

**JOINT REPORT OF CONCORD STEAM CORPORATION AND
STATE OF NEW HAMPSHIRE, DEPARTMENT OF ADMINISTRATIVE SERVICES
ON ENVIRONMENTAL LIABILITY AT CONCORD STEAM FACILITY**

DOCKET NO. DG 16-769

FEBRUARY 15, 2017

Pursuant to Paragraph 14 of the Settlement Agreement approved by the Commission in Order No. 25,966 on November 10, 2016, Concord Steam Corporation (“CSC”) and the State of New Hampshire, Department of Administrative Services (“DAS”) submit this joint report on environmental liability at the Concord Steam facility located at 123 Pleasant Street in the Hugh J. Gallen State Office Park (the “Facility”).

As agreed upon by the parties, and approved by the Commission, DAS retained Nobis Engineering, Inc. (“Nobis”) to perform an environmental assessment of the Facility. Nobis completed a Phase I Environmental Site Assessment (“ESA”) in December 2016. A copy of the Phase I ESA is attached hereto at Exhibit 1. The ESA concluded that the only recognized environmental condition at the Facility is the existence of free petroleum product, consistent with No. 6 fuel oil, in the soil adjacent to two underground storage tanks (“USTs”) at the Facility. The ESA concludes that the free product is the result of leaking from the USTs.

Nobis further determined through discussions with the New Hampshire Department of Environmental Services (“DES”) that remediation of the petroleum product released from the leaking underground storage tanks (“LUSTs”) would be eligible for reimbursement through the NH Petroleum Reimbursement Fund Program (“the Fund Program”). In order to qualify for reimbursement, DAS determined that a Phase II ESA should be conducted in coordination with DES as part of the process to identify the appropriate remediation and clean-up procedures. Under the Fund Program, the facility owner is entitled to reimbursement of all remediation costs

incurred above and beyond the initial \$5,000 incurred. Based on the ESA, no other environmental liability costs are anticipated at the Facility.

CSC and DAS have agreed that in light of CSC's operation of the Facility since 1980 and obligations under the License Agreement with the State for use of the Facility, CSC will be responsible for the \$5,000 "deductible" under the Fund Program. CSC will pay the State \$5,000 on or before May 31, 2017. The State will provide CSC with a release from all environmental liability at the Facility, effective upon CSC's cessation of operations on May 31, 2017. Pursuant to Paragraph 13 of the above-referenced Settlement Agreement, DAS will work with Nobis and DES to perform a DES-approved Phase II ESA and remediation of the petroleum product released at the Facility utilizing funds from the Fund Program and the \$5,000 "deductible" payment from CSC.

Pursuant to Paragraph 14 of the Settlement Agreement, the \$5,000 cost to CSC for environmental remediation shall be deemed part of CSC's decommissioning costs and shall be recovered from customers through rates before CSC's discontinuance of service. Should CSC need to adjust its emergency rates to recover the \$5,000 remediation cost, CSC may request approval from the Commission for such adjustment.

Conclusion

Because the out-of-pocket costs of environmental remediation are known with a reasonable degree of certainty, and the parties have reached agreement on the allocation of the environmental remediation costs, the parties are not submitting any issues to the Commission for resolution. The above-described allocation of environmental liability resolves all outstanding issues concerning environmental liability at the Facility.