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May 31, 2018

*VIA ELECTRONIC FILING*

Mark L. Johnson, Secretary and Executive Director  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive S.W.  
P. O. Box 47250  
Olympia, WA 98504-7250

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State Of WASH.  
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COMMISSION

Re: 2017 Annual Securities Transaction Report for Dockets UG-030290, UG-061700, UG-121968, UG-130150, UG-143634, UG-161164, UG-161218 and UG-170930

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") annual securities transaction report.

**Docket Under Which No Securities Were Issued.**

No securities were issued under the following dockets in 2017:

- Docket UG-121968 (Revolving Line of Credit)**
- Docket UG-161164 (Common Stock)**
- Docket UG-161218 (First Mortgage Bonds)**

Correspondingly, there are no proceeds to report. However, expenses were incurred for the line of credit authorized under UG-121968; those expenses are disclosed in Section 3 of this Report.

The Common Stock and First Mortgage Bonds authorized under Dockets UG-161164 and UG-161218, respectively, were issued in 2016, and the Company therefore will not file further reports on Dockets UG-161164 and UG-161218.

**Annual Securities Transaction Report For Year Ending December 31, 2017.**

(1) Schedule of Securities Issued.

**Docket UG-143634, Dividend Reinvestment and Stock Purchase Plan:**

On October 1, 2014, the Company filed a compliance statement with the Commission under Docket UG-143634 complying with RCW 80.08.040 with respect to the proposed issuance and sale from time-to-time of not more than 400,000 authorized but unissued shares of the Company's Common Stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended ("DRIP/DSPP").

During 2017, the Company sold an aggregate of 69,352 shares of its Common Stock pursuant to DRIP/DSPP. Of such shares, 53,368 were sold through reinvestment by participants of their dividends, while the remaining 15,984 shares were sold to participants who elected to make optional cash payments. Book entries for the 69,352 shares were issued at various times to American Stock Transfer & Trust Company, custodial agent. Such fully paid shares are held by the transfer agent in individual participants' DRIP/DSPP Accounts until such participant requests that certificates be issued or that the shares be sold.

<u>Date</u>	<u>Price</u>	<u>Shares</u>	<u>Issued</u>
<u>Dividend Reinvestment</u>			
2/15/17	\$58.71		14,392
5/15/17	\$60.18		14,213
8/15/17	\$64.80		12,824
11/15/17	\$68.05		11,939
<u>Optional Cash Payments</u>			
1/13/17	\$58.87		706
2/15/17	\$58.71		419
3/15/17	\$58.86		5,010
4/13/17	\$60.09		5,168
5/15/17	\$60.18		730
6/15/17	\$62.48		618
7/14/17	\$59.98		738
8/15/17	\$64.80		433
9/15/17	\$66.31		562
10/13/17	\$66.33		657
11/15/17	\$68.05		293
12/15/17	\$64.98		650
<b><u>Grand Total</u></b>			<b>69,352</b>

**Docket UG-030290, Restated Stock Option Plan:**

In February 2012, the Board of Directors decided that beginning in 2012, it would grant Restricted Stock Units with a performance threshold under the Company's Long Term Incentive Plan ("LTIP") instead of stock options. Accordingly, the Board of Directors terminated the Restated Stock Option Plan ("SOP") so that no new stock options may be granted under that plan, and obtained shareholder approval to consolidate all equity incentive awards into LTIP. Therefore, no options to purchase shares were granted under the Plan in 2017.

In 2017, the Company issued 88,275 shares of its Common Stock under the SOP pursuant to options that were granted prior to termination of new issuances under the SOP. The weighted average employee purchase price per share was \$44.33, with net proceeds of \$3,913,561.

