

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



August 15, 2006

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
550 Capitol Street, N.E., Suite 215  
P.O. Box 2148  
Salem, Oregon 97308-2148

Attn: Filing Center

Re: **DOCKET NO. UG 152; Stipulation**  
Extend the Effective Date of the PGA Adjustments

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), hereby files a Stipulation in Docket No. UG 152 for the purpose of extending the effective date of the PGA Adjustments, making certain changes to Schedule P, 190, and 195 of the Company's P.U.C. Or. 24 Tariff, and amending Orders Nos. 03-507 and 03-655.

Please call if you have questions.

Sincerely,



C. Alex Miller  
Director, Regulatory Affairs & Forecasting

enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UG 152**

In the Matter of )  
 ) **STIPULATION**  
NORTHWEST NATURAL GAS )  
COMPANY )  
 )  
Application for a General Rate Revision )  
Advice No. 02-19. )

This Stipulation is entered into for the purpose of extending the effective date of the PGA Adjustments (as defined below), making certain changes to Schedules P, 190, and 195 of the Northwest Natural Gas Company (“NW Natural” or the “Company”) P.U.C. Or. 24 Tariff, and amending Order Nos. 03-507 and 03-655 in Docket No. UG 152.

**PARTIES**

1. The parties to this Stipulation are NW Natural, Staff of the Public Utility Commission of Oregon (“Staff”), Citizens’ Utility Board (“CUB”), and Northwest Industrial Gas Users (“NWIGU”).

**BACKGROUND**

2. For the last several years, the Company has filed changes to its Tariff for Purchased Gas Cost Adjustment to Rates, on approximately August 15 of the year with an effective date of October 1 of the year (“PGA Adjustments”). This year, PUC Staff has requested that the Company change the effective date of its PGA Adjustments from October 1 to November 1 to allow Staff more time to review the changes. The Company is willing to change the effective date of the PGA Adjustments to November 1. Some Tariff schedules, namely Schedule P, Purchased Gas Cost Adjustments; Schedule 190, Partial Decoupling Mechanism; and Schedule 195 Weather Adjusted Rate Mechanism (WARM), however, currently provide for or depend operationally upon an October 1 effective date for the PGA Adjustments. Therefore, at least insofar as the Company is concerned, if the effective date of the PGA Adjustments is changed to November 1, certain changes must be made to Schedule P, Schedule 190, and Schedule 195. See further discussion of Schedule 195 in the paragraph that follows. These changes are acceptable to the other parties to this Stipulation.

3. The WARM weather-normalization concept was approved by the Commission in Order No. 03-507 in Docket No. UG 152. Order No. 03-655 amended Order No. 03-507 to provide that the heating season would be the Billing Cycle Ending Dates from November 15th through May 15th, with the “Billing Cycle Ending Date” being the date of the meter read. Schedule 195 was revised accordingly. Changing the effective date of the PGA Adjustments to November 1 means that when the WARM heating season starts with November 15 meter reads,

the bills will require multiple prorating—a proration of the October usage at the old rates and the old WARM margin, and a proration of the November usage at the new rates and the new WARM margin. The Company's CIS programming for WARM was not designed to accommodate any form of rate proration; and further, the Company is concerned even if that multiple proration of this nature could be accommodated, it would be confusing to customers, particularly if the WARM effect on rates in November creates a lower total per therm billing rate than would be shown for the October usage period. Insofar as the Company is concerned, Order Nos. 03-507 and 03-655 need to be amended to change the heating season to Billing Cycle Ending Dates from December 1st through May 15th. This change is acceptable to the other parties to this Stipulation.

### **STIPULATION**

4. When the Company files the PGA Adjustments with the Commission on approximately August 15, 2006, the effective date of the changes will be November 1, 2006 rather than October 1, 2006.

5. The parties agree that changes should be made to Schedule P that are consistent with the change of the effective date of the PGA Adjustments from October 1 to November 1.

