

April 16, 2004

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: UG-031885: General Rate Increase Filing
Revised Exhibit No. _____(FPF-2); Cost of Service Exhibit

Dear Ms. Washburn:

Northwest Natural Gas Company (“NW Natural” or “company”) files herewith its revised *Exhibit No. _____(FPF-2)*. This revised Exhibit replaces in its entirety Exhibit No. _____(FPF-2); Cost of Service Exhibits.

This Exhibit was revised to address problems with the O&M allocator in *Exhibit No. _____(FPF-2)*, dated November 19, 2003. The O&M allocators in the D-C-E splits page are now tied to the O&M totals under the Expenses tab at Expenses!H529, H530 and H531. The O&M allocators in the Allocators tab are now tied to the Expenses tab starting at Expenses!I529, I530 and I531 for Schedule 1, moving across the columns J, K, etc., appropriately for each rate schedule. The only cost component allocated via O&M is working capital. The effect of this correction does result in changes in rate base that are noticeable particularly for Schedules 4 and 11.

In support of this revised Exhibit, enclosed are 13 electronic copies of the documentation. Due to the size and structure of the data contained in the revised Exhibit, paper copies are not available.

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 myself, or Kevin McVay at 503-226-4211 x 3585, to make these arrangements.

A copy of this filing will be made available for public inspection in the company’s Portland, Oregon, office and in its district office in The Dalles, Oregon.

Sincerely,

C. Alex Miller, General Manager
Rates & Regulatory Affairs

CAM/cmt
enclosures

cc: UG-031885 Service List
James M. Van Nostrand, Esq.