

e-FILING REPORT COVER SHEET

REPORT NAME: Initial Report of Securities Issued and Disposition of Net Proceeds

COMPANY NAME: Northwest Natural Gas

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation:  RE (Electric)  RG (Gas)  RW (Water)  
 RO (Other)

Report is required by:  OAR  
 Statute  
 Order Order 14-304  
 Other

Is this report associated with a specific docket/case?  No  Yes  
If Yes, enter docket number: UF 4289

Key words: UF 4289, Initial Report of Securities Issued and Disposition of Proceeds, Prospectus, Northwest Natural Gas, Secured Medium-Term Notes

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

**PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:**

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715.

Shawn M. Filippi  
Vice President, Chief Compliance Officer and  
Corporate Secretary  
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January 4, 2016

*Via Electronic Filing*  
Oregon Public Utility Commission  
3930 Fairview Industrial Dr SE  
Salem, Oregon 97302-1166

**Re: OPUC Order No. 14-304: Docket No. UF 4289, Compliance Filing**

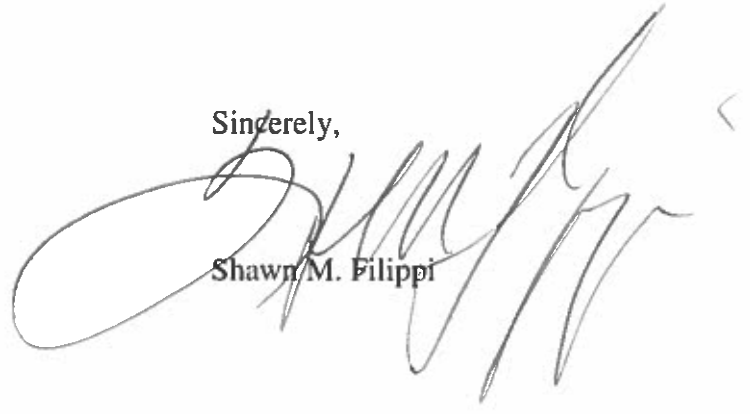
Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”) hereby submits its compliance filing in Docket No. UF 4289.

Commission Order No. 14-304, issued September 2, 2014, in Docket UF 4289 requires the Company to “provide the Commission with the customary Report of Securities Issued and Disposition of Net Proceeds” no later than 30 calendar days after any Debt Securities transaction has been closed and funded. In response please find enclosed the following documents:

1. Initial Report of Securities Issued and Disposition of Net Proceeds.
2. A certified excerpt of minutes of the Board of Directors meeting held July 28, 2016 approving the issuance and sale of up to \$325,000,000 of Medium-Term Notes.
3. Copy of the Twenty-Second Supplemental Indenture to the Mortgage, dated November 1, 2016. A copy of the Mortgage and all other Supplemental Indentures have been previously provided.
4. Copy of the Company’s Notice dated November 8, 2016 with respect to the Distribution Agreement dated as of March 18, 2009 among the Company and Company and Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray & Co., Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc., Mitsubishi UFJ Securities (USA), Inc., RBC Capital Markets, LLC, CIBC World Markets Corp., and TD Securities (USA) LLC. The Distribution Agreement was previously submitted.
5. Registration Statement on Form S-3 filed with the Securities and Exchange Commission on November 8, 2016.
6. Prospectus Supplement, dated November 8, 2016, relating to the Company’s Secured Medium-Term Notes, Series B and Unsecured Medium-Term Notes, Series B.
7. Pricing Supplement No. 1, dated November 30, 2016, filed with the Securities and Exchange Commission.

Please contact me if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shawn M. Filippi', written in a cursive style. The signature is positioned to the right of the typed name.

Shawn M. Filippi

bcc: David H. Anderson  
Brody J. Wilson  
MardiLyn Saathoff, Esq.  
Mark R. Thompson  
Onita R. King  
Alison M. Pear

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the Matter of	)	
	)	
NORTHWEST NATURAL GAS COMPANY,	)	
dba, NW Natural	)	Docket UF 4289
	)	
Application for authorization to issue	)	Initial Report of
and sell up to \$325,000,000 of debt	)	Securities Issued, and
<u>securities</u>	)	Disposition of Proceeds

In July, 2014 Northwest Natural Gas Company (the "Company") filed an application with the Oregon Public Utility Commission (the Commission) under the provisions of Oregon Revised Statutes ("ORS") 757.410, 757.415, 757.480 and Oregon Administrative Rule ("OAR") 860-027-0030 for an order authorizing the Company to offer, issue and sell, from time to time, up to \$325,000,000 aggregate principal amount of debt securities, which debt securities includes, but are not limited to, Medium-Term Notes, Series B, consisting of First Mortgage Bonds designated as Secured Medium-Term Notes, Series B ("Secured Notes") and Unsecured Medium-Term Notes, Series B ("Unsecured Notes," and collectively, "Debt Securities").

On September 2, 2014, the Commission entered its Order No. 14-304, authorizing the Company, subject to certain conditions set forth in said Order, to issue and sell up to \$325,000,000 aggregate principal amount of Debt Securities. Condition 6.B.to Order No. 14-304 specifies that the Company will "provide the customary Report of Securities Issued and Disposition of Net Proceeds." This report is filed in satisfaction of these conditions.

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%, of its Secured Notes authorized by the Commission in Order No. 14-304, 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>
\$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 spreads over yields on like maturity U.S. Treasuries for fixed rate Debt Securities did not exceed the limits set forth by the Commission on Attachment A to Order No. 14-304.

			<u>1.545% Series B Secured MTN due 2018</u>	<u>3.211% Series B Secured MTN due 2026</u>	<u>4.136% Series B Secured MTN due 2046</u>
(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	\$187,500	\$218,750	\$300,000
		Expenses actually and necessarily incurred as detailed in this Report	\$440,398	\$285,519	\$304,879
	Net proceeds to be accounted for		\$74,372,102	\$34,495,731	\$39,395,121

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 not yet been received.

(b) Disposition of Net Proceeds

The total net proceeds of \$148,262,954 received from the initial sale of Secured Notes, in this Docket will used for (1) construction, facility improvement, and maintenance programs; (2) to retire or exchange outstanding stock, bond, note, or other debt issuances; (3) to reimburse Company treasure for funds previously expended; and (4) for other purposes, as may be permitted by law.

(c) Current Credit Ratings

The Company's current credit ratings and credit ratings at time of issue 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 Secured Notes and the accumulative total in connection with the issuance and sale in this Docket of its Secured Notes in direct comparison with the estimates thereof, were as follows:

Item	First Mortgage Bonds Sold in this Docket on December 5, 2016						Per \$100	4.136% Series B Secured MTN due 2046	Per \$100
	1.545% Series B Secured MTN due 2018	Per \$100	3.211% Series B Secured MTN due 2026	Per \$100	Per \$100	Per \$100			
Principal Amount	\$75,000,000	\$100	\$35,000,000	\$100	\$40,000,000	\$100	\$40,000,000	\$100	
Less Discount	0	0	0	0	0	0	0	0	
Gross Proceeds	\$75,000,000	\$100	\$35,000,000	\$100	\$40,000,000	\$100	\$40,000,000	\$100	
Agent's Commission	\$187,500	0.25	\$218,750	0.625	\$300,000	0.75	\$300,000	0.75	
Securities and Exchange Commission registration fee	8,693	0.01	4,057	0.01	4,636	0.01	4,636	0.01	
State mortgage registration tax	0	0	0	0	0	0	0	0	
New York Stock Exchange fee	0	0	0	0	0	0	0	0	
State Commission fee	0	0	0	0	0	0	0	0	
Fees for recording indenture	0	0	0	0	0	0	0	0	
United States document tax	0	0	0	0	0	0	0	0	
Printing and engraving expenses	3,211	0	1,498	0	1,712	0	1,712	0	
Trustee's or Registrar's fees	4,250	0.01	1,983.33	0.01	2,266.67	0.01	2,266.67	0.01	
Counsel's fees	100,960	0.13	47,115	0.13	66,667	0.17	66,667	0.17	
Accountants' fees	2,500	0.0	1,166.67	0.0	1,333.33	0.0	1,333.33	0.0	
Bond Rating Agency fees	150,000	0.20	150,000	0.43	150,000	0.38	150,000	0.38	
Allocation of other shelf registration expenses	170,784	0.22	105,162	0.30	110,558	0.28	110,558	0.28	
Subtotal	627,898	0.82	504,269	1.505	604,879	1.60	604,879	1.60	
Net Amount Realized	\$74,372,102	\$99.18	\$34,495,731	\$98.495	\$39,395,121	\$98.40	\$39,395,121	\$98.40	

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 not yet been received.

The Company has determined that the fees, interest rates, and expenses associated with the issuance of the Secured Notes were cost-effective and consistent with competitive market prices. Agent's commissions associated with the issuance of the Secured Notes did not exceed the maximum range of allowed agent commission for issuances set forth in Attachment A of Order No. 14-304.



INWITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 4th day of January 2016.

NORTHWEST NATURAL GAS COMPANY

By: 

\_\_\_\_\_  
Brody J. Wilson  
Chief Financial Officer, Treasurer, Chief

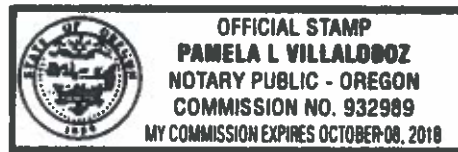
Accounting Officer and Controller (SEAL)

Subscribed and sworn to before me this 4th day of January 2016.



Notary Public for Oregon

My Commission Expires 10/8/18



Executive Offices



## CERTIFIED COPY OF RESOLUTIONS

I, Shawn M. Filippi, the duly elected and acting Corporate Secretary of Northwest Natural Gas Company, a corporation organized and existing under the laws of the State of Oregon, HEREBY CERTIFY that the following is a true and complete copy of resolutions adopted by the Board of Directors of said Corporation at a meeting thereof duly convened and held on the 28<sup>th</sup> day of July, 2016; and that said resolutions were in full force and effect as of the date of this certificate, namely:

RESOLVED, that the Company issue and sell, from time to time, in one or more series (other than with respect to the Common Stock), in any combination, an amount of its securities to be approved by the Finance Committee or, in the case of Medium-Term Notes, Series B, or Common Stock issued pursuant to the Dividend Reinvestment and Direct Stock Purchase Plan ("DRIP Plan Shares") in the amounts heretofore and hereinafter authorized, and such securities may be in the form of (i) First Mortgage Bonds (which may be in the form of secured Medium-Term Notes, which includes the \$325,000,000 remaining principal amount of Medium-Term Notes, Series B heretofore authorized by the Board, which remain unsold), (ii) Unsecured Notes, including junior subordinated debentures (which may be convertible or exchangeable into other securities of the Company and which may be in the form of unsecured Medium-Term Notes, which includes the \$325,000,000 remaining principal amount of Medium-Term Notes, Series B heretofore authorized by the Board, which remain unsold), (iii) Preferred Stock (which may be convertible or exchangeable into other securities of the Company), and (iv) Common Stock (collectively, the "Securities"), provided, however, that the maximum number of shares of Common Stock and of Preferred Stock to be issued and sold shall not exceed the number of shares authorized by the Restated Articles of Incorporation, as amended, less any shares issued or reserved for issuance; and further

RESOLVED, that the officers of the Company hereby are authorized and directed, in its name and behalf, to prepare, execute and file with the Oregon Public Utility Commission ("OPUC") and the Washington Utilities and Transportation Commission ("WUTC") such applications or filings, together with any and all necessary amendments, exhibits and other documents related thereto, as may be necessary, in the case of the OPUC, to obtain orders authorizing, and in the case of the WUTC, establishing compliance with applicable statutory requirements in connection with, the issuance and sale of the Securities; and further

RESOLVED, that the officers of the Company hereby are authorized and directed, in its name and behalf, to prepare, execute and file with the Securities and Exchange Commission (the "Commission") a registration statement or statements on an appropriate form, together with any and all necessary amendments, exhibits and other documents related thereto, (i) for the purpose of registering an unspecified amount of the Securities under the Securities Act of 1933, as amended ("Securities Act"), and the rules and regulations of the Commission promulgated thereunder and (ii) in connection with any registration rights agreement, covering securities to be offered for exchange or registered for sale, in any such case pursuant to Rule 415 or other appropriate rule under the Securities Act, and the rules and regulations of the Commission promulgated thereunder, together with any and all necessary amendments, exhibits and documents relating thereto as in the judgment of such officers are deemed by them to be necessary or appropriate; and further

RESOLVED, that the officers of the Company be, and each of them, acting singly, hereby is, authorized and empowered to prepare, execute and file one or more registration statements under the Securities Exchange Act of 1934, as amended, in connection with an offering of the Securities or otherwise, as such officer may deem necessary or desirable in connection with the sale of all or a portion of the Securities; and further

RESOLVED, that each director and officer of the Company who may execute a registration statement or any amendment thereto with respect to the Securities hereby is authorized to appoint David H. Anderson, Gregory C. Hazelton, Brody J. Wilson, MardiLyn Saathoff, and Shawn M. Filippi and each of them, severally, his or her true and lawful attorneys and attorney, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a director or officer of the Company, such registration statement, together with any and all necessary amendments, exhibits and other documents related thereto, and to file the same with the Commission, with full power and authority to each of such attorneys to do and perform, in the name and on behalf of each of such directors and officers, or any of them, every act whatsoever necessary or desirable to be done in the premises as fully and to all intents and purposes as any such director or officer might or could do in person; and further

RESOLVED, that, in connection with the proposed issuance and sale by the Company of the Securities, it may be necessary and desirable that the Securities be qualified or registered for sale in various jurisdictions of the United States of America; that the officers of the Company hereby are authorized and directed, in its name and behalf, to determine the jurisdictions of the United States of America in which appropriate action shall be taken to qualify or register for sale all or such part of the Securities as such officers may deem to be necessary or advisable; that the officers of the Company hereby are authorized and directed, in its name and behalf, to perform any and all acts which they may deem to be necessary or desirable in order to comply with the applicable laws of any such

jurisdiction, and in connection therewith, to execute and file all requisite instruments and documents, including but not limited to applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and that the execution by such officers, or any of them, of any such instrument or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Company and the validity of the instruments and documents so executed and the action so taken; and further

RESOLVED, that the officers of the Company hereby are authorized, in their discretion and on behalf of the Company, to conduct negotiations with or conduct competitive bidding amongst such underwriters, brokers, dealers, agents and other potential purchasers as they shall select with respect to negotiated or competitively bid underwritten public offerings or private sales by the Company of the Securities; and further

RESOLVED, that, without limiting the authority otherwise provided by these resolutions, the officers of the Company are hereby authorized and empowered to prepare one or more private placement or offering memoranda or an offering circular or other disclosure memoranda, including subscription agreements and other documents, for the offer and sale of any of the Securities in private sales, and any changes in and additions, amendments or supplements thereto, as any of the officers of the Company may deem necessary or desirable; and further

RESOLVED, that, subject to the receipt of all requisite regulatory approvals, the Finance Committee of the Board hereby is authorized, in its discretion and on behalf of the Company, to approve all matters relating to the issuance and sale of the Securities (except that the approval of the Finance Committee of the Board is not necessary in the case of Medium-Term Notes and DRIP Plan Shares, which are previously and hereinafter authorized), including the approval of the number of shares of Common Stock to be sold and the terms of the issuance and sale of the Common Stock and the shares of Preferred Stock, or any securities convertible or exchangeable into, or to acquire, the Common Stock or Preferred Stock, including the price to be paid to the Company therefor, the designation and relative rights, preferences and limitations of any series of Preferred Stock, the execution and delivery of indentures, supplemental indentures, purchase contract agreements and other agreements pursuant to which the terms and conditions of the Securities are established and the terms and conditions of any underwriting, purchase, sales, agency and other agreements with respect to their sales; and further

RESOLVED, that the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer and any duly authorized Attorney-in-Fact of the Company hereby are authorized and directed, in its name and behalf, to execute and deliver any and all indentures, supplemental indentures, purchase contract agreements and other agreements pursuant to which

the terms and conditions of the Securities are established and any and all underwriting, purchase, sales, agency and other agreements with respect to the sale by the Company of the Securities in substantially the form approved by the Finance Committee of the Board, but with such changes therein as may be approved by the person executing the same, his or her approval of any such change to be conclusively evidenced by his or her execution thereof; and that any of such officers and any such Attorney-in-Fact of the Company hereby are authorized and directed, in its name and behalf, to sign, seal, if necessary, and deliver such instruments and documents and to do or cause to be done any and all such acts and things as they shall deem to be necessary or advisable in order to enable the Company to perform all of its obligations under any such agreement; and further

RESOLVED, that in the event that the Company enters into a registration rights agreement or registration rights agreements in connection with the sale of all or a portion of the Securities, nothing herein is intended to, nor shall it, limit or restrict the amount of the Company's Securities which may be issued in exchange for the Securities so sold in accordance with such registration rights agreement(s).

#### **Common Stock**

RESOLVED, that the form of certificate currently being used to represent shares of the Company's Common Stock hereby is approved as the form of certificate to represent the Common Stock; and further

RESOLVED, that, subject to the receipt of all requisite regulatory approvals and upon approval and acceptance by the Finance Committee of an offer to purchase Common Stock, the Company reserves out of the authorized but unissued common stock of the Company the Common Stock, and that, upon issuance, delivery and payment for any Common Stock which may be issued and sold in accordance with the underwriting, purchase, sales, agency and other agreements with respect to the sale by the Company of the Common Stock, such Common Stock shall be fully paid and nonassessable and shall be entitled to all of the rights and privileges provided in the Company's Restated Articles of Incorporation, as amended, and its Bylaws, as amended; and further

RESOLVED, that American Stock Transfer & Trust Company, or any successor approved by the Board, as the case may be, hereby is appointed Transfer Agent and Registrar for the Common Stock; that the officers of the Company hereby are authorized and directed to issue, countersign and deliver the number of shares of the Common Stock issued and sold pursuant to the authorization of the Finance Committee of the Board; and that the Registrar is authorized and directed to register the number of shares of Common Stock issued and sold pursuant to the authorization of the Finance Committee of the Board upon written orders signed in the Company's name by its President or a Vice President and by its Secretary or an Assistant Secretary; and further

RESOLVED, that the officers of the Company, be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to make application to the New York Stock Exchange, Inc. for the listing of the Common Stock, to appear before officials of the New York Stock Exchange, Inc. in connection with such application, and to make such changes in such application and to execute such documents and to take such other action in connection therewith as they may deem necessary or appropriate, the execution of any such instruments or documents and the doing or the causing the doing of any such acts or things to constitute conclusive evidence that the execution and delivery of such instrument or document or the doing of such acts or things was necessary and advisable.

### **Medium-Term Notes**

RESOLVED, that, from time to time, the Company issue and sell, through agents, by competitive bidding or on a negotiated basis, subject to management's judgment, at the times of sales, as to which method shall be more prudent and to regulatory approval, not more than an additional \$325,000,000 principal amount of Medium-Term Notes, Series B, which amount includes the previously authorized Medium-Term Notes, Series B which remain unsold; and further

RESOLVED, that the officers of the Company hereby are authorized, on behalf of the Company, to conduct negotiations with such underwriters, brokers, dealers, agents and others as they shall select with respect to the sale of not more than an additional \$325,000,000 principal amount of Medium-Term Notes, Series B, which amount includes the previously authorized Medium-Term Notes, Series B which remain unsold; and further

RESOLVED, that the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer and any duly authorized Attorney-in-Fact of the Company hereby are authorized and directed, in its name and behalf, to execute and deliver any necessary amendments or supplements to the Distribution Agreement, dated March 18, 2009, as amended (the "Current Distribution Agreement"), or one or more new distribution agreements, in substantially the form of the Company's Current Distribution Agreement, but with such changes therein as may be approved by the person executing the same, his or her approval of any such change to be conclusively evidenced by his or her execution thereof; and that any of such officers and any such Attorney-in-Fact of the Company hereby are authorized and directed, in its name and behalf, to sign, seal, if necessary, and deliver such instruments and documents and to do or cause to be done any and all such acts and things as they shall deem to be necessary or advisable in order to enable the Company to perform all of its obligations under any such agreement; and further

RESOLVED, that the officers of the Company hereby are authorized to execute, in its name and behalf, its Unsecured Medium-Term Notes, Series B, under and pursuant to the provisions of the Indenture dated as of June 1, 1991

from the Company to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) (the "Indenture"), as Trustee, in the forms and denominations hereinbefore established or authorized, with the Company's corporate seal, or a facsimile thereof, impressed or imprinted thereon and attested, and to deliver such Notes for authentication to Deutsche Bank Trust Company Americas, as Trustee under the Indenture; and that Deutsche Bank Trust Company Americas, as Trustee, hereby is requested to authenticate such Notes and to deliver the same as directed by a Company Order or Orders or Instructions pursuant thereto; provided, however, that unless otherwise authorized by the Board, the aggregate principal amount of such Notes to be executed, authenticated and delivered on the basis of this authorization shall not exceed \$325,000,000 (excluding any of such Notes issued upon the transfer or in exchange or replacement thereof); and further

RESOLVED, that the proper officers of the Company hereby are authorized to execute, in its name and behalf, its First Mortgage Bonds of the Twenty-first Series under and pursuant to the provisions of the Company's Mortgage and Deed of Trust, dated as of July 1, 1946, as heretofore supplemented, in the forms and denominations hereinbefore established or authorized, with the Company's corporate seal, or a facsimile thereof, impressed or imprinted thereon and attested, and to deliver such bonds for authentication to Deutsche Bank Trust Company Americas, as Corporate Trustee under such Mortgage and Deed of Trust; and that Deutsche Bank Trust Company Americas, as Corporate Trustee, hereby is requested to authenticate such bonds, and to deliver the same to or upon the written order or written instructions of the President or a Vice President and Treasurer or an Assistant Treasurer of the Company in such authorized denominations as such officers may determine; provided, however, that unless otherwise authorized by the Board, the aggregate principal amount of such bonds to be executed, authenticated and delivered pursuant to this authorization shall not exceed \$325,000,000 (excluding any of such bonds issued upon the transfer or in exchange or replacement thereof); and further

RESOLVED, that full power and authority hereby is delegated to, and vested in, the Finance Committee of the Board to do or cause to be done any and all such actions and things as it shall deem necessary or advisable in order to effect the issuance and sale of not more than an additional \$325,000,000 principal amount of Medium-Term Notes, Series B, and to carry out the purposes of the foregoing resolutions with respect thereto; and further

RESOLVED, that, subject to such further approvals, directions and authorizations as may be given by the Finance Committee of the Board, the officers of the Company hereby are authorized and directed, in its name and behalf, to execute and deliver such instruments and documents and to do or cause to be done any and all such acts and things as they may deem to be necessary or desirable in order to effect the issuance and sale of not more than an additional

\$325,000,000 principal amount of Medium-Term Notes, Series B, and to carry out the purposes of the foregoing resolutions with respect thereto.

**Dividend Reinvestment and Direct Stock Purchase Plan**

RESOLVED, that the Company's Dividend Reinvestment and Direct Stock Purchase Plan (the "Plan"), in the form or substantially the form heretofore presented and reviewed at this meeting, hereby is approved, effective upon the initial distribution of the prospectus with respect to the DRIP Plan Shares; and further

RESOLVED, that the officers of the Company are authorized to make administrative changes to the Plan and to interpret and administer the Plan on behalf of the Company as deemed appropriate by the officers of the Company; and further

RESOLVED, that, subject to receipt of all requisite regulatory approvals, the Company reserves out of authorized but unissued Common Stock of the Company up to an additional 300,000 shares of the Company's Common Stock (the "Additional DRIP Plan Shares") for the purpose of issuance and sale pursuant to the Plan and that the officers of the Company hereby are authorized to determine the number of and times at which such Additional DRIP Plan Shares shall be issued and sold pursuant to the Plan; and further

RESOLVED, that, upon the issuance, delivery and payment therefore pursuant to the Plan, the DRIP Plan Shares of the Company shall be fully-paid and non-assessable and entitled to all rights and privileges provided in the Restated Articles of Incorporation and the Bylaws of the Company; and further

RESOLVED, that the officers of the Company hereby are authorized, in its name and behalf, to cause to be issued and delivered, in accordance with the terms of the Plan, certificates evidencing the DRIP Plan Shares; and further

RESOLVED, that the form of certificate currently being used to represent shares of the Company's Common Stock hereby is approved as the form of certificate to represent DRIP Plan Shares; and further

RESOLVED, that American Stock Transfer & Trust Company hereby is appointed Transfer Agent and Registrar for the DRIP Plan Shares to be issued pursuant to the Plan and hereby is authorized and directed to issue, countersign, register and deliver the DRIP Plan Shares upon written orders signed in the Company's name by its President or a Vice President and by its Secretary or an Assistant Secretary; and further

RESOLVED, that the officers of the Company hereby are authorized and directed, in its name and behalf, to do or cause to be done any and all such acts and things as, in their judgment, may be necessary or desirable in order to effect the issuance and sale of DRIP Plan Shares pursuant to the terms of the Plan, and



to carry out the purposes of the foregoing resolutions with respect thereto; and further

RESOLVED, that the officers of the Company hereby are authorized and directed, in its name and behalf, to prepare, execute and deliver any and all such agreements, instruments and other documents and do and perform any and all such other acts and things, as in their judgment, may be necessary or desirable in order to carry into effect the purposes and intent of the foregoing resolutions.

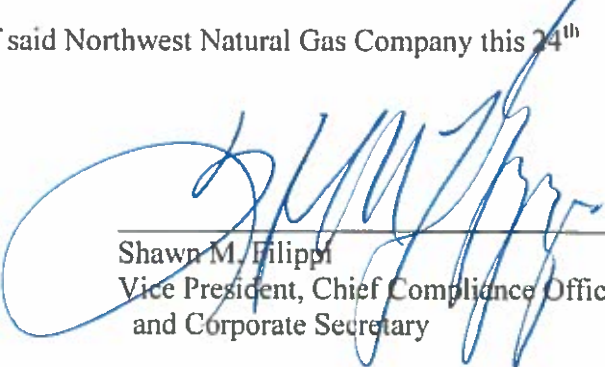
**General**

RESOLVED, that each of the officers of the Company be, and each of them, acting singly, hereby is, authorized and empowered, in the name and on behalf of the Company, to execute, deliver and file all such other instruments and documents and take all such actions as any officer shall determine to be necessary or appropriate to carry out the intent and purposes of the foregoing resolutions (such determination to be conclusively, but not exclusively, evidenced by the execution and delivery of such instruments and documents or the taking of such actions); and further

RESOLVED, that all actions taken and all agreements, instruments, reports and documents executed, delivered or filed through the date hereof by any officer of the Company, in the name and on behalf of the Company, in connection with the transactions described in or contemplated by the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

WITNESS my hand and the seal of said Northwest Natural Gas Company this 24<sup>th</sup> day of October, 2016.



  
\_\_\_\_\_  
Shawn M. Filippi  
Vice President, Chief Compliance Officer  
and Corporate Secretary

EX-4.1 3 ex41q32016.htm EXHIBIT 4.1 TWENTY-SECOND SUPPLEMENTAL INDENTURE

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NORTHWEST NATURAL GAS COMPANY

TO

DEUTSCHE BANK TRUST COMPANY AMERICAS  
(FORMERLY KNOWN AS BANKERS TRUST COMPANY),

As Corporate Trustee under the Mortgage and Deed of Trust,  
dated as of July 1, 1946, of Portland Gas & Coke Company  
(now Northwest Natural Gas Company)

TWENTY-SECOND SUPPLEMENTAL INDENTURE  
PROVIDING, AMONG OTHER THINGS, FOR  
AMENDMENTS TO THE MORTGAGE

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DATED AS OF NOVEMBER 1, 2016

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## TWENTY-SECOND SUPPLEMENTAL INDENTURE

INDENTURE, dated as of the 1st day of November, 2016, made and entered into by and between NORTHWEST NATURAL GAS COMPANY (formerly Portland Gas & Coke Company), an Oregon corporation, with offices at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209 (hereinafter sometimes called the Company), and DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as BANKERS TRUST COMPANY), a New York banking corporation, with offices at 60 Wall Street, 27th Floor, New York, New York 10005 (hereinafter sometimes called the Corporate Trustee or the Trustee), as Trustee under the Mortgage and Deed of Trust, dated as of July 1, 1946 (hereinafter called the Mortgage), executed and delivered by Portland Gas & Coke Company (now Northwest Natural Gas Company) to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, this indenture (hereinafter called Twenty-second Supplemental Indenture) being supplemental thereto;

WHEREAS the Mortgage was or is to be recorded in the official records of various counties in the States of Oregon and Washington which counties include or will include all counties in which this Twenty-second Supplemental Indenture is to be recorded; and

WHEREAS by the Mortgage the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired, made or constructed and intended to be subject to the lien thereof; and

WHEREAS the Company executed and delivered to the Trustee its First Supplemental Indenture, dated as of June 1, 1949 (hereinafter called its First Supplemental Indenture), its Second Supplemental Indenture, dated as of March 1, 1954 (hereinafter called its Second Supplemental Indenture), its Third Supplemental Indenture, dated as of April 1, 1956 (hereinafter called its Third Supplemental Indenture), its Fourth Supplemental Indenture, dated as of February 1, 1959 (hereinafter called its Fourth Supplemental Indenture), its Fifth Supplemental Indenture, dated as of July 1, 1961 (hereinafter called its Fifth Supplemental Indenture), its Sixth Supplemental Indenture, dated as of January 1, 1964 (hereinafter called its Sixth Supplemental Indenture), its Seventh Supplemental Indenture, dated as of March 1, 1966 (hereinafter called its Seventh Supplemental Indenture), its Eighth Supplemental Indenture, dated as of December 1, 1969 (hereinafter called its Eighth Supplemental Indenture), its Ninth Supplemental Indenture, dated as of April 1, 1971 (hereinafter called its Ninth Supplemental Indenture), its Tenth Supplemental Indenture, dated as of January 1, 1975 (hereinafter called its Tenth Supplemental Indenture), its Eleventh Supplemental Indenture, dated as of December 1, 1975 (hereinafter called its Eleventh Supplemental Indenture), its Twelfth Supplemental Indenture, dated as of July 1, 1981 (hereinafter called its Twelfth Supplemental Indenture), its Thirteenth Supplemental Indenture, dated as of June 1, 1985 (hereinafter called its Thirteenth Supplemental Indenture), its Fourteenth Supplemental Indenture, dated as of November 1, 1985 (hereinafter called its Fourteenth Supplemental Indenture), its Fifteenth Supplemental Indenture, dated as of July 1, 1986 (hereinafter called its Fifteenth Supplemental Indenture), its Sixteenth Supplemental Indenture, dated as of November 1, 1988 (hereinafter called its Sixteenth Supplemental Indenture), its Seventeenth Supplemental Indenture, dated as of October 1, 1989 (hereinafter called its Seventeenth Supplemental Indenture), its Eighteenth Supplemental Indenture, dated as of July 1, 1990

(hereinafter called its Eighteenth Supplemental Indenture), its Nineteenth Supplemental Indenture, dated as of June 1, 1991 (hereinafter called its Nineteenth Supplemental Indenture), and its Twentieth Supplemental Indenture, dated as of June 1, 1993 (hereinafter called its Twentieth Supplemental Indenture); and

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WHEREAS the First through Twentieth Supplemental Indentures were filed for record, and were recorded and indexed, as a mortgage of both real and personal property, in the official records of various counties in the States of Oregon and Washington which counties include or will include all counties in which this Twenty-second Supplemental Indenture is to be recorded; and

WHEREAS the Company executed and delivered to the Trustee its Twenty-first Supplemental Indenture, dated as of October 15, 2012 (hereinafter called its Twenty-first Supplemental Indenture); and

WHEREAS said Twenty-first Supplemental Indenture was filed for record, and was recorded and indexed, as a mortgage of both real and personal property, and financing statements were filed, in the official records of the several counties and other offices in the States of Oregon and Washington listed below, as follows:

**IN THE STATE OF OREGON**

**Real Property Mortgage Records**

	<b>County</b>	<b>Recordation Date</b>	<b>Document No.</b>
1	Benton	10/29/12	2012-498581
2	Clackamas	10/29/12	2012-070543
3	Clatsop	10/30/12	2012-08835
4	Columbia	10/30/12	2012-008408
5	Coos	10/30/12	2012-9310
6	Douglas	10/29/12	2012-017139
7	Hood River	10/30/12	2012-03785
8	Lane	10/29/12	2012-055545
9	Lincoln	10/30/12	2012-10566
10	Linn	10/30/12	2012-16819
11	Marion	10/30/12	Reel 3439, Page 71
12	Multnomah	10/29/12	2012-138566
13	Polk	10/29/12	2012-011086
14	Tillamook	10/30/12	2012-006117
15	Wasco	10/30/12	2012-004085
16	Washington	10/29/12	2012-091133
17	Yamhill	10/30/12	2012-15633

**Filed as a Financing Statement**

	<b>Office</b>	<b>Date Filed</b>	<b>File No.</b>
18	Secretary of State	6/23/1993	R61325



## IN THE STATE OF WASHINGTON

**Real Property Mortgage Records**

	<b>County</b>	<b>Recordation Date</b>	<b>Document No.</b>
19	Clark	10/29/12	4906220
20	Klickitat	10/30/12	1100058
21	Skamania	10/30/12	2012181913

WHEREAS an instrument dated as of June 14, 1951, was executed by the Company appointing J. C. KENNEDY as Co-Trustee in succession to said R. G. PAGE (resigned) under the Mortgage and by J. C. KENNEDY accepting the appointment as Co-Trustee under the Mortgage in succession to R. G. PAGE, which instrument was recorded in various counties in the States of Oregon and Washington; and

WHEREAS, in the Ninth Supplemental Indenture STANLEY BURG was appointed by the Company as Co-Trustee under the Mortgage in succession to J. C. KENNEDY (resigned) and in the Ninth Supplemental Indenture STANLEY BURG accepted such appointment as Co-Trustee under the Mortgage in succession to J. C. KENNEDY; and

WHEREAS, Section 103 of the Mortgage provides, among other things, that if for any reason it shall not be necessary, in the opinion of counsel, that there shall be a Co-Trustee and the Company shall file with the Corporate Trustee and also with the Co-Trustee, an Opinion of Counsel to that effect and a written request for the removal of the Co-Trustee, the Co-Trustee shall forthwith cease to be a Trustee under the Mortgage, and all powers of the Co-Trustee shall forthwith terminate, as shall his right, title or interest in and to the trust estate and, unless and until there shall be appointed a new Trustee or successor to the Co-Trustee, all the right, title and powers of the Trustees shall devolve upon the Corporate Trustee and its successors alone; and

WHEREAS, the Company having filed with the Corporate Trustee and the Co-Trustee such Opinion of Counsel and such written request; and

WHEREAS, pursuant to Sections 103 of the Mortgage, the Company and the Corporate Trustee have agreed that Stanley Burg has ceased to be a Trustee under the Mortgage, and all powers of the Co-Trustee have terminated, as has his right, title or interest in and to the trust estate; and, unless and until there shall be appointed a new Trustee or successor to the Co-Trustee, all the right, title and powers of the Trustees has devolved upon the Corporate Trustee and its successors alone; and

WHEREAS in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, as supplemented, and on the date hereof there remain outstanding, the following series of First Mortgage Bonds:

<u>Series</u>	<u>Principal Amount Outstanding</u>
Secured Medium-Term Notes, Series A	\$ 10,000,000
Secured Medium-Term Notes, Series B (bonds of the Twenty-first Series)	\$541,700,000
4.00% Series due 2042 (bonds of the Twenty-second Series)	\$ 50,000,000

; and

WHEREAS Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder shall be established by Resolution of the Board of Directors of the Company; that the form of such series, as established by the Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof; and that such Series may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may (to the extent permitted by law) be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein or in any supplemental indenture or may (in lieu of establishment by Resolution as provided in Section 8 of the Mortgage) establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS the Company now desires (pursuant to the provisions of Section 120 of the Mortgage) to add to its covenants and agreements contained in the Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it, to cure certain ambiguities contained in the Mortgage or in certain supplemental indentures, and to alter and amend in certain respects the covenants and provisions contained in the Mortgage, as heretofore supplemented and amended; and

WHEREAS the execution and delivery by the Company of this Twenty-second Supplemental Indenture, and the terms of the bonds of the Twenty-first Series hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate resolutions of the Board of Directors;



## NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That Northwest Natural Gas Company, in consideration of the above premises and such other valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, and in further assurance of the estate, title and rights of the Trustee, and in order further to secure the payment both of the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their

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tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances, as defined in Section 6 of the Mortgage) to Deutsche Bank Trust Company Americas, as Trustee under the Mortgage, and to its successor or successors in said trust, and to said Trustee and its successors and assigns forever, all property, real, personal and mixed, acquired by the Company after the date of the Mortgage, of the kind or nature specifically mentioned in Article XXI of the Mortgage or of any other kind or nature (except any herein or in the Mortgage expressly excepted) now owned or, subject to the provisions of subsection (I) of Section 87 of the Mortgage, hereafter acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing) all lands, gas plants, by-product plants, gas holders, gas mains and pipes; all power sites, water rights, reservoirs, canals, raceways, dams, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, street lighting systems, standards and other equipment incidental thereto, telephone, radio, television and air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracts, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, gas, electric and other machines, regulators, meters, transformers, generators, motors, gas, electrical and mechanical appliances, conduits, cables, gas, water, steam heat or other pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture and chattels; all franchises, consents or permits; all lines for the transmission and distribution of gas, electric current, steam heat or water for any purpose including mains, pipes, conduits, towers, poles, wires, cables, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to public or private property, real or personal, or the occupancy of such property and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all right, title and interest the Company may now have or may hereafter acquire in and to any and all property of any kind or nature wheresoever situated.

TOGETHER WITH all and singular the tenements, hereditaments, prescriptions, servitudes and appurtenances belonging or in anywise appertaining to the aforementioned property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforementioned property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of subsection (I) of Section 87 of the Mortgage, all the property, rights, and franchises acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) after the date hereof (other than any Excepted Property) shall be and are as fully granted and conveyed hereby and by the Mortgage, and as fully embraced within the lien hereof and the lien of the Mortgage, as supplemented, as if such property, rights and franchises were now owned by the Company and were

specifically described herein or in the Mortgage, as heretofore supplemented, and conveyed hereby or thereby.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, to Deutsche Bank Trust Company Americas, as Trustee, and its successors and assigns forever.

