

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2439

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba, NW NATURAL,

Application for Reauthorization to Defer  
Certain Costs and Revenues for Public  
Purpose Funding Surcharge for Schedule  
350 Energy Efficiency Programs.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on April 28, 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.



Docket No. UM 2439  
April 20, 2026  
Page 2

match appropriately the costs borne by and benefits received by ratepayers.”  
ORS757.259(2)(e).

OAR 860-027-0300 generally sets forth the Commission’s application requirements for deferrals and amortization of deferred amounts.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility’s earnings at the time of application to amortize the deferral.

The Commission’s final determination on deferred amounts allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility. ORS 757.259(5).

### Analysis

#### *Background*

On September 12, 2002, the Commission published Order No. 02-634, requiring NW Natural to collect and transfer a surcharge to residential and commercial customers for energy use to support public purpose funding for certain conservation efforts, energy efficiency programs, and market transformation activities designed to benefit NW Natural’s Oregon customers. This surcharge became the Public Purpose Charge (PPC) and is now collected in Schedule 301.

The PPC adds a hybrid charge equal to a set percentage of a customer’s total monthly natural gas bill and a fixed monthly charge. This charge funds the Company’s energy efficiency programs that the Energy Trust of Oregon (Energy Trust) administers as well as the Company’s low-income weatherization and low-income bill pay assistance programs that are administered by the Company and the Community Action Agencies (CAAs).

Previously, the Company passed funds collected by the PPC under Schedule 301 to Energy Trust, this amount fluctuated throughout the year based on weather. The recently executed 2026-2030 Multiyear Plan now requests that Energy Trust receive equal monthly payments. Therefore, NW Natural now requests a deferral account to track the collections from customers charged through Schedule 301 and the monthly payments to Energy Trust.

Docket No. UM 2439  
April 20, 2026  
Page 3

In Docket No. 1854/Advice No. 26-03, NW Natural's request to update the PPC to a hybrid charge consisting of a percentage of the total monthly bill and a monthly fixed charge was approved by the Commission at the March 31, 2026, Public Meeting.

*Description of Expenses*

NW Natural is requesting to defer the costs associated with any under or over collection of Energy Trust costs collected through Schedule 301 during the 12-month period between April 1, 2026 and March 31, 2027. The Company states it expects the deferred amounts to vary each month based on customer usage.

*Reasons for Deferral*

Previously, the Company passed funds collected by the PPC under Schedule 301 to Energy Trust, this amount fluctuated throughout the year based on weather. The recently executed 2026-2030 Multiyear Plan now requests that Energy Trust receive equal monthly payments. Therefore, NW Natural now requests a deferral account to track the collections from customers charged through Schedule 301 and the monthly payments to Energy Trust.

NW Natural states, without the deferral, there would be no opportunity for the Company to recover the costs that are now required to be paid monthly to Energy Trust in months when lower customer usage would result in an under collection of the required ETO payment. Additionally, the Company states without a deferral, there would be no opportunity to refund customers any amounts that are in excess of the Energy Trust monthly payment due to higher customer usage.

*Proposed Accounting*

NW Natural proposes to account for all costs associated with the Energy Trust funding agreement in FERC Account 186. Without approval for the deferred accounting, the Company would record the amounts in several accounts impacting the Company's income statement and balance sheet.

*Estimate of Amounts*

NW Natural is not able to estimate the amounts subject to deferral as this will depend on future collections from customers compared against the agreed upon payment required each month to the Energy Trust.

*Information Related to Future Amortization*

- Earnings Review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5). Staff does not support applying an earnings test given the type of programs this is operating.

Docket No. UM 2439  
April 20, 2026  
Page 4

- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – 100 percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all of NW Natural’s Oregon customers on an equal cents per therm basis and the recently approve hybrid model of collections in Schedule 301.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year

### Conclusion

As the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve NW Natural’s application.

### **PROPOSED COMMISSION MOTION:**

Approve Northwest Natural’s request to authorize the deferral of costs and revenues associated with its Schedule 301, Public Purpose Charge, for the 12-month period beginning April 1, 2026, through March 31, 2027.

CA15 - NW Natural UM 2439