



250 SW Taylor Street  
Portland, OR 97204

503-226-4211  
nwnatural.com

**VIA ELECTRONIC FILING**

January 20, 2022

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

**Re: UM 1078 - Application for Reauthorization to Defer Certain Expenses or Revenues**

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), hereby files an application for reauthorization to defer unrecovered environmental costs associated with Gasco, Wacker (now known as Siltronic), Portland Gas (aka Front Street), Portland Harbor, Central Gas Hold, and Oregon Steel Mills. **The information in the enclosed filing includes commercially sensitive information considered to be a trade secret and is provided as confidential under OAR 860-001-0070.**

A notice concerning this application will be sent to all parties that participated in the Company's last completed general rate case, UG 388. A copy of the notice and the certificate of service are attached to the application.

Please address correspondence on this matter to me with copies to the following:

eFiling  
Rates & Regulatory Affairs  
NW Natural  
250 SW Taylor Street  
Portland, Oregon 97204  
Phone: (503) 610.7330  
Fax: (503) 220.2579  
eFiling@nwnatural.com

If you have any questions, please contact me.

Sincerely,

*/s/ Kyle Walker, CPA*

Kyle Walker, CPA  
Rates/Regulatory Manager

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1078**

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba, NW NATURAL

For Reauthorization to Defer Certain  
Expenses or Revenues Pursuant to  
ORS 757.259

**Application**

1 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or  
2 “Company”), hereby files with the Public Utility Commission of Oregon  
3 (“Commission”) this application for reauthorization (“Application”) to use deferred  
4 accounting pursuant to ORS 757.259 and OAR 860-027-0300, for the 12-month  
5 period beginning January 26, 2022 through January 25, 2023 for unrecovered  
6 environmental costs associated with Gasco, Wacker (now known as Siltronic),  
7 Portland Gas (aka Front Street), Portland Harbor, Central Gas Hold, and Oregon  
8 Steel Mills. Certain portions of this filing are deemed confidential, per OAR 860-001-  
9 0070, because the items have not been disclosed to the public.

10 In support of this Application, NW Natural submits the following:

11 **A. NW Natural.**

12 NW Natural is a public utility in the State of Oregon and is subject to the  
13 jurisdiction of the Commission regarding rates, service, and accounting practices.

1 NW Natural provides retail natural gas service in the States of Oregon and  
2 Washington.

3 **B. Statutory Authority.**

4 This application is filed pursuant to ORS 757.259, which empowers the  
5 Commission to authorize the deferral of expenses or revenues of a public utility for  
6 later inclusion in rates.

7 **C. Communications.**

8 Communications regarding this Application should be addressed to:

9 NW Natural  
10 e-Filing for Regulatory Affairs  
11 250 SW Taylor Street  
12 Portland, Oregon 97204  
13 Phone: (503) 610-7330  
14 Fax: (503) 220-2579  
15 Email: eFiling@nwnatural.com;

16  
17 Eric W. Nelsen (OSB# 192566)  
18 Senior Regulatory Attorney  
19 250 SW Taylor Street  
20 Portland, Oregon 97204  
21 Phone: (503) 610-7618  
22 Email: eric.nelsen@nwnatural.com;

23  
24 and

25  
26 Kyle Walker, CPA  
27 Rates & Regulatory Affairs  
28 250 SW Taylor Street  
29 Portland, Oregon 97204  
30 Phone: (503) 610-7051  
31 Email: kyle.walker@nwnatural.com

1 **D. Description of the Expenses or Revenues for which Deferred**  
2 **Accounting is Requested – OAR 860-027-0300(3)(a).**

3 NW Natural seeks reauthorization to record all environmental costs, which  
4 shall include, but are not necessarily limited to, all costs related to investigation,  
5 study, monitoring, oversight, legal and remediation costs, and all costs associated  
6 with pursuing insurance recoveries (hereafter “Environmental Costs”) that are  
7 associated with six projects at the following sites: Gasco, Wacker (nka Siltronic),  
8 Portland Harbor, Oregon Steel Mills, Central Gas Hold, and Portland Gas (aka Front  
9 Street).<sup>1</sup>

