



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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March 7, 2019

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Mark L. Johnson, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

RE: *Accounting Order Authorizing deferred accounting treatment of certain costs associated with environmental remediation; Docket UG-110199.*

Dear Mr. Johnson:

Commission staff has reviewed the 2019 annual compliance filing of Northwest Natural Gas Company (NW Natural or company) relating to its deferrals of expenses incurred to environmentally remediate contamination along and eleven mile stretch of the Willamette River in Portland, Oregon.<sup>1</sup>

NW Natural's predecessor, Portland Gas and Coke Company, produced and sold manufactured gas to Oregon and Washington customers from 1913 to 1956. The company has incurred costs related to the investigation and remediation of environmental contamination resulting from the processes employed to manufacture gas. The cumulative deferral balances as of December 31, 2018, are provided in the table below:

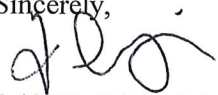
Remediation Deferrals (WA allocation) <sup>1</sup>			
Site	Deferral Balance (12/31/2017)	2018 Expense	Deferral Balance (12/31/2018)
Gasco	\$2,925,385	\$439,325	\$3,364,710
Central Gas Hold	\$23,679	\$451	\$24,130
Tar Deposit	\$367,391	\$0	\$367,391
Portland Harbor	\$636,101	\$27,228	\$663,329
Wacker (aka Siltronic)	\$125,800	0	\$125,800
Insurance Recoveries	-\$5,056,925	0	-\$5,056,925
<b>Balance</b>	<b>-\$978,569</b>	<b>\$467,004</b>	<b>-511,565</b>

<sup>1</sup> These expense amounts represent a 3.32 percent allocation to NW Natural's Washington customers with the bulk of environmental remediation expense allocated to its Oregon customers. On July 17, 2012, the company filed a supplement to its original accounting petition seeking Commission approval of these allocation percentages which would also apply to any proceeds NW Natural would receive from insurance companies. According to NW Natural, the supplemental petition was not acted upon, and the company was informed by staff that Washington allocations would be determined once it files to seek recovery of these costs in Washington.

In accordance with Order No. 02, the Company has also provided a narrative summary around the remediation activities that occurred since its last compliance report to the Commission filed in March of 2018.

Staff has examined NW Natural's 2018 compliance filing and believes that the company has fully complied with Commission's Order 02, entered on May 31, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read 'd. Gomez', written over the word 'Sincerely,'.

DAVID CARLOS GOMEZ

Assistant Power Supply Manager, Energy