

UG-131080-SI

ONITA R. KING
Tariffs and Regulatory Compliance
Tel: 503.721.2452
Fax: 503.721.2516
email: ork@nwnatural.com



June 3, 2013

Steven V. King, Acting Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S Evergreen Park Drive, SW
Post Office Box 47250
Olympia, Washington 98504-7250

2013 JUN -3 AM 8:12
 RECEIVED
 WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

Re: 2012 Affiliated Interest Report and Cost Allocation Manual

Pursuant to WAC 480-90-264, enclosed please find an original and two copies of the 2012 Affiliated Interest Report and Cost Allocation Manual for Northwest Natural Gas Company, dba NW Natural.

NW Natural considers Exhibit A of this document to be confidential, and hereby requests that it be accorded confidential treatment in accordance with RCW 80.04.095 and WAC 480-07-160.

Exhibit A of the document has been printed on yellow paper and is sealed in an envelope bearing the legend: "CONFIDENTIAL PER WAC 480-07-160." No portion of these materials may be copied, reproduced, or disclosed in any manner without the express permission of Northwest Natural Gas Company.

Please contact me should you have questions or require additional information.

Sincerely,


 Onita R. King

enclosure

cc: Alex Miller
Shawn Filippi
Brody Wilson

NORTHWEST NATURAL GAS COMPANY
 AFFILIATED INTEREST REPORT
 FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2012

WAC 480-90-264 (1)

An organization chart of the utility and its affiliated interests and subsidiaries.

See the Organizational Chart ("Chart 1") of Northwest Natural Gas Company ("NWN") attached to this Affiliated Interest Report.

WAC 480-90-264 (2)

The name of the affiliated interest or subsidiary participating in the transaction and the total dollar amounts of the transactions.

(A) Service payments by the utility to the affiliate:

| <u>Account/description:</u> | <u>Total Company</u> | <u>Total Washington</u> |
|---|--------------------------|-----------------------------|
| <u>NNGFC and KBPC:</u> | | |
| Pipeline demand charges (804) (KBPC) | \$224,258 | \$211,899 |

The allocation is based on the state's pro rata share of the pipeline demand charges paid by NWN to KB Pipeline Company ("KBPC"), based on miles of pipeline.

Description of basis of pricing:

Services rendered by NNG Financial Corporation ("NNGFC") and KBPC to NWN were provided at cost or pursuant to a Federal Energy Regulatory Commission ("FERC")-approved rate schedule, as applicable.

Demand charges paid by NWN to KBPC were based upon a transportation contract between the two parties which specifies the rates per KBPC's Rate Schedule TF; such rates were approved by FERC as part of KBPC's original certificate order.

| | | |
|--------------------------------------|---------|-----|
| Legal Expense (921) (NNGFC) | \$2,525 | \$0 |
|--------------------------------------|---------|-----|

(B) Service payments by the affiliate to the utility:

| <u>Account/description:</u> | <u>Total Company</u> | <u>Total Washington</u> |
|---------------------------------|--------------------------|-----------------------------|
| <u>NNGFC and KBPC</u> | | |
| Insurance (924) (KBPC) | \$24,337 | \$22,996 |

| | | |
|----------------------|----------|-----|
| Insurance (924)..... | \$20,920 | \$0 |
| (NNGFC) | | |

The insurance allocation is based on actual insurance premiums. The allocation amount is determined by the insurance broker.

| | | |
|-------------------------------------|-----------------|-----------------|
| Legal Expense (921)..... | \$1,903 | \$0 |
| (NNGFC) | | |
| Property tax (408) | \$20,220 | \$11,280 |
| (KBPC) | | |
| Total NNGFC & KBPC | \$67,380 | \$34,276 |

NW Natural Energy, LLC ("NWN Energy")

| | | |
|---|------------------|------------|
| Portion of NWN salaries and related overhead allocated to NWN Energy (922)..... | \$288,844 | \$0 |
| Insurance (924) | \$28,151 | \$0 |
| Total NWN Energy | \$316,995 | \$0 |

NW Natural Gas Storage, LLC ("NWN Gas Storage")

| | | |
|--|------------------|------------|
| Portion of NWN salaries and related overhead allocated to NWN Gas Storage (922)..... | \$856,257 | \$0 |
| Insurance (924)..... | \$41,924 | \$0 |
| Other administrative expense (921) | \$28,075 | \$0 |
| Total NWN Gas Storage | \$926,256 | \$0 |

Gill Ranch Storage, LLC ("GRS")

| | | |
|---|------------------|------------|
| Portion of NWN salaries and related overhead Allocated to GRS (922) | \$397,909 | \$0 |
| Insurance (924)..... | \$167,776 | \$0 |
| Other Administrative Expense (921) | \$13,251 | \$0 |
| Total GRS | \$578,936 | \$0 |

| <u>Account/description:</u> | <u>Total Company</u> | <u>Total Washington</u> |
|--|--------------------------|-----------------------------|
| <u>Palomar Gas Holdings ("PGH")</u> | | |
| Portion of NWN salaries and related overhead | | |
| Allocated to PGH (922) | \$43,262 | \$0 |
| Legal Expense (921) | \$21,381 | \$0 |
| Total PGH..... | \$64,643 | \$0 |

WAC 480-90-264 (2)(a)

**A balance sheet and income statement for such affiliated interest.
[Transactions that equal or exceed \$100,000]**

See NWN's affiliated interest financial statements ("Confidential Exhibit A") attached to this Affiliated Interest Report.

WAC 480-90-264 (2)(b)

A description of the products or services provided to or from the utility and each such affiliated interest or subsidiary. [Transactions that equal or exceed \$100,000]

In addition to the information provided immediately above, see also the discussions under the section entitled WAC 480-90-264(2)(f) below, and the Cost Allocation Manual ("Appendix A") included as an appendix to this Affiliated Interest Report.

WAC 480-90-264 (2)(c)

A description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year. [Transactions that equal or exceed \$100,000]

Services rendered by NWN to the affiliates are through documented allocations of time by NWN employees on affiliate business. Individual time records are the basis for this allocation. Charges include salary, and payroll overhead.

Actual time spent by employees is charged directly to the affiliate. See Appendix A to this Affiliated Interest Report.

WAC 480-90-264 (2)(d)

A description of the terms of any loans between the utility and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year. [Transactions that equal or exceed \$100,000]

Short-term loans:

None.

Long-term loans:

None.

WAC 480-90-264 (2)(e)

A description of the terms and total amount of any obligation or liability assumed by the utility for each such affiliated interest or subsidiary. [Transactions that equal or exceed \$100,000]

(A) Other payments by the utility to the affiliate.

| <u>Account/description:</u> | <u>Total Company</u> | <u>Total Washington</u> |
|---|----------------------|-------------------------|
| Tax benefits paid by NWN to NNGFC (146) | \$200,400 | \$0 |
| Tax benefits paid by NWN to NWN Energy (146) | \$2,445,905 | \$0 |
| Tax benefits paid by NWN to NWN Gas Storage (146) | \$341,121 | \$0 |
| Tax benefits paid by NWN to GRS (146) | \$6,410,568 | \$0 |
| Interest on tax refund paid by NWN to NNGFC (146) | \$8,120 | \$0 |

Description of basis of pricing:

NWN files and pays taxes on a consolidated basis with its subsidiaries. For any taxable year, these subsidiaries have income and expenses, which cause NWN's consolidated tax liability to increase or decrease. Monthly payments are made to or from NWN to the extent the operations have income or losses.

(B) Other payments by the affiliate to the utility.

None.

WAC 480-90-264 (2)(f)

A description of the activities of each such affiliated interest or subsidiary with which the utility has transactions. [Transactions that equal or exceed \$100,000]

In addition to the information provided below, see Appendix A for further description of the activities of each affiliated interest or subsidiary with which NWN has transactions.

NNG Financial Corporation

NNG Financial Corporation (“NNGFC”) owns 100% of the stock of KB Pipeline Company (“KBPC”). See KBPC activities described below.

NNGFC is a limited partner in a low-income housing project located in Portland, Oregon. NNGFC's ownership interest in this project is 49.5%.¹

The affiliated transactions between NWN and NNGFC in 2012 were:

- Allocations of NWN's administrative expense for NNGFC's use of NWN staff;
- D&O insurance is purchased for NNGFC, and is charged to a non-regulated account on NWN books;
- Payments between NWN and NNGFC for NNGFC's current tax expense or benefit; and
- Payments from NWN to NNGFC for KBPC demand and commodity transportation charges (as applicable).

