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250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

March 15, 2021

VIA ELECTRONIC FILING AND FEDEX

Public Utility Commission of Oregon
Attn: Filing Center
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Salem, OR 97308-1088

**RE: UM 1732—NW Natural's Site Remediation and Recovery Mechanism Schedule 183
2020 Annual Report**

In accordance with Rate Schedule 183 and the Commission's Order No. 12-437 in docket UG 221, implementing NW Natural's Site Remediation and Recovery Mechanism (SRRM), NW Natural provides the enclosed annual report of NW Natural's environmental remediation expenses incurred between January 1, 2020 and December 31, 2020. Exhibit C to the report will be provided via USB drive and physically mailed following the electronic submission of this report due to its voluminous nature.

Please feel free to call if you have any questions.

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Manager
(503) 610.7051
kyle.walker@nwnatural.com

Enclosures: Report
Exhibit A
Exhibit B
Exhibit C (USB drive by FedEx)

NW NATURAL

**SCHEDULE 183 - 2020 ANNUAL REPORT
ENVIRONMENTAL SITE REMEDIATION AND RECOVERY MECHANISM (SRRM)**

JANUARY 1, 2020 – DECEMBER 31, 2020

In accordance with Rate Schedule 183 and the Public Utility Commission of Oregon (“Commission”) Order No. 12-137 in Docket UG 221, implementing Northwest Natural Gas Company’s (“NW Natural” or “Company”) Site Remediation and Recovery Mechanism (SRRM), NW Natural provides the following information to allow the Commission, Staff and any interested stakeholders to review NW Natural’s environmental remediation expenses incurred between January 1, 2020 and December 31, 2020. Subject to that review, NW Natural will include these expenses in the SRRM for rates effective November 1, 2021.

A. 2020 Remediation Activities

NW Natural has seven sites at which the Oregon Department of Environmental Quality (DEQ) or the Environmental Protection Agency (EPA) has required clean-up. These include: Portland Harbor, Portland Gas Manufacturing (PGM), Gasco¹, Central, Eugene Water Electric Board, French American International School, and Oregon Steel. NW Natural also incurred litigation costs related to Portland Harbor cost recovery and natural resource damage litigation and minor litigation costs related to collections under the settlement agreements.

Total costs incurred for the period of January 1, 2020 through December 31, of 2020 by site (or activity) are listed below:

<u>SITE</u>	<u>AMOUNT</u>
Gasco (1)	\$17,840,949
Harbor	1,279,383
PGM	9,983,340
	<u>\$29,103,672</u>

(1) Includes Gasco Uplands, Sediments, operation of Source Control, Siltronic, US Moorings and B1 Sediments areas.

These expenditures are further detailed in Exhibit A and B of this Report. Descriptions of the significant activities at these sites for this period are described below.

¹ Due to consolidation of two project areas by DEQ the Gasco site includes a portion of the property currently owned by Siltronic Corporation.

B. Portland Harbor

The Portland Harbor site is a stretch of approximately ten miles along the Willamette River that is listed as a Superfund site by the EPA.

EPA issued its Record of Decision (“ROD”) for Portland Harbor in January 2017. EPA estimates the cost of the selected remedy at \$1.05 billion net present value and projects 13 years of construction to complete active cleanup. The ROD indicates EPA will exercise site-specific flexibility during remedial design, and EPA may decide to break the site into smaller “work areas.” DEQ may take a lead role in overseeing portions of the cleanup.

EPA began implementation of the harborwide remedy through an initial round of baseline sampling. In December 2017, four parties signed an order with EPA agreeing to conduct this initial sampling. NW Natural agreed to provide funding toward this work through the allocation group but was not directly involved in performing the sampling.

In December 2018, EPA requested that Portland Harbor responsible parties, including NW Natural, enter into consent orders to perform remedial design work. EPA offered to delay initiation of consent decree negotiations or other enforcement action for harborwide cleanup in exchange for these remedial design commitments. NW Natural incurred costs in 2020 negotiating with EPA and other responsible parties to address EPA’s request for additional remedial design work.

In March 2020, EPA and NW Natural agreed to amend the 2009 EPA Consent Order for the Gasco Sediments Site (discussed below) to include remedial design work at two additional Portland Harbor project areas, the US Moorings Project Area and the B1 Navigation Channel Project Area. The State of Oregon and the City of Portland are obligated through an earlier settlement with EPA to provide up to \$2,664,000 in funding for remedial design work in these two Project Areas. NW Natural incurred costs in 2020 to develop and negotiate work plans for pre-design investigations in these two Project Areas, negotiate necessary access agreements, and implement Phase I data gaps investigations. NW Natural also incurred costs in 2020 in preparation for the harborwide allocation.