**Docket UG-061700, Employee Stock Purchase Plan:**

The Company made its eighteenth offering to its employees under the terms and conditions set forth in the Employee Stock Purchase Plan ("ESPP"). During 2017, the Company completed an offering to its employees that was made during the period October 19, 2016 through November 4, 2016 (the "2016 Offering") and made a new offering under the Plan during the period October 23, 2017 through November 10, 2017 (the "2017 Offering"). The 2016 and 2017 offerings were made at a price determined to be 85% (rounded to the next full penny) of the closing price quoted for the Common Stock on the New York Stock Exchange on the trading day before the initial date of each offering.

During the 2016 Offering, the Company offered to its employees not to exceed 60,450 shares of its Common Stock, at a price of \$50.47 per share. The Company received subscriptions for 18,830 shares, of which subscriptions 1,227 shares were cancelled. During the 2017 Offering, the Company offered to its employees not to exceed 43,023 shares of its Common Stock, at a price of \$56.53 per share. As of December 31, 2017, the Company received subscriptions for 22,804 shares, with no cancellations. Payroll deductions taken by the Company in payment of the subscribed shares are held on behalf of the employee until the shares are to be purchased on the purchase date in December 2018.

At December 31, 2017, the Company had received from the ten offerings subscriptions totaling 202,302 shares, cancellations totaling 22,101 shares of such subscribed shares and cash in the amount of \$6,293,519.03 in full payment for 157,397 of the shares, and had issued certificates or authorized book-entry positions for the 157,397 shares to the respective employee purchasers as follows:

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Offering Period	Price	Shares Subscribed			Shares Issued		Balance Subscribed
		Initial	Canceled	Total	Number	Gross Proceeds	
11/1/08 – 11/30/08 <sup>1</sup>	\$43.25	9,813	4,276	5,537	5,537	\$239,475.25	0
11/1/09 – 11/30/09	\$35.54	24,530	871	23,659	23,659	\$840,840.86	0
11/1/10 – 11/30/10	\$41.90	18,936	3,632	15,304	15,304	\$641,237.60	0
11/1/11 – 11/30/11	\$39.72	19,917	1,760	18,157	18,157	\$721,196.04	0
11/1/12 – 11/30/12	\$39.56	17,851	2,237	15,614	15,614	\$617,689.84	0
10/1/13 – 10/31/13	\$35.69	26,191	1,928	24,263	24,263	\$865,946.47	0
10/27/14 – 11/14/14	\$38.90	22,646	3,582	19,064	19,064	\$741,589.60	0
10/26/15 – 11/13/15	\$40.51	20,784	2,588	18,196	18,196	\$737,119.96	0
10/19/16 – 11/4/16	\$50.47	18,830	1,227	17,603	17,603	\$888,423.41	0
10/23/17-11/10/17	\$56.53	22,804	0	22,804	0	0	22,804
Total		202,302	22,101	180,201	157,397	\$6,293,519.03	22,804

<sup>1</sup> 3,078 of the 8,615 shares issued under the Plan in 2009 were issued under the authorization of Docket No. UG-001244. The subscriptions and cancellations are prorated between the two Dockets.

**Docket UG-130150, Long-Term Incentive Plan:**

Long-Term Incentive Plan (“LTIP”) shares were granted\* and awarded in 2017 as shown in the following table:

Purpose	Shares Granted	Shares Vested in 2017	Shares Awarded
Performance-Based Awards	32,680 <sup>1</sup>	31,338	23,164 <sup>2</sup>
Awards of Common Stock	0	0	0
Restricted Stock Units	32,168	35,340	26,038 <sup>3</sup>
Incentive Stock Options	0	0	0
Non-Statutory Stock Options	0	0	0
Total	64,848	66,678	49,202

<sup>1</sup> Assumes market, performance, and service based grants currently outstanding are awarded at the target level. Actual awards may be above or below target.

<sup>2</sup> Of the 23,164 Performance-Based Award shares issued, 6,903 shares were deferred.

<sup>3</sup> Of the 26,038 Restricted Stock Unit shares issued, 6,531 shares were deferred.

