

Rates and Regulatory Affairs
Facsimile: 503.721.2532



August 15, 2006

NWN Advice No. OPUC 06-13

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: Purchased Gas Cost and Technical Rate Adjustments

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith revisions and additions to its Tariff, P.U.C. Or. 24, as listed on the attached Table of Tariff Sheet Revisions. The Tariff sheets are stated to become effective with service on and after November 1, 2006.

As a result of discussions with Commission Staff ("Staff"), and at Staff's request, NW Natural submits this filing with a requested effective date of November 1, 2006. The intent is that this proposed filing, and all future Purchased Gas Cost Adjustment and Technical Rate Adjustment filings ("PGA Filing" or "PGA") will carry a November 1 effective date. The Company has agreed to change from an October 1 to a November 1 PGA effective date contingent upon approval by the Commission of a Stipulation to amend Order Nos. 03-507 and 03-655 (Docket UG 152) regarding the Company's Weather Adjustment Rate Mechanism (WARM) and to modify the Company's Partial Decoupling Mechanism (Schedule 190) which was filed with the Commission on August 15, 2006. If for any reason the Commission does not approve the Stipulation by September 30, 2006, the tariff changes proposed herein are requested to become effective with service on and after October 1, 2006.

Introduction and Summary

The first purpose of this filing is to (a) revise rates for the effects of changes in purchased gas costs; (b) revise rates for the further effect of removing temporary rate adjustments incorporated into rates effective October 1, 2005; and (c) apply new temporary rate adjustments for inclusion in rates effective November 1,

2006. The Company revises rates for these purposes annually; its last filing was effective October 1, 2005.

The second purpose of this filing is to make temporary adjustments to base rates for (a) the costs associated with the Company's safety programs for bare steel and geo-hazard risk mitigation and for the pipeline Integrity Management Program; and (b) NW Natural's share of the construction contribution for the Coos County distribution system, pursuant to OPUC Order No. 04-702.

The third purpose of this filing is to make permanent adjustments to base rates for (a) the revenue requirement associated with the construction of the Coos County distribution system pursuant to OPUC Order No. 04-702, and; (b) price elasticity effects of the rate increase reflected in this filing.

If the effects of the temporary rate increments were permanent, the result of all components of the rate changes would be an increase in the Company's revenues from its Oregon operations of about \$42,597,666, or about 5.1%.

The average residential Schedule 2 bill will increase by 6.7%; the commercial Schedule 3 bill will increase by 7.3%; the commercial Schedule 31 bill will increase by 8.1%; and the bill for the average Schedule 32 industrial firm sales customer will increase by 10.9%.

The monthly bill of the average residential customer served under Schedule 2 using 56.9 therms per month will increase by \$5.30. The monthly increase for the average commercial Schedule 3 customer using 242.1 therms is \$21.73.

See Exhibit A of this filing for materials in support of the application of all adjustments to the applicable rate schedules.

Additional details about this combined filing are described below.

I. Purchased Gas Cost Adjustment (PGA)

This portion of the filing will pass through (1) changes in the cost of gas purchased by the Company from its natural gas suppliers, including the costs of purchasing financial derivative products to limit customers' exposure to gas cost volatility, and (2) changes in the cost of pipeline and storage capacity under contract with the Company's pipeline transporters.

This filing applies the methods for calculating the proposed Weighted Average Cost of Gas ("WACOG") that are set forth in Commission Order No. 05-852, entered July 14, 2005, in Docket UG 73. In addition, this filing proposes a new Winter Sales WACOG option that is available to Rate Schedules 31 and 32 sales

service customers, as introduced by the Company in OPUC Advice No. 06-10, approved by the Commission at the July 27, 2006 public meeting.

This filing also applies the methods for treatment of storage inventory gas and Annual Sales WACOG calculations agreed to between the Staff and the Company in August, 2001, as described in more detail in the Company's PGA filing dated August 14, 2001, NWN Advice No. OPUC 01-18.

The total effect of the PGA portion of this filing is to increase the Company's annual revenues by about \$68,284,177. The effect of the change in gas costs is \$45,807,750, which results in a proposed Annual Sales WACOG of \$0.82764 per therm, and a proposed Winter Sales WACOG of \$0.88913. The effect of the change in demand charge calculation is an increase in total demand charges of about \$22,476,427, which results in a proposed firm service pipeline capacity charge of \$0.13136 per therm, or \$1.96 per therm of MDDV, and a proposed interruptible service pipeline capacity charge of \$0.01562 per therm.

If there are changes in the Company's gas supply costs or costs associated with pipeline services and charges from the levels used to develop the purchased gas adjustments included in this filing, then the Company will reflect such changes to Oregon gas customers in a manner approved by the Commission.

The Company is currently in discussions with Commission Staff regarding potential changes to Schedule P, the Company's "Purchased Gas Cost Adjustments" schedule. The Company will file changes to Schedule P at the conclusion of these discussions.

II. Temporary Rate Adjustments

This portion of the filing makes a number of periodic temporary technical adjustments to rates in order to amortize credit or debit balances in its revenue and gas cost balancing accounts and certain other approved Federal Energy Regulatory Commission (FERC) deferred accounts, Accounts 186 and 191, respectively.

This portion of the filing is in compliance with ORS 757.259(2003), which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

This filing does not require a review of earnings because the Company has adopted a 1/3 sharing option for purchased gas and related costs. For the purpose of recovering "other" deferred balances as outlined in ORS 757.259, the required earnings review covering the period(s) during which the deferrals in this

filing occurred was performed with Staff's adoption of the 2005 Earnings Review. Page 25 of Exhibit A shows the total proposed average change being applied to billing rates as a decrease of \$17.3 million, which is below the current three percent limit of \$27.0 million.

The net effect of this portion of the filing is to decrease the Company's annual revenues by \$29,122,115; the effect of removing the temporary adjustments placed into rates October 1, 2005 is \$11,832,359; and the effect of applying the new temporary rate adjustments is \$17,289,756.

III. Base Rate Adjustments

The effect of this portion of the filing is to increase the Company's annual revenues by \$3,435,604.

This portion of the filing makes a number of temporary and permanent adjustments to customer rates as follows:

Bare Steel/Geohazard. This filing applies temporary adjustments to permanent rates that relate to the Bare Steel/Geohazard programs, pursuant to a Stipulation and Agreement adopted by the Commission, as described in Schedule 177.

Integrity Management Program. This filing applies temporary adjustments to permanent rates that relate to the Integrity Management Program, pursuant to OPUC Order 04-390.

Price Elasticity. This filing applies the permanent effects of the price elasticity adjustment pursuant to a Stipulation and Agreement adopted by the Commission in Docket UG 143 and described in Schedule 163.

South Mist Pipeline Expansion (SMPE). This filing applies the permanent effects of the true-up of the cost of service amounts related to investment amounts and deferred tax treatment for the South Mist Expansion Project, pursuant to OPUC Order (Docket UG 152).

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 2006.

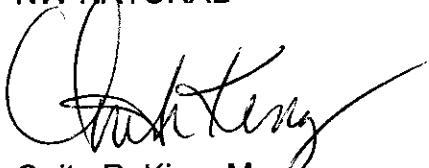
Copies of this letter and the filing made herewith are available in the Company's main and district offices in Oregon.

Please address correspondence on this matter to me with copies to the following:

Kelley C. Miller, Staff Assistant
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2532
Telephone: (503) 226-4211, ext. 3589

Sincerely,

NW NATURAL

A handwritten signature in black ink, appearing to read "Onita R. King". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Onita R. King, Manager
Tariffs and Regulatory Compliance

Attachments: Tariffs
 Exhibit A

TABLE OF TARIFF SHEET REVISIONS
 PROPOSED TO BECOME EFFECTIVE NOVEMBER 1, 2006

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Fifth Revision of Sheet 1-1	Fourth Revision of Sheet 1-1	Schedule 1 "General Sales Service"
Fifth Revision of Sheet 2-1	Fourth Revision of Sheet 2-1	Schedule 2 "Residential Sales Service"
Third Revision of Sheet 3-3	Second Revision of Sheet 3-3	Schedule 3 "Basic Firm Sales Service – Non-Residential"
Fourth Revision of Sheet 19-1	Third Revision of Sheet 19-1	Schedule 19 "Gas Light Service"
First Revision of Sheet 31-9	Original Sheet 31-9	Schedule 31 "Non-Residential Sales and Transportation Service"
First Revision of Sheet 31-10	Original Sheet 31-10	
First Revision of Sheet 32-9	Original Sheet 32-9	Schedule 32 "Large Volume Non-Residential Sales and Transportation Service"
First Revision of Sheet 32-10	Original Sheet 32-10	
First Revision of Sheet 33-6	Original Sheet 33-9	Schedule 33 "High-Volume Non-Residential Firm and Interruptible Transportation Service"
Fifth Revision of Sheet 54-1	Fourth Revision of Sheet 54-1	Schedule 54 "Emergency Sales Service"
Fifth Revision of Sheet 162-1	Fourth Revision of Sheet 162-1	Schedule 162 "Temporary (Technical) Adjustments to Rates"
Fourth Revision of Sheet 162-2	Third Revision of Sheet 162-2	
Sixth Revision of Sheet 163-1	Fifth Revision of Sheet 163-1	Schedule 163 "Special Adjustment to Rates Price Elasticity"
Fifth Revision of Sheet 164-1	Fourth Revision of Sheet 164-1	Schedule 164 "Purchased Gas Cost Adjustment to Rates"
Fifth Revision of Sheet 176-1	Fourth Revision of Sheet 176-1	Schedule 176 "Adjustments to Rates for Costs Relating to South Mist Storage Expansion Project"

PROPOSED REVISION	CANCELS REVISION	SCHEDULE TITLE
Sixth Revision of Sheet 177-2	Fifth Revision of Sheet 177-2	Schedule 177 "Adjustments to Rates for Safety Programs"
Fourth Revision of Sheet 177-3	Third Revision of Sheet 177-3	
Third Revision of Sheet 177-4	Second Revision of Sheet 177-4	
Sixth Revision of Sheet 190-1	Fifth Revision of Sheet 190-1	Schedule 190 "Partial Decoupling Mechanism"
Fifth Revision of Sheet 190-2	Fourth Revision of Sheet 190-2	
Fourth Revision of Sheet 195-1	Third Revision of Sheet 195-1	Schedule 195 "Weather Adjusted Rate Mechanism (WARM Program)"
Fourth Revision of Sheet 195-3	Third Revision of Sheet 195-3	
Third Revision of Sheet 195-4	Second Revision of Sheet 195-4	
Second Revision of Sheet 195-5	First Revision of Sheet 195-5	
Second Revision of Sheet 199-1	First Revision of Sheet 199-1	Schedule 199 "Special Rate Adjustment (UM 1148/UP 205)"
Second Revision of Sheet 199-2	First Revision of Sheet 199-2	

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fifth Revision of Sheet 1-1
Cancels Fourth Revision of Sheet 1-1

RATE SCHEDULE 1 GENERAL SALES SERVICE

AVAILABLE:

To all Residential and Commercial Customer classes in all territory served by the Company under the Tariff of which this Rate Schedule is a part, except that service under this Rate Schedule is not available for Standby Service to Commercial Customers. Seasonal or temporary Discontinuance of Service is allowed subject to Special Provision 1 of this Rate Schedule. The installation of Distribution Facilities, when required before service can be provided to equipment served under this Schedule, are subject to the provisions of **SCHEDULE X**.

SERVICE DESCRIPTION:

Service under this Rate Schedule is Firm Sales Service to gas-fired equipment including but not limited to one or any multiple or combination of the following:

- (a) Non-ducted space heating equipment, including but not limited to fireplace inserts, free standing gas stoves, and room heaters;
- (b) Standby space heating equipment used in residential applications, including but not limited to Natural Gas back-up to electric heat pumps,
- (c) Water heating equipment used to serve single-family residential swimming pools, spas, and hot tubs;
- (c) Other equipment including, but not limited to, log lighter, gas log, gas barbecue, tiki torch, Bunsen burner, Domestic cooking equipment, hobby kilns, refrigeration or Domestic clothes drying;
- (d) Equipment installed for use in detached garages, shops, or outbuildings.

MONTHLY RATE: Effective: November 1, 2006

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

	Base Rate	Base Rate Adjustment	Pipeline Capacity	Commodity	Temporary Adjustment	Total Billing
Customer Charge:	\$5.00	---	---	---	---	\$5.00
Delivery Charge (per therm):						
Residential	\$0.50657	\$0.00900	\$0.13136	\$0.82764	\$(0.02124)	\$1.45333
Commercial	\$0.47847	\$0.00867	\$0.13136	\$0.82764	\$(0.02621)	\$1.41993

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Minimum Monthly Bill: Customer Charge plus charges under **SCHEDULE C** and **SCHEDULE 15** (if applicable).

(continue to Sheet 1-2)

Issued August 15, 2006
NWN Advice No. OPUC 06-13

Effective with service on
and after November 1, 2006

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

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fifth Revision of Sheet 2-1
Cancels Fourth Revision of Sheet 2-1

RATE SCHEDULE 2 RESIDENTIAL SALES SERVICE

AVAILABLE:

To Residential Customers in all territory served by the Company under the Tariff of which this Rate Schedule is a part. Seasonal or temporary Discontinuance of Service is allowed subject to Special Provision 1 of this Rate Schedule. The installation of Distribution Facilities, when required before service can be provided to equipment served under this Rate Schedule, are subject to the provisions of **SCHEDULE X**.

SERVICE DESCRIPTION:

Service under this Rate Schedule is Firm Sales Service to gas-fired equipment used in Residential dwellings that provide complete family living facilities in which the occupant normally cooks, eats, sleeps, and carries on the household operations incident to Domestic life, for at least one of the following purposes:

- (a) Operation of ducted forced air Natural Gas space heating equipment that is the primary source for space heating requirements; and/or,
- (b) Operation of fully automatic water heating equipment for primary water heating requirements.

Service under this Rate Schedule includes the use of gas for equipment installed in addition to (a) or (b).