KB Pipeline Company

KB Pipeline Company (“KBPC”) is a wholly owned subsidiary of NNG Financial Corporation (“NNGFC”). KBPC owns a 10% interest in, and is the former operator of, an interstate natural gas pipeline known as the Kelso-Beaver Pipeline. The pipeline runs between Kelso, Washington and Clatskanie, Oregon, and is regulated by the Federal Energy Regulatory Commission (“FERC”). The other owners of the Kelso-Beaver Pipeline are Portland General Electric Company (“PGE”) (79.5%) and B-R Pipeline Company (10.5%). Each of the co-owners has a separate FERC certificate regarding the flow of gas on its share of the pipeline. Pursuant to a memorandum from the Public Utility Commission of Oregon, dated October 15, 1992, KBPC is not required to file a separate affiliated interest report to the OPUC under OAR 860-27-040.

In 1991, FERC issued KBPC a certificate of public convenience and necessity under Part 157 of its regulations to construct, own, and transport gas for NWN using its 10% share of the capacity of the Kelso-Beaver Pipeline at FERC-approved rates. See, *Portland General Electric Co.*, 57 FERC ¶ 61,095 (1991),

¹ NNGFC sold its interest in this low-income housing project in 2012.

amended, 57 FERC ¶ 61,312 (1991). Currently, KBPC's share of the pipeline is not open access so it may only provide transportation service to NWN.

KBPC has no separate employees of its own. It uses employees shared with NWN to accomplish its *de minimus* business functions. In July 2004, FERC indicated its approval of KBPC's use of such shared employees in FERC Order No. 2004 in which it granted KBPC a waiver from its then-effective Standards of Conduct governing relationships between transmission providers and their marketing and energy affiliates. Specifically, based on its small size, lack of staff and limited operations, FERC granted KBPC an exemption from the independent functioning and information disclosure prohibitions of the new rules so that KBPC is not required to function independently from NWN. See, *Bear Creek Storage et al.*, Order on Requests for Waivers from the Standards of Conduct, 108 FERC ¶ 61,011 (July 7, 2005) at P27.

On October 16, 2008, FERC issued Order No. 717, a new final rule regarding Standards of Conduct for Transmission providers. *Standards of Conduct for Transmission Providers* (Order No. 717), 125 FERC ¶ 61,064 (2008). In Order No. 717, FERC concluded that the Standards of Conduct no longer apply to interstate pipelines that are certificated only under Part 157 of FERC's regulations, such as KBPC's share of the Kelso-Beaver Pipeline. As of the November 26, 2008 effective date of Order No. 717, the requirements of the prior partial exemption that KBPC received under the Order No. 2004 regulations no longer apply to KBPC, and FERC no longer requires KBPC to comply with the Order No. 717 Standards of Conduct with respect to its relationship with its affiliate, NWN. Thus, KBPC and NWN may continue to share employees as necessary to conduct the business of KBPC.

Effective December 1, 2004, KBPC resigned as operator of the Kelso-Beaver Pipeline. Since that date, certain operator responsibilities were handled under contract by Cascade Natural Gas Corporation ("Cascade"), which is not affiliated with any of the co-owners. Cascade resigned as the operator effective December 31, 2010, and since that time, co-owner Portland General Electric has assumed the operator responsibilities for the pipeline.

Northwest Energy Corporation

Northwest Energy Corporation ("NW Energy Corp") was formed in 2001 to serve as the holding company for NWN and PGE in the event that the proposed acquisition of PGE had been completed. However, the acquisition effort was eventually terminated in May 2002, and the corporation remained dormant. In 2012 this corporation took on a new purpose and is now the holding company for NW Natural Gas Reserves, LLC.

There were no affiliated transactions between NWN and NW Energy Corp in 2012.

NW Natural Gas Reserves, LLC

NW Natural Gas Reserves, LLC (“NWN Gas Reserves”) is a wholly owned subsidiary of Northwest Energy Corporation, and was formed in December of 2012; however, there was no activity in entity until March of 2013. NWN Gas Reserves was formed to hold our working interests in a gas field located in Sublette County, Wyoming related to our agreements with Encana Oil & Gas (USA) Inc.

There were no affiliated transactions between NWN and NWN Gas Reserves in 2012.

Northwest Energy Sub Corporation

Northwest Energy Sub Corporation (“NW Energy Sub”) is a subsidiary of Northwest Energy Corporation, and was formed in 2001 to effect the corporate reorganization to a holding company in the event that the acquisition of PGE had been completed. The corporation has remained dormant.

There were no affiliated transactions between NWN and NW Energy Sub in 2012.

Northwest Biogas, LLC

NWN owns a 50% membership interest in NW Biogas. NWN also serves as the Managing Member. The other 50% membership interest is owned by BEF Renewable Incorporated. NW Biogas developed and operates a demonstration biodigester located at Three Mile Canyon Farms in Boardman, Oregon.

The affiliated transactions between NWN and NW Biogas in 2012 were:

- NW Biogas’ use of NWN’s administrative staff

NW Natural Energy, LLC

NWN wholly owns NW Natural Energy, LLC (“NWN Energy”) which was formed in 2009 to own NW Natural Gas Storage, LLC (“NWN Gas Storage”), and other non-utility businesses. .

The affiliated transactions between NWN and NWN Energy were:

- NWN Energy’s use of NWN’s administrative and operating staff;
- D&O insurance is purchased for NW Energy, and is charged to a non-regulated account on NWN books;
- Payments by NWN to limited outside vendors on NWN Energy’s behalf and reimbursed by NWN Energy; and
- Equity investments in NWN Energy from NWN.

NW Natural Gas Storage, LLC

NWN Energy wholly owns NWN Gas Storage which was formed in 2009. The entity is expected to own and manage non-utility gas storage interests.

The affiliated transactions between NWN and NWN Gas Storage in 2012 were:

- NWN Gas Storage's use of NWN's administrative and operating staff;
- Payments by NWN to limited outside vendors on Gas Storage's behalf and reimbursed by GRS;
- Primarily D&O fiduciary and workers' compensation insurance is purchased for NW Gas Storage, and is charged to a non-regulated account on NWN books; and
- Equity investments in NWN Gas Storage from NWN Energy.

Gill Ranch Storage, LLC

GRS was formed in 2007. In 2007, GRS entered into a Joint Project Agreement with Pacific Gas & Electric Company ("PG&E") to develop and own the Gill Ranch underground natural gas storage facility near Fresno, California. Currently, GRS owns 75 percent undivided ownership interest in this facility. PG&E owns 25% undivided ownership interest. Ownership in the facility is structured as tenants in common.

GRS owns the rights to 75 percent of the available storage capacity at the facility. GRS's share is designed to provide 15 Bcf of working gas capacity. The facility began operations in the fourth quarter of 2010.

GRS is subject to CPUC regulation with respect to the gas storage services it provides, but it has market-based rate authority with respect to the rates for its services offered in the California market. In addition, GRS is subject to regulation by the CPUS for certain activities, including but not limited to the issuance of securities, operations of the facility, certain terms of customer services, systems of accounts, the nature of investments we may make, safety standards and transactions with affiliated interests. Accounting records and practices of our regulated business conform to the requirements and uniform system of accounts prescribed by our regulatory authority in accordance with U.S. GAAP.

The affiliated transactions between NWN and GRS in 2012 were:

- GRS's use of NWN's administrative and operating staff;
- Payments by NWN to limited outside vendors on GRS's behalf and reimbursed by GRS;
- Primarily general liability and D&O insurance is purchased for GRS and is charged to a non-regulated account on NWN books;
- Equity investments in GRS from NWN Gas Storage; and
- Distributions from GRS to NWN Gas Storage.

Palomar Gas Holdings, LLC

NW Natural Energy, LLC ("NWN Energy") and TransCanada American Ltd. ("TCA") owns a fifty percent (50%) membership interest in PGH. PGH wholly owns Palomar Gas Transmission, LLC ("PGT"), which is developing the Palomar Pipeline. (See below for description of PGT).

The affiliated transactions between NWN/NWN Energy and PGH were:

- Recognition of member's share of income and expense (426),
- Because accounting is based on the equity method, PGH has no separate set of accounts except for dedicated nominal accounts in other income and expense on NWN Energy's Income Statement, which includes non-billable expenses to PGH. The investment is tracked as "Other Investments" (124059);
- PGH's use of NWN administrative and operating staff; and
- Payments by NWN to limited outside vendors on PGH's behalf and reimbursed by PGH.

Palomar Gas Transmission, LLC

PGT is a wholly-owned subsidiary of PGH, and has been pursuing the development of a proposed FERC-regulated gas pipeline, known as the Palomar Pipeline.

