

NORTHWEST NATURAL GAS COMPANY

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Cancels First Revision of Original Sheet U-1

**SCHEDULE U
SMART ENERGY™ PROGRAM**

PURPOSE:

To set forth the terms and conditions for billing, payment and disbursement of funds collected under the Smart Energy™ Program (Program).

AVAILABLE:

This Program is available to all Customers receiving service within the State of Washington.

(M)

PROGRAM DESCRIPTION:

Smart Energy™ is a voluntary program that enables residential and commercial customers to offset greenhouse gas emissions associated with their natural gas use by purchasing high quality project-based emission reductions from offset projects developed by The Climate Trust. Priority will be given to projects that help bring biogas to the region. All offsets purchased on behalf of Customers will be verified and retired.

(N)
(N)

Within twenty-four months of issuing a bill for Smart Energy™, the Company will contractually obligate the amount billed less uncollectibles for either an immediately available or a future stream of offsets,

(N)
|
(N)

PROGRAM PARTICIPATION:

Customers may enroll in the Program at any time. The rates for participation in this Program will be reflected on the Customer's next regular monthly bill following the date of enrollment.

(M)
(M)

Customers may terminate participation in the Program at any time by notifying NW Natural in writing, by telephone or by Internet. The termination will be reflected with the Customer's next regular monthly bill following the date of termination.

MONTHLY RATES:

Smart Energy™ charges are in addition to all other charges due for gas service to the Customer, and shall be subject to late charges as set forth in Schedule C of this Tariff.

For each Customer class, the Monthly rates for service under this Schedule are as follows:

(N)

Residential Customer Class Options.

Residential customers may choose one of two rate options: (1) Fixed Rate, or (2) Volumetric Rate to offset their greenhouse gas emissions.

Fixed Rate:	\$6.00 per bill for bills issued prior to April 14, 2014
	\$5.50 per bill for bills issues on and after April 14, 2014
Volumetric Rate:	\$0.10486 per therm

(C)
(N)

The Fixed Rate option is based on offsetting emissions associated with natural gas from an average residential home that uses 630 therms per year.

(C)(D)

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(continued)

Residential Customer Class Options. (continued)

The Volumetric Rate provides the option to offset emissions associated with natural gas usage on the basis of the customer's actual monthly usage.

(D)

Commercial Customer Class Option.

Commercial customers may choose a Fixed Rate of their choice (not less than \$10 per bill). The Fixed Rate can be in any amount of Customer's choosing, but cannot be less than \$10 per monthly bill.

At the time of enrollment, Customers will be given an estimate of the resulting Monthly Percentage of Offset being purchased for the Fixed Rate selected. The monthly Percentage of Offset amount will be calculated based on the Customer's past 12 months of usage at the time of enrollment.

(D)

Industrial Customer Class Option

Monthly pricing for Industrial Customers will be a fixed rate per month, subject to a negotiation pursuant to a written contract.

SMART ENERGY™ ACCOUNT

By the 20th of the month following the billing month, the amount billed for Smart Energy™, net of an allowance for uncollectibles, will be deposited into a market-based interest bearing bank account dedicated to the Smart Energy™ Program (Smart Energy™ Account). The reserve for uncollectibles shall be in an amount equal to NW Natural's average percentage of residential net write-offs.

(C)

(D)

(D)

The Company will be reimbursed from the Smart Energy™ Account each month for actual program administration costs incurred.

REPORTS:

1) Annual Report. The Company will file a report with the Commission within ninety (90) days following the end of the calendar year. The report will include participation details, program funding received for that year; demand of total offsets obligated for that year, and a list of projects from which the offsets have been secured.

(N)

2) Customer Report. The Company will annually provide participating Smart Energy™ Customers with a report detailing the current number of program participants and the volume of offsets that have been funded on behalf of Smart Energy™ Customers.

(N)

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.

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