

ORDER NO. 25-541

ENTERED Dec 30 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UG 528

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Advice No. 25-23, Schedule 160,  
Cancellation of Changes for Coos County  
Pipeline.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on December 30, 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. RA2

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: December 30, 2025**

**REGULAR**   X   **CONSENT**        **EFFECTIVE DATE**   December 31, 2025  

**DATE:** December 19, 2025

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Caroline Moore, Scott Gibbens, and Curtis Dlouhy **SIGNED**

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. ADV 1789/Advice No. 25-23)  
Request cancellation of Schedule 160 - Charges for Coos County  
customers and proposal for Coos County Pipeline.

**STAFF RECOMMENDATION:**

Staff recommends the Commission suspend and investigate Advice No. 25-23, which eliminates Schedule 160, Revision of Charges of Coos County Customers.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request to cancel Schedule 160.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020.

In Order No. 02-236, the Commission approved a stipulation specifying that NW Natural will impose a surcharge on Coos County natural gas sales customers ("Coos County

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Charge”) in the amount of \$0.02 per therm to pay O&M expenses for transportation service on the Coos County pipeline and to repay NW Natural for Coos County users’ share of NW Natural’s investment to provide natural gas service to Coos County customers.<sup>1</sup> The Commission’s order specified the Coos County Charge would be in effect for 20 years and if at the end of that period, Coos County had not yet repaid NW Natural for its initial investment, within 90 days after the end of the 20 years NW Natural will calculate the balance of the Coos County Share remaining to be repaid and will recalculate the Coos County Charge to repay the balance with a reasonable time.<sup>2</sup>

### Analysis

#### *Pipeline and Schedule 160 Background*

NW Natural filed Advice No. 25-23 on September 26, 2025. The filing proposes cancelling the existing Schedule 160, which contains a surcharge on NW Natural sales customers in the Coos County service territory. The surcharge is \$0.02 per therm, and covers incremental O&M costs associated with maintaining the 60-mile Pipeline from the connection point at the Williams pipeline near Roseburg to the NW Natural distribution system in Coos County, paying the transportation costs on the Pipeline, and Coos County’s \$1.6 million share of the Company’s cost to construct its distribution system. Despite concerns from Staff and other intervenors that the surcharge would likely not cover the costs of the pipeline, the surcharge was approved in Order No. 03-236 following a stipulation among parties in UG 152.

The Pipeline entered into service in January of 2005, but its history starts no later than 1999. In that year, the Oregon Legislature allocated \$24 million in state funding for Coos County, and Coos County voters authorized a \$27 million general obligation bond to construct the 60-mile Pipeline from the Williams connection point near Roseburg to NW Natural distribution system serving Coos County customers.

On July 31, 2001, NW Natural and Coos County entered into a Transportation Services Agreement (TSA) under which NW Natural would construct distribution facilities to connect customers to natural gas when the Pipeline was completed. Per the terms of the TSA, NW Natural provides gas service to its Coos County customers by transporting gas through the Williams Pipeline, purchasing gas transportation services from Coos County on the Pipeline, and then delivering gas on its distribution system to customers. The TSA also included an agreement regarding the allocation of industrial class customers, leaving an avenue for Coos County to serve customers directly notwithstanding they were located on territory allocated to NW Natural. NW Natural sought Commission approval of the TSA under ORS 758.410, which authorizes the

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<sup>1</sup> *In the Matter of Northwest Natural Gas Company, Application for a General Rate Revision Advice No. 02-19*, Order No. 03-236 at 3 (April 22, 2003).

<sup>22</sup> *Id.*, at Appendix A, p. 6.

