

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

NW NATURAL
SUPPORTING MATERIALS

Other Non-Gas Cost Amortization Adjustments
Residential and Commercial Energy Efficiency Programs

NWN WUTC Advice No. 14-4
UG ____
September 15, 2014



Supporting Materials
Other Non-Gas Cost Amortization Adjustments
Residential and Commercial Energy Efficiency Programs
NWN WUTC Advice No. 14-4
UG ____

Description	Page
Calculation of Increments - Percentage of Margin Basis	1
Effects on Average Bill by Rate Schedule	2
Summary of Deferred Accounts	3
186312 Deferral - Residential and Commercial Energy Efficiency	4
186310 Deferral - Energy Efficiency General Admin Expenses	5
186316 Washington DSM Amortization	6
Effects on Revenue	7

NW Natural
 Rates & Regulatory Affairs
 2014-2015 PGA Filing - Washington: September Filing
 Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

											R&C Energy Efficiency Programs				
											Proposed Amount:	1,327,854 Temporary Increments			
											Revenue Sensitive Multiplier:	4.372% add revenue sensitive factor			
											Amount to Amortize:	1,388,562 to all residential & commercial sales			
												Multiplier	Allocation to RS	Increment	
												J	K	L	
Schedule	Block	A	B	C	D	E	F = E * A	G	H	I = (G*H*12)+F					
PGA Volumes page, Column D	Billing Rate page, Column A	WACOG & Demand from Rates page, Column B+C+D	Temps from Temporary Increment page, Column A	MARGIN Rate	Volumetric Margin	Customer Charge	Customers	Total Margin							
E=B-C-D															
1R		185,392	1.23287	0.53702	0.01215	0.68370	126,753	\$3.47	807	160,356		1.0	6,404	0.03454	
1C		58,590	1.22363	0.53702	0.00320	0.68341	40,041	\$3.47	34	41,457		1.0	1,656	0.02826	
2R		46,047,516	0.94643	0.53702	(0.00464)	0.41405	19,065,974	\$7.00	66,933	24,688,346		1.0	985,905	0.02141	
3 CFS		16,791,820	0.94756	0.53702	(0.00760)	0.41814	7,021,331	\$15.00	5,549	8,020,151		1.0	320,277	0.01907	
3 IFS		537,762	0.92712	0.53702	(0.02796)	0.41806	224,817	\$15.00	18	228,057		0.0	0	0.00000	
27		274,893	0.78061	0.53702	(0.01027)	0.25386	69,784	\$6.00	460	102,904		1.0	4,109	0.01495	
41C Firm Sales	Block 1	2,040,181	0.68579	0.39697	(0.01248)	0.30130	1,173,580	\$250.00	95	1,458,580		1.0	58,247	0.01495	
	Block 2	2,105,063	0.64786	0.39697	(0.01460)	0.26549						1.0		0.01318	
41C Interr Sales	Block 1	0	0.69673	0.39697	(0.00132)	0.30108	0	\$250.00	0	0		1.0	0	0.01416	
	Block 2	0	0.65891	0.39697	(0.00333)	0.26527						1.0		0.01247	
41 Firm Trans	Block 1	47,969	0.29805	0.00000	(0.00272)	0.30077	42,350	\$500.00	2	54,350		0.0	0	0.00000	
	Block 2	105,366	0.26260	0.00000	(0.00240)	0.26500						0.0		0.00000	
41I Firm Sales	Block 1	207,669	0.67005	0.39697	(0.02825)	0.30133	120,358	\$250.00	9	147,358		0.0	0	0.00000	
	Block 2	217,624	0.63398	0.39697	(0.02850)	0.26551						0.0		0.00000	
41I Interr Sales	Block 1	0	0.68182	0.39697	(0.01623)	0.30108	0	\$250.00	0	0		0.0	0	0.00000	
	Block 2	0	0.64578	0.39697	(0.01646)	0.26527						0.0		0.00000	
42C Firm Sales	Block 1	503,508	0.49666	0.39697	(0.01885)	0.11854	83,067	\$1,300.00	6	176,667		1.0	7,055	0.01007	
	Block 2	206,423	0.48304	0.39697	(0.02004)	0.10611						1.0		0.00901	
	Block 3	18,152	0.45590	0.39697	(0.02245)	0.08138						1.0		0.00691	
	Block 4	0	0.43806	0.39697	(0.02401)	0.06510						1.0		0.00553	
	Block 5	0	0.41425	0.39697	(0.02612)	0.04340						1.0		0.00369	
	Block 6	0	0.38451	0.39697	(0.02873)	0.01627						1.0		0.00138	
42I Firm Sales	Block 1	1,196,880	0.48636	0.39697	(0.02912)	0.11851	271,174	\$1,300.00	12	458,374		0.0	0	0.00000	
	Block 2	923,671	0.47380	0.39697	(0.02925)	0.10608						0.0		0.00000	
	Block 3	328,575	0.44883	0.39697	(0.02949)	0.08135						0.0		0.00000	
	Block 4	70,982	0.43240	0.39697	(0.02965)	0.06508						0.0		0.00000	
	Block 5	0	0.41050	0.39697	(0.02987)	0.04340						0.0		0.00000	
	Block 6	0	0.38309	0.39697	(0.03014)	0.01626						0.0		0.00000	
42 Firm Trans	Block 1	1,010,397	0.11703	0.00000	(0.00115)	0.11818	426,203	\$1,550.00	11	630,803		0.0	0	0.00000	
	Block 2	1,182,635	0.10476	0.00000	(0.00103)	0.10579						0.0		0.00000	
	Block 3	789,944	0.08033	0.00000	(0.00079)	0.08112						0.0		0.00000	
	Block 4	1,432,788	0.06427	0.00000	(0.00063)	0.06490						0.0		0.00000	
	Block 5	539,231	0.04285	0.00000	(0.00042)	0.04327						0.0		0.00000	
	Block 6	79,077	0.01606	0.00000	(0.00016)	0.01622						0.0		0.00000	
42C Interr Sales	Block 1	237,173	0.50361	0.39697	(0.01178)	0.11842	91,732	\$1,300.00	2	122,932		1.0	4,909	0.00634	
	Block 2	456,994	0.49051	0.39697	(0.01245)	0.10599						1.0		0.00567	
	Block 3	186,791	0.46447	0.39697	(0.01378)	0.08128						1.0		0.00435	
	Block 4	417	0.44733	0.39697	(0.01466)	0.06502						1.0		0.00348	
	Block 5	0	0.42450	0.39697	(0.01582)	0.04335						1.0		0.00232	
	Block 6	0	0.39596	0.39697	(0.01727)	0.01626						1.0		0.00087	
42I Interr Sales	Block 1	234,851	0.49817	0.39697	(0.01722)	0.11842	42,372	\$1,300.00	3	89,172		0.0	0	0.00000	
	Block 2	137,371	0.48565	0.39697	(0.01732)	0.10600						0.0		0.00000	
	Block 3	0	0.46076	0.39697	(0.01750)	0.08129						0.0		0.00000	
	Block 4	0	0.44437	0.39697	(0.01763)	0.06503						0.0		0.00000	
	Block 5	0	0.42251	0.39697	(0.01781)	0.04335						0.0		0.00000	
	Block 6	0	0.39521	0.39697	(0.01802)	0.01626						0.0		0.00000	
42 Inter Trans	Block 1	871,290	0.11713	0.00000	(0.00105)	0.11818	733,025	\$1,550.00	11	937,625		0.0	0	0.00000	
	Block 2	1,524,062	0.10485	0.00000	(0.00094)	0.10579						0.0		0.00000	
	Block 3	1,150,363	0.08040	0.00000	(0.00072)	0.08112						0.0		0.00000	
	Block 4	4,071,078	0.06432	0.00000	(0.00058)	0.06490						0.0		0.00000	
	Block 5	2,572,117	0.04289	0.00000	(0.00038)	0.04327						0.0		0.00000	
	Block 6	0	0.01608	0.00000	(0.00014)	0.01622						0.0		0.00000	
43 Firm Trans		0	0.00495	0.00000	(0.00004)	0.00499	0	\$38,000.00	0	0		0.0	0	0.00000	
43 Interr Trans		0	0.00495	0.00000	(0.00004)	0.00499	0	\$38,000.00	0	0		0.0	0	0.00000	
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Totals		88,344,614				29,532,561				37,317,132		34,771,393.0		1,388,562	

