

ORDER NO. 24-313

ENTERED Sep 23 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1732(8)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Application for Annual Prudence Review  
of Environmental Remediation Costs,  
Schedule 183 - 2023 Annual Report

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on September 19, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



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**Alison Lackey**  
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 19, 2024**

REGULAR  CONSENT  EFFECTIVE DATE September 19, 2024

DATE: September 11, 2024

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Caroline Moore, Scott Gibbens, and Matt Muldoon **SIGNED**

SUBJECT: NORTHWEST NATURAL:  
(Docket No. UM 1732(8))  
Requests Prudence Review of Environmental Remediation Costs for  
Calendar Year 2023.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) request and find that the Environmental Remediation Costs from January 1, 2023 through December 31, 2023, are prudent and eligible for recovery.

**DISCUSSION:**

Issue

Whether NW Natural's environmental remediation costs incurred between January 1, 2023 and December 31, 2023 are prudent and are eligible for recovery.

Applicable law

NW Natural makes this filing in accordance with Commission Order Nos. 12-408 and 12-437 in Docket No. UG 221 approving Rate Schedule 183 – Site Remediation Recovery Mechanism (SRRM), and Order No.15-049 in Docket No. UM 1635. In Order No. 15-049, the Commission determined that environmental remediation costs incurred on and after January 1, 2013, would be reviewed annually for prudence prior to becoming eligible for offset by insurance proceeds and amounts collected in base rates or amortization under the SRRM. To determine whether a cost was prudently incurred

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and recoverable in rates, "the Commission examines the objective reasonableness of a company's actions measured at the time the company acted."<sup>1</sup>

## Analysis

### *Background*

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, Central, Eugene Water Electric Board, French American School, and Oregon Steel. NWN incurred expenses in 2023 for three of those sites: Gasco, Portland Harbor, and PGM. The total expenditures for the period of January 1, 2023 through December 31, 2023, are \$26,971,252.

### *Staff Review*

Staff reviewed the Company's filing, associated work papers and Annual Report, in addition to issuing several data requests, to ensure that costs included for recovery are a) actually incurred; b) solely incremental and associated with the environmental and remediation activities as identified in Commission Order Nos. 12-408 and 12-437; and c) reasonable.

### *Description of Expenses*

#### Gasco

The largest expenditures for 2023 were at the Gasco site. Expenditures for the various Gasco projects totaled \$25,327,266. The Gasco site covers approximately 45 acres and is located on the Willamette River between the St. Johns Bridge and the Railroad Bridge. Work at this site consists of various projects: the Uplands Project, the Sediments Project, 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. The Company also submitted a source control addendum recommending additional 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").

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<sup>1</sup> In re: *PacifiCorp, dba Pacific Power, Application for an Accounting Order Regarding Excess Net Power Costs*, Docket No. UM 995, Order No. 02-469 at 4 (July 18, 2002).

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

#### Portland Harbor

Expenditures related to the Portland Harbor site in 2023 were \$1,195,948.

The Portland Harbor site is a stretch of approximately 10 miles along the Willamette River that has been designated as a Superfund site by the EPA. The EPA issued its ROD for the entire site in January 2017, estimating a total remediation cost of \$1.05 billion over a 13-year cleanup period to be allocated among potentially responsible parties.

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 harbor wide 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 to include remedial design work at two additional Portland Harbor project areas – the US Moorings Project Area and the B1 Navigation Channel Project Area.

NW Natural incurred costs in 2023 to complete Phase 2 data gaps investigations and prepare reports required by the EPA.

NW Natural participates in the Portland Harbor Natural Resource Damage (“NRD”) cooperative assessment process, and incurred related costs in 2023. 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

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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. In 2021, the Company worked with the Natural Resource Trustees in the NRD cooperative process on pathways to reach settlement. NW Natural incurred additional costs in 2023 related to the litigation.

PGM site

The PGM site covers approximately 3.7 upland acres along the Willamette River near the Steel Bridge. Expenditures at this site were \$448,039 in 2023. 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 the third year of long-term monitoring of the site. The monitoring confirmed that the remedy is performing as designed.

Conclusion

Staff concludes that the Company's expenditures in 2023 are reasonable and consistent with the remediation activities identified in Order Nos. 12-408 and 12-437. Accordingly, Staff recommends that the Commission find that NW Natural's Environmental Remediation Costs from January 1, 2023 through December 31, 2023, are prudent and eligible for recovery through the SRRM.

**PROPOSED COMMISSION MOTION:**

Approve Northwest Natural's request to find that the Environmental Remediation Costs from January 1, 2023 through December 31, 2023, are prudent and eligible for recovery.