

e-FILING REPORT COVER SHEET

REPORT NAME: 2012 New Construction Budget Report

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: RE (Electric) RG (Gas) RW (Water)
 RO (Other)

Report is required by: OAR OAR 860-027-0015
 Statute ORS 757.105
 Order
 Other

Is this report associated with a specific docket/case? No Yes
If Yes, enter docket number:

Key words: New Construction Budget Report, Annual Report, 2012

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

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- **Any daily safety or safety incident reports or**
- **Accident reports required by ORS 654.715.**

MARK R. THOMPSON
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February 15, 2012

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
550 Capitol Street, NE, Suite 215
Post Office Box 2148
Salem, Oregon 97308-2148

Attention: Filing Center

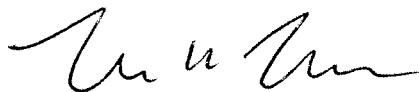
Re: **RG ___: 2012 NEW CONSTRUCTION BUDGET REPORT**

Northwest Natural Gas Company, dba NW Natural submits herewith its subject report, pursuant to ORS 757.105 and OAR 860-027-0015.

Per discussions with Staff prior to the Company's report of 2006 estimated construction expenditures, NW Natural is reporting major projects costing greater than \$1,000,000. Supporting project narratives are attached to this report.

Please address any correspondence on this matter to me, with copies to John Sohl, Budget Manager, 503-226-4211, extension 3435, at the address stated above.

Sincerely,



Mark R. Thompson

enclosure

cc: David Anderson
Stephen Feltz
C. Alex Miller
John Sohl



PUBLIC UTILITY COMMISSION OF OREGON
 550 CAPITOL ST NE SUITE 215, SALEM, OR 97301-2551
 PO BOX 2148, SALEM, OR 97308-2148
PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2012

GENERAL INSTRUCTIONS


1. Each energy utility operating within the State of Oregon and having gross operating revenues of \$50,000 or more per year is required to file a New Construction Budget annually on or before December 31st, and report information on new construction extension, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.
2. The New Construction Budget should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at http://egov.oregon.gov/PUC/eFiling/eReports/efiling_report_cover_sheet.docx. Email both the report and cover sheet to PUC.FilingCenter@state.or.us not later than December 31st of the year preceding that for which the budget is made.

For major projects (total project cost greater than \$300,000) a narrative supplying the following information is required:

PROJECT NARRATIVE

1. Project Description: Include a brief technical specification of the project, ownership, if jointly owned, operating date, stage of construction, and other relevant information.
2. Need for the Project: Attach all prepared information documenting the need for the project, including the specific need the project is intended to fill. Economic comparisons with alternatives are to be provided. All the underlying assumptions of the economic analyses are to be specified.
3. Contingencies: Provide a listing of existing or potential future problems which might impact the final cost or successful completion and operation of the project, such as licensing problems, labor difficulties, litigation, etc.
4. Reconciliation with Prior Budget: Each successive year's budget can be expected to reflect differing estimates of project costs as the project progresses. For each major project, prepare a reconciliation with the prior budget's estimates and provide specific reasons for the changes.

In addition, please attach copies of prepared documentation or plans describing transmission, distribution, and general plant projects located in Oregon exceeding \$100,000 in total cost and for which construction will commence in the budget year. Information submitted should contain a brief project description, location, and total budgeted cost.

FULL NAME OF GAS UTILITY Northwest Natural Gas Company			
ADDRESS: PO BOX OR STREET NUMBER 220 NW 2 nd Ave.	CITY Portland	STATE OR	ZIP CODE 97209
CERTIFICATION: I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.			
SIGNATURE 		TITLE Treasurer & Controller	DATE 2/15/12

