

Rates and Regulatory Affairs
Facsimile: 503.721.2532



October 17, 2008

VIA ELECTRONIC FILING

ATTENTION: Records Center

Ms. Carole J. Washburn, Secretary
WASHINGTON UTILITIES &
TRANSPORTATION COMMISSION
1300 S. Evergreen Park Drive, S.W.
Post Office Box 47250
Olympia, Washington 98504-7250

Re: UG-080546. Statement of Publication of Customer Notice

In accordance with WAC 480-90-198, please be advised the required customer notice in the above-referenced docket was mailed to all active customer accounts within NW Natural's Washington service territory as a bill insert in the customer's regular monthly bill commencing with billings issued on and after September 1, 2008. In addition, this information was posted on the NW Natural website during this same time period.

A copy of the notice is attached.

Sincerely,

NW NATURAL

/S/ Onita R. King

Onita R. King
Regulatory Affairs

Enclosure

cc: Tim Zawislak, WUTC Staff
Sarah Shifley, Public Counsel

PUBLIC COUNSEL

The public is represented, in part, by the Public Counsel Section of the Washington State Attorney General's Office. You can contact Public Counsel in writing at:

Attorney General's Office
Public Counsel Section
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188

or by e-mail at: utility@atg.wa.gov

For more information about Public Counsel, visit: www.atg.wa.gov/utilities.aspx



Submit your comments

If you would like to submit your comments in writing, please clip and fill out the form below.

Mail completed form to:
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA
98504-7250

NOTICE OF REQUEST

For Rate Increase

In March 2008, NW Natural asked the Washington Utilities and Transportation Commission (UTC) for approval of a general rate increase totaling \$4.3 million, which is an overall average rate increase to its Washington customers of 4.75% and a 6.3% average increase for residential customers. NW Natural's last general rate increase was in July 2004.

Please cut out this form to submit your comments to the Washington Utilities & Transportation Commission.

Mail completed form to: Washington Utilities & Transportation Commission, P.O. Box 47250, Olympia, WA 98504-7250.

NAME		
STREET ADDRESS		
CITY	STATE	ZIP
TELEPHONE	EMAIL	

COMMENTS

Lined area for writing additional comments.

What would the requested rate increase pay for?

This rate request would pay for increased operating costs and system investments, including the following:

- \$2.2 million to cover operating costs not covered by current rates due to customers' reduced gas use
- \$1.2 million for new system investments in customer growth, and operating cost increases experienced since the last general rate increase in 2004
- \$600,000 for an increase to shareholder return on investments from 10.1% to 10.65%
- \$250,000 for conversion to an Automated Meter Reading System
- \$40,000 for increased customer communications about service, safety and energy efficiency

(Continues on next page)



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Several issues the UTC will also consider in this General Rate Case are:

- The creation of enhanced energy conservation programs for customers.
- A mechanism that would make NW Natural neutral to increases or decreases in customer use by setting an annual per customer revenue amount. True-ups to the annual amount would be made through a rate credit for years when revenues exceed that amount, or through a rate charge for years when revenues fall below that amount. This is called a partial decoupling mechanism.
- A Weather Adjusted Rate Mechanism (WARM) that would adjust the monthly gas usage charge between December 1 and May 15 based on weather. WARM would increase the rate per therm with warmer weather (times of low use) and decrease the rate per therm with colder weather (times of higher use) in order to stabilize levels of customer revenue.
- An increase in the residential customer charge from \$5 to \$12 and a decrease in the gas usage charge of 3.281 cents, from \$1.12803 to \$1.09522 per therm of usage.

Customers of NW Natural have the opportunity to comment to the Washington Utilities and Transportation Commission in numerous ways, including in person at a public hearing:

WHEN: November 13, 2008
TIME: 6:00 pm - 7:30 pm

WHERE: The Electric Center of the Clark Public Utilities
1200 Fort Vancouver Way
Vancouver, WA

SUMMARY OF REQUESTED RATE INCREASE

Type of Service	Schedule(s)	Overall Percentage Increase ¹
Residential	2	6.3%
Commercial Sales	3	2.56%
Industrial Firm Sales	42	0.24% ²
Industrial Interruptible Sales	42	0.88% ²

¹ Residential customers will see lower or higher percentage increases to their bill based on actual use. See example below with increase of 4.59% for a customer using 80 therms.

² Actual effect will vary by customer based on customer-specific rate choices

Effects on Residential Customers

The bill effect of the general rate increase for the typical residential customer using 80 therms per month is an increase in the monthly bill of \$4.38 or 4.59%:

	Current Bill	Proposed
Rate per therm	\$1.12803	\$1.09522
Basic Charge per Month	\$5.00	\$12.00
Total bill at 80 therms:	\$95.24	\$99.62

You are invited to comment to the Washington Utilities & Transportation Commission:

- in person at the November 13, 2008 public hearing in Vancouver (see left for details)
- via UTC Web form: utc.wa.gov/comment
- by e-mail at: comments@utc.wa.gov
- in writing at: Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250
- by phone at: 1-800-562-6150
- or by using this detachable form on the other side of this notice

Please reference Docket Number UG-080546

General Rate Case Information

A general rate case is the regulatory proceeding which gives the UTC an opportunity to examine a utility's operations and costs to determine if the proposed rates are fair, just and reasonable. This process lets the UTC conduct a detailed review of a utility's revenues, profits, expenses, and investments in plant and equipment, in order to establish an approved revenue requirement.

The UTC staff, NW Natural, Public Counsel Section of the Attorney General's Office, and other parties will participate in the proceeding. The new rates will become effective upon completion of the UTC's investigation which may take up to 11 months.

Based on the outcome of its investigation, the UTC has the authority to approve rates that are higher or lower than NW Natural's request.

CONTACT NW NATURAL

You can reach the company in writing at:

NW Natural
Attn: Regulatory Affairs
220 NW Second Avenue
Portland, OR 97209

or by e-mail at:
efiling@nwnatural.com

For more information call or visit:

1-503-721-2452
nwnatural.com



CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing Statement of Publication of Customer Notice upon all parties of record in WUTC Docket No. UG-080546 by mailing a copy properly addressed with first class postage prepaid, to the below-listed parties or attorneys of parties.

DATED at Portland, Oregon, this 20th day of October, 2008.

/s/ Kelley C. Miller
Kelley C. Miller, Staff Assistant
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, Oregon 97209-3991
1.503.226.4211, extension 3589

UG-031885 Service List

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