

Rates and Regulatory Affairs
Facsimile: 503.721.2532



January 9, 2008

NWN Advice No. OPUC 08-1

VIA ELECTRONIC FILING

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

Attention: Filing Center

Re: Automatic Adjustment for Utility Income Tax (SB 408)

Northwest Natural Gas Company, dba NW Natural (NW Natural or company), files herewith the following revisions and additions to its Tariff P.U.C. Or. 24, stated to become effective on and after June 1, 2008:

Eighth Revision of Sheet v,
Tariff index (continued);

Seventh Revision of Sheet 100-1,
Schedule 100,
“Summary of Adjustments”;

Third Revision of Sheet 100-2,
Schedule 100,
“Summary of Adjustments (continued)”;

Original Sheet 100-3,
Schedule 100,
“Summary of Adjustments (continued)”;

Original Sheet 161-1,
Schedule 161,
“Automatic Adjustment for Utility Income Tax”.

The purpose of this filing is to establish an automatic adjustment clause pursuant to ORS 767.268 and OAR 860-022-041. The proposed Schedule 161 rates

filed herewith are subject to change pending the final Commission decision in Docket No. UG 170.

As proposed, the Schedule 161 "Automatic Adjustment for Utility income Tax", would apply any rate differences between the amount of income taxes paid and the amount of income taxes collected through approved base rates as an annual one-time lump sum adjustment to customer bills issued in the month of June. To ensure that the effect of this one-time annual bill adjustment does not materially impact customers, by separate filing, the Company intends to propose changes to Schedule 185 "Special Annual Interstate and Intrastate Storage and Transportation Credit" and Schedule 186 "Special Annual Core Pipeline Capacity Optimization Credit" such that the applicable annual credits would also be applied to June bills.

NW Natural respectfully requests that the tariff sheets filed herewith be permitted to become effective with service on and after June 1, 2008.

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 Miller, Staff Assistant
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2532
Telephone: (503) 226-4211, ext. 3589
E-mail: kelley.miller@nwnatural.com

Please do not hesitate to call if you have questions or desire further information.

Sincerely,

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

enclosures

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Eighth Revision of Sheet v
Cancels Seventh Revision of Sheet v

TARIFF INDEX (continued)

SHEET

ADJUSTMENT SCHEDULES

Schedule 100: Summary of Adjustments	100-1...100-3	(C)
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Schedule 164: Purchased Gas Cost Adjustments to Rates	164-1	
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Schedule 176: Adjustments to Rates for Costs Relating to Mist Storage Expansion Project	176-1...176-2	
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Schedule 185: Special Annual Interstate Storage and Transportation Credit	185-1	
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Schedule 190: Partial Decoupling Mechanism	190-1...190-3	
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PROMOTIONAL CONCESSIONS

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PUBLIC PURPOSES SCHEDULES

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and after June 1, 2008

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 24

Seventh Revision of Sheet 100-1
Cancels Sixth Revision of Sheet 100-1**SCHEDULE 100
SUMMARY OF ADJUSTMENTS****PURPOSE:**

The purpose of this Schedule is to list and summarize the adjustment Schedules applicable to each of the Company's Rate Schedules.

SCHEDULE	A	160	161	162	163	164	167	169	176	177	185	186	190	195	199	301
1R	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC	ADD	ADD	INC		INC	ADD
1C	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC	ADD	ADD	INC		INC	ADD
2	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC	ADD	ADD	INC	ADD	INC	ADD
3 (CSF)	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC	ADD	ADD	INC	ADD	INC	ADD
3 (ISF)	ADD	ADD	ADD	INC		INC	INC	INC	INC	INC	ADD	ADD			INC	ADD
15	ADD						INC									
19	ADD		ADD	INC		INC	INC	INC		INC					INC	
31 (CSF)	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC	ADD	ADD	INC		INC	ADD
31 (CSI)	ADD	ADD	ADD	INC	INC	INC	INC	INC	INC	INC		ADD	INC		INC	ADD
31 (CTF)	ADD		ADD	INC	INC		INC		INC	INC			INC		INC	
31 (ISF)	ADD	ADD	ADD	INC		INC	INC	INC	INC	INC	ADD	ADD			INC	
31 (ISI)	ADD	ADD	ADD	INC		INC	INC	INC	INC	INC		ADD			INC	
31 (ITF)	ADD		ADD	INC			INC		INC	INC					INC	
32 (SF)	ADD	ADD	ADD	INC		INC	INC	INC		INC	ADD	ADD			INC	
32 (SI)	ADD	ADD	ADD	INC		INC	INC	INC		INC		ADD			INC	
32 (TF)	ADD		ADD	INC			INC			INC					INC	
32 (TI)	ADD		ADD	INC			INC			INC					INC	
33 (TI)	ADD		ADD	INC			INC		INC	INC					INC	
33 (TF)	ADD		ADD	INC			INC		INC	INC					INC	
54	ADD	ADD	ADD	INC		INC	INC	INC		INC					INC	
60	ADD						INC									

(N)

Table Code Key:

ADD This adjustment is added to the billing rates at the time the bill is issued.
INC This adjustment is included in the billing rates shown on the Rate Schedule.

