ORDER NO. 25-420

ENTERED Oct 24 2025

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 520

In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Request for a General Rate Revision.	ORDER

DISPOSITION: FIRST, SECOND, AND THIRD PARTIAL STIPULATIONS ADOPTED; APPLICATION FOR A GENERAL RATE REVISION APPROVED AS REVISED

I. SUMMARY

This order addresses the request for a rate revision filed by Northwest Natural Gas Company, dba NW Natural. In this order, we address disputes regarding the company's treatment of retirement of certain assets due to electrification, the Oregon-Low Income Energy Efficiency (OLIEE) program funds for heat pumps, and non-pipe alternatives (NPA), including targeting electrification and thermal energy networks (TENs). We also address three partial stipulations resolving issues including the revenue requirement, rate spread, and cost of capital.

We adopt the three partial stipulations and appreciate the parties' hard work to reach a compromise that reduced the revenue requirement by $37.991 million from NW Natural's requested increase of approximately $59.3 million. The stipulations resolve several issues and result in a revenue requirement increase of approximately $21.315 million.[1] The remaining issues involve questions of policy related to electrification and do not affect the revenue requirement.

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[1] The revenue requirement set forth in the second partial stipulation assumed that all capital projects included in the revenue requirements are in service as of October 31, 2025. As part of the stipulation, discussed in detail below, the company agreed to file attestations identifying any capital projects forecast to cost over $1 million that will not be in service by October 30, 2025, and the final revenue requirement amount may decrease based on these attestations.

On October 31, 2025, customer bills will change to reflect the outcomes of both this rate case and the purchased gas adjustment (PGA) proceeding. The changes to general rates associated with the stipulations and other issues addressed in this order will increase customer bills by 2.42 percent on average. Combined with the PGA and other associated rate adjustments occurring on October 31, 2025, bills are expected to increase by a total of 5.53 percent on average. As a result of this general rate revision and other rate revisions going into effect on October 31, the average residential customer will see their bill increase by $4.38 on a monthly basis.[2] More precise final rate impacts will be provided in the company's compliance filing following this order.

II. PROCEDURAL HISTORY

On December 30, 2025, NW Natural filed a request for a general rate case and Advice No. 24-26 to become effective November 1, 2025.

Staff of the Public Utility Commission; the Oregon Citizen's Utility Board (CUB); the Alliance of Western Energy Consumers (AWEC); and Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council (Coalition) all participated as parties to this proceeding. During the course of the proceeding, parties filed testimony and exhibits.

The Commission held a public comment hearing remotely on March 18, 2025, for the public to comment on NW Natural's filing. The Commission also received numerous written comments from members of the public.

On June 23, 2025, NW Natural, Staff, CUB, and AWEC filed a first partial stipulation resolving a number of issues, including the revenue requirement, rate of return (ROR), return on equity (ROE), the capital structure, and officer attestations. The first partial stipulation identified a number of issues not resolved by the stipulation. The Coalition did not join but did not oppose the first partial stipulation. The parties to the first partial stipulation filed joint testimony in support of the stipulation on July 10, 2025. The first partial stipulation is attached to this Order as Appendix A.

On July 3, 2025, NW Natural, Staff, CUB, AWEC, and the Coalition filed a second partial stipulation. The second partial stipulation settled additional issues identified as unresolved in the first partial stipulation, including rate spread and design, components of the Schedule 27 dry-out rate, and certain fees in Schedule 15. On July 10, 2025, the parties filed joint testimony in support of the second partial stipulation. The second partial stipulation is attached to this Order as Appendix B.

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[2] NW Natural Response to Bench Requests Update (Oct. 15, 2025).

On August 5, 2025, NW Natural, Staff, CUB, and the Coalition filed a third partial stipulation and joint testimony in support of the stipulation. The third partial stipulation settled additional issues identified as unresolved in the first and second partial stipulations, including those related to the Low Income Home Energy Assistance Program (LIHEAP), Oregon Low-Income Gas Assistance (OLGA), and hydrogen blending research and development. AWEC did not join but did not oppose the stipulation. On September 2, 2025, the parties to the third partial stipulation filed joint testimony in support of the third partial stipulation. The third partial stipulation is attached to this Order as Appendix C.

On July 16, 2025, the parties filed cross-examination statements and exhibits. No party identified any witnesses that they sought to cross-examine, and on July 11, 2025, the Administrative Law Judge (ALJ) issued a ruling cancelling the scheduled evidentiary hearing. The parties filed opening briefs on August 8, 2025. Staff, CUB, the Coalition, and AWEC filed closing briefs on August 20, 2025. NW Natural filed its closing brief on August 29, 2025. The Commission held oral argument on September 16, 2025.

III. COMPANY FILING

In its initial filing, NW Natural proposed an increase of $59.4 million, or 5.79 percent, to its revenue requirement. In its May 21, 2025 reply testimony, NW Natural revised the revenue requirement to $59.3 million. NW Natural's filing is based on a forecast test year ending October 31, 2026 (test year). NW Natural's filing also includes information on a historical base year from January 1, 2024, to December 31, 2024 (base year) with adjustments to reflect the forecasted test year. According to NW Natural, the primary factors driving the increase include modernizing information technology and services systems, constructing seismically secure resource centers, upgrading its distribution system and storage operations, updating depreciation rates, and implementing a meter modernization program.

NW Natural proposed a rate of return of 7.658 percent, based on a return on equity (ROE) of 10.40 percent, a capital structure of 48 percent long-term debt (LTD) and 52 percent common equity, and a cost of LTD of 4.687 percent.

The company also proposed changes to its Schedule 15 rates and fees.

IV. STIPULATIONS

A. Standard of Review

Under OAR 860-001-0350, the Commission may adopt, reject, or propose to modify a stipulation. If the Commission proposes to modify a stipulation, the Commission must explain the decision and provide the parties sufficient opportunity on the record to present evidence and argument to support the stipulation.

In reviewing a stipulation, we review to determine whether the overall result of the stipulation results in fair, reasonable, and just rates. We review settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates.

B. First Partial Stipulation

The first partial stipulation resolves all issues among the parties except those issues specifically excluded by the terms of the stipulation. The parties to the first partial stipulation agree to an overall increase to NW Natural's annual Oregon revenue requirement of $21.315 million. This represents an overall reduction of $37.991 million to the annual revenue requirement requested by NW Natural in its reply testimony filed May 21, 2025.

As part of the revenue requirement, the parties to the first stipulation agree that NW Natural will retain a capital structure of 50 percent common equity and 50 percent LTD, an ROE of 9.50 percent, and an ROR of 7.120 percent.

The $21.315 million revenue requirement increase represents a number of adjustments to NW Natural's proposed revenue requirement and rate base, summarized below.

Adjustment	Description
Cash Working Capital	A reduction to the revenue requirement of $49,000
Land Purchase Associated with the Dalles Resource Center	A reduction to rate base of $996,000, which results in a $90,000 reduction to the revenue requirement
Membership and Dues Expense	A reduction to the revenue requirement of $350,000
Meals and Entertainment Expense	A reduction to the revenue requirement of $68,000
D&O Insurance Expense	A reduction to the revenue requirement of $312,000
Wages and Salaries, Full-Time Employee Adjustments, Incentives, Payroll Taxes, and Depreciation Expense	A reduction to the revenue requirement of $4,968,000 (including reduction to rate base of $2,971,000, which results in a $270,000 reduction to the revenue requirement, and a

	reduction to expense in the amount of $4,698,000)
Advertising Expense	A reduction to the revenue requirement of $123,000
Leasehold Improvements	A reduction to rate base of $49,000, which results in a $4,000 reduction to the revenue requirement
Retirement of GC Mist Compressor	A reduction to the revenue requirement of $1,378,000
Test Year Plant Additions and Other Miscellaneous Adjustments	A reduction to the revenue requirement of $7,200,000

The parties to the first stipulation also agree to adjust NW Natural's depreciation rates based on the final order regarding the company's depreciation study in docket UM 2363. At the time the first stipulation was filed, the parties to the first stipulation estimated the adjustment to depreciation rates would result in a reduction to the revenue requirement of $5.278 million. On September 2, 2025, the Commission adopted a stipulation between NW Natural, Staff, and AWEC resolving all issues regarding the company's depreciation study, resulting in an annual depreciation expense of approximately $149.64 million.[3]

The parties to the first stipulation agree that NW Natural will file officer attestations for any project forecast to cost over $1,000,000 and to be completed by October 30, 2025, that will actually be completed after October 30, 2025.[4] Any such projects that will be completed after October 30, 2025, will be removed from rates. The parties agree that the rate effective date will be October 31, 2025.

The parties to the first partial stipulation maintain that the stipulation provides a fair and reasonable resolution of the issues and the resulting rates are fair, just, and reasonable.

C. Second Partial Stipulation

The second partial stipulation resolves a number of additional issues identified as excluded from the first partial stipulation. The parties agree to a methodology for determining the rate spread for the revenue requirement, which is set forth in Attachments 1, 2 and 3 to Appendix B. The parties agree that prior to the company's next

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[3] *In the matter of Northwest Natural Gas Company, Updated Depreciation Study*, Docket No. UM 2363, Order No. 25-344 at 3 (Sept. 2, 2025).

[4] NW Natural filed these attestations on October 3, 2025. NW Natural identified four projects that will not be completed by October 31, 2025, and that will be removed from rate base.

general rate case filing, NW Natural will conduct a cost-of-service study that evaluates the system impacts of providing non-interruptible firm service to customers on interruptible rate schedule and will hold at least one workshop prior to starting that study. The parties also agree that NW Natural will analyze its heating degree day set points for its residential and commercial classes prior to its next general rate case.

The parties agree that NW Natural will increase the Schedule 27 dry-out rate fixed charge from $8.00 to $10.00 to match the Schedule 2 single family fixed charge. NW Natural will ensure that the fixed and volumetric rate components in Schedule 27 are the same as the fixed and volumetric rate components in Schedule 2 starting on the rate effective date of the company's next general rate case filing. Additionally, the parties agree that NW Natural will increase both the administrative set-up/consultation fee and the technical assistance fee from $100 to $145.

The parties maintain that the second partial stipulation provides a fair and reasonable resolution of the issues and the resulting rates are fair, just, and reasonable.

D. Third Partial Stipulation

The third partial stipulation resolves additional issues identified as excluded from the first and second partial stipulations. The parties agree that NW Natural will hold a workshop prior to January 31, 2026, to discuss the company's research and development spending and implementation of Senate Bill (SB) 685.[5] The parties agree that the workshop will not be necessary if the Commission opens a docket implementing SB 685 prior to January 31, 2025. The parties agreed that NW Natural will file a report in docket UG 520 regarding its research and development spending for three years with the first report due on May 15, 2026.

The parties agree that if LIHEAP funding for Oregon is reduced or eliminated, NW Natural will increase OLGA funding by $1.56 million, including $1.3 million in funding and the remainder in administrative fees. NW Natural will contact Multnomah County Community Action Plan (CAP) agencies that administer only LIHEAP funds by August 31, 2025, to facilitate those agencies becoming OLGA administrators.[6] NW Natural will make good faith efforts to facilitate a transition for such CAP agencies that are interested in becoming OLGA administrators. The parties also agree that once the status of 2025-2026 program year LIHEAP funding is known, NW Natural will assess the level of roll-over for OLGA to determine whether it should set a targeted balance roll-

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[5] SB 685 (2025) (requiring natural gas utilities to notify customers of and file a notice with the Commission regarding increases to the amount of hydrogen blended with the natural gas the utility delivers or furnishes through its distribution system).

[6] On September 30, 2025, NW Natural filed a status report stating that it had contacted these agencies on September 3, 2025, and that it was in the process of scheduling meetings with the agencies.

over and will make any adjustments consistent with the terms of the stipulation. NW Natural will file a status update in dockets UG 520 and UM 2211 by September 30, 2025, with the results and status of the LIHEAP and OLGA funds consistent with the terms of the stipulation. If the status of LIHEAP funding for the 2025-2026 program year is still unknown as of September 30, 2025, NW Natural will file an additional update within 14 days of a final determination on the status of 2025-2026 program year funding.[7]

The parties agree that NW Natural will make best efforts to work with Oregon Housing and Community Services and the CAP agencies that the company contracts with for OLGA and the Gas Assistance Program (GAP) administration to obtain the information necessary for the company to auto-enroll customers into the appropriate income tier of its bill discount program (BDP). NW Natural will file updates in dockets UG 520 and UM 2211 on the results and status of its outreach by December 31, 2025. NW Natural will adjust Schedule 330 to reflect that all customers receiving LIHEAP, OLGA, and/or GAP are auto-enrolled in the income-appropriate BDP tier, to the extent the information is available.

E. Resolution

We have reviewed the first, second, and third partial stipulations and supporting testimony and briefs submitted by the parties. We find that the terms of the stipulations are supported by sufficient evidence, appropriately resolve issues in this proceeding, and will result in fair, just, and reasonable rates. We determine that the terms of the stipulations, taken together, represent a reasonable resolution of the identified issues and contribute to an overall settlement in the public interest. Regarding the research and development report required by the third partial stipulation, we direct the company to file those reports in docket RG 104 rather than filing those reports in this docket.

V. CONTESTED ISSUES

A. Introduction

The parties identified four remaining issues for litigation: the treatment of regulatory assets for plant retired due to electrification, non-pipe alternatives, electrification and Thermal Energy Network (TEN) pilots, and Oregon-Low Income Energy Efficiency (OLIEE) program funds for heat pumps.

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[7] On September 30, 2025, NW Natural filed this report stating that the company's understanding is that LIHEAP funding remains in place for the 2025-2026 heating season and it therefore has not increased OLGA funding.

Each of these remaining issues involve the status of electrification in Oregon, as well as policy considerations regarding electrification.

