NW Natural®

250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

October 27, 2026

VIA ELECTRONIC FILING

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

Re: UM 2123 – NW Natural's Application for Reauthorization to Defer Net Curtailment and Entitlement Revenues

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files herewith an Application for Reauthorization ("Application") to use deferred accounting for amounts associated with net curtailment and entitlement revenues.

A notice concerning this Application will be sent to all parties that participated in the Company's last general rate case, UG 520. A copy 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
Phone: (503) 610-7330
Fax: (503) 220-2579
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Senior Manager

Attachments

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 2123

In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL For Reauthorization to Defer Certain Expenses or Revenues Pursuant to ORS 757.259	APPLICATION

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby files with the Public Utility Commission of Oregon (the "Commission") this application ("Application") seeking reauthorization to use deferred accounting pursuant to ORS 757.259 and OAR 860-027-0300 for amounts associated with net curtailment and entitlement revenues, in furtherance of Commission Order No. 20-364 in the Company's general rate case, UG 388. This request is for the 12-month period beginning November 1, 2026 through 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 also provides retail natural gas service in the States of Oregon and Washington.

B. Statutory Authority.

This application is filed pursuant to ORS 757.259, 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:

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

Ryan Sigurdson
Regulatory Attorney (OSB #201722)
250 SW Taylor Street
Portland, Oregon 97204-3038
Phone: (503) 610-7570
Email: ryan.sigurdson@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

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

In this Application, the Company is requesting reauthorization to defer amounts associated with net curtailment and entitlement revenues. Curtailment revenue is received when an interruptible customer does not follow the Company's

order to curtail service. Entitlement revenue is received when a transportation service customer does not follow the Company's order to control gas usage to be within a specified threshold percentage as detailed in its Tariff.

Specifically, NW Natural requests to defer amounts, net of incremental costs, to the extent they are collected. For background, in the Company's general rate case UG 388, the Commission issued Order No. 20-364 approving a Stipulation by which the parties agreed that NW Natural, beginning in 2021, will credit net curtailment and entitlement revenues to firm sales customers through the Purchased Gas Adjustment ("PGA") on an equal percent of margin basis.[1] To effectuate this agreement, NW Natural filed a new tariff schedule, Schedule 168 Temporary Rate Adjustment – Net Curtailment and Entitlement, in compliance with Order No. 20-364.

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

ORS 757.259 is a "statutorily authorized exception to the general prohibition against retroactive ratemaking" that allows a "means to address utility expenses or revenues outside of the utility's general rate case proceeding.[2] Under ORS 757.259(2)(e), the Commission has discretion to authorize a deferral of "[i]dentifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes . . . or to match appropriately the costs borne by and benefits received by rate payers." To

[1] Docket No. UG 388, Order No. 20-364 (entered Oct. 16, 2020), pages 17-18, approving Comprehensive Stipulation (dated Jul. 31, 2020), Terms of Agreement, paragraph 4.
[2] *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket No. UM 1147, Order No. 05-1070 at 2 (Oct. 5, 2005).

determine whether an expense or revenue should be deferred, the Commission "utilizes a flexible, fact-specific approach that acknowledges the wide range of reasons why deferred accounting might be beneficial to customers."[3] Of those reasons, the Commission has found that "encourag[ing] utility or customer behavior consistent with regulatory policy" is appropriate for deferred accounting.[4]

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

Beginning on November 1, 2026, and ending 12 months from this date, NW Natural proposes to account for the amounts associated with curtailment and entitlement revenues by recording the deferral in Account 186. NW Natural will credit net curtailment and entitlement revenues to firm sales customers through the PGA on an equal percent of margin basis; however, the amount of revenues to be credited to firm sales customers will be offset by identifiable incremental costs that arise from customer curtailment or entitlement orders. In the absence of approval of deferred accounting, NW Natural would record the amounts in several accounts affecting the Company's income statement and balance sheet.

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

Curtailment and entitlement revenues are infrequent and therefore the Company cannot estimate the amount to be recorded in the deferred account.

[3] *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket No. UM 1147, Order No. 05-1070 at 5 (Oct. 5, 2005).
[4] *Id.* at 2.

H. Description of Entries in Deferred Account Under UM 2123 - OAR 860-027-0300(4)(a).

The entries being deferred would reflect the incremental difference in the net curtailment and entitlement revenues embedded in rates and any new revenues net of costs collected from interruptible and transportation service customers as a result of curtailment and entitlement event(s).

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

NW Natural seeks continuation of this deferral to credit firm sales customers for the Oregon share of curtailment and entitlement revenues received by NW Natural net of incremental costs related to curtailment and entitlement orders as adopted by Commission Order No. 20-364 in Docket UG 388 entered on October 16, 2020.

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 the Purchased Gas Adjustment Mechanism (PGA):

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 and demonstrates the transfer of dollars from one account to another. Exhibit A was attached to our electronic 2026-27 PGA filing as a file

entitled, “Proposed_Temps_Oregon_2026-2027_PGA_update_thru_6.30.2026.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 use deferred accounting for amounts associated with net curtailment and entitlement revenues was last granted on January 22, 2026, in Commission Order No. 26-017.

4. The amount deferred last year.

($25,481) was deferred during the last deferral year of November 1, 2025 through June 30, 2026. This amount includes $1,984 of interest estimated through September 30, 2026.

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

The interest rate for deferral accounts is 7.120%.

6. 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(6).

