e-FILING REPORT COVER SHEET



Northwest Natural Gas Company COMPANY NAME: public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order. Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications) RO (Other, for example, industry safety information) Yes, report docket number: RG 16 Did you previously file a similar report? No Report is required by: Statute 03-206 Order Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket) Other (For example, federal regulations, or requested by Staff) Is this report associated with a specific docket/case? ■ Yes, docket number: RG 16 List Key Words for this report. We use these to improve search results. Stock Option Plan Compliance Filing

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.

Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us

Shawn M. Filippi Vice President, Chief Compliance Officer and Corporate Secretary Tel: 503.220.2435

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e-mail: shawn.filippi@nwnatural.com



January 30, 2019

VIA Electronic Filing

Oregon Public Utility Commission Attention: Filing Center 201 High Street SE, Suite 100, Post Office Box 1088 Salem, Oregon 97301-3398

Re: Docket No. UF-3988/RG 16

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 Northwest Natural Gas Company's Report of the Restated Stock Option Plan (formerly known as the 1985 Stock Option Plan) for the period from January 1, 2018 through September 30, 2018.

Effective October 1, 2018, Northwest Natural Gas Company (NW Natural) completed a reorganization into a holding company structure, as approved by the OPUC in 2017 pursuant to Order 17-526 (Reorganization). To effect the Reorganization, NWN Merger Sub, Inc., a wholly owned subsidiary of Northwest Natural Holding Company (NW Holdings), was merged with and into the Company and each outstanding share of NW Natural common stock was converted into one share of NW Holding common stock. As part of the Reorganization, the Restated Stock Option Plan was modified to relate to NW Holdings common stock and common stock issued pursuant to the Restated Stock Option Plan after October 1, 2018 will be satisfied with an equal number of shares of NW Holding common stock, instead of common stock of NW Natural. Therefore, this will be the last report by NW Natural in connection with the above docket.

If you have any questions regarding this matter or require any additional information, please do not hesitate to contact me at 503-220-2435.

Sincerely,

Shawn M. Filippi

SMF:amp Enclosures

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the matter of the Application and Supplemental Application of

NORTHWEST NATURAL GAS COMPANY

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 Docket No. UF-3988 Report of Restated 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 Public Utility Commission of Oregon (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.

Effective October 1, 2018, the Company completed a reorganization into a holding company structure, as approved by the OPUC in 2017 pursuant to Order 17-526 (Reorganization). More information about this reorganization has been submitted to the OPUC with respect to Docket UM 1804. To effect the Reorganization, NWN Merger Sub, Inc., a wholly owned subsidiary of Northwest Natural Holding Company (NW Holdings), was merged with and into the Company, and each outstanding share of Company common stock was converted into one share of NW Holdings common stock. As part of the Reorganization, the Restated Stock Option Plan was modified to relate to NW Holdings common stock and common stock issued pursuant to the Restated Stock Option Plan after October 1. 2018 will be satisfied with an equal number of shares of NW Holdings common stock, instead of common stock of NW Natural.

Information on options granted under this Docket prior to 2018 is available in reports previously filed with the Commission

REPORT OF SECURITIES ISSUED UNDER PLAN, 1/1/2018 through 9/30/2018

Options Exercised

Amount
\$2,064,423.80 ¹
(\$696,399.80)2
\$1,368,024.00
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-
-
-
-
<u> </u>
\$0
\$1,368,024.00

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. 31,300 shares were exercised pursuant to the Plan in 2018. At the employees' requests, 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.

The weighted average employee purchase price for the 31,300 shares exercised was \$43.71 per share.

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DISPOSITION OF NET PROCEEDS:

In 2018, the Company issued 31,300 shares of its Common Stock under the Plan. The weighted average employee purchase price per share was \$43.71, with net proceeds to the Company of \$1,368,024. There were no expenses associated with the Plan in 2018. 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, 2019.



Shawn M. Filippi

Vice President Chief Compliance Officer and

Corporate Secretary

Northwest Natural Gas Company

Subscribed to and sworn to before me this 30th day of January, 2019, in Multnomah County, Oregon.

OFFICIAL STAMP
RONNA COULTER NEWSOM
NOTARY PUBLIC-OREGON
COMMISSION NO. 941024
MY COMMISSION EXPIRES JULY 19, 2019

Notary Public for Oregon My Commission Expires: