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REPORT NAME: 2015 Affiliated Interest Report and Cost Allocation Manual-REPLACEMENT FILING

COMPANY NAME: NW Natural Gas Company

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation:  RE (Electric)  RG (Gas)  RW (Water)  RO (Other)

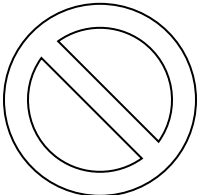
Report is required by:  OAR OAR 860-027-0100 and 860-027-0048(6)  
 Statute  
 Order  
 Other

Is this report associated with a specific docket/case?  No  Yes

If yes, enter docket number: RG 8

List applicable Key Words for this report to facilitate electronic search:  
Affiliated Interest Report, Cost Allocation Manual, Reporting Year 2015, NW Natural, RG 8

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**Please file the above reports according to their individual instructions.**

**GAIL HAMMER**  
Tariffs and Regulatory Compliance  
Tel: 503.226.4211, ext. 5865  
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**VIA ELECTRONIC FILING AND US MAIL**

June 16, 2016

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

Re: **RG 8 - 2015 Affiliated Interest Report Replacement Filing**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith the 2015 Affiliated Interest Report. NW Natural respectfully requests the originally filed report on May 31, 2016 be replaced with the attached version.

Please note that Exhibit A of the enclosed Affiliated Interest Report is to be treated as confidential. Pursuant to OAR 860-001-0070, Northwest Natural Gas Company designates Exhibit A as confidential in good faith on the basis that it contains trade secrets.

Exhibit A has been printed on yellow paper, is separately bound, and sealed in an envelope bearing the legend: “CONFIDENTIAL.” No portion of these materials may be copied, reproduced, or disclosed in any manner without the express permission of Northwest Natural Gas Company.

If you have any questions or need further information, please let me know.

Sincerely,

*/s/ Gail Hammer*

Gail Hammer

enclosures

cc: Shawn Filippi  
Brody Wilson  
Alison Pear

NORTHWEST NATURAL GAS COMPANY  
 AFFILIATED INTEREST REPORT  
 FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2015

***I. An organization chart showing the parent company, all subsidiaries, and the percentage ownership for each.***

See the Organizational Chart (“Chart 1”) of Northwest Natural Gas Company (“NWN”) attached to this Affiliated Interest Report. See also the information provided under (A) below.

***(A) 2015 changes in the list of directors and/or officers common to the regulated utility and to the affiliated interest.***

**NORTHWEST NATURAL GAS COMPANY**

DIRECTORS

Tod R. Hamachek, Chair	C. Scott Gibson
Timothy P. Boyle	Gregg S. Kantor
Martha L. (“Stormy”) Byorum	Jane L. Peverett
John D. Carter	Kenneth Thrasher
Mark S. Dodson	Malia H. Wasson

OFFICERS

<u>Names</u>	<u>2015<sup>1</sup></u>
Gregg S. Kantor	Chief Executive Officer <sup>2</sup>
David H. Anderson	President and Chief Operating Officer <sup>3</sup>
Gregory C. Hazelton	Senior Vice President and Chief Financial Officer <sup>4</sup>
Lea Anne Doolittle	Senior Vice President and Chief Administrative Officer
Thomas J.M. Imeson	Vice President, Public Affairs

<sup>1</sup> In addition to the changes identified below, effective as of February 25, 2016, Ngoni Murandu was appointed Vice President and Chief Information Officer.

<sup>2</sup> Mr. Kantor relinquished his position as President as of August 1, 2015. Mr. Kantor continues to serve as the Company’s Chief Executive Officer.

<sup>3</sup> Mr. Anderson was appointed President and Chief Operating Officer as of August 1, 2015. Prior to August 1, 2015, Mr. Anderson was Executive Vice President and Chief Operating Officer.

<sup>4</sup> Stephen P. Feltz retired as Senior Vice President and Chief Financial Officer as of June 30, 2015. Mr. Hazelton was appointed Senior Vice President and Chief Financial Officer effective as of June 30, 2015. In addition, effective as of February 25, 2016, Mr. Hazelton was appointed Treasurer.

Margaret D. Kirkpatrick	Senior Vice President, Environmental Policy and Affairs <sup>5</sup>
MardiLyn Saathoff	Senior Vice President and General Counsel <sup>6</sup>
C. Alex Miller	Vice President, Regulation and Treasurer <sup>7</sup>
David R. Williams	Vice President, Utility Services <sup>8</sup>
Grant M. Yoshihara	Vice President, Utility Operations
Brody J. Wilson	Controller <sup>9</sup>
Shawn M. Filippi	Vice President and Corporate Secretary <sup>10</sup>

### **NNG FINANCIAL CORPORATION**

Wholly-owned subsidiary of Northwest Natural Gas Company  
Type of operations: Financial  
Year Created: 1984

#### BOARD OF DIRECTORS

Gregg S. Kantor, Chair\*  
David H. Anderson\*  
Lea Anne Doolittle\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- There were no changes in members of the Board in 2015.
- Effective as of February 1, 2016, Lea Anne Doolittle resigned and Gregory C. Hazelton and MardiLyn Saathoff were appointed as directors.

#### OFFICERS OF THE CORPORATION

David H. Anderson*	President and Chief Executive Officer
Gregory C. Hazelton*	Senior Vice President and Treasurer
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary
David W. Aimone	Assistant Treasurer

<sup>5</sup> Ms. Kirkpatrick retired as of December 31, 2015.

<sup>6</sup> Ms. Saathoff was appointed Senior Vice President and General Counsel effective as of January 1, 2015. Effective as of February 25, 2016, Ms. Saathoff was appointed Senior Vice President, General Counsel and Regulation.

<sup>7</sup> Mr. Miller retired as of March 15, 2016.

<sup>8</sup> Mr. Williams retired as of March 31, 2016. Lori L. Russell was appointed Vice President, Utility Services as of April 1, 2016.

<sup>9</sup> Mr. Wilson was appointed Chief Accounting Officer, Controller and Assistant Treasurer as of February 25, 2016.

<sup>10</sup> Ms. Filippi was appointed Vice President and Corporate Secretary effective as of January 1, 2015. Ms. Filippi was also appointed Chief Compliance Officer effective as of February 25, 2016.

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Stephen P. Feltz retired as Senior Vice President and Treasurer as of June 30, 2015.
- Gregory C. Hazelton was appointed Senior Vice President and Treasurer as of July 1, 2015.
- Gregory C. Hazelton resigned as Senior Vice President and Treasurer as of February 2, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 2, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 2, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 2, 2016.
- David W. Aimone resigned as Assistant Treasurer as of February 2, 2016.

### **KB PIPELINE COMPANY**

Wholly-owned subsidiary of NNG Financial Corporation  
Type of Operations: Gas Pipeline, Owner  
Year Created: 1991

### BOARD OF DIRECTORS

Gregg S. Kantor, Chair\*  
David H. Anderson\*  
Lea Anne Doolittle\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- There were no changes in members of the Board in 2015.
- Effective as of February 1, 2016, Lea Anne Doolittle resigned and Gregory C. Hazelton and MardiLyn Saathoff were appointed as directors.

### OFFICERS OF THE COMPANY

J. Keith White	President
Randolph S. Friedman	Vice President
C. Alex Miller*	Treasurer
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- There were no changes in officers in 2015.
- C. Alex Miller retired as Treasurer as of February 2, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 2, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 2, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 2, 2016.

### **NORTHWEST ENERGY CORPORATION**

Wholly-owned subsidiary of Northwest Natural Gas Company  
Type of Operations: Non-Operating Holding Company  
Year Created: 2001

### BOARD OF DIRECTORS

Gregg S. Kantor, Chair\*  
David H. Anderson\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- There were no changes in members of the Board in 2015.
- Gregory C. Hazelton was appointed as a director effective February 1, 2016.

### OFFICERS OF THE CORPORATION

Gregg S. Kantor*	President and Chief Executive Officer
David H. Anderson*	Senior Vice President and Chief Financial Officer
Gregory C. Hazelton*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Stephen P. Feltz retired as Treasurer and Controller as of June 30, 2015.
- Gregory C. Hazelton was appointed Treasurer and Controller as of July 1, 2015.
- David H. Anderson resigned as Senior Vice President and Chief Financial Officer as of February 2, 2016.
- Gregory C. Hazelton resigned as Treasurer and Controller as of February 2, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 2, 2016.

- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 2, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 2, 2016.

## **NORTHWEST ENERGY SUB CORPORATION**

Wholly-owned subsidiary of Northwest Energy Corporation  
 Type of Operations: Non-Operating Merger Sub Corporation  
 Year Created: 2001

### BOARD OF DIRECTORS

Gregg S. Kantor, Chair\*  
 David H. Anderson\*  
 MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- There were no changes in members of the Board in 2015.
- Gregory C. Hazelton was appointed as a director effective February 1, 2016.

### OFFICERS OF THE CORPORATION

Gregg S. Kantor*	President and Chief Executive Officer
David H. Anderson*	Sr. Vice President and Chief Financial Officer
Gregory C. Hazelton*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Stephen P. Feltz retired as Treasurer and Controller as of June 30, 2015.
- Gregory C. Hazelton was appointed Treasurer and Controller as of July 1, 2015.
- David H. Anderson resigned as Senior Vice President and Chief Financial Officer as of February 2, 2016.
- Gregory C. Hazelton resigned as Treasurer and Controller as of February 2, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 2, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 2, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 2, 2016.

## **NWN GAS RESERVES LLC**

Wholly-owned subsidiary of Northwest Energy Corporation  
Type of Operations: Natural Gas Reserves Development  
Year Created: 2013

### MANAGEMENT

Manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

Gregg S. Kantor\*  
David H. Anderson\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- There were no changes in members of the Board in 2015.
- Gregory C. Hazelton was appointed as a director effective February 1, 2016.
- Grant M. Yoshihara was appointed as a director effective May 1, 2016.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Gregg S. Kantor*	President and Chief Executive Officer
David H. Anderson*	Senior Vice President and Chief Financial Officer
Gregory C. Hazelton*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Stephen P. Feltz retired as Treasurer and Controller as of June 30, 2015.
- Gregory C. Hazelton was appointed Treasurer and Controller as of July 1, 2015.
- David H. Anderson resigned as Senior Vice President and Chief Financial Officer as of February 2, 2016.
- Gregory C. Hazelton resigned as Treasurer and Controller as of February 2, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 2, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 2, 2016.