There were no affiliated transactions between NWN Energy and PGT in 2012.

BL Credit Holdings, LLC

BL Credit Holdings, LLC is a wholly-owned subsidiary of PGT.

There were no affiliated transactions between this subsidiary and NWN Energy in 2012.

WAC 480-90-264 (2)(g)

A list of all common officers and directors between the gas utility and each such affiliated interest or subsidiary, along with their titles in each organization. [Transactions that equal or exceed \$100,000]

NORTHWEST NATURAL GAS COMPANY

DIRECTORS

| | |
|-----------------------------|-------------------|
| Tod R. Hamachek, Chair * | C. Scott Gibson |
| Timothy P. Boyle | Gregg S. Kantor |
| Martha L. ("Stormy") Byorum | Jane L. Peverett |
| John D. Carter | George J. Puentes |
| Mark S. Dodson | Kenneth Thrasher |

* Russell F. Tromley retired as Chairman of the Board of Directors on May 24, 2012.

OFFICERS

| <u>Names</u> | <u>Title as of December 31, 2012</u> | <u>Current Title</u> |
|-------------------------|--|---|
| Gregg S. Kantor | President and Chief Executive Officer | President and Chief Executive Officer |
| David H. Anderson | Senior Vice President & Chief Financial Officer | Executive Vice President, Operations and Regulations |
| J. Keith White | Vice President, Business Development and Energy Supply/Chief Strategic Officer | Vice President, Business Development and Energy Supply/Chief Strategic Officer |
| Stephen P. Feltz | Treasurer, Controller, and Assistant Secretary | Senior Vice President and Chief Financial Officer |
| Lea Anne Doolittle | Senior Vice President | Senior Vice President and Chief Administrative Officer |
| Margaret D. Kirkpatrick | Vice President and General Counsel | Senior Vice President and General Counsel |
| MardiLyn Saathoff | Chief Governance Officer, Deputy General Counsel, and Corporate Secretary | Vice President, Legal, Risk and Land, Chief Governance Officer, and Corporate Secretary |
| C. Alex Miller | Vice President, Finance & Regulation, and Assistant Treasurer | Vice President, Regulation and Treasurer |
| Shawn Filippi** | Assistant Corporate Secretary and Senior Legal Counsel | Assistant Corporate Secretary and Senior Legal Counsel |

(**Bylaws officer of NWN)

NNG FINANCIAL CORPORATION

Wholly-owned subsidiary of Northwest Natural Gas Company

Type of operations: Financial

Year Created: 1984

BOARD OF DIRECTORS

Gregg S. Kantor, Chair*

David H. Anderson*

Lea Anne Doolittle*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE CORPORATION

David H. Anderson*

President and Chief Executive Officer

Stephen P. Feltz*

Senior Vice President and Treasurer

Shawn M. Filippi**

Corporate Secretary

MardiLyn Saathoff*

Assistant Corporate Secretary

David W. Aimone

Assistant Treasurer

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

No changes.

KB PIPELINE COMPANY

Wholly-owned subsidiary of NNG Financial Corporation

Type of Operations: Gas Pipeline, Owner

Year Created: 1991

BOARD OF DIRECTORS

Gregg S. Kantor, Chair*

David H. Anderson*

Lea Anne Doolittle*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE COMPANY

| | |
|----------------------|-------------------------------|
| J. Keith White* | President |
| Randolph S. Friedman | Vice President |
| C. Alex Miller* | Treasurer |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

No changes.

NORTHWEST ENERGY CORPORATION

Wholly-owned subsidiary of Northwest Natural Gas Company

Type of Operations: Non-Operating Holding Company

Year Created: 2001

BOARD OF DIRECTORS

Gregg S. Kantor, Chair*

David H. Anderson*

Margaret D. Kirkpatrick*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE CORPORATION

| | |
|--------------------|---|
| Gregg S. Kantor* | President and Chief Executive Officer |
| David H. Anderson* | Senior Vice President and Chief Financial Officer |
| Stephen P. Feltz* | Treasurer and Controller |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

No changes.