B. Regulatory Asset for Plant Retired Due to Electrification

1. *Introduction*

NW Natural uses a group depreciation method to account for depreciation of assets. Group depreciation accounts for depreciations of assets by the class of asset rather than calculating the depreciation for each individual asset. Utilities establish a depreciation rate for each asset class based on several components, including a survivor curve that accounts for retirements and additions to each asset class. The components and models used to arrive at a depreciation rate incorporated into the company's rates are typically established in a depreciation proceeding that begins with a depreciation study filed by NW Natural.[8]

CUB raises concerns about accelerated retirements on NW Natural's system due to electrification, noting that such assets would remain in the group depreciation accounts beyond their retirement and continue being financed by the remaining customers at the rate of return. CUB asserts that these assets are no longer used and useful and allowing them to remain in the group depreciation accounts would violate ORS 757.355(1). CUB requests that the Commission determine that asset retirement due to electrification is in the public interest and direct NW Natural to place plant that is retired due to electrification into a regulatory asset. These assets would be removed from their group depreciation asset class. CUB proposes that those retired assets would earn interest at the time value of money, which CUB states is a rate of 4.469 percent.

NW Natural, AWEC, and Staff oppose CUB's proposal. The Coalition takes no position on this issue.

2. *Positions of the Parties*

a. NW Natural

NW Natural asserts that group depreciation does not violate the used and useful standard. NW Natural maintains that the group depreciation method depreciates assets using a depreciation rate that is based on life characteristics, net salvage percentages, and survivor curves that are all updated periodically. NW Natural contends that group depreciation accounts for early retirements, as well as assets that remain in place beyond the expected life. NW Natural states that survivor curves take into account all possible

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[8] *See*, *e.g.*, OAR 860-027-0350; *In the Matter of Northwest Natural Gas Company, Updated Depreciation Study*, Docket No. UM 2363, Order No. 25-344 (Sept. 2, 2025).

causes of asset retirements. NW Natural maintains that it records retired assets when they go out of service and will continue to do so. NW Natural contends that nothing in ORS 757.355 prohibits the use of group depreciation, and group depreciation has been in use for 45 years without issue.

NW Natural maintains that group depreciation will remain accurate even in the event of significant electrification and that any issues would be addressed in the depreciation studies. NW Natural asserts that CUB could have and should have participated in the recent depreciation study in docket UM 2363 and raised any concerns in that proceeding.

NW Natural argues that the current situation with assets is distinguishable from the Trojan[9] and PacifiCorp[10] cases cited by CUB as precedent for removing assets from group depreciation. NW Natural asserts that PacifiCorp's meter replacement project was a concern because of the scale of retirements all at once, and the Trojan situation involved the complete termination of a group depreciation account. NW Natural maintains that in the current situation, retirements are being made gradually over time. NW Natural maintains that switching to unit depreciation would be an unprecedented shift from industry norms, unworkably burdensome, and likely less accurate.

NW Natural contends that there is no legal or factual basis for a finding that electrification is in the public interest. NW Natural asserts that there is no support in the record for CUB's claims that electrification is occurring at a significant scale or that such significant electrification is imminent. NW Natural argues that CUB has not met its burden to demonstrate that electrification meets the standard in ORS 757.140(2)(b), including that there is no framework for applying the standard for hypothetical retirements, no evidence to assess customer costs and benefits to the proposal, no evidence that electrification will reduce emissions and some evidence that it may increase emissions, and evidence that it may exacerbate existing resource adequacy challenges. NW Natural maintains that CUB attempted to reframe and narrow its proposal in briefs and that CUB's approach to analyzing public interest is inconsistent with precedent and inappropriate. NW Natural asserts that electrification is contrary to the public interest.

NW Natural contends that CUB's proposal raises significant constitutional questions that the Commission should avoid in this docket, including issues related to utilities and

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[9] *Citizens' Util. Bd. v. PUC*, 154 Or App 702 (1998); *In the Matters of the Application of Portland General Electric Company for an Investigation into Least Cost Plan Plant Retirement, Revised Tariffs Schedules for Electric Service in Oregon Filed by Portland General Electric Company; and Portland General Electric Company's Application for an Accounting Order and for Order Approving Tariff Sheets Implementing Rate Reduction*; Docket Nos. DR 10, UE 88, and UM 989, Order No. 08-487 (Sept. 30, 2008).

[10] *In the Matter of PacifiCorp, Request for a General Rate Revision*, Docket No. UE 374, Order No. 20-473, 91-92 (Dec. 18, 2020).

regulatory stability, arbitrary shifts in policy, and denying investors opportunity for full return on investments.

a. Staff

Staff asserts that it is possible that early retirement of some natural gas assets in favor of electrification could be in the public interest in some cases, but that CUB's proposal is very general and potentially far reaching. Staff maintains that there is insufficient evidence in the record to support the proposal. Staff states that it will continue to investigate NPA in other pending investigation dockets.

Staff maintains that the statistical evidence supports that NW Natural's residential class is growing rather than shrinking. Staff contends that CUB's proposal is ambiguous on how it would determine a premise is electrified, nor is it clear how much it would cost NW Natural to develop a system to track and account separately service pipes of customers that electrified. Staff argues that there also is little data in the record to support the assertion that the rate of electrification has had a material impact on the rate service pipe is retired.

Staff argues that while HB 2021 does not control the issue of public interest here, the factors to consider for a finding of public interest under HB 2021 are informative as to what the Commission might consider in determining whether such retirements were in the public interest.

b. AWEC

AWEC argues that there is insufficient evidence in the record that widespread electrification is in the public interest and no credible, quantifiable evidence of widespread electrification occurring on NW Natural's system. AWEC maintains that CUB's proposal is incomplete and lacks an analysis of the financial impacts on customers. AWEC argues that the proposal may have unintended cost shifts for customers. AWEC argues that the issue is better addressed in a separate docket that allows for participation from all affected stakeholders. AWEC maintains that CUB is inconsistent by arguing that electrification is in the public interest while also arguing that the Commission should ignore the consequences of electrification.

AWEC asserts that CUB has not demonstrated that group depreciation in practice is not just and reasonable and notes that it did not intervene in the recent depreciation study proceeding in docket UM 2363.

AWEC argues that CUB has reframed its arguments in its opening brief though it consistently referred to "electrification in the public interest" in testimony. AWEC maintains that even if the Commission accepts CUB's narrowed characterization, the Commission must still find that the underlying electrification is in the public interest to conclude that the retirements are also in the public interest.

c. CUB

CUB contends that customers who electrify will leave behind infrastructure that is no longer used to serve NW Natural's customers and that becomes retired assets. CUB asserts that ORS 757.355(1) prohibits a utility from including retired asset costs in rate base. CUB asserts that in ORS 757.140(2), the legislature distinguished between assets retired early due to ordinary wear, causalities, and acts of god, and those assets retired early in the public interest. CUB maintains that these assets retired due to electrification are not ordinary retirements recoverable under ORS 757.140(2)(a). CUB asserts that the Commission must determine whether these retirements are in the public interest pursuant to ORS 757.140(2) and thus recoverable at the time value of money, or whether these retired assets are not in the public interest and the balances for those assets are unrecoverable pursuant to ORS 757.355(1).

CUB argues that both past rate case orders and the record in this docket support a finding that electrification is occurring on the company's grid. CUB maintains that NW Natural's own data demonstrates that electrification is occurring on the system. CUB notes that as of March 2025, NW Natural had 51 requests for service cuts, all of which said "no future gas."[11]

CUB contends that the current group depreciation system is insufficient to address retirements from electrification. CUB maintains that group depreciation does not account for assets that are retired abnormally early rather than due to typical wear and tear. CUB asserts that allowing the assets associated with such retirements to remain in rates would allow the company to gain unlawful profit at the expense of ratepayers and shift risk from shareholders to customers. CUB argues that group depreciation does not relieve NW Natural of the obligation imposed by statute not to include assets not presently useful in rates. CUB maintains that it is only proposing to remove these specific assets from group depreciation, not to eliminate group depreciation entirely.

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[11] CUB Opening Brief (Revised) at 9, *quoting* Exhibit CUB/317.

CUB maintains that NW Natural's speculation on emissions in the electric sector are not relevant to a finding that retirements due to electrification are in the public interest. CUB argues that the Commission does not need to consider HB 2021 factors. CUB argues that if the Commission does consider HB 2021 factors, the Commission should consider the health benefits of reduced methane and air pollutants, reduced costs for customers from electric heat pumps, and other similar benefits.

CUB asserts that it is not necessary to identify specific retired assets to be retired at this time and that the Commission could adopt a framework that would apply once NW Natural has identified such assets. CUB also asserts that while it is not showing the financial impact of a specific asset retirement, customers would only pay the return of the balance rather than both return on and return of the balance. CUB maintains that while NW Natural's customer base is still growing, that rate of growth is declining, which increases the risk of stranded assets.

3. ***Resolution***

We decline to adopt CUB's proposal. We appreciate CUB identifying and raising a potential issue that may arise in the event that retirements due to electrification increase rapidly. As we explain below, however, the record is insufficient to support the requested finding at this time, nor is there a proposal before us sufficiently developed as to be actionable.

In the past, we have removed assets from group depreciation when there was strong evidence that those assets no longer belonged in the group depreciation pool. We previously found that meters PacifiCorp had replaced with advanced metering infrastructure were retired in the public interest and removed the undepreciated balance of those retired meters from the group depreciation account to a regulatory asset.[12] These meters, however, were replaced all at once and represented a significant number of assets that would no longer be used and useful. Additionally, the retirement fell far outside the norms captured by survivor curves so these assets could not be adequately accounted for through group depreciation. The record of this proceeding, however, does not support a determination that electrification is happening in such volume as to disrupt group depreciation of these assets, nor that these retirements are distinct from other early asset retirements captured by group depreciation. This record shows 51 known service cut

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[12] Docket No. UE 374, Order No. 20-473, 91-92.

requests, only ten of which specifically indicated that they were due to electrification.[13] As even CUB acknowledges, NW Natural's customer count continues to grow.[14]

We note, as well, that we expect we will see any warning signs of significant retirements due to electrification in the depreciation studies that NW Natural is required to file a minimum of every five years.[15] Additionally, NW Natural is required to file reports with the Oregon Department of Environmental Quality as part of compliance under the CPP[16], and we expect that these reports will also serve as another key place to identify any early warning signs. While these reports are not provided to this Commission or are otherwise an ordinary part of our proceedings, we note that these reports are available for staff and parties to monitor and present in a future proceeding. Additionally, while we do not adopt CUB's proposal here, we are not foreclosing CUB or any other party from raising this issue again in the future and providing evidence that retirements due to electrification have become a significant concern and should be addressed outside of group depreciation.

In terms of the actionability of the proposal before us, the details of a proposal need not be fully fleshed out for the Commission to act on it. What is necessary, however, is that the proposal be sufficiently developed that there remain no significant questions about the feasibility and mechanics of implementation. Here, numerous questions remain regarding how CUB's proposal could be implemented, including what assets would be involved, and how these assets would be distinguished and identified. We find that there remain too many questions about how such a program would be implemented to be actionable in this proceeding.

Finally, CUB asks us to find that electrification as presented in this case is in the public interest. Parties raise valid arguments for and concerns with electrification of natural gas end uses to meet CPP compliance requirements. This proposal appears primarily focused on endogenous, total electrification, where a customer has chosen to remove all gas service from their premises. This is distinguishable from electrification of some natural gas end uses in a premise while retaining gas service. It is also distinguishable from public policy or regulatory efforts to encourage or require total electrification. Parties refer to all of these cases as 'electrification', however they each present different impacts on the electric and natural gas systems. Those impacts will also differ over time as the systems evolve and face differing constraints and regulatory requirements. The record is insufficient here to find that removing all gas service from premises beginning today is in the public interest. We expect that these issues will continue to be developed, particularly

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[13] CUB/317, Attachment 1.

[14] NW Natural/1700, Rush-Kravitz/32-33; NW Natural/3400, Rush-Kravitz/60; CUB/100, Jenks/22.

[15] OAR 860-027-0350(2).

[16] OAR 340-273-0450.

in integrated resource planning proceedings where the least cost path to addressing CPP compliance will be a central goal.

For these reasons, we decline to adopt CUB's proposal and find that retirements due to electrification are appropriately addressed through group depreciation within the company's depreciation studies at this time

C. Analysis of Non-Pipeline Alternatives and Electrification and TEN Pilots

1. *Introduction*

The Coalition proposes to require NW Natural to analyze non-pipeline alternatives to distribution infrastructure, such as targeted electrification and thermal energy networks (TENs), as a condition for capital investment recovery in future proceedings. Additionally, the Coalition proposes to require NW Natural to study targeted electrification and TENs pilots. and, if appropriate, implement at least one targeted electrification pilot and one TEN pilot on the system. The Coalition states this proposal is appropriate for determining the viability of targeted electrification and TENs on NW Natural's system.

NW Natural, Staff, and AWEC oppose the Coalition's proposal. CUB takes no position on the Coalition's proposal.

2. *Positions of the Parties*

a. NW Natural

NW Natural asserts that the Commission lacks the authority to require the company to implement the Coalition's proposals. Specifically, NW Natural contends that the Commission lacks the authority to require the company to pursue NPA that would remove customers from its system. NW Natural maintains that ORS 757.020 imposes on the company an obligation to provide adequate service to customers. NW Natural also maintains that ORS 756.200(3) "endorses the common law understanding of a utilities' duties," including the duty to serve.[17]

NW Natural argues that the service it provides under Oregon law is gas and that there is nothing in Oregon law that authorizes NW Natural to reduce or withdraw that service. NW Natural asserts that the Commission's authority is limited to enforcing the statutes that it implements, and the Commission may not do anything that would require NW Natural to violate its duty to serve. NW Natural disputes that the statutes can be read as obligating NW Natural to provide power service generally rather than gas service

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[17] NW Natural Closing Brief at 38.

specifically, noting that NW Natural provides natural supply fuel rather than power. NW Natural maintains that the Coalition's interpretation of the utility's duty to serve would threaten the regulatory compact. NW Natural contends that the requirement that the Commission ensure utilities provide "adequate service" cannot be read as providing a sweeping mandate to reduce emissions from NW Natural's service. NW Natural maintains that the legislature could have, but did not, explicitly grant such powers to the Commission as it did for electric utilities in ORS 469A.010.

