

NWN Advice No: WUTC 03-4

November 19, 2003

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

Re: General Rate Increase Filing

Dear Ms. Washburn:

Northwest Natural Gas Company ("NW Natural" or "company") files herewith proposed tariffs bearing the issue date of November 19, 2003, and stated to become effective with service on and after December 23, 2003. These proposed tariffs apply a general rate increase to the company's Washington Rate Schedules.

In support of the proposed tariffs, enclosed are an original and twelve (12) paper copies, plus one electronic copy of the documentation, which includes testimony and exhibits supporting the requested tariff sheets. The submission of 12 paper copies instead of the 20 copies stated in WAC 480-09-330(1) is made pursuant to e-mail dated November 17, 2003 received from the Administrative Law Division of the Washington Utilities & Transportation Commission. Three copies of supporting workpapers and three copies of the proposed tariffs in legislative format are transmitted contemporaneous with this filing. The materials required under WAC 480-09-330(5) have been transmitted contemporaneous with this filing.

Purpose of the Filing

This general rate increase is necessary to address financial pressure from three directions: (1) under recovery of fixed costs due to volumetric price; (2) costs arising from additional facilities required to continue to provide reliable and safe service in Washington; and (3) cost increases in other areas beyond the company's control. In addition, NW Natural is proposing a rate redesign of its industrial rates, a sales and revenue decoupling mechanism, and a new method to share revenues from NW Natural's interstate gas storage services to replace the method that expired last year.

In total, this filing requests a general rate increase averaging 15 percent in the company's gas service Rate Schedules, and a total revenue increase of \$7,894,393 per year.

Effect of the Filing on Class Prices

The residential Schedule 2 price will increase by 14.103 cents per therm, and the commercial Schedule 3 price will increase by 13.738 cents per the rm. The percentage increases by rate class are 16.0 percent for residential customers, 14.1 percent for commercial customers, 13.9 percent for industrial firm customers, and 11.6 percent for industrial interruptible customers. The bill of the average residential customer on Schedule 2 using about 55.3 therms per month would increase by \$9.05 per month, from \$54.71 to \$63.77.

Other Matters

In support of this filing, the company submits the prepared testimony and exhibits of Bruce R. DeBolt, Samuel L. Hadaway, Kevin S. McVay, John A. Hanson, Lea Anne S. Doolittle, Kimberly A. Heiting, Sandra K. Hart, Scott A. Milam, Charles E. Stinson, Francis P. Ferguson, and C. Alex Miller.

The Company declares that the exhibits of Charles E. Stinson, CES-2C through CES-4C, are confidential and should be protected from inspection under RCW 80.04.095. Consistent with WAC 480-09-015(4), such exhibits are submitted under separate cover in a sealed envelope.

The company declares that notice to customers will be made in accordance with WAC 480-90-197.

Consistent with WAC 480-09-330(4), under separate cover, the company has provided a copy of the summary of this general rate request to the master service list for the company's two most recent general rate case filings (UG-970932 and UG-000073), 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 Portland, Oregon office and in its district office in The Dalles, 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,

Gregg S. Kantor,
Sr. Vice President, Public & Regulatory Affairs

cc: UG-970932 Service List
UG-000073 Service List