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IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this Twenty-second Supplemental Indenture being supplemental thereto.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed, and to the estates, rights, obligations and duties of the Company and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors in the trust, in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustee by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustee and its successors in said trust under the Mortgage, as follows:

#### ARTICLE I.

##### AMENDMENTS OF CERTAIN PROVISIONS OF THE MORTGAGE

###### SECTION 1.01 *Meetings and Consents of Bondholders.*

Pursuant to the reservation of right in Section 6 of Article III of the Ninth Supplemental Indenture, the Company hereby amends Article XIX of the Mortgage to read as set forth in Section 6 of Article III of the Ninth Supplemental Indenture.

###### SECTION 1.02 *Release and Substitution of Property.*

Pursuant to the reservation of right in Section 2.03 of Article II of the Eighteenth Supplemental Indenture, the Company hereby

(A) amends subdivision (1) of Section 59 of the Mortgage to read as follows:

“(1) an Officers’ Certificate describing in reasonable detail the property to be released and requesting such release;”

(B) amends subdivisions (3)(b) and (c) of Section 59 of the Mortgage to read as follows:

“(b) the fair value, and the Cost (or as to Property Additions constituting Funded Property of which the fair value to the Company at the time the same became Funded Property was less than the Cost, then such fair value in lieu of Cost), in the opinion of the signers, of the property (or securities) to be released; (c) the Cost (or as to Property Additions constituting Funded Property of which the fair value to the Company at the time the same became Funded Property was less than the Cost, then such fair value in lieu of Cost), in the opinion of the signers, of any portion thereof that is Funded Property;”

and

- (C) amends the first six lines of subdivision (4) of Section 59 of the Mortgage to read as follows:
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“(4) an amount in cash, to be held by the Corporate Trustee as part of the Mortgaged and Pledged Property, equivalent to the amount, if any, by which the Cost (or as to Property Additions constituting Funded Property of which the fair value to the Company at the time the same became Funded Property was less than the Cost, then such fair value in lieu of Cost) of the property to be released, as specified in the Engineer’s Certificate provided for in subdivision (3) above, exceeds the aggregate of the following items:”

*SECTION 1.03 Net Earning Certificate.*

*Annual Interest Requirements for Variable Rate Bonds.* Pursuant to the reservation of right in Section 2.01 of Article II of the Eighteenth Supplemental Indenture, the Company hereby amends subdivision (B) of Section 7 of the Mortgage and the first paragraph following such subdivision (B) to read as set forth in such Section 2.01.

*SECTION 1.04 Bonding Ratio.*

Pursuant to the reservation of right in Section 2.02 of Article II of the Eighteenth Supplemental Indenture, the Company hereby amends Sections 25, 26, 59 and 61 of the Mortgage by substituting the phrase “seventy per centum (70%)” for the phrase “sixty per centum (60%)” and substituting the phrase “ten-sevenths (10/7ths)” for the phrase “ten-sixths (10/6ths)” each time such phrase or phrases occur in said Sections.

*SECTION 1.05 Deductions for Retired Automotive Equipment.*

Pursuant to the reservation of right in Section 3 of the Third Supplemental Indenture, the Company hereby amends the Mortgage, as amended and supplemented, to delete clause (ii) of Section 4(II)(A) of the Mortgage, as amended and supplemented.

*SECTION 1.06 Releases of Unfunded Property.*

Pursuant to the reservation of right in Section 2.03 of Article II of the Eighteenth Supplemental Indenture, the Company hereby amends (A) Section 60 of the Mortgage as provided in such Section 2.03 and (B) the definition of “Engineer’s Certificate” in Section 3 of the Mortgage to read as provided in such Section 2.03.

*SECTION 1.07 Excepted Property.*

The term “Excepted Property” shall mean the property described in clauses (1) through (6) of the paragraph on pages 10-11 of the Mortgage, as amended and supplemented from time to time (and the corresponding provision in each supplemental indenture thereto).

Clause (1) of the paragraph on pages 10-11 of the Mortgage (and the corresponding provision in each supplemental indenture thereto) is hereby amended to read:

“(1) all cash on hand or in banks or other financial institutions, deposit accounts, securities accounts, shares of stock, interests in business trusts, general or limited partnerships or limited liability companies, bonds, notes, mortgages, other evidences of indebtedness and other securities, security entitlements, commodities accounts and other investment property of

whatsoever kind and nature, not hereafter specifically pledged, paid, deposited, delivered or held hereunder or covenanted so to be;”

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Clause (3) of the paragraph on pages 10-11 of the Mortgage (and the corresponding provision in each supplemental indenture thereto) is hereby amended to read:

“(3) bills, notes and accounts receivable, judgments, demands and choses in action (including payment intangibles, commercial tort claims and tax credits), and all contracts, leases and operating agreements (including policies of insurance, chattel paper, cooperative interests, warehouse receipts, and contract rights granted by statute or governmental action, including rights to bill and collect revenues or other amounts from customers or others) not specifically pledged hereunder or hereinafter covenanted so to be;

Clause (6) of the paragraph on pages 10-11 of the Mortgage (and the corresponding provision in each supplemental indenture thereto) is hereby amended to read:

“(6) the Company’s franchise to be a corporation; and all properties, real, personal and mixed, which subsequent to November 1, 2016 have been released from the Lien of this Indenture, and any improvements, extensions and additions to such properties and renewals, replacements and substitutions of or for any parts thereof;”

#### SECTION 1.08 *Additional Definitions.*

Section 3 of the Mortgage is hereby amended to add the following definitions:

“The term “Authorized Officer” means the President, any Vice President, the Treasurer, any Assistant Treasurer, or any other officer, manager or agent of the Company duly authorized pursuant to a Resolution to act in respect of matters relating to this Indenture.

The term “Bonding Ratio” shall mean the percentage stated in Section 25 of the Mortgage, as amended and supplemented, and the term “Reciprocal of the Bonding Ratio” shall mean the reciprocal of such percentage.

The term “Business Day”, when used with respect to a place of payment for the bonds or any other particular location specified in the bonds or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such place of payment or other location are required by law, regulation or executive order to remain closed, or a day on which the corporate trust office of the Corporate Trustee is closed for business.

The term “Company Order” means a written order or request signed in the name of the Company by an Authorized Officer of the Company and delivered to the Corporate Trustee.

The term “corporation” means a corporation, association, company, limited liability company, partnership, limited partnership, joint stock company or business trust, and references to “corporate” and other derivations of “corporation” herein shall be deemed to include appropriate derivations of such entities.

The term “Fair Value”, with respect to property, means the fair value of such property as determined in the reasonable judgment of the Person certifying to such value, such



determination to be based on any one or more factors deemed relevant by such Person, including, without limitation, (a) the amount which would be likely to be obtained in an arm's-length transaction with respect to such property between an informed and willing buyer and an informed and willing seller, under no

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compulsion, respectively, to buy or sell, (b) the amount of investment with respect to such property which, together with a reasonable return thereon, would be likely to be recovered through ordinary business operations or otherwise, (c) the Cost, accumulated depreciation, and replacement cost with respect to such property and/or (d) any other relevant factors; provided, however, that (x) the Fair Value of property shall be determined without deduction for any Liens on such property prior to the Lien of this Indenture (except that the Fair Value of property to be released from the Lien of this Indenture shall be determined with deduction for any Liens on such property prior to the Lien of this Indenture) and (y) the Fair Value to the Company of Property Additions may be of less value to a Person which is not the owner or operator of the Mortgaged and Pledged Property or any portion thereof than to a Person which is such owner or operator. Fair Value may be determined, without physical inspection, by the use of accounting and engineering records and other data maintained by the Company or otherwise available to the Engineer certifying the same.

The term "Governmental Authority" means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any thereof, or any department, agency, authority or other instrumentality of any of the foregoing.

The term "Holder" means a Person in whose name a bond is registered pursuant to Section 13 of the Mortgage, as amended and supplemented.

The term "Issue Date", when used with respect to the bonds of the Twenty-first Series, shall have the meaning specified in the Twentieth Supplemental Indenture.

The term "Lien" means any mortgage, deed of trust, pledge, security interest, encumbrance, easement, lease, reservation, restriction, servitude, charge or similar right and any other lien of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and any defect, irregularity, exception or limitation in record title.

The term "Person" means any individual, corporation, joint venture, trust or unincorporated organization or any Governmental Authority.

The term "Permitted Liens" shall mean as of any particular time, any of the following:

(a) Liens for taxes, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith by appropriate proceedings or of which at least ten (10) Business Days notice has not been given to the general counsel of the Company or to such other Person designated by the Company to receive such notices;

(b) mechanics', workmen's, repairmen's, materialmen's, warehousemen's, and carriers' Liens, other Liens incident to construction, Liens or privileges of any employees of the Company for salary or wages earned, but not yet payable, and other Liens, including without limitation Liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at

least ten (10) Business Days notice has not been given to the general counsel of the Company or to such other Person designated by the Company to receive such notices;

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(c) Liens in respect of attachments, judgments or awards arising out of judicial or administrative proceedings (i) in an amount not exceeding the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the principal amount of the bonds then Outstanding or (ii) with respect to which the Company shall (X) in good faith be prosecuting an appeal or other proceeding for review and with respect to which the Company shall have secured a stay of execution pending such appeal or other proceeding or (Y) have the right to prosecute an appeal or other proceeding for review or (Z) have not received at least ten (10) Business Days notice given to the general counsel of the Company or to such other Person designated by the Company to receive such notices;

(d) easements, leases, reservations or other rights of others in, on, over and/or across, and laws, regulations and restrictions affecting, and defects, irregularities, exceptions and limitations in title to, the Mortgaged and Pledged Property or any part thereof; provided, however, that such easements, leases, reservations, rights, laws, regulations, restrictions, defects, irregularities, exceptions and limitations do not in the aggregate materially impair the use by the Company of the Mortgaged and Pledged Property considered as a whole for the purposes for which it is held by the Company;

(e) Liens, defects, irregularities, exceptions and limitations in (i) title to real property subject to rights-of-way in favor of the Company or otherwise or used or to be used by the Company primarily for right-of-way purposes; (ii) real property held under lease, easement, license or similar right; or (iii) the rights-of-way, leases, easements, licenses or similar rights in favor of the Company; provided, however, that (A) the Company shall have obtained from the apparent owner or owners of such real property a sufficient right, by the terms of the instrument granting such right-of-way, lease, easement, license or similar right, to the use thereof for the purposes for which the Company acquired the same; (B) the Company has power under eminent domain or similar statutes to remove or subordinate such Liens, defects, irregularities, exceptions or limitations or (C) such defects, irregularities, exceptions and limitations may be otherwise remedied without undue effort or expense; and defects, irregularities, exceptions and limitations in title to flood lands, flooding rights and/or water rights;

(f) Liens securing indebtedness or other obligations neither created, assumed nor guaranteed by the Company nor on account of which it customarily pays interest upon real property or rights in or relating to real property acquired by the Company for the purpose of the transmission or distribution of electric energy, gas or water, for the purpose of telephonic, telegraphic, radio, wireless or other electronic communication or otherwise for the purpose of obtaining rights-of-way;

(g) leases existing on November 1, 2016 affecting properties owned by the Company at said date and renewals and extensions thereof; and leases affecting such properties entered into after such date or affecting properties acquired by the Company after such date which, in either case, (i) have respective terms of not more than ten (10) years (including extensions or



renewals at the option of the tenant) or (ii) do not materially impair the use by the Company of such properties for the respective purposes for which they are held by the Company;

(h) Liens vested in lessors, licensors, franchisors or permittees for rent or other amounts to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses, franchises or permits, so long as the payment of such rent or other amounts or the performance of such other obligations or acts is not delinquent or is being contested in good faith and by appropriate proceedings;

(i) controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon the Mortgaged and Pledged Property or any part thereof or the operation or use thereof or upon the Company with respect to the Mortgaged and Pledged Property or any part thereof or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(j) rights which Governmental Authorities may have by virtue of franchises, grants, licenses, permits or contracts, or by virtue of law, to purchase, recapture or designate a purchaser of or order the sale of the Mortgaged and Pledged Property or any part thereof, to terminate franchises, grants, licenses, permits, contracts or other rights or to regulate the property and business of the Company; and any and all obligations of the Company correlative to any such rights;

(k) Liens required by law or governmental regulations (i) as a condition to the transaction of any business or the exercise of any privilege or license, (ii) to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks, (iii) in connection with workmen's compensation, unemployment insurance, social security, any pension or welfare benefit plan or (iv) to share in the privileges or benefits required for companies participating in one or more of the arrangements described in clauses (ii) and (iii) above;

(l) Liens on the Mortgaged and Pledged Property or any part thereof which are granted by the Company to secure duties or public or statutory obligations or to secure, or serve in lieu of, surety, stay or appeal bonds;

(m) rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water, steam and any other products, developed, produced, manufactured, generated, purchased or otherwise acquired by the Company or by others on property of the Company;

(n) (i) rights and interests of Persons other than the Company arising out of contracts, agreements and other instruments to which the Company is a party and which relate to the common ownership or joint use of property; and (ii) all Liens on the interests of Persons other than the Company in property owned in common by such Persons and the Company if and to the extent that the enforcement of such Liens would not adversely affect the interests of the Company in such property in any material respect;

(o) any restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service corporation;

(p) any Liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;

(q) any controls, liens, restrictions, regulations, easements, exceptions or reservations of any public authority or unit applying particularly to any form of space satellites (including but not limited to solar power satellites), space stations and other analogous facilities whether or not in the earth's atmosphere;

(r) easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Company for the purpose of roads, pipe lines, transmission lines, distribution lines, communication lines, railways, removal or transportation of coal, lignite, gas, oil or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that such grant shall not materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Company;

(s) any Lien of the Trustees granted pursuant to Section 96 of this Indenture; and

(t) any Lien securing indebtedness for the payment of which money in the necessary amount shall have been irrevocably deposited in trust with the trustee or other holder of such Lien; provided, however, that if such indebtedness is to be redeemed or otherwise prepaid prior to the stated maturity thereof, any notice requisite to such redemption or prepayment shall have been given in accordance with the mortgage or other instrument creating such Lien or irrevocable instructions to give such notice shall have been given to such trustee or other holder."

SECTION 1.09 *Governing Law*. The Mortgage, as amended and supplemented, shall be governed by and construed in accordance with the law of the State of New York (including without limitation Section 5-1401 of the New York General Obligations Law or any successor to such statute), without giving effect to its conflicts-of-law principles, except to the extent that the Trust Indenture Act shall be applicable and except to the extent that the law of any jurisdiction wherein any portion of the Mortgaged and Pledged Property is





located shall mandatorily govern the creation of a mortgage lien on or security interest in, or perfection, priority or enforcement of the Lien of this Indenture or exercise of remedies with respect to, such portion of the Mortgaged and Pledged Property.

SECTION 1.10 *Effective Date*. Each of the amendments set forth in this Article I shall be effective as of November 1, 2016.

## ARTICLE II.

### THE COMPANY RESERVES THE RIGHT TO AMEND CERTAIN PROVISIONS OF THE MORTGAGE

SECTION 2.01. *Delete Earnings Test*. The Company reserves the right, without any consent, vote or other action by holders of bonds of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend the Mortgage, as amended and supplemented, to delete all provisions in the Mortgage, as amended and supplemented, which require a Net Earning Certificate, whether as a condition precedent to the authentication and delivery of bonds or otherwise, including Section 27, Section 28(6), the penultimate paragraph of Section 29, and Section 30(3) of the Mortgage, as amended and supplemented.

SECTION 2.02. *Delete Requirement for Disposition of Released Property*. The Company reserves the right, without any consent, vote or other action by holders of bonds of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend the Mortgage, as amended and supplemented, (A) to delete clause (a) of subdivision (3) of Section 59 of the Mortgage, as amended and supplemented, and (B) to delete clause (b) of subdivision (1) of Section 60(II) of the Mortgage, as amended and supplemented.

SECTION 2.03. *Redefine Funded Property*. The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 5 of the Mortgage, as amended and supplemented, to replace the first two paragraphs thereof with three paragraphs reading substantially as follows:

“The term “Funded Property Certificate” shall mean an Independent Engineer’s Certificate delivered to the Corporate Trustee, within ninety days after the date thereof,

(A) stating the aggregate principal amount of bonds then Outstanding under this Indenture;

(B) stating the aggregate principal amount of bonds which the Company is then entitled to have authenticated and delivered by compliance with the provisions of Section 29 hereof;

(C) stating an amount equal to the sum of the amounts stated in clauses (A) and (B) above divided by the Bonding Ratio;

(D) describing all or any portion of the Mortgaged and Pledged Property which, in the opinion of the signers, has an aggregate Fair Value not less than the amount stated in clause (C) above.

The term "Funded Property" shall mean:

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(1) all Mortgaged and Pledged Property described in the most recent Funded Property Certificate delivered to the Corporate Trustee;

(2) all Property Additions to the extent that the same shall have been made the basis of the authentication and delivery of bonds under this Indenture after the date of the most recent Funded Property Certificate delivered to the Corporate Trustee;

(3) all Property Additions to the extent that the same shall have been made the basis of the release of property from the Lien of this Indenture after the date of the most recent Funded Property Certificate delivered to the Corporate Trustee, subject, however, to the provisions of Section 59 hereof;

(4) all Property Additions to the extent that the same shall have been substituted (otherwise than under the release or cash withdrawal provisions hereof) for Funded Property retired after the date of the most recent Funded Property Certificate delivered to the Corporate Trustee; and

(5) all Property Additions to the extent that the same shall have been made the basis of the withdrawal of any Funded Cash as hereinafter defined after the date of the most recent Funded Property Certificate delivered to the Corporate Trustee, except to the extent that any such Property Additions shall no longer be deemed to be Funded Property in accordance with the provisions of other Sections of this Indenture.

In the event that in any certificate filed with the Corporate Trustee in connection with any of the transactions referred to in clauses (2), (3) and (5) of this Section only a part of the Cost or fair value of the Property Additions described in such certificate shall be required for the purposes of such certificate, then such Property Additions shall be deemed to be Funded Property only to the extent so required for the purpose of such certificate.”

The foregoing amendment shall not become effective unless and until the Company elects to deliver, and shall have delivered, a Funded Property Certificate to the Corporate Trustee.

SECTION 2.04. *Insurance.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 37 of the Mortgage, as amended and supplemented, to read substantially as follows:

“Section 37. (a) The Company shall (i) keep or cause to be kept all the Mortgaged and Pledged Property insured against loss by fire, to the extent that property of similar character is usually so insured by companies similarly situated and operating like properties, to a reasonable amount, by reputable insurance companies, the proceeds of such insurance (except as to any loss of Excepted Property and except as to any particular loss less than the greater of (A) Twenty Million Dollars (\$20,000,000) and (B) three percent (3%) of the principal amount of bonds Outstanding on the date of such particular loss) to be made payable, subject to applicable law, to the Corporate Trustee as the interest of the Corporate Trustee may appear, or to the trustee or other holder of any Lien prior hereto upon property subject to the Lien hereof, if the terms thereof require such payment, or to the agent or representative of the owners of jointly-owned property if the terms of such joint ownership require such payment or

(ii) in lieu of or supplementing such insurance in whole or in part, adopt some other method or plan of protection against loss by fire at least equal in protection to the method or plan of protection against loss by fire of companies similarly situated and operating properties subject to

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similar fire hazards or properties on which an equal primary fire insurance rate has been set by reputable insurance companies; and if the Company shall adopt such other method or plan of protection, it shall, subject to applicable law (and except as to any loss of Excepted Property and except as to any particular loss less than the greater of (X) Twenty Million Dollars (\$20,000,000) and (Y) three percent (3%) of the principal amount of bonds Outstanding on the date of such particular loss) pay to the Corporate Trustee on account of any loss covered by such method or plan an amount in cash equal to the amount of such loss less any amounts otherwise paid to the Corporate Trustee in respect of such loss or paid to the trustee or other holder of any Lien prior hereto upon property subject to the Lien hereof in respect of such loss if the terms thereof require such payment or paid to the agent or representative of the owners of jointly-owned property if the terms of such joint ownership require such payment. Any cash so required to be paid by the Company pursuant to any such method or plan shall for the purposes of this Indenture be deemed to be proceeds of insurance. In case of the adoption of such other method or plan of protection, the Company shall furnish to the Corporate Trustee a certificate of an actuary or other qualified person appointed by the Company with respect to the adequacy of such method or plan.

Anything herein to the contrary notwithstanding, the Company may have fire insurance policies with (i) a deductible provision in a dollar amount per occurrence not exceeding the greater of (A) Twenty Million Dollars (\$20,000,000) and (B) three percent (3%) of the principal amount of the bonds Outstanding on the date such policy goes into effect, and/or (ii) co-insurance or self insurance provisions with a dollar amount per occurrence not exceeding thirty percent (30%) of the loss proceeds otherwise payable; provided, however, that the dollar amount described in clause (i) above may be exceeded to the extent such dollar amount per occurrence is below the deductible amount in effect as to fire insurance (X) on property of similar character insured by companies similarly situated and operating like property or (Y) on property as to which an equal primary fire insurance rate has been set by reputable insurance companies.

(b) All moneys paid to the Corporate Trustee by the Company in accordance with this Section or received by the Corporate Trustee as proceeds of any insurance, in either case on account of a loss on or with respect to Funded Property, shall, subject to any Lien prior hereto upon property subject to the Lien hereof, be held by the Corporate Trustee and, subject as aforesaid, shall be paid by it to the Company to reimburse the Company for an equal amount expended or committed for expenditure in the rebuilding, renewal and/or replacement of or substitution for the property destroyed or damaged, upon receipt by the Corporate Trustee of:

- (i) a letter signed by an officer of the Company requesting such payment,
- (ii) an Engineer's Certificate:
  - (A) describing the property so damaged or destroyed;
  - (B) stating the Cost of such property (or, if the fair value to the Company of such property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such fair value, as so certified, in lieu of Cost) or, if such damage or destruction shall have affected

only a portion of such property, stating the allocable portion of such Cost or fair value;

(C) stating the amounts so expended or committed for expenditure in the rebuilding, renewal, replacement of and/or substitution for such property; and

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(D) stating the fair value to the Company of such property as rebuilt or renewed or as to be rebuilt or renewed and/or of the replacement or substituted property, and if

(a) within six months prior to the date of acquisition thereof by the Company, such property has been used or operated, by a person or persons other than the Company, in a business similar to that in which it has been or is to be used or operated by the Company, and

(b) the fair value to the Company of such property as set forth in such Engineer's Certificate is not less than Twenty-five Thousand Dollars (\$25,000) and not less than one percent (1%) of the aggregate principal amount of the bonds at the time Outstanding,

the Engineer making the statement required by this clause (D) shall be an Independent Engineer, and

(iii) an Opinion of Counsel stating that, in the opinion of the signer, the property so rebuilt or renewed or to be rebuilt or renewed, and/or the replacement property, is or will be subject to the Lien hereof.

Any such moneys not so applied within thirty-six (36) months after its receipt by the Corporate Trustee, or in respect of which notice in writing of intention to apply the same to the work of rebuilding, renewal, replacement or substitution then in progress and uncompleted shall not have been given to the Corporate Trustee by the Company within such thirty-six (36) months, or which the Company shall at any time notify the Corporate Trustee is not to be so applied, shall thereafter be withdrawn, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 61; provided, however, that if the amount of such moneys shall exceed the amount stated pursuant to clause (B) in the Engineer's Certificate referred to above, the amount of such excess shall not be deemed to be Funded Cash, shall not be subject to Section 61 and shall be remitted to or upon the order of the Company upon the withdrawal, use or application of the balance of such moneys pursuant to Section 61.

Anything in this Indenture to the contrary notwithstanding, if property on or with respect to which a loss occurs constitutes Funded Property in part only, the Company may, at its election, obtain the reimbursement of insurance proceeds attributable to the part of such property which constitutes Funded Property under this subsection (b) and obtain the reimbursement of insurance proceeds attributable to the part of such property which does not constitute Funded Property under subsection (c) of this Section.

(c) All moneys paid to the Corporate Trustee by the Company in accordance with this Section or received by the Corporate Trustee as proceeds of any insurance, in either case on account of a loss on or with respect to property which does not constitute Funded Property, shall, subject to the requirements of any Lien prior hereto upon

property subject to the Lien hereof, be held by the Corporate Trustee and, subject as aforesaid, shall be paid by it to the Company upon receipt by the Corporate Trustee of:

- (i) a letter from an officer of the Company requesting such payment;
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(ii) an Engineer's Certificate stating:

(A) that such moneys were paid to or received by the Corporate Trustee on account of a loss on or with respect to property which does not constitute Funded Property; and

(B) if true, either (I) that the aggregate amount of the Cost or fair value to the Company (whichever is less) of all Property Additions which do not constitute Funded Property (excluding, to the extent of such loss, the property on or with respect to which such loss was incurred), after making deductions therefrom and additions thereto of the character contemplated by Section 4, is not less than zero (0) or (II) that the amount of such loss does not exceed the aggregate Cost or fair value to the Company (whichever is less) of Property Additions acquired, made or constructed on or after the ninetieth (90th) day prior to the date of the request for such payment; or

(C) if neither of the statements contemplated in subclause (B) above can be made, the amount by which zero (0) exceeds the amount referred to in subclause (B)(I) above (showing in reasonable detail the calculation thereof); and

(iii) if the Engineer's Certificate required by clause (ii) above contains neither of the statements contemplated in clause (ii)(B) above, an amount in cash, to be held by the Corporate Trustee as part of the Mortgaged and Pledged Property, equal to the amount shown in clause (ii)(C) above.

To the extent that the Company shall be entitled to withdraw proceeds of insurance pursuant to this subsection (c), such proceeds shall be deemed not to constitute Funded Cash.

(d) Whenever under the provisions of this Section the Company is required to deliver moneys to the Corporate Trustee and at the same time shall have satisfied the conditions set forth herein for payment of moneys by the Corporate Trustee to the Company, there shall be paid to or retained by the Corporate Trustee or paid to the Company, as the case may be, only the net amount."

SECTION 2.05. *Property Additions.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend subdivision (I) of Section 4 of the Mortgage, as amended and supplemented, to read substantially as follows:

"(I) The term "Property Additions" shall mean Mortgaged and Pledged Property acquired by the Company by purchase, consolidation, merger, donation, construction, erection or in any way whatsoever, subsequent to March 31, 1946, or in the process of construction or erection in so far as actually constructed or erected subsequent to March 31, 1946, and used or useful in any business that the Company may conduct.

At any time and from time to time, the Company may elect, by supplemental indenture, to subject any property that is Excepted Property to the Lien of the Mortgage, as amended and supplemented, and such property shall thereupon cease to be Excepted Property.

The term "Natural Gas and Oil Production Property" shall mean all leases, consolidated leases and operating agreements, fee lands and other mineral interest, gas and oil rights, wells, field compressors, equipment and other properties and rights whether producing or non-producing, used

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or useful primarily and principally for the production and gathering of natural gas up to the point of connection with any gas transmission or distribution system or used or useful primarily and principally for the production and gathering of oil.

SECTION 2.06. *Priority and Authority Opinions.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to restate subdivisions (7) and (9) of Section 28 of the Mortgage, as amended and supplemented, to read substantially as follows:

“(7) either an Opinion of Counsel or an Officers’ Certificate to the effect that:

(a) this Indenture constitutes, or, upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in said opinion or certificate, will constitute, a Lien on all the Property Additions to be made the basis of the authentication and delivery of such bonds, subject to no Lien thereon prior to the Lien of this Indenture except Permitted Liens and any other Liens of which the signer of said opinion or certificate has no actual knowledge and which do not appear on a specified lien search report received by said signer not more than five (5) Business Days prior to the date of said opinion or certificate; and

(b) the Company has corporate authority to operate such Property Additions;

(c) that the general nature and extent of Qualified Liens, and the principal amount of the then Outstanding Qualified Lien Bonds secured thereby, if any, mentioned in the accompanying Engineer’s Certificate, are correctly stated;

(9) copies of the instruments of conveyance, assignment and transfer, if any, and the lien search report, if any, specified in the opinion or certificate provided for in clause (7) above.”

SECTION 2.07. *Maintenance.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 38 of the Mortgage, as amended and supplemented, to read substantially as follows:

“Section 38. The Company shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) the Mortgaged and Pledged Property, considered as a whole, to be maintained and kept in good condition, repair and working order and shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) to be made such repairs, renewals, replacements, betterments and improvements thereof, as, in the judgment of the Company, may be necessary in order that the operation of the Mortgaged and Pledged Property, considered as a whole, may be conducted in accordance with common industry practice; provided, however, that nothing in this Section shall prevent the Company from discontinuing, or causing the discontinuance of, the operation and maintenance of any portion of the Mortgaged and Pledged Property if such discontinuance is in the judgment of the Company desirable in the conduct of its business; and provided, further,

that nothing in this Section shall prevent the Company from selling, transferring or otherwise disposing of, or causing the sale, transfer or other disposition of, any portion of the Mortgaged and Pledged Property in compliance with the other provisions of this Indenture.”

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SECTION 2.08. *Excepted Property.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend the paragraph on pages 10-11 of the Mortgage (and the corresponding provision in each supplemental indenture thereto) to add any one or more of the following types of property to the list of Excepted Property:

(a) any vessels, boats, barges, and other marine equipment;

(b) any personal property of such character that the perfection of a security interest therein or other Lien thereon is not governed by the Uniform Commercial Code as in effect in the jurisdiction in which the Company is organized or the property is located;

(c) any general intangibles, including computer software;

(d) any patents, patent licenses and other patent rights, patent applications, trade names, trademarks, copyrights and other intellectual property;

(e) any governmental and other licenses, permits and franchises (other than the Company's franchises, permits and licenses that are transferable and necessary for the operation of the Mortgaged and Pledged Property); or

(f) any unrecorded easements and rights of way.

SECTION 2.09. *Mergers into the Company.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 85 of the Mortgage, as amended and supplemented, to add a new paragraph reading substantially as follows:

“Nothing in this Indenture shall be deemed to prevent or restrict any consolidation or merger after the consummation of which the Company would be the surviving or resulting corporation or any conveyance or other transfer, or lease, of any part of the Mortgaged and Pledged Property which does not constitute the entirety or substantially the entirety of the Mortgaged and Pledged Property. Unless, in the case of a consolidation or merger described in the preceding sentence, an indenture supplemental hereto shall otherwise provide, this Indenture shall not become or be, or be required to become or be, a Lien upon any of the properties acquired by the Company in or as a result of such transaction or any improvements, extensions or additions to such properties or any renewals, replacements or substitutions of or for any part or parts thereof.”

SECTION 2.10. *Transfer of Less than Substantially All.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 85 of the Mortgage, as amended and supplemented, to add a new paragraph reading substantially as follows:

“A conveyance, transfer or lease by the Company of any part of the Mortgaged and Pledged Property shall not be deemed to constitute the conveyance, transfer or lease of all or substantially all of the Mortgaged and Pledged Property as an entirety for purposes of this Indenture if the Fair Value of the Mortgaged and Pledged Property retained by the Company exceeds the Reciprocal of the Bonding Ratio multiplied by the sum of the aggregate principal amount of all Outstanding bonds and any other outstanding debt of the Company secured by a purchase money lien that ranks equally with, or senior to, the bonds with respect to such Mortgaged and Pledged Property. Such Fair Value shall

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be established by the delivery to the Corporate Trustee of an Independent Engineer's Certificate stating the Independent Engineer's opinion of such Fair Value as of a date not more than 90 days before or after such conveyance, transfer or lease. This Article XVI is not intended to limit the Company's conveyances, transfers or leases of less than substantially the entirety of the Mortgaged and Pledged Property or to create an inference that any conveyance, transfer or lease of any part of the Mortgaged and Pledged Property shall necessarily be deemed to constitute a conveyance, transfer or lease of all or substantially all of the Mortgaged and Pledged Property as an entirety for purposes of this Indenture where the Fair Value of the Mortgaged and Pledged Property retained by the Company is less than the Reciprocal of the Bonding Ratio multiplied by the aggregate principal amount of all Outstanding bonds and any other outstanding debt of the Company secured by a purchase money lien that ranks equally with, or senior to, the bonds with respect to such Mortgaged and Pledged Property."

SECTION 2.11. *Corporate Trustee Replacement.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 101 of the Mortgage, as amended and supplemented, to add a new paragraph reading substantially as follows:

"So long as no event which is, or after notice or lapse of time, or both, would become, a Default shall have occurred and be continuing, and except with respect to a Corporate Trustee appointed by the bondholders as provided in Section 102 hereof, if the Company shall have delivered to the Corporate Trustee (i) resolutions of the Board of Directors appointing a successor Corporate Trustee, effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Corporate Trustee in accordance with Section 104 hereof, the Corporate Trustee shall be deemed to have resigned as contemplated in the first sentence of Section 101 hereof, the successor Corporate Trustee shall be deemed to have been appointed by the Company pursuant to Section 102 hereof and such appointment shall be deemed to have been accepted as contemplated in Section 104 hereof, all as of such date, and all other provisions of Sections 101, 102 and 104 hereof shall be applicable to such resignation, appointment and acceptance except to the extent inconsistent with this paragraph."

SECTION 2.12. *Terms of New Series of Bonds.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 8 of the Mortgage, as amended and supplemented,

(A) to add the words "or an Authorized Officer" after the words "Board of Directors of the Company" in the first sentence of Section 8,

(B) to change the words "Resolution of the Board of Directors of the Company" in the second sentence of Section 8 to "Resolution, supplemental indenture or Officers' Certificate",

(C) to change the words "the Board of Directors" in the fifth sentence of Section 8 to "Resolution, supplemental indenture or Officers' Certificate",

(D) to add the words “or an Authorized Officer” after the words “Board of Directors” in the sixth sentence of Section 8 and in clause (c) of Section 8.

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SECTION 2.13. *Investment of Money Held by Corporate Trustee.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 118 of the Mortgage, as amended and supplemented, (A) to delete the parenthetical in the first sentence of Section 118, (B) to delete the words “evidenced by a Resolution” in the first sentence of Section 118, and (C) to add a sentence after the first sentence in Section 118 reading substantially as follows:

“Any money which is held by the Corporate Trustee for the purpose of effecting the purchase, payment or redemption of any bonds issued hereunder, or the payment of any interest on such bonds, shall only be invested in bonds or other obligations maturing on or before the date specified for such purchase, payment or redemption.”

SECTION 2.14. *Officer's Certificates.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, (A) to change the words “Officers’ Certificate” to “Officer’s Certificate” wherever used in the Mortgage and any supplemental indenture thereto, including the amendments described in this Article II, and (B) to restate the definition of “Officers’ Certificate” in Section 3 of the Mortgage, as amended and supplemented, to read substantially as follows:

“The term “Officer’s Certificate” shall mean a certificate signed by an Authorized Officer. If and to the extent required by the provisions of Section 121 hereof, each such certificate shall include the statements provided for in said Section.”

SECTION 2.15. *Majority Vote or Consent.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Article XIX of the Mortgage, as amended and supplemented, to read substantially as follows:

## “ARTICLE XIX.

### **Meetings and Consents of Bondholders.**

SECTION 107. Modifications and alterations of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or of the rights of the holders of bonds and coupons issued hereunder may be made as provided in this Article XIX.

SECTION 108. The Corporate Trustee may at any time call a meeting of the holders of bonds of one or more, or all, series and it shall call such a meeting on written request of the Company, given pursuant to a Resolution of its Board of Directors, or a resolution of the holders of a majority or more in principal amount of the bonds of such series Outstanding hereunder, considered as one class, at the time of such request. In the event of the Corporate Trustee’s failing for ten (10) days to call a meeting after being thereunto requested by the Company or bondholders as above set forth, holders of Outstanding bonds in the amount above specified in this Section or the Company, pursuant to Resolution of its Board of

Directors, may call such meeting. Every such meeting called by and at the instance of the Corporate Trustee shall be held in the Borough of Manhattan, The City of New York, or with the written approval of the Company, at any other place in the United States of America, and written notice thereof, stating the place and time thereof and in general terms the business to be submitted, shall be mailed by the Corporate Trustee not less than thirty (30) days before such meeting (a) to each registered holder of bonds of the series in respect of which such meeting is being called

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then Outstanding hereunder addressed to him at his address appearing on the registry books, (b) to all other holders of bonds of such series then Outstanding hereunder the names and addresses of whom are preserved by the Corporate Trustee as required by the provisions of Section 43 hereof and (c) to the Company addressed to it at 220 N.W. Second Avenue, Portland, Oregon 97209 (or at such other address as may be designated by the Company from time to time), and, if any bonds of such series shall not be in fully registered form, shall be published by the Corporate Trustee at least once a week for four (4) successive calendar weeks immediately preceding the meeting, upon any secular day of each such calendar week, which need not be the same day of each week, in a Daily Newspaper, printed in the English language, and published and of general circulation in The City of New York; provided, however, that, if such notice by publication shall have been given, the mailing of such notice to any bondholders shall in no case be a condition precedent to the validity of any action taken at such meeting. Any meeting of holders of the bonds of one or more, or all, series shall be valid without notice if the holders of all bonds of such series then Outstanding hereunder are present in person or by proxy and if the Company and the Corporate Trustee are present by duly authorized representatives, or if notice is waived in writing before or after the meeting by the Company, the holders of all bonds of such series Outstanding hereunder and by the Corporate Trustee, or by such of them as are not present in person or by proxy.

