

Exhibit No. ____ (Joint-2)
Docket UG-080546

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

NORTHWEST NATURAL GAS COMPANY,

Respondent

DOCKET UG-080546

**FIRST EXHIBIT TO THE PREFILED JOINT TESTIMONY
IN SUPPORT OF FULL SETTLEMENT**

OCTOBER 31, 2008

Northwest Natural Gas Company
Docket No. UG-08-02
Proposed Revenue Spread

Line No.	Rate Schedule (A)	Schedule Number (B)	Current Revenue (C)	Proposed Increase (D)	Proposed Revenue (E)	Percent Increase (F)
1	General Sales	1	\$ 76,913	\$ 10,180	\$ 87,093	13.2%
2	Residential Sales	2	19,699,356	2,172,674	21,872,030	11.0%
3	Basic Firm Sales	3	7,227,794	348,362	7,576,156	4.8%
4	Gas Light Service	19	1,740	154	1,894	8.8%
5	High Load Factor Firm Sales	21	-	-	-	0.0%
6	Residential Heating Dry-Out	27	286,898	43,035	329,933	15.0%
7	Non-Residential Sales & Transport	41	1,301,748	54,735	1,356,483	4.2%
8	Large Volume Non-Residential Firm & Interruptible	42	2,278,844	95,819	2,374,663	4.2%
9	High Volume Non-Residential Firm & Inter. Transport	43	-	-	-	0.0%
10	Special Contract Firm Transport	61/62	-	-	-	0.0%
11	Total		\$ 30,873,293	\$ 2,724,959	\$ 33,598,252	8.8%

Northwest Natural Gas Company
Docket No. UG-08-02
Proposed Rates by Rate Schedule

