

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 25, 2001**

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: September 18, 2001

TO: Phil Nyegaard through Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: UF 3279 Northwest Natural Gas Application to Extend its Authority to Issue Additional Shares of Common Stock

SUMMARY RECOMMENDATION:

I recommend approving the application.

DISCUSSION:

On August 22, 2001, Northwest Natural Gas (Northwest) filed an application under Oregon Revised Statutes (ORS) 757.400-757.450, and Oregon Administrative Rule (OAR) 860-027-030 for authority to offer, issue and sell an additional 750,000 shares of its authorized but unissued Common Stock. The Common Stock is being issued under a dividend reinvestment and stock purchase plan (Plan).

Use of Proceeds

Northwest indicates that the proceeds from the sale of new shares of common stock in the Plan will be used for the construction, completion, extension or improvement of the Company's facilities, pursuant to ORS 757.415 (1) (a).

Expenses

The total estimated expense for the issuance is \$75,000. This amount appears reasonable.

STAFF RECOMMENDATIONS:

I recommend the Commission approve Northwest's application to issue shares of common stock pursuant to its Plan. Such authority is consistent with authority granted other utilities in recent orders.