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October 2, 2012

VIA ELECTRONIC FILING AND FIRST CLASS MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket UG 221 – Northwest Natural Gas Company Application for a General Rate Revision

Attention Filing Center:

Enclosed for filing in the above captioned docket are an original and five copies of Second Partial Stipulation of the parties. A brief in support of the Partial Stipulation and Second Partial Stipulation will be forthcoming.

A copy of this filing has been served on all parties to this proceeding as indicated on the enclosed Certificate of Service.

Please contact this office with any questions.

Very truly yours,

A handwritten signature in black ink that reads "Wendy McIndoo".

Wendy McIndoo
Office Manager

Enclosure

cc: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 221

In the Matter of
NORTHWEST NATURAL GAS COMPANY
Application for a General Rate Revision.

**SECOND
PARTIAL STIPULATION**

This Second Partial Stipulation is entered into for the purpose of resolving specific issues among certain parties to UG 221, Northwest Natural Gas Company's ("NW Natural" or "the Company") 2011 general rate case ("Second Partial Stipulation").

PARTIES

1. The parties to this Second Partial Stipulation are NW Natural, Commission Staff ("Staff"), the Citizens' Utility Board of Oregon (CUB), the Northwest Industrial Gas Users (NWIUGU), and Northwest Energy Coalition (NWECC) (collectively, "Parties"). Community Action Partnership of Oregon, Northwest Pipeline GP, and Portland General Electric Company are parties to this case but did not participate in settlement discussions.

BACKGROUND

2. On December 30, 2011, NW Natural filed revised tariff sheets to be effective February 1, 2012, seeking a general rate increase of approximately \$43.7 million, or 6.2 percent. In its filing, NW Natural used an historic base period of the 12 months ended December 31, 2011, with adjustments to calculate a future test period of the 12 months ending October 31, 2013 ("Test Year").

3. In Order No. 12-011, issued on January 19, 2012, the Public Utility Commission of Oregon ("Commission") suspended the Company's application for a general rate revision for a period of nine months. Based on the suspension, the effective date of the revised tariff sheets will be November 1, 2012.

4. Pursuant to Administrative Law Judge (ALJ) Hardie's Prehearing Conference Memorandum of January 23, 2012, the parties to this docket convened settlement conferences on April 4 and 5, 2012. The Parties participated in those settlement conferences.

5. On May 3, 2012, Staff, CUB, NWIGU, and NWECA filed Opening Testimony responding to the Company's Initial Filing.

6. The Parties again convened settlement conferences on May 22 and 23, 2012.

7. On June 15, 2012, NW Natural filed Reply Testimony.

8. As a result of the May 2012 settlement conferences, NW Natural, Staff, CUB, and NWIGU reached a settlement resolving some of the issues in this case and filed a Partial Stipulation on July 9, 2012.

9. On July 20, 2012, Staff, CUB, NWIGU, and NWECA filed Rebuttal Testimony.

10. The Parties continued settlement discussions in the first half of August.

11. The ongoing August 2012 settlement discussions among the Parties resulted in the resolution of additional issues.

12. On August 9, 2012, NW Natural filed Surrebuttal Testimony.

13. On August 14, 2012, Staff filed a letter with ALJ Hardie indicating that the Parties had reached a settlement in principle on certain additional issues in this proceeding. This Second Partial Stipulation memorializes the Parties' agreement on these additional issues.

AGREEMENT

Cost of Long-Term Debt

14. The Parties have resolved all issues related to the cost of long-term debt, with the exception of Staff's proposed adjustment relating to the Company's interest rate hedge loss. The Parties agree that the appropriate cost of long-term debt is 6.056 percent; however, should the Commission adopt an adjustment related to the interest rate hedge loss, the 6.056 percent will be reduced consistent with the Commission's decision.

Residential Rate Design and Related Issues

15. NW Natural agrees to withdraw its proposed rate design that was set forth in the testimony of Russell Feingold. The Parties agree that the existing decoupling mechanism and Weather Adjusted Rate Mechanism (WARM), as currently implemented in accordance with NW Natural's tariffs, should continue and that the changes to these mechanisms proposed in the Company's Opening Testimony should be adopted, with the exception of the opt-out provisions in the WARM mechanism, which provisions will remain in effect. Changes related to the mechanisms will specifically include:

- a. Both the WARM and decoupling mechanism will incorporate certain updates developed in preparing this case. In particular, the mechanisms will incorporate updated values of normalized use per customer, updated normal heating degree days (HDDs) by zone and the results of using updated statistical coefficients relating HDDs to therm usage.
- b. Customer counts and updated normalized use-per-customer values in the decoupling mechanism will reflect the withdrawal of NW Natural's proposed rate design.
- c. The elasticity component of the decoupling mechanism will be removed.
- d. The decoupling deferral period will be changed to November - October to coincide with the PGA tracker year.
- e. In the decoupling mechanism, usage for the month of May will be normalized in the same manner as November usage, where usage is normalized by the actual WARM effect attributable to the month that is included in customer bills.