NORTHWEST ENERGY SUB CORPORATION

Wholly-owned subsidiary of Northwest Energy Corporation
Type of Operations: Non-Operating Merger Sub Corporation
Year Created: 2001

BOARD OF DIRECTORS

Gregg S. Kantor, Chair*
David H. Anderson*
Margaret D. Kirkpatrick*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE CORPORATION

| | |
|--------------------|--|
| Gregg S. Kantor* | President and Chief Executive Officer |
| David H. Anderson* | Sr. Vice President and Chief Financial Officer |
| Stephen P. Feltz* | Treasurer and Controller |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

No changes.

NWN GAS RESERVES, LLC

Wholly-owned subsidiary of Northwest Energy Corporation
Type of Operations: Natural Gas Reserves Development
Year Created: 2012

MANAGEMENT

Manager-managed
Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor
David H. Anderson
Margaret D. Kirkpatrick

CHANGES IN MEMBERS OF THE BOARD

The Board was appointed in 2012

OFFICERS OF THE LIMITED LIABILITY COMPANY

| | |
|--------------------|---|
| Gregg S. Kantor* | President and Chief Executive Officer |
| David H. Anderson* | Senior Vice President and Chief Financial Officer |
| Stephen P. Feltz* | Treasurer and Controller |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

All officers were appointed in 2012.

PALOMAR GAS HOLDINGS, LLC

50% membership interest owned by NW Natural Energy, LLC

50% membership interest owned by TransCanada American Investment Ltd.

Type of Operations: Gas Pipeline Owner and Operator

Year created: 2006

MANAGEMENT

Management is by Management Committee consisting of: Dean Ferguson, TransCanada and J. Keith White, NWN.

PALOMAR GAS TRANSMISSION, LLC

Wholly-owned subsidiary of Palomar Gas Holdings, LLC

Type of Operations: Gas Pipeline Owner and Operator

Year Created: 2006

MANAGEMENT

Management is by Management Committee of Palomar Gas Holdings, LLC

BL CREDIT HOLDINGS, LLC

Wholly-owned subsidiary of Palomar Gas Transmission, LLC

Type of Operations: Gas Transportation

Year Created: 2009

MANAGEMENT

B.L. Credit Holdings, LLC is member-managed.

OFFICERS OF THE LIMITED LIABILITY COMPANY

No officers of NWN are officers of the limited liability company.

GILL RANCH STORAGE, LLC

Wholly-owned subsidiary of NW Natural Gas Storage, LLC

Type of Operations: Natural Gas Storage

Year Created: 2007

MANAGEMENT

Gill Ranch Storage, LLC is manager-managed

Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor*

David H. Anderson*

Lea Anne Doolittle*

Margaret D. Kirkpatrick*

J. Keith White*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

None.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David A. Weber President and Chief Executive Officer

C. Alex Miller* Vice President, Treasurer, and Director of Regulatory
Affairs

Dennis L. Henderson Vice President, Marketing

Shawn M. Filippi** Corporate Secretary

MardiLyn Saathoff* Assistant Corporate Secretary

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

None.

NORTHWEST BIOGAS, LLC

50% membership interest owned by Northwest Natural Gas Company
50% membership interest owned by BEF Renewable Incorporated
Type of Operations: Biodigester Owner
Year Created: 2008

Northwest Biogas, LLC is member-managed
Managing Member: Northwest Natural Gas Company

MANAGEMENT

Northwest Biogas, LLC is member-managed
Managing Member: Northwest Natural Gas Company

OFFICERS OF THE LIMITED LIABILITY COMPANY

| | |
|-----------------|----------------|
| Angus Duncan | President |
| Barbara Cronise | Vice President |
| Open | Secretary |

CHANGES IN OFFICERS

Margi Gardner has resigned and replacement Secretary nominations are being considered.

NW NATURAL ENERGY, LLC

Wholly-owned subsidiary of Northwest Natural Gas Company
Type of Operations: Holding Company
Year Created: 2009

MANAGEMENT

NW Natural Energy, LLC is manager-managed
Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor*
David H. Anderson*
Lea Anne Doolittle*
Margaret D. Kirkpatrick*
J. Keith White*

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE LIMITED LIABILITY COMPANY

| | |
|--------------------|---------------------------------------|
| David H. Anderson* | President and Chief Executive Officer |
| J. Keith White* | Chief Operating Officer |
| C. Alex Miller* | Treasurer |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

CHANGES IN OFFICERS

No changes.

