



Department of Energy

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TO: Energy Facility Siting Council DATE: February 12, 1987

FROM: Charlie Grist

SUBJECT: Proposed Mist Gas Storage Project (OPUC Docket No. UM 125/UP 38)

ACTION: None at this time. This is an information item.

Background

Northwest Natural Gas Company (NNG) proposes to develop underground gas storage facilities near Mist, in Columbia County. The storage facility will help satisfy expected winter peak requirements for gas delivery. The Mist field was originally discovered when NNG was looking for underground geological storage. Two of the discovered gas pools are now depleted and could be used as storage sites.

NNG proposes to acquire the two pools from its subsidiary, Oregon Natural Gas Development Corporation. The pools will be developed into storage sites. To make the project feasible, portions of the existing pipeline and delivery system need to be expanded. The proposed pipeline expansion would add a 30 mile segment of pipe parallel to the existing pipeline which follows the Columbia River between Mist and Portland.

Costs and Benefits

Total cost for project development is estimated to be \$22-25 million. The project is estimated to provide benefits of about \$8 million per year by allowing NNG to minimize the cost of purchasing gas. Existing contracts for pipeline supplied gas, from the Northwest Pipeline Company (NPC), could be renegotiated to minimize overall costs. Furthermore, under a new FERC ruling, cheap gas can be purchased directly from producers, delivered by NPC, and stored underground at Mist to be used during the winter peak.

Schedule

NNG has applied to the Oregon PUC for an order to recover the costs of the project through the rates they charge their customers. The PUC will decide on the request by May 1987. If approved, NNG is expected to apply to EFSC for an amended Mist Field site certificate and a separate site certificate for the pipeline after June of 1987. They need to be certified by the fall of 1988.