



e-FILING REPORT COVER SHEET

COMPANY NAME:

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications)
RO (Other, for example, industry safety information)

Did you previously file a similar report? No Yes, report docket number:

Report is required by: OAR
Statute
Order

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other
(For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case? No Yes, docket number:

List Key Words for this report. We use these to improve search results.

Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.

March 15, 2024

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
2023 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, 2023 and December 31, 2023. 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
NW Natural
250 SW Taylor Street
Portland, Oregon 97204-3038
Phone: (503) 610-7330
Fax: (503) 220-2579
Email: eFiling@nwnatural.com

Sincerely

NW Natural

/s/ Kyle Walker

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

Enclosures: 2023 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 - 2023 ANNUAL REPORT
ENVIRONMENTAL SITE REMEDIATION AND RECOVERY MECHANISM (SRRM)**

JANUARY 1, 2023 – DECEMBER 31, 2023

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, 2023 and December 31, 2023. Subject to that review, NW Natural will include these expenses in the SRRM for rates effective November 1, 2024.

A. 2023 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, 2023 through December 31, of 2023 by site (or activity) are listed below:

<u>SITE</u>	<u>AMOUNT</u>
Gasco (1)	\$25,327,266
Harbor	1,195,948
PGM	448,039
	<hr/>
	\$26,971,252

(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. 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 2023 to complete Phase 2 data gaps investigations and prepare reports required by EPA. NW Natural also incurred costs in 2023 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 2023, 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 2023 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 2023 to perform 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 2023 NW Natural continued work with DEQ to prepare the feasibility study. NW Natural also submitted a source control addendum recommending additional source control measures to integrate upland source control with the proposed sediment remedy design.

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. In 2023, NW Natural incurred costs to perform bench scale treatability studies and a field pilot study of the remedial technology proposed in the PAR for nearshore and intermediate areas of the Gasco Sediments site. NW Natural also incurred costs to prepare a Basis of Design Report for the site and to develop a preliminary remedial design report.

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 2023 NW Natural continued to maintain and operate the system. 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 2023 through December 2023, the only required activity was to inspect an existing engineering cap area within the facility boundary. There were no other in-field obligations or reporting 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, 2023 to December 31, 2023 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, 2023 through December 31, 2023

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

2
3
4

Debit (Credit)

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-23	559,240	102,383	2,175		663,798	-
9	Feb-23	1,513,336	97,328	10,372		1,621,036	(1,443)
10	Mar-23	2,459,756	213,786	44,763		2,718,305	(629)
11	Apr-23	659,392	740	10,765		670,897	-
12	May-23	1,942,057	72,945	14,098		2,029,099	(629)
13	Jun-23	2,622,274	84,591	52,242		2,759,106	(50)
14	Jul-23	840,621	99,435	17,478		957,534	-
15	Aug-23	1,936,435	64,509	17,214		2,018,157	-
16	Sep-23	2,190,915	148,309	29,205		2,368,429	1,688
17	Oct-23	2,926,986	156,028	25,505		3,108,519	-
18	Nov-23	4,058,670	78,877	221,880		4,359,427	-
19	Dec-23	3,617,585	77,020	2,342		3,696,948	(50)
20		25,327,266	1,195,948	448,039	-	26,971,252	(1,113)

21
22
23

Notes:

(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, 2023 through December 31, 2023