SECTION 109. Officers and nominees of the Corporate Trustee and of the Company or their or its nominees may attend such meeting, but shall not as such be entitled to vote thereat. Attendance by bondholders may be in person or by proxy. In order that the holder of any bond payable to bearer and his proxy may attend and vote without producing his bond, the Corporate Trustee, with respect to any such meeting, may make and from time to time vary such regulations as it shall think fit for deposit of bonds with, (i) any bank or trust or insurance company, or (ii) any trustee, secretary, administrator or other proper officer of any pension, welfare, hospitalization, or similar fund or funds, or (iii) the United States of America, any Territory thereof, the District of Columbia, any State of the United States, any municipality in any State of the United States or any public instrumentality of the United States, any State or Territory, or (iv) any other person or corporation satisfactory to the Corporate Trustee, and for the issue to the persons depositing the same of certificates by such depositaries entitling the holders thereof to be present and vote at any such meeting and to appoint proxies to represent them and vote for them at any such meeting in the same way as if the persons so present and voting, either personally or by proxy, were the actual bearers of the bonds in respect of which such certificates shall have been issued and any regulations so made shall be binding and effective. In lieu of or in addition to providing for such deposit, the Corporate Trustee may, in its discretion, permit such institutions to issue certificates stating that bonds were exhibited to them, which certificates shall entitle the holders thereof to vote at any meeting only if the bonds with respect to which they are issued are not produced at the meeting by any other person and are not at the time of the meeting registered in the name of any other person. Each such certificate shall state the date on which the bond or bonds in respect of which such certificate shall have been issued were deposited with or exhibited to such institution and the series, maturities and serial numbers of such bonds. A bondholder in any of the foregoing categories may sign such a certificate in his own behalf. In the event that two or more such certificates shall be issued with respect to any bond or bonds, the certificate bearing the latest date shall be recognized and be deemed to supersede any certificate or certificates previously issued with respect to such bond or bonds. If any such meeting shall have been called under

the provisions of Section 108 hereof, by bondholders or by the Company, and the Corporate Trustee shall fail to make regulations as above authorized, then regulations to like effect for such deposit, or exhibition of bonds and the issue of certificates by (i) any bank or trust or insurance company, or (ii) any trustee, secretary, administrator or other proper officer of any pension, welfare, hospitalization, or similar fund or funds, or (iii) by the United States of America, any Territory thereof,

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the District of Columbia, any State of the United States, any municipality in any State of the United States or any public instrumentality of the United States, any State or Territory shall be similarly binding and effective for all purposes hereof if adopted or approved by the bondholders calling such meeting or by the Board of Directors of the Company, if such meeting shall have been called by the Company, provided that in either such case copies of such regulations shall be filed with the Corporate Trustee. A bondholder in any of the foregoing categories may sign such a certificate in his own behalf.

SECTION 110. Subject to the restrictions specified in Sections 109 and 113 hereof, any registered holder of bonds Outstanding hereunder and any holder of a certificate (not superseded) provided for in Section 109 hereof relating to bonds Outstanding hereunder, in either case of the series in respect of which a meeting shall have been called, shall be entitled in person or by proxy to attend and vote at such meeting as a holder of the bonds registered or certified in the name of such holder without producing such bonds. All others seeking to attend or vote at such meeting in person or by proxy must, if required by any authorized representative of the Corporate Trustee or the Company or by any other bondholder, produce the bonds claimed to be owned or represented at such meeting and every one seeking to attend or vote shall, if required as aforesaid, produce such further proof of bond ownership or personal identity as shall be satisfactory to the authorized representative of the Corporate Trustee, or if none be present then to the Inspectors of Votes hereinafter provided for. Proxies shall be witnessed or in the alternative may (a) have the signature guaranteed by a bank or trust company or a registered dealer in securities participating in a recognized signature guarantee medallion program, (b) be acknowledged before a Notary Public or other officer authorized to take acknowledgements, or (c) have their genuineness otherwise established to the satisfaction of the Inspector of Votes. All proxies and certificates presented at any meeting shall be delivered to said Inspectors of Votes and filed with the Corporate Trustee.

SECTION 111. Persons nominated by the Corporate Trustee if it is represented at the meeting shall act as temporary Chairman and Secretary, respectively, of the meeting, but if the Corporate Trustee shall not be represented or shall fail to nominate such persons or if any person so nominated shall not be present, the bondholders and proxies present shall by a majority vote of bonds represented elect another person or other persons from those present to act as temporary Chairman and/or Secretary. A permanent Chairman and a permanent Secretary of such meeting shall be elected from those present by the bondholders and proxies present by a majority vote of bonds represented. The Corporate Trustee, if represented at the meeting, shall appoint two Inspectors of Votes who shall decide as to the right of anyone to vote and shall count all votes cast at such meeting, except votes on the election of a Chairman and Secretary, both temporary and permanent, as aforesaid, and who shall make and file with the permanent Secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting. If the Corporate Trustee shall not be represented at the meeting or shall fail to nominate such Inspectors of Votes or if either Inspector of Votes fails to attend the meeting, the vacancy shall be filled by appointment by the permanent Chairman of the meeting.

SECTION 112. The holders of a majority in aggregate principal amount of the bonds Outstanding hereunder of the series with respect to which a meeting shall have been called as hereinbefore provided, considered as one class, shall constitute a quorum for a meeting of

holders of bonds of such series; provided, that if any action is to be taken at such meeting which this Indenture expressly provides may be taken by the holders of a specified percentage which is less than a majority in principal amount of the bonds of such series Outstanding hereunder, considered as one class, then the holders of such specified percentage in principal amount of the bonds of such series Outstanding hereunder, considered as one class, shall constitute a quorum. In the absence of a quorum within one hour of the time appointed for any such meeting, the meeting shall, if convened at the request of

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holders of bonds of such series, be dissolved. In any other case the meeting may be adjourned for such period or periods as may be determined and announced by the chairman of the meeting prior to the adjournment thereof.

SECTION 113. Any modification or alteration of this Indenture and/or of any indenture supplemental hereto and/or of the rights and obligations of the Company and/or the rights of the holders of bonds and/or coupons issued hereunder in any particular may be made at a meeting of bondholders duly convened and held in accordance with the provisions of this Article, but only by resolution duly adopted by the affirmative vote of the holders of a majority in principal amount of the bonds Outstanding hereunder, considered as one class (or, if such modification or alteration shall materially adversely affect the holders of bonds of one or more, but less than all, series then Outstanding hereunder, then the affirmative vote only of the holders of a majority in aggregate principal amount of the bonds of the series adversely affected in any material respect then Outstanding hereunder, considered as one class), when such meeting is held, and in every case approved by Resolution of the Board of Directors of the Company as hereinafter specified; provided, however, that no such modification or alteration shall, without the consent of the holder of any bond issued hereunder affected thereby, permit (1) the extension of the maturity of the principal of, or interest on, such bond, or (2) the reduction in such principal or the rate of interest thereon or any other modification in the terms of payment of such principal or interest, or (3) the creation of any lien ranking prior to, or on a parity with, the Lien of this Indenture with respect to any of the Mortgaged and Pledged Property, or (4) the deprivation of any non-assenting bondholder of a lien upon the Mortgaged and Pledged Property for the security of his bonds (subject only to Excepted Encumbrances) or (5) the reduction of the percentage required by the provisions of this Section for the taking of any action under this Section with respect to any bond Outstanding hereunder. For all purposes of this Article, the Trustees shall be entitled to rely upon an Opinion of Counsel with respect to the extent, if any, as to which any action taken at such meeting affects the rights under this Indenture or under any indenture supplemental hereto of any holders of bonds then Outstanding hereunder.

Bonds owned and/or held by and/or for account of and/or for the benefit or interest of the Company, or any corporation of which the Company shall own twenty-five per centum (25%) or more of the outstanding voting stock, shall not be deemed Outstanding for the purpose of any vote or of any calculation of bonds Outstanding in Article XVI hereof or in this Article XVIII or for the purpose of the quorum provided for in Section 112 of this Article; provided, however, that bonds so owned or held which have been pledged in good faith may be regarded as Outstanding for purposes of this paragraph if the pledgee establishes to the satisfaction of the Corporate Trustee the pledgee's right to vote or give consents with respect to such bonds and that the pledgee is not the Company or a corporation of which the Company shall own twenty-five per centum (25%) or more of the outstanding voting stock. For all purposes of this Indenture, the Corporate Trustee, the Chairman and Secretary of any meeting held pursuant to the provisions of this Article XIX and the Inspectors of Votes at any such meeting shall (unless the fact is challenged at such meeting by any holder of bonds Outstanding hereunder entitled to vote at such meeting and a contrary fact is established) be entitled conclusively to rely upon a notification in writing by an officer of the Company, specifying the principal amount of bonds Outstanding hereunder owned by or held by or for the account of or for the benefit or interest of the Company or any corporation of which the

Company shall own twenty-five per centum (25%) or more of the outstanding voting stock, or stating that no such bonds are so owned or held. In case the meeting shall have been called otherwise than on the written request of the Company, the Corporate Trustee shall be entitled conclusively to assume that none of the bonds Outstanding hereunder is so owned or held unless a notification by the Company is furnished as in

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this paragraph provided or unless the fact is challenged at such meeting by any holder of bonds Outstanding hereunder and a contrary fact is established.

SECTION 114. A record in duplicate of the proceedings of each meeting of bondholders shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes, and affidavits by one or more persons having knowledge of the facts showing a copy of the notice of the meeting, and showing that said notice was mailed and published as provided in Section 108 hereof. Such record shall be signed and verified by the affidavit of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the Company and the other to the Corporate Trustee for preservation by the Corporate Trustee. Any record so signed and verified shall be proof of the matters therein stated, and if such record shall also be signed and verified by the affidavit of a duly authorized representative of the Corporate Trustee, such meeting shall be deemed conclusively to have been duly convened and held and such record shall be conclusive, and any resolution or proceeding stated in such record to have been adopted or taken, shall be deemed conclusively to have been duly adopted or taken by such meeting. A true copy of any resolution adopted by such meeting shall be mailed by the Corporate Trustee (a) to each registered holder of bonds of the series adversely affected in any material respect by such resolution then Outstanding addressed to him at his address appearing on the registry books and (b) to all other holders of bonds then Outstanding hereunder, the names and addresses of whom are then preserved by the Corporate Trustee pursuant to the provisions of Section 43 hereof, and proof of such mailing by the affidavit of some person having knowledge of the fact shall be filed with the Corporate Trustee, but failure to mail copies of such resolution as aforesaid shall not affect the validity thereof. No such resolution shall be binding until and unless such resolution is approved by Resolution of the Board of Directors of the Company, of which such Resolution of approval, if any, it shall be the duty of the Company to file a copy certified by the Secretary or an Assistant Secretary of the Company with the Corporate Trustee, but if such Resolution of the Board of Directors of the Company is adopted and a certified copy thereof is filed with the Corporate Trustee, the resolution so adopted by such meeting shall (to the extent permitted by law) be deemed conclusively to be binding upon the Company, the Trustees and the holders of all bonds and coupons issued hereunder, at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution, or annulling the action taken thereby in a legal action or equitable proceeding for such purposes commenced within such sixty (60) day period; provided, however, that no such resolution of the bondholders, or of the Company, shall in any manner be so construed as to change or modify any of the rights, immunities, or obligations of the Trustees or either of them without their, its or his written assent thereto.

SECTION 115. Bonds authenticated and delivered after the date of any bondholders' meeting may bear a notation in form approved by the Corporate Trustee as to the action taken at meetings of bondholders theretofore held, and upon demand of the holder of any bond Outstanding at the date of any such meeting and presentation of his bond for the purpose at the principal office of the Corporate Trustee, the Company shall cause suitable notation to be made on such bond by endorsement or otherwise as to any action taken at any meeting of bondholders theretofore held. If the Company or the Corporate Trustee shall so determine, new bonds so modified as in the opinion of the Corporate Trustee and the Board of Directors

of the Company to conform to such bondholders' resolution shall be prepared, authenticated and delivered, and upon demand of the holder of any bond then Outstanding and affected thereby shall be exchanged without cost to such bondholders for bonds then Outstanding hereunder upon surrender of such bonds with all unmatured coupons, if any, appertaining thereto. The Company or the Corporate Trustee may require bonds Outstanding to be presented for notation or exchange as aforesaid if either shall see fit to do so. Instruments supplemental to this Indenture

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embodying any modification or alteration of this Indenture or of any indenture supplemental hereto made at any bondholders' meeting and approved by Resolution of the Board of Directors of the Company, as aforesaid, may be executed by the Trustees and the Company and upon demand of the Corporate Trustee, or if so specified in any resolution adopted by any such bondholders' meeting, shall be executed by the Company and the Trustees.

Any instrument supplemental to this Indenture executed pursuant to the provisions of this Section or otherwise, shall comply with all applicable provisions of the Trust Indenture Act of 1939 as in force on the date of the execution of such supplemental indenture.

SECTION 116. (A) Anything in this Article XIX contained to the contrary notwithstanding, the Corporate Trustee shall receive the written consent (in any number of instruments of similar tenor executed by bondholders or by their attorneys appointed in writing or in the supplemental indenture or supplemental indentures creating such series of bonds) of the holders of a majority in principal amount of the bonds Outstanding hereunder, considered as one class (or, if any action proposed to be taken shall materially adversely affect the holders of bonds of one or more, but less than all, series then Outstanding hereunder, then the consent only of the holders of a majority in aggregate principal amount of bonds of the series so adversely affected in any material respect then Outstanding hereunder, considered as one class), at the time the last such needed consent is delivered to the Corporate Trustee, in lieu of the holding of a meeting pursuant to this Article XIX and in lieu of all action at such a meeting and with the same force and effect as a resolution duly adopted in accordance with the provisions of Section 113 hereof.

(B) Instruments of consent shall be witnessed or in the alternative may (a) have the signature guaranteed by a bank or trust company or a registered dealer in securities participating in a recognized signature guarantee medallion program, (b) be acknowledged before a Notary Public or other officer authorized to take acknowledgments, or (c) have their genuineness otherwise established to the satisfaction of the Corporate Trustee.

The amount of bonds payable to bearer, and the series and serial numbers thereof, held by a person executing an instrument of consent (or whose attorney has executed an instrument of consent in his behalf), and the date of his holding the same, may be proved by exhibiting the bonds to and obtaining a certificate executed by (i) any bank or trust or insurance company organized under the laws of the United States of America or of any State thereof, or (ii) any trustee, secretary, administrator or other proper officer of any pension, welfare, hospitalization or similar fund or funds, or (iii) the United States of America, any Territory thereof, the District of Columbia, any State of the United States, any municipality in any State of the United States or any public instrumentality of the United States, or of any State or of any Territory, or (iv) any other person or corporation satisfactory to the Corporate Trustee. A bondholder in any of the foregoing categories may sign a certificate in his own behalf.

Each such certificate shall be dated and shall state in effect that as of the date thereof a coupon bond or bonds bearing a specified serial number or numbers was exhibited to the signer of such certificate. The holding by the person named in any such certificate of any bonds specified therein shall be presumed to continue unless (1) any certificate bearing a later date issued in respect of the same bond shall be produced, (2) the bond specified in such

certificate (or any bond or bonds issued in exchange or substitution for such bond) shall be produced, or (3) the bond specified in such certificate shall be registered as to principal in the name of another holder or shall have been surrendered in exchange or a fully registered bond registered in the name of another holder. The

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Corporate Trustee may nevertheless in its discretion require further proof in cases where it deems further proof desirable. The ownership of registered bonds shall be proved by the registry books.

(C) Until such time as the Corporate Trustee shall receive the written consent of the necessary per centum in principal amount of the bonds required by the provisions of subsection (A) above for action contemplated by such consent, any holder of a bond, the serial number of which is shown by the evidence to be included in the bonds the holders of which have consented to such action, may, by filing written notice with the Corporate Trustee at its principal office and upon proof of holding as provided in subsection (B) above, revoke such consent so far as it concerns such bond unless such consent states that it shall be irrevocable or is set forth in the supplemental indenture creating such series of bonds. Except as aforesaid, any such action taken by the holder of any bond shall be conclusive and binding upon such holder and upon all future holders of such bond (and any bond issued in lieu thereof or exchanged therefor), irrespective of whether or not any notation of such consent is made upon such bond, and in any event any action taken by the holders of the percentage in aggregate principal amount of the bonds specified in subsection (A) above in connection with such action shall be conclusively binding upon the Company, the Corporate Trustee and the holders of all the bonds.”

SECTION 2.16. *Amendments without the Consent of Bondholders.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 120 of the Mortgage, as amended and supplemented, to read substantially as follows:

“SECTION 120. Anything in this Indenture to the contrary notwithstanding, without the consent of any holders of bonds, the Company and the Trustees, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustees, for any of the following purposes:

(a) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the bonds, all as provided in Article XVI hereof, or

(b) to add one or more covenants of the Company or other provisions for the benefit of all holders of the bonds or for the benefit of the holders of, or to remain in effect only so long as there shall be Outstanding, bonds of one or more specified series, and to make the occurrence of a default in the performance of any of such additional covenants an additional “Default” under Section 65 permitting the enforcement of all or any of the several remedies provided in this Indenture, as herein set forth; provided, however, that in respect of any such additional covenant, such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than those allowed in the case of other defaults) or may provide for an immediate enforcement upon such default, or may (subject to the provisions of applicable law) limit the remedies available to the Trustees upon such default; or to provide that the occurrence of one or more specified events shall constitute additional

“Defaults” under Section 65 as if set forth therein, or to surrender any right or power herein conferred upon the Company, which additional “Default” or surrender may be limited so as to remain in effect only so long as bonds of one or more specified series shall remain Outstanding; or

(c) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Trustees any property

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subject or required to be subjected to the Lien of this Indenture, or to subject to the Lien of this Indenture additional property; or

(d) to change or eliminate any provision of this Indenture or to add any new provision to this Indenture; provided, however, that no such change, elimination or addition shall adversely affect the interests of the holders of bonds of any series in any material respect; or

(e) to establish the form or terms of bonds of any series as contemplated by Article II of this Indenture; or

(f) to provide for the procedures required to permit the Company to utilize, at its option, a non-certificated system of registration for all or any series of bonds; or

(g) to change any place or places (within the United States of America) where (1) the principal of and premium, if any, and interest, if any, on all or any series of bonds shall be payable, (2) all or any series of bonds may be surrendered for registration of transfer, (3) all or any series of bonds may be surrendered for exchange and (4) notices and demands to or upon the Company in respect of all or any series of bonds and this Indenture may be served; or

(h) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein; or to make any other changes to the provisions hereof or to add other provisions with respect to matters or questions arising under this Indenture, provided that such other changes or additions shall not adversely affect the interests of the holders of bonds of any series in any material respect.

Without limiting the generality of the foregoing, if the Trust Indenture Act of 1939, as in effect at any time and from time to time,

(x) shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to the Trust Indenture Act of 1939 as then in effect, and the Company and the Trustees may, without the consent of any holders of bonds, enter into an indenture supplemental hereto to evidence such amendment hereof; or

(y) shall permit one or more changes to, or the elimination of, any provisions hereof which shall theretofore have been required by the Trust Indenture Act of 1939 to be contained herein or are contained herein to reflect any provisions of the Trust Indenture Act of 1939, this Indenture shall be deemed to have been amended to effect such changes or elimination, and the Company and the Trustees may, without the consent of any holders of bonds, enter into an indenture supplemental hereto to evidence such amendment hereof, provided that the Indenture shall not be amended as provided in this clause (y) so as to adversely affect the interests of the holders of bonds of any series in any material respect.”

SECTION 2.17. *Excepted Encumbrances.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, (A) to delete the definition of “Excepted Encumbrances” in Section 6 of the Mortgage, as amended and supplemented, and

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(B) to change the words “Excepted Encumbrances” wherever used in the Mortgage or in any supplemental indenture, including the amendments described in this Article II, to “Permitted Liens”.

SECTION 2.18. *Release of Company after Transfer of Substantially All of the Mortgaged Property.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 86 of the Mortgage to add a new paragraph reading substantially as follows:

“In case the Company, as permitted by Section 85 hereof, shall convey or transfer, subject to the Lien of this Indenture, all or substantially all of the Mortgaged and Pledged Property as an entirety to a successor corporation, the indenture described above in this Section may also provide for the release and discharge of the Company from all obligations under this Indenture or any bonds issued hereunder which are assumed by such successor corporation.”

SECTION 2.19. *Easements, Ground Leases, Rights-of-Way.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 58 of the Mortgage, as amended and supplemented, to restate clause (2) thereof to read substantially as follows:

“(2) (a) cancel or make changes or alterations in or substitutions of any and all right of way grants; (b) sell or otherwise dispose of, free from the Lien of this Indenture, cancel, make changes or alterations in or substitutions of any and all contracts, leases, operating agreements, obligations, securities, accounts receivable, choses in action, and other rights, interests and property not constituting Property Additions; and (c) grant, free from the Lien of this Indenture, easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Company for the purpose of roads, pipe lines, transmission lines, distribution lines, communication lines, railways, removal or transportation of coal, lignite, gas, oil or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that such grant shall not materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Company; and”

SECTION 2.20. *Elimination of Five Year Limit on Property Additions Used for Releases.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend clause (b) of subdivision (4) of Section 59 of the Mortgage, as amended and supplemented, to delete the words “that no such application for release may be based in whole or in part upon Property Additions acquired, made or constructed more than five years prior to the last day of the calendar month immediately preceding the date of such application, and provided, further,”:

SECTION 2.21. *Releases Based on Retired Bonds.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November

1, 2016, to amend clause (c) of subdivision (4) of Section 59 of the Mortgage, as amended and supplemented, to read substantially as follows:

“(c) the principal amount of each bond or fraction of bond to the authentication and delivery of which the Company shall be entitled under the provisions of Section 26 or the Reciprocal of the Bonding Ratio multiplied by the principal amount of each bond or fraction of bond to the authentication

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and delivery of which the Company shall be entitled under the provisions of Section 29 hereof, by virtue of compliance with all applicable provisions of said Section 26 or Section 29, as the case may be (except as hereinafter in this Section otherwise provided); provided, however, that (except as hereinafter in this Section otherwise provided) the application for such release shall operate as a waiver by the Company of such right to the authentication and delivery of each such bond or fraction thereof on the basis of which right such property is released and to such extent no such bond or fraction thereof may thereafter be authenticated and delivered hereunder, and any Corresponding Retired Bonds or Corresponding Qualified Lien Bonds, as hereinafter defined, shall be deemed to have been made the basis of the release of such property; for purposes of this clause (c), the following definitions shall apply:

The term "Corresponding Retired Bond" shall mean the bond or fraction of a bond selected by the Company to serve as the basis under the provisions of Section 29 of the Mortgage for such right to the authentication and delivery of bond(s) or fraction of a bond so waived; and

The term "Corresponding Qualified Lien Bond" shall mean the Qualified Lien Bond selected by the Company to serve as the basis under the provisions of Section 26 of the Mortgage for such right to the authentication and delivery of bond(s) or fraction of a bond so waived."

SECTION 2.22. *Releases Based on Purchase Money Mortgage Obligations.* The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 59 of the Mortgage, as amended and supplemented, to delete the clause at the end of subdivision (4) beginning with the words "provided, however, that (i) no obligations ...." and ending with the words "... at such time Outstanding under this Indenture" and substituting therefor substantially the following:

"provided, however, that no obligations secured by a purchase money mortgage upon any property being released from the Lien hereof shall be used as a credit in any application for such release unless the Company shall deliver to the Trustees a certificate or opinion of an engineer, appraiser or other expert as to the fair value of such purchase money mortgage obligations to the Company, and provided further, that if the fair value to the Company of such purchase money mortgage obligations and of all other securities (other than bonds authenticated and delivered hereunder) made the basis of any authentication and delivery of bonds hereunder, the withdrawal of any cash constituting part of the trust estate hereunder, or the release of any property or securities from the Lien hereof since the commencement of the then calendar year, as set forth in the certificates or opinions required by this clause, is ten per centum (10%) or more of the aggregate principal amount of the bonds at the time Outstanding under this Indenture, such certificate or opinion shall be made by an independent engineer, appraiser, or other expert; but such a certificate of an independent engineer, appraiser, or other expert shall not be required with respect to any purchase money mortgage obligations so deposited, if the fair value thereof to the Company as set forth in the certificate or opinion required by this clause is less than twenty-five thousand Dollars (\$25,000) or less than one per centum (1%) of the aggregate principal amount of bonds at the time Outstanding under this Indenture."

SECTION 2.23. *Mineral Rights*. The Company reserves the right, without any consent, vote or other action by holders of any series of bonds subsequent to the Twenty-second Series or by holders of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, to amend Section 3 of the Mortgage, as amended and supplemented, to add the following definition:

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The term “mineral rights”, for purposes of the Mortgage, as amended and supplemented, shall mean rights to extract minerals that naturally exist under or on real property (and associated express and implied rights), but shall exclude any rights or other property constructed, acquired or held by the Company primarily for the purpose of storing and withdrawing gas that has been injected into, or may from time to time be injected into, storage reservoirs or other facilities located on or under real property, whether or not such rights or other property constitute “mineral rights” under applicable law, whether or not such storage reservoirs or other facilities are naturally existing or were constructed, and whether or not such storage reservoirs or other facilities contain some gas that naturally exists in such reservoir or facility.

### ARTICLE III.

#### Consent to Amendments.

SECTION 3.01 Each initial and future holder of bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, by its acquisition of an interest in such bonds, irrevocably (a) consents to the amendments set forth in Article II of this Twenty-second Supplemental Indenture, in each case without any other or further action by any holder of such bonds, and (b) designates the Corporate Trustee, and its successors, as its proxy with irrevocable instructions to vote and deliver written consents on behalf of such holder in favor of such amendments at any bondholder meeting, in lieu of any bondholder meeting, in any consent solicitation or otherwise. The terms of the bonds of the Twenty-first Series with an Issue Date subsequent to November 1, 2016, as set forth in the Twentieth Supplemental Indenture, are hereby amended to include such consent and designation.

### ARTICLE IV.

#### Miscellaneous Provisions.

SECTION 4.01 Subject to the amendments provided for in this Twenty-second Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this Twenty-second Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

SECTION 4.02 The Trustee hereby accepts the trusts hereby declared, provided, created or supplemented, and agree to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth, including the following:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Twenty-second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XVII of the Mortgage shall apply to and form part of this Twenty-second Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Twenty-second Supplemental Indenture.

SECTION 4.03 Whenever in this Twenty-second Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, be deemed to include the successors or assigns of such party, and all the covenants and agreements in this

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Twenty-second Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 4.04 Nothing in this Twenty-second Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons outstanding under the Mortgage, any right, remedy, or claim under or by reason of this Twenty-second Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements by or on behalf of the Company as set forth in this Twenty-second Supplemental Indenture shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons outstanding under the Mortgage.

SECTION 4.05 Except to the extent specifically provided herein, no provision of this Twenty-second Supplemental Indenture is intended to reinstate any provisions in the Mortgage which were amended and superseded by the amendments to the Trust Indenture Act of 1939 effective as of November 15, 1990.

SECTION 4.06 This Twenty-second Supplemental Indenture has been executed in several identical counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, Northwest Natural Gas Company, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf on the 1st day of November, 2016, as of November 1, 2016, in Portland, Oregon; Deutsche Bank Trust Company Americas, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its Vice Presidents or its Assistant Vice Presidents and its corporate seal to be attested by one of its Vice Presidents, Assistant Vice Presidents, one of its Assistant Secretaries or one of its Associates on the 1st day of November, 2016, as of November 1, 2016, in The City of New York.

NORTHWEST NATURAL GAS COMPANY

By /s/ MardiLyn Saathoff  
MardiLyn Saathoff  
Senior Vice President, Regulation and General Counsel

Attest:

/s/ Shawn M. Filippi  
Shawn M. Filippi  
Vice President, Chief Compliance Officer  
and Corporate Secretary

Executed, sealed and delivered by  
NORTHWEST NATURAL GAS COMPANY  
in the presence of:

/s/ Chu Lee  
Chu Lee

/s/ Elissa Ann Twombly  
Elissa Ann Twombly

---



DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee,

By \_\_\_\_\_

Vice President

By \_\_\_\_\_

Vice President

Attest:

\_\_\_\_\_

Associate

Executed, sealed and delivered by  
DEUTSCHE BANK TRUST COMPANY AMERICAS  
in the presence of:

\_\_\_\_\_

Associate

\_\_\_\_\_

Associate

**Northwest Natural Gas Company  
Medium Term Notes, Series B**

November 8, 2016

Banc of America Securities LLC  
One Bryant Park  
NY1-100-18-03  
New York, New York 10036  
Attn: Kathleen Zachary  
Transaction Management/Legal

U.S. Bancorp Investments, Inc.  
214 North Tryon Street, 26<sup>th</sup> Floor  
EX-NC-WSTC  
Charlotte, NC 28202  
Attn: Debt Capital Markets

UBS Securities LLC  
677 Washington Blvd.  
Stamford, Connecticut 06901  
Attn: Fixed Income Syndicate

Mitsubishi UFJ Securities (USA), Inc.  
1633 Broadway, 29<sup>th</sup> Floor  
New York, NY 10019  
Attention: Capital Markets Group

J.P. Morgan Securities Inc.  
Transaction Execution Group  
383 Madison Avenue, 3<sup>rd</sup> Floor  
New York, NY 10179  
Attn: Mailcode: NY1-M012

RBC Capital Markets, LLC  
Three World Financial Center  
200 Vesey Street  
New York, NY 10281  
Attn: Scott Tuchfeld and Roberta Taggart

Piper Jaffray & Co.  
800 Nicollet Mall  
Minneapolis, MN 55402  
Attn: Debt Capital Markets

CIBC World Markets Corp.  
300 Madison Avenue, 5<sup>th</sup> Floor  
New York, NY 10017  
Attn: Execution Management Group

Wells Fargo Securities, LLC  
301 S. College Street  
MAC D1053-060  
Charlotte, NC 28288  
Attn: Carolyn Hurley

TD Securities (USA) LLC  
31 W. 52<sup>nd</sup> Street, 2<sup>nd</sup> Floor  
New York, NY 10019  
Attn: Debt Capital Markets

Ladies and Gentlemen:


Reference is hereby made to Section 18 of the Distribution Agreement, dated March 18, 2009 (the "Distribution Agreement"), between each of Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray & Co., Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc., Mitsubishi UFJ Securities (USA), Inc., RBC Capital Markets, LLC, CIBC World Markets Corp., and TD Securities (USA) LLC, and Northwest Natural Gas Company (the "Company"), as amended by the Company's Notice dated May 2, 2104 pursuant to Section 18 thereof (the "Distribution Agreement") with respect to the issue and sale by the Company of its First Mortgage Bonds, designated Secured Medium Term Notes, Series B, and its Unsecured Medium Term Notes, Series B (collectively, the "Securities"). Capitalized terms

used herein without definition shall have the meanings assigned to them in the Distribution Agreement.

As provided for in Section 18 of the Distribution Agreement, the Company hereby provides notice to the Agents of the following amendments to the Distribution Agreement:

- 1) The principal amount of Securities that may be issued from time to time is hereby amended to be \$600,000,000.
- 2) The term "Registration Statement" is hereby amended to refer to Registration Statement No. 333-214496, filed with the Securities and Exchange Commission on November 8, 2016, as the same may be amended and supplemented from time to time.
- 3) All references in the Distribution Agreement to the "Preliminary Prospectus" and the Prospectus are hereby deemed to refer to the preliminary prospectus and the prospectus, respectively, included in the Registration Statement referred to in paragraph 2) above, and the term "Prospectus" shall, in any event, include the Company's Prospectus Supplement, dated November 8, 2016.

Very truly yours,  
NORTHWEST NATURAL GAS COMPANY

By:   
Name: Brody J. Wilson  
Title: Chief Financial Officer, Treasurer,  
Chief Accounting Officer and Controller

S-3ASR 1 d285787ds3asr.htm FORM S-3ASR

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 8, 2016  
Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM S-3**  
**REGISTRATION STATEMENT**  
*Under*  
**THE SECURITIES ACT OF 1933**

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**NORTHWEST NATURAL GAS COMPANY**  
(Exact name of registrant as specified in its charter)

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**OREGON**  
(State or other jurisdiction of  
incorporation or organization)

**93-0256722**  
(I.R.S. Employer  
Identification No.)

**One Pacific Square, 220 N.W. Second Avenue**  
**Portland, Oregon 97209**  
**503-226-4211**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

---

**MARDILYN SAATHOFF**  
**Senior Vice President, Regulation and General Counsel**  
**One Pacific Square, 220 N.W. Second Avenue**  
**Portland, Oregon 97209**  
**503-226-4211**

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**BRODY J. WILSON**  
**Chief Financial Officer and Treasurer**  
**One Pacific Square, 220 N.W. Second Avenue**  
**Portland, Oregon 97209**  
**503-226-4211**

**JOHN T. HOOD, Esq.**  
**Morgan, Lewis & Bockius LLP**  
**101 Park Avenue**  
**New York, New York 10178**  
**212-309-6281**

(Names, addresses, including zip codes, and telephone numbers, including area codes, of agents for service)

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Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a registration statement pursuant to General Instruction I.D. or a post effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
 Accelerated filer  (Do not check if smaller reporting company) Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities, Junior Subordinated Debentures, Preferred Stock, Common Stock		(1)(2)(3)		(4)
Common Stock (for issuance under the NW Natural Dividend Reinvestment and Direct Stock Purchase Plan)	541,526 Shares	\$56.31(3)(5)	\$30,493,329.06(5)	\$1,957.90(6)

- (1) Omitted pursuant to Form S-3, General Instruction II.E.
- (2) An unspecified aggregate initial offering of the securities of each identified class is being registered as may from time to time be offered by Northwest Natural Gas Company ("NW Natural") at unspecified prices, along with an indeterminate number of securities that may be issued upon exercise, settlement, exchange or conversion of securities offered hereunder. Separate consideration may or may not be received for securities that are issuable upon exercise, settlement, conversion or exchange of other securities.
- (3) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the "Securities Act"), this registration statement also covers such indeterminate number of additional securities as may become deliverable as a result of stock splits, stock dividends or similar transactions.
- (4) In accordance with Rules 456(b) and 457(r) under the Securities Act, NW Natural is deferring payment of all of the registration fee. In connection with the securities offered hereby, NW Natural will pay "pay as you go registration fees" in accordance with Rule 456(b).
- (5) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and low prices of the registrant's common stock on the New York Stock Exchange composite tape on November 3, 2016.
- (6) Pursuant to Rule 415(a)(6) under the Securities Act, 241,526 shares of NW Natural's common stock registered hereunder are unsold securities previously registered on Registration Statement No. 333-192641 filed on December 3, 2013 (the "Prior Registration Statement"). Pursuant to Rule 415(a)(6) under the Securities Act, the \$1,311 filing fee previously paid in connection with such unsold securities will continue to be applied to such unsold securities. The amount of the registration fee in the "Calculation of Registration Fee" table relates to the additional 300,000 shares of NW Natural's common stock being registered hereunder. As a result, a filing fee of \$1,957.90 is being paid herewith. Pursuant to Rule 415(a)(6) under the Securities Act, the offering of unsold securities under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

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**Table of Contents****EXPLANATORY NOTE**

This registration statement contains two (2) separate prospectuses:

1. The first prospectus relates to the offering by Northwest Natural Gas Company of Debt Securities, Junior Subordinated Debentures, Preferred Stock and Common Stock.
2. The second prospectus relates to the offering by Northwest Natural Gas Company of its Common Stock under its Dividend Reinvestment and Direct Stock Purchase Plan.

Each offering of securities made under this registration statement will be made pursuant to one of these prospectuses, with the specific terms of the securities offered thereby, other than Common Stock offered under the Dividend Reinvestment and Direct Stock Purchase Plan, set forth in an accompanying prospectus supplement.

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**Table of Contents****PROSPECTUS****NORTHWEST NATURAL GAS COMPANY****DEBT SECURITIES****JUNIOR SUBORDINATED DEBENTURES****PREFERRED STOCK****COMMON STOCK**

Northwest Natural Gas Company, or NW Natural, may offer any combination of the securities described in this prospectus in one or more offerings from time to time and in amounts authorized from time to time. NW Natural will provide specific terms of its securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

NW Natural's common stock is listed on the New York Stock Exchange and trades under the symbol "NWN."

NW Natural may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section on page 20 of this prospectus also provides more information on this topic.

**See the discussion of risk factors on page 2 of this prospectus and as contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, which are incorporated by reference into this prospectus, to read about certain factors you should consider before purchasing any of the securities being offered.**

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**



**The date of this prospectus is November 8, 2016.**

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**Table of Contents****ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that NW Natural filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration, or continuous offering, process. Under this shelf registration process, NW Natural, from time to time, may sell any combination of the securities described in this prospectus in one or more offerings. NW Natural may offer any of the following securities: Debt Securities, Junior Subordinated Debentures, Common Stock or Preferred Stock.

This prospectus provides you with a general description of the securities that NW Natural may offer. Each time NW Natural sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement, if necessary. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.”

For more detailed information about the securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

**WHERE YOU CAN FIND MORE INFORMATION**

NW Natural files annual, quarterly and other reports and other information with the SEC. Reports, proxy statements and other information filed by NW Natural can be read and copied at the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains a Web site (<http://www.sec.gov>) that contains reports, proxy statements and other information filed electronically by NW Natural. NW Natural also maintains a Web site (<http://www.nwnatural.com>). Information contained on NW Natural’s Web site does not constitute part of this prospectus.

The SEC allows NW Natural to “incorporate by reference” the information that NW Natural files with the SEC, which means that NW Natural may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. NW Natural is incorporating by reference the documents listed below (other than any portions of such documents that are deemed to be furnished and not filed) and any future filings NW Natural makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), until NW Natural sells all of the securities described in this prospectus. Information that NW Natural files in the future with the SEC will automatically update and supersede this information.

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC under the Securities Exchange Act File No. 001-15973:

- NW Natural’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
- NW Natural’s Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2016.
- NW Natural’s Current Reports on Form 8-K filed with the SEC on February 5, 2016, March 21, 2016, June 2, 2016, July 29, 2016 and September 2, 2016 (as amended on September 23, 2016).

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You may request a copy of these documents, at no cost to you, by writing or calling Shareholder Services, Northwest Natural Gas Company, One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, telephone 503-226-4211, extension 2402.

