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VIA FAX (503) 373-7752

Ms. Judy Johnson
Public Utility Commission of Oregon
550 Capital Street NE
Suite 215
Post Office Box 2148
Salem, Oregon 97308-2148

RE: AR 498

Dear Ms. Johnson,

This filing constitutes Northwest Natural Gas Company's (NW Natural's) response to questions the PUC Staff posed to interested parties, by letter dated August 12, 2005, in connection with the temporary rulemaking that is the subject of this docket.

1. Nature of temporary rulemaking; timeline.

SB 408 tackles complex matters of tax and ratemaking. It is complicated in its own right and, in our view, a highly ambiguous piece of legislation.

Accordingly, the PUC regulations that will implement SB 408 will be themselves complex. They will also be extremely important as clarifications of a vague statute. Such regulations are not well-suited to an expedited, temporary rulemaking process, although such a process is necessary given the timing of the reporting requirements of the bill.

For these reasons, NW Natural assumes that the Staff's questions will be open for further discussion during the permanent rulemaking to implement SB 408 (in AR 499) and notes that it may arrive at supplemental or different answers to some of Staff's questions based on further analysis.

Finally, a number of Staff's questions raise issues of great importance to further implementation of SB 408 (e.g. fair implementation of the formula in

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Section 3(13)(e)). We have not attempted to raise or address any of these issues at this time, but look forward to doing so in the future.

2. Concurrence with PacifiCorp's response. NW Natural has reviewed PacifiCorp's answers to Staff's questions and concurs with them.

Very truly yours,

Margaret D. Kirkpatrick
Vice President & General Counsel

MDK:plv