

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2420

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Authorization to Defer
Federal Tariff Costs Related to Natural Gas
Imports.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 31, 2026, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 31, 2026**

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

DATE: March 23, 2026

TO: Public Utility Commission

FROM: Julie Dyck

THROUGH: Scott Gibbens and Anna Kim **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2420)
PGE's Deferral of Canadian Natural Gas Tariffs.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE's) application seeking authorization to use deferred accounting from January 1, 2026 through December 31, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application seeking authorization to use deferred accounting beginning on January 1, 2026 through December 31, 2026, for the federal tariff costs related to natural gas imports.

Applicable Rule or Law

Under ORS 757.259, the Commission may authorize a utility to use a deferred account to capture and track costs and revenues without passing them to customers until a later time. Upon application and opportunity for comment and hearing, if requested by any party, ORS 757.259(2)(e) provides that the Commission may authorize a deferral of utility revenues and expenses, for later inclusion in rates:

- (a) Amounts incurred by a utility resulting from changes in the wholesale price of natural gas or electricity approved by the Federal Energy Regulatory Commission,

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- (b) Balances resulting from the administration of Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980,
- (c) Direct or indirect costs arising from any purchase made by a public utility from the Bonneville Power Administration pursuant to ORS 757.663, provided that such costs shall be recovered only from residential and small-farm retail electricity consumers,
- (d) Amounts accruing under a plan for the protection of short-term earnings under ORS 757.262 (2), or
- (e) Identifiable 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 the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

ORS 757.259(4) and OAR 860-027-0300(2) prohibit a deferral authorization from exceeding twelve months beginning on or after the date of the application.

OAR 860-027-0300(3) requires a deferral application to include the following:

- (a) A description of the utility expense or revenue for which deferred accounting is requested,
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized,
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting,
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application, and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

In Docket No. UM 1147, Order No. 05-1070, the Commission articulated the analysis it undertakes when considering a deferral application. Deferred accounting provides a way to address utility expenses or revenues outside of a general rate case and is “a statutorily authorized exception to the general prohibition against retroactive ratemaking.”¹ The Commission may authorize the use of deferred accounting to allow “a utility to capture and track costs and revenues without passing them to customers until a later time.”² The Commission uses a two-stage process to consider utility applications for deferrals and may deny authorization to defer costs at either stage.³

¹ *In the Matter of Public Utility Commission of Oregon, Deferred Accounting Principles Adopted*, Docket No. UM 1147, Order No. 05-1070 at 2 (October 5, 2005).

² *Id.*

³ *Id.*

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Under the first stage of review, the Commission determines “whether a proposed deferral meets the criteria set forth in subsections (a) through (e) of ORS 757.259(2).”⁴ As noted above, these subsections identify types of monies, whether expenses or revenues, that the legislature has given the Commission discretion to defer. Most deferral disputes involve ORS 757.259(2)(e), which is the “catch-all provision” that allows deferral of identifiable expenses or revenues if the Commission finds that the recovery or refund of such monies would “minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and the benefits received by ratepayers.”⁵

Under the second stage, the Commission exercises its discretion under ORS 757.259(2), which provides that the Commission “*may* authorize” a deferral for monies that may later be incorporated into rates.⁶ When exercising this discretion, the Commission considers two interrelated factors: (1) the type of event that caused the deferral and (2) the magnitude of the event’s effect.⁷ The Commission has explained how it considers these two factors:

These two considerations interact with each other so that neither is dispositive without the other. With regard to the type of event causing the deferral, we drew a distinction between risks that can be predicted to occur as part of the normal course of events, classified as stochastic risks, and risks that are not susceptible to prediction and quantification, classified as scenario risks. We concluded that risks that are reasonably predictable and quantifiable are generally not appropriate for deferral unless the second consideration, the magnitude of the financial impact of the event on the utility, is substantial enough to warrant deferral. . . . If, in our discretion, we deem a requested deferral to be inappropriate, we may deny it without further consideration. Alternatively, if we deem a requested deferral to be appropriate, we must verify that it is legally authorized before we approve it.⁸

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 2-3.

