

BEFORE THE  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

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GENERAL RATE APPLICATION  
OF  
NORTHWEST NATURAL GAS COMPANY

December 31, 2018

**Direct Exhibit of Melinda B. Rogers**

**COMPENSATION & BENEFITS**

**Exh. MBR-3**

## Executive Summary



- In aggregate, NW Natural’s compensation program and the components are competitive with the Peer Group, broader energy industry, and general industry
  - However, there is variation in market positioning by executive which should be examined on an individual basis to determine the appropriate course of action for 2018 pay decisions.
- While NW Natural’s pay philosophy is to target total compensation at the 50<sup>th</sup> percentile, competitiveness is more commonly referred to as a range around the intended level. We consider the following guidelines:
  - Base salary: ±10% of the 50<sup>th</sup> percentile
  - Cash compensation: ±15% of the 50<sup>th</sup> percentile
  - Total direct compensation: ±20% of the 50<sup>th</sup> percentile
  - Total remuneration: ±20% of the 50<sup>th</sup> percentile

Pay Component	NW Natural Variance to Market								
	Peer Group			Energy Industry - Survey			General Industry - Survey		
	25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile
Base Salary	7%	-3%	-11%	11%	-4%	-13%	21%	-4%	-13%
Target Total Cash	8%	-5%	-19%	26%	-5%	-22%	19%	-10%	-22%
Long-term Incentives	12%	-24%	-40%	157%	-9%	-62%	83%	-38%	-62%
Target Total Direct	4%	-12%	-28%	51%	-7%	-42%	34%	-22%	-42%
Target Total Remuneration	6%	-9%	-24%	54%	-4%	-39%	41%	-17%	-39%