

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY D/B/A NATIONAL GRID : DOCKET NO. 4610
ENVIRONMENTAL RESPONSE FUND PROVISION – :
REQUEST TO ADD TO THE LIST OF ELIGIBLE SITES :

ORDER

In 2000, the Public Utilities Commission (PUC) approved a rate settlement that included the creation of an Environmental Response Fund to satisfy remedial and clean-up obligations of Narragansett Electric Company, the former Blackstone Valley Electric and former Newport Electric (collectively, National Grid or Company) 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 Environmental Response Fund 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 November 9, 2016, January 5, 2017, and February 13, 2017 National Grid filed with the PUC letters which sought to amend RIPUC No. 2164 and replace it with RIPUC No. 2173 proposing to add three new sites to the Environmental Response Sites.⁴ National Grid identified

¹ Order No. 16200 (May 24, 2000).

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

³ *Id.* at 21.

⁴ Letters from Celia O’Brien, Esq. to Luly Massaro (Nov. 9, 2016, Jan. 5, 2017, and Feb 13, 2017).

the proposed sites as the Admiral Street Site located in Providence, Rhode Island, the Wakefield No. 17 Substation Site located in Wakefield, Rhode Island, and the Lakewood No. 57 Substation Site located in Warwick, Rhode Island.

A. Admiral Street Site

According to National Grid, the Admiral Street Site is an electric cable termination yard in which the Company identified a release of non-polychlorinated biphenyl (no-PCB) cable oil. Remediation activities were performed but could not be completed. Subsequently, in September 2014, during soil excavation the Company identified high concentrations of total petroleum hydrocarbons and PCBs. On March 17, 2016, the Rhode Island Department of Environmental Management (DEM) issued a Letter of Responsibility to National Grid. Additional assessment and remediation is required at the Admiral Site to achieve regulatory closure. As of November 9, 2016, the Company has incurred \$74,897 in Fiscal Year 2017. The Company expects the total project to incur another \$365,000 in remediation costs.⁵ The Company believed that Admiral Street Site is appropriate to include in the ERF and requested such classification by the PUC.⁶

B. Wakefield No. 17 Substation Site

Addressing the Wakefield No. 17 Substation Site, National Grid explained that this site, used as an outdoor substation since the Company acquired it on July 16, 1936, now contains above ground and underground transmission and distribution systems. In 1994, during the decommissioning of three electrical transformers, the Company identified subsurface conditions that were indicative of the release of mineral oil dielectric fluid. The Company characterized the materials as PCB remediation waste and discontinued soil removal. Because the area would

⁵ National Grid's Resp. to PUC 2017-4.

⁶ Letter from Celia O'Brien to Luly Massaro, 2-3 (Nov. 9, 2016).

continue to be used as an electric substation, no further action was required at that time.⁷ Approximately ten years later, during additional excavation activities, more soil containing mineral oil dielectric fluid was found, but after notifying DEM and submitting the appropriate documentation of response actions, on August 21, 2009, DEM determined no further remediation was required.⁸

Between November 2015 and January 2016, during preconstruction soil testing in advance of the sea2shore substation work required for the connection of a transmission cable between Block Island and the mainland, National Grid identified additional PCB soil contamination previously not covered by the 2009 DEM Letter of No Further Action. On April 27, 2016, the Company notified DEM of the additional contamination and need for additional construction activities. During construction, National Grid handled the soil that was excavated as PCB Remediation Waste and disposed of it properly. Soil disturbing work was completed in September 2016 and no further remediation was conducted on-site. However, in order to achieve regulatory closure, National Grid explained that it would need to conduct additional remediation activities. This includes taking additional soil samples, the removal of approximately 100 tons of contaminated soil, additional soil testing, and replacement with clean soil to achieve regulatory closure in the winter of 2017-2018. The Company expects this work to cost approximately \$287,000. The Company is also seeking to include \$15,000 for the September and October 2016 activities. National Grid explained that it is not seeking to recover prior spending or any spending which was unrelated to the sea2shore transmission project.⁹

⁷ Letter from Celia O'Brien to Luly Massaro, 2 (Jan. 5, 2017).

⁸ *Id.*

⁹ *Id.* at 3-4.

