

Rates & Regulatory Affairs
Integrated Resource Planning
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September 17, 2001

VIA FACSIMILE and REGULAR MAIL

Mr. Merton Lott
Washington Utilities and Transportation
Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: NW Natural Petition for An Accounting Order For Revenue Sharing
from Part 224 Interstate Storage Services

Dear Mr. Lott:

On July 30, 2001, NW Natural filed a Petition for an Accounting Order, docketed as UG-011090. In our Petition, NW Natural described investments it made beginning in 2000 in its underground storage facilities at Mist, and further described a proposed FERC-regulated Part 224 Interstate Storage Service that the company seeks to offer. Once approved by the FERC, the company will receive revenue from the interstate storage services and proposes to share that revenue with Washington and Oregon customers. The Petition proposed accounting treatment for these services as discussed by WUTC Staff and company in June, 2001.

The Petition mistakenly identified 2001 as the year when the revenue sharing would begin. The purpose of this letter is to clarify that NW Natural agrees to share revenue from any interstate storage services (or from any sales enabled by the interstate storage service investment) beginning in 2000 with the timing of the storage investment. The company will embed in its upcoming 2001 Purchased Gas Adjustment filing any shared revenues for 2000 and 2001 (and again in 2002), as described in the Petition.

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

Very truly yours,

Susan K. Ackerman