



e-FILING REPORT COVER SHEET

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications)
 RO (Other, for example, industry safety information)

Did you previously file a similar report? No Yes, report docket number: RG 37

Report is required by: OAR 860-027-0070

Statute

Order

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other

(For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case? No Yes, docket number: RG 37

List Key Words for this report. We use these to improve search results.

2020 Annual Report for year ending December 31, 2020, FERC Form 2

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

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



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

VIA ELECTRONIC FILING AND MAIL

April 30, 2021

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

**Re: RG 37 – Annual Report for the year ending December 31, 2020
FERC Form 2, Oregon Supplements to FERC Form 2, and Annual Report to
Shareholders**

In accordance with OAR 860-027-0070, Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith its Annual FERC Form 2 Report (“FERC Form 2”), the Oregon Supplements to FERC Form 2, and the Annual Report to Shareholders for the year ending December 31, 2020. A PDF and Excel version of the FERC Chart of Accounts Pre-Closing Trial Balance is also included.

Please note, NW Natural’s FERC Form 2 and Oregon Supplements are not available in Excel workbook format due to the program used to complete these. Two CDs containing the Excel version of the FERC Chart of Accounts will be mailed. Five hard copies and one CD of the Annual Report to Shareholders will also follow.

Please address any correspondence on this matter to me, with copies to Mr. Brody Wilson, Vice President, CAO, Controller & Treasurer, at the address above.

Sincerely,

/s/ Zachary Kravitz

Zachary Kravitz
Director, Rates & Regulatory Affairs

Attachments

NATURAL GAS COMPANIES
(Class A and B)

ANNUAL REPORT

OF

NORTHWEST NATURAL GAS COMPANY

(Exact Legal Name of Respondent)

If name was changed during year, show also the previous name and date of change

PORTLAND, OREGON

(Address of Principal Business Office at End of Year)

TO THE

PUBLIC UTILITY COMMISSION OF OREGON

AND

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2020

Name, Title, and address of officer or other person to whom should be addressed any communication concerning this report:

Brody J. Wilson, Vice President, Chief Accounting Officer, Controller and Treasurer
250 S.W. Taylor Street
Portland, Oregon 97204

Blank Page

THIS FILING IS

Item 1: An Initial (Original OR Resubmission No. _____
Submission)

Form 2 Approved
OMB No. 1902-0028
(Expires 4/30/2021)

Form 3-Q Approved
OMB No. 1902-0205
(Expires 11/30/2022)



FERC FINANCIAL REPORT

FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

NORTHWEST NATURAL GAS COMPANY

Year/Period of Report

End of 12/31/2020

Blank Page

INSTRUCTIONS FOR FILING FERC FORMS 2, 2-A and 3-Q

GENERAL INFORMATION

I Purpose

FERC Forms 2, 2-A, and 3-Q are designed to collect financial and operational information from natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be a non-confidential public use forms.

II. Who Must Submit

Each natural gas company whose combined gas transported or stored for a fee exceed 50 million dekatherms in each of the previous three years must submit FERC Form 2 and 3-Q.

Each natural gas company not meeting the filing threshold for FERC Form 2, but having total gas sales or volume transactions exceeding 200,000 dekatherms in each of the previous three calendar years must submit FERC Form 2-A and 3-Q.

Newly established entities must use projected data to determine whether they must file the FERC Form 3-Q and FERC Form 2 or 2-A.

III. What and Where to Submit

(a) Submit Forms 2, 2-A and 3-Q electronically through the submission software at <http://www.ferc.gov/docs-filing/eforms/form-2/elec-subm-soft.asp>.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Form 2 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mailing two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Form 2, Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared. Unless eFiling the Annual Report to Stockholders, mail these reports to the Secretary of the Commission at:

Secretary of the Commission
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the Annual CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with the current standards of reporting which will:

(i) Contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§158.10-158.12 for specific qualifications.)

Reference	<u>Reference</u> <u>Schedules Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

Filers should state in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(e) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders" and "CPA Certification Statement," have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission website at <http://www.ferc.gov/help/how-to.asp>

(f) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 2 and 2-A free of charge from: <http://www.ferc.gov/docs-filing/eforms/form-2/form-2.pdf> and <http://www.ferc.gov/docs-filing/eforms/form-2a/form-2a.pdf>, respectively. Copies may also be obtained from the Public Reference and Files Maintenance Branch, Federal Energy Regulatory Commission, 888 First Street, NE. Room 2A, Washington, DC 20426 or by calling (202).502-8371

IV. When to Submit:

FERC Forms 2, 2-A, and 3-Q must be filed by the dates:

- (a) FERC Form 2 and 2-A --- by April 18th of the following year (18 C.F.R. §§ 260.1 and 260.2)
- (b) FERC Form 3-Q --- Natural gas companies that file a FERC Form 2 must file the FERC Form 3-Q within 60 days after the reporting quarter (18 C.F.R. § 260.300), and
- (c) FERC Form 3-Q --- Natural gas companies that file a FERC Form 2-A must file the FERC Form 3-Q within 70 days after the reporting quarter (18 C.F.R. § 260.300).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the Form 2 collection of information is estimated to average 1,623 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the Form 2A collection of information is estimated to average 250 hours per response. The public reporting burden for the Form 3-Q collection of information is estimated to average 165 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

- I. Prepare all reports in conformity with the Uniform System of Accounts (USofA) (18 C.F.R. Part 201). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions.**
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Footnote and further explain accounts or pages as necessary.
- IX. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in Dth unless the schedule specifically requires the reporting in another unit of measurement.

DEFINITIONS

- I. Btu per cubic foot -- The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30°F, and under standard gravitational force (980.665 cm. per sec) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).
- II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm -- A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent -- The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

EXCERPTS FROM THE LAW (Natural Gas Act, 15 U.S.C. 717-717w)


"Sec. 10(a). Every natural-gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest dues and paid, depreciation, amortization, and other reserves, cost of facilities, costs of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, costs of renewal and replacement of such facilities, transportation, delivery, use and sale of natural gas..."

"Section 16. The Commission shall have power to perform all and any acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within they shall be filed..."

General Penalties

The Commission may assess up to \$1 million per day per violation of its rules and regulations. See NGA § 22(a), 15 U.S.C. § 717t-1(a).

**FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent Northwest Natural Gas Company	02 Year of Report December 31, 2020	
03 Previous Name and Date of Change (If name changed during year)		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 250 S.W.Taylor Street, Portland OR 97204		
05 Name of Contact Person Brody J. Wilson	Title of Contact Person Vice President, Chief Accounting Officer, Controller and Treasurer	
07 Address of Contact Person (Street, City, State, Zip Code) 250 S.W.Taylor Street, Portland OR 97204		
08 Telephone of Contact Person, Including Area Code (503) 226-4211	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Day, Yr) 4/30/2021
ANNUAL CORPORATE OFFICER CERTIFICATION		
<p>The undersigned officer certifies that:</p> <p>I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.</p>		
11 Name Brody J. Wilson	12 Title Vice President, Chief Accounting Officer, Controller and Treasurer	
13 Signature 	14 Date Signed (Mo, Day, Yr) April 29, 2021	
<p>Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.</p>		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

List of Schedules (Natural Gas Company)

Enter in Column (d) the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none", "not applicable", or "NA".

Line No.	Title of Schedule (a)	Reference Page Number (b)	Date Revised (c)	Remarks (d)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS				
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)				
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		
15	Gas Property and Capacity Leased to Others	213		NA
16	Gas Plant Held for Future Use	214		
17	Construction Work in Progress-Gas	216		
18	Non-Traditional Rate Treatment Afforded New Projects	217		NA
19	General Description of Construction Overhead Procedure	218		
20	Accumulated Provision for Depreciation of Gas Utility Plant	219		
21	Gas Stored	220		
22	Investments	222-223		
23	Investments in Subsidiary Companies	224-225		
24	Prepayments	230		
25	Extraordinary Property Losses	230		
26	Unrecovered Plant and Regulatory Study Costs	230		
27	Other Regulatory Assets	232		
28	Miscellaneous Deferred Debits	233		
29	Accumulated Deferred Income Taxes	234-235		
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)				
30	Capital Stock	250-251		
31	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
32	Other Paid-in Capital	253		
33	Discount on Capital Stock	254		NA
34	Capital Stock Expense	254		
35	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
36	Long-Term Debt	256-257		
37	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

List of Schedules (Natural Gas Company)

Enter in Column (d) the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none", "not applicable", or "NA".

Line No.	Title of Schedule (a)	Reference Page Number (b)	Date Revised (c)	Remarks (d)
38	Unamortized Loss and Gain on Recquired Debt	260		
39	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
40	Taxes Accrued, Prepaid, and Charged During Year	262-263		
41	Miscellaneous Current and Accrued Liabilities	268		
42	Other Deferred Credits	269		
43	Accumulated Deferred Income Taxes-Other Property	274-275		NA
44	Accumulated Deferred Income Taxes-Other	276-277		
45	Other Regulatory Liabilities	278		
INCOME ACCOUNT SUPPORTING SCHEDULES				
46	Monthly Quantity & Revenue Data by Rate Schedule	299		NA
47	Gas Operating Revenues	300-301		
48	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		NA
49	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		NA
50	Revenues from Storage Gas of Others	306		
51	Other Gas Revenues	308		
52	Discounted Rate Services and Negotiated Rate Services	313		NA
53	Gas Operation and Maintenance Expenses	317-325		
54	Exchange and Imbalance Transactions	328		NA
55	Gas Used in Utility Operations	331		
56	Transmission and Compression of Gas by Others	332		NA
57	Other Gas Supply Expenses	334		NA
58	Miscellaneous General Expenses-Gas	335		
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
60	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
COMMON SECTION				
61	Regulatory Commission Expenses	350-351		
62	Employee Pensions and Benefits (Account 926)	352		
63	Distribution of Salaries and Wages	354-355		
64	Charges for Outside Professional and Other Consultative Services	357		
65	Transactions with Associated (Affiliated) Companies	358		
GAS PLANT STATISTICAL DATA				
66	Compressor Stations	508-509		
67	Gas Storage Projects	512-513		
68	Transmission Lines	514		
69	Transmission System Peak Deliveries	518		NA
70	Auxiliary Peaking Facilities	519		
71	Gas Account-Natural Gas	520		
72	Shipper Supplied Gas for the Current Quarter	521		NA
73	System Map	522		NA
74	Footnote Reference	551		NA
75	Footnote Text	552		NA
76	Stockholder's Reports (check appropriate box)			
<input type="checkbox"/> Four copies will be submitted Note: This is NA as FERC Form 2 is filed only with state commissions and not FERC <input type="checkbox"/> No annual report to stockholders is prepared				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Brody J. Wilson **Vice President, Chief Accounting Officer, Controller and Treasurer**
250 S.W. Taylor Street, Portland, Oregon 97204

2. Prove the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Oregon **January 10, 1910**

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership of trusteeship was created, and (d) date when possession by receiver or trustee ceased.

NOT APPLICABLE

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

GAS SERVICE IN OREGON AND WASHINGTON

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

Note: This is NA as FERC Form 2 is filed only with state commissions and not FERC

- (1) Yes...Enter the date when such independent account was initially engaged _____
- (2) No

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.

2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Northwest Natural Holding Company	M	Oregon	100%
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the inter-position of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned	Footnote Ref. (d)
1	Northwest Energy Corporation	D	Intermediate Holding Company	100%	1
2	NWN Gas Reserves LLC	I	Gas Reserves	100%	2
3	NW Natural RNG Holding Company, LLC	D	Holding company	100%	3
4	Lexington Renewable Energy LLC	I/J	Renewable natural gas	See Footnote 4	4
1	Northwest Energy Corporation, is a wholly-owned subsidiary, primarily used as a holding company of NWN Gas Reserves, LLC.				
2	NWN Gas Reserves LLC, a wholly-owned subsidiary of Northwest Energy Corporation, was formed in 2012 as part of a joint venture with Encana Oil & Gas (USA) Inc. to develop, own and operate gas reserves. In 2014, Encana Oil & Gas (USA) Inc. sold its interest in the gas reserves to Jonah Energy LLC.				
3	NW Natural RNG Holding Company, LLC, a wholly-owned subsidiary formed on November 4, 2020, is a holding company that was established to invest in the development and procurement of renewable natural gas.				
4	Lexington Renewable Energy LLC, a partnership with BioCarbN, was formed in November 2020 to facilitate a renewable natural gas development project in Nebraska. NW Natural RNG Holding Company, LLC owns 100% of the Class A Membership Units in Lexington Renewable Energy LLC as of December 28, 2020 and BioCarbN Cross River Biogas Lexington LLC owns 100% of the Class B Membership Units.				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stock-holders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owed by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing: See note (1)	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy. Total: See Note (2) By Proxy: See Note (2)	3. Give the date and place of such meeting: Date: 5/28/2020 Place: See Note (3) Location: See Note (3)
---	---	---

		VOTING SECURITIES			
		4. Number of votes as of (date):			
Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	100	100		
6	TOTAL number of security holders	1 ⁽¹⁾	1 ⁽¹⁾		
7	Special Privileges	See Note (4)	See Note (4)	Limited Voting Junior Preferred	
8					
9	See page 107 B				
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Note 1: Effective October 1, 2018, NW Natural completed a reorganization into a holding company structure, as approved by the OPUC in 2017 pursuant to Order 17-526 (Reorganization). To effect the Reorganization, NWN Merger Sub, Inc., a wholly owned subsidiary of Northwest Natural Holding Company (NW Holdings), was merged with and into NW Natural and each outstanding share of NW Natural common stock was converted into one share of NW Holdings common stock and NW Natural became a wholly owned subsidiary of NW Holdings.

Note 2: Effective October 1, 2018, NW Natural completed a reorganization into a holding company structure, as approved by the OPUC pursuant to Order 17-526 (Reorganization). As a result of the Reorganization, there are only 100 shares of Common Stock entitled to cast votes at a general meeting for the election of directors, all of which are held by a single shareholder, Northwest Natural Holding Company.

Note 3: In 2020, the directors of NW Natural were elected by written consent of the sole shareholder of its Common Stock.

Note 4: In addition to the common stock, effective as of the Reorganization, NW Natural also has authorized, issued and outstanding, one share of Limited Voting Preferred Stock (Golden Share), \$1 par value, held by GSS Holdings (NWN), Inc. As specified in OPUC Order 17-526, NW Natural is not entitled to file a voluntary petition for bankruptcy unless approved by the holder of the Golden Share, which must be an independent party. Except as provided in NW Natural's Amended and Restated Articles of Incorporation or as otherwise provided by law, the holder of the Golden Share has no voting rights for any other purpose.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SECURITY HOLDERS AND VOTING POWERS (Continued)

Line No.	Name and Address (1a) (a)	Shares of Common Stock (b)	Percentage of Stock Outstanding (Voting Control) (c)	
1	NW Natural Holding Company	100	100.00% ⁽¹⁾	
2	250 S.W. Taylor Street			
3	Portland, OR 97204			
4	Officers			
5		Stock Options for Officers as of 12/31/20		
6	None		Stock Rights for Officers as of 12/31/20	
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Directors			
21			Stock Rights for Directors as of 12/31/20	
22	None			
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				

(1) Effective October 1, 2018, NW Natural completed a reorganization into a holding company structure, as approved by the OPUC in 2017 pursuant to Order 17-526 (Reorganization). To effect the Reorganization, NWN Merger Sub, Inc., a wholly owned subsidiary of Northwest Natural Holding Company (NW Holdings), was merged with and into NW Natural and each outstanding share of NW Natural common stock was converted into one share of NW Holdings common stock and NW Natural became a wholly owned subsidiary of NW Holdings.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

IMPORTANT CHANGES DURING THE YEAR

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform Systems of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction or transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.

Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of obligation. Cite commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or know associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

See Page 108 B

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

IMPORTANT CHANGES DURING THE YEAR (Continued)

1. None
2. None
3. None
4. None
5. Reference to the updated 2018 Integrated Resource Plan that covers fiscal years 2018 through 2020 and the Gas Utility New Construction Budget for 2020 submitted to the OPUC and Washington Utility and Transportation Commission ("WUTC").
6. None
7. On April 3, 2020, the Board of Directors (the "Board") of Northwest Natural Gas Company ("NW Natural") approved the amendment and restatement of NW Natural's Amended and Restated Bylaws (the "Bylaws"). The amendments to the Bylaws were made primarily to permit the annual meeting of shareholders to be held partially or solely by means of remote communication, to clarify the leadership of the Board in the event of the Chair's absence or disability, and to clarify the ability of directors to participate in regular or special board or committee meetings by means of remote communication. These amendments were adopted to provide flexibility in the format of board and shareholder meetings in light of the developments related to the novel coronavirus (COVID-19) pandemic in an effort to protect the health and well-being of shareholders, employees, directors and communities.
On December 9, 2020, the Board of NW Natural and the sole shareholder of NW Natural, Northwest Natural Holding Company, approved an amendment to NW Natural's Amended and Restated Articles of Incorporation (the "Articles of Incorporation"). The amendment to the Articles of Incorporation was made to increase the maximum number of directors that may comprise the Board from thirteen to fourteen in order to accommodate the appointment of both Ms. Karen Lee and Mr. Nathan I. Partain to the Board effective January 1, 2021.
8. Bargaining unit employee pay increase of 2.00% effective June 1, 2020
Non-bargaining unit employee annual salary increase of approximately 3.40% effective March 1, 2020.
9. Reference 10k disclosure is made to NOTE 17 - Commitment and Contingencies and NOTE 18 - Environmental Matters of the Notes to the Financial Statements, beginning on Page 128.
10. The below describes certain transactions of the respondent since January 1, 2020 in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which such person had a material interest. However, the below transactions are not materially important transactions of the respondent and the below response is not to be construed as an indication that the respondent deems such transactions as materially important.

Certain Legal Fees
Ms. Shawn M. Filippi, Vice President, Chief Compliance Officer and Corporate Secretary, is married to a Co-Managing Partner of the Portland office of Stoel Rives LLP. For many years prior to Ms. Filippi's employment at NW Natural, NW Natural engaged the law firm Stoel Rives LLP as outside legal counsel. NW Natural continues to engage Stoel Rives LLP from time to time, and intends to do so in the future. Total fees paid to Stoel Rives LLP in 2020 were approximately \$960,836. Ms. Filippi's husband is not compensated by Stoel Rives LLP based on work performed for NW Natural and does not routinely work on NW Natural matters. Furthermore, his interest is less than 1% of Stoel Rives' partnership allocation and the annual fees paid by NW Natural to Stoel Rives LLP in 2020 represented less than 1% of Stoel Rives LLP's annual gross revenues.

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

IMPORTANT CHANGES DURING THE YEAR (Continued)

11. Increase or decrease in annual revenues caused by important rate changes:

OREGON

The new rates for Oregon customers reflect the combined effects of the annual Purchased Gas Adjustment (PGA), which was approved by the Public Utility Commission of Oregon on October 15, 2020 in Orders 20-360, and the Oregon general rate case approved by the Public Utility Commission of Oregon on October 16, 2020 in Order 20-364 in docket UG 388. An errata Order 20-369 was issued on October 26, 2020 to correct parts of Order 20-364 approved on October 16, 2020. Rates impacted by both approvals went into effect November 1, 2020. The approval of the general rate case increased revenues of \$49 million to recover operating costs, investments in greater system reliability and resiliency, and historical energy efficiency program costs. With the PGA and other associated regulatory filing approvals, the increase in revenues from the rate case is offset by a decrease in revenue of \$25 million, or 4.06 percent for passing through certain purchased gas cost adjustments, and technical adjustments amortizing the Company's deferred revenue and gas costs. As of June 30, 2020, 679,540 customers were affected.

OREGON RATE CASES

2020 General Rate Case

As previously disclosed, on December 30, 2019, NW Natural, a wholly owned subsidiary of Northwest Natural Holding Company (NWHoldings), filed a request for a general rate case with the Public Utility Commission of Oregon (OPUC). On March 12, 2020, NW Natural, the OPUC staff, the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC), which comprise all of the parties to the rate case (Rate Case Parties), filed a settlement with the OPUC addressing cost of capital issues in the case (First Settlement). Also as previously disclosed, on July 31, 2020, NW Natural and the Rate Case Parties filed a joint stipulation with the OPUC addressing all remaining issues in the general rate case and incorporating the cost of capital components that were memorialized in the First Settlement (Comprehensive Settlement). On October 16, 2020, the OPUC issued an order approving the Comprehensive Settlement and concluding NW Natural's general rate case (Order). The Order provides for a total revenue requirement increase of approximately \$45 million over revenues from existing rates. The revenue requirement is based on the following assumptions:

- Capital structure of 50% common equity and 50% long-term debt;
- Return on equity of 9.4%;
- Cost of capital of 6.965%; and
- Average rate base of \$1.44 billion or an increase of \$242.1 million since the last rate case.

Under the terms of the Order, NW Natural is authorized to begin to recover NW Natural's forecasted tax expense associated with the Oregon Corporate Activity Tax (CAT) as a component of base rates. Beginning on the November 1, 2020 rate effective date, NW Natural expects to recover an additional \$3.15 million in revenue requirement for the CAT. Under the terms of the Order, NW Natural is directed to adjust the amount recovered for the CAT in each annual purchased gas adjustment (PGA) to reflect changes in gross revenue and cost of goods sold that occur as a result of the PGA. In March 2019, the OPUC issued an order concluding NW Natural's last Oregon general rate case and addressing the terms by which excess deferred income taxes (EDIT) associated with the Tax Cuts and Jobs Act (TCJA) would be provided to customers directly or applied for the benefit of customers. The Order directs NW Natural to include a true-up credit to customers of approximately \$1.0 million as a temporary rate adjustment to be amortized over the 2020-21 PGA year.

WASHINGTON

The new rates for Washington customers reflect the annual Purchased Gas Adjustment (PGA) approved by Washington Utilities and Transportation Commission via no action in docket UG-200801 at its Public Meeting on October 29, 2020 that allows rates to go into effect on November 1, 2020. With the PGA and other related regulatory filings, the Company's annual revenues increased by \$6.5 million, or 10.05 percent for changes in purchased gas costs and temporary rate adjustments to amortize balances in deferred accounts. As of June 30, 2020, 88,669 customers were affected.

WASHINGTON RATE CASE

2020 General Rate Case

On December 18, 2020, Northwest Natural Gas Company (NW Natural), a wholly owned subsidiary of Northwest Natural Holding Company (NWHoldings), filed a request for a general rate increase with the Washington Utilities and Transportation Commission (WUTC). Approximately 90,000 or 12% of NW Natural's customers are in, and approximately 10% of NW Natural's revenues are derived from, Washington. The remainder of customers and revenues are in Oregon.

This filing includes a requested increase in annual revenue requirement over two years, consisting of an 8.0% or \$6.3 million increase in the first year beginning November 1, 2021 (Year One), and a 3.7% or \$3.2 million increase in the second year beginning November 1, 2022 (Year Two). NW Natural is also requesting a \$2.2 million, or 3%, offset to rates in the first year via suspension of amortization of a regulatory asset associated with NW Natural's energy efficiency programs and via application of proceeds from the sale of real property in Portland, Oregon, which would reduce the Year One rate increase to approximately 5%. This proposed two-year rate plan and several mitigating proposals, including maintaining the current return on equity, strive to balance the need to recover long-planned investments that support continued safe and reliable service to customers with the need to maintain affordable rates, especially during these challenging times brought on by the coronavirus (COVID-19) pandemic. The requested increase is intended to recover operating costs and investments made in the distribution system, underground storage facility, operations facilities, including improvements to the resource facility in Vancouver, Washington, and upgrades of critical information technology, including NW Natural's enterprise resource planning system, and is based upon the following assumptions or requests:

- Capital structure of 50.0% long-term debt, 1.0% short-term debt, and 49.0% common equity;
- Return on equity of 9.4%;
- Cost of capital of 6.913%; and
- Average rate base of \$194.7 million, an increase of \$20.9 million since the last rate case for capital expenditures already expended at the time of filing, with an additional expected \$31.2 million increase in Year One, and an additional expected \$21.4 million increase in Year Two, with the increases in Year One and Year Two relating to expected capital expenditures in those years. NW Natural's filing will be reviewed by the WUTC and other stakeholders. The process is anticipated to take up to 11 months. NW Natural has requested that the new rates take effect November 1, 2021

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	--	--

IMPORTANT CHANGES DURING THE YEAR (Continued)

- | | |
|-----|--|
| 12. | <ul style="list-style-type: none"> •Kathryn M. Williams was appointed Vice President, Public Affairs and Sustainability effective March 1, 2020. Ms. Williams had been previously serving as Vice President, Public Affairs. •Mark S. Dodson retired from the Board of Directors of NW Natural effective May 28, 2020. •C. Scott Gibson was appointed Chair of the Board of Directors of NW Natural effective May 28, 2020. •Honorable Dave McCurdy was appointed to the Board of Directors of NW Natural effective July 1, 2020. •Martha L. "Stormy" Byorum retired from the Board of Directors of NW Natural effective December 31, 2020. |
| 13. | Not Applicable because there is no cash management program. |

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Balance Year (c)	Prior Year End Balance 12/31/2019 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	3,763,096,200	3,432,416,123
3	Construction Work in Progress (107)	200-201	61,577,633	84,964,806
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	3,824,673,833	3,517,380,929
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	(1,497,763,148)	(1,425,460,561)
6	Net Utility Plant (Total of line 4 less 5)	—	2,326,910,685	2,091,920,368
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)	—	2,326,910,685	2,091,920,368
11	Utility Plant Adjustments (116)	—	—	—
12	Gas Stored-Base Gas (117.1)	220	25,390,150	25,409,543
13	System Balancing Gas (117.2)	220	—	—
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	—	—
15	Gas Owned to System Gas (117.4)	220	—	—
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)	204-209	71,332,440	69,061,380
18	(Less) Accum. Prov. for Depreciation and Amortization (122)	219	(21,171,862)	(20,136,243)
19	Investments in Associated Companies (123)	222-223	—	—
20	Investment in Subsidiary Companies (123.1)	224-225	76,634,144	88,130,262
21	(For Cost of Account 123.1, See Footnote Page 224, line 40)	—	—	—
22	Noncurrent Portion of Allowances	—	—	—
23	Other Investments (124)	222-223	49,241,333	49,836,949
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)	—	6,134,724	3,336,883
29	Long-Term Portion of Derivative Assets - Hedges (176)	—	—	—
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)	—	182,170,779	190,229,231
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)	—	1,203,509	679,105
33	Special Deposits (132-134)	—	8,490,060	4,999,226
34	Working Funds (135)	—	207,476	209,569
35	Temporary Cash Investments (136)	222-223	5,286,419	2,988,035
36	Notes Receivable (141)	—	—	—
37	Customer Accounts Receivable (142)	—	75,096,470	60,461,257
38	Other Accounts Receivable (143)	—	3,450,314	5,087,344
39	(Less) Accum. Prov. for Uncollectible Accounts-Credit (144)	—	(3,106,853)	(671,594)
40	Notes Receivable from Associated Companies (145)	—	—	—
41	Accounts Receivable from Associated Companies (146)	—	660,307	786,535
42	Fuel Stock (151)	—	—	—
43	Fuel Stock Expense Undistributed (152)	—	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Balance Year (c)	Prior Year End Balance 12/31/2019 (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)	—	—	—
45	Plant Material and Operating Supplies (154)	—	16,639,963	15,484,130
46	Merchandise (155)	—	968,529	944,230
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)	220	21,716,106	24,753,544
53	Liq. Natural Gas Stored and Held for Processing (164.2-164.3)	220	2,999,958	2,713,986
54	Prepayments (165)	230	26,945,333	24,651,092
55	Advances for Gas (166-167)	—	—	—
56	Interest and Dividends Receivable (171)	—	—	—
57	Rents Receivable (172)	—	—	—
58	Accrued Utility Revenues (173)	—	57,890,055	56,139,400
59	Miscellaneous Current and Accrued Assets (174)	—	3,505,877	3,796,240
60	Derivative Instrument Assets (175)	—	19,812,993	10,138,486
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)	—	(6,134,724)	(3,336,883)
62	Derivative Instrument Assets - Hedges (176)	—	—	—
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)	—	—	—
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)	—	235,631,792	209,823,702
65	DEFERRED DEBITS			
66	Unamortized Debt Expense (181)	259	8,227,645	6,731,211
67	Extraordinary Property Losses (182.1)	230	—	—
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	—	—
69	Other Regulatory Assets (182.3)	232	17,103,787	19,381,684
70	Prelim. Survey and Investigation Charges (Electric) (183)	—	—	—
71	Prelim. Survey and Invest. Charges (Gas) (183.1, 183.2)	—	4,407,522	1,223,507
72	Clearing Accounts (184)	—	(83,556)	25,793
73	Temporary Facilities (185)	—	—	—
74	Miscellaneous Deferred Debits (186)	233	378,464,551	359,690,847
75	Def. Losses from Disposition of Utility Plant (187)	—	—	—
76	Research, Devel. and Demonstration Expend. (188)	—	—	—
77	Unamortized Loss on Reacquired Debt (189)	260	1,261,516	1,519,144
78	Accumulated Deferred Income Taxes (190)	234-235	—	—
79	Unrecovered Purchased Gas Costs (191)	—	4,485,643	19,773,514
80	Total Deferred Debits (Total of lines 66 thru 79)		413,867,108	408,345,700
81	Total Assets and Other Debits (Total of lines 10-15, 30, 64, and 80)		3,183,970,514	2,925,728,544

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Balance Year (c)	Prior Year End Balance 12/31/2019 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	228,868,408	228,868,408
3	Preferred Stock Issued (204)	250-251	1	1
4	Capital Stock Subscribed (202, 205)	252	—	—
5	Stock Liability for Conversion (203, 206)	252	—	—
6	Premium on Capital Stock (207)	252	—	—
7	Other Paid-In Capital (208-211)	253	94,755,256	94,806,835
8	Installments Received on Capital Stock (212)	252	—	—
9	(Less) Discount on Capital Stock (213)	254	—	—
10	(Less) Capital Stock Expense (214)	254	(4,118,163)	(4,118,163)
11	Retained Earnings (215, 215.1, 216)	118-119	527,993,220	513,824,815
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	—	—
13	(Less) Reacquired Capital Stock (217)	250-251	—	—
14	Accumulated Other Comprehensive Income (219)	117	(12,902,263)	(10,733,393)
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)	—	834,596,459	822,648,503
16	LONG-TERM DEBT			
17	Bonds (221)	256-257	924,700,000	849,700,000
18	(Less) Reacquired Bonds (222)	256-257	—	—
19	Advances from Associated Companies (223)	256-257	—	—
20	Other Long-Term Debt (224)	256-257	—	—
21	Unamortized Premium on Long-Term Debt (225)	258-259	—	—
22	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259	—	—
23	(Less) Current Portion of Long-Term Debt	256	(60,000,000)	(75,000,000)
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)	256	864,700,000	774,700,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)	—	80,559,010	772,078
27	Accumulated Provision for Property Insurance (228.1)	—	24,000	49,000
28	Accumulated Provision for Injuries and Damages (228.2)	—	93,836,623	98,810,516
29	Accumulated Provision for Pensions and Benefits (228.3)	—	239,484,640	250,467,983
30	Accumulated Miscellaneous Operating Provisions (228.4)	—	—	—
31	Accumulated Provision for Rate Refunds (229)	—	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Balance Year (c)	Prior Year End Balance 12/31/2019 (d)
32	Long-Term Portion of Derivative Instrument Liabilities	—	2,851,643	608,623
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)	—	416,755,916	350,708,200
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-term Debt	256	60,000,000	75,000,000
38	Notes Payable (231)	—	231,525,000	125,100,000
39	Accounts Payable (232)	—	93,287,775	110,209,202
40	Notes Payable to Associated Companies (233)	—	—	—
41	Accounts Payable to Associated Companies (234)	—	16,290,171	17,251,481
42	Customer Deposits (235)	—	3,213,864	4,855,552
43	Taxes Accrued (236)	262-263	29,264,171	12,968,972
44	Interest Accrued (237)	—	7,338,131	7,441,256
45	Dividends Declared (238)	—	—	—
46	Matured Long-Term Debt (239)	—	—	—
47	Matured Interest (240)	—	—	—
48	Tax Collections Payable (241)	—	6,123,645	6,001,360
49	Miscellaneous Current and Accrued Liabilities (242)	268	39,371,984	47,698,664
50	Obligations Under Capital Leases-Current (243)	—	1,795,978	2,170,810
51	Derivative Instrument Liabilities (244)	—	7,049,272	2,608,418
52	(Less) Long-Term Portion of Derivative Instrument Liabilities	—	(2,851,643)	(608,623)
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)	—	492,408,348	410,697,092
56	DEFERRED CREDITS			
57	Customer Advances for Construction (252)	—	6,253,436	7,367,884
58	Accumulated Deferred Investment Tax Credits (255)	—	—	—
59	Deferred Gains from Disposition of Utility Plant (256)	—	—	—
60	Other Deferred Credits (253)	269	5,749,705	6,116,933
61	Other Regulatory Liabilities (254)	278	233,622,399	236,912,097
62	Unamortized Gain on Reacquired Debt (257)	260	—	—
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)	—	—	—
64	Accumulated Deferred Income Taxes - Other Property (282)	—	—	—
65	Accumulated Deferred Income Taxes - Other (283)	276-277	329,884,251	316,577,835
66	TOTAL Deferred Credits (Total of lines 57 thru 65)	—	575,509,791	566,974,749
67	TOTAL Liabilities and Other Credits (Total of lines 15, 24, 35, 55 and 66)	—	3,183,970,514	2,925,728,544

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
3. Report data for lines 8, 10, and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

Line No.	Account (a)	(Ref.) Page No. (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	729,867,611	707,972,788		
3	Operating Expenses	—				
4	Operation Expenses (401)	320-325	427,226,242	434,864,232		
5	Maintenance Expenses (402)	320-325	20,508,942	16,751,989		
6	Depreciation Expense (403)	336-338	100,591,033	89,414,896		
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)	—	9,690,897	12,336,840		
13	(Less) Regulatory Credits (407.4)	—	—	—		
14	Taxes Other Than Income Taxes (408.1)	262-263	51,606,562	49,362,241		
15	Income Taxes - Federal (409.1)	262-263	9,710,802	5,322,258		
16	Income Taxes - Other (409.1)	262-263	4,713,075	1,596,168		
17	Provision for Deferred Income Taxes (410.1)	276-277	32,968,241	60,848,892		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	276-277	28,592,422	56,029,969		
19	Investment Tax Credit Adj. - Net (411.4)	—	—	(2)		
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)	—	628,423,372	614,467,545		
26	Net Utility Operating income (Enter Total of line 2 less 25) (Carry forward to page 116, line 27)	—	101,444,239	93,505,243		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF INCOME FOR THE YEAR

4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.
5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, line 2 to 23 and report the information in the blank space on page 122 or in a supplemental statement.

Elec. Utility Total Current Year (in dollars) (g)	Elec. Utility Total Previous Year (in dollars) (h)	Gas Utility Total Current Year (in dollars) (i)	Gas Utility Total Previous Year (in dollars) (j)	Other Utility Total Current Year (in dollars) (k)	Other Utility Total Previous Year (in dollars) (l)	Line No.
						1
		729,867,611	707,972,788			2
						3
		427,226,242	434,864,232			4
		20,508,942	16,751,989			5
		100,591,033	89,414,896			6
		—	—			7
		—	—			8
		—	—			9
		—	—			10
		—	—			11
		9,690,897	12,336,840			12
		—	—			13
		51,606,562	49,362,241			14
		9,710,802	5,322,258			15
		4,713,075	1,596,168			16
		32,968,241	60,848,892			17
		28,592,422	56,029,969			18
		—	(2)			19
		—	—			20
		—	—			21
		—	—			22
		—	—			23
		—	—			24
		628,423,372	614,467,545			25
		101,444,239	93,505,243			26

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF INCOME (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Total Current Year To Date Balance for Quarter/Year (c)	Total Prior Year To Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)	—	101,444,239	93,505,243		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merch, Jobbing and Contract Work (415)	—	5,410,243	5,500,680		
32	(Less) Costs and Exp. of Merch, Job & Contract Work (416)	—	5,064,264	5,542,888		
33	Revenues From Nonutility Operations (417)	—	23,637,869	32,697,836		
34	(Less) Expenses of Nonutility Operations (417.1)	—	15,275,008	20,640,048		
35	Nonoperating Rental Income (418)	—	541,589	531,803		
36	Equity in Earnings of Subsidiary Companies (418.1)	119	—	—		
37	Interest and Dividend Income (419)	—	1,648,842	2,052,440		
38	Allow. for Other Funds Used During Constr (419.1)	—	(18)	656,996		
39	Miscellaneous Nonoperating Income (421)	—	429,572	33,037		
40	Gain on disposition of Property (421.1)	—	—	—		
41	TOTAL Other Income (Total of lines 31 thru 40)	—	11,328,825	15,289,856		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)	—	—	—		
44	Miscellaneous Amortization (425)	—	—	—		
45	Donations (426.1)	340	806,608	1,281,112		
46	Life Insurance (426.2)	340	(1,801,727)	(1,596,257)		
47	Penalties (426.3)	340	—	—		
48	Expenditures for Certain Civic, Political and Related Activities (426.4)	340	769,643	1,012,855		
49	Other Deductions (426.5)	340	4,770	13,156		
50	TOTAL Other Income Deductions (Total of Lines 43 thru 49)	—	(220,706)	710,866		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	683,382	744,587		
53	Income Taxes - Federal (409.2)	262-263	1,381,369	1,433,253		
54	Income Taxes - Other (409.2)	262-263	644,299	505,145		
55	Provision for Deferred Inc. Taxes (410.2)	272-277	(93,774)	(1,055,888)		
56	(Less) Provision for Deferred Inc. Taxes - Cr. (411.2)	272-277	10,502	(2,935)		
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)	—	2,604,774	1,630,032		
60	Net Other Income and Deductions (Total of Lines 41, 50, 59)	—	8,944,757	12,948,958		
61	Interest Charges					
62	Interest on Long-Term Debt (427)	256-257	40,101,775	39,441,347		
63	Amortization of Debt Disc. and Expense (428)	258-259	622,335	1,521,518		
64	Amortization of Loss on Reacquired Debt (428.1)	260	257,628	288,948		
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	—	—		
68	Other Interest Expense (431)	340	1,944,512	3,858,212		
69	(Less) Allow. for Borrowed Funds Used During Const.-Cr. (432)	—	2,060,218	3,626,359		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF INCOME (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Total Current Year To Date Balance for Quarter/Year (c)	Total Prior Year To Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
70	Net Interest Charges (Total of lines 62 thru 69) (See note 1 below)	—	40,866,032	41,483,666		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)	—	69,522,964	64,970,535		
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)	—	69,522,964	64,970,535		

Note 1

Line 70 detail

Utility interest expense	40,061,160	40,645,828
Non-Utility interest expense	804,872	837,838
	<u>40,866,032</u>	<u>41,483,666</u>

Note 2

Accounting standards allow for the capitalization of all or part of an incurred cost that would otherwise be charged to expense if a regulator provides orders that create probable recovery of past costs through future revenues. NW Natural Gas Company accrues interest as specified by regulatory order on certain regulatory balances at our authorized rate of return (ROR). This ROR includes both a debt and equity component, which we are allowed to recover from customers in the form of a carrying cost on regulatory deferred account balances. The equity component of our ROR is not an incurred cost that would otherwise be charged to expense, and therefore is not capitalized and recognized as income for financial reporting purposes. This leads to a difference in reported Net Income between the FERC Form 2 and the Form 10-K filed with the Securities & Exchange Commission (SEC).