MONTHLY RATE: Effective: November 1, 2006

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The rates shown in this Rate Schedule may not always reflect actual billing rates. See Schedule 100 for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

	Base Rate	Base Rate Adjustment	Pipeline Capacity	Commodity	Temporary Adjustment	Total Billing
Customer Charge:	\$6.00	---	---	---	---	\$6.00
Volumetric Charge (per therm):	\$0.43906	\$0.00811	\$0.13136	\$0.82764	\$(0.02125)	\$1.38492

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Minimum Monthly Bill: Customer Charge plus charges under **SCHEDULE C** or **SCHEDULE 15** (if applicable)

(continue to Sheet 2-2)

Issued August 15, 2006
NWN Advice No. OPUC 06-13

Effective with service on
and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Third Revision of Sheet 3-3
 Cancels Second Revision of Sheet 3-3

RATE SCHEDULE 3

BASIC FIRM SALES SERVICE - NON-RESIDENTIAL
 (continued)

MONTHLY RATE: Effective: November 1, 2006

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The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

FIRM SALES SERVICE CHARGES:						Billing Rates [1]
Customer Charge (per month):						\$8.00
Volumetric Charges (per therm):	Base Rate	Base Rate Adjustment	Pipeline Capacity	Commodity Component [2]	Temporary Adjustment	
Commercial (3 CFS):	\$0.34803	\$0.00695	\$0.13136	\$0.82764	\$(0.02622)	\$1.28776
Industrial (3 IFS):	\$0.31440	\$0.00651	\$0.13136	\$0.82764	\$(0.01927)	\$1.26064
Standby Charge (per therm of MHDV) [3]:						\$10.00

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- [1] **SCHEDULE C** and **SCHEDULE 15** Charges shall apply, if applicable.
- [2] The Commodity Component will be either Annual Sales WACOG, Winter Sales WACOG, or Monthly Incremental Cost of Gas.
- [3] Applies to Standby Sales Service only.

Minimum Monthly Bill. The Minimum Monthly Bill shall be any **SCHEDULE C** and **SCHEDULE 15** Charges, plus:

- (a) **Firm Sales Service.** Customer Charge.
- (b) **Firm Sales Standby Service.** Customer Charge, plus Standby Service Charge.

Issued August 15, 2006
 NWN Advice No. OPUC 06-13

Effective with service on
 and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fourth Revision of Sheet 19-1
Cancels Third Revision Sheet 19-1

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RATE SCHEDULE 19 GAS LIGHT SERVICE

AVAILABLE:

In all territory served by the Company under the Tariff of which this Rate Schedule is a part for use exclusively in gas lighting devices to which Distribution Facilities were committed or installed prior to August 10, 1973.

SERVICE DESCRIPTION:

Firm unmetered gas service delivered on a continuous basis for use in gas lamps, not exceeding a rated capacity of 2.5 cubic feet per hour per Mantle or Mantle equivalent; and, only to approved installations using gas for mood or atmosphere lighting, for porch, patio or walkway lamps and for roadway or street lighting. Gas lamps installed downstream of the meter will be treated as additional equipment under the Rate Schedule appropriate for the existing service.

BILLING UNIT:

Rates for gas service under this Rate Schedule are expressed in units of the standard Mantle with a maximum rated capacity of 2.5 cubic feet per hour.

MONTHLY RATE: Effective: November 1, 2006

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments.

	Base Rate	Base Rate Adjustments	Temporary Adjustments	Billing Rate
One mantle	\$24.05	\$0.09	\$(0.37)	\$23.77
All additional mantles	\$23.44	\$0.09	\$(0.37)	\$23.16
Minimum Monthly Bill: Amount based on number of mantles installed				

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued August 15, 2006
NWN Advice No. OPUC 06-13

Effective with service on
and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

First Revision of Sheet 31-9
Cancels Original Sheet 31-9

RATE SCHEDULE 31 NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE (continued)

MONTHLY RATES FOR COMMERCIAL CUSTOMER CLASS:

Effective: November 1, 2006

The rates shown in this Rate Schedule may not always reflect actual billing rates. SEE SCHEDULE 100 for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in SCHEDULE 160. The rates for distributed generation customers are subject to SCHEDULE 31-CHP.

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FIRM SALES SERVICE CHARGES (31 CSF) [1]:					Billing Rates
Customer Charge (per month):					\$325.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 2,000 therms	\$0.18596	\$0.00483	\$0.82764	\$(0.02624)	\$0.99219
Block 2: All additional therms	\$0.16977	\$0.00462	\$0.82764	\$(0.02624)	\$0.97579
Pipeline Capacity Charge Options (select one):					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					\$0.13136
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV):					\$1.96
INTERRUPTIBLE SALES SERVICE CHARGES (31 CSI) [1]:					
Customer Charge (per month):					\$325.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component: [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 2,000 therms	\$0.18587	\$0.00483	\$0.82764	\$(0.02516)	\$0.99318
Block 2: All additional therms	\$0.16969	\$0.00462	\$0.82764	\$(0.02516)	\$0.97679
Plus: Interruptible Pipeline Capacity Charge - Volumetric (per therm):					\$0.01562
FIRM TRANSPORTATION SERVICE CHARGES (31 CTF):					
Customer Charge (per month):					\$325.00
Transportation Charge (per month):					\$250.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [4]	
Block 1: 1 st 2,000 therms	\$0.18587	\$0.00483		\$(0.00695)	\$0.18375
Block 2: All additional therms	\$0.16969	\$0.00462		\$(0.00695)	\$0.16736

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- [1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C or Schedule 15.
- [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG or Monthly Incremental Cost of Gas.
- [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.
- [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

(continue to Sheet 31-10)

Issued August 15, 2006
NWN Advice No. OPUC 06-13

Effective with service on
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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

First Revision of Sheet 31-10
Cancels Original Sheet 31-10

RATE SCHEDULE 31 NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE (continued)

MONTHLY RATES FOR INDUSTRIAL CUSTOMER CLASS:

Effective: November 1, 2006

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The rates shown in this Rate Schedule may not always reflect actual billing rates. SEE SCHEDULE 100 for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for distributed generation customers are subject to SCHEDULE 31-CHP.

FIRM SALES SERVICE CHARGES (31 ISF) [1]:					Billing Rates
Customer Charge (per month):					\$325.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 2,000 therms	\$0.16781	\$0.00220	\$0.82764	\$(0.01928)	\$0.97837
Block 2: All additional therms	\$0.15164	\$0.00198	\$0.82764	\$(0.01928)	\$0.96198
Pipeline Capacity Charge Options (select one):					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					\$0.13136
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV):					\$1.96
INTERRUPTIBLE SALES SERVICE CHARGES (31 ISI) [1]:					
Customer Charge (per month):					\$325.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 2,000 therms	\$0.16781	\$0.00220	\$0.82764	\$(0.01820)	\$0.97945
Block 2: All additional therms	\$0.15164	\$0.00198	\$0.82764	\$(0.01820)	\$0.96306
Plus: Interruptible Pipeline Capacity Charge - Volumetric (per therm):					\$0.01562
FIRM TRANSPORTATION SERVICE CHARGES (31 ITF):					
Customer Charge (per month):					\$325.00
Transportation Charge (per month):					\$250.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [4]	
Block 1: 1 st 2,000 therms	\$0.16781	\$0.00220		\$0.00001	\$0.17002
Block 2: All additional therms	\$0.15164	\$0.00198		\$0.00001	\$0.15363

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[1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C and Schedule 15.

[2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG, or Monthly Incremental Cost of Gas.

[3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.

[4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

Issued August 15, 2006
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Effective with service on
and after November 1, 2006

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

MONTHLY RATES:

Effective: November 1, 2006

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**. The rates for distributed generation customers are subject to **SCHEDULE 32-CHP**.

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FIRM SALES SERVICE CHARGES (32 ISF or 32 CSF) [1]:					Billing Rates
Customer Charge (per month):					\$675.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 10,000 therms	\$0.10007	\$0.00132	\$0.82764	\$(0.01928)	\$0.90975
Block 2: Next 20,000 therms	\$0.08505	\$0.00112	\$0.82764	\$(0.01928)	\$0.89453
Block 3: Next 20,000 therms	\$0.06005	\$0.00079	\$0.82764	\$(0.01929)	\$0.86919
Block 4: Next 100,000 therms	\$0.03503	\$0.00046	\$0.82764	\$(0.01929)	\$0.84384
Block 5: Next 600,000 therms	\$0.02002	\$0.00027	\$0.82764	\$(0.01929)	\$0.82864
Block 6: All additional therms	\$0.01003	\$0.00012	\$0.82764	\$(0.01929)	\$0.81850
Firm Service Distribution Capacity Charge (per therm of MDDV per month):					\$0.15748
Firm Sales Service Storage Charge (per therm of MDDV per month):					\$0.20415
Pipeline Capacity Charge Options (select one):					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					\$0.13136
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV per month):					\$1.96
INTERRUPTIBLE SALES SERVICE CHARGES (32 ISI or 32 CSI) [4]:					
Customer Charge (per month):					\$675.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 st 10,000 therms	\$0.10002	\$0.00132	\$0.82764	\$(0.01820)	\$0.91078
Block 2: Next 20,000 therms	\$0.08501	\$0.00112	\$0.82764	\$(0.01820)	\$0.89557
Block 3: Next 20,000 therms	\$0.06002	\$0.00079	\$0.82764	\$(0.01821)	\$0.87024
Block 4: Next 100,000 therms	\$0.03501	\$0.00046	\$0.82764	\$(0.01821)	\$0.84490
Block 5: Next 600,000 therms	\$0.02001	\$0.00027	\$0.82764	\$(0.01821)	\$0.82971
Block 6: All additional therms	\$0.01003	\$0.00012	\$0.82764	\$(0.01821)	\$0.81958
Interruptible Pipeline Capacity Charge (per therm):					\$0.01562

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[1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C or Schedule 15.
 [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG or Monthly Incremental Cost of Gas.
 [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.
 [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

(continue to Sheet 32-10)

Issued August 15, 2006
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Effective with service on
and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

First Revision of Sheet 32-10
Cancels Original Sheet 32-10

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

MONTHLY RATES:

Effective: November 1, 2006

The rates shown in this Rate Schedule may not always reflect actual billing rates. See SCHEDULE 100 for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for distributed generation customers are subject to SCHEDULE 32-CHP.

(T)

FIRM TRANSPORTATION SERVICE CHARGES (32 IFT or 32 CFT) [1]:					Billing Rates
Customer Charge (per month):					\$675.00
Transportation Charge (per month):					\$250.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [2]	
Block 1: 1 st 10,000 therms	\$0.10002	\$0.00132		\$0.00001	\$0.10135
Block 2: Next 20,000 therms	\$0.08501	\$0.00112		\$0.00001	\$0.08614
Block 3: Next 20,000 therms	\$0.06002	\$0.00079		\$0.00000	\$0.06081
Block 4: Next 100,000 therms	\$0.03501	\$0.00046		\$0.00000	\$0.03547
Block 5: Next 600,000 therms	\$0.02001	\$0.00027		\$0.00000	\$0.02028
Block 6: All additional therms	\$0.01003	\$0.00012		\$0.00000	\$0.01015
Firm Service Distribution Capacity Charge (per therm of MDDV per month):					\$0.15748
INTERRUPTIBLE TRANSPORTATION SERVICE CHARGES (32 IFT or 32 CFT) [3]:					
Customer Charge (per month):					\$675.00
Transportation Charge (per month):					\$250.00
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Temporary Adjustments [2]	
Block 1: 1 st 10,000 therms	\$0.10002	\$0.00132		\$0.00001	\$0.10135
Block 2: Next 20,000 therms	\$0.08501	\$0.00112		\$0.00001	\$0.08614
Block 3: Next 20,000 therms	\$0.06002	\$0.00079		\$0.00000	\$0.06081
Block 4: Next 100,000 therms	\$0.03501	\$0.00046		\$0.00000	\$0.03547
Block 5: Next 600,000 therms	\$0.02001	\$0.00027		\$0.00000	\$0.02028
Block 6: All additional therms	\$0.01003	\$0.00012		\$0.00000	\$0.01015

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[1] For Firm Transportation Service, the Monthly Bill shall equal the sum of the Customer Charge, plus Transportation Charge, plus the Volumetric Charges, plus the Distribution Capacity Charge, plus any other charges that may apply from Schedule C or Schedule 15.

[2] Where applicable, the Account 191 Adjustments shall apply.

[3] For Interruptible Transportation Service, the Monthly Bill shall equal the sum of the Customer Charge, plus Transportation Charge, plus the Volumetric Charges, plus any other charges that may apply from Schedule C or Schedule 15.

[4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

First Revision of Sheet 33-6
Cancels Original Sheet 33-6

**RATE SCHEDULE 33
HIGH VOLUME NON-RESIDENTIAL
FIRM AND INTERRUPTIBLE TRANSPORTATION SERVICE
(continued)**

MONTHLY RATE:

Effective: November 1, 2006

(T)

The rates shown below may not always reflect actual billing rates. See **Schedule 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments.

FIRM TRANSPORTATION SERVICE CHARGES (33 TF)					
					Billing Rates
Customer Charge:					\$38,000.00
Transportation Charge:					\$250.00
Volumetric Charge		Base Rate	Base Rate Adjustments	Total Temporary Adjustment [1]	
Per therm, all therms		\$0.00542	\$0.00007	\$0.00000	\$0.00549
Firm Service Distribution Capacity Charge: Per therm of MDDV per month					\$0.15748
Minimum Monthly Bill: Customer Charge, plus Transportation Charge, plus Firm Service Distribution Capacity Charge, plus any other charges that may apply from SCHEDULE C and SCHEDULE 15 .					

(R)

(R)

INTERRUPTIBLE TRANSPORTATION SERVICE CHARGES (33 TI)					
					Billing Rates
Customer Charge:					\$38,000.00
Transportation Charge:					\$250.00
Volumetric Charge:		Base Rate	Base Rate Adjustments	Total Temporary Adjustment [1]	
Per therm, all therms		\$0.00542	\$0.00007	\$0.00000	\$0.00549
Minimum Monthly Bill: Customer Charge, plus Transportation Charge, plus any other charges that may apply from SCHEDULE C and SCHEDULE 15 .					

(R)

[1] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 shall apply.

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and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fifth Revision of Sheet 54-1
Cancels Fourth Revision of Sheet 54-1

RATE SCHEDULE 54 EMERGENCY SALES SERVICE

AVAILABLE:

To Non-Residential Customers, in all territory served by the Company under the Tariff of which this Rate Schedule is a part, on a best efforts basis at times and in amounts determined in Company's sole judgment.

SERVICE DESCRIPTION:

Service under this Rate Schedule is for emergency purposes only. Customer must make a showing acceptable to Company that Customer's operations could not continue or that severe damage to Customer's facilities or the occupants of Customer's facilities would occur in the absence of service by Company under this schedule. Customer shall be obligated to exercise every reasonable effort to obtain and utilize an alternate supply of fuel to minimize the period that emergency service is required.

Gas supplied under this Rate Schedule will be limited to the maximum volume limits imposed on Customer by Company on an hourly or daily basis, or both, and/or as a total over the estimated period of Customer's emergency. These limits may be established by Company in verbal or written instructions given to any authorized representative of Customer. Gas taken under this Rate Schedule will not be applied to the minimum monthly bill requirements under Customer's primary Rate Schedule.

Any gas taken in excess of that permitted shall be unauthorized, subject to charges set forth in **SCHEDULE C**.