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Commission to approve contracts between public utilities and third parties in which the public utility cedes some or all of the territory in which it has exclusive right to serve. The Commission denied NW Natural's request, finding it did not have authority to approve a contract that merely set forth a procedure the parties could use to allocate territory rather than actually allocating territory.<sup>3</sup>

Subsequent to the Commission's denial, the Oregon legislature enacted Senate Bill 321, which gave the Commission authority to approve a TSA between NW Natural and Coos County.<sup>4</sup> NW Natural re-submitted the TSA to the Commission for approval in 2003 and the Commission approved it under ORS 758.405 (the territorial allocation statute), specifically noting that the "terms and conditions" of the TSA were "approved to the extent allowed by statute."<sup>5</sup> In response to NW Natural's request the Commission retain jurisdiction over the TSA to actively supervise its territorial allocation provision, the Commission specified "[w]e will retain jurisdiction to the extent allowed by the territory allocation statutes and SB 321."<sup>6</sup>

NW Natural reports that the Pipeline has safety issues due to landslide risks that urgently need to be addressed. In 2021 the Company commissioned a study from a geoenvironmental firm to identify landslide areas near the Pipeline. The study identified nine landslide areas classified as moderate/low risk such that federal code requires monitoring practices to sufficiently address the safety risk. An additional three areas were identified as having a higher risk of a major landslide. The Company is currently monitoring the landslide risk areas, and notes in the filing that one of the higher risk areas was originally identified as moderate/low risk. This reclassification is a result of severe storms that can heighten the risk in certain areas or expose new areas to landslide risk.

In March 2025, heavy rains in Southwest Oregon caused widespread damage due to flooding, landslides, mudslides, sinkholes, and rockfalls resulting in a Level 3 regional emergency response activation from the Oregon Department of Emergency Management. In its filing the Company cites this event as a main reason for the urgency

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<sup>3</sup> *In the Matter of Northwest Natural Gas Company Request for Approval of Agreement to Allocate Customers and Territory (UA 93) Petition for Declaratory Ruling Regarding Statewide Rate Allocation of Costs (DR 30)*, Order No. 02-678 at 7-8 (October 4, 2002).

<sup>4</sup> ORS 758.410 provides, in pertinent part: (3) The commission may approve a contract entered into under this section that authorizes Coos County to construct a natural gas pipeline into allocated territory in Coos County that contains terms for the allocation of industrial customers in Coos County between the county and the other part to the contract."

<sup>5</sup> *Request for Approval of Agreement (UA 93)*, *supra*, Order No. 02-678 at 5.

<sup>6</sup> *In the Matter of Northwest Natural Gas Company Request for Approval of Agreement to Allocate Customers and Territory (UA 93) Petition for Declaratory Ruling Regarding Statewide Rate Allocation of Costs (DR 30)*, Order No. 02-678 at 7-8 (02-678).

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of the need to take action to mitigate landslide risk around the pipeline. The Company points to multiple points along the Pipeline that have been impacted by the storm that increase the risk of failure. In particular the Lookingglass area was upgraded to high risk for landslides in March of 2025, where previously it had been identified as low risk.

*Proposed Purchase of the Pipeline*

In addition to suspending Schedule 160, NW Natural's filing also discusses its plan to purchase the Pipeline from Coos County for \$1 and assume responsibility for its safety and maintenance. The Company explains that approximately \$10 million in landslide prevention work is urgently needed in order to assure Pipeline integrity and maintain the Company's ability to continue providing safe and reliable natural gas service to Coos County residents.

Citizens Utility Board and other environmental justice stakeholders have expressed concern with the proposal, particularly with the plan to terminate Coos County surcharge and spread Pipeline costs across all NW Natural ratepayers.

*Coos County Support for NW Natural's Proposal* The Coos County Board of Commissioners on September 29, 2025 filed a letter in this docket in support of NW Natural's proposal to take ownership of the Pipeline and terminate the TSA and Schedule 160.

The letter states:

The Pipeline, owned by Coos County, is essential to the provision of safe, reliable energy to our County. It is also critical to the economic health of our region. Without it, Coos County would lose natural gas service to both the industries and residents that depend on it...Forest products is the largest industry that requires natural gas service. That industry has re-invested over \$100 million in Coos County in just the last two years. Technology improvements in wood processing are also dependent on reliable natural gas. In addition, health care, education, and small local businesses including restaurants, shops, and recreation centers, as well as approximately 1900 residential customers, depend on safe and reliable natural gas service for space heating, water heating, and cooking.