- Alison M. Pear was appointed Assistant Corporate Secretary as of February 2, 2016.

### **TRAIL WEST HOLDINGS, LLC**

50% membership interest owned by NW Natural Energy, LLC  
50% membership interest owned by TransCanada American Investment Ltd.  
Type of Operations: Gas Pipeline Owner  
Year created: 2006

#### MANAGEMENT

Management is by Management Committee consisting of: Laura Heckman, TransCanada and J. Keith White, NWN.

### **TRAIL WEST PIPELINE, LLC**

Wholly-owned subsidiary of Trail West Holdings, LLC  
Type of Operations: Gas Pipeline Owner and Operator  
Year Created: 2006

#### MANAGEMENT

Management is by Management Committee of Trail West Holdings, LLC.

### **BL CREDIT HOLDINGS, LLC**

Wholly-owned subsidiary of Trail West Pipeline, LLC.  
Type of Operations: Gas Transportation  
Year Created: 2009

#### MANAGEMENT

BL Credit Holdings, LLC is member-managed.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

No officers of NWN are officers of the limited liability company.

### **NW NATURAL ENERGY, LLC**

Wholly-owned subsidiary of Northwest Natural Gas Company  
Type of Operations: Holding Company  
Year Created: 2009

#### MANAGEMENT

NW Natural Energy, LLC is manager-managed

Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor\*  
David H. Anderson\*  
Gregory C. Hazelton\*  
Lea Anne Doolittle\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- Stephen P. Feltz retired as a director as of June 30, 2015.
- Gregory C. Hazelton was appointed as a director effective July 1, 2015.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David H. Anderson*	President and Chief Executive Officer
C. Alex Miller*	Treasurer
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

CHANGES IN OFFICERS

- There were no changes in officers in 2015.
- C. Alex Miller retired as Treasurer as of February 1, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 1, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 1, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 1, 2016.

**NW NATURAL GAS STORAGE, LLC**

Wholly-owned subsidiary of NW Natural Energy, LLC  
Type of Operations: Natural Gas Storage Development and Holding Company  
Year Created: 2009

MANAGEMENT

NW Natural Gas Storage, LLC is manager-managed  
Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor\*  
David H. Anderson\*

Gregory C. Hazelton\*  
Lea Anne Doolittle\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- Stephen P. Feltz retired as a director as of June 30, 2015.
- Gregory C. Hazelton was appointed as a director effective July 1, 2015.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David A. Weber	President and Chief Executive Officer
C. Alex Miller*	Vice President and Treasurer
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

CHANGES IN OFFICERS

- There were no changes in officers in 2015.
- C. Alex Miller retired as Vice President and Treasurer as of February 1, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 1, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 1, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 1, 2016.

**GILL RANCH STORAGE, LLC**

Wholly-owned subsidiary of NW Natural Gas Storage, LLC  
Type of Operations: Natural Gas Storage  
Year Created: 2007

MANAGEMENT

Gill Ranch Storage, LLC is manager-managed  
Manager: Board of Directors

BOARD OF DIRECTORS

Gregg S. Kantor\*  
David H. Anderson\*  
Gregory C. Hazelton\*  
Lea Anne Doolittle\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- Stephen P. Feltz retired as a director as of June 30, 2015.
- Gregory C. Hazelton was appointed as a director effective July 1, 2015.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David A. Weber	President and Chief Executive Officer
C. Alex Miller*	Vice President, Treasurer, and Director of Regulatory Affairs
Shawn M. Filippi*	Corporate Secretary
MardiLyn Saathoff*	Assistant Corporate Secretary

(\*Officer of NWN)

CHANGES IN OFFICERS

- There were no changes in officers in 2015.
- C. Alex Miller retired as Vice President, Treasurer and Director of Regulatory Affairs as of February 1, 2016.
- Brody J. Wilson was appointed Treasurer and Controller as of February 1, 2016.
- MardiLyn Saathoff resigned as Assistant Corporate Secretary as of February 1, 2016.
- Alison M. Pear was appointed Assistant Corporate Secretary as of February 1, 2016.

**NORTHWEST BIOGAS, LLC**

50% membership interest owned by Northwest Natural Gas Company  
50% membership interest owned by BEF Renewable Incorporated  
Type of Operations: Biodigester Owner  
Year Created: 2008

Northwest Biogas, LLC is member-managed  
Managing Member: Northwest Natural Gas Company

MANAGEMENT

Northwest Biogas, LLC is member-managed  
Managing Member: Northwest Natural Gas Company

OFFICERS OF THE LIMITED LIABILITY COMPANY

Angus Duncan	President
Barbara Summers	Vice President
Joanna Gilson	Secretary

CHANGES IN OFFICERS

- No changes.

**(B) Changes in successive ownership between the regulated utility and affiliated interest.**

None.

**(C) A narrative description of each affiliated entity with which the regulated utility does business. State the factor(s) giving rise to the affiliation.**

In addition to the information provided below, see the Cost Allocation Manual (“Appendix A”) included as an appendix to this Affiliated Interest Report for further descriptions of the activities of each affiliated interest or subsidiary with which NWN has transactions.

**NNG Financial Corporation**

NNG Financial Corporation (“NNGFC”) owns 100% of the stock of KB Pipeline Company (“KBPC”). See KBPC activities described below.

The affiliated transactions between NWN and NNGFC were:

- Allocations of NWN's administrative expense for NNGFC's use of NWN staff;
- D&O insurance is purchased for NNGFC, and is charged to a non-regulated account on NWN books;
- Payments between NWN and NNGFC for NNGFC's current tax expense or benefit; and
- Payments from NWN to NNGFC for KBPC demand and commodity transportation charges (as applicable).

**KB Pipeline Company**

KB Pipeline Company (“KBPC”) is a wholly-owned subsidiary of NNG Financial Corporation (“NNGFC”). KBPC owns a 10% interest in, and is the former operator of, an interstate natural gas pipeline known as the Kelso-Beaver Pipeline. The pipeline runs between Kelso, Washington and Clatskanie, Oregon, and is regulated by the Federal Energy Regulatory Commission (“FERC”). The other owners of the Kelso-Beaver Pipeline are Portland General Electric Company (“PGE”) (79.5%) and B-R Pipeline Company (10.5%). Each of the co-owners has a separate FERC certificate regarding the ownership and transportation of gas on its share of the pipeline. Pursuant to a memorandum from the Public Utility Commission of Oregon, dated October 15, 1992, KBPC is not required to file a separate affiliated interest report to the OPUC under OAR 860-27-040.

In 1991, FERC issued KBPC a certificate of public convenience and necessity under Part 157 of its regulations to construct, own, and transport gas for NWN using its 10% share of the capacity of the Kelso-Beaver Pipeline at FERC-approved rates. See, *Portland General Electric Co.*, 57 FERC ¶ 61,095 (1991), amended, 57 FERC ¶ 61,312 (1991). Currently, KBPC's share of the pipeline is

not open access so it may only provide transportation service to NWN. NWN and KBPC are parties to a gas transportation agreement with respect to such transportation service, whereby the Kelso-Beaver Pipeline is obligated to receive and deliver a specified amount of natural gas from NWN in exchange for a demand charge.

KBPC has no separate employees of its own. It uses employees shared with NWN to accomplish its *de minimus* business functions. In terms of the FERC Standards of Conduct (“SOC”) regulations that apply to relationships between transmission providers and their marketing and energy affiliates, since 2008, in Order No. 717, FERC concluded that the revised SOC rules do not apply to non-open access interstate pipelines that are certificated only under Part 157 of FERC’s regulations, such as KBPC’s share of the Kelso-Beaver Pipeline. Given this, KBPC is not required to comply with the current FERC SOC regulations with respect to its affiliated relationship with NWN, and KBPC and NWN may continue to share employees as necessary to conduct the business of KBPC.

Effective December 1, 2004, KBPC resigned as operator of the Kelso-Beaver Pipeline. Since that date, certain operator responsibilities were handled under contract by Cascade Natural Gas Corporation (“Cascade”), which is not affiliated with any of the co-owners. Cascade resigned as the operator effective December 31, 2010, and since that time, co-owner Portland General Electric (“PGE”) has assumed the operator responsibilities for the pipeline.

#### **Northwest Energy Corporation**

NWN wholly owns Northwest Energy Corporation (“NW Energy Corp”), which was formed in 2001 to serve as the holding company for NWN and PGE in the event that the proposed acquisition of PGE was completed. However, the acquisition effort was terminated in May 2002, and the corporation remained dormant until 2013. Since 2013, NW Energy Corp has served as the holding company for NWN Gas Reserves LLC.

The affiliated transactions between NWN and NW Energy Corp were:

- Equity contributions in NW Energy Corp from NWN;
- Distributions from NW Energy Corp to NWN; and
- Payments between NWN and NW Energy Corp for NW Energy Corp’s current tax expense or benefit.

#### **Northwest Energy Sub Corporation**

Northwest Energy Sub Corporation (“NW Energy Sub”) is a subsidiary of Northwest Energy Corporation, and was formed in 2001 to be a holding company in the event that the acquisition of PGE was completed. The corporation has remained dormant since its foundation.

There were no affiliated transactions between NWN and NW Energy Sub in 2015.

### **NWN Gas Reserves LLC**

NWN Gas Reserves LLC (“NWN Gas Reserves”) is a wholly owned subsidiary of Northwest Energy Corporation and was formed in December 2012. In March of 2013, NWN’s working interest in the Jonah gas field was transferred to this entity. The agreements related to the working interest were amended in 2014 to facilitate Encana Oil & Gas (USA) Inc.’s sale of its interest in the Jonah Field to an affiliate of TPG Capital. The agreements related to the working interest were again amended in 2016 to further clarify the terms related to additional well development and capital expenditures.

The affiliated transactions between NWN, NW Energy Corp and NWN Gas Reserves were:

- Equity investments in NWN Gas Reserves from NW Energy Corp; and
- Distributions from NWN Gas Reserves to NW Energy Corp.