Sources for line 2 above:

Inputs page	Column G	Line 37
Tariff Schedules:		
Schedule #		Sched 215

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.

NW Natural
Rates & Regulatory Affairs
2014-2015 PGA Filing - Washington: September Filing
PGA Effects on Average Bill by Rate Schedule

Calculation of Effect on Customer Average Bill by Rate Schedule [1]

		Washington PGA Normalized Volumes page, Column D	Therms in Block	Normal Therms Monthly Average use	Minimum Monthly Charge	Current 11/1/2013 Billing Rates	11/1/2013 Current Average Bill	Proposed 11/1/2014 R&C EE Total Rates [2]	Proposed 11/1/2014 R&C EE Total Average Bill	Proposed 11/1/2014 R&C EE Total % Bill Change
		A	B	C	D	E	F=D+(C * E)	P	Q=D+(C * P)	R=(Q - F)/F
Schedule	Block						F	P	Q	R
1R		185,392	N/A	19.0	3.47	1.23287	26.89	1.22989	26.84	-0.2%
1C		58,590	N/A	144.0	3.47	1.22363	179.67	1.22228	179.48	-0.1%
2R		46,047,516	N/A	57.0	7.00	0.94643	60.95	0.94516	60.87	-0.1%
3 CFS		16,791,820	N/A	252.0	15.00	0.94756	253.79	0.94657	253.54	-0.1%
3 IFS		537,762	N/A	2,490.0	15.00	0.92712	2,323.53	0.92712	2,323.53	0.0%
27		274,893	N/A	50.0	6.00	0.78061	45.03	0.77786	44.89	-0.3%
41C Firm Sales	Block 1	2,040,181	2,000	3,636.0	250.00	0.68579		0.68499		
	Block 2	2,105,063	all additional			0.64786		0.64717		
	TOTAL						2,681.48		2,678.75	-0.1%
41C Interr Sales	Block 1	0	2,000	0.0	250.00	0.69673		0.69598		
	Block 2	0	all additional			0.65891		0.65825		
	TOTAL						250.00		250.00	0.0%
41 Firm Trans	Block 1	47,969	2,000	6,389.0	500.00	0.29805		0.29805		
	Block 2	105,366	all additional			0.26260		0.26260		
	TOTAL						2,248.65		2,248.65	0.0%
41I Firm Sales	Block 1	207,669	2,000	3,938.0	250.00	0.67005		0.67005		
	Block 2	217,624	all additional			0.63398		0.63398		
	TOTAL						2,818.75		2,818.75	0.0%
41I Interr Sales	Block 1	0	2,000	0.0	250.00	0.68182		0.68182		
	Block 2	0	all additional			0.64578		0.64578		
	TOTAL						250.00		250.00	0.0%
42C Firm Sales	Block 1	503,508	10,000	10,112.0	1,300.00	0.49666		0.49661		
	Block 2	206,423	20,000			0.48304		0.48299		
	Block 3	18,152	20,000			0.45590		0.45587		
	Block 4	0	100,000			0.43806		0.43803		
	Block 5	0	600,000			0.41425		0.41424		
	Block 6	0	all additional			0.38451		0.38450		
	TOTAL						6,320.70		6,320.19	0.0%
42I Firm Sales	Block 1	1,196,880	10,000	17,501.0	1,300.00	0.48636		0.48636		
	Block 2	923,671	20,000			0.47380		0.47380		
	Block 3	328,575	20,000			0.44883		0.44883		
	Block 4	70,982	100,000			0.43240		0.43240		
	Block 5	0	600,000			0.41050		0.41050		
	Block 6	0	all additional			0.38309		0.38309		
	TOTAL						9,717.57		9,717.57	0.0%
42 Firm Trans	Block 1	1,010,397	10,000	38,137.0	1,550.00	0.11703		0.11703		
	Block 2	1,182,635	20,000			0.10476		0.10476		
	Block 3	789,944	20,000			0.08033		0.08033		
	Block 4	1,432,788	100,000			0.06427		0.06427		
	Block 5	539,231	600,000			0.04285		0.04285		
	Block 6	79,077	all additional			0.01606		0.01606		
	TOTAL						5,469.15		5,469.15	0.0%
42C Interr Sales	Block 1	237,173	10,000	36,724.0	1,300.00	0.50361		0.50433		
	Block 2	456,994	20,000			0.49051		0.49115		
	Block 3	186,791	20,000			0.46447		0.46497		
	Block 4	417	100,000			0.44733		0.44773		
	Block 5	0	600,000			0.42450		0.42476		
	Block 6	0	all additional			0.39596		0.39606		
	TOTAL						19,269.40		19,292.76	0.1%
42I Interr Sales	Block 1	234,851	10,000	10,340.0	1,300.00	0.49817		0.49817		
	Block 2	137,371	20,000			0.48565		0.48565		
	Block 3	0	20,000			0.46076		0.46076		
	Block 4	0	100,000			0.44437		0.44437		
	Block 5	0	600,000			0.42251		0.42251		
	Block 6	0	all additional			0.39521		0.39521		
	TOTAL						6,446.82		6,446.82	0.0%
42 Inter Trans	Block 1	871,290	10,000	77,189.0	1,550.00	0.11713		0.11713		
	Block 2	1,524,062	20,000			0.10485		0.10485		
	Block 3	1,150,363	20,000			0.08040		0.08040		
	Block 4	4,071,078	100,000			0.06432		0.06432		
	Block 5	2,572,117	600,000			0.04289		0.04289		
	Block 6	0	all additional			0.01608		0.01608		
	TOTAL						8,175.10		8,175.10	0.0%
43 Firm Trans		0	N/A	0.0	38,000.00	0.00495	38,000.00	0.00495	38,000.00	N/A
43 Interr Trans		0	N/A	0.0	38,000.00	0.00495	38,000.00	0.00495	38,000.00	N/A
	Intentionally blank									

