

NORTHWEST NATURAL GAS COMPANY
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SCHEDULE F
RESIDENTIAL HIGH-EFFICIENCY FURNACE PROGRAM

(D)

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**SCHEDULE G
ENERGY EFFICIENCY SERVICES AND PROGRAMS – RESIDENTIAL AND
COMMERCIAL**

APPLICABLE:

This program is intended to provide an economical and effective means for conserving Natural Gas through reduced heat loss and improved efficiencies in Residential dwellings and Commercial buildings.

AVAILABLE:

In all territory served by the Company under the Tariff of which this program is a part.

DESCRIPTION:

The Energy Trust of Oregon (Energy Trust) will deliver and administer a cost-effective energy efficiency program to NW Natural's Residential and Commercial Customers. Energy Trust administered programs will offer applicable Customers incentive dollars for installing specific, cost-effective energy efficient measures, including rebates for energy efficient retrofit or replacement appliances. Program offerings may vary from time-to-time. Current offerings are described on the following Company webpage:

https://www.nwnatural.com/content_yourhome.asp?id=228

OVERSIGHT

Oversight of these programs will be provided by the Energy Efficiency Advisory Group (EEAG), which is a group comprised of interested parties to the Company's 2008 general rate case. EEAG oversight is required per the stipulated agreement attached to Commission Order No. 04 to the Company's rate case, docketed as UG-080546.

REPORTING

Energy Trust will provide the EEAG and WUTC with Quarterly and an Annual Reports demonstrating total program costs, therms saved and levelized costs of measures offered.

COST-EFFECTIVE STANDARD

The portfolio of programs offered through the Energy Trust will be deemed cost-effective if the program meets the following Benefit Cost Ratio (BCR) tests: 1) Total Resource Cost (TRC) test; and 2) the Utility Cost (UC) test. The program is cost-effective when the end value for each of the following test is greater than one (1):

- 1) Total Resource Cost (TRC) looks at the total benefits attributable to the program divided by the total program costs. A TRC value equal to or greater than one means the benefits are equal to or exceed the costs, and the program is cost-effective.

TRC is expressed formulaically as follows:

$$TRC = \text{Present Value of Benefits} / \text{Present Value of Costs}$$

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**SCHEDULE G
ENERGY EFFICIENCY SERVICES AND PROGRAMS – RESIDENTIAL AND
COMMERCIAL**

The Present Value of Benefits includes

1. The value of gas energy saved based on the Company's avoided costs as established in its most current Integrated Resource Plan (IRP).
2. Non-energy benefits as quantified by a reasonable and practical method and described in situations where they cannot practically be quantified.
3. The 10% credit for energy efficiency as required under the Northwest Power Act. This credit recognizes the benefits of conservation in addressing risk and uncertainty.
4. A credit for carbon as defined in the most current version of the Northwest Power and Conservation Planning Council's (NWPPC) Conservation Plan.

The Present Value of Costs includes:

1. Incentives paid to the participant
2. Administrative costs
3. Monitoring, evaluation and non-incentive costs of Program Management Contractors (PMCs) and Energy Trust staff
4. The participant's remaining out-of-pocket costs for the installed cost of the measures after incentives and Federal tax credits.

2. Utility Cost (UC) measures the present value of the energy savings divided by the net costs incurred by the program, including incentive costs and excluding any net costs incurred by the participant. The UC is expressed with the same formula as the TRC but Present Value of Benefits and Present Value of Costs are defined as follows:

The Present Value of Benefits includes

1. The value of gas energy saved based on the Company's avoided costs as established in its most current IRP.
2. The 10% credit for energy efficiency as required under the Northwest Power Act. This credit recognizes the benefits of conservation in addressing risk and uncertainty.
3. A credit for carbon as defined in the most current version of the NWPPC's Conservation Plan.

The Present Value of Costs includes:

1. Incentives paid to the participant
2. Administrative costs
3. Monitoring, evaluation and non-incentive costs of PMCs and Energy Trust staff

Natural gas capacity benefits as well as lost and unaccounted for gas will not be included in the calculation except to the extent that they are included in NW Natural price forecasts.