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

	Sum of Amount												2023 Total	Grand Total
	Column Labels 2023													
Row Labels	1	2	3	4	5	6	7	8	9	10	11	12		
(1) B1 - Downstream Navigation Channel	1,600.00	122,040.28	118,964.34	(500.00)	99,057.68	64,972.02	1,000.00	8,223.25	53,140.70	25,180.73	67,138.00	1,037.00	561,854.00	561,854.00
DEQ					284.21				227.24	163.79			675.24	
Legal - PLG - Gasco Sediments Remedy Trustees	1,000.00	(1,000.00)	2,050.00	(500.00)	-	(500.00)	1,000.00	(900.00)	100.00	1,500.00	(275.00)	950.00	3,425.00	3,425.00
EPA	600.00	20,346.66							37,000.00			87.00	58,033.66	58,033.66
Second Phase PDI Implementation		102,693.62	84,980.97										187,674.59	187,674.59
Second Phase PDI Evaluation Reporting			31,933.37		12,805.00	65,472.02		9,123.25	15,813.46	23,516.94	30,002.50		188,666.54	188,666.54
Third Phase PDI Eval Report												37,410.50	37,410.50	37,410.50
(1) B1 - US Moorings	390.32	31,304.90	14,224.10	500.00	79,133.51	43,984.85	2,682.66	140,238.37	52,839.09	149,207.55	29,022.51	797.00	544,324.86	544,324.86
DEQ	255.32				939.56		282.66	143.53	433.66	102.10			2,156.83	2,156.83
Legal - PLG - Gasco Sediments Remedy Trustees	-		800.00	500.00	750.00	3,242.50	2,400.00	(1,000.00)	200.00	1,100.00	1,610.00	575.00	10,177.50	10,177.50
EPA	135.00	17,063.65							41,000.00			222.00	58,420.65	58,420.65
First Phase DSR and Second Phase PDIWP		11,510.75	13,424.10		5,581.75	5,939.10							36,455.70	36,455.70
Second Phase PDI Implementation		2,730.50			8,404.50	34,803.25		141,094.84	11,205.43	148,005.45	27,412.51		373,656.48	373,656.48
(1) Gasco Sediments	19,759.54	202,668.06	494,443.28	38,750.00	604,282.76	784,290.94	(6,735.00)	540,885.35	794,286.86	956,717.14	3,046,804.60	2,873,190.67	10,349,344.20	10,349,344.20
DEQ								32,287.65					32,287.65	32,287.65
Legal - PLG - Gasco Sediments Remedy Meetings, Budget, Schedule	11,250.00	19,100.00	23,700.00	38,750.00	28,400.00	38,650.00	(6,735.00)	23,625.00	24,890.00	32,820.00	18,675.00	3,840.00	256,965.00	256,965.00
Preliminary Design		43,329.81	45,195.60		24,008.55	30,790.11		16,089.75	14,859.56	21,726.00	29,793.53		225,792.91	225,792.91
Trustees	600.00	47,569.68			551,874.21	714,850.83		468,882.95	422,455.85	237,480.27	422,491.99	4,988.29	3,225,792.73	3,225,792.73
EPA			101,540.10						87,000.00			4,413.97	139,583.65	139,583.65
Interim Design	7,909.54		13,907.81										21,817.35	21,817.35
Pilot Study Construction (ISS)									245,081.45	664,690.87	2,575,844.08	2,859,948.41	6,345,564.81	6,345,564.81
(1) Gasco Source Control	476,902.64	605,148.89	981,141.30	565,315.05	639,387.86	770,078.63	763,846.05	759,324.63	590,743.21	873,191.36	496,281.74	669,676.47	8,191,037.83	8,191,037.83
Legal - PLG - Gasco Source Controls	2,075.00	700.00	-	-	1,350.00	6,050.00	1,300.00	1,950.00	(1,750.00)	8,150.00	13,025.00	(8,525.00)	24,325.00	24,325.00
NWN Direct Costs	13,130.33	14,062.26	24,175.62	10,315.05	38,120.41	11,409.03	17,546.05	10,466.79	11,874.98	9,424.67	10,449.13	13,646.88	184,621.20	184,621.20
Optimization of Source Control O&M	461,697.31	590,386.63	956,965.68	555,000.00	599,917.45	752,619.60	745,000.00	746,907.84	580,618.23	855,616.69	472,807.61	664,554.59	7,982,091.63	7,982,091.63