NW Natural maintains that adopting the Coalition's proposal would amount to "a condition precedent for cost recovery in a general rate case, which would be a departure from Commission precedent and in tension with the Commission's IRP Guidelines."[18] NW Natural contends that this rate case is not the appropriate venue for the Commission to adopt generally applicable planning requirements rather than in a forum where other utilities and stakeholders have the opportunity to weigh in. NW Natural asserts that to do so would unfairly subject the company to a different set of planning requirements from the other Oregon gas utilities. NW Natural contends that ORS 469A.763(2) only requires that agencies consider actions to reduce greenhouse gas emissions but does not grant the Commission authority to "run roughshod over the pre-existing statutory limits on its powers in pursuit of that goal."[19] NW Natural further contends that other authorities cited by the Coalition—the CPP, the Oregon Department of Energy's framework for Energy Strategy, and Executive Order 20-04—do not serve to expand the scope of the Commission's authority.

NW Natural argues that the Coalition's proposal goes beyond what the Commission considered in its order on the company's last IRP, which only stated that the company should evaluate electrification as an external factor affecting load forecasts in IRPs. NW Natural states that if the Commission adopted the Coalition's requirement, it would still need to determine what sort of analysis or investigation would be sufficient, among other issues, prior to the next cost recovery proceeding. NW Natural maintains that even if the Commission has the authority to implement this requirement, it should not adopt a novel NPA requirement.

NW Natural asserts that even if the Commission has the authority to adopt the Coalition's proposals, it should not because the Coalition has failed to carry its burden. NW Natural contends that the company provided analyses and data based on its system that are more reliable than the Coalition's national-scale analyses. NW Natural maintains that the data it provides contradicts the Coalition's positions on emissions reductions and cost impacts of electrification.

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[18] NW Natural Closing Brief at 61.

[19] NW Natural Closing Brief at 45.

b. Staff

Staff states that it agrees with the Coalition that targeted electrification and TENs may be important elements for emissions reductions and disciplined spending but argues that it is not appropriate to create a condition precedent for rate recovery of capital investments. Staff maintains that such a condition precedent would be inconsistent with the Commissions IRP guidelines, as well as Commission precedent for prudency reviews of capital investments. Staff asserts that in prior IRP orders, the Commission has stated that it does not prejudge the prudency of a utility's acquisition of resources. Staff contends that the Commission adopted a recommendation in NW Natural's last IRP for the company to include NPA as part of its analysis in future IRPs. Staff asserts that if NW Natural fails to conduct this analysis, that failure could be considered by the Commission during a prudency review of future distribution infrastructure investment. Staff contends that the condition precedent would also be difficult to implement because the Commission would need to determine what analysis or investigation would satisfy the condition.

Staff asserts that NW Natural's IRP is the more appropriate venue for considering what pilot projects NW Natural should offer in the future, including electrification and TEN pilot projects.

c. AWEC

AWEC argues that NW Natural is a gas-only utility with a responsibility for providing safe and reliable gas service and it is inappropriate to require the company to analyze alternatives beyond its statutory service obligations and technical expertise. AWEC notes that the Commission's authority on this issue is unclear. NW Natural maintains that the Coalition's proposed alternatives would require an entirely new regulatory framework, in addition to being costly. AWEC asserts that electrification is a complicated issue and there is no guarantee that it would reduce greenhouse gas emissions. AWEC maintains that the Coalition's proposals raise complex legal and policy questions that are better addressed in a general docket where all stakeholders may participate and develop a full evidentiary record.

AWEC maintains that the Coalition's proposals are premature, costly, and outside the scope of NW Natural's utility obligations. AWEC asserts that the Coalition has not introduced evidence demonstrating that the proposed pilots are cost-effective or feasible within the company's service territory. AWEC contends that the Coalition has not presented sufficient evidence for the Commission to take "unprecedented action."[20]

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[20] AWEC Closing Brief at 14.

d. Coalition

The Coalition asserts that the Commission has the authority to implement its proposals. The Coalition maintains that the Commission has broad powers, particularly when exercising a core function like setting rates, and it has previously directed NW Natural to study NPA. The Coalition maintains that under targeted electrification, customers would be voluntarily choosing to electrify through the use of incentives, thus not violating the duty to serve. The Coalition also maintains that in a TEN pilot, NW Natural would still provide service to customers as the operator of the TEN. The Coalition asserts that if NW Natural were correct it may only provide natural gas service, then it also would be prohibited from providing alternative fuels such as hydrogen.

The Coalition argues that even if the duty to serve is implicated, that duty binds the company, not the Commission. The Coalition asserts that NW Natural misreads ORS 756.010(1) by conflating "product served" with "service." The Coalition asserts that ORS 756.040(1) delegates authority to the Commission to obtain adequate service for power service generally rather than natural gas service specifically. The Coalition maintains that NW Natural would still be providing power service for the same end uses that it provides natural gas and thus there is no conflict with the duty to serve.

The Coalition contends that the rate case is the appropriate forum for addressing this issue, maintaining that sooner is better than later for addressing emissions reductions. The Coalition asserts that NW Natural's 2025 IRP will not be finalized until 2026 and that it will not be required to file another one until 2028, after the first CPP compliance period ends. The Coalition argues that NW Natural has not changed its approach to the state's climate goals despite the Commission's repeated expressions of concerns around the risk of stranded assets and higher costs.

The Coalition asserts that its proposal to require NW Natural conduct specific NPA studies as a condition to cost recovery does not require the Commission to pre-judge prudence. The Coalition argues that the failure of gas utilities such as NW Natural to study electrification undermines both least-cost, least-risk options analyses and the Commission's ability to perform effective prudence reviews.

The Coalition asserts that studying and implementing pilot programs are first steps for determining the viability of both targeted electrification and TENs on NW Natural's system. The Coalition maintains that the Commission has the authority to require NW Natural to pursue these pilots and that it is within the regulatory compact and that it has exercised that power to require pilots in the past.

The Coalition maintains that it has provided evidence that its proposals can reduce emissions, prevent stranded assets, and reduce overall utility costs. The Coalition asserts that NW Natural's studies failed to consider factors such as the impact of air conditioning, the lower cost and emissions of electric service in non-investor-owned-utility territories, the higher efficiency heat pumps available, and future CPP compliance costs. The Coalition argues that the Commission should consider likely future conditions rather than just present day, including evidence that NW Natural's expected costs for alternative fuels in 2040 is much more expensive than natural gas.

3. ***Resolution***

We decline to adopt the Coalition's proposals. As explained below, we determine that the IRP is the best venue for addressing NPA and its role in avoiding infrastructure investments or reducing costs. We also find that there is insufficient evidence on this record to address the concerns that we have regarding implementation of the proposed pilot programs and conclude that neither of the requested directives are warranted at this time.

We note first that we appreciate the Coalition's concerns regarding NW Natural's consideration of NPA, particularly electrification, and acknowledge that the role of NPA has been an ongoing discussion in the IRPs. In recent IRP proceedings, we have discussed utility consideration of NPA, including electrification, as part of the least cost, least risk analysis. In NW Natural's last IRP in docket LC 79, we declined to acknowledge part of the company's IRP in part because of our concerns that the company had failed to adequately consider all relevant inputs, including uncertainty and electrification.[21] We also adopted a Staff recommendation stating that "[f]uture distribution system planning should include a cost benefit analysis for [NPA] that reflects an avoided [greenhouse gas] compliance cost element consistent with a high-cost estimate of future alternative fuels prices."[22] As Staff notes in its brief, any failure by NW Natural to properly complete and include this analysis with its distribution system planning in an IRP would be considered as part of a future prudence review of that investment.[23] We do not find it necessary to go beyond that clear expectation and direct the company to consider and analyze specific NPA opportunities in order to recover costs in future rate recovery proceedings. We have already clearly stated that NPA analysis is expected as part of prudent investment decisions, even if it requires forecasting investment needs further in advance than has historically been done. We expect that this issue will continue to be addressed in the IRPs, and any failure of NW Natural to conduct

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[21] *In the Matter of Northwest Natural Gas Company, 2022 Integrated Resource Plan*, Docket No. LC 79, Order No. 23-281 at 8-10 (Aug. 2, 2023).

[22] *Id*. at 16, Appendix A at 14-15.

[23] Staff Opening Brief at 4-5.

appropriate analyses in the IRP or ahead of an individual investment before investing in distribution infrastructure will be addressed as part of a future prudence review. Though we decline to adopt the Coalition's proposal, we note that parties are always welcome to raise issues of prudence in rate cases regarding any cost that a utility seeks to include in rates.

Similarly, we have concerns with how the Coalition's proposed pilot programs would or could be implemented. While we appreciate the Coalition's statement that participation would be voluntary for customers, we are not clear how this would be accomplished in practice. It is not clear whether the pilots would target individual premises or specific neighborhoods or regions. Under either option, it is not clear how the project would proceed if specific customers decline to participate, nor whether such electrification programs could save money or avoid distribution infrastructure if some portion of customers in the area of the pilot decline to participate.

For the reasons explained above, we decline to adopt the Coalition's NPA proposals.

D. Oregon Low-Income Energy Efficiency (OLIEE) Program Funds for Electric Heat Pumps

1. *Introduction*

NW Natural's OLIEE program is used to finance energy efficient retrofits, high-efficiency gas equipment, and energy education services for the company's low-income customers.[24] The OLIEE is funded through a portion of the revenue collected through the company's Schedule 320 public purpose surcharge.

The Coalition renewed its proposal from docket UG 490 to revise Schedule 320 to allow OLIEE-eligible households to use OLIEE funds to replace red-tagged and non-functioning gas furnaces with electric heat pumps.[25] NW Natural, Staff, and AWEC oppose the Coalition's proposal.

2. *Positions of the Parties*

a. NW Natural

NW Natural asserts that the Coalition's proposal exceeds the Commission's authority. NW Natural argues that the proposal would require the company to decommission gas infrastructure and reduce the number of gas customers on its system. NW Natural

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[24] NW Natural/1800, Tanaka/15.

[25] Coalition Intervenors/100, Apter-Prihoda/25; Coalition Intervenors/300, Apter-Prihoda/6.

maintains that this would be irreconcilable with the Commissions obligation under ORS 756.040(1) to obtain service for customers rather than take it away.

NW Natural argues that the Coalition's proposed revisions to Schedule 320 are contrary to CAP preferences and has the potential to harm low-income customers. NW Natural states that CAP agencies raised concerns around administrative barriers to the Coalition's proposal, including potential loss of federal funding related to fuel switching and the need for approval from Oregon Housing and Community Services to transition a home from gas to electric. NW Natural maintains that customers have other funding options for pursuing electric heat pumps.

NW Natural contends that CAP agencies have also raised concerns that some customers have incurred electric bills higher than their gas bills after installing electric heat pumps. NW Natural asserts that removing gas customers from the system as proposed by the Coalition could have negative impacts on its remaining gas system customers. NW Natural argues that the National Renewable Energy Laboratory (NREL) study relied on by the Coalition demonstrates that the 87 percent of customers that do not already have air conditioning (AC) installed would expect an energy increase. NW Natural maintains that OLIEE customers also likely receive bill assistance from the company, which would not be reflected in the NREL analysis.

b. Staff

Staff asserts that there are more appropriate forums for considering the Coalition's OLIEE modifications. Staff argues that CAP agency representatives and other stakeholders have raised concerns regarding the timing and feasibility of the Coalition's OLIEE proposals, including overlapping state and federal funding for electrification, potential bill increases from heat pumps, and other administrative hurdles.

c. AWEC

AWEC argues that OLIEE funds are intended to support natural gas service improvements rather than subsidizing electrification. AWEC contends that there are other programs that support fuel switching available to natural gas customers. AWEC states that Oregon's electric system relies on natural gas fired generation and asserts that programs promoting electrification at the expense of gas customers may directly conflict with Oregon's climate goals. AWEC maintains that this issue is better addressed in a general docket where all stakeholders may participate.

d. Coalition

The Coalition asserts that the Commission has the authority to implement its proposed revisions to Schedule 320 as part of its mandate to obtain adequate service at fair and reasonable rates for Oregon customers. The Coalition also maintains that "adequate service" includes considerations that it balances against costs, including reliability and most recently greenhouse gas emissions.

The Coalition contends that its proposal gives customers an option to choose which technology to use when replacing a red tagged furnace and does not raise concerns around forcing NW Natural to remove customers from the system. The Coalition maintains that customers would voluntarily choose to electrify, and NW Natural would no longer have an obligation to serve those customers.

The Coalition argues that the proposal would not significantly impact CAP agencies and the process would remain fundamentally unchanged except that customers could choose an electric heat pump in place of a gas furnace. The Coalition states that it takes the concerns raised by Staff about potential federal funding issues seriously, but that Staff did not identify which funds prevent fuel switching and how likely they are to be used with OLIEE funds. The Coalition notes that the CAP agencies did not raise these concerns with the Coalition and that recent Department of Energy funds do allow for fuel switching.

The Coalition asserts that electric heat pumps achieve greater emissions reductions than furnaces. The Coalition argues that allowing customers to replace gas equipment with electric heat pumps contributes to reducing NW Natural's emissions and avoids incremental expenditures that would be necessary to comply with the CPP. The Coalition maintains that the Commission should consider the emissions reduction potential of replacing a furnace with a heat pump over the approximately 15-year lifespan of the equipment.

