

e-FILING REPORT COVER SHEET

REPORT NAME: Third Report of LTIP Activity

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 13-068  
 Other

Is this report associated with a specific docket/case?  No  Yes  
If Yes, enter docket number: UF 4275; RG 67; Order 13-068

Key words: NW Natural; LTIP; Long Term Incentive Plan

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
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Shawn M. Filippi  
Vice President, Chief Compliance Officer  
and Corporate Secretary  
Tel: 503.220.2410  
Fax: 503.220.2584  
Toll Free: 1.800.422.4012  
e-mail: shawn.filippi@nwnatural.com



April 28, 2016

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

Ladies and Gentlemen:

Re: Docket No. UF-4275

Pursuant to the Commission's Order No. 13-068, in Docket UF-4275, authorizing the issuance and sale of the Company's Common Stock under the Company's Long Term Incentive Plan, we enclose herewith the Third Report of LTIP Activity, for the year ended December 31, 2015.

Sincerely,

/s/ Shawn M. Filippi

Shawn M. Filippi

SMF:amp  
Encl.

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the Matter of the Application of	)	
	)	
NORTHWEST NATURAL GAS COMPANY	)	Docket UF-4275
	)	
for an Order Authorizing a the Company to Issue and/or	)	Third Report of LTIP Activity
Sell up to 701,922 shares of Common Stock Pursuant to	)	
its Long Term Incentive Plan	)	

This Report is filed pursuant to the Commission’s Order No. 13-068 in Docket UF-4275 dated February 26, 2013, in which the Company was authorized to issue and sell up to 701,922 shares of the Company’s Common Stock, no par value, (“Common Stock”) under the Company’s Long Term Incentive Plan (“LTIP”).

**Report for the calendar year ending December 31, 2015.**

**1. Date of Last Annual Internal Review.**

The Company reviews the LTIP grants and issuances on a quarterly basis. The last quarterly review was performed April 22, 2016.

**2. Remaining Board Authorized Shares Under the LTIP for Each Applicable Purpose.**

As of December 31, 2015, of the 600,000 shares originally authorized for Performance-Based and Stock Awards, including Restricted Stock Units (RSUs), 393,210 shares remain for future issuance. Of those 393,210 shares, 206,362 shares underlie awards that have been made, but have not yet vested, and 186,848 shares have not been awarded.

As of December 31, 2015, 250,000 additional shares are authorized and available for Stock Options.

**3. Board and Organization and Executive Compensation Committee (OECC) Granted LTIP Shares for Each Applicable Purpose.**

LTIP shares were granted in 2015 as shown in the following table:

Purpose	Shares	Vested in 2015
Performance-Based Awards	43,950 <sup>1</sup>	8,621
Awards of Common Stock	0	0
RSUs	37,264	19,003
Incentive Stock Options	0	0
Non-Statutory Stock Options	0	0
Total	81,214	27,624

<sup>1</sup> Assumes market, performance, and service based grants currently outstanding are awarded at the target level. Actual awards may be above or below target.

**4. OECC Issued Shares Under the LTIP, Indicating Vesting Status Where Applicable for Each Applicable Purpose.**

LTIP shares were issued and paid out after tax withholdings in 2015 as shown in the following table:

Purpose	Shares
Performance-Based Awards	6,071 <sup>1</sup>
Awards of Common Stock	0
RSUs	13,447 <sup>2</sup>
Incentive Stock Options	0
Non-Statutory Stock Options	0
<b>Total</b>	<b>19,518</b>

<sup>1</sup> Of the 6,071 Performance-Based Award shares issued, 982 shares were deferred.

<sup>2</sup> Of the 13,447 RSU shares issued, 3,318 shares were deferred.

**5. Fair Market Value of LTIP Shares Issued as of the Date of Issuance.**

All LTIP shares issued in 2015 were issued March 4, 2015 with a fair market value of \$46.57, which is the closing price on March 3, 2015, the date preceding the date of issuance.

**6. Itemized Total and Per Unit Fees and Expenses.**

There were no fees and expenses associated with LTIP in 2015.

**7. Steps Taken by the Company to Control Issuance Costs, if Material.**

Not applicable.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 28th day of April, 2016.

/s/ Shawn M. Filippi

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Shawn M. Filippi  
Vice President, Chief Compliance Officer and  
Corporate Secretary  
Northwest Natural Gas Company