

Registration of \$150,000,000 previously sent to the Commission as an informational filing in Docket UG-020986.

- 3 The Company is requesting an order affirming it has complied with the requirements of RCW 80.08.040 and Chapter 480-146 WAC. According to the application and supporting materials filed by the Company, the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030. The Company expects to use the proceeds of the issue or issues to refinance \$20,000,000 of long-term debt that has matured, \$35,000,000 of other long-term debt that has been redeemed, and \$7,500,000 of preferred stock that the Company intends to redeem. The Company states that it will assess market conditions from time to time to determine when it is advantageous to sell the securities, and it will issue the securities in order to maintain a balanced maturity schedule for its outstanding long-term debt.
- 4 The Company asserts that this proposal to sell the additional long-term debt will enable it to maintain a capital structure containing 45 to 50 percent common equity. The application states that the Company is currently rated "A" by several different rating services, and all the services state that the outlook for the Company is stable.
- 5 For the reasons stated above, Northwest believes the proposed sale of securities is in the public interest. The advantages of a medium-term note program are the ability to issue small tranches of debt with lower overall costs, flexibility to enter markets on a daily basis to take advantage of yield curve opportunities and the ability to balance its debt maturity schedule. Furthermore, the Company states the funds are necessary for it to carry out its performance as a public utility in the State of Washington.

FINDINGS AND CONCLUSIONS

- 6 (1) Northwest is engaged in the business of natural gas service within the state of Washington. As a public service company, it is subject to the jurisdiction of the Commission under the provisions of Chapter 80.08 RCW.
- 7 (2) As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto. *Chapter 480-146 WAC.*
- 8 (3) The Company's application in this Docket contains: (a) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (b) a description of the proposed issuance, including the terms of financing, and (c) a statement as to why the proposed transaction is in the public interest.
- 9 (4) The Commission is not making any specific findings in this Docket with respect to the reasonableness of the Company's capital structure policy, nor any findings with respect to the reasonableness of the Company's decision to refinance outstanding securities as described in its application.

ORDER

THE COMMISSION ORDERS:

- 10 (1) Northwest Natural Gas Company has complied with the requirements of RCW 80.08.040 with respect to the proposals set forth in its completed application and may issue and sell up to \$60,000,000 principal amount of its Medium-Term Notes, Series B.

- 11 (2) This authorization is conditioned on Northwest Natural Gas Company filing a Report of Securities Issued as required by WAC 480-146-340. Northwest Natural Gas Company is also required to file verified copies of any agreement entered into in connection with any transaction pursuant to this Order. Finally, Northwest Natural Gas Company shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.
- 12 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.
- 13 This matter was brought before the Commission at its regularly scheduled Open Meeting on October 22, 2003. The Commissioners, having determined this filing to meet the requirements of Chapter 80.08 RCW, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this 22nd day of October, 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary