NW Natural®

250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

October 16, 2026 NWN OPUC Advice No. 26-08

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Proposed Tariff Schedule 353 – Geographically Targeted Energy Efficiency

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 January 1, 2027:

Original Sheet 353-1	Schedule 353	Geographically Targeted Energy Efficiency

Purpose

The purpose of this filing is to request that the Public Utility Commission of Oregon (Commission) approve a new tariff Schedule 353 Geographically Targeted Energy Efficiency (GeoTEE) for residential, commercial and industrial customers. The program will be available to all customers who are located in geographically targeted zip codes.

Background

As described in NW Natural's 2025 Integrated Resource Plan (IRP), docketed as LC 86, the Company evaluated several demand-side management opportunities as potential Non-Pipeline Alternatives (NPAs) for addressing localized distribution system constraints in geographically targeted areas.[1] Geographically targeted energy efficiency (GeoTEE) is specifically designed to achieve incremental peak hour savings from specialized energy efficiency offerings to customers in targeted zip codes where the distribution system is constrained or is expected to be constrained in the near future.

To support this effort, the Company implemented the Customer Management Module (CMM) into the Company's 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. This enhanced visibility allows the Company to identify emerging system constraints earlier and provides additional time to evaluate and deploy NPAs before traditional infrastructure reinforcement solutions are required.

[1] Section 12.6.2.4 Geographically Targeted Demand-Side Management Programs, of the Company's 2025 IRP.

Using the enhanced modeling software, NW Natural identified areas of its distribution system that are expected to require additional capacity support during winter peak months in the near future. The analysis identified the Dallas and McMinnville areas as locations where geographically targeted demand-side management programs could provide meaningful system benefits by reducing peak-hour demand and deferring or minimizing infrastructure investments.

Consistent with the Company's 2025 IRP, NW Natural worked with the Energy Trust of Oregon (ETO) to evaluate GeoTEE as a potential NPA for these constrained areas. These efforts resulted in IRP Action Items B-22 (Dallas) and B-27 (McMinnville), which call for the development of a 3-year GeoTEE program to reduce peak-hour demand in the identified zip codes. The Commission acknowledged these Action Items in Order No. 26-150.[2]

Since Commission acknowledgement of the Action Items, ETO has developed a program proposal with specific activities and budgets for achieving the target peak reductions. NW Natural subsequently updated its NPA analysis using the refined program assumptions and confirmed that the expected benefits associated with peak-hour demand reductions help defer the infrastructure investment.

Proposed Program

The ETO will be administrating the GeoTEE program in collaboration with NW Natural. The GeoTEE program will be in addition to and complementary of the existing energy efficiency programs the ETO administers for NW Natural customers. The proposed GeoTEE program is available to eligible customers located in capacity constrained zip codes.[3] The program is designed to reduce winter peak hour therm demand through accelerated adoption of cost-effective energy efficiency measures. This effort will accelerate the acquisition of energy efficiency in the identified geographic areas through targeted marketing, increased delivery efforts, and heightened incentives.

Offers and Incentives

The GeoTEE program will offer increased incentives in comparison with existing ETO incentives for select measures. The increased incentive value will not exceed the maximum measure level incentive set by the utility cost test. Additional offers may be provided to increase project lead generation and will be assessed throughout the duration of the GeoTEE effort. Measures of focus by customer sector are as follows:

Residential

- Gas furnace, thermostat, insulation, windows, tankless water heaters

Commercial

- Insulation, boilers, steam traps, and refrigeration case doors
- Operations and Maintenance measures through increased Strategic Energy Management enrollment

Industrial and Agriculture

- Steam traps, pipe insulation, and greenhouse measures

[2] *In the Matter of Northwest Natural Gas Company, dba NW Natural, 2025 Integrated Resource Plan,* Docket No. LC 86, Order No. 26-150 (April 30, 2026).
[3] The constrained areas identified in NW Natural's 2025 IRP, LC 86, filed on August 2, 2025.

Program Costs

Below are the projected program delivery and marketing costs that are incremental to ETO's existing baseline energy efficiency efforts. Additionally, the total cost and savings projections tables below include an implied baseline cost and savings level that are covered in ETO's current multi-year plan. Additionally, there is a NW Natural administrative and measurement and verification (MV) cost, which is 5% of the incremental cost.

Program Costs 2027-2029

Estimated Program Cost	**Dallas**	**McMinnville**
NW Natural Provided Incentives	$ 565,000	$ 590,000
Delivery	$ 945,000	$ 830,000
Marketing	$ 300,000	$ 270,000
NW Natural Admin and MV Cost (5%)	$ 90,000	$ 85,000
Incremental Cost	**$1.9M**	**$ 1.775M**
*ETO Mult-Year Plan Total (Baseline)	$ 545,000	$ 630,000
Estimated Total Costs	$ 2.446M	$ 2.405M

*The estimated MYP total is not inclusive of all Energy Trust expenses.

