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250 SW Taylor Street  
Portland, OR 97204

503-226-4211  
nwnatural.com

March 14, 2022

**VIA ELECTRONIC FILING AND FEDEX**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, OR 97308-1088

**RE: UM 1732—NW Natural’s Site Remediation and Recovery Mechanism Schedule 183  
2021 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, 2021 and December 31, 2021. 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 - 2021 ANNUAL REPORT  
ENVIRONMENTAL SITE REMEDIATION AND RECOVERY MECHANISM (SRRM)**

**JANUARY 1, 2021 – DECEMBER 31, 2021**

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, 2021 and December 31, 2021. Subject to that review, NW Natural will include these expenses in the SRRM for rates effective November 1, 2022.

**A. 2021 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”), Gasco<sup>1</sup>, 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, 2021 through December 31, of 2021 by site (or activity) are listed below:

<u>SITE</u>	<u>AMOUNT</u>
Gasco (1)	\$15,864,080
Harbor	1,703,996
PGM	1,422,131
	<u>\$18,990,207</u>

(1) Includes Gasco Uplands, Sediments, operation of Source Control, Siltronic, 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.

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<sup>1</sup> 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.

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 2021 to complete Phase I data gaps investigations and prepare reports required by EPA. NW Natural also incurred costs in 2021 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 2021, 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 2021 related to the litigation.

### 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 completed in 2020. NW Natural incurred costs in 2021 to perform the first year of long-term monitoring of the site. The monitoring confirmed that the remedy is performing as designed.

### 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 2021, 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 2021, NW Natural also completed 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 2021, NW Natural submitted a combined Basis of Design and Preliminary Design Report and began work to resolve EPA comments on the preliminary design.

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 2021, 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 2021 through December 2021 remedial based activities based on the cNFA requirements included: groundwater monitoring, updates to the beneficial use survey (groundwater usage), and an inspection of a previously constructed engineered cap.

**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, 2021 to December 31, 2021 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, 2021 through December 31, 2021

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-21	2,073,161	58,464	910,770	-	<b>3,042,396</b>	
9	Feb-21	1,446,106	102,444	37,717	-	<b>1,586,267</b>	
10	Mar-21	513,479	129,864	13,064	-	<b>656,407</b>	(4,066)
11	Apr-21	1,986,233	120,164	32,761	-	<b>2,139,157</b>	
12	May-21	1,693,098	187,507	30,052	-	<b>1,910,657</b>	
13	Jun-21	1,185,534	94,439	41,266	-	<b>1,321,239</b>	(2,586)
14	Jul-21	1,892,993	91,132	59,042	-	<b>2,043,167</b>	
15	Aug-21	535,531	196,780	5,463	-	<b>737,773</b>	
16	Sep-21	1,855,854	214,596	232,409	-	<b>2,302,860</b>	(4,013)
17	Oct-21	986,448	152,971	36,189	-	<b>1,175,608</b>	150
18	Nov-21	633,400	177,799	935	-	<b>812,134</b>	
19	Dec-21	1,062,242	177,838	22,463	-	<b>1,262,542</b>	(596)
20		<b>15,864,080</b>	<b>1,703,996</b>	<b>1,422,131</b>	-	<b>18,990,207</b>	<b>(11,111)</b>

21

22 Notes:

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

**NW Natural**  
**Docket 1732 - Exhibit B**  
**Task Detail - Deferred Environmental Remediation Costs and Insurance Proceeds**  
For the period of January 1, 2021 through December 31, 2021

