

Rates and Regulatory Affairs
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November 18, 2010

NWN Advice No. WUTC 10-11

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 January 1, 2011:

Fifth Revision of Sheet G.1,
Schedule G,
"Efficiency Services and Programs – Residential and Commercial,"

First Revision of Sheet G.4,
Schedule G,
"Efficiency Services and Programs – Residential and Commercial,"

Second Revision of Sheet G.5,
Schedule G,
"Efficiency Services and Programs – Residential and Commercial,"

and

First Revision of Sheet G.6,
Schedule G,
"Efficiency Services and Programs – Residential and Commercial."

The purpose of this filing is to revise Schedule G to allow NW Natural to offer customers incentives for new cost effective, energy efficiency measures in 2011, and to revise the Company's Energy Efficiency Plan to include costs and therm savings targets for the next year.

The Energy Trust of Oregon has been administering NW Natural's energy efficiency program since October 1, 2009. In accordance with the terms agreed to in the full settlement stipulation, filed in Docket No. 080546 and adopted by the Commission in Order No. 04, the Washington Transportation and Utilities Commission (WUTC) will decide if Energy Trust will be allowed to continue as program administrator at the end of the first program year. This decision will be based on Energy Trust's performance and a third party benchmarking study due to the WUTC by May 25, 2011. As agreed upon by the Energy Efficiency Advisory Group (EEAG), made up of parties to the Companies last rate case, and the WUTC, the Energy Trust is continuing to deliver NW Natural's energy efficiency program while the retention decision is being made to ensure the seamless continuation of these programs.¹

Through its work in Oregon, Energy Trust is continually evaluating incentive levels and new measures. Based on findings that new gas efficiency measures are cost effective, NW Natural hereby requests the inclusion of the following offerings in its 2011 program:

Residential

- High Performance Windows – Rebates are currently offered for windows with a U-factor or 0.30. Since prices on higher efficient windows have come down, an incentive of \$3.50 per square foot is now cost effective for windows with a U-factor of 0.22 or better. The expected annual therm savings for this measure is 0.55 therms per square foot or 85.05 therms for an average home.
- 0.67 Water Heaters - Again, rebates are currently offered for water heaters with an efficiency factor (EF) of 0.67. The market is now offering a cost effective model with an EF of 0.62. Approximately 29 therms could be saved at a cost of \$100 per unit.
- Intermittent Pilot Ignition for Fireplaces – Homes that use natural gas fired fireplaces are a primary heating source can save approximately 39 therms annually with the installation of an intermittent pilot ignition which regulates the gas flow for a more constant temperature. An incentive of \$100 is proposed for this measure.

Distributor Incentive

- 0.67 Water Heaters - Distributor incentives are essential for transforming the retail market. This proposed measure will offer retail distributors \$100 for each water heater with an Energy Factor (EF) of 0.67 that they stock. Without the incentive, these appliances generally need to be ordered, which can take one to four weeks. Distributor incentives ensure that the more efficient appliance options are in stock for immediate installation in homes.

¹ See Commission Staff's Response to NW Natural Gas Company's Petition for Declaratory Ruling in UG-080546.

Retail Buy Down

- Showerheads – A retail buy down works upstream to transform the market. The retailer is paid an incentive upon the sale of the appliance. This encourages the retailer to push the sales of more energy efficient products because of the increased incentive on the product. The Company proposes a retail buy down of showerheads. Under this measure, retailers will be offered \$8.50 for each extremely low flow showerhead that is stocked.

Commercial

- Showerheads/Showerwands – Extremely low water flow showerheads are now available and can be cost-effectively incented at \$10 each. Customers that use a lot of water, such as hotels, would be interested in this measure, which can save 6 to 14 therms per year.
- Custom – NW Natural is proposing the adoption of a custom track. A customer choosing this would have a technical study conducted on how natural gas is used at the building or business. The identified, cost effective efficiencies would then be incented on \$1 per therm basis.

Language is also added to the Special Provisions sections which would allow new cost effective measures to be offered for a limited duration. Promotional measures include demonstration projects which are being studied or introduced to the local market.

Energy Trust prepared memos and cost effectiveness calculation sheets are provided for each new measure.

Also attached is the Company's Energy Efficiency Plan which is revised to include program metrics for 2011. The Company acknowledges that the EEAG and the WUTC may request that the Company change program administrators during the 2011. In an effort to, NW Natural is setting goals as if the program will continue, not to be presume a Commission decision but to provide customers with consistent and good service

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after January 1, 2011.

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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