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June 22, 2018

VIA ELECTRONIC FILING AND U.S. MAIL

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UP 362 – Sale of Salmon Valley Water Company

Attention Filing Center:

Attached for filing in the above-captioned docket is an electronic copy of NW Natural's Amended Application for the Sale of Salmon Valley Water Company. Confidential copies will be sent to the Filing Center and parties who have signed the Protective Order.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Alisha Till".

Alisha Till
Legal Assistant

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 362

In the Matter of the Application for an Order Authorizing the Sale of Salmon Valley Water Company to NW Natural Water Company, LLC pursuant to ORS 757.480 and OAR 860-036-2120.

**AMENDED APPLICATION
FOR THE SALE OF
SALMON VALLEY WATER COMPANY**

I. INTRODUCTION

1 Pursuant to ORS 757.480(5) and OAR 860-036-2120, Northwest Natural Gas
2 Company (“NW Natural” or “Company”) submits to the Public Utility Commission of
3 Oregon (“Commission”) this amended application requesting approval of the sale of
4 Salmon Valley Water Company (“Salmon Valley”), an Oregon water utility, to NW Natural
5 Water Company, LLC (“NWN Water LLC”), a wholly-owned subsidiary of NW Natural
6 (“Amended Application”). NW Natural filed an earlier application on January 17, 2018
7 (“Application”), but after consulting with Staff, NW Natural determined that it would file an
8 Amended Application for efficiency reasons. Specifically, the Amended Application is
9 intended to revise the Company’s original request so that the approval for the sale of
10 Salmon Valley is made contingent upon the formation of NW Natural’s holding company,
11 as authorized in Docket UM 1804.¹

12 In Docket UM 1804, NW Natural sought—and the Commission approved—
13 authorization to reorganize into a holding company structure.² Once the holding company

¹ NW Natural intends for this Amended Application to replace the Application in its entirety.

² See *Northwest Natural Gas Company, dba NW Natural, Application for Approval of Corporate Reorganization to Create a Holding Company*, Docket No. UM 1804, Order No. 17-526 (Dec. 28, 2017).

1 (“HoldCo”) is formed, NWN Water LLC³ will be transferred to HoldCo, and thereafter
2 HoldCo will be the 100 percent owner of both NW Natural and NWN Water LLC. NW
3 Natural recently obtained shareholder approval to form HoldCo, and plans to do so before
4 the end of this year.

II. DISCUSSION

A. Description of Proposed Transaction.

5 Salmon Valley is a privately-owned, rate-regulated water utility located near Welches,
6 Oregon, providing water service to approximately 975 customers in the Welches, Zig Zag,
7 Wemme, and Arrah Wanna areas. Salmon Valley is currently owned by a single
8 shareholder, JoAnn Bowman,⁴ and managed by the Chief Executive Officer of Salmon
9 Valley, Michael Bowman.

10 The Salmon Valley sale is structured as a stock purchase for cash consideration, in
11 which NW Natural’s wholly-owned subsidiary, NWN Water LLC, will purchase all of Salmon
12 Valley’s stock (“Proposed Transaction”), and after the Proposed Transaction is completed,
13 Salmon Valley will become a wholly-owned subsidiary of NWN Water LLC. The executed
14 Stock Purchase Agreement between NWN Water LLC and the sole Shareholder of Salmon
15 Valley (“Stock Purchase Agreement” or “SPA”) is included as Confidential Exhibit A to this
16 Amended Application. The SPA was executed on December 18, 2017, and regulatory

³ NWN Water LLC is a non-operating entity formed solely to serve as a corporate platform to hold the stock of any water utility it may acquire.