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME AND HEDGING ACTIVITIES

1. Report the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Current Year Amount (b)
1	Beginning AOCI Balance	(10,733,393)
2	Unrealized Gains/losses on available-for-sale securities, net of tax	—
3	Pension liability adjustment, net of tax	(2,847,713)
4	Amortization of pension liabilities, net of tax	678,843
5	Foreign currency hedges, net of tax	—
6	Change in unrealized loss from hedging, net of tax	—
7	Cash flow hedges, net of tax	—
8	Other adjustments, net of tax	—
9	Ending Balance of AOCI	(12,902,263)

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (c)	Previous Year Amount (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance - Beginning of Year		513,824,815	500,860,482
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6	Balance Transferred from Income (Account 433 less Account 418.1)		69,522,964	64,970,535
7	Appropriations of Retained Earnings (Account 436)			
8				
9	Dividends Declared - Preferred Stock (Account 437)			
10				
11	Dividends Declared - Common Stock (Account 438)			
12	Common Stock - Cash Dividends		(55,354,559)	(53,372,813)
12.1	Common Stock - Stock Dividends		—	—
12.2	TOTAL Dividends Declared - Common Stock (Account 438) (Total of lines 12.1 thru 12.2)		(55,354,559)	(53,372,813)
13	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		—	—
13.1	Other Changes (Explain) (see Note 1 below)		—	1,366,611
14	Balance - End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		527,993,220	513,824,815
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215)		—	—
17	APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL (Account 215.1)			
18	TOTAL Appropriated Retained Earnings - Amortization Reserve,		—	—
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)		—	—
20	TOTAL Retained Earnings (Account 215, 215.1, 216)		527,993,220	513,824,815
21	UNAPPROPRIATED UNDISTRICTED SUBSIDIARY EARNINGS (ACCOUNT 216.1)			
	Report only on an Annual Basis No Quarterly			
22	Balance - Beginning of Year (Debit or Credit)		—	—
23	Equity in Earnings for Year (Credit) (Account 418.1)		—	—
24	(Less) Dividends Received (Debit)		—	—
25	Other Changes (Explain)		—	—
26	Balance - End of year (Total of lines 20 thru 23)		—	—

Note 1: Other Changes in 2019 represents a reclassification from Accumulated Other Comprehensive Income (219) to Retained Earnings for the effects of the corporate income tax rate change in 2017 on deferred tax balances that would have been "stranded" as a result of remeasurement triggered by the rate change. This reclassification was done in accordance with Accounting Standards Update (ASU) 2018-02.

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

STATEMENT OF CASH FLOWS

1. Codes to be used: (a) Net Proceeds or Payments;(b) Bonds, debentures and other long-term debt;(c) Include commercial paper; (d) Identify separately such items as investments, fixed assets, intangibles,etc.
2. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized)and income taxes paid.
4. Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 116)	69,522,964	64,970,535
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	101,585,935	90,405,471
5	Amortization of Debt	879,963	1,810,466
5.01	FAS 109 Deferred Taxes	(2,277,897)	(2,020,488)
5.02	FAS 109 Regulatory Asset	2,277,897	2,020,488
6	Deferred Income Taxes (Net)	4,271,543	19,691,928
7	Investment Tax Credit Adjustments (Net)	—	(2)
8	Net (Increase) Decrease in Receivables	(10,436,696)	(1,739,573)
9	Net (Increase) Decrease in Inventory	2,751,466	(1,088,738)
10	Net (Increase) Decrease in Allowances Inventory	—	—
11	Net Increase (Decrease) in Payables and Accrued Expenses	6,185,128	(13,313,922)
12	Minimum Pension Liability Adjustment	(2,949,793)	(2,179,222)
13	Unrealized (gain)/loss from price risk management activities	(5,233,653)	(30,252,631)
14	(Less) Allowance for Other Funds Used During Construction	(2,060,200)	(4,283,355)
15	(Less) Undistributed Earnings from Subsidiary Companies (See Note 1)	16,184,735	10,601,886
16	Other: Net (Increase) Decrease in Unbilled Revenues	(1,750,655)	1,633,688
16.01	Deferred Debits - Net	(13,157,376)	20,097,319
16.02	Net (Increase) Decrease in Other Current Assets & Liab.	(10,898,234)	14,309,316
16.03	Other - Noncurrent Liab., Deferred Credits, & Other Invest.	(17,205,404)	(19,136,054)
16.04	Other - Stock Adjustment	(51,579)	—
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of lines 2 thru 16.04)	137,638,144	151,527,112
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(257,623,300)	(219,545,727)
23	Gross Additions to Nuclear Fuel	—	—
24	Gross Additions to Common Utility Plant	—	—
25	Gross Additions to Nonutility Plant	(2,271,059)	(1,671,431)
26	(Less) Allowance for Other Funds Used During Construction	2,060,200	4,283,355
27	Other	582,595	(153,126)
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(257,251,564)	(217,086,929)
29			
30	Acquisition of Other Noncurrent Assets (d)	—	—
31	Proceeds from Disposal of Noncurrent Assets (d)	111,419	—
32			
33	Investments in & Advances to Assoc. & Sub. Companies	(2,681,911)	—
34	Contributions & Advances from Assoc. & Sub. Companies (See Note 1)	2,425,000	6,850,000
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies	—	—
37			
38	Purchase of Investment Securities (a)	—	—
39	Proceeds from Sales of Investment Securities (a)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATEMENT OF CASH FLOWS (Continued)			
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased	—	—
41	Collections on Loans	—	—
42			
43	Net (Increase) Decrease in Receivables	—	—
44	Net (Increase) Decrease in Inventory	—	—
45	Net (Increase) Decrease in Allowances Held for Speculation	—	—
46	Net Increase (Decrease) in Payables and Accrued Expenses	—	—
47		—	—
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(257,397,056)	(199,635,043)
50			
51	Cash Flows from Financing Activities:		10,601,886
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	150,000,000	140,000,000
54	Preferred Stock	—	—
55	Common Stock	—	—
56	Other: Capital Contribution from Parent	—	93,154,933
57	Net Increase in Short-Term Debt (c)	106,425,000	(92,400,000)
58			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	256,425,000	140,754,933
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	(75,000,000)	(30,000,000)
63	Preferred Stock	—	—
64	Common Stock	—	—
65	Other: Capital Leases	—	—
66	Net Increase (Decrease) in Short-Term Debt (c)	—	—
67	Capital Stock Expense	—	—
68	Dividends on Preferred Stock	—	—
69	Dividends on Common Stock	(55,354,559)	(53,372,813)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	126,070,441	57,382,120
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of lines 18, 49, and 71)	6,311,529	(1,327,697)
75			
76	Cash and Cash Equivalents at Beginning of Period	8,875,935	10,203,632
77			
78	Cash and Cash Equivalents at End of Period	15,187,464	8,875,935

Note 1: Earnings for Year for NWN Gas Reserves, a wholly-owned subsidiary of Northwest Energy Corporation, is included in Cost of Gas within Operation Expenses and is therefore excluded from Equity in Subsidiary Earnings for Year. We reclassified Equity in Subsidiary Earnings from line 34 to line 15 in the 2019 column to match the current year presentation.

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

NOTES TO FINANCIAL STATEMENTS

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However where material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

Note: The Notes to Consolidated Financial Statements included herein appear in the annual report to shareholders as filed with the Securities and Exchange Commission (SEC) on Form 10-K dated February 26, 2021. The annual report to shareholders is prepared on a combined-basis with NW Natural's parent company, Northwest Natural Holding Company (NW Holdings). As such, the Notes herein may contain information relating to NW Holdings or its other subsidiaries that are not relevant to this filing and may differ in presentation and classification, as appropriate, from FERC requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

On October 1, 2018, we completed a reorganization into a holding company structure. In this reorganization, shareholders of NW Natural (the predecessor publicly held parent company) became shareholders of NW Holdings on a one-for-one basis; maintaining the same number of shares and ownership percentage as held in NW Natural immediately prior to the reorganization. NW Natural became a wholly-owned subsidiary of NW Holdings. Additionally, certain subsidiaries of NW Natural were transferred to NW Holdings. This reorganization was accounted for as a transaction among entities under common control. As required under accounting guidance, these subsidiaries are presented in this report as discontinued operations in the consolidated results of NW Natural. See Note 19 for additional information.

The accompanying consolidated financial statements represent the respective, consolidated financial results of NW Holdings and NW Natural and all respective companies that each registrant directly or indirectly controls, either through majority ownership or otherwise. This is a combined report of NW Holdings and NW Natural, which includes separate consolidated financial statements for each registrant.

NW Natural's regulated natural gas distribution activities are reported in the natural gas distribution (NGD) segment. The NGD segment is NW Natural's core operating business and serves residential, commercial, and industrial customers in Oregon and southwest Washington. The NGD segment is the only reportable segment for NW Holdings and NW Natural. All other activities, water businesses, and other investments are aggregated and reported as other at their respective registrant.

NW Holdings and NW Natural consolidate all entities in which they have a controlling financial interest. Investments in corporate joint ventures and partnerships that NW Holdings does not directly or indirectly control, and for which it is not the primary beneficiary, include NNG Financial's investment in Kelso-Beaver Pipeline, which is accounted for under the equity method, and NWN Energy's investment in Trail West Holdings, LLC (TWH), which was accounted for under the equity method through August 6, 2020 when it was sold to a third party. See Note 14 for activity related to TWH. NW Holdings and its direct and indirect subsidiaries are collectively referred to herein as NW Holdings, and NW Natural and its direct and indirect subsidiaries are collectively referred to herein as NW Natural. The consolidated financial statements of NW Holdings and NW Natural are presented after elimination of all intercompany balances and transactions.

In June 2018, NWN Gas Storage, a wholly-owned subsidiary of NW Natural at the time and now a wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement that provided for the sale of all of the membership interests in its wholly-owned subsidiary, Gill Ranch Storage, LLC (Gill Ranch). We concluded that the sale of Gill Ranch qualified as assets and liabilities held for sale and discontinued operations. As such, the results of Gill Ranch were presented as a discontinued operation for NW Holdings for all periods presented and for NW Natural up until the holding company reorganization was effective on October 1, 2018 on the consolidated statements of comprehensive income and cash flows, and the assets and liabilities associated with Gill Ranch were classified as discontinued operations assets and liabilities on the NW Holdings consolidated balance sheet. See Note 19 for additional information. Additionally, we reevaluated reportable segments and concluded that the remaining gas storage activities no longer met the requirements to be separately reported as a segment. Interstate Storage Services is reported in Other under NW Natural and NW Holdings as applicable, and all prior periods reflect this change. See Note 4, which provides segment information.

Notes to the consolidated financial statements reflect the activity of continuing operations for both NW Holdings and NW Natural for all periods presented, unless otherwise noted. Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications did not have a material effect on our consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates, and changes would most likely be reported in future periods. Management believes the estimates and assumptions used are reasonable.

Industry Regulation

NW Holdings' principal business is to operate as a holding company for NW Natural and its other subsidiaries.

NW Natural's principal business is the distribution of natural gas, which is regulated by the OPUC and WUTC. NW Natural also has natural gas storage services, which are regulated by the FERC, and to a certain extent by the OPUC and WUTC. Additionally, certain of NW Holdings' subsidiaries own water businesses, which are regulated by the public utility commission in the state in which the water utility is located, which is currently Oregon, Washington, Idaho and Texas. Accounting records and practices of the regulated businesses conform to the requirements and uniform system of accounts prescribed by these regulatory authorities in accordance with U.S. GAAP. The businesses in which customer rates are regulated by the OPUC, WUTC, IPUC, PUTC, and FERC have approved cost-based rates which are intended to allow such businesses to earn a reasonable return on invested capital.

In applying regulatory accounting principles, NW Holdings and NW Natural capitalize or defer certain costs and revenues as regulatory assets and liabilities pursuant to orders of the applicable state public utility commission, which provide for the recovery of revenues or expenses from, or refunds to, utility customers in future periods, including a return or a carrying charge in certain cases.

Amounts NW Natural deferred as regulatory assets and liabilities were as follows:

<i>In thousands</i>	Regulatory Assets	
	2020	2019
Current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 4,198	\$ 2,000
Gas costs	1,979	20,140
Environmental costs ⁽²⁾	4,992	4,762
Decoupling ⁽³⁾	361	1,969
Pension balancing ⁽⁴⁾	7,131	5,939
Income taxes	3,484	2,209
Other ⁽⁵⁾	9,600	4,910
Total current	<u>\$ 31,745</u>	<u>\$ 41,929</u>
Non-current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 2,852	\$ 609
Pension balancing ⁽⁴⁾	43,383	48,251
Income taxes	15,368	17,173
Pension and other postretirement benefit liabilities	170,812	173,262
Environmental costs ⁽²⁾	90,623	87,624
Gas costs	3,925	2,866
Decoupling ⁽³⁾	1,031	—
Other ⁽⁵⁾	20,893	13,361
Total non-current	<u>\$ 348,887</u>	<u>\$ 343,146</u>
Other (NW Holdings)	40	—
Total non-current -NW Holdings	<u>\$ 348,927</u>	<u>\$ 343,146</u>

<i>In thousands</i>	Regulatory Liabilities	
	2020	2019
Current:		
Gas costs	\$ 1,118	\$ 1,223
Unrealized gain on derivatives ⁽¹⁾	13,674	6,622
Decoupling ⁽³⁾	11,793	4,831
Income taxes ⁽⁶⁾	8,217	8,435
Other ⁽⁵⁾	15,560	23,546
Total current	<u>50,362</u>	<u>44,657</u>
Non-current:		
Gas costs	\$ 314	\$ 2,013
Unrealized gain on derivatives ⁽¹⁾	6,135	3,337
Decoupling ⁽³⁾	1,723	6,378
Income taxes ⁽⁶⁾	189,587	198,219
Accrued asset removal costs ⁽⁷⁾	427,960	401,893
Other ⁽⁵⁾	13,074	13,877
Total non-current	<u>\$ 638,793</u>	<u>\$ 625,717</u>
Other (NW Holdings)	870	—
Total non-current -NW Holdings	<u>\$ 639,663</u>	<u>\$ 625,717</u>

⁽¹⁾ Unrealized gains or losses on derivatives are non-cash items and, therefore, do not earn a rate of return or a carrying charge. These amounts are recoverable through natural gas distribution rates as part of the annual Purchased Gas Adjustment (PGA) mechanism when realized at settlement.

⁽²⁾ Refer to the Environmental Cost Deferral and Recovery table in Note 18 for a description of environmental costs.

⁽³⁾ This deferral represents the margin adjustment resulting from differences between actual and expected volumes.

⁽⁴⁾ Refer to Note 10 for information regarding the deferral of pension expenses.

⁽⁵⁾ Balances consist of deferrals and amortizations under approved regulatory mechanisms and typically earn a rate of return or carrying charge.

⁽⁶⁾ This balance represents estimated amounts associated with the Tax Cuts and Jobs Act. See Note 11.

⁽⁷⁾ Estimated costs of removal on certain regulated properties are collected through rates. See "Accounting Policies—Plant, Property, and Accrued Asset Removal Costs" below.

The amortization period for NW Natural's regulatory assets and liabilities ranges from less than one year to an indeterminable period. Regulatory deferrals for gas costs payable are generally amortized over 12 months beginning each November 1 following the gas contract year during which the deferred gas costs are recorded. Similarly, most other regulatory deferred accounts are amortized over 12 months. However, certain regulatory account balances, such as income taxes, environmental costs, pension liabilities, and accrued asset removal costs, are large and tend to be amortized over longer periods once NW Natural has agreed upon an amortization period with the respective regulatory agency.

We believe all costs incurred and deferred at December 31, 2020 are prudent. All regulatory assets and liabilities are reviewed annually for recoverability, or more often if circumstances warrant. If we should determine that all or a portion of these regulatory assets or liabilities no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances in the period such determination is made.

Regulatory interest income of \$4.8 million and \$19.6 million and regulatory interest expense of \$1.8 million and \$12.3 million was recognized within other income (expense), net for the years ended December 31, 2020 and 2019, respectively.

Environmental Regulatory Accounting

See Note 18 for information about the SRRM and OPUC orders regarding implementation.

COVID-19 Impact

During 2020, our regulated utilities received approval in their respective jurisdictions to defer certain financial impacts associated with COVID-19 such as bad debt expense, financing costs to secure liquidity, lost revenues related to late fees and reconnection fees, and other COVID-19 related costs, net of offsetting direct expense reductions associated with COVID-19. As a result, we recorded a regulatory asset of approximately \$4.8 million for incurred costs associated with COVID-19 that are recoverable.

New Accounting Standards

NW Natural and NW Holdings consider the applicability and impact of all accounting standards updates (ASUs) issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on consolidated financial position or results of operations.

Recently Adopted Accounting Pronouncements

ACCUMULATED OTHER COMPREHENSIVE INCOME. On February 14, 2018, the FASB issued ASU 2018-02, "Income Statement—Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This update was issued in response to concerns from certain stakeholders regarding the current requirements under U.S. GAAP that deferred tax assets and liabilities are adjusted for a change in tax laws or rates, and the effect is to be included in income from continuing operations in the period of the enactment date. This requirement is also applicable to items in accumulated other comprehensive income where the related tax effects were originally recognized in other comprehensive income. The adjustment of deferred taxes due to the new corporate income tax rate enacted through the Tax Cuts and Jobs Act (TCJA) on December 22, 2017 recognized in income from continuing operations causes the tax effects of items within accumulated other comprehensive income (referred to as stranded tax effects) to not reflect the appropriate tax rate. The amendments in this update allow but do not require a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA and require certain disclosures about stranded tax effects. NW Natural adopted and applied the standard in the first quarter of 2019. NW Natural elected to reclassify the stranded tax effects of the TCJA of \$1.4 million from accumulated other comprehensive loss to retained earnings in the period of adoption. Going forward, our policy is that, in the event that regulation changes result in stranded tax effects, such amounts will be reclassified from accumulated other comprehensive income (loss) to retained earnings in the final period that the related deferred tax balance remeasurement is expected to impact income from continuing operations.

CLOUD COMPUTING. On August 29, 2018, the FASB issued ASU 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The purpose of the amendment is to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this update were effective beginning January 1, 2020. Early adoption was permitted, and NW Holdings and NW Natural early adopted ASU 2018-15 in the quarter ended March 31, 2019 utilizing the prospective application methodology. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

CREDIT LOSSES. On June 16, 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which applies to financial assets subject to credit losses and measured at amortized cost. The new standard requires financial assets measured at amortized cost to be presented at the net amount expected to be collected and the allowance for credit losses is to be recorded as a valuation account that is deducted from the amortized cost basis. The amendments in this update were effective beginning January 1, 2020 and were applied with the modified retrospective methodology. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

The majority of NW Holdings' and NW Natural's financial assets are either short-term in nature, such as trade receivables, or relate to leased gas facilities under approved rate schedules.

DERIVATIVES AND HEDGING. On August 28, 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities." The purpose of the amendment is to more closely align hedge accounting with companies' risk management strategies. The ASU amends the accounting for risk component hedging, the hedged item in fair value hedges of interest rate risk, and amounts excluded from the assessment of hedge effectiveness. The guidance also amends the recognition and presentation of the effect of hedging instruments and includes other simplifications of hedge accounting. The amendments in this ASU were effective beginning January 1, 2019 and were applied prospectively to hedging instruments. The adoption did not have an impact on the financial statements or disclosures of NW Holdings or NW Natural.

FAIR VALUE MEASUREMENT. On August 28, 2018, the FASB issued ASU 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement." The purpose of the amendment is to modify the disclosure requirements for fair value measurements. The amendments in this ASU were effective beginning January 1, 2020. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively. All other amendments should be applied retrospectively. NW Holdings and NW Natural do not have either Level 3 fair value measurements or transfers between Level 1 or Level 2 in their current portfolios. The adoption did not have an impact on the financial statements or disclosures of NW Holdings or NW Natural.

LEASES. On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which revises the existing lease accounting guidance. Pursuant to the new standard ("ASC 842"), lessees are required to recognize all leases, including operating leases that are greater than 12 months at lease commencement, on the balance sheet and record corresponding right of use assets and lease liabilities. Lessor accounting will remain substantially the same under the new standard. Quantitative and qualitative disclosures are also required for users of the financial statements to have a clear understanding of the nature of our leasing activities.

We elected the alternative prospective transition approach for adoption beginning January 1, 2019. All comparative periods prior to January 1, 2019 will retain the financial reporting and disclosure requirements of ASC 840 "Leases" ("ASC 840"). There was no cumulative effect adjustment to the opening balance of retained earnings recorded as of January 1, 2019 for adoption as there were no initial direct costs or other capitalized costs related to the legacy leases that needed to be derecognized upon adoption of ASC 842.

We elected the land easement optional practical expedient to not evaluate existing or expired land easements that were not previously accounted for as leases under the ASC 840 lease guidance. For the existing lease portfolio, we did not elect the optional practical expedient package to retain the legacy lease accounting conclusions upon adoption; we re-assessed our existing contracts under the new leasing standard including whether the contract meets the definition of a lease and lease classification. As a result, we determined that most of our underground gas storage contracts no longer meet the definition of a lease under the new lease standard.

Upon adoption on January 1, 2019, NW Holdings recorded an operating lease right of use asset and an associated operating lease liability of approximately \$7.3 million, of which \$7.0 million was recorded at NW Natural. Lease liabilities are measured using NW Natural's incremental borrowing rate based on information available at the lease commencement date in determining the present value of lease payments. See Note 7 for more information.

RETIREMENT BENEFITS. On August 28, 2018, the FASB issued ASU 2018-14, "Changes to the Disclosure Requirements for Defined Benefit Plans." The purpose of the amendment is to modify the disclosure requirements for defined benefit pension and other postretirement plans. The amendments in this ASU were effective beginning January 1, 2020 and were applied retrospectively. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

Recently Issued Accounting Pronouncements

INCOME TAXES. On December 18, 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The purpose of the amendment is to reduce cost and complexity related to accounting for income taxes by removing certain exceptions to the general principles and improving consistent application for other areas in Topic 740. The amendments in this ASU are effective beginning January 1, 2021. Early adoption is permitted. The amended presentation and disclosure guidance should be applied retrospectively. We do not expect this ASU to materially affect the financial statements and disclosures of NW Holdings or NW Natural.

REFERENCE RATE REFORM. On March 12, 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The purpose of the amendment is to provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this ASU are effective for all entities as of March 12, 2020 through December 31, 2022. We do not expect this ASU to materially affect the financial statements and disclosures of NW Holdings or NW Natural.

Accounting Policies

The accounting policies discussed below apply to both NW Holdings and NW Natural.

Plant, Property, and Accrued Asset Removal Costs

Plant and property are stated at cost, including capitalized labor, materials, and overhead. In accordance with regulatory accounting standards, the cost of acquiring and constructing long-lived plant and property generally includes an allowance for funds used during construction (AFUDC) or capitalized interest. AFUDC represents the regulatory financing cost incurred when debt and equity funds are used for construction (see "AFUDC" below). When constructed assets are subject to market-based rates rather than cost-based rates, the financing costs incurred during construction are included in capitalized interest in accordance with U.S. GAAP, not as regulatory financing costs under AFUDC.

In accordance with long-standing regulatory treatment, our depreciation rates consist of three components: one based on the average service life of the asset, a second based on the estimated salvage value of the asset, and a third based on the asset's estimated cost of removal. We collect, through rates, the estimated cost of removal on certain regulated properties through depreciation expense, with a corresponding offset to accumulated depreciation. These removal costs are non-legal obligations as defined by regulatory accounting guidance. Therefore, we have included these costs as non-current regulatory liabilities rather than as accumulated depreciation on our consolidated balance sheets. In the rate setting process, the liability for removal costs is treated as a reduction to the net rate base on which the NGD business has the opportunity to earn its allowed rate of return.

The costs of NGD plant retired or otherwise disposed of are removed from NGD plant and charged to accumulated depreciation for recovery or refund through future rates. Gains from the sale of regulated assets are generally deferred and refunded to customers. For assets not related to NGD, we record a gain or loss upon the disposal of the property, and the gain or loss is recorded in operating income or loss in the consolidated statements of comprehensive income.

The provision for depreciation of NGD property, plant, and equipment is recorded under the group method on a straight-line basis with rates computed in accordance with depreciation studies approved by regulatory authorities. The weighted-average depreciation rate for NGD assets in service was approximately 3.0% for 2020, 2.9% for 2019, and 2.8% for 2018, reflecting the approximate weighted-average economic life of the property. This includes 2020 weighted-average depreciation rates for the

following asset categories: 2.6% for transmission and distribution plant, 2.0% for gas storage facilities, 6.7% for general plant, and 5.1% for intangible and other fixed assets.

AFUDC. Certain additions to NGD plant include AFUDC, which represents the net cost of debt and equity funds used during construction. AFUDC is calculated using actual interest rates for debt and authorized rates for ROE, if applicable. If short-term debt balances are less than the total balance of construction work in progress, then a composite AFUDC rate is used to represent interest on all debt funds, shown as a reduction to interest charges, and on ROE funds, shown as other income. While cash is not immediately recognized from recording AFUDC, it is realized in future years through rate recovery resulting from the higher NGD cost of service. Our composite AFUDC rate was 1.9% in 2020, 3.9% in 2019, and 5.2% in 2018.

IMPAIRMENT OF LONG-LIVED ASSETS. We review the carrying value of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Factors that would necessitate an impairment assessment of long-lived assets include a significant adverse change in the extent or manner in which the asset is used, a significant adverse change in legal factors or business climate that could affect the value of the asset, or a significant decline in the observable market value or expected future cash flows of the asset, among others.

When such factors are present, we assess the recoverability by determining whether the carrying value of the asset will be recovered through expected future cash flows. An asset is determined to be impaired when the carrying value of the asset exceeds the expected undiscounted future cash flows from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss for the difference between the carrying value and the fair value of the long-lived assets. Fair value is estimated using appropriate valuation methodologies, which may include an estimate of discounted cash flows.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand plus highly liquid investment accounts with original maturity dates of three months or less. At December 31, 2020 and 2019, NW Holdings had outstanding checks of \$4.4 million and \$3.2 million, respectively, substantially all of which is recorded at NW Natural. These balances are included in accounts payable in the .NW Holdings and NW Natural balance sheets.

Restricted cash is primarily comprised of funds from public purpose charges for programs that assist low-income customers with bill payments or energy efficiency. As of December 31, 2020 and 2019, NW Natural had restricted cash of \$5.3 million and \$3.0 million, respectively. These balances are included in other current assets in the NW Holdings and NW Natural balance sheets. Changes in these balances are presented in changes in assets and liabilities - other, net in the NW Holdings and NW Natural statements of cash flows. There were no transfers between restricted cash and cash and cash equivalents during the years ended December 31, 2020 and 2019.

Revenue Recognition and Accrued Unbilled Revenue

Revenues, derived primarily from the sale and transportation of natural gas, are recognized upon delivery of gas or water, or service to customers. Revenues include accruals for gas or water delivered but not yet billed to customers based on estimates of deliveries from meter reading dates to month end (accrued unbilled revenue). Accrued unbilled revenue is dependent upon a number of factors that require management's judgment, including total natural gas receipts and deliveries, customer use of natural gas or water by billing cycle, and weather factors. Accrued unbilled revenue is reversed the following month when actual billings occur. NW Holdings' accrued unbilled revenue at December 31, 2020 and 2019 was \$57.9 million and \$56.2 million, respectively, substantially all of which is accrued unbilled revenue at NW Natural.

Revenues not related to NGD are derived primarily from Interstate Storage Services, asset management activities at the Mist gas storage facility, and other investments and business activities. At the Mist underground storage facility, revenues are primarily firm service revenues in the form of fixed monthly reservation charges. In addition, we also have asset management service revenue from an independent energy marketing company that optimizes commodity, storage, and pipeline capacity release transactions. Under this agreement, guaranteed asset management revenue is recognized using a straight-line, pro-rata methodology over the term of each contract. Revenues earned above the guaranteed amount are recognized as they are earned.

Revenue Taxes

Revenue-based taxes are primarily franchise taxes, which are collected from customers and remitted to taxing authorities. Revenue taxes are included in operating expenses in the statements of comprehensive income for NW Holdings and NW Natural. All revenue taxes are recorded at NW Natural and were \$30.3 million, \$30.3 million, and \$30.1 million for 2020, 2019, and 2018, respectively.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for natural gas sales and transportation services to NGD customers, plus amounts due for gas storage services. NW Holdings and NW Natural establish allowances for uncollectible accounts (allowance) for trade receivables, including accrued unbilled revenue, based on the aging of receivables, collection experience of past due account balances including payment plans, and historical trends of write-offs as a percent of revenues. A specific allowance is established and recorded for large individual customer receivables when amounts are identified as unlikely to be partially or fully

recovered. Inactive accounts are written-off against the allowance after they are 120 days past due or when deemed uncollectible. Differences between the estimated allowance and actual write-offs will occur based on a number of factors, including changes in economic conditions, customer creditworthiness, and natural gas prices. The allowance for uncollectible accounts is adjusted quarterly, as necessary, based on information currently available.

ALLOWANCE FOR TRADE RECEIVABLES. Accounts receivable consist primarily of amounts due for natural gas sales and transportation services to NGD customers and amounts due for gas storage services. The payment term of these receivables is generally 15 days. For these short-term receivables, it is not expected that forecasted economic conditions would significantly affect the loss estimates under stable economic conditions. For extreme situations like a financial crisis, natural disaster, and the economic slowdown caused by pandemics like COVID-19, we enhance our review and analysis.

After considering the significant exposure to quarantine-related job losses in Oregon and Washington state, NW Holdings and NW Natural expanded our standard review procedures for our allowance for uncollectible accounts calculation, including analyzing the significant indications of unemployment rate and comparing to historic economic data during the 2007-2009 time period when the country experienced an economic recession. We then considered other qualitative information including recent customer interactions related to payment plans and credit issues, statistics from our website related to credit inquiries, and economic stimulus provided by the federal government which could have a beneficial impact on residential and commercial customers' abilities to ultimately make payment on their accounts. Our provision calculation for residential and commercial accounts was estimated as a percentage of accounts that no customer payment was received for 90 or more days. For industrial accounts, we continue to analyze those accounts on an account-by-account basis with specific reserves taken as necessary.

The following table presents the activity related to the NW Holdings provision for uncollectible accounts by pool, substantially all of which is related to NW Natural's accounts receivable:

	As of December 31, 2019		Year ended December 31, 2020		As of December 31, 2020	
	Beginning Balance	Provision recorded ⁽¹⁾	Write-offs recognized, net of recoveries	Ending Balance		
<i>In thousands</i>						
Allowance for uncollectible accounts related to accounts receivable:						
Residential	\$ 432	\$ 2,159	\$ (438)	\$ 2,153		
Commercial	57	821	(174)	704		
Industrial	72	77	(7)	142		
Accrued unbilled and other	112	166	(58)	220		
Total	<u>\$ 673</u>	<u>\$ 3,223</u>	<u>\$ (677)</u>	<u>\$ 3,219</u>		

⁽¹⁾ Includes \$2.3 million that was deferred to a regulatory asset for costs associated with COVID-19 that are recoverable in future rates.

ALLOWANCE FOR NET INVESTMENTS IN SALES-TYPE LEASES. NW Natural currently holds two net investments in sales-type leases, with substantially all of the net investment balance related to the North Mist natural gas storage agreement with Portland General Electric (PGE) which is billed under an OPUC-approved rate schedule. See Note 7 for more information on the North Mist lease. Due to the nature of this service, PGE may recover the costs of the lease through general rate cases. Therefore, we expect the risk of loss due to the credit of this lessee to be remote. As such, no allowance for uncollectibility was recorded for our sales-type lease receivables. NW Natural will continue monitoring the credit health of the lessees and the overall economic environment, including the economic factors closely tied to the financial health of our current and future lessees.

Inventories

NGD gas inventories, which consist of natural gas in storage for NGD customers, are stated at the lower of weighted-average cost or net realizable value. The regulatory treatment of these inventories provides for cost recovery in customer rates. NGD gas inventories injected into storage are priced in inventory based on actual purchase costs, and those withdrawn from storage are charged to cost of gas during the period they are withdrawn at the weighted-average inventory cost.

Gas storage inventories, which primarily represented inventories at the Gill Ranch Facility and are included in Discontinued operations - current assets on the consolidated balance sheets, mainly consist of natural gas received as fuel-in-kind from storage customers. Gas storage inventories are valued at the lower of average cost or net realizable value. Cushion gas is not included in inventory balances, is recorded at original cost, and is classified as a long-term plant asset.

Materials and supplies inventories consist of inventories both related to and unrelated to NGD and are stated at the lower of average cost or net realizable value.

NW Natural's NGD and gas storage inventories totaled \$24.7 million and \$27.5 million at 2020 and 2019, respectively. At December 31, 2020 and 2019, NW Holdings' materials and supplies inventories, which are comprised primarily of NW Natural's materials and supplies, totaled \$18.0 million and \$16.5 million, respectively.

Gas Reserves

Gas reserves are payments to acquire and produce natural gas reserves. Gas reserves are stated at cost, adjusted for regulatory amortization, with the associated deferred tax benefits recorded as liabilities on the balance sheet. The current portion is calculated based on expected gas deliveries within the next fiscal year. NW Natural recognizes regulatory amortization of this asset on a volumetric basis calculated using the estimated gas reserves and the estimated terms extracted and sold each month. The amortization of gas reserves is recorded to cost of gas along with gas production revenues and production costs. See Note 13.

Derivatives

NW Natural's derivatives are measured at fair value and recognized as either assets or liabilities on the balance sheet. Changes in the fair value of the derivatives are recognized in earnings unless specific regulatory or hedge accounting criteria are met. Accounting for derivatives and hedges provides an exception for contracts intended for normal purchases and normal sales for which physical delivery is probable. In addition, certain derivative contracts are approved by regulatory authorities for recovery or refund through customer rates. Accordingly, the changes in fair value of these approved contracts are deferred as regulatory assets or liabilities pursuant to regulatory accounting principles. NW Natural's financial derivatives generally qualify for deferral under regulatory accounting. NW Natural's index-priced physical derivative contracts also qualify for regulatory deferral accounting treatment.

Derivative contracts entered into for NGD requirements after the annual PGA rate has been set and maturing during the PGA year are subject to the PGA incentive sharing mechanism. In Oregon, NW Natural participates in a PGA sharing mechanism under which it is required to select either an 80% or 90% deferral of higher or lower gas costs such that the impact on current earnings from the gas cost sharing is either 20% or 10% of gas cost differences compared to PGA prices, respectively. For each of the PGA years in Oregon beginning November 1, 2020, 2019, and 2018, NW Natural selected the 90% deferral of gas cost differences. In Washington, 100% of the differences between the PGA prices and actual gas costs are deferred. See Note 16.

NW Natural's financial derivatives policy sets forth the guidelines for using selected derivative products to support prudent risk management strategies within designated parameters. NW Natural's objective for using derivatives is to decrease the volatility of gas prices and cash flows without speculative risk. The use of derivatives is permitted only after the risk exposures have been identified, are determined not to exceed acceptable tolerance levels, and are determined necessary to support normal business activities. NW Natural does not enter into derivative instruments for trading purposes. All derivatives for NW Holdings are currently held at NW Natural.

Fair Value

In accordance with fair value accounting, we use the following fair value hierarchy for determining inputs for our debt, pension plan assets, and derivative fair value measurements:

- Level 1: Valuation is based on quoted prices for identical instruments traded in active markets;
- Level 2: Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions market participants would use in valuing the asset or liability.

In addition, the fair value for certain pension trust investments is determined using Net Asset Value per share (NAV) as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products.

When developing fair value measurements, it is our policy to use quoted market prices whenever available or to maximize the use of observable inputs and minimize the use of unobservable inputs when quoted market prices are not available. Fair values are primarily developed using industry-standard models that consider various inputs including: (a) quoted future prices for commodities; (b) forward currency prices; (c) time value; (d) volatility factors; (e) current market and contractual prices for underlying instruments; (f) market interest rates and yield curves; (g) credit spreads; and (h) other relevant economic measures. NW Natural considers liquid points for natural gas hedging to be those points for which there are regularly published prices in a nationally recognized publication or where the instruments are traded on an exchange.

Goodwill and Business Combinations

NW Holdings, through its wholly-owned subsidiary NWN Water and NW Water's wholly-owned subsidiaries, has completed various acquisitions that resulted in the recognition of goodwill. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred over the acquisition-date fair value of the net identifiable assets assumed. Adjustments are recorded during the measurement period to finalize the allocation of the purchase price. The carrying value of goodwill is

reviewed annually during the fourth quarter using balances as of October 1, or whenever events or changes in circumstance indicate that such carrying values may not be recoverable. The goodwill assessment policy begins with a qualitative analysis in which events and circumstances are evaluated, including macroeconomic conditions, industry and market conditions, regulatory environments, and overall financial performance of the reporting unit. If the qualitative assessment indicates that the carrying value may be at risk of recoverability, a quantitative evaluation is performed to measure the carrying value of the goodwill against the fair value of the reporting unit. The reporting unit is determined primarily based on current operating segments and the level of review provided by the Chief Operating Decision Maker (CODM) and/or segment management on the operating segment's financial results. Reporting units are evaluated periodically for changes in the corporate environment.

As of December 31, 2020 and 2019, NW Holdings had goodwill of \$69.2 million and \$49.9 million, respectively. All of NW Holdings' goodwill was acquired through the business combinations completed by NWN Water and its wholly-owned subsidiaries. No impairment charges were recorded as a result of the fourth quarter goodwill impairment assessment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the fair value of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred. When NW Natural acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. When there is substantial judgment or uncertainty around the fair value of acquired assets, we may engage a third party expert to assist in determining the fair values of certain assets or liabilities.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the enactment date period unless, for NW Natural, a regulatory order specifies deferral of the effect of the change in tax rates over a longer period of time.

For NW Natural, deferred income tax assets and liabilities are also recognized for temporary differences where the deferred income tax benefits or expenses have previously been flowed through in the ratemaking process of the NGD business. Regulatory tax assets and liabilities are recorded on these deferred tax assets and liabilities to the extent it is believed they will be recoverable from or refunded to customers in future rates.

Deferred investment tax credits on NGD plant additions, which reduce income taxes payable, are deferred for financial statement purposes and amortized over the life of the related plant.

NW Holdings files consolidated or combined income tax returns that include NW Natural. Income tax expense is allocated on a separate company basis incorporating certain consolidated return considerations. Subsidiary income taxes payable or receivable are generally settled with NW Holdings, the common agent for income tax matters.

Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense and accrued interest and penalties are recognized within the related tax liability line in the consolidated balance sheets. No accrued interest or penalties for uncertain tax benefits have been recorded. See Note 11.

Environmental Contingencies

Loss contingencies are recorded as liabilities when it is probable a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. Estimating probable losses requires an analysis of uncertainties that often depend upon judgments about potential actions by third parties. Accruals for loss contingencies are recorded based on an analysis of potential results.

With respect to environmental liabilities and related costs, estimates are developed based on a review of information available from numerous sources, including completed studies and site specific negotiations. NW Natural's policy is to accrue the full amount of such liability when information is sufficient to reasonably estimate the amount of probable liability. When information is not available to reasonably estimate the probable liability, or when only the range of probable liabilities can be estimated and no amount within the range is more likely than another, it is our policy to accrue at the low end of the range. Accordingly, due to numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, it may not be possible to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the potential loss and the fact that the high end of the range cannot be reasonably estimated is disclosed. See Note 18.

Subsequent Events

We monitor significant events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued.

3. EARNINGS PER SHARE

Basic earnings or loss per share are computed using NW Holdings' net income or loss and the weighted average number of common shares outstanding for each period presented. Diluted earnings per share are computed in the same manner, except using the weighted average number of common shares outstanding plus the effects of the assumed exercise of stock options and the payment of estimated stock awards from other stock-based compensation plans that are outstanding at the end of each period presented. Anti-dilutive stock awards are excluded from the calculation of diluted earnings or loss per common share.

NW Holdings' diluted earnings or loss per share are calculated as follows:

<i>In thousands, except per share data</i>	2020	2019	2018
Net income from continuing operations	\$ 70,273	\$ 65,311	\$ 67,311
Income (loss) from discontinued operations, net of tax	6,508	(3,576)	(2,742)
Net income	<u>\$ 76,781</u>	<u>\$ 61,735</u>	<u>\$ 64,569</u>
Average common shares outstanding - basic	30,541	29,786	28,803
Additional shares for stock-based compensation plans (See Note 8)	58	73	70
Average common shares outstanding - diluted	<u>30,599</u>	<u>29,859</u>	<u>28,873</u>
Earnings from continuing operations per share of common stock:			
Basic	\$ 2.30	\$ 2.19	\$ 2.34
Diluted	2.30	2.19	2.33
Earnings (loss) from discontinued operations per share of common stock:			
Basic	\$ 0.21	\$ (0.12)	\$ (0.10)
Diluted	0.21	(0.12)	(0.09)
Earnings per share of common stock:			
Basic	\$ 2.51	\$ 2.07	\$ 2.24
Diluted	2.51	2.07	2.24
Additional information:			
Anti-dilutive shares	1	—	2

4. SEGMENT INFORMATION

We primarily operate in one reportable business segment, which is NW Natural's local gas distribution business and is referred to as the NGD segment. During the second quarter of 2018, we moved forward with long-term strategic plans, which included a shift away from the California gas storage business, by entering into a Purchase and Sale Agreement that provided for the sale of all of the membership interests in Gill Ranch. See Note 19 for additional information. As such, we reevaluated reportable segments and concluded that the remaining gas storage activities no longer meet the requirements of a reportable segment. Interstate Storage Services and asset management activities at the Mist gas storage facility are now reported as other under NW Natural. NW Natural and NW Holdings also have investments and business activities not specifically related to the NGD segment, which are aggregated and reported as other and described below for each entity.

No individual customer accounts for over 10% of NW Holdings' or NW Natural's operating revenues.

Natural Gas Distribution

NW Natural's local gas distribution segment (NGD) is a regulated utility principally engaged in the purchase, sale, and delivery of natural gas and related services to customers in Oregon and southwest Washington. The NGD business is responsible for building and maintaining a safe and reliable pipeline distribution system, purchasing sufficient gas supplies from producers and marketers, contracting for firm and interruptible transportation of gas over interstate pipelines to bring gas from the supply basins into its service territory, and re-selling the gas to customers subject to rates, terms, and conditions approved by the OPUC or WUTC. NGD also includes taking customer-owned gas and transporting it from interstate pipeline connections, or city gates, to the customers' end-use facilities for a fee, which is approved by the OPUC or WUTC. Approximately 88% of NGD customers are located in Oregon and 12% in Washington. On an annual basis, residential and commercial customers typically account for around 60% of total NGD volumes delivered and around 90% of NGD margin. Industrial customers largely account for the remaining volumes and NGD margin. A small amount of the margin is also derived from miscellaneous services, gains or losses from an incentive gas cost sharing mechanism, and other service fees.

Industrial sectors served by the NGD business include: pulp, paper, and other forest products; the manufacture of electronic, electrochemical and electrometallurgical products; the processing of farm and food products; the production of various mineral products; metal fabrication and casting; the production of machine tools, machinery, and textiles; the manufacture of asphalt, concrete, and rubber; printing and publishing; nurseries; and government and educational institutions.

In addition to NW Natural's local gas distribution business, the NGD segment also includes the portion of the Mist underground storage facility used to serve NGD customers, the North Mist gas storage expansion in Oregon, NWN Gas Reserves, which is a wholly-owned subsidiary of Energy Corp, and NW Natural RNG Holding Company, LLC, a holding company established to invest in the development and procurement of renewable natural gas.

NW Natural

NW Natural's activities in Other include Interstate Storage Services and third-party asset management services for the Mist facility in Oregon, appliance retail center operations, and corporate operating and non-operating revenues and expenses that cannot be allocated to NGD operations.

Earnings from Interstate Storage Services assets are primarily related to firm storage capacity revenues. Earnings from the Mist facility also include revenue, net of amounts shared with NGD customers, from management of NGD assets at Mist and upstream pipeline capacity when not needed to serve NGD customers. Under the Oregon sharing mechanism, NW Natural retains 80% of the pre-tax income from these services when the costs of the capacity were not included in NGD rates, or 10% of the pre-tax income when the costs have been included in these rates. The remaining 20% and 90%, respectively, are recorded to a deferred regulatory account for crediting back to NGD customers.

NW Holdings

NW Holdings' activities in Other include all remaining activities not associated with NW Natural, specifically NWN Water, which consolidates the water and wastewater utility operations and is pursuing other investments in the water sector through itself and wholly-owned subsidiaries; NWN Gas Storage, a wholly-owned subsidiary of NWN Energy; NWN Energy's equity investment in TWH through August 6, 2020; and other pipeline assets in NNG Financial. For more information on the sale of TWH, see Note 14. Other also includes corporate revenues and expenses that cannot be allocated to other operations, including certain business development activities.

All prior period amounts have been retrospectively adjusted to reflect the change in reportable segments and the designation of Gill Ranch as a discontinued operation for NW Holdings, and the designation of subsidiaries previously owned by NW Natural that are now owned by NW Holdings as discontinued operations for NW Natural.

Segment Information Summary

Inter-segment transactions were immaterial for the periods presented. The following table presents summary financial information concerning the reportable segment and other for continuing operations. See Note 19 for information regarding discontinued operations for NW Holdings and NW Natural.

<i>In thousands</i>	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
2020					
Operating revenues	\$ 741,072	\$ 17,676	\$ 758,748	\$ 14,931	\$ 773,679
Depreciation and amortization	100,591	995	101,586	2,097	103,683
Income (loss) from operations	137,724	9,916	147,640	711	148,351
Net income (loss) from continuing operations	63,555	7,008	70,563	(290)	70,273
Capital expenditures	263,777	2,271	266,048	6,968	273,016
Total assets at December 31, 2020	3,549,868	49,468	3,599,336	157,043	3,756,379
2019					
Operating revenues	\$ 720,528	\$ 19,416	\$ 739,944	\$ 6,428	\$ 746,372
Depreciation and amortization	89,415	990	90,405	1,091	91,496
Income (loss) from operations	135,918	11,428	147,346	(3,872)	143,474
Net income (loss) from continuing operations	60,828	8,146	68,974	(3,663)	65,311
Capital expenditures	219,880	1,500	221,380	2,091	223,471
Total assets at December 31, 2019 ⁽¹⁾	3,273,835	47,652	3,321,487	91,833	3,413,320
2018					
Operating revenues	\$ 680,648	\$ 24,923	\$ 705,571	\$ 572	\$ 706,143
Depreciation and amortization	83,732	1,254	84,986	170	85,156
Income (loss) from operations	118,095	15,004	133,099	(937)	132,162
Net income (loss) from continuing operations	57,491	10,558	68,049	(738)	67,311
Capital expenditures	212,323	2,005	214,328	308	214,636
Total assets at December 31, 2018 ⁽¹⁾	3,141,969	50,767	3,192,736	36,657	3,229,393

⁽¹⁾ Total assets for NW Holdings exclude assets related to discontinued operations of \$15.1 million and \$13.3 million as of December 31, 2019, and 2018, respectively.

Natural Gas Distribution Margin

NGD margin is a financial measure used by the CODM, consisting of NGD operating revenues, reduced by the associated cost of gas, environmental remediation expense, and revenue taxes. The cost of gas purchased for NGD customers is generally a pass-through cost in the amount of revenues billed to regulated NGD customers. Environmental remediation expense represents collections received from customers through environmental recovery mechanisms in Oregon and Washington as well as adjustments for the Oregon environmental earnings test when applicable. This is offset by environmental remediation expense presented in operating expenses. Revenue taxes are collected from NGD customers and remitted to taxing authorities. The collections from customers are offset by the expense recognition of the obligation to the taxing authority. By subtracting cost of gas, environmental remediation expense, and revenue taxes from NGD operating revenues, NGD margin provides a key metric used by the CODM in assessing the performance of the NGD segment.

The following table presents additional segment information concerning NGD margin:

<i>In thousands</i>	2020	2019	2018
NGD margin calculation:			
NGD operating revenues	\$ 721,950	\$ 708,472	\$ 680,386
Other regulated services	19,122	12,056	262
Total NGD operating revenues	741,072	720,528	680,648
Less: NGD cost of gas	262,980	255,135	255,743
Environmental remediation expense	9,691	12,337	11,127
Revenue taxes	30,291	30,325	30,082
NGD margin	<u>\$ 438,110</u>	<u>\$ 422,731</u>	<u>\$ 383,696</u>

5. COMMON STOCK

As of December 31, 2020 and 2019, NW Holdings had 100 million shares of common stock authorized. As of December 31, 2020, NW Holdings had 203,923 shares reserved for issuance of common stock under the Employee Stock Purchase Plan (ESPP) and 271,949 shares reserved for issuance under the Dividend Reinvestment and Direct Stock Purchase Plan (DRPP). At NW Holdings' election, shares sold through the DRPP may be purchased in the open market or through original issuance of shares reserved for issuance under the DRPP.

The Restated Stock Option Plan (SOP) was terminated with respect to new grants in 2012; however, options granted before the Restated SOP was terminated remain outstanding until the earlier of their expiration, forfeiture, or exercise. Options are now exercisable for shares of NW Holdings common stock. There were 9,438 options outstanding at December 31, 2020, which were granted prior to termination of the plan.

On June 7, 2019, NW Holdings completed the issuance of 1,437,500 shares of common stock, inclusive of the overallotment option granted to the underwriters, which was exercised in full. All shares were issued on June 7, 2019 at an offering price of \$67.00 per share. The issuance resulted in proceeds to NW Holdings of \$93.0 million, net of discounts and expenses. The issuance was executed to raise funds for general corporate purposes, including for equity contributions to NW Holdings' subsidiaries, that are reflected as equity transfers on occurrence. Contributions received by NW Natural were also used, in part, to repay short-term indebtedness.

Stock Repurchase Program

NW Holdings has a share repurchase program under which it may purchase its common shares on the open market or through privately negotiated transactions. NW Holdings currently has Board authorization through May 2022 to repurchase up to an aggregate of the greater of 2.8 million shares or \$100 million. No shares of common stock were repurchased pursuant to this program during the year ended December 31, 2020. Since the plan's inception in 2000 under NW Natural, a total of 2.1 million shares have been repurchased at a total cost of \$83.3 million.

The following table summarizes the changes in the number of shares of NW Holdings' common stock issued and outstanding:

<i>In thousands</i>	Shares
Balance, December 31, 2017	28,736
Sales to employees under ESPP	19
Stock-based compensation	64
Sales to shareholders under DRPP	61
Balance, December 31, 2018	28,880
Sales to employees under ESPP	18
Stock-based compensation	83
Equity issuance	1,438
Sales to shareholders under DRPP	53
Balance, December 31, 2019	30,472
Sales to employees under ESPP	3
Stock-based compensation	46
Sales to shareholders under DRPP	68
Balance, December 31, 2020	30,589

6. REVENUE

The following table presents disaggregated revenue from continuing operations:

<i>In thousands</i>	Year ended December 31, 2020				
	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
Natural gas sales	\$ 710,422	\$ —	\$ 710,422	\$ —	\$ 710,422
Gas storage revenue, net	—	9,759	9,759	—	9,759
Asset management revenue, net	—	2,532	2,532	—	2,532
Appliance retail center revenue	—	5,385	5,385	—	5,385
Other revenue	1,337	—	1,337	14,931	16,268
Revenue from contracts with customers	711,759	17,676	729,435	14,931	744,366
Alternative revenue	10,870	—	10,870	—	10,870
Leasing revenue	18,443	—	18,443	—	18,443
Total operating revenues	<u>\$ 741,072</u>	<u>\$ 17,676</u>	<u>\$ 758,748</u>	<u>\$ 14,931</u>	<u>\$ 773,679</u>

<i>In thousands</i>	Year ended December 31, 2019				
	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
Natural gas sales	\$ 729,296	\$ —	\$ 729,296	\$ —	\$ 729,296
Gas storage revenue, net	—	10,240	10,240	—	10,240
Asset management revenue, net	—	3,705	3,705	—	3,705
Appliance retail center revenue	—	5,471	5,471	—	5,471
Other revenue	847	—	847	6,428	7,275
Revenue from contracts with customers	730,143	19,416	749,559	6,428	755,987
Alternative revenue	(20,984)	—	(20,984)	—	(20,984)
Leasing revenue	11,369	—	11,369	—	11,369
Total operating revenues	<u>\$ 720,528</u>	<u>\$ 19,416</u>	<u>\$ 739,944</u>	<u>\$ 6,428</u>	<u>\$ 746,372</u>

NW Natural's revenue represents substantially all of NW Holdings' revenue and is recognized for both registrants when the obligation to customers is satisfied and in the amount expected to be received in exchange for transferring goods or providing services. Revenue from contracts with customers contains one performance obligation that is generally satisfied over time, using the output method based on time elapsed, due to the continuous nature of the service provided. The transaction price is determined by a set price agreed upon in the contract or dependent on regulatory tariffs. Customer accounts are settled on a monthly basis or paid at time of sale and based on historical experience. It is probable that we will collect substantially all of the

consideration to which we are entitled. We evaluated the probability of collection in accordance with the current expected credit losses standard.

NW Holdings and NW Natural do not have any material contract assets, as net accounts receivable and accrued unbilled revenue balances are unconditional and only involve the passage of time until such balances are billed and collected. NW Holdings and NW Natural do not have any material contract liabilities.

Revenue taxes are included in operating revenues with an equal and offsetting expense recognized in operating expenses in the consolidated statements of comprehensive income. Revenue-based taxes are primarily franchise taxes, which are collected from NGD customers and remitted to taxing authorities.

Natural Gas Distribution

Natural Gas Sales

NW Natural's primary source of revenue is providing natural gas to customers in the NGD service territory, which includes residential, commercial, industrial and transportation customers. NGD revenue is generally recognized over time upon delivery of the gas commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the Oregon and Washington tariffs. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible sales and transportation services, franchise taxes recovered from the customer, late payment fees, service fees, and accruals for gas delivered but not yet billed (accrued unbilled revenue). The accrued unbilled revenue balance is based on estimates of deliveries during the period from the last meter reading and management judgment is required for a number of factors used in this calculation, including customer use and weather factors.

We applied the significant financing practical expedient and have not adjusted the consideration NW Natural expects to receive from NGD customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations.

Alternative Revenue

Weather normalization (WARM) and decoupling mechanisms are considered to be alternative revenue programs. Alternative revenue programs are considered to be contracts between NW Natural and its regulator and are excluded from revenue from contracts with customers.

Leasing Revenue

Leasing revenue primarily consists of revenues from NW Natural's North Mist Storage contract with Portland General Electric (PGE) in support of PGE's gas-fired electric power generation facilities under an initial 30-year contract with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. The facility is accounted for as a sales-type lease with regulatory accounting deferral treatment. The investment is included in rate base under an established cost-of-service tariff schedule, with revenues recognized according to the tariff schedule and as such, profit upon commencement was deferred and will be amortized over the lease term. Leasing revenue also contains rental revenue from small leases of property owned by NW Natural to third parties. The majority of these transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement. Lease revenue is excluded from revenue from contracts with customers. See Note 7 for additional information.

NW Natural Other

Gas Storage Revenue

NW Natural's other revenue includes gas storage activity, which includes Interstate Storage Services used to store natural gas for customers. Gas storage revenue is generally recognized over time as the gas storage service is provided to the customer and the amount of consideration received and recognized as revenue is dependent on set rates defined per the storage agreements. Noncash consideration in the form of dekatherms of natural gas is received as consideration for providing gas injection services to gas storage customers. This noncash consideration is measured at fair value using the average spot rate. Customer accounts are generally paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible storage services, net of the profit sharing amount refunded to NGD customers.

Asset Management Revenue

Revenues include the optimization of third-party storage assets and pipeline capacity and are provided net of the profit sharing amount refunded to NGD customers. Certain asset management revenues received are recognized over time using a straight-line approach over the term of each contract, and the amount of consideration received and recognized as revenue is dependent on a variable pricing model. Variable revenues earned above guaranteed amounts are estimated and recognized at the end of each period using the most likely amount approach. Additionally, other asset management revenues may be based on a fixed rate. Generally, asset management accounts are settled on a monthly basis.

As of December 31, 2020, unrecognized revenue for the fixed component of the transaction price related to gas storage and asset management revenue was approximately \$88.4 million. Of this amount, approximately \$19.0 million will be recognized in 2021, \$19.4 million in 2022, \$17.8 million in 2023, \$14.0 million in 2024, and \$18.2 million thereafter. The amounts presented here are calculated using current contracted rates.

Appliance Retail Center Revenue

NW Natural owns and operates an appliance store that is open to the public, where customers can purchase natural gas home appliances. Revenue from the sale of appliances is recognized at the point in time in which the appliance is transferred to the third party responsible for delivery and installation services and when the customer has legal title to the appliance. It is required that the sale be paid for in full prior to transfer of legal title. The amount of consideration received and recognized as revenue varies with changes in marketing incentives and discounts offered to customers.

NW Holdings Other

NW Holdings' primary source of other revenue is providing water and wastewater services to customers. Water and wastewater service revenue is generally recognized over time upon delivery of the water commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the tariffs established in the state we operate. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided.

We applied the significant financing practical expedient and have not adjusted the consideration we expect to receive from water distribution and wastewater collection customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations.

7. LEASES

Lease Revenue

Leasing revenue primarily consists of NW Natural's North Mist natural gas storage agreement with PGE which is billed under an OPUC-approved rate schedule and includes an initial 30-year term with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. Under U.S. GAAP, this agreement is classified as a sales-type lease and qualifies for regulatory accounting deferral treatment. The investment in the storage facility is included in rate base under a separately established cost-of-service tariff, with revenues recognized according to the tariff schedule. As such, the selling profit that was calculated upon commencement as part of the sale-type lease recognition was deferred and will be amortized over the lease term. Billing rates under the cost-of-service tariff will be updated annually to reflect current information including depreciable asset levels, forecasted operating expenses, and the results of regulatory proceedings, as applicable, and revenue received under this agreement is recognized as operating revenue on the consolidated statements of comprehensive income. There are no variable payments or residual value guarantees. The lease does not contain an option to purchase the underlying assets.

NW Natural also maintains a sales-type lease for specialized compressor facilities to provide high pressure compressed natural gas (CNG) services. Lease payments are outlined in an OPUC-approved rate schedule over a 10-year term. There are no variable payments or residual value guarantees. The selling profit computed upon lease commencement was not significant.

Our lessor portfolio also contains small leases of property owned by NW Natural to third parties. These transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement.

The components of lease revenue at NW Natural were as follows:

<i>In thousands</i>	Year ended December 31,	
	2020	2019
Lease revenue		
Operating leases	\$ 88	\$ 171
Sales-type leases	18,355	11,198
Total lease revenue	<u>\$ 18,443</u>	<u>\$ 11,369</u>

Total future minimum lease payments to be received under non-cancelable leases at NW Natural at December 31, 2020 are as follows:

<i>In thousands</i>	Operating	Sales-Type	Total
2021	\$ 59	\$ 17,518	\$ 17,577
2022	55	17,026	17,081
2023	47	16,557	16,604
2024	47	15,867	15,914
2025	43	15,306	15,349
Thereafter	52	251,721	251,773
Total lease revenue	<u>\$ 303</u>	<u>\$ 333,995</u>	<u>\$ 334,298</u>
Less: imputed interest		189,501	
Total leases receivable		<u>\$ 144,494</u>	

The total leases receivable above is reported under the NGD segment and the short- and long-term portions are included within other current assets and assets under sales-type leases on the consolidated balance sheets, respectively. The total amount of unguaranteed residual assets was \$4.3 million and \$4.0 million at December 31, 2020 and 2019, respectively, and is included in assets under sales-type leases on the consolidated balance sheets. Additionally, under regulatory accounting, the revenues and expenses associated with these agreements are presented on the consolidated statements of comprehensive income such that their presentation aligns with similar regulated activities at NW Natural.

Additionally, future minimum lease payments of \$0.5 million for each of the years ending 2021 and 2022 are to be received under non-cancelable operating leases associated with non-utility property rentals. For each of the years ended December 31, 2020 and 2019, approximately \$0.5 million of lease revenue is presented in other income (expense), net on the consolidated statements of comprehensive income as it is non-operating income.

Lease Expense

Operating Leases

We have operating leases for land, buildings and equipment. Our primary lease is for NW Natural's operations center. Our leases have remaining lease terms of one year to 19 years. Many of our lease agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. Short-term leases with a term of 12 months or less are not recorded on the balance sheet.

As most of our leases do not provide an implicit rate and are entered into by NW Natural, we use an estimated discount rate representing the rate we would have incurred to finance the funds necessary to purchase the leased asset and is based on information available at the lease commencement date in determining the present value of lease payments.

The components of lease expense, a portion of which is capitalized, were as follows:

<i>In thousands</i>	Year ended December 31, 2020		
	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease expense	\$ 4,381	\$ 125	\$ 4,506
Short-term lease expense	\$ 1,010	\$ —	\$ 1,010
	Year ended December 31, 2019		
<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease expense	\$ 4,620	\$ 191	\$ 4,811
Short-term lease expense	\$ 1,146	\$ —	\$ 1,146

Supplemental balance sheet information related to operating leases as of December 31, 2020 is as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease right of use assets	\$ 77,328	\$ 118	\$ 77,446
Operating lease liabilities - current liabilities	\$ 1,054	\$ 51	\$ 1,105
Operating lease liabilities - non-current liabilities	80,559	62	80,621
Total operating lease liabilities	<u>\$ 81,613</u>	<u>\$ 113</u>	<u>\$ 81,726</u>

Supplemental balance sheet information related to operating leases as of December 31, 2019 is as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease right of use assets	\$ 2,760	\$ 190	\$ 2,950
Operating lease liabilities - current liabilities	\$ 1,979	\$ 122	\$ 2,101
Operating lease liabilities - non-current liabilities	772	69	841
Total operating lease liabilities	<u>\$ 2,751</u>	<u>\$ 191</u>	<u>\$ 2,942</u>

The weighted-average remaining lease terms and weighted-average discount rates for the operating leases at NW Natural were as follows:

	2020	2019
Weighted-average remaining lease term (years)	19.2	1.0
Weighted-average discount rate	7.23 %	3.98 %

Commencement of Significant Lease

NW Natural commenced a 20-year operating lease agreement in March 2020 for a new corporate operations center in Portland, Oregon. Total estimated base rent payments over the life of the lease are approximately \$159.4 million. There is an option to extend the term of the lease for two additional periods of seven years.

There is a material timing difference between the minimum lease payments and expense recognition as calculated under operating lease accounting rules. OPUC issued an order allowing us to align our expense recognition with cash payments for ratemaking purposes. We recorded the difference between the minimum lease payments and the aggregate of the imputed interest on the finance lease obligation and amortization of the right-of-use asset as a regulatory asset on our balance sheet. The balance of the regulatory asset as of December 31, 2020 was \$4.2 million.

Maturities of operating lease liabilities at December 31, 2020 were as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
2021	\$ 6,760	\$ 52	\$ 6,812
2022	6,849	67	6,916
2023	6,986	—	6,986
2024	7,150	—	7,150
2025	7,185	—	7,185
Thereafter	123,784	—	123,784
Total lease payments	158,714	119	158,833
Less: imputed interest	77,101	6	77,107
Total lease obligations	81,613	113	81,726
Less: current obligations	1,054	51	1,105
Long-term lease obligations	<u>\$ 80,559</u>	<u>\$ 62</u>	<u>\$ 80,621</u>

As of December 31, 2020, finance lease liabilities with maturities of less than one year were \$0.7 million at NW Natural.

Cash Flow Information

Supplemental cash flow information related to leases was as follows:

<i>In thousands</i>	Year ended December 31, 2020		
	NW Natural	Other (NW Holdings)	NW Holdings
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 4,466	\$ 131	\$ 4,597
Finance cash flows from finance leases	\$ 835	\$ —	\$ 835
Right of use assets obtained in exchange for lease obligations			
Operating leases	\$ 78,539	\$ 51	\$ 78,590
Finance leases	\$ 1,386	\$ —	\$ 1,386

<i>In thousands</i>	Year ended December 31, 2019		
	NW Natural	Other (NW Holdings)	NW Holdings
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 4,447	\$ 182	\$ 4,629
Finance cash flows from finance leases	\$ 120	\$ —	\$ 120
Right of use assets obtained in exchange for lease obligations			
Operating leases	\$ 7,205	\$ 372	\$ 7,577
Finance leases	\$ 312	\$ —	\$ 312

Finance Leases

NW Natural also leases building storage spaces for use as a gas meter room in order to provide natural gas to multifamily or mixed use developments. These contracts are accounted for as finance leases and typically involve a one-time upfront payment with no remaining liability. The right of use asset for finance leases was \$1.8 million and \$0.5 million at December 31, 2020 and 2019, respectively.

8. STOCK-BASED COMPENSATION

Stock-based compensation plans are designed to promote stock ownership in NW Holdings by employees and officers of NW Holdings and its affiliates. These compensation plans include a Long Term Incentive Plan (LTIP), an ESPP, and a Restated SOP.

Long Term Incentive Plan

The LTIP is intended to provide a flexible, competitive compensation program for eligible officers and key employees. Under the LTIP, shares of NW Holdings common stock are authorized for equity incentive grants in the form of stock, restricted stock, restricted stock units, stock options, or performance shares. An aggregate of 1,100,000 shares were authorized for issuance as of December 31, 2020. Shares awarded under the LTIP may be purchased on the open market or issued as original shares.

Of the 1,100,000 shares of common stock authorized for LTIP awards at December 31, 2020, there were 435,758 shares available for issuance under any type of award. This assumes market, performance, and service-based grants currently outstanding are awarded at the target level. There were no outstanding grants of restricted stock or stock options under the LTIP at December 31, 2020 or 2019. The LTIP stock awards are compensatory awards for which compensation expense is based on the fair value of stock awards, with expense being recognized over the performance and vesting period of the outstanding awards. Forfeitures are recognized as they occur.

Performance Shares

LTIP performance shares incorporate a combination of market, performance, and service-based factors. The following table summarizes performance share expense information:

<i>Dollars in thousands</i>	Shares ⁽¹⁾	Expense During Award Year ⁽²⁾	Total Expense for Award
Estimated award:			
2018-2020 grant ⁽³⁾	31,600	\$ 2,137	\$ 2,137
Actual award:			
2017-2019 grant	41,537	\$ 572	\$ 1,971
2016-2018 grant	28,218	\$ 598	\$ 1,413

⁽¹⁾ In addition to common stock shares, a participant also receives a dividend equivalent cash payment equal to the number of shares of common stock received on the award payout multiplied by the aggregate cash dividends paid per share during the performance period.

- (2) Amount represents the expense recognized in the third year of the vesting period noted above. For the 2018-2020 grant, mutual understanding of the award's key terms was established in the third year of the vesting period, triggering full expense recognition in 2020.
- (3) This represents the estimated number of shares to be awarded as of December 31, 2020 as certain performance share measures have been achieved. Amounts are subject to change with final payout amounts authorized by the Board of Directors in February 2021.

The aggregate number of performance shares granted and outstanding at the target and maximum levels were as follows:

<i>Dollars in thousands</i> Performance Period	Performance Share Awards Outstanding		2020 Expense
	Target	Maximum	
2018-20	31,825	63,650	\$ 2,137
2019-21	—	—	—
2020-22	—	—	—
Total	<u>31,825</u>	<u>63,650</u>	<u>\$ 2,137</u>

Performance share awards are based on the achievement of a three-year ROIC threshold that must be met and a cumulative EPS factor, which can be modified by a TSR factor relative to the performance of the Russell 2500 Utilities Index over the three-year performance period. The performance period allows for one of the performance factors to remain variable until the first quarter of the third year of the award period. As the performance factor will not be approved until the first quarter of 2021 and 2022, there is not a mutual understanding of the awards' key terms and conditions between NW Natural and the participants as of December 31, 2020, and therefore, no expense was recognized for the 2019-2021 and 2020-2022 performance period. NW Natural will calculate the grant date fair value and recognize expense once the final performance factor has been approved. If the target is achieved for the 2019-2021 and 2020-2022 awards, NW Holdings would grant for accounting purposes 35,170 and 31,830 shares in the first quarter of 2021 and 2022, respectively.

Compensation expense is recognized in accordance with accounting standards for stock-based compensation and calculated based on performance levels achieved and an estimated fair value using the Monte-Carlo method. Due to there not being a mutual understanding of the 2019-2021 and 2020-2022 awards' key terms and conditions as noted above, the grant date fair value has not yet been determined and no non-vested shares existed at December 31, 2020. The weighted-average grant date fair value of non-vested shares associated with the 2018-2020 awards was \$78.96 per share at December 31, 2020. The weighted-average grant date fair value of shares vested during the year was \$78.96 per share and there were no performance shares granted during the year and no unrecognized compensation expense for accounting purposes as of December 31, 2020.

Restricted Stock Units

In 2012, RSUs began being granted under the LTIP instead of stock options under the Restated SOP. Generally, the RSUs awarded are forfeitable and include a performance-based threshold as well as a vesting period of four years from the grant date. Upon vesting, the RSU holder is issued one share of common stock plus a cash payment equal to the total amount of dividends paid per share between the grant date and vesting date of that portion of the RSU. The fair value of an RSU is equal to the closing market price of NW Holdings' common stock on the grant date. During 2020, total RSU expense was \$2.0 million compared to \$1.8 million in 2019 and \$1.8 million in 2018. As of December 31, 2020, there was \$3.7 million of unrecognized compensation cost from grants of RSUs, which is expected to be recognized over a period extending through 2025.

Information regarding the RSU activity is summarized as follows:

	Number of RSUs	Weighted - Average Price Per RSU
Nonvested, December 31, 2017	84,522	\$ 53.90
Granted	32,450	57.59
Vested	(32,689)	50.75
Forfeited	(1,603)	59.95
Nonvested, December 31, 2018	82,680	56.47
Granted	36,018	65.29
Vested	(35,778)	54.22
Forfeited	(3,187)	63.89
Nonvested, December 31, 2019	79,733	61.17
Granted	33,594	55.58
Vested	(29,273)	59.29
Forfeited	(1,590)	69.71
Nonvested, December 31, 2020	<u>82,464</u>	<u>\$ 59.40</u>

Restated Stock Option Plan

The NW Natural Restated SOP was terminated for new option grants in 2012; however, options granted before the plan terminated remain outstanding until the earlier of their expiration, forfeiture, or exercise and are now exercisable for shares of NW Holdings common stock. Any new grants of stock options will be made under NW Holdings' LTIP, however, no option grants have been awarded since 2012 and all stock options were vested as of December 31, 2015.

Options under the Restated SOP were granted to officers and key employees designated by a committee of the Board of Directors. All options were granted at an option price equal to the closing market price on the date of grant and may be exercised for a period of up to 10 years and seven days from the date of grant. Option holders may exchange shares they have owned for at least six months, valued at the current market price, to purchase shares at the option price.

Information regarding the Restated SOP activity is summarized as follows:

	Option Shares	Weighted - Average Price Per Share	Intrinsic Value (In millions)
Balance outstanding and exercisable, December 31, 2017	91,688	\$ 44.43	\$ 1.4
Exercised	(35,450)	43.61	0.8
Forfeited	(300)	43.29	n/a
Balance outstanding and exercisable, December 31, 2018	55,938	44.96	0.9
Exercised	(45,000)	44.79	1.0
Forfeited	—	—	n/a
Balance outstanding and exercisable, December 31, 2019	10,938	45.67	0.3
Exercised	(1,500)	45.24	—
Expired	—	—	n/a
Balance outstanding and exercisable, December 31, 2020	9,438	\$ 45.74	\$ —

The weighted-average remaining life of options exercisable and outstanding at December 31, 2020 was 0.17 years.

Employee Stock Purchase Plan

NW Holdings' ESPP allows employees of NW Holdings, NW Natural and certain designated subsidiaries to purchase common stock at 85% of the closing price on the trading day immediately preceding the initial offering date, which is set annually. For the 2020-2021 ESPP period, each eligible employee may purchase up to \$21,232 worth of stock through payroll deductions over a period defined by the Board of Directors, with shares issued at the end of the subscription period.

Stock-Based Compensation Expense

Stock-based compensation expense is recognized as operations and maintenance expense or is capitalized as part of construction overhead at the entity at which the award recipient is employed. The following table summarizes the NW Holdings' financial statement impact, substantially all of which was recorded at NW Natural, of stock-based compensation under the LTIP, Restated SOP and ESPP:

In thousands	2020	2019	2018
Operations and maintenance expense, for stock-based compensation	\$ 3,525	\$ 2,172	\$ 2,489
Income tax benefit	(933)	(575)	(659)
Net stock-based compensation effect on net income (loss)	2,592	1,597	1,830
Amounts capitalized for stock-based compensation	\$ 841	\$ 430	\$ 531

9. DEBT

Short-Term Debt

The primary source of short-term liquidity for NW Holdings is cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time.

The primary source of short-term liquidity for NW Natural is from the sale of commercial paper, its multi-year credit facilities, and short-term credit facilities it may enter into from time to time. In addition to issuing commercial paper or bank loans to meet working capital requirements, including seasonal requirements to finance gas purchases and accounts receivable, short-term debt may also be used to temporarily fund capital requirements. For NW Natural, commercial paper and bank loans are periodically refinanced through the sale of long-term debt or equity contributions from NW Holdings. NW Natural's commercial paper is sold through two commercial banks under an issuing and paying agency agreement and is supported by one or more unsecured revolving credit facilities. See "Credit Agreements" below.

At December 31, 2020 and 2019, NW Holdings had short-term debt outstanding of \$304.5 million and \$149.1 million, respectively. The weighted average interest rate of NW Holdings' short-term debt outstanding at December 31, 2020 and 2019 was 0.5% and 2.0%, respectively. At December 31, 2020 and 2019, NW Natural had \$231.5 million and \$125.1 million of commercial paper outstanding, respectively. The weighted average interest rate of commercial paper outstanding at December 31, 2020 and 2019 was 0.4% and 2.0%, respectively.

The carrying cost of commercial paper approximates fair value using Level 2 inputs. See Note 2 for a description of the fair value hierarchy. At December 31, 2020, NW Natural's commercial paper had a maximum remaining maturity of 166 days and an average remaining maturity of 47 days.

Credit Agreements

NW Holdings

In October 2018, NW Holdings entered into a \$100.0 million credit agreement, with a feature that allows it to request increases in the total commitment amount, up to a maximum of \$150.0 million. The maturity date of the agreement is October 2, 2023, with available extensions of commitments for two additional one-year periods, subject to lender approval.

The NW Holdings credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$40.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. The credit agreement requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020 and 2019.

The agreement also requires NW Holdings to maintain debt ratings (which are defined by a formula using NW Natural's credit ratings in the event NW Holdings does not have a credit rating) with Standard & Poor's (S&P) and Moody's Investors Service, Inc. (Moody's) and notify the lenders of any change in its senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Holdings' debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreements are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreements when ratings are changed. NW Holdings does not currently maintain ratings with S&P or Moody's.

There was \$73.0 million and \$24.0 million of outstanding balances under the NW Holdings agreement at December 31, 2020 and 2019, respectively. No letters of credit were issued or outstanding under the NW Holdings agreement at December 31, 2020 and 2019. NW Holdings had a \$1.0 million letter of credit issued and outstanding, separate from the aforementioned credit agreement, at December 31, 2019 for the purposes of facilitating the Suncadia acquisition. This letter of credit was extinguished upon the close of the transaction in February 2020.

NW Natural

In October 2018, NW Natural entered into a multi-year credit agreement for unsecured revolving loans totaling \$300.0 million, with a feature that allows NW Natural to request increases in the total commitment amount, up to a maximum of \$450.0 million. The maturity date of the agreement is October 2, 2023 with available extensions of commitments for two additional one-year periods, subject to lender approval. The credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$60.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. There were no outstanding balances under NW Natural's credit agreement and no letters of credit issued or outstanding at December 31, 2020 and 2019.

NW Natural's credit agreement require NW Natural to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Natural was in compliance with this covenant at December 31, 2020 and 2019.

The credit agreement also requires NW Natural to maintain credit ratings with S&P and Moody's and notify the lenders of any change in NW Natural's senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Natural's debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreement are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreement when ratings are changed.

Long-Term Debt

NW Holdings

At December 31, 2020 and 2019, NW Holdings had long-term debt outstanding of \$955.4 million and \$881.1 million, respectively, which included \$7.5 million and \$5.7 million of unamortized debt issuance costs at NW Natural, respectively. NW Holdings' long-term debt is primarily comprised of debt held at its wholly-owned subsidiaries NW Natural (shown below) and NWN Water. Long-term debt at NWN Water is primarily comprised of a two-year term loan agreement for \$35.0 million, due in 2021. NWN Water entered into this agreement in June 2019 and the loan carried an interest rate of 0.70% at December 31, 2020, which is based upon the one-month LIBOR rate. The loan is guaranteed by NW Holdings and requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020, with a consolidated indebtedness to total capitalization ratio of 58.6%.

NW Natural

NW Natural's issuance of FMBs, which includes NW Natural's medium-term notes, under the Mortgage and Deed of Trust (Mortgage) is limited by eligible property, adjusted net earnings, and other provisions of the Mortgage. The Mortgage constitutes a first mortgage lien on substantially all of NW Natural's NGD property.