Line No.	Schedule	Block	Billing Determinant (Customer MDDV - Mths)	2007 Normal Volumes (Therms)	Existing Rate					Proposed Rate					Change in Distribution Revenue	
					Customer Charge	Distr. Capacity	Storage	Transportation Charge	Volumetric Charge	Distribution Revenue	Customer Charge	Distr. Capacity	Storage	Transportation Charge		Volumetric Charge
1	1		6,623	93,947	\$ 2.00				\$ 0.67769	\$ 76,913	\$ 3.47			\$ 0.68242	\$ 87,093	\$ 10,180
2	2		687,982	41,267,629	\$ 5.00				\$ 0.39400	\$ 19,699,356	\$ 7.00			\$ 0.41331	\$ 21,872,198	\$ 2,172,842
3	3		58,205	14,929,546	\$ 10.50				\$ 0.41584	\$ 6,819,455	\$ 15.00			\$ 0.41747	\$ 7,105,713	\$ 286,258
4	19	one mantle	26	213	\$ 21.56				\$ 5.55000	\$ 1,740	\$ 21.56			\$ 6.27000	\$ 1,893	\$ 153
5		all add'l mantles			\$ 20.74				\$ 4.73000	\$ -	\$ 20.74			\$ 5.71000	\$ -	\$ -
6		TOTAL		213					\$ 1,740					\$ 1,893	\$ 153	\$ 153
7	21 Firm Sales	Block 1	2,075	990,852	\$ 209.52				\$ -	\$ 434,712						
8		Block 2		1,856,927					\$ 0.33784	\$ 627,344						
9		Block 3		1,965,233					\$ 0.30768	\$ 604,663						
10		TOTAL		4,813,012					\$ 0.29816	\$ -					\$ 1,666,719	
11																
12	21 Firm Sales to RS 3		996	1,091,262							\$ 15.00			\$ 0.41747	\$ 470,509	
13	21 Firm Sales migrating to RS 41	Block 1	1,080	1,811,004							\$ 250.00			\$ 0.30077	\$ 814,696	
14		Block 2		1,910,746										\$ 0.26500	\$ 506,348	
15	TOTAL		3,721,750											\$ 1,321,043		
16	Total Rate 21		2,075	4,813,012					\$ 1,666,719					\$ 1,791,553	\$ 124,833	
17	27		14,948	948,267					\$ 0.30255	\$ 286,898	\$ 6.00			\$ 0.25335	\$ 329,931	\$ 43,033
18	41 Firm Sales	Block 1	24	49,553	\$ 195.16				\$ 0.38055	\$ 23,541	\$ 250.00			\$ 0.30077	\$ 20,904	\$ (2,637)
19		Block 2		53,917					\$ 0.35972	\$ 19,395				\$ 0.26500	\$ 14,288	\$ (5,107)
20		TOTAL		103,470					\$ 42,936					\$ 35,192	\$ (7,744)	
21	42 Firm Sales	Block 1	324	2,188,947	\$ 1,300.00	\$ 0.15748	\$ 0.20415		\$ 0.11331	\$ 729,979	\$ 1,300.00	\$ 0.15748	\$ 0.20415	\$ 0.11818	\$ 740,639	\$ 10,660
22		Block 2	167,988	1,222,580					\$ 0.09271	\$ 113,345				\$ 0.10579	\$ 129,337	\$ 15,991
23		Block 3		235,373					\$ 0.09271	\$ 21,821				\$ 0.08112	\$ 19,093	\$ (2,728)
24		Block 4		45,328					\$ 0.06181	\$ 2,802				\$ 0.06490	\$ 2,942	\$ 140
25		Block 5		-					\$ 0.04121	\$ -				\$ 0.04327	\$ -	\$ -
26		Block 6		-					\$ 0.01545	\$ -				\$ 0.01622	\$ -	\$ -
27	TOTAL		3,692,228					\$ 867,948					\$ 892,011	\$ 24,064		
28	42 Interruptible Sales	Block 1	165	1,427,719	\$ 1,300.00		\$ 0.10208		\$ 0.11331	\$ 425,376	\$ 1,300.00		\$ 0.10208	\$ 0.11818	\$ 432,329	\$ 6,953
29		Block 2	481,008	2,478,003					\$ 0.09271	\$ 229,736				\$ 0.10579	\$ 262,148	\$ 32,412
30		Block 3		1,107,866					\$ 0.09271	\$ 102,710				\$ 0.08112	\$ 89,870	\$ (12,840)
31		Block 4		1,256,007					\$ 0.06181	\$ 77,634				\$ 0.06490	\$ 81,515	\$ 3,881
32		Block 5		15,795					\$ 0.04121	\$ 651				\$ 0.04327	\$ 683	\$ 33
33		Block 6		-					\$ 0.01545	\$ -				\$ 0.01622	\$ -	\$ -
34	TOTAL		6,285,390					\$ 836,107					\$ 866,545	\$ 30,439		
35	42 Firm Transport	Block 1	12	293,980	\$ 1,300.00	\$ 0.15748		\$ 250.00	\$ 0.10988	\$ 81,857	\$ 1,300.00	\$ 0.15748		\$ 0.11818	\$ 84,297	\$ 2,440
36		Block 2	196,560	478,613					\$ 0.08990	\$ 43,027				\$ 0.10579	\$ 50,632	\$ 7,605
37		Block 3		478,613					\$ 0.08990	\$ 43,027				\$ 0.08112	\$ 38,825	\$ (4,202)
38		Block 4		1,326,157					\$ 0.05994	\$ 79,490				\$ 0.06490	\$ 86,068	\$ 6,578
39		Block 5		1,229,296					\$ 0.03996	\$ 49,123				\$ 0.04327	\$ 53,192	\$ 4,069
40		Block 6		-					\$ 0.01498	\$ -				\$ 0.01622	\$ -	\$ -
41	TOTAL		3,806,659					\$ 296,524					\$ 313,014	\$ 16,490		
42	42 Interruptible Transport	Block 1	36	164,961	\$ 1,300.00		\$ 250.00		\$ 0.10988	\$ 64,926	\$ 1,300.00		\$ 250.00	\$ 0.11818	\$ 75,295	\$ 10,369
43		Block 2		391,284					\$ 0.08990	\$ 35,176				\$ 0.10579	\$ 41,394	\$ 6,218
44		Block 3		401,934					\$ 0.08990	\$ 36,134				\$ 0.08112	\$ 32,605	\$ (3,529)
45		Block 4		1,712,828					\$ 0.05994	\$ 102,667				\$ 0.06490	\$ 111,163	\$ 8,496
46		Block 5		985,051					\$ 0.03996	\$ 39,363				\$ 0.04327	\$ 42,623	\$ 3,261
47		Block 6		-					\$ 0.01498	\$ -				\$ 0.01622	\$ -	\$ -
48	TOTAL		3,656,057					\$ 278,266					\$ 303,080	\$ 24,814		
49	GRAND TOTAL			79,511,508					\$ 30,872,861					\$ 33,598,222	\$ 2,725,361	

Northwest Natural Gas Company
Docket No. UG-08-02
Proposed Rate Design

Line No.	Description (A)	Block Break (B)	Determinant (C)	Distribution Rate (D)	Distribution Revenues (E)
Rate Schedule 1					
General Sales Service					
1	Customer Charge		6,623	\$ 3.47	\$ 22,982
2	Volumetric Charge		93,947	\$ 0.68242	64,111
3	Total		93,947		\$ 87,093
4	Target Revenue				87,093
5	Over/(Under)				\$ 0
Rate Schedule 2					
Residential Sales Service					
6	Customer Charge		687,982	\$ 7.00	\$ 4,815,874
7	Volumetric Charge		41,267,629	\$ 0.41331	17,056,324
8	Total		41,267,629		\$ 21,872,198
9	Target Revenue				21,872,030
10	Over/(Under)				\$ 168
Rate Schedule 3					
Basic Firm Sales Service					
11	Customer Charge		59,201	\$ 15.00	\$ 888,015
12	Volumetric Charge		16,020,807	\$ 0.41747	6,688,206
13	Total		16,020,807		\$ 7,576,221
14	Target Revenue				7,576,156
15	Over/(Under)				\$ 65
Rate Schedule 27					
Residential Heating Dry-Out Service					
16	Customer Charge		14,948	\$ 6.00	\$ 89,688
17	Volumetric Charge		948,267	\$ 0.25335	240,243
18	Total		948,267		\$ 329,931
19	Target Revenue				329,933
20	Over/(Under)				\$ (2)
Rate Schedule 41					
Non-Residential Sales & Transport (Firm & Interruptible)					
21	Customer Charge		1,105	\$ 250.00	\$ 276,250
22	Transportation Charge		-	\$ 250.00	\$ -
	Volumetric Charge				
23	0 - 2,000 therms	2,000	1,860,556	\$ 0.30077	559,599
24	Over 2,000		1,964,663	\$ 0.26500	520,636
25	Total		3,825,219		\$ 1,356,485
26	Target Revenue				1,356,483
27	Over/(Under)				\$ 2
Rate Schedule 19					
Gas Lights					
28	Customer Charge		26	\$ 21.56	\$ 561
	Volumetric Charge				
29	One Mantle		213	\$ 6.27000	1,332
30	All Additional Mantles		-	\$ 5.71000	-
31	Total		213		\$ 1,893
32	Target Revenue				1,894
33	Over/(Under)				\$ (1)

