

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Statement Establishing Compliance and Request for Written Order of)	
)	DOCKET NO. UG-180810
)	
NORTHWEST NATURAL GAS COMPANY)	
)	Report of Fees, Interest Rates and
Establishing Compliance With RCW 80.08.040)	Expenses Incurred
With Respect to a Revolving Line of Credit with)	
a Syndication of Banks and the Borrowing of up)	
to \$450,000,000 in Connection therewith)	
Primarily to Back-Up the Company's		
Commercial Paper Program.		

On September 25, 2018, Northwest Natural Gas Company (the Company) filed a statement, complying with RCW 80.08.040, with the Washington Utilities and Transportation Commission (the "Commission") with respect to a Revolving Line of Credit with a Syndication of Banks and the Borrowing of up to \$450,000,000 in connection therewith, primarily to back-up the Company's Commercial Paper Program.

Effective November 8, 2018, the Commission entered its Order No. 01 establishing the Company's compliance with the requirements of RCW 80.08 with respect to the Company's intent to enter into a Revolving Line of Credit with a Syndication of Banks and the Borrowing of up to \$450,000,000. This report is being filed in compliance with WAC 480-90-242(6).

On October 2, 2018, the Company executed the Credit Agreement (the "Credit Agreement"), a copy of which is attached as **Exhibit A**, for a revolving line of credit with a syndication of banks, for up to \$450,000,000 ("Aggregate Commitment"), with an initial facility commitment in the amount \$300,000,000 ("Initial Commitment"), such facility to have an initial term of five years with the option to extend the term of the facility for two additional one-year periods (the "Facility"). The Credit Agreement provides that until regulatory approvals are

obtained, the term of the Credit Agreement would be 364 days. All necessary regulatory approvals have been obtained.

On October 3, 2018, the Company elected to borrow \$1,000,000 under the Credit Agreement using the Swingline Loan option (as defined in the Credit Agreement). On the same day, the Company elected to use the net proceeds from the borrowing to repay in full the \$1,000,000 Swingline Loan.

The following statements are filed in compliance with the Commission's Order No. 1 in this Docket 180810.

(a) Fees and Expenses.

The estimated fees and expenses in connection with the five-year Facility are as follows:

	Initial Estimated Expenses	Expenses
Facility Fees	\$1,500,000	\$1,500,000
Agent fee	75,000	75,000
Upfront fees	525,000	525,000
Arrangement fee	450,000	418,750
Out-of-pocket legal and administrative costs to agent	50,000	90,000
Printing and Engraving Expenses	None	None
Counsel Fees	50,000	50,000
Miscellaneous Expenses (e.g. freight, postage, travel)	2,000	2,000
Total fees and expenses	\$2,652,000	\$2,660,750

Note: Actual expenses for the Facility under this docket have been estimated using inquiries of service providers, because actual bills for services may not yet been received.

The Company has determined that the fees, interest rates, and expenses associated with the issuance of the First Mortgage Bonds was cost-effective and consistent with competitive market prices.

(b) Interest Rates

The interest rates that would be applicable to the Facility are defined by formula in the Credit Agreement (described below).

Interest rates on any loans outstanding under the lines of credit are tied to credit ratings, which would increase or decrease the cost of borrowing under the lines of credit, if any, when ratings are changed.

The selections or definitions of interest rates are specified as a spread over benchmark interest rates in effect from time to time, such as the prime rate, the Federal Funds Effective Rate, the Overnight Bank Funding Rate or the Adjusted London Interbank Overnight Rate (LIBOR)¹, each as defined in the Credit Agreement. The Credit Agreement contains provisions to be mutually agreed with respect to a replacement of the LIBOR to the extent a replacement is necessary or required by law. The spreads above the benchmark interest rates that are applicable to the Company depend on the level of the Company's credit ratings on unsecured long-term debt as published by Moody's Investors Service, and, and as published by Standard & Poor's, two nationally recognized credit rating agencies.