16. NW Natural will continue to employ public purpose charges to fund Energy Trust of Oregon programs.

17. The Parties agree that the customer charge for Schedule 2-Residential Sales Service should be set at \$8.00.

18. The Parties agree that Schedule 1–General Sales Service should be eliminated. Schedule 1R customers will be migrated into Schedule 2R and Schedule 1C customers will be migrated into Schedule 3C. Because customers currently subject to Schedule 1 are not part of the WARM program, NW Natural will not automatically include such customers in WARM when transferring them to Schedule 2, and will instead allow such customers to opt to participate in the WARM program at their election.

19. The Parties agree that the revisions to Schedule X– Distribution Facilities Extensions for Applicant-Requested Services and Mains proposed by the Company should be adopted. The Parties agree to engage in collaborative discussions regarding the appropriate design of charges for extensions of service to residential customers.

20. Staff agrees to withdraw its request that the Company implement seasonal rates, and the Company agrees that it will not implement such rates as part of this case.

21. The Company agrees to work with parties to make its decoupling-related tariff schedules understandable and clear.

Industrial Rate Design

22. The Company proposed changes to its non-residential sales and transportation service schedules, Schedule 31 and Schedule 32. The Parties agree that the customer charges for these schedules will remain the same as under NW Natural’s tariffs that are in effect as of the date of the execution of this Second Partial Stipulation.

23. The Parties agree to eliminate the interruptible service option from Schedule 31 and agree that customers eligible to take service under Schedule 31 will have a ninety-day period from the rate effective date to opt for interruptible service under Schedule 32 or the other remaining service options under Schedule 31. Certain housekeeping changes were proposed by the Company to Schedule 32 and have been agreed to by the Parties as shown on Sheets 32-1, 32-3, 32-4 and 32-7 in the attached Exhibit A to this Second Partial Stipulation. Other than allowing for elections of service by customers eligible for Schedule 31, and the

housekeeping changes described in this paragraph 23, the terms of service and interruptible service options for Schedule 32 customers will remain unchanged from the tariffs in effect as of the date of execution of this Second Partial Stipulation.

Level of Full-Time Equivalent Employees

24. In Rebuttal Testimony, Staff proposed that the Company's revenue requirement be calculated based on 1,020 regulated Company full-time equivalent employees (FTEs) and NWIGU-CUB proposed 1,072 total Company FTEs. The Company proposed 1,095 regulated Company FTEs in Surrebuttal Testimony. The Parties agree that the regulated Company FTE level should be set at 1,057. This adjustment, on an Oregon allocated basis, reduces the Company's proposed payroll level included in its original application in this proceeding by \$3.9 million, of which \$2.7 million is operations and maintenance (O&M) and \$1.2 million is capital.

Medical Benefits

25. The Parties agree that the test period expense amount of \$16.27 million proposed to be included in rates by NW Natural, which is the total company expense amount allocated to Oregon and reduced by 1.78 percent for unregulated FTE not included in the revenue requirement, should be reduced to reflect the agreed-upon FTE level. The Parties agree that this test period expense level should be adjusted downward by the ratio of the number of stipulated FTEs to the number of FTEs used by the Company to calculate its requested rate increase. The appropriate FTE ratio is 1,057 FTEs to 1,111 FTEs, which results in an adjustment factor of 95.14 percent. It is not appropriate to apply this adjustment factor to medical benefits for retirees. Applying this adjustment factor to medical benefits for active employees and to workers compensation results in an overall adjustment of \$752 thousand. Parties agree to a test period expense level for medical benefits and workers' compensation of \$15.52 million. This is comprised of \$13.51 million for medical benefits for active employees, \$808 thousand for medical benefits for retirees, and \$1.2 million for workers' compensation.

The split between O&M and capital related to this adjustment will be 70% to O&M and 30% to capital, with the related change in depreciation expense constituting 2.7% of the capital change.

Payroll O&M Allocation

26. NWIGU-CUB proposed reducing the Company's proposed payroll O&M allocation from 69.3 percent to 63.7 percent. The Parties agree that NWIGU-CUB will withdraw this recommendation and that the Company's payroll O&M allocation of 69.3 percent should be used to calculate payroll expense.

