NW Natural®

250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

September 29, 2026

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

Re: UM 1027: NW Natural's Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby files the above-referenced Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin ("Application").

A notice concerning this Application will be sent to all parties who participated in the Company's last general rate case, UG 520. Copies of the notice and the certificate of service are attached to the application.

Please address correspondence on this matter to me with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Senior Manager

Attachments

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1027

In the Matter of NORTHWEST NATURAL GAS COMPANY, dba, NW NATURAL For Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin	APPLICATION

In accordance with ORS 757.259, ORS 757.262, and OAR 860-030-0035, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby files this application with the Public Utility Commission of Oregon (the "Commission") seeking reauthorization to record and defer with interest, on an ongoing basis, the amount by which actual distribution margin per residential, small (rate schedule 3) and mid-sized (rate schedule 31 sales) commercial customers are different from the margin to be collected from residential, small and mid-sized commercial customers based on "normal" consumption, as assumed in the Company's last general rate case. This request is for the 12-month period beginning November 1, 2026 and ending October 31, 2027.

In support of this Application, NW Natural states:

A. NW Natural.

NW Natural is a public utility in the State of Oregon and is subject to the jurisdiction of the Commission regarding rates, service, and accounting practices.

NW Natural provides retail natural gas service in the States of Oregon and Washington.

B. Statutory Authority.

This application is filed pursuant to ORS 757.259 and ORS 757.262, which empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later inclusion in rates.

C. Communications.

Communications regarding this Application should be addressed to:

NW Natural
e-Filing for Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204
Phone: (503) 610-7330
Fax: (503) 220-2579
Email: eFiling@nwnatural.com;

Eric W. Nelsen (OSB# 192566)
Senior Regulatory Attorney
250 SW Taylor Street
Portland, Oregon 97204
Phone: (503) 610-7618
Email: eric.nelsen@nwnatural.com;

and

Kyle Walker, CPA
Rates/Regulatory Senior Manager
250 SW Taylor Street
Portland, Oregon 97204
Phone: (503) 610-7051
Email: kyle.walker@nwnatural.com

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D. Description of the Expenses or Revenues for which Deferred Accounting is Requested – OAR 860-027-0300(3)(a).

The expense proposed for deferral is the difference between the actual distribution margin per residential and commercial customer based on "normal" consumption, and what is actually collected from those customers. "Normal" consumption was established in the Company's last general rate case.

E. Reasons for Application for Reauthorization of Deferred Accounting – OAR 860-027-0300(3)(b).

In accordance with the statutory authority provided by ORS 757.259 and ORS 757.262, NW Natural proposes to record and defer, with interest, the amount by which actual distribution margin per residential, small and mid-sized commercial customers are different from the margin to be collected from residential, small and mid-sized commercial customers based on “normal” consumption, as assumed in the Company’s last general rate case filing.

F. Accounting – OAR 860-027-0300(3)(c).

NW Natural proposes to record the amounts described in Section J (7) of this Application in a sub-account of Account 186. In the absence of the Commission’s approval of this Application, the Company would record under- or over-collected distribution margin as utility operating revenue in FERC Account 400.

G. Estimated Amounts Subject to Deferral – OAR 860-027-0300(3)(d).

NW Natural cannot estimate what amounts will be recorded in the distribution margin normalization “use balancing account” for the upcoming 12-month period because the amount is dependent on customer usage.

H. Entries into deferred account during past 12 months - OAR 860-027-0300(4)(a).

Exhibit A, which is attached, demonstrates the distribution margin differential deferred under this docket (UM 1027) since November 2025.

I. Reason for Continuation of Deferral Account – OAR 860-027-0300(4)(b).

NW Natural seeks continuation of this deferral account to continue to allow the Company to recover one hundred percent (100%) of the difference between the actual distribution margin per residential, small and mid-sized commercial customers and the margin to be collected from residential, small and mid-sized commercial customers based on "normal" consumption, as assumed in the Company's last general rate case.

J. Requirement per Commission Order No. 09-263.

Below is the information required per Commission Order No. 09-263, issued in Docket UM 1286, Staff's Investigation into Purchase Gas Adjustment Mechanisms:

1. **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.**

   Exhibit A includes the Summary Sheet which shows the amounts deferred for residential and commercial customers and demonstrates the transfer of dollars from one account to another. Exhibit A was included in our 2026-27 PGA filing as work papers and attached to the electronic filing as a file

entitled, “Proposed_Temps_Oregon_2026 - 2027_PGA_updated_thru_6.30.2026_Aug Update.xlsx.”

