

Rates and Regulatory Affairs
Facsimile: 503.721.2532



March 28, 2008

NWN Advice No. WUTC 08-2

VIA ELECTRONIC FILING

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

Re: Application for General Rate Increase

Dear Ms. Washburn:

Pursuant to RCW 80.28.050 and 80.28.060 and in accordance with WAC 480-07-510, Northwest Natural Gas Company (NW Natural or the Company) files herewith proposed tariffs bearing the issue date of March 28, 2008 and stated to become effective with service on and after May 1, 2008. The proposed tariffs are also provided in legislative format in accordance with WAC 480-07-51-(2). These proposed tariffs apply a general rate increase to the Company's Washington Rate Schedules.

In support of the general rate increase and proposed tariffs, the Company includes an original and nineteen (19) paper copies, plus one electronic copy of the documentation, which includes proposed tariffs, and testimony and exhibits in support of the general rate increase, as required by WAC 480-07-510(1). One complete copy of all documentation has also been served on Public Counsel this same date. Three copies of supporting workpapers are also included with this filing. In addition, the materials required under WAC 480-07-510(6) and (7) are filed under separate cover, but contemporaneous with this filing.

Purpose of the Filing

This general rate increase is necessary to address financial pressure from several directions: (1) under recovery of fixed costs due to a decline in customer usage; (2) address inadequacies in the Company's current return on equity (ROE); and (3) cost increases in business expense and rate base items. In addition, NW Natural is proposing to implement a decoupling mechanism in its Washington service territory.

In total, this filing requests a general rate increase averaging 14.1 percent on the Company's gas service Rate Schedules, and a total revenue increase of \$4,342,062 per year.

Effect of the Filing on Class Prices

The Company proposes to increase the residential Rate Schedule 2 customer charge by \$7.00, and to decrease the volumetric charge by 3.281 cents per therm. For commercial Schedule 3, the Company proposes to increase the customer charge by \$10.50, and to decrease the volumetric charge by .0764 cents per therm. The proposed percentage increases by rate class are 17.7 percent for residential customers, 7.52 percent for commercial customers, 5.21 percent for industrial firm customers, and 3.46 percent for industrial interruptible customers. The bill of the average residential customer on Schedule 2 using about 61 therms per month would increase by \$5.00 per month, from \$29.03 to \$34.03.

Other Matters

In support of this filing, the Company submits the prepared testimony and exhibits of David H. Anderson, Samuel C. Hadaway, C. Alex Miller, Kevin S. McVay and Natasha C. Siores, Kimberly A. Heiting, David A. Heintz, and Ronald J. Amen.

The Company waives its right to have this filing considered at an open meeting of the Commission as set forth in RCW 80.04.130(1) and consents to the Commission's prompt entry of an order suspending the filing and commencing an investigation.

The Company agrees that upon suspension of this filing, it will provide notice pursuant to WAC 480-90-197. Accordingly, the notice provisions of WAC 480-90-194 are not required for this filing.

Consistent with WAC 480-07-510(4) the Company includes a summary of this general rate request, which has been served to the master service list for the Company's last general rate case filing (Docket UG-031885) including Public Counsel.

The Company stands ready to respond to any requests for data and information by telephone, or in writing, and to schedule any audit time that may be necessary. Please call Alex Miller at 503-721-2487 or Kevin McVay at 503-226-4211 x 3585 to make these arrangements.

A copy of the filing, and the supporting testimony and exhibits will be made available for public inspection in the Company's main office in Portland, 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 place the following names on the service list in this docket on behalf of the company:

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Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ C. Alex Miller

C. Alex Miller
Assistant Treasurer and Managing Director
of Regulatory Affairs

cc: UG-031885 Service List

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

DOCKET UG-__

GENERAL RATE APPLICATION OF
NORTHWEST NATURAL GAS COMPANY

CASE SUMMARY

- (a) The date and amount of the latest prior general rate increase authorized by the Commission and the revenue realized from that authorized increase in the test period:

WUTC Docket UG-031885 / June 23, 2004.....	\$ 3,500,000
Revenue realized in this test period.....	\$91,483,846

- (b) Total revenues at present rates and at requested rates:

Total revenues at present rates	\$91,483,846
Total revenues at requested rates.....	\$95,825,909

- (c) Requested revenue change in percentage, in total and by major customer class:

Firm residential sales.....	17.70%
Firm commercial sales.....	7.52%
Industrial firm sales.....	5.21%
Industrial interruptible sales.....	3.46%
Total revenue change.....	4.75%

- (d) Requested revenue change in dollars, in total and by major customer class:

Firm residential sales.....	\$3,550,340
Firm commercial sales.....	\$642,922
Industrial firm sales.....	\$44,643
Industrial interruptible sales.....	\$29,094
Total revenue change.....	\$4,342,062

Note: Increase in Transportation revenue is \$75,063. When added with the major customer sales classes above, total revenue change increases to \$4,342,062.

