

Shawn M. Filippi
Vice President, Chief Compliance Officer
and Corporate Secretary
Tel: 503.220.2435
Fax: 503.220.2584
e-mail: Shawn.Filippi@nwnatural.com



October 10, 2016

VIA ELECTRONIC FILING AND US MAIL

Public Utility Commission of Oregon
201 High Street, Suite 100
Salem, Oregon 97301

Attn: Filing Center

Re: Docket UF: _____: Application of Northwest Natural Gas Company for an Order Authorizing or Exempting the Company to Issue and Sell up to 1,700,000 shares of Common Stock

Submitted herewith for filing are an original and one conformed copies of the Application of Northwest Natural Gas Company (the "Company") for an order authorizing it to issue and sell up to 1.7 million shares of Common Stock. The Company has been communicating with Mr. Matt Muldoon on the terms of this application. As discussed with Mr. Muldoon, the Company is requesting placement of this matter on the October 25, 2016 Consent Agenda at the Public Utility Commission of Oregon meeting.

If you have any questions regarding this matter or require any additional information, please contact me at (503) 220-2435.

Very truly yours,

/s/ Shawn M. Filippi

Shawn M. Filippi

Enclosure

cc w/Encl: Brody J. Wilson
Mark Thompson

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

In the Matter of the Application of)	
)	
NORTHWEST NATURAL GAS COMPANY)	A P P L I C A T I O N
)	
for an Order Authorizing or Exempting the)	
Company to Issue and Sell up to 1,700,000)	Docket No. UF _____
shares of Common Stock)	
)	

Northwest Natural Gas Company (“NW Natural” or “the Company”) hereby applies to the Public Utility Commission of Oregon (“OPUC” or “the Commission”), pursuant to ORS 757.410, 757.412, and 757.415 and OAR 860-027-0030, with respect to NW Natural’s proposed offering, issuance and sale, through one or more offerings, of up to 1,700,000 authorized but unissued shares of the Company’s Common Stock, no par value (“Common Stock”). This amount of shares is expected to generate gross proceeds (price to the public prior to underwriting discounts or commissions and other expenses) of up to approximately \$97 million in one or more negotiated public offerings involving one or more underwriters over the next twenty-four months. Though actual number of shares issued to achieve desired proceeds may be less, the Company requests that the Commission issue its order establishing compliance with ORS 757.415 with respect to the sale of up to 1,700,000 shares to provide the Company with the flexibility to adapt to changes and opportunities in the market.

Supporting Information

The following information is furnished in support of the Application following the format of OAR 860-027-0030.

(1)(a) Name and Address. The exact name of the Applicant and the address of its principal business office are as follows:

Northwest Natural Gas Company
220 NW Second Avenue
Portland, Oregon 97209

(1)(b) State of Incorporation and States Authorized to Transact Utility Business. The Company is a corporation duly organized and validly existing under the laws of the State of Oregon. The Company was incorporated January 10, 1910 and its duration is perpetual. It has duly qualified and is authorized to transact its business in the State of Washington and Wyoming and is in good standing as a foreign corporation under the laws of those States.

(1)(c) Person Authorized to Receive Notices. The name and address of the person authorized, on behalf of the Company, to receive notices and communications in respect to this Application is:

Shawn M. Filippi
Vice President, Corporate Secretary and Chief Compliance Officer
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Telephone: (503) 220-2435
Facsimile: (503) 220-2584
Email: shawn.filippi@nwnatural.com

The Company respectfully requests that the Commission send copies of all such notices and communications, in addition to Ms. Filippi, to:

Brody J. Wilson
Chief Financial Officer, Treasurer, Chief Accounting Officer and Controller
Northwest Natural Gas Company
220 NW Second Avenue
Portland, Oregon 97209
Telephone: (503) 721-2524

Facsimile: (503) 220-2584
Email: brody.wilson@nwnatural.com

(1)(d) Principal Officers. The names, titles and addresses of the principal officers of the Company are:

David H. Anderson	President and Chief Executive Officer	220 NW 2nd Avenue Portland, OR 97209
Lea Anne Doolittle	Senior Vice President and Chief Administrative Officer	“ “ “
Grant M. Yoshihara	Senior Vice President, Utility Operations and Engineer	“ “ “
MardiLyn Saathoff	Senior Vice President, General Counsel and Regulation	“ “ “
Brody J. Wilson	Chief Financial Officer, Treasurer, Chief Accounting Officer and Controller	“ “ “
Shawn M. Filippi	Vice President, Chief Compliance Officer and Corporate Secretary	“ “ “
Lori L. Russell	Vice President, Utility Services	“ “ “
Tom Imeson	Vice President, Public Affairs	“ “ “
Kimberly A. Heiting	Vice President, Communications and Chief Marketing Officer	“ “ “
Ngoni Murandu	Vice President, Chief Information Officer	“ “ “
Justin Palfreyman	Vice President of Business Development	“ “ “

(1)(e) General Character of the Business. The Company is engaged principally in the business of distributing and selling natural gas to residential, commercial, institutional and industrial customers in various cities and unincorporated areas in 15 counties in the State of Oregon and three counties in the State of Washington. A map of the Company's service territory is attached as Exhibit AA.

(1)(f) Capital Stock. The authorized and outstanding capital stock of the Company was as follows:

Preferred Capital Stock: authorized, 3,500,000 shares, without par value; none issued and outstanding, as of both December 31, 2015 and June 30, 2016.

The Preferred Stock is entitled in preference to the Common Stock to cumulative dividends at the applicable rate for each series, which shall be set by the Board of Directors, from time to time, in accordance with the Company's Restated Articles of Incorporation. The Preferred Stock is entitled in preference to the Common Stock, upon voluntary liquidation, to such amounts per share that are determined by the Board of Directors, from time to time, in accordance with the Company's Restated Articles of Incorporation.

None of the Preferred Stock is held in the treasury or as reacquired securities; none is pledged by the Company; none is held by affiliated interests; and none is held in any fund owned or controlled by the Company.

Common Capital Stock: As of December 31, 2015, the number of shares of Common Stock authorized, 100,000,000 shares; issued and outstanding, 27,422,456 shares; reserved for future issuance to employees under the Company's Employee Stock Purchase Plan, 78,857 shares; reserved for future issuance to common shareholders under the Company's Dividend Reinvestment and Direct Stock Purchase Plan, 297,879 shares; reserved to accommodate the Restated Stock Option Plan (formerly the 1985 Stock Option Plan, terminated in 2012 for new stock option grants), 352,688 shares outstanding; and reserved for future grants under the Long-Term Incentive Plan ("LTIP"), 438,744 (250,000 for option grants, and 188,744 for any type of award under LTIP).

As of June 30, 2016 the number of shares of Common Stock authorized, 100,000,000 shares; issued and outstanding, 27,548,631 shares; reserved for future issuance to employees under the Company's Employee Stock Purchase Plan, 78,857 shares; reserved for future issuance to common shareholders under the Company's Dividend Reinvestment and Direct Stock Purchase Plan, 259,274 shares; reserved to accommodate the Restated Stock Option Plan (formerly the 1985 Stock Option Plan, terminated in 2012 for new stock option grants), 229,588 shares outstanding; and reserved for future grants under the Long-Term Incentive Plan ("LTIP"), 406,393 (250,000 for option grants, and 156,393 for any type of award under LTIP).

The Common Stock is entitled to dividends when and as declared by the Board of Directors subject to the preferences of the Preferred Stock outlined above.

Generally, only the Common Stock has voting rights, subject to the special voting rights of the Preferred Stock, if any. Holders of Common Stock are entitled to cumulative voting for the election of directors.

None of the Common Stock is held in the treasury or as reacquired securities; none is pledged by the Company; none is held by affiliated interests; and none is held in any fund owned or controlled by the Company.

(1)(g) Long-Term Debt. As of December 31, 2015 and June 30, 2016, the classes and series of long-term debt or notes of the Company were as listed in the following table (the principal amount includes sinking fund requirements, of which there are none):

Thousands	December 31, 2015 and June 30, 2016
<u>Medium-Term Notes</u>	
First Mortgage Bonds:	
5.15 % Series B due 2016	25,000
7.00 % Series B due 2017	40,000
6.60 % Series B due 2018	22,000
8.31 % Series B due 2019	10,000
7.63 % Series B due 2019	20,000
5.37 % Series B due 2020	75,000
9.05 % Series A due 2021	10,000
3.176 % Series B due 2021	50,000
3.542% Series B due 2023	50,000
5.62 % Series B due 2023	40,000
7.72 % Series B due 2025	20,000
6.52 % Series B due 2025	10,000
7.05 % Series B due 2026	20,000
7.00 % Series B due 2027	20,000
6.65 % Series B due 2027	19,700
6.65 % Series B due 2028	10,000
7.74 % Series B due 2030	20,000
7.85 % Series B due 2030	10,000
5.82 % Series B due 2032	30,000
5.66 % Series B due 2033	40,000
5.25 % Series B due 2035	10,000
4.00 % Series B due 2042	50,000
Total long-term debt	601,700

None of the long-term debt securities described above is held in treasury, or held as reacquired securities, and none are pledged or held by affiliated interests.

(1)(h) Full Description of Securities.

(i) Type and Nature of Securities.

A description of the rights and privileges of the Company's Common Stock is included in Section (1)(f) above and on pages 13 through 16 of the Company's Form S-3 Registration Statement filed with the Securities and Exchange Commission on December 3, 2013 (the "SEC Shelf Registration"), a copy of which is filed as an Exhibit

to this Application. The SEC Shelf Registration will expire three years from the filing date. Prior to that time the Company will file a new shelf registration statement that is substantially similar to the SEC Shelf Registration. The SEC Shelf Registration, and any replacement upon its expiration, provides for, among other securities, common stock, as such securities are offered from time to time in amounts authorized from time to time.

(ii) Amount of Securities.

The Company seeks immediate authorization to issue up to 1,700,000 shares of Common Stock upon Board approval of such issuance. The authorization being sought hereunder would be separate and in addition to any authorization in effect to issue Common Stock in connection with the Company's dividend reinvestment and direct stock purchase plan and other employee benefit and compensation plans.

(iii) Interest or Dividend Rate

The Common Stock will be entitled to receive such dividends as are declared by the Board of Directors on the Company's Common Stock from time to time.

(iv) Date of Issuance and Maturity

The specific date(s) of issuance is/are not known at this time, but are expected to occur in one or more issuances within the next twenty-four months. Management will identify equity financing needs and assess market conditions, and the Board of Directors will approve the timing of the proposed sale(s) of Common Stock, the terms of issuance, including the number of shares of Common Stock to be sold, and price to be paid to the Company.

(v) Voting Privileges

The Common Stock to be issued pursuant to the authorization sought hereby will have the same voting privileges as the Company's other issued and outstanding Common Stock. These rights are described in Section (1)(f) above and on pages 13 through 16 of the Company's attached SEC Shelf Registration.

(vi) Other Terms

The terms of the sale of the Common Stock, including the name(s) of any underwriters, dealers or agents, purchase price, underwriting discounts, agents' commissions and other items constituting underwriting compensation, initial public offering price, and discounts or concessions allowed or reallocated or paid to dealers will be determined by market conditions at or near the time of the sale.

(1)(i) Description of the Proposed Transaction.

The Common Stock will be issued and sold in one or more series in any of three ways: (1) through underwriters or dealers; (2) through agents; or (3) directly to a limited number of purchasers or to a single purchaser.

Through Underwriters or Dealers. If underwriters are used in the sale, the Common Stock will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at the initial public offering price or at varying prices determined at the time of the sale. The Common Stock may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more managing underwriters. Unless otherwise set forth in a prospectus supplement, the obligations of the underwriters to purchase the Common Stock offered by such prospectus supplement will

be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such Offered Securities, if any are purchased.

Through Agents. The Common Stock may be sold through agents designated by the Company from time to time. A prospectus supplement will set forth the name of any agent involved in the offer or sale of the Common Stock in respect of which such prospectus supplement is delivered as well as any commissions payable by the Company to such agent. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

Directly to One or More Purchasers. NW Natural may sell the Offered Securities directly to one or more purchasers. In this case, no underwriters or agents would be involved.

The Company may authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the Common Stock from NW Natural at the initial public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to those conditions set forth in a prospectus supplement, and such prospectus supplement will set forth the commission payable for solicitation of such contracts.

Pro Rata to Existing Holders

The Common Stock will not be issued pro rata to existing holders of the Company's securities or pursuant to any preemptive right or in connection with any liquidation or reorganization.

Rational for Selected Securities and Proposed Manner of Sale

The Company seeks to maintain a strong consolidated capital structure, generally consisting of 45% to 50% common stock equity and 50% to 55% long-term and short-term debt, with a target utility capital structure of 50% Common Stock and 50% long-term debt. This capital structure is critical to the financial health of the Company, as it enables the Company to preserve its ability to access capital markets when necessary to maintain liquidity and raise future debt capital at favorable rates. Given the Company's anticipated total capital spend over the next twenty-four months, including in connection with the North Mist gas storage expansion project, the Company anticipates issuing additional long-term debt, and to maintain its targets capital structure, issuing the Common Stock that is the subject of this Application. Management has determined that issuance of Common Stock allows the Company to take advantage of the currently favorable equity market for utility stocks.

Management reviewed the possibility of issuing preferred stock, but determined that a preferred stock issuance would be more expensive than long-term debt. Additionally, as classified by ASC 480 and as treated by credit rating agencies, preferred stock would not achieve the benefits that an issuance of Common Stock would for the purposes of maintaining a strong capital structure and supporting the Company's long-term credit ratings.

The approximate effect on the Company's capital structure of the proposed issuance of Common Stock (utilizing the amounts set forth in the table shown in Section 1(k) below) and the Company's intended issuance of long-term debt, which was previously approved by the Commission, as shown in the table below, would increase the consolidated common equity ratio from 47 percent at December 31, 2015 to 50 percent on a pro forma basis if the

full common stock issuances were completed at the same time. As a practical matter, the Company will likely issue long-term debt as appropriate to achieve the Company's targeted debt to equity ratios.

	Balance at 12/31/15 (\$000)	Actual Ratios (%)	Pro forma Changes in Amounts (\$000)	Pro forma Amounts (\$000)	Pro forma Ratios (%)
Long-Term Debt	\$601,700	36	\$0	\$601,700	35
Short-Term Debt	270,035	16	0	\$270,035	15
Preferred & Preference Stock	0	0.0	0	0	0
Common Stock	782,369	47	97,000	\$873,069	50
Total	\$1,654,104	100	97,000	\$1,744,804	100

Competitive Bidding

The Company has not requested or obtained exemption from competitive bidding requirements of any federal or other state regulatory body.

(1)(j) Fees for Services. The fees for the sale of the Common Stock will be customary for such services in an arm's length transaction to an underwriter or agent, as applicable. For purposes of this application, the underwriters' discount and fees for the issuance and sale of 1,700,000 shares of Common Stock is estimated at \$6,200,000 though actual discount and fees are expected to be less and will not be known until the time of the transaction.

(1)(k) Price and Proceeds. This application seeks approval for the Company to issue up to 1,700,000 shares of Common Stock, in one or more issuances over the next twenty-four months. The amount the Company actually issues is expected to be less than this amount and will depend on market conditions and projected capital structure targets at the time. To illustrate the price and proceeds for this application, the following illustrative example assumes total gross proceeds of \$97

million and calculates the estimated expenses and the net proceeds to the Company from the sale of the Common Stock:

Estimated Fees and Expenses

<u>Item</u>	<u>Amount</u>
1. Price to Public/Gross Proceeds Estimated	\$97,000,000
2. Underwriting/Agent discounts and commissions	6,200,000
3. Securities and Exchange Commission registration fee	11,200
4. State mortgage registration tax	None
5. New York Stock Exchange fee	8,160
6. State Commission fee	None
7. Fees for recording indenture	None
8. United States document tax	None
9. Printing and engraving expenses	5,000
10. Trustee's or Registrar's fees	None
11. Counsel's fees	50,000
12. Accountants' fees	30,000
13. Bond Rating Agency fees	None
14. Miscellaneous expenses	25,000
15. Allocation of other shelf registration expenses	<u>100,000</u>
16. Total estimated commissions and expenses	6,429,360
17. Net estimated amount to be realized	\$90,570,640

(1)(I) Purposes for the Securities. The proceeds to be received by the Company from the sale of the Common Stock will be added to the general funds of the Company and used for corporate purposes, including:

- for the construction, completion, extension or improvement of the Company's facilities; or
- for the reimbursement of the Company's treasury for expenditures against which securities have not been issued; or
- refunding or discharging of the Company's obligations; or
- improvement or maintenance of the Company's service.

A description of the obligations to be refunded or discharged, including character, principal amount, date of issue, date of maturity, and discounts or premiums applicable, will be provided to the Commission. The Company requests that it not be required to file a supplemental application provided the term of the Common Stock are within the parameters set forth in this application.

(1)(m) Other Regulatory Requirements. NW Natural will file a Statement with the Washington Utilities and Transportation Commission (the “WUTC”) to establish preliminary compliance with applicable Washington statutes and rules with respect to the Company’s proposed issuance and sale of Common Stock necessary to generate gross proceeds of up to \$97 million, which is currently estimated to be up to 1,700,000 shares of Common Stock.

The SEC Shelf Registration included as Exhibit I to this Application was filed with the SEC in December 2013 pursuant to the Securities Act of 1933. The SEC Shelf Registration will be replaced with a new shelf registration statement on or before December 3, 2016, which will be substantially similar to the SEC Shelf Registration. The Company will file a Prospectus and Prospectus Supplement under the SEC Shelf Registration for the Common Stock that is publicly offered.

(1)(n) Summary and Approval Standards. As a public utility, the Company is obligated to secure sufficient gas supplies and maintain sufficient distribution capacity to serve its customers reliably at the lowest reasonable cost. To accomplish this objective, the Company seeks to maintain a strong consolidated capital structure, generally consisting of 45% to 50% common stock equity and 50% to 55% long-term and short-term debt, with a target utility capital structure of 50% Common Stock and 50% long-term debt. This capital structure is critical to the financial health of

the Company, as it enables the Company to preserve its ability to access capital markets when necessary to raise future debt capital at favorable rates. We anticipate that an issuance pursuant to this application will allow the Company to take advantage of a generally favorable market for utility stocks.

Issuance of the Common Stock described herein will aid the Company in maintaining its targeted capital structure and minimize the overall financing costs and risks associated with the Company's public utility obligations. Therefore, the Company believes that the issuance of Common Stock is for a lawful object within the corporate purposes of the Company; is compatible with the public interest; that said object is necessary or appropriate for and consistent with the proper performance by the Company of service as a public utility; will not impair the Company's ability to perform such service; and is reasonably appropriate for such purposes. This Application is not filed under ORS 757.495.

(1)(o) and (1)(p) Other Requirements. The requirements of OAR 860-27-0030(1)(o) and (1)(p) are not applicable.

REQUIRED EXHIBITS

Filed with this Application, as part hereof, are the following Exhibits:

- | | |
|--------------|---|
| Exhibit A | A copy of the Company's Restated Articles of Incorporation, as amended. |
| Exhibit B | A copy of the Company's Bylaws, as amended. |
| Exhibit C | Board of Director resolutions approving the issuance of Common Stock will be submitted at such time as they are approved by the Board of Directors. |
| Exhibit D | Form of Underwriting Agreement for the sale of Common Stock will be filed when available, and a conformed copy of the executed agreement will be filed with the Company's compliance filing. |
| Exhibit E | Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the form in the annual report which applicant is required to file with the Commission. |
| Exhibit F | An excerpt from the Company's Form 10-Q for the fiscal quarter ended June 30, 2016 describing all known contingent liabilities, other than minor items such as damages, claims and similar items involving relatively small amounts. |
| Exhibits G&H | Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma in conformity with the form in the annual report which the Company is required to file with the Commission. |
| Exhibit I | Registration Statement on Form S-3 filed with the Securities and Exchange Commission on December 3, 2013. |
| Exhibit J | Form of Underwriting Agreement for the sale of Common Stock will be filed when available, and a conformed copy of the executed agreement will be filed with the Company's compliance filing. |
| Exhibits K | Form of Common Stock Certificate. |
| Exhibit AA | Map showing the Company's service territory. |

WHEREFORE, the Applicant respectfully requests that the Public Utility Commission of Oregon enter an appropriate Order granting the within Application.

Dated at Portland, Oregon this 10th day of October, 2016.


NORTHWEST NATURAL GAS COMPANY

By 

Brody J. Wilson
Chief Financial Officer, Treasurer, Controller
and Chief Accounting Officer


STATE OF OREGON)
) ss
County of Multnomah)

Brody J. Wilson, being first duly sworn, deposes and says that he is Chief Financial Officer, Treasurer, Controller and Chief Accounting Officer of Northwest Natural Gas Company, the Applicant in the foregoing Application, that he has read said Application, including exhibits thereto, knows the content thereof, and that the same are true to the best of his knowledge and belief.



Brody J. Wilson

Subscribed and sworn to before me this 10th day of October, 2016.



Notary Public for Oregon
My commission expires: 10/18/2016



EX-3.1 2 dex31.htm RESTATED ARTICLES OF INCORPORATION

Exhibit 3.1

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
NORTHWEST NATURAL GAS COMPANY

(These Amended and Restated Articles of Incorporation of Northwest Natural Gas Company supersede its theretofore existing Restated Articles of Incorporation and all amendments thereto.)

ARTICLE I

The name of this corporation is NORTHWEST NATURAL GAS COMPANY, and its duration shall be perpetual.

ARTICLE II

The purposes of the corporation are to engage in any lawful activity for which corporations may be organized under the Oregon Business Corporation Act.

ARTICLE III

- A. The aggregate number of shares of capital stock which the corporation shall have authority to issue is 103,500,000 shares, divided into 3,500,000 shares of Preferred Stock, issuable in series as hereinafter provided, and 100,000,000 shares of Common Stock.
- B. A statement of the preferences, limitations and relative rights of each class of capital stock of the corporation, namely, the Preferred Stock and the Common Stock, of the variations in the relative rights and preferences as between series of the Preferred Stock, insofar as the same are fixed by these Restated Articles of Incorporation, and of the authority vested in the board of directors of the corporation to establish series of Preferred Stock and to fix and determine the variations in the relative rights and preferences as between series insofar as the same are not fixed by these Restated Articles of Incorporation, is as follows:

Preferred Stock

1. The shares of the Preferred Stock may be divided into and issued in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series of the Preferred Stock and all other classes of capital stock of the corporation. To the extent that these Restated Articles of Incorporation shall not have established series of the Preferred Stock and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority, and is hereby expressly vested with authority, to divide the Preferred Stock into series and, within the limitations set forth in these Restated Articles of Incorporation and such limitations as may be provided by law, to fix and determine the relative rights and preferences of any series of the Preferred Stock so established. Such action by the board of directors shall be expressed in a resolution or resolutions adopted by it prior to the issuance of shares of each series, which resolution or resolutions shall also set forth the distinguishing designation of the particular series of the Preferred Stock established thereby. Without limiting the generality of the foregoing, authority is hereby expressly vested in the board of directors so to fix and determine with respect to any series of the Preferred Stock:
 - (a) The rate of dividend and the relative preference of each series in the payment of dividends;
 - (b) The price at which and the terms and conditions on which shares may be redeemed;
 - (c) The amount payable upon shares in the event of voluntary and involuntary liquidation and the relative preference of each series on liquidation;
 - (d) Sinking fund provisions, if any, for the redemption or purchase of shares;
 - (e) The terms and conditions, if any, on which shares may be converted if the shares of any series are issued with the privilege of conversion; and

(f) Any other relative right or preference as permitted by law.

All shares of the Preferred Stock of the same series shall be identical except that shares of the same series issued at different times may vary as to the dates from which dividends thereon shall be cumulative; and all shares of the Preferred Stock, irrespective of series, shall constitute one and the same class of stock and shall be identical except as to the designation thereof, the date or dates from which dividends on shares thereof shall be cumulative, and the relative rights and preferences set forth above in clauses (a) through (f) of this subdivision, as to which there may be variations between different series. Except as otherwise may be provided by law or by the resolutions establishing any series of Preferred Stock in accordance with the foregoing provisions of this subdivision, whenever the written consent, affirmative vote, or other action on the part of the holders of the Preferred Stock may be required for any purpose, such consent, vote or other action shall be taken by the holders of the Preferred Stock as a single class irrespective of series and not by different series.