### **Northwest Biogas, LLC**

NWN owns a 50% membership interest in NW Biogas. NWN also serves as the Managing Member. The other 50% membership interest is owned by BEF Renewable Incorporated. NW Biogas developed and operates a demonstration biodigester located at Three Mile Canyon Farms in Boardman, Oregon.

The affiliated transactions between NWN and NW Biogas in 2015 were:

- NW Biogas’ use of NWN’s administrative staff.

### **NW Natural Energy, LLC**

NWN wholly owns NW Natural Energy, LLC (“NWN Energy”) which was formed in 2009 to own NW Natural Gas Storage, LLC (“NWN Gas Storage”) and other non-utility businesses.

The affiliated transactions between NWN and NWN Energy were:

- NWN Energy’s use of NWN’s administrative and operating staff;
- D&O insurance is purchased for NWN Energy, and is charged to a non-regulated account on NWN books;
- Payments by NWN to limited outside vendors on NWN Energy’s behalf and reimbursed by NWN Energy;
- Equity investments in NWN Energy from NWN;
- Distributions/contributions from NWN Energy to NWN; and
- Payments between NWN and NWN Energy for NWN Energy’s current tax expense or benefit.

### **NW Natural Gas Storage, LLC**

NWN Energy wholly owns NWN Gas Storage, which was formed in 2009. The entity owns and manages non-utility gas storage interests.

The affiliated transactions between NWN, NWN Energy and NWN Gas Storage were:

- NWN Gas Storage’s use of NWN’s administrative and operating staff;

- Payments by NWN to limited outside vendors on NWN Gas Storage's behalf and reimbursed by NWN Gas Storage's subsidiary, Gill Ranch Storage, LLC ("GRS");
- Primarily D&O fiduciary and workers' compensation insurance is purchased for NWN Gas Storage, and is charged to a non-regulated account on NWN books;
- Equity investments in NWN Gas Storage from NWN Energy;
- Distributions from NWN Gas Storage to NWN Energy; and
- Payments between NWN and NWN Gas Storage for NWN Gas Storage's current tax expense or benefit.

### **Gill Ranch Storage, LLC**

GRS was formed in 2007. In 2007, GRS entered into a Joint Project Agreement with Pacific Gas & Electric Company ("PG&E") to develop and own the Gill Ranch underground natural gas storage facility near Fresno, California. Currently, GRS owns 75% undivided ownership interest in this facility and is the sole operator of the facility. PG&E owns 25% undivided ownership interest. Ownership in the facility is structured as tenants in common. GRS owns rights of 75% of the available storage capacity at the facility. GRS's share is designed to provide 15 Bcf of working gas capacity. The facility began operations in the fourth quarter of 2010.

GRS is subject to CPUC regulation with respect to the gas storage services it provides, but it has market-based rate authority with respect to the rates for its services offered in the California market. In addition, GRS is subject to regulation by the CPUC for certain activities, including but not limited to the issuance of securities, operation of the facility, certain terms of customer services, systems of accounts, the nature of investments it may make, safety standards, and transactions with affiliated interests. Accounting records and practices of its regulated business conform to the requirements and uniform system of accounts prescribed by its regulatory authority in accordance with U.S. GAAP.

The affiliated transactions between NWN, NWN Gas Storage and GRS in 2015 were:

- GRS's use of NWN's administrative and operating staff;
- Payments by NWN to limited outside vendors on GRS's behalf and reimbursed by GRS;
- Primarily general liability and D&O insurance is purchased for GRS, and is charged to a non-regulated account on NWN books;
- Equity investments in GRS from NWN Gas Storage;
- Distributions from GRS to NWN Gas Storage; and
- Payments between NWN and GRS for GRS's current tax expense or benefit.

### **Trail West Holdings, LLC (TWH)**



NW Natural Energy, LLC (“NWN Energy”) and TransCanada American Investment Ltd. (“TAIL”) each own a fifty percent (50%) membership interest in TWH. TWH wholly owns Trail West Pipeline, LLC (TWP), which is developing the cross-Cascades natural gas pipeline. See below for description of TWP.

The affiliated transactions between NWN/NWN Energy and TWH were:

- Because accounting is based on the equity method, TWH has no separate set of accounts except for dedicated nominal accounts in other income and expense on NWN Energy’s Income Statement, which includes non-billable expenses to TWH. The investment is tracked as “Other Investments” (124059);
- TWH’s use of NWN administrative and operating staff; and
- Payments by NWN to limited outside vendors on TWH’s behalf and reimbursed by TWH.

**Trail West Pipeline, LLC (TWP)**

TWP is a wholly-owned subsidiary of TWH, and has been pursuing the development of a proposed FERC-regulated cross-Cascades natural gas pipeline.

There were no affiliated transactions between NWN Energy and TWP in 2015.

**BL Credit Holdings, LLC**

BL Credit Holdings, LLC is a wholly-owned subsidiary of TWP.

There were no affiliated transactions between this subsidiary and NWN Energy in 2015.

**(D) A balance sheet and income statement for each affiliated interest for the 12-month reporting period.**

See NWN’s affiliated interest financial statements (“Confidential Exhibit A”) attached to this Affiliated Interest Report.

**II. Report of service transactions.**

**Unless services are provided under tariff as specified in OAR 860-027-0040(3), provide cost of service and related information if total Oregon payments/receipts exceed 0.1% of utility total Oregon annual operating revenues.**

Notwithstanding the requirement to report cost of service and related information if payments exceed 0.1 percent of utility total Oregon annual operating revenues, all service payments are shown for each affiliate.

**(A) Service payments by the utility to the affiliate.**

There are no assets allocable to services.

<u>Account/description:</u>	<u>Total Company</u>	<u>Total Oregon</u>
<b><u>NNGFC and KBPC:</u></b>		
Pipeline demand charges (804)..... (KBPC)	\$224,258	\$12,359

The allocation is based on the state's pro rata share of the pipeline demand charges paid by NWN to KB Pipeline Company ("KBPC") based on miles of pipeline.

**Description of basis of pricing:**

Services rendered by NNG Financial Corporation ("NNGFC") and KBPC to NWN were provided at cost or pursuant to a FERC-approved rate schedule, as applicable.

Demand charges paid by NWN to KBPC were based upon a transportation contract between the two parties which specifies the rates per KBPC's Rate Schedule TF; such rates were approved by FERC as part of KBPC's original certificate order.

**(B) Service payments by the affiliate to the utility.**

<u>Account/description:</u>	<u>Total Company</u>	<u>Total Oregon</u>
<b><u>NNGFC and KBPC</u></b>		
Insurance (924) ..... (KBPC)	\$18,646	\$1,028
Insurance (924) ..... (NNGFC)	\$21,004	\$21,004

The insurance allocation is based on actual insurance premiums. The allocation amount is determined by the insurance broker.

Legal Expense (921) ..... (NNGFC)	\$0	\$0
Property tax (408)..... (KBPC)	\$20,220	\$8,940
<b>Total NNGFC &amp; KBPC .....</b>	<b>\$59,870</b>	<b>\$30,972</b>

**NW Natural Energy, LLC ("NWN Energy")**

Portion of NWN salaries and related overhead allocated to NWN Energy (922) .....	\$140,448	\$140,448
Insurance (924) .....	\$21,015	\$21,015
<b>Total NWN Energy .....</b>	<b>\$161,463</b>	<b>\$161,463</b>

NW Natural Gas Storage, LLC (“NWN Gas Storage”)

<u>Account/description:</u>	<u>Total Company</u>	<u>Total Oregon</u>
Portion of NWN salaries and related overhead allocated to NWN Gas Storage (922) .....	\$1,019,057	\$1,019,057
Insurance (924) .....	\$32,892	\$32,892
Other administrative expense (921) .....	\$32,263	\$32,263
<b>Total NWN Gas Storage .....</b>	<b>\$1,084,212</b>	<b>\$1,084,212</b>

Gill Ranch Storage, LLC (“GRS”)

Portion of NWN salaries and related overhead Allocated to GRS (922).....	\$557,525	\$0
Insurance (924) .....	\$149,274	\$0
<b>Total GRS .....</b>	<b>\$706,799</b>	<b>\$0</b>

Palomar Gas Holdings (“PGH”)

Portion of NWN salaries and related overhead Allocated to PGH (922).....	\$12,720	\$12,720
Legal Expense (921) .....	\$0	\$0
<b>Total PGH.....</b>	<b>\$12,720</b>	<b>\$12,720</b>

**III. For intercompany loans to the utility from affiliates or loans from affiliates to the utility, provide:**

**(A) The month-end amounts outstanding separately for short-term and long-term loans.**

Short-term loans:

None.

Long-term loans:

None.

**(B) The highest amount during the year separately for short-term and long-term loans.**

Short-term loans:

None.

Long-term loans:

None.

**(C) A description of the terms and conditions for loans including the basis for interest rates.**

Intercompany balances are paid off in cash each month; therefore, no interest is charged.

- (D) The total amount of interest charged or credited and the weighted average rate of interest separately for short-term and long-term loans.**

Short-term loans:

None.

Long-term loans:

None.

- (E) Specify the Commission Order(s) approving the transactions where such approval is required by law.**

None.

- IV. If the utility guarantees any debt of affiliates, identify the entities involved, the nature of the debt, the original amount of the debt, the maximum amounts during the year, the balance as of the end of the year, and the Commission Order(s) approving the transactions where such approval is required by law.**

None.

- V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies) as follows:**

- (A) Other payments by the utility to the affiliate.**

<u>Account/description:</u>	<u>Total Company</u>	<u>Total Oregon</u>
Tax benefits used by NWN from NNGFC (146)	(\$16,327)	(\$16,327)
Tax benefits paid by NWN to NW Energy (146)	\$264,656	\$264,656
Tax benefits paid by NWN to NWN Gas Storage (146)	\$405,792	\$405,792
Tax benefits paid by NWN to GRS (146)	\$11,291,482	\$11,291,482
Salaries and overhead paid by NWN to NWN Gas Storage	\$180,526	\$180,526

Description of basis of pricing:

NWN files and pays taxes on a consolidated basis with its subsidiaries. For any taxable year, these subsidiaries have income and expenses, which cause NWN's consolidated tax liability to increase or decrease. Monthly payments are made to or from NWN to the extent the operations have income or losses.

