

Attestation Date: Friday, April 24, 2020
 Attestation Period: April 2019 through March 2020

OFFICER ATTESTATION:

On behalf of NW Natural and NW Natural Holding, I, MardiLyn Saathoff, hereby attest that the Stipulated Conditions established by the Public Utility Commission of Oregon (Order 17-526, docket UM 1804, Stipulated Condition No. 32) and the Washington Utilities & Transportation Commission (Order 01, docket UG 170094, Stipulated Condition No. 30), respectively, are being met as reflected in the following Compliance Report; there were no failures during this reporting period, April 1, 2019 through March 31, 2020.

NW NATURAL

/s/ MardiLyn Saathoff

MardiLyn Saathoff, Senior Vice President and General Counsel

Compliance Report

Attestation Period: April 1, 2019 through March 31, 2020

Owner Legend:	L/R Legal/Regulatory	BF Budget/Finance	AC-T Accounting-Tax	IR Investor Relations
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	GA Government Affairs	BD Business Development		

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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
1	1	1	Stipulation Modifications	NWN-U and HoldCo agree that these conditions, except for condition 44 [35], may be modified as a result of regulatory decisions or settlements in other states regarding NWN-U's proposed corporate restructuring. For example, the Commission may add any condition imposed by the Washington Utilities and Transportation Commission (WUTC) [OPUC] or the California Public Utilities Commission (CUPC) to the extent it relates to NWN-U. In the event that the Commission adopts conditions from other jurisdictions, the Commission will re-open and re-issue the order approving this Stipulation to add those conditions accepted or ordered in another state jurisdiction.	L/R	Commission Action	On occurrence	One Time	Complete	N/A	No trigger occurred. No material deviations exist between OR and WA Orders issued 12/28/2017; no re-opening or re-issuing of order will occur. CPUC order issued May 10, 2018; no conflicts noted.
2	2	2	Ring-Fencing Agreement	NWN-U and HoldCo will enter into an agreement that incorporates the ring-fencing provisions set forth herein. This agreement will be binding on NWN-U and HoldCo. This agreement will be filed with the Commission within 90 days of the transaction's closing. NWN-U and HoldCo commit that they will comply with Commission-approved ring-fencing conditions and will make no amendments, revisions, or modifications to this agreement or any ring-fencing provisions without prior Commission approval.	LE	Board approval of holding company restructure	31-Dec-2018	One Time	Complete	Ring-Fencing Compliance Agreement	12/17/2018: Agreement Filed in OR and WA Transaction Close Date: October 1 2018
3	3	3	Stipulation Modifications	Nothing in these Reorganization conditions will be interpreted as a waiver of NWN-U's or HoldCo's rights to request confidential treatment for information that is the subject of any of these conditions.	LE	N/A	N/A	Ongoing	Compliant - Monitoring		Applicable Administrative Rule/Code: OAR 860-001-0070 WAC 480-07-160

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4	4	Credit & Capital Structure	HoldCo and NWN-U will maintain separate corporate credit ratings (if any), Long-Term (LT) Debt ratings (if any), and preferred stock ratings (if any), and make these credit ratings available to the Commission and Staff upon request. NWN-U will also maintain adequate: (a) interest coverage and (b) pool of qualified NWN-U assets to maintain the ability to issue First Mortgage Bonds (FMB). NWN-U agrees to provide notice and, if requested, consult with Commission Staff in the event that S&P or Moody's downgrades NWN-U's secured credit rating for any reason. If NWN-U's LT secured debt rating drops to BBB+ for S&P or Baa1 for Moody's, NWN-U will file a plan with the Commission detailing a range of options to maintain or restore NWN-U's LT secured credit rating, or to explain actions consistent with NWN-U's customers' best interest. Upon Commission request, NWN-U will present this plan to the Commission, with appropriate provisions in place to protect confidential information.	TR	Rating Downgrade	On occurrence	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.05.01. Quarterly certification cycle. NWN-U provided notification on May 31, 2019, of a downgrade in the company's <u>unsecured</u> debt rating.
5	5	Credit & Capital Structure	NWN-U Common Equity must be maintained at a level no less than 44 percent and no more than 56 percent of total NWN-U Capital Structure determined on a preceding or projected thirteen month average. Should NWN-U's equity component of its capital structure fall below 44 percent [outside the range of 56 to 44 percent] in violation of this condition, NWN-U shall,	TR	Common Equity Ratio (CER) < 44% (CER) > 56%	5 bus days from trigger	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.09.01. Quarterly certification cycle.
5(1)	-		within 5 business days: (A) notify the Commission; and (B) provide an explanation for why NWN-U Common Equity fell below 44 percent, for example, how the drop was caused by forces or events beyond HoldCo and/or NWN-U's control.							
5(2)	-		Within 30 days of providing notice, NWN-U shall provide a plan and timeline ("Compliance Plan") for restoring NWN-U's Common Equity to 44 percent or above that is subject to Commission review, modification, rejection, or approval.		CER < 44%	30 cal days from date of 5(1) event	Ongoing			
5(3)	-		Subsequent to the filing of the Compliance Plan, NWN-U shall file progress reports every 90 calendar days detailing its efforts to restore its equity component to 44 percent or above, as described above, in addition to detailing how NWN-U has met each requirement in the Compliance Plan.		CER < 44%	90 cal days from date of 5(2) event	Ongoing			
5(4)	-		NWN-U agrees to make its officers available to appear before the Commission regarding the violation and/or the Compliance Plan.	LE	Commission Request	On occurrence	Ongoing	Compliant - Monitoring	N/A	