2. The holders of shares of the Preferred Stock of each series shall be entitled to receive dividends, when and as declared by the board of directors, out of any funds legally available for the payment of dividends, at the annual rate fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more, payable quarterly on the 15th day of February, May, August and November in each year or on such other date or dates as the board of directors shall determine in the resolutions establishing such series. Such dividends shall be cumulative in the case of shares of each series either from the date of issuance of shares of such series or from the first day of the current dividend period within which shares of such series shall be issued, as the board of directors shall determine, so that if dividends on all outstanding shares of each particular series of the Preferred Stock, at the annual dividend rates fixed and determined either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., shall not have been paid or declared and set apart for payment for all past dividend periods and for the then current dividend periods, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment at said rates before any dividends on the Common Stock shall be paid or declared and set apart for payment. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears.
3. In the event of any dissolution, liquidation or winding up of the corporation, before any distribution or payment shall be made to the holders of the Common Stock, the holders of the Preferred Stock of each series then outstanding shall be entitled to be paid out of the net assets of the corporation available for distribution to its shareholders the respective amounts per share fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more. If upon dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation available for distribution to its shareholders shall be insufficient to pay the holders of all outstanding shares of Preferred Stock of all series the full amounts to which they shall be respectively entitled as aforesaid, the net assets of the corporation so available for distribution shall be distributed to the holders of Preferred Stock in accordance with the relative preferences of each series of Preferred Stock established either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1. For the purposes of this subdivision, any dissolution, liquidation or winding up which may arise out of or result from the condemnation or purchase of all or a major portion of the properties of the corporation by (i) the United States Government or any authority, agency or instrumentality thereof (ii) a State of the United States or any political subdivision, authority, agency or instrumentality thereof, or (iii) a district, cooperative or other association or entity not organized for profit, shall be deemed to be an involuntary dissolution, liquidation or winding up; and a consolidation, merger or amalgamation of the corporation with or into any other corporation or corporations shall not be deemed to be a dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary.
4. The holders of shares of the Preferred Stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1. Holders of Preferred Stock shall be entitled to notice of each meeting of shareholders at which they shall have any right to vote, but shall not be entitled to notice of any other meeting of shareholders.

Common Stock

5. Subject to the limitations set forth in subdivisions III. B. 2. (and subject to the rights of any class of stock hereafter authorized), dividends may be paid upon the Common Stock when and as declared by the board of directors of the corporation out of any funds legally available for the payment of dividends.
6. Subject to the limitations set forth in subdivisions III. B. 3. (and subject to the rights of any other class of stock hereafter authorized), upon any dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation shall be distributed ratably to the holders of the Common Stock.
7. Except as may be otherwise provided by law or by the resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1., the holders of the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. In the election of directors of the corporation, every holder of record of any share or shares of the Common Stock of the corporation shall have the right to cast as many votes for one candidate as shall equal the number of such shares multiplied by the number of directors to be elected, or to distribute such number of votes among any two or more candidates for such election.
8. Upon the issuance for money or other consideration of any shares of capital stock of the corporation, or of any security convertible into capital stock of the corporation, no holder of shares of the capital stock, irrespective of the class or kind thereof, shall have any preemptive or other right to subscribe for, purchase or receive any proportionate or other amount of such shares of capital stock, or such security convertible into capital stock, proposed to be issued; and the board of directors may cause the corporation to dispose of all or any of such shares of capital stock, or of any such security convertible into capital stock, as and when said board may determine, free of any such right, either by offering the same to the corporation's then shareholders or by otherwise selling or disposing of such shares of other securities, as the board of directors may deem advisable.

ARTICLE IV

- A. The business and affairs of the corporation shall be managed by a board of directors. Except as provided in subdivision B. below, the number of members of the board, their classifications and terms of office, and the manner of their election and removal shall be as follows:
 1. The number of directors shall be that number, not less than nine or more than thirteen, determined from time to time by resolution adopted by affirmative vote of a majority of the entire board of directors. The directors shall be divided into three classes, designated Class I, Class II, and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of directors. At the 1984 annual meeting of shareholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term, and Class III directors for a three-year term. At each succeeding annual meeting of shareholders, successors to directors whose terms expire at that annual meeting shall be of the same class as the directors they succeed, and shall be elected for three-year terms. If the number of directors should be changed by resolution of the board of directors, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.
 2. A director shall hold office until the annual meeting for the year in which his or her term shall expire and until his or her successor shall have been elected and qualified, subject, however, to prior death, resignation, retirement or removal from office. Any newly created directorship resulting from an increase in the number of directors and any other vacancy on the board of directors, however caused, may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

3. One or more of the directors may be removed with or without cause by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon at a meeting of the shareholders called expressly for that purpose; provided, however, that for as long as the corporation shall have cumulative voting, if fewer than all the directors should be candidates for removal, no one of them shall be removed if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the class of directors of which he or she shall be a part.
 4. No person, except those persons nominated by the board, shall be eligible for election as a director at any annual or special meeting of shareholders unless a written request that his or her name be placed in nomination shall be received from a shareholder of record entitled to vote at such election by the secretary of the corporation not later than the latter of (a) the thirtieth day prior to the date fixed for the meeting, or (b) the tenth day after the mailing of notice of that meeting, together with the written consent of the nominee to serve as a director.
- B. Notwithstanding the provisions of subdivision A. above, whenever the holders of any one or more classes of the capital stock of the corporation shall have the right, voting separately as a class or classes, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the provisions of these Restated Articles of Incorporation applicable thereto. Directors so elected shall not be divided into classes unless expressly provided by such provisions, and during their prescribed terms of office, the board of directors shall consist of such directors in addition to the directors determined as provided in subdivision A. above.
- C. This Article IV may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors determined as provided in subdivision A. above, at a meeting of the shareholders called expressly for that purpose.

ARTICLE V

- A. For purposes of this Article V:
1. The term “Affiliate”, as used to indicate a relationship with a specified “Persons” (as hereinafter defined), shall mean a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.
 2. The term “Associate”, as used to indicate a relationship with a specified Person, shall mean (a) any Person (other than the corporation) of which such specified Person is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest, (b) any Person who is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest of or in such specified Person (other than the corporation), and (c) any relative or spouse of such specified Person, or any relative of such spouse who has the same home as such specified Person.
 3. The term “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on April 9, 1984; provided, however, that, notwithstanding the provisions of such Rule, a Person shall be deemed to be the Beneficial Owner of any share of the capital stock of the corporation that such Person shall have the right to acquire at any time pursuant to any agreement, contract, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, and any such share of capital stock shall be deemed to be outstanding for purposes of subdivision V.A.9.
 4. The term “Business Transaction” shall include, without limitation, (a) any merger, consolidation or plan of exchange of the corporation, or any Person controlled by or under common control with the corporation, with or into any “Related Person” (as hereinafter defined), (b) any merger, consolidation or plan of exchange of a Related Person with or into the corporation or any Person controlled by or under common control with the corporation, (c) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions) including without limitation a mortgage or any other security device, of all or

any “Substantial Part” (as hereinafter defined) of the property and assets of the corporation, or any Person controlled by or under common control with the corporation, to or with a Related Person, (d) any purchase, lease, exchange, transfer or other acquisition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any Substantial Part of the property and assets of a Related Person, by or with the corporation or any Person controlled by or under common control with the corporation, (e) any recapitalization of the corporation that would have the effect of increasing the voting power of a Related Person, (f) the issuance, sale, exchange or other disposition of any securities of the corporation, or of any Person controlled by or under common control with the corporation, by the corporation or by any Person controlled by or under common control with the corporation, (g) any liquidation, spinoff, splitoff, splitup or dissolution of the corporation, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this subdivision.

5. The term “Continuing Director” shall mean a director who was a director of the corporation on April 9, 1984 and a director who shall become a director subsequent thereto whose election, or whose nomination for election by the shareholders, shall have been approved by a vote of a majority of the then Continuing Directors.
 6. The term “Highest Purchase Price” shall mean, with respect to the shares of any class or series of the capital stock of the corporation, the highest amount of consideration paid by a Related Person for a share of the same class and series at any time regardless of whether the share was acquired before or after such Related Person became a Related Person; provided, however, that the Highest Purchase Price shall be appropriately adjusted to reflect the occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding shares of that class or series, or the declaration of a stock dividend thereon. The Highest Purchase Price shall include any brokerage commissions, transfer taxes and soliciting dealers’ fees paid by such Related Person with respect to any shares of the capital stock acquired by such Related Person.
 7. The term “Other Consideration” shall include, without limitation, capital stock to be retained by the shareholders of the corporation in a Business Transaction in which the corporation shall be the survivor.
 8. The term “Person” shall mean any natural person, corporation, partnership, trust, firm, association, government, governmental, agency or any other entity whether acting in an individual, fiduciary or other capacity.
 9. The term “Related Person” shall mean (a) any Person which, together with its Affiliates and Associates, shall be the Beneficial Owner in the aggregate of 10 percent or more of the capital stock of the corporation, and (b) any Affiliate or Associate (other than the corporation or a wholly owned subsidiary of the corporation) of any such Person. Two or more Persons acting in concert for the purpose of acquiring, holding or disposing of the capital stock of the corporation shall be deemed to be a “Related Person”. A Related Person shall be deemed to have acquired a share of capital stock at the time when such Related Person became the Beneficial Owner thereof. With respect to the shares of the capital stock of the corporation owned by any Related Person, if the price paid for such shares cannot be determined by a majority of the Continuing Directors, the price so paid shall be deemed to be the market price of the shares in question at the time when such Related Person became the Beneficial Owner thereof.
 10. The term “Substantial Part” shall mean 10% or more of the fair market value of the total assets of a Person, as reflected on the most recent balance sheet of such Person available to the Continuing Directors on the date of mailing of the notice of the meeting of shareholders called for the purpose of voting with respect to a Business Transaction involving the assets constituting any such Substantial Part.
- B. The corporation shall not enter into any Business Transaction with a Related Person or in which a Related Person shall have an interest (except proportionately as a shareholder of the corporation) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of the corporation not held by such Related Person, and (2) the determination of a majority of the Continuing Directors that the cash or fair market value of the property, securities or Other Consideration to be received per share by the holders, other than such Related Person, of the shares of each class or series of the

capital stock of the corporation in such Business Transaction shall not be less than the Highest Purchase Price paid by such Related Person in acquiring any of its holdings of shares of the same class or series, unless the Continuing Directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of the corporation that caused such Related Person to become a Related Person, or (b) have expressly approved such Business Transaction.

- C. For the purposes of this Article V, a majority of the Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (1) the number of shares of capital stock of the corporation of which any Person shall be the Beneficial Owner, (2) whether a Person is an Affiliate or Associate of another Person, (3) whether a Person has an agreement, contract, arrangement or understanding with another Person as to the matters referred to in subdivision V.A.3. or clause (h) of subdivision V.A.4., (4) the Highest Purchase Price paid by a Related Person for shares of any class or series of the capital stock, (5) whether the assets subject to any Business Transaction constitute a Substantial Part, (6) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a shareholder of the corporation), and (7) such other matters with respect to which a determination may be required under this Article V.
- D. In determining whether to give their approval as provided in subdivision V.B., the Continuing Directors shall give due consideration to all relevant factors involved, including, without limitation, (1) the value of the corporation in a freely negotiated transaction and its future value as an independent entity, (2) the recognition of gain or loss to the corporation for tax purposes or the postponement of such recognition in a tax-free transaction, (3) the anticipated developments of the business of the corporation not yet reflected in the price of its shares, and (4) the impact on employees, customers, suppliers and the public generally within the geographical area it serves.
- E. This Article V may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the capital stock of the corporation not held by a Related Person at a meeting of the shareholders called expressly for that purpose.

ARTICLE VI

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for conduct as a director; provided that this Article VI shall not eliminate the liability of a director for any act or omission for which such elimination of liability is not permitted under the Oregon Business Corporation Act. No amendment to the Oregon Business Corporation Act that further limits the acts or omissions for which elimination of liability is permitted shall affect the liability of a director for any act or omission which occurs prior to the effective date of such amendment.

ARTICLE VII

The corporation shall indemnify to the fullest extent then permitted by law any person who is made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against all judgments, amounts paid in settlement, fines and such expenses (including attorneys' fees), actually and reasonably incurred in connection therewith. This Article shall not be deemed exclusive of any other provisions for indemnification of directors and officers that may be included in any statute, bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office.

As amended June 3, 2008.

EX-3.1 2 d733926dex31.htm EX-3.1

Exhibit 3.1

**BYLAWS
OF
NORTHWEST NATURAL GAS COMPANY**

ARTICLE I.

OFFICES

Section 1. Office. The principal office of the company shall be located in the City of Portland, Oregon. The company also may have offices at such other places both within and without the State of Oregon as the board of directors from time to time may determine.

Section 2. Registered Office. The registered office of the company required by law to be maintained in the state shall be at the same location as the principal office unless otherwise designated by resolution of the board of directors.

ARTICLE II.

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of shareholders of the company for the election of directors and for the transaction of other business shall be held at the company's office in the City of Portland, Oregon, or such other place in that City as shall be determined by the board of directors, on the fourth Thursday of May in each year, unless such day shall be a legal holiday, in which event such meeting shall be held on the next business day. If such meeting shall not be held on such day in any year, it shall be held within 60 days thereafter on such day as shall be fixed by the board of directors and be specified in the notice of the meeting. Every such meeting shall be held at the hour of two o'clock p.m., or at such other hour as shall be fixed by the board and specified in such notice.

Section 2. Special Meetings. Special meetings of the shareholders of the company may be called by the board of directors or the holders of not less than one-tenth of all shares entitled to vote at the meeting. Each special meeting shall be held for such purposes, at such place in the City of Portland, Oregon, and at such time as shall be specified in the notice thereof.

Section 3. Notice. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the board of directors or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 50 days and, in the case of a meeting of shareholders, not less than 10 days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 5. Record of Shareholders. The officer or agent having charge of the transfer books for shares of the company shall make, at least 10 days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each, which record, for a period of 10 days prior to such meeting, shall be kept on file at the registered office of the company and shall be subject to inspection by any shareholder at any time during usual business hours. Such record also shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original transfer books for shares shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of the shareholders.

Section 6. Quorum. A majority of the shares of the company entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of shareholders. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number, or voting by classes, is required by law or the Restated Articles of Incorporation.

If a quorum shall not be represented at any meeting of shareholders, the shareholders represented may adjourn the meeting from time to time without further notice. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders represented at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 7. Voting. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by law or the Restated Articles of Incorporation. At each election of directors holders of shares of common stock have the right to cumulative voting as provided for in the Restated Articles of Incorporation. A shareholder may vote either in person or by proxy. A shareholder may authorize a person or persons to act for the shareholder as proxy in any manner permitted by law. An authorization of a proxy is effective when received by the secretary of the company or other officer or agent authorized to tabulate votes.

Section 8. Conduct of Meetings. Every meeting of shareholders shall be presided over by the chairman of the board, in his or her absence by the president, in their absence by a vice president or, if none be present, by a chairman appointed by the shareholders present at the meeting. The minutes of such meeting shall be recorded by the secretary or an assistant secretary but, if neither be present, by a secretary appointed for that purpose by the chairman of the meeting. The board of directors may adopt by resolution such rules and regulations for the conduct of meetings of shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the board of directors, the chairman of any meeting of shareholders shall have the exclusive right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the board of directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to shareholders of record of the company, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the board of directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 9. Proper Business for Meetings. (a) No business shall be conducted at any meeting of shareholders that has not been properly brought before the meeting. To be properly brought before a special meeting of shareholders, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors or the persons calling the meeting. To be properly brought before an annual meeting of shareholders, business must be either (i) specified in the notice of

meeting (or any supplement thereto) given by or at the direction of the board of directors, (ii) otherwise brought before the meeting by or at the direction of the board of directors or the chairman of the board, or (iii) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the company. To be timely, a shareholder's notice must be delivered to the secretary at the principal executive office of the company not less than 90 days prior to the first anniversary of the previous year's annual meeting of shareholders; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed (other than as a result of adjournment) by more than 30 days from the anniversary of the previous year's annual meeting, notice by a shareholder to be timely must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. For purposes of this section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the company with the Securities and Exchange Commission; (b) A shareholder's notice to the secretary shall set forth (i) one or more matters appropriate for shareholder action that the shareholder proposes to bring before the meeting, (ii) a brief description of the matters desired to be brought before the meeting and the reasons for conducting such business at the meeting, (iii) the name and record address of the shareholder, (iv) the class and number of shares of the company that the shareholder owns or is entitled to vote and (v) any material interest of the shareholder in such matters; and (c) The chairman of the meeting shall have the power and duty (i) to determine whether any proposed business was properly brought before the meeting in accordance with the procedures set forth in this Section 9, and (ii) if the chairman determines that any proposed business was not brought before the meeting in compliance with this Section 9, to declare that such proposed business shall not be transacted.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. Directors. The business and affairs of the company shall be managed by its board of directors. The number of members of the board, their classification and terms of office, and the manner of their election and removal shall be determined as provided by the Restated Articles of Incorporation. Directors need not be residents of the State of Oregon or shareholders of the company. Unless otherwise determined by the board of directors, no person who has reached the age of 73 years shall be eligible to be elected a director.

Section 2. Chairman of the Board. The board of directors may elect one of its members as chairman of the board. The chairman of the board, if that position be filled, shall preside at all meetings of the shareholders and the board of directors and shall have such other duties and responsibilities as may be prescribed by the board of directors. If there shall be no chairman of the board, or in his or her absence or disability, the president also shall exercise the duties and responsibilities of that position.

Section 3. Compensation. Directors shall receive such reasonable compensation for their services as may be fixed from time to time by resolution of the board of directors, and shall be reimbursed for their expenses properly incurred in the performance of their duties as directors. No such payment shall preclude any director from serving the company in any other capacity and receiving such reasonable compensation for such services as may be fixed by resolution of the board.

ARTICLE IV.

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held in the company's offices at two o'clock p.m., Pacific Time, on the fourth Thursday of February, April, May, July and September, and on the third Thursday of December, or on such other date or at such other hour and place as shall be specified in the notice of meeting. The date, time and place for holding regular meetings of the board of directors may be changed upon the giving of notice to all directors by or at the request of the

chairman of the board or the president. The board may provide by resolution the time and place either within or without the State of Oregon for holding of meetings or may omit the holding of any meeting without other notice than such resolution.

Section 2. Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the chairman of the governance committee, the president or any two directors. The person or persons authorized to call special meetings of the board may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the board called by them. Notice of the time and place of special meetings shall be given to each director at least one day in advance by the secretary or other officer performing his or her duties.

Section 3. Waiver of Notice. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise provided by law or the Restated Articles of Incorporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 4. Quorum. A majority of the number of directors at any time fixed by resolution adopted by the affirmative vote of a majority of the entire board of directors shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time without further notice until a quorum shall be present.

Section 5. Manner of Acting. Except as otherwise provided by law or the Restated Articles of Incorporation, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 6. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

ARTICLE V.

COMMITTEES OF THE BOARD

Section 1. Governance Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint a governance committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The committee shall have and may exercise all of the authority of the board of directors in the management of the company, except with respect to matters upon which by law only the board of directors may act. The committee's responsibilities shall include serving as the nominating committee of the board; making recommendations to the board on board and board committee composition and structure, including recommendations with respect to committee and committee chairmanship assignments; and conducting periodic board self-assessments, peer reviews of individual directors and evaluations of committee effectiveness. The committee shall also perform such other functions as the board by resolution from time to time may direct.

Section 2. Audit Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint an audit committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The duties of the committee shall be to discuss and review with the company's independent auditors the annual audit of the company, including the scope of the audit, and report the results of this review to the board; to meet with the independent auditors at such other times as the committee shall deem to be advisable; and to perform such other functions as the board by resolution from time to time may direct.

Section 3. Organization and Executive Compensation Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint an organization and executive compensation committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The duties of the committee shall

be to discuss and review the management of the affairs of the company relating to its organization and to executive personnel and their compensation, and to perform such other functions as the board by resolution from time to time may direct.

Section 4. Finance Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint a finance committee composed of three or more directors, a majority of whom shall not be officers or retired officers of the company. The board shall designate one member of the committee who is not an officer or retired officer of the company as chairman. The duties of the committee shall be to discuss and review the management of the affairs of the company relating to financing, including the development of financial planning goals and financial policy, and to perform such other functions as the board by resolution from time to time may direct.

Section 5. Public Affairs and Environmental Policy Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint from among its members a public affairs and environmental policy committee composed of three or more directors, a majority of whom shall not be officers or retired officers of the company. The board shall designate one member of the committee who is not an officer or retired officer of the company as chairman. The duties of the committee shall be (i) to consider, review and monitor significant matters of public interest and societal trends, and the company's community affairs, charitable contributions, diversity and equal employment opportunity compliance programs, and (ii) to monitor significant environmental issues affecting the company and to recommend to the board appropriate environmental policies. The committee shall also perform such other functions as the board by resolution from time to time may direct.

Section 6. Other Committees. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint from among its members such other committees and the chairmen thereof as it may deem to be advisable. Each such committee shall have such powers and authority as are set forth in the resolutions pertaining thereto from time to time adopted by the board.

Section 7. Changes of Size and Function. Subject to the provisions of law, the board of directors shall have the power at any time to increase or decrease the number of members of any committee, to fill vacancies thereon, to change any members thereof and to change the functions and terminate the existence thereof.

Section 8. Conduct of Meetings. Each committee shall conduct its meetings in accordance with the applicable provisions of these bylaws relating to the conduct of meetings of the board of directors. Each committee shall adopt such further rules and regulations regarding its conduct, keep such minutes and other records and appoint such subcommittees and assistants as it shall deem to be appropriate.

Section 9. Compensation. Persons serving on any committee shall receive such reasonable compensation for their services on such committee as may be fixed by resolution of the board of directors, provided that no person shall receive compensation for his or her services on any committee while serving as an officer of the company.

ARTICLE VI.

NOTICES

Section 1. Form and Manner. Whenever, under the provisions of law or the Restated Articles of Incorporation, notice is required to be given to any director or shareholder, unless otherwise specified, it shall be given in writing by mail addressed to such director or shareholder at his or her address as it appears on the stock transfer books or other records of the company, with postage thereon prepaid, and such notice shall be deemed to be delivered when deposited in the United States Mail. Notice to directors also may be given by telephone or in any other manner which is reasonably calculated to give adequate notice.

Section 2. Waiver. Whenever any notice whatever is required to be given under the provisions of law, the Restated Articles of Incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE VII. OFFICERS

Section 1. Election. The board of directors, at its first meeting following the annual meeting of shareholders each year, shall elect a president and a secretary. At such meeting, or at any other time it shall deem appropriate, the board may elect one or more vice presidents and a treasurer. The board also may elect or appoint such other officers and agents as it may deem necessary. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Compensation. The officers of the company shall receive such reasonable compensation for their services as from time to time may be fixed by resolution of the board of directors.

Section 3. Term. The term of office of all officers shall commence upon their election or appointment and shall continue until the first meeting of the board of directors following the annual meeting of shareholders and thereafter until their successors shall be elected or until their resignation or removal. A vacancy occurring in any office of the company for whatever reason may be filled by the board.

Section 4. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the company will be served thereby but such removal shall be without prejudice to the contract rights, if any, of the officer or agent so removed.

Section 5. President. Unless otherwise determined by the board of directors, the president shall be the chief executive officer of the company and, subject to the control of the board of directors, shall be responsible for the general administration and operation of the company. He shall have such other duties and responsibilities as may pertain to such office or be prescribed by the board of directors. In the absence or disability of the president, an officer designated by the board shall exercise the duties and responsibilities of the president.

In the event the offices of chief executive officer and president are not held by the same person, the chief executive officer shall exercise the duties and responsibilities of the president described in these bylaws.

Section 6. Vice Presidents. Each vice president shall have such duties and responsibilities as may be prescribed by the board of directors and the president. The board or the president may confer a special title upon a vice president.

Section 7. Secretary. The secretary shall record and keep the minutes of the shareholders in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; and perform such other duties as may be prescribed by the board or the president. The secretary shall have custody of the corporate seal of the company and shall affix the seal to any instrument requiring it and attest the same by his or her signature.

The assistant secretaries shall have such duties as may be prescribed from time to time by the board, the president or the secretary. In the absence or disability of the secretary, his or her duties shall be performed by an assistant secretary.

Section 8. Treasurer. The treasurer shall have charge and custody and be responsible for all funds and securities of the company; deposit all moneys and other valuable effects in the name and to the credit of the company in such depositories as may be designated by the board of directors; and disburse the funds of the company as may be authorized by the board and take proper vouchers for such disbursements. The treasurer shall have such other duties as may be prescribed from time to time by the board or the president. In the absence or disability of the treasurer, his or her duties shall be performed by an assistant treasurer.

ARTICLE VIII.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board of directors by resolution may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the company shall be signed by such officer or officers, agent or agents of the company and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 4. Deposits. All funds of the company not otherwise employed shall be deposited from time to time to the credit of the company in such banks, trust companies or other depositories as the board of directors or officers of the company designated by the board may select, or be invested as authorized by the board.

ARTICLE IX.

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The shares of the company shall be represented by certificates; provided, however, the board of directors may provide by resolution or resolutions that some or all of any or all classes or series of the company's shares shall be uncertificated shares. When shares are not represented by certificates then within a reasonable time after the issuance or transfer of such shares, the company shall send or cause to be sent to the shareholder to whom such shares have been issued or transferred a written statement of the information required by the laws of the State of Oregon to be on certificates.