⁴ Salmon Valley previously had multiple shareholders, but in 2017 Salmon Valley’s ownership was consolidated so that JoAnn Bowman became the sole owner. As shown in Salmon Valley’s 2016 Results of Operations Report, Salmon Valley’s shareholders previously included Joann Bowman, Kimberly Beckwith, Cindy Nysten, and Becky Downard. *In the Matter of Salmon Valley Water Co. Annual Report Form B*, Docket No. RW 40, Salmon Valley 2016 Results of Operations Annual Report B at 5 (Sept. 26, 2017). On December 16, 2017, Kimberly Beckwith, Cindy Nysten, and Becky Downard sold their shares to JoAnn Bowman, who is now the single shareholder. *In the Matter of Salmon Valley Water Co. Annual Report Form B*, Docket No. RW 40, Salmon Valley 2017 Results of Operations Annual Report B at 5 (June 21, 2018).

1 approval for the Proposed Transaction is a condition of closing. Accordingly, the Proposed
2 Transaction will not close until after the Commission issues an order in this proceeding.

3 After the Proposed Transaction closes, Salmon Valley will continue to exist in its
4 current form as a subsidiary of NWN Water LLC, and will continue to own all utility property,
5 easements, and water rights. Michael Bowman will continue in his current role to manage
6 the utility and Salmon Valley's Water Master will continue on, as will any independent
7 contractors with whom Salmon Valley currently contracts. Thus, from the perspective of
8 Salmon Valley's customers, the transition of ownership to NWN Water LLC will be seamless.

9 NW Natural's current ownership of NWN Water LLC is intended to be temporary, as
10 all of the stock of NWN Water LLC will be simultaneously contributed to HoldCo when it is
11 formed pursuant to the corporate reorganization. At that time, NWN Water LLC will no
12 longer be a subsidiary of NW Natural, and instead will become a wholly-owned subsidiary
13 of HoldCo and a "sister" affiliate of NW Natural. Salmon Valley will be a wholly-owned
14 subsidiary of NWN Water LLC, but its ultimate parent will be HoldCo.

B. Legal Standard - ORS 757.480(5) Requires a No Harm Standard

15 In accordance with ORS 757.480(5), Commission authorization is required before a
16 water utility doing business in Oregon may "sell, lease, assign, or otherwise dispose of"
17 water utility property necessary for public service and valued in excess of \$10,000. Pursuant
18 to the Stock Purchase Agreement (attached as Confidential Exhibit A), Salmon Valley in its
19 entirety will be sold to NWN Water LLC. The statute at issue in this proceeding, ORS
20 757.480, requires approval by the Commission for the Proposed Transaction. The
21 Commission has interpreted this statute as requiring a no harm standard.⁵

⁵ *In re Cline Butte Water, LLC*, Docket No. UP 345, Order No. 17-156 at 3-4 (May 1, 2017) ("[W]e apply a 'no harm' standard in approving water utility transfer applications"); *In the Matter of Alsea Properties, Inc., Request for Approval to Sell Westwood Vill. to Highland Water Corp*, Docket No. UP

C. The Proposed Transaction Satisfies the No Harm Standard.

1 Salmon Valley's customers will not be harmed by the Proposed Transaction, and will
2 in fact benefit from new ownership.

3 **First**, Salmon Valley's customers will experience no disruption in service and will not
4 be harmed by the Proposed Transaction. Because Salmon Valley will continue to operate
5 as a subsidiary of NWN Water LLC and remain intact after the Proposed Transaction—with
6 the same management, same billing platform, and same service—Salmon Valley's
7 customers will experience no disruption in service as a result of the sale.

8 **Second**, Salmon Valley's parent, NWN Water LLC, will share common executive team
9 members with its affiliate, NW Natural, and thus Salmon Valley will benefit from the
10 experience and expertise of NW Natural. In particular, Salmon Valley's customers will
11 benefit from NW Natural's experience and expertise in planning for, building, and
12 maintaining safe and reliable pipeline infrastructure. Salmon Valley is currently in need of
13 capital investment, which HoldCo and NWN Water LLC will provide over time, therefore
14 benefiting Salmon Valley's customers.