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5	-			If HoldCo and NWN-U find it reasonably likely that NWN-U common equity could fall below 44 percent in the preceding or projected thirteen month average, NWN-U shall provide a report to Staff with its projections indicating that common equity could fall below 44 percent, and take the steps listed above.	TR	When likely that CER < 44%	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.09.01. Quarterly certification cycle. First Cycle Start Date: Feb 2 2019.
5	-			If NWN-U's common equity component of its capital structure is at or below 46 percent, on a preceding or projected thirteen month average, and the above steps have not been triggered, NWN-U will provide quarterly projections of the common equity component of its capital structure to Staff, along with supporting workpapers.		When CER =/< 46%	On occurrence	Ongoing			
6	6		Credit & Capital Structure	HoldCo and NWN-U guarantee that Customers of NWN-U will be held harmless from any adverse rate impacts caused by NWN-U's Rate of Return, Common Equity, and LT Debt becoming more costly after the restructuring than they would be had NWN-U not reorganized. For seven years following the reorganization, NWN-U bears the burden of showing that any increase in NWN-U's Cost of LT Debt or cost of Common Equity (to the extent Common Equity affects customers), for which rate recovery is sought did not result from factors associated with either the reorganization or any subsequent HoldCo M&As.	RA	General Rate Case	On occurrence	Ongoing Ends Sep 30 2025	Compliant - Monitoring		
7	7		Credit & Capital Structure	HoldCo and NWN-U guarantee that NWN-U customers shall be held harmless if the reorganization or any subsequent HoldCo M&As cause a higher revenue requirement for NWN-U than if the reorganization had not occurred.	RA	General Rate Case	On occurrence	Ongoing	Compliant - Monitoring		
8	8		Credit & Capital Structure	HoldCo and NWN-U commit that neither NWN-U nor NWN-U's subsidiaries will, without the approval of the Commission: A. Make loans or transfer funds (other than dividends and payments pursuant to the MSA) to HoldCo or Affiliates other than NWN-U's subsidiaries; B. Assume any obligation or liability as guarantor, endorser, surety, or otherwise for HoldCo or Affiliates other than NWN-U's subsidiaries; C. Transfer any of its utility assets or property to HoldCo or Affiliates other than NWN-U's subsidiaries; D. Seek to pledge utility assets or securities backing for any hedging, indebtedness, or securities of HoldCo or Affiliates other than NWN-U's subsidiaries; E. Enter into cross-default provisions involving HoldCo or Affiliates other than NWN-U subsidiaries; and F. Participate in a money pool with HoldCo or Affiliates other than NWN-U subsidiaries.	AC-F	Request for Commission Approval of a listed action	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.10.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.

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9	9	Dividends	No dividends or like payments or distribution (special, one-time, or otherwise) may be drawn from NWN-U, without Commission approval, if any of the following conditions are present: A. NWN-U Common Equity would fall below 44 percent of NWN-U Capital Structure determined on a preceding or projected thirteen month average; or B. NWN-U's LT secured credit ratings drops below BBB- for S&P and Baa3 for Moody's. Notwithstanding the above, if NWN-U's LT secured credit ratings are below A- for S&P and A3 for Moody's, then NWN-U may only issue dividends (special, one-time, or otherwise) so long as NWN-U's Common Equity is 45% or above (determined on a preceding or projected thirteen-month average). Further, if NWN-U's LT secured credit ratings are below BBB for S&P and Baa2 for Moody's, then NWN-U may only issue dividends (special, one-time, or otherwise) so long as NWN-U's Common Equity is 46% or above (determined on a preceding or projected thirteen-month average). Table 1 below depicts the conditions under which NWN-U may make dividend distributions under the above-described conditions. [see Table in Order].	TR	CER<44% Rating downgrade	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.11.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.
10	10	Dividends	NWN-U must notify the Commission no less than 7 calendar days before dividending or otherwise transferring 5 percent or more of its retained earnings. Additionally, NWN-U will notify the Commission of: A. Its intention to transfer more than ten (10) percent of its retained earnings out of NWN-U over a six-month period; B. Its intention to declare a special cash dividend (defined as a one-time dividend that is paid in addition to NWN-U's established or expected quarterly dividend), at least 30 days before declaring the dividend.	TR	(1) Transfer-Dividend =>5% of retained earnings (A) Transfer-Dividend >10% of retained earnings (B) Declare cash dividend	(1) 7 cal days prior (A) 7 cal days prior (B) 30 cal days prior	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.11.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.

