

NORTHWEST NATURAL GAS COMPANY

WN U-6

First Revision of Sheet U-2

Cancels Original Sheet U-2

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SCHEDULE U SMART ENERGY™ PROGRAM

(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. Customers that select this option will tend to pay more during the winter heating months. The Volumetric Rate is based on the cost of offsets as of June 29, 2007.

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 and the cost of offsets as of June 29, 2007. The total offsets purchased from The Climate Trust may vary based on the cost of those offsets.

FUNDS COLLECTION AND AGENCY ALLOCATIONS:

Each month, the Company will bill and collect Smart Energy™ funds in accordance with this Schedule U. By the 20th of the month following the billing month, the amount collected, 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.

PROGRAM ADMINISTRATION COSTS:

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

REPORTS:

Annual Report. The Company will file a report with the Commission by November 1 of each year that provides participation details, an analysis of funds collected and expenditures related to the product, and a review of offset expenditure by the Climate Trust on behalf of participants.

Comprehensive Review: By November 1, 2010, the Company will also file a report that evaluates the first three years of the Company's Oregon Smart Energy Pilot Program. This report will include a discussion of state, federal, regulatory and other changes that may affect the program.

TERM:

By November 1, 2012, the Company will file to either cancel or continue the Smart Energy Program.

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.

Issued June 4, 2010
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Effective with service on
and after July 9, 2010