Maturities and Outstanding Long-Term Debt

Retirement of long-term debt for each of the annual periods through December 31, 2025 and thereafter are as follows:

<i>In thousands</i>	Long-term debt maturities
NW Natural	
2021	\$ 60,000
2022	—
2023	90,000
2024	—
2025	30,000
Thereafter	744,700
Total	<u>\$ 924,700</u>

The following table presents debt outstanding as of December 31:

<i>In thousands</i>	2020	2019
NW Natural		
<u>First Mortgage Bonds:</u>		
5.370% Series due 2020	\$ —	\$ 75,000
9.050% Series due 2021	10,000	10,000
3.176% Series due 2021	50,000	50,000
3.542% Series due 2023	50,000	50,000
5.620% Series due 2023	40,000	40,000
7.720% Series due 2025	20,000	20,000
6.520% Series due 2025	10,000	10,000
7.050% Series due 2026	20,000	20,000
3.211% Series due 2026	35,000	35,000
7.000% Series due 2027	20,000	20,000
2.822% Series due 2027	25,000	25,000
6.650% Series due 2027	19,700	19,700
6.650% Series due 2028	10,000	10,000
3.141% Series due 2029	50,000	50,000
7.740% Series due 2030	20,000	20,000
7.850% Series due 2030	10,000	10,000
5.820% Series due 2032	30,000	30,000
5.660% Series due 2033	40,000	40,000
5.250% Series due 2035	10,000	10,000
4.000% Series due 2042	50,000	50,000
4.136% Series due 2046	40,000	40,000
3.685% Series due 2047	75,000	75,000
4.110% Series due 2048	50,000	50,000
3.869% Series due 2049	90,000	90,000
3.600% Series due 2050	150,000	—
Long-term debt, gross	924,700	849,700
Less: current maturities	60,000	75,000
Total long-term debt	<u>\$ 864,700</u>	<u>\$ 774,700</u>

First Mortgage Bonds

In March 2020, NW Natural issued \$150.0 million of FMBs with an interest rate of 3.600%, due in 2050.

Retirements of Long-Term Debt

In February 2020, NW Natural retired \$75.0 million of FMBs with an interest rate of 5.370%.

Fair Value of Long-Term Debt

NW Holdings' and NW Natural's outstanding debt does not trade in active markets. The fair value of debt is estimated using natural gas distribution companies with similar credit ratings, terms, and remaining maturities to NW Holdings' and NW Natural's debt that actively trade in public markets. Substantially all outstanding debt at NW Holdings is comprised of NW Natural debt. These valuations are based on Level 2 inputs as defined in the fair value hierarchy. See Note 2.

The following table provides an estimate of the fair value of NW Holdings' long-term debt, including current maturities of long-term debt, using market prices in effect on the valuation date:

<i>In thousands</i>	December 31,	
	2020	2019
Gross long-term debt	\$ 962,905	\$ 886,776
Unamortized debt issuance costs	(7,480)	(5,712)
Carrying amount	\$ 955,425	\$ 881,064
Estimated fair value ⁽¹⁾	\$ 1,136,311	\$ 957,268

⁽¹⁾ Estimated fair value does not include unamortized debt issuance costs.

The following table provides an estimate of the fair value of NW Natural's long-term debt, including current maturities of long-term debt, using market prices in effect on the valuation date:

<i>In thousands</i>	December 31,	
	2020	2019
Gross long-term debt	\$ 924,700	\$ 849,700
Unamortized debt issuance costs	(7,480)	(5,712)
Carrying amount	\$ 917,220	\$ 843,988
Estimated fair value ⁽¹⁾	\$ 1,097,348	\$ 919,835

⁽¹⁾ Estimated fair value does not include unamortized debt issuance costs.

10. PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS

NW Natural maintains a qualified non-contributory defined benefit pension plan (Pension Plan), non-qualified supplemental pension plans for eligible executive officers and other key employees, and other postretirement employee benefit plans. NW Natural also has a qualified defined contribution plan (Retirement K Savings Plan) for all eligible employees. The Pension Plan and Retirement K Savings Plan have plan assets, which are held in qualified trusts to fund retirement benefits.

Effective January 1, 2007 and 2010, the Pension Plan and postretirement benefits for non-union employees and union employees, respectively, were closed to new participants.

Non-union and union employees hired or re-hired after December 31, 2006 and 2009, respectively, and employees of NW Natural subsidiaries are provided an enhanced Retirement K Savings Plan benefit.

The following table provides a reconciliation of the changes in NW Natural's benefit obligations and fair value of plan assets, as applicable, for NW Natural's pension and other postretirement benefit plans, excluding the Retirement K Savings Plan, and a summary of the funded status and amounts recognized in NW Holdings' and NW Natural's consolidated balance sheets as of December 31:

<i>In thousands</i>	Postretirement Benefit Plans			
	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Reconciliation of change in benefit obligation:				
Obligation at January 1	\$ 515,668	\$ 455,568	\$ 29,568	\$ 28,172
Service cost	6,614	6,308	258	244
Interest cost	16,161	18,683	905	1,117
Net actuarial loss	52,777	58,269	145	1,809
Benefits paid	(25,073)	(23,160)	(1,837)	(1,774)
Obligation at December 31	<u>\$ 566,147</u>	<u>\$ 515,668</u>	<u>\$ 29,039</u>	<u>\$ 29,568</u>
Reconciliation of change in plan assets:				
Fair value of plan assets at January 1	\$ 313,051	\$ 257,797	\$ —	\$ —
Actual return on plan assets	54,600	65,104	—	—
Employer contributions	31,354	13,310	1,837	1,774
Benefits paid	(25,073)	(23,160)	(1,837)	(1,774)
Fair value of plan assets at December 31	<u>\$ 373,932</u>	<u>\$ 313,051</u>	<u>\$ —</u>	<u>\$ —</u>
Funded status at December 31	<u>\$ (192,215)</u>	<u>\$ (202,617)</u>	<u>\$ (29,039)</u>	<u>\$ (29,568)</u>

At December 31, 2020, the net liability (benefit obligations less market value of plan assets) for the Pension Plan decreased \$13.1 million compared to 2019. The decrease in the net pension liability is primarily due to the \$60.9 million increase in plan assets, partially offset by the \$47.8 million increase to the pension benefit obligation. The liability for non-qualified plans increased \$2.7 million, and the liability for other postretirement benefits decreased \$0.5 million in 2020.

NW Natural's Pension Plan had a projected benefit obligation of \$525.1 million and \$477.3 million at December 31, 2020 and 2019, respectively, and fair values of plan assets of \$373.9 million and \$313.1 million, respectively. The plan had an accumulated benefit obligation of \$480.0 million and \$434.9 million at December 31, 2020 and 2019, respectively.

The following table presents amounts realized through regulatory assets or in other comprehensive loss (income) for the years ended December 31:

<i>In thousands</i>	Regulatory Assets						Other Comprehensive Loss (Income)		
	Pension Benefits			Other Postretirement Benefits			Pension Benefits		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Net actuarial loss (gain)	\$ 16,170	\$ 10,424	\$ 14,261	\$ 145	\$ 1,809	\$ (327)	\$ 3,873	\$ 3,595	\$ (677)
Amortization of:									
Prior service (cost) credit	—	(7)	(42)	468	468	468	—	—	—
Actuarial loss	(18,627)	(14,057)	(18,761)	(607)	(369)	(448)	(923)	(648)	(1,052)
Total	<u>\$ (2,457)</u>	<u>\$ (3,640)</u>	<u>\$ (4,542)</u>	<u>\$ 6</u>	<u>\$ 1,908</u>	<u>\$ (307)</u>	<u>\$ 2,950</u>	<u>\$ 2,947</u>	<u>\$ (1,729)</u>

The following table presents amounts recognized in regulatory assets and accumulated other comprehensive loss (AOCL) at December 31:

<i>In thousands</i>	Regulatory Assets				AOCL	
	Pension Benefits		Other Postretirement Benefits		Pension Benefits	
	2020	2019	2020	2019	2020	2019
Prior service cost (credit)	\$ —	\$ —	\$ (801)	\$ (1,270)	\$ —	\$ —
Net actuarial loss	164,446	166,903	7,167	7,629	17,434	14,484
Total	<u>\$ 164,446</u>	<u>\$ 166,903</u>	<u>\$ 6,366</u>	<u>\$ 6,359</u>	<u>\$ 17,434</u>	<u>\$ 14,484</u>

The following table presents amounts recognized by NW Holdings and NW Natural in AOCL and the changes in AOCL related to NW Natural's non-qualified employee benefit plans:

<i>In thousands</i>	Year ended December 31,	
	2020	2019
Beginning balance	\$ (10,733)	\$ (7,188)
Amounts reclassified to AOCL	(3,873)	(3,611)
Amounts reclassified from AOCL:		
Amortization of actuarial losses	923	648
Reclassification of stranded tax effects ⁽¹⁾	—	(1,366)
Total reclassifications before tax	(2,950)	(4,329)
Tax expense	781	784
Total reclassifications for the period	(2,169)	(3,545)
Ending balance	\$ (12,902)	\$ (10,733)

⁽¹⁾ Reclassification of \$1.4 million of income tax effects resulting from the TCJA from accumulated other comprehensive loss to retained earnings was made pursuant to the adoption of ASU 2018-02. See Note 2.

In 2021, NW Natural will amortize an estimated \$20.8 million from regulatory assets to net periodic benefit costs, consisting of \$21.3 million of actuarial losses offset by \$0.5 million of prior service credits.

The assumed discount rates for NW Natural's Pension Plan and other postretirement benefit plans were determined independently based on the FTSE Above Median Curve (discount rate curve), which uses high quality corporate bonds rated AA- or higher by S&P or Aa3 or higher by Moody's. The discount rate curve was applied to match the estimated cash flows in each of the plans to reflect the timing and amount of expected future benefit payments for these plans.

The assumed expected long-term rate of return on plan assets for the Pension Plan was developed using a weighted-average of the expected returns for the target asset portfolio. In developing the expected long-term rate of return assumption, consideration was given to the historical performance of each asset class in which the plan's assets are invested and the target asset allocation for plan assets.

The investment strategy and policies for Pension Plan assets held in the retirement trust fund were approved by the NW Natural Retirement Committee, which is composed of senior management with the assistance of an outside investment consultant. The policies set forth the guidelines and objectives governing the investment of plan assets. Plan assets are invested for total return with appropriate consideration for liquidity, portfolio risk, and return expectations. All investments are expected to satisfy the prudent investments rule under the Employee Retirement Income Security Act of 1974. The approved asset classes may include cash and short-term investments, fixed income, common stock and convertible securities, absolute and real return strategies, and real estate. Plan assets may be invested in separately managed accounts or in commingled or mutual funds. Investment rebalancing takes place periodically as needed, or when significant cash flows occur, in order to maintain the allocation of assets within the stated target ranges. The retirement trust fund is not currently invested in NW Holdings or NW Natural securities.

The following table presents the Pension Plan asset target allocation at December 31, 2020:

Asset Category	Target Allocation
Long government/credit	20 %
U.S. large cap equity	18
Non-U.S. equity	18
Absolute return strategies	12
U.S. small/mid cap equity	10
Real estate funds	7
High yield bonds	5
Emerging markets equity	5
Emerging market debt	5

Non-qualified supplemental defined benefit plan obligations were \$41.0 million and \$38.3 million at December 31, 2020 and 2019, respectively. These plans are not subject to regulatory deferral, and the changes in actuarial gains and losses, prior service costs, and transition assets or obligations are recognized in AOCL, net of tax until they are amortized as a component of net periodic benefit cost. These are unfunded, non-qualified plans with no plan assets; however, a significant portion of the obligations is indirectly funded with company and trust-owned life insurance and other assets.

Other postretirement benefit plans are unfunded plans but are subject to regulatory deferral. The actuarial gains and losses, prior service costs, and transition assets or obligations for these plans are recognized as a regulatory asset.

Net periodic benefit costs consist of service costs, interest costs, the expected returns on plan assets, and the amortization of gains and losses and prior service costs. The gains and losses are the sum of the actuarial and asset gains and losses throughout the year and are amortized over the average remaining service period of active participants. The asset gains and losses are based in part on a market-related valuation of assets. The market-related valuation reflects differences between expected returns and actual investment returns with the differences recognized over a two-year period from the year in which they occur, thereby reducing year-to-year net periodic benefit cost volatility.

The service cost component of net periodic benefit cost for NW Natural pension and other postretirement benefit plans is recognized in operations and maintenance expense in the consolidated statements of comprehensive income. The other non-service cost components are recognized in other income (expense), net in the consolidated statements of comprehensive income. The following table provides the components of net periodic benefit cost for NW Natural's pension and other postretirement benefit plans for the years ended December 31:

<i>In thousands</i>	Pension Benefits			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 6,614	\$ 6,308	\$ 7,185	\$ 258	\$ 244	\$ 282
Interest cost	16,161	18,684	16,991	905	1,116	964
Expected return on plan assets	(21,865)	(20,854)	(20,639)	—	—	—
Amortization of prior service cost (credit)	—	7	43	(468)	(468)	(468)
Amortization of net actuarial loss	19,550	14,704	19,813	607	368	448
Net periodic benefit cost	20,460	18,849	23,393	1,302	1,260	1,226
Amount allocated to construction	(2,798)	(2,493)	(2,764)	(98)	(86)	(98)
Amount deferred to regulatory balancing account	—	—	(10,314)	—	—	—
Net periodic benefit cost charged to expense	17,662	16,356	10,315	1,204	1,174	1,128
Regulatory pension disallowance	—	10,500	—	—	—	—
Amortization of regulatory balancing account	7,131	16,841	—	—	—	—
Net amount charged to expense	<u>\$ 24,793</u>	<u>\$ 43,697</u>	<u>\$ 10,315</u>	<u>\$ 1,204</u>	<u>\$ 1,174</u>	<u>\$ 1,128</u>

Net periodic benefit costs are reduced by amounts capitalized to NGD plant. In addition, a certain amount of net periodic benefit costs were recorded to the regulatory balancing account, representing net periodic pension expense for the Pension Plan above the amount set in rates, as approved by the OPUC, from 2011 through October 31, 2018.

In March 2019, the OPUC issued an order concluding the NW Natural 2018 Oregon rate case. The order allowed for the application of certain deferred revenues and tax benefits from the TCJA to reduce NW Natural's pension regulatory balancing account. A corresponding total of \$12.5 million in pension expenses were recognized in operating and maintenance expense and other income (expense), net in the consolidated statements of comprehensive income in the first quarter of 2019, with offsetting benefits recorded within operating revenues and income taxes. The order also directed NW Natural to reduce the balancing account by an additional \$10.5 million, of which \$3.9 million was charged to operations and maintenance expense and \$6.6 million was charged to other income (expense), net in the consolidated statements of comprehensive income. Amortization of the remaining amount of the balancing account began in the second quarter of 2019 in accordance with the order.

Total amortization of the regulatory balancing account of \$7.1 million and \$16.8 million was recognized in 2020 and 2019, respectively, of which \$2.6 million and \$6.2 million was charged to operations and maintenance expense, respectively, and \$4.5 million and \$10.6 million was charged to other income (expense), net, respectively. Total deferrals of the regulatory balancing account were \$10.3 million in 2018, of which \$2.4 million was deferred from operations and maintenance expense and \$7.9 million was deferred from other income (expense), net.

The following table provides the assumptions used in measuring periodic benefit costs and benefit obligations for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Assumptions for net periodic benefit cost:						
Weighted-average discount rate	3.18 %	4.19 %	3.51 %	3.11 %	4.13 %	3.44 %
Rate of increase in compensation	3.50 %	3.25-3.50%	3.25-4.50%	n/a	n/a	n/a
Expected long-term rate of return	7.25 %	7.50 %	7.50 %	n/a	n/a	n/a
Assumptions for year-end funded status:						
Weighted-average discount rate	2.36 %	3.16 %	4.20 %	2.34 %	3.11 %	4.13 %
Rate of increase in compensation ⁽¹⁾	3.50-6.50%	3.50-6.50%	3.25-4.50%	n/a	n/a	n/a
Expected long-term rate of return	7.25 %	7.25 %	7.50 %	n/a	n/a	n/a

⁽¹⁾ Rate assumption is 6.50% in 2020 and 3.50% thereafter. The 2020 compensation increase assumption was a result of the 2019 execution of a new collective bargaining agreement with unionized members of NW Natural effective December 1, 2019.

The assumed annual increase in health care cost trend rates used in measuring other postretirement benefits as of December 31, 2020 was 6.25%. These trend rates apply to both medical and prescription drugs. Medical costs and prescription drugs are assumed to decrease gradually each year to a rate of 4.75% by 2026.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans; however, other postretirement benefit plans have a cap on the amount of costs reimbursable by NW Natural.

Mortality assumptions are reviewed annually and are updated for material changes as necessary. In 2020, mortality rate assumptions were updated from Pri-2012 mortality tables using scale MP-2019 to Pri-2012 mortality tables using scale MP-2020, which partially offset increases of the projected benefit obligation.

The following table provides information regarding employer contributions and benefit payments for NW Natural's Pension Plan, non-qualified pension plans, and other postretirement benefit plans for the years ended December 31, and estimated future contributions and payments:

<i>In thousands</i>	Pension Benefits		Other Benefits	
Employer Contributions:				
2019	\$	13,310	\$	1,774
2020		31,362		1,837
2021 (estimated)		22,465		1,654
Benefit Payments:				
2018		21,918		1,674
2019		23,160		1,774
2020		25,073		1,837
Estimated Future Benefit Payments:				
2021		24,609		1,654
2022		25,299		1,664
2023		26,083		1,694
2024		26,807		1,690
2025		27,399		1,678
2026-2030		149,287		7,815

Employer Contributions to Company-Sponsored Defined Benefit Pension Plan

NW Natural makes contributions to its Pension Plan based on actuarial assumptions and estimates, tax regulations, and funding requirements under federal law. The Pension Protection Act of 2006 (the Act) established funding requirements for defined benefit plans. The Act establishes a 100% funding target over seven years for plan years beginning after December 31, 2008. In July 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law, which changed several provisions affecting pension plans, including temporary funding relief and Pension Benefit Guaranty Corporation (PBGC) premium increases, which shifts the level of minimum required contributions from the short-term to the long-term as well as increasing the operational costs of running a pension plan. MAP-21 established a new minimum and maximum corridor for segment rates based on a 25-year average of bond yields, which resulted in lower minimum contributions requirements than those under previous regulations. MAP-21, as amended, provides for the current corridor to be in effect through 2020 and subsequently broaden on an annual basis from 2021 through 2024.

The Pension Plan was underfunded by \$151.2 million at December 31, 2020. NW Natural made cash contributions totaling \$29.0 million to its Pension Plan for 2020. During 2021, NW Natural expects to make contributions of approximately \$20.1 million to this plan.

Multiemployer Pension Plan

In addition to the NW Natural-sponsored Pension Plan presented above, prior to 2014 NW Natural contributed to a multiemployer pension plan for its NGD union employees known as the Western States Office and Professional Employees International Union Pension Fund (Western States Plan). That plan's employer identification number is 94-6076144. Effective December 22, 2013, NW Natural withdrew from the plan, which was a noncash transaction. Vested participants will receive all benefits accrued through the date of withdrawal. As the plan was underfunded at the time of withdrawal, NW Natural was assessed a withdrawal liability of \$8.3 million, plus interest, which requires NW Natural to pay \$0.6 million each year to the plan for 20 years beginning in July 2014. The cost of the withdrawal liability was deferred to a regulatory account on the balance sheet.

Payments were \$0.7 million for 2020, and as of December 31, 2020 the liability balance was \$6.1 million. Contributions to the plan were \$0.6 million for each of 2019 and 2018, which was approximately 5% to 6% of the total contributions to the plan by all employer participants in those years.

Defined Contribution Plan

NW Natural's Retirement K Savings Plan is a qualified defined contribution plan under Internal Revenue Code Sections 401(a) and 401(k). NW Natural contributions totaled \$8.3 million, \$7.0 million, and \$6.5 million for 2020, 2019, and 2018, respectively. The Retirement K Savings Plan includes an Employee Stock Ownership Plan.

Deferred Compensation Plans

NW Natural's supplemental deferred compensation plans for eligible officers and senior managers are non-qualified plans. These plans are designed to enhance the retirement savings of employees and to assist them in strengthening their financial security by providing an incentive to save and invest regularly.

Fair Value

Below is a description of the valuation methodologies used for assets measured at fair value. In cases where NW Natural's Pension Plan is invested through a collective trust fund or mutual fund, the fund's market value is utilized. Market values for investments directly owned are also utilized.

U.S. EQUITY. These are non-published net asset value (NAV) assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class includes investments primarily in U.S. common stocks.

INTERNATIONAL/GLOBAL EQUITY. These are Level 1 and non-published NAV assets. The Level 1 asset is a mutual fund, and the non-published NAV assets consist of commingled trusts where the NAV/unit price is not published, but the investment can be readily disposed of at the NAV/unit price. The mutual funds has a readily determinable fair value, including a published NAV, and the commingled trusts are valued at unit price. This asset class includes investments primarily in foreign equity common stocks.

LIABILITY HEDGING. These are non-published NAV assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class include long duration fixed income investments primarily in U.S. treasuries, U.S. government agencies, municipal securities, mortgage-backed securities, asset-backed securities, as well as U.S. and international investment-grade corporate bonds.

OPPORTUNISTIC. These are non-published NAV assets consisting of commingled trusts where the investments can be readily disposed of at unit price, and a hedge fund of funds where the valuation is not published. This hedge fund of funds is winding down. Based on recent dispositions, NW Natural believes the remaining investment is fairly valued. The hedge fund of funds is valued at the weighted average value of investments in various hedge funds, which in turn are valued at the closing price of the underlying securities. This asset class includes investments in emerging market debt, leveraged loans, REITs, high yield bonds, a commodities fund, and a hedge fund of funds.

ABSOLUTE RETURN STRATEGY. This is a non-published NAV asset consisting of a hedge fund of funds where the valuation is not published. This hedge fund of funds is winding down. Based on recent dispositions, NW Natural believes the remaining investment is fairly valued. The hedge fund of funds is valued at the weighted average value of investments in various hedge funds, which in turn are valued at the closing price of the underlying securities. This asset class primarily includes investments in common stocks and fixed income securities.

CASH AND CASH EQUIVALENTS. These are Level 1 and non-published NAV assets. The Level 1 assets consist of cash in U.S. dollars, which can be readily disposed of at face value. The non-published NAV assets represent mutual funds without published NAV's but the investment can be readily disposed of at the NAV. The mutual funds are valued at the NAV of the shares held by the plan at the valuation date.

The preceding valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Although we believe these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various financial risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of NW Natural's investment securities will occur in the near term and such changes could materially affect NW Natural's investment account balances and the amounts reported as plan assets available for benefit payments.

The following tables present the fair value of NW Natural's Pension Plan assets, including outstanding receivables and liabilities, of NW Natural's retirement trust fund:

<i>In thousands</i>		December 31, 2020				
Investments	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total	
US equity	\$ —	\$ —	\$ —	\$ 117,764	\$ 117,764	
International / Global equity	39,114	—	—	78,092	117,206	
Liability hedging	—	—	—	111,041	111,041	
Opportunistic	—	—	—	25,625	25,625	
Cash and cash equivalents	—	—	—	2,295	2,295	
Total investments	<u>\$ 39,114</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 334,817</u>	<u>\$ 373,931</u>	

<i>In thousands</i>		December 31, 2019				
Investments	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total	
US equity	\$ —	\$ —	\$ —	\$ 95,604	\$ 95,604	
International / Global equity	33,168	—	—	74,337	107,505	
Liability hedging	—	—	—	93,028	93,028	
Opportunistic	—	—	—	9,864	9,864	
Cash and cash equivalents	—	—	—	7,049	7,049	
Total investments	<u>\$ 33,168</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 279,882</u>	<u>\$ 313,050</u>	

		December 31,	
		2020	2019
Receivables:			
Accrued interest and dividend income		\$ 6,429	\$ 3,243
Total receivables		<u>6,429</u>	<u>3,243</u>
Liabilities:			
Due to broker for securities purchased		6,429	3,242
Total investment in retirement trust		<u>\$ 373,931</u>	<u>\$ 313,051</u>

(1) The fair value for these investments is determined using Net Asset Value per share (NAV) as of December 31, as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products, for which the NAV is generally not publicly available.

11. INCOME TAX

The following table provides a reconciliation between income taxes calculated at the statutory federal tax rate and the provision for income taxes reflected in the NW Holdings and NW Natural statements of comprehensive income or loss for December 31:

<i>Dollars in thousands</i>	NW Holdings			NW Natural		
	2020	2019	2018	2020	2019	2018
Income taxes at federal statutory rate	\$ 19,185	\$ 16,370	\$ 19,222	\$ 19,248	\$ 17,438	\$ 19,434
Increase (decrease):						
State income tax, net of federal	6,389	4,422	4,927	6,385	4,716	4,982
Differences required to be flowed-through by regulatory commissions	(3,960)	(5,772)	1,302	(3,960)	(5,772)	1,302
Deferred tax rate differential post-TCJA	—	—	(76)	—	—	(75)
Regulatory settlement	—	(1,129)	—	—	(1,129)	—
Other, net	(532)	(1,249)	(1,184)	(578)	(1,188)	(1,184)
Total provision for income taxes	<u>\$ 21,082</u>	<u>\$ 12,642</u>	<u>\$ 24,191</u>	<u>\$ 21,095</u>	<u>\$ 14,065</u>	<u>\$ 24,459</u>
Effective tax rate	<u>23.1 %</u>	<u>16.2 %</u>	<u>26.4 %</u>	<u>23.0 %</u>	<u>16.9 %</u>	<u>26.4 %</u>

The NW Holdings and NW Natural effective income tax rates for 2020 compared to 2019 changed primarily as a result of higher pre-tax income, the Oregon Corporate Activity Tax effective January 1, 2020, and amortization of excess deferred income tax benefits as ordered by regulatory commissions. The NW Holdings and NW Natural effective income tax rates for 2019 compared to 2018 changed primarily as a result of lower pre-tax income and amortization of excess deferred income tax benefits as ordered by regulatory commissions.

The provision for current and deferred income taxes consists of the following at December 31:

<i>In thousands</i>	NW Holdings			NW Natural		
	2020	2019	2018	2020	2019	2018
Current						
Federal	\$ 10,106	\$ 5,530	\$ 8,953	\$ 11,092	\$ 6,755	\$ 9,127
State	5,971	1,667	3,785	5,357	2,101	3,846
Total current income taxes	<u>16,077</u>	<u>7,197</u>	<u>12,738</u>	<u>16,449</u>	<u>8,856</u>	<u>12,973</u>
Deferred						
Federal	2,888	1,515	9,001	1,921	1,340	9,025
State	2,117	3,930	2,452	2,725	3,869	2,461
Total deferred income taxes	<u>5,005</u>	<u>5,445</u>	<u>11,453</u>	<u>4,646</u>	<u>5,209</u>	<u>11,486</u>
Income tax provision	<u>\$ 21,082</u>	<u>\$ 12,642</u>	<u>\$ 24,191</u>	<u>\$ 21,095</u>	<u>\$ 14,065</u>	<u>\$ 24,459</u>

The following table summarizes the tax effect of significant items comprising NW Holdings and NW Natural's deferred income tax balances recorded at December 31:

<i>In thousands</i>	NW Holdings		NW Natural	
	2020	2019	2020	2019
Deferred tax liabilities:				
Plant and property	\$ 297,078	\$ 269,886	\$ 290,105	\$ 281,044
Leases receivable	39,396	40,133	39,396	40,133
Pension and postretirement obligations	25,066	22,635	25,066	22,635
Income tax regulatory asset	17,104	19,382	17,104	19,382
Lease right of use assets	21,613	778	21,596	731
Other	—	748	—	407
Total deferred income tax liabilities	<u>\$ 400,257</u>	<u>\$ 353,562</u>	<u>\$ 393,267</u>	<u>\$ 364,332</u>
Deferred income tax assets:				
Income tax regulatory liability	\$ 52,590	\$ 54,259	\$ 52,366	\$ 54,259
Lease liabilities	21,622	775	21,606	728
Other intangible assets	4,485	2,723	—	—
Net operating losses and credits carried forward	861	162	80	48
Other	1,407	—	1,181	—
Total deferred income tax assets	<u>\$ 80,965</u>	<u>\$ 57,919</u>	<u>\$ 75,233</u>	<u>\$ 55,035</u>
Total net deferred income tax liabilities	<u>\$ 319,292</u>	<u>\$ 295,643</u>	<u>\$ 318,034</u>	<u>\$ 309,297</u>

At December 31, 2020 and 2019, regulatory income tax assets of \$14.6 million and \$16.9 million, respectively, were recorded by NW Natural, a portion of which is recorded in current assets. These regulatory income tax assets primarily represent future rate recovery of deferred tax liabilities, resulting from differences in NGD plant financial statement and tax bases and NGD plant removal costs, which were previously flowed through for rate making purposes and to take into account the additional future taxes, which will be generated by that recovery. These deferred tax liabilities, and the associated regulatory income tax assets, are currently being recovered through customer rates. At December 31, 2020 and 2019, regulatory income tax assets of \$2.5 million and \$2.5 million, respectively, were recorded by NW Natural, representing future recovery of deferred tax liabilities resulting from the equity portion of AFUDC. At December 31, 2020, regulatory income tax assets of \$1.7 million were recorded by NW Natural, representing future recovery of Oregon Corporate Activity tax that was deferred between January 1, 2020 and October 31, 2020. In October 2020, the OPUC issued an order providing for recovery of deferred Oregon CAT as well as CAT incurred prospectively beginning November 1, 2020.

At December 31, 2020 and 2019, deferred tax assets of \$52.4 million and \$54.3 million, respectively, were recorded by NW Natural representing the future income tax benefit associated with the excess deferred income tax regulatory liability recorded as a result of the lower federal corporate income tax rate provided for by the TCJA. At December 31, 2020 and 2019, regulatory liability balances representing the benefit of the change in deferred taxes as a result of the TCJA of \$197.8 million and \$205.0 million, respectively, were recorded by NW Natural.

NW Natural's natural gas utility rates include an allowance to provide for the recovery of the anticipated provision for income taxes incurred as a result of providing regulated services. As a result of the 21 percent federal corporate income tax rate enacted in 2017, NW Natural recorded an additional regulatory liability in 2018 and 2019 reflecting the deferral of the estimated rate benefit for customers. The deferral period for Oregon ended on October 31, 2018 coincident with new rates beginning November 1, 2018. The deferral period for Washington ended on October 31, 2019 coincident with new rates beginning November 1, 2019. At December 31, 2019, a regulatory liability of \$1.7 million was recorded to reflect this estimated revenue deferral. The liability has been completely amortized to customers' benefit as of December 31, 2020.

NW Holdings and NW Natural assess the available positive and negative evidence to estimate if sufficient taxable income will be generated to utilize their respective existing deferred tax assets. Based upon this assessment, NW Holdings and NW Natural determined that it is more likely than not that all of their respective deferred tax assets recorded as of December 31, 2020 will be realized.

The Company estimates it has net operating loss (NOL) carryforwards of \$0.3 million for federal taxes and \$11.5 million for state taxes at December 31, 2020. We anticipate fully utilizing these NOL carryforward balances before they begin to expire in 2030 for federal and 2023 for state. Oregon Energy Incentive Program (EIP) credits, California alternative minimum tax (AMT) credits and Idaho investment tax credits (ITC) of \$0.1 million are also available. The EIP credits expires in 2025. The AMT credits do not expire. The ITC credits expire in 2033.

Uncertain tax positions are accounted for in accordance with accounting standards that require an assessment of the anticipated settlement outcome of material uncertain tax positions taken in a prior year, or planned to be taken in the current year. Until such positions are sustained, the uncertain tax benefits resulting from such positions would not be recognized. No reserves for uncertain tax positions were recorded as of December 31, 2020, 2019, or 2018.

The federal income tax returns for tax years 2016 and earlier are closed by statute. The IRS Compliance Assurance Process (CAP) examination of the 2017 and 2018 tax years have been completed. There were no material changes to these returns as filed. The 2019 and 2020 tax years are currently under IRS CAP examination. Our 2021 CAP application has been filed. Under the CAP program, NW Holdings and NW Natural work with the IRS to identify and resolve material tax matters before the tax return is filed each year.

As of December 31, 2020, income tax years 2016 through 2019 remain open for examination by the State of California. Income tax years 2018 and 2019 are open for examination by the State of Idaho. The State of Oregon examined the Oregon corporate income tax returns for tax years 2015, 2016, and 2017. No material changes occurred as a result of this examination. Tax years 2018 and 2019 are open for examination by the State of Oregon.

U.S. Federal TCJA Matters

On December 22, 2017, the TCJA was enacted and permanently lowered the U.S. federal corporate income tax rate to 21% from the previous maximum rate of 35%, effective for the tax year beginning January 1, 2018. The TCJA included specific provisions related to regulated public utilities that provide for the continued deductibility of interest expense and the elimination of bonus tax depreciation for property both acquired and placed into service on or after January 1, 2018.

Under pre-TCJA law, business interest was generally deductible in the determination of taxable income. The TCJA imposed a new limitation on the deductibility of net business interest expense in excess of approximately 30 percent of adjusted taxable income. Taxpayers operating in the trade or business of a regulated utility are excluded from these new interest expense limitations. Final U.S. Treasury Regulations became effective in November of 2020 which provide a de minimis rule whereby if 90 percent or more of a taxpayer's adjusted asset basis is allocable to regulated utility activities, then all of the business interest expense of that taxpayer is deemed to be excepted business interest of the regulated utility activity and is thereby not limited under the TCJA. As a result of the de minimis rule, NW Holdings and NW Natural anticipate that business interest expense will not be limited under the TCJA.

The TCJA generally provides for immediate full expensing for qualified property both acquired and placed in service after September 27, 2017 and before January 1, 2023. This would generally provide for accelerated cost recovery for capital investments. However, the definition of qualified property excludes property used in the trade or business of a regulated utility. Final U.S. Treasury Regulations were published in September of 2019 which clarified that bonus tax depreciation would not be available for regulated utility activity assets both acquired and placed in service by NW Holdings or NW Natural on or after January 1, 2018. Final U.S. Treasury Regulations released in September of 2020 clarified that long production period property acquired before September 27, 2017 continues to qualify for bonus depreciation in the year placed in service consistent with pre-TCJA law.

NW Natural previously filed applications with the OPUC and WUTC to defer the NGD net income tax benefits resulting from the TCJA. In March 2019, the OPUC issued an order addressing the regulatory amortization of the income tax benefits from the TCJA that NW Natural deferred for Oregon customers in December of 2017. Under the order, NW Natural will provide the benefit of these TCJA income tax deferrals to Oregon customers through ongoing annual credits to customer base rates and as a one-time recovery of a portion of the pension balancing account regulatory asset balance. On an annualized basis, it is anticipated that the income tax benefits from the provision of these TCJA benefits to customers should approximate the reduction to pretax income that occurs as a result of the customer base rate credits and one-time recovery of a portion of the pension balancing account.

In October 2019, the WUTC issued an order addressing the regulatory amortization of the income tax benefits from the TCJA that NW Natural deferred for Washington customers in December of 2017. Under the order, NW Natural provided deferred income tax benefits from the TCJA to customers through base rate credits beginning November 1, 2019.

12. PROPERTY, PLANT, AND EQUIPMENT

The following table sets forth the major classifications of property, plant, and equipment and accumulated depreciation of continuing operations at December 31:

<i>In thousands</i>	2020	2019
NW Natural:		
NGD plant in service	\$ 3,548,543	\$ 3,302,049
NGD work in progress	63,901	84,965
Less: Accumulated depreciation	1,055,809	1,017,931
NGD plant, net	<u>2,556,635</u>	<u>2,369,083</u>
Other plant in service	66,300	63,513
Other construction work in progress	5,032	5,548
Less: Accumulated depreciation	19,637	18,662
Other plant, net	<u>51,695</u>	<u>50,399</u>
Total property, plant, and equipment	<u>\$ 2,608,330</u>	<u>\$ 2,419,482</u>
Other (NW Holdings):		
Other plant in service	\$ 50,263	\$ 20,671
Less: Accumulated depreciation	3,823	1,254
Other plant, net	<u>46,440</u>	<u>19,417</u>
NW Holdings:		
Total property, plant, and equipment	<u>\$ 2,654,770</u>	<u>\$ 2,438,899</u>
NW Natural and NW Holdings:		
Capital expenditures in accrued liabilities	\$ 25,129	\$ 32,502

Accumulated depreciation does not include the accumulated provision for asset removal costs of \$428.0 million and \$401.9 million at December 31, 2020 and 2019, respectively. These accrued asset removal costs are reflected on the balance sheet as regulatory liabilities. See Note 2.

NW Holdings

Other plant balances include long-lived assets associated with water operations and non-regulated activities not held by NW Natural or its subsidiaries.

NW Natural

Other plant balances include long-lived assets not related to NGD and long-lived assets that may be used to support NGD operations.

The weighted average depreciation rate for NGD assets was 3.0% in 2020, 2.9% in 2019, and 2.8% in 2018. The weighted average depreciation rate for assets not related to NGD was 1.8% in 2020, 1.8% in 2019, and 2.2% in 2018.

In May 2019, NW Natural placed its North Mist gas storage expansion facility into service and commenced storage services to the facility's single customer, PGE. Under U.S. GAAP, this agreement is classified as a sales-type lease and qualifies for regulatory accounting deferral treatment. Accordingly, the project was de-recognized from property, plant and equipment upon lease commencement and the investment balance is presented net of the current portion of scheduled billings within assets under sales-type leases on the consolidated balance sheets. A total of \$146.0 million was de-recognized from plant on the lease commencement date. The facility is included within rate base for ratemaking purposes. See Note 7 for information regarding leases, including North Mist.

13. GAS RESERVES

NW Natural has invested \$188 million through the gas reserves program in the Jonah Field located in Wyoming as of December 31, 2020. Gas reserves are stated at cost, net of regulatory amortization, with the associated deferred tax benefits recorded as liabilities in the consolidated balance sheets. The investment in gas reserves provides long-term price protection for NGD customers through the original agreement with Encana Oil & Gas (USA) Inc. under which NW Natural invested \$178 million and the amended agreement with Jonah Energy LLC under which an additional \$10 million was invested.

NW Natural entered into the original agreements with Encana in 2011 under which NW Natural holds working interests in certain sections of the Jonah Field. Gas produced in these sections is sold at prevailing market prices, and revenues from such sales, net of associated operating and production costs and amortization, are credited to the NGD cost of gas. The cost of gas, including a carrying cost for the rate base investment, is included in the annual Oregon PGA filing, which allows NW Natural to recover these costs through customer rates. The investment under the original agreement, less accumulated amortization and deferred taxes, earns a rate of return.

In March 2014, NW Natural amended the original gas reserves agreement in order to facilitate Encana's proposed sale of its interest in the Jonah field to Jonah Energy. Under the amendment, NW Natural ended the drilling program with Encana, but increased its working interests in its assigned sections of the Jonah field. NW Natural also retained the right to invest in new wells with Jonah Energy. Under the amended agreement there is still the option to invest in additional wells on a well-by-well basis with drilling costs and resulting gas volumes shared at NW Natural's amended proportionate working interest for each well in which it invests. NW Natural elected to participate in some of the additional wells drilled in 2014, but has not participated in additional wells since 2014. However, there may be the opportunity to participate in more wells in the future.