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11	11	Bankruptcy Protection	Commission approval of NWN-U's proposed restructuring is conditioned on the following: within 60 days of the Commission's order on NWN-U's application to restructure, NWN-U will provide a non-consolidation opinion to the Commission which concludes that the ring-fencing provisions (final conditions adopted by the Commission) are sufficient such that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of NWN-U (including direct subsidiaries) with those of HoldCo, its affiliates or subsidiaries (excluding NWN-U's direct subsidiaries). If the conditions listed herein are insufficient to obtain a nonconsolidation opinion, NWN-U will undertake the following actions: A. Promptly notify the Commission of its inability to obtain a non-consolidation opinion; B. Propose and implement, upon consultation with the parties to this Stipulation and subject to Commission approval, such actions or additional ring-fencing provisions that are sufficient to obtain such a non-consolidation opinion; and C. Obtain such a non-consolidation opinion and provide it to the Commission. If after these actions, NWN-U is unable to obtain the non-consolidation opinion, NWN-U will notify the Commission and the Commission will indicate that NWN-U's application has been denied given that Commission approval of the Holding Company is contingent upon NWN-U obtaining and providing the nonconsolidation opinion to the Commission.	LE	Commission Order OR Docket UM 1804 WA Docket UG 170094	Feb 26, 2018	One Time	Complete	As-filed Document	2/26/2018: Opinion filed in OR & WA by McDowell,Rackner.
12	12	Bankruptcy Protection	A voluntary petition for bankruptcy by NWN-U would require: A. The unanimous vote of the NWN-U Board of Directors (BOD), inclusive of the vote of a least one independent director; and B. The vote of the holder of a "Golden Share," which is defined at p. 1 as the sole (\$1 Par) share of Preferred Stock of NWN-U authorized by the Commission. This share of Preferred Stock must be in the custody of an independent third party as defined at p. 1. In matters of bankruptcy, this share will override all other outstanding shares of all types or classes of stock. The Golden Share is established for the sole purpose of having the right to vote on whether NWN-U files a petition for voluntary bankruptcy.	CS	Petition for Bankruptcy	On occurrence	Ongoing	Compliant - Monitoring		Steven E. Wynne was named as an independent Board Member.
13	13	Bankruptcy Protection	NWN-U and NWN-U's two subsidiaries (NW Energy Corp. and NWN Gas Reserves), will not hold HoldCo investments, with the exception of NWN-U sponsored employee benefit plans or employee compensation plans, without prior Commission approval.	TR	Request for Commission Approval	On occurrence	Ongoing	Compliant - Monitoring		
14	14	Accounting	NWN-U will maintain its books and records (inclusive of audit trails with supporting records) separate from HoldCo's books and records, with such accounting information and financial books and records kept at NWN-U headquarters in Oregon. NWN-U's financial books and records and state and federal regulatory filings and documents will continue to be available to the Commission, upon request, at NWN-U's headquarters in Oregon [consistent with RCW 80.04.075, at NWN-U's headquarters in Oregon, or as provided to the Commission in Washington with reasonable efforts.]	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.04.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.