NW NATURAL GAS STORAGE, LLC

Wholly-owned subsidiary of NW Natural Energy, LLC

Type of Operations: Natural Gas Storage Development and Holding Company

Year Created: 2009

MANAGEMENT

NW Natural Gas Storage, LLC is manager-managed

Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor*
David H. Anderson*
Lea Anne Doolittle*
Margaret D. Kirkpatrick*
J. Keith White *

(*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

No changes.

OFFICERS OF THE LIMITED LIABILITY COMPANY

| | |
|---------------------|---------------------------------------|
| David A. Weber | President and Chief Executive Officer |
| C. Alex Miller* | Vice President and Treasurer |
| Dennis L. Henderson | Vice President, Marketing |
| Shawn M. Filippi** | Corporate Secretary |
| MardiLyn Saathoff* | Assistant Corporate Secretary |

(*Officer of NWN)

(**Bylaws officer of NWN)

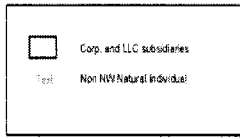
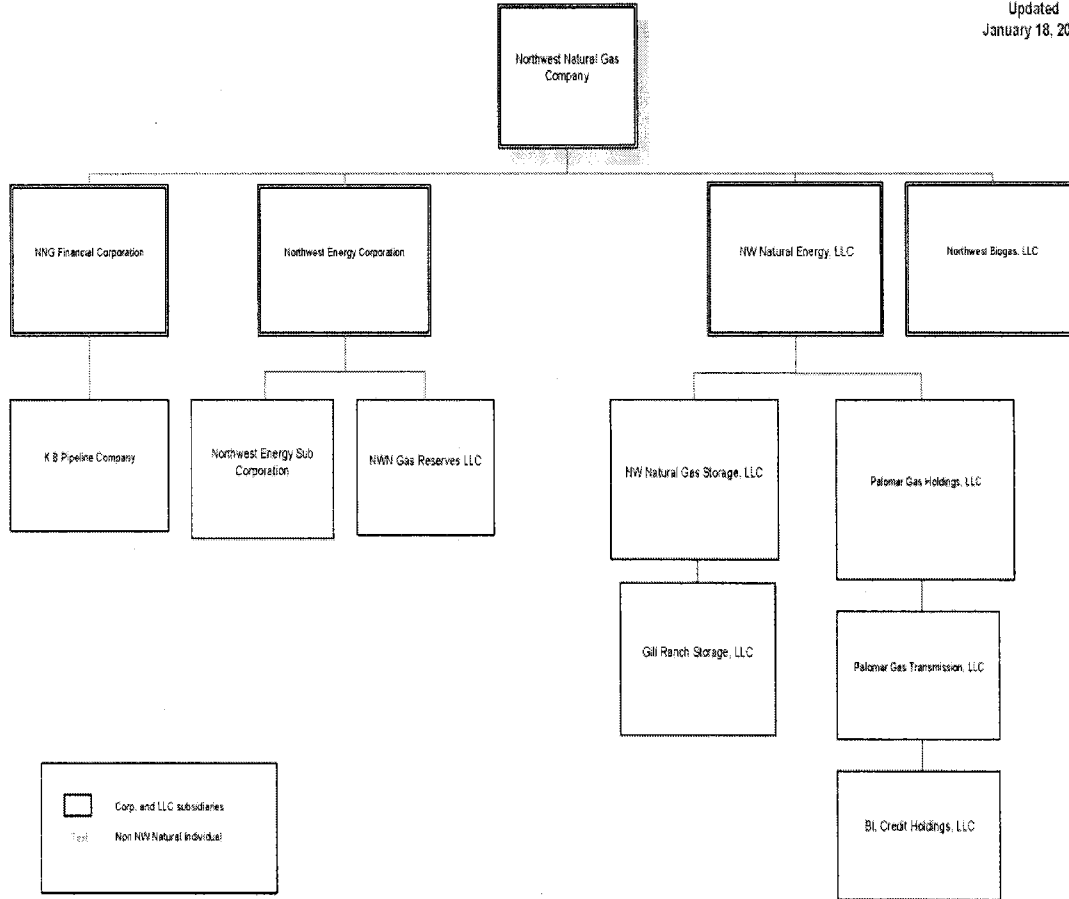
CHANGES IN OFFICERS

No changes.

CHART 1

Organizational Chart of Northwest Natural Gas Company

Updated
January 18, 2013



*See "Affiliated Interests" section on January 12, 2013