Working Gas Inventory

27. Staff and CUB proposed removing working gas inventory from rate base. The Parties agree that cushion gas will continue to be included in rate base, but that working gas inventory will be excluded from rate base and that the Company' will request recovery of the carrying costs on working gas inventory through the following process:

- a. On or before November 1, 2012, NW Natural will file a deferred accounting application to allow for the adjustment of future rates to account for the appropriate recovery of working gas inventory and associated carrying costs for the period November 1, 2012 through October 31, 2013, as will be determined by the Commission through the process outlined below. The Parties agree to support the Company's application for deferred accounting.
- b. On May 1, 2013, NW Natural will file testimony with the Commission supporting:
(a) its proposed level of working gas to be included in rate base for the period November 1, 2012 through October 31, 2013, and (b) its proposed rate of return for working gas. Staff, CUB, and NWIGU, after conducting any necessary discovery, may file reply testimony supporting alternative levels of working gas to be included in rate base and alternative rates of return for working gas.
- c. The ratemaking treatment for working gas inventory approved by the Commission for the period November 1, 2012 through October 31, 2013,

including the appropriate rate of return ordered by the Commission, with interest, will be implemented through rate adjustment effective November 1, 2013.

d. The prudence of NW Natural's management of storage inventory will continue to be reviewed in NW Natural's annual PGA filing.

28. The process for evaluating working gas inventory described above will continue in subsequent PGA years until NW Natural's next general rate case

Interstate Storage Sharing

29. Staff and CUB proposed altering the existing sharing mechanism for Schedule 185—Special Annual Interstate Storage and Transportation Credit and Schedule 186—Special Annual Core Pipeline Capacity Optimization Credit. The Parties agree that the sharing mechanisms set forth currently in these schedules will remain in place for the time being. However, the Parties will jointly request that a new contested case docket be opened to evaluate these sharing mechanisms. The Parties agree that they will request that the Commission decision in this new docket be issued on or before December 31, 2013. All Parties reserve the right to take any position in the new proceeding.

System Integrity Program

30. In its Direct Testimony, NW Natural proposed the continuation of its System Integrity Program (SIP), which provides for certain capital costs to be tracked into rates annually. The Company also recommended that the soft cap placed on the costs that can be tracked into rates through this mechanism be increased from \$12 million annually to \$26.3 million for 2013 to account for a bare steel replacement project planned for that year. In its Opening and Rebuttal Testimony, Staff recommended that the Commission discontinue the tracker mechanism associated with NW Natural's SIP.

31. The Parties agree that the Company's existing tracker mechanism associated with SIP will remain in effect for two years after the rate effective date in this case, after which date it will sunset. NW Natural agrees that prior to this sunset date, NW Natural will make a

filing each year specifying projects and expenses that are proposed to be tracked into rates through the SIP for that year. Parties will have the opportunity to conduct discovery and file responsive testimony. NW Natural agrees that the soft cap of \$12 million described in the stipulation adopted in Order No. 09-067 will remain in effect, and that it will not recover through the tracking mechanism the first \$3.25 million of combined bare steel and leakage capital costs, or any of its O&M funding embedded in base rates. Nothing in this agreement should be construed as affecting the Bare Steel Stipulation adopted in Order No. 01-843, which remains in effect until 2021 or until completion of the bare steel removal. Nothing in this agreement affects NW Natural's right to request that the Commission continue the SIP program past the date of the sunset.

Long Run Incremental Cost Study and Rate Spread

32. The parties agree to not litigate issues related to NW Natural's proposed Long Run Incremental Cost Study (LRIC) in this docket, except that the parties agree that any rate schedule receiving a zero percent base margin increase under the proposed rate spread in NW Natural's Direct Testimony will instead receive a five percent base margin decrease. A spreadsheet showing this agreement is attached as Exhibit B. The final overall revenue requirement increase, net of offsetting revenues associated with the aforementioned five percent decreases, will be achieved by uniform percentage increases to the base margin for Schedules 2R Residential Sales, 3C [Commercial] Firm Sales, 3I [Industrial] Firm Sales, and 31C [Commercial] Firm Sales.¹ Additionally, all Parties retain the ability to argue appropriate rate spread allocations based upon relative LRIC issues for the rate design appropriate for any environmental remediation surcharge, if any, that may result from this case. The Company agrees to hold workshops on each of (1) revenue requirement functionalization and (2) the

¹ The intent of the parties is that any decreases to base margin in one schedule will be made up for with offsetting increases to the base margin for other schedules, such that there is no impact to revenue requirement from the rate design agreed to.

attributable lengths of distribution mains and related cost impacts by customer class of mains in the near future to determine the nature and scope of any appropriate studies to be completed. The Company agrees to complete any agreed-upon studies prior to filing its next Oregon general rate case.