10 NW Natural has also received approval from the Washington Utilities and  
11 Transportation Commission (WUTC) to defer the Environmental Costs.<sup>2</sup> The  
12 Oregon Public Utility Commission, in Docket No. UM 1635, determined that 96.68%  
13 of the deferred costs amortized through the Site Remediation and Recovery  
14 Mechanism (“SRRM”) will be allocated to Oregon customers.<sup>3</sup>

15 **E. Reasons Reauthorization of Deferred Accounting is Being Requested –**  
16 **OAR 860-027-0300(3)(b).**

17 This application is made pursuant to ORS 757.259(2)(e), which authorizes the  
18 deferral of “utility expenses or revenues, the recovery or refund of which the  
19 commission finds should be deferred in order to minimize the frequency of rate

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<sup>1</sup> In past deferral applications, NW Natural also requested authorization to defer costs associated with EWEB, Tar Body (a subset of Portland Harbor), and French American International School. These three sites are closed and no longer require further remediation action. The costs incurred at these sites and others through December 31, 2013 were deemed prudent (Order No. 15-049) and have been moved to the SRRM Post Prudent account.

<sup>2</sup> See Order No. 1 in WUTC Docket No. UG-110199.

<sup>3</sup> *In the Matters of Northwest Natural Gas Company, dba NW Natural, Mechanism for Recovery of Environmental Remediation Cost, Order No. 16-029, Docket No. UM-1635, at 2-3 (Jan. 26, 2016).*

1 changes ... or to match appropriately the costs borne by and benefits received by  
2 ratepayers.”

3 The Commission authorized deferred accounting for these costs and  
4 proceeds in 2003 and has reauthorized the Company’s use of deferred accounting in  
5 each subsequent year.<sup>4</sup> Additionally, in its Order No. 12-408 issued in UG 221, the  
6 Commission authorized a cost recovery mechanism through which NW Natural will  
7 recover its environmental remediation costs. In that Order, the Commission  
8 determined that NW Natural should continue to defer these costs and determined  
9 that they would be collected through the Company’s SRRM, subject to an earnings  
10 test and prudence review.<sup>5</sup>

11 **F. Accounting – OAR 860-027-0300(3)(c).**

12 NW Natural proposes to accrue estimates of the Environmental Costs to a  
13 separate liability account for each site. The proposed balance sheet accounts to be  
14 used are:

15	262140	Injuries & Damage Reserve -----Gasco <sup>6</sup>
16	262143	Injuries & damage Reserve -----Wacker ( <i>nka</i> Siltronic)
17	262144	Injuries & Damage Reserve-----Portland Harbor
18	262145	Injuries & Damage Reserve-----Oregon Steel Mills
19	262147	Injuries & Damage Reserve-----Central Gas Hold

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<sup>4</sup> See Order Nos. 03-328; 04-244; 05-138, 06-211, 07-147, 08-247, 09-172, 10-117, 11-336, 12-090, 14-051, 15-059, 16-066, 17-148, 18-120, 19-298, 20-046, 21-047.

<sup>5</sup> See *In the Matters of Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision*, Order No. 12-408, Docket No. UG-221, at 5-6 (Oct. 26, 2012).

<sup>6</sup> Since 2017, NW Natural has been accruing estimates and deferring costs related to the Wacker (*nka* Siltronic) site in the Gasco regulatory liability and asset accounts.

1 262148 Injuries & Damage Reserve-----Portland Gas (*aka* Front  
2 Street)

3 As environmental liabilities are paid, or as they are accrued and if insurance  
4 recovery is uncertain, the costs will be deferred in the following deferred regulatory  
5 asset accounts on the balance sheet:

6 186145 Environmental Inv.-----Gasco

7 186147 Environmental Inv ----- Wacker (*nka* Siltronic)

8 186148 Environmental Inv.-----Portland Harbor

9 186149 Environmental Inv.-----Portland Gas (*aka* Front Street)

10 186152 Environmental Inv.-----Oregon Steel Mills

11 186153 Environmental Inv.-----Central Gas Hold

12 NW Natural has recorded amounts estimated as insurance receivables or  
13 reimbursements in Account 186160---OR Environ Recovery & Reimbursement.  
14 Recoveries from insurance are, and will continue to be, recorded in the 186160  
15 accounts and will offset the recorded expenses for purpose of amortization as  
16 determined by the Commission.