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (SYSTEM)		COMPANY Northwest Natural Gas Company		BUDGET YEAR 2012						
DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MOYR)	(THOUSANDS)							
			EXPENDITURES (B.Y. = BUDGET YEAR; B.Y. + 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)							
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	B.Y.+4	REQUIRED TO COMPLETE	TOTAL
MAJOR PRODUCTION & STORAGE PROJECTS:										
Mist Storage Project (Includes Utility) - 352				674	400	649	639	695		
LNG Plant Modifications - 363				730	2,285	1,534	1,180	643		
NON-MAJOR PRODUCTION & STORAGE PROJECTS				1,404	2,685	2,183	1,819	1,338		\$ 9,429
MAJOR TRANSMISSION PROJECTS:										
South Mist Pipeline Extension										
NON-MAJOR TRANSMISSION PROJECTS										\$ -
TOTAL TRANSMISSION PROJECTS										\$ -
DISTRIBUTION:										
MAINS:										
NEW BUSINESS - 376				2,376	2,593	4,908	5,767	6,511		
REPLACEMENTS - 376, 380				20,903	17,650	12,059	11,638	11,523		
BARE STEEL - 376, 380				4,004	23,228	6,002	5,827	5,779		
SERVICES:										
NEW BUSINESS - 380				11,744	14,312	25,058	28,310	30,819		
REPLACEMENTS - 374, 376, 380				3,775	3,946	2,507	2,417	2,393		
MEASURING & REG. STA. EQUIPMENT - 378				989	1,035	1,004	968	957		
PIPELINE INTEGRITY - 376				12,726	9,457	7,777	7,459	7,373		
GEO HAZARD - 376 (due to landslides)										
COMPRESSOR STATION EQUIPMENT										
METERS - 381										
AUTOMATED METER READING				2,524	2,568	3,393	3,510	3,671		
METER SETS - 382										
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, CATHODIC PROTECTION - 376, 380				2,891	3,505	3,334	3,811	3,805		
OTHER BETTERTMENTS - 352, 378, 397				38,143	20,054	8,435	16,453	16,363		
				1,588	1,625	214	221	231		
TOTAL DISTRIBUTION				101,663	99,973	74,691	86,381	89,425		\$ 452,133
MAJOR GENERAL PLANT PROJECTS:										
INFORMATION SYSTEMS - 303, 397				12,871	7,948	8,613	10,810	11,924		
STRUCTURES - 390				26,500	3,608	10,129	7,027	7,006		
INTEGRATED INFORMATION INITIATIVE (III) - 38										
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396				9,863	6,449	4,201	4,070	4,108		
TOTAL GENERAL PLANT PROJECTS				49,234	18,005	22,943	21,907	23,038		\$ 135,127
TOTAL NEW CONSTRUCTION BUDGET				152,301	120,663	99,817	110,107	113,801		\$ 596,689

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (OREGON)

COMPANY
Northwest Natural Gas Company

BUDGET YEAR
2012

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	(THOUSANDS)							TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	B.Y.+4	REQUIRED TO COMPLETE	
MAJOR PRODUCTION & STORAGE PROJECTS:										
Mist Storage Project (Includes Utility) - 352			674	400	649	639	695			
LNG Plant Modifications - 363			730	2,285	1,534	1,180	643			
NON-MAJOR PRODUCTION & STORAGE PROJECTS										
TOTAL PRODUCTION & STORAGE PROJECTS			1,404	2,685	2,183	1,819	1,338			\$ 9,429
MAJOR TRANSMISSION PROJECTS:										
South Mist Pipeline Extension										
NON-MAJOR TRANSMISSION PROJECTS										
TOTAL TRANSMISSION PROJECTS										\$ -
DISTRIBUTION:										
MAINS:										
NEW BUSINESS - 376			2,091	2,282	4,319	5,075	5,730			
REPLACEMENTS - 376, 380			18,813	15,885	10,853	10,474	10,371			
BARE STEEL - 376, 380			3,604	20,905	5,402	5,244	5,201			
SERVICES:										
NEW BUSINESS - 380			10,335	12,595	22,051	24,913	27,121			
REPLACEMENTS - 374, 376, 380			3,398	3,551	2,256	2,175	2,154			
MEASURING & REG. STA. EQUIPMENT - 378			870	911	884	852	842			
PIPELINE INTEGRITY - 376			11,453	8,511	6,999	6,713	6,636			
GEO HAZARD - 376 (due to landslides)			-	-	-	-	-			
COMPRESSOR STATION EQUIPMENT			-	-	-	-	-			
METERS - 381			2,221	2,260	2,986	3,089	3,230			
AUTOMATED METER READING			-	-	-	-	-			
METER SETS - 382			2,544	3,084	2,934	3,364	3,348			
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, BETTERMENTS - 376, 380			33,566	17,648	7,423	14,479	14,399			
OTHER BETTERMENTS - 352, 378, 397			1,588	1,625	214	221	231			
TOTAL DISTRIBUTION			90,463	89,257	66,321	76,589	79,263			\$ 401,913
MAJOR GENERAL PLANT PROJECTS:										
INFORMATION SYSTEMS - 303, 397			12,871	7,948	8,613	10,810	11,924			
STRUCTURES - 390			21,500	3,608	10,129	7,027	7,006			
INTEGRATED INFORMATION INITIATIVE (III) - 38			-	-	-	-	-			
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396										
TOTAL GENERAL PLANT PROJECTS			9,863	6,449	4,201	4,070	4,108			\$ 130,127
			44,234	18,005	22,943	21,907	23,038			\$ -
TOTAL NEW CONSTRUCTION BUDGET			196,121	109,947	91,447	100,315	103,639			\$ 541,469

OPUC GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2012

Narrative of Major Projects

Keizer – Windsor Island Crossing

The project is located near Keizer where the P30.01 line crosses the Willamette River. The installation includes replacement of approximately 1000' of 10" steel pipe. The project will replace exposed pipeline in the waterway due to outside forces. Project has an expected completion date of Fall 2012.