2. The effective date of the deferral.

This application is for the 12-month period beginning November 1, 2026 and ending October 31, 2027.

3. Prior year Order Number approving the deferral.

Approval to defer 100% of the Company’s distribution margin differential was last granted on December 24, 2025, in Commission Order No. 25-522.

4. The amount deferred last year.

See Exhibit A.

5. The amount amortized last year.

See Exhibit A.

6. The interest rate that will apply to the accounts.

The interest rate for deferral accounts is 7.120%, or the cost of capital from the Company’s last general rate case. Monies that have been transferred for amortization accrue interest at the rate of 5.16%.

7. An estimate of the upcoming PGA-period deferral and/or amortization.

NW Natural is unable to estimate the amount to be deferred during the next PGA cycle. The Company’s intent is to amortize for collection all that is deferred.

K. Notice – OAR 800-027-0300(3)(e)(6).

A notice of this Application has been served to all parties who participated in the Company's last general rate case, UG 520, and is attached to this Application.

NW Natural respectfully requests that in accordance with ORS 757.259 and 757.262, as amended, the Commission authorize the Company to record and defer, on an ongoing basis and commencing as of the date of this filing, the amount by which actual distribution margin per residential, small and mid-sized commercial customers are different from the margin assumed in the Company's last general rate case, to be collected from residential and commercial customers based on "normal" consumption.

Dated this 29th day of September 2026.

Respectfully Submitted,

NW NATURAL

/s/ Kyle Walker, CPA
Kyle Walker, CPA
Rates/Regulatory Senior Manager

/s/ Eric W. Nelsen
Eric W. Nelsen (OSB# 192566)
Senior Regulatory Attorney
250 SW Taylor Street
Portland, Oregon 97204
Phone: (503) 610-7618
Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
State: Oregon
Description: Deferral of Oregon Residential Decoupling
Account Number: 151864
Authorized in UM 1027
Last deferral reauthorization was approved in Order 25-522

Debit (Credit)

Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							
Nov-25	**1**	4,794,958.37	(10,815,699.20)	44,532.12	7.120%	(5,976,208.71)	9,947,425.55
Dec-25		(12,816.13)		58,983.37	7.120%	46,167.24	9,993,592.79
Jan-26		4,486,217.11		72,604.43	7.120%	4,558,821.54	14,552,414.33
Feb-26		3,767,291.88		97,520.62	7.120%	3,864,812.50	18,417,226.83
Mar-26		2,954,712.45		118,041.19	7.120%	3,072,753.64	21,489,980.47
Apr-26		4,869,238.23		141,952.62	7.120%	5,011,190.85	26,501,171.32
May-26		5,649,495.09		174,000.45	7.120%	5,823,495.54	32,324,666.86
Jun-26		2,700,416.77		199,804.26	7.120%	2,900,221.03	35,224,887.89
Jul-26				209,001.00	7.120%	209,001.00	35,433,888.89
Aug-26				210,241.07	7.120%	210,241.07	35,644,129.96
Sep-26				211,488.50	7.120%	211,488.50	35,855,618.46
Oct-26				212,743.34	7.120%	212,743.34	36,068,361.80

History truncated for ease of viewing

Amount deferred during Nov 25 - Jun 26 with interest: 30,116,952.83

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 151868 for amortization.

Company: Northwest Natural Gas Company
State: Oregon
Description: Deferral of Oregon RS3 Commercial Decoupling
Account Number: 151854
Authorized in UM 1027
Last deferral reauthorization was approved in Order 25-522

Debit (Credit)

Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							
Nov-25	**1**	1,325,971.03	6,089,223.90	(1,085.38)	7.120%	7,414,109.55	478,971.71
Dec-25		379,273.56		3,967.08	7.120%	383,240.64	862,212.35
Jan-26		1,521,326.94		9,629.06	7.120%	1,530,956.00	2,393,168.35
Feb-26		1,853,264.58		19,697.48	7.120%	1,872,962.06	4,266,130.41
Mar-26		2,467,814.04		32,633.56	7.120%	2,500,447.60	6,766,578.01
Apr-26		2,580,620.95		47,804.21	7.120%	2,628,425.16	9,395,003.17
May-26		3,150,967.99		65,091.56	7.120%	3,216,059.55	12,611,062.72
Jun-26		1,036,225.22		77,899.77	7.120%	1,114,124.99	13,725,187.71
Jul-26				81,436.11	7.120%	81,436.11	13,806,623.82
Aug-26				81,919.30	7.120%	81,919.30	13,888,543.12
Sep-26				82,405.36	7.120%	82,405.36	13,970,948.48
Oct-26				82,894.29	7.120%	82,894.29	14,053,842.77

History truncated for ease of viewing

Amount deferred during Nov 25 - Jun 26 with interest: 14,571,101.65

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 186269 for amortization.