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**SCHEDULE G
ENERGY EFFICIENCY SERVICES AND PROGRAMS – RESIDENTIAL AND
COMMERCIAL**

LEVELIZED COST METRIC

The portfolio of measures promoted through the program will also meet the following Levelized Cost metric, which is determined as follows:

The levelized cost is the present value of the total cost of a measure over its economic life, converted to equal annual payments. The levelized cost calculation starts with the incremental capital cost of a given measure or package of measures. The total cost is amortized over an estimated measure lifetime using the discount rate established in the Company's most current IRP. The annual net measure cost is then divided by the annual net energy savings (therms) from the measure application (again relative to a standard technology) to produce the levelized cost estimate in dollars per therm saved, as illustrated in the following formula.

$$\text{Levelized Cost} = \frac{\text{Net Annual Cost (\$)}}{\text{Net Annual Savings}}$$

The levelized cost of an energy efficiency measure is cost-effective if it is less than the average levelized costs of other supply-side options. A cost-effective threshold is established in the Company's most current Integrated Resource Plan (IRP) and further refined through the BCR test.

CUSTOMER NOTIFICATION

This information may be provided through the use of bill inserts, displays, booklets, handouts, advertisements, and industry and public agency literature.

FUNDING

The costs incurred for the administration and delivery of the services and programs offered under this Schedule will be deferred as allowed by Washington Utility and Transportation Commission (WUTC) Orders to UG-011230 and UG-01131. Each year, the Company will seek recovery of ongoing program costs from Residential and Commercial customers through Schedule 215, coincident with the Company's Annual Purchased Gas Adjustment filing made in accordance with Schedule P. Program start-up costs incurred during the first program year will be amortized for recovery over the first five years. Deferred balances will accrue interest.

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(N)

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SCHEDULE H
COMMERCIAL ENERGY CONSERVATION SERVICES PROGRAM

(D)

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SCHEDULE I

WASHINGTON LOW-INCOME ENERGY EFFICIENCY (WA-LIEE) PROGRAMS

(C)

PURPOSE:

To set forth the terms and conditions of a low-income energy efficiency program available to qualifying low-income Residential customers.

AVAILABLE:

This program is available to income-eligible residential dwellings located within NW Natural's Washington service territory where (1) a gas Service Line is installed at the Premise; (2) the primary space heating equipment is fueled by Natural Gas, and (3) the occupant has an active account with the Company, or will have an active account upon completion of work performed under this Schedule I. Any residential dwelling that received assistance for the installation of the same or similar measures under any other energy efficiency program will not be eligible for assistance under this program.

(C)

(C)

(D)

PROGRAM YEAR:

The program year will extend from October 1 through September 30.

(C)

(D)

PROGRAM FUNDING:

1. Each Agency will be reimbursed by the Company for administrative costs and direct program costs incurred by them in their administration and delivery of the WA-LIEE program in the amount of 15% of the total job cost for each household. The Agency fee will be paid to each Agency along with each rebate payment. The Company will process rebates and Agency payments within thirty (30) days from the date the Company receives all completed documentation in support of such rebate request(s).
2. The Company will be reimbursed for actual program administration costs incurred, except that such reimbursement will not exceed 5% of the total funds distributed during each Program Year.
3. Program Costs will be deferred and recovered in rates in accordance with **SCHEDULE 215**.

(N)

PROGRAM ADVISORY COUNCIL:

The Energy Efficiency Advisory Group (EEAG), that was formed by parties to the Company's 2008 Washington rate case, docketed as UG-080546, will assist in advising the Company on the WA-LIEE program development, implementation, and evaluation. The EEAG will have no decision-making authority.

PROGRAM ADMINISTRATION, EVALUATION AND VERIFICATION:

During the first quarter after the end of a program year, the Company will present to the EEAG program year results including the costs incurred and therms saved during the program year.

(N)

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SCHEDULE I

WASHINGTON LOW-INCOME ENERGY EFFICIENCY PROGRAM (WA-LIEE)

(continued)

(C)

MEASURE INCENTIVES:

Energy Efficiency Measures and Rebates.

Qualifying energy efficiency measures shall be those recommended by an approved, residential energy analysis software tool that complies with the Department of Energy's standard for cost-effective energy efficiency; hereafter, this software tool will be referred to as Conservation Software. To qualify for a rebate, the total group of measures prescribed by Conservation Software for the whole house must meet or exceed a Savings to Investment Ratio (SIR) of 1.0 or better, and except for certain approved exceptions, measures must be chosen in the ranked order of Conservation Software prescriptions.

