

SCHEDULE P

DETERMINATION OF COMPANY'S
PURCHASED GAS COST ADJUSTMENTS
AND WEIGHTED AVERAGE COST OF GAS
(continued)

TOTAL WEIGHTED AVERAGE COST OF GAS:

As a component of each PGA filing, the Company shall calculate a Weighted Average Cost of Gas (WACOG), or Total WACOG. The Total WACOG shall be calculated using actual historic volumes and the following charges for the following sources of natural gas:

1. Commodity charges and commodity-related fixed charges under the Company's contracts for gas purchases from gas suppliers; and
2. Pipeline transportation- and storage-related volumetric charges; and
3. Commodity charges based upon average inventory cost for volumes withdrawn from the Company's natural gas storage facilities.

The commodity adjustment for Transportation service rates is the Total WACOG, adjusted for the revenue-sensitive factor established in the PGA filing. The Total WACOG shall be set forth in **SCHEDULE 203** of this Tariff.

GENERAL TERMS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Effective with service on
and after July 1, 2004

By AUTHORITY OF WUTC ORDER IN DOCKET UG-031885

Issued by: **NORTHWEST NATURAL GAS COMPANY**

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