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June 29, 2012

NWN Advice No. OPUC 11-19  
Fifth Errata Filing

**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: **UG 221 – FIFTH ERRATA FILING**  
Errata to Exhibit NWN/2001 Feltz  
Errata to Exhibit NWN/1905 Siores

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith its Errata to Mr. Stephen P. Feltz’s Exhibit NWN/2001 Feltz/1 and to Ms. Natasha Siores’ Exhibit NWN/1905 Siores/1

This Errata filing:

1. Replaces Exhibit NWN/2001 to correct a data entry on line 25 to 10 years, not 30 years. This exhibit was also provided in the Company’s response to OPUC DR 510. Please replace the original exhibit of three pages filed on June 15, 2012, with the new one page exhibit.
2. Corrects an error in the model calculations at Exhibit NWN/1905 at lines 4-7. The total at line 7 should have added to 100%. The calculation was corrected on lines 4-6. As a result, the other lines changing in this Exhibit NWN/1905 are line 11 and lines 13-17. These changes flow through to two more exhibits as follows: NWN/1904 at line 27 and NWN/1903 in columns C and F. The changes resulting from these corrections are not material and do not impact the overall dollar amounts discussed throughout the Company’s reply testimony. Revised Exhibit NWN/1903-1905 is attached.

Please call me if you have questions.

Sincerely,

NW NATURAL

*/s/ Onita King*

Onita R. King  
Tariffs and Regulatory Compliance

attachments – 2001 Feltz Reply Exhibit Revised  
1903-1905 Siores Reply Exhibit Revised



## CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing FIFTH ERRATA FILING OF NW NATURAL in docket UG 221, upon each party listed in the Service List by electronic mail and, where paper service is not waived, by U.S. mail, postage prepaid.

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DATED at Portland, Oregon, this 29th day of June, 2012

/s/ Kelley C. Miller  
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NW Natural  
Oregon Jurisdictional Rate Case Updated for reply & stipulation ERRATA 6-29-12  
Test Year Twelve Months Ended October 31, 2013  
Increase in Revenue Requirement  
(\$000)

NWN/1903  
Siores/1

Line No.	Test Year							
	Forecasted Test Year Results [a]	Adjustments	Test Year Adjusted	Margin Change [b]	Pension Change [c]	Total Revenue Change (f = d+e)	Results @ 10.2% ROE (g)	
	(a)	(b)	(c)	(d)	(e)	(f = d+e)	(g)	
<b>Operating Revenues</b>								
1	Sale of Gas	\$682,996	\$0	\$682,996	\$31,020	\$4,899	\$35,920	\$718,916
2	Transportation	12,871	0	12,871			0	12,871
3	Miscellaneous Revenues	3,429	494	3,923			0	3,923
4	<b>Total Operating Revenues</b>	<b>699,296</b>	<b>494</b>	<b>699,790</b>	<b>31,020</b>	<b>4,899</b>	<b>35,920</b>	<b>735,709</b>
<b>Operating Revenue Deductions</b>								
5	Gas Purchased	395,039	0	395,039			0	395,039
6	Uncollectible Accrual for Gas Sales	2,110	0	2,110	96		96	2,206
7	Other Operating & Maintenance Expenses	118,219	(5,237)	112,982			0	112,982
8	<b>Total Operating &amp; Maintenance Expense</b>	<b>515,368</b>	<b>(5,237)</b>	<b>510,131</b>	<b>96</b>	<b>0</b>	<b>96</b>	<b>510,227</b>
9	Federal Income Tax	18,280	1,888	20,168	9,739	0	9,739	29,907
10	State Excise	4,342	444	4,786	2,289	0	2,289	7,075
11	Property Taxes	19,604	0	19,604			0	19,604
12	Other Taxes	23,323	13	23,336	809		809	24,145
13	Depreciation & Amortization	60,094	(33)	60,060		4,899	4,899	64,960
14	<b>Total Operating Revenue Deductions</b>	<b>641,012</b>	<b>(2,926)</b>	<b>638,086</b>	<b>12,933</b>	<b>4,899</b>	<b>17,832</b>	<b>655,918</b>
15	<b>Net Operating Revenues</b>	<b>58,284</b>	<b>3,419</b>	<b>61,703</b>	<b>18,087</b>	<b>0</b>	<b>18,087</b>	<b>79,791</b>
<b>Average Rate Base</b>								
16	Utility Plant in Service	\$2,227,108	(\$14,513)	\$2,212,595				\$2,212,595
17	Accumulated Depreciation	(990,862)	409	(990,454)				(990,454)
18	<b>Net Utility Plant</b>	<b>1,236,246</b>	<b>(14,104)</b>	<b>1,222,142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,222,142</b>
19	Pension	21,930	17,265	39,195			0	39,195
20	Aid in Advance of Construction	(1,994)	(5,380)	(7,375)			0	(7,375)
21	Gas Inventory	48,008	0	48,008			0	48,008
22	Materials & Supplies	7,422	(633)	6,790			0	6,790
23	Leasehold Improvements	1,155	0	1,155			0	1,155
24	Accumulated Deferred Income Taxes	(329,082)	0	(329,082)			0	(329,082)
25	<b>Total Rate Base</b>	<b>983,685</b>	<b>(2,852)</b>	<b>980,833</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>980,833</b>
26	<b>Rate of Return</b>	<b>5.93%</b>		<b>6.29%</b>				<b>8.14%</b>
27	<b>Return on Common Equity</b>	<b>5.78%</b>		<b>6.51%</b>				<b>10.20%</b>

