

February 27, 2026

NWN OPUC Advice No. 26-03

VIA ELECTRONIC FILING

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

Re: Schedule 301 – Public Purpose Funding Surcharge

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff P.U.C. Or. 25, stated to become effective on April 1, 2026.

Fourteenth Revision of Sheet 301-1	Schedule 301	Public Purpose Funding Surcharge
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Purpose

The purpose of this filing is to revise Schedule 301 to update the rate to reflect recovery of a funding agreement between the Energy Trust of Oregon and the Company.

Background

Through Schedule 301, costs are recovered to support three NW Natural programs: Schedule 310 Oregon Low-Income Gas Assistance (OLGA), Schedule 320 OLIEE, and Schedule 350 Energy Efficiency Services and Programs (delivered and administered by the Energy Trust of Oregon (ETO)).

Proposed Changes

Schedule 301 – Change the rate from 2.81% of the total monthly bill to a hybrid recovery approach where: 1) half of the costs are collected through a percentage of the total monthly bill, and 2) the other half is collected through a monthly fixed charge for the portion of collections that is for the Energy Efficiency Services and Programs described in Schedule 350 – Residential and Commercial. This change reflects the Company's updated funding agreement with the ETO.

The updated funding agreement contains a key change in how the Company funds the ETO. Under the prior agreement, NW Natural simply passed through the amount it collected under Schedule 301 to the ETO. Since Schedule 301 was charged to customers based on a percentage of their monthly bill, this amount fluctuated throughout the year based on weather. Any over or under collection would create fluctuations in ETO's revenue.

To mitigate these fluctuations, NW Natural is proposing to revise Schedule 301 so that it collects half of ETO program costs through a fixed monthly charge. In this instance, a partial fixed charge rate design benefits customers, the ETO, and the Company because it more closely matches

collections from customers with how funding is actually being provided to the ETO. This approach ensures that the ETO’s funding needs are being met in a timely manner while reducing potentially higher deferral balances that would otherwise occur if the Company continued to collect these monies using only a percentage-of-bill basis that varies each month based on usage. By reducing deferral balances, adding a partial fixed charge provides greater certainty to both customers and the Company, as well as reducing the deferral’s carrying costs.

Collecting ETO portion of Schedule 301 through this hybrid approach will also help lower bills when they are at their highest during the winter months, thereby smoothing out the impact of Schedule 301 so that it is more evenly distributed throughout the year, resulting in more predictable, flatter bills. Residential customers that are eligible for the Bill Discount Program under Schedule 330 will continue to receive an income-qualified credit to their overall bill, including the fixed charge.

Schedule 301 – ETO Energy Efficiency Programs Update

NW Natural proposes to revise the portion of public purpose funds allocated to the ETO for the administration of residential and commercial energy efficiency programs from 2.81% to a hybrid monthly fixed charge and percentage-of-bill to reflect the updated ETO funding agreement. This change is intended to provide the ETO with approximately \$48 million of total program funding from April 1, 2026 to March 31, 2027 which is sufficient to acquire nearly 4.14 million of therm savings. This is an increase of \$23 million in ETO program funding, compared to the \$25 million funding level for 2025 approved in docket ADV 1668.

Effect of Changes

Attached are worksheets demonstrating the calculations of the proposed rates and the impacts this will have on average customer bills. Bill impacts are summarized in the table below. Please see Exhibit A for the impacts for all rate schedules, as bill impacts may vary by service and type.

Class	Rate Schedule	Customers	Average Monthly Bill PPC Charge (\$)	Average Monthly Total Bill Change (%)
Residential	Schedule 2	647,177	\$4.38	2.19%
Commercial	Schedule 3	59,094	\$17.71	2.19%
Commercial	Schedule 27	1,586	\$3.00	2.20%
Commercial Firm Sales	Schedule 31	694	\$128.47	2.18%

Conclusion

NW Natural respectfully requests that the Commission approve these tariff changes to become effective April 1, 2026.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company’s main office in Portland, Oregon and on its website at www.nwnatural.com.

