

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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In the Matter of the Statement )  
Establishing Compliance of )  
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)  
NORTHWEST NATURAL GAS COMPANY )  
)  
)  
Establishing Compliance with )  
RCW 80.08.040 with Respect to the )  
Proposed Issuance and Sale of not more )  
than \$130,000,000 Principal Amount of )  
First Mortgage Bonds )  
\_\_\_\_\_)  
Docket UG-230593  
Initial Report of  
Securities Issued, and  
Disposition of Proceeds

On July 18, 2023, Northwest Natural Gas Company (“NW Natural” or the “Company”) filed a Statement Establishing Compliance, complying with RCW 80.08.040, with the Washington Utilities and Transportation Commission (the “Commission”) for the proposed issuance and sale not to exceed \$130,000,000 of secured notes in the aggregate, comprised of (i) \$80,000,000 of 5.18% secured notes (“5.18% Bonds”), and (ii) \$50,000,000 of 5.23% secured notes (“5.23% Bonds” and together with the 5.18% Bonds, “First Mortgage Bonds”) through a private placement offering.

With the filing of the Statement Establishing Compliance, the understanding is that the Company satisfied its statutory obligations under RCW 80.08.040 with respect to the Company’s intent to issue and sell up to \$130,000,000 of First Mortgage Bonds. This report is being filed in compliance with WAC 480-90-242(6).

On August 4, 2023, the Company issued and sold through a private placement \$80,000,000 aggregate principal amount of its 5.18% Bonds and \$50,000,000 aggregate principal amount of its 5.23% Bonds as follows:

<b><u>Principal Amount Sold in this Docket on August 4, 2023</u></b>	<b><u>Coupon Interest Rate</u></b>	<b><u>Type of Note</u></b>	<b><u>Date of Issue</u></b>	<b><u>Maturity Date</u></b>
\$80,000,000	5.18%	Secured	August 4, 2023	August 4, 2034
\$50,000,000	5.23%	Secured	August 4, 2023	August 4, 2038

The First Mortgage Bonds were sold through on a private placement basis in a negotiated transaction and will be unregistered securities. The First Mortgage Bonds were priced with a delayed settlement feature, which allowed the Company to execute a binding Bond Purchase Agreement establishing the interest rate and other terms of the sale but postpone the actual sale of the First Mortgage Bonds and receipt of funds to a date of the Company's choice up to nine months after pricing. The delayed settlement feature allowed the Company to lock-in interest rates but defer the sale of the First Mortgage Bonds to correspond with the Company's cash needs. The Company signed the Bond Purchase Agreement on December 13, 2022, closed a portion of the transaction by issuing and selling \$100,000,000 of the 5.43% Bonds on January 6, 2023 as described in a WUTC filing in Docket No. UG-220938, and closes the remaining portions of the transaction by issuing and selling \$80,000,000 of the 5.18% Bonds and \$50,000,000 of the 5.23% Bonds and receiving proceeds on August 4, 2023.

The following statements are filed in compliance with WAC 480-90-242.

		<u>5.18% First Mortgage Bonds due 2034</u>	<u>5.23% First Mortgage Bonds due 2038</u>
(a)	Principal Amount of First Mortgage Bonds Sold in this Docket on August 4, 2023	\$80,000,000	\$50,000,000
	LESS: Discount	(0)	(0)
	Agents' Commission	\$242,000	\$150,000
	Other Expenses actually and necessarily incurred as detailed in this Report	\$200,349	\$129,906
	Net proceeds to be accounted for	\$79,557,651	\$49,720,094
	<b>Total net proceeds to be accounted for</b>	<b>\$129,277,745</b>	

Note: Actual expenses for the First Mortgage Bonds sold under this Docket on August 4, 2023 have in some instances been ascertained using inquiries of service providers, because actual bills for services may not yet have been received.

