

Agenda Date: May 27, 2010  
Item Number: A1

**Docket:** UG-100677  
Company: Northwest Natural Gas Company

Staff: Ryan Dyer, Regulatory Analyst

### **Recommendation**

Take no action, thereby allowing the proposed rates to become effective June 1, 2010, by operation of law.

### **Background**

On April 26, 2010, Northwest Natural Gas Company (NWN or company) filed in Docket UG-100677 tariff pages adding a pilot Smart Energy Program to its Washington service offerings. The Smart Energy Program allows NWN's customers to voluntarily offset the greenhouse gas emissions associated with their natural gas use. On March 21, 2008, NWN filed similar tariff pages regarding the Smart Energy Program in Docket UG-080519 and a companion accounting petition on March 24, 2010, in Docket UG-080530. The two dockets were consolidated and eventually the Utilities and Transportation Commission denied the company's consolidated request because the program implementation was contingent upon an unacceptable spread of certain program costs.<sup>1</sup>

### **Discussion**

This filing differs from Dockets UG-080519 & UG-080530 (consolidated) because the program proposed herein will be solely funded by participants. Under the filed tariff, residential and commercial customers may enroll in the Smart Energy Program under Schedule U of NWN's tariff WN U-6. Residential customers that enroll in the Smart Energy Program may elect either a fixed rate of \$6.00 per bill, or a volumetric rate of \$0.10486 per therm. Commercial customers may elect a fixed rate of their choice (not less than \$10 per month). Participant fees will be used to fund the cost of carbon offsets, ongoing program administration, and marketing. Administrative costs are expected to average 30% of the program rates over the duration of the pilot program. The price of carbon offsets is based on the cost as of June 29, 2007.

NWN continues to partner with The Climate Trust to offer this program. The Climate Trust is a nonprofit organization that purchases high-quality, project-based emission reductions. The Climate Trust develops greenhouse gas offset projects on behalf of Smart Energy participants. The company's Smart Energy Program currently offered in Oregon has invested in three local biodigester projects and has received funds for over 50,000 tons of carbon offsets from program participants since 2007. The company would like to extend these opportunities to its Washington

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<sup>1</sup> See Dockets UG-080519 & UG-080530 (*consolidated*) Order 05, ¶ 36. "[T]he tariff may have been acceptable had the Company not conditioned implementation on approval of its accounting petition, which spread program costs to non-participants."

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customers through this tariff filing. The company plans to conduct a detailed review of the pilot Smart Energy Program in both Oregon and Washington in the fall of 2010.

Because the principal basis for rejecting the tariff in Dockets UG-080519 & UG-080530 (*consolidated*) has been resolved in this new filing, staff recommends allowing the proposed tariff to become effective.

**Conclusion**

Take no action, thereby allowing the proposed rates to become effective May 27, 2010, by operation of law.