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January 16, 2024

**Via Electronic Filing**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem, OR 97301

**Re: In the Matter of Alliance of Western Energy Consumers' Application for an Accounting Order Requiring Northwest Natural Gas Company to Defer Expenses and Costs associated with the Climate Protection Plan Costs for Transportation and Special Contract Customers.  
Docket No. UM 2309**

*CPP Litigation and Rule Status Clarification*

Dear Filing Center:

On December 27, 2023, the Alliance of Western Energy Consumers (AWEC) filed a deferral of Climate Protection Plan (CPP) costs. AWEC filed this deferral because on December 20, 2023, the Oregon Court of Appeals issued a decision which found that there were deficiencies in the DEQ's rulemaking process and held that the CPP rules were invalid.

AWEC continues to request the deferral but wanted to clarify that the Environmental Quality Commission ("EQC") has the ability appeal this decision to the Oregon Supreme Court by January 24, 2024, and the CPP rules stay in effect until that time. If the EQC appeals, the CPP rules stay in effect during the appeal to the Oregon Supreme Court, unless the court issues and order staying rule. The EQC could also decide not to appeal but rather to restart the rulemaking. Therefore, as of the date of the original deferral, and this letter, the effect of the Oregon Court of Appeals' decision on the CPP rules is unknown. Notwithstanding, a deferral is still appropriate under ORS 757.259(2)(e) to track CPP costs for transportation and special contract customers until the litigation has been resolved. The granting of AWEC's application will not authorize a change in NW Natural's rates but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding after the final outcome in the litigation.

Deferral of NW Natural's expenses and costs associated with the CPP for transportation and special contract customers currently included in NW Natural's rates is authorized pursuant to

ORS 757.259(2)(e) which specifies that the Commission may authorize deferral of “[i]dentifiable utility expenses or revenues, the recovery or refund of which the [C]ommission finds should be deferred in order to minimize the frequency of rate changes....or to match appropriately the costs borne by and benefits received by ratepayers” for “later incorporation in rates.” Now that the CPP has been determined by the Oregon Court of Appeals to be invalid, RNG related costs for CPP compliance, or under SB 98, should be tracked and accounted for during the pendency of the CPP litigation. If the Oregon Court of Appeals’ decision is upheld, RNG related cost for CPP compliance, or RNG cost under SB 98, would no longer be authorized for transportation and special contract customers, and therefore a deferral is necessary to minimize the frequency of rate changes and to appropriately match costs and benefits.

Respectfully submitted,

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