Certificates representing shares of the company shall be issued only for whole numbers of shares and shall be in such form as the board of directors may, from time to time, prescribe in accordance with the laws of the State of Oregon. Such certificates shall be signed by the president or a vice president and by the secretary or an assistant secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles thereof. In case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the company as the board may authorize.

Section 2. Transfer. Shares of stock of the company shall be transferable on the books of the company by the holder of record thereof, or by his or her legal representative who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by duly executed power of attorney, and on surrender for cancellation of the certificates, if any, for such shares. The board of directors may appoint one or more transfer agents and registrars of stock of the company.

Section 3. Owner of Record. The company shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE X.

INDEMNIFICATION AND INSURANCE

Section 1. Indemnification. The company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the company, or is or was serving at the request of the

company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise or any employee benefit plan, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding to the fullest extent permissible under the Oregon Business Corporation Act or the indemnification provisions of any successor Act. The foregoing rights of indemnification shall not be exclusive of any other rights to which any such person so indemnified may be entitled, under any agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office; shall continue as to a person who has ceased to be a director, officer, employee or agent; and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 2. Insurance. The company may purchase and maintain insurance (and pay the entire premium therefor) on behalf of any person who is or was a director, officer, employee or agent of the company, or is or was serving at the request of the company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the company would have the power to indemnify him or her against such liability under the provisions of the Oregon Business Corporation Act or any successor Act; and on behalf of any person who is or was a fiduciary under the Employee Retirement Income Security Act of 1974 with regard to an employee benefit plan of the company against any liability asserted against him or her and incurred by him or her in his or her fiduciary capacity.

ARTICLE XI.

SEAL

The corporate seal of the company shall be circular in form and shall bear an inscription containing the name of the company, the year of its organization, the state of its incorporation and the words "Corporate Seal."

ARTICLE XII.

AMENDMENTS

These bylaws, or any of them, may be altered, amended or repealed, or new bylaws adopted, by resolution of a majority of the board of directors, subject to repeal or change by action of the shareholders.

Name of Respondent		This Report is:	Year of Report		
Northwest Natural Gas Company		X An Original A Resubmission	Dec. 31, 2015		
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)					
Line No.	Title of Account (a)	Current Year End of Quarter/Year Balance (c)	Equity Issuance Financing Adjustments (1)(2)	Pro Forma	
1	UTILITY PLANT				
2	Utility Plant (101-106, 114)	2,731,336,911		2,731,336,911	
3	Construction Work in Progress (107)	39,288,188		39,288,188	
4	TOTAL Utility Plant (Total of lines 2 and 3)	2,770,625,099		2,770,625,099	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	(1,193,310,914)		(1,193,310,914)	
6	Net Utility Plant (Total of line 4 less 5)	1,577,314,185	-	1,577,314,185	
7	Nuclear Fuel (120.1-120.4, 120.6)			-	
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)			-	
9	Net Nuclear Fuel (Total of line 7 less 8)			-	
10	Net Utility Plant (Total of lines 6 and 9)	1,577,314,185	-	1,577,314,185	
11	Utility Plant Adjustments (116)			-	
12	Gas Stored-Base Gas (117.1)	14,148,391		14,148,391	
13	System Balancing Gas (117.2)			-	
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)			-	
15	Gas Owned to System Gas (117.4)			-	
16	OTHER PROPERTY AND INVESTMENTS				
17	Nonutility Property (121)	69,214,249		69,214,249	
18	(Less) Accum. Prov. for Depreciation and Amortization (122)	(16,080,973)		(16,080,973)	
19	Investments in Associated Companies (123)			-	
20	Investment in Subsidiary Companies (123.1)	306,201,325		306,201,325	
21	(For Cost of Account 123.1, See Footnote Page 224, line 40)			-	
22	Noncurrent Portion of Allowances			-	
23	Other Investments (124)	54,170,226		54,170,226	
24	Sinking Funds (125)			-	
25	Depreciation Fund (126)			-	
26	Amortization Fund - Federal (127)			-	
27	Other Special Funds (128)			-	
28	Long-Term Portion of Derivative Assets (175)	27,000		27,000	
29	Long-Term Portion of Derivative Assets - Hedges (176)			-	
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)	413,531,827	-	413,531,827	
31	CURRENT AND ACCRUED ASSETS				
32	Cash (131)	680,216	90,700,000	91,380,216	
33	Special Deposits (132-134)	1,040,813		1,040,813	
34	Working Funds (135)	166,200		166,200	
35	Temporary Cash Investments (136)	5,917,872		5,917,872	
36	Notes Receivable (141)			-	
37	Customer Accounts Receivable (142)	61,319,904		61,319,904	
38	Other Accounts Receivable (143)	4,661,713		4,661,713	
39	(Less) Accum. Prov. for Uncollectible Accounts-Credit (144)	(873,732)		(873,732)	
40	Notes Receivable from Associated Companies (145)			-	
41	Accounts Receivable from Associated Companies (146)	110,218		110,218	
42	Fuel Stock (151)			-	
43	Fuel Stock Expense Undistributed (152)			-	
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)					
Line No.	Title of Account (a)	Current Year End of Quarter/Year Balance (c)			
44	Residuals (Elec) and Extracted Products (Gas) (153)			-	
45	Plant Material and Operating Supplies (154)	10,387,768		10,387,768	
46	Merchandise (155)	848,083		848,083	
47	Other Material and Supplies (156)			-	
48	Nuclear Materials Held for Sale (157)			-	
49	Allowances (158.1 and 158.2)			-	
50	(Less) Noncurrent Portion of Allowances			-	
51	Stores Expenses Undistributed (163)			-	
52	Gas Stored Underground - Current (164.1)	53,712,868		53,712,868	
53	Liq. Natural Gas Stored and Held for Processing (164.2-164.3)	5,498,113		5,498,113	
54	Prepayments (165)	28,601,382		28,601,382	
55	Advances for Gas (166-167)			-	
56	Interest and Dividends Receivable (171)			-	
57	Rents Receivable (172)			-	
58	Accrued Utility Revenues (173)	57,987,485		57,987,485	
59	Miscellaneous Current and Accrued Assets (174)			-	
60	Derivative Instrument Assets (175)	3,165,000		3,165,000	
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)	(27,000)		(27,000)	
62	Derivative Instrument Assets - Hedges (176)	(419,000)		(419,000)	
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			-	
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)	232,777,903	90,700,000	323,477,903	
65	DEFERRED DEBITS				
66	Unamortized Debt Expense (181)	8,011,909		8,011,909	
67	Extraordinary Property Losses (182.1)			-	
68	Unrecovered Plant and Regulatory Study Costs (182.2)			-	
69	Other Regulatory Assets (182.3)	47,426,552		47,426,552	
70	Prelim. Survey and Investigation Charges (Electric) (183)			-	
71	Prelim. Survey and Invest. Charges (Gas) (183.1, 183.2)	14,845		14,845	
72	Clearing Accounts (184)	269,898		269,898	
73	Temporary Facilities (185)			-	
74	Miscellaneous Deferred Debits (186)	379,644,218		379,644,218	

75	Def. Losses from Disposition of Utility Plant (187)	-	-	-
76	Research, Devel. and Demonstration Expend. (188)	-	-	-
77	Unamortized Loss on Reacquired Debt (189)	2,830,100	-	2,830,100
78	Accumulated Deferred Income Taxes (190)	-	-	-
79	Unrecovered Purchased Gas Costs (191)	(12,357,269)	-	(12,357,269)
80	Total Deferred Debits (Total of lines 66 thru 79)	425,840,253	-	425,840,253
81	Total Assets and Other Debits (Total of lines 10-15, 30,64,and 80)	2,663,612,559	90,700,000	2,754,312,559

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Current Year End of Quarter/Year Balance (c)		
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	381,473,806	96,900,000	478,373,806
3	Preferred Stock Issued (204)	-	-	-
4	Capital Stock Subscribed (202, 205)	-	-	-
5	Stock Liability for Conversion (203, 206)	-	-	-
6	Premium on Capital Stock (207)	-	-	-
7	Other Paid-In Capital (208-211)	1,649,864	-	1,649,864
8	Installments Received on Capital Stock (212)	20,657	-	20,657
9	(Less) Discount on Capital Stock (213)	-	(2,400,000)	(2,400,000)
10	(Less) Capital Stock Expense (214)	-	(3,800,000)	(3,800,000)
11	Retained Earnings (215, 215.1, 216)	442,145,578	-	442,145,578
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	(35,758,812)	-	(35,758,812)
13	(Less) Reacquired Capital Stock (217)	-	-	-
14	Accumulated Other Comprehensive Income (219)	(7,162,202)	-	(7,162,202)
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)	782,368,891	90,700,000	873,068,891
16	LONG-TERM DEBT			
17	Bonds (221)	601,700,000	-	601,700,000
18	(Less) Reacquired Bonds (222)	-	-	-
19	Advances from Associated Companies (223)	-	-	-
20	Other Long-Term Debt (224)	-	-	-
21	Unamortized Premium on Long-Term Debt (225)	-	-	-
22	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	-	-	-
23	(Less) Current Portion of Long-Term Debt	(25,000,000)	-	(25,000,000)
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)	576,700,000	-	576,700,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)	155,033	-	155,033
27	Accumulated Provision for Property Insurance (228.1)	124,000	-	124,000
28	Accumulated Provision for Injuries and Damages (228.2)	125,559,048	-	125,559,048
29	Accumulated Provision for Pensions and Benefits (228.3)	243,828,023	-	243,828,023
30	Accumulated Miscellaneous Operating Provisions (228.4)	-	-	-
31	Accumulated Provision for Rate Refunds (229)	-	-	-

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Current Year End of Quarter/Year Balance (c)		
32	Long-Term Portion of Derivative Instrument Liabilities	3,447,000	-	3,447,000
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges	-	-	-
34	Asset Retirement Obligations (230)	-	-	-
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)	373,113,104	-	373,113,104
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-term Debt	25,000,000	-	25,000,000
38	Notes Payable (231)	270,035,306	-	270,035,306
39	Accounts Payable (232)	70,406,993	-	70,406,993
40	Notes Payable to Associated Companies (233)	-	-	-
41	Accounts Payable to Associated Companies (234)	4,933,043	-	4,933,043
42	Customer Deposits (235)	5,531,369	-	5,531,369
43	Taxes Accrued (236)	2,484,593	-	2,484,593
44	Interest Accrued (237)	5,873,323	-	5,873,323
45	Dividends Declared (238)	-	-	-
46	Matured Long-Term Debt (239)	-	-	-
47	Matured Interest (240)	-	-	-
48	Tax Collections Payable (241)	6,842,318	-	6,842,318
49	Miscellaneous Current and Accrued Liabilities (242)	8,192,637	-	8,192,637
50	Obligations Under Capital Leases-Current (243)	(155,033)	-	(155,033)
51	Derivative Instrument Liabilities (244)	25,539,000	-	25,539,000
52	(Less) Long-Term Portion of Derivative Instrument Liabilities	(3,447,000)	-	(3,447,000)
53	Derivative Instrument Liabilities - Hedges (245)	-	-	-
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges	-	-	-
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)	421,236,549	-	421,236,549
56	DEFERRED CREDITS			
57	Customer Advances for Construction (252)	3,346,865	-	3,346,865
58	Accumulated Deferred Investment Tax Credits (255)	47,567	-	47,567
59	Deferred Gains from Disposition of Utility Plant (256)	-	-	-
60	Other Deferred Credits (253)	7,461,031	-	7,461,031
61	Other Regulatory Liabilities (254)	13,322,753	-	13,322,753
62	Unamortized Gain on Reacquired Debt (257)	-	-	-
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)	-	-	-
64	Accumulated Deferred Income Taxes - Other Property (282)	-	-	-

65	Accumulated Deferred Income Taxes - Other (283)	486,015,799		486,015,799
66	TOTAL Deferred Credits (Total of lines 49 thru 55)	510,194,015		510,194,015
67	TOTAL Liabilities and Other Credits (Total of lines 15, 24,			
68	35, 55 and 66)	2,663,612,559	90,700,000	2,754,312,559

10-Q 1 form10-q2016q2.htm FORM 10-Q

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-15973



NW Natural

NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

Oregon

(State or other jurisdiction of
incorporation or organization)

93-0256722

(I.R.S. Employer
Identification No.)

220 N.W. Second Avenue, Portland, Oregon 97209

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(503) 226-4211**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

(Do not check if a Smaller Reporting Company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At July 22, 2016, 27,550,206 shares of the registrant's Common Stock (the only class of Common Stock) were outstanding.

13. ENVIRONMENTAL MATTERS

We own, or previously owned, properties that may require environmental remediation or action. We estimate the range of loss for environmental liabilities based on current remediation technology, enacted laws and regulations, industry experience gained at similar sites and an assessment of the probable level of involvement and financial condition of other potentially responsible parties (PRPs). When amounts are prudently expended related to site remediation, we have a recovery mechanism in place to collect 96.68% of remediation costs from Oregon customers, and we are allowed to defer environmental remediation costs allocated to customers in Washington annually until they are reviewed for prudence at a subsequent proceeding.

Our sites are subject to the remediation process prescribed by the Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (ODEQ). The process begins with a remedial investigation (RI) to determine the nature and extent of contamination and then a risk assessment (RA) to establish whether the contamination at the site poses unacceptable risks to humans and the environment. Next, a feasibility study (FS) or an engineering evaluation/cost analysis (EE/CA) evaluates various remedial alternatives. It is at this point in the process when we are able to estimate a range of remediation costs and record a reasonable potential remediation liability, or make an adjustment to our existing liability. From this study, the regulatory agency selects a remedy and issues a Record of Decision (ROD). After the ROD is issued, we seek to negotiate a consent decree or consent judgment for designing and implementing the remedy. We have the ability to further refine estimates of remediation liabilities at that time.

Remediation may include treatment of contaminated media such as sediment, soil, and groundwater, removal and disposal of media, or institutional controls such as legal restrictions on future property use. Following construction of the remedy, the EPA and ODEQ also have requirements for ongoing maintenance, monitoring and other post-remediation care that may continue for many years. Where appropriate and reasonably known, we will provide for these costs in our remediation liabilities described above.

Due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, we may not be able to reasonably estimate the high end of the range of possible loss. In those cases, we have disclosed the nature of the possible loss and the fact that the high end of the range cannot be reasonably estimated where a range of potential loss is available. Unless there is an estimate within the range of possible losses that is more likely than other cost estimates within that range, we record the liability at the low end of this range. It is likely changes in these estimates and ranges will occur throughout the remediation process for each of these sites due to our continued evaluation and clarification concerning our responsibility, the complexity of environmental laws and regulations, and the determination by regulators of remediation alternatives. In addition to remediation costs, we could also be subject to Natural Resource Damages (NRD) claims. We will assess the likelihood and probability of each claim and recognize a liability if deemed appropriate. As of June 30, 2016, we have not received any material NRD claims.

[Table of Contents](#)

Environmental Sites

The following table summarizes information regarding liabilities related to environmental sites, which are recorded in other current liabilities and other noncurrent liabilities on the consolidated balance sheets:

<i>In thousands</i>	Current Liabilities			Non-Current Liabilities		
	June 30,		December 31,	June 30,		December 31,
	2016	2015	2015	2016	2015	2015
Portland Harbor site:						
Gasco/Siltronic Sediments	\$ 1,777	\$ 1,512	\$ 2,229	\$ 42,991	\$ 38,342	\$ 42,641
Other Portland Harbor	1,580	1,208	1,972	4,541	4,941	5,073
Gasco Upland site	9,033	5,938	10,599	51,081	37,031	52,117
Siltronic Upland site	—	710	951	352	390	337
Central Service Center site	112	153	25	—	—	—
Front Street site	984	665	1,155	7,739	107	7,748
Oregon Steel Mills	—	—	—	179	179	179
Total	<u>\$ 13,486</u>	<u>\$ 10,186</u>	<u>\$ 16,931</u>	<u>\$ 106,883</u>	<u>\$ 80,990</u>	<u>\$ 108,095</u>

PORTLAND HARBOR SITE. The Portland Harbor is an EPA listed Superfund site that is approximately 10 miles long on the Willamette River and is adjacent to NW Natural's Gasco uplands and the Siltronic uplands sites. We are a PRP to the Superfund site and have joined with some of the other PRPs (the Lower Willamette Group or LWG) to develop a Portland Harbor Remedial Investigation/Feasibility Study (RI/FS), which we submitted to the EPA in 2012. In August 2015, the EPA issued its own Draft Feasibility Study (Draft FS) for comment. The EPA Draft FS provides a new range of remedial costs for the entire Portland Harbor Superfund Site, which includes the Gasco/Siltronic Sediment site, discussed below. The range of present value costs estimated by the EPA for various remedial alternatives for the entire Portland Harbor, as provided by the EPA's Draft FS, is \$791 million to \$2.45 billion. The range provided in the EPA's Draft FS is based on cost alternatives the EPA estimates to have an accuracy between -30% and +50% of actual costs, depending on the scope of work.

In June 2016, the EPA issued their Final Feasibility Study (Final FS) and proposed remediation plan (Proposed Plan) for the Portland Harbor Superfund site. The Proposed Plan presents the EPA's preferred clean-up alternative, which estimates the present value cost at approximately \$746 million with an accuracy between -30% and +50% of actual costs, a significant reduction from prior estimates for this level of cleanup. Along with several members of the LWG, we have filed a dispute with the EPA over concerns that the EPA's Final FS contains factual and technical errors and is insufficient to support remedy selection. The EPA has stated it intends to release a Record of Decision, the final determination of a cleanup approach for the Portland Harbor site, by the end of 2016.

While the EPA's Final FS and Proposed Plan provides a higher range of costs than the LWG's submission in 2012, our potential liability is still a portion of the costs of the remedy for the entire Portland Harbor Superfund site. The cost of that remedy is expected to be allocated among more than 100 PRPs. We are participating in a non-binding allocation process in an effort to settle this potential liability. The Final FS and Proposed Plan do not provide any additional clarification around allocation of costs.

We manage our liability related to the Superfund site as two distinct remediation projects, the Gasco/Siltronic Sediments and Other Portland Harbor projects.

Gasco/Siltronic Sediments. In 2009, NW Natural and Siltronic Corporation entered into a separate Administrative Order on Consent with the EPA to evaluate and design specific remedies for sediments adjacent to the Gasco uplands and Siltronic uplands sites. We submitted a draft EE/CA to the EPA in May 2012 to provide the estimated cost of potential remedial alternatives for this site. At this time, the estimated costs for

the various sediment remedy alternatives in the draft EE/CA as well as costs for the additional studies and design work needed before the clean-up can occur, and for regulatory oversight throughout the clean-up range from \$44.8 million to \$350 million. We have recorded a liability of \$44.8 million for the sediment clean-up, which reflects the low end of the range. At this time, we believe sediments at this site represent the largest portion of our liability related to the Portland Harbor site, discussed above.

[Table of Contents](#)

Other Portland Harbor. NW Natural incurs costs related to its membership in the LWG. NW Natural also incurs costs related to natural resource damages from these sites. The Company and other parties have signed a cooperative agreement with the Portland Harbor Natural Resource Trustee council to participate in a phased natural resource damage assessment to estimate liabilities to support an early restoration-based settlement of natural resource damage claims. Natural resource damage claims may arise only after a remedy for clean-up has been settled. We have recorded a liability for these claims which is at the low end of the range of the potential liability; the high end of the range cannot be reasonably estimated at this time. This liability is not included in the range of costs provided in the draft FS for the Portland Harbor or noted above.

GASCO UPLANDS SITE. A predecessor of NW Natural owned a former gas manufacturing plant that was closed in 1958 (Gasco site) and is adjacent to the Portland Harbor site described above. The Gasco site has been under investigation by us for environmental contamination under the ODEQ Voluntary Clean-Up Program. It is not included in the range of remedial costs for the Portland Harbor site noted above. We manage the Gasco site in two parts, the uplands portion and the groundwater source control action.

We submitted a revised Remedial Investigation Report for the uplands to ODEQ in May 2007. In March 2015, ODEQ approved the RA NW Natural submitted in 2010, enabling us to begin work on the FS in 2016. We have recognized a liability for the remediation of the uplands portion of the site which is at the low end of the range of potential liability; the high end of the range cannot be reasonably estimated at this time.

In September 2013, we completed construction of a groundwater source control system, including a water treatment station, at the Gasco site. We are working with ODEQ on monitoring the effectiveness of the system and at this time it is unclear what, if any, additional actions ODEQ may require subsequent to the initial testing of the system or as part of the final remedy for the uplands portion of the Gasco site. We have estimated the cost associated with the ongoing operation of the system and have recognized a liability which is at the low end of the range of potential cost. We cannot estimate the high end of the range at this time due to the uncertainty associated with the duration of running the water treatment station, which is highly dependent on the remedy determined for both the upland portion as well as the final remedy for our Gasco sediment exposure.

Beginning November 1, 2013, capital asset costs of \$19.0 million for the Gasco water treatment station were placed into rates with OPUC approval. The OPUC deemed these costs prudent. Beginning November 1, 2014, the OPUC approved the application of \$2.5 million from insurance proceeds plus interest to reduce the total amount of Gasco capital costs to be recovered through rate base. A portion of these proceeds was non-cash in 2014.

OTHER SITES. In addition to those sites above, we have environmental exposures at four other sites: Siltronic, Central Service Center, Front Street and Oregon Steel Mills. Due to the uncertainty of the design of remediation, regulation, timing of the remediation and in the case of the Oregon Steel Mills site, pending litigation, liabilities for each of these sites have been recognized at their respective low end of the range of potential liability; the high end of the range could not be reasonably estimated at this time.

Siltronic Upland. A portion of the Siltronic property adjacent to the Gasco site was formerly owned by Portland Gas and Coke, NW Natural's predecessor. We are currently conducting an investigation of manufactured gas plant wastes on the uplands at this site for ODEQ.

Central Service Center site. We are currently performing an environmental investigation of the property under ODEQ's Independent Cleanup Pathway. This site is on ODEQ's list of sites with confirmed releases of hazardous substances, and cleanup is necessary.

Front Street site. The Front Street site was the former location of a gas manufacturing plant we operated (the former Portland Gas Manufacturing site, or PGM). At ODEQ's request, we conducted a sediment and source control investigation and provided findings to ODEQ. In December 2015, we completed a FS on the former Portland Gas Manufacturing site. The FS provided a range of \$7.6 million to \$12.9 million for remedial costs. We have recorded a liability at the low end of the range of possible loss as no alternative in the range is considered more likely than another. Further, we have recognized an additional liability of \$1.1 million for

additional studies and design costs as well as regulatory oversight throughout the clean-up that will be required to assist in ODEQ making a remedy selection and completing a design.

Oregon Steel Mills site. Refer to the "Legal Proceedings," below.

[Table of Contents](#)

Site Remediation and Recovery Mechanism (SRRM)

We have a SRRM through which we track and have the ability to recover past deferred and future prudently incurred environmental remediation costs allocable to Oregon, subject to an earnings test.

REGULATORY ACTIVITIES. In February 2015, the OPUC issued an Order addressing outstanding issues related to the SRRM (2015 Order), which required us to forego collection of \$15 million out of approximately \$95 million in total environmental remediation expenses and associated carrying costs the Company had deferred through 2012 based on the OPUC's determination of how an earnings test should apply to amounts deferred from 2003 to 2012, with adjustments for other factors the OPUC deemed relevant. As a result, we recognized a \$15.0 million non-cash charge in operations and maintenance expense in the first quarter of 2015. Also, as a result of the 2015 Order, we recognized \$5.3 million pre-tax of interest income related to the equity earnings on our deferred environmental expenses.

In addition, the OPUC issued a subsequent Order regarding SRRM implementation (2016 Order) in January 2016 in which the OPUC: (1) disallowed the recovery of \$2.8 million of interest earned on the previously disallowed environmental expenditure amounts; (2) clarified the state allocation of 96.68% of environmental remediation costs for all environmental sites to Oregon; and (3) confirmed our treatment of \$13.8 million of expenses put into the SRRM amortization account was correct and in compliance with prior OPUC orders. As a result of the 2016 Order, we recognized a \$3.3 million non-cash charge in the first quarter, of which \$2.8 million is reflected in other income and expense, net and \$0.5 million is included in operations and maintenance expense.

COLLECTIONS FROM OREGON CUSTOMERS. The SRRM provides us with the ability to recover past deferred and future prudently incurred environmental remediation costs allocable to Oregon, subject to an earnings test. The SRRM created three classes of deferred environmental remediation expense:

- Pre-review - This class of costs represents remediation spend that has not yet been deemed prudent by the OPUC. Carrying costs on these remediation expenses are recorded at our authorized cost of capital. The Company anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by the end of the third quarter of the following year.
- Post-review - This class of costs represents remediation spend that has been deemed prudent and allowed after applying the earnings test, but is not yet included in amortization. We earn a carrying cost on these amounts at a rate equal to the five-year treasury rate plus 100 basis points.
- Amortization - This class of costs represents amounts included in current customer rates for collection and is generally calculated as one-fifth of the post-review deferred balance. We earn a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate. We included \$8.4 million of deferred remediation expense approved by the OPUC for collection during the 2015-2016 PGA year.