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Analysis

Background

The Pacific Northwest consistently imports gas from Western Canada, with 89 percent of the supply in 2024 coming from Canada.⁹ On February 1, 2025, President Trump announced his intention to impose 25 percent tariffs on Canadian imports as part of a broader strategy to address national security concerns and trade imbalances with the signing of an executive order.¹⁰

On March 4, 2025, the 25 percent tariffs on imports from Canada and Mexico (limited to 10 percent for energy products) went into effect.¹¹ On April 2, Trump announced “reciprocal” tariffs which applied a 10 percent tariff on imports from all countries, but the White House reiterated that United States-Mexico-Canada Agreement (USMCA) compliant goods can continue to enter the U.S. duty-free.¹²

PGE included a forecast of the federal tariffs in its 2026 Annual Update Tariff (AUT) proceeding (Docket UE 452). All issues in Docket UE 452 were resolved through stipulation. PGE agreed to remove the costs of these tariffs from the AUT, and all parties agreed that if PGE filed a deferral application parties would not oppose the application.¹³ The UE 452 parties reserved the right to challenge amortization of the deferred costs and raise issues when PGE requests amortization of the deferred amounts.¹⁴

On December 22, 2025, PGE submitted its application in Docket No. UM 2420 for deferred accounting treatment for all expenses associated with the impacts of any federal tariffs imposed on imported Canadian natural gas over the deferral period (January 1, 2026 to December 31, 2026).

⁹ S&P Global, “Trump tariffs include 10% carve-out for Canadian gas, power, minerals,” Killian Staines, Daniel Weeks, Kip Keen, Zack Hale, and J Robinson, (February 02, 2025) (available at <https://www.spglobal.com/energy/en/news-research/latest-news/natural-gas/020225-trump-tariffs-include-10-carve-out-for-canadian-gas-power-minerals>).

¹⁰ Imposing Duties to Address the Flow of Illicit Drugs Across Our Northern Border, Exec. Order No. 14193, 90 FR 9113 (February 1, 2025).

¹¹ The White House, Fact Sheet: President Donald J. Trump Proceeds with Tariffs on Imports from Canada and Mexico (March 3, 2025) (available at: <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-proceeds-with-tariffs-on-imports-from-canada-and-mexico/>).

¹² Regulating Imports With a Reciprocal Tariff To Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits, Exec. Order No. 1425, 90 FR 15041 (April 2, 2025).

¹³ *In the Matter of Portland General Electric Company, 2026 Annual Power Cost Update Tariff*, Order No. 25-439, Appendix A at 2 (November 5, 2025).

¹⁴ *Id.*

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On February 20, 2026, the Supreme Court struck down the federal tariffs, including those imposed on natural gas imports, finding the President did not have the authority to impose such tariffs.¹⁵ The Supreme Court held that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs.¹⁶

Description of Expenses

PGE requests permission to defer costs and revenues associated with the federal tariffs imposed on imported Canadian natural gas, as described above, over the deferral period (January 1, 2026 to December 31, 2026).

Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3, Other Regulatory Assets, with a credit to FERC Account 547, Purchased Power and Fuel. In the absence of a deferred accounting order from the Commission, PGE would record the costs associated with the tariffs to FERC account 547.

Reasons for Deferral

PGE states that it:

seeks deferred accounting treatment for costs associated with any potential federal tariff costs related to natural gas imports. Granting this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. Approving this application will not authorize a change in rates but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Staff Review

Per the terms of the stipulation approved by the Commission in Order No. 25-439, Staff does not oppose the deferral of the costs of the federal tariffs.¹⁷

However, Staff recommends that if PGE seeks to amortize the costs of the federal tariffs, the Commission should not approve amortization of these costs. Given the Supreme Court has found that the federal tariffs imposed by the President to be illegal, it would not be fair, just, or reasonable to include these costs in customer rates.

¹⁵ *Learning Resources, Inc. v. Trump*, No. 24-1287 (U.S. February 20, 2026).

¹⁶ *Id.*

¹⁷ Order 25-439, Appendix A at 2.

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Conclusion

In summation, the Commission should approve PGE's application seeking authorization to use deferred accounting for the period from January 1, 2026 to December 31, 2026, for the costs associated with the impacts on the Company's natural gas supply of federal tariffs imposed on imported Canadian natural gas over the deferral period.

However, Staff will oppose amortization of the costs of the federal tariffs, if PGE seeks to amortize them, because the Supreme Court held the President did not have the authority to impose such tariffs.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's (PGE's) application seeking authorization to use deferred accounting from January 1, 2026 through December 31, 2026.