Gas produced from the additional wells is included in the Oregon PGA at a fixed rate of \$0.4725 per therm, which approximates the 10-year hedge rate plus financing costs at the inception of the investment.

Gas reserves acted to hedge the cost of gas for approximately 5%, 5% and 6% of NGD gas supplies for the years ended December 31, 2020, 2019, and 2018, respectively.

The following table outlines NW Natural's net gas reserves investment at December 31:

<i>In thousands</i>	2020		2019	
Gas reserves, current	\$	11,409	\$	15,278
Gas reserves, non-current		175,898		172,029
Less: Accumulated amortization		141,414		123,635
Total gas reserves ⁽¹⁾		<u>45,893</u>		<u>63,672</u>
Less: Deferred taxes on gas reserves		10,572		15,515
Net investment in gas reserves	\$	<u>35,321</u>	\$	<u>48,157</u>

⁽¹⁾ The net investment in additional wells included in total gas reserves was \$3.0 million and \$3.8 million at December 31, 2020 and 2019, respectively.

NW Natural's investment is included in NW Holdings' and NW Natural's consolidated balance sheets under gas reserves with the maximum loss exposure limited to the investment balance.

14. INVESTMENTS

Investments include financial investments in life insurance policies, and equity method investments in certain partnerships and limited liability companies. The following table summarizes other investments at December 31:

<i>In thousands</i>	NW Holdings		NW Natural	
	2020	2019	2020	2019
Investments in life insurance policies	\$ 49,241	\$ 49,837	\$ 49,241	\$ 49,837
Investments in gas pipeline	—	13,472	—	—
Other	18	24	—	—
Total other investments	<u>\$ 49,259</u>	<u>\$ 63,333</u>	<u>\$ 49,241</u>	<u>\$ 49,837</u>

Investment in Life Insurance Policies

NW Natural has invested in key person life insurance contracts to provide an indirect funding vehicle for certain long-term employee and director benefit plan liabilities. The amount in the above table is reported at cash surrender value, net of policy loans.

Investments in Gas Pipeline

On August 6, 2020, NWN Energy completed the sale of 100% of its interest in Trail West Holdings, LLC (TWH) to an unrelated third party for a purchase price of \$14.0 million, \$7.0 million of which was paid upon closing the transaction, and \$7.0 million is to be paid upon the one-year anniversary of the close date. The completion of the sale resulted in an after-tax gain of approximately \$0.5 million.

TWH was a variable interest entity reported under equity method accounting through its sale. The investment in TWH did not meet the criteria to be classified as held for sale or discontinued operations. The investment balance in TWH was \$13.4 million at December 31, 2019.

15. BUSINESS COMBINATIONS

2020 Business Combinations

During the year ended December 31, 2020, NWN Water and its subsidiaries completed two significant acquisitions qualifying as business combinations. The aggregate fair value of the preliminary cash consideration transferred for these acquisitions was \$38.1 million, most of which was preliminarily allocated to property, plant and equipment and goodwill. These transactions align with NW Holdings' water sector strategy as it continues to expand its water services territories in the Pacific Northwest and beyond and included:

- Suncadia Water Company, LLC and Suncadia Environmental Company, LLC which were acquired by NWN Water of Washington on January 31, 2020, and
- T&W Water Service Company which was acquired by NWN Water of Texas on March 2, 2020.

As each of these acquisitions met the criteria of a business combination, a preliminary allocation of the consideration to the acquired net assets based on their estimated fair value as of the acquisition date was performed. The allocation for each of these business combinations is considered preliminary as of December 31, 2020, as facts and circumstances that existed as of the acquisition date may be discovered as we continue to integrate these businesses. In accordance with U.S. GAAP, the fair value determination involves management judgment in determining the significant estimates and assumptions used and was made using existing regulatory conditions for net assets associated with Suncadia Water Company, LLC and T&W Water Service Company. This allocation is considered preliminary as of December 31, 2020, as facts and circumstances that existed as of the acquisition date may be discovered as we continue to integrate the acquired businesses. As a result, subsequent adjustments to the preliminary valuation of tangible assets, contract assets and liabilities, tax positions, and goodwill may be required. Subsequent adjustments are not expected to be significant, and any such adjustments are expected to be completed within the one-year measurement period for all acquisitions described above.

Total preliminary goodwill of \$18.2 million was recognized from the acquisitions described above. No intangible assets aside from goodwill were acquired. The goodwill recognized is attributable to the regulated water utility service territories, experienced workforces, and the strategic benefits from both the water and wastewater utilities expected from growth in their service territories. The total amount of goodwill that is expected to be deductible for income tax purposes is approximately \$16.5 million. The acquisition costs associated with each business combination were expensed as incurred. The results of these business combinations were not material to the consolidated financial results of NW Holdings for the year ended December 31, 2020.

Other Business Combinations

During the year ended December 31, 2020, NWN Water completed three additional acquisitions, comprised of four water systems and one wastewater system, which qualified as business combinations. The aggregate fair value of the preliminary consideration transferred for these acquisitions was approximately \$1.5 million. These business combinations were not significant to NW Holdings' results of operations.

2019 Business Combinations

Sunriver

On May 31, 2019, NWN Water of Oregon, a wholly-owned indirect subsidiary of NW Holdings, completed the acquisition of Sunriver Water LLC and Sunriver Environmental LLC (collectively referred to as Sunriver), a privately-owned water utility and wastewater treatment company located in Sunriver, Oregon that serves approximately 9,400 connections. The acquisition-date fair value of the total consideration transferred, after closing adjustments, was approximately \$55.0 million in cash consideration. The transaction aligns with NW Holdings' water sector strategy as it continues to expand its water utility service territory in the Pacific Northwest and begins to pursue wastewater investment opportunities.

The Sunriver acquisition met the criteria of a business combination, and as such a preliminary allocation of the consideration to the acquired assets based on their estimated fair value as of the acquisition date was performed. In accordance with U.S. GAAP, the fair value determination was made using existing regulatory conditions for assets associated with Sunriver Water LLC as well as existing market conditions and standard valuation approaches for assets associated with Sunriver Environmental LLC in order to allocate value as determined by an independent third party assessor for certain assets, which involved the use of management judgment in determining the significant estimates and assumptions used by the assessor, with the remaining difference from the consideration transferred being recorded as goodwill. The acquisition costs were expensed as incurred.

Final goodwill of \$41.1 million was recognized from this acquisition. The goodwill recognized is attributable to Sunriver's regulated water utility service territory, experienced workforce, and the strategic benefits for both the water utility and wastewater services expected from growth in its service territory. No intangible assets aside from goodwill were acquired. The total amount of goodwill that is expected to be deductible for income tax purposes is approximately \$50.0 million.

The final purchase price for the acquisition has been allocated to the net assets acquired as of the acquisition date and is as follows:

<i>In thousands</i>	May 31, 2020	
Current assets	\$	222
Property, plant and equipment		12,866
Goodwill		41,054
Deferred tax assets		828
Current liabilities		(22)
Total net assets acquired	\$	<u>54,948</u>

The amount of Sunriver revenues included in NW Holdings' consolidated statements of comprehensive income was \$6.6 million for the year ended December 31, 2020. Earnings included in NW Holdings' consolidated statements of comprehensive income was \$1.6 million for the year ended December 31, 2020.

Other Business Combinations

During 2019, NWN Water completed three additional acquisitions qualifying as business combinations. The aggregate fair value of the preliminary consideration transferred for these acquisitions was approximately \$2.0 million. These business combinations were not significant to NW Holdings' results of operations.

Goodwill

NW Holdings allocates goodwill to reporting units based on the expected benefit from the business combination. We perform an annual impairment assessment of goodwill at the reporting unit level, or more frequently if events and circumstances indicate that goodwill might be impaired. An impairment loss is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

As a result of all acquisitions completed, total goodwill was \$69.2 million as of December 31, 2020 and \$49.9 million as of December 31, 2019. The increase in the goodwill balance was primarily due to additions associated with our acquisitions in the water sector. All of our goodwill is related to water and wastewater acquisitions and is included in the other category for segment reporting purposes. The annual impairment assessment of goodwill occurs in the fourth quarter of each year. There have been no impairments recognized to date.

16. DERIVATIVE INSTRUMENTS

NW Natural enters into financial derivative contracts to hedge a portion of the NGD segment's natural gas sales requirements. These contracts include swaps, options, and combinations of option contracts. These derivative financial instruments are primarily used to manage commodity price variability. A small portion of NW Natural's derivative hedging strategy involves foreign currency forward contracts.

NW Natural enters into these financial derivatives, up to prescribed limits, primarily to hedge price variability related to term physical gas supply contracts as well as to hedge spot purchases of natural gas. The foreign currency forward contracts are used to hedge the fluctuation in foreign currency exchange rates for pipeline demand charges paid in Canadian dollars.

In the normal course of business, NW Natural also enters into indexed-price physical forward natural gas commodity purchase contracts and options to meet the requirements of NGD customers. These contracts qualify for regulatory deferral accounting treatment.

NW Natural also enters into exchange contracts related to the third-party asset management of its gas portfolio, some of which are derivatives that do not qualify for hedge accounting or only partial regulatory deferral, but are subject to NW Natural's regulatory sharing agreement. These derivatives are recognized in operating revenues, net of amounts shared with NGD customers.

Notional Amounts

The following table presents the absolute notional amounts related to open positions on NW Natural derivative instruments:

<i>In thousands</i>	At December 31,	
	2020	2019
Natural gas (in therms):		
Financial	784,400	651,540
Physical	457,593	512,849
Foreign exchange	\$ 5,896	\$ 6,650

Purchased Gas Adjustment (PGA)

Derivatives entered into by NW Natural for the procurement or hedging of natural gas for future gas years generally receive regulatory deferral accounting treatment. In general, commodity hedging for the current gas year is completed prior to the start of the gas year, and hedge prices are reflected in the weighted-average cost of gas in the PGA filing. Rates and hedging approaches may vary between states due to different rate structures and mechanisms. In addition, as required with the Washington PGA filing, NW Natural incorporated and began implementing risk-responsive hedging strategies for its Washington gas supplies. Hedge contracts entered into after the start of the PGA period are subject to the PGA incentive sharing mechanism in Oregon. NW Natural entered the 2020-21 and 2019-20 gas years with forecasted sales volumes hedged at 53% and 52% in financial swap and option contracts, and 17% and 19% in physical gas supplies, respectively. Hedge contracts entered into prior to the PGA filing, in September 2020, were included in the PGA for the 2020-21 gas year. Hedge contracts entered into after the PGA filing, and related to subsequent gas years, may be included in future PGA filings and qualify for regulatory deferral.

Unrealized and Realized Gain/Loss

The following table reflects the income statement presentation for the unrealized gains and losses from NW Natural's derivative instruments, which also represents all derivative instruments at NW Holdings:

<i>In thousands</i>	December 31, 2020		December 31, 2019	
	Natural gas commodity	Foreign exchange	Natural gas commodity	Foreign exchange
Benefit (expense) to cost of gas	\$ 7,342	\$ 312	\$ 9,863	\$ 102
Operating revenues (expense)	(1,212)	—	(568)	—
Amounts deferred to regulatory accounts on balance sheet	(6,306)	(312)	(9,376)	(102)
Total gain (loss) in pre-tax earnings	<u>\$ (176)</u>	<u>\$ —</u>	<u>\$ (81)</u>	<u>\$ —</u>

Unrealized Gain/Loss

Outstanding derivative instruments related to regulated NGD operations are deferred in accordance with regulatory accounting standards. The cost of foreign currency forward and natural gas derivative contracts are recognized immediately in the cost of gas; however, costs above or below the amount embedded in the current year PGA are subject to a regulatory deferral tariff and therefore, are recorded as a regulatory asset or liability.

Realized Gain/Loss

NW Natural realized net gains of \$2.3 million and \$17.9 million for the years ended December 31, 2020 and 2019, respectively, from the settlement of natural gas financial derivative contracts. Realized gains and losses offset the higher or lower cost of gas purchased, resulting in no incremental amounts to collect or refund to customers.

Credit Risk Management of Financial Derivatives Instruments

No collateral was posted with or by NW Natural counterparties as of December 31, 2020 or 2019. NW Natural attempts to minimize the potential exposure to collateral calls by diversifying counterparties and using credit limits to manage liquidity risk. Counterparties generally allow a certain credit limit threshold before requiring NW Natural to post collateral against unrealized loss positions. Given NW Natural's counterparty credit limits and portfolio diversification, it was not subject to collateral calls in 2020 or 2019. The collateral call exposure is set forth under credit support agreements, which generally contain credit limits. NW Natural could also be subject to collateral call exposure where it has agreed to provide adequate assurance, which is not specific as to the amount of credit limit allowed, but could potentially require additional collateral in the event of a material adverse change.

Based upon current commodity financial swap and option contracts outstanding, which reflect unrealized gains of \$13.1 million at December 31, 2020, we have estimated the level of collateral demands, with and without potential adequate assurance calls, using current gas prices and various credit downgrade scenarios for NW Natural as follows:

<i>In thousands</i>	(Current Ratings) A+/ A3	Credit Rating Downgrade Scenarios			
		BBB+/Baa1	BBB/Baa2	BBB-/Baa3	Speculative
With Adequate Assurance Calls	\$ —	\$ —	\$ —	\$ —	\$ 51
Without Adequate Assurance Calls	\$ —	\$ —	\$ —	\$ —	\$ 51

NW Natural's financial derivative instruments are subject to master netting arrangements; however, they are presented on a gross basis in the consolidated balance sheets. NW Natural and its counterparties have the ability to set-off obligations to each other under specified circumstances. Such circumstances may include a defaulting party, a credit change due to a merger affecting either party, or any other termination event.

If netted by counterparty, NW Natural's physical and financial derivative position would result in an asset of \$14.1 million and a liability of \$1.3 million as of December 31, 2020, and an asset of \$9.4 million and a liability of \$1.9 million as of December 31, 2019.

NW Natural is exposed to derivative credit and liquidity risk primarily through securing fixed price natural gas commodity swaps with financial counterparties. NW Natural utilizes master netting arrangements through International Swaps and Derivatives Association contracts to minimize this risk along with collateral support agreements with counterparties based on their credit ratings. In certain cases, NW Natural requires guarantees or letters of credit from counterparties to meet its minimum credit requirement standards.

NW Natural's financial derivatives policy requires counterparties to have an investment-grade credit rating at the time the derivative instrument is entered into, and specifies limits on the contract amount and duration based on each counterparty's credit rating. NW Natural does not speculate with derivatives. Derivatives are used to hedge exposure above risk tolerance limits. Increases in market risk created by the use of derivatives is offset by the exposures they modify.

We actively monitor NW Natural's derivative credit exposure and place counterparties on hold for trading purposes or require other forms of credit assurance, such as letters of credit, cash collateral, or guarantees as circumstances warrant. The ongoing assessment of counterparty credit risk includes consideration of credit ratings, credit default swap spreads, bond market credit spreads, financial condition, government actions, and market news. A Monte Carlo simulation model is used to estimate the change in credit and liquidity risk from the volatility of natural gas prices. The results of the model are used to establish trading limits. NW Natural's outstanding financial derivatives at December 31, 2020 mature by October 31, 2022.

We could become materially exposed to credit risk with one or more of our counterparties if natural gas prices experience a significant increase. If a counterparty were to become insolvent or fail to perform on its obligations, we could suffer a material loss; however, we would expect such a loss to be eligible for regulatory deferral and rate recovery, subject to a prudence review. All of our existing counterparties currently have investment-grade credit ratings.

Fair Value

In accordance with fair value accounting, NW natural includes non-performance risk in calculating fair value adjustments. This includes a credit risk adjustment based on the credit spreads of NW Natural counterparties when in an unrealized gain position, or on NW Natural's own credit spread when it is in an unrealized loss position. The inputs in our valuation models include natural gas futures, volatility, credit default swap spreads, and interest rates. Additionally, the assessment of non-performance risk is generally derived from the credit default swap market and from bond market credit spreads. The impact of the credit risk adjustments for all outstanding derivatives was immaterial to the fair value calculation at December 31, 2020. As of December 31, 2020 and 2019, the net fair value was an asset of \$12.8 million and \$7.5 million, respectively, using significant other observable, or Level 2, inputs. No Level 3 inputs were used in our derivative valuations during the years ended December 31, 2020 and 2019.

17. COMMITMENTS AND CONTINGENCIES

Gas Purchase and Pipeline Capacity Purchase and Release Commitments

NW Natural has signed agreements providing for the reservation of firm pipeline capacity under which it is required to make fixed monthly payments for contracted capacity. The pricing component of the monthly payment is established, subject to change, by U.S. or Canadian regulatory bodies, or is established directly with private counterparties, as applicable. In addition, NW Natural has entered into long-term agreements to release firm pipeline capacity. NW Natural also enters into short-term and long-term gas purchase agreements.

The aggregate amounts of these agreements were as follows at December 31, 2020:

<i>In thousands</i>	Gas Purchase Agreements	Pipeline Capacity Purchase Agreements	Pipeline Capacity Release Agreements
2021	\$ 83,475	\$ 77,748	\$ 7,892
2022	—	80,646	7,182
2023	—	78,503	3,632
2024	—	73,472	3,632
2025	—	71,313	3,027
Thereafter	—	516,291	—
Total	83,475	897,973	25,365
Less: Amount representing interest	25	89,303	162
Total at present value	<u>\$ 83,450</u>	<u>\$ 808,670</u>	<u>\$ 25,203</u>

Total fixed charges under capacity purchase agreements were \$81.8 million for 2020, \$82.2 million for 2019, and \$82.6 million for 2018, of which \$4.8 million, \$4.3 million, and \$4.3 million, respectively, related to capacity releases. In addition, per-unit charges are required to be paid based on the actual quantities shipped under the agreements. In certain take-or-pay purchase commitments, annual deficiencies may be offset by prepayments subject to recovery over a longer term if future purchases exceed the minimum annual requirements.

Leases

Refer to Note 7 for a discussion of lease commitments and contingencies.

Environmental Matters

Refer to Note 18 for a discussion of environmental commitments and contingencies.

18. ENVIRONMENTAL MATTERS

NW Natural owns, or previously owned, properties that may require environmental remediation or action. The range of loss for environmental liabilities is estimated 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 of those sites described herein, NW Natural has recovery mechanisms in place to collect 96.7% of remediation costs allocable to Oregon customers and 3.3% of costs allocable to Washington customers.

These 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 NW Natural is able to estimate a range of remediation costs and record a reasonable potential remediation liability, or make an adjustment to the existing liability. From this study, the regulatory agency selects a remedy and issues a Record of Decision (ROD). After a ROD is issued, NW Natural would seek to negotiate a consent decree or consent judgment for designing and implementing the remedy. NW Natural would 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, institutional controls such as legal restrictions on future property use, or natural recovery. 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, NW Natural will provide for these costs in the remediation liabilities described below.

Due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, NW Natural may not be able to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the possible loss has been disclosed, as has 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, NW Natural records 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 the continued evaluation and clarification concerning responsibility, the complexity of environmental laws and regulations and the determination by regulators of remediation alternatives. In addition to remediation costs, NW Natural could also be subject to Natural Resource Damages (NRD) claims. NW Natural will assess the likelihood and probability of each claim and recognize a liability if deemed appropriate. Refer to "*Other Portland Harbor*" below.

Environmental Sites

The following table summarizes information regarding liabilities related to environmental sites, which are recorded in other current liabilities and other noncurrent liabilities in NW Natural's balance sheet at December 31:

<i>In thousands</i>	Current Liabilities		Non-Current Liabilities	
	2020	2019	2020	2019
Portland Harbor site:				
Gasco/Siltronic Sediments	\$ 7,596	\$ 11,632	\$ 43,725	\$ 46,082
Other Portland Harbor	1,942	2,543	7,020	6,920
Gasco/Siltronic Upland site	14,887	14,203	40,250	43,616
Central Service Center site	—	—	—	—
Front Street site	3,816	10,847	1,107	—
Oregon Steel Mills	—	—	179	179
Total	<u>\$ 28,241</u>	<u>\$ 39,225</u>	<u>\$ 92,281</u>	<u>\$ 96,797</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 site. NW Natural is one of over one hundred PRPs, each jointly and severally liable, at the Superfund site. In January 2017, the EPA issued its Record of Decision, which selects the remedy for the clean-up of the Portland Harbor site (Portland Harbor ROD). The Portland Harbor ROD estimates the present value total cost at approximately \$1.05 billion with an accuracy between -30% and +50% of actual costs.

NW Natural's potential liability is 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 one hundred PRPs. NW Natural is participating in a non-binding allocation process with the other PRPs in an effort to resolve its potential liability. The Portland Harbor ROD does not provide any additional clarification around allocation of costs among PRPs; accordingly, NW Natural has not modified any of the recorded liabilities at this time as a result of the issuance of the Portland Harbor ROD.

NW Natural manages its 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. NW Natural submitted a draft EE/CA to the EPA in May 2012 to provide the estimated cost of potential remedial alternatives for this site. In March 2020, NW Natural and the EPA amended the Administrative Order on Consent to include additional remedial design activities downstream of the Gasco sediments site and in the navigation channel. Siltronic Corporation is not a party to the amended order. At this time, the estimated costs for the various sediment remedy alternatives in the draft EE/CA for the additional studies and design work needed before the cleanup can occur, and for regulatory oversight throughout the cleanup range from \$51.3 million to \$350 million. NW Natural has recorded a liability of \$51.3 million for the Gasco sediment clean-up, which reflects the low end of the range. At this time, we believe sediments at the Gasco sediments site represent the largest portion of NW Natural's liability related to the Portland Harbor site discussed above.

OTHER PORTLAND HARBOR. While we believe liabilities associated with the Gasco/Siltronic sediments site represent NW Natural's largest exposure, there are other potential exposures associated with the Portland Harbor ROD, including NRD costs and harborwide remedial design and cleanup costs (including downstream petroleum contamination), for which allocations among the PRPs have not yet been determined.

NW Natural and other parties have signed a cooperative agreement with the Portland Harbor Natural Resource Trustee council to participate in a phased NRD assessment to estimate liabilities to support an early restoration-based settlement of NRD claims. One member of this Trustee council, the Yakama Nation, withdrew from the council in 2009, and in 2017, filed suit against NW Natural and 29 other parties seeking remedial costs and NRD assessment costs associated with the Portland Harbor site, set forth in the complaint. The complaint seeks recovery of alleged costs totaling \$0.3 million in connection with the selection of a remedial action for the Portland Harbor site as well as declaratory judgment for unspecified future remedial action costs and for costs to assess the injury, loss or destruction of natural resources resulting from the release of hazardous substances at and from the Portland Harbor site. The Yakama Nation has filed two amended complaints addressing certain pleading defects and dismissing the State of Oregon. On the motion of NW Natural and certain other defendants the federal court has stayed the case pending the outcome of the non-binding allocation proceeding discussed above. NW Natural has recorded a liability for NRD 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. The NRD liability is not included in the aforementioned range of costs provided in the Portland Harbor ROD.

Gasco Uplands Site

A predecessor of NW Natural, Portland Gas and Coke Company, 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 NW Natural for environmental contamination under the ODEQ Voluntary Cleanup Program (VCP). It is not included in the range of remedial costs for the Portland Harbor site noted above. The Gasco site is managed in two parts, the uplands portion and the groundwater source control action.

NW Natural submitted a revised Remedial Investigation Report for the uplands to ODEQ in May 2007. In March 2015, ODEQ approved Remedial Assessment (RA) for this site, enabling commencement of work on the FS in 2016. NW Natural has 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 October 2016, ODEQ and NW Natural agreed to amend their VCP agreement to incorporate a portion of the Siltronic property adjacent to the Gasco site formerly owned by Portland Gas & Coke between 1939 and 1960 into the Gasco RA and FS, excluding the uplands for Siltronic. Previously, NW Natural was conducting an investigation of manufactured gas plant constituents on the entire Siltronic uplands for ODEQ. Siltronic will be working with ODEQ directly on environmental impacts to the remainder of its property.

In September 2013, NW Natural completed construction of a groundwater source control system, including a water treatment station, at the Gasco site. NW Natural has estimated the cost associated with the ongoing operation of the system and has recognized a liability which is at the low end of the range of potential cost. NW Natural 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 Gasco sediment exposure.

Other Sites

In addition to those sites above, NW Natural has environmental exposures at three other sites: Central Service Center, Front Street and Oregon Steel Mills. NW Natural may have exposure at other sites that have not been identified at this time. 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.

CENTRAL SERVICE CENTER SITE. The investigative phase to characterize the existing site has been completed and determined by the Oregon Department of Environmental Quality (DEQ) to be sufficient to allow for the issuance of a Conditional No Further Action (cNFA). NW Natural is now conducting ongoing environmental monitoring activities through 2024 in order to meet the conditions which were included within the cNFA.

FRONT STREET SITE. The Front Street site was the former location of a gas manufacturing plant NW Natural operated (the former Portland Gas Manufacturing site, or PGM). At ODEQ's request, NW Natural conducted a sediment and source control investigation and provided findings to ODEQ. In December 2015, an FS on the former Portland Gas Manufacturing site was completed.

In July 2017, ODEQ issued the PGM ROD. The ROD specifies the selected remedy, which requires a combination of dredging, capping, treatment, and natural recovery. In addition, the selected remedy also requires institutional controls and long-term inspection and maintenance. In September 2020, NW Natural revised its estimate of the remaining cost to construct the remedy to be approximately \$7.1 million. Further, NW Natural has recognized an additional liability of \$4.9 million for munitions and design costs, regulatory and permitting issues, and post-construction work. Construction of the remedy began in early July 2020 and was completed in October 2020.

OREGON STEEL MILLS SITE. Refer to "Legal Proceedings," below.

Environmental Cost Deferral and Recovery

NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. On October 21, 2019 the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers beginning November 1, 2019.

The following table presents information regarding the total regulatory asset deferred as of December 31:

<i>In thousands</i>	2020	2019
Deferred costs and interest ⁽¹⁾	\$ 44,516	\$ 36,673
Accrued site liabilities ⁽²⁾	120,352	135,662
Insurance proceeds and interest	(69,253)	(79,949)
Total regulatory asset deferral ⁽¹⁾	<u>\$ 95,615</u>	<u>\$ 92,386</u>
Current regulatory assets ⁽³⁾	\$ 4,992	\$ 4,762
Long-term regulatory assets ⁽³⁾	\$ 90,623	\$ 87,624

(1) Includes pre-review and post-review deferred costs, amounts currently in amortization, and interest, net of amounts collected from customers. In Oregon, NW Natural earns a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. NW Natural also accrues a carrying charge on insurance proceeds for amounts owed to customers. In Washington, neither the cash paid nor insurance proceeds accrue a carrying charge.

(2) Excludes 3.3% of the Front Street site liability, or \$0.2 million in 2020 and \$0.4 million in 2019, as the OPUC only allows recovery of 96.7% of costs for those sites allocable to Oregon, 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, NW Natural earns a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. It also accrues a carrying charge on insurance proceeds for amounts owed to customers. In Washington, neither the cash paid nor insurance proceeds received accrue a carrying charge. 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 \$5.0 million tariff rider. The amounts allocable to Oregon are recoverable through NGD rates, subject to an earnings test. See "Oregon SRRM" below.

Oregon SRRM

Collections From Oregon Customers

Under the SRRM collection process, there are three types 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 NW Natural's authorized cost of capital. NW Natural anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by 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. NW Natural earns 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. NW Natural earns a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate.

In addition to the collection amount noted above, an order issued by the OPUC provides for the annual collection of \$5.0 million from Oregon customers through a tariff rider. As NW Natural collects amounts from customers, it recognizes these collections as revenue and separately amortizes an equal and offsetting amount of its deferred regulatory asset balance through the environmental remediation operating expense line shown separately in the operating expense section of the income statement.

NW Natural received total environmental insurance proceeds of approximately \$150 million as a result of settlements from litigation that was dismissed in July 2014. Under a 2015 OPUC order which established the SRRM, one-third of the Oregon allocated proceeds were applied to costs deferred through 2012 with the remaining two-thirds applied to costs at a rate of \$5.0 million per year plus interest over the following 20 years. NW Natural accrues interest on the Oregon allocated insurance proceeds in the customer's favor at a rate equal to the five-year treasury rate plus 100 basis points. As of December 31, 2020, NW Natural has applied \$83.2 million of insurance proceeds to prudently incurred remediation costs allocated to Oregon.

Environmental Earnings Test

To the extent NW Natural earns at or below its authorized Return on Equity (ROE) as defined by the SRRM, remediation expenses and interest in excess of the \$5.0 million tariff rider and \$5.0 million insurance proceeds are recoverable through the SRRM. To the extent NW Natural earns more than its authorized ROE in a year, it is required to cover environmental expenses and interest on expenses greater than the \$10.0 million with those earnings that exceed its authorized ROE.

Washington ECRM

Washington Deferral

On October 21, 2019, the WUTC issued an order (WUTC Order) establishing the ECRM which allows for recovery of past deferred and future prudently incurred environmental remediation costs allocable to Washington customers through application of insurance proceeds and collections from customers. Environmental remediation expenses relating to sites that previously served both Oregon and Washington customers are allocated between states with Washington customers receiving 3.3% percent of the costs and insurance proceeds.

As a result of the WUTC Order, in the fourth quarter of 2019, approximately \$3.0 million of prudently incurred costs deferred from the initial deferral authorization in February 2011 through November 2018 were fully offset with insurance proceeds. In addition, approximately \$1.5 million of disallowed deferred environmental remediation expenses incurred prior to the deferral authorization were charged to environmental remediation expense.

Insurance proceeds will be fully applied to costs incurred between December 2018 and June 2019 once deemed prudent in future rate proceedings. Remaining insurance proceeds will be amortized over a 10.5 year period ending December 31, 2029. On an annual basis, NW Natural will file for a prudence determination and a request to amortize costs to the extent that remediation expenses exceed the insurance amortization. After insurance proceeds are fully amortized, if in a particular year the request to collect deferred amounts exceeds one percent of Washington normalized revenues, then the excess will be collected over three years with interest.

Legal Proceedings

NW Holdings is not currently party to any direct claims or litigation, though in the future it may be subject to claims and litigation arising in the ordinary course of business.

NW Natural is subject to claims and litigation arising in the ordinary course of business, including the matters discussed above. Although the final outcome of any of these legal proceedings cannot be predicted with certainty, including the matter described below, NW Natural and NW Holdings do not expect that the ultimate disposition of any of these matters will have a material effect on financial condition, results of operations, or cash flows.

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 NW Natural's 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. In August 2017, the case was stayed pending the outcome of the Portland Harbor allocation process or other mediation. Although the final outcome of this proceeding cannot be predicted with certainty, NW Natural and NW Holdings do not expect the ultimate disposition of this matter will have a material effect on NW Natural's or NW Holdings' financial condition, results of operations, or cash flows.

For additional information regarding other commitments and contingencies, see Note 17.

19. DISCONTINUED OPERATIONS

NW Holdings

On June 20, 2018, NWN Gas Storage, then a wholly-owned subsidiary of NW Natural, entered into a Purchase and Sale Agreement (the Agreement) that provided for the sale by NWN Gas Storage of all of the membership interests in Gill Ranch. Gill Ranch owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility.

On December 4, 2020, NWN Gas Storage closed the sale of all of the membership interests in Gill Ranch and received payment of the initial cash purchase price of \$13.5 million less the \$1.0 million deposit previously paid. Furthermore, additional payments to NWN Gas Storage may be made subject to a maximum amount of \$15.0 million in the aggregate (subject to a working capital adjustment) based on the economic performance of Gill Ranch for each full gas storage year (April 1 of one year through March 31 of the following year) occurring after the closing and the remaining portion of the 2020-2021 gas storage year and will continue until such time as the maximum amount has been paid. The fair value of this arrangement at the closing date was zero based on a discounted cash flow forecast. Subsequent changes in the fair value will be recorded in earnings. The completion of the sale resulted in an after-tax gain of \$5.9 million.

The following table presents the operating results of Gill Ranch and is presented net of tax on NW Holdings' consolidated statements of comprehensive income:

<i>In thousands, except per share data</i>	NW Holdings Discontinued Operations		
	2020	2019	2018
Revenues	\$ 10,193	\$ 5,301	\$ 3,579
Expenses			
Operations and maintenance	7,931	8,587	5,771
General taxes	198	219	479
Depreciation and amortization	391	423	430
Other expenses and interest	848	931	609
Total expenses	9,368	10,160	7,289
Income (loss) from discontinued operations	825	(4,859)	(3,710)
Gain on sale of discontinued operations	8,027	—	—
Income (loss) from discontinued operations before income tax	8,852	(4,859)	(3,710)
Income tax expense (benefit) ⁽¹⁾	2,344	(1,283)	(968)
Income (loss) from discontinued operations, net of tax	\$ 6,508	\$ (3,576)	\$ (2,742)

⁽¹⁾ Includes income tax expense of \$2.1 million related to the sale of Gill Ranch for the year ended December 31, 2020.

As a result of the disposition of the membership interests of Gill Ranch, there were no assets or liabilities classified as held for sale at December 31, 2020. The assets and liabilities of the discontinued operations classified as held for sale in the consolidated balance sheet at December 31, 2019 include the following:

<i>In thousands</i>	NW Holdings Discontinued Operations
	2019
Assets:	
Accounts receivable	\$ 333
Inventories	695
Other current assets	457
Property, plant, and equipment, net	13,284
Operating lease right of use asset	118
Other non-current assets	247
Total discontinued operations assets - current assets ⁽¹⁾	\$ 15,134
Liabilities:	
Accounts payable	\$ 1,250
Other current liabilities	848
Operating lease liabilities	116
Other non-current liabilities	11,495
Total discontinued operations liabilities - current liabilities ⁽¹⁾	\$ 13,709

⁽¹⁾ The total assets and liabilities of Gill Ranch were classified as current because it was probable that the sale would be completed within one year.

NW Natural

As part of the holding company reorganization in October 2018, NWN Energy, NWN Gas Storage, Gill Ranch, NNG Financial, NWN Water, and NW Holdings, which were direct and indirect subsidiaries of NW Natural prior to the reorganization, are no longer subsidiaries of NW Natural. See Note 1 for additional information. As a result, NW Natural's financial statements reflect amounts related to these entities as discontinued operations for all periods presented. The expenses included in the results of discontinued operations are the direct operating expenses incurred by the entities that may be reasonably segregated from the costs of NW Natural's continuing operations.

