

Rates and Regulatory Affairs
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October 13, 2010

NWN Advice No. WUTC 10-8A

VIA ELECTRONIC FILING

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

Re: REPLACEMENT FILING:
Annual Purchased Gas Cost Adjustment; Deferred Gas Cost
Amortization Adjustments; and other Non-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, 2010.

This replacement filing replaces all tariff sheets and Exhibits in its entirety, originally filed under NWN Advice No. WUTC 10-8.

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, 2009.

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 1.8% and commercial bills will decrease 2.1%. 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 \$1,671,087.

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 \$0.53365 per therm. The proposed Winter Sales Weighted Average Cost of Gas is \$0.53240. The proposed firm service pipeline capacity cost is \$0.12877 per therm, and the proposed interruptible service pipeline capacity cost is \$0.04498. The net effect of the combined purchased gas adjustments in this filing is a decrease of \$0.05650 per therm for firm sales rate schedules and a decrease of \$0.06066 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) and other non-gas cost accounts (Account 186). 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, 2009. 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 accounts 186.310 and 186.312. These balances relate to general energy efficiency programs (Schedule G) beginning November 2009. 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. Account 186.235 is the remaining unamortized amount from a consolidation of low-income assistance deferred accounts.

5. A 12-month amortization of collection balances in account 186.314. The balance in 186.314 relates to the Schedule I "Washington Low-Income Energy Efficiency (WA-LIEE) program, which is the Company's low-income energy efficiency program that went into effect on October 1, 2009.

The removal of the temporary adjustments that were placed into rates effective November 1, 2009 is also reflected in this portion of the filing.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit work papers in electronic format, all of which are incorporated herein by reference.

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 the customer notice was included with the Company's initial filing, NWN Advice No. WUTC 10-8 dated September 2, 2010.

This rate change affects all of NW Natural's Washington customers. NW Natural currently serves approximately 63,398 residential customers and 5,393 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, 2010.

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, 2010

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Tenth Revision of Sheet vi	Ninth Revision of Sheet vi	Tariff Index (continued)
Thirteenth Revision of Sheet vii	Twelfth Revision of Sheet vii	Tariff Index (continued)
Effective November 1, 2010	Effective November 1, 2009	Summary of Monthly Sales Service Billing Rates
Effective November 1, 2010	Effective November 1, 2009	Summary of Monthly Transportation Service Billing Rates
Eighteenth Revision of Sheet 101.1	Seventeenth Revision of Sheet 101.1	Schedule 1 "General Sales Service"
Eighteenth Revision of Sheet 102.1	Seventeenth Revision of Sheet 102.1	Schedule 2 "Residential Sales Service"
Seventh Revision of Sheet 103.3	Sixth Revision of Sheet 103.3	Schedule 3 "Basic Firm Sales Service – Non-Residential (continued)"
Nineteenth Revision of Sheet 127.1	Eighteenth Revision of Sheet 127.1	Schedule 27 "Residential Heating Dry-Out Service"
Fifth Revision of Sheet 141.9	Fourth 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)"
Sixth Revision of Sheet 142.10	Fifth Revision of Sheet 142.10	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Original Sheet 142.10.1	N/A	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fifth Revision of Sheet 142.11	Fourth Revision of Sheet 142.11	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fifth Revision of Sheet 143.6	Fourth Revision of Sheet 143.6	Schedule 43 "High-Volume Non-Residential Firm and Interruptible Transportation Service (continued)"
Sixteenth Revision of Sheet 201.1	Fifteenth Revision of Sheet 201.1	Schedule 201 "Temporary (Technical) Adjustments to Rates"
Seventh Revision of Sheet 201.2	Sixth Revision of Sheet 201.2	Schedule 201 "Temporary (Technical) Adjustments to Rates (continued)"

Eighteenth Revision of Sheet 203.1	Seventeenth Revision of Sheet 203.1	Schedule 203 "Purchased Gas Cost Adjustments to Rates"
Second Revision of Sheet 210.1	First Revision of Sheet 210.1	Schedule 210 "Adjustment to Rates for Property Sales"
Tenth Revision of Sheet 215.1	Ninth Revision of Sheet 215.1	Schedule 215 "Adjustment to Rates Energy Conservation Programs"
Fifth Revision of Sheet 220.1	Fourth Revision of Sheet 220.1	Schedule 220 "Special Rate Adjustment"
Second Revision of Sheet 230.1	First Revision of Sheet 230.1	Schedule 230 "Temporary Adjustments to Rates For Low-Income Programs"
Original Sheet 230.2	N/A	Schedule 230 "Temporary Adjustments to Rates For Low-Income Programs"
Second Revision of Sheet I.1	First Revision of Sheet I.1	Schedule I "Washington Low-Income Energy Efficiency (WA-LIEE) Programs"