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

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Respectfully submitted,

/s/ Kyle T. Walker

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Senior Manager, Rates and Regulatory Affairs

Enclosures

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourteenth Revision of Sheet 301-1
Cancels Thirteenth Revision of Sheet 301-1

SCHEDULE 301 PUBLIC PURPOSES FUNDING SURCHARGE

PURPOSE:

To specify the method of billing of a Public Purposes surcharge that is to fund public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation programs, residential low-income energy efficiency programs, and residential low-income bill payment assistance programs designed to benefit Residential and Commercial Customers within NW Natural's service territory in Oregon.

APPLICABLE:

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Residential	Commercial
Rate Schedule 2	Rate Schedule 3 (03CSF)
	Rate Schedule 27 (27R)
	Rate Schedule 31 (31CSF)

ADJUSTMENT TO RATES:

Effective: April 1, 2026

Schedule 350: A Public Purposes surcharge supporting energy efficiency programs delivered and administered by the Energy Trust of Oregon (Energy Trust) will be assessed on a hybrid approach where half the charge is assessed on a percentage of bill basis and the other half is assessed as a monthly fixed charge. A charge will be assessed on each bill for the applicable Rate Schedules and the total shown as a line item on each customer's monthly bill:

Schedule 350 portion charged on a fixed charge basis:

Rate Schedule	Fixed Charge Per Bill
Rate Schedule 2	\$2.19
Rate Schedule 3 (03CSF)	\$8.86
Rate Schedule 27 (27R)	\$1.50
Rate Schedule 31 (31CSF)	\$64.09

The **Schedule 350** portion charged as a percentage-of-bill, assessed on the total energy use billed (the total of the Customer Charge plus the per therm usage charges):

Residential: 2.53% of the total energy use billed
Commercial: 2.53% of the total energy use billed

Schedule 310 and Schedule 320 will be assessed on the total energy use billed (the total of the Customer Charge plus the per therm usage charges) and shown as a line item on each customer's monthly bill as follows:

Residential: 1.60% of the total energy use billed
Commercial: 0.85% of the total energy use billed

The funds collected from such Public Purposes surcharge shall be allocated to specific separate accounts to fund the specified public purposes program(s) as follows:

RESIDENTIAL:

0.75% will support public purpose funding for **Schedule 310** low-income bill payment assistance activities.

0.85% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

COMMERCIAL:

0.85% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

(continue to Sheet 301-2)

Issued February 27, 2026
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Effective with service on
and after April 1, 2026

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Schedule 301

ETO-Related PPC Calculation for Average Bill

Schedule	customers	Estimated collection for tracker year	Addition for new PPC		Total Average PPC charge (A+B)	Current average bill with new PPC	Current average bill with old PPC	Total % Bill Change
			Fixed charge portion A	% charge portion B				
2R	647,117	\$671,099,590	\$ 2.19	\$ 2.19	\$ 4.38	\$ 90.80	\$ 88.85	2.19%
27 dry-out	1,568	\$1,113,902	\$ 1.50	\$ 1.50	\$ 3.00	\$ 62.20	\$ 60.86	2.20%
3C Firm Sales	59,094	\$248,114,116	\$ 8.86	\$ 8.85	\$ 17.71	\$ 367.60	\$ 359.72	2.19%
31C Firm Sales	694	\$21,066,192	\$ 64.09	\$ 64.38	\$ 128.47	\$ 2,672.96	\$ 2,615.99	2.18%
Total expected collection		<u>\$ 941,393,800</u>						
PPC to Collect from April 1, 2026 to March 31, 2027		<u>\$ 47,703,768</u>	--> half collected via fixed charge, half collected via % of bill					
Proposed ETO PPC Rate % of bill portion		2.53%						
Current ETO related PPC %		2.81%						