

Rates and Regulatory Affairs
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March 21, 2008

NWN Advice No. WUTC 08-1

VIA ELECTRONIC FILING

Carole Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Smart Energy Program (Pilot)

Pursuant to RCW 80.28.050, RCW 80.28.050, and the Washington Utilities and Transportation Commission ("Commission") regulations, Northwest Natural Gas Company dba NW Natural ("NW Natural") submits the proposed new and revised tariff sheets applicable to gas service supplied by NW Natural in Washington. NW Natural requests that these tariff sheets become effective on and after May 1, 2008:

Sixth Revision of Sheet ix,
"Tariff Index";

Original Sheet U.1,
Schedule U,
"Smart Energy Program (Pilot)"; and

Original Sheet U.2,
Schedule U,
"Smart Energy Program (Pilot) (continued)".

The purpose of this tariff filing is to incorporate Schedule U "Smart Energy Program (Pilot)" into NW Natural's tariff WN U-6. Schedule U describes a pilot program that allows NW Natural's customers to offset the greenhouse gas emissions associated with their gas use. Customers' participation in the program is entirely voluntary. NW Natural is partnering with The Climate Trust to offer this program. The Climate Trust is a nonprofit organization that purchases high-quality, project-based emission reductions. The Climate Trust will develop greenhouse gas offset projects on behalf of Smart Energy participants with the first priority for these projects being to help bring biogas to the region.

Residential and commercial customers may enroll in the Smart Energy Program under Schedule U. Residential customers may elect either a fixed rate of \$6.00 per bill, or a volumetric rate of \$0.10486 per therm. Commercial customers may elect a fixed rate of their choice (not less than \$10 per month). These rates are designed to fund the cost of carbon offsets and the ongoing administrative costs associated with the program. Administrative costs

are expected to average 30% of the program rates over the duration of the pilot program. The price of carbon offsets is based on the cost as of June 29, 2007.

NW Natural plans to conduct a detailed review of the Smart Energy pilot program in both Oregon and Washington after the third anniversary of the program's implementation in Oregon. NW Natural will conduct this review in the fall of 2010.

Concurrently with this tariff advice filing, NW Natural has filed a separate Petition for an Accounting Order ("Petition") requesting that the Commission authorize deferred accounting treatment of certain costs associated with the Smart Energy Program. NW Natural's implementation of the Smart Energy Program is contingent upon approval of the Petition. Therefore, NW Natural will withdraw this tariff filing in the event the Petition is not approved.

Copies of this letter and the filing are available in NW Natural's offices in The Dalles, Oregon and Vancouver, Washington.

Pursuant to WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of the NW Natural. Please address all correspondence related to this filing to me, with copies to:

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Please feel free to contact me if you have questions or would like additional information.

Sincerely,

/s/ Onita King

Onita R. King
Tariffs & Regulatory Compliance

enclosures