You should rely only on the information contained, or incorporated by reference, in this prospectus and any prospectus supplement. NW Natural has not, and any underwriters, agents or dealers have not, authorized anyone else to provide you with different information. NW Natural is not, and any underwriters, agents or dealers are not, making an offer of these securities or soliciting offers to buy these securities in any jurisdiction where the offer or solicitation is not permitted. You should not assume that the information contained in this prospectus and any prospectus supplement is accurate as of any date other than the date on the front of such document or that the information incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date of the document incorporated by reference.

**FORWARD-LOOKING STATEMENTS**

This document does, and the documents incorporated herein by reference may, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Exchange Act. Although NW Natural believes these statements are based on reasonable assumptions, no assurance can be given that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. The forward-looking statements contained herein and in the incorporated documents may be affected by various uncertainties. For a further discussion of forward-looking statements and of factors which may affect forward-looking statements contained herein and in the incorporated documents, see NW Natural's most recent Annual Report on Form 10-K and any of its Quarterly Reports on Form 10-Q filed after that Annual Report on Form 10-K.

**NW NATURAL**

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

**RISK FACTORS**

Investing in the securities involves certain risks. You are urged to read and consider the risk factors described in NW Natural's annual, quarterly and current reports filed with the SEC under the Exchange Act, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information NW Natural includes or incorporates by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and NW Natural cannot predict such risks or estimate the extent to which they may affect NW Natural's financial condition or performance. The prospectus supplement applicable to each type or series of securities NW Natural offers may contain a discussion of additional risks applicable to an investment in NW Natural and the particular type of securities NW Natural is offering under that prospectus supplement.

**USE OF PROCEEDS**

Unless otherwise stated in a prospectus supplement, the net proceeds to be received by NW Natural from the sale of these securities will be added to the general funds of NW Natural and used for corporate purposes, primarily to fund, in part, NW Natural's ongoing utility construction program and for general corporate purposes.

The prospectus supplement relating to a particular offering of securities will identify the use of proceeds for that offering.



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**RATIO OF EARNINGS TO FIXED CHARGES AND  
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS**

The ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preference dividends, calculated according to the rules set forth under the Securities Act, for the following periods were:

<u>Period</u>	<u>Ratios(1)</u>
Twelve Months Ended September 30, 2016	3.36
Nine Months Ended September 30, 2016(2)	2.67
Year Ended December 31, 2015	3.00
Year Ended December 31, 2014	3.13
Year Ended December 31, 2013	3.16
Year Ended December 31, 2012	3.26
Year Ended December 31, 2011	3.38

Earnings consist of net income to which has been added taxes on income and fixed charges. Fixed charges consist of interest on all indebtedness, amortization of debt expense and discount or premium, and the estimated interest portion of rentals charged to income. Preference dividends are the amounts of pre-tax earnings that would be required to pay dividends on any outstanding preference equity securities (which could include any NW Natural preferred stock outstanding for the period).

- (1) NW Natural had no preference equity securities outstanding for any of the periods presented; therefore, the ratios of earnings to fixed charges are the same as the ratios of earnings to combined fixed charges and preference dividends.
- (2) A significant part of the businesses of NW Natural is seasonal in nature; therefore, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preference dividends for the interim period are not necessarily indicative of the results for a full year.

**DESCRIPTION OF DEBT SECURITIES**

**General**

The following sections set forth certain general terms and provisions of NW Natural's secured, unsecured and junior subordinated debt securities, consisting of first mortgage bonds and debentures, notes or other debt, that NW Natural may offer by this prospectus. NW Natural will describe the particular terms of the debt securities, and provisions that vary from those described below, in one or more prospectus supplements.

**DESCRIPTION OF THE BONDS**

**General**

NW Natural will issue its first mortgage bonds, in one or more series, under the Mortgage and Deed of Trust, dated as of July 1, 1946, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) (the Corporate Trustee), as trustee (the Mortgage Trustee), which has been amended and supplemented in the past and which may be supplemented again by one or more supplemental indentures relating to these securities. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the first mortgage bonds offered by this prospectus, are referred to herein as "First Mortgage Bonds."

This section briefly summarizes some of the provisions of the First Mortgage Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in this prospectus but that are defined in the

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Mortgage. This summary is not complete and is qualified in its entirety by reference to the Mortgage which is on file with the SEC. You should read the Mortgage for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of First Mortgage Bonds may have different terms. NW Natural will include some or all of the following information about a specific series of First Mortgage Bonds in the prospectus supplement relating to those First Mortgage Bonds:

- the designation of the series and the aggregate principal amount of those First Mortgage Bonds,
- the interest rate(s) for those First Mortgage Bonds,
- the currency or currencies in which payment of the principal of and interest on those First Mortgage Bonds may be made,
- the date(s) on which those First Mortgage Bonds will mature,
- the dates on which NW Natural will pay the interest on those First Mortgage Bonds and the date from which interest will accrue,
- the place(s) where the principal of and interest on those First Mortgage Bonds will be payable,
- whether all or any portion of those First Mortgage Bonds will be issued to a designated depository,
- the additional place(s) for the payment of principal or interest or for the registration or transfer of those First Mortgage Bonds,
- any terms or obligations of NW Natural relating to creation of a sinking fund with respect to those First Mortgage Bonds or permitting conversion of those First Mortgage Bonds into capital stock of NW Natural or another entity,
- any terms permitting bondholders to exchange those First Mortgage Bonds for other securities,
- any terms pursuant to which NW Natural may redeem any of those First Mortgage Bonds, and
- any other terms or provisions relating to those First Mortgage Bonds that are not inconsistent with the provisions of the Mortgage.

Except as may otherwise be described in a prospectus supplement, the covenants contained in the Mortgage will not afford holders of the First Mortgage Bonds protection in the event of a highly-leveraged or similar transaction involving NW Natural or in the event of a change in control.

**Reserved Amendment Rights**

NW Natural has reserved the right to amend the Mortgage, without the consent or other action of the holders of any series of First Mortgage Bonds created after November 1, 2016 or Secured Medium-Term Notes, Series B with an issue date after November 1, 2016, to make the changes described below in this "Description of First Mortgage Bonds." Holders of any series of First Mortgage Bonds created after November 1, 2016 and Secured Medium-Term Notes, Series B with an issue date after November 1, 2016, including First Mortgage Bonds that NW Natural may offer by this prospectus, are deemed to have consented to these amendments. This section briefly summarizes the reserved amendment rights. This summary is not complete. You should read this summary together with the twenty-second supplemental indenture, dated as of November 1, 2016, which has been filed with the SEC and is an exhibit to the registration statement filed with the SEC of which this prospectus is a part, together with the Mortgage for a complete understanding of the reserved amendment rights.

**Form, Exchange and Payment**

Unless otherwise specified in the prospectus supplement relating to First Mortgage Bonds, First Mortgage Bonds will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that





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is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

**Security**

First Mortgage Bonds issued or to be issued under the Mortgage are or will be secured by the Mortgage, which constitutes a first mortgage lien on certain gas utility properties owned from time to time by NW Natural (except as stated below).

The lien of the Mortgage is or may be subject to the following Excepted Encumbrances:

- liens for taxes, assessments or governmental charges which are not delinquent or the validity of which is being contested at the time by NW Natural in good faith; and liens for workmen's compensation awards and similar obligations which are not delinquent and undetermined liens or charges incidental to construction;
- liens securing indebtedness, neither assumed nor guaranteed by NW Natural nor on which it customarily pays interest, existing on real property or rights in or relating to real property acquired by NW Natural for transmission line, transportation line, distribution line or right of way purposes;
- rights of any municipality or public authority to terminate any right, power, franchise, grant, license or permit or to purchase or recapture or to designate a purchaser of any of the property of NW Natural or to control or regulate any property of NW Natural, or to use such property in a manner which does not materially impair the use of such property for the purposes for which it is held by NW Natural;
- rights of others to take or receive any part of the power, gas, oil or other minerals or timber generated, developed, produced, manufactured, pumped or stored by, or grown on, or acquired with, any property of NW Natural;
- easements, restrictions, exceptions or reservations in any property and/or rights of way of NW Natural for the purpose of roads, pipelines, transmission lines, distribution lines, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights of way, facilities and/or equipment, and defects, irregularities and deficiencies in titles of any property and/or rights of way, which do not materially impair the use of such property and/or rights of way for the purposes for which such property and/or rights of way are held by NW Natural; or
- any obligations or duties, affecting the property of NW Natural, to any municipality or public authority with respect to any franchise, grant, license or permit.

In addition, the lien of the Mortgage is or may be subject to the following:

- vendors' liens, purchase money mortgages and liens on property that already exist at the time NW Natural acquires that property;
- liens for labor, materials, supplies or other objects given priority by law; and
- liens for taxes, assessments or other governmental charges given priority by law.

NW Natural has reserved the right to amend the Mortgage to restate the definition of Excepted Encumbrances to mean substantially the following:

- tax liens, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at least ten business days' notice has not been given to NW Natural's general counsel or to such other person designated by NW Natural to receive such notices;

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- mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' liens, other liens incident to construction, liens or privileges of any of NW Natural's employees for salary or wages earned, but not yet payable, and other liens, including without limitation liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at least ten business days' notice has not been given to NW Natural's general counsel or to such other person designated by NW Natural to receive such notices;
- specified judgment liens;
- easements, leases, reservations or other rights of others (including governmental entities) in, and defects of title in, NW Natural's property;
- liens securing indebtedness or other obligations relating to real property NW Natural acquired for specified transmission, distribution or communication purposes or for the purpose of obtaining rights of way;
- specified leases and leasehold, license, franchise and permit interests;
- liens resulting from law, rules, regulations, orders or rights of governmental authorities and specified liens required by law or governmental regulations;
- liens to secure public obligations, rights of others to take minerals, timber, electric energy or capacity, gas, water, steam or other products produced by NW Natural or by others on NW Natural's property;
- rights and interests of persons other than NW Natural arising out of agreements relating to the common ownership or joint use of property, and liens on the interests of those persons in such property;
- restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public services corporation;
- liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;
- certain easements, ground leases and rights of way for the purpose of roads, pipelines, transmission lines, distribution lines, communication lines, railways, removal or transportation of coal, lignite, gas, oil or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights of way, facilities and/or equipment, so long as such grant shall not materially impair the use of the property or rights of way for the purposes for which such property or rights of way are held by NW Natural; and
- certain prepaid liens. (See Twenty-second Supplemental Indenture, Section 2.17 and the definition of Permitted Liens in Section 1.07.)

The following are excepted from the lien of the Mortgage:

- (1) cash and securities,
- (2) certain equipment, apparatus, materials or supplies,
- (3) aircraft, automobiles and other vehicles,
- (4) receivables, contracts, leases and operating agreements,
- (5) timber, minerals, mineral rights and royalties, and
- (6) all Natural Gas and Oil Production Property (See Mortgage, pages 10-11 and Section 4).

No stock, properties or other assets of NW Natural subsidiaries are subject to the Mortgage.

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The Mortgage contains provisions that impose the lien of the Mortgage on property acquired by NW Natural after the date of the Mortgage, other than the excepted property described above and subject to pre-existing liens. However, if NW Natural consolidates, merges or sells substantially all of its assets to another entity, the lien created by the Mortgage will generally not cover the property of the successor, other than the mortgaged property it acquires from NW Natural and improvements, extensions, additions, renewals and replacements of that property. (See Mortgage, Article XVI.)

The Mortgage provides that the Mortgage Trustee shall have a lien upon the mortgaged property, prior to that of the First Mortgage Bonds, for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. This lien takes priority over the lien securing the First Mortgage Bonds. (See Mortgage, Section 96.)

NW Natural has reserved the right to amend the Mortgage to add any one or more of following types of property to the list of excepted property described above:

- (1) any vessels or marine equipment;
- (2) any personal property of such character that the perfection of a security interest therein or other lien thereon is not governed by the Uniform Commercial Code in effect where NW Natural is organized or the property is located;
- (3) any general intangibles, including computer software;
- (4) any intellectual property rights;
- (5) any governmental and other licenses, permits, or franchises (other than NW Natural's franchises, permits and licenses that are transferable and necessary for the operation of the mortgaged property); or
- (6) any unrecorded easements and rights of way.

NW Natural has also reserved the right to amend the Mortgage to subject any excepted property to the lien of the Mortgage and to define the term "mineral rights" for purposes of the Mortgage to exclude any rights or other property constructed, acquired or held primarily for the purpose of storing and withdrawing gas that has been injected into, or may from time to time may be injected into, storage reservoirs or other facilities located on or under real property, whether or not such rights or other property constitute "mineral rights" under applicable law. (See Twenty-second Supplemental Indenture, Sections 2.05, 2.08 and 2.23.)

**Issuance of Additional First Mortgage Bonds**

First Mortgage Bonds may be issued from time to time on the basis of:

- (1) 70% of property additions, after adjustments to offset retirements (See "Modification of the Mortgage—Issuance of Additional First Mortgage Bonds," below),
- (2) the retirement of First Mortgage Bonds or qualified lien bonds, or
- (3) the deposit of cash.

With certain exceptions in the case of (2) above, the issuance of First Mortgage Bonds must meet an earnings test. The adjusted net earnings before income taxes for 12 consecutive months out of the preceding 15 months must be at least twice the annual interest requirements on all First Mortgage Bonds at the time outstanding, including the First Mortgage Bonds being issued, and all indebtedness of prior rank.

For purposes of determining annual interest requirements, interest on First Mortgage Bonds or other indebtedness bearing interest at a variable interest rate shall be computed at the average of the interest rates borne by such First Mortgage Bonds or other indebtedness during the period of calculation or, if such First Mortgage Bonds or other indebtedness shall have been issued after such period or shall be the subject of pending applications, interest shall be computed at the initial rate borne upon issuance.

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Property additions generally include gas, electric, steam or hot water property or gas by-product property acquired after March 31, 1946, but will not include certain assets, including securities, airplanes, automobiles or other vehicles, or natural gas transmission lines or Natural Gas and Oil Production Property. As of September 30, 2016, approximately \$769.4 million of property additions were available for use as the basis for the issuance of First Mortgage Bonds. As of September 30, 2016, approximately \$298 million of retired First Mortgage Bonds were available for use as the basis for the issuance of First Mortgage Bonds.

The Mortgage contains certain restrictions upon the issuance of First Mortgage Bonds against property subject to liens.

(See Mortgage, Sections 4-7, 20-30 and 46, Third Supplemental Indenture, Sections 3 and 4, Eighteenth Supplemental Indenture, Section 2.01, and Twenty-second Supplemental Indenture, Sections 1.03 and 1.04.)

NW Natural has reserved the right to amend the Mortgage (1) to delete the earnings test and (2) to modify the definition of property additions to mean all mortgaged property acquired or constructed by NW Natural after March 31, 1946. (See Twenty-second Supplemental Indenture, Sections 2.01 and 2.05.)

NW Natural has also reserved the right to amend the Mortgage to change the definition of funded property from time to time. To change the definition of funded property, NW Natural must deliver to the Corporate Trustee an independent engineer's certificate referred to as a "funded property certificate." This funded property certificate will describe all or a portion of mortgaged property which has a fair value not less than the sum of the principal amount of the First Mortgage Bonds outstanding and the principal amount of the First Mortgage Bonds that NW Natural is entitled to have authenticated on the basis of retired First Mortgage Bonds divided by 70%. Once this funded property certificate is delivered to the Corporate Trustee, the definition of "funded property" will mean any mortgaged property described in the funded property certificate. Property additions will become funded property when used under the Mortgage for the issuance of bonds, the release or retirement of funded property, or the withdrawal of cash deposited with the Corporate Trustee for the issuance of bonds or the release of Funded property. (See Twenty-second Supplemental Indenture, Section 2.03.)

**Release and Substitution of Property**

Property may be released from the lien of the Mortgage, at the lesser of its cost or its fair value at the time that such property became funded property, on the basis of:

- (1) the deposit of cash or, to a limited extent, purchase money mortgages,
- (2) property additions acquired by NW Natural in the last five years, or
- (3) the waiver of the right to issue First Mortgage Bonds on the basis of retired First Mortgage Bonds, in each case without applying an earnings test.

Cash so deposited as the basis for a release and cash deposited as the basis for the issuance of additional First Mortgage Bonds may be withdrawn upon the bases stated in (2) and (3) above without applying an earnings test. When property released is not funded property, property additions used to effect the release may again, in certain cases, become available as credits under the Mortgage, and the waiver of the right to issue First Mortgage Bonds to effect the release may, in certain cases, cease to be effective as such a waiver. Similar provisions are in effect as to cash proceeds of such property. The Mortgage contains special provisions with respect to qualified lien bonds pledged and the disposition of moneys received on pledged prior lien bonds. In addition, NW Natural may release unfunded mortgaged property if after such release at least one dollar of unfunded mortgaged property remains subject to the lien of the Mortgage. (See Mortgage, Sections 5, 31, 32, 37, 46 to 50, 59 to 61, 100 and 118, Eighteenth Supplemental Indenture, Section 2.03, and Twenty-second Supplemental Indenture, Sections 1.02 and 1.06.)

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NW Natural has reserved the right to amend the Mortgage as follows:

- to permit releases of property without the sale or disposition of such property;
- to eliminate the limit on purchase money mortgages referred to in clause (1) above;
- to eliminate the five-year limit on property additions referred to in clause (2) above; and
- to increase the amount of property that may be released on the basis of clause (3) above to 10/7ths of aggregate principal amount of First Mortgage Bonds so waived. (See Twenty-second Supplemental Indenture, Sections 2.02, 2.20, 2.21 and 2.22.)

**Satisfaction and Discharge of Mortgage**

The lien of the Mortgage may be canceled and discharged whenever all indebtedness secured by the Mortgage has been paid. First Mortgage Bonds, or any portion of the principal amount thereof, will, prior to the maturity thereof, be deemed to have been paid for purposes of satisfying the lien of the Mortgage and shall not be deemed to be outstanding for any other purpose of the Mortgage if there shall have been deposited with the Corporate Trustee either:

- (1) moneys in the necessary amount, or
- (2) (a) direct obligations of the government of the United States of America, or
  - (b) obligations guaranteed by the government of the United States of America, or
  - (c) securities that are backed by obligations of the government of the United States of America as collateral under an arrangement by which the interest and principal payments on the collateral generally flow immediately through to the holder of the security,

which in any case are not subject to redemption prior to maturity by anyone other than the holders, and the principal of and the interest on which when due, and without any regard to reinvestment thereof, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said First Mortgage Bonds or portions thereof on the redemption date or maturity date thereof, as the case may be. (See Mortgage, Section 106 and Thirteenth Supplemental Indenture, Section 3.02.)

**Defaults and Notice Thereof**

Defaults are:

- (1) default in payment of principal,
- (2) default for 60 days in payment of interest or of installments of funds for the retirement of First Mortgage Bonds,
- (3) certain defaults with respect to qualified lien bonds,
- (4) certain events in bankruptcy, insolvency or reorganization, and
- (5) default for 90 days after notice in the case of a breach of certain other covenants.

The Mortgage Trustee may withhold notice of default (except in payment of principal, interest or any fund for the retirement of First Mortgage Bonds) if it thinks it is in the interest of the bondholders. (See Mortgage, Sections 65 and 66.)

Holders of 25% of the First Mortgage Bonds may declare the principal and the interest due on default, but a majority may annul such declaration if such default has been cured. There is no automatic acceleration even in the event of NW Natural's bankruptcy, insolvency or reorganization. No holder of First Mortgage Bonds may enforce the lien of the Mortgage without giving the Mortgage Trustee written notice of a default and unless

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holders of 25% of the First Mortgage Bonds have requested the Mortgage Trustee to act and offered it reasonable opportunity to act and the Mortgage Trustee has failed to act. The Mortgage Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that the repayment is not reasonably assured. Holders of a majority of the First Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Mortgage Trustee, or exercising any trust or power conferred upon the Mortgage Trustee, but the Mortgage Trustee is not required to follow such direction if not sufficiently indemnified for expenditures. (See Mortgage, Sections 67, 71, 80 and 94.)

**Evidence to be Furnished to the Mortgage Trustee**

Compliance with the Mortgage provisions is evidenced by written statements of NW Natural's officers or persons selected by NW Natural. In certain major matters the accountant, engineer, appraiser or other expert must be independent. Various certificates and other papers, including an annual certificate with reference to compliance with the terms of the Mortgage and absence of defaults, are required to be filed annually and upon the occurrence of certain events. (See Mortgage, Sections 38, 41-46 and 121.)

**Modification of the Mortgage**

The rights of the bondholders may be modified with the consent of holders of 66 2/3% of the First Mortgage Bonds and, if less than all series of First Mortgage Bonds are affected, the consent also of holders of 66 2/3% of First Mortgage Bonds of each series affected. In general, no modification of the terms of payment of principal and interest, permitting liens prior or equal to the lien of the Mortgage, depriving a non-assenting bondholder of the benefit of a lien on the mortgaged property or reducing the percentage required for modification (except as provided above) will be effective against any bondholder without his or her consent. (See Ninth Supplemental Indenture, Section 6, and Twenty-second Supplemental Indenture, Section 1.01.)

NW Natural has reserved the right to amend the Mortgage to provide that the rights of the bondholders (other than those described above that require the consent of each affected bondholder) may be modified with the consent of the holders of a majority in aggregate principal amount of then outstanding First Mortgage Bonds, considered as one class, or if less than all of the series of First Mortgage Bonds outstanding are directly affected by a proposed amendment or modification, then the consent of the holders of only a majority in aggregate principal amount of the outstanding First Mortgage Bonds of all series that are directly affected, considered as one class. (See Twenty-second Supplemental Indenture, Section 2.15.)

NW Natural has reserved the right to amend the Mortgage to permit NW Natural and the Corporate Trustee, without the consent of any holder of First Mortgage Bonds, to enter into one or more supplemental indentures for any of the following purposes:

- to evidence the assumption by any permitted successor of NW Natural's covenants in the Mortgage and in the First Mortgage Bonds;
- to add one or more covenants or other provisions for the benefit of the holders of all or any series of First Mortgage Bonds, or to surrender any right or power conferred upon NW Natural and to make an occurrence of a default in performance of any such additional covenants, an additional "default";
- to correct or amplify the description of any property at any time subject to the lien of the Mortgage, or better to assure, convey and confirm unto the Mortgage Trustee any property subject or required to be subjected to the lien of the Mortgage, or to subject to the lien of the Mortgage additional property;
- to change or eliminate or add any new provision to the Mortgage; provided, however, that no such change, elimination or addition will adversely affect the interests of the holders of First Mortgage Bonds of any series in any material respect;
- to establish the form or terms of First Mortgage Bonds of any other series as permitted by the Mortgage;

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- to provide for the procedures required to permit NW Natural to utilize, at its option, a non-certificated system of registration for all or any series of First Mortgage Bonds;
- to change any place where principal, premium, if any, and interest shall be payable, First Mortgage Bonds may be surrendered for registration of transfer or exchange, and notices and demands to NW Natural may be served; and
- to cure any ambiguity or inconsistency or to make any other changes or additions to the provisions of the Mortgage if such changes or additions will not adversely affect the interests of the holders of First Mortgage Bonds of any series in any material respect. (See Twenty-second Supplemental Indenture, Section 2.16.)

**Consolidation, Merger and Conveyance of Assets**

The Mortgage provides that NW Natural may consolidate with or merge into any other entity or convey, transfer or lease as, or substantially as, an entirety to any entity the mortgaged property, if:

- such merger, consolidation, conveyance, transfer or lease is upon such terms as to preserve, and in no respect impair, the lien and security of the Mortgage and the rights and powers of the Mortgage Trustee and the holders of First Mortgage Bonds;
- the survivor or successor corporation expressly assumes by supplemental indenture NW Natural's obligations on all First Mortgage Bonds then outstanding and under the Mortgage; and
- in the case of a lease, such lease is made expressly subject to termination by NW Natural or by the Mortgage Trustee and by the purchaser of the property so leased at any sale thereof at any time during the continuance of a default under the Mortgage.

In the case of the conveyance or other transfer of the mortgaged property as, or substantially as, an entirety to another corporation, upon the satisfaction of all the conditions described above, such corporation would succeed and be substituted for NW Natural under the Mortgage.

The Mortgage does not prevent or restrict any conveyance or other transfer, or lease, of any part of the mortgaged property that does not constitute the entirety, or substantially the entirety, of the mortgaged property.

Although NW Natural's successor may, in its sole discretion, subject to the lien of the Mortgage any property then owned or thereafter acquired by the successor, the lien of the Mortgage generally will not cover the property of the successor other than the mortgaged property it acquires from NW Natural and improvements, extensions and additions to such property and renewals, replacements and substitutions thereof, within the meaning of the Mortgage.

The terms of the Mortgage do not restrict mergers in which NW Natural is the surviving entity. (See Mortgage, Sections 85, 86 and 87.)

NW Natural has reserved the right to amend the Mortgage as follows:

- to provide that, in the case of a consolidation or merger after the consummation of which NW Natural would be the surviving or resulting entity, unless NW Natural otherwise provides in a supplemental indenture to the Mortgage, the lien of the Mortgage will generally not cover any of the properties acquired by NW Natural in or as a result of such transaction or any improvements, extensions or additions to those properties;
- to provide that any conveyance, transfer or lease of any of NW Natural's properties where NW Natural retains mortgaged property with a fair value in excess of 10/7ths of the aggregate principal amount of all outstanding First Mortgage Bonds, and any other outstanding debt secured by a purchase money

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lien that ranks equally with, or senior to, the First Mortgage Bonds with respect to the mortgaged property, shall not be deemed to be a conveyance, transfer or lease of all or substantially all of the mortgaged property. This fair value will be determined within 90 days of the conveyance, transfer or lease by an independent expert that NW Natural selects; and

- to provide that if NW Natural transfers all or substantially all of the mortgaged property as an entirety to a successor entity as described above, NW Natural may be released of all of its obligations under the Mortgage or any First Mortgage Bonds assumed by such successor. (See Twenty-second Supplemental Indenture, Sections 2.09, 2.10 and 2.18.)

**The Corporate Trustee**

Deutsche Bank Trust Company Americas also serves as the Indenture Trustee under the Indenture under which the Indenture Securities, as defined below, are issued.

NW Natural has reserved the right to amend the Mortgage without the consent or other action by the holders of First Mortgage Bonds to provide that, so long as no default has occurred and is continuing and except with respect to a Corporate Trustee appointed by act of the bondholders, if NW Natural has delivered to the Corporate Trustee a board resolution appointing a successor Corporate Trustee and the successor has accepted the appointment in accordance with the terms of the Mortgage, the Corporate Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as Corporate Trustee in accordance with the Mortgage. (See Twenty-second Supplemental Indenture, Section 2.11.)

**DESCRIPTION OF THE UNSECURED DEBT SECURITIES****General**

NW Natural will issue its unsecured debt securities, in one or more series, under an Indenture, dated as of June 1, 1991, between NW Natural and Deutsche Bank Trust Company Americas, as trustee (Indenture Trustee). This Indenture, as it may be amended and supplemented from time to time, is referred to in this prospectus as the "Indenture." These unsecured debt securities offered by this prospectus are referred to in this prospectus as the "Unsecured Debt Securities."

The Indenture provides for the issuance of debentures, notes or other debt by NW Natural in an unlimited amount from time to time. The Unsecured Debt Securities and all other debentures, notes or other debt of NW Natural issued or to be issued under the Indenture are collectively referred to in this prospectus as the "Indenture Securities."

The Indenture does not limit the amount of debt, secured or unsecured, which may be issued by NW Natural.

Indenture Securities will rank equally with all other unsecured and unsubordinated indebtedness of NW Natural. Substantially all of the gas plants, distribution systems and certain other materially important physical properties of NW Natural are subject to the lien of the Mortgage securing the First Mortgage Bonds. (See "Description of the Bonds—Security" and "—Issuance of Additional First Mortgage Bonds", above.)

This section briefly summarizes some of the provisions of the Unsecured Debt Securities and some of the provisions of the Indenture and uses some terms that are not defined in this prospectus but that are defined in the Indenture. This summary is not complete and is qualified in its entirety by the Indenture which is on file with the SEC. You should read the Indenture for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.



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Each series of Unsecured Debt Securities may have different terms. NW Natural will include some or all of the following information about a specific series of Unsecured Debt Securities in the prospectus supplement(s) relating to those Unsecured Debt Securities:

- the title of those Unsecured Debt Securities,
- any limit upon the aggregate principal amount of those Unsecured Debt Securities,
- whether those Unsecured Debt Securities will be offered on a periodic basis, with the specific terms of such Unsecured Debt Securities to be determined upon their issuance.
- the date(s) on which, and the manner in which, NW Natural will pay the principal of those Unsecured Debt Securities,
- the rate(s) of interest on those Unsecured Debt Securities, or how the rate(s) of interest will be determined, the date(s) from which interest will accrue, the dates on which NW Natural will pay interest, the record date for any interest payable on any interest payment date, the manner in which such interest shall be payable, and the basis of computation of interest,
- the place(s) at which or methods by which the registered owners of those Unsecured Debt Securities may transfer or exchange those Unsecured Debt Securities and serve notices and demands to or upon NW Natural,
- any date(s) on which, the price(s) at which and the terms and conditions upon which those Unsecured Debt Securities may be redeemed, in whole or in part, at the option of NW Natural,
- any obligation of NW Natural, and the terms and conditions thereof, to redeem or repurchase those Unsecured Debt Securities, pursuant to any sinking fund or other provisions that would obligate NW Natural to repurchase or redeem those Unsecured Debt Securities,
- the denominations in which NW Natural may issue those Unsecured Debt Securities, if other than denominations of \$1,000 and any integral multiple of \$1,000,
- whether the amount of payments of principal of, or premium, if any, or interest on those Unsecured Debt Securities, may be determined with reference to an index, and, if so the manner in which such amounts shall be determined,
- the portion of the principal amount of those Unsecured Debt Securities that NW Natural will pay upon declaration of acceleration of the maturity of those Unsecured Debt Securities, if other than the entire principal amount of those Unsecured Debt Securities,
- any events of default with respect to those Unsecured Debt Securities and any covenants of NW Natural for the benefit of the registered owners of those Unsecured Debt Securities, other than those specified in this prospectus,
- the terms, if any, pursuant to which those Unsecured Debt Securities may be converted into or exchanged for shares of capital stock or other securities of NW Natural or any other entity,
- the person to whom NW Natural will pay interest on those Unsecured Debt Securities on any interest payment date, if other than the person in whose name those Unsecured Debt Securities are registered at the close of business on the record date for that interest payment,
- the amount and terms of a service charge, if any, for the registration of transfer or exchange of those Unsecured Debt Securities,
- any exceptions to the definition of Legal Holiday or variation in the definition of Business Day under the Indenture with respect to those Unsecured Debt Securities,

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- the terms, if any, required to permit those Unsecured Debt Securities to be registered pursuant to a non-certificated system of registration, and
- any other terms of those Unsecured Debt Securities that are not inconsistent with the provisions of the Indenture.

Except as may otherwise be described in a prospectus supplement, the covenants contained in the Indenture will not afford holders of the Unsecured Debt Securities protection in the event of a highly-leveraged or similar transaction involving NW Natural or in the event of a change in control.

**Form, Exchange and Payment**

Unless otherwise specified in the prospectus supplement relating to the Unsecured Debt Securities, the Unsecured Debt Securities will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

**Defeasance**

The principal amount of the Unsecured Debt Securities of any series issued under the Indenture will be deemed to have been paid for purposes of the Indenture and the entire indebtedness of NW Natural in respect thereof will be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited with the Indenture Trustee, in trust:

- (1) money in an amount which will be sufficient, or
- (2) in the case of a deposit made prior to the maturity of those Unsecured Debt Securities, Government Obligations (as defined below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Indenture Trustee, will be sufficient, or
- (3) a combination of (1) and (2) which will be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on the Unsecured Debt Securities of that series that are outstanding. For this purpose, Government Obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States of America entitled to the benefit of the full faith and credit thereof and certificates, depositary receipts or other instruments which evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof. (See Indenture, Sections 101, 701.)

If NW Natural deposits any money and/or Government Obligations with respect to the Unsecured Debt Securities of any series, or any portion of the principal amount thereof, prior to the maturity or redemption of such Unsecured Debt Securities or such portion of the principal amount thereof, for the satisfaction or discharge of the indebtedness of NW Natural in respect to such Unsecured Debt Securities or such portion thereof as described in Section 701 of the Indenture, NW Natural shall deliver to the Indenture Trustee either:

- (1) an instrument wherein NW Natural, notwithstanding such satisfaction and discharge, shall assume the obligation to irrevocably deposit with the Indenture Trustee such additional sums of money, if any, or additional Government Obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Government Obligations previously deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Unsecured Debt Securities or such portions thereof, all in accordance with and subject to the provisions of said

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Section 701; provided, however, that such instrument may state that the obligation of NW Natural to make additional deposits as described above shall be subject to the delivery to NW Natural by the Indenture Trustee of a notice asserting the amount of such deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing, selected by the Indenture Trustee, showing the calculation thereof, or

- (2) an opinion of counsel to the effect that the holders of such Unsecured Debt Securities, or such portions of the principal amount thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such satisfaction and discharge had not been effected.

In the event that NW Natural shall elect to deliver to the Indenture Trustee an instrument as described in clause (1) of the preceding paragraph in connection with any such deposit of money and/or Government Obligations with the Indenture Trustee, under current applicable United States federal income tax regulations, the holders of such Unsecured Debt Securities, or such portions thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been effected. There can be no assurance that such United States federal income tax regulations will not change such that, as a result of such deposit and delivery by NW Natural of such instrument, holders of Unsecured Debt Securities may recognize income, gain or loss for United States federal income tax purposes and may not be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been made.

**Events of Default and Notice Thereof**

Events of default are:

- (1) default for three business days in payment of principal,
- (2) default for 60 days in payment of interest,
- (3) certain events in bankruptcy, insolvency or reorganization,
- (4) default for 90 days after notice in the case of a breach of any other covenant, and
- (5) any other event of default specified with respect to the Indenture Securities of a particular series.

No event of default with respect to a series of Indenture Securities necessarily constitutes an event of default with respect to the Indenture Securities of any other series.

The Indenture Trustee may withhold notice of default (except in payment of principal, interest or any funds for the retirement of Indenture Securities) if it, in good faith, determines that withholding of such notice is in the interest of the holders of the Indenture Securities. (See Indenture, Sections 801 and 903.)

Either the Indenture Trustee or the holders of not less than 33% in principal amount (or such lesser amount as may be provided in the case of discount Indenture Securities) of the outstanding Indenture Securities of all defaulted series, considered as one class, may declare the principal and interest on such series due on default, but NW Natural may annul such default by effecting its cure and paying overdue interest and principal. There is no automatic acceleration even in the event of NW Natural's bankruptcy, insolvency or reorganization. No holder of Indenture Securities may enforce the Indenture without having given the Indenture Trustee written notice of default, and unless the holders of a majority of the Indenture Securities of all defaulted series, considered as one class, shall have requested the Indenture Trustee to act and offered reasonable indemnity, and for 60 days the Indenture Trustee shall have failed to act. But, each holder has an absolute right to receive payment of principal and interest when due and to institute suit for the enforcement of such payment. The Indenture Trustee is not required to risk its funds or incur any financial liability if it has reasonable grounds to believe that repayment is not reasonably assured.

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The holders of a majority of the Indenture Securities of all defaulted series, considered as one class, may direct the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee, with respect to the Indenture Securities of such series, but the Indenture Trustee is not required to follow such direction if not sufficiently indemnified and the Indenture Trustee may take any other action it deems proper which is not inconsistent with such direction. (See Indenture, Sections 802, 807, 808, 812 and 902.)

**Evidence to be Furnished to the Indenture Trustee**

Compliance with the Indenture provisions will be evidenced by written statements of NW Natural's officers. An annual certificate with reference to compliance with the covenants and conditions of the Indenture and the absence of defaults is required to be filed with the Indenture Trustee. (See Indenture, Section 1004.)

**Modification of the Indenture**

The rights of the holders of the Indenture Securities may be modified with the consent of the holders of a majority of the Indenture Securities of all series or Tranches, as defined below, affected, considered as one class. However, certain specified rights of the holders of Indenture Securities may be modified without the consent of the holders if such modification would not be deemed to adversely affect their interests in any material respect.

In general, no modification of the terms of payment of principal and interest, no reduction of the percentage in principal amount of the Indenture Securities outstanding under such series required to consent to any supplemental indenture or waiver under the Indenture, no reduction of such percentage necessary for quorum and voting, and no modification of certain of the provisions in the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults is effective against any holder of Indenture Securities without the consent of such holder. "Tranche" means a group of Indenture Securities which are of the same series and have identical terms except as to principal amount and/or date of issuance. (See Indenture, Article Twelve.)

**The Indenture Trustee**

Deutsche Bank Trust Company Americas also serves as the Corporate Trustee under the Mortgage under which the First Mortgage Bonds are issued.

**DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES**

NW Natural may issue junior subordinated debentures, in one or more series, under an indenture, between NW Natural and the trustee specified therein. The terms of any junior subordinated debentures will be described in a prospectus supplement.

**DESCRIPTION OF PREFERRED STOCK****General**

The following is a summary of certain rights and privileges of NW Natural's preferred stock, none of which is currently outstanding. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 22, 2014, and any articles of amendment to the Amended and Restated Articles of Incorporation establishing a particular series of preferred stock, which are filed as exhibits to this registration statement, or in the case of any articles of amendment relating to a future series of preferred stock, will be filed with the SEC prior to the issuance of such series, and incorporated herein by reference. The following statements are qualified in their entirety by such references.

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**Table of Contents**

The Board of Directors is authorized under NW Natural's Amended and Restated Articles of Incorporation to provide for the issuance from time to time of preferred stock in one or more series, and as to each series to fix and determine the relative rights and preferences, serial designation, dividend rate, redemption prices, voluntary and involuntary liquidation prices, sinking fund provisions for the redemption or purchase of shares, if any, and conversion provisions, if any, applicable to shares of such series. NW Natural will include some or all of this information about a specific series of preferred stock being offered in the prospectus supplement(s) relating to such series. As used herein, the term "preferred stock" includes all series.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 21, 2016, 27,557,756 shares of common stock were outstanding and no shares of preferred stock were outstanding.