The following table presents the operating results prior to the holding company reorganization effective October 1, 2018 of NWN Energy, NWN Gas Storage, Gill Ranch, NNG Financial, NWN Water, and NW Holdings, which were historically reported within the gas storage segment and other, and is presented net of tax on NW Natural's consolidated statements of comprehensive income:

	NW Natural Discontinued Operations	
<i>In thousands, except per share data</i>	2018	
Revenues	\$	3,016
Expenses		
Operations and maintenance		4,151
General taxes		448
Depreciation and amortization		420
Other expenses and interest		342
Total expenses		5,361
Loss from discontinued operations before income tax		(2,345)
Income tax benefit		(622)
Loss from discontinued operations, net of tax	\$	(1,723)

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	2,705,046,468
4	Property Under Capital Leases	87,581,610
5	Plant Purchased or Sold	
6	Completed Construction not Classified	969,498,053
7	Experimental Plant Unclassified	—
8	TOTAL Utility Plant (Total of lines 3 thru 7)	3,762,126,131
9	Leased to Others	—
10	Held for Future Use	970,068
11	Construction Work in Progress	61,577,633
12	Acquisition Adjustments	—
13	TOTAL Utility Plant (Total of lines 8 thru 12)	3,824,673,832
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,497,763,147
15	Net Utility Plant (Enter Total of line 13 less 14)	2,326,910,685
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	1,446,370,667
19	Amortization and Depl. of Producing Natural Gas Land and Land Rights	
20	Amortization. of Underground Storage Land and Land Rights	33,571
21	Amortization. of Other Utility Plant	103,755,502
22	Salvage Work In Progress	
23	Less Removal Work In Progress	52,396,593
24	TOTAL In Service (Total of lines 18 thru 22 less line 23)	1,497,763,147
25	Leased to Others	
26	Depreciation	—
27	Amortization and Depletion	—
28	TOTAL Leased to Others (Total of lines 26 and 27)	—
29	Held for Future Use	
30	Depreciation	—
31	Amortization	—
32	TOTAL Held for Future Use (Total of lines 30 and 31)	—
33	Abandonment of Leases (Natural Gas)	—
34	Amortization of Plant Acquisition Adjustment	—
35	TOTAL Accumulated Provisions (Should agree with line 14 above) (Total of lines 24, 28, 32, 33, and 34)	1,497,763,147

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line No.
				1
				2
	2,705,046,468			3
	87,581,610			4
				5
	969,498,053			6
	—			7
	3,762,126,131			8
	—			9
	970,068			10
	61,577,633			11
	—			12
	3,824,673,832			13
	1,497,763,147			14
	2,326,910,685			15
				16
				17
	1,446,370,667			18
				19
	33,571			20
	103,755,502			21
				22
	52,396,593			23
	1,497,763,147			24
				25
	—			26
	—			27
	—			28
				29
	—			30
	—			31
	—			32
	—			33
	—			34
	1,497,763,147			35

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Gas Plant in Service (Accounts 101, 102, 103, and 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.
6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.
7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.
8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

SEE FOLLOWING PAGES

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Intangible Plant						
301 ORGANIZATION	1,174	—	—	—	—	1,174
302 FRANCHISES & CONSENTS	83,621	—	—	—	—	83,621
303.1 COMPUTER SOFTWARE	88,905,539	41,709,266	—	—	—	130,614,805
303.2 CUSTOMER INFORMATION SYSTEM	32,348,168	—	—	—	—	32,348,168
303.3 INDUSTRIAL & COMMERCIAL BIL	4,146,951	—	—	—	—	4,146,951
303.4 CRMS	682,893	—	(682,893)	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—
303.6 NMEP COMPUTER SOFTWARE	452,044	3,807	—	—	—	455,851
303.7 CLOUD-BASED SOFTWARE	—	4,264,625	—	—	—	4,264,625
Intangible Plant Subtotal*	126,620,390	45,977,698	(682,893)	—	—	171,915,195
Production Plant - Oil Gas						
304.1 LAND	24,998	—	—	—	—	24,998
305.2 P P O G STRU & IMPR-SEWER S	—	—	—	—	—	—
305.5 P P O G STRU & IMPR-OTHER Y	13,156	—	—	—	—	13,156
312.3 P P O G FUEL HANDLING AND S	—	—	—	—	—	—
318.3 P P O G LIGHT OIL REFINING	144,896	—	—	—	—	144,896
318.5 P P O G TAR PROCESSING	243,551	—	—	—	—	243,551
325 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—
327 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
328 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—
331 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
332 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
333 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
334 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
Production Plant - Oil Gas Subtotal*	426,601	—	—	—	—	426,601
Production Plant - Other						
305.11 GAS PRODUCTION - COTTAGE G	8,320	—	—	—	—	8,320
305.17 STRUCTURES MIXING STATION	46,587	—	—	—	—	46,587
311 P P OTHER-LIQUEFIED PETROLE	—	—	—	—	—	—
311.4 P P OTHER-L P G GRANGER	—	—	—	—	—	—
311.7 LIQUIFIED GAS EQUIPMENT COO	4,033	—	—	—	—	4,033
311.8 LIQUIFIED GAS EQUIPMENT LIN	4,209	—	—	—	—	4,209
319 GAS MIXING EQUIPMENT GASCO	185,448	—	—	—	—	185,448
Production Plant - Other Subtotal*	248,597	—	—	—	—	248,597

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Natural Gas Underground Storage						
350.1	LAND	106,549	—	—	—	106,549
350.2	RIGHTS-OF-WAY	109,625	—	—	—	109,625
350.3	NMEP RIGHTS-OF-WAY	538,145	(65)	—	—	538,079
350.4	NMEP LAND	461,268	(56)	—	—	461,212
351	STRUCTURES AND IMPROVEMENTS	8,634,151	—	—	—	8,634,151
351.1	NMEP STRUCTURES AND IMPROVEMENTS	6,784,473	331,968	—	—	7,116,441
352	WELLS	25,605,819	3,541,220	—	—	29,147,039
352.1	STORAGE LEASEHOLD & RIGHTS	3,938,491	—	—	—	3,938,491
352.2	RESERVOIRS	7,272,553	—	—	—	7,272,553
352.3	NON-RECOVERABLE NATURAL GAS	6,440,890	—	—	—	6,440,890
352.4	NMEP WELLS	16,159,768	109,114	—	—	16,268,882
352.5	NMEP STORAGE LEASEHOLD & RIGHTS	2,619,103	6,258	—	—	2,625,361
352.6	NMEP RESERVOIRS	2,619,103	6,258	—	—	2,625,361
352.7	NMEP NON-RECOVERABLE NATURAL GAS	2,696,233	6,429	—	—	2,702,662
353	LINES	8,087,704	119,676	—	—	8,207,380
353.1	NMEP LINES	332,621	20,111	—	—	352,733
354	COMPRESSOR STATION EQUIPMENT	32,592,775	—	(5,000,000)	—	27,592,775
354.7	NMEP COMPRESSOR STATION EQUIPMENT	27,599,508	385,505	—	—	27,985,014
355	MEASURING / REGULATING EQUIPM	7,484,620	2,173,461	—	—	9,658,080
355.1	NMEP MEASURING/REGULATING EQUIPMENT	15,519,402	428,258	—	—	15,947,660
356	PURIFICATION EQUIPMENT	363,765	27,819,071	—	—	28,182,836
357	OTHER EQUIPMENT	2,359,566	2,237,165	—	—	4,596,732
	Natural Gas Underground Storage Subtotal*	178,326,133	37,184,372	(5,000,000)	—	210,510,505

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS
NW Natural

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Balance	Additions	Retirements	Transfers	Adjustments	Ending Balance*
UTILITY						
LOCAL STORAGE PLANT						
360.11 LAND - LNG LINNTON	83,598	—	—	—	—	83,598
360.12 LAND - LNG NEWPORT	536,675	—	—	—	—	536,675
360.2 LAND - OTHER	106,557	—	—	—	—	106,557
361.11 STRUCTURES & IMPROVEMENTS	10,671,914	44,126	—	—	—	10,716,040
361.12 STRUCTURES & IMPROVEMENTS	12,096,752	27,918	—	—	—	12,124,670
361.2 STRUCTURES & IMPROVEMENTS -	26,757	—	—	—	—	26,757
362.11 GAS HOLDERS - LNG LINNTON	4,556,064	—	—	—	—	4,556,064
362.12 GAS HOLDERS - LNG NEWPORT	5,927,104	—	—	—	—	5,927,104
362.2 GAS HOLDERS - LNG OTHER	1,600	—	—	—	—	1,600
363.11 LIQUEFACTION EQUIP. - LINN	3,375,541	74,661	—	—	—	3,450,202
363.12 LIQUEFACTION EQUIP - NEWPO	15,748,404	—	—	—	—	15,748,404
363.21 VAPORIZING EQUIP - LINNTON	4,458,618	—	—	—	—	4,458,618
363.22 VAPORIZING EQUIP - NEWPORT	3,739,813	2,967,836	—	—	—	6,707,649
363.31 COMPRESSOR EQUIP - LINNTON	180,903	—	—	—	—	180,903
363.32 COMPRESSOR EQUIPMENT - NE	4,623,311	121,183	—	—	—	4,744,494
363.41 MEASURING & REGULATING EQU	2,878,465	366,419	—	—	—	3,244,885
363.42 MEASURING & REGULATING EQU	10,562,079	101,307	—	—	—	10,663,386
363.5 CNG REFUELING FACILITIES	3,051,295	—	—	—	—	3,051,295
363.6 LNG REFUELING FACILITIES	739,473	—	—	—	—	739,473
Local Storage Plant Subtotal *	83,364,925	3,703,450	—	—	—	87,068,375
TRANSMISSION PLANT						
365.1 LAND	1,015,597	—	—	—	—	1,015,597
365.2 LAND RIGHTS	6,455,177	—	—	—	—	6,455,177
365.3 NMEP LAND RIGHTS	538,142	(65)	—	—	—	538,076
366.3 STRUCTURES & IMPROVEMENTS	1,546,073	—	—	—	—	1,546,073
367 MAINS	179,027,188	9,249,371	—	—	—	188,276,559
367.21 NORTH MIST TRANSMISSION LI	1,994,582	—	—	—	—	1,994,582
367.22 SOUTH MIST TRANSMISSION LI	14,949,264	—	—	—	—	14,949,264
367.23 SOUTH MIST TRANSMISSION LI	34,881,341	—	—	—	—	34,881,341
367.24 11.7M NORTH S MIST TRANS	17,466,182	—	—	—	—	17,466,182
367.25 12M NORTH S MIST TRANS	18,613,651	—	—	—	—	18,613,651
367.26 38M NORTH S MIST TRANS	68,232,676	—	—	—	—	68,232,676
367.27 NMEP MAINS	66,807,090	136,422	—	—	—	66,943,512
368 TRANSMISSION COMPRESSOR	—	—	—	—	—	—
369 MEASURING & REGULATE STATION	3,969,549	—	—	—	—	3,969,549
370 COMMUNICATION EQUIPMENT	—	—	—	—	—	—
Transmission Plant Subtotal *	415,496,511	9,385,728	—	—	—	424,882,239

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS
NW Natural

Period Beginning: January 2020
Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Distribution Plant						
374.1 LAND	85,773	125,919	—	—	—	211,692
374.2 LAND RIGHTS	1,886,181	—	—	—	—	1,886,181
375 STRUCTURES & IMPROVEMENTS	1,519,558	—	—	—	—	1,519,558
376.11 MAINS < 4"	638,110,626	20,447,374	(82,403)	—	—	658,475,598
376.12 MAINS 4" & >	614,721,821	50,963,555	(7,040)	—	—	665,678,336
376.13 NMEP MAINS HP 4" & >	614,976	—	—	—	—	614,976
377 COMPRESSOR STATION EQUIPMENT	818,380	—	—	—	—	818,380
378 MEASURING & REG EQUIP - GENER	38,325,632	2,814,027	—	—	—	41,139,659
379 MEASURING & REG EQUIP - GATE	16,201,552	1,909,065	—	—	—	18,110,617
380 SERVICES	837,805,413	37,756,759	(135,451)	—	—	875,426,721
381 METERS	100,787,881	10,529,596	(4,769,124)	—	—	106,548,353
381.1 METERS (ELECTRONIC)	1,696,938	—	—	—	—	1,696,938
381.2 ERT (ENCODER RECEIVER TRANS	43,696,164	4,070,488	(4,090,445)	—	—	43,676,207
382 METER INSTALLATIONS	64,249,637	4,993,188	(5,030,201)	—	—	64,212,623
382.1 METER INSTALLATIONS (ELECTR	481,020	—	—	—	—	481,020
382.2 ERT INSTALLATION (ENCODER	8,972,506	580,100	(377,910)	—	—	9,174,696
383 HOUSE REGULATORS	2,419,652	134,095	—	—	—	2,553,748
386 OTHER PROPERTY ON CUSTOMERS P	1,162,110	—	—	—	—	1,162,110
386.1 MULTI-FAMILY METER ROOMS	—	—	—	—	—	—
387.1 CATHODIC PROTECTION TESTING	173,859	—	—	—	—	173,859
387.2 CALORIMETERS @ GATE STATIONS	96,424	—	—	—	—	96,424
387.3 METER TESTING EQUIPMENT	72,671	—	—	—	—	72,671
Distribution Plant Subtotal*	2,373,898,776	134,324,165	(14,492,574)	—	—	2,493,730,367

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
General Plant						
389 LAND	11,652,361	1,027,613	(55,346)	—	—	12,624,629
390 STRUCTURES & IMPROVEMENTS	74,981,091	1,076,705	(231,371)	—	—	75,826,425
390.1 SOURCE CONTROL PLANT	20,181,707	1,106,565	—	—	—	21,288,272
391.1 OFFICE FURNITURE & EQUIPMEN	8,287,224	8,923,357	(113,981)	—	—	17,096,600
391.2 COMPUTERS	37,535,630	19,659,716	(2,834,260)	—	—	54,361,086
391.3 ON SITE BILLING	—	—	—	—	—	—
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—
391.5 NMEP COMPUTERS	1,537,007	10,041	—	—	—	1,547,048
392 TRANSPORTATION EQUIPMENT	51,660,779	4,392,516	(1,534,186)	—	—	54,519,110
393 STORES EQUIPMENT	119,406	—	—	—	—	119,406
394 TOOLS - SHOP & GARAGE EQUIPUI	14,397,767	2,527,572	—	—	—	16,925,339
395 LABORATORY EQUIPMENT	—	—	—	—	—	—
396 POWER OPERATED EQUIPMENT	12,540,849	1,685,053	(204,308)	—	—	14,021,594
397 GEN PLANT-COMMUNICATION EQU	67,401	—	—	—	—	67,401
397.1 MOBILE	4,223,759	33,131	—	—	—	4,256,890
397.2 OTHER THAN MOBILE & TELEMET	9,958	—	—	—	—	9,958
397.3 TELEMETERING - OTHER	2,433,563	4,370,817	(44,672)	—	—	6,759,709
397.4 TELEMETERING - MICROWAVE	5,178,517	807,638	(262,701)	—	—	5,723,453
397.5 TELEPHONE EQUIPMENT	490,767	—	—	—	—	490,767
398 GEN PLANT-MISCELLANEOUS EQU	—	—	—	—	—	—
398.1 PRINT SHOP	4,359	—	—	—	—	4,359
398.2 KITCHEN EQUIPMENT	12,812	16,052	—	—	—	28,865
398.3 JANITORIAL EQUIPMENT	14,873	—	—	—	—	14,873
398.4 INSTALLED IN LEASED BUILDINGS	10,120	—	—	—	—	10,120
398.5 OTHER MISCELLANEOUS EQUIPMENT	66,739	—	—	—	—	66,739
General Plant Subtotal*	245,406,689	45,636,779	(5,280,825)	—	—	285,762,643
Utility Property Grand Total*	3,423,788,620	276,212,193	(25,456,292)	—	—	3,674,544,521

GL Account 101600	7,204,816	85,743,380
GL Account 101601	452,619	1,227,474
GL Account 101603		610,756
Utility Property Under Capital Leases	7,657,435	87,581,610
Total Utility Plant*	3,431,446,055	3,762,126,131

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class		Beginning					Ending
FERC Plant Account		Balance	Additions	Retirements	Transfers	Adjustments	Balance*
NON-UTILITY							
Intangible Plant							
303.1	COMPUTER SOFTWARE	163,357	—	—	—	—	163,357
303.2	CUSTOMER INFORMATION SYSTEM	61,429	—	—	—	—	61,429
Non Utility	Intangible Plant Subtotal*	224,786	—	—	—	—	224,786
Natural Gas Underground Storage							
352	WELLS	18,023,755	1,171,410	—	—	—	19,195,165
352.1	STORAGE LEASEHOLD & RIGHTS	1,020	—	—	—	—	1,020
352.2	RESERVOIRS	3,561,501	—	—	—	—	3,561,501
353	LINES	2,571,507	3,555	—	—	—	2,575,062
354	COMPRESSOR STATION EQUIPMENT	12,056,993	779,400	—	—	—	12,836,393
355	MEASURING / REGULATING EQUIPMENT	8,233,817	780,086	—	—	—	9,013,903
357	OTHER EQUIPMENT	63,256	—	—	—	—	63,256
Non Utility	Natural Gas Underground Storage Subtotal*	44,511,849	2,734,452	—	—	—	47,246,301
Transmission Plant							
368	TRANSMISSION COMPRESSOR	7,723,454	—	—	—	—	7,723,454
Non Utility	Transmission Plant Subtotal*	7,723,454	—	—	—	—	7,723,454
Distribution Plant							
376.12	MAINS 4" & >	—	—	—	—	—	—
Non Utility	Distribution Plant Subtotal*	—	—	—	—	—	—
General Plant							
389	LAND	438,739	—	—	—	—	438,739
390	STRUCTURES & IMPROVEMENTS	239,306	10,990	—	—	—	250,296
Non Utility	General Plant Subtotal*	678,045	10,990	—	—	—	689,035

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS
NW Natural

Period Beginning: January 2020
Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
NON-UTILITY						
Non Utility Other						
121.1 NON-UTIL PROP-DOCK	1,946,033	—	—	—	—	1,946,033
121.2 NON-UTIL PROP-LAND	125,102	—	—	—	—	125,102
121.3 NON-UTIL PROP-OIL ST	4,635,180	41,541	—	—	—	4,676,720
121.7 NON-UTIL PROP-APPL CENTER	64,906	—	—	—	—	64,906
121.8 NON-UTIL PROP-STORAGE	96,038	—	—	—	—	96,038
Non Utility Other*	6,867,259	41,541	—	—	—	6,908,800
Non Utility Property Grand Total*	60,005,393	2,786,982	—	—	—	62,792,375

Non Utility Property Summary

Non Utility Property Grand Total	62,792,375
121117 Gas Stored Underground - St. Helens	3,507,590
121707-8 Construction Work in Progress Non Utility	5,548,398
Balance Sheet Total for Non Utility Property*	<u><u>71,332,440</u></u>

* May not foot due to rounding.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Gas Property And Capacity Leased From Others

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.
2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
1	Northwest Pipeline		Pipeline Capacity	48,725,521
2	Tenaska Marketing Canada "Nova & Foothills"		Pipeline Capacity	11,161,781
3	Fortis BC		Pipeline Capacity	7,323,873
4	TransCanada "Gas Transmission NW"		Pipeline Capacity	4,137,479
5	Tenaska Marketing Cdn. "Southern Crossing"		Pipeline Capacity	3,552,693
6	AB PR QOZB I Property LLC		Corporate Headquarter Building	2,311,587
7	Tenaska Marketing Ventures		Pipeline Capacity	1,947,237
8	One Pacific Square LLC		Corporate Headquarter Building	1,883,169
9	International Paper		Pipeline Capacity	480,192
10	KB Pipeline	*	Pipeline Capacity	224,258
11	Coos County Pipeline		Pipeline Capacity	213,863
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	Total			81,961,653

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Gas Plant Held for Future Use (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group property held for future use.

2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Underground Storage	07/2009	Undetermined	127,921
2	Easement	11/2011	Undetermined	136,720
3	Willamette River Crossing - Engineering Costs	05/2015	Undetermined	705,427
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35	Total			970,068

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Construction Work in Progress - Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress - Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Mains and Service Jobs	19,215,065	23,564,648
2	Other, less than \$1M each	13,916,591	6,370,697
3	Misc Facilities Projects	13,811,106	24,884,857
4	Misc Information Services Projects	10,903,191	33,934,092
5	Portland LNG Readiness	2,445,006	976,385
6	Newport LNG Readiness	946,198	2,110,514
7	North Mist Projects	340,476	2,148,300
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34	Total	61,577,633	93,989,493

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 917) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. Engineering Department overhead covers transmission and distribution system planning, design work, drafting and platting of construction work.
 - Distribution Department overhead covers transmission and distribution system work scheduling, field supervision and processing of work completed.
 - Administrative work overhead includes Purchasing, Accounting and general office expense.
 - General Services Department overhead covers planning and supervision of general plant improvements and facilities.
- b) Charges during the year are segregated into overhead accounts based on the proportion of activity devoted to construction work.
- c) Construction Overheads are being charged to individual work orders based upon overhead rates for different types of projects. Rates are determined by type of project using the annual capital budget and annual construction overhead budget.
- d) Different rates are applied to different types of construction based on the annual capital budget for each type of plant.
- e) Actual construction overhead rates applied to types of work in:

2020	
a. Production, Storage, Transmission and Distribution plant	30%
b. Meters	59%
c. General Plant	6%
d. Non-Utility Property	14%
- f) Direct assignment of construction overhead capitalized during:

2020	
53,355,708	

2. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)

AFUDC is applied to previous month's ending balance plus half of current month's expenditures of Construction Work in Progress (CWIP).

3. N/A

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE (CONTINUED)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

1. For Line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.
3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

Line No.	Title (a)	Amount (b)	Capitalization Ratio (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S 231,008,379		
(2)	Short-Term Interest			s 1.47%
(3)	Long-Term Debt	D 849,700,000	—	d 4.999%
(4)	Preferred Stock	P —	—	p —%
(5)	Common Equity	C 865,999,000	—	c 9.40%
(6)	Total Capitalization	—	100.00%	
(7)	Average Construction Work in Progress	W 94,981,260		
2.	Gross Rates for Borrowed Funds	$s(S/W)+d[(D/(D+P+C))(1-(S/W))]$	1.47 %	
3.	Rate for Other Funds	$[1-(S/W)] [p(P/(D+P+C))+c(C/(D+P+C))]$	— %	
4.	Weighted Average Rate Actually Used for the Year			
	a.	Rate for Borrowed Funds -	1.89 %	
	b.	Rate for Other Funds -	— %	

NOTE: Capital structure figures are for NW Natural Gas Company and rate of return was approved by the OPUC rate case.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	--	--

Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

SEE FOLLOWING PAGES

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Intangible Plant								
301 ORGANIZATION	—	—	—	—	—	—	—	—
302 FRANCHISES & CONSENTS	—	—	—	—	—	—	—	—
303.1 COMPUTER SOFTWARE	35,124,098	7,071,345	—	—	—	—	—	42,195,443
303.2 CUSTOMER INFORMATION SYSTEM	32,348,168	—	—	—	—	—	—	32,348,168
303.3 INDUSTRIAL & COMMERCIAL BIL	4,146,951	—	—	—	—	—	—	4,146,951
303.4 CRMS	682,893	—	(682,893)	—	—	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—	—	—
303.6 NMEP COMPUTER SOFTWARE	55,987	90,440	—	—	—	—	—	146,427
303.7 CLOUD SOFTWARE	—	455,690	—	—	—	—	—	455,690
Intangible Plant Subtotal*	72,358,096	7,617,475	(682,893)	—	—	—	—	79,292,679
Production Plant - Oil Gas								
304.1 LAND	—	—	—	—	—	—	—	—
305.2 P P O G STRU & IMPR-SEWER S	—	—	—	—	—	—	—	—
305.5 P P O G STRU & IMPR-OTHER Y	13,814	—	—	—	—	—	—	13,814
312.3 P P O G FUEL HANDLING AND S	—	—	—	—	—	—	—	—
318.3 P P O G LIGHT OIL REFINING	152,141	—	—	—	—	—	—	152,141
318.5 P P O G TAR PROCESSING	255,729	—	—	—	—	—	—	255,729
325 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
327 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
328 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
331 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
332 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
333 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
334 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
Production Plant - Oil Gas Subtotal*	421,683	—	—	—	—	—	—	421,683
Production Plant - Other								
305.11 GAS PRODUCTION - COTTAGE G	8,736	—	—	—	—	—	—	8,736
305.17 STRUCTURES MIXING STATION	51,246	—	—	—	—	—	—	51,246
311 P P OTHER-LIQUEFIED PETROLE	—	—	—	—	—	—	—	—
311.4 P P OTHER-L P G GRANGER	—	—	—	—	—	—	—	—
311.7 LIQUIFIED GAS EQUIPMENT COO	8,066	—	—	—	—	—	—	8,066
311.8 LIQUIFIED GAS EQUIPMENT LIN	6,585	—	—	—	—	—	—	6,585
319 GAS MIXING EQUIPMENT GASCO	194,720	—	—	—	—	—	—	194,720
Production Plant - Other Subtotal*	269,353	—	—	—	—	—	—	269,353

* May not foot due to rounding.

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Natural Gas Underground Storage								
350.1 LAND	—	—	—	—	—	—	—	—
350.2 RIGHTS-OF-WAY	32,004	1,568	—	—	—	—	—	33,571
350.3 NMEP RIGHTS-OF-WAY	5,450	8,717	—	—	—	—	—	14,167
351 STRUCTURES AND IMPROVEMENTS	3,053,795	129,512	—	—	—	—	—	3,183,307
351.1 NMEP STRUCTURES AND IMPROVEMENTS	72,239	117,418	—	—	—	—	—	189,657
352 WELLS	12,607,424	400,506	—	—	—	—	—	13,007,931
352.1 STORAGE LEASEHOLD & RIGHTS	1,811,152	65,773	—	—	—	—	—	1,876,925
352.2 RESERVOIRS	2,799,555	125,815	—	—	—	—	—	2,925,370
352.3 NON-RECOVERABLE NATURAL GAS	3,659,767	101,122	—	—	—	—	—	3,760,889
352.4 NMEP WELLS	201,551	336,092	—	—	—	—	—	537,643
352.5 NMEP STORAGE LEASEHOLD & RIGHTS	31,896	51,171	—	—	—	—	—	83,066
352.6 NMEP RESERVOIRS	32,877	52,745	—	—	—	—	—	85,622
352.7 NMEP NON-RECOVERABLE NATURAL GAS	31,656	50,787	—	—	—	—	—	82,442
353 LINES	3,467,944	167,152	—	—	—	—	—	3,635,097
353.1 NMEP LINES	4,184	7,083	—	—	—	—	—	11,267
354 COMPRESSOR STATION EQUIPMENT	20,553,816	559,998	(5,000,000)	—	—	—	—	16,113,814
354.7 NMEP COMPRESSOR STATION EQUIPMENT	456,891	739,711	—	—	13,550	—	—	1,210,152
355 MEASURING / REGULATING EQUIPM	4,914,910	177,691	—	—	—	—	—	5,092,602
355.1 NMEP MEASURING/REGULATING EQUIPM	207,697	342,720	—	—	—	—	—	550,418
356 PURIFICATION EQUIPMENT	245,017	84,206	—	—	—	—	—	329,223
357 OTHER EQUIPMENT	951,524	81,579	—	—	—	—	—	1,033,103
Natural Gas Underground Storage Subtotal*	55,141,350	3,601,367	(5,000,000)	—	13,550	—	—	53,756,267

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Local Storage Plant								
360.11 LAND - LNG LINNTON	—	—	—	—	—	—	—	—
360.12 LAND - LNG NEWPORT	—	—	—	—	—	—	—	—
360.2 LAND - OTHER	—	—	—	—	—	—	—	—
361.11 STRUCTURES & IMPROVEMENTS	3,163,714	404,709	—	—	—	—	—	3,568,422
361.12 STRUCTURES & IMPROVEMENTS	3,143,615	523,940	—	—	—	—	—	3,667,556
361.2 STRUCTURES & IMPROVEMENTS -	12,365	474	—	—	—	—	—	12,839
362.11 GAS HOLDERS - LNG LINNTON	2,570,215	117,546	—	—	—	—	—	2,687,761
362.12 GAS HOLDERS - LNG NEWPORT	6,037,955	144,029	—	—	—	—	—	6,181,983
362.2 GAS HOLDERS - LNG OTHER	1,250	16	—	—	—	—	—	1,266
363.11 LIQUEFACTION EQUIP. - LINN	2,692,940	44,333	—	—	—	—	—	2,737,274
363.12 LIQUEFACTION EQUIP - NEWPO	7,346,843	105,508	—	—	—	—	—	7,452,351
363.21 VAPORIZING EQUIP - LINNTON	2,472,960	20,956	—	—	—	—	—	2,493,915
363.22 VAPORIZING EQUIP - NEWPORT	428,322	134,521	—	—	—	—	—	562,843
363.31 COMPRESSOR EQUIP - LINNTON	206,897	—	—	—	—	—	—	206,897
363.32 COMPRESSOR EQUIPMENT - NE	1,135,117	351,577	—	—	—	—	—	1,486,694
363.41 MEASURING & REGULATING EQU	745,174	116,641	—	—	—	—	—	861,815
363.42 MEASURING & REGULATING EQU	265,230	13,747	—	—	—	—	—	278,977
363.5 CNG REFUELING FACILITIES	1,511,977	79,944	—	—	—	—	—	1,591,921
363.6 LNG REFUELING FACILITIES	739,473	—	—	—	—	—	—	739,473
Local Storage Plant Subtotal*	32,474,046	2,057,941	—	—	—	—	—	34,531,986
Transmission Plant								
365.1 LAND	—	—	—	—	—	—	—	—
365.2 LAND RIGHTS	2,224,476	98,119	—	—	—	—	—	2,322,594
365.3 NMEP LAND RIGHTS	6,358	10,170	—	—	—	—	—	16,528
366.3 STRUCTURES & IMPROVEMENTS -	385,814	27,056	—	—	—	—	—	412,870
367 MAINS	39,817,125	3,405,133	—	—	—	—	—	43,222,257
367.21 NORTH MIST TRANSMISSION LI	1,211,672	34,307	—	—	—	—	—	1,245,979
367.22 SOUTH MIST TRANSMISSION LI	11,252,724	237,693	—	—	—	—	—	11,490,417
367.23 SOUTH MIST TRANSMISSION LI	15,253,972	676,698	—	—	—	—	—	15,930,670
367.24 11.7M S MIST TRANS LINE	6,496,445	338,844	—	—	—	—	—	6,835,289
367.25 12M NORTH S MIST TRANS	6,621,299	362,966	—	—	—	—	—	6,984,265
367.26 38M NORTH S MIST TRANS	24,451,554	1,330,537	—	—	—	—	—	25,782,091
367.27 NMEP MAINS	1,084,348	1,738,704	—	—	—	—	—	2,823,052
368 TRANSMISSION COMPRESSOR	(9)	—	—	—	—	—	—	(9)
369 MEASURING & REGULATE STATION	1,738,646	84,546	—	—	—	—	—	1,823,192
370 COMMUNICATION EQUIPMENT	—	—	—	—	—	—	—	—
Transmission Plant Subtotal*	110,544,423	8,344,773	—	—	—	—	—	118,889,196

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Distribution Plant								
374.1 LAND	—	—	—	—	—	—	—	—
374.2 LAND RIGHTS	1,691,723	10,563	—	—	—	—	—	1,702,286
375 STRUCTURES & IMPROVEMENTS	113,564	21,590	—	—	—	—	—	135,155
376.11 MAINS < 4"	354,371,605	16,493,050	(82,403)	(161,966)	36,748	—	—	370,657,034
376.12 MAINS 4" & >	248,222,889	14,779,936	(7,040)	(52,704)	36,966	—	—	262,980,047
376.13 MNEP MAINS 4" & >	9,032	14,452	—	—	—	—	—	23,484
377 COMPRESSOR STATION EQUIPMENT	677,959	10,803	—	—	—	—	—	688,761
378 MEASURING & REG EQUIP - GENER	13,837,855	857,040	—	—	—	—	—	14,694,895
379 MEASURING & REG EQUIP - GATE	3,244,552	366,698	—	—	—	—	—	3,611,250
380 SERVICES	443,259,181	24,546,208	(135,451)	(195,198)	—	—	—	467,474,739
381 METERS	24,017,554	2,359,379	(4,769,124)	—	43,305	—	—	21,651,115
381.1 METERS (ELECTRONIC)	1,993,110	49,042	—	—	—	—	—	2,042,151
381.2 ERT (ENCODER RECEIVER TRANS	21,450,294	2,636,464	(4,090,445)	—	—	—	—	19,996,313
382 METER INSTALLATIONS	6,205,275	2,979,363	(5,030,201)	—	—	—	—	4,154,436
382.1 METER INSTALLATIONS (ELECTR	121,408	41,416	—	—	—	—	—	162,824
382.2 ERT INSTALLATION (ENCODER	6,072,781	350,691	(377,910)	—	—	—	—	6,045,561
383 HOUSE REGULATORS	394,098	72,934	—	—	—	—	—	467,032
386 OTHER PROPERTY ON CUSTOMERS P	264,663	123,364	—	—	—	—	—	388,027
386.1 MULTI-FAMILY METER ROOMS	—	—	—	—	—	—	—	—
387.1 CATHODIC PROTECTION TESTING	144,848	1,426	—	—	—	—	—	146,273
387.2 CALORIMETERS @ GATE STATIONS	96,424	—	—	—	—	—	—	96,424
387.3 METER TESTING EQUIPMENT	72,671	—	—	—	—	—	—	72,671
Distribution Plant Subtotal*	1,126,261,485	65,714,417	(14,492,574)	(409,868)	117,019	—	—	1,177,190,479

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
General Plant								
389 LAND	437,351	—	—	—	—	—	—	437,351
390 STRUCTURES & IMPROVEMENTS	13,552,391	1,710,376	(175,298)	—	—	—	—	15,087,469
390.1 SOURCE CONTROL PLANT	5,608,472	440,291	—	—	—	—	—	6,048,763
391.1 OFFICE FURNITURE & EQUIPMEN	5,507,768	609,214	(113,981)	—	—	—	—	6,003,001
391.2 COMPUTERS	17,062,836	8,531,962	(2,834,260)	—	—	—	—	22,760,537
391.3 ON SITE BILLING	—	—	—	—	—	—	—	—
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—	—	—
391.5 NMEP COMPUTERS	190,021	308,332	—	—	—	—	—	498,353
392 TRANSPORTATION EQUIPMENT	12,305,413	3,553,476	(1,534,186)	—	350,318	—	—	14,675,021
393 STORES EQUIPMENT	119,406	—	—	—	—	—	—	119,406
394 TOOLS - SHOP & GARAGE EQUIPUI	5,467,726	508,176	—	—	48,130	—	—	6,024,032
395 LABORATORY EQUIPMENT	(12)	(10)	—	—	—	—	—	(22)
396 POWER OPERATED EQUIPMENT	2,667,743	468,775	(204,308)	—	34,185	—	—	2,966,394
397 GEN PLANT-COMMUNICATION EQU	34,159	6,835	—	—	—	—	—	40,994
397.1 MOBILE	216,072	389,295	—	—	—	—	—	605,367
397.2 OTHER THAN MOBILE & TELEMET	(10,423)	(17,469)	—	—	—	—	—	(27,892)
397.3 TELEMETERING - OTHER	440,304	387,682	(44,672)	—	—	—	—	783,315
397.4 TELEMETERING - MICROWAVE	683,381	347,296	(262,701)	—	—	—	—	767,975
397.5 TELEPHONE EQUIPMENT	437,520	33,486	—	—	—	—	—	471,005
398 GEN PLANT-MISCELLANEOUS EQU	—	—	—	—	—	—	—	—
398.1 PRINT SHOP	3,783	(494)	—	—	—	—	—	3,289
398.2 KITCHEN EQUIPMENT	5,948	1,810	—	—	—	—	—	7,758
398.3 JANITORIAL EQUIPMENT	14,873	—	—	—	—	—	—	14,873
398.4 INSTALLED IN LEASED BUILDINGS	10,120	—	—	—	—	—	—	10,120
398.5 OTHER MISCELLANEOUS EQUIPMENT	66,739	—	—	—	—	—	—	66,739
General Plant Subtotal*	64,821,590	17,279,031	(5,169,406)	—	432,632	—	—	77,363,848
Utility Property Grand Total*	1,462,292,026	104,615,004	(25,344,872)	(409,868)	563,202	—	—	1,541,715,491

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
NON UTILITY								
Intangible Plant								
303.1 COMPUTER SOFTWARE	71,122	11,076	—	—	—	—	—	82,198
303.2 CUSTOMER INFORMATION SYSTEM	50,073	6	—	—	—	—	—	50,079
Non Utility Intangible Plant Subtotal*	121,195	11,082	—	—	—	—	—	132,277
Natural Gas Underground Storage								
352 WELLS	4,539,228	274,217	—	—	—	—	—	4,813,445
352.1 STORAGE LEASEHOLD & RIGHTS	257	17	—	—	—	—	—	275
352.2 RESERVOIRS	1,006,245	61,614	—	—	—	—	—	1,067,859
353 LINES	474,185	53,026	—	—	—	—	—	527,211
354 COMPRESSOR STATION EQUIPMENT	4,616,976	247,716	—	—	—	—	—	4,864,691
355 MEASURING / REGULATING EQUIPM	2,328,117	190,893	—	—	—	—	—	2,519,010
357 OTHER EQUIPMENT	14,401	1,373	—	—	—	—	—	15,774
Non Utility Natural Gas Underground Storage Subtotal*	12,979,409	828,855	—	—	—	—	—	13,808,264
Transmission Plant								
368 TRANSMISSION COMPRESSOR	2,718,438	166,050	—	—	—	—	—	2,884,487
Non Utility Transmission Plant Subtotal*	2,718,438	166,050	—	—	—	—	—	2,884,487
Distribution Plant								
376.12 MAINS 4" & >	1,369	(2)	—	—	—	—	—	1,367
Non Utility Distribution Plant Subtotal*	1,369	(2)	—	—	—	—	—	1,367
General Plant								
389 LAND	—	—	—	—	—	—	—	—
390 STRUCTURES & IMPROVEMENTS	44,288	5,526	—	—	—	—	—	49,814
Non Utility General Plant Subtotal*	44,288	5,526	—	—	—	—	—	49,814
Non Utility Other								
121.1 NON-UTIL PROP-DOCK	1,947,067	—	—	—	—	—	—	1,947,067
121.2 NON-UTIL PROP-LAND	—	—	—	—	—	—	—	—
121.3 NON-UTIL PROP-OIL ST	2,277,156	19,727	—	—	—	—	—	2,296,882
121.7 NON-UTIL PROP-APPL CENTER	47,322	4,383	—	—	—	—	—	51,705
121.8 NON-UTIL PROP-STORAGE	(1)	—	—	—	—	—	—	(1)
Non Utility Other*	4,271,543	24,110	—	—	—	—	—	4,295,653
Non Utility Property Grand Total*	20,136,243	1,035,620	—	—	—	—	—	21,171,862

* May not foot due to rounding

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
TOTAL SUMMARY ALL UTILITY DEPRECIATION RESERVES		12/31/2020						
UTILITY								
108002	(10,055,331)							
108003	(27,436)							
108004	573,094							
108005	(101,562)							
108009	(2,689,670)							
108010	(61,899,448)							
108011	1,166,724,302							
108012	18,964,818							
108013	(4,269,790)							
108014	(1,094,551)							
108015	3,495,279							
108016	5,214,186							
108018	455,690							
108019	—							
108100	—							
108102	425,266,253							
108103	1,159,655							
SUBTOTAL*								<u><u>1,541,715,491</u></u>
ADD:								
108001 REMOVAL WORK IN PROCESS				(52,396,593)				
108600 ROU UTIL LEAS ACC DE				8,415,272				
108601 FIN UTIL LEA ACC DEP				28,977				
108666 COST OF REMOVAL				—				
TOTAL UTILITY DEPRECIATION*								<u><u>1,497,763,147</u></u>
TOTAL SUMMARY ALL NON-UTILITY RESERVES DEPRECIATION								
NON UTILITY								
122002	(112,420)							
122026	1,034							
122027	4,476,242							
122028	16,036,830							
122029	(764,395)							
122100	—							
122102	1,534,572							
TOTAL NON UTILITY DEPRECIATION*								<u><u>21,171,862</u></u>

* May not foot due to rounding

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g) and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line	Description	Base Gas (Account 117.1 - 117.8)	System Balancing (Account)	Non Current (Account)	Account	Current Underground (Account 164.21 - 164.23)	LNG (Account 164.21 - 164.23)	LNG (Account 164.35, 164.36)	Total
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Balance at Beginning of Year	\$25,409,543	—	—	—	\$ 24,753,544	\$ 2,713,986	—	\$ 52,877,073
2	Gas Delivered to Storage	\$ —	—	—	—	\$ 12,891,595	\$ 1,571,114	—	\$ 14,462,709
3	Gas Withdrawn from Storage	\$ 19,393	—	—	—	\$ 15,929,033	\$ 1,285,142	—	\$ 17,233,568
4	Other Debits and Credits	\$ —	—	—	—	\$ —	\$ —	—	\$ —
5	Balance at End of Year	\$25,390,150	\$ —	\$ —	\$ —	\$ 21,716,106	\$ 2,999,958	\$ —	\$ 50,106,214
6	Dekatherms	9,063,998	—	—	—	9,768,371	1,302,749	—	20,135,118
7	Amount Per Dekatherm	\$ 2.80	\$ —	\$ —	\$ —	\$ 2.22	\$ 2.30	\$ —	\$ 2.49

Footnotes:

1. Independent engineering studies are the basis for separation between noncurrent and current inventory.
2. See Notes to Consolidated Financial Statements for method used to report inventories of gas in storage (page 122-A).

