

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



September 15, 2005

NWN Advice No. WUTC 05-3A

**VIA ELECTRONIC FILING  
DO NOT REDOCKET**

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-051292 Replacement Filing: Purchased Gas Cost Adjustment  
and Deferred Gas Cost Amortization Adjustments (WSN  
Application Enclosed)

Northwest Natural Gas Company, dba NW Natural (NWN or company) files the revisions and additions to its Tariff WN U-6, included in the Tariffs section of this filing, and stated to become effective with service on and after October 15, 2005. A request for approval with less than statutory notice for an effective date of October 1, 2005, is enclosed.

The purpose of this filing is correct the company's gas cost adjustments as filed in NWN Advice No. WUTC 05-3, dated August 29, 2005.

The Company hereby withdraws, in its entirety, NWN Advice No. WUTC 05-3, issued August 29, 2005, including all supporting exhibits and workpapers.

I. Introduction and Summary

The purposes of this filing are to revise rates for the effects of changes in purchased gas costs, and for the further effects of applying and removing temporary rate adjustments to amortize balances in deferred accounts. The company revises rates for both of these purposes annually; its last such filing was effective on October 1, 2004.

The combined effect of the proposed rate changes is to increase the average monthly bills in the primary rate schedules as follows: Residential

bills will increase by 12.0%, and commercial bills will increase by 12.1%. If the effects of the temporary rate adjustments were permanent, the combined result of all components of the rate changes would be an increase in the company's revenues from its Washington operations of about \$10,022,126, of which \$11,265,957 is due to the increase in gas supply and capacity costs and (\$1,243,831) is due to the decrease in technical adjustments.

## II. Purchased Gas Cost Adjustment

This portion of the filing will (1) pass through changes in the cost of gas purchased by the company from its natural gas suppliers; and (2) pass through changes in the cost of pipeline and storage capacity under contract with the company's pipeline transporters.

The proposed Weighted Average Cost of Gas (WACOG) is \$0.74371 per therm. The proposed firm service pipeline capacity cost is \$0.08513 per therm, and the proposed interruptible service pipeline capacity cost is \$0.02974. The net effect of the combined purchased gas adjustments in this filing is an increase of \$0.15809 cents per therm for firm sales rate schedules and an increase of \$0.18271 cents per therm for interruptible sales rate schedules.

Should there be a subsequent change in the pipeline's rates or other gas supply costs from levels used to determine the adjustments the company proposes in this filing, then the company will reflect such changes to Washington gas customers in a manner approved by the Commission.

## III. Temporary Rate Adjustments

This portion of the filing is to make periodic technical adjustments to rates under the terms of the company's tariffs in order to amortize credit or debit balances in its deferred gas cost accounts (Account 191). These adjustments are shown in the Supporting Materials as the removal of current temporary rate adjustments and the application of new temporary rate adjustments.

Collections and refunds under the temporary rate adjustments do not affect the company's earnings because the accruals to these accounts already have been reflected in recorded results.

The new temporary adjustments include the following:

1. A 12-month amortization of refund balances in accounts 191.420 and 191.421. The balance in 191.420 relates to commodity gas costs incurred during the current PGA period that began on October 1, 2004. The refund balance in account 191.421 is the remaining unamortized amount from a consolidation of commodity-related amortization accounts.
2. A 12-month amortization of refund balances in accounts 191.430, and 191.431. The refund balance in 191.430 represents the amount the company collected from its Washington customers during the past year that exceeded the amount incurred by the company for demand charges. Account 191.431 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 186.302 relates to the deferral of storage-related off system sales.
3. A 12-month amortization of collection balances in accounts 186.311 and 186.312. The balance in 186.311 relates to furnace program costs (Schedule F) beginning October 2004. The collection balance in account 186.312 relates to weatherization program costs (Schedule G), beginning October 2004. Account 186.316 is the remaining unamortized amount from a consolidation of DSM-related deferred accounts.
4. A 12-month amortization of a refund of balances in account 186.257, which are amounts associated with downtown properties, consistent with a refund to Oregon customers pursuant to OPUC Order No. 04-439 in Docket UM 1148/UP 205.

#### IV. Interstate Storage Sharing

The deferral of storage-related off system sales included in the technical adjustments of this filing reflects the sharing of revenue generated by the company's facilities at its Mist storage site as prescribed in the accounting order authorized in Docket UG-011090. The company and Staff have agreed to modify the sharing of revenues to a methodology consistent with that currently used in Oregon. If approved, the new sharing methodology will be reflected in the next applicable Temporary Rate Adjustment filing.

