

ORDER NO. 25-246

ENTERED Jul 08 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1714(10)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Application for Reauthorization to Defer  
Certain Expenses or Revenues Related to  
Projects Submitted Under Senate Bill 844.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on July 8, 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. CA6

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 8, 2025**

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

**DATE:** June 9, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** NORTHWEST NATURAL:  
Docket No. UM 1714(10)  
Request Reauthorization of Deferred Certain Expenses and Revenues  
associated with the Emission Reduction Program under Senate Bill 844

**STAFF RECOMMENDATION:**

Staff recommends that Northwest Natural Gas Company's (NW Natural, NWN, or Company) application for reauthorization to defer costs associated with the development of projects under Senate Bill (SB) 844 for the 12-month period beginning January 20, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request for reauthorization to defer costs associated with the development of projects to be submitted under SB 844.

Applicable Law

NW Natural submitted its deferral application in accordance with ORS 757.259(2)(e) and OAR 860-027-0300 seeking authority to defer costs related to the development of voluntary Emission Reduction Programs under SB 844 (codified at ORS 757.539).

ORS 757.259(2)(e) provides the Commission with authority to authorize the deferral of utility revenues and expenses, for later inclusion in rates, if the Commission upon finds that the deferral would minimize the frequency of rate changes or the fluctuation of rate

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levels or to match appropriately the costs borne by and benefits received by ratepayers. ORS 860-027-300 sets for several requirements for deferral applications. Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates only if 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 757.539(8) authorizes the Commission to allow the utility to recover incremental costs of Emissions Reduction Programs from ratepayers that may receive a benefit from the emissions reduction. Codified in ORS 757.539, Senate Bill 844, aims to incentivize "public utilities that furnish natural gas to invest in projects that reduce emissions and to provide benefits to customers of public utilities that furnish natural gas."

ORS 757.539(4) states that the utility must file an application with and receive approval from the Commission for any project proposed under this legislation.

### Analysis

#### *Background*

Senate Bill 844 established a voluntary emission reduction program "Emission Reduction Program" for natural gas utilities to invest in projects that reduce greenhouse gas emissions that the utilities would not undertake in the normal course of business.

The company has been and continues to be in the process of developing projects under this law, and originally filed this deferral to ensure that it assigns each project the appropriate expenses that it may incur in developing them, and to recover those costs as determined appropriate by the Commission.

The Company filed this Application to continue to have the ability to defer costs, as appropriate, and to allocate program costs in a way that fulfills the purposes of Senate Bill 844. NW Natural anticipates that any cost recovery of deferred expenses would be ruled on as part of the Commission's review and approval of individual projects under Senate Bill 844.

The filing was submitted on January 7, 2025. It is designated as the ninth reauthorization; however, this in fact the tenth reauthorization request. The ninth reauthorization request was approved by the Commission in Order No. 24-399, issued on October 31, 2024. Staff has noted this as the tenth reauthorization request in the public meeting caption.

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The Company's deferral approach is consistent with the purpose of Senate Bill 844, which is to "incentivize[e] public utilities that furnish natural gas to invest in projects that reduce emissions and [to] provide[e] benefits to customers of public utilities that furnish natural gas."

According with the Company without a deferral in place, NW Natural could be unable to recover some of the costs of projects, and where any incentive or cost recovery authorized by the Commission would not be sufficient to offset the unrecovered expenses, thus undermining the incentive for NW Natural to pursue such projects.

As noted previously, the last application the Company submitted was on January 18, 2024, which was approved by Commission in Order No. 24-399 on October 31, 2024.

*Description of the Expenses*

The description is associated with the expenses the Company incurs developing and implementing greenhouse gas reduction projects for the State's Emission Reduction Program.

*Proposed Accounting*

The Company will be recording to account for the costs associated with the Emission Reduction Program by recording the deferral in Account 186.

*Reasons for Deferral*

The Commission has discretion to authorize a deferral of utility expenses or revenues.

Nevertheless, this application also is made pursuant to ORS 757.259(2)(e) in order "to minimize the frequency of rate changes" and to match "the costs borne by and benefits received by ratepayers"

*Estimate of Amounts*

The Company is unable to estimate the costs in this time, however, the summary sheet will be included in the 2025 PGA filing work papers if there are costs to report.<sup>1</sup>

In addition, as a note; no costs were deferred last year, 2024.

Also, the interest rate for deferral accounts is 7.056 percent, which is the Company's most recent cost of capital authorized in a general rate case.

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<sup>1</sup> See, The Summary Sheet will be provided in the 6 electronic files entitled "Proposed Temps Oregon 2025-26 PGA filing.xlsx."

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*Information Related to Future Amortization*

- Earnings Review - Pursuant to ORS 757.259(5) an earnings review is required prior to amortization.
- Sharing - Under ORS 757.539(8)(b), the Commission determines the method a utility should use to recover costs of programs approved under the statute at the time it approves the program.
- Rate Spread/Design - Under ORS 757.539(8)(b), the Commission determines which ratepayers should be charged for a program approved under that statute at the time it approves the program.
- Three Percent Test (ORS 757.259(6)) - This deferral is subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations

Conclusion

Staff recommend the Commission approve NW Natural's application, since it meets the requirements of ORS 757.259. The Company should be allowed to defer project costs associated with SB 844, subject to any projects being reviewed and approved by the Commission.

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

**PROPOSED COMMISSION MOTION:**

Approve Northwest Natural's request to reauthorize the deferral of costs associated with the development of projects to be submitted under SB 844 (ORS 757.539) for the 12-month period beginning of January 20, 2025.

Northwest Natural UM 1714(10)