The Coalition argues that most customers would see an overall reduction in bills by replacing a gas furnace with an electric heat pump. The Coalition cites an NREL study that found electric heat pumps typically resulted in lower overall utility bills and that customers replacing both a gas furnace and traditional AC with an electric heat pump saw the biggest savings. The Coalition asserts that CAP agencies have said that they add AC when replacing a red-tagged furnace if AC is not already present. The Coalition asserts that NW Natural has also failed to account for the higher costs that can be expected if the company pursues expensive alternative fuels.

The Coalition contends that the Commission should not refer this issue back to docket UM 2211, noting that Staff did not include the OLIEE fuel switching proposal as part of its scope for Phase 3 of the proceeding. The Coalition requests that if the Commission does move this issue to docket UM 2211 that it also set a reasonable timeline to resolve the issue. The Coalition also suggests that the Commission could grant a narrowed version of its proposal.

3. *Resolution*

We decline to direct NW Natural to revise Schedule 320 to allow OLIEE funds to be used to replace red tagged furnaces with electric heat pumps as proposed by the Coalition. We find that there is insufficient evidence in this record to address our concerns regarding implementation of the proposal and conclude that such a directive is not warranted, as explained below.

As we discussed in docket UG 490, the Coalition's proposal would represent a significant shift in the way funds collected from natural gas customers through programs like OLIEE have been used.[26] Adopting such a significant change requires deliberate and thoughtful consideration to avoid unintended consequences and to ensure that the way customer funds are used is in the public interest.[27] In UG 490, we found that there remained significant policy concerns, particularly regarding the impacts on CAP agencies. We appreciate that in this proceeding, the Coalition provided testimony in response to those concerns[28], however, we still have significant concerns regarding the proposal. In particular, we are concerned about how OLIEE funds for electrification would work with other federal programs as it relates to fuel switching, as well as other potential administrative hurdles and increased costs raised by CAP agencies and other groups in their conversations with Staff.[29] The record in this proceeding is not sufficient to allow for the thoughtful and deliberate consideration necessary to avoid unintended consequences and resolve our remaining concerns and questions. We again decline to adopt the Coalition's proposal.

In UG 490, we noted that in docket UM 2211, Staff and stakeholders were addressing differential energy burdens, affordability, equity, and environmental justice factors in rate setting and program design and stated that the Coalition's OLIEE proposal was better addressed as part of this process. There may be opportunity to discuss programs such as the OLIEE in a future phase of UM 2211. We encourage the Coalition and any other stakeholders interested in this proposal to raise the issue for prioritization by the impacted stakeholders in docket UM 2211 in the future. We rely on Staff to engage the full breadth

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[26] *In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision,* Docket No. UG 490, Order No. 24-359 at 34 (Oct. 25, 2024).

[27] *Id.*

[28] Coalition Intervenors/100, Apter-Prihoda/29-30.

[29] Staff/2000, Ayres-Lockwood-Scala/4-15; NW Natural/3800.

of stakeholder issues in that venue and prioritize issues in light of community needs and impacts.

VI. ORDER

IT IS ORDERED that:

1. The partial stipulation between Northwest Natural Gas Company, dba NW Natural, Staff of the Public Utility Commission; the Oregon Citizens' Utility Board; and the Alliance of Western Energy Consumers filed on June 23, 2025, attached as Appendix A, is adopted.

2. The partial stipulation between Northwest Natural Gas Company, dba NW Natural, Staff of the Public Utility Commission; the Oregon Citizens' Utility Board; the Alliance of Western Energy Consumers; and Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council filed on July 3, 2025, attached as Appendix B, is adopted.

3. The partial stipulation between Northwest Natural Gas Company, dba NW Natural, Staff of the Public Utility Commission; the Oregon Citizens' Utility Board; and Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council filed on August 5, 2025, attached as Appendix C, is adopted.

4. Advice No. 24-26 filed on December 30, 2024, is permanently suspended.

5. Northwest Natural Gas Company, dba NW Natural, must make a compliance filing, including its revised revenue requirement, rate impacts, and new tariffs to be effective October 31, 2025, consistent with the directives of this order, by 12:00 p.m. on October 28, 2025. To the extent that our decision on the purchased gas adjustment at the October 28, 2025 special public meeting requires changes to the compliance filing, the company may submit a revised compliance filing no later than 5:00 p.m. on October 29, 2025.

Made, entered, and effective Oct 24 2025.

Letha Tawney

Letha Tawney
Chair

Les Pe

Les Perkins
Commissioner

Karin Power
Commissioner

PUBLIC UTILITY COMMISSION OF OREGON

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 Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 520

In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW Natural, Application for a General Rate Revision.	**FIRST PARTIAL MULTI-PARTY STIPULATION REGARDING REVENUE REQUIREMENT**

I. INTRODUCTION

The purpose of this First Partial Stipulation ("First Stipulation") is to resolve certain issues, including revenue requirement, among Northwest Natural Gas Company d/b/a NW Natural ("NW Natural" or the "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), and the Alliance of Western Energy Consumers ("AWEC") (collectively, the "Stipulating Parties") in Docket UG 520. The Stipulating Parties support all terms in this First Stipulation. Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council (collectively, the "Coalition") is also a party to this docket and does not join the First Stipulation, but the Stipulating Parties are authorized to represent that the Coalition does not oppose the First Stipulation.

The Stipulating Parties expect that this First Stipulation will address all issues among the Stipulating Parties and/or the Coalition, except for those that are listed in Paragraph 3 of this First Stipulation that will continue to be litigated in this docket or, pending additional settlement discussions, may be incorporated into a separate stipulated agreement entered into at a later date.

II. BACKGROUND

On December 30, 2024, NW Natural filed a request for a general rate increase (the "Initial Filing"). The Company's Initial Filing requested a revision to customer rates that would increase the Company's annual Oregon jurisdictional revenues by $59.4 million, which would have resulted in an approximate 5.79 percent increase to current customer rates.

On February 14, 2025, ALJ Spruce issued a Memorandum detailing the procedural schedule for this proceeding. In accordance with the procedural schedule, Staff and intervenors filed their Opening Testimony on April 2, 2025, and the parties convened for settlement discussions on April 22, 2025. NW Natural filed its Reply Testimony on May 21, 2025, and the parties convened a settlement conference on June 11, 2025, with settlement discussions ongoing through June 17, 2025. The parties held an additional settlement conference on June 17, 2025. As a result of the settlement discussions, the Stipulating Parties reached a partial settlement resolving all issues in this proceeding, except for those issues that are specifically excluded from the scope of this First Stipulation under Paragraph 3, which will continue to be litigated. This First Stipulation memorializes the Stipulating Parties' agreements.

III. TERMS OF AGREEMENT

The Stipulating Parties agree to the following:

1. Revenue Requirement. The Stipulating Parties agree that the total increase to NW Natural's annual Oregon revenue requirement is $21.315 million. The $21.315 million annual revenue requirement increase in this proceeding is based on the Stipulating Parties' agreement that the Company's requested Oregon-allocated increase to annual revenue requirement shall be reduced by a total of $37.991 million from the

May 21, 2025, Reply Testimony update of $59.3 million. The Stipulating Parties agree that this First Stipulation represents a comprehensive resolution of issues related to revenue requirement in this proceeding. The revenue requirement includes the following adjustments:

a. Cost of Capital/Capital Structure. The Stipulating Parties agree to a Rate of Return of 7.120 percent, which is based on a 50 percent common equity and 50 percent long-term debt capital structure, with a Return on Equity ("ROE") of 9.50 percent and a cost of long-term debt of 4.740 percent. This Cost of Capital results in a reduction to revenue requirement of $18.171 million.

Agreed Upon Cost of Capital

Component	Capital Structure	Component Cost	Weighted Cost
Cost of Long-Term (LT) Debt	50%	4.740%	2.370%
Return on Common Equity (ROE)	50%	9.50%	4.750%
	Rate of Return		**7.120%**

b. Cash Working Capital. A reduction to revenue requirement of $49 thousand.

c. Land Purchase Associated with The Dalles Resource Center. A reduction to rate base of $996 thousand. This adjustment results in a reduction to revenue requirement of $90 thousand.

d. Membership and Dues Expense. A reduction to revenue requirement of $350 thousand.

e. Meals and Entertainment Expense. A reduction to revenue requirement of $68 thousand.

f. D&O Insurance Expense. A reduction to revenue requirement of $312 thousand.

g. Wages and Salaries, FTE Adjustments, Incentives, Payroll Taxes, Depreciation Expense. A reduction to rate base of $2.971 million, which results in a reduction to revenue requirement of $270 thousand. A reduction to expense, which results in a reduction to revenue requirement of $4.698 million. These adjustments result in a combined reduction to revenue requirement of $4.968 million.

h. Advertising Expense. A reduction to revenue requirement of $123 thousand.

i. Leasehold Improvements. A reduction to rate base of $49 thousand. This adjustment results in a reduction to revenue requirement of $4 thousand.

j. Retirement of GC 500 Mist Compressor. A reduction to revenue requirement of $1.378 million as further described in Paragraph 2.

k. Test Year Plant Additions and Other Miscellaneous Adjustments. The Stipulating Parties did not reach agreement as to a Test Year rate base calculation methodology, and, to resolve that issue and other contested issues raised in the case, the Stipulating Parties have agreed to a black box reduction to revenue requirement of $7.2 million.

l. Officer Attestation. The Stipulating Parties agree that NW Natural will file officer attestations on or before October 3, 2025 and October 23, 2025, attesting to whether any projects forecast to cost over $1,000,000 and to be completed by October 30, 2025, will be completed after that date. In the event there are such projects, those projects will be removed from rates.

m. Rate Effective Date. The Stipulating Parties agree that the rate effective date will be October 31, 2025.

n. Depreciation Rates. The Stipulating Parties agree to adjust the Company's depreciation rates subject to the resolution of the Company's depreciation study in Docket UM 2363.[1] The reduction to revenue requirement is expected to be $5.278 million.

2. Retirement of GC 500 Mist Compressor – Regulatory Asset. The Stipulating Parties agree that $11.1 million, representing the net book value of the GC 500 Mist Compressor, will be removed from the Company's FERC Account 354, resulting in a reduction to revenue requirement of $1.378 million (as identified in Paragraph 1.j.). The net book value of the GC 500 will be placed in a regulatory asset and recovered over a period of eight years through a separate base tariff schedule to be filed with the Company's compliance filing in this rate case. The Stipulating Parties agree to use a 4.499 percent interest rate for the regulatory asset. The amortization of the regulatory asset is $1.683 million per year through a separate rate schedule.

3. Other Issues Not Covered by This First Stipulation. This First Stipulation does not resolve the following issues raised by the Stipulating Parties and/or the Coalition, and these issues will continue to be addressed in litigation or by separate stipulation:

a. Rate Spread (AWEC/100; Staff/1700);

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[1] On June 13, 2025, the Company, Staff, and AWEC provided a status update in that docket notifying the Commission of a comprehensive settlement in principle in that proceeding.

b. Rate Schedule 27 (Coalition Intervenors/100);

c. Load Forecasting (Staff/1700);

d. Regulatory asset for plant retired due to electrification (CUB/100);

e. Analysis of non-pipeline alternatives (Coalition Intervenors/200);

f. Electrification and thermal energy network pilots (Coalition Intervenors/200);

g. Research and Development Reporting (Coalition Intervenors/100);

h. Oregon Low-Income Energy Efficiency (OLIEE) program funds for electric heat pumps (Coalition Intervenors/100); and

i. Low Income Home Energy Assistance Program (LIHEAP) funding (CUB/100).

4. The Stipulating Parties agree that this First Stipulation is in the public interest, and will result in rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.

5. This First Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this First Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this First Stipulation at hearing, and recommend that the Commission issue an order adopting this First Stipulation. The Stipulating Parties also agree to cooperate in drafting and submitting joint testimony or a brief in support of this First Stipulation in accordance with OAR 860-001-0350(7).

6. If this First Stipulation is challenged, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this First Stipulation.

The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this First Stipulation.

7. The Stipulating Parties have negotiated this First Stipulation as an integrated document. If the Commission rejects all or any material portion of this First Stipulation or imposes additional material conditions in approving this First Stipulation, any of the Stipulating Parties are entitled to withdraw from this First Stipulation or exercise any other rights provided in OAR 860-001-0350(9).

8. By entering into this First Stipulation, no Stipulating Party approves, admits, or consents to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving at the terms of this First Stipulation, other than those specifically identified in the body of this First Stipulation. No Stipulating Party shall be deemed to have agreed that any provision of this First Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this First Stipulation.

9. The substantive terms of this First Stipulation are not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this First Stipulation in good faith and that it intends to abide by the terms of this First Stipulation unless and until this First Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify this First Stipulation. If the Commission rejects or modifies this First Stipulation, the Stipulating Parties reserve the

right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

10. This First Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This First Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

Respectfully submitted this 23rd day of June 2025.

NORTHWEST NATURAL COMPANY, dba NW NATURAL By: */s/ Zachary Kravitz* Date: June 23, 2025	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON By: */s/ Stephanie Andrus* Date: June 23, 2025
OREGON CITIZENS' UTILITY BOARD By: */s/ Claire Valentine-Fossum* Date: June 23, 2025	ALLIANCE OF WESTERN ENERGY CONSUMERS By: */s/ Chad Stokes* Date: June 23, 2025

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UG 520

In the Matter of

NORTHWEST NATURAL GAS COMPANY, dba NW Natural,

Application for a General Rate Revision.