Service Window Appointments

33. The Parties agree that the Company's proposed service window appointment program should be approved, subject to the service window guarantee described in this paragraph. Beginning on May 1, 2013, a service window guarantee of \$50 will be charged to the Company for each missed service window appointment if the Company meets fewer than 90 percent of scheduled service window appointments. These \$50 charges will be tracked through the PGA year and returned to customers as a whole as a credit coincident with the annual PGA.

34. The Parties agree to clarify the tracking and accounting for missed appointments for purposes of determining customer credits related to the service window guarantee.

35. The Parties agree to review the service window guarantee after five years from the implementation date of the service window guarantee to determine if it continues to be necessary.

Service Reconnection Charges

36. The Company proposed increasing its service reconnection charges and changing the framework from a two-tier structure to a three-tier structure, resulting in the following proposal: Tier 1—During business hours, \$40; Tier 2—After-hours scheduled for the next business day, \$80; Tier 3—Same-day or reconnections on Saturdays, Sundays, or holidays, \$185. Staff and CUB objected to the Company's proposed changes. The Parties agree that for purposes of settlement in this case the following three-tier structure should be adopted:

- a. Tier 1—During business hours, \$30;
- b. Tier 2—After-hours scheduled for the next business day, \$80;

- c. Tier 3—Same-day or reconnections on Saturdays, Sundays, or holidays, \$100.

Customer Deposits

37. In the Partial Stipulation (filed on July 9, 2012), Paragraph 33 related to customer deposits stated that “the Company’s O&M expense should be increased by \$.005 for interest expense on the customer deposits.” The Parties agree that the amount in this sentence should be corrected to be read “\$.005 million” rather than “\$.005.”

Filing of Stipulation

38. This Second Partial Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Second Partial Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Second Partial Stipulation at hearing, if needed, and recommend that the Commission issue an order adopting the Second Partial Stipulation.

39. If this Second Partial Stipulation is challenged by any other party to this proceeding, the Parties agree that they will continue to support the Commission’s adoption of the terms of this Second Partial Stipulation. The Parties reserve the right to cross-examine witnesses and put in such evidence as they deem appropriate to respond fully to such issues presented including the right to raise issues that are incorporated in the settlements embodied in this Second Partial Stipulation.

40. The Parties have negotiated this Second Partial Stipulation as an integrated document. If the Commission rejects all or any material portion of this Second Partial Stipulation or imposes additional material conditions in approving this Second Partial Stipulation, any Party shall have the right to withdraw from the Second Partial Stipulation, along with any other rights provided in OAR 860-001-0350(9), including the right to present evidence and argument on the record in support of the Second Partial Stipulation, and shall be entitled to seek reconsideration pursuant to OAR 860-001-0720.

41. By entering into this Second Partial Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the terms of this Second Partial Stipulation, other than as specifically identified in the body of this Second Partial Stipulation. No Party shall be deemed to have agreed that any provision of this Second Partial Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Second Partial Stipulation.

42. This Second Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Second Partial Stipulation is entered into by each Party on the date entered below such Party's signature.

SIGNATURE PAGE TO FOLLOW

NW NATURAL

By: CA, M
Printed Name: C. Alex Miller
Date: 9/28/12

STAFF

By: _____
Printed Name: _____
Date: _____

CUB

By: _____
Printed Name: _____
Date: _____

NWIGU

By: _____
Printed Name: _____
Date: _____

NWEC

By: _____
Printed Name: _____
Date: _____

NW NATURAL

By: _____

Printed Name: _____

Date: _____

CUB

By: _____

Printed Name: _____

Date: _____


NWEC

By: _____

Printed Name: _____

Date: _____

STAFF

By:  _____

Printed Name: Jason Jones

Date: 9/28/12

NWIGU

By: _____

Printed Name: _____

Date: _____

NW NATURAL

By: _____

Printed Name: _____

Date: _____

STAFF

By: _____

Printed Name: _____

Date: _____

CUB

By:  _____

Printed Name: G. Catriona McCracken

Date: 9-28-12

NWIGU

By: _____

Printed Name: _____

Date: _____

NWEC

By: _____

Printed Name: _____

Date: _____

NW NATURAL

By: _____

Printed Name: _____

Date: _____

CUB

By: _____

Printed Name: _____

Date: _____

NWEC

By: _____

Printed Name: _____

Date: _____

STAFF

By: _____

Printed Name: _____

Date: _____

NWIGU

By:  _____

Printed Name: Chad Stokes

Date: 9-28-12

NW NATURAL

By: _____

Printed Name: _____

Date: _____

STAFF

By: _____

Printed Name: _____

Date: _____

CUB

By: _____

Printed Name: _____

Date: _____

NWIGU

By: _____

Printed Name: _____

Date: _____

NWEC

By: Wendy Gerlitz

Printed Name: Wendy Gerlitz

Date: October 1, 2012

UG 221
Second Partial Stipulation

Exhibit A
Schedule 32 Changes

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Original Sheet 32-1

RATE SCHEDULE 32 LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE

SERVICE AVAILABILITY:

