

September 25, 2026

NWN OPUC Advice No. 26-07

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

**Re: Schedule 351 – Thermostat Rewards Program – Expanded for Geographic Targeting**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revision to its Tariff P.U.C. Or. 25, stated to become effective on November 1, 2026.

|                               |              |                            |
|-------------------------------|--------------|----------------------------|
| First Revision of Sheet 351-1 | Schedule 351 | Thermostat Rewards Program |
| First Revision of Sheet 351-2 | Schedule 351 | Thermostat Rewards Program |

**Purpose**

The purpose of this filing is to request the Public Utility Commission of Oregon (Commission) approve an expansion of the Company's Thermostat Rewards Program to include a geographically targeted component to provides enhanced incentives to participating Residential and Small Commercial customers located in the distribution capacity constrained areas in NW Natural's service territory in Oregon.

**Background**

NW Natural's system-wide Thermostat Rewards, described in Commission-approved tariff Schedule 351, is available to residential and small commercial customers with qualifying smart thermostats<sup>1</sup> The program provides incentives to customers who voluntarily enroll and participate in demand response events (Events) During the winter season, the Company may call an Event, during which a participating thermostat automatically lowers the temperature setpoint by one to four degrees Fahrenheit (one to two degrees Celsius) for a limited period. At the conclusion of the Event, settings automatically return to the participating thermostat's original setpoint. Participation in the program is voluntary, and customers may withdraw at any time. Customers who are enrolled may also choose, on an Event-by-Event basis, whether to participate in Events.

The existing system-wide Thermostat Rewards Program has established the operational, customer engagement, and technology framework to enable the Company to consider geographically targeted Thermostat Rewards demand response as a non-pipeline alternative (NPA) in areas where NW Natural's distribution system capacity is constrained or likely to be constrained in the near future. This program can reduce peak demand, provides capacity benefits for the distribution system, and creates an opportunity to defer or reduce the need for traditional infrastructure investments.

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<sup>1</sup> A "smart thermostat" means a WiFi enabled programable thermostat that allows monitoring and controlling home's temperature from smartphone, computer, or tablet.

In NW Natural's 2025 Integrated Resource Plan (IRP), docketed as LC 86, the Company included action item A-2 that focused on continuing existing cost-effective DR programs and exploring cost-effective demand response offerings to meet peak demand requirements. As described in the IRP, the Company evaluated demand response offerings as potential NPA solutions in targeted areas. Geographically targeted demand response (GeoDR) is specifically designed to help achieve incremental peak hour demand savings from DR offerings to customers in a targeted area where the distribution system is constrained or is expected to be constrained in the near future.

The Company recently implemented its Customer Management Module (CMM) into its pressure system modeling software, Synergi™ Gas. CMM creates a link between the Company's Geographic Information System, Customer Information System, and Synergi™ Gas, resulting in improved distribution system modeling accuracy. The enhanced visibility allows the Company to identify emerging system constraints earlier and provides additional time to evaluation and deploy NPAs before traditional infrastructure reinforcement projects become necessary.

In addition to identifying areas of the system that will likely have constraints in the near future, the Synergi™ Gas modeling using CMM revealed areas that currently exceed the design capacity of the distribution system. This modeling was supported by recorded pressure and temperature data collected on the distribution system. As a result, the Company is evaluating reinforcement projects to improve supply capacity in areas where CMM modeling predicts a loss of service.

As discussed in the 2025 IRP, the Company has identified areas in Oregon (Dallas and McMinnville) that will benefit from additional support to the distribution system during winter peak load hours. NW Natural is currently assessing reinforcement project alternatives in the Dallas and McMinnville areas. GeoDR can help reduce peak-hour loads, enhanced system reliability, delay or avoid pipeline reinforcement projects, and reduce the risk of capacity-related service disruptions.

#### **Proposed Changes for Expanded Program**

The existing system-wide Thermostat Rewards Program is detailed in the Company's Schedule 351. The proposed revisions to Schedule 351 may provide eligible customers participating in the geographically targeted Thermostat Rewards Program an additional opportunity to earn incentives beyond those available through the existing system-wide Thermostat Rewards Program.

