



e-FILING REPORT COVER SHEET

Send completed Cover Sheet and the Report in an email addressed to:
PUC.FilingCenter@state.or.us

REPORT NAME: 2014 New Construction Budget 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 in 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)

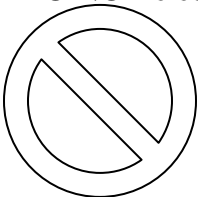
Report is required by: OAR OAR 860-027-0015
Statute ORS 757.105
Order
Other

Is this report associated with a specific docket/case? No Yes

If yes, enter docket number: RG 19

List applicable Key Words for this report to facilitate electronic search:
2014 New Construction Budget Report

DO NOT electronically file with the PUC Filing Center:



- 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

Please file the above reports according to their individual instructions.

MARK R. THOMPSON
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February 14, 2014

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attention: Filing Center

Re: RG 19(2): 2014 NEW CONSTRUCTION BUDGET REPORT

Northwest Natural Gas Company, dba NW Natural, submits herewith its 2014 New Construction Budget Report, pursuant to ORS 757.105 and OAR 860-27-0015.

Please address any correspondence on this matter to me, with copies to Jorge Moncayo, Financial Planning and Budget Manager, 503.226.4211, extension 5752, at the address stated above.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson

enclosure

cc: Brody Wilson
Stephen Feltz
Alex Miller
Jorge Moncayo



PUBLIC UTILITY COMMISSION OF OREGON
 PO BOX 1088, SALEM, OR 97308-1088
PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2014

GENERAL INSTRUCTIONS

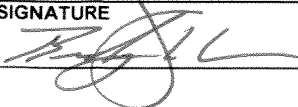
1. Each energy utility operating within the State of Oregon and having gross operating revenues of \$50,000 or more per year is required to file a New Construction Budget annually on or before December 31st and report information on new construction, extensions, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.
2. The New Construction Budget report should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at http://egov.oregon.gov/PUC/eFiling/eReports/efiling_report_cover_sheet.docx. Email both the report and cover sheet to PUC.FilingCenter@state.or.us no later than December 31st of the year preceding that for which the budget is made.

For major projects (total project cost greater than \$300,000 \$1 Million) a narrative supplying the following information is required:

PROJECT NARRATIVE

1. Project Description: Include a brief technical specification of the project, ownership, if jointly owned, operating date, stage of construction, and other relevant information.
2. Need for the Project: Attach all prepared information documenting the need for the project, including the specific need the project is intended to fill. Economic comparisons with alternatives are to be provided. All the underlying assumptions of the economic analyses are to be specified.
3. Contingencies: Provide a listing of existing or potential future problems which might impact the final cost or successful completion and operation of the project, such as licensing problems, labor difficulties, litigation, etc.
4. Reconciliation with Prior Budget: Each successive year's budget can be expected to reflect differing estimates of project costs as the project progresses. For each major project, prepare a reconciliation with the prior budget's estimates and provide specific reasons for the changes.

In addition, please attach copies of prepared documentation or plans describing transmission, distribution, and general plant projects located in Oregon exceeding \$100,000 in total cost and for which construction will commence in the budget year. Information submitted should contain a brief project description, location, and total budgeted cost.

FULL NAME OF GAS UTILITY Northwest Natural Gas Company			
ADDRESS: PO BOX OR STREET NUMBER 220 NW 2 nd Avenue	CITY Portland	STATE OR	ZIP CODE 97209
CERTIFICATION: I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.			
SIGNATURE 	TITLE Controller	DATE 2/14/2014	

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000-\$1 million.
3. Under "Distribution," report specific line item expenditures for the budget year only. All expenditures for distribution following the budget year should be aggregated for the year and only total distribution expenditures reported for the period.
4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars.