Coos County represents that it is unable to pay or secure enough funding to pay for the cost of landslide mitigation. The County was able to secure a FEMA infrastructure grant of \$1.45 million with support from Oregon Senators Jeff Merkley and Ron Wyden. The Senators in expressing their support for the grant stated that "if this pipeline were to fail,

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as is expected in its current state, it could have an enormous impact on the local economy with businesses and hundreds of households reliant on gas from the Pipeline.”

The Coos County letter and NW Natural’s filing note that the median household income of \$60,313 is substantially lower than both the national median of \$78,538, and the state median of \$80,426. The low median household income, along with the fact that Coos County is located in a rural area along the Oregon coast with limited energy infrastructure, qualifies Coos County as an “environmental justice community” as defined in ORS 756.010(5).

#### *Company and Stakeholder Interest*

Staff has held conversations with the Company and stakeholders about this filing and the proposed Pipeline purchase to understand their concerns in the weeks leading up to the public meeting. The Company stressed the need to address the safety concerns presented by the Pipeline and its need to get some indication about whether the Commission supports its purchase before it begins potentially costly upgrades to a high-risk pipeline. Stakeholders such as Citizens’ Utility Board (CUB), the Green Energy Institute, and Rogue Climate expressed concerns about environmental justice and customer fairness, including trying to understand the true urgency of the safety risks, whether non-pipes alternatives (NPA) would be feasible in lieu of safety improvements, the fairness of spreading the Coos County Pipeline costs to all ratepayers.

#### *Staff Analysis*

Although NW Natural’s Advice Filing appears to include requests for approval of a modification to the TSA approved in 2023 and NW Natural’s plan to purchase the Coos County Pipeline, neither of these questions are presented in this matter. As discussed above, the Commission has previously concluded its jurisdiction over the TSA is limited to the methodology for assigning the right to serve industrial customers. NW Natural did not include information in this filing regarding modifications to that methodology. In fact, NW Natural did not include a copy of the TSA with its filing. Even if it did, an Advice Filing would likely not be the proper venue for review of the TSA.

Second, the Commission generally does not approve purchases of property, only sales. Again, this review of an Advice Filing is not the appropriate venue for such a review in any case.

Accordingly, the only question before the Commission in this docket is whether to approve, deny, or suspend for investigation NW Natural’s request to eliminate the \$.02 charge to Coos County customers intended to recover O&M, transportation costs, and the costs of the original distribution investment. As noted above, NWN and Coos County agreed in 2003 that if Coos County had not paid back its share of NW Natural’s

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distribution system investment in 20 years, the charge would be recalculated and extended to allow for the repayment over a reasonable time period.

NW Natural has put forth circumstances that may support eliminating the charge rather than recalculating. However, Staff feels it is important to allow sufficient opportunity to evaluate important aspects of the question presented in other relevant dockets. Accordingly, Staff recommends suspending Advice No. 25-23 for investigation. If the Commission suspends this advice filing, it is Staff's understanding that the surcharge will remain in effect and the funds collected will continue to be used as an offset to costs incurred on the pipeline and NWN's initial investment in customer infrastructure.

Although the question presented in this docket is very narrow, this is not the only pending docket concerning the Coos County Pipeline. The Company seeks to recover the intended capital investments in the Coos County Pipeline through its Alternative Ratemaking Mechanism (ARM) proposed in Docket No. UG 527. Secondly, NWN has filed a deferral, Docket No. UM 2419, to track ongoing Pipeline costs and the incremental O&M costs incurred while constructing Pipeline improvements.

Staff intends to bring the authorization of the deferral associated with the Coos County pipeline to a public meeting next month.

**PROPOSED COMMISSION MOTION:**

Suspend and investigate Advice No. 25-23, which eliminates Schedule 160, Revision of Charges of Coos County Customers.

RA2 - ADV 1789 Coos County Pipeline