Company: Northwest Natural Gas Company
State: Oregon
Description: Deferral of Oregon RS31 Commercial Decoupling
Account Number: 151846
Authorized in UM 1027
Last deferral reauthorization was approved in Order 25-522

Debit (Credit)

Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							
Nov-25	**1**	150,880.55	(327,092)	790.89	7.120%	(175,420.33)	209,526.49
Dec-25		(2,237.20)		1,236.55	7.120%	(1,000.65)	208,525.84
Jan-26		131,821.20		1,628.32	7.120%	133,449.52	341,975.36
Feb-26		65,806.51		2,224.28	7.120%	68,030.79	410,006.15
Mar-26		116,898.22		2,779.50	7.120%	119,677.72	529,683.87
Apr-26		189,530.80		3,705.07	7.120%	193,235.87	722,919.74
May-26		185,987.44		4,841.09	7.120%	190,828.53	913,748.27
Jun-26		119,622.12		5,776.45	7.120%	125,398.57	1,039,146.84
Jul-26				6,165.60	7.120%	6,165.60	1,045,312.44
Aug-26				6,202.19	7.120%	6,202.19	1,051,514.63
Sep-26				6,238.99	7.120%	6,238.99	1,057,753.62
Oct-26				6,276.00	7.120%	6,276.00	1,064,029.62

History truncated for ease of viewing

Amount deferred during Nov 25 - Jun 26 with interest: 981,291.79

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 186266 for amortization.

Company: Northwest Natural Gas Company
State: Oregon
Description: Amortization of Oregon Residential Decoupling
Account Number: 151868
Dockets UM 1027 and UG 524
Amortization of deferral approved in Order 25-426

Debit (Credit)

Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							
Nov-25	Old rates	43,253.08		(651.53)	5.40%	42,601.55	(123,809.60)
Nov-25	New rates **(1)**	(356,117.65)	10,815,699.20	45,741.85	5.16%	10,505,323.40	10,381,513.80
Dec-25		(1,212,539.70)		42,033.55	5.16%	(1,170,506.15)	9,211,007.65
Jan-26		(1,565,290.06)		36,241.96	5.16%	(1,529,048.10)	7,681,959.55
Feb-26		(1,479,054.09)		29,852.46	5.16%	(1,449,201.63)	6,232,757.92
Mar-26		(1,169,173.74)		24,287.14	5.16%	(1,144,886.60)	5,087,871.32
Apr-26		(799,704.50)		20,158.48	5.16%	(779,546.02)	4,308,325.30
May-26		(486,829.45)		17,479.12	5.16%	(469,350.33)	3,838,974.97
Jun-26		(323,008.22)		15,813.12	5.16%	(307,195.10)	3,531,779.87
Jul-26	*forecasted*	*(268,927.45)*		14,608.46	5.16%	(254,318.99)	3,277,460.88
Aug-26	*forecasted*	*(261,603.99)*		13,530.63	5.16%	(248,073.36)	3,029,387.52
Sep-26	*forecasted*	*(297,426.15)*		12,386.90	5.16%	(285,039.25)	2,744,348.27
Oct-26	*forecasted*	*(178,338.33)*		11,417.27	5.16%	(166,921.06)	2,577,427.21

History truncated for ease of viewing

Amount amortized during Nov 25 - Jun 26 with interest: (7,117,508.18)

NOTES

1 - Transfer in authorized balance from account 151846.