[a] Reflects test year line items as filed in original case, with update to taxes only due to interest synch caused by change in assumption on ROE and interest on long term debt.

[b] Margin increase is calculated by multiplying Test Year Rate Base (line 25 column c) by the requested Rate of Return (lin 26 column g) and comparing the result to Test Year Operating Revenues (line 15 colmn c). The difference is then grossed up for tax and shown in line 1 of column d. Associated taxes and uncollectibles are calculated based on the revenue increase and the tax rates and uncollectible average as used in this model.

[c] This revenue increase represents collection of revenue to amortize pension related amounts as discussed in the direct testimony of Stephen Feltz.

NW Natural  
Oregon Jurisdictional Rate Case Updated for reply & stipulation ERRATA 6-29-12  
Test year Normalizing Adjustments  
(\$000)

NWN/1904  
Siores/1

Line No.	Stipulation Adjustment (a)	Pension Correction & Update Adjustment (b)	FTE's Adjustment (c)	blank Adjustment (d)	blank Adjustment	blank Adjustment	blank Adjustment	Total Adjustments (e)
<b>Operating Revenues</b>								
1	\$0							\$0
2	0							0
3	494							494
4	494	0	0	0	0	0	0	494
<b>Operating Revenue Deductions</b>								
5	0							0
6	0	0	0	0	0	0	0	0
7	(4,419)		(818)					(5,237)
8	(4,419)	0	(818)	0	0	0	0	(5,237)
9	1,787	(169)	270	0	0	0	0	1,888
10	420	(40)	64	0	0	0	0	444
11								0
12	13	0	0	0	0	0	0	13
13	(25)		(9)					(33)
14	(2,224)	(209)	(492)	0	0	0	0	(2,926)
15	\$2,718	\$209	\$492	\$0	\$0	\$0	\$0	\$3,419
<b>Average Rate Base</b>								
16	(\$14,194)		(319)					(\$14,513)
17	409							409
18	(13,785)	0	(319)	0	0	0	0	(14,104)
19		17,265						17,265
20	(5,380)							(5,380)
21	0							0
22	(633)							(633)
23								0
24								0
25	(\$19,798)	\$17,265	(\$319)	\$0	\$0	\$0	\$0	(\$2,852)
26	(\$601)	\$524	(\$10)	\$0	\$0	\$0	\$0	(\$87)
27	(7,423)	2,050	(889)	0	0	0	0	(6,262)