[1] Rate Schedule 41 and 42 customers may choose demand charges at a volumetric rate or based on MDDV. For convenience of presentation, demand charges are not included in the calculations for those schedules.

[2] Proposed rates include the effect of removing the current Schedule 215 adjustment and applying the proposed Schedule 215 adjustment. The rate shown is for illustrative purposes only and assumes no other changes to rates occur November 1. The combined effect of all changes to rates proposed to be effective November 1 can be found in NWN Advice 14-5.

Sources:

Direct Inputs	per Tariff	per Tariff	Col A
			Add: Col E
Rates in summary		Column A	Less: Col E

NW Natural
Rates & Regulatory Affairs
2013-2014 PGA Filing - Washington: September Filing
Summary of Deferred Accounts

	Account	Balance 8/31/2014	Sep-Oct Estimated Activity	Sep-Oct Interest	Estimated Balance 10/31/2014	Estimated Interest During Amortization	Total Estimated Amount for (Refund) or Collection	Amounts Excluded from PGA Filing	Amounts Included in PGA Filing	Refer to Rate Dev File "Allocation = % of margin" tab
	A	B	C	D	E	F	G	H	I	J
1					E = sum B thru D	3.25%	G = E + F			see note
2	DSM PROGRAM						Excl. Rev Sens			
3	186310 WA Energy Efficiency General (2013 calendar only)	11,632	0	63	11,695					
4	186312 WA Energy Efficiency Res & Comm (2013 calendar only)	1,340,989	0	7,274	1,348,262					
5	186316 WA DSM AMORTIZATION	78,920	(134,243)	136	(55,186)					
6		1,431,541	(134,243)	7,473	1,304,771	23,083	1,327,854		1,327,854	Column J-L

Company: Northwest Natural Gas Company
 State: Washington
 Description: Washington Energy Efficiency - Res & Comm
 Account Number: 186312
 Other Info: Program under Schedules G
 Temp Increment under Schedule 215

1	Debit	(Credit)										
2												
3												
4	Month/Year	Note	Accumulation	Transfers	Interest	Interest	2013	2014	Activity	Balance	2013	2014
5	(a)	(b)	(c)	(d)	(e)	(e1)	Calendar	Calendar	(f)	(g)	Calendar	Calendar
6							Interest	Interest			Balance	Balance
7							(e5)				(g4)	
7	Beginning Balance											
52	Jan-13		0.00		3,478.51	3.25%	0.00		3,478.51	1,287,850.16	-	
53	Feb-13		0.00		3,487.93	3.25%	0.00		3,487.93	1,291,338.09	-	
54	Mar-13		645,551.00		4,371.56	3.25%	874.19		649,922.56	1,941,260.65	646,425.19	
55	Apr-13		0.00		5,257.58	3.25%	1,750.73		5,257.58	1,946,518.23	648,175.92	
56	May-13		0.00		5,271.82	3.25%	1,755.48		5,271.82	1,951,790.05	649,931.40	
57	Jun-13		0.00		5,286.10	3.25%	1,760.23		5,286.10	1,957,076.15	651,691.63	
58	Jul-13		0.00		5,300.41	3.25%	1,764.99		5,300.41	1,962,376.56	653,456.62	
59	Aug-13		0.00		5,314.77	3.25%	1,769.78		5,314.77	1,967,691.33	655,226.40	
60	Sep-13		0.00		5,329.16	3.25%	1,774.57		5,329.16	1,973,020.49	657,000.97	
61	Oct-13		645,551.00		6,217.78	3.25%	2,653.56		651,768.78	2,624,789.27	1,305,205.53	
62	Nov-13	1	0.00	(1,319,583.74)	3,534.93	3.25%	3,534.93		(1,316,048.81)	1,308,740.46	1,308,740.46	
63	Dec-13		0.00		3,544.51	3.25%	3,544.51		3,544.51	1,312,284.97	1,312,284.97	
64	Jan-14		0.00		3,554.11	3.25%	3,554.11	0.00	3,554.11	1,315,839.08	1,315,839.08	0.00
65	Feb-14		527,177.00		4,277.62	3.25%	3,563.73	713.89	531,454.62	1,847,293.70	1,319,402.81	527,890.89
66	Mar-14		0.00		5,003.09	3.25%	3,573.38	1,429.71	5,003.09	1,852,296.79	1,322,976.19	529,320.60
67	Apr-14		0.00		5,016.64	3.25%	3,583.06	1,433.58	5,016.64	1,857,313.43	1,326,559.25	530,754.18
68	May-14		0.00		5,030.22	3.25%	3,592.76	1,437.46	5,030.22	1,862,343.65	1,330,152.01	532,191.64
69	Jun-14		0.00		5,043.85	3.25%	3,602.50	1,441.35	5,043.85	1,867,387.50	1,333,754.51	533,632.99
70	Jul-14		0.00		5,057.51	3.25%	3,612.25	1,445.26	5,057.51	1,872,445.01	1,337,366.76	535,078.25
71	Aug-14		0.00		5,071.21	3.25%	3,622.03	1,449.18	5,071.21	1,877,516.22	1,340,988.79	536,527.43
72	Sep-14		0.00		5,084.94	3.25%	3,631.84	1,453.10	5,084.94	1,882,601.16	1,344,620.63	537,980.53
73	Oct-14		527,177.00		5,812.60	3.25%	3,641.68	2,170.92	532,989.60	2,415,590.76	1,348,262.31	1,067,328.45