15 **Third**, given the shared executive support among NW Natural and NWN Water LLC,
16 Salmon Valley customers will benefit from NW Natural's depth of experience with regulatory
17 compliance. Salmon Valley's current tariff is out of date and does not reflect the January
18 2017 updates to the Chapter 860, Division 36 rules. After the acquisition is complete,
19 Salmon Valley will update its tariff to conform to the updated rules—including all new
20 customer protection rules.

21 **Finally**, Salmon Valley customers will experience no immediate change in their water
22 utility rates. Although OAR 860-036-2130 authorizes an applicant to seek an acquisition

300, Order No. 14 230 (June 24, 2014); *In the Matter of a Legal Standard for Approval of Mergers*,
Docket No. UM 1011, 01-778 at 10 (Sept. 4, 2010).

1 adjustment, the Proposed Transaction does not include an acquisition adjustment. HoldCo
2 and NWN Water LLC commit that neither entity will propose to include any research and
3 due diligence, negotiation, or other acquisition costs in customer rates in any future Salmon
4 Valley rate case filing. Going forward with its growth strategy, HoldCo and NWN Water LLC
5 will evaluate whether to seek an acquisition adjustment with other utility acquisitions on a
6 case-by-case basis.

D. Requirements for Approval of Sale.

1. Requirements of ORS 757.480(5)

7 Pursuant to ORS 757.480(5), Commission approval is required before a water utility
8 may “sell, lease, assign or otherwise dispose of the whole of the property of such water
9 utility necessary or useful in the performance of its duties to the public or any part thereof of
10 a value in excess of \$10,000, or sell, lease, assign or otherwise dispose of any franchise,
11 permit or right to maintain and operate such water utility or water utility property, or perform
12 any service as a water utility.” The Commission applies a no harm standard in its review of
13 such transactions, and as described above in Section II.C, the Proposed Transaction
14 satisfies the no harm standard.

2. Requirements of OAR 860-036-2120

15 In accordance with OAR 860-036-2120(1), “[w]ater utilities must obtain Commission
16 approval to sell, lease, assign, or otherwise dispose of the whole of the property of such
17 necessary or useful in performance of its duties, or any part thereof with a value in excess
18 of \$10,000.” As described further below, this Amended Application fulfills the requirements
19 of OAR 860-036-2120.

a. Application Form

1 OAR 860-036-2120(3) requires that “[a] water utility or the other party to these
2 transactions must request authorization using the application form available” on the
3 Commission’s website. Salmon Valley has requested that NW Natural request authorization
4 for the sale on its behalf, and NW Natural has provided the information required in the
5 Commission’s application form in Section II.D.3, below.

b. Notice

6 As required by OAR 860-036-2120(4), Salmon Valley provided notice of the Proposed
7 Transaction to its customers on March 5, 2018—more than 60 calendar days prior to the
8 closing of the transaction—with a copy to the Commission’s Consumer Services Section.
9 Salmon Valley also posted the notice at the utility’s office and on its website. Salmon
10 Valley’s notice is included as Exhibit B to this Amended Application.

**3. Water Utility Application for an Order Authorizing the Sale, Transfer, or
Merger pursuant to ORS 757.480 and OAR 860-036-2120**

11 The information required by the Commission’s application form is set forth below.

- a. Attach a copy of the contract or agreement to this application. The contract/agreement must contain the exact terms and provisions of the transaction. The Commission will be advised in writing of the exact date the transaction is entered into and that the terms and provisions of the contract/agreement are the same as set forth herein, if this application is approved.**

12 The SPA is included as Confidential Exhibit A to this Amended Application. Upon
13 completion of NW Natural’s corporate reorganization to form HoldCo, NWN Water LLC will
14 become a wholly-owned subsidiary of HoldCo and a “sister” affiliate of NW Natural. Salmon
15 Valley will continue to be a wholly-owned subsidiary of NWN Water LLC, but its ultimate
16 parent will become HoldCo. The Proposed Transaction will not be effective until the
17 formation of HoldCo.

b. List the names, addresses, telephone numbers, and e-mail addresses of each purchaser or party in the transaction.

