

Agenda Date: October 26, 2005  
Item Number: A7

**Docket: UG-051596**

Company Name: NW Natural Gas Company

Staff: James M. Russell, Energy Accounting Manager  
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**Recommendation:**

Approve the request for Less than Statutory Notice to allow the proposed tariff revisions to Schedule T, Service Election, to become effective October 27, 2005.

**Background:**

On October 20, 2005, NW Natural Gas Company (NW Natural) filed a request for Less than Statutory Notice to allow tariff revisions to Schedule T, Service Election, to go into effect October 27, 2005. On October 21, 2005, NW Natural filed a substitute page to the filing. The filing, as revised on October 21<sup>st</sup>, proposes a revision to the election of service provision for transportation customers electing to transfer to sales service.

Specifically, the revision provides a limited exception for customers that elected to switch from transportation service to sales service during the period between September 1, 2005, and October 20, 2005. The exception will allow those customers to return to transportation service without fulfilling the minimum service election term of one year, which is specified in sales service rate schedules.

NW Natural stated the reason for less than statutory notice is due to the expedited need to secure gas supply; there is a narrow window of time for both NW Natural to secure supply for customers electing to take sales service and for the customers opting to return to transportation service under the limited exception.

**Discussion:**

The Service Election provision in NW Natural's tariff (Schedule T) currently allows a transportation service customer to transfer to sales service under two conditions: a) that adequate supply and capacity exists to accommodate the

transfer request, and b) the customer will pay the company for any incremental gas supply costs incurred by the company to accommodate the change in service.

Following the Company's recent purchase gas adjustment filing, several large-volume, long-time transportation customers have elected to transfer to sales service. Three of these customers are in NW Natural's Washington service area. The Company has informed the customers that they will be required to pay the incremental costs of gas supply in accordance with the tariff provisions. The customers are opposing the Company's attempt to charge them for the incremental costs because, they claim, the Company had not indicated to them that they would be required to pay incremental gas supply costs until after their transfer requests were accepted.

Although the debate over incremental gas supply costs is unresolved, the Company is simply adding a limited exception to the tariff that will allow the customers who had elected to transfer to sales service between August 1, 2005, and October 27, 2005, to return to transportation service on either November 1, November 15, or December 1, 2005. Without this exception, these customers would be required to meet the minimum service election term specified in the sales service rate schedules (e.g., one year), before returning to transportation service.

**Recommendation:**

Approve the request for Less than Statutory Notice and allow the tariff revisions to Schedule T to become effective October 27, 2005.