

ORDER NO. 25-177

ENTERED May 13 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2137(4)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Application for Reauthorization to Defer  
Costs Associated with Metro Supportive  
Housing Services (MSHS) Tax.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on May 13, 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:



**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. CA7

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 13, 2025**

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

**DATE:** April 7, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. UM 2137(4))  
Application for Reauthorization to Defer Costs Associated with Metro  
Supportive Housing Services Tax.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Northwest Natural's (NWN, NW Natural, or Company) application for reauthorization to use deferred accounting for amounts associated with the Metro Supportive Housing Services (MSHS) Tax for the 12-month period beginning January 1, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's application for deferred accounting for the 12-month period beginning January 1, 2025, related to the MSHS Tax.

Applicable Law

Beginning with the date of the Application, the Commission may approve the deferral of 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 for the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers. ORS 757.259(2)(e) and (4). Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in

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rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. ORS 757.259(4); OAR 860-027-0300(9).

The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility; ORS 757.259(5).

ORS 757.269(1) states that, "the Public Utility Commission shall act to balance the interests of the customers of the utility and the utility's investors by setting fair, just and reasonable rates that include amounts for income taxes" and "amounts for income taxes included in rates are fair, just and reasonable if the rates include current and deferred income taxes and other related tax items that are based on estimated revenues derived from the regulated operations of the utility."

OAR 860-022-0045 states that, in part, if any county in Oregon imposes or increases taxes or licensing, franchise, or operating permit fees, the utility required to pay such taxes or fees shall collect the amount from its customers within the county imposing such taxes or fees.

### Analysis

#### *Background*

On May 19, 2020, the Metro Council referred to Metro region voters measure 26-210. This measure will authorize Metro to establish a regional supportive housing funding program, providing the resources to address unmet needs of people experiencing or at risk of experiencing long-term or frequent episodes of homelessness in the greater Portland region. The measure will result in a substantial increase in the delivery of supportive housing services.

Supportive housing services are funded by a marginal personal income tax of one percent on households with taxable income over \$200,000 (or taxable income over \$125,000 for individual tax filers) and a business profits tax of one percent with an exemption for small businesses that have gross receipts of \$5 million or less per year. The personal income tax is assessed on residents of the Metro district, and on non-residents who have income earned from sources within the district. Only income above \$200,000 (\$125,000 individual) is taxed.

The Company states in its December 13, 2024, application that it is unable to estimate the amount to be deferred during the next PGA cycle. The Company's intent is to

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amortize in rates all that is deferred. The most recent reauthorization approved by the Commission was issued on June 27, 2024, Order No. 24-203.

In addition, the Company includes a summary sheet that shows the estimated amounts deferred and estimates for the tax provision, as well as calculation of the 2025 Metro rate.<sup>1</sup>

#### *Description of the Expenses*

The expenses are costs related to the Metro Supportive Housing Services Income tax assessed on the Company.

#### *Proposed Accounting*

According with the Company will record costs associated with the MSHS Tax by recording the deferral in Account 186, beginning on January 1, 2025, and ending 12 months.

#### *Estimate of Amounts*

The Company does not have a firm estimate of the amounts expected to be deferred; nevertheless, according with the Company \$261,270 was deferred for Oregon during the deferral year of January 1, 2023, through December 31, 2023, and expects to defer \$223,489 for the months January 2024 through December 31, 2024.

#### *Reasons for Deferral*

The Commission has discretion to authorize a deferral of "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 to match appropriately the costs borne by and benefits received by rate payers."<sup>2</sup>

#### *Information Related to Future Amortization*

- Earnings Review – Pursuant to ORS 757.259(5), deferred amounts will be allowed in rates to the extent authorized by the Commission following review of the utility's earnings at the time of application to amortize the deferral.
- Prudence Review – Prior to amortization, a prudence review will be conducted to ensure all costs were prudently incurred.
- Sharing – Staff does not recommend this deferral be subject to sharing as this is a tax imposed on the Company.

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<sup>1</sup> See, Exhibit A UM 2137 - NWN 2025 MSHS Deferral Reauthorization Exhibit A / Page 1.

<sup>2</sup> See, ORS 757.259(2)(e).

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- Rate Spread/Design – The allocation basis for the prudently incurred costs will be discussed at the time of the amortization.

Conclusion

Staff recommends the Commission approve NW Natural's application.

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

**PROPOSED COMMISSION MOTION:**

Approve Northwest Natural's application for reauthorization to use deferred accounting for amounts associated with the Metro Supportive Housing Services Tax for the 12-month period beginning January 1, 2025.

Northwest Natural UM 2137(4)