NW Natural participates in the Portland Harbor Natural Resource Damage (NRD) cooperative assessment process. During the period of January through December 2020, the Company worked with the Natural Resource Trustees in the NRD cooperative process on pathways to reach settlement. On January 30, 2017, the Confederated Tribes and Bands of the Yakama Nation filed a lawsuit against NW Natural and 29 other potentially responsible parties for alleged Portland Harbor response costs and natural resource damage assessment costs related to the Portland Harbor Superfund Site, as well as natural resource damage assessment costs related to the Multnomah Channel, Lower Willamette and Columbia Rivers. In August 2019, the federal court stayed the case consistent with related litigation over Portland Harbor cleanup costs. NW Natural incurred costs in 2020 related to a motion filed by the Yakama Nation to modify the stay to allow discovery. The motion was denied.

C. PGM

The PGM site covers approximately 3.7 upland acres and is located on the Willamette River near the Steel Bridge. The location of the former PGM plant is now a fully developed part of downtown Portland. NW Natural is managing this site as the PGM Project under DEQ's oversight.

The DEQ issued a Record of Decision for the PGM Site in July 2017. The selected remedy requires dredging of one area of tar-like material and a few other areas of shallow sediment and installation of a treatment cap in the dredged areas. Other areas will be capped without dredging, will be allowed to recover naturally, or will be covered by sand to accelerate the natural recovery process. The remedy also requires institutional controls, and long-term inspection and maintenance.

The Company prepared remedial design documents for the cleanup in 2020 and worked to obtain necessary permits, access agreements and easements for the cleanup. Construction of the remedy was also completed in 2020. NW Natural will perform long-term monitoring of the site.

D. Gasco

The Gasco site covers approximately 45 acres and is located on the Willamette River between the St. Johns Bridge and the Railroad Bridge. The manufacturing facility is gone, and the site is currently occupied by the Company's Portland liquefied natural gas storage facility and two tenant facilities. Work at this site consists of various projects: the Uplands Project (which, due to DEQ project restructuring in 2016, also includes a 38.5 acre portion of the adjacent property previously owned by Portland Gas & Coke and currently owned by Siltronic Corporation), the Sediments Project (which addresses sediments in the adjacent Willamette River), and the Source Control Project. These projects are subject to EPA and DEQ oversight.

The Gasco Upland site is now in the feasibility study phase. In 2020, NW Natural continued work with DEQ to integrate the data sets from the parcel currently owned by Siltronic into the Gasco data set, develop an addendum to the Gasco risk assessment, and addressed DEQ comments on the interim feasibility study submitted in 2018. During 2020, NW Natural also implemented interim source control measures, including a system to collect shallow groundwater across a portion of the site.

EPA's January 2017 ROD for Portland Harbor included a selected remedy for the Gasco Sediments site. In 2020, NW Natural completed remedial design field investigations.

The Company also conducted monthly visual monitoring of the shoreline area in the direct vicinity of the pilot cap area.

Construction of the Source Control wells and groundwater treatment plant was completed in October 2013. Following a period of optimization, DEQ approved the system for long-term operation on December 30, 2016. In 2020, NW Natural continued to maintain and operate the system and expanded certain components of it to support the additional interim source controls

discussed above. The Company will continue to incur costs associated with operating the wells and environmental regulatory oversight.

E. Central

The Central Service Center is the former site for company operations including as a gas holder site and other activities. At the end of 2006, the Central Service Center site was identified by DEQ for cleanup and ranked as a high priority site. In October of 2018 the company received a Conditional No Further Action (cNFA) determination from DEQ which outlines the company's continued obligations for a 5-year period extending beyond the issuance of this cNFA.

During the period of January 2020 through December 2020, the only required activity was occasional communications with DEQ (relaying upcoming schedules, updates on site due to Facility upgrades, etc.). There were no in-the-field obligations related to the cleanup status of this site.

F. Major Reports and Communications with Environmental Regulators

To assist the Commission, Staff, and any parties in reviewing NW Natural's costs for the January 1, 2020 to December 31, 2020 period, the Company is providing the major reports and communications with environmental regulators related to the activities described above, found in Exhibit C.

