

Rates and Regulatory Affairs
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October 12, 2009

NWN Advice No. WUTC 09-9A

VIA ELECTRONIC FILING

Dave Danner, Secretary and Executive Director
WASHINGTON UTILITIES &
TRANSPORTATION COMMISSION
1300 S. Evergreen Park Drive, S.W.
Post Office Box 47250
Olympia, Washington 98504-7250

Re: UG-091371: Replacement Annual Purchased Gas Cost
Adjustment and Deferred Gas Cost Amortization Adjustments

Northwest Natural Gas Company, dba NW Natural (NWN or the "Company") files revisions to its Tariff WN U-6, as listed in the attached Table of Tariff Sheet Revisions. The proposed tariff sheets are stated to become effective with service on and after November 1, 2009.

This filing replaces NWN Advice No. WUTC 09-5 dated August 31, 2009 in the entirety.

I. Introduction and Summary

The purposes of this filing are to revise rates for the effects of changes in purchased gas costs, and for the further effects of applying and removing temporary rate adjustments to amortize balances in deferred accounts. The Company revises rates for both of these purposes annually; the last such filing was effective on November 1, 2008.

The combined effect of the proposed rate changes is to decrease the average monthly bills in the primary rate schedules as follows: Residential bills will decrease by 21.9% and commercial bills will decrease 22.8%. If the effects of the temporary rate adjustments were permanent, the combined result

of all components of the rate changes would be a decrease in the Company's revenues from its Washington operations of about \$24,031,272.

II. Purchased Gas Cost Adjustment

This portion of the filing will (1) pass through changes in the cost of gas purchased by the company from its natural gas suppliers; and (2) pass through changes in the cost of pipeline and storage capacity under contract with the company's pipeline transporters.

The proposed Annual Sales Weighted Average Cost of Gas (WACOG) is \$0.59654 per therm. The proposed Winter Sales Weighted Average Cost of Gas is \$0.57210. The proposed firm service pipeline capacity cost is \$0.12238 per therm, and the proposed interruptible service pipeline capacity cost is \$0.04275. The net effect of the combined purchased gas adjustments in this filing is a decrease of \$0.26164 per therm for firm sales rate schedules and a decrease of \$0.26584 per therm for interruptible sales rate schedules.

Should there be a subsequent change in the pipeline's rates or other gas supply costs from levels used to determine the adjustments the company proposes in this filing, then the company will reflect such changes to Washington gas customers in a manner approved by the Commission.

III. Temporary Rate Adjustments

This portion of the filing is to make periodic technical adjustments to rates under the terms of the company's tariffs in order to amortize credit or debit balances in its deferred gas cost accounts (Account 191). These adjustments are shown in the Supporting Materials as the removal of current temporary rate adjustments and the application of new temporary rate adjustments.

Collections and refunds under the temporary rate adjustments do not affect the company's earnings because the accruals to these accounts already have been reflected in recorded results.

The new temporary adjustments include the following:

1. A 12-month amortization of refund balances in accounts 191.420 and 191.421. The balance in 191.420 relates to commodity gas costs incurred during the current PGA period that began on November 1, 2008. The refund balance in account 191.421 is the remaining unamortized amount from a consolidation of commodity-related amortization accounts.

2. A 12-month amortization of refund balances in accounts 191.430, 191.431 and 186.302. The refund balance in 191.430 represents the amount the company collected from its Washington customers during the past year that exceeded the amount incurred by the company for demand charges. Account 191.431 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 186.302 relates to the deferral of storage-related off system sales.

3. A 12-month amortization of collection balances in account 186.311. The balance in 186.311 relates to furnace program costs (Schedule F) beginning November 2008. Account 186.316 is the remaining unamortized amount from a consolidation of DSM-related deferred accounts.

4. A 12-month amortization of collection balances in account 186.234. The balance in 186.234 relates to the Schedule J "Gas Residential Energy Assistance Tariff (GREAT), which is the Company's low-income bill payment assistance program that went into effect on May 1, 2009.

5. A 12-month amortization of collection balances in account 186.365. The refund balance in 186.365 is the remaining unamortized amount from the Washington share of the proceeds from the gain on the sale of the Albany, Oregon property.

The removal of the temporary adjustments that were placed into rates effective November 1, 2008 is also reflected in this portion of the filing.