MONTHLY RATE: Effective: November 1, 2006

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

	Base Rate	Temporary Adjustment	Billing Rate
Usage Charge, per therm, all therms	\$1.37940	\$(0.01926)	\$1.36014

(I)

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fifth Revision of Sheet 162-1
 Cancels Fourth Revision of Sheet 162-1

**SCHEDULE 162
 TEMPORARY (TECHNICAL) ADJUSTMENTS TO RATES**

PURPOSE:

To identify adjustments to rates in the Rate Schedules listed below that relate to the amortization of balances in all of the Company's conventional deferred revenue and gas cost accounts, Accounts 186 and 191, respectively.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Schedule 1	Schedule 3	Schedule 31	Schedule 33
Schedule 2	Schedule 19	Schedule 32	Schedule 54

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Account 191 Commodity Adjustment	Account 191 Pipeline Capacity Adjustment	Account 186 Net Adjustments	Total Temporary Adjustment
1R		\$(0.01810)	\$(0.00093)	(\$0.00221)	\$(0.02124)
1C		\$(0.01810)	\$(0.00093)	(\$0.00718)	\$(0.02621)
2		\$(0.01810)	\$(0.00093)	(\$0.00222)	\$(0.02125)
3 (CFS)		\$(0.01810)	\$(0.00093)	(\$0.00719)	\$(0.02622)
3 (IFS)		\$(0.01810)	\$(0.00093)	(\$0.00024)	\$(0.01927)
19		\$(0.35)	\$(0.02)	\$0.00	\$(0.37)
31 (CFS)	Block 1	\$(0.01810)	\$(0.00093)	(\$0.00721)	\$(0.02624)
	Block 2	\$(0.01810)	\$(0.00093)	(\$0.00721)	\$(0.02624)
31(CFT)	Block 1	N/A	N/A	(\$0.00695)	\$(0.00695)
	Block 2	N/A	N/A	(\$0.00695)	\$(0.00695)
31 (CIS)	Block 1	\$(0.01810)	\$(0.00011)	(\$0.00695)	\$(0.02516)
	Block 2	\$(0.01810)	\$(0.00011)	(\$0.00695)	\$(0.02516)
31 (IFS)	Block 1	\$(0.01810)	\$(0.00093)	(\$0.00025)	\$(0.01928)
	Block 2	\$(0.01810)	\$(0.00093)	(\$0.00025)	\$(0.01928)
31 (IFT)	Block 1	N/A	N/A	\$0.00001	\$0.00001
	Block 2	N/A	N/A	\$0.00001	\$0.00001
31 (IIS)	Block 1	\$(0.01810)	\$(0.00011)	\$0.00001	\$(0.01820)
	Block 2	\$(0.01810)	\$(0.00011)	\$0.00001	\$(0.01820)

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(continue to Sheet 162-2)

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 and after November 1, 2005

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fourth Revision of Sheet 162-2
Cancels Third Revision of Sheet 162-2

**SCHEDULE 162
TEMPORARY (TECHNICAL) ADJUSTMENTS TO RATES
(continued)**

APPLICATION TO RATE SCHEDULES (continued):

Effective: November 1, 2006

(T)

Schedule	Block	Account 191 Commodity Adjustment	Account 191 Pipeline Capacity Adjustment	Account 186 Net Adjustments	Total Temporary Adjustment
32(FS)	Block 1	\$(0.01810)	\$(0.00093)	(\$0.00025)	\$(0.01928)
	Block 2	\$(0.01810)	\$(0.00093)	(\$0.00025)	\$(0.01928)
	Block 3	\$(0.01810)	\$(0.00093)	(\$0.00026)	\$(0.01929)
	Block 4	\$(0.01810)	\$(0.00093)	(\$0.00026)	\$(0.01929)
	Block 5	\$(0.01810)	\$(0.00093)	(\$0.00026)	\$(0.01929)
	Block 6	\$(0.01810)	\$(0.00093)	(\$0.00026)	\$(0.01929)
32(FT)	Block 1	N/A	N/A	\$0.00001	\$0.00001
	Block 2	N/A	N/A	\$0.00001	\$0.00001
	Block 3	N/A	N/A	\$0.00000	\$0.00000
	Block 4	N/A	N/A	\$0.00000	\$0.00000
	Block 5	N/A	N/A	\$0.00000	\$0.00000
	Block 6	N/A	N/A	\$0.00000	\$0.00000
32(IS)	Block 1	\$(0.01810)	\$(0.00011)	\$0.00001	\$(0.01820)
	Block 2	\$(0.01810)	\$(0.00011)	\$0.00001	\$(0.01820)
	Block 3	\$(0.01810)	\$(0.00011)	\$0.00000	\$(0.01821)
	Block 4	\$(0.01810)	\$(0.00011)	\$0.00000	\$(0.01821)
	Block 5	\$(0.01810)	\$(0.00011)	\$0.00000	\$(0.01821)
	Block 6	\$(0.01810)	\$(0.00011)	\$0.00000	\$(0.01821)
32(IT)	Block 1	N/A	N/A	\$0.00001	\$0.00001
	Block 2	N/A	N/A	\$0.00001	\$0.00001
	Block 3	N/A	N/A	\$0.00000	\$0.00000
	Block 4	N/A	N/A	\$0.00000	\$0.00000
	Block 5	N/A	N/A	\$0.00000	\$0.00000
	Block 6	N/A	N/A	\$0.00000	\$0.00000
33(IT)		N/A	N/A	\$0.00000	\$0.00000
33(FT)		N/A	N/A	\$0.00000	\$0.00000
54		\$(0.01810)	\$(0.00093)	(\$0.00023)	\$(0.01926)

(C)

(C)

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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NORTHWEST NATURAL GAS COMPANY

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Sixth Revision of Sheet 163-1
Cancels Fifth Revision of Sheet 163-1

SCHEDULE 163

SPECIAL ADJUSTMENT TO RATES PRICE ELASTICITY

PURPOSE:

To identify permanent adjustments to rates in the schedules listed below in accordance with a Stipulation and Agreement adopted by the Public Utility Commission of Oregon in Docket UG 143.

APPLICABLE:

To Residential and Commercial Customers served on the following schedules of this Tariff:

Residential	Commercial
Schedule 1	Schedule 1
Schedule 2	Schedule 3 (CFS)
	Schedule 31 (CFS)
	Schedule 31 (CFT)
	Schedule 31 (CIS)

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Base Adjustments stated in the above-listed rate schedules reflect the following adjustments (increase). NO FURTHER ADJUSTMENT TO RATES IS REQUIRED.

Residential Rate Schedules: \$0.00478 per therm
Commercial Rate Schedules: \$0.00226 per therm

(C)
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GENERAL RULES AND REGULATIONS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fifth Revision of Sheet 164-1
Cancels Fourth Revision of Sheet 164-1

**SCHEDULE 164
PURCHASED GAS COST ADJUSTMENT TO RATES**

PURPOSE:

To (a) identify the Commodity and Pipeline Capacity Components applicable to the Rate Schedules listed below; and (b) to identify any changes to such components due to changes in the cost of Pipeline capacity and the cost of gas purchased from the Company's suppliers that apply the Rate Schedules listed below.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Schedule 1 Schedule 3 Schedule 31 Schedule 54
Schedule 2 Schedule 19 Schedule 32

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

Annual Sales WACOG [1]	\$0.82764
Winter Sales WACOG [2]	\$0.88913
Firm Sales Service Pipeline Capacity Component [3]	\$0.13136
Gas Light Service Pipeline Capacity Component [4]	\$2.51
Firm Sales Service Pipeline Capacity Component [5]	\$1.96
Interruptible Sales Service Pipeline Capacity Component [6]	\$0.01562

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- [1] Applies to all Sales Service Rate Schedules (per therm) except where Winter Sales WACOG or Monthly Incremental Cost of Gas applies.
- [2] Applies to Customers that request Winter Sales WACOG at the July 31 Annual Service Election.
- [3] Applies to Rate Schedules 1, 2, 3, and Schedule 31 and Schedule 32 Firm Sales Service Volumetric Pipeline Capacity option (per therm).
- [4] Applies to Schedule 19.
- [5] Applies to Schedules 31 and 32 Firm Sales Service Peak Demand Pipeline Capacity option (per therm of MDDV per month).
- [6] Applies to Schedule 31 and Schedule 32 Interruptible Sales Service (per therm).

ADJUSTMENTS TO RATE COMPONENTS:

Effective: November 1, 2006

(T)

The above listed components shall be adjusted as follows:

Commodity Component	Firm Pipeline Capacity Component
\$(0.00000)	\$(0.00000)

(C)

GENERAL TERMS:

This schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Fifth Revision of Sheet 176-1
Cancels Fourth Revision of Sheet 176-1

SCHEDULE 176

**ADJUSTMENTS TO RATES FOR COSTS
RELATING TO SOUTH MIST PIPELINE EXTENSION PROJECT**

PURPOSE:

The rate adjustments under this Schedule represent the rate treatment for the Oregon portion of the incremental cost of service relating to NW Natural's South Mist Pipeline Extension Project ("Mist Project").

The allocation of costs to customers under this Schedule is consistent with OPUC Order No. 03-507, in Docket UG 152.

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Base Adjustment in each of the following Rate Schedules includes the following amounts. **NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.**

Schedule	Adjustments
1(R)	\$0.00000
1(C)	\$0.00000
2	\$0.00000
3 CFS	\$0.00000
3 IFS	\$0.00000
31C (FS/IS/FT):	
Block 1	\$0.00000
Block 2	\$0.00000
31I (FS/IS/FT):	
Block 1	\$0.00000
Block 2	\$0.00000
33 (All)	\$0.00000

(C)

(C)

SPECIAL CONDITIONS:

Each Mist project phase shall be considered in service beginning on the date that NW Natural provides attestation by a corporate officer that the project meets the following minimum requirements:

- (a) Completion of any operational testing required by the construction contract;
- (b) Release of the plant operation to the system dispatcher for full commercial operation, and;
- (c) Continuous operation for 24 hours.

(continue to Sheet 176-2)

Issued August 15, 2006
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SCHEDULE 177
ADJUSTMENTS TO RATES FOR SAFETY PROGRAM
(continued)

BARE STEEL REPLACEMENT PROGRAM (continued)

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

The Adjustments shown below are included in the Base Adjustments in the listed Rate Schedules:

Schedule	Block	70%	30%	Total Adjustment
1R		\$0.00239	\$0.00124	\$0.00363
1C		\$0.00239	\$0.00118	\$0.00357
2		\$0.00239	\$0.00107	\$0.00346
3 (CFS)		\$0.00239	\$0.00086	\$0.00325
3 (IFS)		\$0.00239	\$0.00077	\$0.00316
19		\$0.05	\$0.00	\$0.05
31 (CFS)	Block 1	\$0.00239	\$0.00046	\$0.00285
	Block 2	\$0.00239	\$0.00042	\$0.00281
31(CFT)	Block 1	\$0.00239	\$0.00046	\$0.00285
	Block 2	\$0.00239	\$0.00042	\$0.00281
31 (CIS)	Block 1	\$0.00239	\$0.00046	\$0.00285
	Block 2	\$0.00239	\$0.00042	\$0.00281
31 (IFS)	Block 1	\$0.00000	\$0.00041	\$0.00041
	Block 2	\$0.00000	\$0.00037	\$0.00037
31 (IFT)	Block 1	\$0.00000	\$0.00041	\$0.00041
	Block 2	\$0.00000	\$0.00037	\$0.00037
31 (IIS)	Block 1	\$0.00000	\$0.00041	\$0.00041
	Block 2	\$0.00000	\$0.00037	\$0.00037
32 (all)	Block 1	\$0.00000	\$0.00025	\$0.00025
	Block 2	\$0.00000	\$0.00021	\$0.00021
	Block 3	\$0.00000	\$0.00015	\$0.00015
	Block 4	\$0.00000	\$0.00009	\$0.00009
	Block 5	\$0.00000	\$0.00005	\$0.00005
	Block 6	\$0.00000	\$0.00002	\$0.00002
33 (all)		\$0.00000	\$0.00001	\$0.00001
54		\$0.00239	\$0.00102	\$0.00341

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(continue to Sheet 177-3)

Issued August 15, 2006
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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fourth Revision of Sheet 177-3
Cancels Third Revision of Sheet 177-3

**SCHEDULE 177
ADJUSTMENTS TO RATES FOR SAFETY PROGRAM
(continued)**

GEOHAZARD REPAIR AND RISK MITIGATION:

Each year, rates in the Rate Schedules listed below will be adjusted to recover the costs of geohazard repair and risk mitigation during the most recent 12-month period November 1 through October 31. Adjustments to rates shall be made coincident with the Company's annual Purchased Gas Adjustment (PGA) filing, or at such other time as the Commission may authorize.

(T)
(T)

TERM:

The Geohazard Repair and Risk Mitigation Program shall be in effect through December 31, 2006 or until such other time as the Commission may approve.

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Adjustments shown below are included in the Base Rate Adjustments in the above-listed Rate Schedules.

Schedule	Block	Total Adjustment
1R		\$0.00167
1C		\$0.00159
2		\$0.00145
3 (CFS)		\$0.00115
3 (IFS)		\$0.00104
19		\$0.00
31C	Block 1	\$0.00062
	Block 2	\$0.00056
31I	Block 1	\$0.00056
	Block 2	\$0.00050
32 (all)	Block 1	\$0.00033
	Block 2	\$0.00028
	Block 3	\$0.00020
	Block 4	\$0.00012
	Block 5	\$0.00007
	Block 6	\$0.00003
33 (all)		\$0.00002
54		\$0.00138

(C)

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(N)

(C)

(continue to Sheet 177-4)

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Third Revision of Sheet 177-4
 Cancels Second Revision of Sheet 177-4

**SCHEDULE 177
 ADJUSTMENTS TO RATES FOR SAFETY PROGRAM
 (continued)**

INTEGRITY MANAGEMENT PROGRAM (IMP):

Each year, the costs of the Integrity Management Program during the most recent 12-month period November 1 through October 31, will be allocated to the Rate Schedules listed below on an equal percentage of margin basis, and within a Rate Schedule, spread on a declining block basis. Adjustments to rates shall be made coincident with the Company's annual Purchased Gas Adjustment (PGA) filing, or at such other time as the Commission may authorize.

(T)

TERM:

The IMP adjustments shall be in effect through September 30, 2008 or until such other time as the Commission may approve.

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

The Adjustments shown below are included in the Base Rate Adjustments in the above-listed Rate Schedules.

(T)

Schedule	Block	Total Adjustment
1R		\$0.00396
1C		\$0.00376
2		\$0.00343
3 (CFS)		\$0.00273
3 (IFS)		\$0.00247
19		\$0.00
31C	Block 1	\$0.00146
	Block 2	\$0.00134
31I	Block 1	\$0.00132
	Block 2	\$0.00119
32 (all)	Block 1	\$0.00079
	Block 2	\$0.00067
	Block 3	\$0.00047
	Block 4	\$0.00027
	Block 5	\$0.00016
	Block 6	\$0.00008
33 (all)		\$0.00004
54		\$0.00326

(C)

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(N)

(C)

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Sixth Revision of Sheet 190-1
Cancels Fifth Revision of Sheet 190-1

SCHEDULE 190

PARTIAL DECOUPLING MECHANISM

PURPOSE:

To (a) describe the partial decoupling mechanism established in accordance with a Stipulation and Agreement adopted by the Oregon Public Utility Commission (OPUC) in Docket UG 143, Order No. 02-634, dated September 12, 2002, and later reauthorized, with modifications, in Docket UG 163, Order No. 05-934, dated August 25, 2005; and (b) identify the adjustment applicable to rates under the Rate Schedules listed below.