The proposed changes for Schedule 351 that will add the geographically targeted portion of the Thermostat Reward Program are as follows:

##### ***Sheet 351-1 - Purpose:***

- Describe the expanded system-wide Thermostat Rewards Program that will target specific geographic areas with enhanced incentives.

##### ***Sheet 351-1 - Available:***

- Differentiate between the system-wide program and the new geographically targeted component.

##### ***Sheet 351-1 - Program Costs and Terms:***

- Clarify future cost recovery filings.

##### ***Sheet 351-1 - Conditions:***

- Add a new condition for the geographically targeted portion of the program.

**Sheet 351-1 – Incentives:**

- Differentiate between the system-wide program and the new geographically targeted incentive.
- Describe the additional participation incentive in the form of a \$10 Virtual Prepaid Card for customers who participate in at least 50 percent of the geographically targeted DR Event hours offered in the season and remain enrolled through March 31. The \$10 participation incentive is in addition to the incentive amount of the \$25 Virtual Prepaid Card for the system-wide program.

**Sheet 351-2 – Enrollment and Program Details:**

- Explain the addition of the geographically targeted component of the program using participating zip codes and providing customers a link to NW Natural's website at [Thermostat Rewards - NW Natural](#) to determine if they live in a targeted zip code.
- Expand the setback range for test events from “two to four degrees” to “one to four degrees” for test events and also minimize impacts on participants.
- Add the condition to remain enrolled in the program through March 31 for the geographically targeted component of the program.

**Sheet 351-2 - Reporting**

- Add that in addition to the current reporting for the system-wide Thermostat Rewards Program, NW Natural will report annually the total peak load savings, net energy savings, and participation rates for the geographically targeted portion of the program (to the extent such information does not disclose or cannot be used to identify a particular customer).

**Costs**

The total incremental costs for the Geographically Targeted Thermostat Rewards Program are estimated to range from \$105,000 to \$109,000 over the 2026-2028 period. These costs include customer incentives, incentive processing fees, program implementation, measurement and verification, administrative, and targeted outreach activities.

**Cost Recovery**

NW Natural will initially defer program costs for future ratemaking under its existing deferral in docket UM 2324. In the future, NW Natural plans to file an accounting petition to capitalize the program costs and record them as a regulatory asset, which will be included as rate base within the Company's revenue requirement in a future cost recovery proceeding. NW Natural will seek a prudence determination of these costs at the time it seeks recovery in customer rates.

**Marketing, Outreach, and Engagement**

The various original equipment manufacturers (OEMs) currently market the system-wide Thermostat Rewards Program; however, their ability to market directly to geographically targeted areas may be limited. As a result, NW Natural may cross-promote all eligible programs to customers through a variety of channels such as postcards, tabling events, social media, and the NW Natural website. The Company may also collaborate with community action partners (CAPs) in its service territory for marketing outreach.

**Conclusion**

These proposed enhancements leverage an existing and successful demand response platform to deliver targeted peak-demand reductions, support system reliability in constrained areas, provide additional customer benefits, and potentially defer or reduce the need for traditional infrastructure investments.

NW Natural respectfully requests that the Commission approve these tariff changes to become effective November 1, 2026.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at [www.nwnatural.com](http://www.nwnatural.com).

Please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

*/s/ Rebecca Trujillo*

Rebecca Trujillo  
Regulatory Advisor

Enclosures

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 351-1

Cancels Original Sheet 351.1

## SCHEDULE 351 THERMOSTAT REWARDS PROGRAM

### PURPOSE:

To describe and set forth the terms and conditions for NW Natural's Thermostat Rewards Program, a voluntary program that enables customers with qualifying smart thermostats to participate in demand response events (Events) and earn a reward for participating. In addition, customers participating in Schedule 351 who reside in identified zip codes will be automatically enrolled in the geographically targeted Thermostat Rewards Program with the ability to earn an additional reward for participating.

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### AVAILABLE:

The system-wide program is available to all Residential and Commercial Customers on the Rate Schedules of this Tariff listed below:

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|                 |                 |
|-----------------|-----------------|
| Rate Schedule 2 | Rate Schedule 3 |
|-----------------|-----------------|

The geographically targeted program is available to the participating customers in the system-wide program taking service in specifically identified geographically targeted zip codes.

