

**EXHIBIT B**

**to**

**SUPPLEMENTAL AFFIDAVIT OF KIMBERLY A. HEITING  
IN SUPPORT OF RESPONSE TO MOTIONS FOR  
SUMMARY DETERMINATION**



**NW Natural**  
We grew up here.


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## Smart Energy Questions and Answers

### What do I get for my Smart Energy dollars?

You'll receive "[carbon offsets](#)." By supporting projects that prevent greenhouse gas emissions (and that wouldn't be financially viable without your help), you'll offset the emissions caused by your home's natural gas use. So, the natural gas used in your home will make no net contribution to climate change.

If you are a business owner, you can either commit to offsetting 100 percent of your CO2 emissions for one year or determine what percentage of your emissions you wish to offset based on the amount of your monthly contribution.

For businesses signing up at the 100 percent offset level for one year, you will receive the marketing benefits provided to Smart Energy Circle members. All other customers won't actually receive anything that you can hold in your hand, like a certificate or a document. However, you'll know that The Climate Trust, a non-profit with an established record of managing offset projects, will keep track of the offsets. All contributors will receive a report at the end of the year documenting how many tons of greenhouse gas emissions were prevented by Smart Energy investments.

### As a homeowner, how much will I pay for Smart Energy?

You have a choice of two price options:

- \$6 each month, based on an average residential use of 686 therms a year, or
- A rate of just over 10 cents for each therm of gas you use. Using this method, your monthly contribution will vary depending on your gas use.

### How much will I pay for Smart Energy for my business?

Commercial customers may choose either to offset 100 percent of their CO2 emissions for the year (based on their last 12 months gas usage) or choose a fixed monthly rate that offsets a percentage of their emissions without a year-long commitment. The minimum charge is \$10 each month.

When you make a one-year commitment at the 100 percent level, you are entitled to the marketing benefits of the Smart Energy Circle. When you select the fixed charge option, use our

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## Special Offers

- For Your Home
- For Your Business



*Air Conditioner  
&  
Furnace Offer*

Up to  
**\$800**  
back

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"calculator" tool to see what portion of your overall carbon footprint you will be offsetting, based on your previous 12 months of gas use.

### **What marketing benefits do I gain from Smart Energy Circle membership?**

For businesses committing to fight climate change by offsetting 100 percent of your CO<sub>2</sub> emissions with Smart Energy for one year, you will receive a number of benefits that recognize your participation. You will be listed on our Smart Energy Circle webpage, appear in a newspaper ad listing all Smart Energy Circle members, receive We Got Smart window decals for use in all storefront locations and frame-able certificates for display in your offices, be sent a customized press release to distribute to your media list, and have access to the Smart Energy Circle logo for use in your own sales and marketing materials. To receive these benefits, simply sign up for the Smart Energy Circle designation.

### **How did you determine the cost of the offset program?**

NW Natural calculated the cost based on the market value of carbon offset projects and the amount of energy (and carbon dioxide emissions) participating customers are expected to use in an average year.

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### **How will Smart Energy charges show up on my bill?**

You'll see a separate line item for Smart Energy every month on your bill.

### **How much profit does NW Natural make off my Smart Energy contribution?**

None. All customer contributions are used to support individual projects, to help educate the public about greenhouse gas reductions or to administer the program.

### **How will I know what's happened to our Smart Energy contributions?**

Each year, NW Natural will send you a report on Smart Energy investments and the resulting carbon offsets.

### **How are the projects that offset my emissions selected?**

The following are criteria that The Climate Trust's offset projects are required to meet to ensure that all achieve intended and measurable reductions of CO<sub>2</sub> emissions. The Climate Trust also believes that these criteria, which are consistent with other generally accepted guidelines such as The Greenhouse Gas Protocol for Project Accounting, The World Bank's Prototype Carbon Fund, and the Kyoto Protocol's Clean Development Mechanism (CDM), establish the foundation of carbon offset quality in both regulated and voluntary markets.

**Additionality.** Additionality is an essential determinant of an offset project and one of the most important factors in assessing project quality. Additionality is a policy term by which an assessment is made regarding whether or not a project's emissions reductions are in addition to a business as usual scenario. The Climate Trust utilizes a project-

by-project additionality assessment, in which a project proponent must demonstrate that it faces barriers to implementation that can be addressed through carbon funding and that it is not required by any law, statute or rule. These barriers can be institutional, technological or financial.

**Type of Greenhouse Gas.** Only projects that displace or permanently sequester carbon dioxide emissions are eligible for offset funding under The Climate Trust's Oregon Power Plant Offset Program, which considers reductions of other greenhouse gas emissions only in the context of evaluating co benefits from a project. The Climate Trust's charter is broad, and allows acquisition of offsets from all greenhouse gases for other funding sources.

**Monitoring & Verification.** Emissions reductions from projects must be accurately quantified. Each project must have a monitoring plan that defines how, when and by whom the quantification will be done. All emissions reductions must be verified by an independent third party. Furthermore, all reductions must be based on realistic emissions baselines.

**Permanence.** Offset projects must permanently avoid or displace emissions, rather than temporarily sequestering emissions.

**Ownership of Credits.** Reductions generated by offset projects must have clear and defensible rights to ownership and may only be allocated, awarded or counted one time, at any given time, against the CO<sub>2</sub> emissions of a single entity.

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### **What are some other benefits of biogas?**

Biogas helps farmers manage their waste, it improves water quality by keeping animal waste out of holding pools and it controls or eliminates odors on and around farms.

### **What other kinds of projects will be supported by Smart Energy?**

While progress on biogas is being made, Smart Energy participants may also help fund other clean energy innovations. A primary example is combined heat and power projects, where heat from natural gas combustion that would otherwise be wasted when it's used to generate electricity is captured and reused.

### **How quickly will the offsets take effect? If I start paying now and the project doesn't take off for another year, will I lose the benefit of the offsets?**

You will receive carbon offsets for every month you participate in the Smart Energy program, regardless of when a project starts operating. If no program is in place at the time you sign up for Smart Energy, your offsets will be applied retroactively. That means they will equal the amount of carbon dioxide associated with your gas use from the time you sign up.

### **How much money will go to projects and how much to overhead?**

Nearly 70 percent of all Smart Energy contributions will be used for project identification, development, monitoring and operational support. NW Natural will retain about 30 percent for administration and to educate Oregonians about Smart Energy and global warming issues.

**How will NW Natural participate?**

NW Natural will be the first Smart Energy customer, contributing enough money to offset its natural gas use for all its facilities during Smart Energy's five-year pilot program. Because the company believes in this effort, NW Natural also is contributing additional funds to ensure the program's success. In all, the company's shareholders will pick up about 10 percent of the program cost for the first five years.

**Will NW Natural use this program to get into compliance with future rules limiting emissions?**

No. Only customers will benefit from carbon offsets purchased by Smart Energy. These offsets will not count against any emissions NW Natural is responsible for as a natural gas utility.

NW Natural is developing a comprehensive climate change strategy that will help it further reduce carbon dioxide emissions. The company hopes to implement such a strategy before federal regulations take effect and expects to exceed any federal requirements.

**How can I sign up for Smart Energy?**

Click "Sign Up" to sign up for Smart Energy, or call 1-800-422-4012.

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A rectangular button with a blue border and the text "Sign Up" in blue.

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