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

NW Natural respectfully requests that the Commission issue an order reauthorizing the Company to use deferred accounting for amounts associated with net curtailment and entitlement revenues as described in this Application, beginning on November 1, 2026.

Dated this 27th day of October 2026.

Respectfully Submitted,

NW NATURAL

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

/s/ Ryan Sigurdson
Ryan Sigurdson
Regulatory Attorney (OSB #201722)
250 SW Taylor Street
Portland, Oregon 97204-3038
Phone: (503) 610-7570
Email: ryan.sigurdson@nwnatural.com

Company: Northwest Natural Gas Company
State: Oregon
Description: OR Curtailment & Entitlement Revenue Deferral
Account Number: 232060
Debit (Credit)

	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance	Adjustment	Notes
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
	Beginning Balance									
49	Nov-25		-	94,883.38	7.120%	(1.09)	94,882.29	(184.83)		
50	Dec-25		(15,944.00)		7.120%	(48.40)	(15,992.40)	(16,177.23)		
51	Jan-26		(85,855.48)		7.120%	(350.69)	(86,206.17)	(102,383.40)		
52	Feb-26		78,988.57		7.120%	(373.14)	78,615.43	(23,767.97)		
53	Mar-26		(1,300.00)		7.120%	(144.88)	(1,444.88)	(25,212.85)		
54	Apr-26		-		7.120%	(149.60)	(149.60)	(25,362.45)		
55	May-26		-		7.120%	(150.48)	(150.48)	(25,512.93)		
56	Jun-26		-		7.120%	(151.38)	(151.38)	(25,664.31)		
57	Jul-26		-		7.120%	(152.27)	(152.27)	(25,816.58)		
58	Aug-26		-		7.120%	(153.18)	(153.18)	(25,969.76)		
59	Sep-26		-		7.120%	(154.09)	(154.09)	(26,123.85)		
60	Oct-26		-		7.120%	(155.00)	(155.00)	(26,278.85)		
61										
62	**History truncated for ease of viewing**									

Amount deferred during Nov 25 - Jun 26 with interest:	**(25,480.57)**

Company: Northwest Natural Gas Company
State: Oregon
Description: Amortization of Curtailment/Entitlement
Account Number: 232065

Debit (Credit)

	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Beginning Balance							
53	Nov-25	NEW	10,230.50	(94,883.38)	5.16%	(386.00)	(85,038.88)	(218,027.78)
54	Dec-25		34,918.30		5.16%	(862.45)	34,055.85	(183,971.93)
55	Jan-26		44,726.54		5.16%	(694.92)	44,031.62	(139,940.31)
56	Feb-26		42,776.99		5.16%	(509.77)	42,267.22	(97,673.09)
57	Mar-26		34,123.37		5.16%	(346.63)	33,776.74	(63,896.35)
58	Apr-26		23,726.54		5.16%	(223.74)	23,502.80	(40,393.55)
59	May-26		14,958.68		5.16%	(141.53)	14,817.15	(25,576.40)
60	Jun-26		10,412.73		5.16%	(87.59)	10,325.14	(15,251.26)
61	Jul-26		8,079.96		5.16%	(48.21)	8,031.75	(7,219.51)
62	Aug-26		6,842.16		5.16%	(16.33)	6,825.83	(393.68)
63	Sep-26		7,948.68		5.16%	15.40	7,964.08	7,570.40
64								
65	**History truncated for ease of viewing**							

Amount amortized during Nov 25 - Jun 26 with interest:	**212,621.02**

NW Natural

UM 2123

NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER NET CURTAILMENT AND ENTITLEMENT REVENUES

October 27, 2026

To all parties that participated in UG 520:

Please be advised that on October 27, 2026, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue using deferred accounting for amounts associated with net curtailment and entitlement revenues.

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
Phone: (503) 610-7051

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088
Phone: (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 2123

I hereby certify that on October 27, 2026, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER NET CURTAILMENT AND ENTITLEMENT REVENUES upon all parties of record for NW Natural's last general rate case, UG 520.

UG 520

CHAD M. STOKES
CABLE HUSTON LLP
cstokes@cablehuston.com

BRADLEY MULLINS
MW ANALYTICS, ENERGY & UTILITIES
brmullins@nwanalytics.com

MATTHEW MULDOON
PUBLIC UTILITY COMMISSION
matt.muldoon@puc.oregon.gov

STEPHANIE ANDRUS
PUBLIC UTILITY COMMISSION
stephanie.andrus@doj.state.or.us

CLAIRE VALENTINE-FOSSUM
OREGON CITIZENS' UTILITY BOARD
claire@oregoncub.org

ROBERT JENKS
OREGON CITIZENS' UTILITY BOARD
bob@oregoncub.org

OREGON CITIZENS' UTILITY BOARD
dockets@oregoncub.org

CARRA SAHLER
LEWIS & CLARK LAW SCHOOL
sahler@lclark.edu

COLE SOUDER
GREEN ENERGY INSTITUTE
csouder@lclark.edu

ERIC NELSEN
NW NATURAL
eric.nelsen@nwnatural.com

JOCELYN PEASE
MCDOWELL RACKNER & GIBSON PC
jocelyn@mrg-law.com

NW NATURAL
efiling@nwnatural.com

DATED October 27, 2026, Portland, Oregon.

/s/ Erica Lee-Pella
Erica Lee-Pella
Rates & Regulatory Affairs, NW Natural
250 SW Taylor Street
Portland, Oregon 97204
(503) 610-7330
erica.lee-pella@nwnatural.com