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)							REQUIRED TO COMPLETE	TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4			
Major Production and Storage Projects:											
Non-Major Production and Storage Projects											
Total Production and Storage Projects											
Major Transmission Projects:											
Non-Major Transmission Projects											
Total Transmission Projects											
Distribution (See Instruction 3):											
Mains											
Measuring & Reg. Sta. Equipment											
Compressor Station Equipment											
Services											
Meters and Regulators											
Meter Installations											
Other (Land, Equipment, Structures)											
Total Distribution											
Major General Plant Projects:											
Non-Major General Plant Projects											
Total General Plant Projects											
Total New Construction Budget											

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000 \$1 million.
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4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)							TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4	REQUIRED TO COMPLETE	
Major Production and Storage Projects:										
Non-Major Production and Storage Projects										
Major Transmission Projects:										
Non-Major Transmission Projects										
Total Transmission Projects										
Non-Major Transmission Projects Distribution (See Instruction 3):										
Mains										
Measuring & Reg. Sta. Equipment										
Compressor Station Equipment										
Services										
Meters and Regulators										
Meter Installations										
Other (Land, Equipment, Structures)										
Total Distribution										
Major General Plant Projects:										
Non-Major General Plant Projects										
Total General Plant Projects										
Total New Construction Budget										

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (SYSTEM)		COMPANY Northwest Natural Gas Company				BUDGET YEAR 2014			
DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	(THOUSANDS)				REQUIRED TO COMPLETE	TOTAL	
			EXPENDITURES (B.Y.= BUDGET YEAR; B.Y.+1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)						
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	B.Y.+4	
MAJOR PRODUCTION & STORAGE PROJECTS:									
Mist Storage Project (Includes Utility) - 352				3,742	24,001	51,301	11,830	631	
LNG Plant Modifications - 363				4,285	13,639	14,049	14,369	14,711	
				8,027	37,640	65,350	26,199	15,342	\$ 152,558
NON-MAJOR PRODUCTION & STORAGE PROJECTS									
TOTAL PRODUCTION & STORAGE PROJECTS									
MAJOR TRANSMISSION PROJECTS:									
NON-MAJOR TRANSMISSION PROJECTS									
TOTAL TRANSMISSION PROJECTS									
DISTRIBUTION:									
MAINS:									
NEW BUSINESS - 376				6,990					
REPLACEMENTS - 376, 380				21,468					
BARE STEEL - 376, 380				15,516					
SERVICES:									
NEW BUSINESS - 380				23,167					
REPLACEMENTS - 374, 376, 380				7,003					
MEASURING & REG. STA. EQUIPMENT - 378				1,359					
PIPELINE INTEGRITY - 376				5,661					
GEO HAZARD - 376 (due to landslides)									
COMPRESSOR STATION EQUIPMENT									
METERS - 381									
AUTOMATED METER READING				4,058					
METER SETS - 382				798					
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, CATHODIC PROTECTION - 376, 380				2,955					
OTHER BETTERMENTS - 352, 378, 397				327					
				89,302	83,412	82,101	94,272	98,952	\$ 448,039
TOTAL DISTRIBUTION									
MAJOR GENERAL PLANT PROJECTS:									
INFORMATION SYSTEMS - 303, 397				10,317	10,308	12,420	9,619	9,562	
STRUCTURES - 390				10,892	621	3,248	654	670	
				2,971	4,981	5,548	5,470	5,473	
				24,180	15,910	21,216	15,743	15,705	\$ 92,754
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396									
TOTAL GENERAL PLANT PROJECTS									
				121,509	136,962	168,667	136,214	129,999	\$ 693,351
TOTAL NEW CONSTRUCTION BUDGET									

R:\Financial Planning and Analysis\OPUC Submissions\New Construction Budget\2014\2014 Construction Budget with Emerald.xlsx\P3 Oregon Budget

