

ORDER NO. 24-398

ENTERED Oct 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1766(8)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Application for Reauthorization of  
Deferred Accounting Related to Increase in  
the Annual Regulatory Fee.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on October 29, 2024, 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.

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 29, 2024**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_ **N/A** \_\_\_\_\_

**DATE:** October 9, 2024

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

**SUBJECT:** NORTHWEST NATURAL:  
Docket No. UM 1766(8)  
Requests for Reauthorization of Deferred Accounting related to annual  
Regulatory Fees.

**STAFF RECOMMENDATION:**

Staff recommends that the Oregon Public Utility Commission (the Commission) approve Northwest Natural Company's (NW Natural, NWN, or Company) request for reauthorization to defer costs associated with an incremental difference in the PUC annual regulatory fee assessed by the Commission and the amounts currently being collected in rates for the 12-month period beginning March 23, 2024.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request for reauthorization to defer costs associated with the difference between the annual regulatory fee included in base rates and the currently authorized regulatory fee.

Applicable Law

NW Natural submitted its request for reauthorization to defer annual regulatory fee amounts on March 20, 2024, in accordance with ORS 757.259, and OAR 860-027-0300.

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ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer expenses or revenues for later recovery in rates in order to minimize the frequency of rate changes or to appropriately match the costs and benefits to customers. In OAR 860-027-0300(3) the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4).

Notice of the application must be provided pursuant to OAR 860-027-0300(6).

### Analysis

#### *Background*

The Company is seeking reauthorization to use deferred accounting pursuant to ORS 757.259 and OAR 860-027-0300 for the 12- month period March 23, 2024 through March 22, 2025, for the annual regulatory fee that the Company pays to the Commission pursuant to OAR 860-021-0034.

In Order No. 23-413, entered in this docket on October 27, 2023, the Commission approved the Company's most recent request to continue deferring the amount of the annual regulatory fee not captured in rates.

On February 22, 2024, the Commission approved the fee at 0.45 percent in Order No. 24-054. While the 0.45 percent gross operating revenue fee is at the maximum allowed by statute, there can still be a difference between amounts collected and amounts charged due timing differences in rate changes. The previous rate adopted by the Commission in the February 2023, Public Meeting was 0.43 percent and applied to 2022 gross operating revenues. The current 0.45 percent value applies to utility 2023 gross operating revenues. Since the 0.45 percent is the maximum amount allowable by statute, Staff does not expect there to be large future differences captured by the deferral.

#### *Reason for Deferral*

The recovery of any incremental regulatory fee aligns the cost with the customers who benefit from the governance the Commission provides.

#### *Proposed Accounting*

The Company proposes to account for the deferred expenses related to any increased regulatory fee by recording the deferral in a sub-account of Account 186 (Defer PUC Fee).

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*Description of Expense*

The Company requests to defer the difference between the amounts for the annual fee that are collected through rates and the annual fee assessed by the Commission.

*Estimate of Amounts*

The Company estimates the amount to be recorded in the deferred account for the 12-month period March 23, 2024, through March 22, 2025, to be approximately \$199,518.

*The Amount Deferred Last Year*

The last deferral year of March 23, 2023 through March 22, 2024, resulted in a deferral amount of \$402,565.06. This amount includes \$16,792 of interest.

*The Amount Amortized Last Year*

The amount of \$61,278 was amortized in rates from November 1, 2023 through December 31, 2023.

*The Interest Rate*

The interest rate for deferral accounts is 6.836 percent.

*Future Amortization*

According to the Company in the 2024 PGA filing, the Company estimates that it will amortize \$51,430 in 2024.

Information Related to Future Amortization

- Earnings Review – An earnings test will not be applied to this deferral given its purpose.
- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes.

Conclusion

Staff concludes that the Company's application to reauthorize use of deferred accounting for the annual Commission regulatory fee should be approved.

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The Company has reviewed this memo and agrees with its contents.

**PROPOSED COMMISSION MOTION:**

Approve Northwest Natural Company's (NW Natural, NWN, or Company) request for reauthorization to defer costs associated with an incremental difference in the PUC annual regulatory fee assessed by the Commission and the amounts currently being collected in rates for the 12-month period beginning March 23, 2024.

NWN UM 1766(8)