- (e) Requested rate change in dollars, per average customer by customer class. Included in the filing is the effect of the proposed rate increase in dollars per month on typical residential customers by usage categories:

Firm residential sales.....	\$4.87
Firm commercial sales.....	\$10.41
Industrial firm sales.....	\$103.34
Industrial interruptible sales.....	\$173.18

- (f) Most current customer county, by major customer class:

Washington customer count:

Firm residential sales.....	60,787
Firm commercial sales.....	5,147
Industrial firm sales.....	36
Industrial interruptible sales.....	14
Transportation.....	8

Total Washington customers as of December 31, 2007.....65,992

- (g) Current authorized overall rate of return and authorized rate of return on common equity:

Overall rate of return	N/A
Rate of return on common equity.....	N/A

Note: Prior rate case outcome was settled with return components unspecified.

- (h) Requested overall rate of return and requested rate of return on common equity and the method or methods used to calculate rate of return on common equity

Overall rate of return	8.68%
Rate of return on common equity.....	10.65%

- (i) Requested capital structure:

Long-term debt.....	44.23%
Short-term debt.....	5.03%
Preferred equity.....	N/A
Common equity.....	50.74%

- (j) Requested net operating income.....\$11,144,037

- (k) Requested rate base and method of calculation, or equivalent, which it contains:

Requested rate base.....\$128,446,731

Test year rate base of \$118,753,441 is calculated on the average monthly average basis. Proposed adjustments to rate base aggregate are \$9,693,290 (including an allowance for working capital).

