## APPENDIX A

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RECEIVED  JUL 21 2000  ATTY GEN DIV WASHINGT		
WASHINGTON UTIL TRANSPORTATION		) )
C	Complainant,	) Docket No. UG-000073
vs.		) PARTIAL STIPULATION ) REGARDING RETURN
NORTHWEST NATURAL GAS COMPANY, )		) REGARDING RETORN
F	Respondent.	) ) _)

On January 21, 2000, Northwest Natural Gas Company (NW Natural or company) filed tariff revisions (Advice No. WUTC 00-1) designed to implement a general rate increase for gas service in the company's Washington territory of \$6,204,367 in annual revenue. The company filed a revised request on March 23, 2000, which reduced the revenue requirement from \$6.2 million in the original case to \$5,626,590 in the revised case. The Washington Utilities and Transportation Commission (WUTC or Commission) suspended the company's filing with an order dated February 9, 2000 ("Complaint and Order Suspending Tariff Revisions").

Following informal settlement discussions among parties, the undersigned parties have entered into the following agreement regarding the resolution of cost of capital issues raised by the company's filing in the docket. This Partial Stipulation Regarding Return ("Partial Stipulation") is presented for the Commission's approval under WAC 480-09-465 (Alternative Dispute Resolution) as a settlement of cost of capitol issues as indicated below.

Accordingly, the WUTC Staff and NW Natural stipulate and agree as follows:

ARTICLE I: Introduction of Evidence

1.0 The direct evidence of NW Natural regarding costs of capital, including NW Natural Exhibits 21 and 22, as well as this Partial Stipulation, are jointly offered into evidence in this record by the undersigned parties without objection.

ARTICLE II: Rate of Return

2.0 The undersigned parties agree to an overall rate of return on rate base of 8.95 percent. The undersigned parties agree that the rate of return specified in this Article II of this Partial Stipulation is reasonable for purposes of determining revenue requirement in this proceeding

ARTICLE III: Effect of the Partial Stipulation

- 3.0 <u>Binding on Parties</u> The undersigned parties agree to support a settlement of rate of return issues in this proceeding. The undersigned parties understand that this Partial Stipulation is not binding on the Commission in ruling on the Application.
- 2.1 Procedure The undersigned parties shall cooperate in submitting this
  Partial Stipulation promptly to the Commission for acceptance. The WUTC Staff and
  the company shall each make available for cross-examination a witness in support of
  the Partial Stipulation. If the Commission rejects this Partial Stipulation, or adds
  additional conditions, each undersigned party reserves the right, upon written notice to
  the Commission and all undersigned parties to this proceeding within seven (7) days of
  the date of the Commission's Order, to withdraw from the Partial Stipulation. If any
  undersigned party exercises its right of withdrawal, all undersigned parties will support a

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joint motion to reinstate the issue in the procedural schedule, including a reasonable period for parties to file testimony.

- 3.2 <u>No Precedent</u> The undersigned parties enter into this Partial Stipulation to avoid expense, inconvenience, uncertainty, and delay associated with litigating the rate of return issues resolved herein. By executing this Partial Stipulation, no undersigned party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at the Partial Stipulation, nor shall any undersigned party be deemed to have agreed that this Partial Stipulation is appropriate for resolving revenue requirement, rate of return or other issues in any other proceeding.
- 3.3 <u>Execution</u> This Partial Stipulation may be executed by the undersigned parties in several counterparts and as executed shall constitute one agreement.

DATED this 204 day of July, 2000.

Respectfully submitted,

Northwest Natural Gas Company

By Mark S. Dodson

Sr. Vice President, Public Affairs and General Counsel

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**WUTC STAFF** 

By Robert D. Cedarbaum
Assistant Attorney General