SECOND PARTIAL ALL-PARTY STIPULATION

I. INTRODUCTION

The purpose of this Second Partial Stipulation ("Second Stipulation") is to resolve certain issues among all the parties to this docket, specifically Northwest Natural Gas Company d/b/a NW Natural ("NW Natural" or the "Company"); Staff of the Public Utility Commission of Oregon ("Staff"); the Oregon Citizens' Utility Board ("CUB"); the Alliance of Western Energy Consumers ("AWEC"); and Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council (collectively, the "Coalition") (collectively, the "Stipulating Parties") in Docket UG 520. The Stipulating Parties support all terms in this Second Stipulation. The Stipulating Parties expect that this Second Stipulation will address all issues among the Stipulating Parties regarding rate spread and rate design.

II. BACKGROUND

On December 30, 2024, NW Natural filed a request for a general rate increase (the "Initial Filing"). The Company's Initial Filing requested a revision to customer rates that would increase the Company's annual Oregon jurisdictional revenues by $59.4 million, which would have resulted in an approximate 5.79 percent increase to current customer rates.

On February 14, 2025, ALJ Spruce issued a Memorandum detailing the procedural schedule for this proceeding. In accordance with the procedural schedule, Staff and intervenors filed their Opening Testimony on April 2, 2025, and the parties convened for settlement discussions on April 22, 2025. NW Natural filed its Reply Testimony on May 21, 2025, and the parties convened a settlement conference on June 11, 2025, with settlement discussions ongoing through June 17, 2025. NW Natural, Staff, CUB, and AWEC reached a First Partial Multi-Party Stipulation addressing several issues in this proceeding, including all revenue requirement issues, that they filed on June 23, 2025 ("First Stipulation"). The Coalition did not join the First Stipulation, but authorized NW Natural, Staff, CUB and AWEC to represent that the Coalition does not oppose the First Stipulation.

On June 24, 2025, in accordance with the procedural schedule adopted by the ALJ, Staff and intervenors filed Rebuttal and Cross-Answering Testimony. The parties held additional settlement conferences on June 27, 2025, and June 30, 2025. On June 30, 2025, as a result of the parties' settlement discussions, the Stipulating Parties reached this Second Stipulation resolving additional issues regarding rate spread and rate design in this proceeding. This Second Stipulation memorializes the Stipulating Parties' agreements. Issues that are specifically excluded from the scope of the First Stipulation under Paragraph 3 and not resolved by this Second Stipulation will continue to be litigated in this docket or, pending additional settlement discussions, may be incorporated into a separate stipulated agreement entered into at a later date.

III. TERMS OF AGREEMENT

The Stipulating Parties agree to the following:

1. Rate Spread and Rate Design: The Stipulating Parties agree to rate spread and rate design as set out in Attachments 1, 2 and 3 to this Second Stipulation.
    a. Attachment 1 presents the methodology for spreading the incremental revenue requirement agreed upon in the First Stipulation.
    b. Attachment 2 indicates the rate spread margin, revenue, and bill impact for each revenue requirement item by rate schedule.
    c. Attachment 3 displays the calculated billing determinants by rate component, as well as the rate schedules and rate blocks.

2. Interruptible Customer Rates: The Stipulating Parties agree that, prior to its next general rate case filing, NW Natural will conduct a cost-of-service study for interruptible rate schedules that evaluates the system impacts of providing non-interruptible firm service to customers on such schedules. NW Natural will hold one or more workshops before initiating the cost-of-service study to discuss the methodology to be used for the study.

3. Schedule 27 Dry-Out Rate:
    a. The Stipulating Parties agree that the Rate Schedule 27 fixed charge increases from $8.00 to $10.00 to align with the existing Rate Schedule 2 Single-Family fixed charge rate.
    b. The Stipulating Parties agree that the Rate Schedule 27 Dry-Out Rate (both the fixed and volumetric rate components) will be the same as the Rate Schedule 2 Residential Rate beginning at the rate effective date of NW Natural’s next general rate case filing.

4. Heating Degree Day ("HDD") Set Points: The Stipulating Parties agree that, prior to its next general rate case filing, NW Natural will analyze its choice of HDD Set Points (currently 59 Degrees F and 58 Degrees F for the residential and commercial class, respectively).

5. Rate Schedule 15 Fees: The Stipulating Parties agree that both the Rate Schedule 15 Administrative Set-up/Consultation fee and the Technical Assistance fee increase from $100 to $145.

6. The Stipulating Parties agree that this Second Stipulation is in the public interest, and will result in rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.

7. This Second Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Second Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Second Stipulation at hearing, and recommend that the Commission issue an order adopting this Second Stipulation. The Stipulating Parties also agree to cooperate in drafting and submitting joint testimony or a brief in support of this Second Stipulation in accordance with OAR 860-001-0350(7).

8. If this Second Stipulation is challenged, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Second Stipulation. The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Second Stipulation.

9. The Stipulating Parties have negotiated this Second Stipulation as an integrated document. If the Commission rejects all or any material portion of this Second Stipulation or imposes additional material conditions in approving this Second Stipulation, any of the Stipulating Parties are entitled to withdraw from this Second Stipulation or exercise any other rights provided in OAR 860-001-0350(9).

10. By entering into this Second Stipulation, no Stipulating Party approves, admits, or consents to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving at the terms of this Second Stipulation, other than those specifically identified in the body of this Second Stipulation. No Stipulating Party shall be deemed to have agreed that any provision of this Second Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Second Stipulation.

11. The substantive terms of this Second Stipulation are not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this Second Stipulation in good faith and that it intends to abide by the terms of this Second Stipulation unless and until this Second Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify this Second Stipulation. If the Commission rejects or modifies this Second Stipulation, the Stipulating Parties reserve the right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

12. This Second Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Second Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

Respectfully submitted this 3rd day of July 2025.

NORTHWEST NATURAL COMPANY, dba NW NATURAL By: *∕s∕ Zachary Kravitz* Date: July 3, 2025	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON By: *∕s∕ Natascha Smith* Date: July 3, 2025
OREGON CITIZENS' UTILITY BOARD By: *∕s∕ Claire Valentine-Fossum* Date: July 3, 2025	ALLIANCE OF WESTERN ENERGY CONSUMERS By: *∕s∕ Chad Stokes* Date: July 3, 2025
CLIMATE SOLUTIONS, COALITION OF COMMUNITIES OF COLOR, VERDE, SIERRA CLUB, OREGON ENVIRONMENTAL COUNCIL By: *∕s∕ Cole Souder* Date: July 3, 2025	

NW Natural
Oregon Jurisdictional Rate Case - UG 520
Test Year Twelve Months Ended October 31, 2026
Rate Spread Allocation Methodology - Revenue Requirement Effects - PER UG 520 SECOND STIPULATION
Original Workpaper: Exhibit NW Natural/1602, Wyman
Rate Spread Allocation Methdology for UG 520 Second Stipulation

	Factor	Margin %
02R CAP:	**1.04**	3.5%
03C CAP:	**1.00**	3.4%
27R CAP:	**4.06**	13.8%
FLOOR at 0.64x:	**0.63**	2.1%

▨ --> *Indicates column based on filed LRIC / revenue requirement included for ease of comparison.*

													Step 1	Step 2	Step 3	Step 4		
Line No.	Rate Schedule	Margin Revenue at Present Rates	Total Revenue at Present Rates	Target Increase (LRIC) FILED	Target Increase (LRIC) FILED & Fixed LRIC Cell	Target Increase (LRIC) First Stipulation Rev Requirement & Fixed LRIC Cell	Parity Ratio at Present Rates (Unit Parity = 1.0) FILED	Parity Ratio at Present Rates (Unit Parity = 1.0) & Fixed LRIC Cell	Target Margin Increase (LRIC) FILED	Target Margin Increase (LRIC) First Stipulation Rev Requirement	Equal % of Margin Increase FILED	Equal % of Margin Increase First Stipulation Rev Requirement	Apply Caps: Parity Ratio Less than 1.0 plus 03C	Apply Floor: Transportation Class & Parity Ratio Over 1.29	Apply Remainder: Remaining Schedules on Equal Percent of Margin Basis	Per Second Stipulation: Levelize Rate Class 32 at 2.1% and Shift Incremental to 03C	Total Revenue Requirement Increase	Margin Increase
		$	$	%					$			$					$	%
		A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**O**	**P**	**Q**
1	02R	$ 417,867,041	$ 634,454,777	13.3%	13.3%	4.8%	0.97	0.97	$ 55,564,596	$ 19,971,870	$ 39,478,877	$ 14,172,478	$ 14,739,377				$ 14,739,377	3.5%
2	03CSF	$ 152,460,057	$ 254,696,468	7.8%	7.8%	2.8%	1.01	1.01	$ 11,924,131	$ 4,288,582	$ 14,403,988	$ 5,170,872	$ 5,170,872			$ 76,068	$ 5,246,939	3.4%
3	03ISF	$ 2,655,683	$ 5,370,888	-4.7%	-4.7%	-1.7%	1.15	1.15	$ (124,772)	$ (44,912)	$ 250,901	$ 90,071			$ 65,730		$ 65,730	2.5%
4	27R	$ 787,578	$ 1,268,018	42.7%	42.7%	15.3%	0.77	0.77	$ 336,330	$ 120,801	$ 74,408	$ 26,712	$ 108,472				$ 108,472	13.8%
5	31CSF	$ 10,772,358	$ 23,119,224	-18.4%	-18.4%	-6.6%	1.34	1.34	$ (1,978,461)	$ (710,180)	$ 1,017,741	$ 365,358		$ 230,175			$ 230,175	2.1%
6	31CTF	$ 1,129,431	$ 1,129,431	-22.7%	-22.7%	-8.2%	1.42	1.42	$ (256,253)	$ (92,088)	$ 106,705	$ 38,306		$ 24,133			$ 24,133	2.1%
7	31ISF	$ 3,439,241	$ 8,968,560	-20.6%	-20.7%	-7.4%	1.38	1.38	$ (709,776)	$ (255,316)	$ 324,930	$ 116,646		$ 73,487			$ 73,487	2.1%
8	31ITF	$ 97,130	$ 97,130	-5.2%	-5.2%	-1.9%	1.15	1.15	$ (5,080)	$ (1,826)	$ 9,177	$ 3,294			$ 2,404		$ 2,404	2.5%
9	32CSF	$ 15,216,403	$ 41,044,837	-15.4%	-15.4%	-5.5%	1.29	1.29	$ (2,340,848)	$ (841,508)	$ 1,437,602	$ 516,083		$ 325,132		$ (5,588)	$ 319,544	2.1%
10	32ISF	$ 4,188,571	$ 16,009,003	-15.6%	-15.7%	-5.6%	1.30	1.30	$ (654,183)	$ (236,573)	$ 395,724	$ 142,061		$ 89,498		$ (1,538)	$ 87,960	2.1%
11	32CTF	$ 1,073,885	$ 1,073,885	-33.1%	-33.2%	-11.9%	1.64	1.64	$ (355,545)	$ (127,970)	$ 101,458	$ 36,422		$ 22,946		$ (394)	$ 22,552	2.1%
12	32ITF	$ 7,205,891	$ 7,205,891	-13.2%	-13.4%	-4.8%	1.26	1.26	$ (950,844)	$ (347,584)	$ 680,792	$ 244,397			$ 178,352	$ (27,028)	$ 151,324	2.1%
13	32CSI	$ 2,697,122	$ 12,816,545	-3.1%	-3.3%	-1.2%	1.13	1.13	$ (82,882)	$ (32,105)	$ 254,816	$ 91,476			$ 66,756	$ (10,116)	$ 56,640	2.1%
14	32ISI	$ 2,811,271	$ 15,222,405	0.2%	-0.1%	0.0%	1.09	1.10	$ 6,203	$ (854)	$ 265,601	$ 95,348			$ 69,581	$ (10,544)	$ 59,037	2.1%
15	32CTI	$ 551,185	$ 551,185	-58.3%	-58.9%	-21.2%	2.62	2.67	$ (321,133)	$ (116,637)	$ 52,074	$ 18,694		$ 11,777		$ (202)	$ 11,575	2.1%
16	32ITI	$ 5,507,172	$ 5,507,172	-12.3%	-13.1%	-4.7%	1.25	1.26	$ (676,386)	$ (258,697)	$ 520,302	$ 186,783			$ 136,307	$ (20,656)	$ 115,651	2.1%
17	33T	$ 0	$ 0	0.0%	0.0%	0.0%	1.00	1.00	$ 0	$ 0	$ 0	$ 0					$ 0	0.0%
	SPECIAL	$ 1,664,933	$ 1,664,933	0.0%	0.0%	0.0%	1.00										$ 0	
	Total	**$ 630,124,953**	**$ 1,030,200,353**	**3.4%**	*(settled overall margin change)*				**$ 59,375,097**	**$ 21,315,000**		**Rev Req Applied:**	**$ 20,018,721**	**$ 777,149**	**$ 519,130**	**$ 0**	**$ 21,315,000**	**3.4%**
		(1)	**(1)**	**9.4%**	*(filed overall margin change)*													
	Proposed Rev Req:	**$ 21,315,000**										**Rev Req Remainder:**	**$ 1,296,279**	**$ 519,130**	**$ 0**	**$ 0**		

Note **(1)**: Includes special contract and miscellaneous revenues.