Company: Northwest Natural Gas Company
State: Oregon
Description: Amortization of Oregon RS3 Commercial Decoupling
Account Number: 151852
Docket: Dockets UM 1027 and UG 524
Amortization of deferral approved in Order 25-426

Debit (Credit)

Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							
Nov-25	New rates **(1)**	195,841.03	(6,089,223.90)	(25,762.60)	5.16%	(5,919,145.47)	(5,858,207.64)
Dec-25		700,929.89		(23,683.29)	5.16%	677,246.60	(5,180,961.04)
Jan-26		898,462.39		(20,346.44)	5.16%	878,115.95	(4,302,845.09)
Feb-26		883,555.22		(16,602.59)	5.16%	866,952.63	(3,435,892.46)
Mar-26		711,038.65		(13,245.60)	5.16%	697,793.05	(2,738,099.41)
Apr-26		498,811.17		(10,701.38)	5.16%	488,109.79	(2,249,989.62)
May-26		327,968.64		(8,969.82)	5.16%	318,998.82	(1,930,990.80)
Jun-26		247,705.95		(7,770.69)	5.16%	239,935.26	(1,691,055.54)
Jul-26	*forecasted*	*228,767.99*		(6,779.69)	5.16%	221,988.30	(1,469,067.24)
Aug-26	*forecasted*	*223,090.99*		(5,837.34)	5.16%	217,253.65	(1,251,813.59)
Sep-26	*forecasted*	*228,634.50*		(4,891.23)	5.16%	223,743.27	(1,028,070.32)
Oct-26	*forecasted*	*107,933.48*		(4,188.65)	5.16%	103,744.83	(924,325.49)

History truncated for ease of viewing

Amount amortized during Nov 25 - Jun 26 with interest: 4,706,314.97

NOTES

1 - Transferred in authorized balance from account 151854.

Company: Northwest Natural Gas Company
State: Oregon
Description: Deferral of Oregon RS31 Commercial Decoupling
Account Number: 151848
Dockets UM 1027 and UG 524
Amortization of deferral approved in Order 25-426

Debit (Credit)

Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance							0.00
Nov-25	Old rates	8,711.28		(14.12)	5.40%	8,697.16	1,202.93
Nov-25	New rates **(1)**	(10,598.36)	327,092	1,383.71	5.16%	317,877.12	319,080.05
Dec-25		(36,357.13)		1,293.88	5.16%	(35,063.25)	284,016.80
Jan-26		(44,277.48)		1,126.08	5.16%	(43,151.40)	240,865.40
Feb-26		(43,471.58)		942.26	5.16%	(42,529.32)	198,336.08
Mar-26		(36,683.80)		773.97	5.16%	(35,909.83)	162,426.25
Apr-26		(27,906.47)		638.43	5.16%	(27,268.04)	135,158.21
May-26		(18,541.12)		541.32	5.16%	(17,999.80)	117,158.41
Jun-26		(12,086.91)		477.79	5.16%	(11,609.12)	105,549.29
Jul-26	*forecasted*	*(10,611.24)*		431.05	5.16%	(10,180.19)	95,369.10
Aug-26	*forecasted*	*(10,544.05)*		387.42	5.16%	(10,156.63)	85,212.47
Sep-26	*forecasted*	*(11,130.26)*		342.48	5.16%	(10,787.78)	74,424.69
Oct-26	*forecasted*	*(5,736.13)*		307.69	5.16%	(5,428.44)	68,996.25

History truncated for ease of viewing

Amount amortized during Nov 25 - Jun 26 with interest: (214,048.25)

NOTES

1 - Transferred in authorized balance from account 151846.

NW Natural

UM 1027

NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES

September 29, 2026

To All Parties that Participated in UG 520:

Please be advised that on September 29, 2026, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue deferrals relative to the Company's decoupling mechanism, pursuant to the provisions of ORS 757.259(2)(e).

This is not a rate case. The purpose of this Notice is to inform parties that participated in the Company's last general rate case, UG 520, that a deferral reauthorization has been filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Public Utility Commission of Oregon as follows:

NW Natural
Attn: Kyle Walker, CPA
250 SW Taylor Street
Portland, Oregon 97204
Telephone: (503) 610-7051

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 378-6678

Any person may submit to the Commission written comments on this matter within 25 days of this filing. The granting of this deferral reauthorization will not authorize a change in rates but will permit the Company to defer amounts in rates to a subsequent proceeding.

* * * * *

NW Natural

CERTIFICATE OF SERVICE
UM 1027

I hereby certify that on September 29, 2026, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION FOR DEFERRED ACCOUNTING OF REFUNDS OR COLLECTIONS OF DISTRIBUTION MARGIN upon all parties of record for NW Natural's last general rate case, UG 520.

UG 520

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DATED September 29, 2026, Troutdale, Oregon.

/s/ Erica Lee-Pella
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