

Shawn M. Filippi
Vice President, Chief Compliance Officer
and Corporate Secretary
Tel: 503.220.2435
Fax: 503.220.2584
Toll Free: 1.800.422.4012
e-mail: shawn.filippi@nwnatural.com

250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

May 28, 2021

VIA ELECTRONIC FILING

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: 2020 Annual Securities Transaction Report for Dockets UG-180810, UG-190482, and UG-200140

Mr. Johnson:

This filing is submitted in accordance and in compliance with Washington Administrative Code 480-90-262 with respect to Northwest Natural Gas Company's (the Company or NW Natural) annual securities transaction report.

Docket Under Which No Securities Were Issued.

No securities were issued under the following docket in 2020:

Docket UG-190482 (First Mortgage Bonds)

Correspondingly, there are no proceeds or expenses to report.

The First Mortgage Bonds authorized under Docket UG-190482 were issued in 2019, and the Company therefore will not file further reports on Docket UG-190482.

Annual Securities Transaction Report For Year Ended December 31, 2020.

(1) Schedule of Securities Issued.

Docket UG-200140, First Mortgage Bonds:

On February 28, 2020, the Company filed a statement, complying with RCW 80.08.040, with the Commission for the proposed issuance and sale of up to \$150,000,000 aggregate principal amount of Medium-Term Notes, Series B in one or more tranches (First Mortgage Bonds). With the filing of the statement, the understanding is that the Company satisfied its statutory obligations

Received
Records Management
05/28/21 08:42
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

under RCW 80.08 with respect to the Company's intent to issue and sell up to \$150,000,000 aggregate principal amount of the First Mortgage Bonds.

On March 31, 2020, the Company issued and sold through its selling agents BofA Securities, Inc., BMO Capital Markets Corp., and RBC Capital Markets, LLC, \$150,000,000 aggregate principal amount, at 99.601%, of its First Mortgage Bonds as follows:

| <u>Principal Amount Sold in this Docket</u> | <u>Coupon Interest Rate</u> | <u>Type of Note</u> | <u>Date of Issue</u> | <u>Maturity Date</u> |
|---|-----------------------------|---------------------|----------------------|----------------------|
| \$150,000,000 | 3.60% | Secured | March 31, 2020 | March 15, 2050 |

The First Mortgage Bonds were sold through a public offering pursuant to a Distribution Agreement dated as of March 18, 2009, among the Company, BofA Securities, Inc., J.P. Morgan Securities Inc., Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc., BMO Capital Markets Corp., RBC Capital Markets, LLC, CIBC World Markets Corp., and TD Securities (USA) LLC, as amended by the Company's Notice dated October 3, 2018.

Additional information regarding the sale of the First Mortgage Bonds was provided in the Company's Initial Report of Securities Issued, and Disposition of Proceeds, filed on May 29, 2020.

Docket UG-180810, Revolving Line of Credit:

On September 25, 2018, the Company filed a statement, complying with RCW 80.08.040, with the Commission for the Company's proposed 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. On October 2, 2018, the Company executed the Credit Agreement (the Credit Agreement) for a revolving line of credit with a syndication of banks, for up to \$450,000,000, with an initial facility commitment in the amount \$300,000,000, 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). A copy of the Credit Agreement was provided to the Commission in a compliance filing submitted on November 30, 2018.

Prior to 2020, the Company had not drawn down on its revolving credit facilities in recent years. The primary source of short-term liquidity for the Company is from the sale of commercial paper and the Facility provides a committed revolving line of credit used primarily to back-up the Company's commercial paper program. As the coronavirus (COVID-19) pandemic developed, in early to mid-March 2020, markets displayed significant volatility. In response to that volatility and possible implications for the availability of access to the capital markets, the Company undertook precautionary measures to increase cash on hand and strengthen liquidity for funding needs and

purposes permitted by RCW 80.08.030. Between March and April 2020, the Company elected to borrow \$290 million total under the Credit Agreement, which was not backing commercial paper. The Company subsequently repaid all borrowings in full as of June 30, 2020. Below are additional details on these borrowings:

| Borrowing Activity for Calendar Year 2020 under the Credit Agreement | | | | | | | | | | |
|--|----------|--------------|---------------------------|--------------------------|----------------|---------|----------------|----------------|------------|--|
| Maturity | Maturity | | Transaction Dates | | Interest Rates | Days in | At Issuance | Face | | |
| Year | Month | Issuing Bank | Issued | Maturity | NWN | Term | Proceeds | Value | Discount | |
| 2020 | Apr | JPMorgan | Friday, March 20, 2020 | Monday, April 20, 2020 | 1.7125% | 31 | 121,820,092.36 | 122,000,000.00 | 179,907.64 | |
| 2020 | Apr | JPMorgan | Wednesday, March 25, 2020 | Friday, April 24, 2020 | 1.9000% | 30 | 69,889,166.67 | 70,000,000.00 | 110,833.33 | |
| 2020 | Apr | JPMorgan | Tuesday, March 31, 2020 | Thursday, April 30, 2020 | 1.9000% | 30 | 34,944,583.33 | 35,000,000.00 | 55,416.67 | |
| 2020 | Jun | JPMorgan | Monday, April 20, 2020 | Monday, June 22, 2020 | 1.9000% | 63 | 121,594,350.00 | 122,000,000.00 | 405,650.00 | |
| 2020 | Jun | JPMorgan | Monday, April 20, 2020 | Monday, June 22, 2020 | 1.9000% | 63 | 49,833,750.00 | 50,000,000.00 | 166,250.00 | |
| 2020 | May | JPMorgan | Friday, April 24, 2020 | Tuesday, May 26, 2020 | 1.5250% | 32 | 69,905,111.11 | 70,000,000.00 | 94,888.89 | |
| 2020 | Jun | JPMorgan | Thursday, April 30, 2020 | Tuesday, June 30, 2020 | 1.6500% | 61 | 47,865,800.00 | 48,000,000.00 | 134,200.00 | |