Rebates will be paid based on the cost of the total group of qualifying measures for the whole house, as recommended by Conservation Software, and installed by the Agency. At the beginning of each program year, the maximum rebate amount per home shall be reset to the greater of either \$3,500 or an amount equal to ninety percent (90%) of the average total installed cost of measures as reported by the Agencies for the prior program year. To accommodate timing differences between measure installations, the rebate may be disbursed through one or more reimbursement requests provided all of the work is based on the same audit. Only one energy efficiency audit per home will be eligible for rebates under this program.

Health, Safety and Repair (HSR) Allowance and Reimbursement.

In addition to the rebate for qualifying energy efficiency measures, a rebate will be available for the costs of health, safety and repair (HSR) measures. HSR measures are those items that if not completed would adversely impact the safety and effectiveness of the energy efficiency measures or the health of the occupants. Standard efficiency furnace replacements may qualify for HSR funds if the existing furnace is broken, is found to produce an unsafe level of CO emissions, is back-drafting, or has a cracked heat exchanger and a high-efficiency furnace is not cost-effective or if it is physically impossible to install a high-efficiency furnace. When a furnace is replaced with a standard efficiency furnace, the Agency must specify the reasons for the replacement in the reimbursement request.

The maximum annual HSR disbursement available to each Agency will be \$440 times the actual number of households treated by the Agency in the Program Year (HSR Allowance).

Each Agency will have discretion in the use of their individual HSR Allowance such that they may use more or less than the \$440 on any one home. Each Agency must manage their HSR funds to ensure that the average HSR amount per home is not more than \$440.

(N)

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SCHEDULE I

WASHINGTON LOW-INCOME ENERGY EFFICIENCY PROGRAM (WA-LIEE)
 (continued)

(C)

AGENCY QUALIFICATIONS AND RESPONSIBILITIES:

(N)

1. In order to qualify to participate in this program, an Agency must be a legal entity, contracting or subcontracting with Washington Department of Community Trade and Economic Development (DCTED), which is eligible to administer funding under the Federal Department of Energy Weatherization Assistance Program (DOE-WAP). Each participating Agency will have sole responsibility to screen and approve applicants for eligibility. Each Agency shall follow the established protocols for the qualification of and disbursement to eligible participants in accordance with the guidelines of this program and the guidelines promulgated by DCTED in the DCTED Policies and Procedures for Managing the low-income weatherization program.
2. Each participating Agency shall be responsible to complete and return to the Company, all required paperwork and other documentation as may be necessary for the Company to process the rebate request. The Company will provide the documentation forms to each participating agency in electronic or hard copy form, whichever is requested. At a minimum, the documentation must include the Agency name, customer name, the landlord name and address, if applicable, the address of the qualifying households, the square footage of the home, a list of the measures installed, the rebate amount per measure and total rebate per household.

CUSTOMER QUALIFICATIONS:

A qualifying customer is one who meets income eligibility standards established by DCTED for low-income weatherization programs and who resides in a dwelling built before 1991, in which the primary heating equipment is fueled by natural gas.

Agency Reporting Requirements

For each home treated under this program, each Agency will be required to report to the Company, the following information:

Customer Name (as shown on NW Natural Account);	NWN Account #
Service Address	Phone
Owner/Prop Mgr	Owner/Prop Mgr Phone
Audit Date	Installation (completion) Date
Reimbursement Request Date	Agency and Agency Representative
Size of home in square feet and Year Built	Measure description
Installed Cost per Measure	Estimated therm savings per measure
Conservation Software SIR per measure	Total Conservation Software SIR for Measure Group
Total Cost of all energy efficiency measures installed (EEMC)	Total Conservation Software estimated savings for each household (Total therms)
Total job cost to Agency (WA-LIEE and non-WA-LIEE measure costs)	Cost per therm saved for each household (Cost/Savings)
Requested reimbursement (90% of EEMC up to \$3,500)	HSR Measure description/explanation
Total HSR Measure cost	Related Savings (furnace replacements)
Total Reimbursement Request: (90% of EEMC up to \$3,500 + H&S + Admin):	

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SCHEDULE I

WASHINGTON LOW-INCOME ENERGY EFFICIENCY PROGRAM (WA-LIEE)

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GENERAL TERMS:

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