(1) Gasco Uplands	60,587.63	552,173.71	850,982.80	55,327.06	520,194.81	958,947.13	79,826.91	487,763.43	699,905.21	922,689.41	419,422.69	72,884.18	5,680,704.97	5,680,704.97
DEQ									270,941.99				270,941.99	270,941.99
Final RI	168.75	152,250.20	250,085.99		102,652.94	216,125.21		54,369.56	41,297.26	111,664.24	27,703.45		956,317.60	956,317.60
Finalize Risk Assessment	8,606.25	26,463.15	11,362.50	15,989.25	22,286.75	24,801.23	(91,952.65)						17,556.48	17,556.48
Interim Action Maintenance	1,692.80	3,902.30	3,393.57	1,847.55	8,544.20	3,749.80	816.65	1,812.90	8,415.05	4,595.22	3,398.15	9,130.98	51,299.17	51,299.17
Legal - PLG - Gasco Site Remedy	11,845.00	13,414.50	7,395.50	1,180.00	13,500.00	10,040.00	19,810.00	11,560.00	9,285.00	24,800.00	17,875.00	13,770.00	154,475.00	154,475.00
Restoration Evaluation		64.00	131.50							1,052.00	394.50		1,642.00	1,642.00
Site Wide FS	3,115.88	145,198.69	297,263.42		194,565.10	409,298.18	111,794.84	243,782.17	196,596.65	389,257.04	213,521.68	22,413.54	2,226,807.19	2,226,807.19
Site-Wide Technical Services	5,062.50	82,592.43	95,793.58	8,707.25	56,938.97	104,228.18	2,868.00	84,489.33	56,100.33	156,082.69	62,037.66	3,465.50	718,366.42	718,366.42
Technical Coordination	15,096.45	19,538.38	17,448.74	27,603.01	21,073.12	34,485.56	31,490.07	18,386.78	26,142.35	29,955.05	30,593.81	24,104.16	295,917.48	295,917.48
Technical Support for Allocation Process		95,672.89	137,797.36		69,352.17	100,963.68		49,821.30	77,226.75	139,251.74	55,996.50		726,082.39	726,082.39
Strategic Planning		13,077.17	30,310.64		7,281.56	55,255.29		23,541.39	13,899.83	66,031.43	7,901.94		217,299.25	217,299.25
Gasco - Direct Costs	15,000.00				24,000.00		5,000.00						44,000.00	44,000.00
Harbor	102,382.50	97,327.50	213,785.50	739.50	72,944.50	84,590.50	99,435.00	64,508.50	148,309.00	156,028.00	78,877.00	77,020.00	1,195,947.50	1,195,947.50
Legal - PLG	91,662.50	86,135.00	201,243.00	(9,395.50)	62,944.50	74,365.50	89,210.00	51,055.50	136,402.00	146,978.00	57,827.00	59,035.00	1,047,462.50	1,047,462.50
Legal - PLG NRD	720.00	1,192.50	2,542.50	135.00		225.00	225.00	3,353.00	1,907.00	(950.00)	11,050.00	7,985.00	28,385.00	28,385.00
Thomas J Imeson Consulting	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	120,000.00	120,000.00
Oil Sump								100.00					100.00	100.00
PGM	2,175.00	10,372.22	44,763.35	10,765.00	14,098.15	52,241.52	17,477.90	17,213.69	29,204.68	25,504.56	221,880.03	2,342.49	448,038.59	448,038.59
DEQ							9,472.40	1,512.19	1,184.22	836.06	82.50	1,680.49	14,767.86	14,767.86
Legal - PLG	2,175.00	3,770.00	4,610.00	10,765.00	(5,995.00)	4,860.00	8,005.50	(2,100.50)	1,095.00	2,450.00	600.00	662.00	30,897.00	30,897.00
Long Term Monitoring		6,602.22	40,153.35		20,093.15	47,381.52		17,802.00	26,925.46	22,218.50	221,197.53		402,373.73	402,373.73
Grand Total	663,797.63	1,621,035.56	2,718,304.67	670,896.61	2,029,099.27	2,759,105.59	957,533.52	2,018,157.22	2,368,428.75	3,108,518.75	4,359,426.57	3,696,947.81	26,971,251.95	26,971,251.95
Σ(1) Total Gasco (SC, Uplands, Sediments, Siltronic,	559,240	1,513,336	2,459,756	659,392	1,942,057	2,622,274	840,621	1,936,435	2,190,915	2,926,986	4,058,670	3,617,585	25,327,266	