

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2324(1)

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Application for Reauthorization to Defer
Costs Associated with a Residential and
Small Commercial Demand Response
Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 13, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA8

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

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

DATE: October 20, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: NORTHWEST NATURAL:
(Docket No. UM 2324(1))
Defer Costs Associated with a Residential and Small Commercial Demand Response Program.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Northwest Natural Gas Company's (NW Natural or the Company) request to reauthorize the deferral of costs associated with a Residential and Small Commercial Demand Response Program, for the 12-month period beginning May 15, 2025.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for reauthorization to defer costs associated with its Residential and Small Commercial Demand Response Program.

Applicable Law

ORS 757.259 empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later inclusion in rates. The Commission has established rules implementing this statute in OAR 860-027-0300.

ORS 757.259 is a "statutorily authorized exception to the general prohibition against retroactive ratemaking" that allows a "means to address utility expenses or revenues

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outside of the utility's general rate case proceeding." ORS 757.259(2)(e) grants the Commission discretion to authorize a deferral of "[i]dentifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes ... or to match appropriately the costs borne by and benefits received by ratepayers." The Commission applies "a flexible, fact-specific approach" to determining whether deferred accounting meets either prong of this two-part test.

Analysis

Background

The Company seeks reauthorization to defer costs associated with developing, implementing, and evaluating a demand response program for its residential and small commercial customers.

The Company is also seeking to defer administrative, customer communication and marketing engagement, and IT&S costs associated with developing the program. NW Natural also seeks to defer the costs associated with locational demand response programs.

These costs will include higher incentive payments to customers in targeted areas to boost program enrollment and mitigate attrition of participants in the program. The Company reports it intends to file a status update regarding these programs with the IRP update later this year.¹

The Commission first authorized deferral of these costs for 2024-205 on February 5, 2025, in Order No. 25-030.

Description of Expenses

The Company describes the expenses as those associated with developing, implementing and evaluating a demand response program for its residential and small commercial customer. Also, the Company seeks to defer the administrative customer

¹ See, In the Matter of NW Natural Gas Company, dba NW Natural, 2022 Integrated Resource Plan, Docket No. LC 79, Order No. 23-281 at 16 (Aug. 2, 2023).

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communication and marketing engagement and IT&S costs associated with developing the program.

Reasons for Deferral

The deferral is used to better match the costs borne and benefits received by customers.

Estimate of Amounts

The Company cannot estimate the amounts included in this deferral for the 12-month period beginning May 15, 2025 through May 14, 2026.

The Amounts Deferral Last Year

The amount deferred during the last deferral year of May 15, 2024 through May 14, 2025, was \$507,874 plus \$8,664 of interest on the deferral.

Information Related to Future Amortization

- Earnings Review- Staff recommends an earnings test be applied to this deferral.
- Prudence Review - A prudence review should be performed at the time of deferral amortization.
- Sharing Percentages - Staff will recommend at the time of amortization that prudently incurred cost and benefits will be collected/refunded from/to customers with a 90/10 share. Staff recommend a sharing mechanism for this deferral to align the interests of customers and the company as well as recognizing there is a sharing mechanism in place for purchasing natural gas costs.

Conclusion

Staff concludes that Northwest Natural's authorization request meets the requirements of ORS 757.259 and OAR 860-027-0300.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural Company's (NWN or Company) request to authorize the deferral regarding costs associated with a Residential and Small Commercial Demand Response Program, for the 12-month period beginning May 15, 2025.