- (l) Requested revenue effect of attrition allowance, if any.....N/A

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-__
GENERAL RATE APPLICATION
OF
NORTHWEST NATURAL GAS COMPANY

MARCH 28, 2008

TARIFFS

TABLE OF REPLACEMENT TARIFF SHEET REVISIONS
PROPOSED TO BECOME EFFECTIVE MAY 1, 2008

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Effective May 1, 2008	Effective November 1, 2007	Summary of Monthly Sales Service Billing Rates
Effective May 1, 2008	Effective November 1, 2007	Summary of Monthly Transportation Service Billing Rates
Fifth Revision of Sheet vi	Fourth Revision of Sheet vi	Tariff Index (continued)
Eighth Revision of Sheet vii	Seventh Revision of Sheet vii	Tariff index (continued)
Fifth Revision of Sheet 00.6	Fourth Revision of Sheet 00.6	General Rules and Regulations (continued)
Third Revision of Sheet 00.7	Second Revision of Sheet 00.7	General Rules and Regulations (continued)
First Revision of Sheet 00.8	Original Sheet 00.8	General Rules and Regulations (continued)
Sixteenth Revision of Sheet 101.1	Fifteenth Revision of Sheet 101.1	Schedule 1 "General Sales Service"
Sixteenth Revision of Sheet 102.1	Fifteenth Revision of Sheet 102.1	Schedule 2 "Residential Sales Service"
Fourth Revision of Sheet 103.3	Third Revision of Sheet 103.3	Schedule 3 "Basic Firm Sales Service - Non-Residential (continued)"
Sixteenth Revision of Sheet 119.1	Fifteenth Revision of Sheet 119.1	Schedule 19 "Gas Light Service" FROZEN
Sixteenth Revision of Sheet 121.1	Fifteenth Revision of Sheet 121.1	Schedule 21 "Firm Service High Load Factor" FROZEN - CANCELLED
Seventeenth Revision of Sheet 127.1	Sixteenth Revision of Sheet 127.1	Schedule 27 "Residential Heating Dry-Out Service"
Third Revision of Sheet 141.9	Second Revision of Sheet 141.9	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Original Sheet 141.10	N/A	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Third Revision of Sheet 142.10	Second Revision of Sheet 142.10	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Third Revision of Sheet 142.11	Second Revision of Sheet 142.11	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Original Sheet 142.12	N/A	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Original Sheet 142.13	N/A	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Third Revision of Sheet 143.6	Second Revision of Sheet 143.6	Schedule 43 "High Volume Non-Residential Firm and Interruptible Transportation Service (continued)"
Fourth Revision of Sheet 200.1	Third Revision of Sheet 200.1	Schedule 200 "Summary of Adjustments"
First Revision of Sheet 200.2	Original Sheet 200.2	Schedule 200 "Summary of Adjustments (continued)"
Thirteenth Revision of Sheet 201.1	Twelfth Revision of Sheet 201.1	Schedule 201 "Temporary (Technical) Adjustments to Rates"
Fourth Revision of Sheet 201.2	Third Revision of Sheet 201.2	Schedule 201 "Temporary (Technical) Adjustments to Rates (continued)"
Fifteenth Revision of Sheet 203.1	Fourteenth Revision of Sheet 203.1	Schedule 203 "Purchased Gas Cost Adjustments to Rates"
Fourth Revision of Sheet 207.1	Third Revision of Sheet 207.1	Schedule 207 "General Rate Adjustment"
Fourth Revision of Sheet 207.2	Third Revision of Sheet 207.2	Schedule 207 "General Rate Adjustment (continued)"
Original Sheet 230.1	N/A	Schedule 230 "Partial Decoupling Mechanism (Pilot)"
Original Sheet 230.2	N/A	Schedule 230 "Partial Decoupling Mechanism (Pilot) (continued)"
Original Sheet 230.3	N/A	Schedule 230 "Partial Decoupling Mechanism (Pilot) (continued)"
Original Sheet 240.1	N/A	Schedule 240 "Weather Adjusted Rate Mechanism (WARM Program)"
Original Sheet 240.2	N/A	Schedule 240 "Weather Adjusted Rate Mechanism (WARM Program) (continued)"
Original Sheet 240.3	N/A	Schedule 240 "Weather Adjusted Rate Mechanism (WARM Program) (continued)"
Original Sheet 240.4	N/A	Schedule 240 "Weather Adjusted Rate Mechanism (WARM Program) (continued)"

WASHINGTON

SUMMARY OF MONTHLY SALES SERVICE BILLING RATES

**EFFECTIVE:
May 1, 2008**

<p align="center">SCHEDULE 1 GENERAL SALES SERVICE</p>	<p align="center">SCHEDULE 2 RESIDENTIAL SALES SERVICE</p>	<p align="center">SCHEDULE 3 BASIC FIRM SALES SERVICE</p>	<p align="center">SCHEDULE 10 SPECIAL METERING EQUIPMENT</p>	<p align="center">SCHEDULE 19 GAS LIGHT SERVICE FROZEN</p>
<p>Usage Charges: Customer Charge \$8.00 All therms \$1.16140 Minimum Monthly Bill \$8.00</p>	<p>Usage Charges: Customer Charge \$12.00 All therms \$1.09522 Minimum Monthly Bill \$12.00</p>	<p>Usage Charges: Customer Charge \$21.00 All therms \$1.14223 Minimum Monthly Bill \$21.00</p>	<p>Meter Size: First 150 CF/hr./mo. Capacity \$0.40628 Next 650 CF/hr./mo. Capacity \$0.16525 All add'l CF/hr./mo. Capacity \$0.24103 Minimum Monthly Rental \$0.40628 Charge for Meter Reading \$0.36</p>	<p>One mantle \$22.48 All additional mantles \$19.28</p>
<p align="center">SCHEDULE 27 RESIDENTIAL HEATING DRY-OUT SERVICE</p>	<p align="center">SCHEDULE 41 NON-RESIDENTIAL SALES SERVICE</p>	<p align="center">SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL FIRM SALES SERVICE</p>	<p align="center">SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL INTERRUPTIBLE SALES SERVICE</p>	<p align="center">SCHEDULE 54 EMERGENCY SERVICE</p>
<p>Customer Charge \$8.00 Volumetric Charge \$0.98279 Minimum Monthly Bill: \$8.00</p>	<p>Customer Charge: \$275.00 Volumetric Charges: Firm Service: 1st 2,000 therms: \$0.91854 All additional therms: \$0.88016 <u>Plus</u> Pipeline Capacity Charges*: Firm (MDDV): \$1.77 Firm (per therm): \$0.11887 Interruptible Service: 1st 2,000 therms: \$0.94003 All additional therms: \$0.90165 <u>Plus</u> Pipeline Capacity Charge (per therm): \$0.04152 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus applicable Pipeline Capacity Charge.</p>	<p>Customer Charge: \$1,300.00 Volumetric Charges: 1st 10,000 therms: \$0.72676 Next 20,000 therms: \$0.71016 Next 20,000 therms: \$0.69516 Next 100,000 therms: \$0.68016 Next 600,000 therms: \$0.66516 All additional therms: \$0.63014 <u>Plus</u> Storage Charge (per MDDV) \$0.35300 Distribution Capacity Chg. (MDDV) \$0.32000 Firm Pipeline Capacity Charges*: Per MDDV: \$1.77 Per therm: \$0.11887 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus applicable Pipeline Capacity Charge, plus the Storage and Distribution Charges.</p>	<p>Customer Charge: \$1,300.00 Volumetric Charges: 1st 10,000 therms: \$0.74825 Next 20,000 therms: \$0.73165 Next 20,000 therms: \$0.71665 Next 100,000 therms: \$0.70165 Next 600,000 therms: \$0.68665 All additional therms: \$0.65163 <u>Plus</u> Pipeline Capacity Chg. per therm: \$0.04152 <u>Plus</u> Storage Charge per MDDV: \$0.17650 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus Pipeline Capacity Charge, plus Storage Charge.</p>	<p>Usage Charge: Per therm, all therms \$1.59854 Minimum Monthly Bill None OTHER CHARGES: Telemetry Charge (per month) \$127.00 Standard Unauthorized Use: \$ 2.00/th Unauthorized Use - Violation of Curtailment Order \$10.00/th</p>