Michael Bowman
Salmon Valley Water Company
PO Box 205
Welches, OR 97067
503-622-4083
thesvwco@frontier.com

Justin Palfreyman
Northwest Natural Water, LLC
220 NW Second Ave
Portland, OR 97209
503-220-2379
Justin.Palfreyman@nwnatural.com

c. Describe the utility property that is affected by this transaction.

1 NWN Water LLC is acquiring all of the stock of Salmon Valley, and Salmon Valley will
2 continue to exist as a subsidiary of NWN Water LLC after the transaction and will continue
3 to own all of its utility property. The property owned by Salmon Valley includes, but is not
4 limited to, four groundwater supply wells, two storage tanks with 460 thousand gallons of
5 combined capacity and approximately 11 miles of distribution system pipelines.

d. Price and net book value.

6 The price of the property being acted upon is [begin confidential] [redacted] [end
7 confidential], payable as set forth in the SPA attached as Confidential Exhibit A to this
8 Amended Application. The net book value of the water system is \$406,162.

e. List the reasons the applicant desires to sell, transfer, or merge its property and any facts supporting the reasons why the transaction is proposed.

9 The current owner of Salmon Valley runs the utility as a family business, and desires
10 to sell the water system because the owner believes it is in the best interest of the
11 community, its customers and its stockholder.

f. List and discuss all effects of the transaction upon current customers.

12 The parties expect that the Proposed Transaction will be seamless from the
13 customers' perspective, and customers will experience no interruption in service in
14 connection with the sale of Salmon Valley. The purchaser expects that there will be no

1 immediate changes to Salmon Valley's rates or billing system, and customers will continue
2 to be able to pay bills online as they have in the past. Salmon Valley will retain its current
3 management, water master, and independent contractors, who will remain available for
4 customer service and emergency response just the same as before the Proposed
5 Transaction.

g. List and discuss the benefits current customers will realize from this transaction.

6 HoldCo and NWN Water LLC expect that Salmon Valley's customers will benefit as a
7 result of the Proposed Transaction. See discussion in Section II.C, above.

h. Provide evidence that the purchasers are financially able and willing to take over and operate the utility. Include any experience that the future owners have that will assist them in utility operations and the reasons why they desire to acquire the property. (Attach a copy of the purchaser's financial statements.)

8 Financial Fitness of NWN Water LLC. Under the Proposed Transaction, NWN Water
9 LLC will be the new parent company for Salmon Valley. NWN Water LLC is currently a
10 wholly-owned subsidiary of NW Natural, which will be transferred to HoldCo immediately
11 upon its formation. HoldCo will provide funds for NWN Water LLC to complete the Proposed
12 Transaction, and thus NWN Water LLC is financially able to acquire Salmon Valley.

13 Financial Statements. HoldCo, upon its formation, will be the 100 percent owner of
14 NW Natural. For that reason, NW Natural's financial statements are included with this
15 Amended Application as Exhibit C. Upon its formation, HoldCo will provide its financial
16 statements to the Commission.

17 Experience in Utility Management. Salmon Valley will continue to be run under its
18 current management, but will also benefit from the experience of its parent company, NWN
19 Water LLC. As indicated above, NWN Water LLC and NW Natural will share some common
20 executive team members—all of whom have substantial experience overseeing the

1 operations of a regulated Oregon distribution company—and will bring this expertise to bear
2 for Salmon Valley. Importantly, NW Natural’s executives and board of directors have the
3 regulatory, financial, operational, and engineering knowledge and expertise to effectively
4 oversee Salmon Valley’s operations. Both water and gas LDC businesses rely on
5 maintenance of critical pipe infrastructure to drive organic growth. NW Natural’s executives
6 (and thus, the shared executive team) understand how to plan for and build an efficient
7 pipeline system and how to maintain that system to ensure safe and reliable service. In
8 addition, both the water distribution and gas distribution businesses are largely regulated by
9 public utility commissions—a regulatory environment with which NW Natural is familiar.

