

Rates and Regulatory Affairs
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September 11, 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;**
MOTION TO AMEND ORDER NOS. 03-507, 03-655 AND 04-463
AND EXPEDITED CONSIDERATION REQUEST

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), hereby submits this Motion to Amend Order Nos. 03-507, 03-655 and 04-463 and Expedited Consideration Request in Docket No. UG 152 which requests that the Commission amend the orders to adopt a Stipulation regarding the Weather-Adjusted Rate Mechanism.

Please call if you have questions.

Sincerely,

/s/ C. Alex Miller

C. Alex Miller
Director, Regulatory Affairs & Forecasting

enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 152

In the Matter of)	
)	
NORTHWEST NATURAL GAS)	MOTION TO AMEND
COMPANY)	ORDER NOS. 03-507,
)	03-655 AND 04-463 AND
)	EXPEDITED
Application for a General Rate Revision)	CONSIDERATION
Advice No. 02-19)	REQUEST

Pursuant to ORS 756.568 and OAR 860-013-0031, Northwest Natural Gas Company (“NW Natural” or the “Company”) moves the Commission for an order amending Order Nos. 03-507, 03-655 and 04-463 to change the heating season in the Weather-Adjusted Rate Mechanism (“WARM”) from Billing Cycle Ending dates from *November 15th* through May 15th to Billing Cycle Ending Dates from *December 1st* through May 15th. In making this motion, NW Natural relies upon what is referred to in this motion as Stipulation 3 regarding WARM, attached hereto as Exhibit A.

Due to timing issues related to adoption of the tariff modifications reflecting these changes, NW Natural respectfully requests expedited consideration of this Motion and requests that any objections to this Motion be submitted by Monday, September 18, 2006, in order to allow full consideration of the issues at the public meeting on Tuesday, September 19, 2006.

BACKGROUND

1. For the last several years, the Company has filed changes to its schedules for Purchased Gas Cost Adjustment to Rates on approximately August 15 of each year for an effective date of October 1 of such year (the “PGA Adjustments”). This year, Commission staff (“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. 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 proration – 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 a 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.

Order Nos. 03-507, 03-655 and 04-463 need to be amended to change the heating season to Billing Cycle Ending Dates from *November 15th* through May 15th to Billing Cycle Ending Dates from *December 1st* through May 15th. As Stipulation 3 described in the next paragraph states, this change is acceptable to the other parties to the stipulation.¹

2. On August 15, 2006, the Company filed a Stipulation in Docket No. UG 152, executed by and between NW Natural, Staff, the Northwest Industrial Gas Users (“NWIGU”), and Citizens’ Utility Board (“CUB”) (“Stipulation 3”), 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 Company’s P.U.C. Or. 24 Tariff, and amending Order Nos. 03-507 and 03-655. Although Stipulation 3 states the Company will seek to amend Order Nos. 03-507 and 03-655, we also seek in this motion to amend Order No. 04-463. Amending Order No. 04-463 is consistent with amending the other two orders. These orders are described below. As noted above, Stipulation 3 is attached hereto as Exhibit A.

3. Order No. 03-507 was entered August 22, 2003. In that order, based upon a Stipulation (“Stipulation 1”) entered into by and between NW Natural, Commission staff (“Staff”), CUB, NWIGU and the Northwest Energy Coalition (“NWECC”) relative to WARM, the Commission, accepted the Company’s original WARM proposal but added provisions that (a) allowed customers to opt-out of the program; (b) specified reporting requirement details; and (c) confirmed the five-year term for the mechanism that was proposed by NW Natural in its initial filing.

4. Order No. 03-655 was entered November 13, 2003. In that order, the Commission approved the Company’s application to amend the WARM schedules. The amendments, filed on October 28, 2003, were designed to improve the WARM mechanism and minimize the potential impact of the adjustment on customers. Specifically, those modifications (a) redefined the heating season to be “Billing Cycle End Dates” from November 15th through May 15th; (b) defined the Billing Cycle End Date to be the date of the meter read; and (c) removed demand charges from the margin.

5. On July 9, 2004, NW Natural filed a Petition to Amend Order No. 03-507 to adopt a Second Stipulation Regarding the Weather-Adjusted Rate Mechanism (“Stipulation 2”). Stipulation 2, filed on July 9, 2004, described the changes to the WARM program agreed upon between NW Natural, the Commission, CUB, and NWECC. Specifically, Stipulation 2 provided for certain modifications to the WARM mechanism to address the concerns of the Commission with respect to the impact of WARM on customer bills. In its Order No. 04-463, entered on August 16, 2004, the Commission amended Order No. 03-507 and approved Stipulation 2.

¹ As stated in the next paragraph, although the parties to Stipulation 3 agreed to amend Order Nos. 03-507 and 03-655, specifically, amending Order No. 04-463 is completely consistent with the intent behind amending the first two orders.

RELIEF SHOULD BE GRANTED

Approving these amendments will allow Staff more time to review the changes to the Purchased Gas Cost Adjustment to rates. It will limit customer confusion, and it will alleviate the need for the Company to redesign its CIS programming for WARM to accommodate rate proration.

For these reasons, NW Natural respectfully requests the Commission adopt the attached Stipulation 3 regarding WARM, and amend Order Nos. 03-507, 03-655 and 04-463 to change the heating season from Billing Cycle Ending dates from *November 15th* through May 15th to Billing Cycle Ending Dates from *December 1st* through May 15th.

DATED: September 11, 2006.

NORTHWEST NATURAL GAS COMPANY

/s/ C. Alex Miller
C. Alex Miller
Director, Regulatory Affairs and Forecasting

EXHIBIT A
STIPULATION

**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

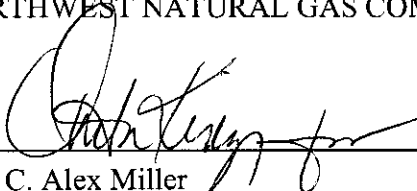
rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

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 & 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 & 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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DATED: _____

<p>NORTHWEST NATURAL GAS COMPANY</p> <p>By: _____ C. Alex Miller Director, Regulatory Affairs & Forecasting</p> <p>Date: _____</p>	<p>STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON</p> <p>By: <u>Ed Busch</u> Ed Busch Administrator, Electric & Natural Gas Division</p> <p>Date: <u>8-14-06</u></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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DATED: _____

<p>NORTHWEST NATURAL GAS COMPANY</p> <p>By: _____ C. Alex Miller Director, Regulatory Affairs & Forecasting</p> <p>Date: _____</p>	<p>STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON</p> <p>By: _____ Ed Busch Administrator, Electric & Natural Gas Division</p> <p>Date: _____</p>
<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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DATED: _____

NORTHWEST NATURAL GAS COMPANY By: _____ C. Alex Miller Director, Regulatory Affairs & Forecasting Date: _____	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON By: _____ Ed Busch Administrator, Electric & Natural Gas Division Date: _____
NORTHWEST INDUSTRIAL GAS USERS By: _____ Paula E. Pyron Executive Director Date: _____	CITIZENS' UTILITY BOARD OF OREGON By: <u>Robert Jenks</u> Robert Jenks Executive Director Date: <u>8-14-06</u>



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing MOTION TO MODIFY ORDER NOS. 03-507, 03-655 and 04-463 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 11th day of September, 2006.

Respectfully submitted,

NW NATURAL

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