(continue to Sheet 100-2)

Issued January 9, 2008
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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

Third Revision of Sheet 100-2
Cancels Second Revision of Sheet 100-2

SCHEDULE 100 SUMMARY OF ADJUSTMENTS (continued)

The following is a brief description of the applicable Schedules:

Schedule A "Billing for City and County Exactions."

This adjustment will be reflected directly on Customer bills.

Schedule 160 "Revision of Charges for Coos County Customers."

This adjustment is added to the Delivery Charges for applicable Coos County Customers.

Schedule 161 "Automatic Adjustment for Utility Income Tax"

These are one-time annual lump sum adjustments to bills that do not affect Rate Schedule billing rates.

(N)
(N)
(N)

Schedule 162 "Temporary (Technical) Adjustments to Rates."

These are Temporary Adjustments that are included in the Delivery Charge reflected on Customer bills.

Schedule 163 "Special Adjustment to Rates Price Elasticity"

These are Base Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 164 "Purchased Gas Cost Adjustments to Rates."

These are Pipeline Capacity and Commodity charges

Schedule 167 "General Adjustments to Rates."

These are Base Adjustments that are included in all applicable charges reflected on Customer bills

Schedule 169 "Special Adjustment to Rates for Storage Inventories."

These are Temporary Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 176 "Adjustments to Rates for Costs Relating to Mist Storage Expansion."

These are Base Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 177 "Adjustments to Rates for Safety Programs."

These are Base Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 185 "Special Annual Interstate Storage and Transportation Credit."

These are one-time annual lump sum adjustments to bills that do not affect Rate Schedule billing rates.

(continue to Sheet 103-3)

(M)

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SCHEDULE 100
SUMMARY OF ADJUSTMENTS
(continued)

Schedule 186 "Special Annual Core Pipeline Capacity Optimization Credit."

These are one-time annual lump sum adjustments to bills that do not affect Rate Schedule billing rates.

Schedule 190 "Price Elasticity and Partial Decoupling Mechanism."

These are Base Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 195 "Weather Adjusted Rate Mechanism (WARM)."

These are winter heating season adjustments that are included in the Delivery Charges reflected on Customer bills.

Schedule 199 "Special Rate Adjustment (UM 1148/UP205)."

These are Base Adjustments that are included in the Delivery or Volumetric Charges reflected on Customer bills.

Schedule 301 "Public Purposes Funding Surcharge."

These are monthly adjustments to bills that do not affect Rate Schedule billing rates.

(M)

(M)

Issued January 9, 2008
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**SCHEDULE 161
AUTOMATIC ADJUSTMENT FOR UTILITY INCOME TAX**

(N)

PURPOSE

This schedule implements an automatic adjustment clause required by ORS 767.268 and implemented by the Commission in OAR 860-022-0041, to recognize rate differences between the amount of income taxes paid to units of government that is properly attributed to the regulated operations of the Company and the amount of income taxes collected through the Company's approved Base Rates.

BALANCING ACCOUNT

A balancing account will be maintained to accrue any differences between the amount of income taxes included in current Base Rates and the amount of taxes actually paid to units of government. The balancing account will accrue interest at the rate approved by the Commission.

APPLICABLE:

The adjustment shall apply to customers taking service under 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:

A one time bill adjustment will apply to customer bills issued on and after June 1 of each calendar year, or such other date as the Commission may approve, and will continue through each billing cycle during the effective month until all cycles have billed.

The one time bill adjustment to be applied to all active customer account bills during the stated Effective Month will be calculated by multiplying the following rate per therm by each customer's actual gas usage billed during the applicable tax year.

Effective Month: June 1, 2008**Applicable Tax Year: 2006**

Schedule	Block	Per Therm Adjustment
1R		\$0.00451
1C		\$0.00427
2		\$0.00391
3 (CSF)		\$0.00311
3 (ISF)		\$0.00282
19		\$0.00
31C	Block 1	\$0.00167
	Block 2	\$0.00152
31I	Block 1	\$0.00150
	Block 2	\$0.00135
32 (all)	Block 1	\$0.00089
	Block 2	\$0.00076
	Block 3	\$0.00053
	Block 4	\$0.00031
	Block 5	\$0.00018
	Block 6	\$0.00009
33 (all)		\$0.00005
54		\$0.00370

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.