10 *Desire to Acquire Salmon Valley.* As described in greater detail in NW Natural’s
11 corporate reorganization proceeding, Docket UM 1804, the acquisition of Salmon Valley by
12 NWN Water LLC/HoldCo is consistent with the water utility corporate growth strategy that
13 led NW Natural to seek the formation of HoldCo. Through this strategy, NWN Water LLC
14 and HoldCo hope to benefit the customers of Salmon Valley by providing a beneficial
15 ownership arrangement that will allow for the appropriate oversight and capitalization of its
16 water business. For NWN Water LLC, the acquisition of Salmon Valley represents an
17 important advancement in its plan to enter the water utility business, and is therefore
18 consistent with the strategy for growth as described in NW Natural’s request for corporate
19 reorganization.

**i. Attach a copy of all grants of easements to be transferred. Also
attach all water rights to be transferred.**

20 Because NWN Water LLC is acquiring all of the stock of Salmon Valley, and Salmon
21 Valley will continue to exist as a subsidiary of NWN LLC after the transaction, all easements
22 and water rights will continue to be recorded in Salmon Valley’s name.

III. REQUEST

1 NW Natural requests that the Commission approve the Proposed Transaction in
2 accordance with ORS 757.480(5).

3 Respectfully submitted this 22nd day of June, 2018.

MCDOWELL RACKNER GIBSON PC



Lisa F. Rackner
Jocelyn C. Pease
Attorneys for Northwest Natural Gas Company

NORTHWEST NATURAL GAS COMPANY
Zachary D. Kravitz
Associate Counsel
220 NW Second Ave
Portland, OR 97209

**EXHIBIT A IS CONFIDENTIAL PER
PROTECTIVE ORDER NO. 18-022
AND WILL BE PROVIDED
SEPARATELY**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 362

Exhibit B to Amended Application for Sale of Salmon Valley

Customer Notice March 5, 2018

June 22, 2018

CUSTOMER NOTICE

Monday, March 5, 2018

The purpose of this notice is to inform customers of Salmon Valley Water Company (“Salmon Valley” or “Company”) of the Company’s sale to Northwest Natural Gas Company’s (“NW Natural”) wholly-owned subsidiary, NW Natural Water Company, LLC (“NW Natural Water LLC”). NW Natural Water LLC and Salmon Valley entered into the transaction on December 18, 2017, and the transaction will close, and the sale will be effective following regulatory approval by the Public Utility Commission of Oregon, *no sooner than 60 days from the date of this notice*.

The owner of Salmon Valley is selling the Company to NW Natural Water LLC as the owner believes it is in the best interest of the community, its customers and its stockholder. The entire company will be sold to NW Natural Water LLC and will continue to exist as Salmon Valley after the sale, with the same employees, billing platform, and customer service representatives. NW Natural Water LLC and Salmon Valley expect that the transition will be seamless, and customers will not be harmed by the transaction.

The property transaction being proposed by the water utility is under review by the Public Utility Commission of Oregon. For more information about the filing or to follow the regulatory process of the Commission’s review check the Commission’s website at www.puc.state.or.us or contact the Consumer Services Section at 503-378-6600; 1-800-522-2404; or TTY 711.

If you have questions about the transaction and transition to NW Natural Water LLC ownership, you may contact Salmon Valley or NW Natural.