In addition to the collection amount noted above, the Order also provides for the annual collection of \$5 million from Oregon customers through a tariff rider. As we collect amounts from customers, we recognize these collections as revenue and separately amortize our deferred regulatory asset balance through operating expense.

We received total environmental insurance proceeds of approximately \$150 million as a result of settlements from our litigation that was dismissed in July 2014. Under the OPUC Order, one-third of the Oregon allocated proceeds were applied to costs deferred through 2012, and the remaining two-thirds will be applied to costs over the next 20 years. Annually, the Order provided for the application of \$5 million of insurance proceeds plus interest against deferred remediation expense deemed prudent in the same annual period; annual amounts not utilized are carried forward to apply against future prudently incurred costs. We accrue interest on the insurance proceeds in the customer's favor at a rate equal to the five-year treasury rate plus 100 basis points. As of June 30, 2016, we have applied \$63.2 million of insurance proceeds to prudently incurred remediation costs.

[Table of Contents](#)

The following table presents information regarding the total regulatory asset deferred:

<i>In thousands</i>	June 30,		December 31,
	2016	2015	2015
Deferred costs and interest ⁽¹⁾	\$ 53,065	\$ 79,135	\$ 79,505
Accrued site liabilities ⁽²⁾	120,075	91,176	125,026
Insurance proceeds and interest	(97,547)	(120,394)	(118,677)
Total regulatory asset deferral ⁽¹⁾	75,593	49,917	85,854
Current regulatory assets ⁽³⁾	9,610	—	9,270
Long-term regulatory assets	65,983	49,917	76,584

⁽¹⁾ Includes pre-review and post-review deferred costs, amounts currently in amortization, and interest, net of amounts collected from customers.

⁽²⁾ Excludes \$0.3 million, or 3.32% of the Front Street site liability as the OPUC allows recovery of 96.68% of costs for all sites, including those that historically served only Oregon customers.

⁽³⁾ Environmental costs relate to specific sites approved for regulatory deferral by the OPUC and WUTC. In Oregon, we earn a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. We also accrue a carrying charge on insurance proceeds for amounts owed to customers. In Washington, a carrying charge related to deferred amounts will be determined in a future proceeding. Current environmental costs represent remediation costs management expects to collect from customers in the next 12 months. Amounts included in this estimate are still subject to a prudence and earnings test review by the OPUC and do not include the \$5 million tariff rider. The amounts allocable to Oregon are recoverable through utility rates, subject to an earnings test.

ENVIRONMENTAL EARNINGS TEST. The 2015 Order directed us to implement an annual environmental earnings test for our prudently incurred remediation expense. Prudently incurred Oregon allocated annual remediation expense and interest in excess of the \$5 million tariff rider and \$5 million insurance proceeds application plus interest on the insurance proceeds are recoverable through the SRRM, to the extent the utility earns at or below our authorized Return On Equity (ROE). To the extent the utility earns more than its authorized ROE in a year, the utility is required to cover environmental expenses and interest on expenses greater than \$10 million (plus interest from insurance proceeds) with those earnings that exceed its authorized ROE.

Under the 2015 Order, the OPUC will revisit the deferral and amortization of future remediation expenses, as well as the treatment of remaining insurance proceeds three years from the original Order, or earlier if the Company gains greater certainty about its future remediation costs, to consider whether adjustments to the mechanism may be appropriate.

WASHINGTON DEFERRAL. In Washington, cost recovery and carrying charges on amounts deferred for costs associated with services provided to Washington customers will be determined in a future proceeding. Annually, we review all regulatory assets for recoverability or more often if circumstances warrant. If we should determine all or a portion of these regulatory assets no longer meet the criteria for continued application of regulatory accounting, then we would be required to write-off the net unrecoverable balances against earnings in the period such a determination is made.

Legal Proceedings

NW Natural is subject to claims and litigation arising in the ordinary course of business. Although the final outcome of any of these legal proceedings cannot be predicted with certainty, including the matter described below, we do not expect that the ultimate disposition of any of these matters will have a material effect on our financial condition, results of operations or cash flows. See also Part II, Item 1, “*Legal Proceedings*.”

OREGON STEEL MILLS SITE. In 2004, NW Natural was served with a third-party complaint by the Port of Portland (the Port) in a Multnomah County Circuit Court case, Oregon Steel Mills, Inc. v. The Port of Portland. The Port alleges that in the 1940s and 1950s petroleum wastes generated by our predecessor, Portland Gas &

Coke Company, and 10 other third-party defendants, were disposed of in a waste oil disposal facility operated by the United States or Shaver Transportation Company on property then owned by the Port and now owned by Evraz Oregon Steel Mills. The complaint seeks contribution for unspecified past remedial action costs incurred by the Port regarding the former waste oil disposal facility as well as a declaratory judgment allocating liability for future remedial action costs. No date has been set for trial. Although the final outcome of this proceeding cannot be

[Table of Contents](#)

predicted with certainty, we do not expect the ultimate disposition of this matter will have a material effect on our financial condition, results of operations or cash flows.

For additional information regarding other commitments and contingencies, see Note 14 in the 2015 Form 10-K.

Name of Respondent		This Report is:	Date of Report	Year/Period of Report	
Northwest Natural Gas Company		X An Original A Resubmission	(Mo, Da, Yr)	Dec. 31, 2015	
STATEMENT OF INCOME FOR THE YEAR					
Line No.	Account	(Ref.) Page No.	Total Current Year to Date Balance for Quarter/Year	Equity Issuance Financing Adjustments (1)(2)	Pro Forma
	(a)	(b)	(c)		
1	UTILITY OPERATING INCOME				
2	Operating Revenues (400)	300-301	720,244,341		720,244,341
3	Operating Expenses				
4	Operation Expenses (401)	320-325	464,337,689		464,337,689
5	Maintenance Expenses (402)	320-325	12,490,955		12,490,955
6	Depreciation Expense (403)	336-338	74,409,793		74,409,793
7	Depreciation Expense for Asset Retirement Costs (403.1)		-		-
8	Amort. & Depl. of Utility Plant (404-405)	336-338	-		-
9	Amort. of Utility Plant Acu. Adjustment (406)	336-338	-		-
10	Amort of Prop. Losses, Unrecovered Plant and Regulatory Study Costs (407.1)		-		-
11	Amort. of Conversion Expenses (407.2)		-		-
12	Regulatory Debits (407.3)		3,513,050		3,513,050
13	(Less) Regulatory Credits (407.4)		-		-
14	Taxes Other Than Income Taxes (408.1)	262-263	46,223,362		46,223,362
15	Income Taxes - Federal (409.1)	262-263	23,878,816		23,878,816
16	- Other (409.1)	262-263	4,806,220		4,806,220
17	Provision for Deferred Income Taxes (410.1)	276-277	32,864,099		32,864,099
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	276-277	24,793,556		24,793,556
19	Investment Tax Credit Adj. - Net (411.4)		(148,314)		(148,314)
20	(Less) Gains from Disp. of Utility Plant (411.6)		-		-
21	Losses from Disp. of Utility Plant (411.7)		-		-
22	(Less) Gains from Disposition of Allowances (411.8)		-		-
23	Losses from Disposition of Allowances (411.9)		-		-
24	Accretion Expense (411.10)		-		-
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		637,582,114		637,582,114
26	Net Utility Operating income (Enter Total of line 2 less 25) (Carry forward to page 116, line 27)		82,662,227		82,662,227
	(a)	(b)	Date Balance for Quarter/Year (c)		Quarterly Only No Fourth Quarter (e)
27	Net Utility Operating Income (Carried forward from page 114)	-	82,662,227		82,662,227
28	Other Income and Deductions				
29	Other Income	-			
30	Nonutility Operating Income	-			
31	Revenues From Merch, Jobbing and Contract Work (415)	-	4,768,567		4,768,567
32	(Less) Costs and Exp. of Merch, Job & Contract Work (416)	-	4,840,450		4,840,450
33	Revenues From Nonutility Operations (417)	-	25,961,149		25,961,149
34	(Less) Expenses of Nonutility Operations (417.1)	-	12,842,637		12,842,637
35	Nonoperating Rental Income (418)	-	372,940		372,940
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(6,808,523)		(6,808,523)
37	Interest and Dividend Income (419)	-	2,802,538		2,802,538
38	Allow. for Other Funds Used During Constr (419.1)	-	-		-
39	Miscellaneous Nonoperating Income (421)	-	20,865		20,865
40	Gain on disposition of Property (421.1)	-	-		-
41	TOTAL Other Income (Total of lines 31 thru 40)		9,434,449		9,434,449
42	Other Income Deductions		-		-
43	Loss on Disposition of Property (421.2)	-	-		-
44	Miscellaneous Amortization (425)	-	-		-
45	Donations (426.1)	340	1,291,986		1,291,986
46	Life Insurance (426.2)	-	(2,187,796)		(2,187,796)
47	Penalties (426.3)	-	314		314
48	Expenditures for Certain Civic, Political and Related Activities (426.4)	-	1,544,920		1,544,920
49	Other Deductions (426.5)	-	134,954		134,954
50	TOTAL Other Income Deductions (Total of Lines 43 thru 49)	340	784,378		784,378
51	Taxes Applic. to Other Income and Deductions				
52	Taxes Other Than Income Taxes (408.2)	262-263	687,029		687,029
53	Income Taxes - Federal (409.2)	262-264	1,609,275		1,609,275
54	Income Taxes - Other (409.2)	262-265	350,356		350,356
55	Provision for Deferred Inc. Taxes (410.2)	272-277	101,298		101,298

56	(Less) Provision for Deferred Inc. Taxes - Cr. (411.2)	272-277	639,348		639,348
57	Investment Tax Credit Adj. - Net (411.5)	-	-		-
58	(Less) Investment Tax Credits (420)	-	-		-
59	TOTAL Taxes on Other Inc. and Ded. (Total of 52 thru 58)		2,108,610		2,108,610
60	Net Other Income and Deductions (Total of Lines 41, 50, 59)		6,541,461		6,541,461
61	Interest Charges				
62	Interest on Long-Term Debt (427)	256-257	35,178,050		35,178,050
63	Amortization of Debt Disc. and Expense (428)	258-259	1,302,745		1,302,745
64	Amortization of Loss on Reacquired Debt (428.1)	260	356,268		356,268
65	(Less) Amort. of Premium on Debt - Credit (429)	256-257	-		-
66	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-	-		-
67	Interest on Debt to Assoc. Companies (430)	340	-		-
Line No.	Title of Account	Ref. Page No.	Total Current Year to Date Balance for Quarter/Year		Current Three Months Ended Quarterly Only No Fourth Quarter
	(a)	(b)	(c)		(e)
67	Interest on Debt to Assoc. Companies (430)	340	-		-
68	Other Interest Expense (431)	340	2,165,011		2,165,011
69	(Less) Allow. for Borrowed Funds Used During Const.-Cr. (432)	-	159,970		159,970
70	Net Interest Charges (Total of lines 62 thru 69) (a)note below		38,842,104		38,842,104
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		50,361,584		50,361,584
72	Extraordinary Items				
73	Extraordinary Income (434)	-	-		-
74	(Less) Extraordinary Deductions (435)	-	-		-
75	Net Extraordinary Items (Total of line 73 less 74)		-		-
76	Income Taxes - Federal and Other (409.3)	262-263	-		-
77	Extraordinary Items After Taxes (Total of line 75 less line 76)		-		-
78	Net Income (Total of lines 71 and 77)		50,361,584		50,361,584

S-3ASR 1 d633998ds3asr.htm S-3ASR

[Table of Contents](#)

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 3, 2013
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

OREGON
(State or other jurisdiction of
incorporation or organization)

93-0256722
(I.R.S. Employer
Identification No.)

One Pacific Square, 220 N.W. Second Avenue
Portland, Oregon 97209
503-226-4211

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

MARDILYN SAATHOFF
Vice President, Legal, Risk & Compliance, Chief Compliance Officer and Corporate Secretary
One Pacific Square, 220 N.W. Second Avenue
Portland, Oregon 97209
503-226-4211

STEPHEN P. FELTZ
Senior Vice President
and Chief Financial Officer
One Pacific Square, 220 N.W. Second Avenue
Portland, Oregon 97209
503-226-4211

JOHN T. HOOD, Esq.
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
212-309-6281

(Names, addresses, including zip codes, and telephone numbers, including area codes, of agents for service)

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

EXHIBIT I

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Table of Contents

If this Form is a registration statement pursuant to General Instruction I.D. or a post effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities, Junior Subordinated Debentures, Preferred Stock, Common Stock		(1)(2)(3)		(4)
Common Stock (for issuance under the NW Natural Dividend Reinvestment and Direct Stock Purchase Plan)	498,379 Shares	\$42.14(3)(5)	\$21,001,691(5)	\$2,172(6)

- (1) Omitted pursuant to Form S-3, General Instruction II.E.
- (2) An unspecified aggregate initial offering of the securities of each identified class is being registered as may from time to time be offered by Northwest Natural Gas Company (“NW Natural”) at unspecified prices, along with an indeterminate number of securities that may be issued upon exercise, settlement, exchange or conversion of securities offered hereunder. Separate consideration may or may not be received for securities that are issuable upon exercise, settlement, conversion or exchange of other securities.
- (3) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the “Securities Act”), this registration statement also covers such indeterminate number of additional securities as may become deliverable as a result of stock splits, stock dividends or similar transactions.
- (4) In accordance with Rules 456(b) and 457(r) under the Securities Act, NW Natural is deferring payment of all of the registration fee. In connection with the securities offered hereby, NW Natural will pay “pay as you go registration fees” in accordance with Rule 456(b).
- (5) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and low prices of the registrant’s common stock on the New York Stock exchange composite tape on December 2, 2013.
- (6) Pursuant to Rule 415(a)(6) under the Securities Act, 98,379 shares of NW Natural’s common stock registered hereunder are unsold securities previously registered on Registration Statement No. 333-171596 filed on January 7, 2011 (the “Prior Registration Statement”). Pursuant to Rule 415(a)(6) under the Securities Act, the \$534 filing fee previously paid in connection with such unsold securities will continue to be applied to such unsold securities. The amount of the registration fee in the “Calculation of Registration Fee” table relates to the additional 400,000 shares of NW Natural’s common stock being registered hereunder. As a result, a filing fee of \$2,172 is being paid herewith. Pursuant to Rule 415(a)(6) under the Securities Act, the offering of unsold securities under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

Table of Contents**EXPLANATORY NOTE**

This registration statement contains two (2) separate prospectuses:

1. The first prospectus relates to the offering by Northwest Natural Gas Company of Debt Securities, Junior Subordinated Debentures, Preferred Stock and Common Stock.
2. The second prospectus relates to the offering by Northwest Natural Gas Company of its Common Stock under its Dividend Reinvestment and Direct Stock Purchase Plan.

Each offering of securities made under this registration statement will be made pursuant to one of these prospectuses, with the specific terms of the securities offered thereby, other than Common Stock offered under the Dividend Reinvestment and Direct Stock Purchase Plan, set forth in an accompanying prospectus supplement.

[Table of Contents](#)

PROSPECTUS



NORTHWEST NATURAL GAS COMPANY

DEBT SECURITIES

JUNIOR SUBORDINATED DEBENTURES

PREFERRED STOCK

COMMON STOCK

Northwest Natural Gas Company, or NW Natural, may offer any combination of the securities described in this prospectus in one or more offerings from time to time and in amounts authorized from time to time. NW Natural will provide specific terms of its securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

NW Natural's common stock is listed on the New York Stock Exchange and trades under the symbol "NWN."

NW Natural may offer these securities directly or through underwriters, agents or dealers. The supplements to this prospectus will describe the terms of any particular plan of distribution, including any underwriting arrangements. The "Plan of Distribution" section on page 16 of this prospectus also provides more information on this topic.

See the discussion of [risk factors](#) on page 2 of this prospectus and as contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, which are incorporated by reference into this prospectus, to read about certain factors you should consider before purchasing any of the securities being offered.

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 3, 2013.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>FORWARD-LOOKING STATEMENTS</u>	2
<u>NW NATURAL</u>	2
<u>RISK FACTORS</u>	2
<u>USE OF PROCEEDS</u>	2
<u>RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS</u>	3
<u>DESCRIPTION OF DEBT SECURITIES</u>	3
<u>DESCRIPTION OF THE BONDS</u>	3
<u>DESCRIPTION OF THE UNSECURED DEBT SECURITIES</u>	8
<u>DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES</u>	12
<u>DESCRIPTION OF PREFERRED STOCK</u>	12
<u>DESCRIPTION OF COMMON STOCK</u>	13
<u>PLAN OF DISTRIBUTION</u>	16
<u>EXPERTS</u>	17
<u>LEGALITY</u>	17

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that NW Natural filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration, or continuous offering, process. Under this shelf registration process, NW Natural, from time to time, may sell any combination of the securities described in this prospectus in one or more offerings. NW Natural may offer any of the following securities: Debt Securities, Junior Subordinated Debentures, Common Stock or Preferred Stock.

This prospectus provides you with a general description of the securities that NW Natural may offer. Each time NW Natural sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will be discussed in the applicable prospectus supplement, if necessary. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.”

For more detailed information about the securities, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

NW Natural files annual, quarterly and other reports and other information with the SEC. Reports, proxy statements and other information filed by NW Natural can be read and copied at the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330.

In addition, the SEC maintains a Web site (<http://www.sec.gov>) that contains reports, proxy statements and other information filed electronically by NW Natural. NW Natural also maintains a Web site (<http://www.nwnatural.com>). Information contained on NW Natural’s Web site does not constitute part of this prospectus.

The SEC allows NW Natural to “incorporate by reference” the information that NW Natural files with the SEC, which means that NW Natural may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. NW Natural is incorporating by reference the documents listed below (other than any portions of such documents that are deemed to be furnished and not filed) and any future filings NW Natural makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), until NW Natural sells all of the securities described in this prospectus. Information that NW Natural files in the future with the SEC will automatically update and supersede this information.

- NW Natural’s Annual Report on Form 10-K for the year ended December 31, 2012.
- NW Natural’s Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2013.
- NW Natural’s Current Reports on Form 8-K filed with the SEC on March 1, 2013, May 30, 2013, July 11, 2013, August 19, 2013, October 11, 2013 and November 19, 2013.

You may request a copy of these documents, at no cost to you, by writing or calling Shareholder Services, Northwest Natural Gas Company, One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, telephone 503-226-4211.

Table of Contents

You should rely only on the information contained, or incorporated by reference, in this prospectus and any prospectus supplement. NW Natural has not, and any underwriters, agents or dealers have not, authorized anyone else to provide you with different information. NW Natural is not, and any underwriters, agents or dealers are not, making an offer of these securities or soliciting offers to buy these securities in any jurisdiction where the offer or solicitation is not permitted. You should not assume that the information contained in this prospectus and any prospectus supplement is accurate as of any date other than the date on the front of such document or that the information incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date of the document incorporated by reference.

FORWARD-LOOKING STATEMENTS

This document does, and the documents incorporated herein by reference may, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Exchange Act. Although NW Natural believes these statements are based on reasonable assumptions, no assurance can be given that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. The forward-looking statements contained herein and in the incorporated documents may be affected by various uncertainties. For a further discussion of forward-looking statements and of factors which may affect forward-looking statements contained herein and in the incorporated documents, see NW Natural's most recent Annual Report on Form 10-K and any of its Quarterly Reports on Form 10-Q filed after that Annual Report on Form 10-K.

NW NATURAL

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

RISK FACTORS

Investing in the securities involves certain risks. You are urged to read and consider the risk factors described in NW Natural's annual, quarterly and current reports filed with the SEC under the Exchange Act, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information NW Natural includes or incorporates by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and NW Natural cannot predict such risks or estimate the extent to which they may affect NW Natural's financial condition or performance. The prospectus supplement applicable to each type or series of securities NW Natural offers may contain a discussion of additional risks applicable to an investment in NW Natural and the particular type of securities NW Natural is offering under that prospectus supplement.

USE OF PROCEEDS

Unless otherwise stated in a prospectus supplement, the net proceeds to be received by NW Natural from the sale of these securities will be added to the general funds of NW Natural and used for corporate purposes, primarily to fund, in part, NW Natural's ongoing utility construction program and for general corporate purposes.

The prospectus supplement relating to a particular offering of securities will identify the use of proceeds for that offering.

Table of Contents

**RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS**

The ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preference dividends, calculated according to the rules set forth under the Securities Act, for the following periods were:

<u>Period</u>	<u>Ratios (1)</u>
Nine Months Ended September 30, 2013(2)	2.52
Year Ended December 31, 2012	3.26
Year Ended December 31, 2011	3.38
Year Ended December 31, 2010	3.71
Year Ended December 31, 2009	3.84
Year Ended December 31, 2008	3.75

Earnings consist of net income to which has been added taxes on income and fixed charges. Fixed charges consist of interest on all indebtedness, amortization of debt expense and discount or premium, and the estimated interest portion of rentals charged to income. Preference dividends are the amounts of pre-tax earnings that would be required to pay dividends on any outstanding preference equity securities (which could include any NW Natural preferred stock outstanding for the period).

- (1) NW Natural had no preference equity securities outstanding for any of the periods presented; therefore, the ratios of earnings to fixed charges are the same as the ratios of earnings to combined fixed charges and preference dividends.
- (2) A significant part of the businesses of NW Natural is seasonal in nature; therefore, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preference dividends for the interim period are not necessarily indicative of the results for a full year.

DESCRIPTION OF DEBT SECURITIES

General

The following sections set forth certain general terms and provisions of NW Natural's secured, unsecured and junior subordinated debt securities, consisting of first mortgage bonds and debentures, notes or other debt, that NW Natural may offer by this prospectus. NW Natural will describe the particular terms of the debt securities, and provisions that vary from those described below, in one or more prospectus supplements.

DESCRIPTION OF THE BONDS

General

NW Natural will issue its first mortgage bonds, in one or more series, under the Mortgage and Deed of Trust, dated as of July 1, 1946, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) (the Corporate Trustee) and Stanley Burg (successor to R.G. Page and J.C. Kennedy), as trustees (together, the Mortgage Trustees), which has been amended and supplemented in the past and which may be supplemented again by one or more supplemental indentures relating to these securities. This Mortgage and Deed of Trust, as amended and supplemented, is referred to in this prospectus as the "Mortgage." All first mortgage bonds issued or to be issued under the Mortgage, including the first mortgage bonds offered by this prospectus, are referred to herein as "First Mortgage Bonds."

Table of Contents

This section briefly summarizes some of the provisions of the First Mortgage Bonds and some of the provisions of the Mortgage and uses some terms that are not defined in this prospectus but that are defined in the Mortgage. This summary is not complete. The Mortgage is on file with the SEC and is incorporated by reference in this prospectus. You should read the Mortgage for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of First Mortgage Bonds may have different terms. NW Natural will include some or all of the following information about a specific series of First Mortgage Bonds in the prospectus supplement relating to those First Mortgage Bonds:

- the designation of the series and the aggregate principal amount of those First Mortgage Bonds,
- the interest rate(s) for those First Mortgage Bonds,
- the currency or currencies in which payment of the principal of and interest on those First Mortgage Bonds may be made,
- the date(s) on which those First Mortgage Bonds will mature,
- the dates on which NW Natural will pay the interest on those First Mortgage Bonds and the date from which interest will accrue,
- the place(s) where the principal of and interest on those First Mortgage Bonds will be payable,
- whether all or any portion of those First Mortgage Bonds will be issued to a designated depository,
- the additional place(s) for the payment of principal or interest or for the registration or transfer of those First Mortgage Bonds,
- any terms or obligations of NW Natural relating to creation of a sinking fund with respect to those First Mortgage Bonds or permitting conversion of those First Mortgage Bonds into capital stock of NW Natural or another entity,
- any terms permitting bondholders to exchange those First Mortgage Bonds for other securities,
- any terms pursuant to which NW Natural may redeem any of those First Mortgage Bonds, and
- any other terms or provisions relating to those First Mortgage Bonds that are not inconsistent with the provisions of the Mortgage.

Form, Exchange and Payment

Unless otherwise specified in the prospectus supplement relating to First Mortgage Bonds, First Mortgage Bonds will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

Security

First Mortgage Bonds issued or to be issued under the Mortgage are or will be secured by the Mortgage, which constitutes a first mortgage lien on certain gas utility properties owned from time to time by NW Natural (except as stated below), subject to Excepted Encumbrances, including minor defects and irregularities customarily found in properties of similar size and character.