TERM:

This Schedule shall automatically terminate on September 30, 2009.

APPLICABLE:

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Residential	Commercial
Schedule 1	Schedule 1
Schedule 2	Schedule 3(FS)
	Schedule 3(FT)
	Schedule 31(FS)
	Schedule 31(IS)
	Schedule 31(FT)

ADJUSTMENT TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Temporary Adjustments for Residential and Commercial Customers taking service on the above-listed Rate Schedules includes the following adjustment:

Residential Rate Schedules: **\$(0.00212)** per therm
Commercial Rate Schedules: **\$(0.00696)** per therm

(C)

(C)

PARTIAL DECOUPLING DEFERRAL ACCOUNT:

1. Each month, the company will calculate the difference between weather-normalized usage and the calculated baseline usage for each Residential and Commercial Customer group. The resulting usage differential shall be multiplied by the per therm distribution margin for the applicable customer group.

The Company shall defer and amortize, with interest, 100% of the distribution margin differential in a sub-account of Account 186. The deferral will be a credit (accruing a refund to customers) if the differential is positive, or a debit (accruing a recovery by the company) if the differential is negative.

(continue to Sheet 190-2)

Issued August 15, 2006
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Effective with service on
and after November 1, 2006

SCHEDULE 190

**PARTIAL DECOUPLING MECHANISM
(continued)**

PARTIAL DECOUPLING DEFERRAL ACCOUNT (continued):

- The baseline usage shall be determined from actual weather normalized usage for the Company's most recent rate case, as adjusted for any price elasticity effects since that rate case.

The following is an example baseline usage calculation for the Residential Group:

Weather-normalized usage, divided by Residential Customers, equal	<u>330,164,716</u> 450,709
Normalized use per therm per customer	733
October 1 price decrease	-10%
Usage increase due to price elasticity (-10% x -0.172)	1.72%
Estimated usage increase due to price elasticity (weather normalized usage x % of usage increase)	5,678,833
Total New Baseline Usage: (weather normalized usage plus estimated usage increase), divided by customer count, equal	<u>335,843,549</u> 450,709
Reset baseline usage per therm per customer	745

- Weather-normalized usage is calculated using the approach to weather normalization adopted in the Company's last general rate case, Docket UG 152. The weather data is taken from the stations identified in **RULE 24**.

Step One. For the heating season months December through May, usage is normalized by taking the difference between normal and actual heating degree days for each district using a base of 59 degrees for Residential and 58 degrees for Commercial. (C)

Step Two. This step derives the per-therm customer variance by multiplying the heating degree-day difference by the usage coefficient of .1958 for Residential variances, and .7669 for Commercial variances.

Step Three. The per-therm customer variance is multiplied by the appropriate customer count, by district, with the sum of the district results representing the normalized therm amount.

- Baseline usage will be adjusted to reflect actual customers billed each month.
- The per therm distribution margins to be used in the deferral calculation effective November 1, 2006 is \$0.42128 per therm for Residential customers and \$0.27402 per therm for Commercial customers. (T)
(C)

(continue to Sheet 190-3)

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fourth Revision of Sheet 195-1
Cancels Third Revision of Sheet 195-1

SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM (WARM Program)

PURPOSE:

To describe the Weather Adjusted Rate Mechanism (WARM) adopted by the Public Utility Commission of Oregon in Docket UG 152, Order No. 03-507 entered August 22, 2003, and modified by Order No. 04-434 entered August 16, 2004.

APPLICABLE:

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Schedule 2	Schedule 3C (FS)
------------	------------------

APPLICATION TO RATE SCHEDULES:

The WARM Adjustment will be applied as an adjustment to the per therm Billing Rate on applicable Residential and Commercial Customer bills issued during the WARM Period. The WARM Period covers bills that are generated based on meters read on or after December 1st and on or before May 15th. (T)

SPECIAL CONDITIONS:

1. 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 and on or before May 15th. (T)
2. Residential bills -- The maximum WARM Adjustment increase that will be added to any regular monthly bill during the WARM Period will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either \$12.00 or 25% of the usage, the balance of the WARM adjustment will be billed in accordance with Special Condition 5.
3. Commercial bills -- The maximum WARM Adjustment increase that will be added to any regular monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either thirty-five dollars or 25% of the usage, the balance of the WARM adjustment will be billed in accordance with Special Condition 5.
4. The cent per therm rate applied to any customer bill during the WARM Period will never be less than the currently effective commodity rate, as shown in **SCHEDULE 164** of this Tariff.
5. Any amounts not applied to a customer's bill during the WARM Period due to the caps and floor described in Special Conditions 2, 3 and 4 will be applied to the customer's first bill issued following the end of the WARM Period, except that these amounts will be applied earlier in the following situations: (a) at the time the Company issues a closing bill on a customer account; and (b) at the time a customer changes their status in the WARM program.

(continue to Sheet 195-2)

Issued August 15, 2006
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Effective with service on
November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Fourth Revision of Sheet 195-3
Cancels Third Revision of Sheet 195-3

**SCHEDULE 195
WEATHER ADJUSTED RATE MECHANISM
(WARM Program)
(continued)**

SPECIAL CONDITIONS: (continued)

- 10. Upon request, the Company will provide Customer with historical billing information under both the opt-in and opt-out option for any month during the WARM Period.
- 11. The WARM Program is subject to other terms and conditions as set forth in the Partial Stipulation and in the Second Stipulation on record in Docket UG 152.

WARM FORMULA:

1. The Formula is:
$$\text{WARM Adjustment} = \sum_1^T (\text{HDD}_{n,t} - \text{HDD}_{a,t}) * B * \text{Mrgn}$$

Where:

- T = the days covered by the meter read dates for an individual customer's bill
- HDDn** = the 25 year average of heating degree-days for each day (1976-2000) determined using a 25-year average temperature published by the National Oceanic and Atmospheric Administration (NOAA).
- HDDa** = the actual heating degree-days for each day based on the individual customer's actual beginning and ending meter read dates
- B** = the statistical coefficient relating heating degree-days to therm use determined in the most recent general rate case, or other Commission authorized proceeding.
- Mrgn** = the relevant Rate Schedule margin defined as the current Billing Rate less the current Commodity Rate, Pipeline Capacity Charge, and any Temporary Adjustments.

- 2. For purposes of calculating the WARM Adjustment, the following shall apply:
 - a. A Heating Degree Day (HDD) is defined as the extent by which the daily mean temperature falls below a specified set point on a specified day. The HDD calculation uses a set point temperature of 59 degrees Fahrenheit for the **RATE SCHEDULE 2** calculation, and 58 degrees Fahrenheit for the **RATE SCHEDULE 3** calculation;
 - b. The statistical coefficients to be used in the calculation of the WARM Adjustment Factor effective with the WARM Period commencing November 15, 2003 are:

Schedule 2: .1958	Schedule 3: .7669
-------------------	-------------------

- c. The applicable margins to be used in the calculation of the WARM Adjustment Factor effective with the WARM Period commencing December 1, 2006 are:

Schedule 2: \$0.44717	Schedule 3: \$0.35498
-----------------------	-----------------------

(continue to Sheet 195-4)

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Effective with service on
and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Third Revision of Sheet 195-4
 Cancels Second Revision of Sheet 195-4

**SCHEDULE 195
 WEATHER ADJUSTED RATE MECHANISM
 (WARM Program)
 (continued)**

WARM FORMULA: (continued)

Weather data used in the calculation of HDD for each customer shall be from the same weather stations and weather zones that are used in the determination of thermal units as set forth in **RULE 24**.

WARM BILL EFFECTS:

The following table depicts the impact on residential **RATE SCHEDULE 2** and commercial **RATE SCHEDULE 3** customer bills, respectively, at specified variations in HDDs.

HDD Variance (+ or -)	RESIDENTIAL		COMMERCIAL	
	Equivalent therms	Total Monthly WARM adjustment (+ or -) *	Equivalent therms	Total Monthly WARM adjustment (+ or -) *
1	.1958	\$0.09	.7669	\$ 0.27
5	.9790	\$0.44	3.8345	\$ 1.36
10	1.958	\$0.88	7.669	\$ 2.72
15	2.937	\$1.31	11.5035	\$ 4.08
20	3.916	\$1.75	15.338	\$ 5.44
25	4.895	\$2.19	19.1725	\$ 6.81
30	5.874	\$2.63	23.007	\$ 8.17
35	6.853	\$3.06	26.8415	\$ 9.53
40	7.832	\$3.50	30.676	\$10.89
45	8.811	\$3.94	34.5105	\$12.28
50	9.790	\$4.38	38.345	\$13.61

(l)
 |
 (l)

To calculate variations beyond or in-between specified levels, multiply the desired HDD variance by the applicable statistical coefficient, and then multiply that sum by the applicable margin.

To obtain the cent per therm effect of the Warm Adjustment, divide the WARM Adjustment by the number of therms used during the billing month.

(continue to Sheet 195-5)

Issued August 15, 2006
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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Second Revision of Sheet 195-5
Cancels First Revision of Sheet 195-5

**SCHEDULE 195
WEATHER ADJUSTED RATE MECHANISM
(WARM Program)
(continued)**

WARM BILL EFFECTS: (continued)

Example Bill Calculation:

Here is the how the WARM adjustment is calculated for a residential **RATE SCHEDULE 2** customer where the base billing rate is \$1.38492 cents per therm, the HDD variance is 50 HDDs colder than normal, and the monthly therm usage is 129 therms: (l)

HDD Differential:	Normal HDDs:	600 HDDs	
	Actual HDDs:	650 HDDs	
	HDD variance:	600 - 650 = -50 HDDs	
Equivalent Therms:	HDD variance:	-50 HDDs	
	Statistical coefficient:	.1958	
	Equivalent therms:	-50 x .1958 = -9.79 therms	
Total Warm Adjustment:	Equivalent therms:	-9.79 therms	(l)
	Margin Rate:	\$0.44717	(l)
	Total WARM Adj.:	-9.79 x \$0.44717 = -\$4.37779	
Total WARM Adjustment converted to cents per therm:	Total WARM Adj.	-\$4.30446	
	Monthly usage:	129 therms	
	Cent/therm Adj.:	-\$4.37779 ÷ 129 = -\$0.03394	(l)
Billing Rate per therm:	Current Rate/therm:	\$1.38492	(l)
	WARM cent/therm Adj.	-\$0.03336	(l)
	WARM Billing Rate:	\$1.38492 + -\$0.03394 = \$1.35098	(l)
Total WARM Bill:	Customer Charge:	\$6.00	
	Usage Charge:	\$1.38492	(l)
	Total	(129 x \$1.38492) + \$6.00 = \$184.65	(l)

(continue to Sheet 195-6)

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Second Revision of Sheet 199-1
 Cancels First Revision of Sheet 199-1

**SCHEDULE 199
 SPECIAL RATE ADJUSTMENT (UM 1148/UP 205)**

PURPOSE

The purpose of this schedule is to reflect the effects of rate adjustments made pursuant to OPUC Order No. 04-439 in Docket UM 1148/UP 205.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Schedule 1	Schedule 3 (all)	Schedule 31 (all)	Schedule 33
Schedule 2	Schedule 19 (all)	Schedule 32 (all)	Schedule 54

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2006

(T)

The Total Adjustment amounts shown below are included in the Base Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Temporary Adjustment	Base Rate Adjustment
1R		\$0.00000	\$0.00000
1C		\$0.00000	\$0.00000
2		\$0.00000	\$0.00000
3 (CFS)		\$0.00000	\$0.00000
3 (IFS)		\$0.00000	\$0.00000
19		\$0.00	\$0.00
31 (CFS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
31(CFT)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
1 (CIS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
31 (IFS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
31 (IFT)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
31 (IIS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000

(C)

(D)
(D)

(C)

(continue to Sheet 199-2)

Issued August 15, 2006
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Effective with service on
 and after November 1, 2006

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Second Revision of Sheet 199-2
 Cancels First Revision of Sheet 199-2

**SCHEDULE 199
 SPECIAL RATE ADJUSTMENT (UM 1148/UP 205)
 (continued)**

APPLICATION TO RATE SCHEDULES (continued):

Effective: November 1, 2006

(T)

Schedule	Block	Temporary Adjustment	Base Rate Adjustment
32(FS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000
32(FT)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000
32(IS)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000
32(IT)	Block 1	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000
33(IT)		\$0.00000	\$0.00000
33(FT)		\$0.00000	\$0.00000
54		\$0.00000	\$0.00000

(C)

(C)

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued August 15, 2006
 NWN Advice No. OPUC 06-13

Effective with service on
 and after November 1, 2006

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG _____



SUPPORTING MATERIALS

Purchased Gas and Technical Adjustments to Rates

NWN Advice No. OPUC 06-13

August 15, 2006



Exhibit A
Supporting Materials

OPUC Docket No. UG ____; NWN Advice No. OPUC 06-13

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NW Natural
Rates & Regulatory Affairs
2006-2007 PGA Filing - Oregon
Calculation of Proposed Rates - SUMMARY