IV. Base Rate Adjustment

This portion of the filing permanently adjusts customer rates for the Washington share of the permanent effects of the recall of 100,000 therms per day of Mist reservoir capacity and 50,000 therms per day of compression capacity from upstream market activities for use by the Company's core customers.

V. Schedule 19 Cancellation

This filing will also cancel Schedule 19, the Company's Gas Light Service rate schedule, which has been Frozen and only available to customers that were served under this rate schedule prior to March 4, 1974. As of this filing, all Schedule 19 accounts have been closed leaving zero customers taking service under this rate schedule. Because this rate schedule is not available to new customers, the Company is cancelling the schedule in its entirety.

In accordance with WAC 480-90-198, the company declares that notice to customers is made in accordance with WAC 480-90-194(5). A copy of this notice is included with this filing.

This rate change affects all of NW Natural's Washington customers. NW Natural currently serves approximately 62,287 residential customers and 5,355 business and industrial customers in the Company's Washington service territory.

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2009.

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

Copies of this letter and the attached filing are available in the company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

Please address correspondence on this matter to me at ork@nwnatural.com, with copies to the following:

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Sincerely,

NW NATURAL

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

enclosures

TABLE OF TARIFF SHEET REVISIONS
PROPOSED TO BECOME EFFECTIVE NOVEMBER 1, 2009

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Eighth Revision of Sheet vi	Seventh Revision of Sheet vi	Tariff Index (continued)
Eleventh Revision of Sheet vii	Tenth Revision of Sheet vii	Tariff Index (continued)
Effective November 1, 2009	Effective November 1, 2008	Summary of Monthly Sales Service Billing Rates
Effective November 1, 2009	Effective November 1, 2008	Summary of Monthly Transportation Service Billing Rates
Seventeenth Revision of Sheet 101.1	Sixteenth Revision of Sheet 101.1	Schedule 1 "General Sales Service"
Seventeenth Revision of Sheet 102.1	Sixteenth Revision of Sheet 102.1	Schedule 2 "Residential Sales Service"
Sixth Revision of Sheet 103.3	Fifth Revision of Sheet 103.3	Schedule 3 "Basic Firm Sales Service – Non-Residential (continued)"
Seventeenth Revision of Sheet 119.1	Sixteenth Revision of Sheet 119.1	Schedule 19 "Gas Light Service" CANCELLED
Eighteenth Revision of Sheet 127.1	Seventeenth Revision of Sheet 127.1	Schedule 27 "Residential Heating Dry-Out Service"
Fourth Revision of Sheet 141.9	Third Revision of Sheet 141.9	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Fifth Revision of Sheet 142.10	Fourth Revision of Sheet 142.10	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fourth Revision of Sheet 142.11	Third Revision of Sheet 142.11	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fourth Revision of Sheet 143.6	Third Revision of Sheet 143.6	Schedule 43 "High-Volume Non-Residential Firm and Interruptible Transportation Service (continued)"
Fifth Revision of Sheet 200.1	Fourth Revision of Sheet 200.1	Schedule 200 "Summary of Adjustments"
Second Revision of Sheet 200.2	First Revision of Sheet 200.2	Schedule 200 "Summary of Adjustments (continued)"
Fifteenth Revision of Sheet 201.1	Fourteenth Revision of Sheet 201.1	Schedule 201 "Temporary (Technical) Adjustments to Rates"

Sixth Revision of Sheet 201.2	Fifth Revision of Sheet 201.2	Schedule 201 "Temporary (Technical) Adjustments to Rates (continued)"
Seventeenth Revision of Sheet 203.1	Sixteenth Revision of Sheet 203.1	Schedule 203 "Purchased Gas Cost Adjustments to Rates"
First Revision of Sheet 210.1	Original Sheet 210.1	Schedule 210 "Adjustment to Rates for Property Sales"
Ninth Revision of Sheet 215.1	Eighth Revision of Sheet 215.1	Schedule 215 "Adjustment to Rates Energy Conservation Programs"
Fourth Revision of Sheet 220.1	Third Revision of Sheet 220.1	Schedule 220 "Special Rate Adjustment"
First Revision of Sheet 230.1	Original Sheet 230.1	Schedule 230 "Temporary Adjustments to Rates For Low-Income Programs"