

Rates and Regulatory Affairs
Facsimile: 503.721.2532



March 28, 2008

NWN Advice No. WUTC 08-2

VIA ELECTRONIC FILING

Carole Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Application for General Rate Increase

Dear Ms. Washburn:

Pursuant to RCW 80.28.050 and 80.28.060 and in accordance with WAC 480-07-510, Northwest Natural Gas Company (NW Natural or the Company) files herewith proposed tariffs bearing the issue date of March 28, 2008 and stated to become effective with service on and after May 1, 2008. The proposed tariffs are also provided in legislative format in accordance with WAC 480-07-51-(2). These proposed tariffs apply a general rate increase to the Company's Washington Rate Schedules.

In support of the general rate increase and proposed tariffs, the Company includes an original and nineteen (19) paper copies, plus one electronic copy of the documentation, which includes proposed tariffs, and testimony and exhibits in support of the general rate increase, as required by WAC 480-07-510(1). One complete copy of all documentation has also been served on Public Counsel this same date. Three copies of supporting workpapers are also included with this filing. In addition, the materials required under WAC 480-07-510(6) and (7) are filed under separate cover, but contemporaneous with this filing.

Purpose of the Filing

This general rate increase is necessary to address financial pressure from several directions: (1) under recovery of fixed costs due to a decline in customer usage; (2) address inadequacies in the Company's current return on equity (ROE); and (3) cost increases in business expense and rate base items. In addition, NW Natural is proposing to implement a decoupling mechanism in its Washington service territory.

In total, this filing requests a general rate increase averaging 14.1 percent on the Company's gas service Rate Schedules, and a total revenue increase of \$4,342,062 per year.

Effect of the Filing on Class Prices

The Company proposes to increase the residential Rate Schedule 2 customer charge by \$7.00, and to decrease the volumetric charge by 3.281 cents per therm. For commercial Schedule 3, the Company proposes to increase the customer charge by \$10.50, and to decrease the volumetric charge by .0764 cents per therm. The proposed percentage increases by rate class are 17.7 percent for residential customers, 7.52 percent for commercial customers, 5.21 percent for industrial firm customers, and 3.46 percent for industrial interruptible customers. The bill of the average residential customer on Schedule 2 using about 61 therms per month would increase by \$5.00 per month, from \$29.03 to \$34.03.

Other Matters

In support of this filing, the Company submits the prepared testimony and exhibits of David H. Anderson, Samuel C. Hadaway, C. Alex Miller, Kevin S. McVay and Natasha C. Siores, Kimberly A. Heiting, David A. Heintz, and Ronald J. Amen.

The Company waives its right to have this filing considered at an open meeting of the Commission as set forth in RCW 80.04.130(1) and consents to the Commission's prompt entry of an order suspending the filing and commencing an investigation.

The Company agrees that upon suspension of this filing, it will provide notice pursuant to WAC 480-90-197. Accordingly, the notice provisions of WAC 480-90-194 are not required for this filing.

Consistent with WAC 480-07-510(4) the Company includes a summary of this general rate request, which has been served to the master service list for the Company's last general rate case filing (Docket UG-031885) including Public Counsel.

The Company stands ready to respond to any requests for data and information by telephone, or in writing, and to schedule any audit time that may be necessary. Please call Alex Miller at 503-721-2487 or Kevin McVay at 503-226-4211 x 3585 to make these arrangements.

A copy of the filing, and the supporting testimony and exhibits will be made available for public inspection in the Company's main office in Portland, Oregon.

As required by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

Please place the following names on the service list in this docket on behalf of the company:

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Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ C. Alex Miller

C. Alex Miller
Assistant Treasurer and Managing Director
of Regulatory Affairs

cc: UG-031885 Service List