NW Natural
UM 1732 - Exhibit A
Deferred Environmental Remediation Costs and Insurance Proceeds

For the period of January 1, 2020 through December 31, 2020

1 **Refer to Exhibit B for the deferred costs for each site broken out by work tasks**

2

3 Debit (Credit)

4

5	Month/Year	GASCO (1)	HARBOR	FRONT (PGM)	CENTRAL	TOTAL REMEDIA TION SPEND	INSURANCE & 3RD PARTY RECOVERY
6	(a)	(b)	(c)	(d)	(e)	(h) = sum (b):(e)	(f)
7							
8	Jan-20	1,755,731	87,167	229,208		2,072,105	-
9	Feb-20	520,196	157,820	29,927		707,942	(121,832)
10	Mar-20	1,583,795	163,632	108,216		1,855,642	(18,851)
11	Apr-20	1,643,111	125,373	67,016		1,835,500	-
12	May-20	2,024,987	117,667	85,942		2,228,596	19
13	Jun-20	1,627,524	93,202	177,178		1,897,904	(5,816)
14	Jul-20	1,463,817	55,596	1,832,968		3,352,382	-
15	Aug-20	1,132,715	87,115	284,033		1,503,863	-
16	Sep-20	1,652,652	79,467	243,955		1,976,075	(10,483)
17	Oct-20	1,188,899	141,858	1,433,215		2,763,972	-
18	Nov-20	619,055	107,376	3,215,163		3,941,594	-
19	Dec-20	2,628,466	63,112	2,276,519		4,968,097	(8,915)
20		17,840,949	1,279,383	9,983,340	-	29,103,672	(165,877)

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22 Notes:

23 (1) Includes the operating costs of Gasco Source Control.

Task Detail - Deferred Environmental Remediation Costs and Insurance Proceeds

For the period of January 1, 2020 through December 31, 2020

Note: Monthly totals by site agree to the amounts presented in the Exhibit A Summary