		10/1/2005	Net change	Net change	Proposed	Net change	Net change	Elasticity	Proposed
		Billing	WACOG	Demand [1]	Rates	Permanent	Temporary	Adjustment	11/1/2006
		Rates			PGA Only [1]	Increments	Increments		Rates [1]
		D=A+B+C							
Schedule	Block	A	B	C	D	E	F	G	H=D+E+F+G
1R		1.35982	0.09273	0.03670	1.48925	0.00317	(0.04387)	0.00478	1.45333
1C		1.32967	0.09273	0.03670	1.45910	0.00298	(0.04441)	0.00226	1.41993
2R		1.29167	0.09273	0.03670	1.42110	0.00271	(0.04367)	0.00478	1.38492
3C Firm Sales		1.19803	0.09273	0.03670	1.32746	0.00208	(0.04404)	0.00226	1.28776
Intentionally blank									
3I Firm Sales		1.15524	0.09273	0.03670	1.28467	0.00452	(0.02855)	0.00000	1.26064
Intentionally blank									
19	1st mantle	22.04	1.77	0.70	24.51	0.05	(0.83)	0.09	23.82
19	add'l mntls	21.43	1.77	0.70	23.90	0.05	(0.83)	0.09	23.21
31C Firm Sales	Block 1	1.03458	0.09273	0.03670	1.16401	0.00099	(0.04371)	0.00226	1.12355
	Block 2	1.01822	0.09273	0.03670	1.14765	0.00089	(0.04365)	0.00226	1.10715
31C Firm Trans	Block 1	0.19694	0.00000	0.00000	0.19694	0.00090	(0.01635)	0.00226	0.18375
	Block 2	0.18055	0.00000	0.00000	0.18055	0.00081	(0.01626)	0.00226	0.16736
31C Interr Sales	Block 1	0.93932	0.09273	0.00436	1.03641	0.00090	(0.03077)	0.00226	1.00880
	Block 2	0.92296	0.09273	0.00436	1.02005	0.00081	(0.03071)	0.00226	0.99241
31I Firm Sales	Block 1	1.00758	0.09273	0.03670	1.13701	0.00099	(0.02827)	0.00000	1.10973
	Block 2	0.99123	0.09273	0.03670	1.12066	0.00089	(0.02821)	0.00000	1.09334
31I Firm Trans	Block 1	0.16994	0.00000	0.00000	0.16994	0.00099	(0.00091)	0.00000	0.17002
	Block 2	0.15356	0.00000	0.00000	0.15356	0.00089	(0.00082)	0.00000	0.15363
31I Interr Sales	Block 1	0.91232	0.09273	0.00436	1.00941	0.00099	(0.01533)	0.00000	0.99507
	Block 2	0.89597	0.09273	0.00436	0.99306	0.00089	(0.01527)	0.00000	0.97868
32 Firm Sales	Block 1	0.93900	0.09273	0.03670	1.06843	0.00068	(0.02800)	0.00000	1.04111
	Block 2	0.92383	0.09273	0.03670	1.05326	0.00059	(0.02796)	0.00000	1.02589
	Block 3	0.89861	0.09273	0.03670	1.02804	0.00042	(0.02791)	0.00000	1.00055
	Block 4	0.87338	0.09273	0.03670	1.00281	0.00024	(0.02785)	0.00000	0.97520
	Block 5	0.85824	0.09273	0.03670	0.98767	0.00014	(0.02781)	0.00000	0.96000
	Block 6	0.84817	0.09273	0.03670	0.97760	0.00005	(0.02779)	0.00000	0.94986
32 Firm Trans	Block 1	0.10118	0.00000	0.00000	0.10118	0.00063	(0.00046)	0.00000	0.10135
	Block 2	0.08597	0.00000	0.00000	0.08597	0.00055	(0.00038)	0.00000	0.08614
	Block 3	0.06069	0.00000	0.00000	0.06069	0.00039	(0.00027)	0.00000	0.06081
	Block 4	0.03540	0.00000	0.00000	0.03540	0.00022	(0.00015)	0.00000	0.03547
	Block 5	0.02023	0.00000	0.00000	0.02023	0.00013	(0.00008)	0.00000	0.02028
	Block 6	0.01013	0.00000	0.00000	0.01013	0.00005	(0.00003)	0.00000	0.01015
32 Interr Sales	Block 1	0.84374	0.09273	0.00436	0.94083	0.00063	(0.01506)	0.00000	0.92640
	Block 2	0.82857	0.09273	0.00436	0.92566	0.00055	(0.01502)	0.00000	0.91119
	Block 3	0.80335	0.09273	0.00436	0.90044	0.00039	(0.01497)	0.00000	0.88586
	Block 4	0.77812	0.09273	0.00436	0.87521	0.00022	(0.01491)	0.00000	0.86052
	Block 5	0.76298	0.09273	0.00436	0.86007	0.00013	(0.01487)	0.00000	0.84533
	Block 6	0.75291	0.09273	0.00436	0.85000	0.00005	(0.01485)	0.00000	0.83520
32 Interr Trans	Block 1	0.10118	0.00000	0.00000	0.10118	0.00063	(0.00046)	0.00000	0.10135
	Block 2	0.08597	0.00000	0.00000	0.08597	0.00055	(0.00038)	0.00000	0.08614
	Block 3	0.06069	0.00000	0.00000	0.06069	0.00039	(0.00027)	0.00000	0.06081
	Block 4	0.03540	0.00000	0.00000	0.03540	0.00022	(0.00015)	0.00000	0.03547
	Block 5	0.02023	0.00000	0.00000	0.02023	0.00013	(0.00008)	0.00000	0.02028
	Block 6	0.01013	0.00000	0.00000	0.01013	0.00005	(0.00003)	0.00000	0.01015
54		1.26609	0.09273	0.03670	1.39552	0.00190	(0.03728)	0.00000	1.36014
33		0.00547	0.00000	0.00000	0.00547	0.00003	(0.00001)	0.00000	0.00549

Sources:

Direct Inputs	05-06 PGA
Rates in detail	Col F - Col B Column G+H-C-D Col K - Col J Col M - Col L Column O

[1] For convenience of presentation, the cent per therm demand charge is used, rather than the available MDDV demand option for Rate Schedules 31 and 32.

NW Natural
Rates & Regulatory Affairs
2006-2007 PGA Filing - Oregon
PGA Effects on Revenue

	<u>Amount</u>	<u>Reference</u>
1 <u>Purchased Gas Cost Adjustment (PGA)</u>		
2		
3		
4 Gas Cost Change	\$45,807,750	Exhibit 1, Supporting Materials, Page ___ of ___ (FPF's System cost of gas adjustmen
5		
6 Capacity Cost Change	<u>22,476,427</u>	Exhibit 1, Supporting Materials, Page ___ of ___ (FPF's System cost of gas adjustmen
7		
8 Total PGA Change	<u>68,284,177</u>	
9		
10 <u>Temporary Rate Adjustments</u>		
11		
12 Proposed Temporary Increments	(17,289,756)	Exhibit 2, Supporting Materials, Page ___ of ___ (NCS's Proposed Temp sheets)
13		
14 Removal of Current Temporary Increments	<u>11,832,359</u>	2005-2006 PGA filing
15		
16 Total Net Temporary Rate Adjustment	<u>(29,122,115)</u>	
17		
18 <u>Base Rate Adjustments</u>		
19		
20 Proposed Safety Program Costs	4,591,000	reference New Exhibit of COS or reference Input tab of PGA file
21		
22 Removal of Current Safety Program Costs	(3,081,000)	2005-2006 PGA filing
23		
24 Coos Bay Adjustment	(123,563)	Coos Bay workpaper reference
25		
26 Price Elasticity Adjustment	<u>2,049,167</u>	Exhibit 2, Supporting Materials, Page ___ of ___ (Elasticity page from the PGA file)
27		
28 Total Net Base Rate Adjustment	<u>3,435,604</u>	
29		
30		
31 TOTAL OF ALL COMPONENTS OF ALL RATE CHANGES	<u><u>\$42,597,666</u></u>	
32		
33		
34		
35 2005 Oregon Earnings Test Normalized Total Revenues	835,107,000	
36		
37 Affect of this filing, as a percentage change (line 31+ line 35)	5.10%	

NW Natural
Rates and Regulatory Affairs
2006-2007 PGA Filing - Oregon
Basis for Revenue Related Costs

	Twelve Months Ended 06/30/05	
1		
2		
3 Total Billed Gas Sales Revenues	900,970,946	
4 Total Oregon Revenues	907,763,635	
5		
6 Regulatory Commission Fees [1]	2,269,409	0.250% Statutory rate
7 City License and Franchise Fees	21,834,896	2.405% Line 7 ÷ Line 4
8 Unbilled Franchise Accrual	(35,128)	-0.004% Line 8 ÷ Line 4
9 Net Uncollectible Expense	3,582,825	0.395% Line 9 ÷ Line 4
10		
11 Total	<u>27,652,002</u>	<u>3.046%</u> Sum lines 6-9
12		
13		

14 **Note:**

15 [1] Dollar figure is set at statutory level of 0.25% times Total Oregon Revenues (line 4)

16

17

18

NW NATURAL

Summary of Commodity and Non-Commodity Charges

OREGON

	(a)	(b) Present Demand	(c) Proposed Demand
1	<i>Cents Per Therm Firm Non-Commodity Cost-----</i>	9.196	12.736
2	<i>After Revenue Sensitive Effects-----</i>	<u>9.466</u>	<u>13.136</u>
3	<i>Cents Per Therm Int. Non-Commodity Cost-----</i>	1.094	1.515
4	<i>After Revenue Sensitive Effects-----</i>	<u>1.126</u>	<u>1.562</u>
4	<i>Firm Non-Commodity Cost - per Therm of MDDV-----</i>	1.370	1.900
5	<i>After Revenue Sensitive Effects-----</i>	<u>1.410</u>	<u>1.960</u>
	CURRENT AND PROPOSED ANNUAL SALES WACOG	Current Sales Wacog	Proposed Sales Wacog
6	<i>A. Before Revenue Sensitive</i>	<u>71.395</u>	<u>80.243</u>
7	<i>B. After Revenue Sensitive</i>	<u>73.491</u>	<u>82.764</u>
8			
9			
10			
	CURRENT AND PROPOSED WINTER SALES WACOG	Current Winter Sales Wacog	Proposed Winter Sales Wacog
11	<i>A. Before Revenue Sensitive</i>	-	<u>86.204</u>
12	<i>B. After Revenue Sensitive</i>	-	<u>88.913</u>
13			
14			
15			
16			

NW Natural Gas

Derivation of Oregon per Therm Non-Commodity Charges

1	System Demand	\$87,668,967
2	Oregon Allocation Factor	92.3%
3	Oregon Demand	\$80,952,038
4	Oregon Firm Sales	623,697,347
5	Oregon Interruptible Sales	100,194,692
6	Demand Charges Generated by Proposed Rates	80,952,038
7	Current Demand Per Therm before Rev Sens	\$0.09196
8	Current Interruptible Demand after Rev Sens	\$0.01094
9	Proposed Firm Demand Charge Per Therm-before Rev Sens	\$0.12736
10	Proposed Oregon Int. Demand per Therm before Rev Sens	\$0.01515
11	Proposed Firm Demand Charge Per Therm after Rev Sens	\$0.13136
12	Proposed Oregon Int. Demand per Therm after sensitive	\$0.01562
13		
14	Current Firm Demand after Revenue Sensitive	\$0.09466
15	Current Int. Demand after Revenue Sensitive	\$0.01520
16	Current MDDV Demand Charge	\$1.37
17	Current MDDV Demand Charge after Rev. Sensitive	\$1.41
18	Percent Change in Demand	38.8%
19	Proposed MDDV Demand Charge	\$1.90
20	Proposed MDDV Demand Charge after Rev. Sensitive	\$1.96

NORTHWEST NATURAL
2006-07 Cost of Gas
Oregon - System

	2006: Nov	2006: Dec	2007: Jan	2007: Feb	2007: Mar	2007: Apr	2007: May	2007: Jun	2007: Jul	2007: Aug	2007: Sep	2007: Oct	Annual
Contract Commodity Gas Costs	\$65,506,798	\$80,666,639	\$67,574,928	\$60,806,661	\$71,497,625	\$51,250,689	\$35,127,008	\$21,614,575	\$12,137,579	\$11,576,838	\$19,323,878	\$45,682,025	\$542,765,184
Annual Penalty Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Reservation Charges	\$354,000	\$365,800	\$365,800	\$330,400	\$365,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,781,800
Pipeline Volumetric Charges	\$306,616	\$329,587	\$89,541	\$88,925	\$96,280	\$79,882	\$56,279	\$32,134	\$22,634	\$19,565	\$31,351	\$68,833	\$1,221,628
Variable Storage Costs	\$0	\$0	\$0	\$20,037	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,037
Commodity Gas Cost from Storage Injection Value	\$3,844,549	\$22,061,512	\$31,533,797	\$24,942,346	\$6,311,431	\$656,517	\$179,357	\$173,572	\$179,357	\$179,357	\$173,572	\$179,357	\$90,414,724
Total Commodity Cost	\$70,011,963	\$103,423,538	\$99,564,066	\$86,188,370	\$78,271,136	\$51,987,088	\$35,362,645	\$21,820,280	\$12,339,570	\$11,775,760	\$19,528,741	\$45,930,215	\$636,203,373
System Pipeline Demand Charges	\$5,777,160	\$5,873,381	\$7,503,024	\$7,058,711	\$7,503,024	\$7,354,920	\$7,503,024	\$7,354,920	\$7,503,024	\$7,503,024	\$7,354,920	\$7,503,024	\$85,792,154
System Storage Demand Charges *	\$138,131	\$142,736	\$162,745	\$146,995	\$162,745	\$157,495	\$162,745	\$157,495	\$162,745	\$162,745	\$157,495	\$162,745	\$1,876,813
Total System Demand Charges	\$5,915,291	\$6,016,117	\$7,665,768	\$7,205,706	\$7,665,768	\$7,512,414	\$7,665,768	\$7,512,414	\$7,665,768	\$7,665,768	\$7,512,414	\$7,665,768	\$87,668,967
Gas Purchased to Serve Load	96,927,508	127,101,575	119,903,061	101,648,421	93,042,227	71,728,907	49,976,214	30,201,023	17,611,758	17,006,041	27,336,607	61,650,330	814,133,672
Pipeline Fuel Use	2,381,594	2,632,384	1,901,276	1,704,241	2,072,822	1,841,643	1,384,629	843,993	519,136	526,588	727,839	1,568,673	18,104,817
Gas Arriving at City Gate	94,545,914	124,469,191	118,001,785	99,944,181	90,969,405	69,887,264	48,591,585	29,357,031	17,092,622	16,479,453	26,608,768	60,081,657	796,028,855
Purchases WACOG	\$0.74051	\$0.83092	\$0.84375	\$0.86237	\$0.86041	\$0.74387	\$0.72775	\$0.74327	\$0.72192	\$0.71457	\$0.73392	\$0.76446	\$0.79922
Unaccounted for Gas	379,007	499,298	473,299	400,708	364,629	279,879	194,270	116,948	67,645	65,180	105,900	240,461	3,187,224
Load Served	94,166,907	123,969,893	117,528,486	99,543,473	90,604,776	69,607,385	48,397,314	29,240,083	17,024,977	16,414,273	26,502,869	59,841,196	792,841,631
Annual Sales WACOG	\$0.74349	\$0.83426	\$0.84715	\$0.86584	\$0.86387	\$0.74686	\$0.73067	\$0.74625	\$0.72479	\$0.71741	\$0.73685	\$0.76754	\$0.80243
Annual Sales WACOG After Rev Sens	\$0.76685	\$0.86047	\$0.87376	\$0.89304	\$0.89101	\$0.77033	\$0.75363	\$0.76969	\$0.74756	\$0.73995	\$0.76000	\$0.79165	\$0.82764
Average Unaccounted for													0.00402