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (OREGON)		COMPANY Northwest Natural Gas Company				BUDGET YEAR 2014						
DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED DATE (MO/YR)	(THOUSANDS)									
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	B.Y.+4	REQUIRED TO COMPLETE	TOTAL		
EXPENDITURES (B.Y.= BUDGET YEAR; B.Y. + 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)												
MAJOR PRODUCTION & STORAGE PROJECTS:												
Mist Storage Project (Includes Utility) - 352				3,742	24,001	51,301	11,830	631				
LNG Plant Modifications - 363				4,285	13,639	14,049	14,369	14,711				
NON-MAJOR PRODUCTION & STORAGE PROJECTS				8,027	37,640	65,350	26,199	15,342				152,558
MAJOR TRANSMISSION PROJECTS:												
NON-MAJOR TRANSMISSION PROJECTS												
DISTRIBUTION:												
MAINS:												
NEW BUSINESS - 376				5,942								
REPLACEMENTS - 376, 380				19,107								
BARE STEEL - 376, 380				13,809								
SERVICES:												
NEW BUSINESS - 380				19,692								
REPLACEMENTS - 374, 376, 380				6,233								
MEASURING & REG. STA. EQUIPMENT - 378				1,155								
PIPELINE INTEGRITY - 376				5,038								
GEO HAZARD - 376 (due to landslides)				-								
COMPRESSOR STATION EQUIPMENT				-								
METERS - 381				3,449								
AUTOMATED METER READING				-								
METER SETS - 382				678								
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, BETTERMENTS - 376, 380				2,512								
OTHER BETTERMENTS - 352, 378, 397				327								
TOTAL DISTRIBUTION				77,942	72,409	71,210	81,577	85,582				388,720
MAJOR GENERAL PLANT PROJECTS:												
INFORMATION SYSTEMS - 303, 397				10,317	10,308	12,420	9,619	9,562				
STRUCTURES - 390				10,892	621	3,248	654	670				
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396				2,971	4,981	5,548	5,470	5,473				
TOTAL GENERAL PLANT PROJECTS				24,180	15,910	21,216	15,743	15,705				92,754
TOTAL NEW CONSTRUCTION BUDGET				110,149	125,969	157,776	123,519	116,629				634,032

OPUC Gas Utility New Construction Budget for 2014

Narrative for Major Projects

S of Monmouth Bare Main (12" W)

This project is located in the Monmouth area. The project will include installing 62,600' of 12" steel pipe certified at 720 MAOP. This pipeline is part of the Company's Bare Steel replacement program. The project starts at Haley Rd. and Corvallis Rd., heads south along Corvallis Rd. onto Oakhill Rd. onto Albany Rd. and onto Independence Highway, ending 500' north of Highway 20. The expected completion date is 10/2014.

2014 Project Budget – \$18,300,000 – Bare Steel

Willamette Crossing (12" W)

The project consists of installing approximately 3 miles of 12 3/4" (W) .312wt Grade x52 Class F pipe from a valve station near NW Independence Hwy and Pettibone Rd. to an existing valve station near Riverside Dr. (Waggle Bridle). This project is the final phase to reinforce the supply system in the Mid-Willamette Valley. Upon completion of this project there will be a Transmission Pipeline connection between the Central Coast Feeder (P-30) and the Corvallis Loop (S-36).

2014 Project Budget – \$1,000,000 – System Reinforcement

Newport LNG

This project is located in Newport. The project will improve the liquefaction process to aide in the operation of the facility and prevent the build-up of CO₂ at the plant. The project is expected to be completed by 2015.

2014 Project Budget – \$3,200,000 – Newport LNG

Newberg Bypass HP (12" W, 6" W)

This project is located in Newberg. The installation includes approximately 1900' of 12" steel pipe certified to 875 MAOP and 1900' of 6" steel pipe. This project is the result of an ODOT project to build a highway bypass around Newberg. The project is expected to be completed by summer 2014.

2014 Project Budget – \$2,500,000 – Public Works

OPUC Gas Utility New Construction Budget for 2014

Narrative for Major Projects

Fort Hill (12")

This project includes the installation of approximately 1,200 feet of 12" (W) Class F pipe (900 ft. via HDD methods). The project will eliminate pipe that is exposed in the South Yamhill River. The project is expected to be completed by summer 2014.

2014 Project Budget – \$1,300,000 – Transmission Integrity Management Program

Woodburn (6" W)

This project is located in Woodburn. The installation includes approximately 8000' of 6" steel pipe, 1000' 4" poly main and 900' of 2" poly main. This project is the result of an ODOT project to build a new I-5 freeway interchange in Woodburn. The project is expected to be completed by summer 2014.

2014 Project Budget – \$2,100,000 – Public Works

Hwy 101 Grading (6" P)

This project is located in Lincoln City. The project consists of replacing the existing class B distribution system on Highway 101 to accommodate an upcoming ODOT highway improvement project. The project will include installation of approximately 3600' of 6" poly, 1900' of 2" poly and 100' of 1" poly. The project is expected to be completed by summer 2014.

