

Bloomberg

GE Promises New York's DiNapoli to Study Wider Hudson Cleanup

By Tim Catts - Mar 11, 2013

[General Electric Co. \(GE\)](#) agreed to examine expanding its cleanup of pollutants from a section of New York's Hudson River after state Comptroller Thomas DiNapoli sought an investor vote on a study to widen the project.

GE, which discharged as much as 1.3 million pounds of likely carcinogens into the river over a three-decade span, will complete a review this year to determine whether removing more contaminated dirt will help reduce future penalties, according to correspondence with DiNapoli's office. He withdrew the shareholder proposal after the company's concession.

The manufacturer is set to start a fourth summer of dredging under agreements with the U.S. Environmental Protection Agency. In addition to \$830 million spent in preliminary stages of the cleanup and a \$500 million after-tax charge in 2010 to cover the remaining costs, GE may face more fines based on an assessment of environmental damage by state and federal regulators.

"GE has been doing an excellent job with its remedial dredging and we believe they will save money by getting it all done now, as well as win the praise of the environmental community and reduce their future liability," Ned Sullivan, president of Scenic Hudson, an environmental group that worked with DiNapoli's office, said in a telephone interview.

GE agreed to the study after DiNapoli, the Democratic state comptroller, sought to bring it before the Fairfield, Connecticut-based company's shareholders for a vote at its annual meeting, the correspondence shows.

Pension Fund

GE asked the Securities and Exchange Commission for permission to block the vote, asserting that DiNapoli's proposal "micromanages" the company and was already considered as part of its cleanup efforts, according to correspondence with the agency.

New York's \$150 billion Common Retirement Fund, of which DiNapoli is the sole trustee, [owns](#) more than 33 million GE shares worth about \$768 million, Eric Sumberg, his spokesman, said in an e-mail.

"GE has not agreed to conduct more dredging and does not believe more dredging is necessary," Mark Behan, a company spokesman, said in an e-mailed statement. While the EPA has rejected calls for more dredging, the company said it "will respond to Comptroller DiNapoli's question, assemble the voluminous existing data and conduct another comprehensive review and analysis before the end of the year."

GE has climbed 13 percent this year through March 8, [compared](#) with an 8.8 gain for the Standard & Poor's 500 index and a 9.9 percent increase for industrial-company stocks. The company trades at an 11 percent premium to the Dow Jones Industrial Average.

DiNapoli's shareholder proposal isn't the first to prompt GE to take action on the Hudson River cleanup.

Banned Substance

In 2006, a group of 35 Roman Catholic institutional investors claimed victory after the company detailed \$122 million in spending on public relations, lobbying and legal expenses during a 15-year span during which the shareholders said it “fought any efforts to clean up its discharges” of polychlorinated biphenyls, or PCBs, into the Hudson and at two other sites.

Before being banned in 1977, PCBs were commonly used in fluids in transformers and electrical equipment, as well as an additive in adhesives, plastic and paint.

The EPA in 2002 released a plan to dredge pollutants that GE factories in Hudson Falls and Fort Edward dumped into the river starting in the 1940s.

The cleanup, which began after a [2005 agreement](#) between GE and the EPA, aims to remove 95 percent of the PCBs, contaminating a 40-mile (64-kilometer) stretch of the river near [Albany](#). PCBs are industrial compounds that resist chemical and biological breakdown, and scientists consider them a likely human carcinogen.

Fishing Prohibited

Fishing was prohibited in the upper Hudson River from 1976 until 1995 because of “extremely high” levels of PCBs in fish, according to the New York State Department of Environmental Conservation. Anglers have been allowed to return to the river on the condition they don’t keep any of the fish they catch.

GE agreed in October 2005 to take initial steps to remove the PCBs from the river even as it challenged in court the law that allows the EPA to order the cleanup of so-called Superfund sites.

In 2009, a federal judge in [Washington](#) rejected GE’s argument that the agency violated its rights in the way it implemented the statute. Later that year, the company agreed to perform a second phase of cleanup and dredging that began in 2011.

To contact the reporter on this story: Tim Catts in New York at tcatts1@bloomberg.net.

To contact the editor responsible for this story: Ed Dufner at edufner@bloomberg.net.

©2013 BLOOMBERG L.P. ALL RIGHTS RESERVED