

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



October 20, 2005

NWN Advice No. OPUC 05-6

***VIA ELECTRONIC FILING***

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation  
Commission  
1300 Evergreen Park Drive, S.W.  
P. O. Box 47250  
Olympia, Washington 98504-7250

Re: Revisions to Schedule T: Service Election  
(LSN Application Enclosed)

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following tariff sheets proposed to become effective on Less Than Statutory Notice on October 27, 2005:

Third Revision of Sheet T.2,  
Schedule T  
"Customer-Owned Natural Gas Transportation Service"

Introduction

The first purpose of this filing is to add a limited exception to the Election of Service provisions of Schedule T wherein the Company will not require that customers that elected to take Sales Service meet the minimum service election term specified in the respective Sales Service Rate Schedules before being allowed to return to Transportation Service. This exception is available only to customers that elected Sales Service under Schedule T between August 1, 2005 and October 26, 2005.

The second purpose of this filing is to add clarifying language to two sections of the election of service provision under Schedule T. The first clarifies that not less than one billing months advance written notice is required; and the second clarifies that the electing customer must also pay any incremental gas capacity costs (in addition to incremental gas supply costs) incurred by the Company to accommodate customer's service election.

## Background

Under the provisions of the Company's Schedule T, customers taking Transportation Service under Schedule 3, 41, 42, and 43 and special contracts may elect to take Sales Service. The Company has received numerous requests from industrial Transportation Service customers to take Sales Service, due in large part to the unprecedented levels of natural gas prices as a result of market pressures and the unfortunate natural disasters, Hurricanes Katrina and Rita. The "Service Election" portion of Schedule T provides that (1) NW Natural must be assured that adequate supply and capacity exist to accommodate a transfer request, and (2) the customer must pay NW Natural for any incremental gas supply costs incurred to accommodate the customer's change in service.

Given the Company's current supply situation, the Company has notified these customers that, consistent with Schedule T, they may be subject to incremental gas supply costs incurred to provide them with sales service pursuant to their election. Upon receipt of this notification, electing customers may wish to withdraw their election to take Sales Service. However, under the Service Election provisions of the Company's applicable sales service tariffs and special contracts, the new Term of Service for the transfer to Sales Service cannot be changed for one (1) year.

The proposed new language to the Service Election provision under Schedule T would permit a limited exception to Transportation Service customers that, between August 1, 2005 and October 26, 2005, have either given notification to elect Sales Service, or have already commenced taking Sales Service, to return to Transportation Service by submitting a Withdrawal of Election form, if such form is received by NW Natural no later than October 26, 2005.

A customer seeking such withdrawal must agree to pay NW Natural (a) for all sales service taken by Customer under the applicable Rate Schedule between the effective date of transfer to sales service and the effective date of the withdrawal; and (b) for any other incremental cost incurred by NW Natural in connection with securing gas supplies during the time customer was taking Sales Service. If the customer makes a timely request, the Company will transfer such customer back to Transportation Service effective November 1, 2005. Thereafter, all of the terms and conditions of Schedule T will govern such Transportation Service, including, but not limited to, the minimum term of one (1) year set forth under the Term of Service section of Schedule T.

Request for Expedited Treatment

The requested effective date of this tariff filing is October 27, 2005. The Company respectfully requests that this filing be placed on the Commission's October 26 public meeting agenda. Please consider this the Company's request for Less than Statutory Notice.

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

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

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

Kelley Miller  
Administrative Assistant  
Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2532  
Telephone: (503) 226-4211, ext. 3589  
E-mail: kelley.miller@nwnatural.com

C. Alex Miller  
Director  
Regulatory Affairs & Forecasting  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2532  
Telephone: (503) 721-2487  
E-mail: c2m@nwnatural.com

Please call if you have questions.

Sincerely,

/s/ Onita R. King

Onita R. King, Manager  
Tariffs & Regulatory Compliance

Enclosures