Avg Parity Ratio for schedules above 1.29:	1.57	1.58

2.1% *(rate class 32 cap per Second Stipulation)*

NW Natural
Oregon Jurisdictional Rate Case
Test Year Twelve Months Ended October 31, 2026
Incremental Revenue Requirement Allocation by Rate Schedule:
Combined Revenue Requirement Effects - PER SECOND STIPULATION
UG 520 NW Natural Proposed Rates Effective October 31, 2025

UG 520 Revenue Requirement Combined Impacts (Second Stipulation)
Impacts of UG 520 Revenue Requirement items, including the application of the Plant EDIT Amortization Credit with Temporary Adjustments (Meter Modernization) and Base Rate Adjustments (GC 500)

				Revenue Requirement	Plant EDIT Credit	Total: Rev. Req. Items	GC 500	Meter Modernization			Combined Revenue Requirement Effects		
				Base Rate	Base Rate		Base Rate Adjustment	Temporary Rate					
Line No.	Rate Schedule	Margin Revenue at Present Rates	Total Revenue at Present Rates	Margin Increase ($) (1)	Margin Decrease ($) (2)	Margin Increase ($)	Margin Increase ($)	Revenue Increase ($)	Margin Revenue at New Rates	Total Revenue at New Rates	Margin Revenue Increase (%)	Total Revenue (In)(De)crease (%)	Average Bill (In)(De)crease (%)
		A	B	C	D	E	F	F	G = A+E	H = B+E+F	I	J	K
1	02R	$ 417,867,041	$ 629,818,180	$ 17,872,693	$ (3,135,633)	$ 14,737,060	$ 1,153,480	$ 1,790,601	$ 433,757,581	$ 647,499,320	3.8%	2.8%	2.8%
2	*02R - SF*	$ 373,307,026	$ 561,886,925	$ 15,902,604	$ (2,789,995)	$ 13,112,608	$ 1,026,333	$ 1,593,225	$ 387,445,968	$ 577,619,090	3.8%	2.8%	2.8%
3	*02R - MF*	$ 44,560,015	$ 67,931,255	$ 1,970,090	$ (345,638)	$ 1,624,452	$ 127,147	$ 197,376	$ 46,311,614	$ 69,880,230	3.9%	2.9%	2.9%
4	03C	$ 152,460,057	$ 254,696,468	$ 6,362,748	$ (1,116,479)	$ 5,246,270	$ 420,645	$ 652,590	$ 158,126,972	$ 261,015,972	3.7%	2.5%	2.6%
5	03I	$ 2,655,683	$ 5,370,888	$ 79,715	$ (13,991)	$ 65,724	$ 7,256	$ 11,276	$ 2,728,664	$ 5,455,145	2.7%	1.6%	1.5%
6	27R	$ 787,578	$ 1,268,018	$ 122,686	$ (14,207)	$ 108,479	$ 2,392	$ 3,704	$ 898,450	$ 1,382,594	14.1%	9.0%	9.2%
7	31CSF	$ 10,772,358	$ 23,119,224	$ 279,115	$ (48,983)	$ 230,133	$ 29,433	$ 45,530	$ 11,031,924	$ 23,424,320	2.4%	1.3%	1.5%
8	31CTF	$ 1,129,431	$ 1,129,431	$ 29,256	$ (5,127)	$ 24,129	$ 3,076	$ 4,768	$ 1,156,636	$ 1,161,405	2.4%	2.8%	2.8%
9	31ISF	$ 3,439,241	$ 8,968,560	$ 89,106	$ (15,641)	$ 73,465	$ 9,377	$ 14,509	$ 3,522,083	$ 9,065,911	2.4%	1.1%	1.2%
10	31ITF	$ 97,130	$ 97,130	$ 2,915	$ (512)	$ 2,403	$ 266	$ 412	$ 99,799	$ 100,211	2.7%	3.2%	3.2%
11	32CSF	$ 15,216,403	$ 41,044,837	$ 387,383	$ (68,033)	$ 319,350	$ 41,399	$ 64,354	$ 15,577,151	$ 41,469,939	2.4%	1.0%	1.2%
12	32ISF	$ 4,188,571	$ 16,009,003	$ 106,707	$ (18,773)	$ 87,934	$ 11,440	$ 17,681	$ 4,287,945	$ 16,126,058	2.4%	0.7%	1.0%
13	32CTF	$ 1,073,885	$ 1,073,885	$ 27,355	$ (4,780)	$ 22,575	$ 2,931	$ 4,539	$ 1,099,391	$ 1,103,930	2.4%	2.8%	3.1%
14	32ITF	$ 7,205,891	$ 7,205,891	$ 183,496	$ (32,142)	$ 151,354	$ 19,682	$ 30,491	$ 7,376,928	$ 7,407,419	2.4%	2.8%	3.3%
15	32CSI	$ 2,697,122	$ 12,816,545	$ 68,685	$ (12,059)	$ 56,626	$ 7,382	$ 11,372	$ 2,761,130	$ 12,891,924	2.4%	0.6%	0.8%
16	32ISI	$ 2,811,271	$ 15,222,405	$ 71,573	$ (12,545)	$ 59,028	$ 7,660	$ 11,922	$ 2,877,959	$ 15,301,014	2.4%	0.5%	0.6%
17	32CTI	$ 551,185	$ 551,185	$ 14,039	$ (2,460)	$ 11,578	$ 1,492	$ 2,319	$ 564,256	$ 566,575	2.4%	2.8%	2.7%
18	32ITI	$ 5,507,172	$ 5,507,172	$ 140,613	$ (24,932)	$ 115,681	$ 14,949	$ 22,922	$ 5,637,802	$ 5,660,724	2.4%	2.8%	3.0%
19	33T	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0.0%	0.0%	0.0%
	Total (3)	**$ 628,460,019**	**$ 1,023,898,822** (4)	**$ 25,838,087** (5)	**$ (4,526,296)** (5)	**$ 21,311,790** (5)	**$ 1,732,861**	**$ 2,688,989**	**$ 651,504,671**	**$ 1,049,632,462** (4)	**3.7%**	**2.5%**	(6)

NOTE **(1):** Revenue Requirement spread based on UG 520 Second Stipulation.
NOTE **(2):** Plant excess deferred income taxes (EDIT) amortization credit spread to all rate schedules based on the revenue requirement rate spread noted above.
NOTE **(3):** 02R indicates the entire Residential rate class. Below it are the two Residential sub-classes that make-up the class-wide total. They are as follow:
(1) 02R - SF: Residential Single-Family; and (2) 02R - MF : Residential Multi-Family.
NOTE **(4):** Total Revenues only includes margin (with miscellaneous revenues) and gas costs. It excludes temporaries associated with PGA filings. Therefore, for RS 31 and RS 32 rate classes, it is possible for margin revenues to exceed total revenues for new rates when rate case and PGA effects are combined.
NOTE **(5):** The margin revenue increase is based on volumetric billing rates rounded to the fifth decimal as necessitated by the Company's tariff. Therefore, there may be a small discrepancy with the indicated revenue requirement.
NOTE **(6)**: The average customer bill percentage impact figure calculation excludes pipeline capacity charges for RS 31 and RS 32 rate classes, and thus the bill rate impacts for these schedules are overstated.
In addition to the revenue requirement items, average bill increase or decrease can be impacted by changes in expected use per customer between current and new rates.

NW Natural
Oregon Jurisdictional Rate Case
Test Year Twelve Months Ended October 31, 2026
UG 520 Base and Total Billing Rates by Rate Schedule and Block - Combined Effects PER SECOND STIPULATION
with Calculation of Effect on Customer Average Bill by Rate Schedule [1]
UG 520 NW Natural Proposed Rates Effective October 31, 2025

Note: Does not include 25-26 PGA Effects.