History truncated for ease of viewing

Notes:

1 - Transferred Dec 2012 deferral plus 2013 interest on the balance to account 186316 for amortization

Company: Northwest Natural Gas Company
 State: Washington
 Description: Washington Energy Efficiency Programs - General Admin
 Account Number: 186310
 Other Info: Program under Schedule G
 Temp Increment under Schedule 215

1	Debit	(Credit)										
2												
3												
4	Month/Year	Note	Deferral	Transfers	Interest	Interest	2013	2014	Activity	Balance	2013	2014
5	(a)	(b)	(c)	(d)	(e)	Rate	Calendar	Calendar	(f)	(g)	Calendar	Calendar
6						(e1)	Interest	Interest			Balance	Balance
7							(e5)				(g4)	
59	Jan-13		974.52		34.18	3.25%	1.32		1,008.70	13,141.61	975.84	
60	Feb-13		976.88		36.91	3.25%	3.96		1,013.79	14,155.40	1,956.68	
61	Mar-13		732.66		39.33	3.25%	6.29		771.99	14,927.39	2,695.63	
62	Apr-13		1,251.30		42.12	3.25%	8.99		1,293.42	16,220.81	3,955.92	
63	May-13		1,001.04		45.29	3.25%	12.07		1,046.33	17,267.14	4,969.03	
64	Jun-13		1,001.04		48.12	3.25%	14.81		1,049.16	18,316.30	5,984.88	
65	Jul-13		1,251.30		51.30	3.25%	17.90		1,302.60	19,618.90	7,254.08	
66	Aug-13		500.52		53.81	3.25%	20.32		554.33	20,173.23	7,774.92	
67	Sep-13		1,001.04		55.99	3.25%	22.41		1,057.03	21,230.26	8,798.37	
68	Oct-13		1,001.04		58.85	3.25%	25.18		1,059.89	22,290.15	9,824.59	
69	Nov-13	1	500.52	(12,465.56)	27.29	3.25%	27.29		(11,937.75)	10,352.40	10,352.40	
70	Dec-13		1,001.04		29.39	3.25%	29.39		1,030.43	11,382.83	11,382.83	
71	Jan-14		947.84		32.11	3.25%	30.83	1.28	979.95	12,362.78	11,413.66	949.12
72	Feb-14		947.84		34.77	3.25%	30.91	3.86	982.61	13,345.39	11,444.57	1,900.82
73	Mar-14		718.62		37.12	3.25%	31.00	6.12	755.74	14,101.13	11,475.57	2,625.56
74	Apr-14		958.16		39.49	3.25%	31.08	8.41	997.65	15,098.78	11,506.65	3,592.13
75	May-14		479.08		41.54	3.25%	31.16	10.38	520.62	15,619.40	11,537.81	4,081.59
76	Jun-14		958.16		43.60	3.25%	31.25	12.35	1,001.76	16,621.16	11,569.06	5,052.10
77	Jul-14		718.62		45.99	3.25%	31.33	14.66	764.61	17,385.77	11,600.39	5,785.38
78	Aug-14		1,197.70		48.71	3.25%	31.42	17.29	1,246.41	18,632.18	11,631.81	7,000.37
79	Sep-14		0.00		50.46	3.25%	31.50	18.96	50.46	18,682.64	11,663.31	7,019.33
80	Oct-14		0.00		50.60	3.25%	31.59	19.01	50.60	18,733.24	11,694.90	7,038.34

81
 82 **History truncated for ease of viewing**

83
 84 **Notes:**

85 1 - Transferred Dec 2012 deferral plus 2013 interest on the balance to account 186316 for amortization

Company: Northwest Natural Gas Company
 State: Washington
 Description: Washington DSM Amortization
 Account Number: 186316
 Program under Schedule G
 Temp Increment under Schedule 215

1	Debit	(Credit)						
2								
3								
4	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(e1)	(f)	(g)
6								
7	Beginning Balance							
97	Oct-13		(37,676.04)		3.25%	80.42	(37,595.62)	10,936.96
98	Nov-13 old rates		(33,648.31)		3.25%	(15.94)	(33,664.25)	(22,727.29)
99	Nov-13 new rates (1)		(43,485.10)	1,332,049.30	3.25%	3,548.75	1,292,112.95	1,269,385.66
100	Dec-13		(230,115.95)		3.25%	3,126.30	(226,989.65)	1,042,396.01
101	Jan-14		(252,463.95)		3.25%	2,481.28	(249,982.67)	792,413.34
102	Feb-14		(232,258.92)		3.25%	1,831.60	(230,427.32)	561,986.02
103	Mar-14		(165,895.08)		3.25%	1,297.40	(164,597.68)	397,388.34