The removal of the temporary adjustments that were placed into rates effective October 1, 2004 is also reflected in this portion of the filing.

In accordance with WAC 480-90-198, the company declares that notice to customers is made in accordance with WAC 480-90-194(5). A copy of this notice is included with this filing.

This rate change affects all of NW Natural's Washington customers. As of June 30, 2005, NW Natural served approximately 54,365 residential customers and 4,757 business and industrial customers.

The company respectfully requests that the tariff sheets filed herewith be approved on less than statutory notice to become effective with service on and after October 1, 2005.

As required by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

Copies of this letter and the attached filing are available in the company's offices in Vancouver, Washington and The Dalles, Oregon.

Please address correspondence on this matter to me with copies to the following:

Kelley C. Miller  
Staff Assistant  
Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2532  
Telephone: (503) 226-4211, ext. 3589

C. Alex Miller  
Director  
Regulatory Affairs & Forecasting  
NW Natural  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2532  
Telephone: (503) 721-2487

Sincerely,

NW NATURAL

*/S/ Onita King*

Onita R. King, Manager  
Tariffs & Regulatory Compliance

ORK/cmt  
attachments

TABLE OF TARIFF SHEET REVISIONS  
PROPOSED TO BECOME EFFECTIVE OCTOBER 15, 2005

<b>PROPOSED REVISION</b>	<b>CANCELS REVISION</b>	<b>SCHEDULE TITLE</b>
Effective October 15, 2005	Effective November 1, 2004	Summary of Monthly Sales Service Billing Rates
Effective October 15, 2005	Effective November 1, 2004	Summary of Monthly Transportation Service Billing Rates
Thirteenth Revision of Sheet 101.1	Twelfth Revision of Sheet 101.1	Schedule 1 "General Sales Service"
Thirteenth Revision of Sheet 102.1	Twelfth Revision of Sheet 102.1	Schedule 2 "Residential Sales Service"
Third Revision of Sheet 103.2	Second Revision of Sheet 103.2	Schedule 3 "Basic Firm Sales and Transportation Service Non-Residential (continued)"
Thirteenth Revision of Sheet 119.1	Twelfth Revision of Sheet 119.1	Schedule 19 "Gas Light Service" <b>FROZEN</b>
Thirteenth Revision of Sheet 121.1	Twelfth Revision of Sheet 121.1	Schedule 21 "Firm Service High Load Factor" <b>FROZEN</b>
Fourteenth Revision of Sheet 127.1	Thirteenth Revision of Sheet 127.1	Schedule 27 "Residential Heating Dry-Out Service"
Second Revision of Sheet 141.2	First Revision of Sheet 141.2	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Second Revision of Sheet 142.2	First Revision of Sheet 142.2	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Second Revision of Sheet 142.3	First Revision of Sheet 142.3	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Second Revision of Sheet 143.2	First Revision of Sheet 143.2	Schedule 43 "High-Volume Non-Residential Firm and Interruptible Transportation Service (continued)"
Thirteenth Revision of Sheet 154.1	Twelfth Revision of Sheet 154.1	Schedule 54 "Emergency Sales Service"
Tenth Revision of Sheet 201.1	Ninth Revision of Sheet 201.1	Schedule 201 "Temporary (Technical) Adjustments to Rates"
Second Revision of Sheet 201.2	First Revision of Sheet 201.2	Schedule 201 "Temporary (Technical) Adjustments to Rates (continued)"

<b>PROPOSED REVISION</b>	<b>CANCELS REVISION</b>	<b>SCHEDULE TITLE</b>
Twelfth Revision of Sheet 203.1	Eleventh Revision of Sheet 203.1	Schedule 203 "Purchased Gas Cost Adjustments to Rates"
Fifth Revision of Sheet 215.1	Fourth Revision of Sheet 215.1	Schedule 215 "Adjustment to Rates Energy Conservation Programs"
First Revision of Sheet 220.1	Original Sheet 220.1	Schedule 220 "Special Rate Adjustment"
First Revision of Sheet 225.1	Original Sheet 225.1	Schedule 225 "Adjustments to Rates for Costs Relating to South Mist Pipeline Extension Project"

BEFORE THE  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION



SUPPORTING MATERIALS

TO

COMPANY'S PURCHASED GAS COST ADJUSTMENT AND  
TECHNICAL RATE ADJUSTMENTS

(WUTC Docket No. UG-051292; NWN Advice No. WUTC 05-3A)

September 15, 2005



Supporting Materials to Company's  
Combined Purchased Gas Cost Adjustment and  
Technical Rate Adjustments  
WUTC Docket UG-051292; NW Natural Advice No. WUTC 05-3A

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