17 **G. Estimated Amounts Subject to Deferral – OAR 860-027-0300(3)(d).**

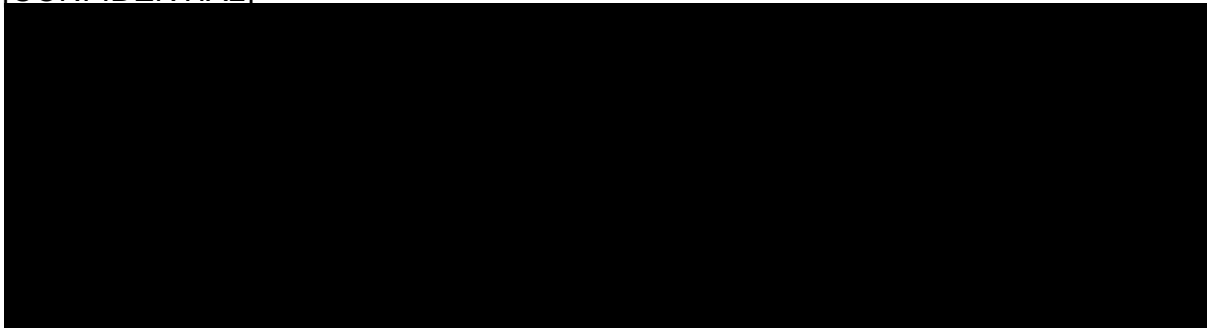
18 The Company will incur additional site study, clean-up, potential natural  
19 resource damages, Department of Environmental Quality (“DEQ”)/Environmental  
20 Protection Agency, tribe and natural resource damage trustee oversight, and legal  
21 costs as well as administrative expenses related to feasibility studies and  
22 remediation activities associated with these sites. Environmental Costs will be  
23 charged to deferred regulatory asset accounts. Insurance recoveries and other

1 proceeds will be used as offsets to deferred Environmental Costs. These  
2 anticipated expenses and recoveries from insurance and other proceeds are the  
3 cause of this filing. At this time, information is insufficient to more accurately  
4 estimate the total potential liability for investigation and remediation costs associated  
5 with the six sites.

6 **H. Entries into deferred account during past 12 months – OAR 860-027-**  
7 **0300(4)(a)**

8 Below is a list of all costs and interest recorded in calendar year 2021:

9 [CONFIDENTIAL]



[CONFIDENTIAL]

10 Recorded costs are for investigation and remediation, including consultants'  
11 fees and DEQ oversight reimbursement and legal fees.

12 The deferred expense and accrued interest amounts listed above only include  
13 costs incurred from January 1, 2021 through December 31, 2021 not yet deemed  
14 prudent. NW Natural has received [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL] in  
15 insurance or other proceeds from January 1, 2021 through December 31, 2021.

16 As of December 31, 2021, the Company has spent approximately  
17 [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL] on environmental remediation

1 and recovered [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL] in insurance and  
2 other proceeds.

3 The costs found prudent by the Commission and allowed for recovery are  
4 included in the SRRM Post Prudent account. The balance in that account as of  
5 December 31, 2021 was [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL]

6 NW Natural has also included in regulatory deferrals [CONFIDENTIAL]  
7 [REDACTED] [CONFIDENTIAL] of total estimated future costs.

8 **I. Reason for Continuation of Deferral Account – OAR 860-027-0300(4)(b)**

9 NW Natural seeks continuation of this deferral as environmental expenses  
10 are expected to be incurred over the next 12 months.

