

Rates and Regulatory Affairs
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May 28, 2010

NWN Advice No. WUTC 10-4

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: Revisions to Schedule G, “Energy Efficiency Services and Programs – Residential and Commercial”

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 July 1, 2010:

Eleventh Revision of Sheet viii,
Tariff Index,

First Revision of Sheet G.5,
Schedule G,
“Efficiency Services and Programs – Residential and Commercial,”

and

Original Sheet G.6,
Schedule G,
“Efficiency Services and Programs – Residential and Commercial.”

The purpose of this filing is to revise Schedule G to include incentives for the additional measures that have been found to be cost-effective and to implement an incentive program for residential new construction.

When NW Natural launched its Washington energy efficiency program on October 1, 2009, the new housing market was stagnating because of the national economic downturn. Since few homes were being built, the Company, in collaboration with the EEAG, decided to forgo starting a new homes program because implementation would have been costly and the prospective therms savings would have been few.

However, knowing the importance of acquiring therm savings at the time of construction, the Company stated in its Energy Efficiency Plan that it would consider starting a new homes program after two consecutive quarters of 200 or more building permits in Clark County. Clark County had 205 housing starts in the program's first quarter and 309 in its second. NW Natural is now filing to start a program that will offer builders \$600 for building Energy Star certified homes and \$200 for tankless hot water heaters.

The Northwest Energy Efficiency Alliance (NEEA) manages the Energy Star program for the northwest. NEEA recruits and trains builders on the Energy Star standard, which is established by the U.S. Environmental Protection Agency and the U.S. Department of Energy.¹ Homes incented under NW Natural's new construction program will be verified by independent state certified verifiers as having been built to the Energy Star standard. The Company is projecting that the program will provide incentives for 150 homes, resulting in a 15,000 therm savings in the first twelve months. A summary of the program is attached.

The proposed \$200 incentive for tankless water heaters installed at the time of construction is consistent with the rebate offered to customers replacing a traditional water heater for a tankless. The Company projects providing 200 incentives under this measure for a total of 13,000 therm savings in the first twelve months.

This filing also adds the following new commercial measures that have been found to be cost-effective:

- 1) Boiler Pipe Insulation – This measure requires the installation of insulation around the pipe that leads to and from a commercial boiler.
- 2) Faucet Aerators – Aerators installed at the end of a faucet create a tubular flow of water mixed with air. When installed, less water is used resulting in a reduced gas water heating load.
- 3) Ozone Laundry Systems - Ozone laundry systems use a nominal amount of electricity and oxygen in a unique way to replace many of the chemicals normally used in a traditional washing process. This reduces the amount of water needed per cleaning cycle.

The existing measure for commercial steam traps is also being revised to require that dry cleaners have their steam traps pre-verified as being at end-of-life prior to qualifying for the incentive. The \$100 incentive will continue to be available to other commercial customers with steam traps. The intent of this change is to allow the Energy Trust to study the effectiveness of imposing this limitation which seeks to guarantee that only failing steam traps are being replaced.

Attached for each new measure are a Blessing Memo and Cost Effectiveness work paper prepared by the Energy Trust which demonstrate that the measure's benefits exceed its cost.

Language is also added to allow the Energy Trust to offer promotional offerings or bonus coupons as needed to move the market. This language is lifted from page 3 of the Company's Energy Efficiency Plan.

¹ See <http://www.energystar.gov>

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after July 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
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