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15	15		Accounting	NWN-U assets, cash flows, and financial accounts may not be co-mingled with existing affiliates, or with any new affiliates or operations resulting after the creation of HoldCo.	AC-F	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.03.01. Semi-annual certification cycle. First Cycle Start Date: Jan 7 2019.
16	16		Accounting	So long as required by the U.S. Securities and Exchange Commission (SEC), NWN-U will maintain separate financial statements that will be filed with the SEC. In the event separate financial statements are no longer required to be filed with the SEC, NWN-U will file separate financial statements with the Commission.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control SEC Fin'l Stmtns FERC Form 2	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.02.01. Annual certification cycle. First Cycle Start Date: Dec 1 2018.
17	17		HoldCo Formation Costs	Organizational, start-up, or other costs associated with the creation of HoldCo will be separately tracked and will not be allocated to NWN-U customers. Post creation of HoldCo, any remaining formation costs or other HoldCo-related costs will not appear on NWN-U's books, or the books of NWN-U's subsidiaries. NWN-U shall furnish the Commission with journal entries and supporting detail showing the nature and cost of all organizational, start-up, and other costs for HoldCo (including but not limited to management time, BOD time, in-house and outside counsel time, any consultants engaged, etc.) since the reorganization was first contemplated, as well as the accounts charged, within 120 days of a Commission order in this docket.	AC	Commission Order	April 30 2018	One Time	Complete	As-filed journal entries	4/27/2018: Journal entries filed in OR and WA.
18	18		HoldCo Formation Costs	NWN-U will exclude from NWN-U general rate cases, or any other method of cost recovery, all costs related to reorganization and all of HoldCo's costs related to future business endeavors and M&As including but not limited to: all legal work from in-house counsel and outside counsel; NWN-U BOD time; costs related to M&A consulting and advice; preparation of and materials for HoldCo-related presentations; and other reorganization and expansion costs.	RA	General Rate Case or similar cost recovery filing	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	
19	19		HoldCo Formation Costs	Taxes and assessments paid to the federal government, to states, and to political subdivisions thereof shall be no greater than they would be had the Company not restructured. Tax benefits that would not exist had the Company not restructured may be addressed in proceedings before the Commission; however, until that time, NWN-U shall set up a mechanism to monitor, for informational purposes, income tax expense and potential benefits for NWN-U.	AC-T	Change in tax expense/benefit	Ongoing	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.12.01. Annual certification cycle. First Cycle Start Date: Nov 15 2018.
20	20		Allocations	The Commission may audit the accounting records of HoldCo and Affiliates that are the bases for charges to NWN-U, to determine the reasonableness of the costs and the allocation factors used by the HoldCo or its subdivisions to assign costs to NWN-U and amounts subject to allocation or direct charges. HoldCo and Affiliates will cooperate fully with such Commission audits.	RA	Commission Audit	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	
21	21		Allocations	HoldCo and NWN-U will maintain robust systems to track employee, officer, director, agent, and attorney time (inclusive of loading percentages), identifying to within an hour, time not spent for NWN-U utility purposes that shall not be allocated to NWN-U, subject to the cost-allocation principles set forth in Condition 26.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.15. Annual certification cycle.

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22	22		Allocations	NWN-U bears the burden of showing that a particular expense from HoldCo or an affiliate of HoldCo may be allocated to NWN-U ratepayers.	RA	Commission Request	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	
23	23		Prevention of Cross-Subsidization	HoldCo and NWN-U will comply with all applicable [Washington] Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports. [Chapter 80.16 RCW.WAC 480-90-245, WAC 480-90-264, and any other applicable rules.]	RA	N/A	N/A	Ongoing	Compliant - Monitoring		See also Oregon Condition 26(h)
24			Prevention of Cross-Subsidization	NWN-U will file on an annual basis an affiliated interest report including an organizational chart, narrative description of each Affiliate, revenue for each Affiliate, and transactions with each Affiliate.	RA	Affiliated Interest Filing	By June 1	Annual	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1. Annual certification cycle.
25	24		Prevention of Cross-Subsidization	NWN-U will not cross-subsidize between NWN-U and any other businesses (with the exception of NWN-U and its direct subsidiaries as approved by the Commission (meaning NWN Energy and Gas Reserves), and shall comply with the Commission's applicable orders and rules with respect to such matters.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual GP G-28.	
26	25		Prevention of Cross-Subsidization	Subject to any cost allocation methodology subsequently approved by the Commission, any allocation of costs, corporate and Affiliate investments, expenses, or overheads between NWN-U and HoldCo or an affiliate will comply with the following principles: [Any allocation of costs, corporate and Affiliate investments, expenses, or overheads between NWN-U and HoldCo or an affiliate will comply with the following principles:]	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control Cost Allocation Manual GP G-28.	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15 Annual certification cycle.
-	25(a)		Prevention of Cross-Subsidization	A. For services rendered to NW Natural or each cost category subject to allocation to NW Natural by HoldCo or any of its affiliates, NW Natural must be able to demonstrate that such service or cost category is necessary to NW Natural for the reasonable performance of its regulated operations, is not duplicative of services already being performed within NW Natural, and is reasonable and prudent.							
26(a)	25(b)		Prevention of Cross-Subsidization	A. Cost allocations to NWN-U will be directly charged whenever possible, and shared or indirect costs will be allocated based upon primary, demonstrable, and transparent cost-driving factors. [B. Costs will be directly assigned to NWN-U if NWN-U is the direct cause of or sole beneficiary of the cost. Shared or indirect costs will be allocated based upon primary, demonstrable, and transparent cost-driving factors.]							
26(b)	25c		Prevention of Cross-Subsidization	B.[C] HoldCo and all subsidiaries and affiliates will maintain accounting systems adequate to support the allocation and assignment of costs of executives and other relevant personnel to or from NWN-U. See Condition [Commitment] 21 above for further detail.							

