ORDER NO. 26-297

ENTERED Aug 18 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1766(10)

In the Matter of

NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL,

Application for Reauthorization of Deferred Accounting Related to Increase in the Annual Regulatory Fee.

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. CA7

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 1766(10))
Requests for Reauthorization of Deferred Accounting related to Annual Regulatory Fees.

STAFF RECOMMENDATION:

Staff recommends approval of Northwest Natural Gas Company's (NW Natural, NWN, or Company) request for reauthorization to defer costs associated with an incremental difference in the Oregon Public Utility Commission (PUC) annual regulatory fee assessed by the Commission and the amounts currently being collected in rates for the 12-month period beginning March 23, 2026.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's request for reauthorization to defer costs associated with the difference between the annual regulatory fee included in base rates and the currently authorized regulatory fee.

Applicable Law

NW Natural submitted its request for reauthorization to defer annual regulatory fee amounts on March 20, 2024, in accordance with ORS 757.259 and OAR 860-027-0300.

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

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4).

Pursuant to ORS 756.310, the annual fee is imposed on gross operating revenues derived within Oregon at a rate determined by Commission order.

<u>Analysis</u>

Background
In Order No. 25-348, entered in this docket on September 4, 2025, the Commission approved the Company's most recent request to continue deferring the amount of the annual regulatory fee not captured in the Company's last general rate case and temporary rates.

On February 17, 2026, the Commission issued Order No. 26-043 decreasing the annual fee from 0.45 percent to 0.36 percent of 2025 gross operating revenues.

When the Company receives the invoice from the Commission, a deferral of the previous year is recorded in the Company books for the difference in the fee embedded in rates and the actual fee charged.

A completed Summary Sheet, the location in the PGA filing, and an account map that highlights the transfer of dollars from one account to another. The interest rate for deferral accounts is 7.120%. An estimate of the upcoming PGA-period deferral and/or amortization. In the 2026 PGA filing will seek to defer $(890,553) and amortize $(230,575) in 2026.

Description of the Expenses
The expenses would reflect the incremental difference in the regulatory fee embedded in rates and the effective gross revenue fee ordered by the Commission.

Proposed Accounting
The Company proposes recording related to any increased regulatory fee by recording the deferral in a sub-account of Account 186 (Defer PUC Fee).

Reasons for Deferral
The deferral is forecasted to continue until a full calendar year of revenue received from rates is consistent with the regulatory fee charged by the Commission. The recovery of any incremental regulatory fee aligns the cost with the customers who benefit from the governance the Commission provides.

ORS 757.259(2)(e) also, allows the deferral of utility expenses where necessary 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.

Estimate of Amounts
The Company estimates the amount to be recorded in the deferred account for the 12-month period beginning March 23, 2026 through March 22, 2027 to be approximately $(890,553).

Information Related to Future Amortization

- Earnings Review – An earnings test will not be applied to this deferral given its purpose.

- 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.

<u>Conclusion</u>

Staff conclude that the Company's application to reauthorize use of deferred accounting for the annual Commission regulatory fee should be approved.

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

PROPOSED COMMISSION MOTION:

Approve Northwest Natural Company’s request for reauthorization to defer costs associated with an incremental difference in the PUC annual regulatory fee assessed by the Commission and the amounts currently being collected in rates for the 12-month period beginning March 23, 2026.