

ORDER NO. 26-321

ENTERED Sep 03 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1732(10))

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Application for Annual Prudence Review
of Environmental Remediation Costs,
Schedule 183.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 3, 2026, 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:



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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 3, 2026**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** September 3, 2026

DATE: August 20, 2026

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Scott Gibbens and Matt Muldoon **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(Docket No. UM 1732(10))
Requests Prudence Review of Environmental Remediation Costs for
Calendar Year 2025.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) request and find that the Environmental Remediation Costs from January 1, 2025 through December 31, 2025, are prudent and eligible for recovery.

DISCUSSION:

Issue

Whether NW Natural's environmental remediation costs incurred between January 1, 2025 and December 31, 2025 are prudent and 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."¹

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 2025 for three of those sites: Gasco, Portland Harbor, and PGM. The total expenditures for the period of January 1, 2025 through December 31, 2025, are \$25,401,609.

Staff Review

Staff reviewed the Company's filing, associated work papers and Annual Report, in addition to issuing numerous 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.

Staff identified one issue relating to collection of insurance proceeds that needed reconciliation. The Company's confidential response to Staff DR No. 43 reports a materially different amount than what was reported in Exhibit A of the filing. NW Natural reports that the DR response inadvertently referenced insurance recoveries received in 2026. The DR response will be amended to correct the record.

Description of Expenses

Gasco

The largest expenditures for 2025 were at the Gasco site. Expenditures for the various Gasco projects totaled \$23,814,229. 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.

¹ *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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The Gasco Upland site is still in the feasibility study phase. In 2025, NW Natural continued work with DEQ to revise the 2024 draft feasibility study consistent with DEQ's comments. A revised report will be submitted to DEQ in 2026.

As of March 31, 2026, the feasibility study has cost \$16,000,000, with \$3.4 million estimated to complete.² Company response to Staff discovery documents the driver of this expenditure: DEQ issued 47 pages of comments on the 2024 draft feasibility study, including comments from EPA and six tribal governments, which significantly expanded the original scope of the cleanup. As NW Natural explains, the original project budget estimate in 2008 was \$350,000, before the nature and extent of site contamination was determined.

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).

In 2025, NW Natural incurred costs in preparation of an interim design report, including evaluation of data collected in bench scale treatability studies performed the previous year. 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 2025, NW Natural continued to maintain and operate the system, including the recovery trenches. 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 2025 were \$1,244,362.

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

² NWN Response to Staff DR No. 38.

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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.

In December 2024, the Company received \$1.5 million in reimbursement for its remedial design costs for the US Moorings and B1 Navigation Channel Project Areas through the EPA settlement with the State and City of Portland.

NW Natural incurred costs in 2025 to perform remedial design work at the US Moorings and B1 Navigation Channel project areas.

The Company is a participant in harbor wide allocation process in an attempt to reach a comprehensive settlement of Portland Harbor cleanup liabilities with EPA, DEQ, and other PRPs. The Company incurred costs in 2025 associated with this effort.

NW Natural also participates in the Portland Harbor Natural Resource Damage (NRD) cooperative assessment process and incurred related costs in 2025.

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. In 2025, the Company worked with the Natural Resource Trustees in the NRD cooperative process on pathways to reach settlement. NW Natural incurred additional costs in 2025 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 \$343,019 in 2025. 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 2025 to perform the long-term monitoring of the site. The monitoring confirmed that the remedy is performing as designed.

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Staff noticed a significant increase in spending for this site in 2025 (\$343,019) as compared to 2024 (\$54,454). Company response to Staff DR No. 35 establishes that the increase is the Year 5 Long Term Monitoring field campaign conducted in summer 2025 under obligations required by DEQ. In 2024 the long-term monitoring activity consisted of routine periodic sampling with monthly invoices of approximately \$500 to \$12,000. The Company provided a component breakdown of the largest charge totaling \$162,121 for consulting charges for a Trident subsurface geophysical survey, boat, and diving support for sediment sampling across approximately eight field days.

Litigation spending

All 2025 legal services for environmental remediation were provided by a single firm, Pearl Legal Group.³ Total legal charges recorded in Exhibit B were \$1,739,477, or 6.8 percent of total remediation spending. This resolved Staff's initial question about duplication of work across multiple legal firms.

Based on the Company's confidential response to Staff DR No.46, Staff believes that NW Natural's intervention in the Portland Harbor Natural Resource Damage Consent Decree proceeding is consistent with protecting the interest of ratepayers.

Conclusion

Staff concludes that the Company's expenditures in 2025 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 that NW Natural's Environmental Remediation Costs from January 1, 2025 through December 31, 2025, 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, 2025 through December 31, 2025, are prudent and eligible for recovery.

CA5 - NWN UM 1732 (10) SRRM 2025 Prudence Review

³ Company response to Staff DR No. 45.