(2) Use of Proceeds from Securities Transactions.

Docket UG-200140, First Mortgage Bonds:

The total net proceeds of \$147,575,228 received from the initial sale of First Mortgage Bonds pursuant to Docket UG-200140 were made part of the general treasury funds of the Company and will be used for 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 WUTC to ascertain the amount of money so expended and the purpose for which the expenditure was made.

Docket UG-180810, Revolving Line of Credit:

The net proceeds received from the borrowings in 2020 under the Credit Agreement pursuant to Docket UG-180810 were used to increase cash on hand and strengthen liquidity for funding needs and purposes permitted by RCW 80.08.030, including the acquisition of property, or to arrange for 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 WUTC to ascertain the amount of money so expended and the purpose for which the expenditure was made.

(3) Expenses for Securities Transactions.

Docket UG-180810, Revolving Line of Credit:

The following Table lists the level of expenses for the revolving line of credit authorized in UG-180810 in 2020:

| | |
|--|------------------|
| Lender commitment fees | \$305,000 |
| Administrative agent fees | \$15,000 |
| Upfront fees | \$0 |
| Arrangement fee | \$0 |
| Counsel fees and out-of-pocket legal and administrative costs to agent | \$0 |
| Miscellaneous expenses (e.g. CUSIP, freight, postage) | \$0 |
| Total Expenses Paid in 2020 | \$320,000 |

Docket UG-200140, First Mortgage Bonds:

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 Docket UG-200140 of its First Mortgage Bonds, were as follows:

| <u>Item</u> | <u>3.60% Series B Secured MTN due 2050</u> |
|---|---|
| Principal Amount | \$150,000,000 |
| Less Discount | \$598,500 |
| Gross Proceeds | \$149,401,500 |
| Agent's Commission | \$1,125,000 |
| Securities and Exchange Commission registration fee | \$19,720 |
| State mortgage registration tax | 0 |
| New York Stock Exchange fee | 0 |
| State Commission fee | 0 |
| Fees for recording indenture | 0 |
| United States document tax | 0 |
| Printing and engraving expenses | \$450 |
| Trustee's or Registrar's fees* | \$2,065 |

| | | |
|---|--|---------------|
| Counsel's fees | | \$209,568 |
| Accountants' fees | | 0 |
| Bond Rating Agency fees | | \$265,000 |
| Allocation of other shelf registration expenses | | \$204,469 |
| Subtotal | | \$1,826,272 |
| Net Amount Realized | | \$147,575,228 |

*Does not include annual fees associated with the on-going trustee services provided in connection with the Company's Medium-Term Note program, regardless of any specific debt securities issuance.

Note: Actual expenses for the First Mortgage Bonds sold under Docket UG-200140 have been estimated using inquiries of service providers, because actual bills for services may not yet have been received.

(4) Schedule of Securities Retired, Refunded or Repurchased.

Effective October 1, 2018, NW Natural completed a reorganization into a holding company structure, as approved by the WUTC in 2017 pursuant to Order No. 01 under docket UG-170094 (Reorganization). As part of the Reorganization, each outstanding share of Company common stock was converted into one share of Northwest Natural Holding Company (NW Holdings) common stock, and the Company's Stock Option Plan (SOP), Employee Stock Purchase Plan (ESPP), Dividend Reinvestment and Stock Purchase Plan (DRIP/DSPP), and Long-Term Incentive Plan (LTIP, and together with the SOP, ESPP and DRIP/DSPP, the Plans) were modified to relate to NW Holdings common stock, such that no further shares of Company common stock are issued pursuant to the Plans as of October 1, 2018. Since the Company no longer issues equity securities, there are no purchases of Company equity securities to report for the year ended December 31, 2020.

(5) Schedule of Securities Scheduled to Mature in 2021.

The following is a schedule of securities maturing in 2021:

| | |
|-----------------------------------|---------------------|
| 9.05% Series B Medium-Term Notes | \$10,000,000 |
| 3.176% Series B Medium-Term Notes | \$50,000,000 |
| <u>Total</u> | <u>\$60,000,000</u> |

If you have any questions, or need any additional information, please call.

Sincerely,



SHAWN M. FILIPPI

Vice President, Chief Compliance Officer and Corporate
Secretary

NW Natural

250 SW Taylor Street

Portland, OR 97204-3038

Tel: 503-220-2435

Email: shawn.filippi@nwnatural.com