**(B) Other payments by the affiliate to the utility.**

None.

**VI. By affiliate and job title, provide the total number of executive, management, and professional/technical employees transferred to and from the utility. By affiliate, provide the total number of other employees transferred to and from the utility.**

None.

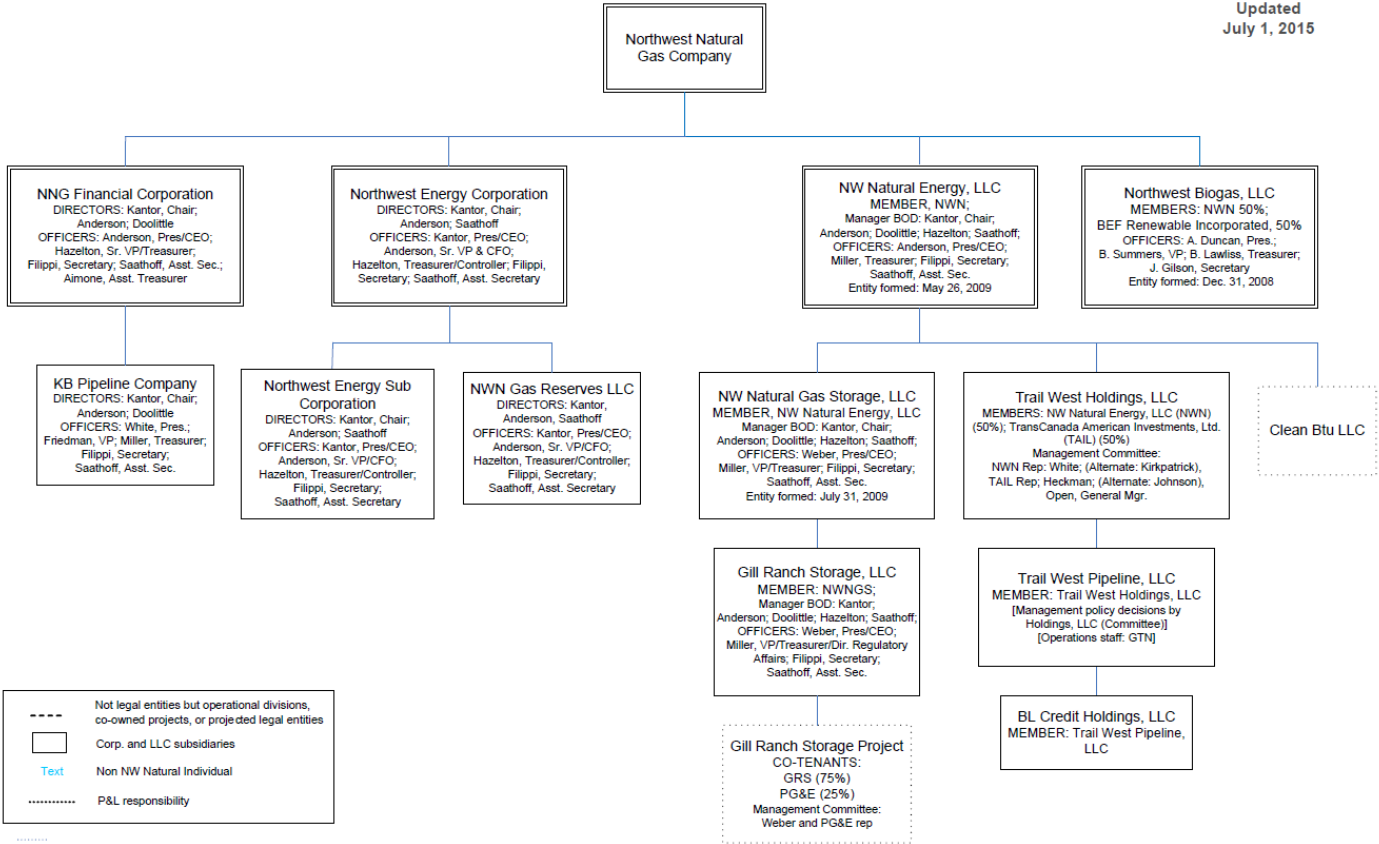
**VII. Description of each intra-company cost allocation procedure, and a schedule of cost amounts, by account, transferred between regulated and non-regulated segments of the company.**

See the Cost Allocation Manual filed coincident with this Affiliated Interest Report.

