

Rates and Regulatory Affairs
Facsimile: 503.721.2532



November 4, 2005

NWN Advice No. OPUC 05-14

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: Revisions to Rate Schedule 32: Large Volume Non-Residential Sales and
Transportation Service

Introduction

Pursuant to ORS 757.205 *et seq.*, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith the following tariff sheets proposed to become effective on Less Than Statutory Notice effective as of November 7, 2005:

Agreement between Northwest Natural Gas Company and [Customer]
Regarding Gas Supply Costs for Sales Service During Interim Period

Background

Under the provisions of the Company's Schedule T, customers taking Transportation Service under Schedules 3, 31, 32 and 33 and special contracts may elect to take sales service under Rate Schedule 32: Large Volume Non-Residential Sales and Transportation Service ("Rate Schedule 32"). As described by the Company in prior filings, numerous customers taking Transportation Service gave notification to the Company to take Sales Service under Rate Schedule 32 commencing either October 1, 2005 or November 1, 2005. The "Service Election" portion of Schedule T provides that (1) NW Natural must be assured that adequate supply and capacity exist to accommodate a transfer request, and (2) the customer must pay NW Natural for any incremental gas supply costs incurred to accommodate the customer's change in service.

On October 25, 2005, the Commission authorized NW Natural to amend the "Service Election" section of Schedule T to permit a limited exception to Transportation Service customers that, between August 1, 2005 and October 26, 2005, either gave notification to elect Sales Service, or already commenced taking Sales Service, to return to Transportation Service by submitting a Withdrawal of Election form by either October 27, 2005 or November 8, 2005. Certain Transportation Service customers submitted Withdrawal of Election forms to the Company by the October 27, 2005 deadline, withdrawing their Rate Schedule 32 Sales Service elections and returning to Transportation Service.

The attached Agreement between Northwest Natural Gas Company and [Customer] Regarding Gas Supply Costs for Sales Service During Interim Period (the "Agreement") represents a proposed interim billing rate solution between the Company and those customers formerly on NW Natural's Schedule T who are now taking Sales Service under Rate Schedule 32 and who did not yet withdraw their election (the "Rate Schedule 32A Customers").

There has been a controversy between the Company and the Rate Schedule 32A Customers regarding the meaning of "incremental gas supply cost" as that term is used in the "Service Election" provisions of NW Natural's Schedule T. The Company expects to file a petition for declaratory order with the Commission pursuant to ORS 756.450 seeking a determination regarding the meaning of "incremental gas supply cost." The Company will request that the Commission adopt a schedule in this declaratory order proceeding which provides for a final order by the Commission to be issued no later than March 31, 2006. In the interim, the Company is seeking approval of a new tariff which will set forth an interim billing rate solution for the Rate Schedule 32A Customers until the Commission issues an order regarding the meaning of "incremental gas supply cost" in the declaratory order or another proceeding (the "Incremental Cost Determination"). The terms of the new tariff are set forth in the attached Agreement.

The Agreement reflects a negotiated settlement between the Company, the Commission staff and the Rate Schedule 32A Customers that participated in the settlement regarding proposed terms for determining billing rates for natural gas supplies provided by NW Natural to the Rate Schedule 32A Customers that execute such Agreement during the period from October 1, 2005 to and including March 31, 2006 (the "Interim Period"). The Agreement provides that on or before November 30, 2005, NW Natural will file proposed revisions to the Company's Schedule T which would permit customers taking Sales Service to withdraw their Sales Service elections effective after March 31, 2006 upon fifteen (15) days written notice. During the Interim Period, the Company will bill Customer for natural gas supplies provided to Customer for Sales Service at the rates set forth in the Agreement. In addition, the Company will calculate the costs it incurs in providing natural gas supplies to customer for Sales Service during the Interim

Period ("Incurred Gas Cost") and will create a balancing account which tracks the difference between the Interim Billing Rate and the Incurred Gas Cost for each customer. The Agreement also provides for a true-up of the Interim Billing Rate to a final rate once the Commission issues an order regarding the Incremental Cost Determination and for the payment of interim bills after appropriate notice if the Commission issues such order after March 31, 2006.

Request for Expedited Treatment

The requested effective date of this tariff filing is November 8, 2005. The Company respectfully requests that this filing be placed on the agenda for the Commission's November 7, 2005 meeting at 9:30 a.m. Enclosed herewith is a completed LSN form setting forth the basis for expedited consideration.

Copies of this letter and the filing made herewith are available in the Company's main and district offices in Oregon.

Please address correspondence on this matter to the following:

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Please call if you have questions.

Sincerely,

/s/ C. Alex Miller

C. Alex Miller
Director, Regulatory Affairs & Forecasting

EML/kcm
enclosures

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

550 CAPITOL ST NE STE 215

SALEM, OR 97301-2551

IN THE MATTER OF THE APPLICATION OF) UTILITY L.S.N. APPLICATION
NW NATURAL)
) NO. _____
TO WAIVE STATUTORY NOTICE.)

NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION OF CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)

Rate Schedule 32 Agreement between Northwest Natural Gas Company and [Customer] Regarding Gas Supply Costs for Sales Service During Interim Period.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)

Original Sheet 32-1, Sixth Revision of Sheet 32-2, Fourth Revision of Sheet 32-3, First Revision of Sheet 32-4, First Revision of Sheet 32-5, and Original Sheet 32-6.

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)

Original Sheet 32-1, Sixth Revision of Sheet 32-2, Fourth Revision of Sheet 32-3, First Revision of Sheet 32-4, First Revision of Sheet 32-5, and Original Sheet 32-6, and Agreement Between Northwest Natural Gas Company and [Customer] Regarding Gas Supply Costs for Sales Service During Interim Period.

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:

The Rate Schedule 32 Agreement represents a negotiated settlement between Northwest Natural Gas Company, Commission Staff, and the Company's participating Rate Schedule 32 Customers regarding the proposed terms for determining interim billing rates for natural gas supplies provided by the Company during the Interim Period (beginning October 1, 2005 and ending March 31, 2006). This request to waive statutory notice is necessary to assure that the Agreement may be considered at the public meeting scheduled for Monday, November 7, 2005, at 9:30 a.m. in Commission offices.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGES(S) NOVEMBER 8, 2005

6. AUTHORIZED SIGNATURE:	TITLE	DATE
/s/ C. Alex Miller	Director, Regulatory Affairs and Forecasting	11/4/05

PUC USE ONLY		
<input type="checkbox"/>	APPROVED	<input type="checkbox"/>
		DENIED
EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE		

AUTHORIZED SIGNATURE:	DATE