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March 15, 2023

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 2022 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, 2022 and December 31, 2022. Exhibit C to the report will be provided in USB drive format and delivered via Federal Express, due to its voluminous nature.

Please contact me if you have any questions, with copies to the following:

eFiling
Rates & Regulatory Affairs
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Sincerely

NW Natural

/s/ Kyle Walker

Kyle Walker, CPA
Rates/Regulatory Manager
(503) 610-7051
kyle.walker@nwnatural.com

Enclosures: 2022 Annual Report
Exhibit A - Deferred Environmental Remediation Costs and Insurance Proceeds
Exhibit B - Task Detail of Deferred Environmental Remediation Costs and Insurance Proceeds
Exhibit C – USB Drive to be delivered via FedEx

NW NATURAL

**SCHEDULE 183 - 2022 ANNUAL REPORT
ENVIRONMENTAL SITE REMEDIATION AND RECOVERY MECHANISM (SRRM)**

JANUARY 1, 2022 – DECEMBER 31, 2022

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, 2022 and December 31, 2022. Subject to that review, NW Natural will include these expenses in the SRRM for rates effective November 1, 2023.

A. 2022 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, 2022 through December 31, of 2022 by site (or activity) are listed below:

<u>SITE</u>	<u>AMOUNT</u>
Gasco (1)	\$16,809,907
Harbor	2,085,705
PGM	459,982
	<u>\$19,355,594</u>

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

These expenditures are further detailed in Exhibit A and B of this Report. 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.

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 2022 to complete Phase I data gaps investigations and prepare reports required by EPA. NW Natural also incurred costs in 2022 to participate in 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 2022 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 required 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 were capped without dredging, allowed to recover naturally, or 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 2022 to perform the second 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 2022 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 2022 NW Natural also completed interim source control measures, including a system to remove water that collects in an area of former tenant improvements.

EPA's January 2017 ROD for Portland Harbor included a selected remedy for the Gasco Sediments site. In 2022, in response to EPA comments on the 2021 Basis of Design and Preliminary Design Report, NW Natural submitted a Preferred Alternative Report ("PAR"). EPA conditionally approved the PAR in December 2022.

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 2022 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 2022 through December 2022, the only required activity was to conclude an ongoing Beneficial Use Survey of the neighborhood’s groundwater usage and occasional communications with DEQ. 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, 2022 to December 31, 2022 period, the Company is providing the major reports and communications with environmental regulators related to the activities described above. These can be found in Exhibit C (delivered separately as a USB drive).

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

For the period of January 1, 2022 through December 31, 2022

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

2
 3 Debit (Credit)

4						TOTAL REMEDICATION SPEND	INSURANCE & 3RD PARTY RECOVERY
5	Month/Year	GASCO (1)	HARBOR	FRONT (PGM)	CENTRAL	(h) = sum (b):(e)	(f)
6	(a)	(b)	(c)	(d)	(e)		
7							
8	Jan-22	1,448,963	221,973	42,885		1,713,821	-
9	Feb-22	1,067,380	222,263	1,118		1,290,760	-
10	Mar-22	1,765,459	261,915	24,137		2,051,510	(4,488)
11	Apr-22	1,688,226	240,887	8,592		1,937,704	-
12	May-22	1,053,330	154,558	1,015		1,208,902	-
13	Jun-22	1,917,080	233,098	54,451		2,204,628	(4,382)
14	Jul-22	1,358,466	187,776	116,792		1,663,033	-
15	Aug-22	763,829	129,557	3,903		897,289	-
16	Sep-22	1,770,218	129,010	157,456		2,056,683	(3,088)
17	Oct-22	929,037	242,560	6,209		1,177,806	-
18	Nov-22	2,384,144	11,675	42,569		2,438,388	-
19	Dec-22	663,776	50,437	856		715,069	(1,443)
20		16,809,907	2,085,705	459,982	-	19,355,594	(13,400)

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, 2022 through December 31, 2022

