

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

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In the Matter of	)	
	)	
NORTHWEST NATURAL GAS	)	ORDER
COMPANY	)	
	)	
Application for a General Rate Revision	)	
Advice No. 02-19.	)	

**DISPOSITION: PETITION GRANTED; ORDER AMENDED;  
AMENDMENT TO STIPULATION APPROVED**

In its Order No. 03-236, entered April 22, 2003 (Order), the Commission adopted the Second Stipulation Relating to the Coos County Distribution System (Second Stipulation or Stipulation 2) entered into by Northwest Natural Gas Company (NWN or Company), the Commission staff (Staff), the Citizens' Utility Board (CUB), the Northwest Industrial Gas Users (NWIGU) and Coos County (the Stipulation Parties) relative to the rate treatment of NWN's Coos County Distribution System (CCDS) which will deliver natural gas to customers in Coos County. The supply line for the CCDS is a 60-mile transmission pipeline extending from the interstate pipeline near Roseburg into Coos Bay, North Bend and other communities.

On October 14, 2004, the Company submitted a Petition to Amend Order No. 03-236 and Adopt Stipulation Amendment (Petition). In its Petition, NWN requested that the Commission amend the Order to adopt an Amendment to the Second Stipulation appended to the Petition as Appendix A, signed by all of the parties to Stipulation 2.<sup>1</sup>

**Background.** Stipulation 2, as adopted by the Commission, placed a \$12 million cap for ratemaking purposes on the cost of NWN's total initial investment in the CCDS. "Initial investment" was defined to include costs incurred during the "Initial Investment Period," which, itself, was defined as "the first 15 'construction months,' or those months of the year during which weather conditions allow active construction to

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<sup>1</sup> Petition, p. 1.

occur.” Because construction began on August 13, 2003, and continued throughout the winter months, the “Initial Investment Period” will conclude on November 12, 2004.

Disputes among the County, state and federal agencies, the County’s original contractor, the Sierra Club, private landowners and others, led to a number of delays and resulted in the County securing new consultants and contractors to resume the work.<sup>2</sup> In order to complete the plan as originally envisioned by the parties to the proceeding and Stipulation 2, the Stipulation Parties agreed to the Amendment which extends the “Initial Construction Period” by an additional six months.<sup>3</sup>

**Discussion.** In our Order No. 03-236, we concluded that the CCDS construction plan was in the public interest and approved Stipulation 2. Based upon the representations of the Company and the recitation of the facts in its Petition, we find that the attached Amendment was entered into in response to an unforeseen delay caused by factors beyond the Company’s control.

ORS 756.568 Rescission, suspension and amendment of orders, provides as follows:

The Public Utility Commission may at any time, upon notice to the public utility or telecommunications utility and after opportunity to be heard as provided in ORS 756.500 to 756.610, rescind, suspend or amend any order made by the commission.

The Commission thus has authority to amend Order No. 03-236 and adopt the Amendment to Stipulation 2 submitted by NWN, CUB, the County, NWIGU and Staff, as set forth in Appendix A. Having reviewed the record in this matter, we conclude that the Amendment to Stipulation 2 is in the public interest, produces a just and reasonable result and should be adopted in its entirety.

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<sup>2</sup> *Id.*, pp. 1-2.

<sup>3</sup> *Id.*, p. 2.

**ORDER**

1. The Petition to Amend Order No. 03-236 and Adopt Stipulation Amendment filed by Northwest Natural Gas Company is GRANTED.
2. The Amendment to Second Stipulation Relating to the Coos County Distribution System executed by Northwest Natural Gas Company, the Citizens' Utility Board, the Northwest Industrial Gas Users, Coos County and the Commission Staff is hereby APPROVED, and the resolution of issues set forth therein are hereby ADOPTED.
3. Order No. 03-236, entered April 22, 2003, is AMENDED to conform herewith.

Made, entered, and effective \_\_\_\_\_.

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**Lee Beyer**  
Chairman

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**Ray Baum**  
Commissioner

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**John Savage**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.