The following are excepted from the lien of the Mortgage:

- (1) cash and securities,
- (2) certain equipment, apparatus, materials or supplies,

Table of Contents

- (3) aircraft, automobiles and other vehicles,
- (4) receivables, contracts, leases and operating agreements,
- (5) timber, minerals, mineral rights and royalties, and
- (6) all Natural Gas and Oil Production Property (See Mortgage, Article I, Section 4).

The Mortgage contains provisions that impose the lien of the Mortgage on property acquired by NW Natural after the date of the Mortgage, other than the excepted property described above and subject to pre-existing liens. However, if NW Natural consolidates, merges or sells substantially all of its assets to another corporation, the lien created by the Mortgage will generally not cover the property of the successor corporation, other than the property it acquires from NW Natural and improvements, extensions, additions, renewals and replacements of that property. (See Mortgage, Article XVI.)

The Mortgage provides that the Mortgage Trustees shall have a lien upon the mortgaged property, prior to that of the First Mortgage Bonds, for the payment of their reasonable compensation and expenses and for indemnity against certain liabilities. This lien takes priority over the lien securing the First Mortgage Bonds. (See Mortgage, Section 96.)

Issuance of Additional First Mortgage Bonds

First Mortgage Bonds may be issued from time to time on the basis of:

- (1) 60% of property additions, after adjustments to offset retirements (See “Modification of the Mortgage—Issuance of Additional First Mortgage Bonds,” below),
- (2) the retirement of First Mortgage Bonds or qualified lien bonds, or
- (3) the deposit of cash.

With certain exceptions in the case of (2) above, the issuance of First Mortgage Bonds must meet an earnings test. The adjusted net earnings before income taxes for 12 consecutive months out of the preceding 15 months must be at least twice the annual interest requirements on all First Mortgage Bonds at the time outstanding, including the First Mortgage Bonds being issued, and all indebtedness of prior rank.

Property additions generally include gas, electric, steam or hot water property or gas by-product property acquired after March 31, 1946, but will not include certain assets, including securities, airplanes, automobiles or other vehicles, or natural gas transmission lines or Natural Gas and Oil Production Property. As of September 30, 2013, approximately \$775.6 million of property additions were available for use as the basis for the issuance of First Mortgage Bonds. As of September 30, 2013, approximately \$198 million of retired First Mortgage Bonds were available for use as the basis for the issuance of First Mortgage Bonds.

The Mortgage contains certain restrictions upon the issuance of First Mortgage Bonds against property subject to liens.

(See Mortgage, Sections 4-7, 20-30 and 46, and Third Supplemental Indenture, Sections 3 and 4.)

Release and Substitution of Property

Property may be released from the lien of the Mortgage on the basis of:

- (1) the deposit of cash or, to a limited extent, purchase money mortgages,
- (2) property additions, or

Table of Contents

- (3) the waiver of the right to issue First Mortgage Bonds on the basis of retired First Mortgage Bonds, in each case without applying an earnings test.

Cash so deposited as the basis for a release and cash deposited as the basis for the issuance of additional First Mortgage Bonds may be withdrawn upon the bases stated in (2) and (3) above without applying an earnings test. When property released is not funded property, property additions used to effect the release may again, in certain cases, become available as credits under the Mortgage, and the waiver of the right to issue First Mortgage Bonds to effect the release may, in certain cases, cease to be effective as such a waiver. Similar provisions are in effect as to cash proceeds of such property. The Mortgage contains special provisions with respect to qualified lien bonds pledged and the disposition of moneys received on pledged prior lien bonds. (See Mortgage, Sections 5, 31, 32, 37, 46 to 50, 59 to 61, 100 and 118.)

Satisfaction and Discharge of Mortgage

The lien of the Mortgage may be canceled and discharged whenever all indebtedness secured by the Mortgage has been paid. First Mortgage Bonds, or any portion of the principal amount thereof, will, prior to the maturity thereof, be deemed to have been paid for purposes of satisfying the lien of the Mortgage and shall not be deemed to be outstanding for any other purpose of the Mortgage if there shall have been deposited with the Corporate Trustee either:

- (1) moneys in the necessary amount, or
- (2) (a) direct obligations of the government of the United States of America, or
- (b) obligations guaranteed by the government of the United States of America, or
- (c) securities that are backed by obligations of the government of the United States of America as collateral under an arrangement by which the interest and principal payments on the collateral generally flow immediately through to the holder of the security,

which in any case are not subject to redemption prior to maturity by anyone other than the holders, and the principal of and the interest on which when due, and without any regard to reinvestment thereof, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said First Mortgage Bonds or portions thereof on the redemption date or maturity date thereof, as the case may be. (See Mortgage, Section 106 and Thirteenth Supplemental Indenture, Section 3.02.)

Defaults and Notice Thereof

Defaults are:

- (1) default in payment of principal,
- (2) default for 60 days in payment of interest or of installments of funds for the retirement of First Mortgage Bonds,
- (3) certain defaults with respect to qualified lien bonds,
- (4) certain events in bankruptcy, insolvency or reorganization, and
- (5) default for 90 days after notice in the case of a breach of certain other covenants.

The Mortgage Trustees may withhold notice of default (except in payment of principal, interest or any fund for the retirement of First Mortgage Bonds) if they think it is in the interest of the bondholders. (See Mortgage, Sections 65 and 66.)

Table of Contents

Holders of 25% of the First Mortgage Bonds may declare the principal and the interest due on default, but a majority may annul such declaration if such default has been cured. No holder of First Mortgage Bonds may enforce the lien of the Mortgage without giving the Mortgage Trustees written notice of a default and unless holders of 25% of the First Mortgage Bonds have requested the Mortgage Trustees to act and offered them reasonable opportunity to act and the Mortgage Trustees have failed to act. The Mortgage Trustees are not required to risk their funds or incur personal liability if there is reasonable ground for believing that the repayment is not reasonably assured. Holders of a majority of the First Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Mortgage Trustees, or exercising any trust or power conferred upon the Mortgage Trustees, but the Mortgage Trustees are not required to follow such direction if not sufficiently indemnified for expenditures. (See Mortgage, Sections 67, 71, 80 and 94.)

Evidence to be Furnished to the Mortgage Trustees

Compliance with the Mortgage provisions is evidenced by written statements of NW Natural's officers or persons selected by NW Natural. In certain major matters the accountant, engineer, appraiser or other expert must be independent. Various certificates and other papers, including an annual certificate with reference to compliance with the terms of the Mortgage and absence of defaults, are required to be filed annually and upon the occurrence of certain events. (See Mortgage, Sections 38, 41-46 and 121.)

Modification of the Mortgage

The rights of the bondholders may be modified with the consent of holders of 70% of the First Mortgage Bonds and, if less than all series of First Mortgage Bonds are affected, the consent also of holders of 70% of First Mortgage Bonds of each series affected. NW Natural has the right, without any consent or other action by holders of any outstanding series of First Mortgage Bonds, to substitute 66²/₃% for 70%. In general, no modification of the terms of payment of principal and interest, affecting the lien of the Mortgage or reducing the percentage required for modification (except as provided above) will be effective against any bondholder without his or her consent. (See Mortgage, Article XIX and Ninth Supplemental Indenture, Section 6.)

NW Natural has the right to amend the Mortgage, without any consent or other action by holders of any outstanding series of First Mortgage Bonds in the following respects:

Release and Substitution of Property

To permit the release of property at the lesser of its cost or its fair value at the time that such property became funded property, rather than at its fair value at the time of its release; and to facilitate the release of unfunded property. (See Mortgage, Sections 3, 59 and 60 and Eighteenth Supplemental Indenture, Section 2.03.)

Issuance of Additional First Mortgage Bonds

To clarify that:

- (1) for purposes of determining annual interest requirements, interest on First Mortgage Bonds or other indebtedness bearing interest at a variable interest rate shall be computed at the average of the interest rates borne by such First Mortgage Bonds or other indebtedness during the period of calculation or, if such First Mortgage Bonds or other indebtedness shall have been issued after such period or shall be the subject of pending applications, interest shall be computed at the initial rate borne upon issuance; and
- (2) no extraordinary items shall be included in operating expenses or deducted from revenues or other income in calculating adjusted net earnings (see Mortgage, Section 7); and
- (3) to revise the basis for the issuance of additional First Mortgage Bonds from 60% of property additions, after adjustments to offset retirements, to 70%.

Table of Contents

(See Mortgage, Sections 25, 26, 59 and 61 and Eighteenth Supplemental Indenture, Sections 2.01 and 2.02.)

The Corporate Trustee

Deutsche Bank Trust Company Americas also serves as the Indenture Trustee under the Indenture under which the Indenture Securities, as defined below, are issued.

DESCRIPTION OF THE UNSECURED DEBT SECURITIES

General

NW Natural will issue its unsecured debt securities, in one or more series, under an Indenture, dated as of June 1, 1991, between NW Natural and Deutsche Bank Trust Company Americas, as trustee (Indenture Trustee). This Indenture, as it may be amended and supplemented from time to time, is referred to in this prospectus as the “Indenture.” These unsecured debt securities offered by this prospectus are referred to in this prospectus as the “Unsecured Debt Securities.”

The Indenture provides for the issuance of debentures, notes or other debt by NW Natural in an unlimited amount from time to time. The Unsecured Debt Securities and all other debentures, notes or other debt of NW Natural issued or to be issued under the Indenture are collectively referred to in this prospectus as the “Indenture Securities.”

The Indenture does not limit the amount of debt, secured or unsecured, which may be issued by NW Natural.

Indenture Securities will rank equally with all other unsecured and unsubordinated indebtedness of NW Natural. Substantially all of the gas plants, distribution systems and certain other materially important physical properties of NW Natural are subject to the lien of the Mortgage securing the First Mortgage Bonds. (See “Description of the Bonds—Security” and “—Issuance of Additional First Mortgage Bonds”, above.)

This section briefly summarizes some of the provisions of the Unsecured Debt Securities and some of the provisions of the Indenture and uses some terms that are not defined in this prospectus but that are defined in the Indenture. This summary is not complete. The Indenture is on file with the SEC and is incorporated by reference in this prospectus. You should read the Indenture for a complete understanding of the provisions that may be important to you and for the definitions of some terms used in this summary.

Each series of Unsecured Debt Securities may have different terms. NW Natural will include some or all of the following information about a specific series of Unsecured Debt Securities in the prospectus supplement(s) relating to those Unsecured Debt Securities:

- the title of those Unsecured Debt Securities,
- any limit upon the aggregate principal amount of those Unsecured Debt Securities,
- whether those Unsecured Debt Securities will be offered on a periodic basis, with the specific terms of such Unsecured Debt Securities to be determined upon their issuance.
- the date(s) on which, and the manner in which, NW Natural will pay the principal of those Unsecured Debt Securities,
- the rate(s) of interest on those Unsecured Debt Securities, or how the rate(s) of interest will be determined, the date(s) from which interest will accrue, the dates on which NW Natural will pay interest, the record date for any interest payable on any interest payment date, the manner in which such interest shall be payable, and the basis of computation of interest,

Table of Contents

- the place(s) at which or methods by which the registered owners of those Unsecured Debt Securities may transfer or exchange those Unsecured Debt Securities and serve notices and demands to or upon NW Natural,
- any date(s) on which, the price(s) at which and the terms and conditions upon which those Unsecured Debt Securities may be redeemed, in whole or in part, at the option of NW Natural,
- any obligation of NW Natural, and the terms and conditions thereof, to redeem or repurchase those Unsecured Debt Securities, pursuant to any sinking fund or other provisions that would obligate NW Natural to repurchase or redeem those Unsecured Debt Securities,
- the denominations in which NW Natural may issue those Unsecured Debt Securities, if other than denominations of \$1,000 and any integral multiple of \$1,000,
- whether the amount of payments of principal of, or premium, if any, or interest on those Unsecured Debt Securities, may be determined with reference to an index, and, if so the manner in which such amounts shall be determined,
- the portion of the principal amount of those Unsecured Debt Securities that NW Natural will pay upon declaration of acceleration of the maturity of those Unsecured Debt Securities, if other than the entire principal amount of those Unsecured Debt Securities,
- any events of default with respect to those Unsecured Debt Securities and any covenants of NW Natural for the benefit of the registered owners of those Unsecured Debt Securities, other than those specified in this prospectus,
- the terms, if any, pursuant to which those Unsecured Debt Securities may be converted into or exchanged for shares of capital stock or other securities of NW Natural or any other entity,
- the person to whom NW Natural will pay interest on those Unsecured Debt Securities on any interest payment date, if other than the person in whose name those Unsecured Debt Securities are registered at the close of business on the record date for that interest payment,
- the amount and terms of a service charge, if any, for the registration of transfer or exchange of those Unsecured Debt Securities,
- any exceptions to the definition of Legal Holiday or variation in the definition of Business Day under the Indenture with respect to those Unsecured Debt Securities,
- the terms, if any, required to permit those Unsecured Debt Securities to be registered pursuant to a non-certificated system of registration, and
- any other terms of those Unsecured Debt Securities that are not inconsistent with the provisions of the Indenture.

Form, Exchange and Payment

Unless otherwise specified in the prospectus supplement relating to the Unsecured Debt Securities, the Unsecured Debt Securities will be (1) issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000 and (2) exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto, and principal, premium, if any, and interest will be payable at such office.

Defeasance

The principal amount of the Unsecured Debt Securities of any series issued under the Indenture will be deemed to have been paid for purposes of the Indenture and the entire indebtedness of NW Natural in respect

Table of Contents

thereof will be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited with the Indenture Trustee, in trust:

- (1) money in an amount which will be sufficient, or
- (2) in the case of a deposit made prior to the maturity of those Unsecured Debt Securities, Government Obligations (as defined below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Indenture Trustee, will be sufficient, or
- (3) a combination of (1) and (2) which will be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on the Unsecured Debt Securities of that series that are outstanding. For this purpose, Government Obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States of America entitled to the benefit of the full faith and credit thereof and certificates, depositary receipts or other instruments which evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof. (See Indenture, Sections 101, 701.)

If NW Natural deposits any money and/or Government Obligations with respect to the Unsecured Debt Securities of any series, or any portion of the principal amount thereof, prior to the maturity or redemption of such Unsecured Debt Securities or such portion of the principal amount thereof, for the satisfaction or discharge of the indebtedness of NW Natural in respect to such Unsecured Debt Securities or such portion thereof as described in Section 701 of the Indenture, NW Natural shall deliver to the Indenture Trustee either:

- (1) an instrument wherein NW Natural, notwithstanding such satisfaction and discharge, shall assume the obligation to irrevocably deposit with the Indenture Trustee such additional sums of money, if any, or additional Government Obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Government Obligations previously deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Unsecured Debt Securities or such portions thereof, all in accordance with and subject to the provisions of said Section 701; provided, however, that such instrument may state that the obligation of NW Natural to make additional deposits as described above shall be subject to the delivery to NW Natural by the Indenture Trustee of a notice asserting the amount of such deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing, selected by the Indenture Trustee, showing the calculation thereof, or
- (2) an opinion of counsel to the effect that the holders of such Unsecured Debt Securities, or such portions of the principal amount thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such satisfaction and discharge had not been effected.

In the event that NW Natural shall elect to deliver to the Indenture Trustee an instrument as described in clause (1) of the preceding paragraph in connection with any such deposit of money and/or Government Obligations with the Indenture Trustee, under current applicable United States federal income tax regulations, the holders of such Unsecured Debt Securities, or such portions thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of such satisfaction and discharge and will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been effected. There can be no assurance that such United States federal income tax regulations will not change such that, as a result of such deposit and delivery by NW Natural of such instrument, holders of Unsecured Debt Securities may recognize income, gain or loss for United States federal income tax purposes and may not be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such deposit had not been made.

Table of Contents

Events of Default and Notice Thereof

Events of default are:

- (1) default for three business days in payment of principal,
- (2) default for 60 days in payment of interest,
- (3) certain events in bankruptcy, insolvency or reorganization,
- (4) default for 90 days after notice in the case of a breach of any other covenant, and
- (5) any other event of default specified with respect to the Indenture Securities of a particular series.

No event of default with respect to a series of Indenture Securities necessarily constitutes an event of default with respect to the Indenture Securities of any other series.

The Indenture Trustee may withhold notice of default (except in payment of principal, interest or any funds for the retirement of Indenture Securities) if it, in good faith, determines that withholding of such notice is in the interest of the holders of the Indenture Securities. (See Indenture, Sections 801 and 903.)

Either the Indenture Trustee or the holders of not less than 33% in principal amount (or such lesser amount as may be provided in the case of discount Indenture Securities) of the outstanding Indenture Securities of all defaulted series, considered as one class, may declare the principal and interest on such series due on default, but NW Natural may annul such default by effecting its cure and paying overdue interest and principal. No holder of Indenture Securities may enforce the Indenture without having given the Indenture Trustee written notice of default, and unless the holders of a majority of the Indenture Securities of all defaulted series, considered as one class, shall have requested the Indenture Trustee to act and offered reasonable indemnity, and for 60 days the Indenture Trustee shall have failed to act. But, each holder has an absolute right to receive payment of principal and interest when due and to institute suit for the enforcement of such payment. The Indenture Trustee is not required to risk its funds or incur any financial liability if it has reasonable grounds to believe that repayment is not reasonably assured.

The holders of a majority of the Indenture Securities of all defaulted series, considered as one class, may direct the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee, with respect to the Indenture Securities of such series, but the Indenture Trustee is not required to follow such direction if not sufficiently indemnified and the Indenture Trustee may take any other action it deems proper which is not inconsistent with such direction. (See Indenture, Sections 802, 807, 808, 812 and 902.)

Evidence to be Furnished to the Indenture Trustee

Compliance with the Indenture provisions will be evidenced by written statements of NW Natural's officers. An annual certificate with reference to compliance with the covenants and conditions of the Indenture and the absence of defaults is required to be filed with the Indenture Trustee. (See Indenture, Section 1004.)

Modification of the Indenture

The rights of the holders of the Indenture Securities may be modified with the consent of the holders of a majority of the Indenture Securities of all series or Tranches, as defined below, affected, considered as one class. However, certain specified rights of the holders of Indenture Securities may be modified without the consent of the holders if such modification would not be deemed to adversely affect their interests in any material respect.

In general, no modification of the terms of payment of principal and interest, no reduction of the percentage in principal amount of the Indenture Securities outstanding under such series required to consent to any

Table of Contents

supplemental indenture or waiver under the Indenture, no reduction of such percentage necessary for quorum and voting, and no modification of certain of the provisions in the Indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults is effective against any holder of Indenture Securities without the consent of such holder. "Tranche" means a group of Indenture Securities which are of the same series and have identical terms except as to principal amount and/or date of issuance. (See Indenture, Article Twelve.)

The Indenture Trustee

Deutsche Bank Trust Company Americas also serves as the Corporate Trustee under the Mortgage under which the First Mortgage Bonds are issued.

DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES

NW Natural may issue junior subordinated debentures, in one or more series, under an indenture, between NW Natural and the trustee specified therein. The terms of any junior subordinated debentures will be described in a prospectus supplement.

DESCRIPTION OF PREFERRED STOCK

The following is a summary of certain rights and privileges of NW Natural's preferred stock, none of which is currently outstanding. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 24, 2012, and any articles of amendment to the Amended and Restated Articles of Incorporation establishing a particular series of preferred stock, which are filed as exhibits to this registration statement, or in the case of any articles of amendment relating to a future series of preferred stock, will be filed with the SEC prior to the issuance of such series, and incorporated herein by reference. The following statements are qualified in their entirety by such references.

The Board of Directors is authorized under NW Natural's Amended and Restated Articles of Incorporation to provide for the issuance from time to time of preferred stock in one or more series, and as to each series to fix and determine the relative rights and preferences, serial designation, dividend rate, redemption prices, voluntary and involuntary liquidation prices, sinking fund provisions for the redemption or purchase of shares, if any, and conversion provisions, if any, applicable to shares of such series. NW Natural will include some or all of this information about a specific series of preferred stock being offered in the prospectus supplement(s) relating to such series. As used herein, the term "preferred stock" includes all series.

Dividends

Each series of the preferred stock shall be entitled in preference to the common stock to dividends cumulative from the date of issue, at the rate fixed by the Board of Directors, payable quarterly on February 15, May 15, August 15 and November 15 in each year or on such other date or dates as the Board of Directors shall determine.

Voting Rights

Generally, only NW Natural's common stock has voting rights. The common stock has cumulative voting rights with respect to the election of directors. The preferred stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of preferred stock in accordance with NW Natural's Amended and Restated Articles of Incorporation.

Table of Contents

Certain terms relating to NW Natural's preferred stock in respect of dividends, liquidation rights, limitations on payment of dividends and voting are discussed below in "Description of Common Stock—Dividends and Liquidation Rights" and "—Dividend Limitations".

DESCRIPTION OF COMMON STOCK

General

The following is a summary of certain rights and privileges of NW Natural's common stock. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 24, 2012, which are incorporated herein by reference. The following statements are qualified in their entirety by such references.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 31, 2013, 27,002,556 shares of common stock were outstanding and no shares of preferred stock were outstanding.

Dividends and Liquidation Rights

Except as hereinafter stated, the common stock is entitled to receive such dividends as are declared by the Board of Directors and to receive ratably on liquidation any assets which remain after payment of liabilities. NW Natural has an authorized class of senior capital stock, referred to as preferred stock, none of which is currently outstanding. NW Natural's preferred stock is entitled in preference to the common stock (1) to cumulative dividends at the annual rate fixed for each series by the Board of Directors, and (2) in voluntary and involuntary liquidation, to the amounts fixed for each series by the Board of Directors, plus in each case, unpaid accumulated dividends.

Dividend Limitations

Should dividends on the preferred stock be in arrears, no dividends on the common stock may be paid or declared. Future series of the preferred stock could contain sinking fund, purchase or redemption obligations under which no dividends on the common stock may be paid or declared while such obligations are in default. Common stock dividends also may be restricted by the provisions of future instruments pursuant to which NW Natural may issue long-term debt.

Voting Rights

Except as provided by law or as described below, only the common stock has voting rights. Cumulative voting is permitted by the Amended and Restated Articles of Incorporation to holders of common stock at elections of directors.

Classification of the Board of Directors

The Board of Directors of NW Natural may consist of not less than 9 nor more than 13 persons, as determined by the Board, divided into three classes as nearly equal in number as possible. The number of directors as of the date of this prospectus is 9. One class is elected for a three-year term at each annual meeting of shareholders. Vacancies, including those resulting from an increase in the size of the Board, may be filled by a majority vote of the directors then in office, to serve until the next annual meeting of shareholders. One or more of the directors may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon; provided, however, that if fewer than all of the directors should be candidates for removal, no one of them shall be removed if the votes cast against such director's

Table of Contents

removal would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director shall be a part. Except for those persons nominated by the Board, no person shall be eligible for election as a director unless a request from a shareholder entitled to vote in the election of directors that such person be nominated and such person's consent thereto shall be delivered to the Secretary of NW Natural within the time period specified in advance of the meeting at which such election shall be held. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors.

Transactions with Related Persons

NW Natural shall not enter into any business transaction with a related person or in which a related person shall have an interest (except proportionately as a shareholder of NW Natural) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of NW Natural not held by such related person, and (2) the determination of a majority of the continuing directors that the cash or fair market value of the property, securities or other consideration to be received per share by the holders, other than such related person, of the shares of each class or series of the capital stock of NW Natural in such business transaction shall not be less than the highest purchase price paid by such related person in acquiring any of its holdings of shares of the same class or series, unless the continuing directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of NW Natural that caused such related person to become a related person, or (b) have expressly approved such business transaction. As used in this paragraph: a "business transaction" includes a merger, consolidation, plan of exchange or recapitalization, a purchase, sale, lease, exchange, transfer, mortgage or other disposition of all or a substantial part (10% or more of the fair market value of the assets) of the property and assets of NW Natural or a related person, an issuance, sale, exchange or other disposition of securities of NW Natural and a liquidation, spin-off or dissolution; a "related person" includes a person, organization or group thereof owning 10% or more of the capital stock of NW Natural; "continuing directors" are those whose nominations for directorship shall have been approved by a majority of the directors in office on April 9, 1984 or by a majority of the then continuing directors. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares of the capital stock of NW Natural (other than shares held by related persons).

Preemptive Rights

The holders of the common stock have no preemptive rights.

Other Provisions

The issued and outstanding shares of NW Natural's common stock are, and the common stock offered hereby will be, fully paid and nonassessable.

Certain Anti-Takeover Matters

NW Natural's Amended and Restated Articles of Incorporation and Bylaws include a number of provisions that may have the effect of discouraging persons from acquiring large blocks of its stock or delaying or preventing a change in its control. The material provisions that may have such an effect include:

- establishment of a classified Board of Directors, whereby only one-third of the board stands for election each year;
- limitations on certain business transactions (including mergers, consolidations, plans of exchange) with any person or entity and any persons or entities related thereto who beneficially own 10 percent or more of the capital stock of NW Natural;

Table of Contents

- authorization for NW Natural's Board of Directors (subject to any applicable law) to issue preferred stock in series and to fix rights and preferences of the series;
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by NW Natural's Board of Directors;
- requirement that holders of not less than two-thirds of the shares entitled to vote are required to remove directors or to amend certain provisions of NW Natural's Amended and Restated Articles of Incorporation; and
- requirement that Bylaws may only be amended or repealed by resolution of a majority of the Board of Directors, subject to repeal or change by action of the shareholders.

