

ORDER NO. 26-137

ENTERED Apr 29 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2137(5)

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Application for Reauthorization to Defer
Costs Associated with Metro Supportive
Housing Services (MSHS) Tax.

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.

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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. ORS 757.259(4); OAR 860-027-0300(9). The Commission's final determination on the amount of deferrals 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). ORS 757.269(1) states that, "the Public Utility Commission shall act to balance the interests of the customers of the utility and the utility's investors by setting fair, just and reasonable rates that include amounts for income taxes" and "amounts for income taxes included in rates are fair, just and reasonable if the rates include current and deferred income taxes and other related tax items that are based on estimated revenues derived from the regulated operations of the utility." OAR 860-022-0045 states that, in part, if any county in Oregon imposes or increases taxes or licensing, franchise, or operating permit fees, the utility required to pay such taxes or fees shall collect the amount from its customers within the county imposing such taxes or fees.

Analysis

Background

On May 19, 2020, the Metro Council referred to Metro Region voters Measure 26-210, supporting homeless services through a higher earners' personal income tax and business profits tax.

The measure authorized Metro to create a Supportive Housing Services program, funded by a marginal personal income tax on households with taxable income in excess of \$200,000 (\$125,000 for single filers), and a business profits tax of one percent with an exemption for small businesses with gross receipts of five million or less per year.

Thus, the Company is seeking reauthorization to use deferred accounting pursuant to ORS 757.259 and OAR 860-027-0300, for the 12-month period beginning January 1, 2026 through December 31, 2026, for amounts associated with the Metro Supportive Housing Services (MSHS).

Description of Expenses

NW Natural requests reauthorization to defer the costs associated with the MSHS Tax.

Reasons for Deferral

The Commission has discretion to authorize a deferral of "identifiable utility expenses" or revenues, the recovery or refund of which the commission finds should be deferred in

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order to minimize the frequency of rate changes or to match appropriately the costs borne by and benefits received by rate payers.

Proposed Accounting

The Company proposes to continue to account for the costs associated with the MSHS Tax by recording the deferral in Account 186.

Estimate of Amounts

**Exhibit A - Metro Supportive Housing Service Tax
 Deferral Amounts**

1	Under (Over) collections at 12/31/24	\$240,228
2	Estimated 2025 collections	(\$411,420)
3	2024 Tax Return true-up	\$68,142
4	2025 Provision - estimated	\$173,350
5	Estimated undercollected (overcollected) position at 12/31/2025	<u>\$70,300</u>

This application is for the 12-month period beginning January 1, 2026, and ending December 31, 2026. Approval to use deferred accounting for costs associated with MSHS Tax was last granted on May 13, 2025, in Commission Order No. 25-177.

The amount deferred last year

\$240,228 was deferred for Oregon during the last deferral year of January 1, 2024 through December 31, 2024.

The amount amortized

The Company is unable to estimate the amount to be deferred during the next PGA cycle. However, the Company's intent is to amortize for collection all that is deferred.

Information Related to Future Amortization

- Earnings Review - Pursuant to ORS 757.259(5), deferred amounts will be allowed in rates to the extent authorized by the Commission following review of the utility's earnings at the time of application to amortize the deferral.
- Prudence Review - Prior to amortization, a prudence review will be conducted to ensure all costs were prudently incurred.
- Sharing - Staff does not recommend this deferral be subject to sharing as this is a tax imposed on the Company.

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- Rate Spread/Design - The allocation basis for the prudently incurred costs will be discussed at the time of the amortization.

Conclusion

Staff recommends the Commission approve NW Natural's request for authorization of a deferred account for the 12-month period beginning on January 1, 2026, with the amortization method to be determined in a future filing.

The Company has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural's application for reauthorization to use deferred accounting for amounts associated with the Metro Supportive Housing Services Tax for the 12-month period beginning January 1, 2026.