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26c	25(d)		Prevention of Cross-Subsidization	C.[D] All costs subject to allocation will be auditable and their origin among the companies must be demonstrable, so as to be specifically identified, tracked, and trended. Failure to adequately support any allocated cost may result in denial of its recovery in rates.							
26(d)	-		Prevention of Cross-Subsidization	D. Any corporate cost allocation methodology used for rate setting, and subsequent changes thereto, will be submitted to the Commission for approval.	RA	Change in Cost Allocation Methodology	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control Cost Allocation Manual GP G-28.	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15. Annual certification cycle.
26e	-		Prevention of Cross-Subsidization	E. The Company's Master Services Agreement (MSA), itemizing and explaining corporate cost allocation methods used for rate setting, will be updated to include the corporate and affiliate cost allocation methodologies between HoldCo, NWN-U, and Affiliates and filed with the Commission no later than 90 days after execution of the reorganization.	RA	Board approval of holding company restructure	Dec 31 2018	One Time	Complete	As-filed Master Services Agreement and Cost Allocation Manual (Confidential)	12/28/2018: Updated MSA with CAM filed in docket UI 385.
26e	-		Prevention of Cross-Subsidization	Thereafter, the MSA will be appended to the annual June affiliated interest report filed with the Commission. This annual filing will capture, highlight and explain all changes from the prior year. The entirety of the MSA and its components are subject to review by Staff in subsequent proceedings before the Commission to confirm that cost drivers, accounting methods, assumptions, and practices result in fair, just and reasonable utility rates. The Company will update, and re-file for approval, the MSA and AI Reporting reflecting HoldCo organizational detail and the outcome of docket No. UM 1804.	RA	Annual affiliated interest report	By June 1	Annual	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15. Annual certification cycle. MSA appended to AI Report beginning with report for 2018. (Oregon filing concurrent w Washington on April 30, 2019)
-	25e		Prevention of Cross-Subsidization	E. The Company's Master Services Agreement (MSA), itemizing and explaining corporate cost allocation methods used to set rates will be fully described and supported in testimony and work papers in NWN-U's first general rate case submitted after this application is approved by the Commission. Thereafter, the MSA will be filed along with any general rate case filed with the Commission. This filing will capture, highlight and explain all changes since the MSA was last provided to the Commission. The entirety of the MSA and its components are subject to review and approval by the Commission in subsequent proceedings before the Commission to confirm that cost drivers, accounting methods, assumptions, and practices result in fair, just and reasonable utility rates.	L/R	General Rate Case	On occurrence	Ongoing	Compliant - Monitoring	Docket UG-181053; as-filed Testimony and Exhibits of Amanda Faulk.	Dec 31, 2018. NWN's first general rate case following Commission approval was filed. MSA will be provided in future GRCS

Compliance Report

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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
-	25e		Prevention of Cross-Subsidization	The Company will update and re-file the MSA and AI Reporting reflecting HoldCo organizational detail within 90 days of the outcome of Docket UG-170094.	L/R	Board approval of holding company restructure	Dec 31 2018	One Time	Complete	As-filed Master Services Agreement and Cost Allocation Manual (Confidential)	12/28/2018: Updated MSA with CAM filed
26(f)	25(f)		Prevention of Cross-Subsidization	F. Costs that would have been denied recovery in rates had they been incurred by NWN-U will likewise be denied recovery whether they are allocated directly or indirectly through subsidiaries of HoldCo.	AC-F	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual GP G-28.	
26(g)	25(g)		Prevention of Cross-Subsidization	G. HoldCo and NWN-U commit to using asymmetrical pricing as required by OAR 860-027-0048(4) (i.e. goods or services priced at higher of cost or market when purchased from or provided by NW Natural, and priced at lower of cost or market when sold to or provided to NW Natural) if the transaction involves a cost of more than \$100,000.	AC-F	Master Services Agreement Submission	On occurrence	Ongoing	Compliant - Monitoring	As-filed Master Services Agreement and Cost Allocation Manual GP G-28	Updated MSA-CAM filed 12/28/2018
26(h)	-		Prevention of Cross-Subsidization	H. NWN-U will file timely applications and reports in compliance with ORS 757.015 through 757.495 and OAR 860-027-0040 through 860-027-0042.	L/R	Qualifying Event	On occurrence	Ongoing	Compliant - Monitoring		See also Condition 23/23 See also OR Condition 24 See also OR Condition 27 See Footnote [1].
27	-		Prevention of Cross-Subsidization	HoldCo and NWN-U commit that they will interpret ORS 757.015 and 757.495 to require Commission approval of any contract between NWN-U and any affiliate of HoldCo. This shall include the MSA discussed in Condition 26.	L/R	N/A	N/A	Ongoing	Compliant - Monitoring		See also Condition 23/23 See also OR Condition 24 See also Condition 26e/25 See also OR Condition 26(h)
28(a)	26(a)		Prevention of Cross-Subsidization	HoldCo, NWN-U and all Affiliates shall provide the Commission access to: A. All books of account, budgets, integrated resource planning, documents, data, records, accounting, and financial information which pertain to transactions between NWN-U on the one hand, and HoldCo or HoldCo's affiliates on the other, which are reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	AC	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
28(b)	26(b)		Prevention of Cross-Subsidization	B. Unrestricted access to the written information inclusive of accounting and financial metrics that HoldCo provides to the Rating Agencies and that is reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	AC	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
28(c)	26(c)		Prevention of Cross-Subsidization	C. HoldCo and NWN-U Board of Director (BOD) meeting minutes and presentations for BOD meetings, committees and subcommittees thereof, as well as investor presentations and transcripts that are reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	CS	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		