SCHEDULE 1 GENERAL SALES SERVICE	SCHEDULE 2 RESIDENTIAL SALES SERVICE	SCHEDULE 3 BASIC FIRM SALES SERVICE	SCHEDULE 10 SPECIAL METERING EQUIPMENT	
Usage Charges: Customer Charge \$3.47 Res'l Usage Charge (per therm): \$1.33313 Com'l Usage Charge (per therm): \$1.32240 Minimum Monthly Bill \$3.47	Usage Charges: Customer Charge \$7.00 All therms \$1.04383 Minimum Monthly Bill \$7.00	Usage Charges: Customer Charge \$15.00 Commercial All therms \$1.04491 Industrial All therms \$1.02716 Minimum Monthly Bill \$15.00	Meter Size: First 150 CF/hr./mo. Capacity \$0.40628 Next 800 CF/hr./mo. Capacity \$0.16525 +minimum monthly rental charge All add'l CF/hr./mo. Capacity \$0.24103 +minimum monthly rental charge Minimum Monthly Rental \$0.40628 Charge for Meter Reading \$0.36	
SCHEDULE 27 RESIDENTIAL HEATING DRY-OUT SERVICE	SCHEDULE 41 NON-RESIDENTIAL SALES SERVICE	SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL FIRM SALES SERVICE	SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL INTERRUPTIBLE SALES SERVICE	OTHER CHARGES:
Usage Charge: Customer Charge \$6.00 Per therm, all therms \$0.87408 Minimum Monthly Bill \$6.00	Customer Charge: \$250.00 Volumetric Charges: Commercial Firm Service: 1st 2,000 therms: \$0.79375 All additional therms: \$0.75558 Industrial Firm Service: 1st 2,000 therms: \$0.78347 All additional therms: \$0.74652 Plus Pipeline Capacity Charges*: Firm (MDDV): \$1.91 Firm (per therm): \$0.12877 Commercial Interruptible Service: 1st 2,000 therms: \$0.80554 All additional therms: \$0.76745 Industrial Interruptible Service: 1st 2,000 therms: \$0.79297 All additional therms: \$0.75637 Plus Pipeline Capacity Charge (per therm): \$0.04498 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus applicable Pipeline Capacity Charge.	Customer Charge: \$1,300.00 Commercial Volumetric Charges: 1st 10,000 therms: \$0.60581 Next 20,000 therms: \$0.59185 Next 20,000 therms: \$0.56407 Next 100,000 therms: \$0.54577 Next 600,000 therms: \$0.52141 All additional therms: \$0.49092 Industrial Volumetric Charges: 1st 10,000 therms: \$0.59529 Next 20,000 therms: \$0.58243 Next 20,000 therms: \$0.55684 Next 100,000 therms: \$0.54000 Next 600,000 therms: \$0.51756 All additional therms: \$0.48948 Plus Storage Charge (per MDDV) \$0.20415 Distribution Capacity Chg. (MDDV) \$0.15748 Firm Pipeline Capacity Charges*: Per MDDV: \$1.91 Per therm: \$0.12877 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus applicable Pipeline Capacity Charge, plus the Storage and Distribution Charges.	Customer Charge: \$1,300.00 Volumetric Charges: Industrial 1st 10,000 therms: \$0.60660 Next 20,000 therms: \$0.59386 Next 20,000 therms: \$0.56853 Next 100,000 therms: \$0.55185 Next 600,000 therms: \$0.52962 All additional therms: \$0.50184 Volumetric Charges: Commercial 1st 10,000 therms: \$0.61235 Next 20,000 therms: \$0.59901 Next 20,000 therms: \$0.57246 Next 100,000 therms: \$0.55500 Next 600,000 therms: \$0.53172 All additional therms: \$0.50263 Plus Pipeline Capacity Chg. per therm: \$0.04498 Plus Storage Charge per MDDV: \$0.10208 Minimum Monthly Bill: Customer Charge, plus Volumetric Charges, plus Pipeline Capacity Charge, plus Storage Charge.	Telemetry Charge (per month) \$127.00 Standard Unauthorized Use: \$ 2.00/th Unauthorized Use - Violation of Curtailment Order \$10.00/th



WASHINGTON

SUMMARY OF MONTHLY TRANSPORTATION SERVICE BILLING RATES

**EFFECTIVE:
November 1, 2010**

SCHEDULE 41 NON-RESIDENTIAL TRANSPORTATION SERVICE	SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL FIRM TRANSPORTATION SERVICE	SCHEDULE 43 HIGH-VOLUME NON-RESIDENTIAL TRANSPORTATION SERVICE	<u>OTHER CHARGES:</u>
Customer Charge: \$250.00 Transportation Charge: \$250.00 Volumetric Charges: 1st 2,000 therms: \$0.30077 All additional therms: \$0.26500 Minimum Monthly Bill: \$500.00	Customer Charge: \$1,300.00 Transportation Charge: \$250.00 Volumetric Charges: 1st 10,000 therms: \$0.11818 Next 20,000 therms: \$0.10579 Next 20,000 therms: \$0.08112 Next 100,000 therms: \$0.06490 Next 600,000 therms: \$0.04327 All additional therms: \$0.01622 Firm Distribution Capacity Chg. (MDDV) \$0.15748 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) \$0.15748 Minimum Monthly Bill: \$38,250.00 Plus for Firm Service: Distribution Capacity Charge	Monthly Telemetry Charge: \$127.00 Standard Unauthorized Use: \$2.00/th Unauthorized Use - Violation of Curtailment Order: \$10.00/th Annual Sales WACOG: \$0.53365 Winter Sales WACOG: \$0.53240
	SCHEDULE 42 LARGE VOLUME NON-RESIDENTIAL INTERRUPTIBLE TRANSPORTATION SERVICE Customer Charge: \$1,300.00 Transportation Charge: \$250.00 Volumetric Charges: 1st 10,000 therms: \$0.11818 Next 20,000 therms: \$0.10579 Next 20,000 therms: \$0.08112 Next 100,000 therms: \$0.06490 Next 600,000 therms: \$0.04327 All additional therms: \$0.01622 Minimum Monthly Bill: \$1,550.00	<u>PENALTY CHARGES:</u> 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	



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