

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



August 24, 2007

**VIA ELECTRONIC FILING**

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

Attn: Filing Center

Re: **DOCKET NO. UM 1030; Stipulation**  
Extend Risk Mitigation and Repair Program and Cap the  
Cost to be Recovered for Salmon River GeoHazard Project

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), hereby files a Stipulation extending the Risk Mitigation and Repair Program to December 31, 2007 for the sole purpose of recovering the costs of the Salmon River GeoHazard Project, with a cost recovery cap for that project at \$2.5 million.

Please call if you have questions.

Sincerely,

/s/ Inara K. Scott

Inara K. Scott  
Manager, Regulatory Affairs

enclosures

cc: UM 1030 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

**UM 1030**

In the Matter of

NORTHWEST NATURAL

Extend Risk Mitigation and Repair Program and  
Cap the Cost to be Recovered for Salmon River  
GeoHazard Project.

STIPULATION

**STIPULATION**

This stipulation is entered into to extend Northwest Natural Gas Company's Risk Mitigation and Repair Program to December 31, 2007, and to maintain the current cost cap to be recovered for the Salmon River GeoHazard Project at \$2.5 million.

**PARTIES**

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

**BACKGROUND**

2. In 2001, NW Natural asked the Commission to approve the Company's deferred accounting application for its safety program costs that included, among other things, the Company's GeoHazard Risk Mitigation and Repair Program ("Program"). See Schedule 177. Geohazards are risks to distribution infrastructure from such things as landslide, washout, and earthquake. The Commission approved the application in Order No. 01-843.

3. In 2002, 2003, 2004, and 2005, the Commission permitted the Company to recover its investment in the Program as a part of its annual gas tracking cost and technical adjustment filing. Effective October 1, 2002, 2003, 2004, and 2005, the Commission approved the Company's applications for reauthorization to defer costs relating to the Program.

4. As a part of the Program, the Company is undertaking the Salmon River GeoHazard Project ("Project"). This Project entails the installation of approximately 8,500 lineal feet of 12", 600 PSI rated transmission pipeline along Highway 18 in the Van Duzer Corridor. The pipeline will replace pipe that is either exposed or too shallow due to river and stream erosion.

5. In September 2006, the Commission permitted an extension of the Program until September 30, 2007, in order for the Company to complete the Project in a more cost effective manner. See Order No. 06-554. Along with the extension, the Company agreed to cap costs for the Project at \$2.5 million.

6. As the Company progressed in the Project, it discovered certain environmental restrictions on working in the Van Duzer Corridor, including restrictions related to the presence of protected species in the area. As a result, the Company is not permitted to commence construction and enter the restricted corridor until after September 15, 2007. In addition, as the Company negotiated a workable timeline with ODOT and the paving contractors, it found it needed to redesign the project along a different alignment.

7. Because the Company will be unable to complete the Project before the current deferral expires, and because the Company intends to maintain the \$2.5 million cost cap, the parties have agreed to support an extension of the Program and stipulate to the same.

Therefore, it is agreed:

8. The parties agree the GeoHazard Risk Mitigation and Repair Program should be extended through December 31, 2007 in order to complete the Project.

9. The Company agrees it will not recover through the geohazard cost tracking mechanism an amount exceeding \$2.5 million for the Salmon River GeoHazard Project.

10. The parties agree the Company's current deferred cost tracking mechanism for this Project only should be reauthorized and extended from September 30, 2007 to December 31, 2007.

11. The parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

12. By entering into this Stipulation, no party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other party in arriving at the terms of this Stipulation. No party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

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

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

NORTHWEST NATURAL GAS COMPANY

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

By: CA + MM  
C. Alex Miller  
Director, Regulatory Affairs & Forecasting

By: \_\_\_\_\_  
Ed Busch  
Administrator, Electric & Natural Gas  
Division

Date: 8/22/07

Date: \_\_\_\_\_

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF OREGON

By: \_\_\_\_\_  
Paula E. Pyron  
Executive Director

By: \_\_\_\_\_  
Bob Jenks  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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NORTHWEST NATURAL GAS COMPANY

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

By: \_\_\_\_\_  
C. Alex Miller  
Director, Regulatory Affairs & Forecasting

By: EQ Busch  
Ed Busch  
Administrator, Electric & Natural Gas  
Division

Date: \_\_\_\_\_

Date: 8-20-07

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF OREGON

By: \_\_\_\_\_  
Paula E. Pyron  
Executive Director

By: \_\_\_\_\_  
Bob Jenks  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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C. Alex Miller  
Director, Regulatory Affairs & Forecasting

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Ed Busch  
Administrator, Electric & Natural Gas  
Division

Date: \_\_\_\_\_

Date: \_\_\_\_\_

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF OREGON

By: Paula E. Pyron  
Paula E. Pyron  
Executive Director

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Bob Jenks  
Executive Director

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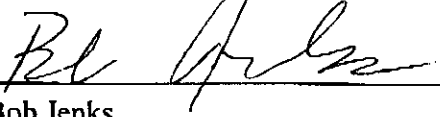
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NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF OREGON

By: \_\_\_\_\_  
Paula E. Pyron  
Executive Director

By:  \_\_\_\_\_  
Bob Jenks  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing STIPULATION upon all parties of record in Docket UM 1030 by electronically mailing a copy thereof to the parties or attorneys of parties on the following service list:

**UM 1030 Service List**

JASON W JONES ASST ATTY GEN  
REGULATED UTILITY & BUSINESS SECTION  
1162 COURT ST NE  
SALEM OR 97301-4096  
[jason.w.jones@state.or.us](mailto:jason.w.jones@state.or.us)

DATED this 24th day of August, 2007.

Respectfully submitted,

NW NATURAL

/s/ Kelley C. Miller

Kelley C. Miller, Staff Assistant  
Rates & Regulatory Affairs  
220 N.W. Second Avenue  
Portland, OR 97209-3991  
(503) 226-4211, ext. 3589