NW Natural
Rates & Regulatory Affairs
2014-15 Washington: September Filing Updating Energy Efficiency Schedule 215
Tariff Advice 14-4: Schedule 215 Effects on Revenue

	<u>Amount</u>
1	
2	
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<u>Temporary Increments</u>	
<u>Removal of Current Temporary Increments</u>	
Amortization of Energy Efficiency Programs	(1,417,093)
<u>Addition of Proposed Temporary Increments</u>	
Amortization of Energy Efficiency Programs	<u>1,388,562</u>
TOTAL OF ALL COMPONENTS OF RATE CHANGES	<u><u>(\$28,531)</u></u>
2013 Washington CBR Normalized Total Revenues	\$73,743,329
Effect of this filing, as a percentage change	-0.04%

Jennifer Gross
Tariff and Regulatory Compliance
Tel: 503.226-4211 ext. 3590
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April 23, 2014

Steven King, Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
Post Office Box 47250
Olympia, Washington 98504-7250

**Re: UG - _____ - related to Dockets UG-132147 and UG-080546
2013 Annual Report on NW Natural's Energy Efficiency (EE) Program**

Dear Mr. King:

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby submits an original and two copies of its 2013 Annual Report on the Company's Energy Efficiency program. This report is submitted in compliance with the Company's Energy Efficiency Plan ("EE Plan") which is by reference part of the Company's Tariff Schedule G, "Energy Efficiency Services and Programs – Residential and Commercial," and was filed and approved in Docket UG-132147.

The Company's Energy Efficiency program is monitored by the interested parties who have formed the Energy Efficiency Advisory Group (EEAG) in compliance with the stipulated agreement approved in Order 04 in the Company's last rate case, Docket UG-080546 and the Company's Energy Efficiency Plan.

If you have any questions, please call me at (503)226-4211, extension 3590.

Sincerely,

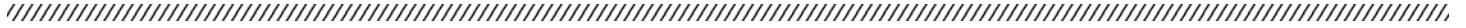
/s/ Jennifer Gross

Jennifer Gross

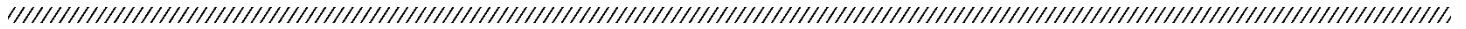
cc: EEAG

Enclosures

2013 Annual Report NW Natural Washington



ENERGY TRUST OF OREGON
APRIL 15, 2014



Energy Trust of Oregon
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TABLE OF CONTENTS

	Page
I. Introduction, Background, Oversight and Goals	3
II. Annual Report Highlights	4
III. Annual Results	7

Appendices

1. Energy Efficiency Measure Counts and Savings	9
2. Customer Satisfaction	11

I INTRODUCTION, BACKGROUND, OVERSIGHT AND GOALS

A. Introduction

This report covers 2013, the fourth full year that Energy Trust of Oregon provided services and incentives to residential and commercial customers of NW Natural in Washington.

It addresses progress toward annual goals, information on revenues and expenditures, number of completed measures and incentives paid during the year and highlights of program activity.

B. Background

At the request of NW Natural and following approval granted by the Washington Utilities and Transportation Commission, WUTC, Energy Trust began administering NW Natural's demand-side management programs in southwest Washington on October 1, 2009. The first year was viewed as a pilot. Satisfied with results from the pilot year, in 2011 the WUTC approved Energy Trust's continued administration of conservation programs for NW Natural in Washington.

C. Oversight

The Energy Efficiency Advisory Group, EEAG, was created, at the direction of the WUTC, to provide advice and oversight for NW Natural/Energy Trust energy-efficiency offerings in Washington. The advisory group is comprised of representatives from NW Natural, Energy Trust, WUTC, Washington Public Counsel, Northwest Industrial Gas Users and the Northwest Energy Coalition.

D. Goals

NW Natural, in collaboration with the EEAG, established performance metrics for the 2013 program year. This report presents Energy Trust's performance against those goals (see page 55).

II. ANNUAL REPORT HIGHLIGHTS

A. Summary

- **Gas efficiency measures installed in 2013** by NW Natural's Washington customers saved 221,172 annual therms of natural gas—including 132,308 annual therms in Existing Buildings, 40,238 annual therms in Existing Homes and 48,626 annual therms in New Homes. In total, this was 4 percent greater than 2012 savings.
- **Total 2013 savings met the minimum savings goal**, as detailed in NW Natural's 2013 Energy Efficiency Plan. Total program spending (including incentives, delivery and administration) was under budget, with variances primarily occurring between budgeted and actual expenditures for incentives. This is, in part, a result of capping custom path commercial incentives at 50 percent of project costs, which may result in a lower-than-budgeted cost of therm acquisition. Within the Existing Homes program, the budget variance is the result of some incentive offers not being adopted at the expected rate.
- **An energy-efficiency services group**, comprised of Clark County stakeholders, continued meeting in 2013 to identify collaboration opportunities, including joint incentive offerings and coordination on outreach events and marketing. The group includes representatives from Energy Trust, Clark Public Utilities, Planet Clark, Clark County Department of Environmental Services and Clark County Community Development's Weatherization Program.
- **Energy Trust completed transitions to new Program Management Contractors** for commercial and residential programs providing services to NW Natural customers in Washington, following a 2012 competitive bid process.

B. Washington Utilities and Transportation Commission Performance Metrics

The table below compares 2013 annual results to 2013 program goals, as established in NW Natural's Energy Efficiency Plan for Washington (updated December 2012).

