

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY d/b/a NATIONAL GRID'S : DOCKET NO. 4610
ENVIRONMENTAL RESPONSE FUND PROVISION – :
REQUEST TO ADD TO THE LIST OF ELIGIBLE SITES :

ORDER

In 2000, the Public Utilities Commission (PUC or Commission) approved a rate settlement that included the creation of an Environmental Response Fund (Fund) to satisfy remedial and clean-up obligations of The Narragansett Electric Company, the former Blackstone Valley Electric and former Newport Electric (collectively, National Grid) arising from the ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants.¹ The Fund was reaffirmed in 2004. 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 Fund with “any applicable insurance proceeds and any net gains (after transaction costs) associated with the sale or lease of land.” Those funds listed as qualifying for Environmental Response Costs “shall be credited to” the Fund.³ As part of the Fund, 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 March 31, 2016, the end of its Fiscal Year 2016, National Grid filed with the PUC a letter seeking to amend RIPUC No. 2126 and replace it with RIPUC No. 2165, proposing to add a new site to the Environmental Response Sites.⁴ National Grid identified the proposed site as the

¹ Order No. 16200 (May 24, 2000).

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

³ *Id.* at 21.

⁴ Letter from Celia O’Brien, Esq. to Luly Massaro at 1 (Mar. 31, 2016).

Chandonnet Site located on Kyan Street in Lowell, Massachusetts. According to National Grid, between 1952 and 1984, Mr. Chandonnet operated a metal scrap reclamation business at 1 Kyan Street that, commencing in 1962, began purchasing transformers for reclamation that included used utility company equipment. Until 1977, the transformers contained mineral oil dielectric fluid which was drained and collected on site. The site is contaminated with polychlorinated biphenyls (PCBs). PCB contamination has also been detected on several adjacent properties which comprise the Chandonnet Site.⁵

In 1986, Massachusetts Electric Company, The Narragansett Electric Company, and New England Power Company were identified as potentially responsible parties by the Massachusetts Department of Environmental Protection. Investigations have been ongoing since 1984. In August 1999, a Phase IV Remedy Implementation Plan was submitted to the Massachusetts Department of Environmental Protection and the United States Environmental Protection Agency (EPA). The EPA required additional investigation activities which were completed in 2001. A temporary solution was reached in August 2003. In May 2010, all potentially responsible parties entered into a Cost Sharing Agreement pursuant to which National Grid in Rhode Island is responsible for an overall response cost of 11.57%.⁶ National Grid represented that it has incurred \$226,565 in costs as of February 29, 2016.⁷

Following suspension of the proposed tariff RIPUC No. 2165 by the Commission, exchange of discovery revealed that National Grid was seeking recovery for costs incurred prior to Fiscal Year 2016.⁸ On September 12, 2016, National Grid revised its position stating that it was

⁵ *Id.* at 2.

⁶ *Id.* at 2-3. Massachusetts Electric Company, The Narragansett Electric Company, and New England Power Company are collectively responsible for 63.558% of the total costs. The Narragansett Electric Company is allocated 18.2% of this amount. *Id.* at 3.

⁷ *Id.* at 3. This number was subsequently updated to \$234,143 in National Grid's response to PUC Data Request 1-4.

⁸ National Grid responses to Division of Public Utilities and Carriers' (Division) Data Request 1-3, 1-4.

now not seeking recovery of any costs incurred prior to Fiscal Year 2016. The amount incurred during Fiscal Year 2016 was \$90,484.⁹ On September 20, 2016, the Division of Public Utilities and Carriers (Division) filed with the PUC a Memorandum from Stephen Scialabba briefly summarizing Grid's request. Based on National Grid's revised request to seek only costs incurred commencing in Fiscal Year 2016, the Division did not object to the proposed amendment to the Environmental Response Fund Tariff and the proposed addition of the Chandonnet Site to the list of sites.¹⁰

At an Open Meeting held on September 29, 2016, the PUC considered National Grid's revised request and approved it, finding that the Chandonnet Site qualifies for inclusion within the Environmental Response Sites for recovery of prudently incurred costs under the Environmental Response Fund commencing with costs incurred in Fiscal Year 2016. As in prior orders, the PUC encourages National Grid to be timely in its compliance with filing of annual reports. Had National Grid filed its annual reports on time, the identification of the site may have been accounted for earlier and more costs allowed to flow through this account. National Grid represented in other dockets that problems arising from a fairly recent transition to a new software platform had caused the delays. It is hoped that these problems have been resolved. In the future, National Grid will indicate as part of its annual reports any request to add sites and the first fiscal year for which it seeks to include remediation costs through the Environmental Response Fund. National Grid will not seek to recover any costs incurred prior to the fiscal year for which National Grid is concurrently filing its annual report. Finally, even though the Chandonnet Site has been added to the list of sites eligible for funding from the Environmental Response Fund, the Commission

⁹ National Grid's supplemental responses to Division 1-3, 1-4.

¹⁰ Memorandum from Stephen Scialabba to Luly Massaro dated Sept. 19, 2016.

always retains review of the costs incurred to determine whether they qualify within the definition of Environmental Response Costs.

It is hereby,

(22636) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's RIPUC 2164, replacing RIPUC 2126, adding the Chandonnet Site to the list of Environmental Response Sites for cost recovery commencing Fiscal Year 2016 (April 1, 2015-March 31, 2016) is hereby approved.
2. The Narragansett Electric Company d/b/a National Grid shall follow all other instructions contained in this order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 29, 2016
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED DECEMBER
21, 2016.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson

Herbert F. DeSimone, Jr., Commissioner

Marion S. Gold, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven 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.