites by including the request to include additional sites at the time that Narragansett files its annual report under subparagraph (C) below, provided that the inclusion of the Environmental Response Costs associated with additional sites to be charged to the fund shall be subject to the approval of the Commission. In addition to actual remedial and clean-up costs, “Environmental Response Costs” also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, and settlements associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise. Any applicable insurance proceeds and any net gains (after transaction costs) associated with the sale or lease of land listed in section (D) Exhibit 9 shall be credited to the fund. To the extent the Company incurs any other extraordinary environmental liability of which it is not aware as of March 14, 2000, the date ~~the fund was established~~of this Settlement, the Company has the right to request the Commission to allow such costs incurred in connection with such extraordinary events to be included as “Environmental Response Costs.”

¹ The Environmental Response Fund was established in Docket No. 2930 (2000).

² The environmental response costs associated with generation are recovered under Narragansett’s restructuring settlement with New England Power Company, approved by FERC in Docket Nos. ER97-678-000 and 97-680-000.

The Narragansett Electric Company
Environmental Response Fund Provision

(B) Funding

Interest shall accrue, for the benefit of customers, on any credit balances in the fund at the customer deposit rate. No interest shall accrue on debit balances. Any cash expenditures shall be charged to the fund as long as the costs that are or have been incurred are Environmental Response Costs, as defined above. The fund shall be credited at the annual amount of \$3,078,000 or \$256,500 per month.

(C) Annual Reports

The Company will file an annual report with the Commission ~~(and serve the Parties with copies)~~, providing a summary and accounting of all costs incurred during such year which have been applied to the fund. ~~Any party to the proceeding in which the costs are being reviewed may challenge any costs that they believe do not~~ Such costs are subject to review to ensure they fall within the definition of “Environmental Response Costs”, as defined ~~in subparagraph (A)~~ above.

(D) List of Eligible Sites

Washington Street, Bristol

Thames Street, Bristol

Main Street, Warren

Canal Street, Westerley

Industrial Drive, Westerley

Tidewater Street, Pawtucket

Exchange Street, Pawtucket

High Street, Central Falls

Hamlet Ave, Woonsocket

Pond Street, Woonsocket

Cumberland (remote disposal location)

Lawn Street, Attleboro, ~~MA~~ Ass.

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Mendon Road, Attleboro, MA ~~ass.~~

Melrose Street, Providence

J.M. Mills Landfill Site

Quonset Point Site

Great Lakes Container Corporation Superfund Site, Coventry, Kent County, Rhode
Island

Kyan Street, Lowell, MA (Chandonnet Site)

Effective Date: ~~September 26, 2012~~ May 1, 2016

The Narragansett Electric Company
Environmental Response Fund Provision

The Environmental Response Fund shall fund the recovery of Environmental Response Costs, as defined below.¹

(A) Definition of Environmental Response Costs

Environmental Response Costs are all the reasonable and prudently incurred costs associated with remedial and clean-up obligations of Narragansett Electric (Narragansett or Company), or its predecessor companies, arising out of (i) Narragansett's or its predecessors' utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants; and (ii) electric operations other than electricity generation² of Narragansett or its predecessor companies that gave rise to deposits or waste, which are regulated under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), Resource Conservation and Recovery Act (RCRA), Rhode Island General Laws 23-19.14, or any other laws regulations, or orders by courts or governmental authorities, now located on Company property or on property to which the deposits may have migrated, or on any off-site location at which the deposits or waste may have been deposited and to sites to which such material may have migrated. A list of the known locations of manufactured gas waste sites and other sites containing material subject to this section is provided in section (D) below. Narragansett shall have the right to propose additions to the list of sites by including the request to include additional sites at the time that Narragansett files its annual report under subparagraph (C) below, provided that the inclusion of the Environmental Response Costs associated with additional sites to be charged to the fund shall be subject to the approval of the Commission. In addition to actual remedial and clean-up costs, Environmental Response Costs also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, and settlements associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise. Any applicable insurance proceeds and any net gains (after transaction costs) associated with the sale or lease of land listed in section (D) shall be credited to the fund. To the extent the Company incurs any other extraordinary environmental liability of which it is not aware as of March 14, 2000, the date the fund was established, the Company has the right to request the Commission to allow such costs incurred in connection with such extraordinary events to be included as Environmental Response Costs.

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² The environmental response costs associated with generation are recovered under Narragansett's restructuring settlement with New England Power Company, approved by FERC in Docket Nos. ER97-678-000 and 97-680-000.

The Narragansett Electric Company
Environmental Response Fund Provision

(B) Funding

Interest shall accrue, for the benefit of customers, on any credit balances in the fund at the customer deposit rate. No interest shall accrue on debit balances. Any cash expenditures shall be charged to the fund as long as the costs that are or have been incurred are Environmental Response Costs, as defined above. The fund shall be credited at the annual amount of \$3,078,000 or \$256,500 per month.

(C) Annual Reports

The Company will file an annual report with the Commission providing a summary and accounting of all costs incurred during such year which have been applied to the fund. Such costs are subject to review to ensure they fall within the definition of Environmental Response Costs, as defined above.

(D) List of Eligible Sites

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Kyan Street, Lowell, MA (Chandonnet Site)

Effective Date: May 1, 2016