														Includes Plant EDIT GRC BASE		GRC BASE ADJ		GRC TEMPS												
														$21,315.0		$1,735.5		$2,687.1												
								Current Tariff Rate					Current Tariff Rate	Revenue						UG 520	Proposed UG 520 and 2024-25 PGA Combined Effects							UG 520+PGA	UG 520+PGA	UG 520+PGA
						Current Tariff	UG 520	11/1/2024	11/1/2024	11/1/2024	11/1/2024	11/1/2024	11/1/2024	Requirement						BILLING RATE							11/01/2024	10/31/2025	10/31/2025	10/31/2025
Line No.	Schedule	Block	Block Volumes	Test Year Volumes	Test Year Customers	Current Monthly Base Charge	Proposed Monthly Base Charge	Current Rates: Base Rate	Current Rates: Base Rate Adjustment	Current Rates: Pipeline Capacity	Current Rates: Commodity	Current Rates: Temporary Adjustment	Current Billing Rates	Proposed Increase: Base Rates	Proposed Base Rate	Proposed Increase: Base Rate Adjustment	UG 520 Base Rate Adjustment	Proposed Increase: Temporary Rate Adjustment	Proposed Temporary Rate	Proposed Billing Rate	Base Rate	Base Rate Adjustment	Pipeline Capacity Rate (Demand)	Commodity Rate (WACOG)	Temporary Adjustment	Final Tariff Rate Effective: 10/31/25	Current Average Bill [2]	Proposed Average Bill [2]	Change in Average Monthly Bill ($)	Change in Average Monthly Bill (%)
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O=H+N	P	Q=P	R	S=R	T=I+J+K+L+O+Q+S	U	V	W	X	Y	Z	AA	AB	AC	AD
1	02R - *SF*		N/A	370,517,326	572,489	$ 10.00	$ 10.00	$0.80043	$0.00815	$0.10274	$0.43366	($0.01390)	$ 1.33108	$0.03539	**$0.83582**	$0.00277	**$0.00277**	$0.00430	**$0.00430**	**$1.37354**	$0.83582	$0.01092	$0.10274	$0.43366	($0.00960)	$1.37354	$81.79	$84.08	$2.29	2.8%
2	02R - *MF*		N/A	45,901,440	71,175	$ 8.00	$ 8.00	$0.80043	$0.00815	$0.10274	$0.43366	($0.01390)	$ 1.33108	$0.03539	**$0.83582**	$0.00277	**$0.00277**	$0.00430	**$0.00430**	**$1.37354**	$0.83582	$0.01092	$0.10274	$0.43366	($0.00960)	$1.37354	$79.79	$82.08	$2.29	2.9%
3	3C Firm Sales		N/A	196,563,124	59,713	$ 15.00	$ 15.00	$0.70009	$0.00815	$0.10274	$0.43366	($0.06288)	$ 1.18176	$0.02669	**$0.72678**	$0.00214	**$0.00214**	$0.00332	**$0.00332**	**$1.21391**	$0.72678	$0.01029	$0.10274	$0.43366	($0.05956)	$1.21391	$339.18	$348.00	$8.82	2.6%
4	3I Firm Sales		N/A	5,220,344	335	$ 15.00	$ 15.00	$0.47523	$0.00815	$0.10274	$0.43366	$0.03439	$ 1.05417	$0.01259	**$0.48782**	$0.00139	**$0.00139**	$0.00216	**$0.00216**	**$1.07031**	$0.48782	$0.00954	$0.10274	$0.43366	$0.03655	$1.07031	$1,383.94	$1,404.90	$20.96	1.5%
5	27 Dry Out		N/A	923,707	1,735	$ 8.00	$ 10.00	$0.65119	$0.00815	$0.10274	$0.43366	($0.01906)	$ 1.17668	$0.07236	**$0.72355**	$0.00259	**$0.00259**	$0.00401	**$0.00401**	**$1.25564**	$0.72355	$0.01074	$0.10274	$0.43366	($0.01505)	$1.25564	$60.20	$65.71	$5.51	9.2%
6	31C Firm Sales	Block 1	2,000	12,922,520	656	$ 325.00	$ 325.00	$0.33788	$0.00815	$0.00000	$0.43366	($0.03470)	$ 0.74499	$0.01010	**$0.34798**	$0.00129	**$0.00129**	$0.00200	**$0.00200**	**$0.75838**	$0.34798	$0.00944	$0.00000	$0.43366	($0.03270)	$0.75838				
7		Block 2	all additional	10,815,980				$0.30828	$0.00815	$0.00000	$0.43366	($0.03542)	$ 0.71467	$0.00921	**$0.31749**	$0.00118	**$0.00118**	$0.00182	**$0.00182**	**$0.72688**	$0.31749	$0.00933	$0.00000	$0.43366	($0.03360)	$0.72688	$2,541.08	$2,580.27	$39.19	1.5%
8	31C Firm Transpt	Block 1	2,000	1,174,463	58	$ 575.00	$ 575.00	$0.30572	($0.00236)	$0.00000	$0.00000	$0.01154	$ 0.31490	$0.01020	**$0.31592**	$0.00130	**$0.00130**	$0.00202	**$0.00202**	**$0.32842**	$0.31592	($0.00106)	$0.00000	$0.00000	$0.01356	$0.32842				
9		Block 2	all additional	1,302,194				$0.27950	($0.00236)	$0.00000	$0.00000	$0.01067	$ 0.28781	$0.00933	**$0.28883**	$0.00119	**$0.00119**	$0.00184	**$0.00184**	**$0.30017**	$0.28883	($0.00117)	$0.00000	$0.00000	$0.01251	$0.30017	$1,653.21	$1,699.50	$46.29	2.8%
10	31I Firm Sales	Block 1	2,000	3,404,637	173	$ 325.00	$ 325.00	$0.25629	$0.00815	$0.00000	$0.43366	$0.03140	$ 0.72950	$0.00740	**$0.26369**	$0.00095	**$0.00095**	$0.00146	**$0.00146**	**$0.73931**	$0.26369	$0.00910	$0.00000	$0.43366	$0.03286	$0.73931				
11		Block 2	all additional	7,226,216				$0.23105	$0.00815	$0.00000	$0.43366	$0.03079	$ 0.70365	$0.00668	**$0.23773**	$0.00085	**$0.00085**	$0.00132	**$0.00132**	**$0.71250**	$0.23773	$0.00900	$0.00000	$0.43366	$0.03211	$0.71250	$3,980.09	$4,027.33	$47.24	1.2%
12	31I Firm Transpt	Block 1	2,000	89,044	6	$ 575.00	$ 575.00	$0.26118	($0.00236)	$0.00000	$0.00000	$0.00948	$ 0.26830	$0.01137	**$0.27255**	$0.00126	**$0.00126**	$0.00195	**$0.00195**	**$0.28288**	$0.27255	($0.00110)	$0.00000	$0.00000	$0.01143	$0.28288				
13		Block 2	all additional	135,301				$0.23606	($0.00236)	$0.00000	$0.00000	$0.00873	$ 0.24243	$0.01028	**$0.24634**	$0.00114	**$0.00114**	$0.00176	**$0.00176**	**$0.25561**	$0.24634	($0.00122)	$0.00000	$0.00000	$0.01049	$0.25561	$1,382.15	$1,426.02	$43.87	3.2%
14	32C Firm Sales	Block 1	10,000	36,986,116	537	$ 675.00	$ 675.00	$0.18086	$0.00815	$0.00000	$0.43366	$0.03026	$ 0.65293	$0.00680	**$0.18766**	$0.00088	**$0.00088**	$0.00137	**$0.00137**	**$0.66198**	$0.18766	$0.00903	$0.00000	$0.43366	$0.03163	$0.66198				
15		Block 2	20,000	10,403,619				$0.15268	$0.00815	$0.00000	$0.43366	$0.02947	$ 0.62396	$0.00575	**$0.15843**	$0.00075	**$0.00075**	$0.00116	**$0.00116**	**$0.63162**	$0.15843	$0.00890	$0.00000	$0.43366	$0.03063	$0.63162				
16		Block 3	20,000	1,696,756				$0.10587	$0.00815	$0.00000	$0.43366	$0.02811	$ 0.57579	$0.00398	**$0.10985**	$0.00052	**$0.00052**	$0.00080	**$0.00080**	**$0.58109**	$0.10985	$0.00867	$0.00000	$0.43366	$0.02891	$0.58109				
17		Block 4	100,000	572,115				$0.05889	$0.00815	$0.00000	$0.43366	$0.02675	$ 0.52745	$0.00222	**$0.06111**	$0.00029	**$0.00029**	$0.00045	**$0.00045**	**$0.53041**	$0.06111	$0.00844	$0.00000	$0.43366	$0.02720	$0.53041				
18		Block 5	600,000	-				$0.02514	$0.00815	$0.00000	$0.43366	$0.02578	$ 0.49273	$0.00095	**$0.02609**	$0.00012	**$0.00012**	$0.00019	**$0.00019**	**$0.49399**	$0.02609	$0.00827	$0.00000	$0.43366	$0.02597	$0.49399				
19		Block 6	all additional	-				$0.00914	$0.00815	$0.00000	$0.43366	$0.02531	$ 0.47626	$0.00035	**$0.00949**	$0.00004	**$0.00004**	$0.00007	**$0.00007**	**$0.47672**	$0.00949	$0.00819	$0.00000	$0.43366	$0.02538	$0.47672	$5,706.48	$5,776.22	$69.74	1.2%
20	32I Firm Sales	Block 1	10,000	8,740,856	87	$ 675.00	$ 675.00	$0.13366	$0.00815	$0.00000	$0.43366	$0.02798	$ 0.60345	$0.00488	**$0.13854**	$0.00063	**$0.00063**	$0.00098	**$0.00098**	**$0.60994**	$0.13854	$0.00878	$0.00000	$0.43366	$0.02896	$0.60994				
21		Block 2	20,000	7,884,629				$0.11285	$0.00815	$0.00000	$0.43366	$0.02757	$ 0.58223	$0.00412	**$0.11697**	$0.00054	**$0.00054**	$0.00083	**$0.00083**	**$0.58772**	$0.11697	$0.00869	$0.00000	$0.43366	$0.02840	$0.58772				
22		Block 3	20,000	2,734,034				$0.07806	$0.00815	$0.00000	$0.43366	$0.02688	$ 0.54675	$0.00285	**$0.08091**	$0.00037	**$0.00037**	$0.00057	**$0.00057**	**$0.55054**	$0.08091	$0.00852	$0.00000	$0.43366	$0.02745	$0.55054				
23		Block 4	100,000	3,005,989				$0.04339	$0.00815	$0.00000	$0.43366	$0.02621	$ 0.51141	$0.00158	**$0.04497**	$0.00021	**$0.00021**	$0.00032	**$0.00032**	**$0.51352**	$0.04497	$0.00836	$0.00000	$0.43366	$0.02653	$0.51352				
24		Block 5	600,000	360,845				$0.01918	$0.00815	$0.00000	$0.43366	$0.02573	$ 0.48672	$0.00070	**$0.01988**	$0.00009	**$0.00009**	$0.00014	**$0.00014**	**$0.48765**	$0.01988	$0.00824	$0.00000	$0.43366	$0.02587	$0.48765				
25		Block 6	all additional	-				$0.00699	$0.00815	$0.00000	$0.43366	$0.02549	$ 0.47429	$0.00026	**$0.00725**	$0.00003	**$0.00003**	$0.00005	**$0.00005**	**$0.47463**	$0.00725	$0.00818	$0.00000	$0.43366	$0.02554	$0.47463	$13,561.76	$13,691.28	$129.52	1.0%
26	32C Firm Transpt	Block 1	10,000	2,582,927	28	$ 925.00	$ 925.00	$0.13867	($0.00236)	$0.00000	$0.00000	$0.00506	$ 0.14137	$0.00462	**$0.14329**	$0.00060	**$0.00060**	$0.00093	**$0.00093**	**$0.14752**	$0.14329	($0.00176)	$0.00000	$0.00000	$0.00599	$0.14752				
27		Block 2	20,000	1,913,154				$0.11783	($0.00236)	$0.00000	$0.00000	$0.00451	$ 0.11998	$0.00393	**$0.12176**	$0.00051	**$0.00051**	$0.00079	**$0.00079**	**$0.12521**	$0.12176	($0.00185)	$0.00000	$0.00000	$0.00530	$0.12521				
28		Block 3	20,000	658,765				$0.08320	($0.00236)	$0.00000	$0.00000	$0.00358	$ 0.08442	$0.00277	**$0.08597**	$0.00036	**$0.00036**	$0.00056	**$0.00056**	**$0.08811**	$0.08597	($0.00200)	$0.00000	$0.00000	$0.00414	$0.08811				
29		Block 4	100,000	801,516				$0.04854	($0.00236)	$0.00000	$0.00000	$0.00265	$ 0.04883	$0.00162	**$0.05016**	$0.00021	**$0.00021**	$0.00032	**$0.00032**	**$0.05098**	$0.05016	($0.00215)	$0.00000	$0.00000	$0.00297	$0.05098				
30		Block 5	600,000	-				$0.02771	($0.00236)	$0.00000	$0.00000	$0.00210	$ 0.02745	$0.00092	**$0.02863**	$0.00012	**$0.00012**	$0.00019	**$0.00019**	**$0.02868**	$0.02863	($0.00224)	$0.00000	$0.00000	$0.00229	$0.02868				
31		Block 6	all additional	-				$0.01390	($0.00236)	$0.00000	$0.00000	$0.00173	$ 0.01327	$0.00046	**$0.01436**	$0.00006	**$0.00006**	$0.00009	**$0.00009**	**$0.01388**	$0.01436	($0.00230)	$0.00000	$0.00000	$0.00182	$0.01388	$3,265.79	$3,367.70	$101.91	3.1%
32	32I Firm Transpt	Block 1	10,000	9,097,654	102	$ 925.00	$ 925.00	$0.13081	($0.00236)	$0.00000	$0.00000	$0.00469	$ 0.13314	$0.00379	**$0.13460**	$0.00049	**$0.00049**	$0.00076	**$0.00076**	**$0.13818**	$0.13460	($0.00187)	$0.00000	$0.00000	$0.00545	$0.13818				
33		Block 2	20,000	13,826,375				$0.11118	($0.00236)	$0.00000	$0.00000	$0.00426	$ 0.11308	$0.00322	**$0.11440**	$0.00042	**$0.00042**	$0.00065	**$0.00065**	**$0.11737**	$0.11440	($0.00194)	$0.00000	$0.00000	$0.00491	$0.11737				
34		Block 3	20,000	9,323,568				$0.07849	($0.00236)	$0.00000	$0.00000	$0.00351	$ 0.07964	$0.00228	**$0.08077**	$0.00030	**$0.00030**	$0.00046	**$0.00046**	**$0.08268**	$0.08077	($0.00206)	$0.00000	$0.00000	$0.00397	$0.08268				
35		Block 4	100,000	20,536,589				$0.04581	($0.00236)	$0.00000	$0.00000	$0.00277	$ 0.04622	$0.00133	**$0.04714**	$0.00017	**$0.00017**	$0.00027	**$0.00027**	**$0.04799**	$0.04714	($0.00219)	$0.00000	$0.00000	$0.00304	$0.04799				
36		Block 5	600,000	25,117,468				$0.02614	($0.00236)	$0.00000	$0.00000	$0.00231	$ 0.02609	$0.00076	**$0.02690**	$0.00010	**$0.00010**	$0.00015	**$0.00015**	**$0.02710**	$0.02690	($0.00226)	$0.00000	$0.00000	$0.00246	$0.02710				
37		Block 6	all additional	12,349,190				$0.01313	($0.00236)	$0.00000	$0.00000	$0.00202	$ 0.01279	$0.00038	**$0.01351**	$0.00005	**$0.00005**	$0.00008	**$0.00008**	**$0.01330**	$0.01351	($0.00231)	$0.00000	$0.00000	$0.00210	$0.01330	$7,207.79	$7,446.79	$239.00	3.3%
38	32C Interr Sales	Block 1	10,000	3,807,355	53	$ 675.00	$ 675.00	$0.14834	$0.00815	$0.00000	$0.43366	$0.02823	$ 0.61838	$0.00447	**$0.15281**	$0.00058	**$0.00058**	$0.00090	**$0.00090**	**$0.62433**	$0.15281	$0.00873	$0.00000	$0.43366	$0.02913	$0.62433				
39		Block 2	20,000	4,921,696				$0.12525	$0.00815	$0.00000	$0.43366	$0.02766	$ 0.59472	$0.00377	**$0.12902**	$0.00049	**$0.00049**	$0.00076	**$0.00076**	**$0.59974**	$0.12902	$0.00864	$0.00000	$0.43366	$0.02842	$0.59974				
40		Block 3	20,000	2,923,629				$0.08669	$0.00815	$0.00000	$0.43366	$0.02671	$ 0.55521	$0.00261	**$0.08930**	$0.00034	**$0.00034**	$0.00052	**$0.00052**	**$0.55868**	$0.08930	$0.00849	$0.00000	$0.43366	$0.02723	$0.55868				
41		Block 4	100,000	6,581,522				$0.04812	$0.00815	$0.00000	$0.43366	$0.02575	$ 0.51568	$0.00145	**$0.04957**	$0.00019	**$0.00019**	$0.00029	**$0.00029**	**$0.51761**	$0.04957	$0.00834	$0.00000	$0.43366	$0.02604	$0.51761				
42		Block 5	600,000	5,171,428				$0.02499	$0.00815	$0.00000	$0.43366	$0.02518	$ 0.49198	$0.00075	**$0.02574**	$0.00010	**$0.00010**	$0.00015	**$0.00015**	**$0.49298**	$0.02574	$0.00825	$0.00000	$0.43366	$0.02533	$0.49298				
43		Block 6	all additional	-				$0.00807	$0.00815	$0.00000	$0.43366	$0.02477	$ 0.47465	$0.00024	**$0.00831**	$0.00003	**$0.00003**	$0.00005	**$0.00005**	**$0.47497**	$0.00831	$0.00818	$0.00000	$0.43366	$0.02482	$0.47497	$22,529.18	$22,712.68	$183.50	0.8%
44	32I Interr Sales	Block 1	10,000	4,626,759	39	$ 675.00	$ 675.00	$0.12919	$0.00815	$0.00000	$0.43366	$0.02796	$ 0.59896	$0.00377	**$0.13296**	$0.00049	**$0.00049**	$0.00076	**$0.00076**	**$0.60398**	$0.13296	$0.00864	$0.00000	$0.43366	$0.02872	$0.60398				
45		Block 2	20,000	6,189,698				$0.10905	$0.00815	$0.00000	$0.43366	$0.02749	$ 0.57835	$0.00318	**$0.11223**	$0.00041	**$0.00041**	$0.00064	**$0.00064**	**$0.58258**	$0.11223	$0.00856	$0.00000	$0.43366	$0.02813	$0.58258				
46		Block 3	20,000	3,482,963				$0.07549	$0.00815	$0.00000	$0.43366	$0.02670	$ 0.54400	$0.00220	**$0.07769**	$0.00029	**$0.00029**	$0.00044	**$0.00044**	**$0.54693**	$0.07769	$0.00844	$0.00000	$0.43366	$0.02714	$0.54693				
47		Block 4	100,000	8,653,753				$0.04190	$0.00815	$0.00000	$0.43366	$0.02591	$ 0.50962	$0.00122	**$0.04312**	$0.00016	**$0.00016**	$0.00025	**$0.00025**	**$0.51125**	$0.04312	$0.00831	$0.00000	$0.43366	$0.02616	$0.51125				
48		Block 5	600,000	5,753,036				$0.02174	$0.00815	$0.00000	$0.43366	$0.02544	$ 0.48899	$0.00064	**$0.02238**	$0.00008	**$0.00008**	$0.00013	**$0.00013**	**$0.48984**	$0.02238	$0.00823	$0.00000	$0.43366	$0.02557	$0.48984				
49		Block 6	all additional	-				$0.00699	$0.00815	$0.00000	$0.43366	$0.02509	$ 0.47389	$0.00021	**$0.00720**	$0.00003	**$0.00003**	$0.00004	**$0.00004**	**$0.47417**	$0.00720	$0.00818	$0.00000	$0.43366	$0.02513	$0.47417	$34,889.67	$35,101.55	$211.88	0.6%
50	32C Interr Transpt	Block 1	10,000	1,057,554	3	$ 925.00	$ 925.00	$0.12687	($0.00236)	$0.00000	$0.00000	$0.00387	$ 0.12838	$0.00285	**$0.12972**	$0.00037	**$0.00037**	$0.00057	**$0.00057**	**$0.13217**	$0.12972	($0.00199)	$0.00000	$0.00000	$0.00444	$0.13217				
51		Block 2	20,000	1,508,006				$0.10784	($0.00236)	$0.00000	$0.00000	$0.00347	$ 0.10895	$0.00242	**$0.11026**	$0.00031	**$0.00031**	$0.00049	**$0.00049**	**$0.11217**	$0.11026	($0.00205)	$0.00000	$0.00000	$0.00396	$0.11217				
52		Block 3	20,000	883,383				$0.07614	($0.00236)	$0.00000	$0.00000	$0.00283	$ 0.07661	$0.00172	**$0.07786**	$0.00022	**$0.00022**	$0.00034	**$0.00034**	**$0.07889**	$0.07786	($0.00214)	$0.00000	$0.00000	$0.00317	$0.07889				
53		Block 4	100,000	3,092,303				$0.04440	($0.00236)	$0.00000	$0.00000	$0.00221	$ 0.04425	$0.00100	**$0.04540**	$0.00013	**$0.00013**	$0.00020	**$0.00020**	**$0.04558**	$0.04540	($0.00223)	$0.00000	$0.00000	$0.00241	$0.04558				
54		Block 5	600,000	531,701				$0.02539	($0.00236)	$0.00000	$0.00000	$0.00183	$ 0.02486	$0.00057	**$0.02596**	$0.00007	**$0.00007**	$0.00011	**$0.00011**	**$0.02561**	$0.02596	($0.00229)	$0.00000	$0.00000	$0.00194	$0.02561				
55		Block 6	all additional	-				$0.01273	($0.00236)	$0.00000	$0.00000	$0.00157	$ 0.01194	$0.00029	**$0.01302**	$0.00004	**$0.00004**	$0.00006	**$0.00006**	**$0.01233**	$0.01302	($0.00232)	$0.00000	$0.00000	$0.00163	$0.01233	$11,577.98	$11,896.08	$318.10	2.7%
56	32I Interr Transpt	Block 1	10,000	4,966,401	73	$ 925.00	$ 925.00	$0.12471	($0.00236)	$0.00000	$0.00000	$0.00443	$ 0.12678	$0.00309	**$0.12780**	$0.00040	**$0.00040**	$0.00062	**$0.00062**	**$0.13089**	$0.12780	($0.00196)	$0.00000	$0.00000	$0.00505	$0.13089				
57		Block 2	20,000	8,229,093				$0.10600	($0.00236)	$0.00000	$0.00000	$0.00401	$ 0.10765	$0.00263	**$0.10863**	$0.00034	**$0.00034**	$0.00053	**$0.00053**	**$0.11115**	$0.10863	($0.00202)	$0.00000	$0.00000	$0.00454	$0.11115				
58		Block 3	20,000	6,135,971				$0.07485	($0.00236)	$0.00000	$0.00000	$0.00334	$ 0.07583	$0.00186	**$0.07671**	$0.00024	**$0.00024**	$0.00037	**$0.00037**	**$0.07830**	$0.07671	($0.00212)	$0.00000	$0.00000	$0.00371	$0.07830				
59		Block 4	100,000	17,243,649				$0.04365	($0.00236)	$0.00000	$0.00000	$0.00266	$ 0.04395	$0.00108	**$0.04473**	$0.00014	**$0.00014**	$0.00022	**$0.00022**	**$0.04539**	$0.04473	($0.00222)	$0.00000	$0.00000	$0.00288	$0.04539				
60		Block 5	600,000	30,016,183				$0.02497	($0.00236)	$0.00000	$0.00000	$0.00225	$ 0.02486	$0.00062	**$0.02559**	$0.00008	**$0.00008**	$0.00012	**$0.00012**	**$0.02568**	$0.02559	($0.00228)	$0.00000	$0.00000	$0.00237	$0.02568				
61		Block 6	all additional	96,923,006				$0.01252	($0.00236)	$0.00000	$0.00000	$0.00197	$ 0.01213	$0.00031	**$0.01283**	$0.00004	**$0.00004**	$0.00006	**$0.00006**	**$0.01254**	$0.01283	($0.00232)	$0.00000	$0.00000	$0.00203	$0.01254	$11,470.59	$11,815.11	$344.52	3.0%
62	33		N/A	-	-	$ 38,250.00	$ 38,250.00	$0.00574	($0.00236)	$0.00000	$0.00000	$0.00127	$ 0.00465	$0.00000	**$0.00574**	$0.00000	**$0.00000**	$0.00000	**$0.00000**	**$0.00465**	$0.00574	($0.00236)	$0.00000	$0.00000	$0.00127	$0.00465	$38,250.00	$38,250.00	$0.00	0.0%