11 **J. Requirements per Commission Order No. 09-263**

12 Below is the information required per Commission Order No. 09-263, issued  
13 in Docket UM-1286, Staff's Investigation into Purchased Gas Adjustment

14 Mechanisms:

15 1. **A completed Summary Sheet, the location in the PGA filing, and an**  
16 **account map that highlights the transfer of dollars from one account**  
17 **to another.**

18 The Summary Sheet will be included in the 2022 PGA filing work papers  
19 and in the electronic file entitled "Proposed Temps Oregon 2022-23 PGA  
20 filing.xlsx."

21 2. **The effective date of the deferral**

22 This application is for the 12-month period beginning January 26, 2022  
23 and ending January 25, 2023.



1           **3. Prior year Order Number approving the deferral**

2           Approval to defer Environmental Costs was last granted under  
3           Commission Order No. 21-047, issued on February 12, 2021.

4           **4. The amount deferred last year.**

5           [CONFIDENTIAL] [REDACTED] [CONFIDENTIAL] was deferred in the  
6           2021 calendar year. This amount includes [CONFIDENTIAL] [REDACTED]  
7           [CONFIDENTIAL] in interest on the deferred amounts. These amounts do  
8           not include the effect of offsetting insurance payments.

9           **5. The amount amortized last year.**

10          The Commission authorized NW Natural to collect \$6,279,772 of costs  
11          deemed prudent (excluding revenue sensitive effects) for the period  
12          November 1, 2021 through October 31, 2022. The remaining balance to  
13          be amortized as of December 31, 2021 was [CONFIDENTIAL]  
14          [REDACTED]. [CONFIDENTIAL]

15          **6. The interest rate that will apply to the accounts.**

16          The interest rate for deferral accounts is 6.965%. As directed in the  
17          Commission's Order Nos. 12-408 and 12-437 issued in UG 221, a  
18          different interest rate will apply once the amounts have been reviewed for  
19          prudency, and until they are amortized.

20          **K. Notice – OAR 860-027-0300(3)(e) and (6).**

21          A notice of this Application has been served on all parties that participated in  
22          the Company's last completed general rate case, UG 388, and is attached to this  
23          Application.

1 NW Natural respectfully requests that the Commission issue an order  
2 reauthorizing the Company to defer the expenses described in the Application to  
3 ensure that the Company will be authorized to seek to recover environmental costs  
4 associated with Gasco, Wacker (now known as Siltronic), Portland Gas (aka Front  
5 Street), Portland Harbor, Central Gas Hold, and Oregon Steel Mills beginning  
6 January 26, 2022.

7 DATED this 20<sup>th</sup> of January 2022.

8 Respectfully Submitted,

9

10 NW NATURAL

11

12 /s/ Kyle Walker, CPA

13

Kyle Walker, CPA

14

Rates/Regulatory Manager

15

16

/s/ Eric W. Nelsen

17

Eric W. Nelsen (OSB# 192566)

18

Senior Regulatory Attorney



UM 1078

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO  
DEFER CERTAIN EXPENSES OR REVENUES**

January 20, 2022

**To All Parties That Participated in UG 388**

Please be advised that on January 20, 2022, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to use deferred accounting for unrecovered environmental costs associated with Gasco, Wacker (now known as Siltronic), Portland Gas (aka Front Street), Portland Harbor, Central Gas Hold and Oregon Steel Mills.

**This is not a rate case.** The purpose of this Notice is to inform parties that participated in the Company's last completed general rate case, UG 388, that a Reauthorization of Deferral Application ("Application") has been filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Commission as follows:

**NW Natural  
Attn: Kyle Walker  
250 SW Taylor Street  
Portland, Oregon 97204  
Phone: (503) 610-7051**

**Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
PO Box 1088  
Salem, Oregon 97308-1088  
Phone: (503) 378-6678**

Any person may submit to the Commission written comments on this matter within 25 days of this filing. The granting of this Application will not authorize a change in rates but will permit the Company to defer amounts in rates to a subsequent proceeding.

\* \* \* \* \*



**CERTIFICATE OF SERVICE  
UM 1078**

I hereby certify that on January 20, 2022, I served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES associated with unrecovered environmental costs upon all parties that participated in the Company's last completed general rate case, UG 388.

**UG 388**

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DATED January 20, 2022, Troutdale, OR.

/s/ Erica Lee-Pella  
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