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September 5, 2014

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attn: Filing Center

Re: **Errata - OPUC Docket UM 1706**
Annual Report of Environmental Remediation Costs – Rate Schedule 183

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith a correction to its report in the above-referenced docket originally filed on May 15, 2014. The errata changes the language on page 4 of the report to read “refer to workpapers” rather than “refer to Exhibit C.”

Please call me if you have any questions or require any further information.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Rates and Regulation

enclosures

cc: UM 1706 Service List



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing ERRATA – ANNUAL REPORT OF ENVIRONMENTAL REMEDIATION COSTS – RATE SCHEDULE 183 upon all parties of record in the UM 1706 proceeding by electronic mail.

JASON W. JONES W
PUC STAFF-DEPARTMENT OF JUSTICE
jason.w.jones@state.or.us

DATED at Portland, Oregon, this 5th day of September 2014.

/s/ Kelley C. Miller
Kelley C. Miller
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, OR 97209
(503) 226-4211, ext. 3589

Major Reports and Communications with Environmental Regulators

To assist the Commission, Staff, and any parties in reviewing NW Natural's costs for the January 2013 to March 2014 period, we have sent concurrently with this report an electronic version (refer to workpapers) of the major reports and communications with environmental regulators related to some of the activities described above.

Insurance Litigation Efforts

NW Natural provides the below information to help assist in the review of certain insurance receivables that were received between January of 2013 and April of 2014.

Background

In 1994, NW Natural provided written notice of these environmental sites to its historical insurers that provided liability coverage from approximately 1930, the first year that the Company purchased liability insurance, to 1986, the last year before the insurance industry generally inserted "absolute pollution" exclusions into their policies. As is typical for environmental claims, and particularly those involving former manufactured gas plant sites, the insurers here refused to provide coverage. Over the next several years, the Company, through letters and meetings, attempted to persuade its insurers to change their positions and provide coverage for these sites. However, as of 2010, none of the insurers had offered a reasonable amount to settle its coverage liability. In the spring of 2010, the Company concluded that, in order to receive insurance recoveries, it was necessary to file an environmental coverage action against its insurers.

Overview of Litigation

In December 2010, the Company's legal counsel, K&L Gates, filed a lawsuit in Multnomah County Superior Court on behalf of NW Natural against all of its historical liability carriers which provided coverage from 1930 to 1986. These carriers included AEGIS, various London Market insurers, certain Continental companies, St. Paul (Travelers) and others. In this suit, the Company requested a judgment for all past costs and a declaratory judgment requiring its insurers to pay all of its future costs as they were incurred, subject to the limits of the insurers' policies.

Over the next three years, through January 2014, the Company and the insurers aggressively litigated this coverage case. During discovery, the parties collectively produced well over a million pages of documents and took numerous depositions.

In November 2012, the Court held the first of what would have been two scheduled trials in this case. During this Trial 1, the Company sought to prove the existence and terms of certain of its historical policies from the early 1930s of which neither it nor the insurers still had copies.