

NORTHWEST NATURAL

Natural Gas

2008 GRC (UG-080546)	<p><i>Multi-Party Settlement – Parties Accept Company Filed COSS</i></p> <ul style="list-style-type: none">• Company presents COS Similar to 2003 GRC.○ Uses Peak & Average for main allocations, Peak is calculated using design day
2003 GRC (UG-031885)	<p><i>Multi-Party Settlement – No Agreement on cost of service</i></p>
2000 GRC (UG-000073)	<p><i>Multi-Party Settlement – No Agreement on cost of service</i></p>
1997 GRC (UG-970932)	<p><i>Multi-Party Settlement – No Agreement on cost of service</i></p>

Classification and Allocation of Distribution Main Costs

Northwest Natural uses a version of the 1994 Washington Natural Gas distribution for allocating main costs. This method is described by the table below

Modified Average and Excess Method

Demand* Related		
Main Size	All Other Customers	Large Volume Transportation & Special Contract
Secondary (<4")		No Allocation
Primary (>=4")	Schedules Share of Peak Day Volume	

Commodity* Related		
Main Size	All Other Customers	Large Volume Transportation & Special Contract
Secondary (<4")		No Allocation
Large (>=4")	Annual Throughput	

*Determined using a peak and average ratio based on system load factor. Defined as ratio of average weather normalized daily volume divided by the higher of a design peak day or the average of the rate schedule's peak month consumption.¹

In 2008, Northwest Natural proposed the use of design day demand in place of its actual peak day demand for the following reasons: 1) The system is designed to meet design day demand, 2) costs are not related to average of peak demands, 3) design day is consistent with customer demand changes and fixed plant investment, and 4) design day is a more stable cost allocation approach.²

¹ Heintz, DAH-1 UG-08546 At 8:4-16

² *Id.* at 9:1-10-19