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OR #	WA #								Documentation	Notes
29	27	Prevention of Cross-Subsidization	HoldCo and NWN-U shall provide the Commission with complete and unrestricted access to all information provided by and to common stock, bond, or bond rating analysts, which directly or indirectly pertains to NWN-U. Such information includes, but is not limited to, opinions, reports and presentations made to or provided by common stock analysts and bond rating analysts.	IR	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
-	28	Prevention of Cross-Subsidization	The provisions for access to records and information in this section are not intended to limit or restrict in any way the Commission's access to records and information under federal or state law.	L/R	N/A	N/A	Ongoing	Compliant - Monitoring		
30	29	Prevention of Cross-Subsidization	HoldCo, NWN-U, and Affiliates will make their employees, officers, directors and agents available to testify before the Commission at the Commission's request to provide information the Commission considers relevant to matters within its jurisdiction.	LE	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
31	-	Prevention of Cross-Subsidization	Pursuant to OAR 860-027-0175(2), NWN-U agrees to report all Beneficial Ownership as of the last calendar day of each year to the Commission to be received by March 31 of each year.	RA	Beneficial Ownership Report	31-Mar	Annual	Compliant - Activity this Period	Regulatory Compliance Control Report required by OAR 860-027-015(2) filed in docket RG 26	Regulatory Compliance Monitoring. System Control ID: OR.RPT.19 Annual certification cycle. Major shareholder Report filed 2/21/2020
32	30	Prevention of Cross-Subsidization	For the first five calendar years after reorganization, as part of its affiliated interest filings, HoldCo and NWN-U will report on how the company complied with each of the conditions listed herein no later than June 15 of each year. This report will require an officer attestation of compliance with the conditions. If any of the conditions are not being met, the report shall include proposed corrective measures relative to the specific condition, subject to Commission revision and appropriate remedy as determined by the Commission.	RA	Annual AI Report	By June 1	Annual Ends Jun 2023	Compliant - Activity this Period	Regulatory Compliance Control Report and Attestation appended to AI Report beginning with report for 2018.	Regulatory Compliance Monitoring. System Control ID: HOLDCO.SC.13.01 Annual certification cycle. AND System Control ID: OR.RPT.1; WA.RPT.1. Annual certification cycle. (Oregon filing concurrent w Washington on April 30, 2019)
32	30	Prevention of Cross-Subsidization	Annual affiliated interest reports will enduringly contain a complete Parental-view corporate organizational chart and a second listing of contact telephone number, email, and titles for HoldCo, and NWN-U corporate officers.	RA	Annual AI Report	By June 1	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control Included in AI Report beginning with report for 2018.	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1 and WA.RPT.1. Annual certification cycle. (Oregon filing concurrent w Washington on April 30, 2019)

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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
33		-	Prevention of Cross-Subsidization	Annual affiliated interest reports must itemize all HoldCo M&A and divestiture activity.	RA	Annual AI Report	By June 1	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1 and WA.RPT.1. (Oregon filing concurrent w Washington on April 30, 2019)
33		-	Prevention of Cross-Subsidization	HoldCo or NWN-U will also notify the Commission within 30-days whenever HoldCo completes a merger, acquisition, or divestiture with capitalization in excess of \$1 million.	BD	Completion of M&A transaction > \$1 million	30 days from trans. Close	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.08.01 Monthly certification cycle. First Cycle Start Date: Jan 5 2019; Updated to monthly certification cycle in August 2019. Notifications to OPUC filed in docket UM 1804 sent on July 1, 2019, March 2, 2020 and March 31, 2020 for transactions meeting threshold.
34		-	Prevention of Cross-Subsidization	For the first five calendar years after the reorganization, HoldCo will provide a final copy of its annual budget(s) to the Commission for the succeeding year on or before December 31 of each year.	BF	Budget Approval	31-Dec	Annual Ends Dec 2023	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.01.01 Annual certification cycle. First Cycle Start Date: Dec 1 2018. 2020 Budget Report filed in UM 1804 on December 17, 2019
35	31		Prevention of Cross-Subsidization	HoldCo and NWN-U agree that in the event that a dispute arises concerning access to records and information in conditions 28-33 [Commitments 26-30], an administrative law judge (ALJ) at the Commission shall determine what records and information are discoverable. By agreeing to this condition, NWN-U does not waive its right to refer a ruling by the ALJ to the Commission or to appeal a decision by the Commission.	L/R	Discovery Dispute	On occurrence	Ongoing	Compliant - Monitoring		
36	32		Service Quality	HoldCo and NWN-U agree that NWN-U will maintain safety standards and policies substantially comparable to or better than the NWN-U currently maintained standards and policies. Neither HoldCo formation nor future acquisitions may diminish delivery of safe and reliable utility service in Oregon. NWN-U will continue to fully comply with CFR Title 49 Parts 190 to 199.	EG	N/A	N/A	Ongoing	Compliant - Monitoring	Eng. Procedures Field Services Procedures OQ Practices	
37	33		Miscellaneous	NWN-U commits [will maintain] that its corporate headquarters will remain in Oregon. HoldCo will not move its headquarters out of Oregon without prior Commission approval.	L/R	HQ move out of Oregon	On occurrence	Ongoing	Compliant - Monitoring		
38		-	Miscellaneous	NWN-U shall maintain its current pension funding approach, until informed by a Commission Order regarding revised best practices. Thereafter, NWN-U will look to Commission orders for further guidance.	TR	PUC or NWN change	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.06.01 Annual certification cycle. First Cycle Start Date: Dec 1 2018.