2014 Project Budget – \$1,500,000 – Public Works

Hwy 30 Relocate (12")

Installation of approximately 1,500 feet of 12" steel pipe to replace an existing 12" steel line that is in ODOT's roadside ditch. The new pipeline will be moved into the shoulder of the road, away from the slope and ditch, and be lowered approximately 3' to a depth of adequate and sustainable cover. The project is expected to be completed by summer 2014.

2014 Project Budget – \$1,300,000 – Transmission Integrity Management Program

OPUC Gas Utility New Construction Budget for 2014

Narrative for Major Projects

Salem Retrofit Project

This project will substantially improve upon the existing office structure, which has been deemed to be sub-standard for current safety requirements. The existing office structure of the Salem center is nearing 50 years old. The architecture employed in the existing structure failed to properly take into account potential catastrophic events, like that of an earthquake. The office building will undergo significant changes, including a new exterior wall infrastructure, new plumbing, new electrical and data infrastructure, bio-swales, and repositioning of existing compressed natural gas (CNG) storage/dispensers.

2014 Project Budget – \$6,900,000 – Structures

Sherwood Special Use Buildings

Located in Sherwood, Oregon on the site of the former BMC Lumber Company, Building A is part of a project to consolidate all NW Natural operations support, training, and business continuity functionality into one multi-use facility. Three related projects; Building A, Building B and Training Town (a realistic scenario-based training facility) have been completed and are in operation.

In order to complete the Sherwood project and provide complete usability, a number of special-use buildings remain to be constructed. These buildings include a safety building where x-rays and pressure testing can be completed away from the habituated Building A. Also included are sheds to house hazardous materials, sheds to protect equipment, sheds to store spoils material, and repaving the worn parking lot.

2014 Project Budget – \$2,053,025 – Structures

North Mist Storage Expansion Project

NWNGS, a wholly owned subsidiary of NWN, proposes to develop, on behalf of the utility business unit within NWN, the North Mist Extension Project to provide 2.54 Bcf of storage capacity, and deliveries up to 120 MMscfd, by late 2017. The anchor tenant and customer for this capacity is PGE. NWNGS proposes to develop, construct, and commission the Adams Pool near Mist, Oregon as a natural gas storage facility. The development of the Adams Pool will require the construction of new facilities, including a remotely-operated compressor station consisting of compressors, dehydration equipment, metering and odorizing facilities, remote well pad sites, injection/withdrawal (IW) wells, observation/monitoring (OM) wells, gathering pipelines, a transmission pipeline, and customer metering facilities.

2014 Project Budget – \$3,700,000 – Storage

OPUC Gas Utility New Construction Budget for 2014

Narrative for Major Projects

Customer Connections Program – Phase 2

The CCP project is a multi-phase project chartered with extending information out to customers and business partners via the internet. Phase one completed in 2013 provided the public and automates information around getting gas service to their homes and businesses featuring a tool to determine gas availability at a specific location. Phase two, currently in development, is the online ordering tool for business partners including builders and dealers. This tool provides a secure log in for business partners to place orders for the most common gas installation types and view order status.

2014 Project Budget - \$1,558,100 – Computer Software / Hardware

Technology Replacements

Fund the replacement of capital technology assets according to a planned schedule based upon the estimated useful life of the asset. Additional project objectives include funding new computer hardware and software to comply with regulatory requirements, continue a current level of service (e.g. additional disk storage), and as requested by the business units to support strategic objectives or process improvements (both requiring business justification and ROI).

- **Large Servers** - \$760,200

Our strategy is to replace hardware that is at end of life from a vendor support perspective. Our development/QA SAN is no longer supported by the vendor, and our server equipment for that environment is at the end of its 5 year depreciation cycle. In addition, we have server hosts in the DMZ at end of life. Lastly, we are expanding SAN storage to accommodate email archiving on a more stable and supportable platform.

- **Desktop/Peripherals** - \$1,664,200

Complete Desktop/Laptop replacements per lease schedules. Desktops are leased for 4 years and laptops for 3 years (industry standard estimated useful life). The 2014 budget request includes the cost of the hardware and labor to refresh approximately 536 leased systems.