* SGS, LS-1

NW Natural

**Derivation of Winter Sales WACOG - OREGON
\$/Dth**

Winter Wacog Calculation								
	NIT Forward Strip	Average Nov-Mar	Annual Average	Ratio N-M to Average	Oregon Annual WACOG	Oregon Winter WACOG	Oregon Annual Sales WACOG after rev sens	Oregon Winter Sales WACOG after rev sens
Nov	\$7.1859	\$8.5149	\$7.9261	1.074286	\$8.0243	\$8.6204	\$8.27644	\$8.89127
Dec	\$8.4430							
Jan	\$8.9863							
Feb	\$9.0217							
Mar	\$8.9376							
Apr	\$7.3582							
May	\$7.2617							
Jun	\$7.3477							
Jul	\$7.4689							
Aug	\$7.5933							
Sep	\$7.7024							
Oct	\$7.8065							

NW Natural
Demand Charges by Transport

Transport	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total
ABC>YahKANG	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$298,388	\$3,580,658
AECO>ABCNova	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$562,890	\$6,754,678
EngageTStrm	\$55,800	\$50,400	\$55,800	\$54,000	\$55,800	\$54,000	\$55,800	\$55,800	\$54,000	\$55,800	\$54,000	\$55,800	\$657,000
Hunt>CheNWP1	\$1,401,497	\$1,265,868	\$1,401,497	\$1,356,287	\$1,401,497	\$1,356,287	\$1,401,497	\$1,401,497	\$1,356,287	\$1,401,497	\$861,332	\$890,043	\$15,495,085
June>PlyNWP	\$3,005,794	\$2,714,910	\$3,005,794	\$2,908,833	\$3,005,794	\$2,908,833	\$3,005,794	\$3,005,794	\$2,908,833	\$3,005,794	\$1,847,300	\$1,908,877	\$33,232,347
KBPipeline	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$18,688	\$224,258
Kings>StanGT	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$574,830	\$6,897,954
Kingsv>Hunt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SouthernXng	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$681,409	\$8,176,912
TempCapacity	\$128,143	\$115,742	\$128,143	\$124,009	\$128,143	\$124,009	\$128,143	\$128,143	\$124,009	\$128,143	\$124,009	\$128,143	\$1,508,779
TF-2 JP	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$40,808	\$25,916	\$459,916
TF-2 Plymouth	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$17,481	\$11,102	\$197,015
Westcoast	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$717,296	\$8,607,553
Grand Total	\$7,503,024	\$7,058,711	\$7,503,024	\$7,354,920	\$7,503,024	\$7,354,920	\$7,503,024	\$7,503,024	\$7,354,920	\$7,503,024	\$5,777,160	\$5,873,381	\$85,792,154

ABC>YahKANG ANG Pipeline
AECO>ABCNova Nova Gas Transmission
EngageTStrm Engage T South Transfer
Hunt>CheNWP1 NW Pipeline from British Columbia
June>PlyNWP NW Pipeline from Alberta—Rockies
KBPipeline KB pipeline to Beaver
Kings>StanGT Gas Transmission North (GTN)
Kingsv>Hunt NWP no charges
SouthernXng Southern Crossing
TempCapacity Temporary Capacity
TF-2 JP Jackson Prairie TF-2
TF-2 Plymouth Plymouth LNG TF-2
Westcoast Westcoast Pipeline BC

NW Natural
Oregon PGA 2006-7
Commodity Cost and Takes by Supply

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total
Albertaspot	5,480,602	4,539,641	10,467,003	8,470,477	26,994	0	0	0	0	6,742,812	19,635,696	24,603,925	80,176,951
	\$5,101,758	\$4,231,990	\$9,590,706	\$6,269,932	\$19,566	\$0	\$0	\$0	\$0	\$5,272,048	\$14,559,798	\$21,321,269	\$86,367,086
	\$0.892918	\$0.932223	\$0.916228	\$0.74021	\$0.72557	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.78190	\$0.73402	\$0.86658	\$0.82776
BC Spot	0	0	7,874	13,600	0	0	0	0	0	573,732	20,758	22,190	638,154
	\$0	\$0	\$7,215	\$10,067	\$0	\$0	\$0	\$0	\$0	\$448,601	\$15,237	\$19,229	\$500,349
	\$0.000000	\$0.000000	\$0.916228	\$0.74021	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.78190	\$0.73402	\$0.86658	\$0.78406
BPCan2BCS2BS	1,550,000	1,400,000	1,550,000	1,500,000	1,550,000	1,500,000	37,500	0	0	1,550,000	1,500,000	1,550,000	13,687,500
	\$1,374,277	\$1,246,238	\$1,366,728	\$1,085,730	\$1,106,964	\$1,084,155	\$27,558	\$0	\$0	\$1,191,408	\$1,059,885	\$1,290,065	\$10,833,007
	\$0.86663	\$0.88017	\$0.88176	\$0.72382	\$0.71417	\$0.72277	\$0.73469	\$0.000000	\$0.000000	\$0.76865	\$0.70659	\$0.83230	\$0.79145
BPCanABCBS	3,100,000	2,800,000	3,100,000	3,000,000	3,100,000	569,376	3,100,000	3,100,000	3,000,000	3,100,000	3,000,000	3,100,000	34,069,376
	\$1,591,850	\$1,437,800	\$1,591,850	\$1,540,500	\$1,591,850	\$292,374	\$1,591,850	\$1,591,850	\$1,540,500	\$1,591,850	\$1,540,500	\$1,591,850	\$17,494,624
	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350	\$0.51350
BPCANABSTBS	3,100,000	2,800,000	3,100,000	3,000,000	3,100,000	3,000,000	1,350,000	0	0	2,407,068	3,000,000	3,100,000	27,957,068
	\$2,788,760	\$2,528,960	\$2,773,880	\$2,210,400	\$2,254,320	\$2,207,400	\$1,009,665	\$0	\$0	\$1,881,605	\$2,158,800	\$2,620,430	\$22,434,220
	\$0.89960	\$0.90320	\$0.89480	\$0.73680	\$0.72720	\$0.73580	\$0.74790	\$0.000000	\$0.000000	\$0.78170	\$0.71960	\$0.84530	\$0.80245
BPCanBCS2BS	1,240,000	1,120,000	1,240,000	1,200,000	1,240,000	1,200,000	540,000	0	0	1,240,000	1,200,000	1,240,000	11,460,000
	\$984,744	\$984,704	\$1,079,792	\$855,360	\$871,968	\$854,160	\$390,906	\$0	\$0	\$939,548	\$834,720	\$1,018,412	\$8,915,314
	\$0.87560	\$0.87920	\$0.87080	\$0.71280	\$0.70320	\$0.71180	\$0.72390	\$0.000000	\$0.000000	\$0.75770	\$0.69580	\$0.82130	\$0.77795
BURLABSTBS	4,650,000	4,200,000	4,650,000	4,500,000	4,650,000	4,500,000	2,025,000	0	0	4,650,000	4,500,000	4,650,000	42,375,000
	\$4,179,653	\$3,790,290	\$4,157,333	\$3,312,225	\$3,377,993	\$3,307,725	\$1,512,979	\$0	\$0	\$3,631,418	\$3,234,825	\$3,927,158	\$34,431,596
	\$0.89885	\$0.90245	\$0.89405	\$0.73605	\$0.72645	\$0.73505	\$0.74715	\$0.000000	\$0.000000	\$0.78095	\$0.71885	\$0.84455	\$0.80120
CeraIABSTBS	3,100,000	2,800,000	3,100,000	3,000,000	3,100,000	0	1,242,161	1,932,839	3,000,000	3,100,000	3,000,000	3,100,000	30,475,000
	\$2,101,800	\$1,898,400	\$2,101,800	\$2,034,000	\$2,101,800	\$0	\$842,185	\$1,310,465	\$2,034,000	\$2,101,800	\$2,034,000	\$2,101,800	\$20,662,050
	\$0.67800	\$0.67800	\$0.67800	\$0.67800	\$0.67800	\$0.000000	\$0.67800	\$0.67800	\$0.67800	\$0.67800	\$0.67800	\$0.67800	\$0.67800
CeraIICS2BS	3,100,000	2,800,000	3,100,000	3,000,000	3,100,000	75,000	0	3,100,000	3,000,000	3,100,000	3,000,000	3,100,000	30,475,000
	\$2,177,750	\$1,967,000	\$2,177,750	\$2,107,500	\$2,177,750	\$52,688	\$0	\$2,177,750	\$2,107,500	\$2,177,750	\$2,107,500	\$2,177,750	\$21,408,688
	\$0.70250	\$0.70250	\$0.70250	\$0.70250	\$0.70250	\$0.70250	\$0.000000	\$0.70250	\$0.70250	\$0.70250	\$0.70250	\$0.70250	\$0.70250
CeraIRKBS	1,550,000	1,400,000	1,550,000	0	0	0	0	0	0	0	1,500,000	1,550,000	7,550,000
	\$1,229,150	\$1,110,200	\$1,229,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,189,500	\$1,229,150	\$5,987,150
	\$0.79300	\$0.79300	\$0.79300	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.79300	\$0.79300	\$0.79300
CeraIRKSW	1,550,000	1,400,000	1,550,000	0	0	0	0	0	0	0	1,500,000	1,550,000	7,550,000
	\$1,358,854	\$1,231,580	\$1,333,368	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,002,450	\$1,250,261	\$6,176,533
	\$0.87668	\$0.87970	\$0.86025	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.66830	\$0.80662	\$0.81808
HUSKYABSTBS	3,100,000	2,800,000	3,100,000	3,000,000	2,103,804	0	1,071,196	3,100,000	3,000,000	0	3,000,000	3,100,000	27,375,000
	\$2,589,050	\$2,311,400	\$2,589,050	\$2,476,500	\$1,736,690	\$0	\$884,273	\$2,589,050	\$2,476,500	\$0	\$2,476,500	\$2,589,050	\$22,594,063
	\$0.82550	\$0.82550	\$0.82550	\$0.82550	\$0.82550	\$0.000000	\$0.82550	\$0.82550	\$0.82550	\$0.000000	\$0.82550	\$0.82550	\$0.82550
HUSKYBCS2BS	1,550,000	1,400,000	1,550,000	1,500,000	1,550,000	1,500,000	675,000	0	0	1,550,000	1,500,000	1,550,000	14,325,000
	\$1,358,730	\$1,232,280	\$1,351,290	\$1,070,700	\$1,091,510	\$1,069,200	\$489,308	\$0	\$0	\$1,175,985	\$1,044,900	\$1,274,565	\$11,158,468
	\$0.87660	\$0.88020	\$0.87180	\$0.71390	\$0.70420	\$0.71280	\$0.72490	\$0.000000	\$0.000000	\$0.79870	\$0.69660	\$0.82230	\$0.77895

NW Natural
Oregon PGA 2006-7
Commodity Cost and Takes by Supply

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total
MistProd	406,100 \$290,037 \$0.71420	366,800 \$261,969 \$0.71420	406,100 \$290,037 \$0.71420	393,000 \$280,681 \$0.71420	406,100 \$290,037 \$0.71420	9,825 \$7,017 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	406,100 \$290,037 \$0.71420	393,000 \$280,681 \$0.71420	406,100 \$290,037 \$0.71420	406,100 \$290,037 \$0.71420	3,992,225 \$2,851,247 \$0.71420
NATRKBS	1,550,000 \$1,358,854 \$0.87668	1,400,000 \$1,231,580 \$0.87970	1,550,000 \$1,333,388 \$0.86025	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	1,500,000 \$1,250,261 \$0.83662	1,550,000 \$1,250,261 \$0.80662	7,550,000 \$6,176,533 \$0.81808
NATRKSW	1,550,000 \$1,358,854 \$0.87668	1,400,000 \$1,231,580 \$0.87970	1,550,000 \$1,333,388 \$0.86025	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	1,500,000 \$1,002,450 \$0.66830	1,550,000 \$1,002,450 \$0.64830	7,550,000 \$6,176,533 \$0.81808
NexenBCS2BS	6,432,500 \$4,441,641 \$0.69050	5,810,000 \$4,011,805 \$0.69050	6,432,500 \$4,441,641 \$0.69050	6,225,000 \$4,298,363 \$0.69050	6,432,500 \$4,441,641 \$0.69050	5,862,756 \$4,048,233 \$0.69050	0 \$0 \$0.00000	0 \$0 \$0.00000	3,360,641 \$2,320,523 \$0.69050	6,432,500 \$4,441,641 \$0.69050	6,225,000 \$4,298,363 \$0.69050	6,432,500 \$4,441,641 \$0.69050	63,235,625 \$43,664,199 \$0.69050
ONEOKRBS	3,100,000 \$2,714,608 \$0.87568	2,800,000 \$2,463,160 \$0.87970	3,100,000 \$2,663,675 \$0.85925	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	3,000,000 \$2,001,900 \$0.66730	3,100,000 \$2,497,422 \$0.80562	15,100,000 \$12,337,965 \$0.81708
ONEOKRKS	3,100,000 \$2,717,708 \$0.87668	2,800,000 \$2,463,160 \$0.87970	3,100,000 \$2,666,775 \$0.86025	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	3,000,000 \$2,004,900 \$0.66830	3,100,000 \$2,500,522 \$0.80662	15,100,000 \$12,353,065 \$0.81808
PrmSfBCS2BS	930,000 \$820,381 \$0.88213	840,000 \$743,963 \$0.88567	930,000 \$815,852 \$0.87726	900,000 \$847,388 \$0.71932	900,000 \$838,703 \$0.70967	849,403 \$610,701 \$0.71827	779,985 \$569,694 \$0.73039	765,403 \$568,564 \$0.74283	859,836 \$648,083 \$0.75374	930,000 \$710,660 \$0.76415	900,000 \$631,881 \$0.70209	930,000 \$769,854 \$0.82760	10,514,627 \$8,175,132 \$0.77750
Rockies Spot	20,675,760 \$19,211,503 \$0.92818	18,674,880 \$17,409,283 \$0.93223	20,675,760 \$18,944,785 \$0.91628	25,217,082 \$18,685,944 \$0.74021	12,299,816 \$8,924,378 \$0.72557	7,924,664 \$5,823,122 \$0.73481	2,123,915 \$1,591,747 \$0.74944	719,871 \$547,315 \$0.76019	7,513,130 \$5,792,022 \$0.77092	22,551,319 \$17,632,876 \$0.78130	20,008,800 \$14,886,859 \$0.73402	20,675,760 \$17,917,200 \$0.86658	179,060,867 \$147,147,035 \$0.82177
SempABCBS	3,100,000 \$2,841,460 \$0.91660	2,800,000 \$2,576,560 \$0.92020	3,100,000 \$2,826,580 \$0.91180	3,000,000 \$2,261,400 \$0.75380	3,100,000 \$2,307,020 \$0.74420	0 \$0 \$0.00000	3,100,000 \$1,032,615 \$0.33290	75,000 \$53,100 \$0.70800	3,000,000 \$2,124,000 \$0.70800	3,100,000 \$2,194,800 \$0.70800	3,000,000 \$2,124,000 \$0.70800	3,100,000 \$2,194,800 \$0.70800	30,475,000 \$21,576,300 \$0.70800
SempBCS2BS	3,100,000 \$2,841,460 \$0.91660	2,800,000 \$2,576,560 \$0.92020	3,100,000 \$2,826,580 \$0.91180	3,000,000 \$2,261,400 \$0.75380	3,100,000 \$2,307,020 \$0.74420	3,000,000 \$2,258,400 \$0.75280	1,350,000 \$1,032,615 \$0.76490	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	3,000,000 \$2,209,800 \$0.73660	3,100,000 \$2,673,130 \$0.86230	25,550,000 \$20,986,965 \$0.82141
WASATCHRBS	1,550,000 \$1,358,854 \$0.87668	1,400,000 \$1,231,580 \$0.87970	1,550,000 \$1,333,388 \$0.86025	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	1,500,000 \$1,002,450 \$0.66830	1,550,000 \$1,002,450 \$0.64830	7,550,000 \$6,176,533 \$0.81808
WASATCHRKS	1,550,000 \$1,358,854 \$0.87668	1,400,000 \$1,231,580 \$0.87970	1,550,000 \$1,333,388 \$0.86025	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	0 \$0 \$0.00000	1,500,000 \$1,002,450 \$0.66830	1,550,000 \$1,002,450 \$0.64830	7,550,000 \$6,176,533 \$0.81808
GrandTotal	80,124,962 \$67,574,928 \$0.84337	71,951,321 \$60,806,661 \$0.84511	85,109,237 \$71,497,625 \$0.84007	70,919,169 \$51,250,689 \$0.72266	49,759,214 \$35,127,008 \$0.70594	29,991,023 \$21,614,575 \$0.72070	17,394,758 \$12,137,579 \$0.69777	16,789,041 \$11,576,838 \$0.68954	27,126,607 \$19,323,818 \$0.71236	61,433,330 \$45,662,025 \$0.74360	92,083,255 \$65,506,798 \$0.71139	99,260,475 \$80,666,639 \$0.81268	701,942,392 \$542,765,184 \$0.77323

