ORDER NO. 26-295

ENTERED Aug 18 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1101(23)

In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 18, 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.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 18, 2026

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** __________N/A__________

DATE: August 12, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: NORTHWEST NATURAL:
(Docket No. UM 1101(23))
Application for Reauthorization to Defer Costs Associated with Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2026.

DISCUSSION:

Issue

Whether the Commission should approve Northwest Natural's request for reauthorization to record and defer costs related to intervenor funding grants for the 12-month period beginning July 1, 2026.

Applicable Law

ORS 757.072 authorizes a utility to enter funding agreements with organizations that represent broad customer interests in Commission proceedings. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission shall allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259. 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(4) requires the utility to provide certain information in an application for deferred accounting. This includes: 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

The Intervenor Funding Agreement set forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. Commission Order No. 22-043 extended intervenor funding through December 2027 as part of the Fifth Amended and Restated Intervenor Funding Agreement.

It also established the three funds from which Intervenor Funding Grants can be made: CUB Fund, Preauthorized Matching Fund, (also referred to as the AWEC Fund) and Issue Fund, each with its own qualifications and requirements.

In addition, an agreement governing intervenor funding for environmental justice and low-income organizations (the Environmental Justice Communities Funding Agreement) was approved by the Commission in Order No. 23-033, issued on February 8, 2023.[1]

Order No. 23-033 also established an allocation of funds for each investor-owned utility, wherein NW Natural's allocation for annual availability of funds was $85,000 and $56,667 for the Pre-Certification Fund and Case Fund, respectively. This agreement was extended until December 31, 2025, per Order No. 24-337.

As stated in Staff's report in AR 677 on May 19, 2026, and supported by the Commission's Phase 1 comments in AR 676 at the July 7, 2026 Special Public Meeting, Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible.

The incorporation of existing deferrals into base rates would reduce year-to-year filings, improve transparency, and support the multi-year rate plan (MRP) goal of incorporating a broader set of costs within the multi-year framework.

[1] The agreement establishes a Pre-Certification Fund and Case Fund, which functions in a similar manner as the CUB Fund and Issue Fund described in the Intervenor Funding Agreement.

Staff encourages the Company and stakeholders to continue to evaluate the reasonableness of moving this and other deferrals into base rates in preparation for the move to multi-year ratemaking. However, Staff believes that approval of this deferral is reasonable until such a time that the Commission determines to consolidate the costs at issue into base rates in a general or multi-year rate proceeding.

Description of the Expenses
This request is made in accordance with ORS 757.259(3) that allows for the deferral of Intervenor funds. This includes any payments made to CUB under any prior or subsequent Commission approved intervenor funding agreement.

Proposed Accounting
Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying Intervenor. The Company proposes recording payment of Intervenor Funding Grants in a subaccount of FERC Account 186.

Reasons for Deferral
The Company expects to incur intervenor funding costs for the time period covered by this deferral July 1, 2026 to June 30, 2027 and ORS 757.072(4) permits the Company to defer such costs.

Estimate of Amounts
The estimated amounts for 2026 are $508,877. Details are include in the table below.

Fund	
CUB Fund	$ 127,078
Preauthorized Matching Fund (AWEC Fund)	$ 54,752
Issue Fund- General Account	$ 175,380
Issue Fund- Case Certified Account	$ 10,000
Total	$ 367,210

The estimated amounts of the CUB Fund and Issue Fund – General Account will increase by three percent each year starting in 2024.[2]

[2] The Fifth Amended and Restated Intervenor Funding Agreement was approved by the Commission in Order No. 22-506.

The Amount Deferral Last Year

	Issue Fund	CUB Fund	AWEC Fund	Equity & Environmental Fund
	Acct 151878	Acct 151866	Acct 151870	Acct 151876
Deferred amounts July 1, 2025 through May 31, 2026	$203,200	$127,078	$54,752	$93,549

The Amount Amortized Last Year

	CUB Fund	AWEC Fund
	Acct 151880	Acct 151882
Amortized amounts November 1, 2024 through May 31, 2025 with interest	$348,865	$69,222

For purposes of amortization, the amount of the Issue Fund deferred related to CUB is amortized in the CUB Fund and the amount of the Issue Fund deferred related to AWEC is amortized in the AWEC Fund.

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order No. 22-506, Appendix A, page 29, paragraph 7.9: If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in Subsections 5,6,7,8, and 10 of ORS 757.259, as such subsections may be amended from time to time and shall not be included in any calculation of the amortization cap for other deferred accounts.

- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.

- Sharing – This deferral is not subject to a sharing mechanism.

- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).

- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See "Earnings Review" above.

Conclusion

The Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting.

Staff finds that the reason for the deferral costs, related to intervenor funding grants, is still valid.

Therefore, Staff recommends the Commission approve NW Natural's application for reauthorization to record and defer costs associated with Intervenor Funding Grants.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve NW Natural's Application to defer the costs associated with Intervenor funding grants for the 12-month period beginning July 1, 2026.