

July 28, 2026

NWN WUTC Advice No. 26-05

VIA ELECTRONIC FILING

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Schedule R – 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 WN U-6, stated to become effective October 1, 2026.

First Revision of Sheet R.1	Schedule R	Thermostat Rewards Program
First Revision of Sheet R.2	Schedule R	Thermostat Rewards Program

Purpose

The purpose of this filing is to request the Washington Utilities and Transportation Commission (Commission) approve an expansion of the Company's Thermostat Rewards Program to include a geographically targeted component that will provide an enhanced incentive for those Residential and Small Commercial customers participating in the Thermostat Rewards Program that are located in identified capacity constrained areas.

Background

NW Natural's system-wide Thermostat Rewards Program, described in Commission-approved tariff Schedule R, is available to residential and small commercial customers with qualifying smart thermostats.^{1,2} The program provides incentives to customers who voluntarily enroll and participate in demand response (DR) events. During the winter season, the Company may call demand response events, during which a participating thermostat automatically lowers the temperature setpoint by one to four degrees Fahrenheit 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 demand response events.

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

² Schedule R was approved in NW Natural tariff Advice No. 25-09, docketed as UG-250754.

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 demand and provide capacity benefits for the distribution system.

In NW Natural's 2025 Integrated Resource Plan (IRP), docketed as UG-240312, the Company included action item A-2 that focused on continuing existing cost-effective DR programs and exploring the cost effectiveness of 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.³ 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 in the near future.

In the Company's most recently filed general rate case, docketed as UG-250610, the Direct Testimony of Daniel B. Kizer and Scott S. Johnson on page 24 (Exhibit DBK-SSJ-1T), described the enhancements to the Company's modeling capabilities that will improve its ability to identify and evaluate opportunities for NPAs. Specifically, that testimony addressed the recent implementation of the Company's 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. This will allow the Company to have more visibility into areas with likely system constraints in the near future, which will provide more lead time to evaluate and deploy NPAs before a traditional infrastructure reinforcement solution is required.

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.

One such area is in eastern Clark County, where NW Natural is currently evaluating reinforcement project alternatives in the Vancouver area. While the Company's modeling indicates the need for a reinforcement project that cannot be fully mitigated through an NPA, GeoDR can nevertheless provide support to the distribution system during winter peak load hours. Specifically, GeoDR can help reduce peak hour loads, support system reliability, and reduce the risk of capacity-related service disruptions before the reinforcement project is completed. Accordingly, the proposed changes in this filing will enable the Company to launch a

³ See Section 12.6.2.4 *Geographically Targeted Demand-Side Management Programs* from the Company's IRP in docket UG-250610.

geographically targeted Thermostat Rewards demand response offering beginning in 2026, allowing NW Natural to leverage demand-side resources to support customers and system reliability in constrained areas of the distribution system.

Proposed Changes for Expanded Program

The proposed changes to Schedule R may provide customers enrolled in the geographically targeted Thermostat Rewards Program with another opportunity to earn a participation incentive in addition to the system-wide Thermostat Rewards Program. The system-wide Thermostat Rewards Program is detailed in the Company's Schedule R.

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

Sheet R.1 - Purpose:

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

Sheet R.1 - Applicable:

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

Sheet R.1 - Program Costs and Terms:

- Clarify future cost recovery filings.

Sheet R.1 - Conditions:

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

Sheet R.1 – Incentives:

- Differentiate between the system-wide program and the new geographically targeted incentive.
- Explain the additional participation incentive in the form of a \$10 Virtual Prepaid Card, if the customer has participated in 50 percent or more of the geographically targeted DR event hours offered in the season and remained enrolled through the end of the DR season on 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 R.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 lower bound of temperature setback range 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.

- Add language by which NW Natural reserves the right to terminate any participant from enrolling in the Program.

Sheet R.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 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).

Costs

The total incremental costs for the geographically targeted Thermostat Rewards Program are estimated to range from approximately \$303,000 to \$391,000 for the 2026-2028 period, which include incentives, incentive processing fees, program implementation, measurement and verification, administrative, and outreach costs.

Cost Recovery

NW Natural will use the same proposed tariff schedule for the system-wide program when it seeks to recover the costs of the geographically targeted Thermostat Rewards Program including the program costs that NW Natural may experience as described in the costs section. The proposed tariff schedule will be made in a future filing.

Marketing, Outreach, and Engagement

The various OEMs currently market the system-wide Thermostat Rewards Program, however, they may be limited with regard to marketing to geographically targeted areas. 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 (CAP) in the service territories for marketing outreach.

Conclusion

NW Natural respectfully requests that the Commission approve this tariff change to become effective October 1, 2026.

In accordance with WAC 480-90-193 and WAC 480-90-195(3), copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

For the purposes of establishing a service list for this docket, and for any questions, please address correspondence on this matter to me with copies sent to the following:

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Respectfully submitted,

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Attachment:
NWN-WUTC-Advice-26-05-Trf-Sheets-07-28-26

NORTHWEST NATURAL GAS COMPANY

WN U-6

First Revision of Sheet R.1

Cancels Original Sheet R.1

SCHEDULE R 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 and earn a reward for participating. In addition, customers participating in Schedule R who reside in specifically identified areas will be automatically enrolled in the geographically targeted Thermostat Rewards program with the ability to earn an additional reward for participating.

(T)(N)
(N)
(N)

APPLICABLE:

The system-wide component of the program is available to all Residential and Small Commercial customers served under the following Rate Schedules:

(C)(T)

Rate Schedule 1	Rate Schedule 2	Rate Schedule 3
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The geographically targeted component of the program is available to the same customers under the Rate Schedules above residing in specifically identified geographically targeted areas.

(N)
(N)

PARTICIPATING SMART THERMOSTAT MANUFACTURERS:

NW Natural's will continuously work with various providers of smart 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 will be deferred and amortized for future cost recovery through the same proposed recovery tariff as the system-wide program in a future ratemaking filing.

(C)(T)
(T)

CONDITIONS:

1. Participants must be a NW Natural Residential or Small Commercial customer and be an authorized user on the account and have 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.

(N)
(N)

INCENTIVES:

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

(C)

- 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 through March 31 (the last day of the season), a \$25 gift card will be provided.

(T)

The incentives for the geographically targeted portion of the program are as follows:

(N)

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

(N)
(K)

(continued on Sheet R.2)

(K): Material transferred to Sheet R.2.

Issued July 28, 2026
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Effective with service on
and after October 1, 2026

NORTHWEST NATURAL GAS COMPANY

WN U-6

First Revision of Sheet R.2

Cancels Original Sheet R.2

SCHEDULE R THERMOSTAT REWARDS PROGRAM

ENROLLMENT AND PROGRAM DETAILS:

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 [Thermostat Rewards - NW Natural](#) for the qualifying geographically targeted zip codes.

During a Demand Response 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.

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 any Event by adjusting their thermostat to the desired temperature. Participants may also disenroll/opt out of the Program at their discretion anytime.

The geographically targeted program is dependent on 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 thermostat rewards 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 TERMS:

This Schedule is governed by its terms, 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) Material transferred from Sheet R.1

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