

Rates and Regulatory Affairs
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January 12, 2010

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: U-101973 - NW Natural's Responses to Low Income Conservation Inquiry

Dear Mr. Danner:

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby submits the following answers to the Washington Transportation and Utility Commission's ("Commission") questions issued in Docket No. U-101973 regarding its low income conservation program.

Commission Questions followed by NW Natural's Responses:

1. For low-income agencies, a complete budget and expenditures with a list of all funding sources for low-income conservation including housing repair, health and safety assistance and the amount of funding available as a proportion of total agency budget.

This question is not applicable to NW Natural.

2. For each utility, a complete budget for low-income conservation including housing repair, health and safety assistance and spending as a proportion of total conservation budget.

NW Natural's program covers 90% of cost effective measures up to \$3500 per home. An average of \$440 per home may be spent on health and safety related repairs.

Further, agency administration is 15% of job costs, which is \$525 for a \$3500 job. The Company sets an annual target of homes to be weatherized in a given program year. Estimated annual expenditures based on the target are published in the Company's Energy Efficiency Plan.

3. Total utility disbursement to CAP agencies in 2008-09.

Agencies did not request funds during the 2008-09 program year.

4. An explanation of the administration of low-income conservation programs.

Agencies administer the program for the lesser of 15% of the job cost or \$525.

5. A list of the types of conservation measures installed.

Measures installed include:

- Hot Water Pipe Insulation
- Ceiling Insulation R-2
- Ceiling Insulation R-12
- Duct Insulation
- Duct Sealing
- Floor Insulation
- Furnace Tune-up
- 90% High Efficiency Furnace
- Infiltration (Shell Sealing)
- Wall Insulation

Additional measures approved but not installed during the given time frame:

- Direct Vent Space heater
- Faucet Aerators
- Space Heater
- Windows
- HE Water Heater (EF=.62)

6. A list of the types of health and human safety measures installed.

NW Natural had no health, safety and repair (HSR) reimbursements prior to 2008-09. The Company's new program, which was implemented in 2009, allows for HSR reimbursements, but NW Natural does not track HSR measures installed.

7. A spreadsheet showing the cost-effectiveness calculations with line items for housing repair and safety assistance.

Under NW Natural's program, health, safety and repair reimbursements are not subject to cost effectiveness calculations. Cost effectiveness is measured annually on a total portfolio basis. The combined total of all program-year costs for the Company's low income conservation program and the standard conservation programs must demonstrate a total resource cost greater than one. The first such analysis is due to the Commission on January 25, 2011.

8. The best information available on conservation potential for low-income customers and a description of how that information was determined.

The Company's Integrated Resource Plan (IRP) identifies a technical potential for demand side management in the Company's Washington service territory. The analysis does not specify a low income savings potential as NW Natural does not know its customers' household incomes.

NW Natural appreciates the opportunity to participate in this inquiry and looks forward to attending the workshop on February 1, 2011.

Please contact me at (503)226-4211, extension 3590, if you have any questions.

Sincerely,

/s/ Jennifer Gross

Jennifer Gross
Rates and Regulatory Affairs