

e-FILING REPORT COVER SHEET

REPORT NAME: Report of Restated Stock Option Plan

COMPANY NAME: Northwest Natural Gas Company dba NW Natural

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 03-206
 Other

Is this report associated with a specific docket/case? No Yes
If Yes, enter docket number: UF 3988

Key words: Stock Option Plan Compliance Filing

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
Tel: 503.220.2435
Fax: 503.220.2584
Toll Free: 1.800.422.4012
e-mail: shawn.filippi@nwnatural.com



January 30, 2017

VIA Electronic Filing

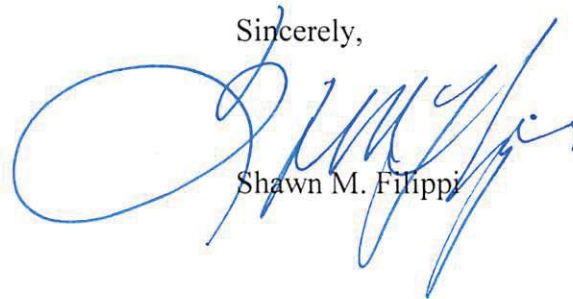
Section of Ownership Reports
Oregon Public Utility Commission
201 High Street SE, Suite 100,
Salem, Oregon 97301-3398

Re: Docket No. UF-3988

Ladies and Gentlemen:

Pursuant to the Commission's Supplemental Order entered December 2, 1996 and its Supplemental Order entered April 7, 2003, in the above-referenced Docket, I enclose the Company's Report of the Restated Stock Option Plan (formerly known as the 1985 Stock Option Plan) for the year ended December 31, 2016.

Sincerely,



Shawn M. Filippi

SMF:amp
Enclosures

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the matter of the Application and Supplemental Application of)	Docket No. UF-3988
NORTHWEST NATURAL GAS COMPANY)	Report of Restated Stock Option Plan
for Orders Authorizing it to issue and sell up to 2,250,000 Shares of its Common Stock Pursuant to its 1985 Stock Option Plan)	(formerly known as the 1985 Stock Option Plan)

On September 15, 1986, Northwest Natural Gas Company (the Company) filed an Application with the Oregon Public Utility Commission (the Commission) under the provisions of ORS 757 for an order authorizing the Company to issue and sell, from time to time, not to exceed in the aggregate 300,000 shares of its Common Stock, pursuant to options granted or to be granted to officers and other key employees under the 1985 Stock Option Plan (the Plan). The Plan was adopted by the Company's Board of Directors on March 28, 1985 and approved by its shareholders at the Annual Meeting on May 23, 1985. On March 31, 1987, the Commission entered its Order No. 87-398 granting the Company's Application for authority to issue not more than 300,000 shares of Common Stock pursuant to the Plan.

In November 1996, the Company filed a Supplemental Application with the Commission under ORS 757 for an order authorizing the Company to issue and sell an additional 750,000 shares of its Common Stock pursuant to options to be granted under the Plan. These additional shares were reserved for the Plan through a Plan amendment which was approved by the Board of Directors on February 23, 1995 and by the shareholders on May 25, 1995. On December 2, 1996, the Commission entered its Supplemental Order in this Docket granting the Company's Supplemental Application.

In February 2003, the Company filed a Supplemental Application with the Commission under ORS 757 for an order authorizing the Company to issue and sell an additional 1,200,000 shares of its Common Stock pursuant to options to be granted under the Plan. These additional shares were reserved for the Plan through a Plan amendment which was approved by the Board of Directors on February 28, 2002 and by the shareholders on May 23, 2002. On April 7, 2003, the Commission entered its Supplemental Order in this Docket granting the Company's Supplemental Application.

In February 2012, the Board of Directors decided that beginning in 2012, it would grant Restricted Stock Units with a performance threshold under the Company's Long Term Incentive Plan (LTIP) instead of stock options. Accordingly, the Board of Directors terminated the Plan so that no new stock options may be granted under it, and obtained shareholder approval to consolidate all equity incentive awards into the LTIP. Therefore, no options to purchase shares were granted under the Plan in 2012 or any year thereafter. Those stock options that were outstanding under the Plan at the time the Plan was terminated as to new option issuances will remain outstanding until the earlier of their expiration or exercise.

