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February 8, 2012

NWN Advice No. WUTC 12-2

VIA ELECTRONIC FILING

Dave Danner, Secretary and Executive Director
WASHINGTON UTILITIES &
TRANSPORTATION COMMISSION
1300 S Evergreen Park Drive, SW
Post Office Box 47250
Olympia, Washington 98504-7250

Re: Schedule U, Smart Energy™ Program

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files the following tariff sheets stated to become effective with service on and after **March 25, 2012**:

First Revision of Sheet U-1,
Schedule U,
“Smart Energy™ Program;

and

Second Revision of Sheet U-2,
Schedule U,
“Smart Energy™ Program.”

The purpose of this filing is to make housekeeping changes to Schedule U, “Smart Energy™ Program.” The adoption of the changes requested herein will align the program parameters as defined in Schedule U with the Company’s Smart Energy™ program that is offered in Oregon.¹

¹ See NW Natural Advice No. OPUC 11-15, approved at the Public Utility Commission of Oregon’s public meeting held on December 20, 2011.

The first proposed change is to remove the language that limits this program to a term ending November 1, 2012. As stated in the Company's Comprehensive Review, which was filed with the Washington Utilities and Transportation Commission on October 25, 2010, the Company stated that it expected Smart Energy™ to be an ongoing offering, beyond its initial five-year pilot term.²

When the program was launched in Oregon in 2007, the Company was anticipating the adoption of carbon legislation. Federally mandated carbon constraints have been delayed, but even after they are adopted, the Company believes a voluntary offset program will be appropriate in the same manner that electric utilities simultaneously offer voluntary renewable energy credits for the development of new renewable generation while complying with a regional portfolio standard for their generation mix. Some customers will want to do more for the environment than the required minimum, and the Smart Energy™ Program preserves this voluntary option.

The program is completely funded by program revenues. Non-participating customers are not harmed by the continuation of this program.

Other proposed changes include edits to the reporting requirements. Language related to the report entitled "Comprehensive Review" is removed since this requirement is historic and has been met. Also, the timing of annual reporting is changed to reflect a calendar year rather than September 1 to August 31 program year. The calendar year perspective is consistent with the program's fiscal year. The Company will transition to this new reporting schedule for the 2012 annual report. To avoid a gap in reported timeframes, the 2012 annual report will contain program information for the September 1 through December 31, 2011, timeframe.

Finally, the tariff is revised to allow industrial customers to participate. By opening the program up to industrial customers, customers with both commercial and industrial accounts will have the option of offsetting one hundred percent of their use.

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after March 25, 2012.

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

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.

² The five-year term refers to Smart Energy™'s first five years beginning on September 1, 2007, when the program was first offered in Oregon. Smart Energy™ was made available to the Company's Washington customers on June 1, 2010

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Please call me if you have any questions.

Sincerely,

/s/ Jennifer Gross

Jennifer Gross
NW Natural

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