2013 Results Compared to Goals

Metrics	Goal	2013 Total YTD	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Therms Saved	220,421 – 259,319	221,172	20,626	40,948	28,087	131,512
Total Program Costs	\$1,430,092 – \$1,613,437	\$1,170,602	\$190,711	\$291,420	\$240,649	\$447,821
Average Levelized Cost Per Measure	Less than \$0.65	\$0.42	\$0.826	\$0.573	\$0.648	\$0.268
Dollars Spent Per Therm Saved	Less than \$6.50	\$5.29	\$9.25	\$7.12	\$8.57	\$3.41
Total Resource Cost and Utility Costs at Portfolio Level	Greater than 1.0	1.26 and 1.19	Reported annually	Reported annually	Reported annually	Reported annually

2013 Utility Cost and Resource Benefit/Cost Ratio by Program

Program	Utility Benefit Cost/Ratio	Total Resource Benefit/Cost Ratio
Existing Buildings	1.7	1.0
Existing Homes	0.8	0.9
New Homes	1.0	1.6
Total	1.26	1.19

2013 Total Utility Cost and Resource Benefit/Cost Ratio

Program	Utility Benefit Cost/Ratio	Total Resource Benefit/Cost Ratio
NW Natural Washington Portfolio	1.3	1.2
NW Natural Washington Low Income	0.9	0.6
Total	1.24	1.16

C. Commercial Sector Highlights*Existing Buildings*

- **Existing Buildings achieved savings of 132,308 annual therms** in 2013, 4 percent over the conservative goal of 127,500 annual therms.
- **Custom path projects comprised 41 percent of commercial sector savings.** Savings acquired through the custom path are initiated by technical studies. The cost of these studies is partially paid for with the program's incentives.
- **Existing Buildings observed a significant increase in foodservice upgrades,** with 34 in 2013 and five in 2012, resulting from increased outreach and marketing to restaurant and hospitality sectors.
- **The rooftop HVAC unit tune-up incentive was discontinued in 2013,** primarily due to less market potential than expected and evaluation efforts indicating rooftop tune-ups achieve fewer savings than expected. Advanced HVAC controls upgrades remain available through the custom path, where site specific studies can be produced to demonstrate cost-effective savings potential.
- **Commercial customers expressed satisfaction with their experience with Energy Trust,** with four of four respondents surveyed indicating satisfaction with their overall program experience.

D. Residential Sector Highlights

- **Residential programs achieved total savings of 88,864 annual therms** in 2013, of which Existing Homes accounted for savings of 40,238 annual therms, while New Homes saved 48,626 annual therms. Existing Homes results were 29 percent below the conservative goal of 56,409 annual therms, while the New Homes results were 13 percent over stretch goal of 42,956 annual therms. In total, the residential sector achieved savings that were 16 percent lower than 2012, which was a particularly strong year for savings.

Existing Homes

- **The Existing Homes program planned to reduce savings from Energy Saver Kits** and increase savings from equipment and weatherization. While equipment and weatherization measures did increase in 2013, the pace of the growth was not strong enough to make up for the significant reduction in savings from kits. The program distributed a total of 167 kits in 2013 as compared with 992 in 2012 and 1,757 in 2011.
- **The program installed 94 gas hearths in 2013, a 24 percent increase over 2012.** Dedicated outreach to trade associations and dealer networks and new marketing materials supported this trend.
- **Installation of 192 high-efficiency gas furnaces comprised one-third of program savings,** more than double the savings achieved in 2012. This is consistent with the above strategy to increase savings from equipment and weatherization.
- **The volume of completed water heaters, insulation measures and window installations** remained comparable to 2012.
- **In 2013, the program launched mobile media campaigns** to supplement online ads in KGW.com, The Oregonian and The Columbian. Mobile and online advertising with regional outlets enables exclusive targeting of customers in SW Washington.
- **Customer satisfaction surveys indicate 93 percent of Existing Homes participants** were satisfied with their experience with Energy Trust in 2013—up from 89 percent in 2012. Surveys were conducted with 145 program participants by phone shortly after completing energy-efficiency upgrades and receiving an incentive check. While it is unclear what impacted the increased customer satisfaction, the 2013 sample included fewer participants who received Home Energy Reviews (17 percent in 2013 as compared to 23 percent in 2012), and was the first year that participants who installed gas hearths were surveyed.

New Homes

- **The program saw a 22 percent increase in ENERGY STAR new homes** since 2012, with 231 homes completed in 2013.
- **In 2013, the program supported 846 high-efficiency gas clothes washers** through a joint incentive offer with Clark Public Utilities, an increase of 31 percent from 2012.

E. Trade Ally Network

- **Energy Trust's Trade Ally Network serving Washington** customers continued its steady growth in 2013.
- **By year-end, 201 trade allies served Washington,** including 80 based in Washington. Energy Trust enrolled 18 new trade allies serving Washington in 2013.
- **Breakfast meetings exclusively for Washington trade allies** were held in June and December for Existing Homes trade allies and in June for Existing Buildings trade allies. Located in Vancouver, these breakfasts continue to be important forums, particularly on the residential side, and trade ally attendance and engagement continues to increase.

III. ANNUAL RESULTS

A. Activity Highlights—Sites Served

	Q1	Q2	Q3	Q4	Total
Existing Commercial					
School/college retrofits	0	2	0	2	4
Other commercial retrofits	1	20	13	24	58
Studies	0	2	1	3	6
Existing Homes					
Weatherization (insulation, air and duct sealing and windows)	11	33	32	51	127
Gas hearths	9	26	8	43	86
Gas furnaces	21	35	28	100	184
Water heaters	4	6	6	23	39
Home Energy Reviews	11	14	21	25	71
New Homes					
Builder Option Packages	5	55	16	155	231
Clothes washers	159	124	140	423	846

B. Revenues

Source	Actual Revenue YTD	Budgeted Revenue YTD
NW Natural	\$ 1,291,102	\$ 1,291,102

C. Expenditures

		Actual Expenditures YTD	Budgeted expenditures YTD	Variance
Commercial Programs	Existing Buildings	\$ 475,643	\$ 630,877	\$ 155,235
	Subtotal	\$ 475,643	\$ 630,877	\$ 155,235
Residential Programs	Existing Homes	\$ 340,831	\$ 456,436	\$ 115,605
	New Homes	\$ 315,772	\$ 331,005	\$ 15,233
	Subtotal	\$ 656,603	\$ 787,441	\$ 130,838
Administration		\$ 38,356	\$ 51,174	\$ 12,818
Total		\$ 1,170,602	\$ 1,469,492	\$ 298,890

A range of savings goals were established in the program annual update to the Energy Efficiency Plan, with conservative goal representing 15 percent less than stretch goal. Total program spending was under budget, with spending variances primarily occurred between budgeted and actual expenditures for incentives. In part, this is a result of capping custom path commercial incentives at 50 percent of the project cost, which may result in a lower than budgeted cost of therm acquisition. Within the Existing Homes program, the variance is the result of some incentive offers not being adopted at the expected rate.

