

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of	)	
NORTHWEST NATURAL GAS COMPANY,	)	
dba, NW Natural	)	Docket UG-180724
For an Order Establishing Compliance with	)	
RCW 80.08.040 with Respect to the	)	Initial Report of
Proposed Issuance and Sale of not more	)	Securities Issued, and
than \$50,000,000 Principal Amount of First	)	Disposition of Proceeds
Mortgage Bonds	)	

On August 29, 2018, Northwest Natural Gas Company (the “Company”) filed a statement, complying with RCW 80.08.040, with the Washington Utilities and Transportation Commission (the “Commission”) for the proposed issuance and sale of not more than \$50,000,000 aggregate principal amount of Medium-Term Notes, Series B in one or more tranches (“First Mortgage Bonds”).

Effective September 13, 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 issue and sell up to \$50,000,000 aggregate principal amount of First Mortgage Bonds. This report is being filed in compliance with WAC 480-90-242(6).

On September 10, 2018, the Company issued and sold through a private placement, \$50,000,000 aggregate principal amount, at 100 percent of par, 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>
\$50,000,000	4.11%	Secured	September 10, 2018	September 10, 2048

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

(a)	Principal amount of Medium-Term Notes Sold in this Docket	\$50,000,000
	LESS: Discount	(0)
	Agent's Commission	\$125,000
	Expenses actually and necessarily incurred as detailed in this Report	\$214,639
	Net proceeds to be accounted for	\$49,660,361

Note: Actual expenses for the Secured Notes sold under this docket have been estimated using inquiries of service providers, because actual bills for services may have not yet been received.

**(b) Disposition of Net Proceeds**

The total net proceeds of \$49,660,361 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 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 or to refund the Company's short-term debt incurred in connection with the acquisition of property or the construction, completion, extension or improvement of the Company's facilities, or the improvement or 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.

**(c) Current Credit Ratings**

The Company's current credit ratings for senior secured debt are AA- and A1 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:

<u>Item</u>	<u>4.11% Series B Secured MTN due 2048</u>
Principal Amount	\$50,000,000
Less Discount	0
Gross Proceeds	\$50,000,000
Agent's Commission	\$125,000
Securities and Exchange Commission registration fee	0
State mortgage registration tax	0
New York Stock Exchange fee	0
State Commission fee	0
Fees for recording indenture	5,000
United States document tax	0
Printing and engraving expenses	\$0
Trustee's or Registrar's fees*	\$20,000
Counsel's fees	\$179,639
Accountants' fees	0
Bond Rating Agency fees	0
Miscellaneous other expenses	\$10,000
Subtotal	\$339,639
Net Amount Realized	\$49,660,361

\*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.

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

(e) Documents in Connection with Sale

The documents entered into in connection with the sale of the First Mortgage Bonds are attached hereto as follows:

Exhibit A Bond Purchase Agreement, dated September 10, 2018. **Confidential; non-public information.**

Exhibit B Twenty-Third Supplemental Indenture, dated September 1, 2018. A copy of the Mortgage and all other Supplemental Indentures have been previously provided.

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 8<sup>th</sup> day of November 2018.

NORTHWEST NATURAL GAS COMPANY

By: 

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Brody J. Wilson  
Vice President, Treasurer, Chief Accounting  
Officer and Controller  
NW Natural  
220 NW 2<sup>nd</sup> Avenue  
Portland, OR 97209  
Tel: 503.226.4211, ext. 2524  
Email: brody.wilson@nwnatural.com