(N)

Issued January 9, 2008
NWN Advice No. OPUC 08-1

Effective with service on
and after June 1, 2008



CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of January, 2008, I served the foregoing NORTHWEST NATURAL'S ADVICE NO. OPUC 08-1 in Docket No. UG 170 upon each party listed below by first-class U.S. Mail, addressed to said parties/attorneys' addresses as shown below.

/s/ Kelley C. Miller
Kelley C. Miller, Staff Assistant
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, Oregon 97209-3991
1.503.226.4211, extension 3589

OPUC DOCKET NO. UG 170 Official Service List

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Company: Northwest Natural Gas Company
State: Oregon
Description: 2006 SB 408 Surcharge
Account Number: 186xxx

1	Debit (Credit)		DRAFT Deferral amount per 2006 Tax Report			
2						
3						
4	Month/Year	Note	Deferrals/Adjs	Interest	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)
6						
7	Beginning Balance					0.00
8	Jul-06					1,679,000.00
9	Aug-06			12,058.02	12,058.02	1,691,058.02
10	Sep-06			12,144.62	12,144.62	1,703,202.64
11	Oct-06			12,231.83	12,231.83	1,715,434.47
12	Nov-06			12,319.68	12,319.68	1,727,754.15
13	Dec-06			12,408.15	12,408.15	1,740,162.30
14	Jan-07			12,497.27	12,497.27	1,752,659.57
15	Feb-07			12,587.02	12,587.02	1,765,246.59
16	Mar-07			12,677.41	12,677.41	1,777,924.00
17	Apr-07			12,768.46	12,768.46	1,790,692.46
18	May-07			12,860.16	12,860.16	1,803,552.62
19	Jun-07			12,952.51	12,952.51	1,816,505.13
20	Jul-07			13,045.53	13,045.53	1,829,550.66
21	Aug-07			13,139.22	13,139.22	1,842,689.88
22	Sep-07			13,233.58	13,233.58	1,855,923.46
23	Oct-07			13,328.62	13,328.62	1,869,252.08
24	Nov-07			13,424.35	13,424.35	1,882,676.43
25	Dec-07			13,520.75	13,520.75	1,896,197.18
26	Jan-08			13,617.86	13,617.86	1,909,815.04
27	Feb-08			13,715.66	13,715.66	1,923,530.70
28	Mar-08			13,814.16	13,814.16	1,937,344.86
29	Apr-08			13,913.37	13,913.37	1,951,258.23
30	May-08			14,013.29	14,013.29	1,965,271.52
31						
32						
33	Interest During Amortization					92,944.00
34						
35	Amount to be Placed in Rates					2,058,215.52

NW Natural
Rates & Regulatory Affairs
Methodology from the 2007-2008 PGA Filing - Oregon
Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

