

e-FILING REPORT COVER SHEET

REPORT NAME: 2012 Annual Budget of Expenditures Report

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

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

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

Report is required by: OAR Enter Rule number; e.g., 860-027-0005
 Statute Enter Statute; e.g., ORS 757.105
 Order
 Other

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

Key words: 2012, Annual Report, Budget of Proposed Budget of Expenditures, NW Natural

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

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

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- **Annual Fee Statement form and payment remittance or**
- **OUS or RSPF Surcharge form or surcharge remittance or**
- **Any other Telecommunications Reporting or**
- **Any daily safety or safety incident reports or**
- **Accident reports required by ORS 654.715.**

MARK R. THOMPSON
Manager, Rates & Regulatory Affairs
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February 14, 2012

VIA ELECTRONIC FILING

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

Attention: Filing Center

Re: **2012 ANNUAL BUDGET OF EXPENDITURES REPORT**

Northwest Natural Gas Company, dba NW Natural, submits herewith its 2012 Annual Proposed Budget of Expenditures, pursuant to ORS 757.105 and OAR 860-027-0005.

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

Sincerely,



Mark R. Thompson

enclosure

cc: David Anderson
Stephen Feltz
Alex Miller
John Sohl

BUDGET OF EXPENDITURES REPORT FOR THE YEAR 2012

Filed by:

NORTHWEST NATURAL GAS COMPANY
220 NW Second Avenue
Portland, Oregon 97209

Date of Incorporation:

January 10, 1910

Directors at date of budget:

NAME OF DIRECTOR	CITY AND STATE OF RESIDENCE	LENGTH OF TERM	TERM EXPIRES
Timothy P. Boyle*	Portland, OR	3 year	2012
Tod R. Hamachek	Ketchum, ID	3 year	2013
Gregg Kantor	Portland, OR	3 year	2014
Russell F. Tromley	Lake Oswego, OR	3 year	2013
Mark S. Dodson*	Vancouver, WA	3 year	2012
John D. Carter	Portland, OR	3 year	2014
C. Scott Gibson	Jackson Hole, WY	3 year	2014
Martha L. Byorum	New York, NY	3 year	2014
Jane Peverett	West Vancouver, BC	3 year	2013
George Puentes*	Salem, OR	3 year	2012
Kenneth Thrasher	Portland, OR	3 year	2013

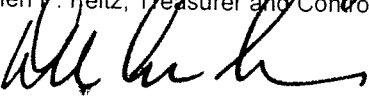
* Nominee at 2012 Annual Meeting for three-year term expiring in May 2015.

We certify that this budget of expenditures report has been prepared under our direction; that we have carefully examined the report and declare it to be a complete and correct estimate of Company expenditures for the coming year, to the best of our knowledge, information, and belief.



Stephen P. Feltz, Treasurer and Controller

2/13/2012
Date



David H. Anderson, Senior VP Finance & CFO

2/13/12
Date

ANNUAL SALARY* AND OTHER COMPENSATION OF OFFICERS AND RETIRED EXECUTIVES

* Salary amounts effective 3-1-11. Bonuses paid in March '11. Other amounts may reflect 2011 expenditures.

Kantor, Gregg S.		Company	Account
President and Chief Executive Officer		Paid	Number
1	Annual Salary	\$466,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	16,467	Var
4	Life and Disability Insurance	1,662	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	266	804
7	Pension Plan	0	
8	Savings Plan	32,113	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$50,508	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	123,323	602
16	Bonus (Annual and Long Term Incentive Plans)	508,289	Var

Anderson, David		Company	Account
Sr. Vice President of Finance and Chief Financial Officer		Paid	Number
1	Annual Salary	\$358,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	19,067	Var
4	Life and Disability Insurance	1,292	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	416	804
7	Pension Plan	0	
8	Savings Plan	20,447	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$41,221	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	96,644	602
16	Bonus (Annual and Long Term Incentive Plans)	279,240	Var

Doolittle, Lea Anne		Company	Account
Sr. Vice President, Human Resources		Paid	Number
1	Annual Salary	\$252,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	19,067	Var
4	Life and Disability Insurance	1,559	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	491	804
7	Pension Plan	0	
8	Savings Plan	13,319	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$34,435	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	58,348	602
16	Bonus (Annual and Long Term Incentive Plans)	162,571	Var

NOTE: 2012 salaries effective 3-1-12 will be updated when approved.

