

ORDER NO. 25-348

ENTERED Sept. 4, 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1766(9)

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 September 2, 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. CA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: September 2, 2025

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: August 18, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: NORTHWEST NATURAL:
(Docket No. UM 1766(9))
Requests for Reauthorization of Deferred Accounting related to Annual
Regulatory Fees.

STAFF RECOMMENDATION:

Staff recommends approval of Northwest Natural Company's (NW Natural, NWN, or Company) request for reauthorization to defer costs associated with an incremental difference in the Oregon Public Utility Commission (PUC) annual regulatory fee assessed by the Commission and the amounts currently being collected in rates for the 12-month period beginning March 23, 2025.

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).

Analysis

Background

In Order No. 24-398, entered in this docket on October 31, 2024, the Commission approved the Company's most recent request to continue deferring any change in the amount of the annual regulatory fee not yet reflected in then-current rates. This filing, submitted on March 21, 2025, is the ninth request for reauthorization.

The Company does not seek to defer the costs associated with the annual fee that have already been included in rates and only seeks to defer the incremental costs until such time as any increased fee amount can be included in NW Natural's established rates.

On February 19, 2025, in Order No. 25-069, the Commission approved the Staff recommendation to remain its current fee level at 0.45 percent. When the Company receives the gross revenue fee invoice from the Commission, a deferral of the previous year is recorded in the Company books for the difference of the fee embedded in rates and the actual fee charged.

Description of Expenses

The expenses would reflect the incremental difference in the regulatory fee embedded in rates and the effective gross revenue fee ordered by the Commission.

Proposed Accounting

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

Reasons for Deferral

The deferral is forecasted to continue until a full calendar year of revenue received from rates is consistent with the regulatory fee charged by the Commission. The recovery of

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

ORS 757.259(2)(e) also, allows the deferral of utility expenses where necessary to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

Estimate of Amounts

The Company estimates the amount to be recorded in the deferred account for the 12-month period beginning March 23, 2025 through March 22, 2026 to be approximately \$140,583.

In addition, in the 2025 PGA filing, the Company estimates that it will seek to defer \$140,583 and amortize \$36,258 in 2025.

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

PROPOSED COMMISSION MOTION:

Approve Northwest Natural Company's 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, 2025.

CA2 - NWN UM 1766(9)