All LTIP shares issued in 2017 were issued March 1, 2017 with a fair market value of \$60.10 per share, except for 2,326 shares issued on March 31, 2017 with a fair market value of \$59.15 per share and 1,460 shares issued on May 24, 2017 with a fair market value of \$60.10 per share. The

\* LTIP shares that are granted will be issued in whole or in part only upon satisfaction of certain performance criteria associated with the applicable LTIP grant.

preceding fair market values are based on the closing price on the date preceding the date of issuance.

**Docket UG 170930, First Mortgage Bonds:**

On August 30, 2017, the Company filed a statement, complying with RCW 80.08.040, with the Commission for the proposed issuance and sale of up to \$125,000,000 principal amount of Medium-Term Notes, Series B in one or more tranches ("First Mortgage Bonds"). Effective September 6, 2017, 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 issue and sell up to \$125,000,000 principal amount of the First Mortgage Bonds.

On September 13, 2017, the Company issued and sold through RBC Capital Markets, LLC, TD Securities (USA) LLC, and MUFG Securities Americas Inc., \$100,000,000 aggregate principal amount, at 100 percent of par, of its First Mortgage Bonds, as follows:

<b><u>Principal Amount Sold in this Docket</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>
\$25,000,000	2.822%	Secured	September 13, 2017	September 13, 2027
\$75,000,000	3.685%	Secured	September 13, 2017	September 13, 2047

The First Mortgage Bonds were sold through a public offering pursuant to its Distribution Agreement dated as of March 18, 2009, among the Company, Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Wells Fargo Securities LLC, Piper Jaffray & Co., U.S. Bancorp Investments, Inc., Mitsubishi UFJ Securities (USA), Inc., RBC Capital Markets, LLC, CIBC World Markets Corp., TD Securities (USA) LLC, as amended by the Company's Notice dated November 8, 2016.

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 November 3, 2017.

(2) Use of Proceeds from Securities Transactions.

**Docket UG-143634, Dividend Reinvestment and Stock Purchase Plan:**

Beginning on July 15, 2015, the Company began purchasing shares on the open market for purchase under the DRIP/DSPP, with the price for shares purchased on the open market being the average price (including brokerage fees) paid by the Purchasing Representative to obtain them.

Because all securities issued in 2017 were repurchased in the open market by the Company, there were no net proceeds to the Company.

**Docket UG-030290, Restated Stock Option Plan:**

The net proceeds of \$3,913,561 were applied towards the acquisition of property, the construction, completion, extension or improvement of the Company's facilities, the improvement or maintenance of the Company's service, or the discharge or lawful refunding of the Company's obligations, pursuant to RCW 80.08.030.

**Docket UG-061700, Employee Stock Purchase Plan:**

The net proceeds of \$888,423.41 were applied towards the acquisition of property, the construction, completion, extension or improvement of the Company's facilities, the improvement or maintenance of the Company's service, or the discharge or lawful refunding of the Company's obligations, pursuant to RCW 80.08.030.

**Docket UG-130150, Long-Term Incentive Plan:**

There were no proceeds associated with LTIP in 2017.

**Docket UG 170930, First Mortgage Bonds:**

The total net proceeds of \$98,761,095 received from the initial sale of First Mortgage Bonds pursuant to Docket UG-170930 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 expenditure was made.

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(1) Expenses for Securities Transactions.

**Docket UG-143634, Dividend Reinvestment and Stock Purchase Plan:**

The following Table lists the level of expenses for DRIP/DSPP in 2017:

	Amount
Total Value of Common Stock Issues	\$4,313,369
Plus premium or less discount	\$0
Less cash cost of open market common stock repurchases	\$4,313,369
Gross proceeds	\$0
Underwriter's spread or commission	-
Securities and Exchange Commission registration fee	\$453
State mortgage registration tax	-
State commission fee	-
Fee for recording indenture	-
United States document tax	-
Printing and engraving expenses	\$7,040
Trustee's charges	-
Accountant's fees	-
Cost of listing	-
Miscellaneous expense of issue (describe large items)	
Postage	\$12,250
Miscellaneous Fees	\$826
Preparation (RR Donnelley)	\$893
Attorney fees (Morgan Lewis)	\$7,112
Total Deductions	\$28,574
Net Amount Realized	\$(28,574)

**Docket UG-030290, Restated Stock Option Plan:**

There were no expenses associated with SOP in 2017.