Service under this Rate Schedule is available on the Company's Distribution System to Non-Residential Customers in all territory served by the Company under the Tariff of which this Rate Schedule is a part, ~~provided that the Company determines, in its sole judgment, that adequate supply and capacity exists to accommodate a Customer's service requirements.~~ Firm Service under this Rate Schedule is available provided that the Company determines, in its sole judgment, that adequate supply and capacity exists to accommodate a Customer's service requirements. The Company, in its sole discretion, will determine the availability of Interruptible Service under this Rate Schedule in cases where supply and capacity are adequate to provide Firm Service. A Customer request for an Interruptible Service Type will be considered on a case-by-case basis. Service under this Rate Schedule cannot be combined with service under any other Rate Schedule.

SPECIAL CONDITIONS FOR INTERRUPTIBLE SERVICE:

Any Customer served under an interruptible Service Type as of November 1, 2012 will be allowed to continue service on such Interruptible Service Type after November 1, 2012 for a period of five (5) consecutive PGA Years. Thereafter, the eligibility for Interruptible Service shall be determined in accordance with the "SERVICE AVAILABILITY" and "DESCRIPTION OF SERVICE TYPES AND REQUIREMENTS FOR SERVICE" provisions of this Rate Schedule. If a Customer to which this special condition applies transfers to a Firm Service Type in accordance with the "OUT-OF-CYCLE TRANSFERS" or "ANNUAL SERVICE ELECTION DATE" provisions of this Rate Schedule before the end of five (5) PGA Years, then any subsequent request for Interruptible Service will be subject to the conditions for approval as set forth above under "SERVICE AVAILABILITY".

Comment [NU1]: These changes bring this section back to the current tariff language.

This special condition will carry to any subsequent Customer at the same service address following a change in business name or a change of ownership. In all other situations, a subsequent Customer must submit a Service Election Form to request Interruptible Service, subject to approval as set forth above under "SERVICE AVAILABILITY".

APPLICATION FOR SERVICE AND SELECTION OF RATE SCHEDULE AND SERVICE TYPES:

An application for service must be made in accordance with the provisions of Rule 2 of this Tariff, including the requirements to establish or re-establish credit.

It is the responsibility of the Customer to select the Rate Schedule and Service Type that best meets the Customer's individual service requirements. A Customer's Service Type must be stated on the Service Election Form, and is subject to the Company's approval as described in "SERVICE SELECTIONS – PROCESS AND PROCEDURE" of this Rate Schedule and in the Company's applicable policies and procedures.

PRE-REQUISITES TO SERVICE:

1. A Customer may be required to pay the Company, in advance, for costs related to the Company's installation of any new or additional Distribution Facilities necessary to provide service to Customer under this Rate Schedule. See **Schedule X**.
2. When the installation of new or additional Distribution Facilities is necessary to provide service to Customer, the Company may require Customer enter into a written service agreement.

(continue to Sheet 32-2)

Issued December 30, 2011
NWN Advice No. OPUC 11-19

Effective with service on
and after February 1, 2012

Issued by: **NORTHWEST NATURAL GAS COMPANY**
d.b.a. NW Natural
220 N.W. Second Avenue
Portland, Oregon 97209-3991

RATE SCHEDULE 32
LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE
 (continued)

DESCRIPTION OF SERVICE TYPES AND REQUIREMENTS FOR SERVICE:

Service under this Rate Schedule requires one Service Type Selection per billing meter set assembly. All Service Types are subject to approval by the Company. The following Service Types are available under this Rate Schedule:

1. Firm Sales Service
2. Interruptible Sales Service
3. Firm Transportation Service
4. Interruptible Transportation Service
5. Combination Sales Service
6. Combination Transportation Service
7. Combination Sales and Transportation Service

The respective requirements of each Service Type are described below and elsewhere in this Rate Schedule, including, without limitation, "PRE-REQUISITES TO SERVICE":

Sales Service Types:

Firm Sales Service. This is Firm Service on the Company's Distribution System. The availability of this service is dependent upon the Company's determination that adequate supply and capacity exists to provide Firm Service to the Customer. The Commodity Component applicable to gas usage is as set forth in the "ANNUAL SERVICE ELECTION DATE" provision of this Rate Schedule. Customer must select one of two Pipeline Capacity Charge options:

- (a) **Volumetric.** For the volumetric choice, the rate stated for the Firm Pipeline Capacity Charge – Volumetric option in the Monthly Rates provision of this Rate Schedule is multiplied by all therms used by Customer each Billing Month.
- (b) **Maximum Daily Delivery Volume (MDDV).** For the MDDV choice, each therm of Customer's MDDV is multiplied by the Firm Pipeline Capacity Charge- Peak Demand option each Billing Month. The provisions for determination of a Customer's MDDV are described under "DETERMINATION OF MDDV" in this Rate Schedule.