Northwest Natural Gas Company  
Test year Normalizing Adjustments  
Oregon Jurisdictional Rate Case Updated for reply & stipulation ERRATA 6-29-12  
(\$000)

Income Tax Calculations

Line No.	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Total Adjustments
1	\$494	\$0	\$0	\$0	\$0	\$0	\$0	\$494
2	(4,407)	0	(818)	0	0	0	0	(5,224)
3	(25)	0	(9)	0	0	0	0	(33)
4	(601)	524	(10)	0	0	0	0	(87)
5	0	0	0	0	0	0	0	0
6	5,526	(524)	836	0	0	0	0	5,838
7	420	(40)	64	0	0	0	0	444
8	0	0	0	0	0	0	0	0
9	420	(40)	64	0	0	0	0	444
10	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0
12	5,106	(484)	772	0	0	0	0	5,394
13	1,787	(169)	270	0	0	0	0	1,888
14	0	0	0	0	0	0	0	0
15	1,787	(169)	270	0	0	0	0	1,888
16	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0
19	1,787	(169)	270	0	0	0	0	1,888
20	420	(40)	64	0	0	0	0	444

[1] Statutory State Excise Tax Rate: 7.60%  
[2] Statutory Federal Income Tax Rate: 35.00%

**NW Natural**  
**Oregon Jurisdictional Rate Case Updated for reply & stipulation ERRATA 6-29-12**  
**Proforma Cost of Capital and Revenue Sensitive Costs**

NWN/1905  
 Siores/1

<b>Weighted Average Cost of Capital</b>		<b>% of Total Capital</b>	<b>Average Cost</b>	<b>Weighted Cost</b>
<b>1</b>	<b>Long Term Debt</b>	50.00%	6.070%	3.04%
<b>2</b>	<b>Common Stock</b>	50.00%	10.20%	5.10%
<b>3</b>	<b>Total</b>	<u>100.00%</u>		<u>8.14%</u>

**Revenue Sensitive Costs**

<b>4</b>	<b>Gas Sales</b>	97.60%
<b>5</b>	<b>Transportation</b>	1.84%
<b>6</b>	<b>Other</b>	0.56%
<b>7</b>	<b>Subtotal</b>	100.00%
<b>8</b>	<b>O &amp; M - Uncollectible</b>	0.31%
<b>9</b>	<b>Franchise Taxes at</b>	2.36%
<b>10</b>	<b>OPUC Fee</b>	<u>0.25%</u>
<b>11</b>	<b>State Taxable Income</b>	97.08%
<b>12</b>	<b>State Income Tax</b>	<u>7.38%</u>
<b>13</b>	<b>Federal Taxable Income</b>	89.71%
<b>14</b>	<b>Federal Income Tax</b>	<u>31.40%</u>
<b>15</b>	<b>Utility Operating Income</b>	<u>58.31%</u>
<b>16</b>	<b>Total Revenue Sensitive Costs</b>	<u>41.69%</u>
<b>17</b>	<b>Net-to-gross factor</b>	<u>171.50%</u>
<b>18</b>	<b>Rate of Return on Equity</b>	10.20%
<b>19</b>	<b>Federal Tax Rate</b>	35.00%
<b>20</b>	<b>State Tax Rate</b>	7.60%
<b>21</b>	<b>Combined Tax Rate</b>	39.94%
<b>22</b>	<b>Franchise Fees</b>	2.358%
<b>23</b>	<b>Uncollectible Accounts</b>	0.308%
<b>24</b>	<b>Regulatory Fees</b>	0.250%
<b>25</b>	<b>Interest Coordination Factor</b>	3.035%

**NORTHWEST NATURAL GAS COMPANY**  
**EMBEDDED COST OF LONG-TERM DEBT CAPITAL AT**  
**Pro-Forma PERIOD ENDED October 31, 2013**

