#### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of

NORTHWEST NATURAL GAS COMPANY, dba, NW Natural

For an Order Establishing Compliance with )
RCW 80.08.040 with Respect to the )
Proposed Issuance and Sale of not more )
than \$225,000,000 Principal Amount of First )
Mortgage Bonds )

**Docket UG-161218** 

Initial Report of Securities Issued, and Disposition of Proceeds

On November 15, 2016, 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 \$225,000,000 aggregate principal amount of Medium-Term Notes, Series B in one or more tranches ("First Mortgage Bonds").

Effective November 18, 2016, 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 \$225,000,000 aggregate principal amount of First Mortgage Bonds. This report is being filed in compliance with WAC 480-90-242(6).

On December 5, 2016, the Company issued and sold through its selling agents Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc., MUFG Securities Americas Inc., and CIBC Capital Markets, \$150,000,000 aggregate principal amount, at 100 percent of par, of its First Mortgage Bonds, as follows:

Principal Amount Sold in this Docket	Coupon Interest Rate	Type of Note	Date of Issue	Maturity Date
\$75,000,000	1.545%	Secured	December 5, 2016	December 5, 2018
\$35,000,000	3.211%	Secured	December 5, 2016	December 5, 2026
\$40,000,000	4.136%	Secured	December 5, 2016	December 5, 2046

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, Wells Fargo Securities LLC, and Piper Jaffray & Co., as amended by the Company's Notice dated November 8, 2016 (filed as Exhibit F to the Company's application).

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

			1.545% Series B Secured MTN due 2018	3.211% Series B Secured MTN due 2026	4.136% Series B Secured MTN due 2046
(a)	Principal amount of Medium-Term Notes Sold in this Docket		\$75,000,000	\$35,000,000	\$40,000,000
	LESS:	Discount	(0)	(0)	(0)
		Agent's Commission Expenses actually and	\$187,500	\$218,750	\$300,000
		necessarily incurred as detailed in this Report	\$440,398	\$285,519	\$304,878
	Net prod	ceeds to be accounted for	\$74,372,102	\$34,495,731	\$39,395,121

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

### (b) Disposition of Net Proceeds

The total net proceeds of \$148,262,954 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 tis 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 be used for refunding the Company's short-term debt incurred in connection therewith. In either case where 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:

Item	1.545% Series B Secured MTN due 2018	3.211% Series B Secured MTN due 2026	4.136% Series B Secured MTN due 2046
Principal Amount	\$75,000,000	\$35,000,000	\$40,000,000
Less Discount	0	0	0
Gross Proceeds	\$75,000,000	\$35,000,000	\$40,000,000
Agent's Commission	\$187,500	\$218,750	\$300,000
Securities and Exchange Commission registration fee	8,693	4,057	4,636
State mortgage registration tax	0	0	0
New York Stock Exchange fee	0	0	0
State Commission fee	0	0	0
Fees for recording indenture	0	0	0
United States document tax	0	0	0
Printing and engraving expenses	3,211	1,498	1,712
Trustee's or Registrar's fees	4,250	1,983	2,267
Counsel's fees	100,960	47,115	53,845
Accountants' fees	2,500	1,167	1,333
Bond Rating Agency fees	150,000	150,000	150,000
Allocation of other shelf registration expenses	170,784	79,699	91,085
Subtotal	627,898	504,269	604,878
Net Amount Realized	\$74,372,102	\$34,495,731	\$39,395,121

<u>Note:</u> 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 have yet 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 Company filed the following with the Securities and Exchange Commission in connection with the sale of the First Mortgage Bonds:

Exhibit A Pricing Supplement dated November 29, 2016.

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 day of February 2017.

NORTHWEST NATURAL GAS COMPANY

Brody J. Wilson

Chief Financial Officer, Treasurer, Chief Accounting

Officer and Controller