

ORDER NO. 26-138

ENTERED Apr 29 2026

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1984(7)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba, NW NATURAL,

Application for Reauthorization to Defer  
Certain Expenses or Revenues Relating to  
the Multnomah County Business Income  
Tax (MCBIT).

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:



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**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: April 28, 2026**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** \_\_\_\_\_ **N/A**

**DATE:** April 21, 2026

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. UM 1984(7))  
Application for Reauthorization to Defer Certain Expenses or Revenues  
Related with Multnomah County Business Income Tax (MCBIT).

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Northwest Natural Gas Company's (NW Natural or Company) request to authorize the deferral of revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning January 1, 2026.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request for authorization to defer revenues and expenses associated with the collection and remittance of the MCBIT.

Applicable Law

ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses, or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers.

A deferral may be authorized under ORS 757.259(2) for a period not to exceed 12 months beginning on or after the date of application.

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

## Analysis

### *Background*

Each year, the Company makes an advice filing to adjust the rate to reflect the Company's projections of the MCBIT tax expense for the coming year, as well as incorporating any deferred residual balance from the previous year.

The Company determines the MCBIT Rate by forecasting its expected MCBIT tax liability for the next calendar year and adding this forecasted amount to the expected over or under-collection of the prior year MCBIT taxes.

This total amount is then divided by the forecasted revenues for Multnomah County to determine the final MCBIT rate.

The deferred amounts may result in an increase or a decrease in the MCBIT rate for the following year. Also, each year, the Company addresses the information required by the commission in Order No. 09-263 issued in Docket No. UM 1286, Staff's Investigation into Purchase Gas Adjustment ("PGA") related to the MCBIT.

### *Description of the Expenses*

According to the Company, expenses are for any amounts that are over or under collected associated with the MCBIT.

### *Proposed Accounting*

The Company proposes to account for the expenses and revenues associated with the MCBIT by recording the deferral in Account 186.

### *Estimate of Amounts*

The Company expects to defer \$35,236 for the months January 2025 through the end of December 2025, which represents the difference between the estimated tax provision and the collected amount from customers subject to Schedule A. On exhibit A attached to the same application is included a summary sheet.

Also, for Oregon last deferral year of January 1, 2024 through December 31, 2024, it was \$282,063. This deferral is not included for amortization in the 2025-2026 PGA filing. The Company's intent is to amortize for collection all that is deferred.

*Reason for Deferral*

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and received by customers. In this application, Northwest Natural seeks to continue the use of a balancing account to match the costs borne and benefits received by customers.

*Information Related to Future Amortization*

- Earnings Review - An earnings review may be required prior to amortization, pursuant to ORS 757.259(5).
- 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 Multnomah County customers on an equal percentage of revenue basis.
- 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(8) and (10)) 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.

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

**PROPOSED COMMISSION MOTION:**

Approve Northwest Natural's request to re-authorize the deferral of revenues and expenses associated with the MCBIT for the 12-month period beginning January 1, 2026.