NWN/2001  
Feltz/1

REVISED 6/21/12

In. #	Coupon Rate	Description of Issue	Date Issued	Maturity Date	Years to Maturity	Outstanding	Offered	Underwriter's			Expense of Issue	Net Proceeds		Original Term to Maturity Yrs.	Cost of Money (Bond Table)	Annual Cost Outstanding Debt			
								Premium or Discou	Commission			Per \$100 Principal	Per \$100 Principal				Per \$100 Principal	Per \$100 Principal	
		(a)	(b)	(c)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
<b>Medium-Term Notes</b>																			
<b>First Mortgage Bonds:</b>																			
1	8.260%	8.260% Series	09/94	09/14	1.7	10,000,000	10,000,000	0	0.00	40,000	0.400	863,369	[1]	8.63	9,096,631	90.966	20	9.260%	926,000
2	3.950%	3.95 % Series	07/09	07/14	1.5	50,000,000	50,000,000	0	0.00	250,500	0.501	191,076		0.38	49,558,424	99.117	5	4.147%	2,073,500
3	4.700%	4.700% Series	06/05	06/15	2.5	40,000,000	40,000,000	0	0.00	250,000	0.625	91,898		0.23	39,658,102	99.145	10	4.809%	1,923,600
4	5.150%	5.150% Series	12/06	12/16	4.0	25,000,000	25,000,000	0	0.00	156,250	0.625	121,426		0.49	24,722,324	98.889	10	5.294%	1,323,622
5	7.000%	7.000% Series	08/97	08/17	4.6	40,000,000	40,000,000	0	0.00	300,000	0.750	75,600		0.19	39,624,400	99.061	20	7.089%	2,835,600
6	6.600%	6.600% Series	03/98	03/18	5.2	22,000,000	22,000,000	0	0.00	165,000	0.750	1,179,884	[2]	5.36	20,655,116	93.887	20	7.181%	1,579,820
7	8.310%	8.310% Series	09/94	09/19	6.7	10,000,000	10,000,000	0	0.00	40,000	0.400	1,071,757	[1]	10.72	8,888,243	88.882	25	9.479%	947,900
8	7.630%	7.630% Series	12/99	12/19	6.9	20,000,000	20,000,000	0	0.00	150,000	0.750	45,421		0.23	19,804,579	99.023	20	7.727%	1,545,400
9	5.370%	5.370% Series	03/09	02/20	7.1	75,000,000	75,000,000	0	0.00	468,750	0.625	10,394,058	[7]	13.86	64,137,192	85.516	11	7.327%	5,495,250
10	9.050%	9.050% Series	08/91	08/21	8.6	10,000,000	10,000,000	0	0.00	75,000	0.750	40,333		0.40	9,884,667	98.847	30	9.163%	916,300
11	3.176%	3.176% Series	09/11	09/21	8.7	50,000,000	50,000,000	0	0.00	312,500	0.625	292,655		0.59	49,394,845	98.790	10	3.319%	1,659,500
12	5.620%	5.620% Series	11/03	11/23	10.9	40,000,000	40,000,000	0	0.00	372,588	0.931	2,952,850	[6]	7.38	36,674,562	91.686	20	6.360%	2,544,190
13	7.720%	7.720% Series	09/00	09/25	12.7	20,000,000	20,000,000	0	0.00	150,000	0.750	1,136,261	[4]	5.68	18,713,739	93.569	25	8.336%	1,667,200
14	6.520%	6.520% Series	12/95	12/25	12.9	10,000,000	10,000,000	0	0.00	62,500	0.625	27,646		0.28	9,909,854	99.099	30	6.589%	658,900
15	7.050%	7.050% Series	10/96	10/26	13.8	20,000,000	20,000,000	0	0.00	125,000	0.625	50,940		0.25	19,824,060	99.120	30	7.121%	1,424,200
16	7.000%	7.000% Series	05/97	05/27	14.4	20,000,000	20,000,000	0	0.00	125,000	0.625	28,906		0.14	19,846,094	99.230	30	7.062%	1,412,400
17	6.650%	6.650% Series	11/97	11/27	14.9	19,700,000	20,000,000	0	0.00	125,000	0.625	37,800	[8]	0.19	19,837,200	99.186	30	6.714%	1,322,658
18	6.650%	6.650% Series	06/98	06/28	15.4	10,000,000	10,000,000	0	0.00	75,000	0.750	23,300		0.23	9,901,700	99.017	30	6.727%	672,700
19	7.740%	7.740% Series	08/00	08/30	17.7	20,000,000	20,000,000	0	0.00	150,000	0.750	1,354,914	[3]	6.77	18,495,086	92.475	30	8.433%	1,686,538
20	7.850%	7.850% Series	09/00	09/30	17.7	10,000,000	10,000,000	0	0.00	75,000	0.750	678,107	[5]	6.78	9,246,893	92.469	30	8.551%	855,100
21	5.820%	5.820% Series	09/02	09/32	19.7	30,000,000	30,000,000	0	0.00	225,000	0.750	165,382		0.55	29,609,618	98.699	30	5.913%	1,773,943
22	5.660%	5.660% Series	02/03	02/33	20.2	40,000,000	40,000,000	0	0.00	300,000	0.750	56,663		0.14	39,643,337	99.108	30	5.723%	2,289,200
23	5.250%	5.250% Series	06/05	06/35	22.5	10,000,000	10,000,000	0	0.00	75,000	0.750	22,974		0.23	9,902,026	99.020	30	5.316%	531,600
24	4.200%	4.200% Series	07/12	07/42	29.5	50,000,000	50,000,000	0	0.00	325,000	0.650	200,000		0.40	49,475,000	98.950	30	4.262%	2,131,173
25	3.330%	3.330% Series	11/12	11/22	9.8	25,000,000	25,000,000	0	0.00	156,250	0.625	250,000		1.00	24,593,750	98.375	10	3.524%	881,056
						<b>\$676,700,000</b>	<b>\$677,000,000</b>	<b>0</b>		<b>\$4,549,338</b>		<b>\$21,353,220</b>		<b>\$651,097,442</b>			<b>6.070%</b>	<b>\$41,077,350</b>	