Contact information for Salmon Valley:

Salmon Valley Water Company
Attn: Michael Bowman
Mailing Address: PO Box 205, Welches, OR 97067
Physical Address: 24525 E Welches Road, Welches, OR 97067
Telephone Number: 503-622-4083
Emergency Phone Number: 503-622-4083
E-mail Address: thesvwco@frontier.com
Website: <http://www.thesvwc.com/>

Contact information for NW Natural:

Northwest Natural Gas Company
Attn: Melissa Moore
220 NW Second Avenue
Portland, Oregon 97209
E-mail Address: Melissa.Moore@nwnatural.com
Telephone Number: 503-226-4211
Website: <https://www.nwnatural.com/>

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 362

Exhibit C to Amended Application for Sale of Salmon Valley

NW Natural's Financial Statements

June 22, 2018

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>In thousands, except per share data</i>	Year Ended December 31,		
	2017	2016	2015
Operating revenues	\$ 762,173	\$ 675,967	\$ 723,791
Operating expenses:			
Cost of gas	324,795	260,588	327,305
Operations and maintenance	165,246	149,974	157,521
Environmental remediation	15,291	13,298	3,513
General taxes	32,012	30,538	30,281
Depreciation and amortization	85,578	82,289	80,923
Impairment expense	192,478	—	—
Total operating expenses	815,400	536,687	599,543
Income (loss) from operations	(53,227)	139,280	124,248
Other income (expense), net	5,348	(543)	7,747
Interest expense, net	38,501	39,128	42,539
Income (loss) before income taxes	(86,380)	99,609	89,456
Income tax expense (benefit)	(30,757)	40,714	35,753
Net income (loss)	(55,623)	58,895	53,703
Other comprehensive income (loss):			
Change in employee benefit plan liability, net of taxes of \$735 for 2017, \$452 for 2016, and (\$988) for 2015	(2,059)	(744)	1,561
Amortization of non-qualified employee benefit plan liability, net of taxes of (\$374) for 2017, (\$624) for 2016, and (\$883) for 2015	572	955	1,353
Comprehensive income (loss)	<u>\$ (57,110)</u>	<u>\$ 59,106</u>	<u>\$ 56,617</u>
Average common shares outstanding:			
Basic	28,669	27,647	27,347
Diluted	28,669	27,779	27,417
Earnings (loss) per share of common stock:			
Basic	\$ (1.94)	\$ 2.13	\$ 1.96
Diluted	(1.94)	2.12	1.96
Dividends declared per share of common stock	1.88	1.87	1.86

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,472	\$ 3,521
Accounts receivable	68,362	66,700
Accrued unbilled revenue	62,381	64,946
Allowance for uncollectible accounts	(956)	(1,290)
Regulatory assets	45,781	42,362
Derivative instruments	1,735	17,031
Inventories	47,973	54,129
Gas reserves	15,704	15,926
Other current assets	25,484	24,728
Total current assets	269,936	288,053
Non-current assets:		
Property, plant, and equipment	3,215,451	3,208,816
Less: Accumulated depreciation	960,477	947,916
Total property, plant, and equipment, net	2,254,974	2,260,900
Gas reserves	84,053	100,184
Regulatory assets	356,608	357,530
Derivative instruments	1,306	3,265
Other investments	66,363	68,376
Other non-current assets	6,506	1,493
Total non-current assets	2,769,810	2,791,748
Total assets	\$ 3,039,746	\$ 3,079,801

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2017	2016
Liabilities and equity:		
Current liabilities:		
Short-term debt	\$ 54,200	\$ 53,300
Current maturities of long-term debt	96,703	39,989
Accounts payable	112,308	85,664
Taxes accrued	18,883	12,149
Interest accrued	6,773	5,966
Regulatory liabilities	34,013	40,290
Derivative instruments	18,722	1,315
Other current liabilities	40,248	35,844
Total current liabilities	381,850	274,517
Long-term debt	683,184	679,334
Deferred credits and other non-current liabilities:		
Deferred tax liabilities	270,526	557,085
Regulatory liabilities	586,093	349,319
Pension and other postretirement benefit liabilities	223,333	225,725
Derivative instruments	4,649	913
Other non-current liabilities	147,335	142,411
Total deferred credits and other non-current liabilities	1,231,936	1,275,453
Commitments and contingencies (see Note 14 and Note 15)		
Equity:		
Common stock - no par value; authorized 100,000 shares; issued and outstanding 28,736 and 28,630 at December 31, 2017 and 2016, respectively	448,865	445,187
Retained earnings	302,349	412,261
Accumulated other comprehensive loss	(8,438)	(6,951)
Total equity	742,776	850,497
Total liabilities and equity	\$ 3,039,746	\$ 3,079,801

