

NATURAL GAS PIPELINE
SITE CERTIFICATION AGREEMENT

for the

SOUTH MIST FEEDER PIPELINE

between

The State of Oregon

acting by and through its

ENERGY FACILITY SITING COUNCIL

and

NORTHWEST NATURAL GAS COMPANY

This Certification Agreement is made and entered into in the manner provided by ORS 469.300 through ORS 469.570 and ORS 469.992, by and between the State of Oregon (State), acting by and through its Energy Facility Siting Council (EFSC), and Northwest Natural Gas Company (NWN).

I. SITE CERTIFICATION

- A. This agreement certifies that, to the extent authorized by state law and those warranties and conditions set forth herein, the State approves and authorizes the construction and operation of a 16 inch diameter natural gas pipeline known as the South Mist Feeder Pipeline (pipeline) and related and or supporting facilities between Miller Station, near Mist, Oregon, and West Union Road, west of Portland, Oregon, in the manner described in NWN's site certificate application, this agreement, and the record of the administrative hearings held pursuant to ORS 469.300 through ORS 469.570. This approval by the State binds the State and all counties, cities and political subdivisions in the State as to the approval of the site and the construction and operation of the natural gas pipeline and related or supporting facilities, subject only to the conditions of this agreement. However, each agency and county that issues a permit, license or certificate may impose conditions that are not inconsistent with this agreement and shall continue to exercise enforcement authority over such permit, license or certificate.
- B. This certificate requires NWN to comply with applicable state statutes or EFSC rules as they exist on the date it is executed by EFSC, and with stricter state statutes or EFSC rules

adopted subsequent thereto, if compliance with such stricter state laws or EFSC rules is necessary to avoid a clear danger to the public health and safety.

II. SITE DESCRIPTION OF THE SOUTH MIST FEEDER PIPELINE AND RELATED OR SUPPORTING FACILITIES

A. Route Description

The route for the pipeline begins at Miller Station, in Section 11, Range 5 West Township 6, North, Willamette Meridian, near the community of Mist, Columbia County and traverses southerly on private lands to Mist and State Highway 47, thence southerly on private land easements and the public right-of-way of State Highway 47 for about 12 miles to the vicinity of Pittsburgh, thence southerly on easements adjacent to private logging roads for about nine miles to an intersection with Bacona Road near the Washington County line, thence southerly on easements and along Bacona Road for about eight miles to Meacham Corner, thence southerly on private easements adjacent to Dairy Creek Road and Mountindale Road for about nine miles to just north of North Plains, thence easterly to State Highway 26, thence easterly on private easements near State Highway 26 to Jacobsen Road and West Union Road for about three miles to an intersection with a powerline easement near N.W. 185th Avenue, thence easterly along the easement, which crosses N.W. West Union Road, to an existing 16 inch diameter high pressure pipeline in Section 20, Range 1 West, Township 1 North.

The centerline routing of the pipeline is shown in Appendix I, which is attached hereto and by this reference incorporated herein. The pipeline will be constructed within the 440 yard corridor along the route shown in Appendix I.

B. Pipeline, Related and Supporting Facilities Descriptions

The pipeline to be constructed and operated along the route consists of approximately 49 miles of 16 inch diameter steel pipe of various wall thickness designed to satisfy the class location requirements of Title 49, Part 192, Code of Federal Regulation. The related and supporting facilities for the pipeline include block valves, pig traps and regulator stations. The location of the pipeline and the related and supporting facilities are shown in Appendix I.

III. WARRANTIES

In consideration of the execution of this Certification Agreement by the EFSC and pursuant to ORS 469.400(4) and ORS 469.470(3) the following warranties are made:

A. Completion of Construction

NWN warrants that the construction of the pipeline and its related and supporting facilities shall be completed prior to October 31, 1990.

B. Financial Ability

NWN warrants that it has reasonable assurance of obtaining sufficient financial resources to construct and operate the pipeline and the related and supporting facilities including funds necessary to cover construction costs, operating costs for the designed lifetime of the pipeline, and the costs of retiring the pipeline.

C. Ability to Construct and Operate

NWN warrants that it has the ability to take those actions necessary to ensure that the pipeline and the related and supporting facilities will be constructed and operated in a manner consistent with its representations in this proceeding and the terms and conditions of this agreement, including compliance with all design, quality assurance and personnel qualifications and training requirements.

