STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2004-267

May 4, 2004

NORTHERN UTILITIES, INC.,
Environmental Cost Remediation
Filings

ORDER

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

We approve the proposed recommendation of Northern Utilities, Inc., (Northern's) for the removal of the Gravel Mound Source Area (GMSA) at the old Portland Manufacturing Gas Site, as described in the Focused Feasibility Study Report filed on March 29, 2004.

II. BACKGROUND

A. Stipulation in Docket No. 96-678

On April 28, 1997, in Docket No. 96-678, the Commission approved a stipulation requiring Northern to file with the Commission, and parties[1] to the stipulation, its written evaluation of possible remediation options and recommended solutions for environmental remediation of its former Manufactured Gas Plant (MGP) sites in Lewiston and Portland. In the Stipulation, the parties agreed to a sharing mechanism whereby ratepayers would pay the full environmental remediation costs on a rolling 5-year amortization schedule capped at 4% of the Company's annual adjusted total firm revenues from gas sales and transportation customers, while shareholders would bear carrying costs on all deferred Environmental Recovery Costs (ERC) balances during the 5-year amortization schedule.

The ERCA mechanism allows annual costs to be recovered in rates over a rolling 5-year amortization schedule as they are incurred. Once the scheduled recovery occurs, the costs will drop out of rates.

The parties also agreed upon a process for advance review of proposed remediation work so that the Company's plan could be modified, if necessary, before costs were incurred. Section III (C) of the Stipulation states:

> C. Prior to incurring environmental remediation costs, other than preliminary testing and site evaluation for the Portland and Lewiston sites, the Company plans to complete a written evaluation of possible remediation options and recommended

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[1] In *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery*, Docket No. 96-678, the parties were the Office of Public Advocate (OPA) and the Commission's Advocacy Staff.

> solutions ("Feasibility Study"). Northern shall file the Feasibility Study with the Commission and the Parties and Northern will meet with the Parties to review the Feasibility Study before it is implemented. Thereafter, Northern will prepare a Remediation Plan for each site. Northern shall file its Remediation Plans and information regarding any material changes in the Remediation Plans with the Commission. Information regarding changes to the Remediation Plans shall be filed no later than July 15th of the year in which Northern seeks to begin collecting ERCs associated with such changes.

Section IV, Prior Review of Remediation Plan, of the Stipulation states:

> The Parties reserve the right to review the Remediation Plans filed by the Company before any associated costs are incurred and included in any ERCA, except that costs for preliminary testing and site evaluation shall not be subject to such prior review. The purpose of the review will be to allow the Parties an opportunity to determine the reasonableness and prudence of the proposed Remediation Plans or changes thereto, and costs projected to be incurred by the Company. The Parties retain the right to contest the reasonableness or prudence of any aspect of the Company's Remediation Plans, or related activities and costs, and to bring these matters before the Commission for a ruling. The Parties will endeavor to resolve any concerns by consulting with the Company as it develops and implements the Remediation Plans or modifications thereto.

B. Focused Feasibility Study: Gravel Mound Source Area

On March 29, 2004, Northern filed its Focused Feasibility Study/Response Action Plan for Gravel Mound Source Area at the former Portland Gas Works Site in accordance with the Stipulation. The Focused Feasibility Study recommended that work on the gravel mound located within the Portland MGP site be completed in "early spring or late fall to minimize volatilization." Northern seeks the Parties' and the Commission's review and approval of work on the gravel mound as an interim remediation measure, so that it will be able to undertake a timely removal of the gravel mound from the site before warmer weather arrives. Northern will present for parties' consideration its remediation plan for the remainder of the site at a later date when it is finished.

As part of its review of the Portland MGP site, Northern decided to do a focused evaluation of the Gravel Mound Source Area because it is a definable, surface deposit of relatively concentrated MGP-related waste materials that is located in a portion of the Portland MGP site that is used daily by Northern employees and its tenant's employees. Northern states that it makes good sense to evaluate options for eliminating the potential for worker exposure and for continued environmental impacts. Northern hired an environmental consulting firm, Woodard & Curran, to evaluate remedial technologies that would be feasible

for the management of the coal gasification-related materials (CGRM) associated with the GMSA at the former Portland Gas Works site.

According to Woodard & Curran's report, remedial actions have site-specific, quantitative goals defining the extent of cleanup and are used as the framework for developing detailed remedial alternatives. The objectives are formulated to achieve the overall goal of protecting human health and the environment. The report states that the remedial action objectives for the GMSA are to 1) prevent potential migration to groundwater and 2) prevent direct exposure to construction workers.

The Woodard & Curran report evaluated the following alternatives as being the most feasible to address the GMSA:

1. In Situ Stabilization and On-Site Recycling
2. Off-Site Thermal Desorption
3. Off-Site Landfill Disposal
4. Off-Site Recycling

The report provides a brief description of each process. Woodard & Curran screened the alternatives using three initial criteria: Effectiveness, Implementability, and Cost. The components for each of the initial screening criteria were:

Effectiveness	Implementability	Cost
• Meets Remedial Action Objectives	• Technical Feasibility	• Equipment/Construction
• Reduction of Mobility, Toxicity or Volume of Contaminants	• Demonstrated Performance	• Operation and Maintenance
• Protection of Human Health and the Environment	• Availability of Equipment, Space and Services	
• Adverse Short- and Long-term Effects Caused by Implementation	• Administrative Feasibility	
• Compliance with applicable MEDEP requirements		

Woodard & Curran developed a matrix highlighting the advantages and disadvantages of the alternatives with respect to each of the initial screening criteria. The development of this matrix helped determine whether an option would be retained for detailed evaluation. Only Alternative 1 was eliminated for detailed evaluation because of questions related to the effectiveness of stabilizing the soil and MGP waste in the current area, questions of the long-term stability of amended soils and MGP waste, and the significant

increase in the volume of the material that would need to be managed due to the addition of a stabilizing agent.

Woodard and Curran evaluated the remaining three alternatives using the following criteria: applicability (successfulness at similar sites); effectiveness (likeliness of achieving remedial action objectives); risk (potential risk to human health and the environment); cost (associated with construction and operation); and time (time required to meet preliminary remedial action objectives). After completing this review, Woodard & Curran determined that the preferred alternative for remediation of the GMSA was off-site recycling. The estimated cost of this alternative, $160,000, is less than or equal to the estimated cost of each of the other options.

Off-site recycling involves the excavation and transportation of the CGRM to an approved off-site recycling facility such as a cold or hot-mix asphalt batch facility (depending on availability), where the CGRM-impacted materials are processed and reused in selected construction projects. This technology involves binding CGRM-containing material and residues into the matrix of an asphalt product. The soils to be stabilized are sorted and transferred via conveyor into a pug mill and mixing chamber where they are combined with asphaltic emulsion. The mixing occurs at either ambient (cold batch) or high (hot batch) temperatures. The final product is stockpiled and undergoes a curing process. The treated product can be used as paving material, either as a sub-base in areas of heavy traffic, or as surface paving in areas of light traffic.

Northern has discussed its plans with the Maine Department of Environmental Protection (MEDEP), which concurs with its conclusions. This method also frees Northern from future liability for this contaminated material as it is turned into another usable material.

III. CONCLUSION

Based upon our review of the filing and the focused feasibility study, we conclude that Northern has properly evaluated the options available to it. The selected method is the method recommended by its engineering firm, has the support of the MDEP, and appears reasonable. Accordingly, we approve Northern's proposed removal of the Gravel Mound Site at the former Portland MGP site.

Dated at Augusta, Maine, this 4th day of May, 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Diamond
Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.

2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.