Kirkpatrick, Margaret		Company	Account
Vice President and General Counsel		Paid	Number
1	Annual Salary	\$276,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	19,067	Var
4	Life and Disability Insurance	1,713	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	290	804
7	Pension Plan	0	
8	Savings Plan	8,820	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$29,889	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	22,000	602
16	Bonus (Annual and Long Term Incentive Plans)	165,391	Var

White, J. Keith		Company	Account
Vice President, Business Development and Energy Supply, Chief Strategic Officer		Paid	Number
1	Annual Salary	\$229,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	13,889	Var
4	Life and Disability Insurance	1,417	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	367	804
7	Pension Plan	0	
8	Savings Plan	8,820	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$24,493	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	22,000	602
16	Bonus (Annual and Long Term Incentive Plans)	163,621	Var

Miller, C. Alex		Company	Account
Vice President, Finance and Regulation		Paid	Number
1	Annual Salary	\$189,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	11,864	Var
4	Life and Disability Insurance	711	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	125	804
7	Pension Plan	0	
8	Savings Plan	8,820	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$21,520	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	15,743	602
16	Bonus (Annual and Long Term Incentive Plans)	86,723	Var

NOTE: 2012 salaries effective 3-1-12 will be updated when approved.

Williams, David		Company	Account
Vice President, Utility Services		Paid	Number
1	Annual Salary	\$215,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	7,466	Var
4	Life and Disability Insurance	1,322	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	0	804
7	Pension Plan	0	
8	Savings Plan	11,382	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$20,170	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	45,558	602
16	Bonus (Annual and Long Term Incentive Plans)	127,083	Var

Yoshihara, Grant		Company	Account
Vice President, Utility Operations		Paid	Number
1	Annual Salary	\$215,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	19,067	Var
4	Life and Disability Insurance	1,322	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	0	804
7	Pension Plan	0	
8	Savings Plan	11,346	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$31,735	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	42,808	602
16	Bonus (Annual and Long Term Incentive Plans)	126,276	Var

Feltz, Stephen P.		Company	Account
Treasurer and Controller		Paid	Number
1	Annual Salary	\$225,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	19,067	Var
4	Life and Disability Insurance	1,385	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	200	804
7	Pension Plan	0	
8	Savings Plan	11,784	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$32,436	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	60,299	602
16	Bonus (Annual and Long Term Incentive Plans)	144,575	Var

NOTE: 2012 salaries effective 3-1-12 will be updated when approved.

Saathoff, Mardilyn		Company	Account
Deputy General Counsel, Chief Governance Officer and Corporate Secretary		Paid	Number
1	Annual Salary	\$208,000	921
2	Amount Assigned to Oregon		
3	Medical & Dental	11,864	Var
4	Life and Disability Insurance	1,275	Var
5	Income Protection Insurance	0	
6	Discount on Utility Service	521	804
7	Pension Plan	0	
8	Savings Plan	11,128	Var
9	Stock Purchase Plan	0	
10	Paid Parking	0	
11	Memberships	0	
12	Other Benefits	0	
13	Total Other Compensation	\$24,788	
14	Percent Assigned to Oregon (Est.)	90%	
15	Defered Comp. In Salary	33,262	602
16	Bonus (Annual and Long Term Incentive Plans)	84,414	Var

NOTE: 2012 salaries effective 3-1-12 will be updated when approved.