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OR #	WA #								Documentation	Notes
39	-	Miscellaneous	For each calendar year 2018 through 2022 inclusive, HoldCo and NWN-U commit to sustaining NWN-U's current funding levels regarding charitable contribution which is one percent of NWN-U's average pre-tax income for the three years immediately preceding the budget year, including contributions to NWN-U's bill payment assistance program, subject to a \$100,000 limit increase or decrease from the prior year's contributions budget.	GA	N/A	N/A	Ongoing Ends Dec 2022	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.07.01 Annual certification cycle. First Cycle Start Date: Feb 15 2019.
40	-	Miscellaneous	HoldCo and NWN-U will honor its existing collective bargaining agreement through its current duration. For that same period, employee's compensation and benefits packages will be at least as favorable in the aggregate as the existing benefit package.	HR	N/A	N/A	Ongoing	Complete	Joint Accord	JA Term in existence at time of HoldCo ended Nov 30 2019
41	34	Miscellaneous	NWN-U will not oppose maintaining current or greater support levels for energy efficiency and renewable natural gas for two years after the Commission issues a final order in this docket.	BD	N/A	N/A	Ongoing	Complete		Applicable for the period Dec 28 2017 through Dec 27 2019.
42	-	Miscellaneous	Within 90 days of the applicable Board of Directors meeting, NWN-U shall file with the Commission a complete copy of the minutes of the Board of Directors' meeting at which the formation of HoldCo was approved.	CS LE	Board Approval	Dec 31 2018	One Time	Complete	As-filed Minutes (Confidential)	12/28/18: Board Minutes Filed
43	-	Miscellaneous	If the Commission, Staff, or any party believes that NWN-U or HoldCo have violated any of the conditions listed herein, or any conditions included in the Commission's final order approving the application, the Commission shall give HoldCo and NWN-U written notice of the alleged violation. If HoldCo or NWN-U is found to have committed a violation after Commission investigation (or a hearing if requested), the Commission will issue an order stating the remedy it shall seek.	LE	PUC or Other Party Action	On occurrence	Ongoing	Compliant - Monitoring		
44	35	Credit to Customers	For a period of three years following the formation of HoldCo, NWN-U will provide an annual credit to Oregon customers in the amount of \$500,000 [Washington customers in the amount of \$55,000] on an equal percent margin basis concurrent with NWN-U's PGA.	RA	Annual PGA Filing	15-Sep	Annual Ends Sep 2020	Compliant - Activity this Period	OPUC Adv 19-14 WUTC Adv 19-05	2019 credit approved effective 11/1/19
45	36	Credit to Customers	Cost savings, inclusive of loadings, allocable to NWN-U that are achieved as a result of HoldCo's future Mergers and Acquisitions (M&A), if greater than \$50,000, will be deferred and later credited to Oregon [Washington] customers until NWN-U's second general rate case following the Commission's order in this docket. Savings will be deferred and credited to the extent that the saved costs, inclusive of loadings, are otherwise already included in NWN-U's customers' rates, and from the time when the savings were realized. This condition does not preclude any party from seeking deferral of any cost savings resulting from any merger or acquisition involving HoldCo that results in over \$100,000 of annual cost savings.	AC-F	M&A Cost Savings	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.14.01 Annual certification cycle. First Cycle Start Date: Feb 15 2019. Applicable until completion of next general rate case following UG 344, which is UG 388 filed on December 30, 2019.