# CHART 1

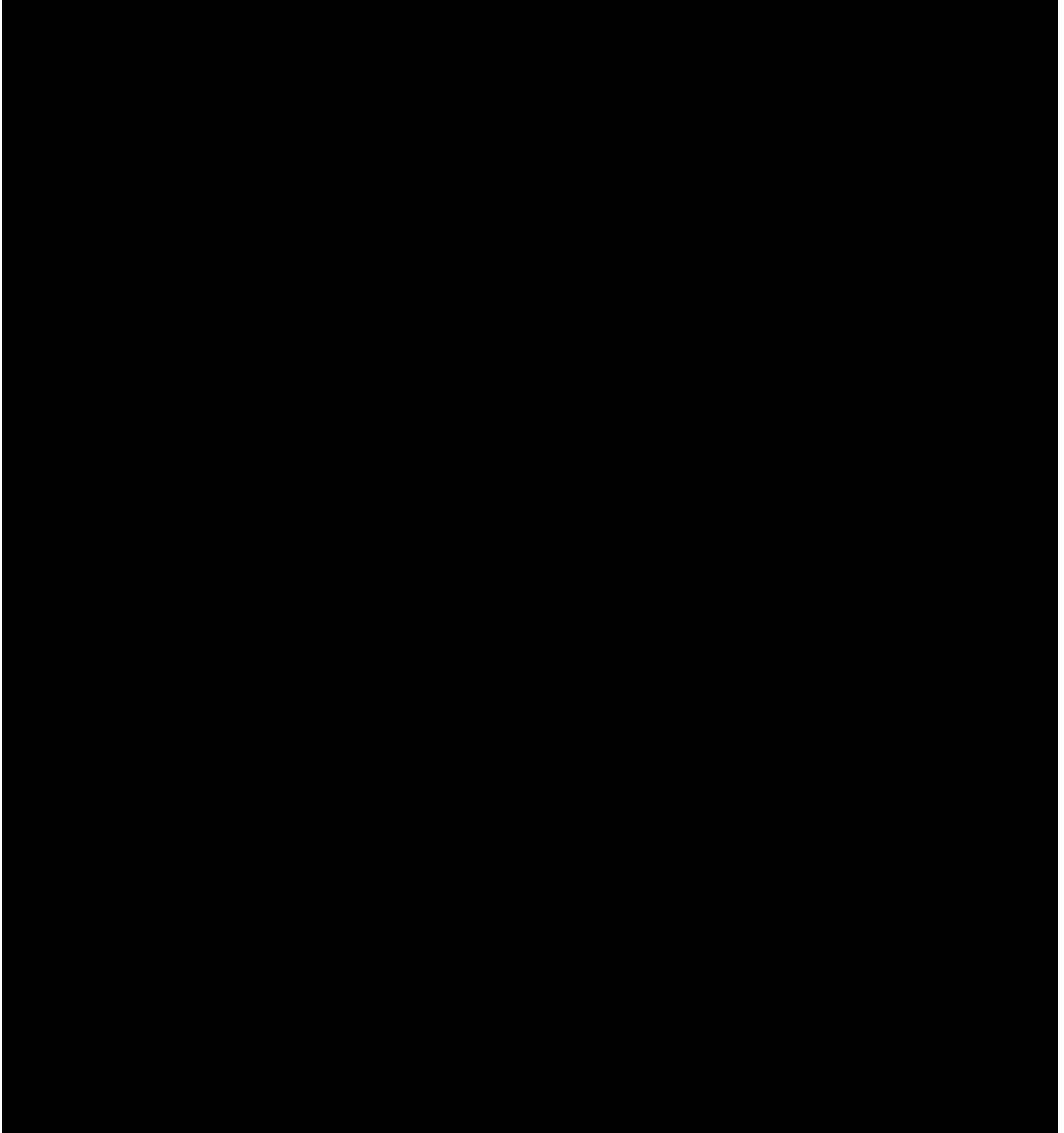
NW Natural Organization Chart

Updated  
July 1, 2015



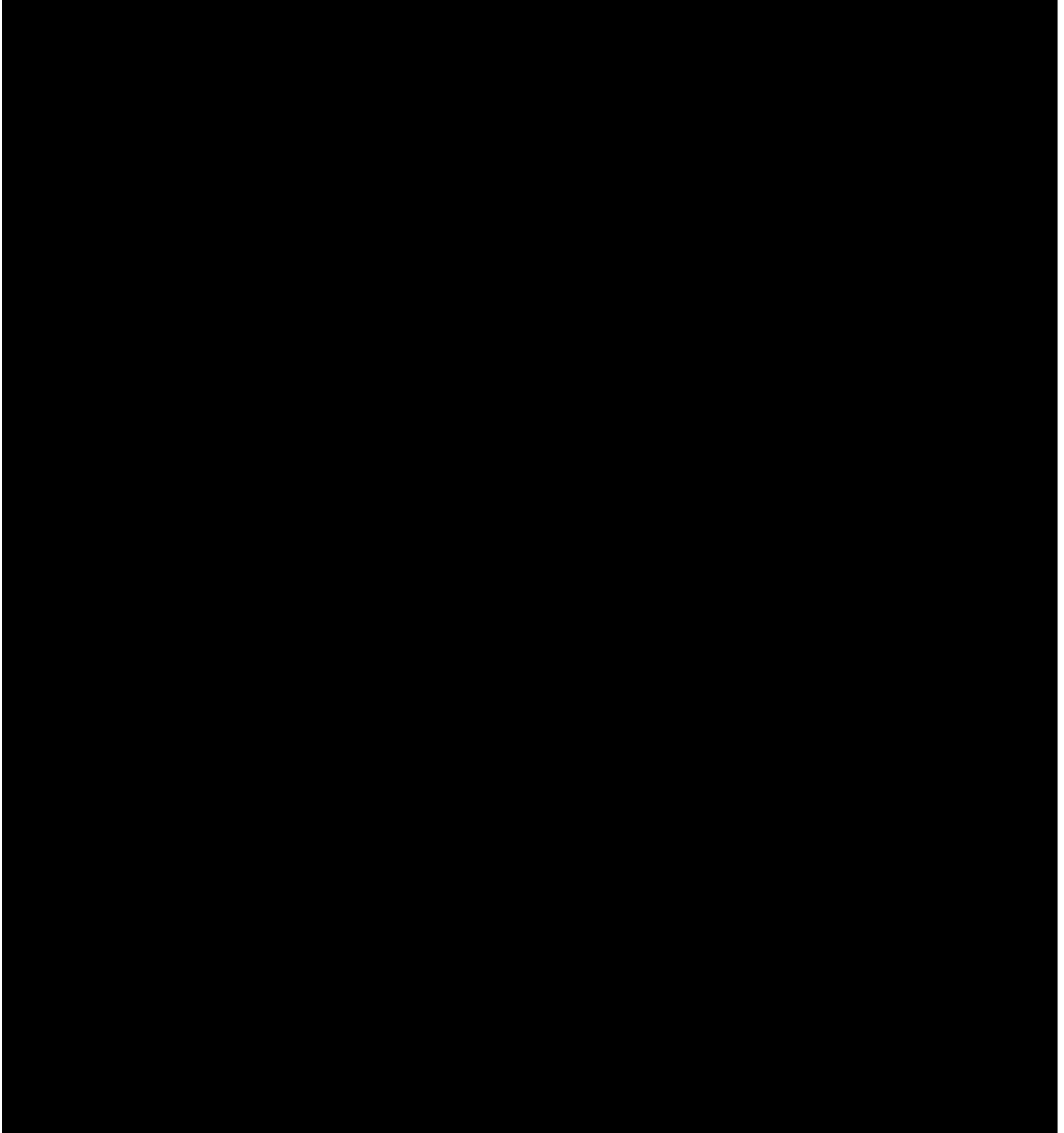
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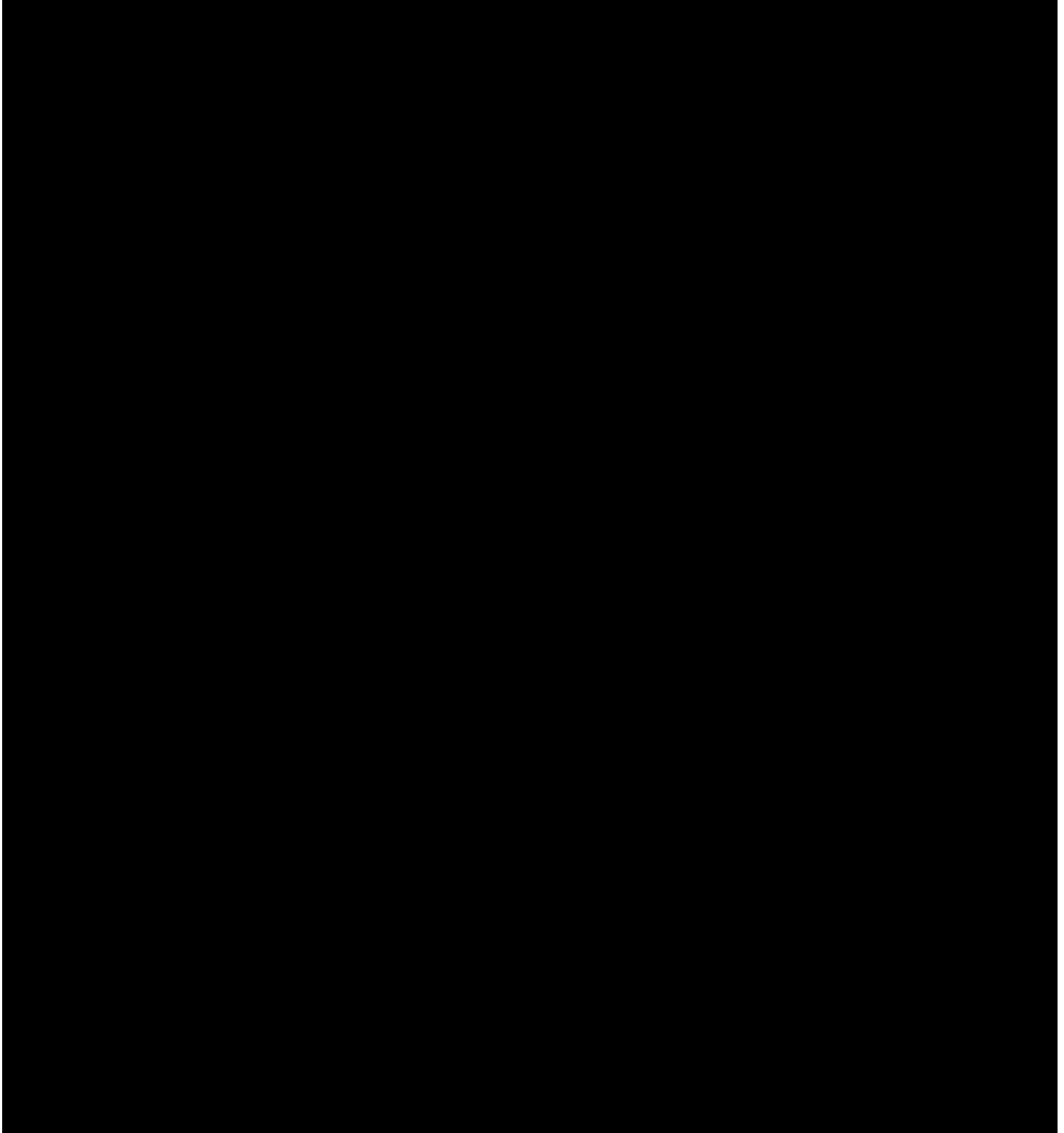