NOTE: The two Residential sub-classes are as follow: (1) 02R - SF: Residential Single-Family; and (2) 02R - MF : Residential Multi-Family.

[1] Rate Schedule 31 and 32 customers may choose demand charges at a volumetric rate or based on MDDV. For convenience of presentation, demand charges are not included in the calculation for those rate schedules.

[2] Average bill rate calculated using the UG 520 rate case volumes and customer count.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG 520

In the Matter of NORTHWEST NATURAL GAS COMPANY dba NW Natural, Request for a General Rate Revision.	**THIRD PARTIAL MULTI-PARTY STIPULATION**

I. INTRODUCTION

The purpose of this Third Partial Multi-Party Stipulation ("Third Stipulation") is to resolve certain issues among Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"); Staff of the Public Utility Commission of Oregon ("Commission") ("Staff"); the Oregon Citizens' Utility Board ("CUB"); and Climate Solutions, Coalition of Communities of Color, Verde, Sierra Club, and Oregon Environmental Council (collectively, the "Coalition") (collectively, the "Stipulating Parties") in docket UG 520. The Stipulating Parties support all terms in this Third Stipulation. The Stipulating Parties expect that this Third Stipulation will address all issues among the Stipulating Parties regarding research and development ("R&D") reporting, the Low Income Home Energy Assistance Program ("LIHEAP"), and Oregon Low-Income Gas Assistance ("OLGA"). The Alliance of Western Energy Consumers ("AWEC") is also a party to this docket and does not join the Third Stipulation, but the Stipulating Parties are authorized to represent that AWEC does not oppose the Third Stipulation.

II. BACKGROUND

On December 30, 2024, NW Natural filed a request for a general rate increase (the "Initial Filing"). The Company's Initial Filing requested a revision to customer rates that would increase the Company's annual Oregon jurisdictional revenues by $59.4 million, which would have resulted in an approximate 5.79 percent increase to current customer rates.

On February 14, 2025, ALJ Spruce issued a Memorandum detailing the procedural schedule for this proceeding. In accordance with the procedural schedule, Staff and intervenors filed their Opening Testimony on April 2, 2025, and the parties convened for settlement discussions on April 22, 2025. NW Natural filed its Reply Testimony on May 21, 2025, and the parties convened a settlement conference on June 11, 2025, with settlement discussions ongoing through June 17, 2025. NW Natural, Staff, CUB, and AWEC reached a First Partial Multi-Party Stipulation addressing several issues in this proceeding, including all revenue requirement issues, that they filed on June 23, 2025 ("First Stipulation"). The Coalition did not join the First Stipulation, but authorized NW Natural, Staff, CUB and AWEC to represent that the Coalition does not oppose the First Stipulation.

On June 24, 2025, in accordance with the procedural schedule adopted by the ALJ, Staff and intervenors filed Rebuttal and Cross-Answering Testimony. The parties held additional settlement conferences on June 27, 2025, and June 30, 2025. On June 30, 2025, as a result of the parties' settlement discussions, NW Natural, Staff, CUB, AWEC and the Coalition reached a Second Partial All-Party Stipulation ("Second Stipulation") resolving additional issues regarding rate spread and rate design in this proceeding. The Second Stipulation was filed with the Commission on July 3, 2025.

On July 9, 2025, in accordance with the procedural schedule, NW Natural filed Surrebuttal Testimony. Following additional settlement discussions on June 30, 2025, and

July 10, 2025, the Stipulating Parties reached a Third Stipulation, resolving issues concerning R&D reporting, LIHEAP, and OLGA.

Issues that are specifically excluded from the scope of the First Stipulation under Paragraph 3 and not resolved by the Second Stipulation or this Third Stipulation will continue to be litigated in this docket.

III. TERMS OF AGREEMENT

The Stipulating Parties agree to the following:

1. R&D Reporting: The Company will hold a workshop prior to January 31, 2026, to discuss the Company's R&D spending and its approach to implementing SB 685. The Stipulating Parties agree that a workshop would not be needed if a docket is opened to implement SB 685 prior to the requested date. NW Natural will annually file a report on its R&D spending in docket UG 520. This annual reporting obligation will continue for three years, beginning on May 15, 2026.

2. OLGA/LIHEAP: In the event that LIHEAP funding for Oregon is reduced or eliminated, NW Natural will increase OLGA funding by the amount of the 2023-2024 program year's LIHEAP funding ($1.3 million) and add administrative fees for OLGA administrators (20 percent), for a total increase of $1.56 million. NW Natural will inform its OLGA administrators of their allocations of OLGA funding, which will include the increased funding.

3. To resolve the Stipulating Parties' issues in this proceeding related to OLGA:

   a. Step One: By August 31, 2025, NW Natural will contact the four Multnomah County Community Action Partner ("CAP") agencies that subcontract with Multnomah County to administer only LIHEAP funds in order to facilitate those agencies becoming OLGA administrators in addition to LIHEAP administrators, or solely OLGA administrators in the absence of LIHEAP. NW Natural will advise these CAP agencies that their OLGA allocation may reflect increased funds, pursuant to Provision 2 of this Third Stipulation.

b. Step Two: If those agencies show interest in becoming OLGA administrators, NW Natural will make good faith efforts to facilitate this transition.

4. OLGA Roll-over Balance: Once the outcome of the 2025-2026 program year LIHEAP funding for Oregon is known, NW Natural will assess the level of roll-over balances in OLGA and determine whether NW Natural should set a targeted roll-over balance in order to maximize distributions each program year while maintaining a reasonable reserve balance. If it is determined that roll-over balances should be adjusted, then the Company will adjust any incremental OLGA contributions due to the elimination or reduction of LIHEAP (as noted in Provision 2 of this Third Stipulation), accordingly.

5. Status Update: NW Natural commits to filing an update in dockets UG 520 and UM 2211 about the results and status of Provisions 2-4 of this Third Stipulation by September 30, 2025. If the outcome of the 2025-2026 program year LIHEAP funding for Oregon is still unknown by September 30, 2025, NW Natural will file in dockets UG 520 and UM 2211 an additional update within 14 days of the outcome of the 2025-2026 program year LIHEAP funding for Oregon.

6. Bill Discount Program ("BDP") auto-enrollment: NW Natural will make best-efforts to work with Oregon Housing and Community Services ("OHCS") and the CAP

agencies with which it contracts for OLGA and Gas Assistance Program ("GAP") administration to obtain the information necessary for NW Natural to auto-enroll customers into the appropriate income tier of its BDP. Specifically, NW Natural will work in good faith to facilitate conversations with OHCS and CAP agencies by August 31, 2025, to request that these agencies provide NW Natural with the customer income information necessary to place customers in the correct income tier as part of BDP auto-enrollments.

a. NW Natural will file an update in dockets UG 520 and UM 2211 about the results and status of its outreach to obtain the information by December 31, 2025.

b. NW Natural will adjust Schedule 330 to reflect that all customers receiving LIHEAP, OLGA, and/or GAP are auto-enrolled into the income-appropriate BDP tier, if the information is available.

7. The Stipulating Parties agree that this Third Stipulation is in the public interest, and will result in rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.

8. This Third Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Third Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Third Stipulation at hearing, and recommend that the Commission issue an order adopting this Third Stipulation. The Stipulating Parties also agree to cooperate in drafting and submitting joint testimony or a brief in support of this Third Stipulation in accordance with OAR 860-001-0350(7).

9. If this Third Stipulation is challenged, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Third Stipulation. The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Third Stipulation.

10. The Stipulating Parties have negotiated this Third Stipulation as an integrated document. If the Commission rejects all or any material portion of this Third Stipulation or imposes additional material conditions in approving this Third Stipulation, any of the Stipulating Parties are entitled to withdraw from this Third Stipulation or exercise any other rights provided in OAR 860-001-0350(9).

11. By entering into this Third Stipulation, no Stipulating Party approves, admits, or consents to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving at the terms of this Third Stipulation, other than those specifically identified in the body of this Third Stipulation. No Stipulating Party shall be deemed to have agreed that any provision of this Third Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Third Stipulation.

12. The substantive terms of this Third Stipulation are not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this Third Stipulation in good faith and that it intends to abide by the terms of this Third Stipulation unless and until this Third Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify this Third Stipulation. If

the Commission rejects or modifies this Third Stipulation, the Stipulating Parties reserve the right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

13. This Third Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Third Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

Respectfully submitted this 5th day of August 2025.

NORTHWEST NATURAL COMPANY, dba NW NATURAL By: */s/ Zachary Kravitz* Date: August 5, 2025	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON By: */s/ Stephanie Andrus* Date: August 5, 2025
OREGON CITIZENS' UTILITY BOARD By: */s/ Claire Valentine-Fossum* Date: August 5, 2025	CLIMATE SOLUTIONS, COALITION OF COMMUNITIES OF COLOR, VERDE, SIERRA CLUB, OREGON ENVIRONMENTAL COUNCIL By: */s/ Cole Souder* Date: August 5, 2025