		Billing		WACOG &		Temps from		SB 408 2006 Surcharge		
		Oregon PGA	Rate from	Demand from	Temporary			Proposed Amount:	2,058,216	Temporary Increment
		Volumes page,	Rates page,	Rates page,	Increment page,			Revenue Sensitive Multiplier:	2.792%	rev sensitive factor
		Column D	Column A	Column B+C+D*	Column A	MARGIN Rate		Amount to Amortize:	2,117,331	to all classes and schedules
		E=B-C-D								
Schedule	Block	A	B	C	D	E		Multiplier F	Margin G=A*E*F	Increment H
1R		738,740	1.40893	0.89087	0.00451	0.51355		1.0	379,380	0.00451
1C		69,478	1.37653	0.89087	(0.00046)	0.48612		1.0	33,775	0.00427
2R		349,153,743	1.34052	0.89087	0.00450	0.44515		1.0	155,425,789	0.00391
3C Firm Sales		150,214,247	1.24436	0.89087	(0.00047)	0.35396		1.0	53,169,835	0.00311
Intentionally blank										
3I Firm Sales		4,452,443	1.21826	0.89087	0.00648	0.32091		1.0	1,428,833	0.00282
Intentionally blank										
19	1st mantle	26,476	22.93	17.02	0.13	5.78		1.0	1,318	0.00
19	add'l mntls									
31C Firm Sales	Block 1	25,260,012	0.94879	0.75951	(0.00049)	0.18977		1.0	4,793,592	0.00167
	Block 2	37,514,863	0.93239	0.75951	(0.00049)	0.17337		1.0	6,503,952	0.00152
31C Firm Trans	Block 1	0	0.18282	0.00000	(0.00695)	0.18977		1.0	0	0.00167
	Block 2	0	0.16642	0.00000	(0.00695)	0.17337		1.0	0	0.00152
31C Interr Sales	Block 1	24,218	0.95003	0.75951	0.00075	0.18977		1.0	4,596	0.00167
	Block 2	62,749	0.93363	0.75951	0.00075	0.17337		1.0	10,879	0.00152
31I Firm Sales	Block 1	6,121,113	0.93608	0.75951	0.00647	0.17010		1.0	1,041,201	0.00150
	Block 2	18,752,037	0.91968	0.75951	0.00647	0.15370		1.0	2,882,188	0.00135
31I Firm Trans	Block 1	52,053	0.17011	0.00000	0.00001	0.17010		1.0	8,854	0.00150
	Block 2	338,435	0.15371	0.00000	0.00001	0.15370		1.0	52,017	0.00135
31I Interr Sales	Block 1	364,285	0.93732	0.75951	0.00771	0.17010		1.0	61,965	0.00150
	Block 2	1,218,399	0.92092	0.75951	0.00771	0.15370		1.0	187,268	0.00135
32C Firm Sales	Block 1	4,362,476	0.86737	0.75951	0.00647	0.10139		1.0	442,311	0.00089
	Block 2	5,217,416	0.85215	0.75951	0.00647	0.08617		1.0	449,585	0.00076
	Block 3	1,533,406	0.82681	0.75951	0.00646	0.06084		1.0	93,292	0.00053
	Block 4	588,989	0.80146	0.75951	0.00646	0.03549		1.0	20,903	0.00031
	Block 5	0	0.78626	0.75951	0.00646	0.02029		1.0	0	0.00018
	Block 6	0	0.77612	0.75951	0.00646	0.01015		1.0	0	0.00009
32I Firm Sales	Block 1	5,220,346	0.86737	0.75951	0.00647	0.10139		1.0	529,291	0.00089
	Block 2	7,889,163	0.85215	0.75951	0.00647	0.08617		1.0	679,809	0.00076
	Block 3	3,725,142	0.82681	0.75951	0.00646	0.06084		1.0	226,638	0.00053
	Block 4	5,709,579	0.80146	0.75951	0.00646	0.03549		1.0	202,633	0.00031
	Block 5	577,883	0.78626	0.75951	0.00646	0.02029		1.0	11,725	0.00018
	Block 6	0	0.77612	0.75951	0.00646	0.01015		1.0	0	0.00009
32 Firm Trans	Block 1	4,350,187	0.10140	0.00000	0.00001	0.10139		1.0	441,065	0.00089
	Block 2	7,273,834	0.08618	0.00000	0.00001	0.08617		1.0	626,786	0.00076
	Block 3	4,842,493	0.06084	0.00000	0.00000	0.06084		1.0	294,617	0.00053
	Block 4	11,950,946	0.03549	0.00000	0.00000	0.03549		1.0	424,139	0.00031
	Block 5	14,478,740	0.02029	0.00000	0.00000	0.02029		1.0	293,774	0.00018
	Block 6	14,543	0.01015	0.00000	0.00000	0.01015		1.0	148	0.00009
32 Interr Sales	Block 1	16,505,951	0.86861	0.75951	0.00771	0.10139		1.0	1,673,538	0.00089
	Block 2	23,517,823	0.85339	0.75951	0.00771	0.08617		1.0	2,026,531	0.00076
	Block 3	12,749,089	0.82805	0.75951	0.00770	0.06084		1.0	775,655	0.00053
	Block 4	20,468,411	0.80270	0.75951	0.00770	0.03549		1.0	726,424	0.00031
	Block 5	9,662,730	0.78750	0.75951	0.00770	0.02029		1.0	196,057	0.00018
	Block 6	0	0.77736	0.75951	0.00770	0.01015		1.0	0	0.00009
32 Interr Trans	Block 1	5,757,246	0.10140	0.00000	0.00001	0.10139		1.0	583,727	0.00089
	Block 2	10,476,487	0.08618	0.00000	0.00001	0.08617		1.0	902,759	0.00076
	Block 3	7,884,762	0.06084	0.00000	0.00000	0.06084		1.0	479,709	0.00053
	Block 4	25,434,579	0.03549	0.00000	0.00000	0.03549		1.0	902,673	0.00031
	Block 5	52,120,670	0.02029	0.00000	0.00000	0.02029		1.0	1,057,528	0.00018
	Block 6	82,075,249	0.01015	0.00000	0.00000	0.01015		1.0	833,064	0.00009
54		0	1.31800	0.89087	0.00649	0.42064		1.0	0	0.00370
33		0	0.00549	0.00000	0.00000	0.00549		1.0	0	0.00005
TOTALS		938,751,431							240,879,824	

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.
* Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only