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

Sum of Val/COArea Crncy		2021											Grand Total
Row Labels	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
(1) <b>B1 - Downstream Navigation Channel</b>	<b>234,078</b>	<b>152,745</b>	<b>40,812</b>	<b>230,962</b>	<b>100,427</b>	<b>15,566</b>	<b>18,086</b>	<b>(836)</b>	<b>34,382</b>	<b>42,607</b>	<b>5,445</b>	<b>36,408</b>	<b>910,682</b>
DEQ	57	163	203	3,054	119	135	135	64	129			142	4,201
EPA					90,810								90,810
Legal - PLG - Gasco Sediments Remedy	190	3,214	1,325	(174)	990	1,665	1,125	(900)	180	4,185	5,445	990	18,235
PDI Evaluation Report							16,827		34,073	38,422		35,276	124,597
PDI Field Implementation	211,566	149,368	39,284	228,082	8,508	13,767							650,573
Sufficiency Assessment	11,121												11,121
Trustees	11,145												11,145
(1) <b>B1 - US Moorings</b>	<b>362,191</b>	<b>186,095</b>	<b>14,242</b>	<b>541,255</b>	<b>267,144</b>	<b>297,751</b>	<b>500,232</b>	<b>149</b>	<b>320,348</b>	<b>20,666</b>	<b>900</b>	<b>17,240</b>	<b>2,528,214</b>
DEQ	220		12,378		10,748	359	2,213	59	363	508		76	26,924
EPA					81,358								81,358
Legal - PLG - Gasco Sediments Remedy	4,555	1,170	1,864	759	945	90	-	90	45	-	900	90	10,508
PDI Field Implementation	311,960	169,963		540,496	174,093	297,302	498,019		319,939	20,158		17,074	2,349,003
Sufficiency Assessment	35,265	14,963											50,228
Trustees	10,192												10,192
(1) <b>Gasco Sediments</b>	<b>437,004</b>	<b>181,693</b>	<b>36,420</b>	<b>159,743</b>	<b>241,526</b>	<b>106,112</b>	<b>129,726</b>	<b>40,134</b>	<b>204,671</b>	<b>190,734</b>	<b>3,015</b>	<b>117,066</b>	<b>1,847,845</b>
DEQ	21,239		8,070		12,247	11,001	36,789	35,184	7,954	7,961		9,213	149,659
EE/CA and Data Report	70,059	37,063		12,900	1,427							4,282	125,732
EPA	148,823												148,823
Interim Design		42,272		27,216	6,821	55,638	12,221		1,900	5,642		7,777	159,486
Legal - PLG - Gasco Sediments Remedy	3,385	20,610	28,350	14,310	2,430	540	945	4,950	9,270	4,705	3,015	2,430	94,940
Meetings, Budget, Schedule	16,473	15,748		21,328	16,796	10,907	22,185		18,151	27,827		31,824	181,239
Preliminary Design	171,441	66,000		83,989	201,804	28,025	57,586		167,397	144,599		61,540	982,382
Trustees	5,584												5,584
(1) <b>Gasco Source Control</b>	<b>604,264</b>	<b>647,612</b>	<b>342,865</b>	<b>691,461</b>	<b>687,230</b>	<b>457,670</b>	<b>646,827</b>	<b>408,018</b>	<b>543,203</b>	<b>278,121</b>	<b>564,973</b>	<b>291,487</b>	<b>6,163,730</b>
Groundwater Pilot Study	38	38	38	37	37	37	38	37	38	38	37	69	482
Legal - PLG - Gasco Source Controls	965	4,090	2,995	2,080	(33)	390	675	4,358	905	1,538	217	(292)	17,888
NWN Direct Costs	9,338	7,287	9,431	9,487	37,821	9,895	19,524	8,623	8,856	9,708	7,718	12,717	150,404
Optimization of Source Control O&M	593,923	636,197	330,401	679,857	649,404	447,347	626,591	395,000	533,404	266,838	557,000	278,994	5,994,956
(1) <b>Gasco Uplands</b>	<b>435,624</b>	<b>277,962</b>	<b>79,140</b>	<b>362,811</b>	<b>396,772</b>	<b>308,436</b>	<b>598,121</b>	<b>88,066</b>	<b>753,250</b>	<b>454,321</b>	<b>59,067</b>	<b>600,040</b>	<b>4,413,609</b>
DEQ	22,619		39,984	51,793	58,306	48,820	33,899	49,685	68,897	126,366		65,404	565,773
Final RI	85,318	60,469	1,294	33,456	72,641	22,594	49,901	5,917	170,384	70,008	2,904	40,713	615,598
Finalize Risk Assessment	2,290	1,661		1,566	1,237	5,547	2,889		1,880	1,216		1,907	20,191
