UG-100245-RP

Rates and Regulatory Affairs
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February 9, 2010

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

RE: **NW Natural's 2010 IRP Work Plan**

Enclosed is NW Natural's 2011 Integrated Resource Plan (IRP) Work Plan, which meets the requirements of Washington Administrative Code (WAC) 480-90-238, which states,

> *(4) The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.*
>
> and
>
> (5) *The work plan must outline the timing and extent of the public participation.*

If you have any questions regarding this plan, please contact me at 1-503-226-4211, extension 3590.

Sincerely,

Jennifer Gross
Tariff and Regulatory Compliance Consultant

enclosures

cc: Deborah Reynolds, WUTC Staff

Work Plan for NW Natural's 2011 Integrated Resource Plan

Issued February 9, 2010

Methodology

The purpose of the Integrated Resource Plan (IRP) is to develop strategies for purchasing gas and improving efficiencies of gas usage to meet current and future needs consistent with a lowest reasonable cost approach. To do this, NW Natural will develop and integrate demand forecasts, weather patterns, natural gas price forecasts, and demand side and supply side resources into Gas Supply and Planning Optimization software. The resulting model will act as a guide to steer the Company toward the least cost resource planning portfolio.

Key Dates

Develop Model Inputs	
- price forecasts	by February 23
- load forecasts	by February 23
- supply side resources (existing and proposed)	by March 15
- demand side resources	by May 15
Running Model	June 1 to August 1
- finalizing model	
- analyzing data	
Drafting Chapters	July 1 to September 15
Finalize Draft	September 15 – September 29
File Draft IRP / Distribute to TWG	September 30
Technical Working Group (TWG) Meetings	
- 1st Meeting Review 2008 Oregon IRP and 2009 Washington IRP; discuss forecast methodology	February 24, (9 a.m. to 3 p.m.)
- 2nd Meeting Discuss supply-side resources	April 28, (9 a.m. to 3 p.m.)
- 3rd Meeting Discuss model run results	July 28, (9 a.m. to 3 p.m.)
- 4th Meeting Discuss draft IRP	November 3, (9 a.m. to 3 p.m.)
Public Participation	
- Invite Customers to Participate	April Bill Inserts
- Public Meeting	June 17, (6 p.m. to 7 p.m.)
File Final 2011 IRP	March 30, 2011

Content of 2009 IRP

1. Executive Summary
   - Overview of Company and Resource Plan
   - Principal Conclusions from this Plan

2. Gas Requirements Forecast
   - Overview
   - Customer Base
     - Forecasts
       - New Construction – Residential
       - New Construction – Commercial
       - New Construction – Industrial Firm
       - Conversions from other fuels – Residential and Commercial
       - Hybrid Heat Customers
   - Use per Customer Forecasts
     - Residential and Commercial Load Equations
     - Industrial Firm Load Equations
     - Interruptible Customer Requirements
   - Forecast Equation Performance
   - Price Forecasts
     - Customer per Therm Usage Charge Forecast
     - Natural Gas Price Forecasts
   - Weather Planning Standards
     - Design Day
   - Key Findings
   - Action Items

3. Supply-Side Resources
   - Overview
   - Current Resources
     - Pipeline Transportation Contracts
     - Supply Resources
     - Gas Supply Contracts
     - Other Existing Supply Resources
     - Supply Diversity
     - Physical and Financial Hedging
   - Supply-Side Resource Dispatching
   - Recent Resource Decisions
   - Future Resource Alternatives
     - Interstate Capacity Additions
     - Mist Storage Recall
     - NW Natural Infrastructure Additions
     - Enhancement of Pipeline from Newport
     - Brownsville to Eugene
     - Willamette Valley Feeder
     - Imported LNG
     - Satellite LNG
     - Potential Future Supply Resources

- Gas Supply Portfolio Acquisition Strategy
  - Overview
  - Plan Goals
  - Relationship to Integrated Resource Plan
  - Strategies
  - Market Outlook
- Emergency Planning
- Key Findings

4. Demand-Side Resources in Washington
   - Energy Efficiency Overview
   - Methodology – Energy Efficiency
   - Technical and Achievable Potential Study
   - Evaluation of Achievable Potential DSM in *SENDOUT®*
   - Current Programs
   - Current Low Income Weatherization Programs
   - Other Demand-Side Management Considerations
     - Load Management and Demand Response
     - Cleaner and Greener Opportunities
   - Federal and State Policy Affecting Natural Gas Usage
   - Key Findings
   - Action Items

5. Linear Programming and the Company's Resource Choices
   - Overview - the Approach to Optimality
   - Least Cost Optimization
   - *SENDOUT®* – Resource Assessment Tool
   - DSM evaluation in *SENDOUT®*
   - *SENDOUT®* Scenarios, Portfolios & Results
   - Key Findings
   - Action Items

6. Avoided Cost Determination
   - Overview Methodology
   - Avoidable Capacity Resources.
   - Avoidable Gas Commodity Costs
   - Environmental Costs And Externalities
   - After-Tax Real Discount Rate
   - Key Findings

7. Public Participation
   - Overview of Public Process