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(N)

### PARTICIPATING SMART THERMOSTAT MANUFACTURERS:

NW Natural will work with various providers of thermostats and the list may change from time to time. The current brands we are working with can be found on NW Natural's website:  
<https://www.nwnatural.com/thermostatrewards>

### PROGRAM COSTS AND TERMS:

Program costs for the system-wide program will be deferred and amortized for recovery coincident with the Company's Purchased Gas Adjustment filing, or as otherwise approved by the Commission through Schedule 121. Incremental program costs for the geographically targeted portion of the program will initially be deferred for future ratemaking. NW Natural may seek in a future accounting petition to capitalize program costs and record them as a regulatory asset, which will be included as rate base within the Company's revenue requirement in a future cost recovery proceeding.

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### CONDITIONS:

1. Participants must be a NW Natural Residential or Small Commercial customer and be an authorized user on the account and use a natural gas forced air furnace for space heating.
2. An eligible smart thermostat must be installed and connected to Wi-Fi prior to enrollment.
3. For the geographically targeted portion of the program, participants must be enrolled in the system-wide program and must be located in the geographically targeted zip codes.

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(N)

### INCENTIVES:

The incentives for the system-wide program are as follows:

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- Upon acceptance of the customer's enrollment, a \$25 gift card will be provided.
- In addition, if the customer participates in at least 50 percent of all Event hours and remains enrolled on March 31 (the last day of the season) a \$25 gift card will be provided.

The incentives for the geographically targeted program are as follows:

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- An additional \$10 Virtual Prepaid Card, if the customer participates in at least 50 percent of all geographically targeted Event hours and remains enrolled on March 31 (the last day of the season).

### ENROLLMENT AND PROGRAM DETAILS:

(K)

Customers can sign up for the system-wide program via NW Natural's website or through their smart thermostat application or website. Devices enrolled in the system-wide Thermostat Rewards program and located within the geographically targeted zip codes will be automatically enrolled in the geographically targeted portion of the program. Participants may check NW Natural's program website listed above for the qualifying geographically targeted zip codes.

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During an Event, geographically targeted or system-wide, the Participant's thermostat will automatically lower the temperature setpoint by one to four degrees Fahrenheit (or one to two degrees if a thermostat is set at Celsius) at their home or business. At the end of an Event, the Participant's thermostat will return to its original settings.

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(continue to Sheet 351-2)

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(K): Material transferred to Sheet 351-2.

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Effective with service on  
and after November 1, 2026

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 351-2

Cancel Original Sheet 351-2

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## SCHEDULE 351 THERMOSTAT REWARDS PROGRAM (continued)

### **ENROLLMENT AND PROGRAM DETAILS (continued):**

NW Natural may call multiple Events during the winter season from November 1 to March 31. Program Events during the winter season will typically last up to four hours. Events will usually occur between 7:00 AM and 11:00 AM with an Event duration of no more than four hours. Some Events may be preceded by pre-heating prior to the start of an Event.

Participants may opt out of any Event before it begins. Participants can also opt out during an Event by manually adjusting their thermostat to the desired temperature. Participants may also disenroll/opt out of the program at their discretion anytime.

Participation in the geographically targeted program requires enrollment in the system-wide program. Therefore, participants must remain enrolled in the system-wide program to maintain enrollment in the geographically targeted program. Disenrollment from the system-wide program will automatically terminate enrollment in the geographically targeted program.

NW Natural reserves the right to terminate any participant from enrollment in the Program at any time based upon level of participation (such as being offline for prolonged periods or for lack of participation) or for any other reason without liability or responsibility. Notice will be provided to participant after the participant has been removed from the program.

Additional program details including Terms and Conditions are available on the program website:

<https://www.nwnatural.com/thermostatrewards>

### **REPORTING**

NW Natural will report results of this program annually, including customer participation rates per event broken down by the smart thermostat brand customers use, incentive payouts, and Event details such as duration. In addition to the current reporting for the system-wide program, NW Natural will report annually the total peak load savings, net energy savings, and total overall participation rates for the geographically targeted portion of the program (to the extent such information does not disclose or cannot be used to identify a particular customer).

### **GENERAL:**

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(M): Moved from Sheet 351-1.

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