D. Incentives Paid

		Actual Incentives YTD
Commercial Programs	Existing Buildings	\$ 218,066
	Subtotal	\$ 218,066
Residential Programs	Existing Homes	\$ 103,337
	New Homes	\$ 183,381
	Subtotal	\$ 286,718
TOTAL		\$ 504,784

Incentives paid account for just over 50 percent of year-to-date program expense, when total program expense is adjusted down by 15 percent to account for costs that a utility-delivered program would recover through rates.

E. Savings

		Therms Saved YTD	Annual Goal (Conservative)	% Achieved YTD	\$/Therm	Levelized Cost/Therm
Commercial Programs	Existing Buildings	132,308	127,500	104%	\$ 3.72	30.5 ¢
	Subtotal	132,308	127,500	104%	\$ 3.72	30.5 ¢
Residential Programs	Existing Homes	40,238	56,409	71%	\$ 8.76	64.2 ¢
	New Homes	48,626	36,513	133%	\$ 6.71	52.7 ¢
	Subtotal	88,864	92,921	96%	\$ 7.64	58.1 ¢
TOTAL		221,172	220,421	100%	\$ 5.29	42.0 ¢

A portfolio-wide shift to acquire a greater proportion of measures with longer measure lives contributed to a reduction in levelized cost from \$0.48 to \$0.42. The levelized cost represents the annualized cost of the investment made in savings acquisition on a per unit basis. When the average measure life across a portfolio of programs increases, it reduces the annual per unit cost to acquire savings, when those costs are levelized across the useful life of the investment. The program is performing well below the per therm metric established by the WUTC.

NW NATURAL APPENDIX 1: 2013 Energy Efficiency Measure Counts and Savings

Table 1: Residential Sector Measures

Category	Measure	Measures Installed	Total Therms Saved
Air Sealing	Air Sealing	11	230
	Blower Door Test	8	0
	<i>Air Sealing Total</i>	19	230
Duct Sealing and Insulation	Duct Insulation	7	86
	Duct Sealing	3	102
	Duct Testing	3	0
	<i>Duct Sealing and Insulation Total</i>	13	188
Energy Saver Kit	<i>Energy Saver Kit Total</i>	167	6,184
Home Energy Reviews	<i>Home Energy Reviews Total</i>	71	0
Shell Insulation	Ceiling Insulation	30	2,571
	Floor Insulation	14	567
	Wall Insulation	9	286
	<i>Shell Insulation Total</i>	53	3,424
Space Heating	Boiler	2	88
	Furnace	192	13,556
	Gas Fireplaces	94	9,572
	<i>Space Heating Total</i>	288	23,216
Water Heating	Tank Water Heater	47	1,149
	Tankless Water Heater	0	0
	Water Heater Thermostat Set-back	0	0
	Showerheads Left Behind At Home Energy Review	63	907
	Showerheads Left Behind At Home Energy Review	29	386
	Faucet Aerators Left Behind At Home Energy Review	137	1,005
	Cold Water Detergent Left Behind At Home Energy Review	41	238
	Water-saving Device Installed By Plumber	0	0
	<i>Water Heating Total</i>	317	3,685
Windows	<i>Windows Total</i>	86	3,310
New Homes	ENERGY STAR New Home	231	23,260
	Tankless Water Heater	10	650
	Low Income Energy Saver Kit	45	324
	Showerheads Sold At Retail	2,563	21,068
	High Efficiency Clothes Washers	846	3,325
	<i>New Homes Total</i>	3,695	48,627
	<i>Grand Total</i>	4,709	88,864

Table 2: Commercial Sector Measures

Category	Measure	Measures Installed	Total Therms Saved
Foodservice Equipment	Gas Fryer	31	17,639
	Convection Oven	3	906
	Foodservice Equipment Total	34	18,545
Shell Insulation	Ceiling Insulation	1	3,000
	Shell Insulation Total	1	3,000
Space Heating	Boiler	13	35,246
	Space Heating Total	13	35,246
Water Heating	Conventional Condensing Tank	4	642
	Water Heating Total	4	642
Rooftop HVAC Tune-up	RTU Tune Up DCV Control	60	20,287
	Rooftop HVAC Tune-up Total	60	20,287
Custom	Studies	6	0
	Custom Building Controls	20	43,724
	Misc Custom Measures	5	10,864
	Custom Total	31	54,588
	Grand Total	143	132,308

NW NATURAL APPENDIX 2: Customer Satisfaction

In 2013, Energy Trust continued short phone surveys of NW Natural customers in Washington to determine satisfaction with their participation in Energy Trust programs. Results from 145 residential customers and four commercial customers indicate a generally high level of customer satisfaction.

Table 1: NW Natural Washington Residential Customer Satisfaction 2013

Residential (n=145)	Dissatisfied	Neutral	Satisfied
Overall	1%	6%	93%
Incentive application form	3%	9%	88%
Turnaround time to receive incentive	9%	15%	76%

Energy Trust was able to interview four commercial customers in 2013. All respondents were satisfied with their overall program experience, the incentive amount, ease of applying for the incentive and interaction with program representatives.

Table 2: NW Natural Washington Commercial Customer Satisfaction 2013

Commercial (n=4)	Dissatisfied	Neutral	Satisfied
Overall	-	-	4
Incentive amount	-	-	4
Ease of applying for incentive	-	-	4
Interaction with program representative	-	-	4
Performance of equipment or system installed	-	2	2
Turnaround time to receive incentive ¹	2	-	1

¹Customer satisfaction ratings do not add to four because one customer responded "unknown."

