

NORTHWEST NATURAL GAS COMPANY

WN U-6

Second Revision of Sheet 250.1

Cancels First Revision of Sheet 250.1

**SCHEDULE 250
MONTHLY INCREMENTAL COST OF GAS**

APPLICABILITY:

This Schedule applies to Customers that have requested and been approved by the Company to change Rate Schedules and/or Service Types under the following situations:

1. Customer has requested and been approved to make a Service Type Selection change from any Transportation Service Type to any Sales Service Type in accordance with the "OUT-OF-CYCLE TRANSFERS" section of the applicable Rate Schedule.
2. Customer has requested and been approved to make a Service Type Selection change from any Transportation Service Type to any Sales Service Type in accordance with the "ANNUAL SERVICE ELECTION PERIOD – JULY 31 ELECTION FOR NOVEMBER 1 SERVICE" section of the applicable Rate Schedule with an effective date for Sales Service that is prior to November 1.
3. Customer has a Service Type Selection of Sales Service at Winter Sales WACOG and Customer will pay for Sales Service at Monthly Incremental Cost of Gas effective April 1.
4. Customer has requested and been approved to make a Rate Schedule and Service Type change from Transportation Service under Rate Schedule 41, 42 or 43 or under a special contract to Sales Service under Rate Schedule 3 outside of the Annual Service Election.

APPLICATION TO RATE SCHEDULES:

For each of the applicable Billing Months, the Commodity Component of the volumetric charges shall be billed at Monthly Incremental Cost of Gas.

CALCULATION OF MONTHLY INCREMENTAL COST OF GAS:

Monthly Incremental Cost of Gas will be calculated as follows:

- A. For each Billing Month, first calculate the monthly price for supplies in Alberta, British Columbia, and the US Rockies as follows
 1. For Alberta, start with the "One-month spot price average" for AECO/NIT transactions published in the Canadian Gas Price Reporter Natural Gas Market Report, as listed in US dollars per million Btu (the AECO Index) at the start of the Billing Month. To the AECO Index, add pipeline fuel-in-kind and line loss charges and pipeline variable transportation charges in effect on the pipeline systems of NOVA Gas Transmission, Foothills BC, Gas Transmission Northwest, and Northwest Pipeline (NWP) to derive an AECO equivalent city gate price.
 2. For British Columbia, start with the "Northwest, Canadian border (Sumas)" monthly bidweek spot gas price published in Inside FERC's Gas Market Report in US dollars per MMBtu (the Sumas Index) at the start of the Billing Month. To the Sumas Index, add pipeline fuel-in-kind and line loss charges and pipeline variable transportation charges in effect on the pipeline system of NWP to derive a Sumas equivalent city gate price.
 3. For US Rockies, start with the "Northwest, Rocky Mountains" monthly bidweek spot gas price published in Inside FERC's Gas Market Report in US dollars per MMBtu (the Rockies Index) at the start of the Billing Month. To the Rockies Index, add pipeline fuel-in-kind and line loss charges and pipeline variable transportation charges in effect on the pipeline system of NWP to derive a Rockies equivalent city gate price.

(continue to Sheet 250.2)

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MONTHLY INCREMENTAL COST OF GAS
(continued)

- B. Compare the AECO, Sumas and Rockies city gate prices derived above and calculate the average of the highest two of those three prices.
- C. The city gate price calculated in Step B is then adjusted for the Company's revenue sensitive effects, and is converted from million Btus to Therms to derive the Monthly Incremental Cost of Gas.
- D. The Company will post the Monthly Incremental Cost of Gas on its website (www.nwnatural.com) as soon as it is available each month.

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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(M) This language was previously on Sheet 250.1

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