2012 Contributions Budget

<u>Name of Organization</u>	<u>Account</u>	<u>Amount</u>
Audubon Society of Portland	426	10,000
Big Brothers/Big Sisters	426	40,000
Black Parent Initiative	426	10,000
Black United Fund of Oregon	426	22,000
Camp Fire, USA	426	40,000
CASA for Kids	426	5,000
Central City Concern	426	5,000
Children's Relief Nursery	426	15,000
Classroom Law Project	426	3,500
Community Foundation of SW Washington	426	12,000
Earth Share of Oregon	426	32,000
Employers for Education Excellence	426	5,000
Friends of the Children	426	7,500
Freshwater Trust	426	80,000
Gas Assistance Program	426	50,000
Guide Dogs for the Blind	426	10,000
Habitat for Humanity	426	25,000
Hands on Portland	426	10,000
Junior Achievement	426	10,000
LifeWorks NW	426	5,000
Metropolitan Family Services	426	7,500
Nature Conservancy	426	5,000
New Avenues for Youth	426	3,000
Newspapers in Education (ONF)	426	5,500
Northwest Business for Culture & Arts	426	5,000
Medical Teams International	426	10,000
Mercy Corp International	426	10,500
Oregon Burn Center	426	4,000
Oregon Museum of Science and Industry	426	5,000
Work for Art/RACC	425	22,000
Oregon Community Foundation	426	70,000
Oregon Environmental Council	426	5,000
Oregon Food Bank Network	426	10,000
Oregon Independent College Foundation	426	12,000
Oregon State Parks Trust	426	5,000
Oregon State University Foundation	426	15,000
Oregon Symphony	426	10,000
Portland Art Museum	426	10,000
Portland Center Stage	426	20,000
Portland Community College Foundation	426	5,000
Portland Opera	426	10,000
Portland Parks Foundation	426	5,000
Portland Public Schools Foundation	426	5,000
Portland State University Foundation	426	15,000
Poverty Bridge	426	5,000
REACH Community Development	426	5,000
Salvation Army	426	5,000
Schoolhouse Supplies	426	15,000
SMART	426	10,000
Stop Oregon Litter and Vandalism	426	10,000
Transition Projects	426	4,500
United Way Chapters throughout Oregon	426	120,000
University of Oregon Foundation	426	20,000
Urban League of Portland	426	20,000
Uncommitted	426	232,545
	Sub-Total	<u>1,118,545</u>
Chamber of Commerce		
Oregon & Washington	426	<u>28,860</u>
Organizations of the Gas Utility Industry:		
American Gas Association	930	405,360
Institute of Gas Research (and other R&D)	930	400,000
Western Energy Institute	930	29,000
Northwest Gas Association	921	75,000
	Sub-Total	<u>909,360</u>
TOTAL		<u><u>2,056,765</u></u>

Political Advertising And Political Contributions

\$ 130,000 has been budgeted as contributions to NW Natural's Political Action Committees. Specific expenditures for political advertising and political contributions have not been identified at this time.

Expenditures For Pensions - 2012 Budget

I. Expense before Allocation	Total Amount
Executive Supplemental Plan	\$ 2,953,053
Supplemental Retirement Benefits	\$ 697,385
Legal, Actuary & Auditor Fees	\$ 500,000
Western States Trust Fund	\$ 462,728
FAS 87 Defined Benefits Plan	<u>\$ 19,832,904</u>
Total	<u>\$ 24,446,070</u>
II. Distribution of Total Expensed	
Utility - Operation	\$ 17,396,360
Utility - Construction	\$ 6,469,398
Non - Utility	\$ 580,311
Total	<u>\$ 24,446,070</u>

Expenditures to organizations having an affiliated interest

Northwest Natural Gas Company pays KB Pipeline Company a monthly commitment fee plus a commodity charge if used, related to KB Pipeline. NNG Financial Corporation owns 100% of KB Pipeline Company. KB Pipeline Company owns an undivided 10% interest of Kelso Beaver Pipeline assets. Portland General Electric Company owns 79.5% of the remaining 90% and BR Pipeline owns 10.5% of the remaining 90%.

	<u>Account Number</u>	<u>Total Amount</u>
2012 Budget	804	\$224,256