Interruptible Sales Service. This is Interruptible Service on the Company's Distribution System and is subject to Curtailment of Service, as set forth in **Rule 13** and **Rule 14** of this Tariff. The Commodity Component applicable to gas usage is as set forth in the "ANNUAL SERVICE ELECTION" provision of this Rate Schedule. ~~The initial term for an Interruptible Sales Service option is five (5) consecutive PGA Years. Thereafter, Interruptible Sales Service may continue on a year-to-year basis, subject to approval by the Company under the "SERVICE AVAILABILITY" provisions of this Rate Schedule. The determination for continued service shall be made coincident with the "ANNUAL SERVICE ELECTION DATE" to be effective November 1. Should a Customer transfer to a Firm Service Type before the end of the initial term and subsequently request Interruptible Sales Service, then the request will be subject to approval by the Company and if approved, a new initial term will begin.~~

(continue to Sheet 32-4)

Issued December 30, 2011
 NWN Advice No. OPUC 11-19

Effective with service on
 and after February 1, 2012

RATE SCHEDULE 32
LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE
 (continued)

DESCRIPTION OF SERVICE TYPES AND REQUIREMENTS FOR SERVICE (continued):

Transportation Service Types:

Firm Transportation Service. This is Firm Service on the Company's Distribution System. The availability of this service is dependent upon the Company's determination that adequate capacity exists to provide Firm Service to the Customer.

Interruptible Transportation Service. This is Interruptible Service on the Company's Distribution System and is subject to Curtailment of Service, as set forth in **Rule 13** and **Rule 14** of this Tariff. ~~The initial term for an Interruptible Transportation Service option is five (5) PGA Years. Thereafter, Interruptible Transportation Service may continue on a year-to-year basis, subject to approval by the Company under the "SERVICE AVAILABILITY" provisions of this Rate Schedule. The determination for continued service shall be made coincident with the "ANNUAL SERVICE ELECTION DATE" to be effective November 1. Should a Customer transfer to a Firm Service Type before the end of the initial term and subsequently request Interruptible Sales Service, then the request will be subject to approval by the Company and if approved, a new initial term will begin.~~

Customer must secure the purchase and delivery of gas supplies to be transported on the Company's Distribution System from an Authorized Supplier/Agent of Customer's choosing. Customer must complete the Company's Transportation Service: Supplier/Agent Authorization Form and name such Authorized Supplier/Agent not less than five (5) Business Days prior to the effective date of service. The Transportation of Customer-owned gas supplies is governed by the Terms and Conditions set forth in **Schedule T** of this Tariff, and the Company's Gas Transportation Operating Policies and Procedures.

Combination Service Types:

For all Combination Service Types, Customer must specify the exact daily delivery volume to be billed for the Service Type that is billed first through the meter. Customer may choose to specify an hourly delivery volume on the Service Election Form. An hourly delivery volume that exceeds 1/24 of the MDDV does not supersede the specified MDDV.

~~The initial term for a Combination Service Type that included Interruptible Sales or Interruptible Transportation Service is five (5) PGA Years. Thereafter, the Interruptible Service portion of the Combination Service Type may continue on a year-to-year basis, subject to approval by the Company under the "SERVICE AVAILABILITY" provisions of this Rate Schedule. The determination for continued service shall be made coincident with the "ANNUAL SERVICE ELECTION DATE" to be effective November 1. Should a Customer transfer to a Firm Service Type before the end of the initial term and subsequently request Interruptible Sales Service, then the request will be subject to approval by the Company and if approved, a new initial term will begin.~~

(continue to Sheet 32-5)

Issued December 30, 2011
 NWN Advice No. OPUC 11-19

Effective with service on
 and after February 1, 2012

RATE SCHEDULE 32
LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE
(continued)

SERVICE TYPE SELECTION – PROCESS AND PROCEDURE (continued):

When considering each Service Type request under this Rate Schedule, approval will be based upon the Company's determination, in its sole judgment, that: (a) adequate supply and capacity is available to accommodate any request for Firm Service, ~~(b) there is a system benefit or other reasonable basis upon which to approve a request for Interruptible Service, if applicable, and~~ (bc) Customer has satisfactorily established or has satisfactorily re-established credit under the terms and conditions of **Rule 2** of this Tariff.

