

NORTHWEST NATURAL GAS COMPANY

WN U-6

Fifth Revision of Sheet I.1

Cancels Fourth Revision of Sheet I.1

SCHEDULE I

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

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.

PROGRAM YEAR:

The program year will extend from January 1 through December 31.

(C)

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 through rates in **Schedule 230** in accordance the terms agreed to in Docket No. U-091044.

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.

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Third Revision of Sheet I.2

Cancels Second Revision of Sheet I.2

SCHEDULE I

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

(continued)

MEASURE INCENTIVES:

Energy Efficiency Measures and Rebates.

Qualifying energy efficiency measures shall be determined under one of the following three methods:

1. Those measures 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;
2. Those measures deemed cost-effective under the State of Washington Department of Commerce Weatherization Program Priority List; or
3. Measures deemed cost-effective based on the hybrid method outlined in the State of Washington Department of Commerce Weatherization Manual.

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 \$5,000 or an amount equal to the average total installed cost of measures as reported by the Agencies for the most recent four quarters prior to filing the Company's annual Energy Efficiency Plan. 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. (C)

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 \$1,000 times the actual number of households treated by the Agency in the Program Year (HSR Allowance). (C)

Each Agency will have discretion in the use of their individual HSR Allowance such that they may use more or less than the \$1,000 on any one home. Each Agency must manage their HSR funds to ensure that the average HSR amount per home is not more than \$1,000. (C)

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