

Rates and Regulatory Affairs
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April 26, 2010

NWN Advice No. WUTC 10-3

VIA ELECTRONIC FILING

Dave Danner, Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
Post Office Box 47250
Olympia, Washington 98504-7250

Re: Schedule U, "Smart Energy™ Program"

Dear Mr. Danner:

Pursuant to RCW 80.28.050, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby files the following new and revised sheets to its Tariff WN U-6, stated to become effective on and after June 1, 2010:

Sixth Revision of Sheet ix,
Tariff Index,

Original Sheet U-1,
Schedule U,
"Smart Energy™ Program,"

and

Original Sheet U-2,
Schedule U,
"Smart Energy™ Program."

The purpose of this filing is to introduce Schedule U, "Smart Energy™ Program," which will allow customers to voluntarily offset the greenhouse gas emissions associated with their natural gas usage. The carbon offsets sold under the Company's Smart Energy™ program will be purchased through The Climate Trust, a non-profit organization that verifies, certifies and purchases high-quality carbon offsets from regional biogas projects.

The Company has been offering its voluntary Smart Energy™ Program in Oregon since late 2007. The program has invested in three substantial local biodigester projects and has received funds to offset over 50,000 tons of offsets on behalf of program participants.

The Company has wanted to extend this opportunity to its Washington customers for some time. In 2008, the Company filed Advice No. 08-1, docketed as UG-080519, to introduce the Smart Energy™ Program in its tariff. It simultaneously filed an application for an accounting order requesting approval to defer certain costs for later recovery from all customers (Docket UG-080530). The Company's request that these two dockets be consolidated was granted. In the

end, the Commission denied the Company's consolidated request because the program's implementation was dependent upon socializing certain program costs.

This filing differs from that made in 2008 because the program proposed herein will be fully funded by participants. The Company will not seek to recover any program costs beyond what it receives through participant fees. The Company expects this proposal is akin to the carbon offset program that Puget Sound Energy is required to offer in compliance with paragraph 101 of Order No. 08 in Docket UG-072375.

Residential customers that enroll in the Smart Energy™ Program may elect either a fixed rate of \$6.00 per bill, or a volumetric rate of \$0.10486 per therm. Commercial customers may choose a fixed rate of their choice, but not less than \$10 per month. For billing efficiency, the Company is proposing to use the same rates established in the Company's Oregon program. Participant fees will be used fund the cost of carbon offsets, ongoing program administration and marketing. NW Natural is currently reviewing program costs and participant prices in its Oregon program. When this work is completed, the Company expects it may request tariff modifications based on its findings.

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after June 1, 2010.

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

Copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

Please address correspondence on this matter to me at jennifer.gross@nwnatural.com, with copies to the following:

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Sincerely,

NW NATURAL

/s/ Jennifer Gross

Jennifer Gross
Rates & Regulatory Affairs

cc: Mike Parvinen, WUTC
Sarah Shifley, Public Council

enclosures