Washington Low Income Energy Efficiency Program 2013 Program Results

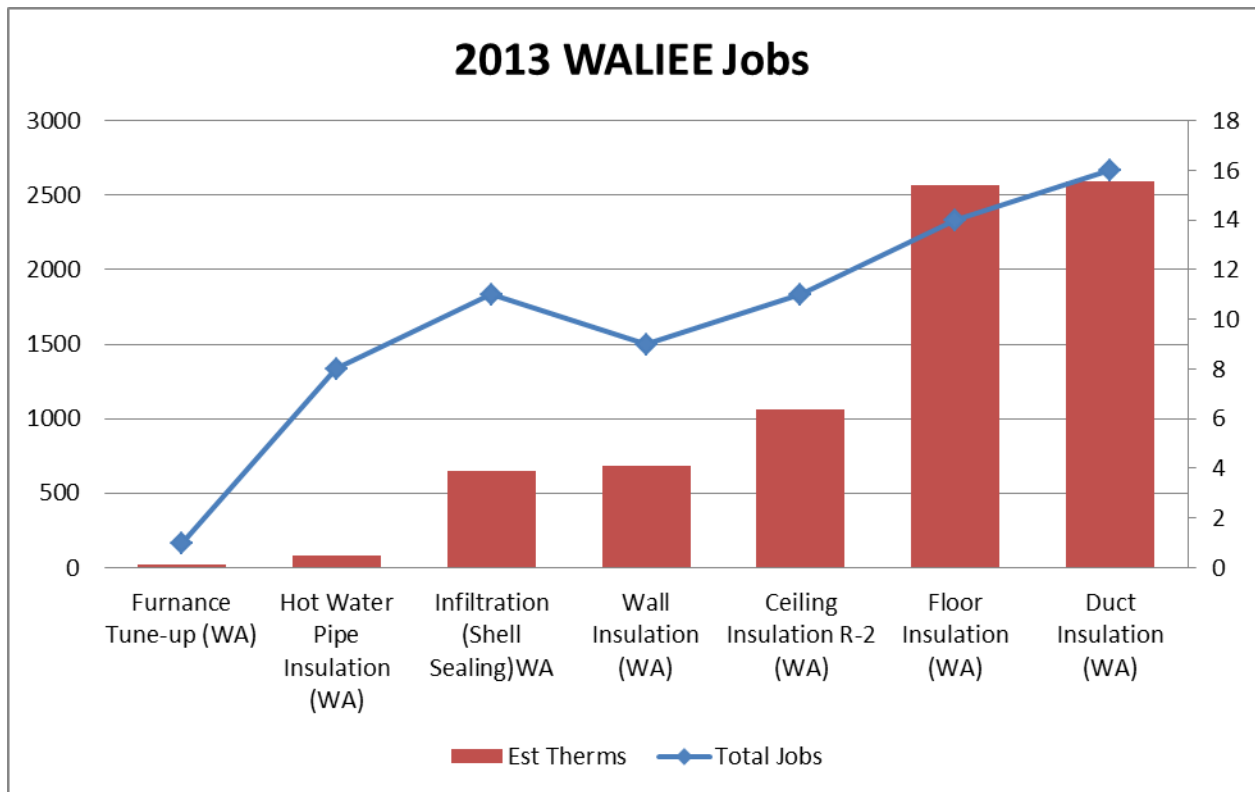
NW Natural partners with Clark County’s Community Development Office and Skamania-Klickitat Community Action to administer its Washington Low Income Energy Efficiency (WA-LIEE) program.

Our WA-LIEE program reimburses agencies for 90% of all cost-effective, energy efficiency measures, up to \$3500 per home. The agencies are also allotted 15% of job costs (up to the cap) for administrative costs and an average of \$440 per home for Health, Safety, and Repair (HSR), which are not subject to cost effectiveness tests. A WA-LIEE job may cost the program no more than \$4465.

While offerings are available in Skamania and Klickitat counties, the agency that serves these counties rarely sees gas customers and did not provide services to any through WA-LIEE during 2013. Results below are specific to Clark County’s Department of Community Services.

Measure Analysis:

The figure below provides a breakout of how often individual weatherization and efficiency measures were completed in 2013 and the savings associated with these measures in total.



Washington Low Income Energy Efficiency Program 2013 Program Results

2012-2013 Results:

Performance Metric	Goal - 2013	Actual- 2013	Actual- 2012
Estimated homes served	20-40	20	8
Estimated Average Cost of per home	\$4465	\$3984	\$3845
Total Estimated Program Cost	\$89,300 to \$178,600	\$79,677	\$30,761
Estimated average therms saved per home	211	351	319 ¹
Total estimated therms saved	4220 to 8440	7026	2538
Estimated Cost per Therm	\$21	\$11	\$12

The charts above highlight two significant and interrelated outliers: number of homes weatherized and portion of those homes receiving duct and floor insulation. Prior to the current program year it was rationally assumed that homes with code insulation would not be cost-effective to weatherize. Unfortunately, construction practices often do not secure the required R-19 floor insulation firmly against floor decking. Therefore, with a minimal investment of R-11 insulation, new string and labor to secure it all, homes with non-functioning R-19 insulation (operating closer to R-0) were brought up to R-40 effectiveness. The same phenomenon had been observed and corrected as it pertains to duct insulation as well. We are grateful for the expertise at the county to have understood the unfortunate disconnect between required code compliance and actual practice in the field.

We are pleased that WA-LIEE was able to treat 20 homes in 2013, up from 8 in 2012. We believe this improvement is a result of program maturity, a great working relationship with the County, and quarterly coordination meetings with many energy efficiency providers in SW Washington. The coordination efforts have provided us a forum for sharing ideas and ensuring all customers have a comprehensive set of weatherization offerings regardless of their respective needs and income levels.

¹ An impact evaluation has not been conducted on these homes so the actual per therm savings has not been verified. 325 is based on modeling software estimates.