Rate Schedule 42

Rate Schedule 42 SF
Large Volume Non-Residential Firm Sales

Northwest Natural Gas Company
Docket No. UG-08-02
Proposed Rate Design

Line No.	Description (A)	Block Break (B)	Determinant (C)	Distribution Rate (D)	Distribution Revenues (E)
28	Customer Charge		324	\$ 1,300.00	\$ 421,200
29	Distribution Capacity Charge (per MDDV therm/mth)		167,988	\$ 0.15748	\$ 26,455
30	Storage Charge (per MDDV therm/mth)		167,988	\$ 0.20415	\$ 34,295
	Volumetric Charge				
31	0 - 10,000 therms	10,000	2,188,947	0.11818	258,690
32	10,001 - 30,000 therms	30,000	1,222,580	0.10579	129,337
33	30,001 - 50,000 therms	50,000	235,373	0.08112	19,093
34	50,001 - 150,000 therms	150,000	45,328	0.06490	2,942
35	150,001 - 750,000 therms	750,000	-	0.04327	-
36	Over 750,000 therms		-	0.01622	-
37	Total		3,692,228		\$ 892,011
	Rate Schedule 42 SI				
	Large Volume Non-Residential Interruptible Sales				
38	Customer Charge		165	\$ 1,300.00	\$ 214,500
39	Storage Charge (per MDDV therm/mth)		481,007	\$ 0.10208	\$ 49,099
	Volumetric Charge				
40	0 - 10,000 therms	10,000	1,427,719	\$ 0.11818	168,728
41	10,001 - 30,000 therms	30,000	2,478,003	\$ 0.10579	262,148
42	30,001 - 50,000 therms	50,000	1,107,866	\$ 0.08112	89,870
43	50,001 - 150,000 therms	150,000	1,256,007	\$ 0.06490	81,515
44	150,001 - 750,000 therms	750,000	15,795	\$ 0.04327	683
45	Over 750,000 therms		-	\$ 0.01622	-
46	Total		6,285,390		\$ 866,543
	Rate Schedule 42TF				
	Large Volume Non-Residential Firm Transport				
47	Customer Charge		12	\$ 1,300.00	\$ 15,600
48	Transportation Charge		12	\$ 250.00	\$ 3,000
49	Distribution Capacity Charge (per MDDV therm/mth)		196,561	\$ 0.15748	\$ 30,954
	Volumetric Charge				
50	0 - 10,000 therms	10,000	293,980	0.11818	34,743
51	10,001 - 30,000 therms	30,000	478,613	0.10579	50,632
52	30,001 - 50,000 therms	50,000	478,613	0.08112	38,825
53	50,001 - 150,000 therms	150,000	1,326,157	0.06490	86,068
54	150,001 - 750,000 therms	750,000	1,229,296	0.04327	53,192
55	Over 750,000 therms		-	0.01622	-
56	Total		3,806,659		\$ 313,014
	Rate Schedule 42TI				
	Large Volume Non-Residential Interruptible Transport				
57	Customer Charge		36	\$ 1,300.00	\$ 46,800
58	Transportation Charge		36	\$ 250.00	\$ 9,000
	Volumetric Charge				
59	0 - 10,000 therms	10,000	164,961	\$ 0.11818	19,495
60	10,001 - 30,000 therms	30,000	391,284	\$ 0.10579	41,394
61	30,001 - 50,000 therms	50,000	401,934	\$ 0.08112	32,605
62	50,001 - 150,000 therms	150,000	1,712,828	\$ 0.06490	111,163
63	150,001 - 750,000 therms	750,000	985,051	\$ 0.04327	42,623
64	Over 750,000 therms		-	\$ 0.01622	-
65	Total		3,656,057		\$ 303,080
66	Total Rate Schedule 42		17,440,334		\$ 2,374,647
67	Rate Schedule 42 Target Revenue				2,374,663
68	Over/(Under)				\$ (16)