

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of:)	DOCKET NO. UG-110199
)	
NORTHWEST NATURAL GAS)	
COMPANY)	
)	PETITION FOR SUPPLEMENTAL
For an accounting order authorizing)	ACCOUNTING ORDER
deferred accounting treatment of certain)	
costs associated with environmental)	
remediation)	
.....)	

1. Pursuant to WAC 480-07-370(1)(b), Northwest Natural Gas Company (“NW Natural” or “the Company”) petitions the Washington Utilities and Transportation Commission (the “Commission”) to issue an order authorizing the Company to allocate 3.32 percent of its deferred environmental remediation costs (“Environmental Costs”) to a deferred regulatory account specific to its Washington service territory. NW Natural acknowledges that any amortization of such costs would be granted only after a separate Commission determination that such amortization was appropriate, and that the deferred costs were prudently incurred. In support of this Petition, NW Natural states as follows:

I. Name of Applicant

2. NW Natural is in the business of furnishing natural gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission as to its rates, service, facilities, and practices. Its full name and mailing address for the purposes of this proceeding are:

Northwest Natural Gas Company
c/o Mark Thompson
Manager of Rates and Regulatory Affairs
220 NW Second Ave.
Portland, OR 97209

3. The name and address of the Company's attorney for purposes of this proceeding are:

Lisa Rackner
McDowell Rackner & Gibson
419 SW 11th Ave. Suite 400
Portland, OR 97205

II. Support for Petition

4. On June 30, 2011 in this docket, the Commission granted, subject to several conditions, NW Natural's petition for an accounting order, authorizing deferred accounting treatment for certain costs associated with environmental remediation related to historic manufactured gas plant (MGP) operations. As explained more fully in the Company's January 26, 2011 petition for authorization of deferred accounting, these costs relate to future expenses from environmental remediation efforts resulting from the Company's ownership and operation of a residual oil gasification facility at NW Natural's Gasco Site ("the Plant"). NW Natural's predecessor in interest, Portland Gas & Coke Company, owned and operated the Plant from 1913 to 1956, during which time the Plant produced gas that was used to serve that Company's Oregon and Washington customers. The Plant ceased operation in 1956, and in the late 1960's most of the gasification facilities were dismantled and removed. The Gasco Site and several adjacent properties are under under voluntary investigation by NW Natural for environmental contaminants under the Oregon Department of Environmental Quality's Voluntary Clean-Up Program, and are related to a Superfund site being administered by the federal Environmental Protection Agency in which the Company is a potentially responsible party.
5. In its January 26 petition, the Company explained that it was seeking to determine the appropriate percentage of its Environmental Costs that should be allocated to its provision of

services in Washington, and that it would provide its determination to the Commission at a future time. In this filing, NW Natural provides that determination, and seeks the Commission's approval to use that allocation for accounting purposes.

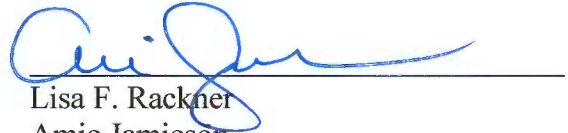
6. The Company has learned that beginning around 1913, a pipeline was built across the Columbia River between Oregon and Washington, and that gas from the Plant was sent from Oregon to Washington. Until 1925, a different company operated the distribution system through which such gas was delivered. Then, in 1925, the NW Natural's predecessor took over operation of those distribution facilities in Washington. The Company has developed its best estimate of the percentage of gas from the Gasco facility that was sold by the Company (or its predecessor) to Washington customers during the period from 1925 through 1956, when the Plant operations were terminated. That information is provided as Attachment A to this petition, and shows the Company's estimate that 3.32 percent of the gas it sold from Gasco during this timeframe was for service to Washington customers. The Company is separately providing to Commission Staff the historical documents from which the values in Attachment A were derived.

III. Relief Requested

7. The Company respectfully requests an order authorizing it to allocate, for accounting purposes, 3.32 percent of its deferred Environmental Costs to its provision of service to Washington customers. The Company acknowledges that the Commission would not, through the requested order, be authorizing the amortization of such amounts through rates to its Washington customers. Rather, the Company seeks the Commission's authorization to use 3.32

percent as the allocation factor for tracking deferred Environmental Costs associated with its provision of service to Washington customers.

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