Gasco - Oregon	(68,829)	(48,011)	(17,048)	(65,943)	(56,211)	(39,360)	(62,839)	(17,779)	(61,614)	(32,750)	(21,029)	(35,362)	(526,775)
Gasco - Washington	68,829	48,011	17,048	65,943	56,211	39,360	62,839	17,779	61,614	32,750	21,029	35,362	526,775
Gasco Other	15,000												15,000
Interim Action Maintenance	9,642	1,236	1,139	3,528	1,765	2,144	3,749	1,157	4,181	2,534	1,480	9,629	42,184
Legal - PLG - Gasco Site Remedy	11,365	5,298	11,761	9,090	8,450	21,463	8,116	7,130	12,825	10,391	10,563	5,428	121,878
Restoration Evaluation	16,493	292		9,160	3,526	2,517	784		5,005	5,355		27,653	70,784
Site Wide FS	37,156	41,477	4,052	73,946	91,082	81,943	146,134	1,463	117,340	52,544	5,400	146,375	798,912
Site-Wide Technical Services	88,998	49,576	4,613	52,625	43,064	44,369	167,092	4,715	88,172	36,911	13,711	81,438	675,283
Strategic Planning	55,959	10,972		7,779	7,427	9,554	13,820		12,173	5,343		9,578	132,605
Technical Coordination	11,950	16,407	16,298	28,715	16,912	14,305	27,749	17,999	16,086	27,883	25,010	18,919	238,233
Technical Support for Allocation Process	78,835	90,575		91,153	92,362	55,181	143,990		256,307	115,769		192,997	1,117,168
<b>Harbor</b>	<b>58,464</b>	<b>102,444</b>	<b>129,864</b>	<b>120,164</b>	<b>187,507</b>	<b>94,439</b>	<b>91,132</b>	<b>196,780</b>	<b>214,596</b>	<b>152,971</b>	<b>177,799</b>	<b>177,838</b>	<b>1,703,996</b>
Crowell and Mooring Legal		969	581	-	194	388	(388)	775	(775)				1,744
Harbor - Oregon	(1,941)	(3,401)	(4,311)	(3,989)	(6,225)	(3,135)	(3,026)	(6,533)	(7,125)	(5,079)	(5,903)	(5,904)	(56,573)
Harbor - Washington	1,941	3,401	4,311	3,989	6,225	3,135	3,026	6,533	7,125	5,079	5,903	5,904	56,573
Legal - PLG	51,572	67,400	110,227	109,244	177,393	82,961	81,165	180,810	200,124	142,991	164,994	167,748	1,536,626
Legal - PLG NRD	945	18,203	8,994	920	(80)	1,090	355	5,195	5,248	(20)	2,805	90	43,744
Margaret Kirkpatrick consulting	5,000	(5,000)											-
Oil Sump		873	63	-									936
RD/RA	948												948
Thomas J Imeson Consulting	-	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
<b>PGM</b>	<b>910,770</b>	<b>37,717</b>	<b>13,064</b>	<b>32,761</b>	<b>30,052</b>	<b>41,266</b>	<b>59,042</b>	<b>5,463</b>	<b>232,409</b>	<b>36,189</b>	<b>935</b>	<b>22,463</b>	<b>1,422,131</b>
Construction	821,896												821,896
DEQ	6,149		10,409		4,366	1,983	3,027	3,321	1,959	2,616		952	34,783
Direct Munition Expenditures	40,018	7,127			3,448	16,017	3,049					3,406	73,063
Groundwater Well Decommissioning						10,265	31,054		169,962	11,943		3,197	226,420
Legal - PLG	4,725	1,575	2,655	2,520	7,940	6,080	3,988	2,142	225	5,531	935	2,025	40,340
Long Term Monitoring	9,401	11,823		16,826	5,011	995	9,422		39,445	10,284		7,392	110,599
Permitting	25,581	14,291		9,984	6,026	1,182	1,321		14,730	2,636		637	76,386
Upland Investigation 2nd Ph Work Plan	3,001	2,902		3,432	3,262	4,745	7,182		6,088	3,180		4,855	38,645
<b>Grand Total</b>	<b>3,942,396</b>	<b>1,586,267</b>	<b>656,407</b>	<b>2,139,157</b>	<b>1,910,657</b>	<b>1,321,239</b>	<b>2,043,167</b>	<b>737,773</b>	<b>2,302,860</b>	<b>1,175,608</b>	<b>812,134</b>	<b>1,262,542</b>	<b>18,990,207</b>
<b>Σ(1) Total Gasco (SC, Uplands, Sediments, Silttronic, B1)</b>	<b>2,073,161</b>	<b>1,446,106</b>	<b>513,479</b>	<b>1,986,233</b>	<b>1,693,098</b>	<b>1,185,534</b>	<b>1,892,993</b>	<b>535,531</b>	<b>1,855,854</b>	<b>986,448</b>	<b>633,400</b>	<b>1,062,245</b>	<b>15,864,080</b>