6. The parties agree that Schedule 190 should be changed so that the heating season months used in Step One are December through May (rather than October through May). For November, usage will be normalized by the actual WARM effect attributable to November that is included in bills.

7. The parties agree that Schedule 195 should be changed to provide that (a) the WARM Period covers bills that are generated based on meters read on or after December 1st (rather than November 15th), and on or before May 15th; and (b) the WARM Adjustment will apply to Customer bills that are based on applicable Residential Rate Schedule 2 or Commercial Rate Schedule 3 meters read on or after December 1st (rather than November 15th), and on or before May 15th.

8. The Company will file changes to Schedules P, 190, and Schedule 195 that are consistent with the Stipulation. The parties agree that this Stipulation may be submitted to the Commission in Docket No. UG 152 or as a part of any filing outside of that docket to support approval of the changes.

9. The parties agree that Order Nos. 03-507 and 03-655 should be amended to provide that the heating season is changed to Billing Cycle Ending Dates from December 1st through May 15th. The Company will file a motion to amend the orders. The parties agree that this Stipulation may be submitted to the Commission in Docket No. UG 152 or as a part of any filing outside of that docket to support approval of the motion to amend.

10. The parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any party disadvantaged by such action shall have the

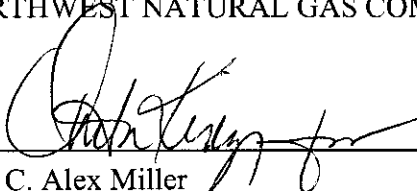
rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

11. By entering into this 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 Stipulation. No party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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

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

DATED: 8-15-06

<p>NORTHWEST NATURAL GAS COMPANY</p> <p>By:  C. Alex Miller Director, Regulatory Affairs &amp; Forecasting</p> <p>Date: <u>8-15-06</u></p>	<p>STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON</p> <p>By: _____ Ed Busch Administrator, Electric &amp; Natural Gas Division</p> <p>Date: _____</p>
<p>NORTHWEST INDUSTRIAL GAS USERS</p> <p>By: _____ Paula E. Pyron Executive Director</p> <p>Date: _____</p>	<p>CITIZENS' UTILITY BOARD OF OREGON</p> <p>By: _____ Robert Jenks Executive Director</p> <p>Date: _____</p>

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<p>NORTHWEST INDUSTRIAL GAS USERS</p> <p>By: _____ Paula E. Pyron Executive Director</p> <p>Date: _____</p>	<p>CITIZENS' UTILITY BOARD OF OREGON</p> <p>By: _____ Robert Jenks Executive Director</p> <p>Date: _____</p>

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<p>NORTHWEST INDUSTRIAL GAS USERS</p> <p>By: <u>Paula E. Pyron</u> Paula E. Pyron Executive Director</p> <p>Date: <u>August 11, 2006</u></p>	<p>CITIZENS' UTILITY BOARD OF OREGON</p> <p>By: _____ Robert Jenks Executive Director</p> <p>Date: _____</p>

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<p>NORTHWEST INDUSTRIAL GAS USERS</p> <p>By: _____ Paula E. Pyron Executive Director</p> <p>Date: _____</p>	<p>CITIZENS' UTILITY BOARD OF OREGON</p> <p>By: <u>Robert Jenks</u> Robert Jenks Executive Director</p> <p>Date: <u>8-14-06</u></p>

**STIPULATION-EXTEND EFFECTIVE DATE  
OF THE PGA ADJUSTMENTS**



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing STIPULATION TO EXTEND EFFECTIVE DATE OF THE PGA ADJUSTMENTS upon all parties of record in the UG 152 proceeding, which is the company's most recent general rate case, by electronically mailing a copy thereof to the parties or attorneys of parties on the following service list:

**UG 152 Service List**

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DATED this 15<sup>th</sup> day of August, 2006.

Respectfully submitted,

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