**Dividends**

Each series of the preferred stock shall be entitled in preference to the common stock to dividends cumulative from the date of issue, at the rate fixed by the Board of Directors, payable quarterly on February 15, May 15, August 15 and November 15 in each year or on such other date or dates as the Board of Directors shall determine.

**Voting Rights**

Generally, only NW Natural's common stock has voting rights. The common stock has cumulative voting rights with respect to the election of directors. The preferred stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of preferred stock in accordance with NW Natural's Amended and Restated Articles of Incorporation.

Certain terms relating to NW Natural's preferred stock in respect of dividends, liquidation rights, limitations on payment of dividends and voting are discussed below in "Description of Common Stock—Dividends and Liquidation Rights" and "—Dividend Limitations".

**DESCRIPTION OF COMMON STOCK****General**

The following is a summary of certain rights and privileges of NW Natural's common stock. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 22, 2014, which are incorporated herein by reference. The following statements are qualified in their entirety by such references.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 21, 2016, 27,557,756 shares of common stock were outstanding and no shares of preferred stock were outstanding.

**Dividends and Liquidation Rights**

Except as hereinafter stated, the common stock is entitled to receive such dividends as are declared by the Board of Directors and to receive ratably on liquidation any assets which remain after payment of liabilities. NW Natural has an authorized class of senior capital stock, referred to as preferred stock, none of which is currently outstanding. NW Natural's preferred stock is entitled in preference to the common stock (1) to cumulative dividends at the annual rate fixed for each series by the Board of Directors, and (2) in voluntary and involuntary liquidation, to the amounts fixed for each series by the Board of Directors, plus in each case, unpaid accumulated dividends.

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**Table of Contents****Dividend Limitations**

Should dividends on the preferred stock be in arrears, no dividends on the common stock may be paid or declared. Future series of the preferred stock could contain sinking fund, purchase or redemption obligations under which no dividends on the common stock may be paid or declared while such obligations are in default. Common stock dividends also may be restricted by the provisions of future instruments pursuant to which NW Natural may issue long-term debt.

**Voting Rights**

Except as provided by law or by resolutions establishing any series of preferred stock, only the common stock has voting rights. Cumulative voting is permitted by the Amended and Restated Articles of Incorporation to holders of common stock at elections of directors.

**Classification of the Board of Directors**

The Board of Directors of NW Natural may consist of not less than 9 nor more than 13 persons, as determined by the Board, divided into three classes as nearly equal in number as possible. The number of directors as of the date of this prospectus is 10. One class is elected for a three-year term at each annual meeting of shareholders. Vacancies, including those resulting from an increase in the size of the Board, may be filled by a majority vote of the directors then in office, to serve until the next annual meeting of shareholders. One or more of the directors may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon; provided, however, that if fewer than all of the directors should be candidates for removal, no one of them shall be removed if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director shall be a part. Except for those persons nominated by the Board, no person shall be eligible for election as a director unless a request from a shareholder entitled to vote in the election of directors that such person be nominated and such person's consent thereto shall be delivered to the Secretary of NW Natural within the time period specified in advance of the meeting at which such election shall be held. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors.

**Business Transactions with Related Persons**

NW Natural shall not enter into any business transaction with a related person or in which a related person shall have an interest (except proportionately as a shareholder of NW Natural) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of NW Natural not held by such related person, and (2) the determination of a majority of the continuing directors that the cash or fair market value of the property, securities or other consideration to be received per share by the holders, other than such related person, of the shares of each class or series of the capital stock of NW Natural in such business transaction shall not be less than the highest purchase price paid by such related person in acquiring any of its holdings of shares of the same class or series, unless the continuing directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of NW Natural that caused such related person to become a related person, or (b) have expressly approved such business transaction. As used in this paragraph: a "business transaction" includes a merger, consolidation, plan of exchange or recapitalization, a purchase, sale, lease, exchange, transfer, mortgage or other disposition of all or a substantial part (10% or more of the fair market value of the assets) of the property and assets of NW Natural or a related person, an issuance, sale, exchange or other disposition of securities of NW Natural and a liquidation, spin-off or dissolution; a "related person" includes a person, organization or group thereof owning 10% or more of the capital stock of NW Natural; "continuing directors" are those whose nominations for directorship shall have been approved by a majority of the directors in office on April 9, 1984 or by a majority of the then continuing directors. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares of the capital stock of NW Natural (other than shares held by related persons).

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**Table of Contents****Preemptive Rights**

The holders of the common stock have no preemptive rights.

**Other Provisions**

The issued and outstanding shares of NW Natural's common stock are, and the common stock offered hereby will be, fully paid and nonassessable.

**Certain Anti-Takeover Matters**

NW Natural's Amended and Restated Articles of Incorporation and Bylaws include a number of provisions that may have the effect of discouraging persons from acquiring large blocks of its stock or delaying or preventing a change in its control. The material provisions that may have such an effect include:

- establishment of a classified Board of Directors, whereby approximately only one-third of the board stands for election each year;
- limitations on certain business transactions (including mergers, consolidations, plans of exchange) with any person or entity and any persons or entities related thereto who beneficially own 10 percent or more of the capital stock of NW Natural;
- authorization for NW Natural's Board of Directors (subject to any applicable law) to issue preferred stock in series and to fix rights and preferences of the series;
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by NW Natural's Board of Directors; and
- requirement that holders of not less than two-thirds of the shares entitled to vote are required to remove directors or to amend certain provisions of NW Natural's Amended and Restated Articles of Incorporation.

NW Natural is subject to the provisions of sections 60.825 to 60.845 of the Oregon Business Corporation Act (the "Oregon Business Combinations Act") which generally provide that in the event a person or entity acquires 15% or more of NW Natural's voting stock ("interested shareholder"), NW Natural and such interested shareholder and any affiliate may not engage in the following business combinations for a period of three years following the date that person became an interested shareholder:

- a merger or plan of share exchange;
- any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of NW Natural's assets or outstanding capital stock; and
- transactions that result in the issuance of capital stock to the shareholder that acquired 15% or more of the voting stock.

These restrictions do not apply if:

- the Board of Directors approved either the business combination or the share acquisition that resulted in the person becoming an interested shareholder before the time such person became an interested shareholder;
- as a result of the share acquisition, the person became an interested shareholder and 85% owner of the outstanding voting stock, excluding shares owned by persons who are directors and also officers and shares owned by certain employee benefit plans; or
- on or after the date the person became an interested shareholder, the business combination transaction is approved by the Board of Directors and authorized by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested shareholder.

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NW Natural is also subject to the provisions of Sections 60.801 to 60.816 of the Oregon Business Corporation Act (the "Oregon Control Share Act"), which generally provide that a person who acquires voting stock in a transaction which results in such person holding more than 20%, 33-1/3% or 50% of the total voting power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by officers and inside directors, and by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by officers and inside directors. This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33-1/3% and 50%, respectively. The acquiring person may, but is not required to, submit to NW Natural an "acquiring person statement" setting forth certain information about the acquiring person and its plans with respect to NW Natural. The acquiring person statement may also request that NW Natural call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. Shares are not deemed to be acquired in a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the Oregon Business Corporation Act and the issuing corporation is a party to the merger or exchange agreement.

The Oregon Control Share Act and the Oregon Business Combinations Act have anti-takeover effects because they will encourage any potential acquirer to negotiate with NW Natural's Board of Directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. NW Natural has not adopted such a provision.

NW Natural is also subject to Oregon Revised Statutes Chapter 757.511 which generally provides that no person, directly or indirectly, shall acquire the power to exercise any substantial influence over the policies and actions of a public utility without first securing from the Oregon Public Utility Commission ("OPUC") an order authorizing such acquisition if such person is, or by such acquisition would become, an "affiliated interest" with such public utility as defined by Oregon law. Any applicant requesting such an order bears the burden of showing that granting the application is in the public interest. This provision of Oregon law may have anti-takeover effects by subjecting potential acquisitions to OPUC review and approval.

**PLAN OF DISTRIBUTION**

NW Natural may sell the securities offered pursuant to this prospectus and one or more prospectus supplements (Offered Securities) in one or more series in any of three ways: (1) through underwriters or dealers; (2) through agents; or (3) directly to a limited number of purchasers or to a single purchaser.

**Through Underwriters or Dealers**

If underwriters are used in the sale, the Offered Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at the initial public offering price or at varying prices determined at the time of the sale. The Offered Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more managing underwriters. The underwriter or underwriters with respect to the Offered Securities will be named in the prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover page of such prospectus supplement. Unless otherwise set forth in such prospectus supplement, the obligations of the underwriters to purchase the Offered Securities offered by such prospectus supplement will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such Offered Securities if any are purchased.



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**Table of Contents****Through Agents**

The Offered Securities may be sold through agents designated by NW Natural from time to time. A prospectus supplement will set forth the name of any agent involved in the offer or sale of the Offered Securities in respect of which such prospectus supplement is delivered as well as any commissions payable by NW Natural to such agent. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

**Directly to One or More Purchasers**

NW Natural may sell the Offered Securities directly to one or more purchasers. In this case, no underwriters or agents would be involved.

**General Information**

The prospectus supplement with respect to the Offered Securities will set forth the terms of the offering of such Offered Securities, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of such Offered Securities and the proceeds to NW Natural from such sale;
- any underwriting discounts, agents' commissions and other items constituting underwriting compensation;
- any initial public offering price; and
- any discounts or concessions allowed or reallocated or paid to dealers.

Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If so indicated in the prospectus supplement with respect to the Offered Securities, NW Natural may authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the Offered Securities from NW Natural at the initial public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to those conditions set forth in such prospectus supplement, and such prospectus supplement will set forth the commission payable for solicitation of such contracts.

Agents, underwriters and dealers may be entitled under agreements entered into with NW Natural to indemnification by NW Natural against certain civil liabilities, including certain liabilities under the Securities Act or to contribution by NW Natural with respect to payments which such agents, underwriters and dealers may be required to make in respect thereof.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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**Table of Contents****LEGALITY**

The legality of the securities will be passed upon for NW Natural by MardiLyn Saathoff, Esquire, Senior Vice President, Regulation and General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Saathoff may rely upon the opinion of Morgan, Lewis & Bockius LLP as to certain legal matters arising under New York law. Morgan, Lewis & Bockius LLP may rely upon the opinion of Ms. Saathoff as to certain legal matters arising under Oregon law. Ms. Saathoff is regularly employed by NW Natural, participates in various NW Natural employee benefit plans under which she may receive shares of common stock and currently beneficially owns less than one percent of the outstanding shares of common stock of NW Natural.

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is November 8, 2016.**

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**Table of Contents****PROSPECTUS****NORTHWEST NATURAL GAS COMPANY  
DIVIDEND REINVESTMENT AND  
DIRECT STOCK PURCHASE PLAN****Common Stock**

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Northwest Natural Gas Company (NW Natural) has established its Dividend Reinvestment and Direct Stock Purchase Plan (Plan) to provide participants with a convenient way to purchase shares of common stock and reinvest all or a portion of the cash dividends paid on common stock in additional shares of NW Natural's common stock.

**Participants in the Plan may:**

- Reinvest cash dividends paid on the participants' shares of NW Natural's common stock in additional shares of common stock;
- Increase their investment in NW Natural's common stock by making optional cash payments of not less than \$50 per investment and not more than \$250,000 per calendar year, which maximum amount may be waived at our discretion, and continue to receive cash dividends on shares registered in their names or held in certificate form;
- Make an initial investment in NW Natural's common stock with a cash investment of at least \$250;
- Deposit certificates representing common stock into their Plan accounts for safekeeping;
- Sell shares of common stock credited to their Plan accounts;
- Request that any number of whole shares credited to their Plan accounts be moved to NW Natural's direct registration system or that certificates be issued to them for such shares; and
- Withdraw from the Plan at any time.

Shares purchased under the Plan will, at NW Natural's option, be (i) authorized but unissued shares purchased directly from NW Natural, (ii) shares purchased in the open market or in privately negotiated transactions, or (iii) any combination of the foregoing. Any open market or privately negotiated purchases will be made through an independent agent. This prospectus relates to the offer and sale of up to 541,526 shares of common stock offered under the Plan.

Investors currently participating in the Plan will remain enrolled in the Plan and do not have to take any action unless they wish to terminate participation or change an election in the Plan.

NW Natural's common stock is listed on the New York Stock Exchange and trades under the ticker symbol "NWN."

To the extent required by applicable law in certain jurisdictions, shares of common stock offered under the Plan to certain persons are offered only through a registered broker/dealer in such jurisdictions.

**See the discussion of risk factors on page 2 of this prospectus and as contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities**

**Exchange Act of 1934, which are incorporated by reference into this prospectus, to read about certain factors you should consider before purchasing any of the securities being offered.**

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You should rely only on the information contained in this prospectus and the documents that have been incorporated by reference. NW Natural has not authorized anyone else to provide you with different information. NW Natural is not making an offer of the common stock in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, as well as the information NW Natural has previously filed with the Securities and Exchange Commission that NW Natural incorporates by reference, is accurate as of any date other than the date thereof.

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**Table of Contents****WHERE YOU CAN FIND MORE INFORMATION**

NW Natural files annual, quarterly and other reports and other information with the SEC. Reports, proxy statements and other information filed by NW Natural can be read and copied at the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains a Web site (<http://www.sec.gov>) that contains reports, proxy statements and other information filed electronically by NW Natural. NW Natural also maintains a Web site (<http://www.nwnatural.com>). Information contained on NW Natural's Web site does not constitute part of this prospectus.

The SEC allows NW Natural to "incorporate by reference" the information that NW Natural files with the SEC, which means that NW Natural may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. NW Natural is incorporating by reference the documents listed below (other than any portions of such documents that are deemed to be furnished and not filed) and any future filings NW Natural makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), until NW Natural sells all of the common stock described in this prospectus. Information that NW Natural files in the future with the SEC will automatically update and supersede this information.

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC under the Securities Exchange Act File No. 001-15973:

- NW Natural's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
- NW Natural's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2016.
- NW Natural's Current Reports on Form 8-K filed with the SEC on February 5, 2016, March 21, 2016, June 2, 2016, July 29, 2016 and September 2, 2016 (as amended on September 23, 2016).
- The description of our common stock as set forth in our Registration Statement on Form 8-A/A filed with the SEC on October 26, 2016.

You may request a copy of these documents, at no cost to you, by writing or calling Shareholder Services, Northwest Natural Gas Company, One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, telephone 503-226-4211, extension 2402.

**FORWARD-LOOKING STATEMENTS**

This document does, and the documents incorporated herein by reference may, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Exchange Act. Although NW Natural believes these statements are based on reasonable assumptions, no assurance can be given that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. The forward-looking statements contained herein and in the incorporated documents may be affected by various uncertainties. For a further discussion of forward-looking statements and of factors which may affect forward-looking statements contained herein and in the incorporated documents, see NW Natural's most recent Annual Report on Form 10-K and any of its Quarterly Reports on Form 10-Q filed after that Annual Report on Form 10-K.

**NW NATURAL**

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

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**Table of Contents****RISK FACTORS**

Investing in the common stock involves certain risks. You are urged to read and consider the risk factors described in NW Natural's annual, quarterly and current reports filed with the SEC under the Exchange Act, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information NW Natural includes or incorporates by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and NW Natural cannot predict such risks or estimate the extent to which they may affect NW Natural's financial condition or performance.

You should also consider specific risk factors such as:

*The price of NW Natural's common stock may rise during the period between making an optional cash payment, receipt of the payment by the Plan administrator and the actual purchase of the stock.*

Participants in the Plan have no control over or authority to direct the timing or price at which shares of common stock are purchased for their accounts. You bear this risk by participating in the Plan. You will not earn interest on funds held by the Plan administrator pending their investment in common stock.

*The price of NW Natural common stock may fall during the period between a request for sale, receipt of the request by the Plan administrator and the sale in the open market.*

Participants should be aware that the price of NW Natural common stock may fall during the period between a request for sale, receipt of the request by the Plan administrator and the sale of the stock in the open market. You bear this risk by participating in the Plan. Therefore, you should evaluate this possibility when deciding whether and when to sell any shares through the Plan.

**THE PLAN****DESCRIPTION OF THE PLAN**

The provisions of the Plan in effect on and after the date hereof are presented in the following questions and answers.

**Purpose****1. WHAT IS THE PURPOSE OF THE PLAN?**

The Plan provides interested investors with a convenient method of purchasing NW Natural's common stock directly through the Plan administrator and provides current shareholders with a convenient method of investing cash dividends on their NW Natural shares in additional shares of common stock. At NW Natural's option, shares purchased under the Plan will be (a) authorized but unissued shares purchased directly from NW Natural, (b) shares purchased in the open market or in privately negotiated transactions, or (c) any combination of the foregoing. When shares purchased under the Plan are acquired directly from NW Natural, NW Natural will receive additional equity funds which will be added to its general funds and used for its continuing construction program and general corporate purposes as described in "Use of Proceeds."

**Advantages****2. WHAT ARE THE ADVANTAGES OF THE PLAN?**

- Investors who are not shareholders may enroll in the Plan by making an initial cash investment of at least \$250.



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- Participants in the Plan may elect to have cash dividends on all or a portion of the shares of common stock registered in their names (Registered Shares) and cash dividends on all the shares of common stock in their Plan accounts (Plan Shares) automatically reinvested. All shares purchased under the Plan will be credited to and, unless otherwise requested, held in participant's accounts under the Plan. Cash dividends which are not reinvested will be paid to participants by check or through electronic direct deposit.
- Participants in the Plan may make optional cash payments (including payments made by authorizing direct debit from their personal bank accounts), after the initial investment, of up to a maximum amount of \$250,000 per calendar year, which maximum amount may be waived at our discretion.
- Full investment of funds is possible under the Plan because both full and fractional shares will be credited to participants' Plan accounts.
- Participants may enroll and manage their Plan accounts through the Agent's website at <http://www.amstock.com>.
- Personal recordkeeping is simplified by the issuance of statements showing account activity. Statements of account are a participant's continuing record of transactions and should be retained for tax purposes.
- Participants may sell shares of common stock held or deposited in their Plan accounts.

**Disadvantages****3. WHAT ARE THE DISADVANTAGES OF THE PLAN?**

- A participant will have no control over the prices at which shares are purchased or sold for his or her account, because:
  - purchases for the participant's account will be made during periods prescribed under the Plan. See Questions 10 and 15; and
  - participants cannot designate a specific price or a specific date at which to sell shares or select the broker through which sales will be made. See Question 20.Therefore, the participant will bear the risk of fluctuations in the market price of NW Natural's common stock. See "Risk Factors."
- A participant will not receive any interest on dividends or optional cash payments held by the Plan administrator before the investment date.
- In the event that shares purchased under the Plan will be purchased in the open market or in privately negotiated transactions, participants in the Plan will pay a pro rata share of any brokerage fees and transaction costs incurred in connection with purchases of shares.

**Other Features****4. WHAT ARE OTHER FEATURES OF THE PLAN?**

- Non-shareholders of legal age may participate in the Plan by making a minimum initial cash investment of \$250 to purchase NW Natural's common stock under the terms of the Plan.
- For each meeting of shareholders, participants will receive proxies that will enable them to vote both Registered Shares and Plan Shares.

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### Administration

#### 5. WHO ADMINISTERS THE PLAN?

By participating in the Plan, each participant designates American Stock Transfer & Trust Company, LLC (AST) (or a successor thereto) as his or her Agent under the Plan. The Agent will administer the Plan, receive and hold participants' funds pending investment in additional shares of common stock, effect transfers of common stock, keep a continuous record of participation and prepare and send to each participant statements of the participant's Plan account. Shares purchased under the Plan will be registered in the name of the Agent (or its nominee) and held by the Agent for each participant in the Plan. In the event that AST ceases to act as the Plan administrator, NW Natural will appoint a new Plan administrator to act as Agent and administer the Plan.

The Agent will use a broker-dealer registered under the Securities Exchange Act of 1934, as amended (Purchasing Representative) to act as an independent agent on behalf of Plan participants in purchasing and selling shares for participants in the open market or in privately negotiated transactions. Subject to the objective of obtaining the lowest over-all costs of shares purchased, the Purchasing Representative will have full discretion as to all matters relating to purchases of shares.

The law in some jurisdictions requires NW Natural to offer shares through this Plan only through a registered broker/dealer. In those instances, the Purchasing Representative will also act as the registered broker/dealer.

NW Natural reserves the right to interpret and administer the Plan as deemed necessary or desirable, including the right to limit or deny participation in the Plan where circumstances warrant. The terms and conditions of the Plan and its operation shall be governed by and construed in accordance with the laws of the State of Oregon. None of NW Natural, AST, or its Purchasing Representative will be liable for any act done in good faith or for any omission to act in good faith, provided that NW Natural shall not be relieved from any liability imposed under any federal, state or other applicable securities law which cannot be waived. You should recognize that NW Natural cannot assure you of a profit or protect you against a loss on shares purchased or sold under the Plan. A participant participates in the Plan at his or her sole discretion, risk and responsibility. See "Risk Factors."

#### 6. WHO SHOULD I CONTACT WITH QUESTIONS CONCERNING THE PLAN AND ITS ADMINISTRATION?

Participants may contact the Agent:

- by writing to:

For inquiries:

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219

For transaction processing:

American Stock Transfer & Trust Company, LLC  
P.O. Box 922  
Wall Street Station  
New York, NY 10269-0560

- by calling 1-888-777-0321 from 8 a.m. to 8 p.m. ET, Monday through Friday. The interactive voice response is available 24 hours a day, 7 days per week.
- by email at [info@amstock.com](mailto:info@amstock.com), or
- by visiting the Agent's website at <http://www.amstock.com>.

Existing shareholders may log into their accounts at [www.amstock.com](http://www.amstock.com) by clicking on "Shareholder Account Access" and following the instructions.

Non-shareholders may enroll in and purchase shares under the Plan at [www.amstock.com](http://www.amstock.com) by clicking on "Invest Online" and following the instructions.

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**Table of Contents****7. MAY THE PLAN BE SUSPENDED, MODIFIED OR DISCONTINUED?**

The Board of Directors of NW Natural reserves the right to amend, suspend, modify or terminate the Plan at any time, including, but not limited to, the right to modify the fees and commissions charged to participants. Notice of any such amendment, suspension, major modification or termination of the Plan would be provided to all participants. Upon termination of the Plan, the Agent will send you a certificate or a statement evidencing electronically issued shares credited to your account for whole Plan Shares held in your account at the time of termination and a check for the cash value of any fractional Plan Shares held at such time.

**Eligibility****8. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?**

The Plan is available to any person of legal age or entity, whether or not a holder of NW Natural's common stock, provided that such person or entity fulfills the prerequisites for participation described under Question 9 and participation would not violate the securities or other laws of the state, territory or country where the participant resides that are applicable to NW Natural, the Plan or the participant. Shares for which dividends are reinvested by the Plan must be Registered Shares or Plan Shares. Beneficial owners of NW Natural common stock are owners whose shares are held in a brokerage account by a bank, broker or other custodial institution in "street name." In order to participate in the Plan, such beneficial owners must request the bank, broker or other custodial institution to have such shares registered in the owner's name. Alternatively, such beneficial owners may participate in the Plan indirectly by requesting the bank, broker or custodial institution to participate on the owner's behalf.

In certain jurisdictions, applicable laws require NW Natural to use a registered broker-dealer to offer common stock under the Plan to persons not presently shareholders of record. No offers or sales will be effected in those jurisdictions unless NW Natural has satisfied the requirements of the state securities laws applicable to the operation of the Plan. To the extent required by applicable law in certain jurisdictions, NW Natural will offer shares of common stock under the Plan to persons not presently shareholders of record of common stock only through a registered broker/dealer in those jurisdictions. The Agent will select a registered broker/dealer through whom NW Natural will offer shares in those instances and for all Plan trading activity.

A Plan prospectus and enrollment or application information will be furnished upon request made to the Agent or it may be obtained from the Agent's website at <http://www.amstock.com>.

**Participation****9. HOW DO I ENROLL IN THE PLAN OR CHANGE MY METHOD OF PARTICIPATION?**

Current participants will automatically be participants in the Plan as amended to date, and need do nothing to continue their participation.

After receiving a copy of this prospectus, shareholders may become participants in the Plan by completing and signing an enrollment form (Enrollment Form) and non-shareholders may become participants by completing and signing an application (Application).

An Enrollment Form or Application may be obtained by contacting the Agent at 1-888-777-0321 or by visiting their website at [www.amstock.com](http://www.amstock.com) and downloading the forms.

The Enrollment Form and Application require a participant to choose a reinvestment option for participation in the Plan. By checking the appropriate box a participant may select:

- **Full Dividend Reinvestment**—Automatic reinvestment of cash dividends on all of the participant's shares of common stock.

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- **Partial Dividend Reinvestment**—Cash dividends received on that portion of Registered Shares you specify for reinvestment will be reinvested, and you will receive cash dividends on any remaining Registered Shares that are not specified for reinvestment. Any Plan Shares will be reinvested.
- **Full Cash Payments Only**—All cash dividends on all of the participant's shares of common stock will be paid to participants by check or through electronic deposit.
- **Optional Cash Purchases Only**—Cash dividends on all Registered Shares and Plan Shares will be paid to participants by check or through electronic deposit. The amount of optional cash payments which may be made by a participant may not exceed \$250,000 per calendar year, which maximum amount may be waived at our discretion.

Under any of the investment options, a participant may make optional cash investments of a minimum of \$50 (or a minimum of \$250 for the initial investment by a non-shareholder) and a maximum of \$250,000 per calendar year (including the initial investment) towards the purchase of additional shares of common stock, which maximum amount may be waived at our discretion.

If participants do not indicate an investment option on the enrollment form, their account will automatically be enrolled in the "Full Dividend Reinvestment" option.

Participants may change their reinvestment options by completing the tear-off portion of their Investment Statement of account or an enrollment form and sending it to the Agent. Changes will become effective as soon as practicable after they are received. Any change in reinvestment options must be received by the dividend record date (see Question 10, below) in order to be effective on the related payment date.

**Dividend Reinvestment****10. HOW AND WHEN WILL CASH DIVIDENDS BE REINVESTED?**

Each cash dividend payment date on the common stock will be an Investment Date under the Plan; which means that, for participants who choose to reinvest dividends, the dividend payments on such payment date will be used to purchase additional shares of common stock as of such payment date. Common stock cash dividend payment dates are specified by the Board and are ordinarily the fifteenth day of February, May, August and November and corresponding record dates normally precede payment dates by approximately 15 days.

If NW Natural is meeting the requirements of the Plan with common stock purchased in the open market or in privately negotiated transactions, the Purchasing Representative will determine the exact timing of such purchases and the number of shares to be purchased, depending on the amount of reinvested dividends, market conditions and the requirements of federal securities laws, and the purchased shares will be credited to a participant's Plan account as of the applicable Investment Date. If NW Natural elects to issue authorized but unissued shares of common stock directly to the Agent, these shares will be issued by NW Natural and credited to a participant's Plan account as of the applicable Investment Date. The determination of the price for purchases of Plan Shares is explained in Question 17. In any case, dividends not invested in shares of common stock within 30 days of the dividend payment date will be returned, without interest, to the participant.

If a participant's Enrollment Form is received by the Agent on or before the record date for a dividend payment, the dividend payable on such Investment Date will be used to purchase additional shares of common stock as of such Investment Date, unless the Enrollment Form indicates "Optional Cash Purchases Only." If the Enrollment Form is received after the record date for any such cash dividend payment date, the reinvestment of dividends will start with the next dividend payment date. If a certificate representing Registered Shares to be deposited for safekeeping, together with a completed Safekeeping Authorization Instruction, is received on or before the record date for a dividend payment, reinvestment of dividends on such shares will begin with that dividend. If such certificate and Instruction are received after the record date for a dividend payment, reinvestment of dividends will begin with the next dividend payment date unless a participant already has elected "Full Dividend Reinvestment" for such shares.

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For example, a dividend payable February 15 will be reinvested if a completed Enrollment Form, or a certificate and a completed Safekeeping Authorization Instruction, is received by the Agent on or before the record date of January 31. If the Enrollment Form, or such certificate and Instruction, is received after January 31, but on or before the record date for the next dividend payment, the first dividend reinvested will be the dividend payable May 15.

**Optional Cash Payments****11. WHO IS ELIGIBLE TO MAKE OPTIONAL CASH PAYMENTS?**

All Plan participants, whether or not they have authorized the reinvestment of dividends, are eligible to make optional cash payments.

**12. HOW ARE OPTIONAL CASH PAYMENTS MADE?**

A Plan participant may make an initial cash investment when enrolling by enclosing a check with the Enrollment Form or Application. Checks should be made payable to "American Stock Transfer & Trust Co., LLC" and returned to the address specified or in the envelope provided. Thereafter, optional cash payments may be made by using the cash payment form attached to the statement of account, or through the Automatic Monthly Deduction Form (see Question 13). If a participant uses the cash payment form, the same amount of money need not be sent each month and there is no obligation to make an optional cash purchase each month. Participants may also elect to make optional cash payments by accessing their participant accounts at [www.amstock.com](http://www.amstock.com).

**13. WHAT IS THE AUTOMATIC MONTHLY DEDUCTIONS PROGRAM AND HOW DOES IT WORK?**

The Plan offers a program which allows participants to make optional cash purchases by authorizing automatic payments from bank accounts designated by the participants. Payments made through this method which must be the same amount each month as designated by the participant, are deducted on or about the 10th of each month and are invested on or about the 15th of each month. For an Automatic Monthly Deduction Form, please contact the Agent.

**14. WHAT ARE THE LIMITATIONS ON MAKING OPTIONAL CASH PAYMENTS?**

There is a \$50 minimum amount required for optional cash payments by shareholders, except as provided in Question 20. In case of an initial optional cash payment by a non-shareholder, such optional cash payments cannot be less than \$250. The maximum aggregate optional cash payment that may be made by a participant in any calendar year cannot exceed \$250,000, which maximum amount may be waived at our discretion.

**15. WHEN WILL OPTIONAL CASH PAYMENTS BE INVESTED?**

Investment Dates for optional cash payments will occur monthly, usually on or about the 15th day of each month. Purchases may be made over a period of several days in the case of market purchases. All such purchases will be aggregated and credited to participants' accounts on the Investment Date occurring on or after receipt of the optional cash payment.

The Agent must receive optional cash payments at least three business days prior to an Investment Date to be invested on that Investment Date. Otherwise, the Agent will hold the optional cash payments for investment until the next Investment Date. Optional cash payments which remain uninvested more than 35 days following receipt by the Agent will be returned, without interest, to the participant. Optional cash payments received by the Agent will be returned to the participants upon written request received by the Agent at least three business days prior to the Investment Date following their receipt. No interest will be paid by NW Natural or the Agent on any cash investments received by the Agent pending investment.

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**Table of Contents****Purchases****16. HOW MANY SHARES OF COMMON STOCK WILL BE PURCHASED?**

The number of shares to be purchased under a Plan depends on the amount of a participant's funds available for investment and the price of the shares. The funds available for investment depend on what has been authorized in regard to dividend reinvestment, plus any optional cash payments made. In every case, available funds will be fully invested in both whole and fractional shares of common stock (computed to three decimal places). No one can predict the number of shares that will be purchased for Plan participants during a particular purchase period, and Plan participants cannot direct the purchase of a specific number of shares.

**17. WHAT IS THE PRICE OF SHARES PURCHASED FOR THE PLAN?**

If the Agent purchases authorized but unissued shares of common stock directly from NW Natural, the price of such shares will be the average of the high and low sales prices of NW Natural's common stock on the trading day preceding the applicable Investment Date reported on the consolidated tape for the NYSE listed companies administered by the Consolidated Tape Association.

The purchase price of shares purchased in respect of any Investment Date on the NYSE or through privately negotiated transactions will be the average price (including brokerage fees) paid by the Purchasing Representative to obtain such shares.

The Purchasing Representative may offset purchases of shares against sales of shares to be made for participants under the Plan with respect to an Investment Date, resulting in a net purchase or a net sale of shares.

**18. WHAT IS THE SOURCE OF SHARES PURCHASED FOR THE PLAN?**

NW Natural, at its discretion, may elect to satisfy the requirements of the Plan with either (i) authorized but unissued shares of common stock, (ii) shares of common stock purchased in the open market or in privately negotiated transactions, or (iii) any combination of the foregoing. If NW Natural elects to purchase shares of common stock in the open market or in privately negotiated transactions, the Purchasing Representative will make all such purchases necessary to meet the requirements of the Plan. Shares purchased in any month on the NYSE or through privately negotiated transactions will be purchased, at the discretion of the Purchasing Representative, during the period beginning on the third trading day prior to the Investment Date for that month and typically ending by the fifth trading day after the Investment Date. Other than establishing the length of any such investment period incorporated into the Plan, NW Natural does not exercise any direct or indirect control over the timing or price of purchases made by the Purchasing Representative.

NW Natural cannot change its determination that shares will be purchased on the open market or in privately negotiated transactions or directly from NW Natural more frequently than once every three months.

**19. ARE ANY FEES OR EXPENSES INCURRED BY PARTICIPANTS?**

In most cases, NW Natural will pay the fees and expenses to operate the Plan. However, there are some service fees and brokerage commissions which will be charged directly to participants. Participants will incur no broker fees, commissions or other charges for authorized but unissued shares purchased directly from NW Natural. Participants in the Plan will bear the cost of brokerage fees and commissions, any service charges and applicable taxes related to shares purchased or sold on the open market or in privately negotiated transactions.

A service fee of up to \$30 will be assessed for each item that is returned for insufficient funds. The Agent may place a hold on the account until the "insufficient funds" fee is received, sell shares from the account to collect the "insufficient funds" fee, or withhold the amount of the "insufficient funds" fee from future optional cash investments.

See Question 24 for fees associated with Safekeeping and Question 20 for service fees associated with the sale of shares.



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NW Natural reserves the right at any time to change fees or to charge participants (including those who do not reinvest dividends) other fees, including but not limited to administrative, setup and handling fees. Notice of such future changes or additional fees will be sent to participants at least 30 days prior to their effective date.

**Sales and Termination from the Plan****20. MAY PARTICIPANTS SELL OR WITHDRAW ALL OR A PORTION OF THEIR SHARES FROM THE PLAN?**

Yes. Any participant may withdraw from the Plan, request that Plan Shares be moved to NW Natural's direct registration system (DRS), request that a certificate be issued for Plan Shares, or request that all or a portion of the whole Plan Shares be sold and that the cash proceeds, less any fees discussed below, be forwarded to the participant. Participation in the Plan is entirely voluntary. In order to withdraw shares from the Plan, a participant must notify the Agent either in writing by using the transaction request form attached to the bottom of the statement or through the website at [www.amstock.com](http://www.amstock.com) that the participant wishes to withdraw.

A stock certificate for any whole number of shares may be issued from a Plan account or any whole number of shares can be moved to the DRS as soon as practicable after it is requested by a participant or upon termination of the Plan by NW Natural. Certificates for whole shares withdrawn from the Plan will be registered under the name in which the participant's certificates were registered upon entering the Plan. A cash payment will be made for any fraction of a share.

If a termination request does not specify the manner of distribution of shares, we will move the whole number of shares in that account to the DRS and issue a check for the value of any remaining fractional shares. The Plan administrator will only issue certificates for whole shares.

Except as otherwise provided in the following paragraph, any sale of whole shares will be made within two business days after receipt of the request by the Agent. The participant will receive the proceeds of the sale, less a service charge of \$15, and any applicable brokerage fees or commissions and any withholding required under applicable tax laws, from the sale of the whole shares sold at the participant's request, and a cash payment for any fraction of a share credited to the participant's account.

A participant may withdraw from the Plan at any time if notice is received at least three business days prior to a payable date, in such case the dividend will be paid in cash. If a participant's request is received less than three business days prior to the payable date, then the immediate dividend will be reinvested and all subsequent dividends will be paid in cash.

If a participant disposes of all Registered Shares, NW Natural, at its option, either may treat such disposal as a notice of withdrawal or may continue to reinvest the dividends on Plan Shares.

**Reports to Participants****21. HOW WILL PARTICIPANTS BE ADVISED OF THEIR PURCHASE OF SHARES OF COMMON STOCK AND OTHER ACTIVITY IN THEIR PLAN ACCOUNTS?**

As soon as practicable after purchases for their accounts, statements will be mailed to participants advising them of their investments. The statements are participants' continuing record of the cost of their purchases and should be retained for income tax purposes. In addition, participants will receive copies of the same communications sent to every other holder of shares of common stock, including NW Natural's annual report, notice of annual meeting and proxy statement, and income tax information form reporting dividends paid.



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**Table of Contents****Certificates for Shares; Direct Registration System****22. WILL STOCK CERTIFICATES AUTOMATICALLY BE ISSUED FOR SHARES OF COMMON STOCK ACQUIRED UNDER THE PLAN?**

No. Unless requested otherwise as described below or the account is terminated, the number of shares purchased under the Plan and any shares deposited with the Agent for safekeeping will be held by the Agent or its nominee for the participants. At any time, a participant may request the Agent to send him a certificate for any whole shares credited to the participant's account. Any remaining whole shares and fraction of a share will continue to be credited to the participant's account. This service protects against loss, theft or destruction of stock certificates.

Certificates for fractional shares will not be issued under any circumstances.

Shares credited to Plan accounts may not be used as collateral. To use Plan shares as collateral, participants must request that a certificate be issued in their name or request the Agent to move the Plan shares to book-entry form under the DRS.

A participant's Plan account is maintained in the same name in which the participant's certificates were registered when he or she entered the Plan or if a participant enrolled in the Plan directly, the account is maintained in the name as shown on NW Natural's records at the time the participant enrolled.

A participant can request stock certificates or can request to move to the DRS any number of whole shares credited to its Plan account, and may make such request without withdrawing from the Plan. There is no charge for this service. The DRS permits an investor to hold NW Natural common stock as the registered owner in book-entry registration form on the stock transfer books of NW Natural, with no need for a physical stock certificate.

A participant must make a written request to the Agent by:

- 1) completing the transaction request form attached to the bottom of its statement or
- 2) submitting a letter of instruction indicating the Plan account number and registration.