C. Lakewood No. 57 Substation Site

According to National Grid, current footprint of the Lakewood No. 57 Substation was acquired through purchases on August 20, 1929, October 2, 1929, and September 14, 1995. The Lakewood Site has historically been used as an outdoor electric substation and contains both above ground and underground electrical facilities used in transmission and distribution. In October and November 2016, in conjunction with construction activities the Company performed limited soil samples and identified concentrations of PCBs in excess of the actionable levels. Construction took place between November 2016 and February 2017 which required soil excavation. According to National Grid, the soil was handled as PCB Remediation Waste. After removal of the soil, the Company performed additional soil testing and removed any additional soil where PCB concentrations exceeded one part per million. National Grid then replaced the soil with clean fill to restore the excavated area to original grade. Substation activities were completed on January 28, 2017 and no further remediation has been conducted.

According to the Company notification to DEM is not required because the concentrations of PCBs did not exceed the DEM standards. To achieve regulatory closure, additional soil testing and any additional remedial actions must be identified and performed as a Performance-Based Cleanup in accordance with federal regulations. This work is expected to be completed in February 2017. The estimated total soil to be removed is approximately 30 tons. The Company expects the Performance-Based Cleanup report to be completed in the Spring 2017. The expected cost of remediation of this site is approximately \$89,000. The Company indicated that it believed this site is appropriate to include in the ERF.¹⁰

¹⁰ Letter from Celia O'Brien to Luly Massaro, 2-4 (Feb. 13, 2017).

D. Division's Position

On April 20, 2017, Stephen Scialabba, Chief Accountant of the Division of Public Utilities and Carriers (Division) submitted a Memorandum summarizing the three filings. He noted that under prior PUC-approved regulatory agreements and decisions, the Company has accrued a fixed monthly sum into the Environmental Response Fund. Mr. Scialabba noted that the amount approved in Docket No. 4323, the most recent rate case, was \$256,000 monthly, or \$3,078,000 annually. He indicated that the fund balance at the end of FY15 was \$3.9 million. The fund balance at the end of FY16 was \$5.4 million. In Mr. Scialabba's opinion, the addition of the three proposed sites described above is consistent with the purpose and intent of the ERF Provision and recommended that the sites be included as eligible sites and that the proposed tariff modification request be approved.¹¹

PUC Findings

At an Open Meeting held on May 4, 2017, the PUC considered National Grid's three requests for inclusion of new sites and found that each of the three sites, Admiral Street, Wakefield No. 17 Substation, and Lakewood No. 57 Substation, qualify 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 2017. Each of the sites appears to fit within the parameters to qualify for funding allocated to the ERF. The PUC also approved the tariff revision, thus RIPUC No. 2173 will replace RIPUC No. 2164 by adding the three sites.

It appears National Grid has finally reached the point where the Annual Report and associated requests to add sites can be timely filed. This makes for an easier review process as there is less concern that recovery is being sought for prior costs. As previously ordered, in the

¹¹ Scialabba Mem., 1-2 (Apr. 20, 2017).

future, National Grid will indicate as part of its annual report, any request to add sites and the first fiscal year for which it seeks to include remediation costs through the Environmental Response Fund. Recovery of such costs will be no earlier than that fiscal year for which National Grid is concurrently filing its annual report. The PUC reminds the Company that even though the three sites have been added to the list of sites eligible for funding from the Environmental Response Fund, the Commission always retains the right to review the costs incurred to determine they meet the definition of Environmental Response Costs.

It is hereby,

(22790) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's RIPUC 2173, replacing RIPUC 2164, adding the Admiral Street Site, the Wakefield No. 17 Substation Site, and the Lakewood No. 57 Substation Site to the list of Environmental Response Sites for cost recovery commencing Fiscal Year 2017 (April 1, 2016-March 31, 2017) 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 MAY 4, 2017 PURSUANT TO AN
OPEN MEETING DECISION. WRITTEN ORDER ISSUED MAY 9, 2017.

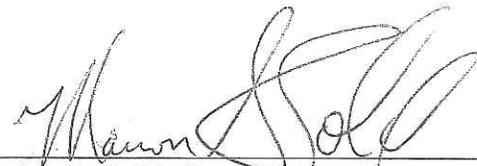
PUBLIC UTILITIES COMMISSION



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.