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

	Sum of Amount												2022 Total	Grand Total
	Column Labels 2022													
Row Labels	1	2	3	4	5	6	7	8	9	10	11	12		
(1) B1 - Downstream Navigation Channel	22,406	360	50,473	11,152	197,456	27,422	28,275	2,765	37,742	3,043	195,509	-855	575,748	575,748
DEQ	260	124	142		11,157		1,543	130	139	2,378	5,311		21,183	21,183
Legal - PLG - Gasco Sediments Remedy	-473	0	190	0	605	475	0	2,635	2,448	665	855	-855	6,545	6,545
Trustees	555	236	25,183										25,974	25,974
PDI Evaluation Report	22,064												22,064	22,064
EPA					185,694								185,694	185,694
First Phase DSR and Second Phase PDIWP			24,959	11,152		26,947	26,732		35,155		24,895		149,840	149,840
Second Phase PDI Implementation											164,448		164,448	164,448
(1) B1 - US Moorings	20,947	677	78,805	58,415	206,964	93,076	25,272	11,312	27,725	-1,486	237,675	-380	759,004	759,004
DEQ	483	192	417			273	372	10,077	455	129	135		12,535	12,535
Legal - PLG - Gasco Sediments Remedy	0		190	0	1,840	190	665	1,235	3,325	-1,615	1,900	-380	7,350	7,350
PDI Field Implementation	19,819		7,787	17,881									45,486	45,486
Trustees	645	486	26,818										27,948	27,948
EPA					205,124								205,124	205,124
First Phase DSR and Second Phase PDIWP			38,795	40,534		92,613	24,234		23,945		48,807		268,928	268,928
Second Phase PDI Implementation			4,800			0					186,832		191,632	191,632
(1) Gasco Sediments	144,934	223,351	254,282	238,654	8,880	147,709	98,704	12,285	232,473	26,291	240,619	8,253	1,636,437	1,636,437
DEQ	898	582	1,694		1,362		911	5,357	5,263	6,626	1,218	404	24,317	24,317
Legal - PLG - Gasco Sediments Remedy	2,395	33	6,555	6,556	807	11,163	3,325	6,928	11,978	19,665	5,083	1,378	75,863	75,863
Meetings, Budget, Schedule	12,875		30,927	11,036		19,767	10,071		25,109		30,871		140,656	140,656
Preliminary Design	128,751		170,776	78,401	6,711	116,780	84,397		185,090		198,414		969,321	969,321
Trustees	15		44,210										44,225	44,225
EPA		222,737		142,662									365,399	365,399
Interim Design			120						5,033		5,033	6,471	16,658	16,658
(1) Gasco Source Control	564,937	752,517	401,703	669,198	526,972	542,518	584,918	668,140	294,443	798,724	663,528	557,153	7,024,752	7,024,752
Legal - PLG - Gasco Source Controls	1,120	2,520	3,238	336	10,512	-10,095	380	713	380	3,088	285	1,378	13,853	13,853
NWN Direct Costs	12,819	11,287	10,688	8,554	40,141	8,754	13,711	9,360	11,028	7,637	8,772	11,666	154,416	154,416
Optimization of Source Control O&M	550,929	738,643	387,680	660,271	476,252	543,792	570,759	658,000	283,035	788,000	654,472	544,110	6,855,942	6,855,942
Groundwater Pilot Study	68	68	98	37	67	68	68	68	68				542	542
(1) Gasco Uplands	695,739	90,474	980,195	710,807	113,057	1,106,354	621,297	69,326	1,177,834	102,464	1,046,814	99,604	6,813,966	6,813,966
DEQ	51,638	52,037	91,760	1,351	66,345		17,337	17,447	30,017	46,828	36,702	40,242	451,703	451,703
Final RI	172,406		90,211	172,813	2,391	79,529	49,162		239,341	394	180,562	56	986,865	986,865
Finalize Risk Assessment	431		1,416	345	5,625	103,774	56,763	3,206	43,606	13,444	41,213	11,843	281,666	281,666
Gasco Other	15,000												15,000	15,000
Interim Action Maintenance	2,870	1,541	5,389	1,506	3,524	16,173	2,657	1,950	4,791	1,832	6,818	883	49,933	49,933
Legal - PLG - Gasco Site Remedy	3,520	6,315	8,225	2,622	2,703	3,470	7,568	8,170	5,653	7,523	9,712	14,756	80,235	80,235
Restoration Evaluation	12,715		4,037	448		14,071	2,694		726		1,588		36,278	36,278
Site Wide FS	59,615	7,650	177,057	275,330	6,413	403,569	176,450	10,125	326,526		254,253	1,917	1,698,904	1,698,904
Site-Wide Technical Services	141,607	8,171	171,769	60,371	7,144	105,900	74,912	8,269	117,190	5,804	196,776	7,070	904,982	904,982
Technical Coordination	16,304	14,760	20,408	22,108	18,913	18,034	25,390	15,159	15,059	26,641	31,148	22,837	246,762	246,762
Technical Support for Allocation Process	166,292		392,156	164,486		347,119	197,924		369,719		260,404		1,898,100	1,898,100
Strategic Planning	53,342		17,767	9,426		14,716	10,439		25,208		27,640		158,538	158,538
Gasco - Direct Costs								5,000					5,000	5,000
Harbor	221,973	222,263	261,915	240,887	154,558	233,098	187,776	129,557	129,010	242,560	11,675	50,437	2,085,705	2,085,705
Legal - PLG	211,803	210,445	203,229	229,475	143,630	223,013	187,776	128,382	104,880	230,810	4,538	39,238	1,917,216	1,917,216
Legal - PLG NRD	170	1,818	2,943	-1,773	263	85	0	1,175	4,130	1,750	-2,863	37	7,735	7,735
Thomas J Imeson Consulting	10,000	10,000	10,000	10,000	10,000	10,000	0		20,000	10,000	10,000	10,000	110,000	110,000
Trustees			45,743	3,184									48,927	48,927
RD/RA					665								665	665
Crowell and Mooring Legal												1,163	1,163	1,163
PGM	42,885	1,118	24,137	8,592	1,015	54,451	116,792	3,903	157,456	6,209	42,569	856	459,982	459,982
DEQ	3,057	1,593	2,163		1,040		1,800	2,715	523	4,499	144	156	17,691	17,691
Legal - PLG	1,218	-475	1,520	380	-25	548	665	1,188	285	1,710	78	700	7,790	7,790
Permitting	20,755		1,131										21,886	21,886
Upland Investigation 2nd Ph Work Plan	665												665	665
Long Term Monitoring	11,051		19,323	8,212		53,903	114,327		156,648		42,347		405,810	405,810
Groundwater Well Decommissioning	6,141												6,141	6,141
Grand Total	1,713,821	1,290,760	2,051,510	1,937,704	1,208,902	2,204,628	1,663,033	897,289	2,056,683	1,177,806	2,438,388	715,069	19,355,594	19,355,594

Σ(1) Total Gasco (SC, Uplands, Sediments, Siltronic, I 1,448,963 1,067,380 1,765,459 1,688,226 1,053,330 1,917,080 1,358,466 763,829 1,770,218 929,037 2,384,144 663,776 16,809,907