The request should indicate the number of shares to be certificated or moved to DRS and must be signed by all Plan account owners. A participant must make a separate request each time a certificate or movement to DRS is requested. We process requests as soon as practicable after we receive them. We will continue to hold any remaining full and fractional shares in the participant's Plan account. Fractional shares cannot be issued in certificate form or moved to DRS.

Certificating a participant's Plan shares or moving them to DRS does not automatically stop dividend reinvestment. We will continue to follow existing instructions regarding payment or reinvestment of dividends on shares moved to certificate form or DRS until we receive new instructions. To make a change in method of dividend payment, a participant must make a request in writing as more fully described under "Dividend Reinvestment".

**Transfer of Shares Held in the Plan****23. CAN PLAN SHARES BE TRANSFERRED?**

Upon written request, Plan shares can be transferred into names other than the account name, subject to compliance with any applicable laws and the payment by the participant of any applicable taxes, provided that

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the request is accompanied by a duly executed stock power that bears the signature(s) of the participant(s) and the signature(s) is/are Medallion Guaranteed by a financial institution, such as a commercial bank or a brokerage firm, that is a member of either the STAMP, SEMP or MSP Medallion Guarantee programs. Unless instructed otherwise, the Agent will hold the transferred shares in an account in the transferee's name in the Plan and apply the same dividend reinvestment options as existed with respect to the transferred account.

**Safekeeping Service for Common Stock Certificates****24. WHAT IS THE PLAN'S SAFEKEEPING SERVICE AND HOW DOES IT WORK?**

A participant may elect to deposit Registered Shares into his or her Plan account for safekeeping as Plan Shares. Any lost certificates must be replaced before a participant may deposit the shares represented by such certificate. A participant may elect to have cash dividends on shares deposited for safekeeping reinvested under the Plan.

Certificates representing Registered Shares to be deposited for safekeeping should be sent, together with a completed Safekeeping Authorization Instruction, by registered mail to the Agent. Certificates should not be endorsed. A Safekeeping Authorization Instruction may be obtained from the Agent at any time. The participant will incur a service fee of \$7.50 for the handling of each safekeeping request.

It is suggested that participants use registered mail when sending stock certificates, declaring a value equal to 3% of the market value of the shares on the date of mailing. This amount would be the approximate cost of replacing the certificates should they be lost in the mail.

It is the responsibility of the participant to retain his or her records relative to the cost of any shares represented by certificates deposited for safekeeping.

**Minimum Share Ownership****25. IS THERE A MINIMUM SHARE OWNERSHIP REQUIREMENT?**

A participant must continue to own at least one share of our common stock or the participant's account will be closed. Any fractional shares will be liquidated at our expense and the proceeds mailed to the participant at the address on file. At our discretion, we may waive this requirement.

**Other Information****26. WHAT HAPPENS IF NW NATURAL ISSUES A STOCK DIVIDEND OR DECLARES A STOCK SPLIT?**

Any dividend payable in stock or split shares distributed by NW Natural on Plan Shares, both full and fractional, will be credited to the participant's account. Such stock dividends or split shares distributed on Registered Shares will be mailed directly to the participant in the same manner as to the shareholders who are not participating in the Plan.

Transaction processing may be curtailed or suspended until the completion of any stock dividend, stock split or other corporate action.

**27. HOW WILL A PARTICIPANT'S PLAN SHARES BE VOTED AT A MEETING OF SHAREHOLDERS?**

Participants will be sent notices of meetings, proxy statements and proxy forms for each shareholder's meeting. Plan Shares, including fractional Plan Shares, will be voted as the participant directs. Registered Shares will be voted directly by the participant.

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The proxy card sent to each participant in connection with any annual or special meeting of shareholders will represent all Registered Shares, if any, and all Plan Shares owned by such participant.

As in the case of non-participating shareholders, if no instructions are indicated on the properly signed and returned proxy card, all of the participant's shares—Registered Shares, if any, and Plan Shares—will be voted as provided on the proxy card. If the proxy card is not returned or if the participant does not grant a proxy by voting by telephone or the Internet, the participant's shares may be voted only if the participant or a duly appointed representative votes in person at the meeting.

**28. WHAT ARE NW NATURAL'S AND THE AGENT'S RESPONSIBILITIES UNDER THE PLAN?**

Neither NW Natural nor the Agent administering the Plan will be liable for any act done in good faith or for any good faith omission to act including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon such participant's death or with respect to the prices at which shares of common stock are purchased or sold for the participant's account and the times when such purchases or sales are made or with respect to any fluctuation in the market value after the purchase or sale of shares.

**Participants should recognize that NW Natural cannot assure a profit or protect against a loss on the shares purchased or sold under the Plan.**

**USE OF PROCEEDS**

NW Natural will receive proceeds from the purchase of its common stock pursuant to the Plan only to the extent that those purchases are of newly issued shares of its common stock made directly from NW Natural, and not from open market purchases. Any proceeds that NW Natural receives from purchases of newly issued shares will be added to NW Natural's general funds and used to finance, in part, its continuing utility construction program and for general corporate purposes. NW Natural cannot estimate the amount of any such proceeds at this time.

**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

NW Natural believes the following is an accurate summary of certain United States federal income tax consequences of participation in the Plan. This summary does not describe all of the material United States federal income tax considerations that may be relevant to participants in light of their particular circumstances or to participants that are subject to special rules, such as certain financial institutions, banks, insurance companies, tax-exempt entities, certain former citizens or residents of the United States, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for federal income tax purposes, partnerships and other pass through entities and persons that would hold common stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction and participants whose functional currency is not the U.S. dollar. This summary applies to U.S. taxpayers only, except where otherwise stated. In addition, this summary does not address the effect of any state, local or other tax laws, including non-U.S. tax laws, or any U.S. federal estate, gift or alternative minimum tax considerations. This summary is based upon the Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and final, temporary and proposed regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. You are urged to consult your tax or financial advisor with respect to federal, state, local, and other tax laws which apply to your specific situation.

**Dividend Reinvestment**

With respect to reinvested cash dividends used to purchase shares in the open market, a participant will be treated for federal income tax purposes as having received on the dividend payment date a distribution in an amount equal to the cash reinvested, plus any brokerage fees paid by the Purchasing Agent to obtain the shares.

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That amount will be treated as dividend income to the participant to the extent of NW Natural's current or accumulated earnings and profits, as determined for federal income tax purposes. To the extent that such distribution exceeds NW Natural's current or accumulated earnings and profits, the excess will constitute a return of capital that will reduce your basis in NW Natural common stock, but not below zero, and will then be treated as capital gain. The initial tax basis of the shares so purchased will be equal to the amount of the cash reinvested, plus any brokerage fees paid by the Purchasing Agent.

With respect to reinvested cash dividends that are used to acquire shares of common stock directly from NW Natural, a participant will be treated for federal income tax purposes as having received on the dividend payment date a distribution in an amount equal to the fair market value on that date of the full number of shares and any fractional shares purchased with the reinvested dividends. The fair market value of those shares on the dividend payment date will be treated as dividend income to the participant to the extent of the current and accumulated earnings and profits of NW Natural, as determined for federal income tax purposes. To the extent that such distribution exceeds NW Natural's current or accumulated earnings and profits, the excess will constitute a return of capital that will reduce your basis in NW Natural common stock, but not below zero, and will then be treated as capital gain. The initial tax basis of the shares so purchased will be equal to the fair market value of those shares on the dividend payment date.

Certain dividends, as qualified dividend income to you, are currently eligible for the reduced maximum tax rate to individuals of 20% (lower rates apply to individuals in lower tax brackets). A dividend will not be treated as qualified dividend income to the extent that: (i) the shareholder has not held the shares on which the dividend was paid for more than 60 days during the 121-day period that begins on the date that is 60 days before the ex-dividend date; ii) the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to substantially similar or related property; or (iii) the shareholder elects to treat such dividend as investment income under section 163(d)(4)(B) of the Code. If such dividends do not qualify for the reduced rates, they will be taxable at regular ordinary income tax rates (at a maximum rate of 39.6%).

In the case of corporate shareholders, dividends received under the Plan as described above will generally, and subject to certain limitations (including certain holding period limitations), be treated as a qualifying dividend. Corporate shareholders are generally entitled to a dividends-received deduction if certain conditions are satisfied. All qualifying dividends (including the deducted portion) must be included in the corporate shareholder's alternative minimum taxable income calculation.

In addition, investment earnings, such as dividends and gains from the sale or exchange of our common stock, will be subject to a 3.8% Medicare tax in the hands of individuals having adjusted gross income in excess of \$200,000 (\$250,000 if married and filing jointly) (the "Medicare Tax"). The same tax will apply in the case of certain trusts and estates.

**Other Purchases**

Participants who purchase common stock through voluntary payments to the Plan are not treated for federal income tax purposes as recognizing income by virtue of the voluntary payment. A participant's share of any brokerage commissions paid by the Purchasing Agent in respect of such purchases will constitute taxable income to such participant. The tax basis of shares of common stock purchased with optional cash payments will equal the amount invested, plus the amount included in income as a result of brokerage commissions paid by the Purchasing Agent in respect of such purchases.

**Sales**

Gain or loss will be recognized by a participant when whole and fractional shares are sold pursuant to the participant's request to sell shares held in the Plan and when whole shares are sold by the participant. A participant who receives on termination of participation or termination of the Plan a cash adjustment for a

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fractional share interest will recognize gain or loss with respect to such fraction. Such gain or loss will be measured by the difference between the amount the participant receives and his or her tax basis for the shares, or fraction of a share, sold. Any gain or loss so recognized by a shareholder who is not a dealer in securities will generally, for individual shareholders, be treated as a long-term capital gain or loss if the shares have been held for more than twelve months and otherwise will be treated as a short-term capital gain or loss. Note that the Medicare Tax will apply to gains from the sale of our common stock.

**Cost Basis**

The statements you receive from the Plan administrator are your continuing record of the cost of your purchases and should be retained for tax purposes.

Treasury Regulations require dividend reinvestment plan participants to reinvest at least 10 percent of all dividends (if any) paid on each share they hold in the Plan in order for the participants to use the "average basis method" when determining the tax basis of any shares sold. NW Natural's Plan has not adopted this requirement because it would force participants to reinvest dividends. Consequently, participants will not be able to use the "average basis method" in determining the tax basis of any shares they sell under the Plan. The Plan has adopted the first-in, first-out "FIFO" method as its default method when determining the tax basis of any shares sold. Participants may designate their preference for "specific identification" cost basis at the time of the request for the sale by identifying this preference in writing to the Plan administrator.

**Tax Reporting**

The Internal Revenue Service (IRS) Form 1099-DIV mailed to each participant with respect to each year will report the dividend income realized by the participant during the year, including such participant's share of brokerage fees paid by NW Natural in respect of reinvested dividends or optional cash investments. That income may differ from the total of the reinvested dividends. An IRS Form 1099-B will be furnished to the participant in respect of any sales of shares through the Plan.

**Withholding**

NW Natural will be required in certain cases to withhold in the form of backup withholding at a 28% withholding rate and remit to the U.S. Treasury the amount withheld on amounts payable to any shareholder who: (i) has provided NW Natural either an incorrect tax identification number or no number at all; (ii) is subject to backup withholding by the IRS for failure to properly report payments of interest or dividends; (iii) has failed to certify to NW Natural that such shareholder is not subject to backup withholding; or (iv) has failed to certify to NW Natural that the shareholder is a U.S. person (including a resident alien). Participants who are not U.S. persons (i.e., nonresident alien individuals and foreign corporations, partnerships, trusts and estates) are generally subject to U.S. withholding tax with respect to dividends on shares held in their accounts. The amount of withholding is determined in accordance with U.S. Treasury Regulations (which may, among other things, permit withholding from the gross amount of a dividend, without regard to earnings and profits) and is imposed at a 30 percent rate, unless a lower rate is provided for in an applicable income tax treaty. Other participants may be subject to U.S. backup withholding.

For participants who are subject to U.S. withholding tax or backup withholding, NW Natural or the applicable withholding agent will withhold the required taxes from the gross dividends or proceeds from the sale of the shares. The dividends or proceeds of a sale received by the participant, or dividends reinvested on behalf of the participant, will be net of the withheld amounts. Additionally, dividends received by shareholders who own their shares through foreign accounts or foreign intermediaries will be subject to withholding tax at a 30% rate if certain disclosure requirements related to U.S. accounts or ownership are not satisfied (the FATCA rules). Beginning after December 31, 2018, the FATCA rules will also apply to proceeds of sales in respect of NW Natural shares.

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The information explained above is only a summary and does not purport to be a complete description of all tax consequences of participation in the Plan. The description may be affected by future legislation, IRS rulings and regulations, or court decisions. In addition, the taxation of foreign shareholders, except as noted, is not discussed in this prospectus. Accordingly, you are urged to consult your own tax advisors with respect to the federal, state, local and foreign tax consequences of your participation in the Plan.

**DESCRIPTION OF COMMON STOCK****General**

The following is a summary of certain rights and privileges of NW Natural's common stock. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 22, 2014, which are incorporated herein by reference. The following statements are qualified in their entirety by such references.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 21, 2016, 27,557,756 shares of common stock were outstanding and no shares of preferred stock were outstanding.

The Board of Directors is authorized under NW Natural's Amended and Restated Articles of Incorporation to provide for the issuance from time to time of preferred stock in one or more series, and as to each series to fix and determine the relative rights and preferences, serial designation, dividend rate, redemption prices, voluntary and involuntary liquidation prices, sinking fund provisions for the redemption or purchase of shares, if any, and conversion provisions, if any, applicable to shares of such series.

**Dividends and Liquidation Rights**

Except as hereinafter stated, the common stock is entitled to receive such dividends as are declared by the Board of Directors and to receive ratably on liquidation any assets which remain after payment of liabilities. NW Natural has an authorized class of senior capital stock, referred to as preferred stock, none of which is currently outstanding. NW Natural's preferred stock is entitled in preference to the common stock (1) to cumulative dividends at the annual rate fixed for each series by the Board of Directors, and (2) in voluntary and involuntary liquidation, to the amounts fixed for each series by the Board of Directors, plus in each case, unpaid accumulated dividends.

**Dividend Limitations**

Should dividends on the preferred stock be in arrears, no dividends on the common stock may be paid or declared. Future series of the preferred stock could contain sinking fund, purchase or redemption obligations under which no dividends on the common stock may be paid or declared while such obligations are in default. Common stock dividends also may be restricted by the provisions of future instruments pursuant to which NW Natural may issue long-term debt.

**Voting Rights**

Except as provided by law or by resolutions establishing any series of preferred stock, only the common stock has voting rights. Cumulative voting is permitted by the Amended and Restated Articles of Incorporation to holders of common stock at elections of directors.

**Classification of the Board of Directors**

The Board of Directors of NW Natural may consist of not less than 9 nor more than 13 persons, as determined by the Board, divided into three classes as nearly equal in number as possible. The number of

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directors as of the date of this prospectus is 10. One class is elected for a three-year term at each annual meeting of shareholders. Vacancies, including those resulting from an increase in the size of the Board, may be filled by a majority vote of the directors then in office, to serve until the next annual meeting of shareholders. One or more of the directors may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon; provided, however, that if fewer than all of the directors should be candidates for removal, no one of them shall be removed if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director shall be a part. Except for those persons nominated by the Board, no person shall be eligible for election as a director unless a request from a shareholder entitled to vote in the election of directors that such person be nominated and such person's consent thereto shall be delivered to the Secretary of NW Natural within the time period specified in advance of the meeting at which such election shall be held. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors.

**Business Transactions with Related Persons**

NW Natural shall not enter into any business transaction with a related person or in which a related person shall have an interest (except proportionately as a shareholder of NW Natural) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of NW Natural not held by such related person, and (2) the determination of a majority of the continuing directors that the cash or fair market value of the property, securities or other consideration to be received per share by the holders, other than such related person, of the shares of each class or series of the capital stock of NW Natural in such business transaction shall not be less than the highest purchase price paid by such related person in acquiring any of its holdings of shares of the same class or series, unless the continuing directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of NW Natural that caused such related person to become a related person, or (b) have expressly approved such business transaction. As used in this paragraph: a "business transaction" includes a merger, consolidation, plan of exchange or recapitalization, a purchase, sale, lease, exchange, transfer, mortgage or other disposition of all or a substantial part (10% or more of the fair market value of the assets) of the property and assets of NW Natural or a related person, an issuance, sale, exchange or other disposition of securities of NW Natural and a liquidation, spin-off or dissolution; a "related person" includes a person, organization or group thereof owning 10% or more of the capital stock of NW Natural; "continuing directors" are those whose nominations for directorship shall have been approved by a majority of the directors in office on April 9, 1984 or by a majority of the then continuing directors. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares of the capital stock of NW Natural (other than shares held by related persons).

**Preemptive Rights**

The holders of the common stock have no preemptive rights.

**Other Provisions**

The issued and outstanding shares of NW Natural's common stock are, and the common stock offered hereby will be, fully paid and nonassessable.

**Certain Anti-Takeover Matters**

NW Natural's Amended and Restated Articles of Incorporation and Bylaws include a number of provisions that may have the effect of discouraging persons from acquiring large blocks of its stock or delaying or preventing a change in its control. The material provisions that may have such an effect include:

- establishment of a classified Board of Directors, whereby approximately only one-third of the board stands for election each year;

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- limitations on certain business transactions (including mergers, consolidations, plans of exchange) with any person or entity and any persons or entities related thereto who beneficially own 10 percent or more of the capital stock of NW Natural;
- authorization for NW Natural's Board of Directors (subject to any applicable law) to issue preferred stock in series and to fix rights and preferences of the series;
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by NW Natural's Board of Directors; and
- requirement that holders of not less than two-thirds of the shares entitled to vote are required to remove directors or to amend certain provisions of NW Natural's Amended and Restated Articles of Incorporation.

NW Natural is subject to the provisions of sections 60.825 to 60.845 of the Oregon Business Corporation Act (the "Oregon Business Combinations Act") which generally provide that in the event a person or entity acquires 15% or more of NW Natural's voting stock ("interested shareholder"), NW Natural and such interested shareholder and any affiliate, may not engage in the following business combinations for a period of three years following the date that person became an interested shareholder:

- a merger or plan of share exchange;
- any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of NW Natural's assets or outstanding capital stock; and
- transactions that result in the issuance of capital stock to the shareholder that acquired 15% or more of the voting stock.

These restrictions do not apply if:

- the Board of Directors approved either the business combination or the share acquisition that resulted in the person becoming an interested shareholder before the time such person became an interested shareholder;
- as a result of the share acquisition, the person became an interested shareholder and 85% owner of the outstanding voting stock, excluding shares owned by persons who are directors and also officers and shares owned by certain employee benefit plans; or
- on or after the date the person became an interested shareholder, the business combination transaction is approved by the Board of Directors and authorized by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested shareholder.

NW Natural is also subject to the provisions of Sections 60.801 to 60.816 of the Oregon Business Corporation Act (the "Oregon Control Share Act"), which generally provide that a person who acquires voting stock in a transaction which results in such person holding more than 20%, 33-1/3% or 50% of the total voting power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by officers and inside directors, and by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by officers and inside directors. This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33-1/3% and 50%, respectively. The acquiring person may, but is not required to, submit to NW Natural an "acquiring person statement" setting forth certain information about the acquiring person and its plans with respect to NW Natural. The acquiring person statement may also request that NW Natural call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. Shares are not deemed to be acquired in



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a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the Oregon Business Corporation Act and the issuing corporation is a party to the merger or exchange agreement.

The Oregon Control Share Act and the Oregon Business Combinations Act have anti-takeover effects because they will encourage any potential acquirer to negotiate with NW Natural's Board of Directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. NW Natural has not adopted such a provision.

NW Natural is also subject to Oregon Revised Statutes Chapter 757.511 which generally provides that no person, directly or indirectly, shall acquire the power to exercise any substantial influence over the policies and actions of a public utility without first securing from the Oregon Public Utility Commission ("OPUC") an order authorizing such acquisition if such person is, or by such acquisition would become, an "affiliated interest" with such public utility as defined by Oregon law. Any applicant requesting such an order bears the burden of showing that granting the application is in the public interest. This provision of Oregon law may have anti-takeover effects by subjecting potential acquisitions to OPUC review and approval.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**LEGALITY**

The legality of the common stock will be passed upon for NW Natural by MardiLyn Saathoff, Esquire, Senior Vice President, Regulation and General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Saathoff is regularly employed by NW Natural, participates in various NW Natural employee benefit plans under which she may receive shares of common stock and currently beneficially owns less than one percent of the outstanding shares of common stock of NW Natural.

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

Filing Fee-Securities and Exchange Commission*	\$
Fees of Trustee, including counsel and authentication fees**	\$
Legal fees**	\$
Accounting fees and expenses**	\$
Rating Agencies' fees**	\$
Printing and engraving**	\$
Listing fees***	\$
Miscellaneous expense**	\$
Total expenses**	\$ _____

- \* Under Rules 456(b) and 457(r) under the Securities Act of 1933, the SEC registration fee will be paid at the time of any particular offering of securities under this registration statement, and, except with respect to common stock issuable under the Dividend Reinvestment and Direct Stock Purchase Plan, is therefore not currently determinable. The registration fee is therefore deferred in accordance with Rules 456(b) and 457(r), other than as set forth on the cover page to this Registration Statement.
- \*\* Because an indeterminate amount of securities is covered by this registration statement, the expenses in connection with the issuance and distribution of the securities are therefore not currently determinable.
- \*\*\* The listing fee is based upon the principal amount of securities listed, if any, and is therefore not currently determinable.

**Item 15. Indemnification of Directors and Officers.**

The Oregon Business Corporation Act (the "Act") provides, in general, that a director or officer of a corporation who has been or is threatened to be made a defendant in a legal proceeding because that person is or was a director or officer of the corporation:

(1) shall be indemnified by the corporation for all expenses of such litigation when the director or officer is wholly successful on the merits or otherwise;

(2) may be indemnified by the corporation for the expenses, judgments, fines and amounts paid in settlement of such litigation (other than a derivative lawsuit) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation (and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful); and

(3) may be indemnified by the corporation for expenses of a derivative lawsuit (a suit by a shareholder alleging a breach by a director or officer of a duty owed to the corporation) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation, provided the director or officer is not adjudged liable to the corporation.

The Act also authorizes the advancement of litigation expenses to a director or officer upon receipt of a written affirmation of the director's or officer's good faith belief that the standard of conduct in Section (2) or (3) above has been met and an undertaking by such director or officer to repay such expenses if it is ultimately determined that he or she did not meet that standard and, therefore, is not entitled to be indemnified. The Act also provides that the indemnification provided thereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

NW Natural's Bylaws provide that NW Natural shall indemnify directors and officers to the fullest extent permitted under the Act, thus making mandatory the discretionary indemnification authorized by the Act.

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NW Natural's Amended and Restated Articles of Incorporation provide that NW Natural shall indemnify its officers and directors to the fullest extent permitted by law, which may be broader than the indemnification authorized by the Act.

NW Natural's shareholders have approved and NW Natural has entered into indemnity agreements with its directors and officers which provide for indemnity to the fullest extent permitted by law and also alter or clarify the statutory indemnity in the following respects:

- (1) prompt advancement of litigation expenses is provided if the director or officer makes the required affirmation and undertaking;
- (2) the director or officer is permitted to enforce the indemnity obligation in court and the burden is on NW Natural to prove that the director or officer is not entitled to indemnification;
- (3) indemnity is explicitly provided for judgments and settlements in derivative actions;
- (4) prompt indemnification is provided unless a determination is made that the director or officer is not entitled to indemnification; and
- (5) partial indemnification is permitted if the director or officer is not entitled to full indemnification.

NW Natural maintains in effect a policy of insurance providing for reimbursement to NW Natural of payments made to directors and officers as indemnity for damages, judgments, settlements, costs and expenses incurred by them which NW Natural may be required or permitted to make according to applicable law, common or statutory, or under provisions of its Amended and Restated Articles of Incorporation, Bylaws or agreements effective under such laws.

**Item 16. List of Exhibits.**

Reference is made to the Exhibit Index on page II-7 hereof.

**Item 17. Undertakings.**

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement,

*provided, however*, that subsections (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those subsections is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof,

*provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(7) To file, if applicable, an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the SEC under Section 305(b)(2) of the Trust Indenture Act of 1939.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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**POWER OF ATTORNEY**

Each director and/or officer of the registrant whose signature appears hereinafter hereby appoints David H. Anderson, Brody J. Wilson, MardiLyn Saathoff and Shawn M. Filippi the Agents for Service named in this registration statement, and each of them severally, as his or her attorney-in-fact to sign in his or her name and behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission any and all amendments, including post-effective amendments, to this registration statement, and the registrant hereby also appoints each such Agent for Service as its attorney-in-fact with like authority to sign and file any such amendments in its name and behalf.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Portland, and State of Oregon, on the 8th day of November, 2016.

**NORTHWEST NATURAL GAS COMPANY**

By: /s/ David H. Anderson  
 David H. Anderson  
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David H. Anderson</u> David H. Anderson, President and Chief Executive Officer	Principal Executive Officer and Director	November 8, 2016
<u>/s/ Brody J. Wilson</u> Brody J. Wilson, Chief Financial Officer, Treasurer, Chief Accounting Officer, and Controller	Principal Financial Officer and Principal Accounting Officer	November 8, 2016
<u>/s/ Timothy P. Boyle</u> Timothy P. Boyle	Director	November 8, 2016
<u>/s/ Martha L. Byorum</u> Martha L. Byorum	Director	November 8, 2016
<u>/s/ John D. Carter</u> John D. Carter	Director	November 8, 2016
<u>/s/ Mark S. Dodson</u> Mark S. Dodson	Director	November 8, 2016

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<u>/s/ C. Scott Gibson</u> C. Scott Gibson	Director	November 8, 2016
<u>/s/ Tod R. Hamachek</u> Tod R. Hamachek	Director	November 8, 2016
<u>/s/ Jane L. Peverett</u> Jane L. Peverett	Director	November 8, 2016
<u>/s/ Kenneth Thrasher</u> Kenneth Thrasher	Director	November 8, 2016
<u>/s/ Malia H. Wasson</u> Malia H. Wasson	Director	November 8, 2016

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## INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
+1(a)	Form of Underwriting Agreement relating to the debt securities.
+1(b)	Form of Underwriting Agreement relating to the common stock.
+1(c)	Form of Underwriting Agreement relating to the preferred stock.
*1(d)	Distribution Agreement, dated March 18, 2009, among Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray and Co. and Wells Fargo Bank, National Association (incorporated herein by reference to Exhibit 1.1 to Form 8-K dated March 23, 2009, File No. 1-15973).
*4(a)	Amended and Restated Articles of Incorporation, dated June 3, 2008 (incorporated herein by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 2008, File No. 1-15973).
*4(b)	Bylaws as amended May 22, 2014 (incorporated herein by reference to Exhibit 3.1 to Form 8-K filed May 29, 2014, File No. 1-15973).
*4(c)	Copy of Mortgage and Deed of Trust, dated as of July 1, 1946, to Bankers Trust Company (now Deutsche Bank Trust Company Americas), Trustee (filed as Exhibit 7(j) in File No. 2-6494), together with Indentures supplemental thereto Nos. 1 through 14, dated, respectively, as of June 1, 1949, March 1, 1954, April 1, 1956, February 1, 1959, July 1, 1961, January 1, 1964, March 1, 1966, December 1, 1969, April 1, 1971, January 1, 1975, December 1, 1975, July 1, 1981, June 1, 1985, and November 1, 1985 (filed as Exhibit 4(d) in File No. 33-1929); No. 15, dated as of July 1, 1986 (filed as Exhibit (4)(c) in File No. 33-24168); Nos. 16, 17 and 18, dated, respectively, as of November 1, 1988, October 1, 1989 and July 1, 1990 (filed as Exhibit (4)(c) in File No. 33-40482); No. 19, dated as of June 1, 1991 (filed as Exhibit 4(c) in File No. 33-64014); No. 20, dated as of June 1, 1993 (filed as Exhibit 4(c) in File No. 33-53795); No. 21, dated as of October 15, 2012 (filed as Exhibit 4.1 to Form 8-K dated October 31, 2012, File No. 1-15973); and No. 22, dated as of November 1, 2016 (filed as Exhibit 4.1 to Form 10-Q for quarter ended September 30, 2016, File No. 1-15973).
*4(d)	Form of Supplemental Indenture relating to First Mortgage Bonds (incorporated by reference to Exhibit 4(f) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(e)	Form of First Mortgage Bond (incorporated by reference to Exhibit 4(g) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(f)	Copy of Indenture, dated as of June 1, 1991, to Bankers Trust Company (now Deutsche Bank Trust Company Americas), Trustee, relating to the Unsecured Debt Securities (incorporated by reference to Exhibit 4(e) in File No. 33-64014).
*4(g)	Form of Officers' Certificate, together with form of fixed rate unsecured note, establishing the issuance of one or more series of Unsecured Debt Securities (including the form of Unsecured Debt Security) (incorporated by reference to Exhibit 4(j) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(h)	Form of Indenture relating to junior subordinated debentures (incorporated by reference to Exhibit 4 (l) to Form S-3 filed with the SEC on January 8, 2008, File No. 333-148527).
*4(i)	Form of Officers' Certificate, together with form of junior subordinated debentures (incorporated by reference to Exhibit 4(m) to Form S-3 filed with the SEC on January 8, 2008, File No. 333-148527).
5(a)	Opinion of MardiLyn Saathoff, Esquire, regarding the validity of the securities.
5(b)	Opinion of Morgan, Lewis & Bockius LLP, regarding the validity of the securities.



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*12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preference Dividends (incorporated by reference to Exhibit 12 to Form 10-Q for quarter ended September 30, 2016).
23(a)	Consent of PricewaterhouseCoopers LLP.
23(b)	The consents of MardiLyn Saathoff, Esquire, and of Morgan, Lewis & Bockius LLP are included in their opinions filed, respectively, as Exhibits 5(a) and 5(b).
24	Power of attorney (see page II-5).
25(a)	Statement of Eligibility of the Corporate Trustee on Form T-1 related to the first mortgage bonds.
25(b)	Statement of Eligibility of the Indenture Trustee on Form T-1 related to the unsecured debt securities.
++25(c)	Statement of Eligibility of the Indenture Trustee on Form T-1 related to the junior subordinated debentures.

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\* Incorporated by reference herein as indicated.

+ To be filed by amendment or pursuant to a report to be filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 if applicable.

++ To be filed by amendment or pursuant to Section 305(b)(2) of the Trust Indenture Act of 1939 if applicable.

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**PROSPECTUS SUPPLEMENT**  
(To Prospectus Dated November 8, 2016)



## **NORTHWEST NATURAL GAS COMPANY**

### **Secured Medium-Term Notes, Series B (Series of First Mortgage Bonds) and Unsecured Medium-Term Notes, Series B**

Northwest Natural Gas Company (NW Natural) intends to offer from time to time its secured medium-term notes and unsecured medium-term notes. The secured medium-term notes will be secured by a mortgage that constitutes a first mortgage lien on certain gas properties owned from time to time by NW Natural. The unsecured medium-term notes will consist of notes or other unsecured evidences of indebtedness. We will refer to the secured medium-term notes and unsecured medium-term notes in this prospectus supplement collectively as the Medium-Term Notes.

The Medium-Term Notes will be offered on terms to be decided at the time of sale. NW Natural will provide specific terms of the Medium-Term Notes, including their offering prices, interest rates and maturities, in pricing supplements to this prospectus supplement. The pricing supplements may also add, update or change information contained in this prospectus supplement. You should read this prospectus supplement, the accompanying prospectus and any pricing supplement carefully before you invest.

The Medium-Term Notes are not expected to be listed on any securities exchange. There can be no assurance that there will be a secondary market for the Medium-Term Notes or liquidity on the secondary market if one develops.

NW Natural may offer the Medium-Term Notes directly or through underwriters, agents or dealers. The pricing supplements will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section on page S-10 of this prospectus supplement also provides more information on this topic.

NW Natural may sell the Medium-Term Notes to the agents as principals for resale at varying or fixed offering prices or through the agents as agents using their reasonable best efforts on NW Natural's behalf. Unless otherwise specified in the pricing supplement, the price to the public for the Medium-Term Notes will be 100% of the principal amount. NW Natural may also sell the Medium-Term Notes directly to investors without the assistance of the agents (whether acting as principal or as agent).

**Please see the discussion of risk factors contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which are incorporated by reference into this prospectus supplement, for a description of certain factors you should consider before purchasing any of the Medium-Term Notes being offered.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

**Banc of America Securities LLC**

**J.P. Morgan**

**US Bancorp**

**Piper Jaffray**

**Mitsubishi UFJ Securities**

**RBC Capital Markets**

**UBS Investment Bank**

**Wells Fargo**

**CIBC TD Securities**

**The date of this prospectus supplement is November 8, 2016.**

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You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents that have been incorporated by reference. NW Natural has not authorized anyone to provide you with different information. NW Natural is not making an offer of the Medium-Term Notes in any state or jurisdiction which does not permit their offer or sale. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus, as well as the information NW Natural has previously filed with the Securities and Exchange Commission that NW Natural incorporates by reference, is accurate as of any date other than the date thereof. If information in this prospectus supplement updates information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the prospectus.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus provide you with a general description of the Medium-Term Notes we may offer. Each time we sell Medium-Term Notes, we will provide a pricing supplement containing specific information about the Medium-Term Notes being offered. The pricing supplement may also add, update or change the information contained in this prospectus supplement. If there is any inconsistency between the information in this prospectus supplement and any pricing supplement, you should rely on the information in that pricing supplement. You should read this prospectus supplement and any applicable pricing supplement together with the additional information described under the heading "Where You Can Find More Information" in the accompanying prospectus.

**NW NATURAL**

Northwest Natural Gas Company was incorporated under the laws of Oregon in 1910. The company and its predecessors have supplied gas service to the public since 1859 and since September 1997, it has been doing business as NW Natural. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington to over 718,000 customers. The Public Utility Commission of Oregon (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three southwest Washington counties bordering the Columbia River. In total, we provide natural gas service to over 100 cities in 18 Oregon counties with an estimated population of 3.5 million in our service territory.

**USE OF PROCEEDS**

The net proceeds to be received by NW Natural from the sale of the Medium-Term Notes will be added to the general funds of NW Natural and used for corporate purposes, primarily to fund, in part, NW Natural's ongoing utility construction program. A portion of the net proceeds may be used to reduce NW Natural's short-term indebtedness (commercial paper), which was generally incurred to fund the utility construction program. As of September 30, 2016, NW Natural had approximately \$194.9 million of short-term indebtedness outstanding, with a maximum maturity of 55 days and an average maturity of 28 days and bearing an effective interest rate of 0.7%.

**RATIO OF EARNINGS TO FIXED CHARGES**

The ratios of earnings to fixed charges, calculated according to the rules set forth under the Securities Act, for the following periods were:

Nine Months Ended September 30, 2016	Twelve Months Ended September 30, 2016	Year Ended December 31,				
		2015	2014	2013	2012	2011
2.67(1)	3.36	3.00	3.13	3.16	3.26	3.38

(1) A significant part of the business of NW Natural is seasonal in nature; therefore, the ratio of earnings to fixed charges for an interim period is not indicative of the results of the full year.

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For the purpose of calculating these ratios, earnings consist of net income before taxes plus fixed charges. Fixed charges consist of interest on all indebtedness, the amortization of debt expense and discount or premium and the estimated interest portion of rentals charged to income.

**DESCRIPTION OF THE SECURED NOTES****General**

The secured notes, which are a series of NW Natural's First Mortgage Bonds (First Mortgage Bonds), are to be issued under NW Natural's Mortgage and Deed of Trust, dated as of July 1, 1946, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) (the Corporate Trustee), as trustee (the Mortgage Trustee), which has been amended and supplemented in the past and which may be supplemented again by one or more supplemental indentures relating to the secured notes. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus supplement as the "Mortgage."

Material terms of the secured notes and the First Mortgage Bonds are summarized below and in "Description of the Bonds" in the accompanying prospectus. The Mortgage was filed with the SEC and you should read the Mortgage for provisions that may be important to you. The statements concerning the secured notes, First Mortgage Bonds and the Mortgage in this "Description of the Secured Notes" and the "Description of the Bonds" in the accompanying prospectus make use of terms defined in the Mortgage and are qualified in their entirety by express reference to the cited sections and articles. Certain of these terms may be changed with respect to any secured note by the applicable pricing supplement, which should be read in conjunction with this description.

The secured notes will be offered on a continuing basis and each secured note will mature on such date, not less than one year or more than 30 years from its date of issue, as selected by the purchaser and agreed to by NW Natural.

The pricing supplement relating to each secured note will set forth the principal amount, interest rate, interest payment dates, record dates, issue price and agent's commission or discount, original issue and maturity dates, redemption or repayment provisions, if any, and other material terms of such secured note.

**Interest**

Unless otherwise specified in the pricing supplement relating to any secured note, interest on such secured note will be payable semi-annually in arrears on June 1 and December 1 of each year and at maturity.

Unless otherwise specified in the pricing supplement relating to any secured note, interest payable on any interest payment date for any secured note will be paid to the person in whose name such secured note is registered on the record date with respect to such interest payment date, which shall be the May 15 or November 15 (whether or not a business day), as the case may be, immediately preceding such interest payment date; provided that, (i) if the original issue date of any secured note is after a record date and before the corresponding interest payment date, such secured note shall bear interest from the original issue date, but payment of interest shall commence on the second interest payment date following the original issue date, and (ii) interest payable on the maturity date will be paid to the person to whom the principal thereof is paid.

Unless otherwise indicated in the applicable pricing supplement, interest on the secured notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

**Form, Exchange and Payment**

The secured notes will be issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000. The secured notes will be exchangeable at the office of

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Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto. Principal, premium, if any, and interest will be payable at such office. (See Twentieth Supplemental Indenture, Section 1.01.) However, if the secured notes are held by The Depository Trust Company (“DTC”) or its nominee, owners of beneficial interests in the secured notes will not be entitled to have any individual secured notes registered in their names, and transfers of beneficial interests and payments of principal, premium, if any, and interest will be made as described herein under “Book-Entry System”.