NW Natural
Derivation of Seasonalized Fixed Charges - Oregon Specific
PGA Filing Effective November 1, 2006

	2005	2006	2006	Normalized Residential Volumes	Normalized Commercial Volumes	Industrial Firm Volumes	Interruptible Volumes	Embedded Demand Increment - Firm Rates 11/1/06	Embedded Demand Increment - Int Rates 11/1/06	Seasonalized Fixed Charges
October										\$3,835,580
November										\$8,754,373
January								0.12736	0.01515	\$12,633,985
February								0.12736	0.01515	10,393,818
March								0.12736	0.01515	9,535,319
April								0.12736	0.01515	7,166,669
May								0.12736	0.01515	4,730,318
June								0.12736	0.01515	2,507,809
July								0.12736	0.01515	1,121,565
August								0.12736	0.01515	1,004,680
September								0.12736	0.01515	2,202,844
October								0.12736	0.01515	6,030,248
November								0.12736	0.01515	10,014,810
December								0.12736	0.01515	13,410,153
										\$80,952,038
										\$60,062,038
										0.994261743

check scale

Unscaled	Residential	Commercial	Industrial Firm	Interruptible
January	56,432,754	36,220,726	6,008,607	9,359,685
February	46,838,780	29,027,901	5,814,885	9,081,432
March	41,477,781	26,895,490	5,607,687	8,428,065
April	30,822,544	19,877,339	4,842,833	6,862,532
May	19,272,030	12,560,804	4,473,875	5,825,972
June	8,679,391	5,773,279	4,278,415	5,028,048
July	2,338,438	1,686,353	3,785,723	6,803,337
August	1,640,945	1,237,852	3,950,443	9,291,506
September	7,138,929	4,842,518	4,351,302	8,943,622
October	25,517,785	16,659,763	4,379,054	8,959,738
November	44,118,387	28,557,295	5,382,457	8,653,443
December	60,003,690	38,630,986	6,195,473	9,018,988
	344,281,655	222,670,307	59,469,985	108,256,334

SYSTEM	Oregon	
	Res	Com
Jan	56,432,754	36,220,726
Feb	46,838,780	29,927,901
Mar	41,477,781	26,895,490
Apr	30,822,544	19,877,339
May	19,272,030	12,560,804
Jun	8,679,391	5,773,279
Jul	2,338,438	1,686,353
Aug	1,640,945	1,237,852
Sep	7,138,929	4,842,518
Oct	25,517,785	16,659,763
Nov	44,118,387	28,557,295
Dec	60,003,690	38,630,986
	344,281,655	222,670,307
	89.91%	91.93%

Thirtieth Revised Sheet No. 5 : Effective

Superseding: Twenty-Ninth Revised Sheet No. 5

STATEMENT OF RATES
Effective Rates Applicable to Rate Schedules TF-1, TF-2 and TI-1
(Dollars per Dth)

Rate Schedule and Type of Rate	Base Tariff Rate		ACA(2)	Currently Effective Tariff Rate(3)	
	Minimum	Maximum		Minimum	Maximum
Rate Schedule TF-1 (4) (5)					
Reservation					
(Large Customer)					
System-Wide	.00000	.27760	-	.00000	.27760
15 Year Evergreen Exp.	.00000	.39547	-	.00000	.39547
25 Year Evergreen Exp.	.00000	.37893	-	.00000	.37893
Volumetric					
(Large Customer)	.01225	.03000	.00180	.01405	.03180
(Small Customer) (6)	.01225	.58521	.00180	.01405	.58701
Scheduled Overrun	.01225	.30760	.00180	.01405	.30940
Rate Schedule TF-2 (4) (5)					
Reservation	.00000	.27760	-	.00000	.27760
Volumetric	.01225	.03000	-	.01225	.03000
Scheduled Daily Overrun	.01225	.30760	-	.01225	.30760
Annual Overrun	.01225	.30760	-	.01225	.30760
Rate Schedule TI-1					
Volumetric (7)	.01225	.30760	.00180	.01405	.30940
Scheduled Overrun	.01225	.30760	.00180	.01405	.30940

Fourteenth Revised Sheet No. 7 : Effective

Superseding: Thirteenth Revised Sheet No. 7

STATEMENT OF RATES (Continued)

Effective Rates Applicable to Rate Schedules SGS-2F and SGS-2I

(Dollars per Dth)

Effective (1) Maximum	Rate Schedule and Type of Rate	Currently Tariff Rate Minimum
	Rate Schedule SGS-2F (2)	
0.01689	Demand Charge	0.00000
0.00062	Capacity Demand Charge	0.00000
	Volumetric Bid Rates	
0.01689	Withdrawal Charge	0.00000
0.00062	Storage Charge	0.00000
	Rate Schedule SGS-2I	
0.00134	Volumetric	0.00000

Footnotes

- (1) Shippers receiving service under these rate schedules are required to furnish fuel reimbursement in-kind at the rates specified on Sheet No. 14.
- (2) Rates are daily rates computed on the basis of 365 days per year, except that rates for leap years are computed on the basis of 366 days.

Rates are also applicable to capacity release service. (Section 22 of the General Terms and Conditions describes how bids for capacity release will be evaluated.) The Withdrawal Charge and Storage Charge are applicable to Replacement Shippers bidding for capacity released on a one-

part volumetric bid basis.

Sixteenth Revised Sheet No. 8 : Effective

Superseding: Fifteenth Revised Sheet No. 8

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STATEMENT OF RATES (Continued)
Effective Rates Applicable to Rate Schedule LS-1
(Dollars per Dth)

Type of Rate	Currently Effective Tariff Rate (1)
Demand Charge (2)	0.02600
Capacity Charge (2)	0.00332
Liquefaction	0.55685
Vaporization	0.03030

Footnotes

- (1) Shippers receiving service under this rate schedule are required to furnish fuel reimbursement in-kind at the rate specified on Sheet No. 14.
- (2) Rates are daily rates computed on the basis of 365 days per year, except that rates for leap years are computed on the basis of 366 days.

NW Natural
Derivation of Increments for Cost of Gas - Oregon
Estimated Balance in Accounts for October 31, 2006

<u>Line No.</u>			<u>Amount</u>
			(a)
<u>Amortization Over 12-Month Period - Commodity Costs</u>			
1	191.400	Deferral of Gas Commodity Cost Changes	
2		Beginning October 2005	(\$13,729,635)
3	191.401	Remainder of 10/1/05 Amortization of Cost of	
4		Gas Commodity Deferral Accounts	<u>500,697</u>
5		Total Amount to be Amortized	(13,228,938)
6		Estimated Interest During Amortization	<u>(625,639)</u>
7		Total Estimated Refund of Commodity Deferrals	<u><u>(\$13,854,577)</u></u>
8	Allocation:	Equal cent per therm basis to all sales schedules	
<u>Amortization Over 12-Month Period - Demand Costs</u>			
9	191.410	Deferral of Gas Demand Cost Differences	
10		Beginning October 2005	(\$2,629,158)
11	191.411	Remainder of 10/1/05 Amortization of Demand Cost	(810,521)
12	191.417	Deferral of Coos Bay Demand Costs	233,952
12	191.450	Deferral of Gas Demand Volumetric Differences	
13		Beginning October 2005	3,150,230
14	191.455	Deferral of Interest on Gas Demand Cost vs Collection Differences	<u>(518,354)</u>
15		Total Amount to be Amortized	(573,851)
16		Estimated Interest During Amortization	<u>(27,139)</u>
17		Total Estimated Refund of Demand Deferrals	<u><u>(\$600,990)</u></u>
18		Estimated Refund of Demand Deferrals to Firm	<u><u>(\$585,690)</u></u>
19		Estimated Refund of Demand Deferrals to Interruptible	<u><u>(\$15,300)</u></u>
20	Allocation:	Equal cent per Firm and Interruptible therm basis to all sales schedules	

NW Natural
Derivation of Increments for Cost of Gas - Oregon
Estimated Balance in Accounts for October 31, 2006

<u>Line No.</u>			<u>Amount</u> (a)
<u>Amortization Over 12-Month Period - Decoupling - Residential</u>			
1	186.275	Deferral of differences between weather-normalized	
2		usage & calculated baseline usage beginning 10/05	\$111,388
3	186.277	Remainder of 10/1/05 Amortization of Decoupling - Residential	<u>(809,905)</u>
4		Total Amount to be Amortized	(698,517)
5		Estimated Interest During Amortization	<u>(33,035)</u>
6		Total Estimated Refund of Residential Decoupling	<u><u>(\$731,552)</u></u>
7	Allocation:	Equal cent per therm basis to Residential schedules 1 and 2	
<u>Amortization Over 12-Month Period - Decoupling - Commercial</u>			
8	186.270	Deferral of differences between weather-normalized	
9		usage & calculated baseline usage beginning 10/05	(\$1,144,151)
10	186.271	Remainder of 10/1/05 Amortization of Decoupling - Commercial	<u>(329,017)</u>
11		Total Amount to be Amortized	(1,473,168)
12		Estimated Interest During Amortization	<u>(69,671)</u>
13		Total Estimated Refund of Commercial Decoupling	<u><u>(\$1,542,839)</u></u>
14	Allocation:	Equal cent per therm basis to Commercial schedules 1, 3 and 31	
<u>Amortization Over 12-Month Period - 186 Accounts DSM and Weatherization</u>			
15	186.231	Remainder of 10/1/03 Amortization of DSM and Weatherization Costs	<u>(\$157,030)</u>
16		Total Amount to be Amortized	(157,030)
17		Estimated Interest During Amortization	<u>(7,426)</u>
18		Total Estimated Refund of DSM and Weatherization	<u><u>(\$164,456)</u></u>
19	Allocation:	Equal cent per therm basis to all Firm sales schedules	

NW Natural
Derivation of Increments for Cost of Gas - Oregon
Estimated Balance in Accounts for October 31, 2006

<u>Line No.</u>		<u>Amount (a)</u>
<u>Amortization Over 12-Month Period - Intervenor Funding</u>		
1	186.276 Intervenor Funding - CUB Fund	\$50,000
2	186.286 Remainder of 10/1/05 Amort Intervenor Funding - CUB Fund	<u>(7,050)</u>
3	Total Amount to be Amortized	42,950
4	Estimated Interest During Amortization	<u>(2,031)</u>
5	Total Estimated Collection from residential customers	<u>\$40,919</u>
6	Allocation: Equal cents per therm basis to all residential customers	

NW Natural
Rates & Regulatory Affairs
2006-2007 PGA Filing - Oregon
Elasticity Adjustment

Schedule	Block	Elasticity Volumes	Monthly Service Charge	Customers	Current Billing Rate	Proposed 2006-2007 Billing Rate Before Elasticity	Current Revenue	Proposed 2006-2007 Revenue	Proposed 2006-2007 WACOG	Proposed 2006-2007 Demand	Proposed 2006-2007 Margin Rate	Proposed 2006-2007 Margin	
		A	B	C	D	E	F=(D*A)*(B*C*12)	G=(E*A)*(B*C*12)	H	I	J=E-H-I	K=J*A	
1	1R	720,718.9	\$5.00	3,418	1.35982	1.44855	1,185,128	1,249,077	0.82764	0.13136	0.48955	352,828	
2	1C	84,130.9	\$5.00	183	1.32967	1.41767	122,846	130,250	0.82764	0.13136	0.45667	38,568	
3	2R	343,491,452.1	\$6.00	502,969	1.29167	1.38014	479,891,372	510,260,061	0.82764	0.13136	0.42114	144,657,990	
4	3C Firm Sales	144,524,695.5	\$8.00	53,502	1.19803	1.2855	178,281,113	190,922,688	0.82764	0.13136	0.32650	47,187,313	
5	Intentionally blank												
6	3I Firm Sales												
7	Intentionally blank												
8	Intentionally blank												
9	19			20									
10	19			0									
11	31C Firm Sales Block 1	24,991,805.6	\$325.00	1,229	1.03458	1.12129	30,649,122	32,816,162	0.82764	0.13136	0.16229	4,055,920	
12	Block 2	37,528,487.0		0	1.01822	1.10489	38,212,266	41,464,861	0.82764	0.13136	0.14589	5,475,032	
13	31C Firm Trans Block 1	0.0	\$325.00	0	0.19694	0.18149	0	0	0.00000	0.00000	0.16149	0	
14	Block 2	0.0		0	0.18055	0.1651	0	0	0.00000	0.00000	0.16510	0	
15	31C Interr Sales Block 1	0.0	\$325.00	0	0.93932	1.00654	0	0	0.82764	0.01562	0.16328	0	
16	Block 2	0.0		0	0.92286	0.93015	0	0	0.82764	0.01562	0.14689	0	
17		551,341,300		561,321			728,341,847	776,863,099				201,767,872	
18													
19	Calculation of Class Prices and Margins:												
20	Residential (Line 2 + Line 4)	344,212,171		506,387	\$1,39762	\$1,48609	481,076,500	511,529,138			Column K + A	145,010,818	
21	Commercial (Line 17 - Line 21)	207,129,129		54,934	\$1,19377	\$1,28101	247,265,347	265,333,961			Column K + A	56,756,954	
22		551,341,300		561,321			728,341,847	776,863,099			Column K + A	201,767,872	
23													
24													
25	Sources for lines 1-17:												
26	Direct Input												
27	Per Tariff												
28	Rates in Detail page												
29	Column G			Column H		Column N				Column F		Columns G + H	
30	PGA Effects page												
31													
32	ELASTICITY CALCULATION:												
33	Elasticity volumes			Residential	Proposed	Commercial	Proposed						
34				Current	344,212,171	Current	207,129,129						
35	Class prices (Columns D & E, lines 21, 22)				\$1,39762		\$1,28101						
36	Change in class prices				\$0.08847		\$0.08724						
37	Percentage change in class prices 10/1/05 to 11/1/06				6.3%		7.3%						
38	Volume change due to elasticity in terms (line 42 x line 34)				1.1%		0.8%						
39	Volume change due to elasticity in terms (line 42 x line 34)				3,786,334		1,657,033						
40	Margin rate per therm (Columns J & K, lines 21, 22)				\$0.42128		\$0.27402						
41	Margin Shortfall (line 44 x Line 46)				\$1,595,107		\$454,060						
42	Rate Change Due to Elasticity Effects (line 48 + line 34)				\$0.00463		\$0.00219						
43	Rate Change Due to Elasticity Effects with revenue sensitive added				\$0.00478		\$0.00226						