A Customer that is approved for an Interruptible Service Type **must** complete the Company's Customer Emergency Contact List Form stating the names and telephone numbers for all authorized emergency contacts. At least one authorized emergency contact must be accessible for notification 24-hours per day, 7-days per week. Following each Annual Service Election Date, the Company will provide the Customer Emergency Contact List Form to Customers that elected an Interruptible Service Type. It is the Customer's responsibility to notify the Company within five (5) Business Days of any change to Customer's authorized emergency contact information. The Company will provide the required Customer Emergency Contact List Form to Customer upon request.

ANNUAL SERVICE ELECTION DATE– July 31 Election for November 1 Service:

The Annual Service Election Date is the date by which a Customer may request to change all or a portion of their current Service Type to be effective the following November 1 through October 31 period (PGA Year). Except for a change in Rate Schedule, or an election of Winter Sales WACOG, any out-of-cycle transfer approved to be effective after the Annual Service Election Date but prior to the start of the new PGA Year will automatically terminate on October 31.

To request a change in Service Type under this provision, Customer must complete and submit the Service Election Form in accordance with the terms and conditions of the 'SERVICE TYPE SELECTION – PROCESS AND PROCEDURE' provision of this Rate Schedule. A Customer need not submit a Service Election Form for the next PGA Year if the Customer desires to retain the Service Type Selection that is in effect on July 31.

The following changes may be requested under this provision:

Change in Sales Service Type

- (1) Change in Transportation Service Type
- (3) Transfer to a Sales Service Type
- (4) Transfer to a Transportation Service Type
- (5) Selection of a Combination Service Type
- (6) Selection of Winter Sales WACOG (Sales Service Types only);
- (7) Change in Pipeline Capacity Charge billing option (Firm Sales Service Type only)
- (8) Change to Firm Sales Service Maximum Daily Delivery Volume (MDDV) (Combination Service Type only)
- (9) Change in Rate Schedule

Requests to transfer to a Sales Service Type or to change a Sales Service Type are subject to the Company's determination that such service is available at the requested location based on the conditions set forth in the "SERVICE AVAILABILITY" provision of this Rate Schedule.

Transfers between Sales Service and Transportation Service are further subject to the "APPLICATION OF TEMPORARY ADJUSTMENTS TO RATES (ACCOUNT 191 ADJUSTMENTS)" provision of this Rate Schedule.

(continue to Sheet 32-8)