Total Program Peak Hour Therm Savings 2027-2029

Peak Hour Reduction (Therms/Hr.)	**Dallas**	**McMinnville**
Incremental Year 1	2.3	15.1
Incremental Year 2	13.4	24.8
Incremental Year 3	25.1	12.6
Total Incremental	**40.8**	**52.5**
ETO Annual Baseline EE	5.27	9.85
Total (Incremental + Baseline)	56.6	82.1

Marketing, Outreach and Engagement

ETO will lead the marketing, outreach, and engagement efforts for GeoTEE with collaboration from NW Natural. Details on the focus for each sector are below:

Residential

- Targeted marketing to increase participation in ETO's Online Home Energy Assessment
- Free tune-up for gas furnace and AC
- Increased incentives to drive an increase in measure uptake

Commercial

- Targeted marketing
- Targeted customer follow-ups
- Targeted trade ally engagement
- Business development funds
- Community Based Organization funding
- Small business outreach and area-specific tune-ups

Industrial

- Direct calls and visits with eligible customers to identify project opportunities

Reporting

With ETO's contributions, NW Natural will report annual performance for GeoTEE, including estimated peak hour load reductions and total energy savings. Full measurement and verification will be conducted two years after measure installations are complete; this timing allows for the collection of adequate data to accurately assess the impact.

Cost Recovery

NW Natural proposes to capitalize the incremental program costs, which will be included as rate base within the Company's revenue requirement in its cost recovery proceeding. These details are outlined in the Application for Accounting Order filed concurrently with this GeoTEE program. To ensure that the Company has the opportunity for cost recovery while the Commission considers the Company's Application for an Accounting Order, NW Natural has also filed a deferral for these costs as an interim measure. NW Natural will seek a prudency determination of program costs at the time it seeks recovery in customer rates.

Conclusion

The proposed GeoTEE program provides a targeted and cost-effective approach to addressing localized distribution system constraints through increased acquisition of energy efficiency resources. By reducing peak-hour demand in identified constrained areas, the program can defer or reduce the need for traditional infrastructure investments while delivering energy efficiency benefits to participating customers. The proposal is consistent with the Company's 2025 IRP and the Commission's acknowledgement of Action Items B-22 and B-27.

Accordingly, NW Natural respectfully requests that the Commission approve Schedule 353, GeoTEE, and allow the accompanying tariff sheet, filed herein, be approved to become effective with service on and after January 1, 2027.

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.

Please address questions and correspondence on this matter to the following:

eFiling
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Rebecca Trujillo
Rebecca Trujillo
NW Natural, Regulatory Affairs
250 SW Taylor Street
Portland, OR 97204
(503) 610-7326
rebecca.trujillo@nwnatural.com

Enclosure

SCHEDULE 353
GEOGRAPHICALLY TARGETED ENERGY EFFICIENCY

(N)

PURPOSE:
To describe NW Natural's Geographically Target Energy Efficiency (GeoTEE) Program which will be administered by the Energy Trust of Oregon (Energy Trust). This program is designed to achieve incremental peak hour savings from specialized energy efficiency offerings to customers in a targeted zip code where the distribution system is expected to be constrained. Specialized offerings may include heightened incentives or expanded eligibility of existing energy efficiency measures.

AVAILABLE:
To Customers served on the following Rate Schedules of this Tariff:

Residential	Commercial	Industrial
Rate Schedule 2	Rate Schedule 3, 27, 31 and 32	Rate Schedule 3, 31, 32 and 33

ELIGIBILITY REQUIREMENTS
Customers who are located in the identified geographically targeted zip codes may participate in this program.

PROGRAM DESIGN:
This effort will accelerate the acquisition of energy efficiency in the identified geographic areas through targeted marketing, increased delivery efforts, and heightened incentives.

INCENTIVES:
Energy Trust will work collaboratively with NW Natural to determine beneficial measures for each premises/site. Measures will vary depending on the type of home or business operations. GeoTEE incentives will be provided for measures which may include, but are not limited to: insulation, windows, tankless water heaters, multifamily and commercial insulation, condensing furnace, pipe insulation, steam trap repairs/replacements, etc. Energy Trust will also provide a free tune-up offer for a customer's gas furnace and air conditioner, provided that such tune-up offer will be used only to contact and identify homes that may benefit from other measures but will not claim any savings.

PROGRAM COSTS AND TERM:
Program Costs will be capitalized, which will be included as rate base within the Company's revenue requirement in a cost recovery proceeding.

REPORTING:
With Energy Trust's contributions, NW Natural will report annual performance for GeoTEE, including estimated peak hour load reductions and total energy savings. Full measurement and verification will be conducted two years after measure installations are complete, which will allow time to collect adequate data to accurately assess the impact of installed measures.

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.

(N)