

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2123(4)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NWNATURAL,

Application for Reauthorization to Defer  
Net Curtailment and Entitlement Revenues.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on March 27, 2025, 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:

A handwritten signature in blue ink, appearing to read "Alison Lackey".

**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. CA12

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 27, 2025**

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

**DATE:** March 4, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Scott Gibbens and Michelle Scala **SIGNED**

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. UM 2123(4))  
Reauthorization to Defer Net Curtailment and Entitlement Revenues.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) application to defer amounts associated with net curtailment and entitlement revenues for the 12-month period beginning November 1, 2024, through October 31, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request for reauthorization to defer amounts associated with net curtailment and entitlement revenues.

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "identifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuations of rate levels or to match appropriately the costs borne by and benefits received by ratepayers."  
ORS 757.259(2)(e).

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In OAR 860-027-0300(3), the Commission set the requirements for deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as 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). Amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and typically, review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

### Analysis

#### *Background*

On October 18, 2024, the Company submitted this request for reauthorization to defer amounts associated with net curtailment and entitlement revenues. The last reauthorization was approved by the Commission and issued Order No. 24-104, on April 19, 2024.

In this latest reauthorization filing, the Company requests to defer amounts, net of incremental costs, to the extent they are collected. In general rate case UG 388, the Commission issued Order No. 20-364, approving a Stipulation by which the parties agreed that the Company, beginning in 2021, will credit net curtailment and entitlement revenues to firm sales customers through the Purchased Gas Adjustment (PGA) on an equal percent of margin basis. In addition, to effectuate this agreement, the Company filed a new tariff schedule, Schedule 168 Temporary Rate Adjustment.<sup>1</sup> Curtailment revenue is received when an interruptible customer does not follow the Company's order to curtail service. Entitlement revenue is received when a transportation service customer does not follow the Company's order to control gas usage to be within a specified threshold percentage as detailed in its Tariff.

#### *Description of the Revenues*

The Company will credit net curtailment and entitlement revenues to firm sales customers through the PGA on an equal percent of margin basis; however, the amount of revenues to be credited to firm sales customers will be offset by identifiable incremental costs that arise from customer curtailment or entitlement orders.

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<sup>1</sup> See, Net Curtailment and Entitlement, in compliance with Order No. 20-364.

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*Reason for Deferral*

ORS 757.259 is a “statutorily authorized exception to the general prohibition against retroactive ratemaking” that allows a “means to address utility expenses or revenues outside of the utility’s general rate case proceeding.

*Proposed Accounting*

The Company proposes to account for the amounts associated with curtailment and entitlement revenues by recording the deferral in FERC Account 186.

*Estimate of Amounts*

The Company cannot estimate the amount to be recorded in the deferred account, However, the amount deferred last year was \$1,671,042. This amount includes \$78,984 of interest estimated through October 31, 2024.

*Requirement per Commission Order No. 09-263*

- The amount deferred last year \$1,671,042 was deferred during the last deferral year of November 1, 2023, through June 30, 2024. This amount includes \$78,984 of interest estimated through October 31, 2024.
- The interest rate that will apply to the accounts – The interest rate for deferral accounts is 6.836 percent.
- An estimate of the upcoming PGA-period deferral and/or amortization – NW Natural is unable to estimate the amount to be deferred during the next PGA cycle. Nevertheless, The Company’s intent is to amortize for collection all that is deferred.

Conclusion

Staff has reviewed the Company's application and concludes that NW Natural's request meets the requirements of ORS 757.259 and OAR 860-027-0300. On this basis, Staff supports the request and recommends it be approved.

The Company has reviewed this memo and agrees with Staff's recommendation.

**PROPOSED COMMISSION MOTION:**

Approve NW Natural's application to defer amounts associated with net curtailment and entitlement revenues for the 12-month period beginning November 1, 2024, through October 31, 2025.