* Select one.



Issued March 28, 2008
NWN Advice No. WUTC 08-2

Effective with service on
and after May 1, 2008

RATE SUMMARY

WASHINGTON

SUMMARY OF MONTHLY TRANSPORTATION SERVICE BILLING RATES

EFFECTIVE:
May 1, 2008

SCHEDULE 41 NON-RESIDENTIAL TRANSPORTATION SERVICE	SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL TRANSPORTATION SERVICE	SCHEDULE 43 HIGH-VOLUME NON-RESIDENTIAL TRANSPORTATION SERVICE
Customer Charge: \$275.00 Transportation Charge: \$250.00 Volumetric Charges: 1st 2,000 therms: \$0.30338 All additional therms: \$0.26500 Minimum Monthly Bill: \$525.00	Customer Charge: \$1,300.00 Transportation Charge: \$250.00 Volumetric Charges: 1st 10,000 therms: \$0.11160 Next 20,000 therms: \$0.09500 Next 20,000 therms: \$0.08000 Next 100,000 therms: \$0.06500 Next 600,000 therms: \$0.05000 All additional therms: \$0.01498 If firm service, ADD: Distribution Capacity Chg. (MDDV) <u>\$0.32000</u> Minimum Monthly Bill: \$1,550.00 Plus for Firm Service: Distribution Capacity Charge	Customer Charge: \$38,000.00 Transportation Charge: \$250.00 Volumetric Charges: All therms: \$0.00499 If Firm Service, ADD: Distribution Capacity Chg. (MDDV) \$0.32000 Minimum Monthly Bill: \$38,250.00 Plus for Firm Service: Distribution Capacity Charge
SCHEDULE 54 EMERGENCY SERVICE Usage Charge: Per therm, all therms: \$1.59854	PENALTY CHARGES: Balancing Charge (excess over 5%) \$1.00/therm Entitlement Overrun Charges: Excess < threshold + 2% \$0.50/therm Excess > threshold + 2% \$1.00/therm Entitlement Underrun Charges: 5% to 10% \$0.50/therm Over 10% \$1.00/therm Underrun not cleared \$1.00/therm	OTHER CHARGES: Monthly Telemetry Charge: \$127.00 Standard Unauthorized Use: \$2.00/th Unauthorized Use - Violation of Curtailment Order: \$10.00/th



Issued March 28, 2008
NWN Advice No. WUTC 08-2

Effective with service on
and after May 1, 2008

RATE SUMMARY



CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing GENERAL RATE APPLICATION (WUTC Docket No. UG-___; NWN Advice No. WUTC 08-2) upon all parties of record in WUTC Docket No. UG-031885 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 28th day of March, 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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