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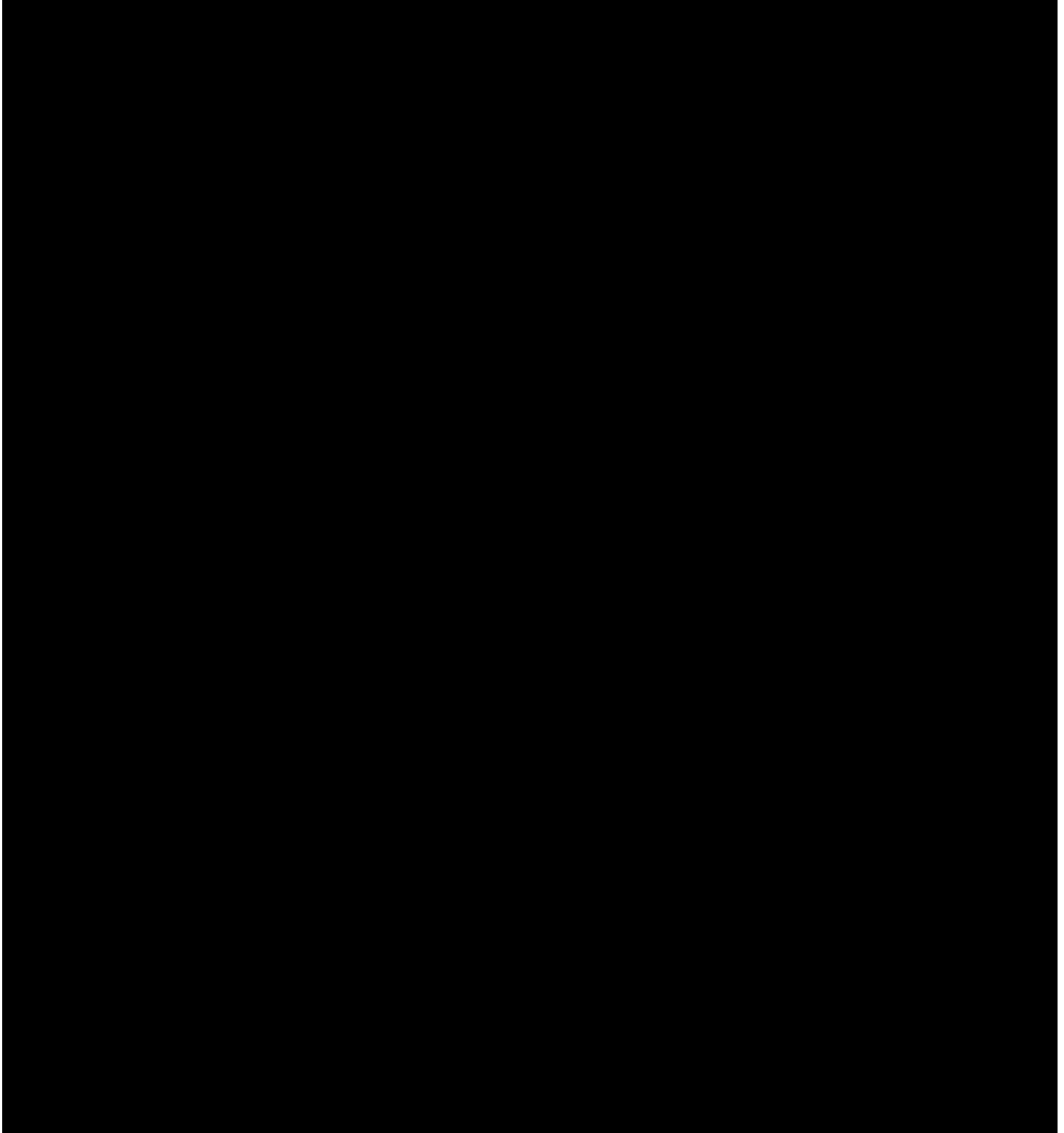
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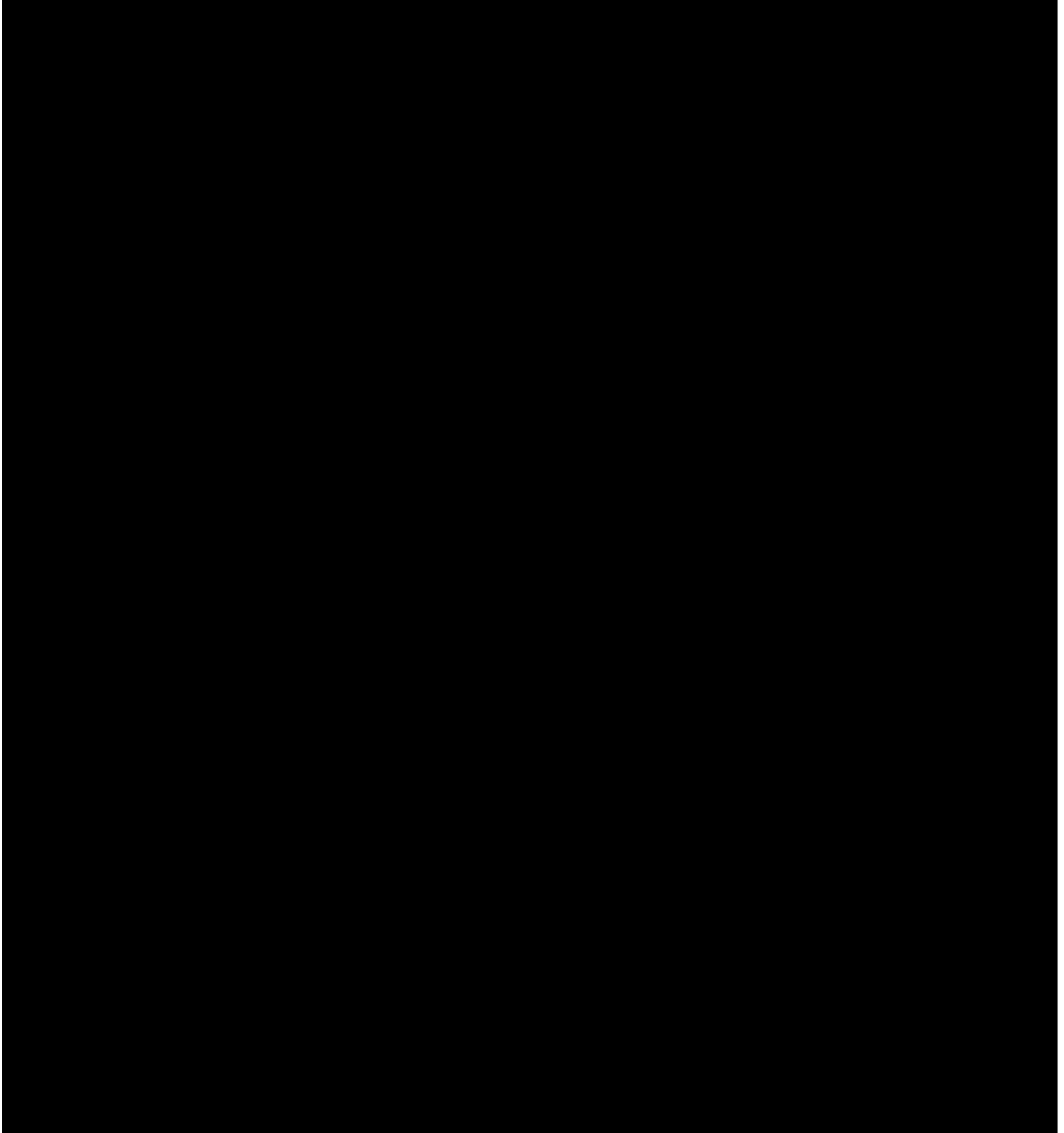
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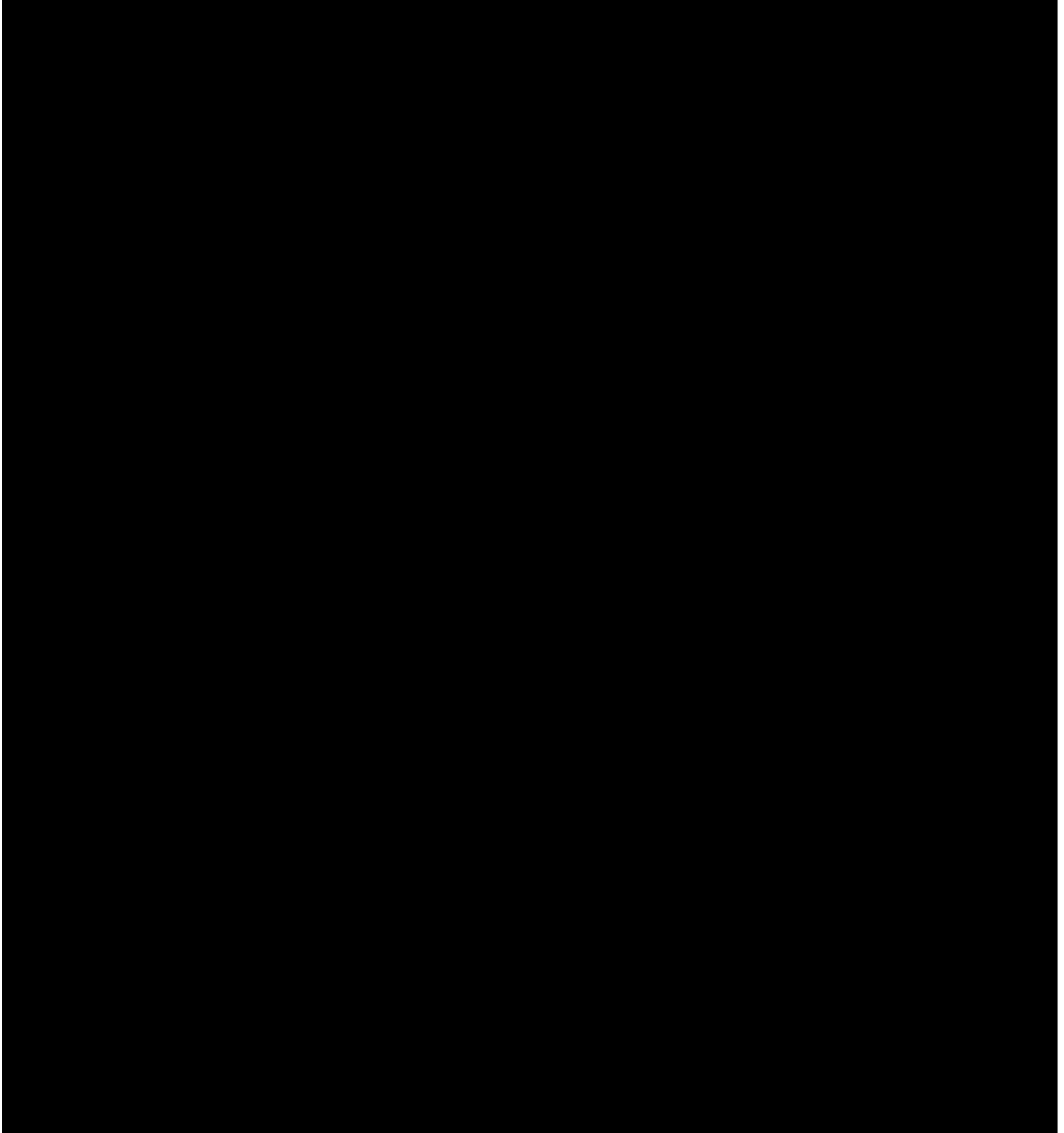
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