## **Redemption**

### *Optional Redemption at Fixed Redemption Prices*

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be redeemable, on 30 days’ notice, in whole or in part, at any time on or after the initial redemption date, if any, fixed at the time of sale and set forth in the applicable pricing supplement. On or after the initial redemption date, such secured note will be redeemable in whole or in part, at the option of NW Natural, at a redemption price determined in accordance with the following paragraph or as described in the related pricing supplement, plus accrued interest to the redemption date.

Unless otherwise specified in the pricing supplement relating to any secured note, the redemption price for each secured note subject to redemption shall, for the twelve-month period commencing on the initial redemption date, be equal to a certain percentage of the principal amount of such secured note and thereafter, shall decline for the twelve-month period commencing on each anniversary of the initial redemption date by a percentage of the principal amount (Reduction Percentage) until the redemption price shall be 100% of the principal amount. The initial redemption date and price and any Reduction Percentage with respect to each secured note subject to redemption will be fixed at the time of sale and set forth in the applicable pricing supplement.

If so specified in the pricing supplement relating to any secured note, NW Natural may not, prior to the redemption limitation date, if any, set forth in such pricing supplement, redeem such secured note as described above as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an effective interest cost to NW Natural (calculated in accordance with generally accepted financial practice) of less than the effective interest cost to NW Natural (similarly calculated) of such secured note.

### *Optional Redemption at Make-Whole Redemption Price*

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be redeemable, on 30 days’ notice, in whole or in part, at the option of NW Natural, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the Make-Whole Spread, plus, in each case, accrued interest to the redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated yield (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Make-Whole Spread” means the amount, expressed as a percentage, fixed at the time of sale and set forth in the applicable pricing supplement.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of

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the secured notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such secured notes.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by NW Natural.

“Comparable Treasury Price” means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

“Reference Treasury Dealer” means each of the investment banking firms or their affiliates which are primary U.S. Government securities dealers and which are appointed by NW Natural as Reference Treasury Dealers, and their respective successors; provided, however, that NW Natural shall appoint at least five Reference Treasury Dealers, and if, at the time of any determination of the Treasury Rate, there shall be less than five Reference Treasury Dealers which are, or whose affiliates are, primary U.S. Government securities dealers in the United States (each a “Primary Treasury Dealer”), then NW Natural shall appoint one or more additional investment banking firms which are, or whose affiliates are, Primary Treasury Dealers as Reference Treasury Dealers.

### *Redemption—General*

If, at the time the notice of redemption shall be given, the redemption money has not been deposited with the Corporate Trustee, the redemption may be made subject to the receipt of such money before the redemption date, and such notice shall be of no effect unless such money is so received.

Unless otherwise indicated in the applicable pricing supplement, the secured notes will not be subject to any sinking fund.

### *Provisions for Maintenance of Property*

While the Mortgage contains provisions for the maintenance of the Mortgaged and Pledged Property (as defined in the Mortgage), the Mortgage does not permit redemption of secured notes pursuant to these provisions.

### **Repayment at Option of Holder**

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be repayable by NW Natural at the option of the registered holder thereof on the date specified in such pricing supplement (Repayment Date), at a price equal to a percentage of the principal amount of such secured note specified in such pricing supplement (Repayment Price), plus accrued interest to the date of repayment.

For any secured note to be repaid, NW Natural must receive such secured note at its office or agency in the Borough of Manhattan, The City of New York (currently, the office of the Corporate Trustee), within the period (Election Period) commencing at the opening of business and ending at the close of business on the dates specified in the pricing supplement relating to such secured note (provided that, if the last day of the Election



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Period shall not be a business day, the Election Period shall end at the close of business on the next succeeding business day), together with the form entitled "Option to Elect Repayment" on the reverse of, or otherwise accompanying, such secured note duly completed. Any such election so received by NW Natural within such Election Period shall be irrevocable.

The repayment option may be exercised by the registered holder of a secured note for less than the entire principal amount of such secured note, provided that the principal amount to be repaid is equal to \$1,000 or an integral multiple of \$1,000. All questions as to the validity, eligibility (including time of receipt) and acceptance of any secured note for repayment will be determined by the Corporate Trustee, whose determination will be final and binding.

So long as DTC or DTC's nominee is the registered holder of the secured notes, DTC or such nominee will be the only entity that can exercise the repayment option, and repayment will be made in accordance with DTC's repayment procedures in effect at the time. See "Book-Entry System." In order to ensure that DTC or its nominee will timely exercise a repayment option with respect to a particular beneficial interest in the secured notes, the beneficial owner of such interest must instruct the broker or other participant through which it holds such interest to notify DTC of its election to exercise the repayment option. In addition, the beneficial owner must effect delivery of such interest at the time such notice of election is given to DTC by causing the broker or other participant through which it holds such interest to transfer such interest on DTC's records to the Corporate Trustee. Different firms have different deadlines for accepting instructions from their customers and, accordingly, each beneficial owner of secured notes should consult the broker or other participant through which it holds an interest in the secured notes in order to ascertain the deadline by which such instruction must be given in order for timely notice to be delivered to DTC.

For a description of additional terms of the First Mortgage Bonds and the Mortgage please refer to "Description of the Bonds" in the accompanying prospectus.

**DESCRIPTION OF THE UNSECURED NOTES****General**

The unsecured notes are to be issued under an Indenture, dated as of June 1, 1991 (Indenture), between NW Natural and Deutsche Bank Trust Company Americas, as trustee (Indenture Trustee) and are a series of "Indenture Securities" as described in the accompanying prospectus.

Material terms of the unsecured notes and the Indenture Securities are summarized below and in "Description of the Unsecured Debt Securities" in the accompanying prospectus. The Indenture was filed with the SEC and you should read the Indenture for provisions that may be important to you. The statements concerning the unsecured notes, the Indenture Securities and the Indenture in this "Description of the Unsecured Notes" and in the "Description of the Unsecured Debt Securities" in the accompanying prospectus make use of terms defined in the Indenture and are qualified in their entirety by express reference to the cited sections and articles. Certain of these terms may be changed with respect to any unsecured note by the applicable pricing supplement, which should be read in conjunction with this description.

The unsecured notes will be offered on a continuing basis, and each unsecured note will mature on such date, not less than one year nor more than 30 years from its date of issue, as selected by the purchaser and agreed to by NW Natural.

The pricing supplement relating to any unsecured note will include the principal amount, interest rate, interest payment dates, regular record dates, issue price and agent's commission or discount, original issue and maturity dates, redemption or repayment provisions, if any, and other material terms of such unsecured note.

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### **Interest**

Unless otherwise specified in the pricing supplement relating to any unsecured note, interest on such unsecured note will be payable semi-annually in arrears on June 1 and December 1 of each year and at maturity.

Unless otherwise specified in the pricing supplement relating to any unsecured note, interest payable on any interest payment date for any unsecured note will be paid to the person in whose name such unsecured note is registered on the record date with respect to such interest payment date, which shall be the May 15 or November 15 (whether or not a business day), as the case may be, immediately before such interest payment date; provided that, (i) if the original issue date of any unsecured note is after a record date and before the corresponding interest payment date, such unsecured note will bear interest from the original issue date but payment of interest shall commence on the second interest payment date following the original issue date, and (ii) interest payable on the maturity date will be paid to the person to whom the principal thereof is paid.

Unless otherwise indicated in the applicable pricing supplement, interest on the unsecured notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. (See Indenture, Section 310).

### **Form, Exchange and Payment**

The unsecured notes will be issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000. The unsecured notes will be exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto. Principal, premium, if any, and interest will be payable at such office. Notwithstanding the foregoing, for so long as the unsecured notes shall be held by DTC or its nominee, owners of beneficial interests in the unsecured notes will not be entitled to have any individual unsecured notes registered in their names, and transfers of beneficial interests and payments of principal, premium, if any, and interest will be made as described herein under "Book-Entry System".

### **Redemption**

#### *Optional Redemption at Fixed Redemption Prices*

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be redeemable, on not less than 30 days' notice, in whole or in part, at any time on or after the initial redemption date, if any, fixed at the time of sale and set forth in the applicable pricing supplement. On or after the initial redemption date, such unsecured note will be redeemable in whole or in part, at the option of NW Natural, at a redemption price determined in accordance with the following paragraph or as described in the related pricing supplement, plus accrued interest to the redemption date.

The redemption price for each unsecured note subject to redemption shall, for the twelve-month period commencing on the initial redemption date, be equal to a certain percentage of the principal amount of such unsecured note and, thereafter, shall decline for the twelve-month period commencing on each anniversary of the initial redemption date by a percentage of the principal amount (Reduction Percentage) until the redemption price shall be 100% of the principal amount. The initial redemption price and date and any Reduction Percentage with respect to each unsecured note subject to redemption will be fixed at the time of sale and set forth in the applicable pricing supplement.

If so specified in the pricing supplement relating to any unsecured note, NW Natural may not, prior to the redemption limitation date, if any, set forth in such pricing supplement, redeem such unsecured note as described above as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an effective interest cost to NW Natural (calculated in accordance with generally accepted financial practice) of less than the effective interest cost to NW Natural (similarly calculated) of such unsecured note.

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### *Optional Redemption at Make-Whole Redemption Price*

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be redeemable, on 30 days' notice, in whole or in part, at the option of NW Natural, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the Make-Whole Spread, plus, in each case, accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated yield (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Make-Whole Spread" means the amount, expressed as a percentage, fixed at the time of sale and set forth in the applicable pricing supplement.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the unsecured notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such unsecured notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by NW Natural.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Reference Treasury Dealer" means each of the investment banking firms or their affiliates which are primary U.S. Government securities dealers and which are appointed by NW Natural as Reference Treasury Dealers, and their respective successors; provided, however, that NW Natural shall appoint at least five Reference Treasury Dealers, and if, at the time of any determination of the Treasury Rate, there shall be less than five Reference Treasury Dealers which are, or whose affiliates are, primary U.S. Government securities dealers in the United States (each a "Primary Treasury Dealer"), then NW Natural shall appoint one or more additional investment banking firms which are, or whose affiliates are, Primary Treasury Dealers as Reference Treasury Dealers.

### *Redemption—General*

If, at the time the notice of redemption shall be given, the redemption money has not been deposited with the Indenture Trustee, the redemption shall be made subject to the receipt of such money on or before the redemption date, and such notice shall be of no effect unless such money shall be so received. (See Indenture, Article Four.)

Unless otherwise indicated in the applicable pricing supplement, the unsecured notes will not be subject to any sinking fund.

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### **Repayment at Option of Holder**

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be repayable by NW Natural at the option of the registered holder thereof on the date of repayment specified in such pricing supplement at a repayment price equal to a percentage of the principal amount of such unsecured note specified in such pricing supplement, plus accrued interest to the date of repayment.

For any unsecured note to be repaid, NW Natural must receive such unsecured note at its office or agency in the Borough of Manhattan, The City of New York (currently, the office of the Indenture Trustee), within the period (Election Period) commencing at the opening of business and ending at the close of business on the dates specified in the pricing supplement relating to such unsecured note (provided that, if the last day of the Election Period shall not be a business day, the Election Period shall end at the close of business on the next succeeding business day), together with the form entitled "Option to Elect Repayment" on the reverse of, or otherwise accompanying, such unsecured note duly completed.

Any such election so received by NW Natural within such Election Period shall be irrevocable. The repayment option may be exercised by the registered holder of an unsecured note for less than the entire principal amount of such unsecured note, provided that the principal amount to be repaid is equal to \$1,000 or an integral multiple of \$1,000. All questions as to the validity, eligibility (including time of receipt) and acceptance of any unsecured note for repayment will be determined by the Indenture Trustee, whose determination will be final and binding.

So long as DTC or DTC's nominee is the registered holder of the unsecured notes, DTC or such nominee will be the only entity that can exercise the repayment option, and repayment will be made in accordance with DTC's repayment procedures in effect at the time. See "Book-Entry System." In order to ensure that DTC or its nominee will timely exercise a repayment option with respect to a particular beneficial interest in the unsecured notes, the beneficial owner of such interest must instruct the broker or other participant through which it holds such interest to notify DTC of its election to exercise the repayment option. In addition, the beneficial owner of unsecured notes must effect delivery of such interest at the time such notice of election is given to DTC by causing the broker or other participant through which it holds such interest to transfer such interest on DTC's records to the Indenture Trustee. Different firms have different deadlines for accepting instructions from their customers and, accordingly, each beneficial owner of unsecured notes should consult the broker or other participant through which it holds an interest in the unsecured notes in order to ascertain the deadline by which such instruction must be given in order for timely notice to be delivered to DTC.

For a description of additional terms of the unsecured notes and the Indenture Securities please refer to "Description of the Unsecured Debt Securities" in the accompanying prospectus.

### **BOOK-ENTRY SYSTEM**

DTC, New York, NY, will act as securities depository for the Medium-Term Notes. The Medium-Term Notes will be issued as fully-registered Medium-Term Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic

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computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Medium-Term Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Medium-Term Notes on DTC's records. The ownership interest of each actual purchaser of each Medium-Term Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Medium-Term Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Medium-Term Notes, except in the event that use of the book-entry system for the Medium-Term Notes is discontinued.

To facilitate subsequent transfers, all Medium-Term Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Medium-Term Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Medium-Term Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Medium-Term Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Medium-Term Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Medium-Term Notes, such as redemptions, tenders, defaults, and proposed amendments to the Medium-Term Notes documents. For example, Beneficial Owners of Medium-Term Notes may wish to ascertain that the nominee holding the Medium-Term Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Medium-Term Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Medium-Term Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to NW Natural as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Medium-Term Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of redemption proceeds, principal of and interest on the Medium-Term Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice

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is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from NW Natural on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or NW Natural, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of NW Natural, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Medium-Term Notes at any time by giving reasonable notice to NW Natural. Under such circumstances, in the event that a successor depository is not obtained, Medium-Term Note certificates are required to be printed and delivered.

NW Natural may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Medium-Term Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that NW Natural believes to be reliable, but NW Natural takes no responsibility for the accuracy thereof.

**PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)**

The Medium-Term Notes are being offered on a continuing basis for sale by NW Natural through the agents which have agreed to use their reasonable best efforts to solicit purchases of the Medium-Term Notes. The initial agents are Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray & Co., Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc., Mitsubishi UFJ Securities (USA), Inc., RBC Capital Markets, LLC, CIBC World Markets Corp. and TD Securities (USA) LLC. Should NW Natural designate other persons to act as agents, the names of such persons will be disclosed in a pricing supplement. NW Natural will pay each agent a commission which, depending on the maturity of the Medium-Term Notes, will, unless otherwise agreed, range from 0.150% to 0.750% of the principal amount of any Medium-Term Note sold through such agent.

NW Natural may also sell Medium-Term Notes to any agent, as principal, at a discount from the principal amount thereof, and the agent may later resell such Medium-Term Notes to investors and other purchasers at varying prices related to prevailing market prices at the time of resale as determined by such agent or, if so agreed, at a fixed public offering price. In the case of sales to any agent as principal, such agent may utilize a selling or dealer group in connection with resales. An agent may sell Medium-Term Notes it has purchased as principal to any dealer at a discount and, unless otherwise specified in the applicable pricing supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such agent from NW Natural.

After the initial public offering of Medium-Term Notes to be resold to investors and other purchasers, the public offering price (in the case of a fixed price public offering), concession and discount may be changed.

The Medium-Term Notes also may be sold by NW Natural directly to purchasers. No commission will be payable to the agents on Medium-Term Notes sold directly by NW Natural.

NW Natural reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject, in whole or in part, offers to purchase Medium-Term Notes whether placed directly with NW Natural or through one of the agents. Each agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Medium-Term Notes received by it, in whole or in part.

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Payment of the purchase price of the Medium-Term Notes will be required to be made in immediately available funds in New York City on the date of settlement.

No Medium-Term Note will have an established trading market when issued. The Medium-Term Notes are not expected to be listed on any securities exchange. Each of the agents may from time to time purchase and sell Medium-Term Notes in the secondary market, but is not obligated to do so. There can be no assurance that there will be a secondary market for the Medium-Term Notes or liquidity in the secondary market if one develops. From time to time, each of the agents may make a market in the Medium-Term Notes.

In connection with certain types of offers and sales of Medium-Term Notes, SEC rules permit the agents to engage in certain transactions that stabilize the price of such Medium-Term Notes. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Medium-Term Notes.

If the agents create a short position in any Medium-Term Notes in connection with certain types of offers and sales, i.e., if they sell more Medium-Term Notes than are set forth in the applicable pricing supplement, the agents may reduce that short position by purchasing Medium-Term Notes in the open market.

In connection with certain types of offers and sales, the agents may also impose a penalty bid on certain agents and selling group members. This means that if the agents purchase Medium-Term Notes in the open market to reduce the agents' short position or to stabilize the price of the Medium-Term Notes, they may reclaim the amount of selling concession from the agents and selling group members who sold these Medium-Term Notes as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither NW Natural nor any agent makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Medium-Term Notes. In addition, neither NW Natural nor any agent makes any representation that the agents will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The agents may be deemed to be "underwriters" within the meaning of the Securities Act. NW Natural has agreed to indemnify each of the agents against, or to make contributions relating to, certain liabilities, including liabilities under such Act. NW Natural has agreed to reimburse each of the agents for certain expenses. Each of the agents may engage in transactions with, or perform services for, NW Natural in the ordinary course of business.

**Conflicts of Interest**

Certain agents or their affiliates may receive more than 5% of the net proceeds of this offering. See "Use of Proceeds". Accordingly, this offering is being made in compliance with Financial Industry Regulatory Authority Rule 5121. Because the Medium-Term Notes are rated investment grade, pursuant to Rule 5121, the appointment of a qualified independent underwriter is not necessary.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to NW Natural's Annual Report on Form 10-K for the

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year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**LEGALITY**

The legality of the Medium-Term Notes will be passed upon for NW Natural by MardiLyn Saathoff, Esquire, Senior Vice President, Regulation and General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Saathoff may rely upon the opinion of Morgan, Lewis & Bockius LLP, as to certain legal matters arising under New York law and upon the opinion of Stoel Rives LLP, Portland, Oregon, as to certain legal matters arising under Oregon law. Morgan, Lewis & Bockius LLP may rely upon the opinions of Ms. Saathoff and Stoel Rives LLP, Portland, Oregon, as to all legal matters arising under Oregon law, and Ms. Saathoff and Morgan, Lewis & Bockius LLP may rely upon the opinion of Stoel Rives LLP, Portland, Oregon, as to all legal matters arising under Washington law.

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**Table of Contents****PROSPECTUS****NORTHWEST NATURAL GAS COMPANY****DEBT SECURITIES****JUNIOR SUBORDINATED DEBENTURES****PREFERRED STOCK****COMMON STOCK**

Northwest Natural Gas Company, or NW Natural, may offer any combination of the securities described in this prospectus in one or more offerings from time to time and in amounts authorized from time to time. NW Natural will provide specific terms of its securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

NW Natural's common stock is listed on the New York Stock Exchange and trades under the symbol "NWN."

NW Natural may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section on page 20 of this prospectus also provides more information on this topic.

**See the discussion of risk factors on page 2 of this prospectus and as contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, which are incorporated by reference into this prospectus, to read about certain factors you should consider before purchasing any of the securities being offered.**

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is November 8, 2016.**

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**Table of Contents****ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that NW Natural filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration, or continuous offering, process. Under this shelf registration process, NW Natural, from time to time, may sell any combination of the securities described in this prospectus in one or more offerings. NW Natural may offer any of the following securities: Debt Securities, Junior Subordinated Debentures, Common Stock or Preferred Stock.

This prospectus provides you with a general description of the securities that NW Natural may offer. Each time NW Natural sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement, if necessary. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.”

For more detailed information about the securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

**WHERE YOU CAN FIND MORE INFORMATION**

NW Natural files annual, quarterly and other reports and other information with the SEC. Reports, proxy statements and other information filed by NW Natural can be read and copied at the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains a Web site (<http://www.sec.gov>) that contains reports, proxy statements and other information filed electronically by NW Natural. NW Natural also maintains a Web site (<http://www.nwnatural.com>). Information contained on NW Natural’s Web site does not constitute part of this prospectus.

The SEC allows NW Natural to “incorporate by reference” the information that NW Natural files with the SEC, which means that NW Natural may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. NW Natural is incorporating by reference the documents listed below (other than any portions of such documents that are deemed to be furnished and not filed) and any future filings NW Natural makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), until NW Natural sells all of the securities described in this prospectus. Information that NW Natural files in the future with the SEC will automatically update and supersede this information.

We hereby incorporate by reference into this prospectus the following documents that we have filed with the SEC under the Securities Exchange Act File No. 001-15973:

- NW Natural’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
- NW Natural’s Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2016.
- NW Natural’s Current Reports on Form 8-K filed with the SEC on February 5, 2016, March 21, 2016, June 2, 2016, July 29, 2016 and September 2, 2016 (as amended on September 23, 2016).

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You may request a copy of these documents, at no cost to you, by writing or calling Shareholder Services, Northwest Natural Gas Company, One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, telephone 503-226-4211, extension 2402.

You should rely only on the information contained, or incorporated by reference, in this prospectus and any prospectus supplement. NW Natural has not, and any underwriters, agents or dealers have not, authorized anyone else to provide you with different information. NW Natural is not, and any underwriters, agents or dealers are not, making an offer of these securities or soliciting offers to buy these securities in any jurisdiction where the offer or solicitation is not permitted. You should not assume that the information contained in this prospectus and any prospectus supplement is accurate as of any date other than the date on the front of such document or that the information incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date of the document incorporated by reference.

## **FORWARD-LOOKING STATEMENTS**

This document does, and the documents incorporated herein by reference may, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Exchange Act. Although NW Natural believes these statements are based on reasonable assumptions, no assurance can be given that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. The forward-looking statements contained herein and in the incorporated documents may be affected by various uncertainties. For a further discussion of forward-looking statements and of factors which may affect forward-looking statements contained herein and in the incorporated documents, see NW Natural's most recent Annual Report on Form 10-K and any of its Quarterly Reports on Form 10-Q filed after that Annual Report on Form 10-K.

## **NW NATURAL**

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

## **RISK FACTORS**

Investing in the securities involves certain risks. You are urged to read and consider the risk factors described in NW Natural's annual, quarterly and current reports filed with the SEC under the Exchange Act, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information NW Natural includes or incorporates by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and NW Natural cannot predict such risks or estimate the extent to which they may affect NW Natural's financial condition or performance. The prospectus supplement applicable to each type or series of securities NW Natural offers may contain a discussion of additional risks applicable to an investment in NW Natural and the particular type of securities NW Natural is offering under that prospectus supplement.

## **USE OF PROCEEDS**

Unless otherwise stated in a prospectus supplement, the net proceeds to be received by NW Natural from the sale of these securities will be added to the general funds of NW Natural and used for corporate purposes, primarily to fund, in part, NW Natural's ongoing utility construction program and for general corporate purposes.

The prospectus supplement relating to a particular offering of securities will identify the use of proceeds for that offering.



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**RATIO OF EARNINGS TO FIXED CHARGES AND  
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS**

The ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preference dividends, calculated according to the rules set forth under the Securities Act, for the following periods were:

<u>Period</u>	<u>Ratios(1)</u>
Twelve Months Ended September 30, 2016	3.36
Nine Months Ended September 30, 2016(2)	2.67
Year Ended December 31, 2015	3.00
Year Ended December 31, 2014	3.13
Year Ended December 31, 2013	3.16
Year Ended December 31, 2012	3.26
Year Ended December 31, 2011	3.38

Earnings consist of net income to which has been added taxes on income and fixed charges. Fixed charges consist of interest on all indebtedness, amortization of debt expense and discount or premium, and the estimated interest portion of rentals charged to income. Preference dividends are the amounts of pre-tax earnings that would be required to pay dividends on any outstanding preference equity securities (which could include any NW Natural preferred stock outstanding for the period).

- (1) NW Natural had no preference equity securities outstanding for any of the periods presented; therefore, the ratios of earnings to fixed charges are the same as the ratios of earnings to combined fixed charges and preference dividends.
- (2) A significant part of the businesses of NW Natural is seasonal in nature; therefore, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preference dividends for the interim period are not necessarily indicative of the results for a full year.

**DESCRIPTION OF DEBT SECURITIES**

**General**

The following sections set forth certain general terms and provisions of NW Natural's secured, unsecured and junior subordinated debt securities, consisting of first mortgage bonds and debentures, notes or other debt, that NW Natural may offer by this prospectus. NW Natural will describe the particular terms of the debt securities, and provisions that vary from those described below, in one or more prospectus supplements.

**DESCRIPTION OF THE BONDS**

**General**

NW Natural will issue its first mortgage bonds, in one or more series, under the Mortgage and Deed of Trust, dated as of July 1, 1946, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) (the Corporate Trustee), as trustee (the Mortgage Trustee), which has been amended and supplemented in the past and which may be supplemented again by one or more supplemental indentures relating to these securities. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the first mortgage bonds offered by this prospectus, are referred to herein as "First Mortgage Bonds."

This section briefly summarizes some of the provisions of the First Mortgage Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in this prospectus but that are defined in the

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Mortgage. This summary is not complete and is qualified in its entirety by reference to the Mortgage which is on file with the SEC. You should read the Mortgage for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of First Mortgage Bonds may have different terms. NW Natural will include some or all of the following information about a specific series of First Mortgage Bonds in the prospectus supplement relating to those First Mortgage Bonds:

- the designation of the series and the aggregate principal amount of those First Mortgage Bonds,
- the interest rate(s) for those First Mortgage Bonds,
- the currency or currencies in which payment of the principal of and interest on those First Mortgage Bonds may be made,
- the date(s) on which those First Mortgage Bonds will mature,
- the dates on which NW Natural will pay the interest on those First Mortgage Bonds and the date from which interest will accrue,
- the place(s) where the principal of and interest on those First Mortgage Bonds will be payable,
- whether all or any portion of those First Mortgage Bonds will be issued to a designated depository,
- the additional place(s) for the payment of principal or interest or for the registration or transfer of those First Mortgage Bonds,
- any terms or obligations of NW Natural relating to creation of a sinking fund with respect to those First Mortgage Bonds or permitting conversion of those First Mortgage Bonds into capital stock of NW Natural or another entity,
- any terms permitting bondholders to exchange those First Mortgage Bonds for other securities,
- any terms pursuant to which NW Natural may redeem any of those First Mortgage Bonds, and
- any other terms or provisions relating to those First Mortgage Bonds that are not inconsistent with the provisions of the Mortgage.

Except as may otherwise be described in a prospectus supplement, the covenants contained in the Mortgage will not afford holders of the First Mortgage Bonds protection in the event of a highly-leveraged or similar transaction involving NW Natural or in the event of a change in control.

### **Reserved Amendment Rights**

NW Natural has reserved the right to amend the Mortgage, without the consent or other action of the holders of any series of First Mortgage Bonds created after November 1, 2016 or Secured Medium-Term Notes, Series B with an issue date after November 1, 2016, to make the changes described below in this "Description of First Mortgage Bonds." Holders of any series of First Mortgage Bonds created after November 1, 2016 and Secured Medium-Term Notes, Series B with an issue date after November 1, 2016, including First Mortgage Bonds that NW Natural may offer by this prospectus, are deemed to have consented to these amendments. This section briefly summarizes the reserved amendment rights. This summary is not complete. You should read this summary together with the twenty-second supplemental indenture, dated as of November 1, 2016, which has been filed with the SEC and is an exhibit to the registration statement filed with the SEC of which this prospectus is a part, together with the Mortgage for a complete understanding of the reserved amendment rights.

### **Form, Exchange and Payment**

Unless otherwise specified in the prospectus supplement relating to First Mortgage Bonds, First Mortgage Bonds will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that





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is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

### Security

First Mortgage Bonds issued or to be issued under the Mortgage are or will be secured by the Mortgage, which constitutes a first mortgage lien on certain gas utility properties owned from time to time by NW Natural (except as stated below).

The lien of the Mortgage is or may be subject to the following Excepted Encumbrances:

- liens for taxes, assessments or governmental charges which are not delinquent or the validity of which is being contested at the time by NW Natural in good faith; and liens for workmen's compensation awards and similar obligations which are not delinquent and undetermined liens or charges incidental to construction;
- liens securing indebtedness, neither assumed nor guaranteed by NW Natural nor on which it customarily pays interest, existing on real property or rights in or relating to real property acquired by NW Natural for transmission line, transportation line, distribution line or right of way purposes;
- rights of any municipality or public authority to terminate any right, power, franchise, grant, license or permit or to purchase or recapture or to designate a purchaser of any of the property of NW Natural or to control or regulate any property of NW Natural, or to use such property in a manner which does not materially impair the use of such property for the purposes for which it is held by NW Natural;
- rights of others to take or receive any part of the power, gas, oil or other minerals or timber generated, developed, produced, manufactured, pumped or stored by, or grown on, or acquired with, any property of NW Natural;
- easements, restrictions, exceptions or reservations in any property and/or rights of way of NW Natural for the purpose of roads, pipelines, transmission lines, distribution lines, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights of way, facilities and/or equipment, and defects, irregularities and deficiencies in titles of any property and/or rights of way, which do not materially impair the use of such property and/or rights of way for the purposes for which such property and/or rights of way are held by NW Natural; or
- any obligations or duties, affecting the property of NW Natural, to any municipality or public authority with respect to any franchise, grant, license or permit.

In addition, the lien of the Mortgage is or may be subject to the following:

- vendors' liens, purchase money mortgages and liens on property that already exist at the time NW Natural acquires that property;
- liens for labor, materials, supplies or other objects given priority by law; and
- liens for taxes, assessments or other governmental charges given priority by law.

NW Natural has reserved the right to amend the Mortgage to restate the definition of Excepted Encumbrances to mean substantially the following:

- tax liens, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at least ten business days' notice has not been given to NW Natural's general counsel or to such other person designated by NW Natural to receive such notices;

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- mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' liens, other liens incident to construction, liens or privileges of any of NW Natural's employees for salary or wages earned, but not yet payable, and other liens, including without limitation liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings or of which at least ten business days' notice has not been given to NW Natural's general counsel or to such other person designated by NW Natural to receive such notices;
- specified judgment liens;
- easements, leases, reservations or other rights of others (including governmental entities) in, and defects of title in, NW Natural's property;
- liens securing indebtedness or other obligations relating to real property NW Natural acquired for specified transmission, distribution or communication purposes or for the purpose of obtaining rights of way;
- specified leases and leasehold, license, franchise and permit interests;
- liens resulting from law, rules, regulations, orders or rights of governmental authorities and specified liens required by law or governmental regulations;
- liens to secure public obligations, rights of others to take minerals, timber, electric energy or capacity, gas, water, steam or other products produced by NW Natural or by others on NW Natural's property;
- rights and interests of persons other than NW Natural arising out of agreements relating to the common ownership or joint use of property, and liens on the interests of those persons in such property;
- restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public services corporation;
- liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;
- certain easements, ground leases and rights of way for the purpose of roads, pipelines, transmission lines, distribution lines, communication lines, railways, removal or transportation of coal, lignite, gas, oil or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights of way, facilities and/or equipment, so long as such grant shall not materially impair the use of the property or rights of way for the purposes for which such property or rights of way are held by NW Natural; and
- certain prepaid liens. (See Twenty-second Supplemental Indenture, Section 2.17 and the definition of Permitted Liens in Section 1.07.)

The following are excepted from the lien of the Mortgage:

- (1) cash and securities,
- (2) certain equipment, apparatus, materials or supplies,
- (3) aircraft, automobiles and other vehicles,
- (4) receivables, contracts, leases and operating agreements,
- (5) timber, minerals, mineral rights and royalties, and
- (6) all Natural Gas and Oil Production Property (See Mortgage, pages 10-11 and Section 4).

No stock, properties or other assets of NW Natural subsidiaries are subject to the Mortgage.

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The Mortgage contains provisions that impose the lien of the Mortgage on property acquired by NW Natural after the date of the Mortgage, other than the excepted property described above and subject to pre-existing liens. However, if NW Natural consolidates, merges or sells substantially all of its assets to another entity, the lien created by the Mortgage will generally not cover the property of the successor, other than the mortgaged property it acquires from NW Natural and improvements, extensions, additions, renewals and replacements of that property. (See Mortgage, Article XVI.)

The Mortgage provides that the Mortgage Trustee shall have a lien upon the mortgaged property, prior to that of the First Mortgage Bonds, for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. This lien takes priority over the lien securing the First Mortgage Bonds. (See Mortgage, Section 96.)

NW Natural has reserved the right to amend the Mortgage to add any one or more of following types of property to the list of excepted property described above:

- (1) any vessels or marine equipment;
- (2) any personal property of such character that the perfection of a security interest therein or other lien thereon is not governed by the Uniform Commercial Code in effect where NW Natural is organized or the property is located;
- (3) any general intangibles, including computer software;
- (4) any intellectual property rights;
- (5) any governmental and other licenses, permits, or franchises (other than NW Natural's franchises, permits and licenses that are transferable and necessary for the operation of the mortgaged property); or
- (6) any unrecorded easements and rights of way.

NW Natural has also reserved the right to amend the Mortgage to subject any excepted property to the lien of the Mortgage and to define the term "mineral rights" for purposes of the Mortgage to exclude any rights or other property constructed, acquired or held primarily for the purpose of storing and withdrawing gas that has been injected into, or may from time to time be injected into, storage reservoirs or other facilities located on or under real property, whether or not such rights or other property constitute "mineral rights" under applicable law. (See Twenty-second Supplemental Indenture, Sections 2.05, 2.08 and 2.23.)

### **Issuance of Additional First Mortgage Bonds**

First Mortgage Bonds may be issued from time to time on the basis of:

- (1) 70% of property additions, after adjustments to offset retirements (See "Modification of the Mortgage—Issuance of Additional First Mortgage Bonds," below),
- (2) the retirement of First Mortgage Bonds or qualified lien bonds, or
- (3) the deposit of cash.

With certain exceptions in the case of (2) above, the issuance of First Mortgage Bonds must meet an earnings test. The adjusted net earnings before income taxes for 12 consecutive months out of the preceding 15 months must be at least twice the annual interest requirements on all First Mortgage Bonds at the time outstanding, including the First Mortgage Bonds being issued, and all indebtedness of prior rank.

For purposes of determining annual interest requirements, interest on First Mortgage Bonds or other indebtedness bearing interest at a variable interest rate shall be computed at the average of the interest rates borne by such First Mortgage Bonds or other indebtedness during the period of calculation or, if such First Mortgage Bonds or other indebtedness shall have been issued after such period or shall be the subject of pending applications, interest shall be computed at the initial rate borne upon issuance.

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Property additions generally include gas, electric, steam or hot water property or gas by-product property acquired after March 31, 1946, but will not include certain assets, including securities, airplanes, automobiles or other vehicles, or natural gas transmission lines or Natural Gas and Oil Production Property. As of September 30, 2016, approximately \$769.4 million of property additions were available for use as the basis for the issuance of First Mortgage Bonds. As of September 30, 2016, approximately \$298 million of retired First Mortgage Bonds were available for use as the basis for the issuance of First Mortgage Bonds.

The Mortgage contains certain restrictions upon the issuance of First Mortgage Bonds against property subject to liens.

(See Mortgage, Sections 4-7, 20-30 and 46, Third Supplemental Indenture, Sections 3 and 4, Eighteenth Supplemental Indenture, Section 2.01, and Twenty-second Supplemental Indenture, Sections 1.03 and 1.04.)

NW Natural has reserved the right to amend the Mortgage (1) to delete the earnings test and (2) to modify the definition of property additions to mean all mortgaged property acquired or constructed by NW Natural after March 31, 1946. (See Twenty-second Supplemental Indenture, Sections 2.01 and 2.05.)

NW Natural has also reserved the right to amend the Mortgage to change the definition of funded property from time to time. To change the definition of funded property, NW Natural must deliver to the Corporate Trustee an independent engineer's certificate referred to as a "funded property certificate." This funded property certificate will describe all or a portion of mortgaged property which has a fair value not less than the sum of the principal amount of the First Mortgage Bonds outstanding and the principal amount of the First Mortgage Bonds that NW Natural is entitled to have authenticated on the basis of retired First Mortgage Bonds divided by 70%. Once this funded property certificate is delivered to the Corporate Trustee, the definition of "funded property" will mean any mortgaged property described in the funded property certificate. Property additions will become funded property when used under the Mortgage for the issuance of bonds, the release or retirement of funded property, or the withdrawal of cash deposited with the Corporate Trustee for the issuance of bonds or the release of Funded property. (See Twenty-second Supplemental Indenture, Section 2.03.)

### **Release and Substitution of Property**

Property may be released from the lien of the Mortgage, at the lesser of its cost or its fair value at the time that such property became funded property, on the basis of:

- (1) the deposit of cash or, to a limited extent, purchase money mortgages,
- (2) property additions acquired by NW Natural in the last five years, or
- (3) the waiver of the right to issue First Mortgage Bonds on the basis of retired First Mortgage Bonds, in each case without applying an earnings test.

Cash so deposited as the basis for a release and cash deposited as the basis for the issuance of additional First Mortgage Bonds may be withdrawn upon the bases stated in (2) and (3) above without applying an earnings test. When property released is not funded property, property additions used to effect the release may again, in certain cases, become available as credits under the Mortgage, and the waiver of the right to issue First Mortgage Bonds to effect the release may, in certain cases, cease to be effective as such a waiver. Similar provisions are in effect as to cash proceeds of such property. The Mortgage contains special provisions with respect to qualified lien bonds pledged and the disposition of moneys received on pledged prior lien bonds. In addition, NW Natural may release unfunded mortgaged property if after such release at least one dollar of unfunded mortgaged property remains subject to the lien of the Mortgage. (See Mortgage, Sections 5, 31, 32, 37, 46 to 50, 59 to 61, 100 and 118, Eighteenth Supplemental Indenture, Section 2.03, and Twenty-second Supplemental Indenture, Sections 1.02 and 1.06.)

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NW Natural has reserved the right to amend the Mortgage as follows:

- to permit releases of property without the sale or disposition of such property;
- to eliminate the limit on purchase money mortgages referred to in clause (1) above;
- to eliminate the five-year limit on property additions referred to in clause (2) above; and
- to increase the amount of property that may be released on the basis of clause (3) above to 10/7ths of aggregate principal amount of First Mortgage Bonds so waived. (See Twenty-second Supplemental Indenture, Sections 2.02, 2.20, 2.21 and 2.22.)