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

INVESTMENTS (Accounts 123, 124, 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

- (a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
- (b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Include advances subject to current repayment in account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.) (c)	Purchases or Additions During the Year (d)
		(b)		
1	Account 123 Investments in Associated Companies		None	None
2				
3	Account 124 Other Investments - Investment in Life Insurance ⁽¹⁾		49,836,949	1,281,432
4				—
5	Account 136 Temporary Cash Investments			
6	Marketable Securities		—	728,201,177
7	Oregon Low Income Gas Assistance (OLGA) Investment Account		952,475	2,956,498
8	Oregon Low Income Energy Efficiency (OLIEE) Investment Account		1,721,430	4,300,657
9	Smart Energy Environmental Program Investment Account		314,130	3,409,229
10	Total Account 136 Temporary Cash Investments		2,988,035	738,867,561
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

⁽¹⁾ Purchases and additions represent the change in cash surrender value not additional purchases of life insurance policies.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

INVESTMENTS (Accounts 123, 124, 136) (continued)

List each note giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)	Line No.
					1
					2
1,877,047	49,241,333	49,241,333	—	520,295	3
					4
					5
728,201,177	—	—	189,390	—	6
2,670,800	1,238,173	1,238,173		—	7
2,307,341	3,714,746	3,714,746	—	—	8
3,389,859	333,500	333,500	—	—	9
736,569,177	5,286,419	5,286,419	189,390	—	10
				—	11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)

- Report below investments in Accounts 123.1, Investments in Subsidiary Companies.
- Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
 - Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
 - Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Northwest Energy Corporation ⁽¹⁾ - (Holding Company)	11/1/2001		88,130,262
2	NW Natural RNG Holding Company, LLC - (Holding Company)	11/4/2020		—
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	TOTAL Cost of Account 123.1		TOTAL	88,130,262

⁽¹⁾ Earnings for Year for NWN Gas Reserves, a wholly-owned subsidiary of Northwest Energy Corporation, is included in Cost of Gas within Operation Expenses and is therefore excluded from Equity in Subsidiary Earnings for Year.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. Designate in a footnote any securities, notes, or accounts that were pledged and purpose of pledge.
5. If commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1

Equity in Subsidiary Earnings for Year	Additional Investment for Year	Amount of Investment at End of Year	Gain or Loss from Investment Disposed of	Line
(e)	(f)	(g)	(h)	No.
(11,753,030)	(2,425,000)	73,952,232	—	1
—	2,681,912	2,681,912		2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
(11,753,030)	256,912	76,634,144	—	30

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Prepayments (acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Taxes	13,404,211
2	Prepaid Rents	469,337
3	Prepaid Insurance	3,922,539
4	Miscellaneous Prepayments	9,149,246
5		
6		
7	TOTAL	26,945,333

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total amount of loss (c)	Losses Recognized During Year (d)	Written off During Year Account charged (e)	Written off During Year Amount (f)	Balance at End of Year (g)
8	None	—	—	—	—	—	—
9							
10							
11							
12							
13							
14							
15							
16	Total						—

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (Account 182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year (b)	Total amount of loss (c)	Losses Recognized During Year (d)	Written off During Year Account charged (e)	Written off During Year Amount (f)	Balance at End of Year (g)
17	None	—	—	—	—	—	—
18							
19							
20							
21							
22							
23							
24							
25	Total						—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

OTHER REGULATORY ASSETS (ACCOUNT 182.3)

- 1.Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2.For regulatory assets being amortized, show period of amortization in column (a).
3.Minor items (5% of the Balance at End of Year for account 182.3 or amounts less than \$250,000, whichever is less) may be grouped
4.Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Year (b)	Debit (Credit) (c)	Written off During Period Account charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Year (g)
1	Deferred Income Taxes - Utility Plant	16,848,533	—	283	2,208,426	—	14,640,107
2	AFUDC Equity Deferred Taxes	2,533,151	—	283	69,471	—	2,463,680
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Total	19,381,684	—		2,277,897	—	17,103,787

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1	Pension and Other Retirement Benefits	173,261,991	16,350,195		18,800,060	170,812,126
2	Pension Deferral	55,382,141	2,263,100		7,131,060	50,514,181
3	Environmental - Accrued Future Liability	136,021,872	116,504,754		132,004,337	120,522,289
4	Environmental - Deferred Expenditures and 3rd Party Proceeds	(42,117,281)	94,512		(18,046,774)	(23,975,995)
5	Environmental - Deferred Expenditures and 3rd Party Proceeds	(1,518,781)	19,306,258		18,717,932	(930,455)
6	Deferred Derivative Activity	2,608,418	19,225,164		14,784,310	7,049,272
7	Leasehold Improvements Amortized Over Remaining Life	31,427,951	12,848,381		7,843,236	36,433,096
8	Unbilled Revenue - Amortizations	(1,928,151)	13,486,730		10,514,073	1,044,506
9	OR - Decoupling	(9,240,827)	23,798,058		26,677,018	(12,119,787)
10	OR - Deferred Industrial DSM	4,162,363	8,061,401		6,517,470	5,706,294
11	OR - WARM	(553,277)	3,846,906		2,081,288	1,212,341
12	OR - Pension Withdrawal	5,801,461	11,590		329,219	5,483,832
13	WA - Pension Withdrawal	669,772	1,338		38,008	633,102
14	WA - Energy Efficiency	4,731,816	4,287,281		5,453,071	3,566,026
15	WA - Low Income	281,885	790,381		675,120	397,146
16	OR Corporate Activity Tax (CAT)	—	10,546,683		4,551,011	5,995,672
17	OR COVID Deferred Costs, Revenues & Cost Savings	—	7,410,283		1,782,406	5,627,877
18	WA COVID Deferred Costs, Revenues & Cost Savings	—	734,373		229,244	505,129
19	OR COVID Late Fee - Reserve ⁽¹⁾	—	—		1,254,487	(1,254,487)
20	WA COVID Late Fee - Reserve ⁽¹⁾	—	—		57,728	(57,728)
21	OR Hood River Service Restoration	—	593,560		41,157	552,403
22	Other	699,494	5,692,042		5,643,825	747,711
23						
24						
25						
26						
27						
28						
29						
30	Total	359,690,847	265,852,990		247,079,286	378,464,551

(1) Reserve account represents a contra asset to the deferred late fees included within the COVID Deferral accounts. Accounting rules do not allow us to recognize the deferred forgone late fees until the Commissions approve amortization of the deferrals in customer rates.

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (specify), include deferrals relating to other income and deductions.
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas	—	—	—
4				
5	Total (Total of lines 2 thru 4)	—	—	—
6				
7	TOTAL Account 190 (Total of lines 5 thru 6)	—	—	—
8	Classification of TOTAL			
9	Federal Income Tax	—	—	—
10	State Income Tax	—	—	—
11	Local Income Tax	—	—	—

See FERC Annual Report pages 276-277

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Accumulated Deferred Income Taxes (Account 190) (Continued)

Changes During Year Amounts Debited to Account 410.2 (e)	Changes During Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Account No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
—	—	—	—	—	—	—	3
							4
—	—	—	—	—	—	—	5
							6
—	—	—	—	—	—	—	7
							8
—	—	—	—	—	—	—	9
—	—	—	—	—	—	—	10
—	—	—	—	—	—	—	11

See FERC Annual Report pages 276-277

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CAPITAL STOCK (Account 201 and 204)

1. Report below the detail called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par of Stated Value per Share (c)	Call Price at End of Year (d)
1	Common Stock	100,000,000	N/A	
2	Preferred Stock (unissued and undesignated)	3,500,000	N/A	
3	Limited Voting Junior Preferred Stock ⁽¹⁾	1	1	
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

(1) NW Natural has authorized, issued and outstanding, one share of Limited Voting Preferred Stock (Golden Share), \$1 par value, held by GSS Holdings (NWN), Inc. As specified in OPUC Order 17-526, NW Natural is not entitled to file a voluntary petition for bankruptcy unless approved by the holder of the Golden Share, which must be an independent party. Except as provided in NW Natural's Amended and Restated Articles of Incorporation or as otherwise provided by law, the holder of the Junior Preferred Stock has no voting rights for any other purpose. The Golden Share is not entitled to receive or participate in dividends. The Golden Share is entitled in preference to the Common Stock, upon dissolution, liquidation or winding up of the Company, to payment of up to \$100 out of the net assets of the Company, and may be redeemed by the Company, at its election expressed by resolution of the Board of Directors and subject to the consent of the Commission, for \$100.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CAPITAL STOCK (Accounts 201 and 204) (Continued)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Outstanding per Bal. Sheet (total amount outstanding without reduction for amts held by respondent) Shares (e)	Outstanding Per Bal. Sheet Amount (f)	Held by Respondent as Reacquired Stock (Acct 217) Shares (g)	Held by Respondent as Reacquired Stock (Acct 217) Cost (h)	Held by Respondent in Sinking and Other Funds Shares (i)	Held by Respondent in Sinking and Other Funds Amount (j)	Line No.
100	228,868,408					1
—	—					2
1	1					3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202, 203, 205, 206, 207 and 212)

- Show for each of the above accounts the amounts applying to each class and series of capital stock.
- For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
- Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.
- For Premium on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Account 202 - Common Stock Subscribed			None
2	Account 205 - Preferred Stock Subscribed			None
3	Account 203 and 206 - Capital Stock Liability for Conversion			None
4	Account 207 - Premium on Capital Stock:			None
5	Account 212 - Installments Received on Capital Stock			—
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	Total			—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

OTHER PAID IN CAPITAL (Accounts 208 - 211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

- a) Donations Received from Stockholders (Account 208) - State amount and give briefly explain the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and give briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 - Donations Received from Stockholders	NONE
2	Account 209 - Reduction in Par or Stated Value of Capital Stock	NONE
3	Account 210 - Gain on Resale or Cancellation of Reacquired Capital Stock	
4	Balance At Beginning of Year	1,649,864
5	Credit:	—
6	Debit:	—
7	Balance at End of Year	1,649,864
8	Account 211 - Miscellaneous Paid-In Capital	
9	Balance at Beginning of Year	93,156,971
10	Credit:	(51,579)
11	Debit:	
12	Balance at End of Year	93,105,392
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Total	94,755,256

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	N/A	—
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
TOTAL		—

CAPITAL STOCK EXPENSE (ACCOUNT 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
15	Capital Stock Expense (Note 1)	4,118,163
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
TOTAL		4,118,163

Note 1: Capital Stock Expense balance is associated with common stock issuances that occurred prior to the holding company reorganization that became effective October 1, 2018.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.
2. Provide details showing the full accounting for the total principal amounts, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Class of Security	Underwriter of Payee	Date	Stated or Par Value per Share	Number of Shares	Principal Amount or Par Value
<u>Debt Securities Issued</u>					
Secured Medium Term Notes		3/31/2020			150,000,000
			Total Debt Issued		<u>150,000,000</u>
<u>Debt Securities Retired</u>					
Secured Medium Term Notes		2/1/2020			75,000,000
			Total Debt Retired		<u>75,000,000</u>
<u>Common Stock</u>					
NONE					

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

LONG-TERM DEBT (Account 221, 222, 223, and 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1	Account 221			
2	First Mortgage Bonds			
3				
4	5.370 % Series B	3/25/2009	2/1/2020	—
5	9.050 % Series A	8/13/1991	8/13/2021	10,000,000
6	3.176 % Series B	9/12/2011	9/15/2021	50,000,000
7	3.542 % Series B	8/19/2013	8/19/2023	50,000,000
8	5.620 % Series B	11/21/2003	11/21/2023	40,000,000
9	7.720 % Series B	9/6/2000	9/1/2025	20,000,000
10	6.520 % Series B	12/1/1995	12/1/2025	10,000,000
11	7.050 % Series B	10/15/1996	10/15/2026	20,000,000
12	3.211 % Series B	12/5/2016	12/5/2026	35,000,000
13	7.000 % Series B	5/20/1997	5/21/2027	20,000,000
14	2.822 % Series B	9/13/2017	9/13/2027	25,000,000
15	6.650 % Series B	11/10/1997	11/10/2027	19,700,000
16	6.650 % Series B	6/1/1998	6/1/2028	10,000,000
17	3.141 % Series B	6/17/2019	6/15/2029	50,000,000
18	7.740 % Series B	8/29/2000	8/29/2030	20,000,000
19	7.850 % Series B	9/6/2000	9/1/2030	10,000,000
20	5.820 % Series B	9/24/2002	9/24/2032	30,000,000
21	5.660 % Series B	2/25/2003	2/25/2033	40,000,000
22	5.250 % Series B	6/21/2005	6/21/2035	10,000,000
23	4.000 % Series B	10/30/2012	10/31/2042	50,000,000
24	4.136 % Series B	12/5/2016	12/5/2046	40,000,000
25	3.685 % Series B	9/13/2017	9/13/2047	75,000,000
26	4.110 % Series B	9/10/2018	9/10/2048	50,000,000
27	3.869 % Series B	6/17/2019	6/15/2049	90,000,000
28	3.600 % Series B	3/31/2020	3/15/2050	150,000,000
29				
30			Total First Mortgage Bonds	924,700,000
31	Account 239			
32	Less: Debt due within one year			(60,000,000)
33	Accounts 222 and 223			
34	None			—
35	Account 224			
36	None			—
37				
38				
39				
40	TOTAL			864,700,000

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Interest for Year Rate in (%) (e)	Interest for Year Amount (f)	Held by Respondent Reacquired Bonds (Acct. 222) (g)	Held by Respondent Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year (i)	Line No.
					1
					2
					3
5.370 %	335,625			N/A	4
9.050 %	905,000			N/A	5
3.176 %	1,588,000			N/A	6
3.542 %	1,771,000			N/A	7
5.620 %	2,248,000			N/A	8
7.720 %	1,544,000			N/A	9
6.520 %	652,000			N/A	10
7.050 %	1,410,000			N/A	11
3.211 %	1,123,850			N/A	12
7.000 %	1,400,000			N/A	13
2.822 %	705,500			N/A	14
6.650 %	1,310,050			N/A	15
6.650 %	665,000			N/A	16
3.141 %	1,570,500			N/A	17
7.740 %	1,548,000			N/A	18
7.850 %	785,000			N/A	19
5.820 %	1,746,000			N/A	20
5.660 %	2,264,000			N/A	21
5.250 %	525,000			N/A	22
4.000 %	2,000,000			N/A	23
4.136 %	1,654,400			N/A	24
3.685 %	2,763,750			N/A	25
4.110 %	2,055,000			N/A	26
3.869 %	3,482,100			N/A	27
3.600 %	4,050,000			N/A	28
				N/A	29
	40,101,775				30
					31
	—				32
					33
	—				34
					35
	—				36
					37
					38
					39
	40,101,775				40

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period	
				Date From (d)	Date to (e)
1	Account 181				
2					
3	5.370% ⁽⁶⁾	75,000,000	10,394,058	3/25/2009	2/1/2020
4	9.050 %	10,000,000	40,333	8/13/1991	8/13/2021
5	3.176 %	50,000,000	292,655	9/12/2011	9/15/2021
6	3.542 %	50,000,000	325,679	8/19/2013	8/19/2023
7	5.620% ⁽⁵⁾	40,000,000	2,952,850	11/21/2003	11/21/2023
8	7.720% ⁽³⁾	20,000,000	1,136,261	9/6/2000	9/1/2025
9	6.520 %	10,000,000	27,646	12/1/1995	12/1/2025
10	7.050 %	20,000,000	50,940	10/15/1996	10/15/2026
11	3.211 %	35,000,000	288,003	12/5/2016	12/5/2026
12	7.000 %	20,000,000	28,906	5/20/1997	5/21/2027
13	2.822 %	25,000,000	159,885	9/13/2017	9/13/2027
14	6.650% ⁽¹⁾	19,700,000	37,800	11/10/1997	11/10/2027
15	6.650 %	10,000,000	23,300	6/1/1998	6/1/2028
16	3.141%	50,000,000	255,252	6/17/2019	6/15/2029
17	7.740% ⁽²⁾	20,000,000	1,354,914	8/29/2000	8/29/2030
18	7.850% ⁽⁴⁾	10,000,000	678,107	9/6/2000	9/1/2030
19	5.820 %	30,000,000	165,382	9/24/2002	9/24/2032
20	5.660 %	40,000,000	56,663	2/25/2003	2/25/2033
21	5.250 %	10,000,000	22,974	6/21/2005	6/21/2035
22	4.000 %	50,000,000	235,479	10/30/2012	10/31/2042
23	4.136 %	40,000,000	307,712	12/5/2016	12/5/2046
24	3.685 %	75,000,000	367,946	9/13/2017	9/13/2047
25	4.110 %	50,000,000	174,695	9/10/2018	9/10/2048
26	3.869 %	90,000,000	415,358	6/17/2019	6/15/2049
27	3.600 %	150,000,000	694,452	3/31/2020	3/15/2050
28					
29	Shelf Registration Expense	—	—	N/A	N/A
30	Line of Credit	—	—	N/A	N/A
31	Accounts 225 and 226				
32	None	—	—	N/A	N/A
33	TOTAL	999,700,000	20,487,250		

1) In November 2009 one investor exercised its right under a one-time put option to redeem \$0.3 million of the \$20 million outstanding. This one-time put option has now expired, and the remaining \$19.7 million remaining principal outstanding is expected to be redeemed at maturity in November 2027.

2) Includes \$992,143 premium, \$178,966 unamortized costs on early redemption of 9.75% series bonds, and \$148,605 unamortized costs on early redemption of 15.375% series bonds allocated to the 7.74% series.

3) Includes \$826,786 premium, \$149,139 unamortized costs on early redemption of 9.75% series bonds, and \$123,837 unamortized costs on early redemption of 15.375% series bonds allocated to the 7.72% series.

4) Includes \$496,071 premium, \$89,483 unamortized costs on early redemption of 9.75% series bonds, and \$74,302 unamortized costs on early redemption of 15.375% series bonds allocated to the 7.85% series.

5) Includes \$150,000 premium and \$405,971 unamortized costs on early redemption of 7.50% series bonds, \$413,600 premium and \$1,116,479 unamortized costs on early redemption of 7.52% series bonds and \$730,000 premium and \$136,800 unamortized costs on early redemption of 7.25% series bonds allocated to 5.62% series.

6) Includes \$10,096,000 costs paid on interest rate hedge loss and \$298,058 unamortized costs on shelf registration, allocated to 5.37% series.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226) (Continued)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Balance at Beginning of Year (f)	Debits during the Year (g)	Credits During the Year (h)	Balance at End of Year (i)	Line No.
				1
				2
93,474	—	93,474	—	3
6,144	—	3,792	2,352	4
101,943	—	59,700	42,243	5
231,916	—	63,792	168,124	6
72,816	—	18,720	54,096	7
42,296	—	7,464	34,832	8
17,750	—	3,000	14,750	9
39,853	—	5,868	33,985	10
351,221	—	50,700	300,521	11
38,076	—	5,148	32,928	12
239,061	—	31,044	208,017	13
42,504	—	5,412	37,092	14
27,573	—	3,276	24,297	15
537,888	228	56,923	481,193	16
65,326	—	6,132	59,194	17
33,152	—	3,108	30,044	18
165,989	—	13,032	152,957	19
156,562	—	11,904	144,658	20
50,336	—	3,252	47,084	21
407,438	—	17,844	389,594	22
545,559	1,064	20,256	526,367	23
860,747	—	31,068	829,679	24
299,439	—	10,428	289,011	25
1,071,721	410	36,392	1,035,739	26
—	2,433,245	60,606	2,372,639	27
				28
213,654	162,840	208,529	167,965	29
1,018,773	—	270,489	748,284	30
				31
—	—	—	—	32
6,731,211	2,597,787	1,101,353	8,227,645	33

Total above	1,101,353
Less Shelf Registration Expense	(208,529)
Less LOC amortized to interest expense	(270,489)
Amortization Expense per FERC 428	<u>622,335</u>

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

- Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
- In column (c) show the principal amount of bonds or other long-term debt reacquired.
- In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.
- Show loss amounts by enclosing the figures in parentheses.
- Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Account 189					
2	First Mortgage Bonds					
3	9.75% ⁽¹⁾	9/29/2000	50,000,000	(3,079,332)	953,160	843,180
4	7.52% ⁽²⁾	7/1/2003	11,000,000	(1,530,079)	293,250	216,750
5	7.50% ⁽³⁾	7/1/2003	4,000,000	(555,971)	106,582	78,778
6	7.25%	8/18/2003	20,000,000	(866,800)	166,152	122,808
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL				1,519,144	1,261,516

(1) Includes \$2,732,588 loss on debt reacquired in 2000 and \$346,744 unamortized loss allocated from the 15.375% Guaranteed Notes.

(2) Includes \$489,200 loss on debt reacquired in 2003 and \$1,040,879 unamortized loss allocated from the 9.38% Bonds.

(3) Includes \$177,360 loss on debt reacquired in 2003 and \$378,611 unamortized loss allocated from the 9.38% Bonds.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing federal income tax accruals
2. If the utility is a member of a group that files a consolidated federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return.

Line No.	Details (a)	Amount (b)
1	Net Income For The Year Per (Page 116)	69,522,964
2	Reconciling Items for the Year	
3	Taxable Income Not Reported on Books	
4	Contributions In Aid Of Construction	3,717,068
5	TOTAL	3,717,068
6	Deductions Recorded On Books Not Deducted for Return	
7	Accrued Vacation	110,351
8	SEC Regulatory Interest	1,039,652
9	Bad Debt Reserve	2,435,259
10	AFUDC Equity	192,962
11	Bond Redemption Loss Amortization	257,628
12	Deferred Fees	218,143
13	Meals and Meetings	338,831
14	Parking and Transit	506,245
15	Employee Stock Purchase Plan	26,224
16	Deferred Payroll Tax	4,709,348
17	Gas Reserves	17,515,713
18	Regulatory Revenue & Cost Adjustments	2,695,423
19	Micellaneous	1,040,009
20	Federal Tax Provision	11,434,224
21	State Tax Provision	7,365,472
22	TOTAL	49,885,484
23	Income Recorded on Books Not Included in Return	
24	Equity Component Of AFUDC Capitalized For Book	—
25	Regulatory Revenue & Cost Adjustments	—
26	TOTAL	—
27	Deductions on Return Not Charged Against Book Income	
28	Excess Of Tax Over Book Depreciation	(16,997,541)
29	Pension	(12,350,658)
30	Deferred Compensation	(22,797)
31	Depletion	(650,423)
32	Equity Compensation	(128,301)
33	Prepaid Insurance	(360,407)
34	Property Taxes	(1,237,095)
35	Dividends Paid On Allocated Shares Held By An ESOP	(596,277)
36	Removal Costs	(11,499,819)
35	Uniform Inventory Capitalization	(648,646)
37	Environmental	(18,729,612)
38	Other Non-Utility Earnings	(7,405,528)
39	TOTAL	(70,627,104)
40	Federal Tax Net Income	52,498,412
41	Show Computation of Tax:	
42	State Tax	(4,713,075)
43	Federal Tax Net Income, less state tax	47,785,337
44	Federal Tax @ 21%	10,034,921
45	Research and Development Credit	(93,260)
46	Other Credits	(274,422)
47	Prior Years' True-Ups and Miscellaneous Adjustments	43,563
48	Total Federal Tax Expense	9,710,802

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR, DISTRIBUTION OF TAXES CHARGED
(Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (a)	Balance at Beg. of Year Taxes Accrued (Account 236) (b)	Balance at Beg. of Year Prepaid Taxes (Incl. in Account 165) (c)
1	FEDERAL:		
2	Income Tax (2019)	1,170,037	—
3	Income Tax (2020)	—	—
4	Payroll Tax (2019)	1,620,677	—
5	Payroll Tax (2020)	—	
6	Pipeline Safety User Fee (2020)	—	—
7	TOTAL FEDERAL	2,790,714	—
8	STATE OF OREGON:		
9	Excise Tax (2019)	138,752	—
10	Excise Tax (2020)	—	—
11	Corporate Activity Tax (2020)	—	—
12	Payroll Tax (2019)	189,266	—
13	Payroll Tax (2020)	—	—
14	Property Tax (2019-2020)	—	12,053,470
15	Property Tax (2020-2021)	—	—
16	Regulatory Commission Fee (2020)	—	—
17	Oregon Department of Energy (2020)	—	—
18	TOTAL OREGON	328,018	12,053,470
19	STATE OF WASHINGTON:		
20	Excise Tax (2020)	—	—
21	Payroll Tax (2019)	120	—
22	Payroll Tax (2020)	—	—
23	Property Tax (2019)	1,647,458	—
24	Property Tax (2020)	—	—
25	Regulatory Commission Fee (2020)	—	—
26	Public Utility Tax (2019)	399,122	—
27	Public Utility Tax (2020)	—	—
28	TOTAL WASHINGTON	2,046,700	—
29	COUNTY & MUNICIPAL:		
30	Income Tax (2019)	(57,065)	—
31	Income Tax (2020)	—	—
32	Franchise Fees	7,860,605	—
33	TOTAL COUNTY & MUNICIPAL	7,803,540	—
34	TOTAL	12,968,972	12,053,470

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR, DISTRIBUTION OF TAXES CHARGED
(Show utility dept where applicable and acct charged) (Continued)**

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll
8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate

Taxes Charged During the Year (d)	Taxes Paid During the Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Taxes Prepaid (Account 165) (h)	Line No.
					1
(1,122,086)	(1,208,800)	—	(1,160,849)	—	2
12,214,257	(2,828,989)	—	9,385,268	—	3
—	(1,620,677)	—	—	—	4
8,706,398	(2,605,245)	—	6,101,153	—	5
234,610	(234,610)	—	—	—	6
20,033,179	(8,498,321)	—	14,325,572	—	7
					8
(386,142)	(164,138)	—	(411,528)	—	9
4,232,768	(1,012,922)	—	3,219,846	—	10
3,167,188	(782,708)	—	2,384,480	—	11
—	(189,266)	—	—	—	12
1,402,088	(1,199,388)	—	202,700	—	13
11,975,102	78,368	—	—	—	14
13,404,212	(26,808,423)	—	—	13,404,211	15
1,920,623	(1,920,623)	—	—	—	16
729,964	(729,964)	—	—	—	17
36,445,803	(32,729,064)	—	5,395,498	13,404,211	18
					19
179,945	(179,945)	—	—	—	20
—	(120)	—	—	—	21
2,968	(2,843)	—	125	—	22
(62,793)	(1,584,665)	—	—	—	23
1,761,105	—	—	1,761,105	—	24
135,481	(135,481)	—	—	—	25
—	(399,122)	—	—	—	26
3,006,991	(2,469,183)	—	537,808	—	27
5,023,697	(4,771,359)	—	2,299,038	—	28
					29
(49,942)	(30,000)	137,007	—	—	30
5,000	(110,000)	(137,007)	(242,007)	—	31
14,810,204	(15,184,739)	—	7,486,070	—	32
14,765,262	(15,324,739)	—	7,244,063	—	33
76,267,941	(61,323,483)	—	29,264,171	13,404,211	34

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR, DISTRIBUTION OF TAXES CHARGED
(Show utility dept where applicable and acct charged) (Continued)**

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2	—	(1,131,923)		9,837
3	—	10,842,725		1,371,532
4	—			
5	—	5,380,538		
6	—	234,610		
7	—	15,325,950	—	1,381,369
8	—	—	—	—
9	—	(389,629)		3,487
10	—	3,764,281		468,487
11		1,338,423		172,325
12	—			
13	—	871,372		
14	—	10,752,724		338,695
15	—	12,412,084		344,687
16	—	1,920,623		
17		729,964		
18	—	31,399,842	—	1,327,681
19				
20	—	66,554	—	—
21	—		—	—
22	—	1,845	—	—
23	—	(62,793)	—	—
24	—	1,690,871	—	—
25	—	135,481	—	—
26	—		—	—
27	—	3,006,991	—	—
28	—	4,838,949	—	—
29				
30	—	(19,163)	—	—
31	—	(305,962)	—	—
32	—	14,790,823	—	—
33	—	14,465,698	—	—
34	—	66,030,439	—	2,709,050

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR, DISTRIBUTION OF TAXES CHARGED
(Show utility dept where applicable and acct charged) (Continued)**

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)	Line No.
					1
—	—	—	—	—	2
—	—	—	—	—	3
—	—	—	—	—	4
—	—	—	3,325,860	—	5
—	—	—	—	—	6
—	—	—	3,325,860	—	7
—	—	—	—	—	8
—	—	—	—	—	9
—	—	—	—	—	10
—	—	—	1,656,440	—	11
—	—	—	—	—	12
—	—	—	530,716	—	13
—	—	—	883,683	—	14
—	—	—	647,441	—	15
—	—	—	—	—	16
—	—	—	—	—	17
—	—	—	3,718,280	—	18
—	—	—	—	—	19
—	—	—	113,391	—	20
—	—	—	—	—	21
—	—	—	1,123	—	22
—	—	—	—	—	23
—	—	—	70,234	—	24
—	—	—	—	—	25
—	—	—	—	—	26
—	—	—	—	—	27
—	—	—	184,748	—	28
—	—	—	—	—	29
—	—	—	(30,779)	—	30
—	—	—	310,962	—	31
—	—	—	19,381	—	32
—	—	—	299,564	—	33
—	—	—	7,528,452	—	34

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Environmental Liabilities - Current Portion	28,241,427
2	Public Purpose	7,270,031
3	OLGA Surcharge	1,628,841
4	Workers Compensation Claims - Current Portion	599,032
5	Smart Energy	498,179
6	Deferred Revenue - Appliance Center	564,251
7	Western States Pension - Current Portion	367,227
8	Other items, each less than \$250,000	202,996
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Total	39,371,984

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes

Line No.	Description of OTher Deferred Credits (a)	Balance at The Beginning of the Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Western States Pension Plan	6,116,933	—	367,228	—	5,749,705
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Total	6,116,933		367,228	—	5,749,705

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. For Other (Specify), included deferrals related to other income and deductions.

Line No.	Account Subdivisions	Balance at Beginning of Year	Changes During Year Amounts Debited to Account 410.1	Changes During Year Amounts Credited to Account 411.1
	(a)	(b)	(c)	(d)
1	Account 283			
2	Electric	—	—	—
3	Gas	—	—	—
4	Property Related	311,084,040	13,668,493	5,204,780
5	Regulatory Assets	20,235,427	7,013,995	7,727,572
6	Regulatory Liabilities	(54,258,986)	3,237,103	8,494,255
7	Other	34,834,969	9,048,650	7,165,815
8	Total (Total of lines 3 thru 7)	311,895,450	32,968,241	28,592,422
9	Other - Non-Operating	8,535,051	—	—
10	Other Comprehensive Income	(3,852,666)	—	—
11	TOTAL Account 283 (Total of lines 8 thru 10)	316,577,835	32,968,241	28,592,422
12	Classification of TOTAL			
13	Federal Income Tax	226,350,870	25,170,346	23,446,925
14	State Income Tax	90,226,965	7,797,895	5,145,497
15	Local Income Tax	—	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Changes During Year Amounts Debited to Account 410.2 (e)	Changes During Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Account No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)	Line No.
							1
—	—		—		—	—	2
—	—		—		—	—	3
—	—	—	—	283	205,555	319,753,308	4
(374,334)		186,283	2,721,482		—	16,426,034	5
—	—		—	254	7,150,037	(52,366,101)	6
—	—		—	283	5,387,241	42,105,045	7
(374,334)	—		2,721,482		12,742,833	325,918,286	8
280,560	10,502	283	205,555		—	8,599,554	9
—	—	218	780,923		—	(4,633,589)	10
(93,774)	10,502		3,707,960		12,742,833	329,884,251	11
							12
(71,008)	8,153		3,333,677		11,279,070	235,940,523	13
(22,766)	2,349		374,283		1,463,763	93,943,728	14
—	—		—		—	—	15

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g Commission Order, state commission order, court decision).

Line No.	Description of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	Debits (c)	Credits (d)	Balance at End of Year (e)
1	Storage Margin Share - Oregon (OPUC Advice 00-4 and later OPUC Advice 03-6)	17,130,008	20,952,603	14,169,928	10,347,333
2	Storage Margin Share - Washington (UG 298)	1,643,319	1,643,319	1,181,567	1,181,567
3	Deferred Derivative Unrealized Gains	9,868,484	96,261,748	106,105,243	19,711,979
4	Benefits from the 2017 Tax Cuts and Jobs Act	206,653,831	14,794,591	5,910,694	197,769,934
5	North Mist Construction Overhead Regulatory Liability - Oregon (UM 1913)	1,056,576	1,069,869	13,293	—
6	Gain on Sale of Property - Oregon (UP 400)	—	8,343,221	11,145,890	2,802,669
7	Gain on Sale of Property - Washington (UG-190457)	—	—	837,953	837,953
8	Revenue Requirement True-up for EDIT Amortization - Oregon (UG 388)	—	191,920	1,043,457	851,537
9	Other	559,879	1,333,586	893,134	119,427
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30	Total	236,912,097	144,590,857	141,301,159	233,622,399

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480 - 495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATING REVENUES (Account 400) (Continued)

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Other Revenues Amount for Current Year (f)	Other Revenues Amount for Previous Year (g)	Total Operating Revenues Amount for Current Year (h)	Total Operating Revenues Amount for Previous Year (i)	Dekatherm of Natural Gas Amount for Current Year (j)	Dekatherm of Natural Gas Amount for Previous Year (k)	Line No.
442,933,967	430,902,294	442,933,967	430,902,294	43,522,626	45,723,708	1
227,845,267	248,547,943	227,845,267	248,547,943	32,497,809	36,117,293	2
—	—	—	—	—	—	3
—	—	—	—	—	—	4
—	—	—	—	—	—	5
—	—	—	—			6
2,106,614	2,076,088	2,106,614	2,076,088			7
708,382	1,318,010	708,382	1,318,010			8
—	—	—	—	—	—	9
—	—	—	—	—	—	10
19,921,966	22,513,550	19,921,966	22,513,550	38,269,244	39,674,360	11
19,465,512	11,820,609	19,465,512	11,820,609	3,784,916	3,374,615	12
—	—	—	—			13
—	—	—	—			14
—	—	—	—			15
88,456	171,374	88,456	171,374			16
—	—	—	—			17
16,797,447	(9,377,080)	16,797,447	(9,377,080)			18
729,867,611	707,972,788	729,867,611	707,972,788			19
—	—	—	—			20
729,867,611	707,972,788	729,867,611	707,972,788			21

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

REVENUES FROM STORING GAS OF OTHERS (Account 489.4)

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308
3. Other revenues in columns (f) and (g) include reservation charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).
4. Dth of gas withdrawn from storage must not be adjusted for discounting.
5. Where transportation services are bundled with storage services, report on Dth withdrawn from storage.

Line No.	Rate Schedule (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Dekatherm of Natural Gas	Dekatherm of Natural Gas
		Amount for Current Year (b)	Amount for Prior Year (c)	Amount for Current Year (d)	Amount for Prior Year (e)
1	Rate Schedule 90 - Firm Storage Service with No-notice withdrawal*	19,465,512	11,820,609	3,784,916	3,374,615
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14	TOTAL	19,465,512	11,820,609	3,784,916	3,374,615

* Note: The amount in column (b) represents the fixed revenues for Rate Schedule 90 for the North Mist gas storage expansion project.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

OTHER GAS REVENUES (ACCOUNT 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (b)
1	Decoupling	(5,017,292)
2	Decoupling Amortization	3,031,137
3	Interstate Storage Credit	16,970,280
4	Intervenor Funding Amortization	(298,706)
5	Oregon Amortizations	(1,331,887)
6	Oregon Revenue Requirement True Up	(569,581)
7	Unbilled Revenue	4,635,406
8	WARM Amortizations	224,391
9	WARM Deferrals	1,509,149
10	Washington Amortizations	130,210
11	Washington Energy Efficiency Deferrals	(2,522,817)
12	Washington Great Program	(283,016)
13	Other (Misc Gas Revenues - 2 items)	320,173
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Total	16,797,447

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	N/A	N/A
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	—	—
8	751 Production Maps and Records	—	—
9	752 Gas Wells Expenses	—	—
10	753 Field Lines Expenses	—	—
11	754 Field Compressor Station Expenses	—	—
12	755 Field Compressor Station Fuel and Power	—	—
13	756 Field Measuring and Regulating Station Expenses	—	—
14	757 Purification Expenses	—	—
15	758 Gas Well Royalties	—	—
16	759 Other Expenses	—	—
17	760 Rents	—	—
18	TOTAL Operation (Total of lines 7 thru 17)	—	—
19	Maintenance		
20	761 Maintenance Supervision and Engineering	—	—
21	762 Maintenance of Structures and Improvements	—	—
22	763 Maintenance of Producing Gas Wells	—	—
23	764 Maintenance of Field Lines	—	—
24	765 Maintenance of Field Compressor Station Equipment	—	—
25	766 Maintenance of Field Meas. and Regulating Station Equipment	—	—
26	767 Maintenance of Purification Equipment	—	—
27	768 Maintenance of Drilling and Cleaning Equipment	—	—
28	769 Maintenance of Other Equipment	—	—
29	TOTAL Maintenance (Total of lines 20 thru 28)	—	—
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	Line No.
B2. Products Extraction			31
Operation			32
770 Operation Supervision and Engineering	—	—	33
771 Operation Labor	—	—	34
772 Gas Shrinkage	—	—	35
773 Fuel	—	—	36
774 Power	—	—	37
775 Materials	—	—	38
776 Operation Supplies and expenses	—	—	39
777 Gas Processed by Others	—	—	40
778 Royalties on Products Extracted	—	—	41
779 Marketing expenses	—	—	42
780 Products Purchased for Resale	—	—	43
781 Variation in Products Inventory	—	—	44
(Less) 782 Extracted Products Used by the Utility-Credit	—	—	45
783 Rents	—	—	46
Total Operation (Total of Lines 33 thru 46)	—	—	47
Maintenance			48
784 Maintenance Supervision and Engineering	—	—	49
785 Maintenance of Structures and Improvements	—	—	50
786 Maintenance of Extraction and Refining Equipment	—	—	51
787 Maintenance of Pipe Lines	—	—	52
788 Maintenance of Extracted Products Storage Equipment	—	—	53
789 Maintenance of Compressor Equipment	—	—	54
790 Maintenance of Gas Measuring and Regulating Equipment	—	—	55
791 Maintenance of Other Equipment	—	—	56
TOTAL Maintenance (Total of lines 49 thru 56)	—	—	57
TOTAL Products Extraction (Total of lines 47 and 57)	—	—	58

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	—	—
62	796 Nonproductive Well Drilling	—	—
63	797 Abandoned Leases	—	—
64	798 Other Exploration	—	—
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	—	—
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	—	—
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	—	—
70	801 Natural Gas Field Line Purchases	16,863,511	15,422,093
71	802 Natural Gas Gasoline Plant Outlet Purchases	—	—
72	803 Natural Gas Transmission Line Purchases	—	—
73	804 Natural Gas City Gate Purchases	229,465,545	258,779,635
74	804.1 Liquefied Natural Gas Purchases	—	—
75	805 Other Gas Purchases	—	—
76	805.1 Purchases Gas Cost Adjustments	14,087,970	(25,438,052)
77	TOTAL Purchased Gas (Total of Lines 68 thru 76)	260,417,026	248,763,676
78	806 Exchange Gas	—	—
79	Purchased Gas Expense		
80	807.1 Well Expense-Purchased Gas	—	—
81	807.2 Operation of Purchased Gas Measuring Stations	—	—
82	807.3 Maintenance of Purchased Gas Measuring Stations	—	—
83	807.4 Purchased Gas Calculations Expense	—	—
84	807.5 Other Purchased Gas Expenses	—	—
85	TOTAL Purchased Gas Expense (Total of lines 80 thru 84)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	Line No.
808.1 Gas Withdrawn from Storage-Debit	9,359,883	20,606,255	86
(Less) 808.2 Gas Delivered to Storage-Credit	(6,633,111)	(14,075,155)	87
809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	—	—	88
(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	—	—	89
Gas used in Utility Operation-Credit			90
810 Gas Used for Compressor Station Fuel-Credit	—	—	91
811 Gas Used for Products Extraction-Credit	—	—	92
812 Gas Used for Other Utility Operations-Credit	(164,041)	(159,515)	93
TOTAL Gas Used in Utility Operations-Credit (lines 91 thru 93)	(164,041)	(159,515)	94
813 Other Gas Supply Expenses	—	—	95
TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86-89, 94, 95)	262,979,757	255,135,261	96
TOTAL Production Expenses (Total of lines 3, 30, 58, 65, 96)	262,979,757	255,135,261	97
2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			98
A. Underground Storage Expenses			99
Operation			100
814 Operation Supervision and Engineering	—	—	101
815 Maps and Records	—	—	102
816 Well Expenses	550,320	493,903	103
817 Lines Expenses	—	—	104
818 Compressor Station Fuel and Power	147,932	164,195	105
819 Compressor Station Fuel and Power	—	—	106
820 Measuring and Regulating Station Expenses	2,702,325	2,520,156	107
821 Purification Expenses	66,271	(284)	108
822 Exploration and Development	—	—	109
823 Gas Losses	—	—	110
824 Other Expenses	—	—	111
825 Storage Well Royalties	—	—	112
826 Rents	—	—	113
TOTAL Operation (Total of lines of 101 thru 113)	3,466,848	3,177,970	114