D. Protection of Public health and Safety

NWN warrants that it will take those actions, including compliance with all State and Federal statutes, rules and regulations, necessary to ensure that construction and operation of the pipeline and the related and supporting facilities poses no danger to the public health and safety.

IV. CONDITIONS

The following conditions are provided pursuant to the provision of ORS 469.400 and OAR 345-125-060.

A. State and Federal Law

1. NWN and EFSC shall abide by all applicable state laws, including all laws and state administrative rules and regulations in effect on the date this site certificate is executed, except upon a clear showing that there is danger to the public health and safety that requires stricter laws or rules. In that case, EFSC may, subject to ORS 469.400, require NWN to meet stricter state statutes or rules of EFSC or other state agencies or ordinances of cities or counties adopted subsequent to the execution of this agreement.
2. Nothing in this agreement shall relieve NWN from complying with requirements of federal laws and regulations that may be applicable to construction and operation of the pipeline and the related and supporting facilities, and with the terms and conditions of any permits and licenses that may be issued to NWN by pertinent federal agencies.

B. Control of Site

Prior to commencement of construction, NWN shall present evidence satisfactory to EFSC that NWN has access to and full control over the pipeline route and the sites for the related and supporting facilities. Control may be by ownership, lease, easement, or otherwise as

necessary to construct, operate and maintain the pipeline, block valves, pig traps, regulator stations, and access roads.

C. Conditions Related to NWN Representations of Compliance with EFSC Standards

1. The pipeline and its related and supporting facilities shall be designed, built and operated in accordance with the requirements of the U.S. Department of Transportation as set forth in Title 49, Code of Federal Regulations, Part 192, in effect on the date of the application.
2. The pipeline and its related and supporting facilities shall be designed, built and operated to comply with the standards specified by the Oregon Department of Environmental Quality in OAR 340-35-035, Noise Control Regulation, in effect on the date of the application.
3. The pipeline shall have mechanical structures that allow it to be sealed off, in the event of leakage, in accordance with the requirements of the U.S. Department of Transportation as set forth in Title 49, Code of Federal Regulations, Part 192, in effect on the date of the application.
4. The design, construction and operation of the pipeline and its related and supporting facilities shall incorporate a monitoring program to ensure public health and safety using the best available practicable technology as described in NWN's testimony in support of its application.
5. Incident reports involving the pipeline developed pursuant to 49 CFR § 192.709, in effect on the date of the application, shall be filed with EFSC quarterly.
6. The pipeline and its related and supporting facilities shall be designed, built and operated in accordance with the mitigation measures and monitoring procedures contained in Appendix II, which is attached hereto and by this reference incorporated herein.
7. The pipeline and its related and supporting facilities shall be designed, built and operated without infringing on existing water rights of other persons.
8. The pipeline and its related and supporting facilities shall be designed, built and operated to comply with criteria established by OAR 340, Division 41, in effect on the date of the application. Where these standards authorize the Department of Environmental Quality to grant exception, such exceptions shall be subject to review and approval by EFSC as provided for in Part VI of this agreement.
9. Throughout the design, construction and operation of the pipeline and related and supporting facilities, NWN shall continuously cooperate with Washington and Columbia Counties to identify the resources necessary to mitigate any adverse socio-economic impacts.

D. Other Conditions

1. NWN shall develop an Emergency Response Plan (Plan) that will provide for a coordinated program of response within Columbia County for emergencies resulting from construction and operation of the pipeline. NWN shall consult with Columbia County and the Mist-Birkenfeld Rural Fire Department in developing the Plan. The Plan shall coordinate emergency operations among all federal, state and local agencies operating along the pipeline route within Columbia County. NWN shall arrange with Columbia County's Emergency Services Department for emergency communication services in implementing the Plan.
2. NWN shall make annual contributions for seven years to the Mist-Birkenfeld Rural Fire Department to offset the cost of increased fire protection activities in the Mist area. Such contributions shall continue for seven years and shall be computed as follows: for the first two years, \$30,000 per year; and, for the remaining five years, \$30,000 per year, increased by a factor equal to the most recent semiannual Consumer Price Index (CPI) for all urban consumers in the Portland Standard Metropolitan Statistical Area preceding the anniversary date. In no event shall the contributions be less than \$30,000. Payments shall be made directly to the Mist-Birkenfeld Fire Department, commencing March 1, 1989.
3. The pipeline shall be constructed within the 440 yard pipeline corridor that extends 220 yards on either side of centerline of the pipeline route as shown in Appendix I.
4. It is agreed by NWN and EFSC that construction and operation of the pipeline and its related and supporting facilities, other than as set forth in NWN's application and testimony and in this agreement, shall require an amendment of this agreement as provided for in Part VI hereof. Lateral pipelines of less than 16 inches diameter off the pipeline, however, shall not require an amendment to this agreement.