Compliance Report

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46	37	Future Mergers & Acquisitions	Approval of HoldCo formation does not relieve holders of NWN-U stock, or contractual rights to own such stock (such as stock options or convertible preferred stock), from requirements of ORS 757.511. [Upon approval of the HoldCo formation, holders of NWN-U stock, or holders of contractual rights to own such stock (such as stock options or convertible preferred stock), as well as upstream parent companies of Hold-Co, are subject to the requirements of chapter 80.12 RCW to the same extent as NWN-U, for purposes of property transfers involving NWN-U.]	CS	N/A	N/A	Ongoing	Compliant - Monitoring		
47	38	Future Mergers & Acquisitions	HoldCo or NWN-U will notify the Commission in writing subsequent to HoldCo's board approval and as soon as practicable following any public announcement of: (1)[(a)] any acquisition of any business that represents five percent or more of HoldCo's capitalization, or (2) [(b)] change in effective control or acquisition of any material part of HoldCo or NWN-U, as required by ORS 757.511. [any material change in ownership of any part of NWN-U, HoldCo, or upstream ownership of either entity that does not result in a change in effective control of NWN-U; or (c) any change to NWN-U's corporate organizational chart (including upstream parents and all affiliates). "Material" shall mean 10 percent of ownership. Any transaction, regardless of size, that would result in a person, directly or indirectly, acquiring a controlling interest in NWN-U is subject to Commission approval under RCW 80.12.020.]	BD	Ownership Change of 5% or more (OR) or 10% or more (WA)	On occurrence	Ongoing	Compliant - Monitoring	N/A	
48	39	Future Mergers & Acquisitions	HoldCo and NWN-U will refrain from seeking recovery through NWN-U rates any acquisition premiums, goodwill, transaction costs, or incremental executive bonuses associated with the reorganization or any subsequent M&As by HoldCo or any affiliates other than NWN-U.	RA	General rate case	On occurrence	Ongoing	Compliant - Monitoring		
49	40	Future Mergers & Acquisitions	Within 90 days after HoldCo acquires or creates a new subsidiary entity, HoldCo shall file with the Commission a statement that provides the name of the subsidiary, the total value of its assets, the nature of the subsidiary's business and whether it will do business with NWN-U.	CS	New HoldCo acquisition or subsidiary	90 days of occurrence	Ongoing	Compliant - Activity this Period	As-Filed Statements	Statements filed in both Oregon and Washington on 5/29/2019 and 8/29/2019, 12/31/2019, 3/2/2020 and 3/31/2020
50	41	Future Mergers & Acquisitions	Any diversified holdings and investments (i.e., non-utility businesses or foreign utilities) of HoldCo following approval of the transaction will not be held by NWN-U or a subsidiary of NWN-U, with the exception of NWN-U sponsored employee benefit plans or employee compensation plans. This condition will not prohibit HoldCo or its affiliates other than NWN-U from holding diversified businesses. This provision will also not prohibit NWN-U from continuing to hold the assets it holds within NWN-U immediately prior to the reorganization, including but not limited to the appliance center and interstate storage business.	BD	N/A	N/A	Ongoing	Compliant - Monitoring		

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								OR #	WA #

Footnotes:

[1] Regarding Oregon Condition 26(h), the ORS requirements within 757.015 through 757.495 requiring reports or filings by NWN and/or the holding company are:

- 757.105 Filing of budget; rules; review by commission; pensions as operating expenses
- 757.107 Supplemental budgets and orders
- 757.205 Filing schedules with commission; data filed with schedules
- 757.210 Hearing to establish new schedules; alternative regulation plan.
- 757.212 Resource rate plans; customers who may elect to be exempt; order approving plan; effect of approving plan; rules.
- 757.245 Establishment of joint rates.
- 757.247 Tariff schedules for energy resource measures; rules.
- 757.259 Amounts includable in rate schedule; deferral; limit in effect on rates by amortization; rules.
- 757.415 Purposes for which securities and notes may be issued; order required.
- 757.440 Approval required before utility may guarantee another's indebtedness.
- 757.455 Conservation program investment policy; application for bondable investments; utility rates to include investment costs.
- 757.460 Pledge of conservation investment assets as bond collateral; perfection of security interest; foreclosure.
- 757.480 Approval needed prior to disposal, mortgage or encumbrance of certain operative utility property or consolidation with another public utility; exceptions.
- 757.485 Purchase of property or stocks of one utility by another
- 757.490 Approval needed for certain contracts.
- 757.495 Contracts involving utilities and persons with affiliated interests.

The OAR requirements within OAR 860-027-0040 through 860-027-0042 requiring reports or filings by NWN and/or the holding company are:

- 860-027-0040 Applications for Approval of Transactions Between Affiliated Interests
- 860-027-0041 Information Required for Utility Goods or Services Provided to Affiliated Interests
- 860-027-0042 Timeliness of Application Made Under OAR 860-027-0040 and Filings Made Under OAR 860-027-0041