The table below outlines the pricing grid for the Facility:

¹ The Credit Agreement contains alternate interest rate calculations in the event LIBOR becomes unavailable. Currently, the Company expects that under the Credit Agreement, if LIBOR becomes unavailable, all future borrowings and conversions will be made at the Alternate Base Rate (the greater of the prime rate or the NYFRB Rate (which is the greater of the federal funds effective rate and the overnight bank funding rate) plus 0.5%); provided, that if the administrative agent determines that the unavailability of LIBOR is unlikely to be temporary or other specified circumstances exist (including that the supervisor for the administrator of LIBOR has made a public statement identifying a specific date after which LIBOR will permanently or indefinitely cease to be published), it will work with the Company to establish an alternate rate of interest to LIBOR that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and the administrative agent and the Company will enter into an amendment to the Credit Agreement to reflect the new benchmark rate. The amendment reflecting the new benchmark rate would be effective unless, within five business days of receiving notice of the amendment and new benchmark rate, the required lenders deliver notice to the administrative agent objecting to the new rate. If the required lenders so object, only the Alternate Base Rate would be available. This is a standard alternative formulation to LIBOR in credit agreements at this time.

Debt Rating⁽¹⁾	Facility Fee	Applicable Margin for ABR Loans	Applicable Margin for Eurodollar Loans / LC Fee Rate	All-in Drawn (including Facility and Utilization Fees)
≥ AA- / Aa3	7.0 bps	0.0 bps	68.0 bps	75.0 bps
A+ / A1	8.0 bps	0.0 bps	79.5 bps	87.5 bps
A / A2	10.0 bps	0.0 bps	90.0 bps	100.0 bps
A- / A3	12.5 bps	0.0 bps	100.0 bps	112.5 bps
BBB+ / Baa1	17.5 bps	7.5 bps	107.5 bps	125.0 bps
BBB / Baa2	22.5 bps	27.5 bps	127.5 bps	150.0 bps

(1) The Facility Fee, the Applicable Margin for ABR Loans, the Applicable Margin for Eurodollar Loans and the LC Fee Rate shall be the applicable rate per annum set forth in the table above opposite the Rating (as defined below) from Standard & Poor's ("S&P") or Moody's Investors Service Inc. ("Moody's"), changing when any applicable Rating changes. For purposes of the foregoing, "Rating" means the rating assigned by S&P or Moody's, as applicable, of the Company's senior, unsecured long-term debt; provided that (a) if the Company's senior, unsecured long-term debt is not rated by S&P, "Rating" for S&P shall mean the rating that is one grade below the rating assigned by S&P to the Company's senior, secured long-term debt and (b) if the Company's senior, unsecured long-term debt is not rated by Moody's, "Rating" for Moody's shall mean the rating that is one grade below the rating assigned by Moody's to the Company's senior, secured long-term debt. In the case of a difference between Ratings by S&P and Moody's of (i) one ratings grade, the Rating shall be the higher of the two ratings and (ii) more than one ratings grade, the Rating shall be the rating that is one grade below the higher of the two ratings.

The table below summarizes the Company's current debt credit ratings from S&P and Moody's.

	S&P	Moody's
Senior Secured	AA-	A1
Senior Unsecured	n/a	A3
Outlook	Stable	Negative

Under the terms of the proposed Credit Agreement, the Company has selected an ABR Rate and a Eurodollar Rate (both as defined in the Credit Agreement) as required interest rate options. The banks must offer ABR and Eurodollar Loans if the Company decides to draw down on the credit line. Full terms of the line of credit are set forth in the Credit Agreement.

EXHIBITS

Filed with this Statement, as part hereof, is the following Exhibit:

- Exhibit A** **Credit Agreement, dated as of October 2, 2018, among Northwest Natural Gas Company and the lenders party thereto, with JPMorgan Chase Bank, N.A. as administrative agent and Bank of America, N.A., U.S. Bank National Association, and Wells Fargo Bank, National Association, as co-syndication agents.**

IN WITNESS WHEREOF, I certify (or declare) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct this 30th day of November 2018.

NORTHWEST NATURAL GAS COMPANY

By:  _____

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