**WEIGHTED EMBEDDED COST: \$41,077,350 \$676,700,000 EQUALS = 6.070%**

- [1] INCLUDES PREMIUM AND UNAMORTIZED COST ON EARLY REDEMPTION OF 9.8% SERIES BONDS (\$1,044,111 ALLOCATED TO THE 8.31% SERIES, AND \$835,723 ALLOCATED TO THE 8.26% SERIES).
- [2] INCLUDES \$910,800 PREMIUM AND \$222,664 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 9.125% SERIES BONDS ALLOCATED TO THE 6.60% SERIES.
- [3] INCLUDES \$992,143 PREMIUM, \$178,966 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 9.75% SERIES BONDS, AND \$148,605 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 15.375% SERIES BONDS ALLOCATED TO THE 7.74% SERIES.
- [4] INCLUDES \$826,786 PREMIUM, \$149,139 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 9.75% SERIES BONDS, AND \$123,837 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 15.375% SERIES BONDS ALLOCATED TO THE 7.72% SERIES.
- [5] INCLUDES \$496,071 PREMIUM, \$89,483 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 9.75% SERIES BONDS, AND \$74,302 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 15.375% SERIES BONDS ALLOCATED TO THE 7.85% SERIES.
- [6] INCLUDES \$150,000 PREMIUM AND \$405,971 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 7.50% SERIES BONDS, \$413,600 PREMIUM AND \$1,116,479 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 7.52% SERIES BONDS AND \$730,000 PREMIUM AND \$136,800 UNAMORTIZED COSTS ON EARLY REDEMPTION OF 7.25% SERIES BONDS ALLOCATED TO 5.62% SERIES.
- [7] INCLUDES \$10,096,000 COSTS PAID ON INTEREST RATE HEDGE LOSS AND \$298,058 UNAMORTIZED COSTS ON SHELF REGISTRATION, ALLOCATED TO 5.37% SERIES.
- [8] In November 2009 one investor exercised its right under a one-time put option to redeem \$0.3 million of the \$20 million outstanding. This one-time put option has now expired, and the remaining \$19.7 million remaining principal outstanding is expected to be redeemed at maturity in November 2027.