NW Natural is subject to the provisions of sections 60.825 to 60.845 of the Oregon Business Corporation Act (the "Oregon Business Combinations Act") which generally provide that in the event a person or entity acquires 15% or more of NW Natural's voting stock ("interested shareholder"), NW Natural and such interested shareholder and any affiliate may not engage in the following business combinations for a period of three years following the date that person became an interested shareholder:

- a merger or plan of share exchange;
- any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of NW Natural's assets or outstanding capital stock; and
- transactions that result in the issuance of capital stock to the shareholder that acquired 15% or more of the voting stock.

These restrictions do not apply if:

- the Board of Directors approved either the business combination or the share acquisition that resulted in the person becoming an interested shareholder before the time such person became an interested shareholder;
- as a result of the share acquisition, the person became an interested shareholder and 85% owner of the outstanding voting stock, excluding shares owned by persons who are directors and also officers and shares owned by certain employee benefit plans; or
- on or after the date the person became an interested shareholder, the business combination transaction is approved by the Board of Directors and authorized by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested shareholder.

NW Natural is also subject to the provisions of Sections 60.801 to 60.816 of the Oregon Business Corporation Act (the "Oregon Control Share Act"), which generally provide that a person who acquires voting stock in a transaction which results in such person holding more than 20%, 33-1/3% or 50% of the total voting power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by officers and inside directors, and by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by officers and inside directors. This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33-1/3% and 50%, respectively. The acquiring person may, but is not required to, submit to NW Natural an "acquiring person statement" setting forth certain information about the acquiring person and its plans with respect to NW Natural. The acquiring person statement may also request that NW Natural call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. Shares are not deemed to be acquired in

Table of Contents

a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the Oregon Business Corporation Act and the issuing corporation is a party to the merger or exchange agreement.

The Oregon Control Share Act and the Oregon Business Combinations Act have anti-takeover effects because they will encourage any potential acquirer to negotiate with NW Natural's Board of Directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. NW Natural has not adopted such a provision.

NW Natural is also subject to Oregon Revised Statutes Chapter 757.511 which generally provides that no person, directly or indirectly, shall acquire the power to exercise any substantial influence over the policies and actions of a public utility without first securing from the Oregon Public Utility Commission ("OPUC") an order authorizing such acquisition if such person is, or by such acquisition would become, an "affiliated interest" with such public utility as defined by Oregon law. Any applicant requesting such an order bears the burden of showing that granting the application is in the public interest. This provision of Oregon law may have anti-takeover effects by subjecting potential acquisitions to OPUC review and approval.

PLAN OF DISTRIBUTION

NW Natural may sell the securities offered pursuant to this prospectus and one or more prospectus supplements (Offered Securities) in one or more series in any of three ways: (1) through underwriters or dealers; (2) through agents; or (3) directly to a limited number of purchasers or to a single purchaser.

Through Underwriters or Dealers

If underwriters are used in the sale, the Offered Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at the initial public offering price or at varying prices determined at the time of the sale. The Offered Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more managing underwriters. The underwriter or underwriters with respect to the Offered Securities will be named in the prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover page of such prospectus supplement. Unless otherwise set forth in such prospectus supplement, the obligations of the underwriters to purchase the Offered Securities offered by such prospectus supplement will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such Offered Securities if any are purchased.

Through Agents

The Offered Securities may be sold through agents designated by NW Natural from time to time. A prospectus supplement will set forth the name of any agent involved in the offer or sale of the Offered Securities in respect of which such prospectus supplement is delivered as well as any commissions payable by NW Natural to such agent. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

Directly to One or More Purchasers

NW Natural may sell the Offered Securities directly to one or more purchasers. In this case, no underwriters or agents would be involved.

Table of Contents

General Information

The prospectus supplement with respect to the Offered Securities will set forth the terms of the offering of such Offered Securities, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of such Offered Securities and the proceeds to NW Natural from such sale;
- any underwriting discounts, agents' commissions and other items constituting underwriting compensation;
- any initial public offering price; and
- any discounts or concessions allowed or reallocated or paid to dealers.

Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If so indicated in the prospectus supplement with respect to the Offered Securities, NW Natural may authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the Offered Securities from NW Natural at the initial public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to those conditions set forth in such prospectus supplement, and such prospectus supplement will set forth the commission payable for solicitation of such contracts.

Agents, underwriters and dealers may be entitled under agreements entered into with NW Natural to indemnification by NW Natural against certain civil liabilities, including certain liabilities under the Securities Act or to contribution by NW Natural with respect to payments which such agents, underwriters and dealers may be required to make in respect thereof.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2012 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

LEGALITY

The legality of the securities will be passed upon for NW Natural by Margaret D. Kirkpatrick, Esquire, General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Kirkpatrick may rely upon the opinion of Morgan, Lewis & Bockius LLP as to certain legal matters arising under New York law. Morgan, Lewis & Bockius LLP may rely upon the opinion of Ms. Kirkpatrick as to certain legal matters arising under Oregon law. Ms. Kirkpatrick is regularly employed by NW Natural, participates in various NW Natural employee benefit plans under which she may receive shares of common stock and currently beneficially owns less than one percent of the outstanding shares of common stock of NW Natural.

[Table of Contents](#)

PROSPECTUS



NORTHWEST NATURAL GAS COMPANY
DIVIDEND REINVESTMENT AND
DIRECT STOCK PURCHASE PLAN

Common Stock

Northwest Natural Gas Company (NW Natural) has established its Dividend Reinvestment and Direct Stock Purchase Plan (Plan) to provide participants with a convenient way to purchase shares of common stock and reinvest all or a portion of the cash dividends paid on common stock in additional shares of NW Natural's common stock.

Participants in the Plan may:

- Reinvest cash dividends paid on the participants' shares of NW Natural's common stock in additional shares of common stock;
- Increase their investment in NW Natural's common stock by making optional cash payments of not less than \$25 per investment and not more than \$250,000 per calendar year, which maximum amount may be waived at our discretion, and continue to receive cash dividends on shares registered in their names and held in certificate form;
- Make an initial investment in NW Natural's common stock with a cash investment of at least \$250;
- Receive, upon request, certificates for whole shares of common stock credited to their Plan accounts;
- Deposit certificates representing common stock into their Plan accounts for safekeeping;
- Sell shares of common stock credited to their Plan accounts; and
- Withdraw from the Plan at any time.

Shares purchased under the Plan will, at NW Natural's option, be (i) authorized but unissued shares purchased directly from NW Natural, (ii) shares purchased in the open market or in privately negotiated transactions, or (iii) any combination of the foregoing. Any open market or privately negotiated purchases will be made through an independent agent. This prospectus relates to the offer and sale of up to 498,379 shares of common stock offered under the Plan.

Investors currently participating in the Plan will remain enrolled in the Plan and do not have to take any action unless they wish to terminate participation or change an election in the Plan.

NW Natural's common stock is listed on the New York Stock Exchange and trades under the ticker symbol "NWN."

To the extent required by applicable law in certain jurisdictions, shares of common stock offered under the Plan to certain persons are offered only through a registered broker/dealer in such jurisdictions.

See the discussion of [risk factors](#) on page 2 of this prospectus and as contained in NW Natural's annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, which are incorporated by reference into this prospectus, to read about certain factors you should consider before purchasing any of the securities being offered.

NW Natural's principal executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, and its telephone number is (503) 226-4211.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 3, 2013.

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>FORWARD-LOOKING STATEMENTS</u>	1
<u>NW NATURAL</u>	1
<u>RISK FACTORS</u>	2
<u>THE PLAN</u>	2
<u>Purpose</u>	2
<u>Advantages</u>	2
<u>Disadvantages</u>	3
<u>Other Features</u>	3
<u>Administration</u>	4
<u>Eligibility</u>	5
<u>Participation</u>	5
<u>Dividend Reinvestment</u>	6
<u>Optional Cash Payments</u>	7
<u>Purchases</u>	8
<u>Sales and Termination from the Plan</u>	9
<u>Reports to Participants</u>	9
<u>Certificates</u>	10
<u>Transfer of Shares Held in the Plan</u>	10
<u>Safekeeping Service for Common Stock Certificates</u>	10
<u>Other Information</u>	11
<u>USE OF PROCEEDS</u>	11
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	12
<u>DESCRIPTION OF COMMON STOCK</u>	14
<u>EXPERTS</u>	17
<u>LEGALITY</u>	17

You should rely only on the information contained in this prospectus and the documents that have been incorporated by reference. NW Natural has not authorized anyone else to provide you with different information. NW Natural is not making an offer of the common stock in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, as well as the information NW Natural has previously filed with the Securities and Exchange Commission that NW Natural incorporates by reference, is accurate as of any date other than the date thereof.

Table of Contents**WHERE YOU CAN FIND MORE INFORMATION**

NW Natural files annual, quarterly and other reports and other information with the SEC. Reports, proxy statements and other information filed by NW Natural can be read and requested through the SEC by mail at U.S. Securities and Exchange Commission, Office of FOIA/PA Operations, 100 F Street, N.E., Washington, D.C. 20549, by facsimile at (202) 772-9337, or online at its website (<http://www.sec.gov>). You can obtain information about access to the Public Reference Room and how to access or request records by calling the SEC at (202) 551-8090. The SEC website contains reports, proxy statements and other information filed electronically by NW Natural. NW Natural also maintains a Web site (<http://www.nwnatural.com>). Information contained on NW Natural's Web site does not constitute part of this prospectus.

The SEC allows NW Natural to "incorporate by reference" the information that NW Natural files with the SEC, which means that NW Natural may, in this prospectus, disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. NW Natural is incorporating by reference the documents listed below and any future filings NW Natural makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), until NW Natural sells all of the common stock described in this prospectus. Information that NW Natural files in the future with the SEC will automatically update and supersede this information.

- NW Natural's Annual Report on Form 10-K for the year ended December 31, 2012.
- NW Natural's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2013.
- NW Natural's Current Reports on Form 8-K filed with the SEC on March 1, 2013, May 30, 2013, July 11, 2013, August 19, 2013, October 11, 2013 and November 19, 2013.

You may request a copy of these documents, at no cost to you, by writing or calling Shareholder Services, Northwest Natural Gas Company, One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209, telephone 503-226-4211.

FORWARD-LOOKING STATEMENTS

This document does, and the documents incorporated herein by reference may, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Exchange Act. Although NW Natural believes these statements are based on reasonable assumptions, no assurance can be given that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. The forward-looking statements contained herein and in the incorporated documents may be affected by various uncertainties. For a further discussion of forward-looking statements and of factors which may affect forward-looking statements contained herein and in the incorporated documents, see NW Natural's most recent Annual Report on Form 10-K and any of its Quarterly Reports on Form 10-Q filed after that Annual Report on Form 10-K.

NW NATURAL

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

Table of Contents

RISK FACTORS

Investing in the common stock involves certain risks. You are urged to read and consider the risk factors described in NW Natural's annual, quarterly and current reports filed with the SEC under the Exchange Act, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information NW Natural includes or incorporates by reference in this prospectus. You should also be aware that new risks may emerge in the future at any time, and NW Natural cannot predict such risks or estimate the extent to which they may affect NW Natural's financial condition or performance.

You should also consider specific risk factors such as:

The price of NW Natural's common stock may rise during the period between making an optional cash payment, receipt of the payment by the Plan administrator and the actual purchase of the stock.

Participants in the Plan have no control over or authority to direct the timing or price at which shares of common stock are purchased for their accounts. You bear this risk by participating in the Plan. You will not earn interest on funds held by the Plan administrator pending their investment in common stock.

The price of NW Natural common stock may fall during the period between a request for sale, receipt of the request by the Plan administrator and the sale in the open market.

Participants should be aware that the price of NW Natural common stock may fall during the period between a request for sale, receipt of the request by the Plan administrator and the sale of the stock in the open market. You bear this risk by participating in the Plan. Therefore, you should evaluate this possibility when deciding whether and when to sell any shares through the Plan.

THE PLAN

DESCRIPTION OF THE PLAN

The provisions of the Plan in effect on and after the date hereof are presented in the following questions and answers.

Purpose

1. WHAT IS THE PURPOSE OF THE PLAN?

The Plan provides interested investors with a convenient method of purchasing NW Natural's common stock directly through the Plan administrator and provides current shareholders with a convenient method of investing cash dividends on their NW Natural shares in additional shares of common stock. At NW Natural's option, shares purchased under the Plan will be (a) authorized but unissued shares purchased directly from NW Natural, (b) shares purchased in the open market or in privately negotiated transactions, or (c) any combination of the foregoing. When shares purchased under the Plan are acquired directly from NW Natural, NW Natural will receive additional equity funds which will be added to its general funds and used for its continuing construction program and general corporate purposes as described in "Use of Proceeds."

Advantages

2. WHAT ARE THE ADVANTAGES OF THE PLAN?

- Investors who are not shareholders may enroll in the Plan by making an initial cash investment of at least \$250.

Table of Contents

- Participants in the Plan may elect to have cash dividends on all or a portion of the shares of common stock registered in their names (Registered Shares) and cash dividends on all or a portion of the shares of common stock in their Plan accounts (Plan Shares) automatically reinvested. All shares purchased under the Plan will be credited to and, unless otherwise requested, held in participant's accounts under the Plan. Cash dividends which are not reinvested will be paid to participants by check or through electronic direct deposit.
- Participants in the Plan may make optional cash payments (including payments made by authorizing direct debit from their personal bank accounts), after the initial investment, of up to a maximum amount of \$250,000 per calendar year, which maximum amount may be waived at our discretion.
- Full investment of funds is possible under the Plan because both full and fractional shares will be credited to participants' Plan accounts.
- Participants may enroll and manage their Plan accounts through the Agent's website at <http://www.amstock.com>.
- Personal recordkeeping is simplified by the issuance of statements showing account activity. Statements of account are a participant's continuing record of transactions and should be retained for tax purposes.
- Participants may sell shares of common stock held or deposited in their Plan accounts.

Disadvantages

3. WHAT ARE THE DISADVANTAGES OF THE PLAN?

- A participant will have no control over the prices at which shares are purchased or sold for his or her account, because:
 - purchases for the participant's account will be made during periods prescribed under the Plan. See Questions 10 and 15; and
 - participants cannot designate a specific price or a specific date at which to sell shares or select the broker through which sales will be made. See Question 20.

Therefore, the participant will bear the risk of fluctuations in the market price of NW Natural's common stock. See "Risk Factors."

- A participant will not receive any interest on dividends or optional cash payments held by the Plan administrator before the investment date.
- In the event that shares purchased under the Plan will be purchased in the open market or in privately negotiated transactions, participants in the Plan will pay a pro rata share of any brokerage fees and transaction costs incurred in connection with purchases of shares.

Other Features

4. WHAT ARE OTHER FEATURES OF THE PLAN?

- Non-shareholders of legal age may participate in the Plan by making a minimum initial cash investment of \$250 to purchase NW Natural's common stock under the terms of the Plan.
- For each meeting of shareholders, participants will receive proxies that will enable them to vote both Registered Shares and Plan Shares.

Table of Contents

Administration

5. WHO ADMINISTERS THE PLAN?

By participating in the Plan, each participant designates American Stock Transfer & Trust Company (AST) (or a successor thereto) as his or her Agent under the Plan. The Agent will administer the Plan, receive and hold participants' funds pending investment in additional shares of common stock, effect transfers of common stock, keep a continuous record of participation and prepare and send to each participant statements of the participant's Plan account. Shares purchased under the Plan will be registered in the name of the Agent (or its nominee) and held by the Agent for each participant in the Plan. In the event that AST ceases to act as the Plan administrator, NW Natural will appoint a new Plan administrator to act as Agent and administer the Plan.

The Agent will use a broker-dealer registered under the Securities Exchange Act of 1934 (Purchasing Representative) to act as an independent agent on behalf of Plan participants in purchasing and selling shares for participants in the open market or in privately negotiated transactions. Subject to the objective of obtaining the lowest over-all costs of shares purchased, the Purchasing Representative will have full discretion as to all matters relating to purchases of shares.

The law in some jurisdictions requires NW Natural to offer shares through this Plan only through a registered broker/dealer. In those instances, the Purchasing Representative will also act as the registered broker/dealer.

NW Natural reserves the right to interpret and administer the Plan as deemed necessary or desirable, including the right to limit or deny participation in the Plan where circumstances warrant. The terms and conditions of the Plan and its operation shall be governed by and construed in accordance with the laws of the State of Oregon. None of NW Natural, AST, or its Purchasing Representative will be liable for any act done in good faith or for any omission to act in good faith, provided that NW Natural shall not be relieved from any liability imposed under any federal, state or other applicable securities law which cannot be waived. You should recognize that NW Natural cannot assure you of a profit or protect you against a loss on shares purchased or sold under the Plan. A participant participates in the Plan at his or her sole discretion, risk and responsibility. See "Risk Factors."

6. WHO SHOULD I CONTACT WITH QUESTIONS CONCERNING THE PLAN AND ITS ADMINISTRATION?

Participants may contact the Agent:

- by writing to:

For inquiries:
American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219

For transaction processing:
American Stock Transfer & Trust Company
P.O. Box 922
Wall Street Station
New York, NY 10269-0560

- by calling 1-888-777-0321 from 8 a.m. to 7 p.m. ET, Monday through Thursday, and 8 a.m. to 5 p.m. ET, Friday. The interactive voice response is available 24 hours a day, 7 days per week.
- by email at info@amstock.com, or
- by visiting the Agent's website at <http://www.amstock.com>.

Existing shareholders may log into their accounts at www.amstock.com by clicking on "Shareholder Account Access" and following the instructions.

Table of Contents

Non-shareholders may enroll in and purchase shares under the Plan at www.amstock.com by clicking on “Invest Online” and following the instructions.

7. MAY THE PLAN BE SUSPENDED, MODIFIED OR DISCONTINUED?

The Board of Directors of NW Natural reserves the right to amend, suspend, modify or terminate the Plan at any time, including, but not limited to, the right to modify the fees and commissions charged to participants. Notice of any such amendment, suspension, major modification or termination of the Plan would be provided to all participants. Upon termination of the Plan, the Agent will send you a certificate or a statement evidencing electronically issued shares credited to your account for whole Plan Shares held in your account at the time of termination and a check for the cash value of any fractional Plan Shares held at such time.

Eligibility

8. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

The Plan is available to any person of legal age or entity, whether or not a holder of NW Natural’s common stock, provided that such person or entity fulfills the prerequisites for participation described under Question 9 and participation would not violate the securities or other laws of the state, territory or country where the participant resides that are applicable to NW Natural, the Plan or the participant. Shares for which dividends are reinvested by the Plan must be Registered Shares or Plan Shares. Beneficial owners of NW Natural common stock are owners whose shares are held in a brokerage account by a bank, broker or other custodial institution in “street name.” In order to participate in the Plan, such beneficial owners must request the bank, broker or other custodial institution to have such shares registered in the owner’s name. Alternatively, such beneficial owners may participate in the Plan indirectly by requesting the bank, broker or custodial institution to participate on the owner’s behalf.

In certain jurisdictions, applicable laws require NW Natural to use a registered broker-dealer to offer common stock under the Plan to persons not presently shareholders of record. No offers or sales will be effected in those jurisdictions unless NW Natural has satisfied the requirements of the state securities laws applicable to the operation of the Plan. To the extent required by applicable law in certain jurisdictions, NW Natural will offer shares of common stock under the Plan to persons not presently shareholders of record of common stock only through a registered broker/dealer in those jurisdictions. The Agent will select a registered broker/dealer through whom NW Natural will offer shares in those instances and for all Plan trading activity.

A Plan prospectus and enrollment or application information will be furnished upon request made to the Agent or it may be obtained from the Agent’s website at <http://www.amstock.com>.

Participation

9. HOW DO I ENROLL IN THE PLAN OR CHANGE MY METHOD OF PARTICIPATION?

Current participants will automatically be participants in the Plan as amended to date, and need do nothing to continue their participation.

After receiving a copy of this prospectus, shareholders may become participants in the Plan by completing and signing an enrollment card (Enrollment Card) and non-shareholders may become participants by completing and signing an application (Application).

An Enrollment Card or Application may be obtained by contacting the Agent at 1-888-777-0321 or by visiting their website at www.amstock.com and downloading the forms.

Table of Contents

The Enrollment Card and Application require a participant to choose a reinvestment option for participation in the Plan. By checking the appropriate box a participant may select:

- **Full Dividend Reinvestment**—Automatic reinvestment of cash dividends on all of the participant’s shares of common stock.
- **Partial Dividend Reinvestment**—Cash dividends received on that portion of shares you specify for reinvestment will be reinvested, and you will receive cash dividends on any remaining shares that are not specified for reinvestment.
- **Full Cash Payments Only**—All cash dividends on all of the participant’s shares of common stock will be paid to participants by check or through electronic deposit.
- **Optional Cash Purchases Only**—Cash dividends on all Registered Shares and Plan Shares will be paid to participants by check or through electronic deposit. The amount of optional cash payments which may be made by a participant may not exceed \$250,000 per calendar year, which maximum amount may be waived at our discretion.

Under any of the investment options, a participant may make optional cash investments of a minimum of \$25 (or a minimum of \$250 for the initial investment by a non-shareholder) and a maximum of \$100,000 per calendar year (including the initial investment) towards the purchase of additional shares of common stock.

If participants do not indicate an investment option on the enrollment form, their account will automatically be enrolled in the “Full Dividend Reinvestment” option.

Participants may change their reinvestment options by completing the tear-off portion of their Investment Statement of account or an enrollment form and sending it to the Agent. Changes will become effective as soon as practicable after they are received. Any change in reinvestment options must be received by the dividend record date (see Question 10, below) in order to be effective on the related payment date.

Dividend Reinvestment

10. HOW AND WHEN WILL CASH DIVIDENDS BE REINVESTED?

Each cash dividend payment date on the common stock will be an Investment Date under the Plan; which means that, for participants who choose to reinvest dividends, the dividend payments on such payment date will be used to purchase additional shares of common stock as of such payment date. Common stock cash dividend payment dates are ordinarily the fifteenth day of February, May, August and November and corresponding record dates normally precede payment dates by 15 days.

If NW Natural is meeting the requirements of the Plan with common stock purchased in the open market or in privately negotiated transactions, the Purchasing Representative will determine the exact timing of such purchases and the number of shares to be purchased, depending on the amount of reinvested dividends, market conditions and the requirements of federal securities laws, and the purchased shares will be credited to a participant’s Plan account as of the applicable Investment Date. If NW Natural elects to issue authorized but unissued shares of common stock directly to the Agent, these shares will be issued by NW Natural and credited to a participant’s Plan account as of the applicable Investment Date. The determination of the price for purchases of Plan Shares is explained in Question 17. In any case, dividends not invested in shares of common stock within 30 days of the dividend payment date will be returned, without interest, to the participant.

If a participant’s Enrollment Card is received by the Agent on or before the record date for a dividend payment, the dividend payable on such Investment Date will be used to purchase additional shares of common stock as of such Investment Date, unless the Enrollment Card indicates “Optional Cash Purchases Only.” If the Enrollment Card is received after the record date for any such cash dividend payment date, the reinvestment of dividends will start with the next dividend payment date. If a certificate representing Registered Shares to be

Table of Contents

deposited for safekeeping, together with a completed Safekeeping Authorization Instruction, is received on or before the record date for a dividend payment, reinvestment of dividends on such shares will begin with that dividend. If such certificate and Instruction are received after the record date for a dividend payment, reinvestment of dividends will begin with the next dividend payment date unless a participant already has elected "Full Dividend Reinvestment" for such shares.

For example, a dividend payable February 15 will be reinvested if a completed Enrollment Card, or a certificate and a completed Safekeeping Authorization Instruction, is received by the Agent on or before the record date of January 31. If the Enrollment Card, or such certificate and Instruction, is received after January 31, but on or before the record date for the next dividend payment, the first dividend reinvested will be the dividend payable May 15.

Optional Cash Payments

11. WHO IS ELIGIBLE TO MAKE OPTIONAL CASH PAYMENTS?

All Plan participants, whether or not they have authorized the reinvestment of dividends, are eligible to make optional cash payments.

12. HOW ARE OPTIONAL CASH PAYMENTS MADE?

A Plan participant may make an initial cash investment when enrolling by enclosing a check or money order with the Enrollment Card or Application. Checks should be made payable to "American Stock Transfer & Trust Co." and returned to the address specified or in the envelope provided. Thereafter, optional cash payments may be made by using the cash payment form attached to the statement of account, or through the Automatic Monthly Deduction Form (see Question 13). If a participant uses the cash payment form, the same amount of money need not be sent each month and there is no obligation to make an optional cash purchase each month.

