

**VIA ELECTRONIC MAIL**

March 1, 2023

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, Oregon 97308

**Re: UM 1804—Stipulated Condition 10 Compliance Filing**

In accordance with Stipulated Condition 10 of Commission Order No. 17-526 in docket UM 1804, Northwest Natural Gas Company dba NW Natural (NW Natural) hereby provides notice that NW Natural is providing a \$25.0 million dividend to NW Natural Holdings (NW Holdings) outside of the quarterly shareholder dividend cycle. This dividend is the return to NW Holdings of additional equity NW Holdings contributed to NW Natural to provide NW Natural efficient liquidity during historically high and volatile gas markets in 2022.

Throughout 2022, NW Holdings contributed approximately \$180 million of equity to NW Natural to support NW Natural's ongoing capital investments, with incremental equity amounts in support of the high and volatile gas prices that were experienced by natural gas markets throughout 2022. During 2022, in accordance with the ring-fencing provisions in Commission Order No. 17-526, NW Natural distributed dividends to NW Holdings of an aggregate approximately \$63 million in support of NW Holdings' quarterly dividends to shareholders.

Coming out of the heating season NW Natural's capital structure is strong with approximately 51.4% equity. Gas costs have moderated through the winter and the financial risks associated with those volatile gas markets has reduced. As a result, NW Natural is returning by dividend \$25 million of the incremental equity received from NW Holdings during 2022.

NW Natural management considered alternatives to the financial support provided by NW Holdings through the additional equity contributions. Management determined that possible options, including additional revolving credit facilities, terms loans, or other short-term debt instruments, were less efficient, more costly, and would take additional time to implement. Additionally, those options would have resulted in incremental debt that could have negatively affected NW Natural's overall credit profile and resulted in higher interest costs. After consideration of various options, management determined that the most efficient and beneficial solution for NW Natural was incremental equity contributions from NW Holdings.

NW Holdings continues to closely monitor NW Natural's financing needs and appropriate capital structure in continued support of the overall financial health of the gas utility.

Please address any correspondence on this matter to me, with a copy to the following:

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Sincerely,

NW Natural

*/s/ Natasha Siores*

Natasha Siores  
Manager, Rates and Regulatory Affairs