Issued December 30, 2011
NWN Advice No. OPUC 11-19

Effective with service on
and after February 1, 2012

UG 221
Second Partial Stipulation

Exhibit B
Stipulated Rate Spread

Stipulated Proposal At Various Increase Amounts

\$10 Million Increase

\$12.5 Million Increase

\$15.0 Million Increase

Rate Schedule/Class	Test Year Margin (\$000)	Gas Cost (\$000)	NWN Proposed Increase (\$000)	Percent Increase	Percent Overall Increase	Stipulated 5% Margin Decrease to Certain Classes	Assign Decrease to Other Classes Using Margin	Incremental Margin Increase	Incremental Overall Increase	10000			12500			15000		
										NWN	NWIGU	NWN	NWIGU	NWN	NWIGU	NWN	NWIGU	NWN
2R	\$189,469	\$212,774	\$33,532	17.7%	8.3%	\$0	\$843	0.4%	0.2%	\$7,179	\$8,023	\$8,974	\$9,817	\$10,769	\$11,612			
3C Firm Sales	\$57,759	\$91,402	\$8,779	15.2%	5.9%	\$0	\$257	0.4%	0.2%	\$2,189	\$2,446	\$2,736	\$2,993	\$3,283	\$3,540			
31 Firm Sales	\$1,362	\$2,539	\$207	15.2%	7.6%	\$0	\$6	0.4%	0.2%	\$52	\$58	\$65	\$71	\$77	\$83			
31C Firm Sales	\$15,322	\$36,662	\$1,164	7.6%	2.2%	\$0	\$68	0.4%	0.1%	\$581	\$649	\$726	\$794	\$871	\$939			
31C Firm Trans	\$81	\$0	\$0	0.0%	0.0%	-\$4	\$0	-5.0%	-5.0%	\$0	-\$4	\$0	-\$4	\$0	-\$4			
31C Interr Sales	\$285	\$675	\$0	0.0%	0.0%	-\$14	\$0	-5.0%	-1.5%	\$0	-\$14	\$0	-\$14	\$0	-\$14			
311 Firm Sales	\$3,562	\$10,185	\$0	0.0%	0.0%	-\$178	\$0	-5.0%	-1.3%	\$0	-\$178	\$0	-\$178	\$0	-\$178			
311 Firm Trans	\$183	\$0	\$0	0.0%	0.0%	-\$9	\$0	-5.0%	-5.0%	\$0	-\$9	\$0	-\$9	\$0	-\$9			
311 Interr Sales	\$76	\$152	\$0	0.0%	0.0%	-\$4	\$0	-5.0%	-1.7%	\$0	-\$4	\$0	-\$4	\$0	-\$4			
32C Firm Sales	\$2,061	\$6,849	\$0	0.0%	0.0%	-\$103	\$0	-5.0%	-1.2%	\$0	-\$103	\$0	-\$103	\$0	-\$103			
321 Firm Sales	\$2,056	\$6,989	\$0	0.0%	0.0%	-\$103	\$0	-5.0%	-1.1%	\$0	-\$103	\$0	-\$103	\$0	-\$103			
32 Firm Trans	\$3,946	\$0	\$0	0.0%	0.0%	-\$197	\$0	-5.0%	-5.0%	\$0	-\$197	\$0	-\$197	\$0	-\$197			
32C Interr Sales	\$1,749	\$10,336	\$0	0.0%	0.0%	-\$87	\$0	-5.0%	-0.7%	\$0	-\$87	\$0	-\$87	\$0	-\$87			
321 Interr Sales	\$2,647	\$16,476	\$0	0.0%	0.0%	-\$342	\$0	-5.0%	-0.7%	\$0	-\$342	\$0	-\$342	\$0	-\$342			
32 Interr Trans	\$6,847	\$0	\$0	0.0%	0.0%	-\$342	\$0	-5.0%	-5.0%	\$0	-\$342	\$0	-\$342	\$0	-\$342			
Total:	\$287,405	\$395,039	\$43,682	15.2%	6.4%	-\$1,175	\$1,175	-5.0%	-5.0%	\$10,000	\$10,600	\$12,500	\$12,500	\$15,000	\$15,000			

NOTE: By stipulation, Schedules IR and IC have been eliminated, with the former's customers moved into Schedule 2R and the latter's moved into Schedule 3C.

31/32 Subclass

-5%

Rate Spread Comparison - NWN v NWIGU at Various Increase Amounts

Customer Class	Overall Percentage Change				Margin Percentage Change				
	\$10 M	\$12.5 M	\$15.0 M	\$10 M	\$12.5 M	\$15.0 M	\$10 M	\$12.5 M	\$15.0 M
2R	1.8%	2.2%	2.7%	2.0%	2.4%	2.9%	3.8%	4.7%	5.7%
3C Firm Sales	1.5%	1.8%	2.2%	1.6%	2.0%	2.4%	3.8%	4.7%	5.7%
31 Firm Sales	1.3%	1.7%	2.0%	1.5%	1.8%	2.1%	3.8%	4.7%	5.7%
31C Firm Sales	1.1%	1.4%	1.7%	1.2%	1.5%	1.8%	3.8%	4.7%	5.7%
31C Firm Trans	0.0%	0.0%	0.0%	-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
31C Interr Sales	0.0%	0.0%	0.0%	-1.5%	-1.3%	-1.3%	0.0%	0.0%	0.0%
311 Firm Sales	0.0%	0.0%	0.0%	-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
311 Firm Trans	0.0%	0.0%	0.0%	-1.7%	-1.7%	-1.7%	0.0%	0.0%	0.0%
311 Interr Sales	0.0%	0.0%	0.0%	-1.2%	-1.2%	-1.2%	0.0%	0.0%	0.0%
32C Firm Sales	0.0%	0.0%	0.0%	-1.1%	-1.1%	-1.1%	0.0%	0.0%	0.0%
321 Firm Sales	0.0%	0.0%	0.0%	-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
32 Firm Trans	0.0%	0.0%	0.0%	-0.7%	-0.7%	-0.7%	0.0%	0.0%	0.0%
32C Interr Sales	0.0%	0.0%	0.0%	-0.7%	-0.7%	-0.7%	0.0%	0.0%	0.0%
321 Interr Sales	0.0%	0.0%	0.0%	-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
32 Interr Trans	0.0%	0.0%	0.0%	-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
Total:	1.5%	1.8%	2.2%	1.5%	1.8%	2.2%	3.5%	4.3%	5.2%

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in UG 221 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

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Dated: October 2, 2012



Wendy McIndoo
Office Manager