**Docket UG-061700, Employee Stock Purchase Plan:**

There were no expenses associated with ESPP in 2017.

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**Docket UG-121968 (Revolving Line of Credit):**

The following Table lists the level of expenses for the Revolving Line of Credit authorized in UG-121968 in 2017:

Lender commitment fees	\$304,166.67
Administrative agent fees	\$15,000.00
Upfront fees	\$0.00
Arrangement fee	\$0.00
Out-of-pocket legal and administrative costs to agent	\$0.00
Counsel fees	\$0.00
<b>Total Expenses</b>	<b>\$319,166.67</b>

**Docket UG-130150, Long-Term Incentive Plan:**

There were no expenses associated with LTIP in 2017. However, at the Company's election, all shares issued pursuant to the LTIP in 2017 were shares repurchased on the open market. The Company paid approximately \$1,788 in commissions associated with these open market purchases in 2017.

**Docket UG-170930, 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 this Docket of its First Mortgage Bonds, were as follows:

<u>Item</u>	<u>2.822% Series B Secured MTN due 2027</u>	<u>3.685% Series B Secured MTN due 2047</u>
Principal Amount	\$25,000,000	\$75,000,000
Less Discount	0	0
Gross Proceeds	\$25,000,000	\$75,000,000
Agent's Commission	\$150,000	\$562,500
Securities and Exchange Commission registration fee	\$2,898	\$8,693
State mortgage registration tax	0	0
New York Stock Exchange fee	0	0
State Commission fee	0	0
Fees for recording indenture	0	0
United States document tax	0	0
Printing and engraving expenses	\$222	\$666
Trustee's or Registrar's fees*	\$369	\$1,106



<u>Item</u>	<u>2.822% Series B Secured MTN due 2027</u>	<u>3.685% Series B Secured MTN due 2047</u>
Counsel's fees	\$7,374	\$22,076
Accountants' fees	0	0
Bond Rating Agency fees	\$88,029	\$155,029
Allocation of other shelf registration expenses	\$59,986	\$179,957
Subtotal	\$308,878	\$930,027
Net Amount Realized	\$24,691,122	\$74,069,973

\*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 this docket have been estimated using inquiries of service providers, because actual bills for services may not yet have been received.

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

The following table provides information about purchases of our equity securities during the year ended December 31, 2017:

Type of Security	Total Number of Shares Purchased <sup>1</sup>	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>2</sup>	Dollar Value of Shares Repurchased Under the Plans or Programs
Common Stock	127,308	61.53	0	\$0.00

<sup>1</sup> During the year ended December 31, 2017, 69,352 shares of the Company's Common Stock were purchased on the open market to meet the requirements of our Dividend Reinvestment and Stock Purchase Plan. In addition, 57,956 shares of the Company's Common Stock were purchased on the open market to meet the requirements of our share-based programs. During the year ended December 31, 2017, no shares of our common stock were accepted as payment for stock option exercises pursuant to our Restated Stock Option Plan.

<sup>2</sup> We have a share repurchase program for our common stock under which we purchase shares on the open market or through privately negotiated transactions.

(3) Schedule of Securities Scheduled to Mature in 2018.

The following is a schedule of securities maturing in 2018:

1.545% Series B Medium-Term Notes	\$75,000,000
6.600% Series B Medium-Term Notes	\$22,000,000
Total	\$97,000,000

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

Sincerely,

A handwritten signature in black ink, appearing to read "S M Filippi". The signature is written in a cursive style with a large initial "S" and "M".

**SHAWN M. FILIPPI**

Vice President, Chief Compliance Officer and Corporate  
Secretary

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