



NW Natural[®]

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FOR IMMEDIATE RELEASE

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NW Natural Employees Race to Keep Customers Warm

CEO Kantor applauds employee response

PORTLAND, Ore. — During last week's cold weather, compressor equipment failed on the single interstate pipeline that provides virtually all the natural gas to the Willamette Valley and Southwest Washington. As a result, things could have gotten pretty cold for a lot of NW Natural customers last Wednesday. But an aggressive emergency response effort – with more than 3,000 hours of overtime from NW Natural employees – had customers' equipment up and running by 10 p.m. that evening.

In the early morning hours of December 9, 2009, service from the Jackson Prairie storage facility on the Williams Northwest Pipeline system was reduced by half. As a result, hundreds of customers in Clark County saw reduced pressure, and more than 300 lost gas service entirely. Once pressure on the interstate system was restored later that day, NW Natural employees began the work of re-lighting equipment for affected customers.

Meanwhile, to help relieve the strain during the cold weather, some of NW Natural's largest business and industrial customers voluntarily curtailed their gas use, helping ensure there would be enough gas for homes and small businesses.

Gregg Kantor, NW Natural's President and CEO, said, "The true test of a good company is how well it can respond to the unexpected. We certainly didn't predict that the interstate pipeline we rely on for natural gas would have a problem of this magnitude during the coldest weather of the year. But I couldn't have hoped for a better response by our employees. They knew what had to be done, and they did it."

NW Natural's Gas Supply and Engineering groups worked around the clock during a week of exceptionally cold weather to identify possible low pressure points in its system. As an example, the company placed compressed natural gas (CNG) trailers at key locations on the pipeline to minimize the number of affected customers.

The company also pulled gas from its Mist underground storage facility as well as from its liquefied natural gas plant to supplement gas coming from the interstate pipeline. This ensured gas supplies to meet local communities' energy needs.

On Tuesday, NW Natural customers used 8.4 million therms of gas, compared to an average December day's send out of 4.9 million therms. The most gas used ever used in

a single day by NW Natural customers was 8.9 million therms, a record set in January 2004.

Special thanks.

Kantor said, “We want to thank our customers, as well as our employees. Those of you who lost pressure were patient and understanding.”

“Some of our largest users also helped by temporarily curtailing their service to make sure we had enough gas supplies and pressure to serve homes and businesses,” Kantor said.

These customers, called “interruptible customers,” agree to discontinue their natural gas use if needed in exchange for lower rates. Many of these customers – generally manufacturers or large institutions – maintain dual-fuel systems, so they can switch to another fuel source when required.

Working to ensure reliability.

Virtually 100 percent of NW Natural’s gas supplies are delivered over a single interstate pipeline built in the 1950s. Randy Friedman, NW Natural’s Director of Gas Supply said, “Pipeline system interruptions are rare – but they do happen, as we saw last Wednesday. That’s the main reason we want to build a new pipeline – to give us an alternative gas supply route.”

The proposed Palomar Pipeline, a joint effort between NW Natural and TransCanada, would connect to the TransCanada system near Madras, Ore. It would provide NW Natural with an additional route for bringing gas from the Rocky Mountains and Alberta, Canada.

Not only will a new pipeline enhance reliability, but it will also provide more flexibility for gas purchases. “For example, if Canadian gas prices spike, we’ll have the opportunity to buy more from the Rockies. It just makes sense to have back-up resources and more choices. It’s the best way to keep reliability high and prices down for our customers,” said Friedman.

Friedman said that if a liquefied natural gas import terminal is built in northern Oregon, the Palomar Pipeline would be extended to serve it. “The principal reason for building Palomar is to ensure our customers dependable natural gas service. But access to LNG would be a secondary – and significant – cost benefit.”

To learn more about the Palomar Pipeline, visit nwnatural.com or palomargas.com.

About NW Natural

NW Natural is headquartered in Portland, Ore., and serves over 660,000 residential and business customers in Oregon and Southwest Washington. It is the largest independent natural gas utility in the Pacific Northwest. For more information about NW Natural, please visit nwnatural.com.