Information on options granted under this Docket prior to 2016 is available in reports previously filed with the Commission.

REPORT OF SECURITIES ISSUED UNDER PLAN, 2016

Options Exercised

	Amount
Total Value of Common Stock Issued	\$9,569,570.22 ¹
Less spread	(\$2,045,576.72) ²
Gross proceeds	\$7,523,993.50
Underwriter's spread or commission	-
Securities and Exchange Commission registration fee	-
State mortgage registration tax	-
State commission fee	-
Fee for recording indenture	-
United States document tax	-
Printing and engraving expenses	-
Trustee's charges	-
Counsel fees	-
Accountant's fees	-
Cost of listing	-
Miscellaneous expense of issue (describe large items)	-
Total Deductions	\$0
Net Amount Realized	\$7,523,993.50

¹ Par value eliminated in May 2006. Total value based on the number of shares and the price the shares were sold for on the open market. 172,525 shares were exercised pursuant to the Plan in 2016, of which 170,832 shares were sold on the open market at a weighted average sale price of \$55.50. At the employees' request, with the exception of two transactions, the employees elected to conduct a "cashless exercise," whereby the shares subject to the option were sold on the open market and the employees collected the spread between the sale price and exercise price of the shares, subject to applicable fees and withholdings. One employee engaged in two "sale to cover transactions," whereby the employee engaged in a cashless exercise with respect to a portion of the shares under his option to generate sufficient funds to exercise and retain the remaining shares subject to the option, and pay applicable fees and withholding. In this instance, the employee exercised options for 15,000 shares, selling 13,307 shares at a weighted average sale price of \$52.2638 to generate sufficient funds to purchase the remaining 1,693 shares subject to the option.

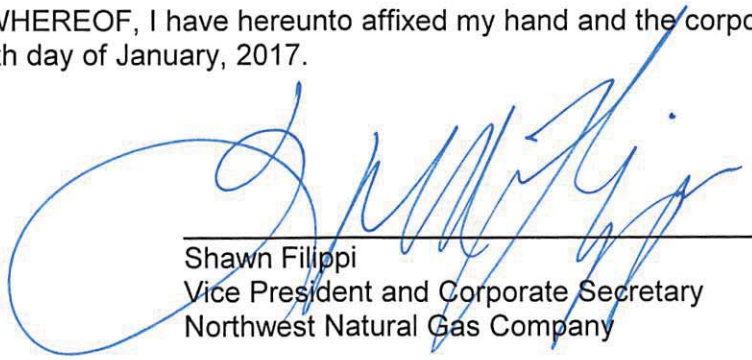
² The weighted average employee purchase price for the 172,525 shares exercised was \$43.61 per share.

DISPOSITION OF NET PROCEEDS:

In 2016, the Company issued 172,525 shares of its Common Stock under the Plan. The weighted average employee purchase price per share was \$43.61, with net proceeds to the Company of \$7,523,993.50. There were no expenses associated with the Plan in 2016. The net proceeds were applied towards the acquisition of property, the construction, completion, extension or improvement of the Company's facilities, the improvement or maintenance of the Company's service, or the discharge or lawful refunding of the Company's obligations, pursuant to ORS 757.415(1).

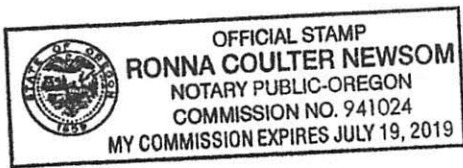
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30th day of January, 2017.

(S E A L)



Shawn Filippi
Vice President and Corporate Secretary
Northwest Natural Gas Company

Subscribed to and sworn to before me this 30th day of January, 2017, in Multnomah County, Oregon.



Notary Public for Oregon
My Commission Expires: