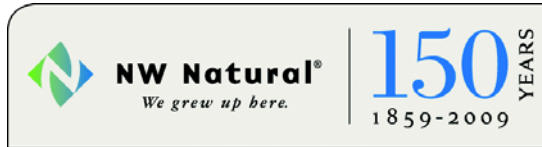


Rates and Regulatory Affairs
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June 30, 2009

NWN Advice No. WUTC 09-7

VIA ELECTRONIC FILING

Dave Danner, Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Schedules G, H and I, Energy Efficiency Programs

Dear Mr. Danner:

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith the following revisions to its Tariff WN U-6, stated to become effective on and after October 1, 2009:

Ninth Revision of Sheet viii,
"Tariff Index,"

Second Revision of Sheet F.1
Schedule F
"Residential High-Efficiency Furnace Program,"

Second Revision of Sheet G.1,
Schedule G,
"Residential Weatherization and Energy Conservation Service Program,"

First Revision of Sheet G.2,
Schedule G,
"Energy Efficiency Services and Programs – Residential and Commercial,"

First Revision of Sheet G.3,
Schedule G,
"Energy Efficiency Services and Programs – Residential and Commercial,"

First Revision of Sheet H.1
Schedule H,
"Commercial Energy Conservation Services Program,"

First Revision of Sheet I.1,
Schedule I,
“Washington Low-Income Energy Efficiency (WA-LIEE),”

First Revision of Sheet I.2,
Schedule I,
“Washington Low-Income Energy Efficiency (WA-LIEE),”

First Revision of Sheet I.3,
Schedule I,
“Washington Low-Income Energy Efficiency (WA-LIEE),” and

Original Revision of Sheet I.4,
Schedule I,
“Washington Low-Income Energy Efficiency (WA-LIEE).”

The Company hereby **cancel**s the following sheets:

Original Sheet H.2
Schedule H,
“Commercial Energy Conservation Services Program,” and

Original Sheet H.3
Schedule H,
“Commercial Energy Conservation Services Program.”

This compliance filing tariffs a new energy efficiency program and a revised low income energy efficiency program. Both programs were developed in consultation with the Energy Efficiency Advisory Group (EEAG), a group that formed in compliance to the stipulated agreement attached to Commission Order No. 04 in Docket No. UG-080546.

The EEAG is comprised of representatives from NW Natural, Energy Trust of Oregon (Energy Trust), Washington Utility and Transportation Commission (WUTC) Staff, Washington Public Counsel, Northwest Industrial Gas Users (NWIGU), Northwest Power and Conservation Counsel and The Energy Project. To develop the programs described herein, the EEAG met on February 5, 2009, and April 17, 2009. Teleconferences were held on May 7, 2009, and June 15, 2009.

The Energy Trust will deliver the Company’s Washington energy efficiency program. In the first program year, the Energy Trust will offer home energy evaluations as well as rebates for specific residential and commercial energy efficient appliance retrofits. Specific program offerings are not outlined in Schedule G because the Company would like the program to have the flexibility to adapt to the market. Descriptions of specific program offerings will be available on the Company website¹

The Company will strive to obtain save 130,000 therms in the first program year. The portfolio of measures offered under the program will be cost-effective per two

¹ See https://www.nwnatural.com/content_yourhome.asp?id=228

benefit cost ratio tests defined is Schedule G: a total resource cost test and a utility cost test.

Program start-up cost will not be included in the cost effectiveness test as these costs are unique and non-recurring. Start-up costs are estimated to be \$150,000. To reduce the impact of program cost recovery, the Company hereby petitions the Commission to authorize deferred accounting for its Schedule G, energy efficiency program start-up costs to amortize for recovery over five years. The Company believes spreading the costs over time is important so the first year rate impact on customers is not significant.

The Company is simultaneously revising its Washington Low Income Energy Efficiency Program (WA-LIEE) in an effort to stimulate greater program participation. The program will be administered by Clark County Community Services and the Washington Gorge Action Program.

Rebates paid under the WA-LIEE program will be based on the cost of the total group of measures recommended by energy analysis software that complies with the Department of Energy's standard for cost-effective energy efficiency. To qualify for a rebate, the total of all measures selected for each individual home must meet or exceed a Savings to Investment Ratio (SIR) of 1.0 or better. The rebate amount per home will be ninety percent (90%) of the documented installed cost of all measures, up to a maximum of \$3,500 per home.

In addition to the qualifying rebate, the administering agencies will be reimbursed for Health, Safety and Repair (HSR) costs, defined as home repairs that if not completed would adversely impact the safety and effectiveness of the energy efficiency measures or the health of the occupants. Standard efficiency furnace replacements may qualify for HSR funds if the existing furnace is broken, is found to produce an unsafe level of CO emissions, is back-drafting, or has a cracked heat exchanger and a high-efficiency furnace is not cost-effective or if it is physically impossible to install a high-efficiency furnace. HSR funds will be disbursed upon receipt of a completed reimbursement request. The maximum annual HSR disbursement available will be \$440 times the actual number of homes treated by the agency in the Program Year.

The agencies will have discretion in the use of their HSR Allowance such that they may use more or less than the \$440 on any one home. However, they must manage their HSR funds to ensure that the average HSR amount per home is not more than \$440.

The EEAG will review the program targets and achievements for both programs.

Descriptions of the Company's energy efficiency programs and first year performance targets are provided in the attached Energy Efficiency Plan. Also attached is a work paper that demonstrates the cost-effectiveness of the DSM the Company expects to acquire through its Energy Efficiency and WA-LIEE programs.

The attached Energy Efficiency Plan includes a work paper demonstrating the forecasted rate impact for each program as well as the combined effect, summarized here: The Company expects the costs for the energy efficiency program to result in average monthly impact of \$0.89 for a Schedule 2, residential customers and \$3.43 for a Schedule 3, commercial firm sales customers. The WA-LIEE program will result in average monthly impact of \$0.07 for residential customers and \$0.27 for commercial customers. The combined monthly rate impact for both energy efficiency programs in the first year is forecast as being \$0.96 for a typical residential customer and \$3.70 for a typical commercial customer.

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after October 1, 2009.

A copy of the filing is available for public inspection in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

As required by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

Please address correspondence on this matter to me with copies to the following:

Kelley Miller, Staff Assistant
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Please call me at (503) 226-4211 extension 3590 if you have any questions.

Sincerely,

/s/Jennifer Gross

Jennifer Gross
Rates & Regulatory Affairs