13. WHAT IS THE AUTOMATIC MONTHLY DEDUCTIONS PROGRAM AND HOW DOES IT WORK?

The Plan offers a program which allows participants to make optional cash purchases by authorizing automatic payments from bank accounts designated by the participants. Payments made through this method which must be the same amount each month as designated by the participant, are deducted on or about the 10th of each month and are invested on or about the 15th of each month. For an Automatic Monthly Deduction Form, please contact the Agent.

14. WHAT ARE THE LIMITATIONS ON MAKING OPTIONAL CASH PAYMENTS?

There is a \$25 minimum amount required for optional cash payments by shareholders, except as provided in Question 20. In case of an initial optional cash payment by a non-shareholder, such optional cash payments cannot be less than \$250. The maximum aggregate optional cash payment that may be made by a participant in any calendar year cannot exceed \$250,000, which maximum amount may be waived at our discretion.

15. WHEN WILL OPTIONAL CASH PAYMENTS BE INVESTED?

Investment Dates for optional cash payments will occur monthly, usually on the 15th day of each month. Purchases may be made over a period of several days in the case of market purchases. All such purchases will be aggregated and credited to participants' accounts on the Investment Date occurring on or after receipt of the optional cash payment.

The Agent must receive optional cash payments at least three business days prior to an Investment Date to be invested on that Investment Date. Otherwise, the Agent will hold the optional cash payments for investment

Table of Contents

until the next Investment Date. Optional cash payments which remain uninvested more than 35 days following receipt by the Agent will be returned, without interest, to the participant. Optional cash payments received by the Agent will be returned to the participants upon written request received by the Agent at least three business days prior to the Investment Date following their receipt. No interest will be paid by NW Natural or the Agent on any cash investments received by the Agent pending investment.

Purchases

16. HOW MANY SHARES OF COMMON STOCK WILL BE PURCHASED?

The number of shares to be purchased under a Plan depends on the amount of a participant's funds available for investment and the price of the shares. The funds available for investment depend on what has been authorized in regard to dividend reinvestment, plus any optional cash payments made. In every case, available funds will be fully invested in both whole and fractional shares of common stock (computed to three decimal places). No one can predict the number of shares that will be purchased for Plan participants during a particular purchase period, and Plan participants cannot direct the purchase of a specific number of shares.

17. WHAT IS THE PRICE OF SHARES PURCHASED FOR THE PLAN?

If the Agent purchases authorized but unissued shares of common stock directly from NW Natural, the price of such shares will be the average of the high and low sales prices of NW Natural's common stock on the trading day preceding the applicable Investment Date reported on the consolidated tape for the NYSE listed companies administered by the Consolidated Tape Association.

The purchase price of shares purchased in respect of any Investment Date on the NYSE or through privately negotiated transactions will be the average price (including brokerage fees) paid by the Purchasing Representative to obtain them.

The Purchasing Representative may offset purchases of shares against sales of shares to be made for participants under the Plan with respect to an Investment Date, resulting in a net purchase or a net sale of shares.

18. WHAT IS THE SOURCE OF SHARES PURCHASED FOR THE PLAN?

NW Natural, at its discretion, may elect to satisfy the requirements of the Plan with either (i) authorized but unissued shares of common stock, (ii) shares of common stock purchased in the open market or in privately negotiated transactions, or (iii) any combination of the foregoing. If NW Natural elects to purchase shares of common stock in the open market or in privately negotiated transactions, the Purchasing Representative will make all such purchases necessary to meet the requirements of the Plan. Shares purchased in any month on the NYSE or through privately negotiated transactions will be purchased, at the discretion of the Purchasing Representative, during the period beginning on the third trading day prior to the Investment Date for that month and typically ending by the fifth trading day after the Investment Date. Other than establishing the length of any such investment period incorporated into the Plan, NW Natural does not exercise any direct or indirect control over the timing or price of purchases made by the Purchasing Representative.

NW Natural cannot change its determination that shares will be purchased on the open market or in privately negotiated transactions or directly from NW Natural more frequently than once every three months.

19. ARE ANY FEES OR EXPENSES INCURRED BY PARTICIPANTS?

In most cases, NW Natural will pay the fees and expenses to operate the Plan. However, there are some service fees and brokerage commissions which will be charged directly to participants. Participants will incur no broker fees, commissions or other charges for authorized but unissued shares purchased directly from NW

Table of Contents

Natural. Participants in the Plan will bear the cost of brokerage fees and commissions, any service charges and applicable taxes related to shares purchased or sold on the open market or in privately negotiated transactions.

A service fee of up to \$30 will be assessed for each item that is returned for insufficient funds. The Agent may place a hold on the account until the “insufficient funds” fee is received, sell shares from the account to collect the “insufficient funds” fee, or withhold the amount of the “insufficient funds” fee from future optional cash investments.

See Question 24 for fees associated with Safekeeping and Question 20 for service fees associated with the sale of shares.

NW Natural reserves the right at any time to change fees or to charge participants (including those who do not reinvest dividends) other fees, including but not limited to administrative, setup and handling fees. Notice of such future changes or additional fees will be sent to participants at least 30 days prior to their effective date.

Sales and Termination from the Plan

20. MAY PARTICIPANTS SELL OR WITHDRAW ALL OR A PORTION OF THEIR SHARES FROM THE PLAN?

Yes. Any participant may withdraw from the Plan, request that a certificate be issued for Plan Shares or request that all or a portion of the whole Plan Shares be sold and that the cash proceeds, less any fees discussed below, be forwarded to the participant. Participation in the Plan is entirely voluntary. In order to withdraw shares from the Plan, a participant must notify the Agent either in writing by using the transaction request form attached to the bottom of the statement or through the website at www.amstock.com that the participant wishes to withdraw.

A stock certificate for any whole number of shares may be issued from a Plan account as soon as practicable after it is requested by a participant or upon termination of the Plan by NW Natural. Certificates for whole shares withdrawn from the Plan will be registered under the name in which the participant’s certificates were registered upon entering the Plan. A cash payment will be made for any fraction of a share.

Except as otherwise provided in the following paragraph, any sale of whole shares will be made within two business days after receipt of the request by the Agent. The participant will receive the proceeds of the sale less a service charge of \$15, and any applicable brokerage fees or commissions and any withholding required under applicable tax laws, from the sale of the whole shares sold at the participant’s request and a cash payment for any fraction of a share credited to the participant’s account.

A participant may withdraw from the Plan at any time if notice is received at least three business days prior to a payable date, in such case the dividend will be paid in cash. If a participant’s request is received less than three business days prior to the payable date, then the immediate dividend will be reinvested and all subsequent dividends will be paid in cash.

If a participant disposes of all Registered Shares, NW Natural, at its option, either may treat such disposal as a notice of withdrawal or may continue to reinvest the dividends on Plan Shares.

Reports to Participants

21. HOW WILL PARTICIPANTS BE ADVISED OF THEIR PURCHASE OF SHARES OF COMMON STOCK AND OTHER ACTIVITY IN THEIR PLAN ACCOUNTS?

As soon as practicable after purchases for their accounts, statements will be mailed to participants advising them of their investments. The statements are participants’ continuing record of the cost of their purchases and

Table of Contents

should be retained for income tax purposes. In addition, participants will receive copies of the same communications sent to every other holder of shares of common stock, including NW Natural's annual report, notice of annual meeting and proxy statement, and income tax information form reporting dividends paid.

Certificates

22. WILL STOCK CERTIFICATES AUTOMATICALLY BE ISSUED FOR SHARES OF COMMON STOCK ACQUIRED UNDER THE PLAN?

No. Unless requested otherwise as described below or the account is terminated, the number of shares purchased under the Plan and any shares deposited with the Agent for safekeeping will be held by the Agent or its nominee for the participants. At any time, a participant may request the Agent to send him a certificate for any whole shares credited to the participant's account. Any remaining whole shares and fraction of a share will continue to be credited to the participant's account. This service protects against loss, theft or destruction of stock certificates.

Certificates for fractional shares will not be issued under any circumstances.

Shares credited to Plan accounts may not be used as collateral. To use Plan shares as collateral, participants must request that a certificate be issued in their name.

A participant's Plan account is maintained in the same name in which the participant's certificates were registered when he or she entered the Plan or if a participant enrolled in the Plan directly, the account is maintained in the name as shown on NW Natural's records at the time the participant enrolled.

Transfer of Shares Held in the Plan

23. CAN PLAN SHARES BE TRANSFERRED?

Upon written request, Plan shares can be transferred into names other than the account name, subject to compliance with any applicable laws and the payment by the participant of any applicable taxes, provided that the request is accompanied by a duly executed stock power that bears the signature(s) of the participant(s) and the signature(s) is/are Medallion Guaranteed by a financial institution, such as a commercial bank or a brokerage firm, that is a member of either the STAMP, SEMP or MSP Medallion Guarantee programs. Unless instructed otherwise, the Agent will hold the transferred shares in an account in the transferee's name in the Plan and apply the same dividend reinvestment options as existed with respect to the transferred account.

Safekeeping Service for Common Stock Certificates

24. WHAT IS THE PLAN'S SAFEKEEPING SERVICE AND HOW DOES IT WORK?

A participant may elect to deposit Registered Shares into his or her Plan account for safekeeping as Plan Shares. Any lost certificates must be replaced before a participant may deposit the shares represented by such certificate. A participant may elect to have cash dividends on shares deposited for safekeeping reinvested under the Plan.

Certificates representing Registered Shares to be deposited for safekeeping should be sent, together with a completed Safekeeping Authorization Instruction, by registered mail to the Agent. Certificates should not be endorsed. A Safekeeping Authorization Instruction may be obtained from the Agent at any time. The participant will incur a service fee of \$7.50 for the handling of each safekeeping request.

It is suggested that participants use registered mail when sending stock certificates, declaring a value equal to 2% of the market value of the shares on the date of mailing. This amount would be the approximate cost of replacing the certificates should they be lost in the mail.

Table of Contents

It is the responsibility of the participant to retain his or her records relative to the cost of any shares represented by certificates deposited for safekeeping.

Other Information

25. WHAT HAPPENS IF NW NATURAL ISSUES A STOCK DIVIDEND OR DECLARES A STOCK SPLIT?

Any dividend payable in stock or split shares distributed by NW Natural on Plan Shares, both full and fractional, will be credited to the participant's account. Such stock dividends or split shares distributed on Registered Shares will be mailed directly to the participant in the same manner as to the shareholders who are not participating in the Plan.

Transaction processing may be curtailed or suspended until the completion of any stock dividend, stock split or other corporate action.

26. HOW WILL A PARTICIPANT'S PLAN SHARES BE VOTED AT A MEETING OF SHAREHOLDERS?

Participants will be sent notices of meetings, proxy statements and proxy forms for each shareholder's meeting. Plan Shares, including fractional Plan Shares, will be voted as the participant directs. Registered Shares will be voted directly by the participant.

The proxy card sent to each participant in connection with any annual or special meeting of shareholders will represent all Registered Shares, if any, and all Plan Shares owned by such participant.

As in the case of non-participating shareholders, if no instructions are indicated on the properly signed and returned proxy card, all of the participant's shares—Registered Shares, if any, and Plan Shares—will be voted as provided on the proxy card. If the proxy card is not returned or if the participant does not grant a proxy by voting by telephone or the Internet, the participant's shares may be voted only if the participant or a duly appointed representative votes in person at the meeting.

27. WHAT ARE NW NATURAL'S AND THE AGENT'S RESPONSIBILITIES UNDER THE PLAN?

Neither NW Natural nor the Agent administering the Plan will be liable for any act done in good faith or for any good faith omission to act including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon such participant's death or with respect to the prices at which shares of common stock are purchased or sold for the participant's account and the times when such purchases or sales are made or with respect to any fluctuation in the market value after the purchase or sale of shares.

Participants should recognize that NW Natural cannot assure a profit or protect against a loss on the shares purchased or sold under the Plan.

USE OF PROCEEDS

NW Natural will receive proceeds from the purchase of its common stock pursuant to the Plan only to the extent that those purchases are of newly issued shares of its common stock made directly from NW Natural, and not from open market purchases. Any proceeds that NW Natural receives from purchases of newly issued shares will be added to NW Natural's general funds and used to finance, in part, its continuing utility construction program and for general corporate purposes. NW Natural cannot estimate the amount of any such proceeds at this time.

Table of Contents**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

NW Natural believes the following is an accurate summary of certain federal income tax consequences of participation in the Plan. This summary does not describe all of the material federal income tax considerations that may be relevant to participants in light of their particular circumstances or to participants that are subject to special rules, such as certain financial institutions, banks, insurance companies, tax-exempt entities, certain former citizens or residents of the United States, dealers in securities, traders in securities that elect to use a mark-to market method of accounting for federal income tax purposes, partnerships and other pass through entities and persons that would hold common stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction and participants whose functional currency is not the U.S. dollar. In addition, this summary does not address the effect of any state, local or other tax laws or any U.S. federal estate, gift or alternative minimum tax considerations. This summary is based upon the Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and final, temporary and proposed regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. You are advised to consult your tax or financial advisor with respect to federal, state, local, and other tax laws which apply to your specific situation.

Dividend Reinvestment

With respect to reinvested cash dividends used to purchase shares in the open market, a participant will be treated for federal income tax purposes as having received on the dividend payment date a distribution in an amount equal to the cash reinvested, plus any brokerage fees paid by the Purchasing Agent to obtain the shares. That amount will be treated as dividend income to the participant to the extent of NW Natural's current or accumulated earnings and profits, as determined for federal income tax purposes. The initial tax basis of the shares so purchased will be equal to the amount of the cash reinvested, plus any brokerage fees paid by the Purchasing Agent.

With respect to reinvested cash dividends that are used to acquire shares of common stock directly from NW Natural, a participant will be treated for federal income tax purposes as having received on the dividend payment date a distribution in an amount equal to the fair market value on that date of the full number of shares and any fractional shares purchased with the reinvested dividends. The fair market value of those shares on the dividend payment date will be treated as dividend income to the participant to the extent of the current and accumulated earnings and profits of NW Natural, as determined for federal income tax purposes. The tax basis of the shares so purchased will be equal to the fair market value of those shares on the dividend payment date.

Certain dividends are eligible for a reduced rate of federal income taxation for individuals (not exceeding 20%), provided that the dividend is paid with respect to shares held for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date, the individual is not obligated to make related payments with respect to substantially similar or related property, and certain other conditions are met. If such dividends do not qualify for the reduced rates, they will be taxable at regular ordinary income tax rates (at a maximum rate of 39.6%).

In addition, investment earnings, such as dividends and gains from the sale or exchange of our common stock, will be subject to a 3.8% Medicare tax in the hands of individuals having adjusted gross income in excess of \$200,000 (\$250,000 in the case of joint returns) (the "Medicare Tax"). The same tax will apply in the case of certain trusts and estates.

Other Purchases

Participants who purchase common stock through voluntary payments to the Plan are not treated for federal income tax purposes as recognizing income by virtue of the voluntary payment. A participant's share of any brokerage commissions paid by the Purchasing Agent in respect of such purchases will constitute taxable income to such participant. The tax basis of shares of common stock purchased with optional cash payments will equal

Table of Contents

the amount invested, plus the amount included in income as a result of brokerage commissions paid by the Purchasing Agent in respect of such purchases.

Sales

Gain or loss will be realized by a participant when whole and fractional shares are sold pursuant to the participant's request to sell shares held in the Plan and when whole shares are sold by the participant. A participant who receives on termination of participation or termination of the Plan a cash adjustment for a fractional share interest will recognize gain or loss with respect to such fraction. Such gain or loss will be measured by the difference between the amount the participant receives and his or her tax basis for the shares, or fraction of a share, sold. Shares of common stock will normally constitute long- or short-term capital gain or loss depending on the period for which the shares were held. Note that the Medicare Tax will apply to gains from the sale of our common stock.

Cost Basis

The statements you receive from the Plan administrator are your continuing record of the cost of your purchases and should be retained for tax purposes.

Recently published IRS Treasury Regulations require dividend reinvestment plan participants to reinvest at least 10 percent of all dividends (if any) paid on each share they hold in the plan in order for the participants to use the "average basis method" when determining the tax basis of any shares sold. NW Natural's Plan has not adopted this requirement because it would force participants to reinvest dividends. Consequently, participants will not be able to use the "average basis method" in determining the tax basis of any shares they sell under the Plan. The Plan has adopted the first-in, first-out "FIFO" method as its default when determining the tax basis of any shares sold. Participants may designate their preference for "specific identification" cost basis at the time of the request for the sale by identifying this preference in writing to the Plan administrator.

Tax Reporting

The IRS Form 1099-DIV mailed to each participant with respect to each year will report the dividend income realized by the participant during the year, including such participant's share of brokerage fees paid by NW Natural in respect of reinvested dividends or optional cash investments. That income may differ from the total of the reinvested dividends. An IRS Form 1099-B will be furnished to the participant in respect of any sales of shares through the Plan.

Withholding

If you fail to furnish a properly completed Form W-9 or its equivalent, then the "backup withholding" provisions of the Internal Revenue Code may cause us to withhold the required tax from any dividends or sales proceeds.

Participants who are not U.S. persons are generally subject to U.S. withholding tax with respect to dividends on shares held in their accounts. The amount of withholding is determined in accordance with U.S. Treasury Regulations (which may, among other things, permit withholding from the gross amount of a dividend, without regard to earnings and profits) and is imposed at a 30 percent rate, unless a lower rate is provided for in an applicable income tax treaty. Other participants may be subject to U.S. backup withholding. For participants who are subject to U.S. withholding tax or backup withholding, NW Natural or the applicable withholding agent will withhold the required taxes from the gross dividends or proceeds from the sale of the shares. The dividends or proceeds of a sale received by the participant, or dividends reinvested on behalf of the participant, will be net of the withheld amounts. Additionally, starting in 2014, dividends and sales proceeds payable to foreign shareholders will be subject to special reporting rules referred to as "FATCA". If these rules are not complied

Table of Contents

with, such dividends and sales proceeds will be subject to withholding tax at a rate of 30% notwithstanding a treaty that provides for a lower rate.

The information explained above is only a summary and does not purport to be a complete description of all tax consequences of participation in the Plan. The description may be affected by future legislation, IRS rulings and regulations, or court decisions. In addition, the taxation of foreign shareholders, except as noted, is not discussed in this prospectus. Accordingly, you should consult your own tax advisors with respect to the federal, state, local and foreign tax consequences of your participation in the Plan.

DESCRIPTION OF COMMON STOCK

General

The following is a summary of certain rights and privileges of NW Natural's common stock. This summary description does not purport to be complete. Reference is made to NW Natural's Amended and Restated Articles of Incorporation, amended as of June 3, 2008, and Bylaws, as amended through May 24, 2012, which are incorporated herein by reference. The following statements are qualified in their entirety by such references.

Under NW Natural's Amended and Restated Articles of Incorporation, NW Natural is authorized to issue 100,000,000 shares of common stock and 3,500,000 shares of preferred stock. At October 31, 2013, 27,002,556 shares of common stock were outstanding and no shares of preferred stock were outstanding.

The Board of Directors is authorized under NW Natural's Amended and Restated Articles of Incorporation to provide for the issuance from time to time of preferred stock in one or more series, and as to each series to fix and determine the relative rights and preferences, serial designation, dividend rate, redemption prices, voluntary and involuntary liquidation prices, sinking fund provisions for the redemption or purchase of shares, if any, and conversion provisions, if any, applicable to shares of such series.

Dividends and Liquidation Rights

Except as hereinafter stated, the common stock is entitled to receive such dividends as are declared by the Board of Directors and to receive ratably on liquidation any assets which remain after payment of liabilities. NW Natural has an authorized class of senior capital stock, referred to as preferred stock, none of which is currently outstanding. NW Natural's preferred stock is entitled in preference to the common stock (1) to cumulative dividends at the annual rate fixed for each series by the Board of Directors, and (2) in voluntary and involuntary liquidation, to the amounts fixed for each series by the Board of Directors, plus in each case, unpaid accumulated dividends.

Dividend Limitations

Should dividends on the preferred stock be in arrears, no dividends on the common stock may be paid or declared. Future series of the preferred stock could contain sinking fund, purchase or redemption obligations under which no dividends on the common stock may be paid or declared while such obligations are in default. Common stock dividends also may be restricted by the provisions of future instruments pursuant to which NW Natural may issue long-term debt.

Voting Rights

Except as provided by law or as described below, only the common stock has voting rights. Cumulative voting is permitted by the Amended and Restated Articles of Incorporation to holders of common stock at elections of directors.

Table of Contents

Classification of the Board of Directors

The Board of Directors of NW Natural may consist of not less than 9 nor more than 13 persons, as determined by the Board, divided into three classes as nearly equal in number as possible. The number of directors as of the date of this prospectus is 9. One class is elected for a three-year term at each annual meeting of shareholders. Vacancies, including those resulting from an increase in the size of the Board, may be filled by a majority vote of the directors then in office, to serve until the next annual meeting of shareholders. One or more of the directors may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon; provided, however, that if fewer than all of the directors should be candidates for removal, no one of them shall be removed if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director shall be a part. Except for those persons nominated by the Board, no person shall be eligible for election as a director unless a request from a shareholder entitled to vote in the election of directors that such person be nominated and such person's consent thereto shall be delivered to the Secretary of NW Natural within the time period specified in advance of the meeting at which such election shall be held. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors.

Transactions with Related Persons

NW Natural shall not enter into any business transaction with a related person or in which a related person shall have an interest (except proportionately as a shareholder of NW Natural) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of NW Natural not held by such related person, and (2) the determination of a majority of the continuing directors that the cash or fair market value of the property, securities or other consideration to be received per share by the holders, other than such related person, of the shares of each class or series of the capital stock of NW Natural in such business transaction shall not be less than the highest purchase price paid by such related person in acquiring any of its holdings of shares of the same class or series, unless the continuing directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of NW Natural that caused such related person to become a related person, or (b) have expressly approved such business transaction. As used in this paragraph: a "business transaction" includes a merger, consolidation, plan of exchange or recapitalization, a purchase, sale, lease, exchange, transfer, mortgage or other disposition of all or a substantial part (10% or more of the fair market value of the assets) of the property and assets of NW Natural or a related person, an issuance, sale, exchange or other disposition of securities of NW Natural and a liquidation, spin-off or dissolution; a "related person" includes a person, organization or group thereof owning 10% or more of the capital stock of NW Natural; "continuing directors" are those whose nominations for directorship shall have been approved by a majority of the directors in office on April 9, 1984 or by a majority of the then continuing directors. The foregoing provisions may not be amended or repealed except by the affirmative vote of the holders of not less than two-thirds of the shares of the capital stock of NW Natural (other than shares held by related persons).

Preemptive Rights

The holders of the common stock have no preemptive rights.

Other Provisions

The issued and outstanding shares of NW Natural's common stock are, and the common stock offered hereby will be, fully paid and nonassessable.

Table of Contents

Certain Anti-Takeover Matters

NW Natural's Amended and Restated Articles of Incorporation and Bylaws include a number of provisions that may have the effect of discouraging persons from acquiring large blocks of its stock or delaying or preventing a change in its control. The material provisions that may have such an effect include:

- establishment of a classified Board of Directors, whereby only one-third of the board stands for election each year;
- limitations on certain business transactions (including mergers, consolidations, plans of exchange) with any person or entity and any persons or entities related thereto who beneficially own 10 percent or more of the capital stock of NW Natural;
- authorization for NW Natural's Board of Directors (subject to any applicable law) to issue preferred stock in series and to fix rights and preferences of the series;
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by NW Natural's Board of Directors;
- requirement that holders of not less than two-thirds of the shares entitled to vote are required to remove directors or to amend certain provisions of NW Natural's Amended and Restated Articles of Incorporation; and
- requirement that Bylaws may only be amended or repealed by resolution of a majority of the Board of Directors, subject to repeal or change by action of the shareholders.

NW Natural is subject to the provisions of sections 60.825 to 60.845 of the Oregon Business Corporation Act (the "Oregon Business Combinations Act") which generally provide that in the event a person or entity acquires 15% or more of NW Natural's voting stock ("interested shareholder"), NW Natural and such interested shareholder and any affiliate, may not engage in the following business combinations for a period of three years following the date that person became an interested shareholder:

- a merger or plan of share exchange;
- any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of NW Natural's assets or outstanding capital stock; and
- transactions that result in the issuance of capital stock to the shareholder that acquired 15% or more of the voting stock.

These restrictions do not apply if:

- the Board of Directors approved either the business combination or the share acquisition that resulted in the person becoming an interested shareholder before the time such person became an interested shareholder;
- as a result of the share acquisition, the person became an interested shareholder and 85% owner of the outstanding voting stock, excluding shares owned by persons who are directors and also officers and shares owned by certain employee benefit plans; or
- on or after the date the person became an interested shareholder, the business combination transaction is approved by the Board of Directors and authorized by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested shareholder.

