

[Service Date November 2, 2011]
**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND |) | DOCKET UG-111233 |
| TRANSPORTATION COMMISSION, |) | |
| |) | |
| Complainant, |) | |
| |) | SECOND NOTICE OF PREHEARING |
| v. |) | CONFERENCE |
| |) | (Set for December 1, 2011, |
| NORTHWEST NATURAL GAS |) | at 1:30 p.m.) |
| COMPANY, |) | |
| |) | |
| Respondent. |) | |
| |) | |
| |) | |

1 On July 7, 2011, Northwest Natural Gas Company (NW Natural) filed with the Washington Utilities and Transportation Commission (Commission) a revision to its Tariff WN U-6. NW Natural filed a revised Schedule P “Determination of Company’s Purchased Gas Cost Adjustments and Weighted Costs of Gas,” with a stated effective date of August 6, 2011. The filed revisions to Schedule P, if allowed to become effective, would change the definition of gas commodity costs to include the costs of gas reserves acquired through a joint venture with Encana Oil and Gas (USA) Inc. (Encana). NW Natural requests that the Commission make an express finding that the company’s decision to enter into the transaction with Encana was prudent, allow the company to recover in rates the associated costs, and approve the revisions to Schedule P. The Commission suspended operation of the tariff on July 28, 2011.

2 The Commission set and gave notice on August 2, 2011, of a prehearing conference to be convened at the Commission’s offices in Olympia, Washington on August 22, 2011. NW Natural, however, informally contacted the presiding Administrative Law Judge shortly prior to August 22, 2011, informing him that Staff and the Company

had entered into discussions that were likely to lead to NW Natural seeking leave to withdraw its tariff filing. NW Natural requested informally that the scheduled prehearing conference be cancelled pending developments. On August 22, 2011, the Company formalized its request by filing an appropriate letter with the Commission. Later on August 22, 2011, the Commission issued its Notice Cancelling Prehearing Conference.

- 3 On September 23, 2011, the Commission accepted for filing the Joint Motion of NW Natural and Commission Staff to Allow Withdrawal of Tariff Filing. The Joint Motion stated that as a condition of its agreement to withdraw, NW Natural required:

A clear statement that the Commission will not at some later date seek to include in Washington rates, directly or indirectly, either the costs or the benefits of the Transaction, so long as all of the costs and benefits continue to be reflected in rates approved by the OPUC.¹

The Commission, by entry of Order 02 on October 12, 2011, granted the Joint Motion to the extent of giving NW Natural leave to withdraw its tariff filing, but declined to make the commitment the Joint Motion established as a condition for withdrawal. Order 02 required NW Natural to state whether it wished to withdraw, or to go forward in this docket. NW Natural, by letter filed with the Commission on October 19, 2011, elected not to withdraw. The Commission, accordingly, schedules by this Notice a prehearing conference to consider what process will be required and establish a schedule for that process.

- 4 **THE COMMISSION GIVES NOTICE That it will hold a prehearing conference in this matter at 1:30 p.m., on December 1, 2011, in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.**

- 5 The purpose of the prehearing conference is to resolve scheduling matters including establishing dates for distributing evidence and workpapers, to identify the issues in the proceeding and determine other matters to assist the Commission in resolving the matter, as listed in WAC 480-07-430.

¹ Joint Motion ¶ 9.

6 The Commission will set the time and place for any evidentiary hearings at the prehearing conference, on the record of a later conference or hearing session, or by later written notice.

7 **THE COMMISSION GIVES NOTICE that any party who fails to attend or participate in the prehearing conference set by this Notice, or any other stage of this proceeding, may be held in default under RCW 34.05.440 and WAC 480-07-450.**

8 The Commission will give parties notice of any other procedural phase of the proceeding in writing or on the record, as appropriate during this proceeding.

DATED at Olympia, Washington, and effective November 2, 2011.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Administrative Law Judge