(b) Disposition of Net Proceeds

The total net proceeds of \$129,277,745 received from the initial sale of First Mortgage Bonds in this Docket were made part of the general treasury funds of the Company and will be used for corporate

purposes, including the acquisition of property, or the construction, completion, extension or improvement of its facilities, or the improvement or maintenance of its service, or the discharge or refunding of its obligations, or the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the Company not secured by or obtained from the issue of stock or stock certificates or other evidence of interest or ownership, or bonds, notes or other evidence of indebtedness of the Company for any of the aforesaid purposes except maintenance of service. In each case, the Company keeps its accounts and vouchers for such expenditures in such manner as to enable the Commission to ascertain the amount of money so expended and the purpose for which the expenditure was made.

(c) Current Credit Ratings

The Company's current credit ratings for senior secured debt are AA- and A2 from S&P and Moody's, respectively.

(d) Statement of Fees and Expenses

The expenses actually and necessarily incurred by the Company in the initial issuance of First Mortgage Bonds and the accumulative total in connection with the issuance and sale in this Docket of its First Mortgage Bonds, were as follows:

<b>First Mortgage Bonds Sold in this Docket on August 4, 2023</b>					
<b>Item</b>	<b>\$80 million First Mortgage Bonds due 2034</b>	<b>Per \$100</b>	<b>\$50 million First Mortgage Bonds due 2038</b>	<b>Per \$100</b>	
Principal Amount	\$80,000,000	\$80	\$50,000,000	\$50	
Less Discount	\$0	\$0	\$0	\$0	
Gross Proceeds	\$80,000,000	\$80	\$50,000,000	\$50	
Agents' Commission	\$242,000	\$0.24	\$150,000	\$0.15	
Securities and Exchange Commission registration fee	\$0	\$0	\$0	\$0	
State mortgage registration tax	\$0	\$0	\$0	\$0	
New York Stock Exchange fee	\$0	\$0	\$0	\$0	
CUSIP fee	\$182	\$0	\$182	\$0	
State Commission fee	\$0	\$0	\$0	\$0	
Fees for recording indenture	\$3,367	\$0.03	\$2,104	\$0.02	
United States document tax	\$0	\$0	\$0	\$0	
Printing and engraving expenses	\$0	\$0	\$0	\$0	
Trustee's or Registrar's fees*	\$13,500	\$0.01	\$13,500	\$0.01	
Counsel's fees**	\$183,300	\$0.18	\$114,120	\$0.11	
Accountants' fees	\$0	\$0	\$0	\$0	

<b>First Mortgage Bonds Sold in this Docket on August 4, 2023</b>					
<b>Item</b>	<b><u>\$80 million</u> <u>First</u> <u>Mortgage</u> <u>Bonds due</u> <u>2034</u></b>	<b><u>Per</u> <u>\$100</u></b>	<b><u>\$50 million</u> <u>First</u> <u>Mortgage</u> <u>Bonds due</u> <u>2038</u></b>	<b><u>Per</u> <u>\$100</u></b>	
Bond Rating Agency fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous expenses (e.g. audit fees)	\$0	\$0	\$0	\$0	\$0
Allocation of other shelf registration expenses	\$0	\$0	\$0	\$0	\$0
Subtotal	\$442,349	\$0.44	\$279,906	\$0.28	\$0.28
Net Amount Realized	\$79,557,651	\$79	\$49,720,094	\$50	\$50
<b>Total Net Amount Realized</b>	<b>\$129,277,745</b>				

\*Does not include annual fees associated with the ongoing trustee services provided in connection with the Company's First Mortgage Bond program, regardless of any specific debt securities issuance.

\*\*Certain counsel's fees have been allocated among the three series of bonds issued pursuant to the Bond Purchase Agreement.

Note: Actual expenses for the First Mortgage Bonds sold under this Docket have in some instances been estimated using inquiries of service providers, because actual bills for services may not yet have been received.

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

(e) Documents in Connection with Sale

The Company previously filed on this Docket the Bond Purchase Agreement, attached as Exhibit D to the Statement Establishing Compliance, and the Twenty-sixth Supplemental Indenture, attached as Exhibit C to the Statement Establishing Compliance, in connection with the sale of the First Mortgage Bonds.

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 2<sup>nd</sup> day of October 2023.

NORTHWEST NATURAL GAS COMPANY



By: \_\_\_\_\_

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