NW Natural is also subject to the provisions of Sections 60.801 to 60.816 of the Oregon Business Corporation Act (the "Oregon Control Share Act"), which generally provide that a person who acquires voting stock in a transaction which results in such person holding more than 20%, 33-1/3% or 50% of the total voting

Table of Contents

power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by officers and inside directors, and by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by officers and inside directors. This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33-1/3% and 50%, respectively. The acquiring person may, but is not required to, submit to NW Natural an "acquiring person statement" setting forth certain information about the acquiring person and its plans with respect to NW Natural. The acquiring person statement may also request that NW Natural call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. Shares are not deemed to be acquired in a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the Oregon Business Corporation Act and the issuing corporation is a party to the merger or exchange agreement.

The Oregon Control Share Act and the Oregon Business Combinations Act have anti-takeover effects because they will encourage any potential acquirer to negotiate with NW Natural's Board of Directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. NW Natural has not adopted such a provision.

NW Natural is also subject to Oregon Revised Statutes Chapter 757.511 which generally provides that no person, directly or indirectly, shall acquire the power to exercise any substantial influence over the policies and actions of a public utility without first securing from the Oregon Public Utility Commission ("OPUC") an order authorizing such acquisition if such person is, or by such acquisition would become, an "affiliated interest" with such public utility as defined by Oregon law. Any applicant requesting such an order bears the burden of showing that granting the application is in the public interest. This provision of Oregon law may have anti-takeover effects by subjecting potential acquisitions to OPUC review and approval.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2012 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

LEGALITY

The legality of the common stock will be passed upon for NW Natural by Margaret D. Kirkpatrick, Esquire, General Counsel of NW Natural, and by Morgan, Lewis & Bockius LLP, New York, New York. Ms. Kirkpatrick is regularly employed by NW Natural, participates in various NW Natural employee benefit plans under which she may receive shares of common stock and currently beneficially owns less than one percent of the outstanding shares of common stock of NW Natural.

[Table of Contents](#)

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

Filing Fee-Securities and Exchange Commission*	
Fees of Trustees, including counsel and authentication fees**	
Legal fees**	
Accounting fees and expenses**	
Rating Agencies' fees**	
Printing and engraving**	
Listing fees***	
Miscellaneous expense**	
Total expenses**	\$ _____

* Under Rules 456(b) and 457(r) under the Securities Act of 1933, the SEC registration fee will be paid at the time of any particular offering of securities under this registration statement, and, except with respect to common stock issuable under the Dividend Reinvestment and Direct Stock Purchase Plan, is therefore not currently determinable. The registration fee is therefore deferred in accordance with Rules 456(b) and 457(r), other than as set forth on the cover page to this Registration Statement.

** Because an indeterminate amount of securities is covered by this registration statement, the expenses in connection with the issuance and distribution of the securities are therefore not currently determinable.

*** The listing fee is based upon the principal amount of securities listed, if any, and is therefore not currently determinable.

Item 15. Indemnification of Directors and Officers.

The Oregon Business Corporation Act (the "Act") provides, in general, that a director or officer of a corporation who has been or is threatened to be made a defendant in a legal proceeding because that person is or was a director or officer of the corporation:

(1) shall be indemnified by the corporation for all expenses of such litigation when the director or officer is wholly successful on the merits or otherwise;

(2) may be indemnified by the corporation for the expenses, judgments, fines and amounts paid in settlement of such litigation (other than a derivative lawsuit) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation (and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful); and

(3) may be indemnified by the corporation for expenses of a derivative lawsuit (a suit by a shareholder alleging a breach by a director or officer of a duty owed to the corporation) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation, provided the director or officer is not adjudged liable to the corporation.

The Act also authorizes the advancement of litigation expenses to a director or officer upon receipt of a written affirmation of the director's or officer's good faith belief that the standard of conduct in Section (2) or (3) above has been met and an undertaking by such director or officer to repay such expenses if it is ultimately determined that he or she did not meet that standard and, therefore, is not entitled to be indemnified. The Act also provides that the indemnification provided thereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

NW Natural's Bylaws provide that NW Natural shall indemnify directors and officers to the fullest extent permitted under the Act, thus making mandatory the discretionary indemnification authorized by the Act.

Table of Contents

NW Natural's Amended and Restated Articles of Incorporation provide that NW Natural shall indemnify its officers and directors to the fullest extent permitted by law, which may be broader than the indemnification authorized by the Act.

NW Natural's shareholders have approved and NW Natural has entered into indemnity agreements with its directors and officers which provide for indemnity to the fullest extent permitted by law and also alter or clarify the statutory indemnity in the following respects:

(1) prompt advancement of litigation expenses is provided if the director or officer makes the required affirmation and undertaking;

(2) the director or officer is permitted to enforce the indemnity obligation in court and the burden is on NW Natural to prove that the director or officer is not entitled to indemnification;

(3) indemnity is explicitly provided for judgments and settlements in derivative actions;

(4) prompt indemnification is provided unless a determination is made that the director or officer is not entitled to indemnification; and

(5) partial indemnification is permitted if the director or officer is not entitled to full indemnification.

NW Natural maintains in effect a policy of insurance providing for reimbursement to NW Natural of payments made to directors and officers as indemnity for damages, judgments, settlements, costs and expenses incurred by them which NW Natural may be required or permitted to make according to applicable law, common or statutory, or under provisions of its Amended and Restated Articles of Incorporation, Bylaws or agreements effective under such laws.

Item 16. List of Exhibits.

Reference is made to the Exhibit Index on page II-7 hereof.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement,

provided, however, that subsections (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those subsections is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

Table of Contents

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof,

provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Table of Contents

(7) To file, if applicable, an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the SEC under Section 305(b)(2) of the Trust Indenture Act of 1939.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

Table of Contents**POWER OF ATTORNEY**

Each director and/or officer of the registrant whose signature appears hereinafter hereby appoints Gregg S. Kantor, David H. Anderson, Margaret D. Kirkpatrick, MardiLyn Saathoff and Shawn M. Filippi the Agents for Service named in this registration statement, and each of them severally, as his or her attorney-in-fact to sign in his or her name and behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission any and all amendments, including post-effective amendments, to this registration statement, and the registrant hereby also appoints each such Agent for Service as its attorney-in-fact with like authority to sign and file any such amendments in its name and behalf.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Portland, and State of Oregon, on the 3rd day of December, 2013.

NORTHWEST NATURAL GAS COMPANY

By: /s/ Gregg S. Kantor

Gregg S. Kantor
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Gregg S. Kantor</u> Gregg S. Kantor, President and Chief Executive Officer	Principal Executive Officer and Director	December 3, 2013
<u>/s/ Stephen P. Feltz</u> Stephen P. Feltz, Senior Vice President and Chief Financial Officer	Principal Financial Officer	December 3, 2013
<u>/s/ Brody Wilson</u> Brody Wilson Controller	Principal Accounting Officer	December 3, 2013
<u>/s/ Timothy P. Boyle</u> Timothy P. Boyle	Director	December 3, 2013
<u>/s/ Martha L. Byorum</u> Martha L. Byorum	Director	December 3, 2013
<u>/s/ John D. Carter</u> John D. Carter	Director	December 3, 2013

Table of Contents

<u>/s/ Mark S. Dodson</u> Mark S. Dodson	Director	December 3, 2013
<u>/s/ C. Scott Gibson</u> C. Scott Gibson	Director	December 3, 2013
<u>/s/ Tod R. Hamachek</u> Tod R. Hamachek	Director	December 3, 2013
<u>/s/ Jane L. Peverett</u> Jane L. Peverett	Director	December 3, 2013
<u>/s/ Kenneth Thrasher</u> Kenneth Thrasher	Director	December 3, 2013

Table of Contents

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
+1(a)	Form of Underwriting Agreement relating to the debt securities.
+1(b)	Form of Underwriting Agreement relating to the common stock.
+1(c)	Form of Underwriting Agreement relating to the preferred stock.
*1(d)	Distribution Agreement, dated March 18, 2009, among Banc of America Securities LLC, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray and Co. and Wells Fargo Bank, National Association (incorporated herein by reference to Exhibit 1.1 to Form 8-K dated March 23, 2009, File No. 1-15973).
*4(a)	Amended and Restated Articles of Incorporation, dated June 3, 2008 (incorporated herein by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 2008, File No. 1-15973).
*4(b)	Bylaws as amended through May 24, 2012 (incorporated herein by reference to Exhibit 3.1 to Form 8-K filed with the SEC on May 30, 2012, File No. 1-15973).
+4(c)	Form of Articles of Amendment to Restated Articles of Incorporation establishing a series of Preferred Stock.
*4(d)	Copy of Mortgage and Deed of Trust, dated as of July 1, 1946, to Bankers Trust Company (now Deutsche Bank Trust Company Americas) and R.G. Page (to whom Stanley Burg is now successor), Trustees (filed as Exhibit 7(j) in File No. 2-6494), together with Indentures supplemental thereto Nos. 1 through 14, dated, respectively, as of June 1, 1949, March 1, 1954, April 1, 1956, February 1, 1959, July 1, 1961, January 1, 1964, March 1, 1966, December 1, 1969, April 1, 1971, January 1, 1975, December 1, 1975, July 1, 1981, June 1, 1985, and November 1, 1985 (filed as Exhibit 4(d) in File No. 33-1929); No. 15, dated as of July 1, 1986 (filed as Exhibit (4)(c) in File No. 33-24168); Nos. 16, 17 and 18, dated, respectively, as of November 1, 1988, October 1, 1989 and July 1, 1990 (filed as Exhibit (4)(c) in File No. 33-40482); No. 19, dated as of June 1, 1991 (filed as Exhibit 4(c) in File No. 33-64014; No. 20, dated as of June 1, 1993 (filed as Exhibit 4(c) in File No. 33-53795); and No. 21, dated as of October 15, 2012 (filed as Exhibit 4.1 to Form 8-K dated October 31, 2012, File No. 1-15973).
*4(e)	Form of Supplemental Indenture relating to First Mortgage Bonds (incorporated by reference to Exhibit 4(f) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(f)	Form of First Mortgage Bond (incorporated by reference to Exhibit 4(g) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(g)	Copy of Indenture, dated as of June 1, 1991, to Bankers Trust Company (now Deutsche Bank Trust Company Americas), Trustee, relating to the Unsecured Debt Securities (incorporated by reference to Exhibit 4(e) in File No. 33-64014).
*4(h)	Copy of Officers' Certificate, dated as of June 18, 1993, establishing series of unsecured medium term notes and Form of Instructions for both secured and unsecured medium term notes (incorporated by reference to Exhibit 4(f) to Form 10-K for the year ended December 31, 1993).
*4(i)	Copy of Officers' Certificate, dated as of January 17, 2003, supplemental to the Officers' Certificate, dated as of June 18, 1993 (incorporated by reference to Exhibit 4(f)(1) to Form 10-K for the year ended December 31, 2002).
*4(j)	Copy of Officers' Certificate, dated as of September 28, 2004, supplemental to the Officers' Certificate, dated as of June 18, 1993 (incorporated by reference to Exhibit 4(j) to Form S-3 filed with the SEC on January 8, 2008, File No. 333-148527).

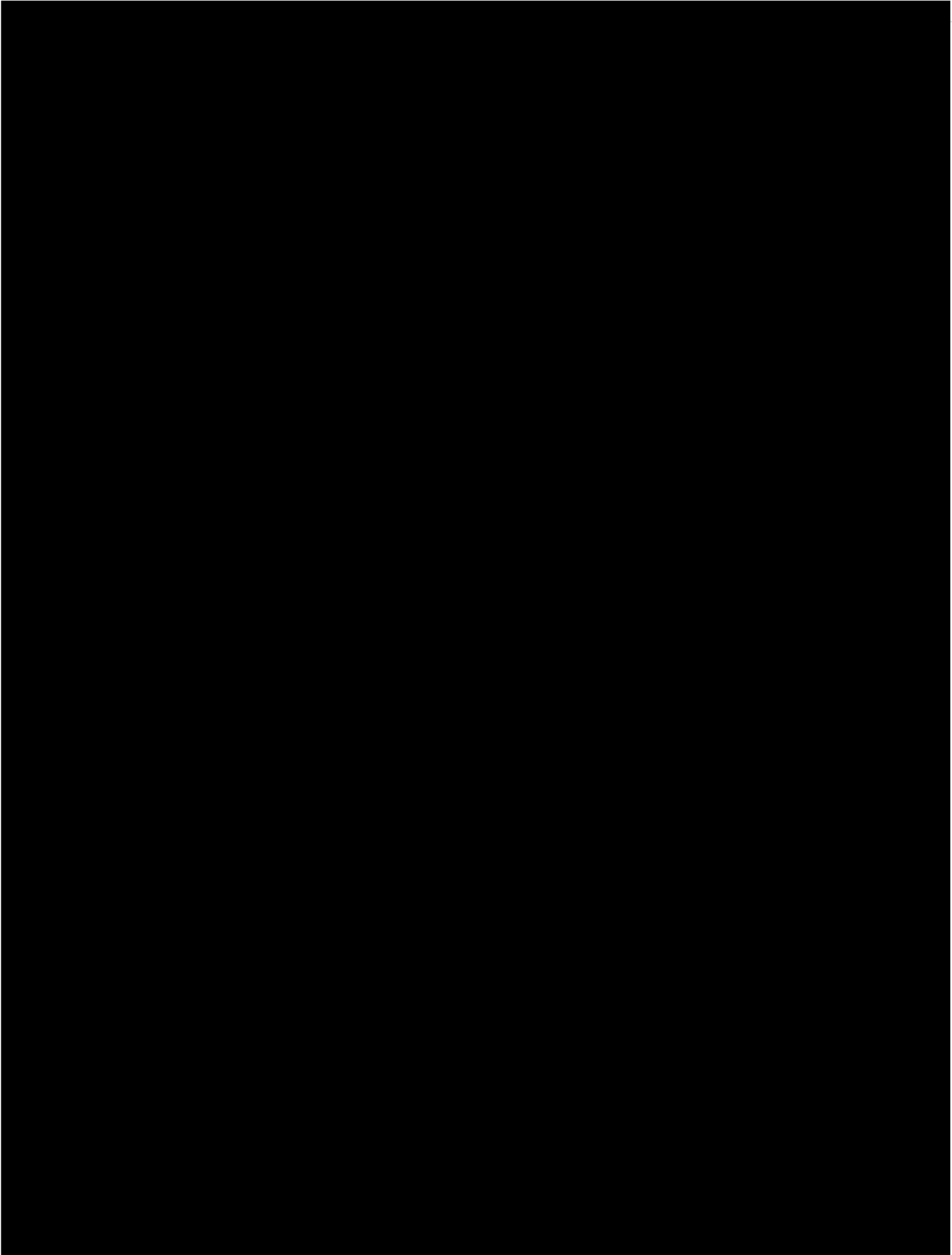
Table of Contents

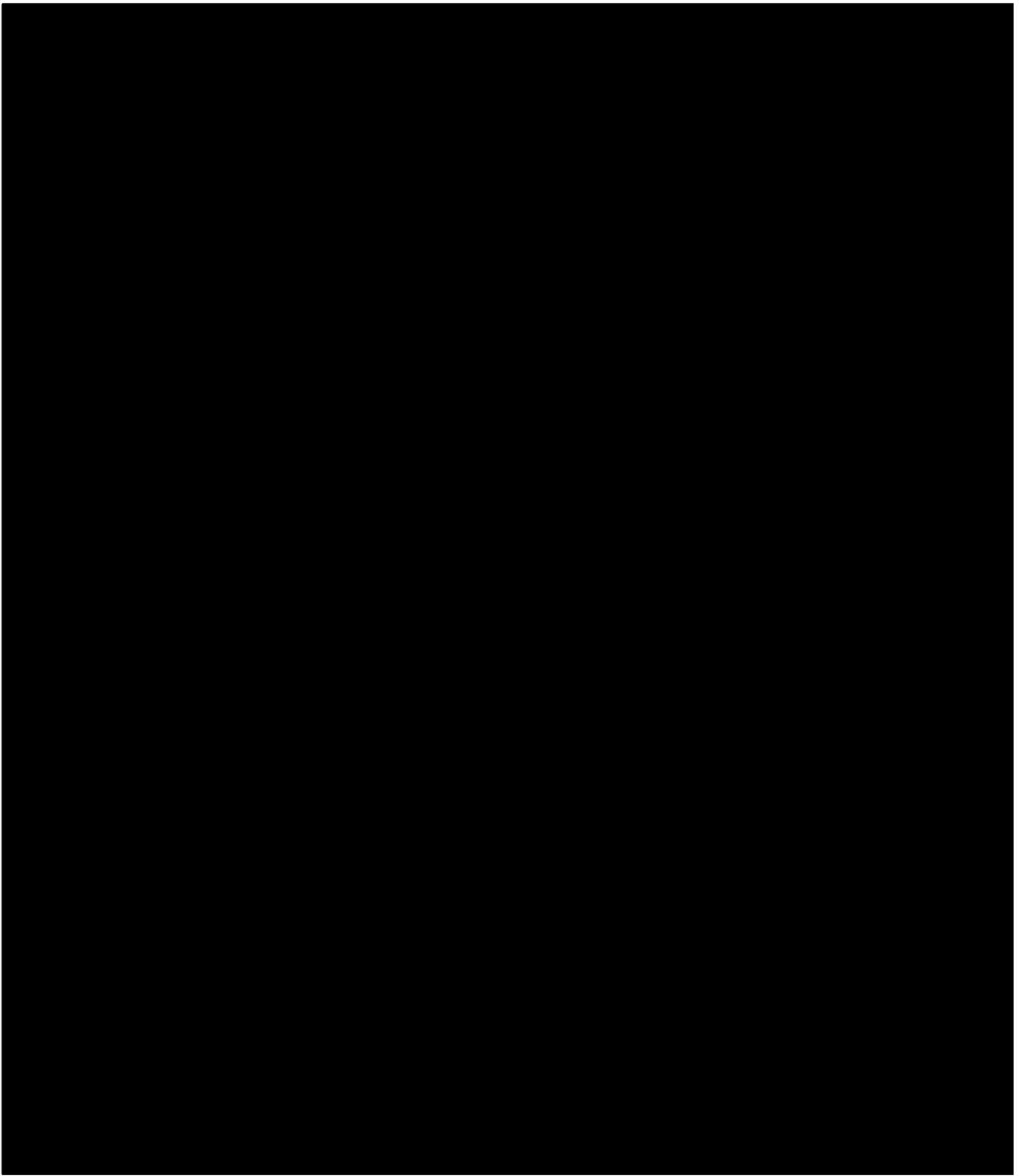
*4(k)	Form of Officers' Certificate, together with form of fixed rate unsecured note, establishing the issuance of one or more series of Unsecured Debt Securities (including the form of Unsecured Debt Security) (incorporated by reference to Exhibit 4(j) to Form S-3 filed with the SEC on February 9, 2004, File No. 333-112604).
*4(l)	Form of Indenture relating to junior subordinated debentures (incorporated by reference to Exhibit 4(l) to Form S-3 filed with the SEC on January 8, 2008, File No. 333-148527).
*4(m)	Form of Officers' Certificate, together with form of junior subordinated debentures (incorporated by reference to Exhibit 4(m) to Form S-3 filed with the SEC on January 8, 2008, File No. 333-148527).
5(a)	Opinion of Margaret D. Kirkpatrick, Esquire, regarding the validity of the securities.
5(b)	Opinion of Morgan, Lewis & Bockius LLP, regarding the validity of the securities.
*12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preference Dividends (incorporated by reference to Exhibit 12 to Form 10-Q for quarter ended September 30, 2013).
23(a)	Consent of PricewaterhouseCoopers LLP.
23(b)	The consents of Margaret D. Kirkpatrick, Esquire, and of Morgan, Lewis & Bockius LLP are included in their opinions filed, respectively, as Exhibits 5(a) and 5(b).
24	Power of attorney (see page II-5).
25(a)	Statement of Eligibility of the Corporate Trustee on Form T-1 related to the first mortgage bonds.
25(b)	Statement of Eligibility of Stanley Burg on Form T-2.
25(c)	Statement of Eligibility of the Indenture Trustee on Form T-1 related to the unsecured debt securities.
++25(d)	Statement of Eligibility of the Indenture Trustee on Form T-1 related to the junior subordinated debentures.

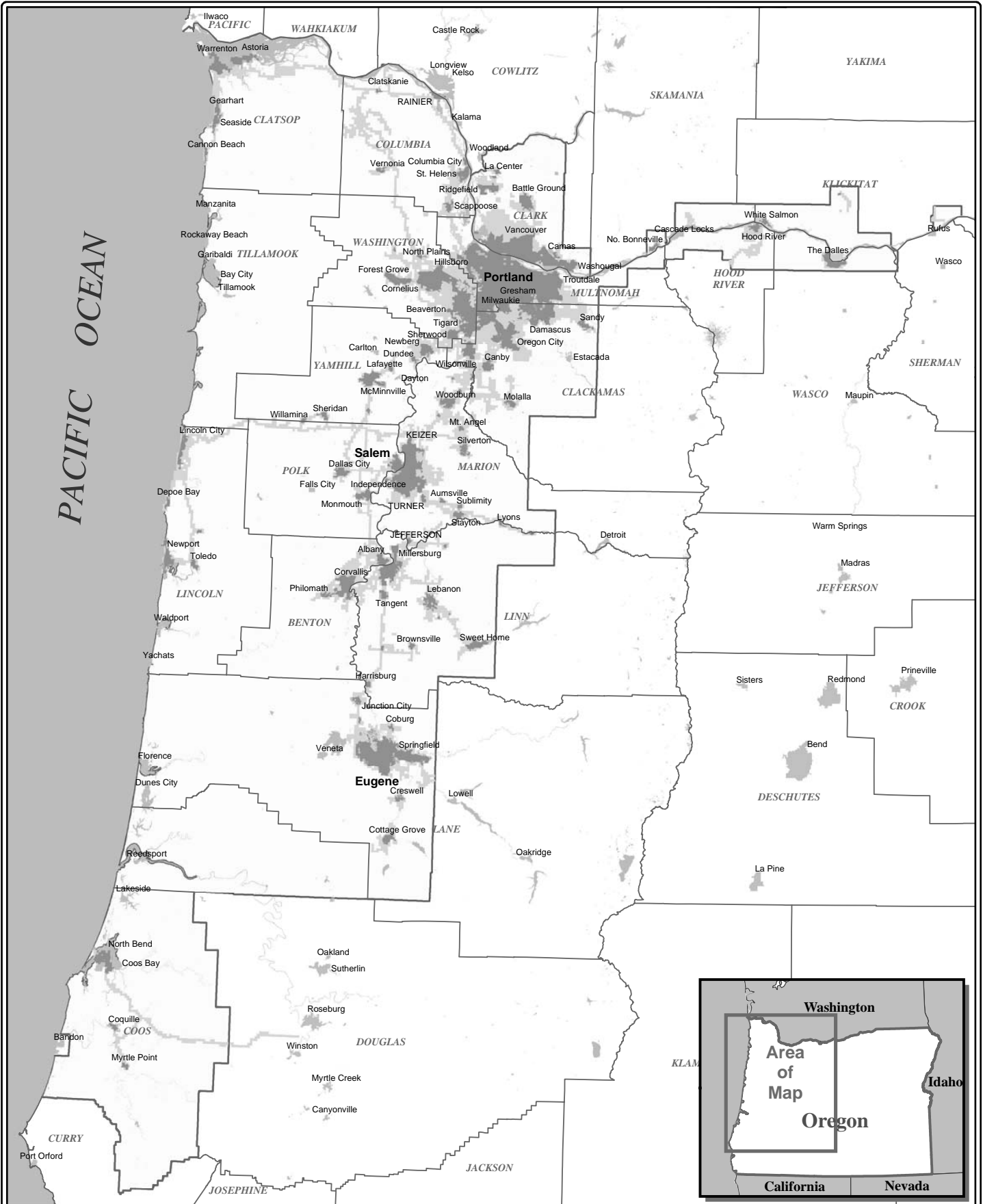
* Incorporated by reference herein as indicated.

+ To be filed by amendment or pursuant to a report to be filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 if applicable.

++ To be filed by amendment or pursuant to Section 305(b)(2) of the Trust Indenture Act of 1939 if applicable.





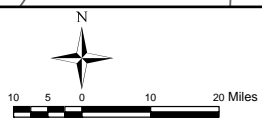


PACIFIC OCEAN

NW Natural

220 NW 2nd Ave, Portland OR 97209

DO NOT DUPLICATE or DISTRIBUTE
This document contains proprietary information from NW Natural and must not be duplicated or distributed without written consent.



- Active Service Area Inside City Limits
- Active Service Area Outside City Limits
- NW Natural Franchise Area

Active Service Territory

Revision Date: 10/06/2015

10/21/2015 12:25:00 PM shw

T:\HubMaps\FranchiseMap\Active Service Territory.mxd