	Sum of Amount												Grand Total
	Column Labels												
Row Labels	2020												
	1	2	3	4	5	6	7	8	9	10	11	12	
(1) B1 - Downstream Navigation Channel				140,823	185,928	59,098	104,129	38,307	58,964	271,900	4,010	408,825	1,271,984
DEQ												31,646	31,646
Legal - PLG - Gasco Sediments Remedy				720	7,918	6,165	3,690	5,013	5,199	3,743	2,810	360	35,617
PDI Field Implementation								3,841	44,631	255,871		358,036	662,378
PDI Work Plan				101,694	153,185	9,396	15,903	17,420	3,294				300,892
Sufficiency Assessment				38,410	23,525	23,419	4,586	12,033	5,840	12,267		18,783	138,863
Trustees					1,300	20,118	79,950				1,200		102,568
Final Remedial Design										20			20
(1) B1 - US Moorings				122,469	186,316	57,513	126,739	29,706	51,291	75,972	3,518	425,817	1,079,341
DEQ										27,584		394	27,978
Legal - PLG - Gasco Sediments Remedy				1,530	2,293	3,645	4,855	2,245	6,864	17,599	2,318	945	42,294
PDI Field Implementation								1,171	22,009	21,590		388,416	433,185
PDI Work Plan				92,628	141,922	14,154	9,678	25,913	15,964	599			300,858
Sufficiency Assessment				28,310	40,801	19,596	24,453	377	6,453	8,602		36,062	164,655
Trustees					1,300	20,118	87,753				1,200		110,371
(1) Gasco Sediments	777,920	3,492	573,506	432,952	775,060	676,662	495,724	391,544	633,946	332,667	1,327	631,794	5,726,593
DEQ	2,386	1,152	645		1,602	8,909		6,570		25,278		4,515	51,056
EE/CAand Data Report	763,801		548,479	422,767	685,816	629,143	405,588	370,724	515,946	140,840	387	319,926	4,803,417
Legal - PLG - Gasco Sediments Remedy	-1,780	2,340	2,610	2,475	12,825	22,995	6,300	-375	4,965	-1,760	940	3,815	55,350
Meetings, Budget, Schedule	13,513		21,772	7,710	10,149	15,615	12,051	14,626	9,192	9,419		22,904	136,950
Preliminary Design									103,842	158,890		280,634	543,367
Trustees					64,669		71,786						136,454
(1) Gasco Source Control	400,518	439,756	348,538	517,548	365,705	478,924	373,132	385,742	668,490	218,121	557,367	571,128	5,324,969
Groundwater Study			74	38	37	37	37	37	37	37	37	38	409
Legal - PLG - Gasco Source Controls	1,470	2,700	1,440	1,305	2,025	495	0	1,890	3,195	2,198	1,575	470	18,763
NWN Direct Costs	11,154	7,439	7,613	10,981	7,514	9,307	42,959	7,097	9,284	8,135	10,089	11,063	142,634
Operation of Water Treatment Plant	387,894	429,618	339,411	505,225	356,129	469,085	330,135	376,719	655,974	207,750	545,666	559,557	5,163,163
(1) Gasco Uplands	577,293	76,948	661,751	429,319	511,978	355,327	364,094	287,416	239,962	290,239	52,833	590,902	4,438,062
DEQ	69,278	31,100	65,424		62,874	43,396	28,165	31,871		49,201		24,421	405,730
Final RI	186,991	1,878	54,059	76,280	138,937	29,591	57,621	16,751	18,258	39,535	10,402	180,339	810,642
Finalize Risk Assessment	20,420		6,083	1,575	4,491	3,721	1,488	6,197	1,630	963		4,075	50,642
Gasco Other	15,000												15,000
Insurance Litigation	0	0			0								0
Insurance Recovery	208	109											317
Interim Action Maintenance	5,820	838	6,025	2,163	1,614	8,856	1,740	2,707	6,947	4,277	792	3,574	45,353
Legal - PLG - Gasco Site Remedy	7,695	15,781	16,455	10,523	6,813	15,660	12,340	1,700	12,410	6,769	6,565	1,000	113,710
Restoration Evaluation	42,997		16,006	29,833	30,090	9,370	1,895	16,471	2,822	1,458		22,442	173,384
Site Wide FS	65,693		153,571	73,140	148,040	100,548	81,214	58,331	59,658	40,113	3,754	79,276	863,338
Site-Wide Technical Services	78,062	11,055	123,837	114,903	38,176	44,657	67,198	87,365	45,324	31,332	2,921	55,350	700,179
Technical Coordination	15,411	16,187	27,055	34,407	17,374	21,305	31,938	16,507	24,366	43,503	28,400	82,016	358,468
Technical Support for Allocation Process	69,718		193,237	86,497	63,551	78,223	80,496	49,515	68,546	73,088		138,410	901,282
AEGIS adjustment					19								19
Harbor	87,167	157,820	163,632	125,373	117,667	93,202	55,596	87,115	79,467	141,858	107,376	63,112	1,279,383
Legal - Crowell and Mooring	-1,550	4,263		4,650	8,921	2,325	969	194	-666	0	388	-388	19,105
Legal - PLG	82,147	149,655	154,412	104,248	70,254	64,657	52,965	71,341	74,888	141,423	103,164	61,400	1,130,551
Legal - PLG NRD	6,570	3,903	9,220	16,475	38,492	16,221	1,663	15,580	2,048	435	3,825	2,100	116,530
Thomas J Imeson Consulting						10,000							10,000
Trustees									3,198				3,198
PGM	229,208	29,927	108,216	67,016	85,942	177,178	1,832,968	284,033	243,955	1,433,215	3,215,163	2,276,519	9,983,340
Construction	161,112				23,863		1,659,203	85,337	67,614	1,028,508	1,710,604	1,674,065	6,410,306
DEQ	5,204	8,805	12,619		4,423	5,456	7,209	15,458	22,872	30,454		8,786	121,285
Design	21,197		39,556	13,166	12,318	31,924	120,840	55,735	40,741	4,856	4,552	2,397	347,282
Direct Costs								485	0	15			500
Direct Munition Expenditures								33,973	87,601	276,928	1,496,720	359,561	2,254,783
Legal - PLG	36,295	21,122	10,550	33,140	12,700	13,153	10,964	29,842	-18,417	4,520	3,095	2,565	159,528
Permit Water Quality Monitoring								49,117	31,894	77,555	192	46,562	205,320
Permitting	2,848		15,909	5,066	11,109	100,884	16,343	2,107	1,573	2,130		11,553	169,522
Upland Investigation 2nd Ph Work Plan	2,552		29,581	15,644	21,529	25,761	18,410	11,980	10,077	8,249		10,768	154,552
Long Term Monitoring												160,261	160,261
Grand Total	2,072,105	707,942	1,855,642	1,835,500	2,228,596	1,897,904	3,352,382	1,503,863	1,976,075	2,763,972	3,941,594	4,968,097	29,103,672
Σ(1) Total Gasco (SC, Uplands, Sediments, Silttronic, B1)	1,755,731	520,196	1,583,795	1,643,111	2,024,987	1,627,524	1,463,817	1,132,715	1,652,652	1,188,899	619,055	2,628,466	17,840,949