**NW Natural
Bare Steel, Geohazard and Integrity Management Programs
Cost of Service Summary
Thousands of Dollars**

	<u>Investment</u>	<u>Tracker Year Cost of Service</u>
Bare Steel Program		
1 Activity Ended September 30, 2002	\$2,665	\$353
2 Activity Ended September 30, 2003	3,510	455
3 Activity Ended September 30, 2004	3,094	414
4 Activity Ended September 30, 2005	6,000	828
5 Activity Ended September 30, 2006	(695)	(107)
6 Total Bare Steel Program	<u>\$14,574</u>	<u>\$1,944</u>
Geohazard Program		
7 Activity Ended September 30, 2002	\$1,714	\$227
8 Activity Ended September 30, 2003	555	72
9 Activity Ended September 30, 2004	139	19
10 Activity Ended September 30, 2005	206	28
11 Activity Ended September 30, 2006	2,863	440
12 Total Geohazard Program	<u>\$5,477</u>	<u>\$786</u>
Integrity Management Program		
13 Activity Ended September 30, 2005	\$3,476	\$480
14 Activity Ended September 30, 2006	8,978	1,381
15 Total Integrity Management Program	<u>\$12,454</u>	<u>\$1,861</u>
GRAND TOTAL ALL PROGRAMS	<u><u>\$32,505</u></u>	<u><u>\$4,591</u></u>

Reflects Actuals through June 30, 2006

NW Natural
Rates and Regulatory Affairs
2006-2007 PGA Filing - Oregon
Estimated Revenue Effects for the 12 Months Beginning November 1, 2006

Line No.	Item	Total Increment Amounts	Limit For Increment Amounts
1	Commodity and Demand Deferrals	(\$14,893,936)	
2	Temporary Increments	<u>(2,395,820)</u>	
3	Total	<u><u>(\$17,289,756)</u></u>	
4	2005 Utility Revenues		\$900,652,262
5	@ 3% threshold		<u>3.0%</u>
6	Threshold for Annual Effect of Proposed Change in Amortization		<u><u>\$27,019,568</u></u>

ORS 757.259 (6)



SUMMARY OF NW NATURAL'S GAS PURCHASING STRATEGY

NWN's goal is to assemble resources sufficient to meet expected firm customer requirements under "design" year conditions at the lowest reasonable cost.¹

To ensure adequate reliability, NWN contracts for firm upstream pipeline capacity, firm off-system storage service and firm recallable gas supply/capacity arrangements with certain on-system customers, in addition to its development of on-system underground and LNG storage.²

Upstream pipeline capacity has been contracted with the following objectives in mind: (1) Diversify capacity sources so that disruptions in any one supply region, such as from a pipeline rupture, well freeze-offs, etc., have a minimal impact on NWN; (2) Obtain upstream capacity along the path from NWN's service territory to points generally recognized for their liquidity, such as AECO, to maximize trading opportunities and minimize price volatility; and (3) Find ways to minimize the cost of upstream capacity such as through optimization activities or committing to capacity only on a winter season basis if possible.

Upstream gas supply contracts have been negotiated with the following objectives in mind: (1) Use a diverse group of reliable suppliers as established by their asset positions, past performance and other factors; (2) Try to match our year-round customer requirements to baseload (take-or-pay) annual or multi-year supply contracts to obtain the most favorable pricing; (3) Use winter only (Nov-Mar) term contracts to match our rise in requirements during the heating season; (4) Leave very little to be purchased on the spot market during the winter due to the likely correlation of high requirements with high spot prices; (5) Use a variety of multi-year contract durations to avoid having to re-contract all supplies every year; (6) Use index-related pricing formulas in term contracts to enable easy evaluation of competitive offers and avoid the need for further price negotiation over the term of the contract; (7) Structure the portfolio to

¹ "Design" year refers to the coldest heating season (currently 1985/86) plus the coldest weather event (currently centered around February 3, 1989) experienced over the past 20 years. Expected firm requirements are derived using the degree-days from those design weather conditions along with current firm customer counts and expected gas usage per degree-day per customer.

² Customer requirements increase dramatically during the heating season, so past and present storage developed in or adjacent to NWN's service territory has offered a significant cost advantage because it avoids the need to subscribe to upstream pipeline capacity that would be under-utilized much of the year. Future storage developments will depend of course on the cost to develop new reservoirs and associated infrastructure.

provide some opportunity to take advantage when spot prices are favorable; and (8) Avoid over-contracting gas on a take-or-pay basis, which could result in excess gas supplies that must be sold at a loss if requirements fail to materialize such as during a warm winter.

NWN has contracted with suppliers for approximately 1.2 million therms/day of firm deliveries on a daily basis over the upcoming November 2006 through October 2007 period. This reflects the relatively stable daily component of NWN's demand, including some portion of storage injection requirements in the summer months. This figure is down slightly from the 1.3 million therms/day contracted for the Nov05-Oct06 period due to declining usage per customer and the need for more portfolio flexibility.

In addition, during the heating season (Nov06-Mar07), NWN contracts for another 0.5 million therms/day of supply, reflecting the higher consumption of customers and potentially more intense competition for supplies during those months. This compares with 1.5 million therms/day contracted for the Nov06-Mar06 period. The reduction will help avoid any potential oversupply situations and allow more opportunities for the use of storage supplies. As in previous years, about half of the winter contracted volume is purchased on a take-or-pay basis. The remaining contracted volumes are made available to NWN on a daily basis in exchange for payment of a fixed "reservation" charge, but there is no minimum daily, monthly or seasonal purchase requirement. These "swing" supplies provide additional daily supply flexibility, which is especially valuable since winter weather can fluctuate rapidly between mild and cool temperatures, resulting in rapidly changing customer requirements.

This means between 1.6 and 1.8 million therms/day of upstream capacity could be available during the heating season for spot (one month and shorter duration) purchases as and when needed. Spot purchases formerly accounted for roughly 10% of annual purchases, with many of those purchases occurring during the non-heating season, especially in late spring and early summer when storage injections are heaviest. With the changes mentioned above, the diversity of the supply portfolio between year-round term, winter term and spot purchases should improve.

NWN "swaps" monthly index prices for fixed prices through the use of financial instruments in order to increase price stability across the year. Volumes in storage provide another form of hedging. Overall, NWN's target this year is to hedge the prices of approximately 50% of its expected annual purchase volumes for the upcoming 12-month period commencing in November, the traditional start month for its supply contracts. This is a reduction from prior years due to the volatility of gas prices and the view that the current strength in future prices is not sustainable.

Table 1

NW Natural
Firm Off-System Gas Supply Contracts
for the 2006/2007 Tracker Year

Supply Location	Duration	Baseload Quantity (Dth/day)	Swing Quantity (Dth/day)	Contract Termination Date
<i>British Columbia (Station 2):</i>				
BP Canada	Nov-Oct	5,000		10/31/2009
BP Canada	Nov-Oct	4,000		10/31/2007
Coral Energy Canada	Nov-Oct	10,000		10/31/2010
Husky Energy Marketing	Nov-Oct	5,000		10/31/2007
Nexen (assigned from Duke)	Nov-Oct	20,750		10/31/2008
PremStar Energy	Nov-Oct	3,000		10/31/2008
Sempra Energy Trading	Nov-Oct	10,000		10/31/2008
<i>Alberta:</i>				
BP Canada	Nov-Oct	10,000		10/31/2009
BP Canada	Nov-Oct	10,000		10/31/2009
Burlington Resources Canada	Nov-Oct	15,000		10/31/2007
Coral Energy Canada	Nov-Oct	10,000		10/31/2008
Husky Energy Marketing	Nov-Oct	10,000		10/31/2007
Sempra Energy Trading	Nov-Oct	10,000		10/31/2014
<i>Rockies:</i>				
Coral Energy Resources	Nov-Mar	5,000	5,000	3/31/2007
National Fuel Marketing	Nov-Mar	5,000	5,000	3/31/2007
ONEOK Energy Services	Nov-Mar	10,000	10,000	3/31/2007
Wasatch Energy	Nov-Mar	5,000	5,000	3/31/2007
Total Off-System Firm Contract Supply		147,750	25,000	

Notes:

- Contract quantities represent deliveries into upstream pipelines. Accordingly, quantities delivered into NW Natural's system are slightly less due to upstream pipeline fuel consumption.

Table 2

NW Natural
Firm Transportation Capacity
for the 2006/2007 Tracker Year

Pipeline and Contract	Contract Demand (Dth/day)	Termination Date
Northwest Pipeline:		
Sales Conversion	216,044	9/30/2013
1993 Expansion	34,000	9/30/2009
1995 Expansion	102,000	11/30/2011
Duke Capacity Acquisition	<u>5,000</u>	3/31/2008
Total NWP Capacity	357,044	
less recallable releases to -		
Portland General Electric	(30,000)	10/31/2010
Georgia Pacific	<u>(7,000)</u>	10/31/2003
Net NWP Capacity	320,044	
TransCanada's GTN System:		
Sales Conversion	3,616	10/31/2023
1993 Expansion	46,549	10/31/2023
1995 Rationalization	<u>56,000</u>	10/31/2005
Total GTN Capacity	106,165	
TransCanada's BC System:		
1993 Expansion	47,000	10/31/2008
1995 Rationalization	56,500	10/31/2005
Engage Capacity Acquisition	3,814	10/31/2008
2004 Capacity Acquisition	<u>48,200</u>	10/31/2016
Total TCPL-BC Capacity	155,514	
TransCanada's Alberta System:		
1995 Rationalization	57,000	10/31/2001
Burlington/Summit Cap. Assignments	23,561	10/31/2008
Engage Capacity Acquisition	3,861	10/31/2008
Engage Capacity Assignments	24,121	10/31/2008
2004 Capacity Acquisition	<u>48,910</u>	10/31/2016
Total TCPL-Alberta Capacity	157,453	
WEI T-South Capacity	60,000	10/31/2014
Southern Crossing Pipeline	47,200	10/31/2020

Notes:

1. All of the above agreements continue year-to-year after termination at NW Natural's sole option except for PGE and GP. Those two contracts require mutual agreement to continue.
2. The TCPL-Alberta, WEI and Southern Crossing contracts are denominated in volumetric units. Accordingly, the above energy units are an approximation.
3. The numbers shown for the 1993 Expansion contracts on GTN and TCPL-BC are for the winter season (Oct-Mar) only. Both contracts decline during the summer season (Apr-Sep) to approximately 30,000 Dth/day.

Table 3
NW Natural
Firm Storage Resources
for the 2006/2007 Tracker Year

Facility	Max. Daily Rate (Dth/day)	Max. Seasonal Level (Dth)	Termination Date
Jackson Prairie:			
SGS-2F	46,030	1,120,288	10/31/2004
TF-2 (redelivery service)	32,624	839,046	10/31/2004
TF-2 (redelivery service)	13,406	281,242	3/31/2008
Plymouth LNG:			
LS-1	60,100	478,900	10/31/2004
TF-2 (redelivery service)	60,100	478,900	10/31/2004
Total Firm Off-system Storage:			
Withdrawal/Vaporization	106,130	1,599,188	
TF-2 Redelivery	106,130	1,599,188	
Firm On-System Storage Plants:			
Mist (reserved for core)	230,000	8,720,000	n/a
Portland LNG Plant	120,000	600,000	n/a
Newport LNG Plant	60,000	1,000,000	n/a
Total On-System Storage	410,000	10,320,000	
Total Firm Storage Resource	516,130	11,919,188	

Notes:

1. All of the above agreements continue year-to-year after termination at NW Natural's sole option.
2. The second Jackson Prairie TF-2 service, for 13,406 Dth/day, is a subordinated firm service. However, on cold weather days, when flows are maximized on NWP's system, service on this agreement should be highly reliable.
3. On-system storage peak deliverability based on design criteria.
4. Mist numbers shown are the portions reserved for service to utility core customers per the company's Integrated Resource Plan. Additional capacity and deliverability has been contracted under varying terms to off-system customers. The number is approximate as it depends on the heat content of the stored gas, which in turn is dependent on the blended heat content of upstream pipeline gas together with Mist production gas.

Table 4
NW Natural
Other Resources: Recall Agreements, Citygate Deliveries and Mist Production
for the 2006/2007 Tracker Year

Type	Max. Daily Rate (Dth/day)	Max. Annual Recall (days)	Termination Date
Recall Agreements:			
PGE	30,000	30	11/1/2010 upon 1 year notice upon 1 year notice upon 1 year notice
Georgia Pacific - Toledo	7,000	35	
Weyerhaeuser 1	3,000	40	
Weyerhaeuser 2	5,000	40	
Total Recall Resource	45,000		
Citygate Deliveries:			
none			
Mist Production:			
Enerfin Resources	≈1,200	n/a	4/1/2005

Notes:

1. There are a variety of terms and conditions surrounding the recall rights under each of the above agreements.
All of the recall arrangements include delivery to NW Natural's system.
2. Mist production is currently flowing at roughly the figure shown above. Flows vary as new wells are added and older wells deplete. NW Natural's obligation to take gas from existing wells continues for the life of those wells.
An extension of the current contract is currently being negotiated to allow the addition of new wells.

Table 5
NW Natural
Firm Resource Summary
for the 2006/2007 Tracker Year

Resource Type	Max. Daily Rate (Dth/day)
Net Deliverability over Upstream Pipeline Capacity	320,044
Off-System Storage (Jackson Prairie and Plymouth)	106,130
On-System Storage (Mist, Portland LNG and Newport LNG)	410,000
Recallable Capacity and Supply Agreements	45,000
Citygate Deliveries	-
Nominal Mist Production Gas	1,200
Total Firm Resource	882,374