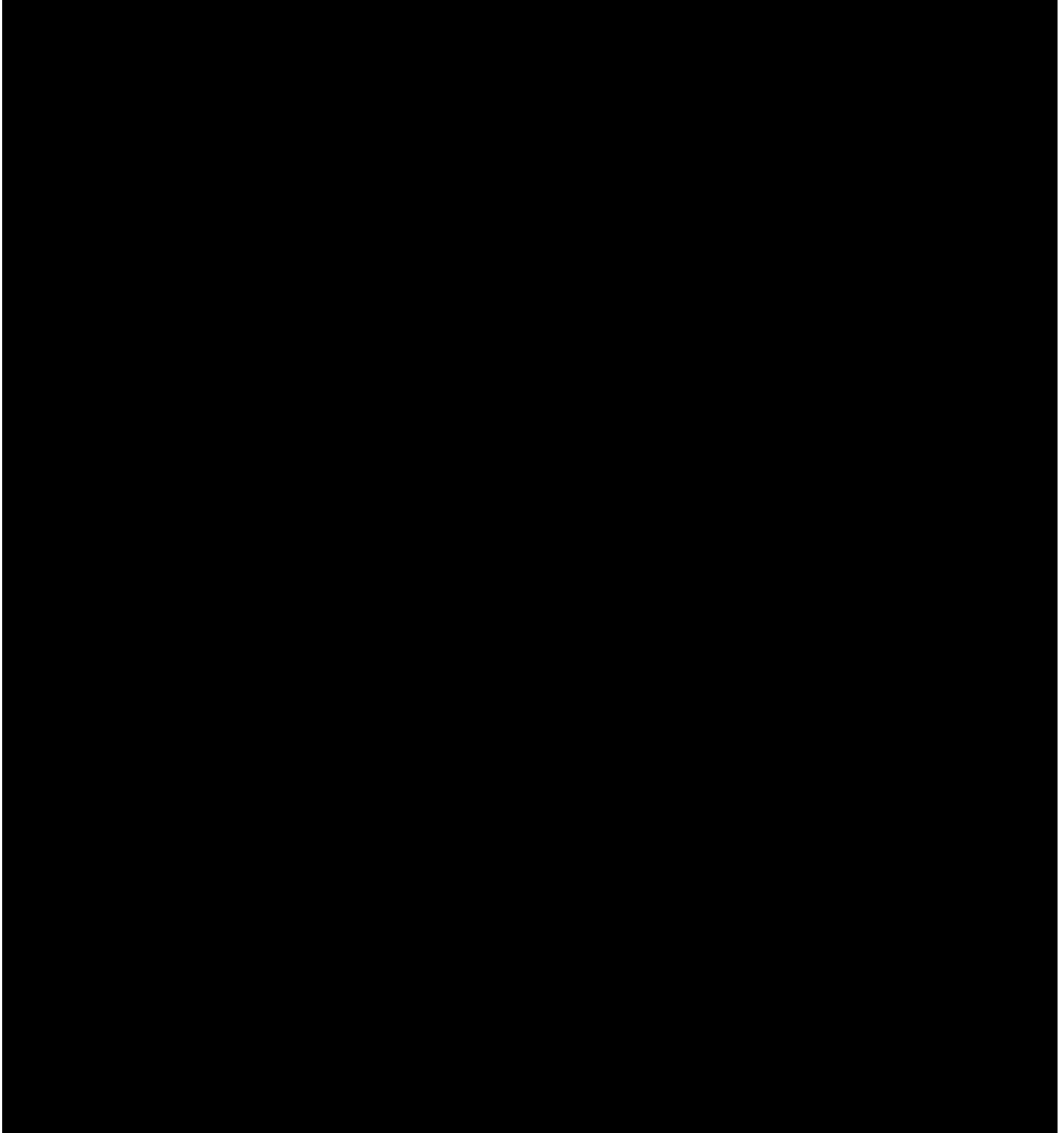
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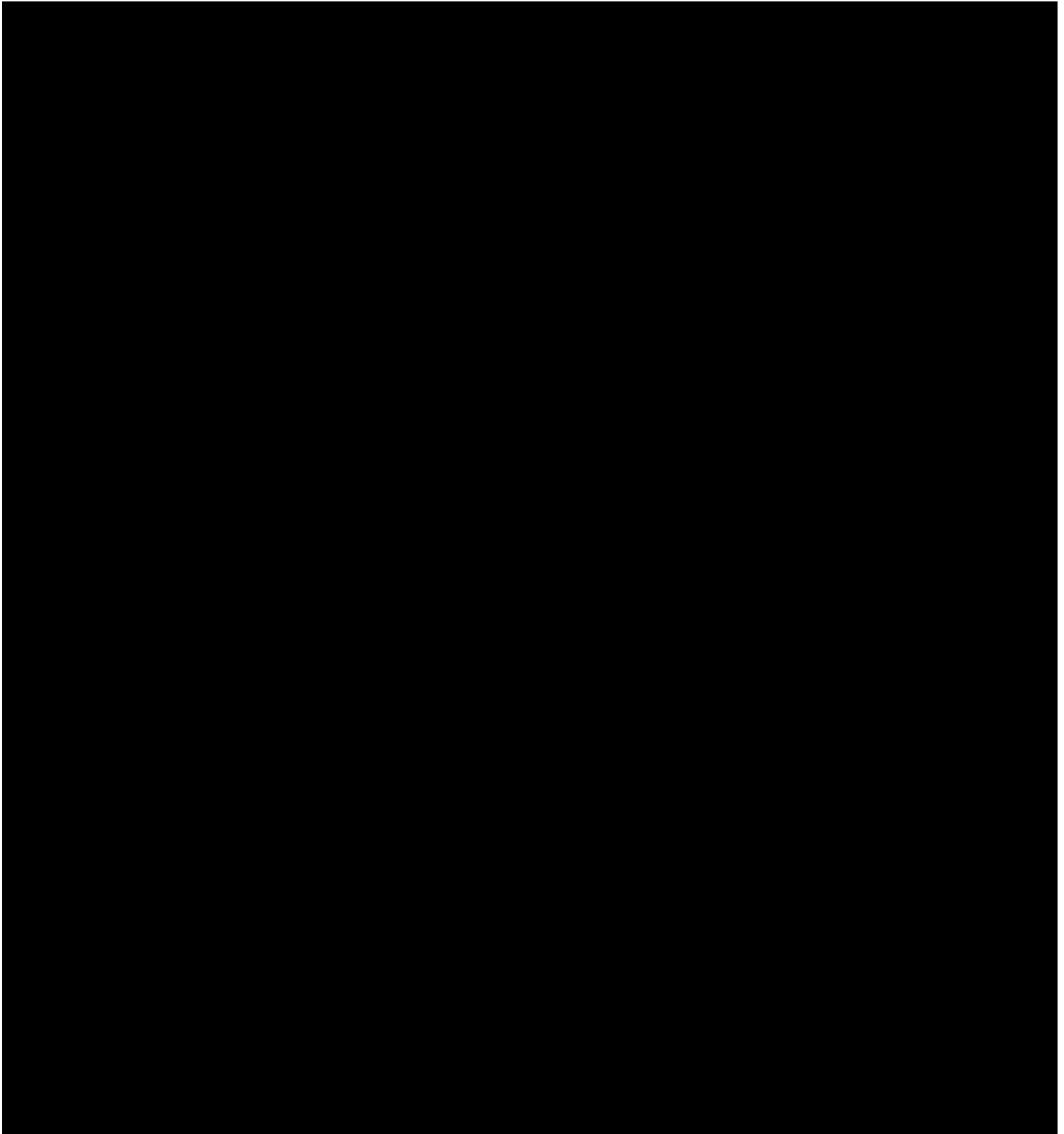
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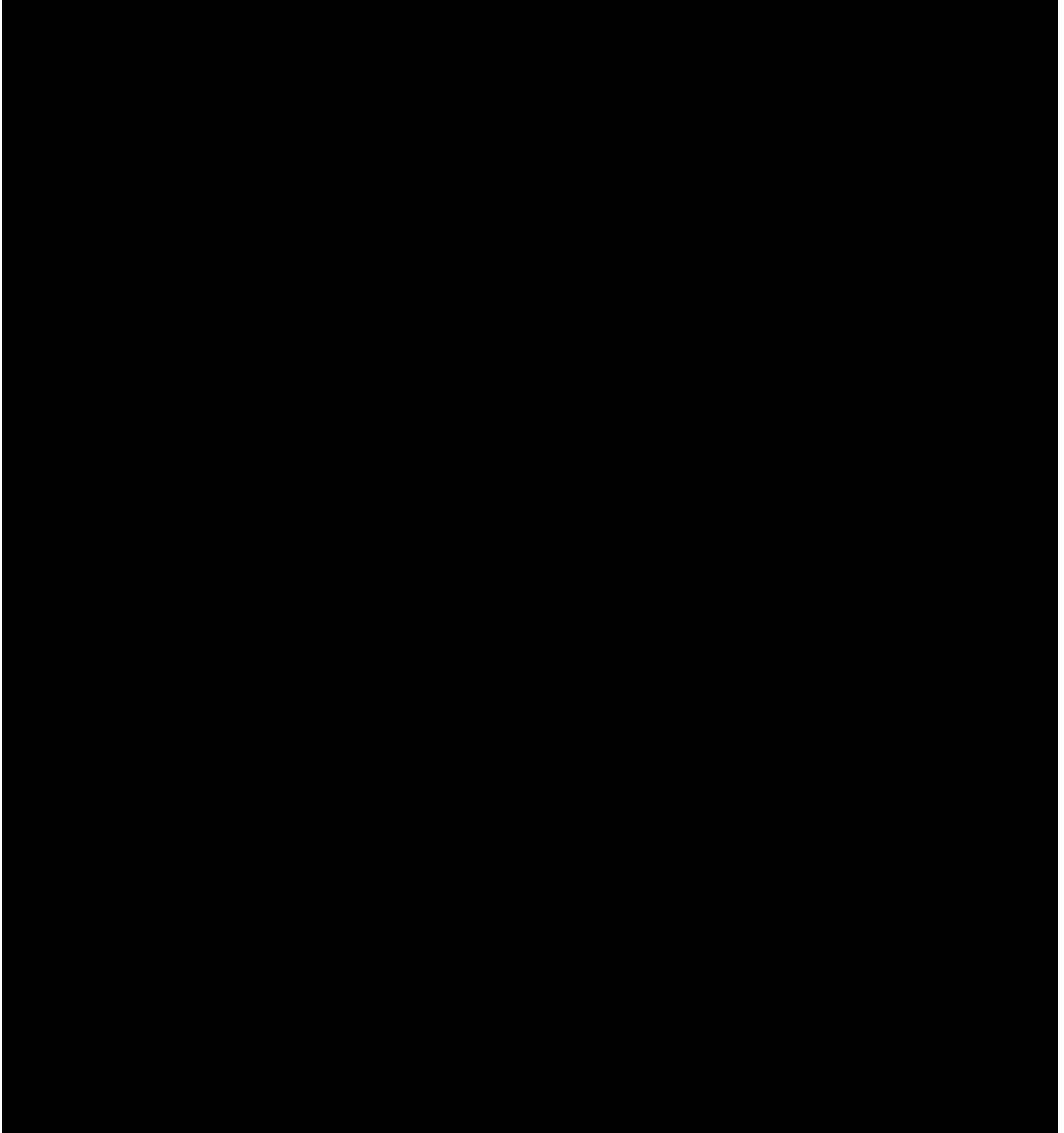
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