V. APPROVALS

The following approvals, permits, licenses, or certificates by governmental agencies are considered necessary to construct and operate this pipeline. Each appropriate state agency and local government shall issue the permits identified below consistent with the conditions in this agreement and not later than 90 days from the time of filing of a complete application for such permit by NWN. NWN shall make application for these approvals, permits, licenses, or certificates, paying all applicable fees and other forms of compensation, prior to commencement of construction of the line or later as appropriate.

1. State Highway Department: Permits to install the pipeline along and across affected State Highways.
2. Oregon Division of State Lands: River and wetland crossing permits to install the pipeline on lands controlled by the Division of State Lands.
3. Columbia County: Any necessary building permits, county road crossing permits and rights-of-way permits for crossing county lands.
4. Washington County: Any necessary building permits, county road crossing permits, flood plain/drainage hazard alternation permits and rights-of-way permits for crossing county lands.

VI. AMENDMENT OF SITE CERTIFICATE AGREEMENT

- A. NWN and EFSC recognize a need to provide a means of amending this Agreement because of the length of time that may pass between the date of its execution and the date of construction and the length of time the facilities will operate. Therefore, the parties agree that in the event unforeseen developments cause the construction or operation of the pipeline and its related and supporting facilities to prevent a danger to the public health, safety or welfare, or if a federal standard applicable to this facility, if not complied with, would cause Oregon to lose a federal delegation of authority to regulate a federal program, this agreement may be amended by further written agreement executed in the manner provided in ORS 469.400(3) after compliance with the procedures of B through F below or compliance with any procedures for amendments that have been or may be adopted by statute or EFSC rule.
- B. NWN or EFSC, on its own motion, may file an application for a corrective amendment. Any such application shall be served on the parties to the site certificate proceeding that authorized this agreement. The proposal shall set forth the amendment verbatim, together with a statement of the reasons therefor.
- C. EFSC shall distribute the proposed amendment to the interested state agencies and to the county advisory group as defined in ORS 469.480, requesting comments and recommendations on the proposed amendment within 30 days of the date of distribution.
- D. If NWN and EFSC do not agree on an amendment or, if after public notice in a regularly published EFSC meeting agenda 10 or more members of the public or an organization representing 10 or more members of the public requests a hearing, EFSC shall hold a public hearing on the proposed amendment within 90 days after distribution of the proposed amendment.
- E. At the conclusion of any hearing, and in no case more than 120 days after the proposed amendment was distributed, EFSC will, based upon its finding as to danger to public health, safety and welfare, either recommend or reject the proposed amendment. Rejection or approval of the proposed amendment will be subject to judicial review the same as this agreement.
- F. For amendments not affecting the public health, safety or welfare, and where NWN and EFSC agree that it is desirable to amend this site certification for reasons other than set forth in subparagraph A of this section, NWN may file with the EFSC an application for an amendment to the site certificate agreement, which application shall state the necessary reasons therefor. The EFSC may grant such application without further proceedings at a public meeting.

VII. SUCCESSORS AND ASSIGNS

Neither the facility covered by this agreement nor this agreement and certificate may be transferred or assigned by sale, merger, lease or any other transaction affecting ownership, control, management or operation of the facility unless EFSC receives notice of the proposed assignment or transfer at least 120 days prior to such assignment or transfer, EFSC consents to such assignment or transfer and the person or entity to whom ownership, control, management or operation is assigned or transferred specifically agrees in writing to be bound by all the terms and

conditions of this agreement and certificate. EFSC's consent shall be based on its findings that the successor in interest meets the requirements of OAR 345-125-090 and OAR 345-125-095.

VIII. SEVERABILITY

If any provision of this agreement and certificate is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected; and, the rights and obligations of the parties shall be construed and enforced as if the agreement and certificate did not contain the particular provision held to be invalid.

IN WITNESS WHEREOF, this Site Certificate Agreement has been executed by the State of Oregon, acting by and through its Energy Facility Siting Council, and Northwest Natural Gas Company.

(Original signed by William Wiley, Chair, Energy Facility Siting Council 2/15/89
and Robert L. Ridgely, President and CEO, Northwest Natural Gas 2/15/89)