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands</i>	Year Ended December 31,		
	2017	2016	2015
Operating activities:			
Net income (loss)	\$ (55,623)	\$ 58,895	\$ 53,703
Adjustments to reconcile net income (loss) to cash provided by operations:			
Depreciation and amortization	85,578	82,289	80,923
Regulatory amortization of gas reserves	16,353	15,525	17,991
Deferred income taxes	(52,414)	32,056	26,972
Qualified defined benefit pension plan expense	5,364	5,274	5,697
Contributions to qualified defined benefit pension plans	(19,430)	(14,470)	(14,120)
Deferred environmental expenditures, net	(13,716)	(10,469)	(10,568)
Regulatory disallowance of prior environmental cost deferrals	—	3,287	15,000
Amortization of environmental remediation	15,291	13,298	3,513
Impairment of long-lived assets	192,478	—	—
Other	2,127	3,225	(1,613)
Changes in assets and liabilities:			
Receivables, net	3,099	(7,484)	2,373
Inventories	5,571	16,620	6,964
Income taxes	6,734	9,467	(6,541)
Accounts payable	1,424	12,380	(17,175)
Interest accrued	807	93	(206)
Deferred gas costs	17,122	(10,204)	31,918
Other, net	(4,061)	12,365	(10,143)
Cash provided by operating activities	206,704	222,147	184,688
Investing activities:			
Capital expenditures	(213,595)	(139,511)	(118,320)
Other	(577)	2,882	3,022
Cash used in investing activities	(214,172)	(136,629)	(115,298)
Financing activities:			
Repurchases related to stock-based compensation	(2,034)	(1,042)	—
Proceeds from stock options exercised	4,819	8,404	3,875
Proceeds from common stock issued	—	52,760	—
Long-term debt issued	100,000	150,000	—
Long-term debt retired	(40,000)	(25,000)	(60,000)
Change in short-term debt	900	(216,735)	35,335
Cash dividend payments on common stock	(53,957)	(51,508)	(49,243)
Other	(2,309)	(3,087)	(4,680)
Cash provided by (used in) financing activities	7,419	(86,208)	(74,713)
(Decrease) increase in cash and cash equivalents	(49)	(690)	(5,323)
Cash and cash equivalents, beginning of period	3,521	4,211	9,534
Cash and cash equivalents, end of period	\$ 3,472	\$ 3,521	\$ 4,211
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalization	\$ 34,787	\$ 36,023	\$ 39,634
Income taxes paid (refunded)	14,780	(7,157)	17,306

See Notes to Consolidated Financial Statements

CERTIFICATE OF SERVICE

I hereby certify that on June 22, 2018 I have served by U.S. mail the foregoing Confidential Amended Application for the Sale of Salmon Valley Water Company in docket UP 362.

UP 362

OREGON CITIZENS UTILITY BOARD	
MICHAEL GOETZ (C) OREGON CITIZENS UTILITY BOARD 610 SW Broadway, STE 400 Portland, OR 97205	ROBERT JENKS (C) OREGON CITIZENS UTILITY BOARD 610 SW Broadway, STE 400 Portland, OR 97205
STAFF	
KAYLIE KLEIN (C) PUC STAFF – DEPT. OF JUSTICE 1162 Court St. NE Salem, OR 97301	STEPHANIE YAMADA (C) PUBLIC UTILITY COMMISSION PO Box 1088 Salem, OR 97308
FILING CENTER (C) PUBLIC UTILITY COMMISSION OF OREGON PO Box 1088 Salem, OR 97308-1088	

DATED: June 22, 2018



Alisha Till
Legal Assistant