### **Satisfaction and Discharge of Mortgage**

The lien of the Mortgage may be canceled and discharged whenever all indebtedness secured by the Mortgage has been paid. First Mortgage Bonds, or any portion of the principal amount thereof, will, prior to the maturity thereof, be deemed to have been paid for purposes of satisfying the lien of the Mortgage and shall not be deemed to be outstanding for any other purpose of the Mortgage if there shall have been deposited with the Corporate Trustee either:

- (1) moneys in the necessary amount, or
- (2) (a) direct obligations of the government of the United States of America, or
- (b) obligations guaranteed by the government of the United States of America, or
- (c) securities that are backed by obligations of the government of the United States of America as collateral under an arrangement by which the interest and principal payments on the collateral generally flow immediately through to the holder of the security,

which in any case are not subject to redemption prior to maturity by anyone other than the holders, and the principal of and the interest on which when due, and without any regard to reinvestment thereof, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said First Mortgage Bonds or portions thereof on the redemption date or maturity date thereof, as the case may be. (See Mortgage, Section 106 and Thirteenth Supplemental Indenture, Section 3.02.)

### **Defaults and Notice Thereof**

Defaults are:

- (1) default in payment of principal,
- (2) default for 60 days in payment of interest or of installments of funds for the retirement of First Mortgage Bonds,
- (3) certain defaults with respect to qualified lien bonds,
- (4) certain events in bankruptcy, insolvency or reorganization, and
- (5) default for 90 days after notice in the case of a breach of certain other covenants.

The Mortgage Trustee may withhold notice of default (except in payment of principal, interest or any fund for the retirement of First Mortgage Bonds) if it thinks it is in the interest of the bondholders. (See Mortgage, Sections 65 and 66.)

Holders of 25% of the First Mortgage Bonds may declare the principal and the interest due on default, but a majority may annul such declaration if such default has been cured. There is no automatic acceleration even in the event of NW Natural's bankruptcy, insolvency or reorganization. No holder of First Mortgage Bonds may enforce the lien of the Mortgage without giving the Mortgage Trustee written notice of a default and unless

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holders of 25% of the First Mortgage Bonds have requested the Mortgage Trustee to act and offered it reasonable opportunity to act and the Mortgage Trustee has failed to act. The Mortgage Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that the repayment is not reasonably assured. Holders of a majority of the First Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Mortgage Trustee, or exercising any trust or power conferred upon the Mortgage Trustee, but the Mortgage Trustee is not required to follow such direction if not sufficiently indemnified for expenditures. (See Mortgage, Sections 67, 71, 80 and 94.)

### **Evidence to be Furnished to the Mortgage Trustee**

Compliance with the Mortgage provisions is evidenced by written statements of NW Natural's officers or persons selected by NW Natural. In certain major matters the accountant, engineer, appraiser or other expert must be independent. Various certificates and other papers, including an annual certificate with reference to compliance with the terms of the Mortgage and absence of defaults, are required to be filed annually and upon the occurrence of certain events. (See Mortgage, Sections 38, 41-46 and 121.)

### **Modification of the Mortgage**

The rights of the bondholders may be modified with the consent of holders of 66 2/3% of the First Mortgage Bonds and, if less than all series of First Mortgage Bonds are affected, the consent also of holders of 66 2/3% of First Mortgage Bonds of each series affected. In general, no modification of the terms of payment of principal and interest, permitting liens prior or equal to the lien of the Mortgage, depriving a non-assenting bondholder of the benefit of a lien on the mortgaged property or reducing the percentage required for modification (except as provided above) will be effective against any bondholder without his or her consent. (See Ninth Supplemental Indenture, Section 6, and Twenty-second Supplemental Indenture, Section 1.01.)

NW Natural has reserved the right to amend the Mortgage to provide that the rights of the bondholders (other than those described above that require the consent of each affected bondholder) may be modified with the consent of the holders of a majority in aggregate principal amount of then outstanding First Mortgage Bonds, considered as one class, or if less than all of the series of First Mortgage Bonds outstanding are directly affected by a proposed amendment or modification, then the consent of the holders of only a majority in aggregate principal amount of the outstanding First Mortgage Bonds of all series that are directly affected, considered as one class. (See Twenty-second Supplemental Indenture, Section 2.15.)

NW Natural has reserved the right to amend the Mortgage to permit NW Natural and the Corporate Trustee, without the consent of any holder of First Mortgage Bonds, to enter into one or more supplemental indentures for any of the following purposes:

- to evidence the assumption by any permitted successor of NW Natural's covenants in the Mortgage and in the First Mortgage Bonds;
- to add one or more covenants or other provisions for the benefit of the holders of all or any series of First Mortgage Bonds, or to surrender any right or power conferred upon NW Natural and to make an occurrence of a default in performance of any such additional covenants, an additional "default";
- to correct or amplify the description of any property at any time subject to the lien of the Mortgage, or better to assure, convey and confirm unto the Mortgage Trustee any property subject or required to be subjected to the lien of the Mortgage, or to subject to the lien of the Mortgage additional property;
- to change or eliminate or add any new provision to the Mortgage; provided, however, that no such change, elimination or addition will adversely affect the interests of the holders of First Mortgage Bonds of any series in any material respect;
- to establish the form or terms of First Mortgage Bonds of any other series as permitted by the Mortgage;

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- to provide for the procedures required to permit NW Natural to utilize, at its option, a non-certificated system of registration for all or any series of First Mortgage Bonds;
- to change any place where principal, premium, if any, and interest shall be payable, First Mortgage Bonds may be surrendered for registration of transfer or exchange, and notices and demands to NW Natural may be served; and
- to cure any ambiguity or inconsistency or to make any other changes or additions to the provisions of the Mortgage if such changes or additions will not adversely affect the interests of the holders of First Mortgage Bonds of any series in any material respect. (See Twenty-second Supplemental Indenture, Section 2.16.)

### **Consolidation, Merger and Conveyance of Assets**

The Mortgage provides that NW Natural may consolidate with or merge into any other entity or convey, transfer or lease as, or substantially as, an entirety to any entity the mortgaged property, if:

- such merger, consolidation, conveyance, transfer or lease is upon such terms as to preserve, and in no respect impair, the lien and security of the Mortgage and the rights and powers of the Mortgage Trustee and the holders of First Mortgage Bonds;
- the survivor or successor corporation expressly assumes by supplemental indenture NW Natural's obligations on all First Mortgage Bonds then outstanding and under the Mortgage; and
- in the case of a lease, such lease is made expressly subject to termination by NW Natural or by the Mortgage Trustee and by the purchaser of the property so leased at any sale thereof at any time during the continuance of a default under the Mortgage.

In the case of the conveyance or other transfer of the mortgaged property as, or substantially as, an entirety to another corporation, upon the satisfaction of all the conditions described above, such corporation would succeed and be substituted for NW Natural under the Mortgage.

The Mortgage does not prevent or restrict any conveyance or other transfer, or lease, of any part of the mortgaged property that does not constitute the entirety, or substantially the entirety, of the mortgaged property.

Although NW Natural's successor may, in its sole discretion, subject to the lien of the Mortgage any property then owned or thereafter acquired by the successor, the lien of the Mortgage generally will not cover the property of the successor other than the mortgaged property it acquires from NW Natural and improvements, extensions and additions to such property and renewals, replacements and substitutions thereof, within the meaning of the Mortgage.

The terms of the Mortgage do not restrict mergers in which NW Natural is the surviving entity. (See Mortgage, Sections 85, 86 and 87.)

NW Natural has reserved the right to amend the Mortgage as follows:

- to provide that, in the case of a consolidation or merger after the consummation of which NW Natural would be the surviving or resulting entity, unless NW Natural otherwise provides in a supplemental indenture to the Mortgage, the lien of the Mortgage will generally not cover any of the properties acquired by NW Natural in or as a result of such transaction or any improvements, extensions or additions to those properties;
- to provide that any conveyance, transfer or lease of any of NW Natural's properties where NW Natural retains mortgaged property with a fair value in excess of 10/7ths of the aggregate principal amount of all outstanding First Mortgage Bonds, and any other outstanding debt secured by a purchase money



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lien that ranks equally with, or senior to, the First Mortgage Bonds with respect to the mortgaged property, shall not be deemed to be a conveyance, transfer or lease of all or substantially all of the mortgaged property. This fair value will be determined within 90 days of the conveyance, transfer or lease by an independent expert that NW Natural selects; and

- to provide that if NW Natural transfers all or substantially all of the mortgaged property as an entirety to a successor entity as described above, NW Natural may be released of all of its obligations under the Mortgage or any First Mortgage Bonds assumed by such successor. (See Twenty-second Supplemental Indenture, Sections 2.09, 2.10 and 2.18.)

**The Corporate Trustee**

Deutsche Bank Trust Company Americas also serves as the Indenture Trustee under the Indenture under which the Indenture Securities, as defined below, are issued.

NW Natural has reserved the right to amend the Mortgage without the consent or other action by the holders of First Mortgage Bonds to provide that, so long as no default has occurred and is continuing and except with respect to a Corporate Trustee appointed by act of the bondholders, if NW Natural has delivered to the Corporate Trustee a board resolution appointing a successor Corporate Trustee and the successor has accepted the appointment in accordance with the terms of the Mortgage, the Corporate Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as Corporate Trustee in accordance with the Mortgage. (See Twenty-second Supplemental Indenture, Section 2.11.)

**DESCRIPTION OF THE UNSECURED DEBT SECURITIES****General**

NW Natural will issue its unsecured debt securities, in one or more series, under an Indenture, dated as of June 1, 1991, between NW Natural and Deutsche Bank Trust Company Americas, as trustee (Indenture Trustee). This Indenture, as it may be amended and supplemented from time to time, is referred to in this prospectus as the "Indenture." These unsecured debt securities offered by this prospectus are referred to in this prospectus as the "Unsecured Debt Securities."

The Indenture provides for the issuance of debentures, notes or other debt by NW Natural in an unlimited amount from time to time. The Unsecured Debt Securities and all other debentures, notes or other debt of NW Natural issued or to be issued under the Indenture are collectively referred to in this prospectus as the "Indenture Securities."

The Indenture does not limit the amount of debt, secured or unsecured, which may be issued by NW Natural.

Indenture Securities will rank equally with all other unsecured and unsubordinated indebtedness of NW Natural. Substantially all of the gas plants, distribution systems and certain other materially important physical properties of NW Natural are subject to the lien of the Mortgage securing the First Mortgage Bonds. (See "Description of the Bonds—Security" and "—Issuance of Additional First Mortgage Bonds", above.)

This section briefly summarizes some of the provisions of the Unsecured Debt Securities and some of the provisions of the Indenture and uses some terms that are not defined in this prospectus but that are defined in the Indenture. This summary is not complete and is qualified in its entirety by the Indenture which is on file with the SEC. You should read the Indenture for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

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Each series of Unsecured Debt Securities may have different terms. NW Natural will include some or all of the following information about a specific series of Unsecured Debt Securities in the prospectus supplement(s) relating to those Unsecured Debt Securities:

- the title of those Unsecured Debt Securities,
- any limit upon the aggregate principal amount of those Unsecured Debt Securities,
- whether those Unsecured Debt Securities will be offered on a periodic basis, with the specific terms of such Unsecured Debt Securities to be determined upon their issuance.
- the date(s) on which, and the manner in which, NW Natural will pay the principal of those Unsecured Debt Securities,
- the rate(s) of interest on those Unsecured Debt Securities, or how the rate(s) of interest will be determined, the date(s) from which interest will accrue, the dates on which NW Natural will pay interest, the record date for any interest payable on any interest payment date, the manner in which such interest shall be payable, and the basis of computation of interest,
- the place(s) at which or methods by which the registered owners of those Unsecured Debt Securities may transfer or exchange those Unsecured Debt Securities and serve notices and demands to or upon NW Natural,
- any date(s) on which, the price(s) at which and the terms and conditions upon which those Unsecured Debt Securities may be redeemed, in whole or in part, at the option of NW Natural,
- any obligation of NW Natural, and the terms and conditions thereof, to redeem or repurchase those Unsecured Debt Securities, pursuant to any sinking fund or other provisions that would obligate NW Natural to repurchase or redeem those Unsecured Debt Securities,
- the denominations in which NW Natural may issue those Unsecured Debt Securities, if other than denominations of \$1,000 and any integral multiple of \$1,000,
- whether the amount of payments of principal of, or premium, if any, or interest on those Unsecured Debt Securities, may be determined with reference to an index, and, if so the manner in which such amounts shall be determined,
- the portion of the principal amount of those Unsecured Debt Securities that NW Natural will pay upon declaration of acceleration of the maturity of those Unsecured Debt Securities, if other than the entire principal amount of those Unsecured Debt Securities,
- any events of default with respect to those Unsecured Debt Securities and any covenants of NW Natural for the benefit of the registered owners of those Unsecured Debt Securities, other than those specified in this prospectus,
- the terms, if any, pursuant to which those Unsecured Debt Securities may be converted into or exchanged for shares of capital stock or other securities of NW Natural or any other entity,
- the person to whom NW Natural will pay interest on those Unsecured Debt Securities on any interest payment date, if other than the person in whose name those Unsecured Debt Securities are registered at the close of business on the record date for that interest payment,
- the amount and terms of a service charge, if any, for the registration of transfer or exchange of those Unsecured Debt Securities,
- any exceptions to the definition of Legal Holiday or variation in the definition of Business Day under the Indenture with respect to those Unsecured Debt Securities,

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- the terms, if any, required to permit those Unsecured Debt Securities to be registered pursuant to a non-certificated system of registration, and
- any other terms of those Unsecured Debt Securities that are not inconsistent with the provisions of the Indenture.

Except as may otherwise be described in a prospectus supplement, the covenants contained in the Indenture will not afford holders of the Unsecured Debt Securities protection in the event of a highly-leveraged or similar transaction involving NW Natural or in the event of a change in control.

**Form, Exchange and Payment**

Unless otherwise specified in the prospectus supplement relating to the Unsecured Debt Securities, the Unsecured Debt Securities will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

**Defeasance**

The principal amount of the Unsecured Debt Securities of any series issued under the Indenture will be deemed to have been paid for purposes of the Indenture and the entire indebtedness of NW Natural in respect thereof will be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited with the Indenture Trustee, in trust:

- (1) money in an amount which will be sufficient, or
- (2) in the case of a deposit made prior to the maturity of those Unsecured Debt Securities, Government Obligations (as defined below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Indenture Trustee, will be sufficient, or
- (3) a combination of (1) and (2) which will be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on the Unsecured Debt Securities of that series that are outstanding. For this purpose, Government Obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States of America entitled to the benefit of the full faith and credit thereof and certificates, depositary receipts or other instruments which evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof. (See Indenture, Sections 101, 701.)

If NW Natural deposits any money and/or Government Obligations with respect to the Unsecured Debt Securities of any series, or any portion of the principal amount thereof, prior to the maturity or redemption of such Unsecured Debt Securities or such portion of the principal amount thereof, for the satisfaction or discharge of the indebtedness of NW Natural in respect to such Unsecured Debt Securities or such portion thereof as described in Section 701 of the Indenture, NW Natural shall deliver to the Indenture Trustee either:

- (1) an instrument wherein NW Natural, notwithstanding such satisfaction and discharge, shall assume the obligation to irrevocably deposit with the Indenture Trustee such additional sums of money, if any, or additional Government Obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Government Obligations previously deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Unsecured Debt Securities or such portions thereof, all in accordance with and subject to the provisions of said

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Section 701; provided, however, that such instrument may state that the obligation of NW Natural to make additional deposits as described above shall be subject to the delivery to NW Natural by the Indenture Trustee of a notice asserting the amount of such deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing, selected by the Indenture Trustee, showing the calculation thereof, or

- (2) an opinion of counsel to the effect that the holders of such Unsecured Debt Securities, or such portions of the principal amount thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such satisfaction and discharge had not been effected.

In the event that NW Natural shall elect to deliver to the Indenture Trustee an instrument as described in clause (1) of the preceding paragraph in connection with any such deposit of money and/or Government Obligations with the Indenture Trustee, under current applicable United States federal income tax regulations, the holders of such Unsecured Debt Securities, or such portions thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been effected. There can be no assurance that such United States federal income tax regulations will not change such that, as a result of such deposit and delivery by NW Natural of such instrument, holders of Unsecured Debt Securities may recognize income, gain or loss for United States federal income tax purposes and may not be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been made.

**Events of Default and Notice Thereof**

Events of default are:

- (1) default for three business days in payment of principal,
- (2) default for 60 days in payment of interest,
- (3) certain events in bankruptcy, insolvency or reorganization,
- (4) default for 90 days after notice in the case of a breach of any other covenant, and
- (5) any other event of default specified with respect to the Indenture Securities of a particular series.

No event of default with respect to a series of Indenture Securities necessarily constitutes an event of default with respect to the Indenture Securities of any other series.

The Indenture Trustee may withhold notice of default (except in payment of principal, interest or any funds for the retirement of Indenture Securities) if it, in good faith, determines that withholding of such notice is in the interest of the holders of the Indenture Securities. (See Indenture, Sections 801 and 903.)

Either the Indenture Trustee or the holders of not less than 33% in principal amount (or such lesser amount as may be provided in the case of discount Indenture Securities) of the outstanding Indenture Securities of all defaulted series, considered as one class, may declare the principal and interest on such series due on default, but NW Natural may annul such default by effecting its cure and paying overdue interest and principal. There is no automatic acceleration even in the event of NW Natural's bankruptcy, insolvency or reorganization. No holder of Indenture Securities may enforce the Indenture without having given the Indenture Trustee written notice of default, and unless the holders of a majority of the Indenture Securities of all defaulted series, considered as one class, shall have requested the Indenture Trustee to act and offered reasonable indemnity, and for 60 days the Indenture Trustee shall have failed to act. But, each holder has an absolute right to receive payment of principal and interest when due and to institute suit for the enforcement of such payment. The Indenture Trustee is not required to risk its funds or incur any financial liability if it has reasonable grounds to believe that repayment is not reasonably assured.

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The holders of a majority of the Indenture Securities of all defaulted series, considered as one class, may direct the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee, with respect to the Indenture Securities of such series, but the Indenture Trustee is not required to follow such direction if not sufficiently indemnified and the Indenture Trustee may take any other action it deems proper which is not inconsistent with such direction. (See Indenture, Sections 802, 807, 808, 812 and 902.)

### **Evidence to be Furnished to the Indenture Trustee**

Compliance with the Indenture provisions will be evidenced by written statements of NW Natural's officers. An annual certificate with reference to compliance with the covenants and conditions of the Indenture and the absence of defaults is required to be filed with the Indenture Trustee. (See Indenture, Section 1004.)

### **Modification of the Indenture**

The rights of the holders of the Indenture Securities may be modified with the consent of the holders of a majority of the Indenture Securities of all series or Tranches, as defined below, affected, considered as one class. However, certain specified rights of the holders of Indenture Securities may be modified without the consent of the holders if such modification would not be deemed to adversely affect their interests in any material respect.

In general, no modification of the terms of payment of principal and interest, no reduction of the percentage in principal amount of the Indenture Securities outstanding under such series required to consent to any supplemental indenture or waiver under the Indenture, no reduction of such percentage necessary for quorum and voting, and no modification of certain of the provisions in the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults is effective against any holder of Indenture Securities without the consent of such holder. "Tranche" means a group of Indenture Securities which are of the same series and have identical terms except as to principal amount and/or date of issuance. (See Indenture, Article Twelve.)

### **The Indenture Trustee**

Deutsche Bank Trust Company Americas also serves as the Corporate Trustee under the Mortgage under which the First Mortgage Bonds are issued.

## **DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES**

NW Natural may issue junior subordinated debentures, in one or more series, under an indenture, between NW Natural and the trustee specified therein. The terms of any junior subordinated debentures will be described in a prospectus supplement.

## **DESCRIPTION OF PREFERRED STOCK**

### **General**

The following is a summary of certain rights and privileges of NW Natural's preferred stock, none of which is currently outstanding. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 22, 2014, and any articles of amendment to the Amended and Restated Articles of Incorporation establishing a particular series of preferred stock, which are filed as exhibits to this registration statement, or in the case of any articles of amendment relating to a future series of preferred stock, will be filed with the SEC prior to the issuance of such series, and incorporated herein by reference. The following statements are qualified in their entirety by such references.

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The Board of Directors is authorized under NW Natural's Amended and Restated Articles of Incorporation to provide for the issuance from time to time of preferred stock in one or more series, and as to each series to fix and determine the relative rights and preferences, serial designation, dividend rate, redemption prices, voluntary and involuntary liquidation prices, sinking fund provisions for the redemption or purchase of shares, if any, and conversion provisions, if any, applicable to shares of such series. NW Natural will include some or all of this information about a specific series of preferred stock being offered in the prospectus supplement(s) relating to such series. As used herein, the term "preferred stock" includes all series.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 21, 2016, 27,557,756 shares of common stock were outstanding and no shares of preferred stock were outstanding.

### **Dividends**

Each series of the preferred stock shall be entitled in preference to the common stock to dividends cumulative from the date of issue, at the rate fixed by the Board of Directors, payable quarterly on February 15, May 15, August 15 and November 15 in each year or on such other date or dates as the Board of Directors shall determine.

### **Voting Rights**

Generally, only NW Natural's common stock has voting rights. The common stock has cumulative voting rights with respect to the election of directors. The preferred stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of preferred stock in accordance with NW Natural's Amended and Restated Articles of Incorporation.

Certain terms relating to NW Natural's preferred stock in respect of dividends, liquidation rights, limitations on payment of dividends and voting are discussed below in "Description of Common Stock—Dividends and Liquidation Rights" and "—Dividend Limitations".

## **DESCRIPTION OF COMMON STOCK**

### **General**

The following is a summary of certain rights and privileges of NW Natural's common stock. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 22, 2014, which are incorporated herein by reference. The following statements are qualified in their entirety by such references.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 21, 2016, 27,557,756 shares of common stock were outstanding and no shares of preferred stock were outstanding.

### **Dividends and Liquidation Rights**

Except as hereinafter stated, the common stock is entitled to receive such dividends as are declared by the Board of Directors and to receive ratably on liquidation any assets which remain after payment of liabilities. NW Natural has an authorized class of senior capital stock, referred to as preferred stock, none of which is currently outstanding. NW Natural's preferred stock is entitled in preference to the common stock (1) to cumulative dividends at the annual rate fixed for each series by the Board of Directors, and (2) in voluntary and involuntary liquidation, to the amounts fixed for each series by the Board of Directors, plus in each case, unpaid accumulated dividends.

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### **Dividend Limitations**

Should dividends on the preferred stock be in arrears, no dividends on the common stock may be paid or declared. Future series of the preferred stock could contain sinking fund, purchase or redemption obligations under which no dividends on the common stock may be paid or declared while such obligations are in default. Common stock dividends also may be restricted by the provisions of future instruments pursuant to which NW Natural may issue long-term debt.

### **Voting Rights**

Except as provided by law or by resolutions establishing any series of preferred stock, only the common stock has voting rights. Cumulative voting is permitted by the Amended and Restated Articles of Incorporation to holders of common stock at elections of directors.

### **Classification of the Board of Directors**

The Board of Directors of NW Natural may consist of not less than 9 nor more than 13 persons, as determined by the Board, divided into three classes as nearly equal in number as possible. The number of directors as of the date of this prospectus is 10. One class is elected for a three-year term at each annual meeting of shareholders. Vacancies, including those resulting from an increase in the size of the Board, may be filled by a majority vote of the directors then in office, to serve until the next annual meeting of shareholders. One or more of the directors may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon; provided, however, that if fewer than all of the directors should be candidates for removal, no one of them shall be removed if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director shall be a part. Except for those persons nominated by the Board, no person shall be eligible for election as a director unless a request from a shareholder entitled to vote in the election of directors that such person be nominated and such person's consent thereto shall be delivered to the Secretary of NW Natural within the time period specified in advance of the meeting at which such election shall be held. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors.

### **Business Transactions with Related Persons**

NW Natural shall not enter into any business transaction with a related person or in which a related person shall have an interest (except proportionately as a shareholder of NW Natural) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of NW Natural not held by such related person, and (2) the determination of a majority of the continuing directors that the cash or fair market value of the property, securities or other consideration to be received per share by the holders, other than such related person, of the shares of each class or series of the capital stock of NW Natural in such business transaction shall not be less than the highest purchase price paid by such related person in acquiring any of its holdings of shares of the same class or series, unless the continuing directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of NW Natural that caused such related person to become a related person, or (b) have expressly approved such business transaction. As used in this paragraph: a "business transaction" includes a merger, consolidation, plan of exchange or recapitalization, a purchase, sale, lease, exchange, transfer, mortgage or other disposition of all or a substantial part (10% or more of the fair market value of the assets) of the property and assets of NW Natural or a related person, an issuance, sale, exchange or other disposition of securities of NW Natural and a liquidation, spin-off or dissolution; a "related person" includes a person, organization or group thereof owning 10% or more of the capital stock of NW Natural; "continuing directors" are those whose nominations for directorship shall have been approved by a majority of the directors in office on April 9, 1984 or by a majority of the then continuing directors. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares of the capital stock of NW Natural (other than shares held by related persons).

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### **Preemptive Rights**

The holders of the common stock have no preemptive rights.

### **Other Provisions**

The issued and outstanding shares of NW Natural's common stock are, and the common stock offered hereby will be, fully paid and nonassessable.

### **Certain Anti-Takeover Matters**

NW Natural's Amended and Restated Articles of Incorporation and Bylaws include a number of provisions that may have the effect of discouraging persons from acquiring large blocks of its stock or delaying or preventing a change in its control. The material provisions that may have such an effect include:

- establishment of a classified Board of Directors, whereby approximately only one-third of the board stands for election each year;
- limitations on certain business transactions (including mergers, consolidations, plans of exchange) with any person or entity and any persons or entities related thereto who beneficially own 10 percent or more of the capital stock of NW Natural;
- authorization for NW Natural's Board of Directors (subject to any applicable law) to issue preferred stock in series and to fix rights and preferences of the series;
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by NW Natural's Board of Directors; and
- requirement that holders of not less than two-thirds of the shares entitled to vote are required to remove directors or to amend certain provisions of NW Natural's Amended and Restated Articles of Incorporation.

NW Natural is subject to the provisions of sections 60.825 to 60.845 of the Oregon Business Corporation Act (the "Oregon Business Combinations Act") which generally provide that in the event a person or entity acquires 15% or more of NW Natural's voting stock ("interested shareholder"), NW Natural and such interested shareholder and any affiliate may not engage in the following business combinations for a period of three years following the date that person became an interested shareholder:

- a merger or plan of share exchange;
- any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of NW Natural's assets or outstanding capital stock; and
- transactions that result in the issuance of capital stock to the shareholder that acquired 15% or more of the voting stock.

These restrictions do not apply if:

- the Board of Directors approved either the business combination or the share acquisition that resulted in the person becoming an interested shareholder before the time such person became an interested shareholder;
- as a result of the share acquisition, the person became an interested shareholder and 85% owner of the outstanding voting stock, excluding shares owned by persons who are directors and also officers and shares owned by certain employee benefit plans; or
- on or after the date the person became an interested shareholder, the business combination transaction is approved by the Board of Directors and authorized by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested shareholder.



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NW Natural is also subject to the provisions of Sections 60.801 to 60.816 of the Oregon Business Corporation Act (the "Oregon Control Share Act"), which generally provide that a person who acquires voting stock in a transaction which results in such person holding more than 20%, 33-1/3% or 50% of the total voting power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by officers and inside directors, and by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by officers and inside directors. This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33-1/3% and 50%, respectively. The acquiring person may, but is not required to, submit to NW Natural an "acquiring person statement" setting forth certain information about the acquiring person and its plans with respect to NW Natural. The acquiring person statement may also request that NW Natural call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. Shares are not deemed to be acquired in a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the Oregon Business Corporation Act and the issuing corporation is a party to the merger or exchange agreement.

The Oregon Control Share Act and the Oregon Business Combinations Act have anti-takeover effects because they will encourage any potential acquirer to negotiate with NW Natural's Board of Directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. NW Natural has not adopted such a provision.

NW Natural is also subject to Oregon Revised Statutes Chapter 757.511 which generally provides that no person, directly or indirectly, shall acquire the power to exercise any substantial influence over the policies and actions of a public utility without first securing from the Oregon Public Utility Commission ("OPUC") an order authorizing such acquisition if such person is, or by such acquisition would become, an "affiliated interest" with such public utility as defined by Oregon law. Any applicant requesting such an order bears the burden of showing that granting the application is in the public interest. This provision of Oregon law may have anti-takeover effects by subjecting potential acquisitions to OPUC review and approval.

## **PLAN OF DISTRIBUTION**

NW Natural may sell the securities offered pursuant to this prospectus and one or more prospectus supplements (Offered Securities) in one or more series in any of three ways: (1) through underwriters or dealers; (2) through agents; or (3) directly to a limited number of purchasers or to a single purchaser.

### **Through Underwriters or Dealers**

If underwriters are used in the sale, the Offered Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at the initial public offering price or at varying prices determined at the time of the sale. The Offered Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more managing underwriters. The underwriter or underwriters with respect to the Offered Securities will be named in the prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover page of such prospectus supplement. Unless otherwise set forth in such prospectus supplement, the obligations of the underwriters to purchase the Offered Securities offered by such prospectus supplement will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such Offered Securities if any are purchased.

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**Table of Contents****Through Agents**

The Offered Securities may be sold through agents designated by NW Natural from time to time. A prospectus supplement will set forth the name of any agent involved in the offer or sale of the Offered Securities in respect of which such prospectus supplement is delivered as well as any commissions payable by NW Natural to such agent. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

**Directly to One or More Purchasers**

NW Natural may sell the Offered Securities directly to one or more purchasers. In this case, no underwriters or agents would be involved.

**General Information**

The prospectus supplement with respect to the Offered Securities will set forth the terms of the offering of such Offered Securities, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of such Offered Securities and the proceeds to NW Natural from such sale;
- any underwriting discounts, agents' commissions and other items constituting underwriting compensation;
- any initial public offering price; and
- any discounts or concessions allowed or reallocated or paid to dealers.

Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If so indicated in the prospectus supplement with respect to the Offered Securities, NW Natural may authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the Offered Securities from NW Natural at the initial public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to those conditions set forth in such prospectus supplement, and such prospectus supplement will set forth the commission payable for solicitation of such contracts.

Agents, underwriters and dealers may be entitled under agreements entered into with NW Natural to indemnification by NW Natural against certain civil liabilities, including certain liabilities under the Securities Act or to contribution by NW Natural with respect to payments which such agents, underwriters and dealers may be required to make in respect thereof.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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**Table of Contents****LEGALITY**

The legality of the securities will be passed upon for NW Natural by MardiLyn Saathoff, Esquire, Senior Vice President, Regulation and General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Saathoff may rely upon the opinion of Morgan, Lewis & Bockius LLP as to certain legal matters arising under New York law. Morgan, Lewis & Bockius LLP may rely upon the opinion of Ms. Saathoff as to certain legal matters arising under Oregon law. Ms. Saathoff is regularly employed by NW Natural, participates in various NW Natural employee benefit plans under which she may receive shares of common stock and currently beneficially owns less than one percent of the outstanding shares of common stock of NW Natural.

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is November 8, 2016.**

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# **NORTHWEST NATURAL GAS COMPANY**

**Secured Medium-Term Notes,  
Series B (Series of First Mortgage Bonds)  
and  
Unsecured Medium-Term Notes,  
Series B**

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**PROSPECTUS  
SUPPLEMENT**

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**Banc of America Securities LLC  
UBS Investment Bank  
J.P. Morgan  
Piper Jaffray  
Wells Fargo  
US Bancorp  
Mitsubishi UFJ Securities  
RBC Capital Markets  
CIBC  
TD Securities**

November 8, 2016

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## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Secured Medium-Term Notes, Series B	\$150,000,000	\$17,385

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended (the "Securities Act"). In accordance with Rule 456(b) and 457(r) under the Securities Act, this "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in Registration Statement No. 333-214496.

Pricing Supplement No. 1  
dated November 29, 2016  
(To prospectus dated November 8, 2016  
and prospectus supplement dated November 8, 2016)

Filing under Rule 424(b)(2)  
Registration No. 333-214496

**NORTHWEST NATURAL GAS COMPANY**  
**Secured Medium-Term Notes, Series B**  
**(A Series of First Mortgage Bonds)**  
**and**  
**Unsecured Medium-Term Notes, Series B**  
**Due from One Year to 30 Years from Date of Issue**

CUSIP No.: 66765R CB 0

Stated interest rate: 1.545%

Secured  Unsecured 

Maturity date: December 5, 2018

Principal amount: \$75,000,000

Settlement date: December 5, 2016

Issue price: 100.00%

Interest payment dates: June 5 and December 5, commencing June 5, 2017

Net proceeds to Company: \$74,812,500

Regular record dates: May 21 and November 20

Repayable at the option of holder:

Yes  No Redeemable: Yes  No In whole In whole or in part 

Repayment date: Not applicable

Fixed redemption price: Yes  No 

Repayment price: Not applicable

Initial redemption date: Not applicable

Election period: Not applicable

Initial redemption price: Not applicable

Selling agents: Wells Fargo Securities, LLC  
U.S. Bancorp Investments, Inc.  
MUFG Securities Americas Inc.  
CIBC Capital Markets

Reduction percentage: Not applicable

Redemption limitation date: Not applicable

Type of transaction: Agent

Wells Fargo Securities, LLC, as to \$22,500,000  
principal amount of the Notes

Make-whole redemption price: Yes  No 

Make-whole spread: 0.10%

U.S. Bancorp Investments, Inc., as to \$22,500,000  
principal amount of the Notes

T+4 Delivery: It is expected that delivery of the notes will be made on or about the date specified above in Settlement Date, which will be the fourth business day (T+4) following the date hereof. Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three

MUFG Securities Americas Inc., as to  
\$15,000,000

principal amount of the Notes

CIBC Capital Markets, as to \$15,000,000  
principal amount of the Notes

business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade the notes on the date hereof will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date hereof should consult their own advisors.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying prospectus or prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**NORTHWEST NATURAL GAS COMPANY**  
**Secured Medium-Term Notes, Series B**  
**(A Series of First Mortgage Bonds)**  
**and**  
**Unsecured Medium-Term Notes, Series B**  
**Due from One Year to 30 Years from Date of Issue**

CUSIP No.: 66765R CC 8	Stated interest rate: 3.211%
Secured <input checked="" type="checkbox"/> Unsecured <input type="checkbox"/>	Maturity date: December 5, 2026
Principal amount: \$35,000,000	Settlement date: December 5, 2016
Issue price: 100.00%	Interest payment dates: June 5 and December 5, commencing June 5, 2017
Net proceeds to Company: \$34,781,250	Regular record dates: May 21 and November 20
Repayable at the option of holder: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Redeemable: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> In whole <input type="checkbox"/> In whole or in part <input checked="" type="checkbox"/>
Repayment date: Not applicable	Fixed redemption price: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Repayment price: Not applicable	Initial redemption date: September 5, 2026
Election period: Not applicable	Initial redemption price: 100.00%
Selling agents: Wells Fargo Securities, LLC U.S. Bancorp Investments, Inc. MUFG Securities Americas Inc. CIBC Capital Markets	Reduction percentage: Not applicable Redemption limitation date: Not applicable
Type of transaction: Agent Wells Fargo Securities, LLC, as to \$10,500,000 principal amount of the Notes	Make-whole redemption price: Yes <input checked="" type="checkbox"/> * No <input type="checkbox"/> *Through September 4, 2026
U.S. Bancorp Investments, Inc., as to \$10,500,000 principal amount of the Notes	Make-whole spread: 0.15%
MUFG Securities Americas Inc., as to \$7,000,000 principal amount of the Notes	T+4 Delivery: It is expected that delivery of the notes will be made on or about the date specified above in Settlement Date, which will be the fourth business day (T+4) following the date hereof. Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade the notes on the date hereof will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date hereof should consult their own advisors.
CIBC Capital Markets, as to \$7,000,000 principal amount of the Notes	

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying prospectus or prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.



**NORTHWEST NATURAL GAS COMPANY**  
**Secured Medium-Term Notes, Series B**  
**(A Series of First Mortgage Bonds)**  
**and**  
**Unsecured Medium-Term Notes, Series B**  
**Due from One Year to 30 Years from Date of Issue**

CUSIP No.: 66765R CD 6

Stated interest rate: 4.136%

Secured  Unsecured 

Maturity date: December 5, 2046

Principal amount: \$40,000,000

Settlement date: December 5, 2016

Issue price: 100.00%

Interest payment dates: June 5 and December 5, commencing June 5, 2017

Net proceeds to Company: \$39,700,000

Regular record dates: May 21 and November 20

Repayable at the option of holder:  
Yes  No Redeemable: Yes  No   
In whole   
In whole or in part 

Repayment date: Not applicable

Fixed redemption price: Yes  No 

Repayment price: Not applicable

Initial redemption date: June 5, 2046

Election period: Not applicable

Initial redemption price: 100.00%

Selling agents: Wells Fargo Securities, LLC  
U.S. Bancorp Investments, Inc.  
MUFG Securities Americas Inc.  
CIBC Capital Markets

Reduction percentage: Not applicable

Redemption limitation date: Not applicable

Type of transaction: Agent  
Wells Fargo Securities, LLC, as to \$12,000,000  
principal amount of the NotesMake-whole redemption price: Yes \* No   
\*Through June 4, 2046

Make-whole spread: 0.20%

U.S. Bancorp Investments, Inc., as to \$12,000,000  
principal amount of the NotesMUFG Securities Americas Inc., as to \$8,000,000  
principal amount of the NotesCIBC Capital Markets, as to \$8,000,000  
principal amount of the Notes

T+4 Delivery: It is expected that delivery of the notes will be made on or about the date specified above in Settlement Date, which will be the fourth business day (T+4) following the date hereof. Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade the notes on the date hereof will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date hereof should consult their own advisors.

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