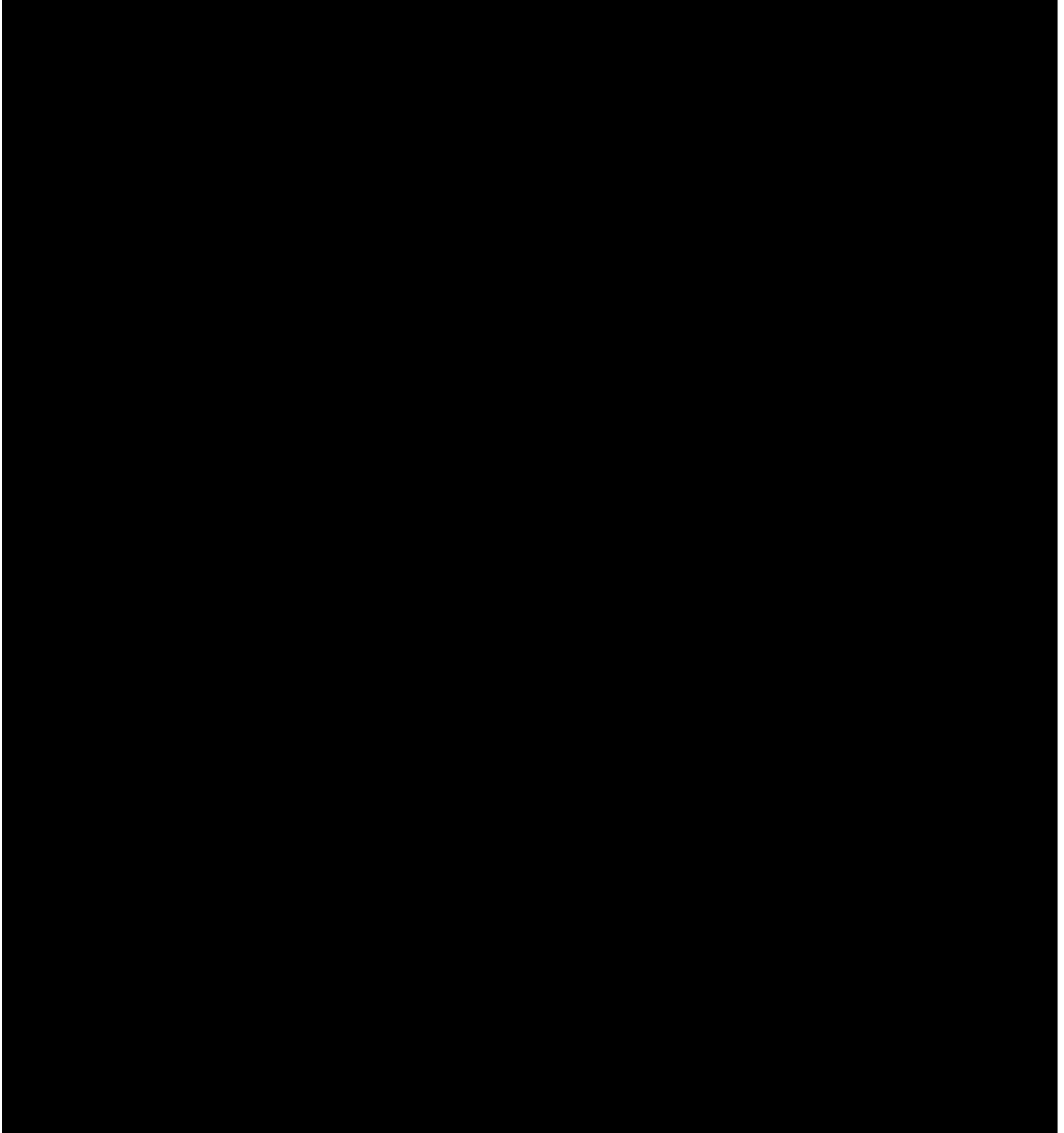
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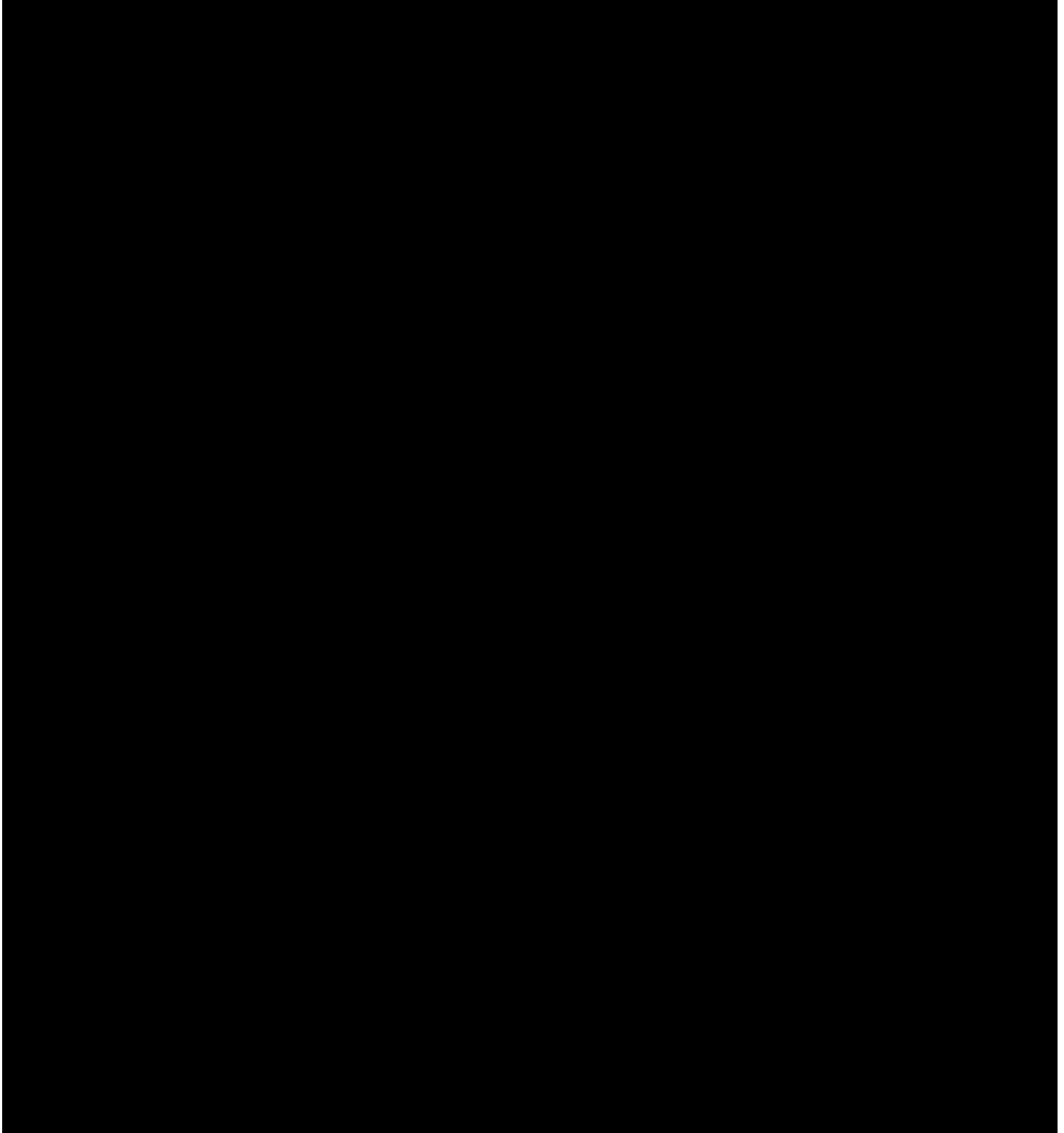
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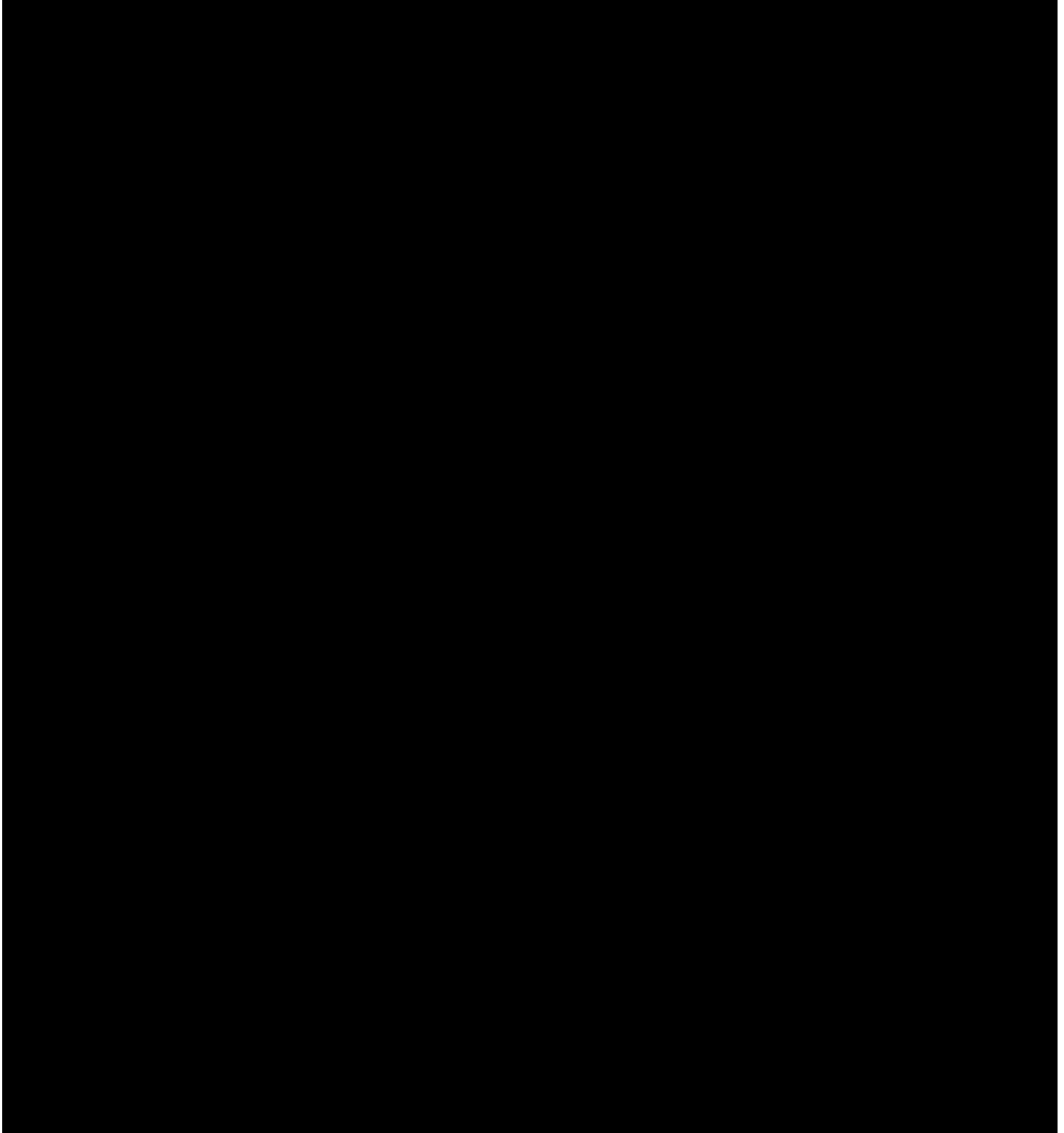
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