Project Budget – 2012 Capital Expenditures

- \$2,500,000 – Transmission Integrity Management Program

Yamhill Crossing

The project is located north of McMinnville. The existing 6" steel pipeline (P31) runs along the west side of the Southern Pacific Railroad and on the upstream side of the Yamhill River. The installation includes replacement of approximately 500' of 6" steel pipe. Project has an expected completion date of Fall 2012.

Project Budget – 2012 Capital Expenditures

- \$1,500,000 – Distribution Integrity Management Program

Corvallis Reinforcement (12" W)

The project is located in the Corvallis area. The project will include installation of 12,700' of 12" steel pipe certified at 720 MAOP and 39,300' of 12" steel pipe certified at 400 MAOP. This pipeline will connect to the existing 10" Corvallis Albany Transmission line located on Riverside Drive in Linn County, extend south on Hwy 34 and end at the Campus Energy Center at Oregon State University. Project has an expected completion date of Fall 2012.

Project Budget – 2012 Capital Expenditures

- \$11,800,000 – System Reinforcement

Monmouth (12" W)

The project is located in the Monmouth area. The project will include installation of 27,400' of 12" steel pipe certified at 720 MAOP. This pipeline will be located north of Monmouth at Hoffman Road and head south on Hwy 99, continuing through Monmouth then east on Stapleton, South on Corvallis Rd and ending 2790' to the south of Stapleton. Project has an expected completion date of Fall 2012.

Project Budget – 2012 Capital Expenditures

- \$7,100,000 – System Reinforcement

Perrydale to Monmouth (12" W)

The project is located north of Monmouth. The project will include installation of approximately 8.3 miles of 12" steel pipe certified at 720 MAOP. This pipeline will be start south of Amity and North of Bethel Road on Hwy 99W and continue south to the Hwy 22 and Hwy 99 W junction just north of Rickreal.

Project Budget – 2012 Capital Expenditures

- \$17,150,000 – System Reinforcement

Front Ave Casing Replacement

The project is located on Front Ave approximately 1100' northwest of Doanne Ave in Portland. The installation includes relocation of approximately 300' of 20" steel class D pipe. Project is due to the casing being shorted, efforts to identify and remediate the short have not been successful. Project has an expected completion date of Fall 2012.

Project Budget – 2012 Capital Expenditures

- \$1,000,000 – Relocate/Abandonment Mains

Clatskanie to Deer Island ILI (16" W)

The project is located in on the pipeline from Clatskanie to Deer Island. The project will include installation of new pig launcher/receiver stations at Clatskanie and Deer Island to facilitate the inline inspection process. This line was inspected via ECDA in 2005 and is due for reassessment in 2012. Project has an expected completion date of Summer 2012.

Project Budget – 2012 Capital Expenditures

- \$1,200,000 – Transmission Integrity Management Program

Unified Communications & Collaboration (UCC)

NW Natural is replacing its aging Telephony infrastructure. As a result, the decision has been made to replace this technology with architecture that supports a Unified Communications philosophy and Collaboration environment. The UCC environment will employ new voice, data and presence capabilities to enhance existing Contact Center technologies and provide new functionality that will enable NW Natural to maintain high levels of customer satisfaction.

Project Budget – 2012 Capital Expenditures

- \$2,106,000 – Unified Communications & Collaboration

Nertec Replacement Project

Provide updated vendor-supported gas measurement metering equipment to replace end-of-life Nertec telereader devices. Solution interfaces with MV90-xi software and enables automated 2-way polling to obtain billing quality interval data via multiple communication methods.

Project Budget – 2012 Capital Expenditures

\$2,106,000 – Nertec Replacement Project

BMC Property Purchase and Retrofit

Development of a multi-use facility to house training, construction, resource management (Tualatin Service Center), emergency operations, and business continuity.

Project Budget – 2012 Capital Expenditures

\$21,300,000 –BMC Property Purchase and Retrofit

Salem and Parkrose Service Center Remodel Projects

Repair and modernize these facilities to bring them into compliance with various state, regulatory and company goals and facility standards. These projects will achieve cost & energy efficiencies as well as provide enhanced utility and a positive public presence.

Project Budget – 2012 Capital Expenditures

\$1,662,500 – Salem Remodel

\$1,662,500 – Parkrose Remodel