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering	—	—
117	831 Maintenance of Structures and Improvements	—	—
118	832 Maintenance of Reservoirs and Wells	222,992	213,083
119	833 Maintenance of Lines	—	—
120	834 Maintenance of Compressor Station Equipment	886,782	323,746
121	835 Maintenance of Measuring and Regulating Station Equip.	—	—
122	836 Maintenance of Purification Equipment	—	—
123	837 Maintenance of Other Equipment	—	—
124	TOTAL Maintenance (Total of lines 116 thru 123)	1,109,774	536,829
125	TOTAL Underground Storage Expenses (lines 114 and 124)	4,576,622	3,714,799
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation supervision and Engineering	37,006	76,156
129	841 Operation Labor and Expenses	—	—
130	842 Rents	—	—
131	842.1 Fuel	—	—
132	842.2 Power	—	—
133	842.3 Gas Losses	—	—
134	TOTAL Operation (Total of lines 128 thru 133)	37,006	76,156
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	—	—
137	843.2 Maintenance of Structures and Improvements	—	—
138	843.3 Maintenance of Gas Holders	—	—
139	843.4 Maintenance of Purification Equipment	—	—
140	843.5 Maintenance of Liquefaction Equipment	—	—
141	843.6 Maintenance of Vaporizing Equipment	—	—
142	843.7 Maintenance of Compressor Equipment	—	—
143	843.8 Maintenance of Measuring and Regulating Equipment	—	—
144	843.9 Maintenance of Other Equipment	—	—
145	TOTAL Maintenance (Total of lines 136 thru 144)	—	—
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	37,006	76,156

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	Line No.
C. Liquefied Natural Gas Terminating and Processing Expenses			147
Operation			148
844.1 Operation Supervision and Engineering	1,586,606	1,652,104	149
844.2 LNG Processing Terminal Labor and Expenses	—	—	150
844.3 Liquefaction Processing Labor and Expenses	—	—	151
844.4 Liquefaction Transportation Labor and Expenses	—	—	152
844.5 Measuring and Regulating Labor and Expenses	—	—	153
844.6 Compressor Station Labor and Expenses	—	—	154
844.7 Communication system Expenses	—	—	155
844.8 System Control and Load Dispatching	—	—	156
845.1 Fuel	—	—	157
845.2 Power	—	—	158
845.3 Rents	—	—	159
845.4 Demurrage Charges	—	—	160
845.5 Wharfage Receipts-Credit	(89,454)	(175,451)	161
845.6 Processing Liquefied of Vaporized Gas by Others	—	—	162
846.1 Gas Losses	—	—	163
846.2 Other Expenses	—	—	164
TOTAL Operation (Total of lines 149 thru 164)	1,497,152	1,476,653	165
Maintenance			166
847.1 Maintenance Supervision and Engineering	—	—	167
847.2 Maintenance of Structures and Improvements	1,047,771	1,033,744	168
847.3 Maintenance of LNG Processing Terminal Equipment	—	—	169
847.4 Maintenance of LNG Transportation Equipment	—	—	170
847.5 Maintenance of Measuring and Regulating Equipment	—	—	171
847.6 Maintenance of Compressor Station Equipment	—	—	172
847.7 Maintenance of Communication Equipment	—	—	173
847.8 Maintenance of Other Equipment	—	—	174
TOTAL Maintenance (Total of lines 167 thru 174)	1,047,771	1,033,744	175
TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 & 175)	2,544,923	2,510,397	176
TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	7,158,551	6,301,352	177

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	—	—
181	851 System Control and Load Dispatching	—	—
182	852 Communication system Expenses	—	—
183	853 Compressor Station Labor and Expenses	—	—
184	854 Gas for Compressor Station Fuel	—	—
185	855 Other Fuel and Power for Compressor Stations	—	—
186	856 Mains Expenses	1,998,006	1,989,004
187	857 Measuring and Regulating Station Expenses	—	—
188	858 Transmission and Compression of Gas by Others	—	—
189	859 Other Expenses	—	—
190	860 Rents	—	—
191	TOTAL Operations (Total of lines 180 thru 190)	1,998,006	1,989,004
192	Maintenance		
193	861 Maintenance Supervision and Engineering	—	—
194	862 Maintenance of Structures and Improvements	—	—
195	863 Maintenance of Mains	14,071	166,207
196	864 Maintenance of Compressor Station Equipment	—	—
197	865 Maintenance of Measuring and Regulating Station Equipment	—	—
198	866 Maintenance of Communication Equipment	—	—
199	867 Maintenance of Other Equipment	—	—
200	TOTAL Maintenance (Total of lines 193 thru 199)	14,071	166,207
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	2,012,077	2,155,211
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	2,655,708	2,847,189
205	871 Distribution Load Dispatching	—	—
206	872 Compressor Station Labor and Expenses	—	—
207	873 Compressor Station Fuel and Power	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	Line No.
874 Mains and Services Expenses	10,134,195	9,176,771	208
875 Measuring and Regulating Station Expenses-General	(64,077)	(106,858)	209
876 Measuring and Regulating Station Expenses-Industrial	—	—	210
877 Measuring and Regulating Station Expenses-City Gas	626,216	609,033	211
878 Meter and House Regulator Expenses	6,099,669	5,665,100	212
879 Customer Installations Expenses	8,289,751	7,498,710	213
880 Other Expenses	1,007,600	1,033,460	214
881 Rents	218,327	212,302	215
TOTAL Operations (Total of lines 204 thru 215)	28,967,389	26,935,707	216
Maintenance			217
885 Maintenance Supervision and Engineering	2,950,301	3,197,131	218
886 Maintenance of Structures and Improvements	—	—	219
887 Maintenance of Mains	2,990,042	2,561,718	220
888 Maintenance of Compressor Station Equipment	—	—	221
889 Maintenance of Measuring & Regulating Station Equipment-General	1,669,148	1,610,369	222
890 Maintenance of Meas. and Reg. Station Equipment-Industrial	—	—	223
891 Maintenance of Meas & Reg Station Equip-City Gate	294,584	187,161	224
892 Maintenance of Services	1,366,827	627,763	225
893 Maintenance of Meters and House Regulators	3,775,179	2,826,459	226
894 Maintenance of Other Equipment	35,744	35,113	227
TOTAL Maintenance (Total of lines 218 thru 227)	13,081,825	11,045,714	228
TOTAL Distribution Expenses (Total of lines 216 and 228)	42,049,214	37,981,421	229
5. CUSTOMER ACCOUNTS EXPENSES			230
Operation			231
901 Supervision	1,652,022	1,646,260	232
902 Meter Reading Expenses	987,633	955,140	233
903 Customer Records and Collection Expenses	14,606,112	15,508,882	234

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	779,162	449,187
236	905 Miscellaneous Customer Accounts Expenses	—	—
237	TOTAL Customer Accounts Expenses (Total of lines 232-236)	18,024,929	18,559,469
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSE		
239	Operation		
240	907 Supervision	256	4,464
241	908 Customer Assistance Expense	1,023,951	1,027,301
242	909 Informational and Instructional Expenses	1,650,679	2,118,069
243	910 Miscellaneous Customer Service and Informational Expenses	182,609	193,529
244	TOTAL Customer Service & Information Expenses (Total of lines 240 thru 243)	2,857,495	3,343,363
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	98,705	11,581
248	912 Demonstration and Selling Expenses	1,779,297	1,886,105
249	913 Advertising Expenses	267,476	295,487
250	916 Miscellaneous Sales Expenses	—	—
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	2,145,478	2,193,173
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	35,749,407	32,969,528
255	921 Office Supplies and Expenses	17,205,859	17,312,345
256	(Less) 922 Administrative Expenses Transferred - Credit	(21,365,227)	(19,619,015)
257	923 Outside Services Employed	10,874,075	11,089,842
258	924 Property Insurance	3,579,275	3,239,827
259	925 Injuries and Damages	319,343	216,918
260	926 Employee Pensions and Benefits	50,218,558	68,707,526
261	927 Franchise Requirements	—	—
262	928 Regulatory Commission Expenses	—	—
263	(Less) 929 Duplicate Charges - Credit	—	—
264	930.1 General Advertising Expenses	—	—
265	930.2 Miscellaneous General Expenses	2,748,357	3,354,367
266	931 Rents	5,829,151	4,706,138
267	TOTAL Operation (Total of lines 254 thru 266)	105,158,798	121,977,476
268	Maintenance		
269	932 Maintenance of General Plant	5,348,885	3,969,495
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	110,507,683	125,946,971
271	TOTAL Gas O&M Expenses (Total of lines 97,177, 201, 229, 237, 244, 251, and 270)	447,735,184	451,616,221

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Gas Used in Utility Operations

1. Report below details of credits during the year to Accounts 810, 811, and 812.
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas was Used (a)	Account Charged (b)	Natural Gas Gas Used Dth (c)	Natural Gas Amount of Credit (in dollars) (d)	Manufactured Gas Gas Used Dth (e)	Manufactured Gas Amount of Credit (in dollars) (f)
1	810 Gas Used for Compressor Station Fuel - Credit		—	—	N/A	N/A
2	811 Gas Used for Products Extraction - Credit		—	—	N/A	N/A
3	Gas Shrinkage and Other Usage in Respondent's Own Processing		—	—	N/A	N/A
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others		—	—	N/A	N/A
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)		484,212	164,041	N/A	N/A
6	System - All Districts	Variable	173,675	164,041	N/A	N/A
7	LNG Plants	Inventory	107,415	0*	N/A	N/A
8	Underground Storage Compressors	Inventory	203,122	0*	N/A	N/A
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Total		484,212	164,041	N/A	N/A

* Included in the Cost of Inventory

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

MISCELLANEOUS GENERAL EXPENSE (Account 930.2)

1. Provide the information requested below on miscellaneous general expenses.
2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues	38,980
2	Experimental and general research expenses	
	a. Gas Research Institute (GRI) aka Gas Technology Institute (GTI)	—
	b. Operations Technology Development (OTD)	—
	c. Other	176,852
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	28,533
4	Other expenses	
8	a. Directors retainers and fees	2,110,463
9	b. COVID-19 Deferred Cost Savings and other COVID-19 related costs	298,243
10	c. Other miscellaneous expenses	95,286
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	Total	2,748,357

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

See following pages

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Intangible Plant								
301 ORGANIZATION	—	—	—	—	—	—	—	—
302 FRANCHISES & CONSENTS	—	—	—	—	—	—	—	—
303.1 COMPUTER SOFTWARE	35,124,098	7,071,345	—	—	—	—	—	42,195,443
303.2 CUSTOMER INFORMATION SYSTEM	32,348,168	—	—	—	—	—	—	32,348,168
303.3 INDUSTRIAL & COMMERCIAL BIL	4,146,951	—	—	—	—	—	—	4,146,951
303.4 CRMS	682,893	—	(682,893)	—	—	—	—	—
303.6 NMEP COMPUTER SOFTWARE	55,987	90,440	—	—	—	—	—	146,427
303.7 CLOUD SOFTWARE	—	455,690	—	—	—	—	—	455,690
Intangible Plant Subtotal*	72,358,096	7,617,475	(682,893)	—	—	—	—	79,292,679
Production Plant - Oil Gas								
304.1 LAND	—	—	—	—	—	—	—	—
305.2 P P O G STRU & IMPR-SEWER S	—	—	—	—	—	—	—	—
305.5 P P O G STRU & IMPR-OTHER Y	13,814	—	—	—	—	—	—	13,814
312.3 P P O G FUEL HANDLING AND S	—	—	—	—	—	—	—	—
318.3 P P O G LIGHT OIL REFINING	152,141	—	—	—	—	—	—	152,141
318.5 P P O G TAR PROCESSING	255,729	—	—	—	—	—	—	255,729
325 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
327 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
328 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
331 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
332 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
333 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
334 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
Production Plant - Oil Gas Subtotal*	421,683	—	—	—	—	—	—	421,683
Production Plant - Other								
305.11 GAS PRODUCTION - COTTAGE G	8,736	—	—	—	—	—	—	8,736
305.17 STRUCTURES MIXING STATION	51,246	—	—	—	—	—	—	51,246
311 P P OTHER-LIQUEFIED PETROLE	—	—	—	—	—	—	—	—
311.4 P P OTHER-L P G GRANGER	—	—	—	—	—	—	—	—
311.7 LIQUIFIED GAS EQUIPMENT COO	8,066	—	—	—	—	—	—	8,066
311.8 LIQUIFIED GAS EQUIPMENT LIN	6,585	—	—	—	—	—	—	6,585
319 GAS MIXING EQUIPMENT GASCO	194,720	—	—	—	—	—	—	194,720
Production Plant - Other Subtotal*	269,353	—	—	—	—	—	—	269,353

* May not foot due to rounding.

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Natural Gas Underground Storage								
350.1 LAND	—	—	—	—	—	—	—	—
350.2 RIGHTS-OF-WAY	32,004	1,568	—	—	—	—	—	33,571
350.3 NMEP RIGHTS-OF-WAY	5,450	8,717	—	—	—	—	—	14,167
351 STRUCTURES AND IMPROVEMENTS	3,053,795	129,512	—	—	—	—	—	3,183,307
351.1 NMEP STRUCTURES AND IMPROVEMENTS	72,239	117,418	—	—	—	—	—	189,657
352 WELLS	12,607,424	400,506	—	—	—	—	—	13,007,931
352.1 STORAGE LEASEHOLD & RIGHTS	1,811,152	65,773	—	—	—	—	—	1,876,925
352.2 RESERVOIRS	2,799,555	125,815	—	—	—	—	—	2,925,370
352.3 NON-RECOVERABLE NATURAL GAS	3,659,767	101,122	—	—	—	—	—	3,760,889
352.4 NMEP WELLS	201,551	336,092	—	—	—	—	—	537,643
352.5 NMEP STORAGE LEASEHOLD & RIGHTS	31,896	51,171	—	—	—	—	—	83,066
352.6 NMEP RESERVOIRS	32,877	52,745	—	—	—	—	—	85,622
352.6 NMEP NON-RECOVERABLE NATURAL GAS	31,656	50,787	—	—	—	—	—	82,442
352.7 NMEP NON-RECOVERABLE NATURAL GAS	31,656	50,787	—	—	—	—	—	82,442
353 LINES	3,467,944	167,152	—	—	—	—	—	3,635,097
353.1 NMEP LINES	4,184	7,083	—	—	—	—	—	11,267
354 COMPRESSOR STATION EQUIPMENT	20,553,816	559,998	(5,000,000)	—	—	—	—	16,113,814
354.7 NMEP COMPRESSOR STATION EQUIPMENT	456,891	739,711	—	—	13,550	—	—	1,210,152
355 MEASURING / REGULATING EQUIPM	4,914,910	177,691	—	—	—	—	—	5,092,602
355.1 NMEP MEASURING/REGULATING EQUIPM	207,697	342,720	—	—	—	—	—	550,418
356 PURIFICATION EQUIPMENT	245,017	84,206	—	—	—	—	—	329,223
357 OTHER EQUIPMENT	951,524	81,579	—	—	—	—	—	1,033,103
Natural Gas Underground Storage Subtotal*	55,141,350	3,601,367	(5,000,000)	—	13,550	—	—	53,756,267

* May not foot due to rounding.

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Local Storage Plant								
360.11 LAND - LNG LINNTON	—	—	—	—	—	—	—	—
360.12 LAND - LNG NEWPORT	—	—	—	—	—	—	—	—
360.2 LAND - OTHER	—	—	—	—	—	—	—	—
361.11 STRUCTURES & IMPROVEMENTS	3,163,714	404,709	—	—	—	—	—	3,568,422
361.12 STRUCTURES & IMPROVEMENTS	3,143,615	523,940	—	—	—	—	—	3,667,556
361.2 STRUCTURES & IMPROVEMENTS -	12,365	474	—	—	—	—	—	12,839
362.11 GAS HOLDERS - LNG LINNTON	2,570,215	117,546	—	—	—	—	—	2,687,761
362.12 GAS HOLDERS - LNG NEWPORT	6,037,955	144,029	—	—	—	—	—	6,181,983
362.2 GAS HOLDERS - LNG OTHER	1,250	16	—	—	—	—	—	1,266
363.11 LIQUEFACTION EQUIP. - LINN	2,692,940	44,333	—	—	—	—	—	2,737,274
363.12 LIQUEFACTION EQUIP - NEWPO	7,346,843	105,508	—	—	—	—	—	7,452,351
363.21 VAPORIZING EQUIP - LINNTON	2,472,960	20,956	—	—	—	—	—	2,493,915
363.22 VAPORIZING EQUIP - NEWPORT	428,322	134,521	—	—	—	—	—	562,843
363.31 COMPRESSOR EQUIP - LINNTON	206,897	—	—	—	—	—	—	206,897
363.32 COMPRESSOR EQUIPMENT - NE	1,135,117	351,577	—	—	—	—	—	1,486,694
363.41 MEASURING & REGULATING EQU	745,174	116,641	—	—	—	—	—	861,815
363.42 MEASURING & REGULATING EQU	265,230	13,747	—	—	—	—	—	278,977
363.5 CNG REFUELING FACILITIES	1,511,977	79,944	—	—	—	—	—	1,591,921
363.6 LNG REFUELING FACILITIES	739,473	—	—	—	—	—	—	739,473
Local Storage Plant Subtotal*	32,474,046	2,057,941	—	—	—	—	—	34,531,986
Transmission Plant								
365.1 LAND	—	—	—	—	—	—	—	—
365.2 LAND RIGHTS	2,224,476	98,119	—	—	—	—	—	2,322,594
365.3 NMEP LAND RIGHTS	6,358	10,170	—	—	—	—	—	16,528
366.3 STRUCTURES & IMPROVEMENTS -	385,814	27,056	—	—	—	—	—	412,870
367 MAINS	39,817,125	3,405,133	—	—	—	—	—	43,222,257
367.21 NORTH MIST TRANSMISSION LI	1,211,672	34,307	—	—	—	—	—	1,245,979
367.22 SOUTH MIST TRANSMISSION LI	11,252,724	237,693	—	—	—	—	—	11,490,417
367.23 SOUTH MIST TRANSMISSION LI	15,253,972	676,698	—	—	—	—	—	15,930,670
367.24 11.7M S MIST TRANS LINE	6,496,445	338,844	—	—	—	—	—	6,835,289
367.25 12M NORTH S MIST TRANS	6,621,299	362,966	—	—	—	—	—	6,984,265
367.26 38M NORTH S MIST TRANS	24,451,554	1,330,537	—	—	—	—	—	25,782,091
367.27 NMEP MAINS	1,084,348	1,738,704	—	—	—	—	—	2,823,052
368 TRANSMISSION COMPRESSOR	(9)	—	—	—	—	—	—	(9)
369 MEASURING & REGULATE STATION	1,738,646	84,546	—	—	—	—	—	1,823,192
370 COMMUNICATION EQUIPMENT	—	—	—	—	—	—	—	—
Transmission Plant Subtotal*	110,544,423	8,344,773	—	—	—	—	—	118,889,196

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Distribution Plant								
374.1 LAND	—	—	—	—	—	—	—	—
374.2 LAND RIGHTS	1,691,723	10,563	—	—	—	—	—	1,702,286
375 STRUCTURES & IMPROVEMENTS	113,564	21,590	—	—	—	—	—	135,155
376.11 MAINS < 4"	354,371,605	16,493,050	(82,403)	(161,966)	36,748	—	—	370,657,034
376.12 MAINS 4" & >	248,222,889	14,779,936	(7,040)	(52,704)	36,966	—	—	262,980,047
376.13 MNEP MAINS 4" & >	9,032	14,452	—	—	—	—	—	23,484
377 COMPRESSOR STATION EQUIPMENT	677,959	10,803	—	—	—	—	—	688,761
378 MEASURING & REG EQUIP - GENER	13,837,855	857,040	—	—	—	—	—	14,694,895
379 MEASURING & REG EQUIP - GATE	3,244,552	366,698	—	—	—	—	—	3,611,250
380 SERVICES	443,259,181	24,546,208	(135,451)	(195,198)	—	—	—	467,474,739
381 METERS	24,017,554	2,359,379	(4,769,124)	—	43,305	—	—	21,651,115
381.1 METERS (ELECTRONIC)	1,993,110	49,042	—	—	—	—	—	2,042,151
381.2 ERT (ENCODER RECEIVER TRANS	21,450,294	2,636,464	(4,090,445)	—	—	—	—	19,996,313
382 METER INSTALLATIONS	6,205,275	2,979,363	(5,030,201)	—	—	—	—	4,154,436
382.1 METER INSTALLATIONS (ELECTR	121,408	41,416	—	—	—	—	—	162,824
382.2 ERT INSTALLATION (ENCODER	6,072,781	350,691	(377,910)	—	—	—	—	6,045,561
383 HOUSE REGULATORS	394,098	72,934	—	—	—	—	—	467,032
386 OTHER PROPERTY ON CUSTOMERS P	264,663	123,364	—	—	—	—	—	388,027
386.1 MULTI-FAMILY METER ROOMS	—	—	—	—	—	—	—	—
387.1 CATHODIC PROTECTION TESTING	144,848	1,426	—	—	—	—	—	146,273
387.2 CALORIMETERS @ GATE STATIONS	96,424	—	—	—	—	—	—	96,424
387.3 METER TESTING EQUIPMENT	72,671	—	—	—	—	—	—	72,671
Distribution Plant Subtotal*	<u>1,126,261,485</u>	<u>65,714,417</u>	<u>(14,492,574)</u>	<u>(409,868)</u>	<u>117,019</u>	<u>—</u>	<u>—</u>	<u>1,177,190,479</u>

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
General Plant								
389 LAND	437,351	—	—	—	—	—	—	437,351
390 STRUCTURES & IMPROVEMENTS	13,552,391	1,710,376	(175,298)	—	—	—	—	15,087,469
390.1 SOURCE CONTROL PLANT	5,608,472	440,291	—	—	—	—	—	6,048,763
391.1 OFFICE FURNITURE & EQUIPMEN	5,507,768	609,214	(113,981)	—	—	—	—	6,003,001
391.2 COMPUTERS	17,062,836	8,531,962	(2,834,260)	—	—	—	—	22,760,537
391.3 ON SITE BILLING	—	—	—	—	—	—	—	—
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—	—	—
391.5 NMEP COMPUTERS	190,021	308,332	—	—	—	—	—	498,353
392 TRANSPORTATION EQUIPMENT	12,305,413	3,553,476	(1,534,186)	—	350,318	—	—	14,675,021
393 STORES EQUIPMENT	119,406	—	—	—	—	—	—	119,406
394 TOOLS - SHOP & GARAGE EQUIPUI	5,467,726	508,176	—	—	48,130	—	—	6,024,032
395 LABORATORY EQUIPMENT	(12)	(10)	—	—	—	—	—	(22)
396 POWER OPERATED EQUIPMENT	2,667,743	468,775	(204,308)	—	34,185	—	—	2,966,394
397 GEN PLANT-COMMUNICATION EQU	34,159	6,835	—	—	—	—	—	40,994
397.1 MOBILE	216,072	389,295	—	—	—	—	—	605,367
397.2 OTHER THAN MOBILE & TELEMET	(10,423)	(17,469)	—	—	—	—	—	(27,892)
397.3 TELEMETERING - OTHER	440,304	387,682	(44,672)	—	—	—	—	783,315
397.4 TELEMETERING - MICROWAVE	683,381	347,296	(262,701)	—	—	—	—	767,975
397.5 TELEPHONE EQUIPMENT	437,520	33,486	—	—	—	—	—	471,005
398 GEN PLANT-MISCELLANEOUS EQU	—	—	—	—	—	—	—	—
398.1 PRINT SHOP	3,783	(494)	—	—	—	—	—	3,289
398.2 KITCHEN EQUIPMENT	5,948	1,810	—	—	—	—	—	7,758
398.3 JANITORIAL EQUIPMENT	14,873	—	—	—	—	—	—	14,873
398.4 INSTALLED IN LEASED BUILDINGS	10,120	—	—	—	—	—	—	10,120
398.5 OTHER MISCELLANEOUS EQUIPMENT	66,739	—	—	—	—	—	—	66,739
General Plant Subtotal*	64,821,590	17,279,031	(5,169,406)	—	432,632	—	—	77,363,848
Utility Property Grand Total*	1,462,292,026	104,615,004	(25,344,872)	(409,868)	563,202	—	—	1,541,715,491

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
NON UTILITY								
Intangible Plant								
303.1 COMPUTER SOFTWARE	71,122	11,076	—	—	—	—	—	82,198
303.2 CUSTOMER INFORMATION SYSTEM	50,073	6	—	—	—	—	—	50,079
Non Utility Intangible Plant Subtotal*	121,195	11,082	—	—	—	—	—	132,277
Natural Gas Underground Storage								
352 WELLS	4,539,228	274,217	—	—	—	—	—	4,813,445
352.1 STORAGE LEASEHOLD & RIGHTS	257	17	—	—	—	—	—	274
352.2 RESERVOIRS	1,006,245	61,614	—	—	—	—	—	1,067,859
353 LINES	474,185	53,026	—	—	—	—	—	527,211
354 COMPRESSOR STATION EQUIPMENT	4,616,976	247,716	—	—	—	—	—	4,864,692
355 MEASURING / REGULATING EQUIPM	2,328,117	190,893	—	—	—	—	—	2,519,010
357 OTHER EQUIPMENT	14,401	1,373	—	—	—	—	—	15,774
Non Utility Natural Gas Underground Storage Subtotal*	12,979,409	828,856	—	—	—	—	—	13,808,265
Transmission Plant								
368 TRANSMISSION COMPRESSOR	2,718,438	166,050	—	—	—	—	—	2,884,488
Non Utility Transmission Plant Subtotal*	2,718,438	166,050	—	—	—	—	—	2,884,488
Distribution Plant								
376.12 MAINS 4" & >	1,369	(2)	—	—	—	—	—	1,367
Non Utility Distribution Plant Subtotal*	1,369	(2)	—	—	—	—	—	1,367
General Plant								
389 LAND	—	—	—	—	—	—	—	—
390 STRUCTURES & IMPROVEMENTS	44,288	5,526	—	—	—	—	—	49,814
Non Utility General Plant Subtotal*	44,288	5,526	—	—	—	—	—	49,814
Non Utility Other								
121.1 NON-UTIL PROP-DOCK	1,947,067	—	—	—	—	—	—	1,947,067
121.2 NON-UTIL PROP-LAND	—	—	—	—	—	—	—	—
121.3 NON-UTIL PROP-OIL ST	2,277,156	19,727	—	—	—	—	—	2,296,883
121.7 NON-UTIL PROP-APPL CENTER	47,322	4,383	—	—	—	—	—	51,705
121.8 NON-UTIL PROP-STORAGE	(1)	—	—	—	—	—	—	(1)
Non Utility Other*	4,271,544	24,110	—	—	—	—	—	4,295,654
Non Utility Property Grand Total*	20,136,243	1,035,620	—	—	—	—	—	21,171,862

* May not foot due to rounding

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
TOTAL SUMMARY ALL UTILITY DEPRECIATION RESERVES		12/31/2020						
UTILITY								
108002	(10,055,331)							
108003	(27,436)							
108004	573,094							
108005	(101,562)							
108009	(2,689,670)							
108010	(61,899,448)							
108011	1,166,724,302							
108012	18,964,818							
108013	(4,269,790)							
108014	(1,094,551)							
108015	3,495,279							
108016	5,214,186							
108018	455,690							
108019	—							
108100	—							
108102	425,266,253							
108103	1,159,655							
SUBTOTAL*								<u>1,541,715,491</u>
ADD:								
108001 REMOVAL WORK IN PROCESS		(52,396,593)						
108600 ROU UTIL LEAS ACC DE		8,415,272						
108601 FIN UTIL LEA ACC DEP		28,977						
108666 COST OF REMOVAL		—						
TOTAL UTILITY DEPRECIATION*								<u>1,497,763,147</u>
TOTAL SUMMARY ALL NON-UTILITY RESERVES DEPRECIATION								
NON UTILITY								
122002	(112,420)							
122026	1,034							
122027	4,476,242							
122028	16,036,830							
122029	(764,395)							
122100	—							
122102	1,534,572							
TOTAL NON UTILITY DEPRECIATION*								<u>21,171,862</u>

* May not foot due to rounding

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.10, 3.10, 3.02, etc.

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore	N/A	N/A
3	Onshore	N/A	N/A
4	Underground Gas Storage Plant	257,757	1.76%
5	Transmission Plant		
6	Offshore	N/A	N/A
7	Onshore	N/A	N/A
8	General Plant	N/A	N/A
9			
10			
11			
12			
13			
14			
15			

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) -For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425 Miscellaneous Amortization	—
3	Account 426.1 Donations	806,608
4	Account 426.2 Life Insurance - Increase in CSV and Death Benefits	(1,801,727)
5	Account 426.3 Penalties	—
6	Account 426.4 Civic, Political and Related Activities	769,643
7	Account 426.5 Other Deductions	4,770
8	Total Account 426	(220,706)
9	Account 430 Interest on Debt to Associated Companies	—
10	Account 431 Other Interest Expense	
11	Deferred Compensation	425,622
12	Line of Credit	592,726
13	Notes Payable	858,212
14	Other	67,952
15	Total Account 431	1,944,512
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1					
2	Northwest Natural does not track expenses by formal regulatory cases.				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Total				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA)
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Charged Currently To Deferred to Account 192.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 at End of Year (l)	Line No.
							1
Northwest Natural does not track expenses by formal regulatory cases.							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Employee Pensions and Benefits (Account 926)

1. Report below the items contained in Account 926, Employee Pensions & Benefits

Line No.	Expense (a)	Amount (b)
1	Pensions - defined benefit plans	23,064,614
2	Health Benefits	12,433,591
3	Benefits dept salaries & wages	3,480,621
4	Defined contribution plans	3,134,855
5	Other postemployment benefit plans	2,928,205
6	Pensions - other	2,718,989
7	Stock compensation expenses	1,813,964
8	Workers compensation and other STD/Family Leave	347,294
9	Other Benefits	296,425
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Total	50,218,558

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.
In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production	—	—	—	—
4	Transmission	—	—	—	—
5	Distribution	—	—	—	—
6	Customer Accounts	—	—	—	—
7	Customer Service and Informational	—	—	—	—
8	Sales	—	—	—	—
9	Administrative and General	—	—	—	—
10	TOTAL Operation (Total of lines 3 thru 9)	—	—	—	—
11	Maintenance				
12	Production	—	—	—	—
13	Transmission	—	—	—	—
14	Distribution	—	—	—	—
15	Administrative and General	—	—	—	—
16	TOTAL Maint. (Total of lines 12 thru 15)	—	—	—	—
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	—	—	—	—
19	Transmission (Total of lines 4 and 13)	—	—	—	—
20	Distribution (Total of lines 5 and 14)	—	—	—	—
21	Customer Accounts (Line 6)	—	—	—	—
22	Customer Service and Informational (Line 7)	—	—	—	—
23	Sales (Line 8)	—	—	—	—
24	Administrative and General (Total of lines 9 and 15)	—	—	—	—
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	—	—	—	—
26	Gas				
27	Operation				
28	Production - Manufactured Gas	2,482,778	—	276,728	2,759,506
29	Production - Nat. Gas (Including Expl. and Dev.)	—	—	—	—
30	Other Gas Supply	—	—	—	—
31	Storage, LNG Terminating and Processing	636,296	—	74,616	710,912
32	Transmission	16,427,625	—	1,730,971	18,158,596
33	Distribution	9,193,382	—	996,656	10,190,038
34	Customer Accounts	2,265,737	—	249,578	2,515,315
35	Customer Service and Informational	835,335	—	69,471	904,806
36	Sales	24,461,475	—	2,247,654	26,709,129
37	Administrative and General	56,302,628	—	5,645,674	61,948,302
38	TOTAL Operation (Total of lines 28 thru 37)				
39	Maintenance				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

DISTRIBUTION OF SALARIES AND WAGES (continued)					
Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)	Line No.
Production - Manufactured Gas	—	—	—	—	40
Production - Natural Gas	—	—	—	—	41
Other Gas Supply	—	—	—	—	42
Storage, LNG Terminating and Processing	767,731	—	64,191	831,922	43
Transmission	1,882,044	—	209,415	2,091,459	44
Distribution	8,754,680	—	924,471	9,679,151	45
Administrative and General	1,583,414	—	228,146	1,811,560	46
TOTAL Maint. (Total of lines 40 thru 46)	12,987,869	—	1,426,223	14,414,092	47
Gas (Continued)					48
Total Operation and Maintenance					49
Production - Manufactured Gas (Lines 28 and 40)	—	—	—	—	50
Production - Nat. Gas (Including Expl. and Dev.) (Lines 29 and 41)	—	—	—	—	51
Other Gas Supply (Lines 30 and 42)	—	—	—	—	52
Storage, LNG Terminating and Processing (Lines 31 and 43)	3,250,509	—	340,919	3,591,428	53
Transmission (Total of lines 32 and 44)	2,518,340	—	284,031	2,802,371	54
Distribution (Total of lines 33 and 45)	25,182,305	—	2,655,442	27,837,747	55
Customer Accounts (Total of line 34)	9,193,382	—	996,656	10,190,038	56
Customer Service and Informational (Total of line 35)	2,265,737	—	249,578	2,515,315	57
Sales (Total of line 36)	835,335	—	69,471	904,806	58
Administrative and General (Total of lines 37 and 46)	26,044,889	—	2,475,800	28,520,689	59
TOTAL Operation and Maintenance (Total of lines 50 thru 59)	69,290,497	—	7,071,897	76,362,394	60
Other Utility Departments					61
Operation and Maintenance	—	—	—	—	62
TOTAL All Utility Dept. (Total of lines 25,60, and 62)	69,290,497	—	7,071,897	76,362,394	63
Utility Plant					64
Construction (By Utility Departments)					65
Electric Plant	—	—	—	—	66
Gas Plant	43,204,877	3,616	3,432,340	46,640,833	67
Other	—	—	—	—	68
TOTAL Construction (Total of lines 66 thru 68)	43,204,877	3,616	3,432,340	46,640,833	69
Plant Removal (By Utility Departments)					70
Electric Plant	—	—	—	—	71
Gas Plant	—	—	—	—	72
Other	—	—	—	—	73
TOTAL Plant Removal (Total of lines 71 thru 73)	—	—	—	—	74
Other Accounts (Specify):					75
Merchandising	1,318,673	—		1,318,673	75.01
Governmental & Public Affairs	225,596	—	467,594	693,190	75.02
Utility Employee Salary & Wages - Charged to NNGFC	—	—	—	—	75.03
Utility Employee Salary & Wages - Charged to Gill Ranch	189,822	—		189,822	75.04
Utility Employee Salary & Wages - Charged to NWN Gas Storage	528,304	—		528,304	75.05
Utility Employee Salary & Wages - Charged to Interstate Storage	780,097	—		780,097	75.06
Utility Employee Salary & Wages - Charged to Coos County	—	—	408,198	408,198	75.07
Utility Employee Salary & Wages - Charged to NWN Energy	12,303	—		12,303	75.08
Utility Employee Salary & Wages - Charged to Holdings	66,609	—		66,609	75.09
Utility Employee Salary & Wages - Charged to Water	958,129	—		958,129	75.10
TOTAL Other Accounts	4,079,533	—	875,792	4,955,325	76
TOTAL SALARIES AND WAGES	116,574,907	3,616	11,380,029	127,958,552	77

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related
- (a) Name of person or organization rendering services.
(b) Total charges for the year.
2. Sum under a description "Other" all of the aforementioned services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned services.
4. Charges for outside professional and other consultative services provided schedule.

Line No.	Description (a)	Amount (in Dollars) (b)
1	LOY CLARK CONSTRUCTION	23,607,047
2	BURNS & MCDONNELL ENGINEERING	20,179,272
3	ANCHOR QEA LLC	14,227,975
4	SEVENSON ENVIRONMENTAL	12,283,062
5	K & D SERVICES OF OREGON	7,294,533
6	BREMIK CONSTRUCTION INC	6,347,131
7	TURNER CONSTRUCTION COMPANY	6,289,252
8	LOCATING INC	5,803,954
9	BRIX PAVING	5,694,243
10	BROTHERS PIPELINE CORP	5,053,647
11	DELOITTE CONSULTING LLP	3,357,017
12	SNC-LAVALIN CONSTRUCTORS INC	2,296,310
13	AIMS/PVIC	2,241,781
14	STRATEGIC BUSINESS SOLUTIONS INC	2,213,715
15	ONLINE ENTERPRISES INC	1,897,759
16	CHRISTENSON ELECTRIC INC	1,873,616
17	JH KELLY LLC	1,746,073
18	PEARL LEGAL GROUP PC	1,652,205
19	PRICEWATERHOUSECOOPERS LLP	1,384,670
20	SLALOM LLC	1,427,389
21	COURTNEY & SON INC	1,367,318
22	INTERNATIONAL BUSINESS MACHINES	1,353,429
23	HEATH CONSULTANTS INC	1,339,854
24	LRS ARCHITECTS INC	981,232
25	TEK SYSTEMS	977,741
26	RAIMORE CONSTRUCTION LLC	967,739
27	THE NORTH HIGHLAND COMPANY	944,245
28	HARDER MECHANICAL CONTRACTORS INC	908,957
29	G A W INC	898,952
30	PROPELLER INC	875,211
31	EC COMPANY	867,598
32	ACUREN INSPECTION INC	848,770
33	NORWEST ENGINEERING INC	828,800
34	GEOENGINEERS INC	794,106
35	AURITAS LLC	739,910
36	SIEMENS ENERGY INC	667,819
37	HARRIS GROUP INC	663,613
38	STRATEGIC BUSINESS SOLUTIONS LLC	650,900
39	SNAIR EXCAVATING INC	622,828
40	C-2 UTILITY CONTRACTORS LLC	589,590
41	RIZING LLC	556,714
42	BAKER HUGHES OILFIELD OPERATIONS LL	554,159

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)		
Line No.	Description (a)	Amount (in Dollars) (b)
43	STOEL RIVES LLP	550,240
44	M10 INC	542,315
45	REIMERS & JOLIVETTE INC	512,618
46	AECOM TECHNICAL SERVICES INC	491,850
47	MCDOWELL RACKNER & GIBSON PC	498,628
48	PROKARMA INC	490,867
49	SERVERLOGIC CORPORATION	484,500
50	AEROTEK INC	449,228
51	BIZTEK PEOPLE INC	437,880
52	ENDURO PIPELINE SERVICES INC	431,765
53	STANDARD UTILITY CONTRACTORS	422,050
54	WEST COAST CONTRACTORS INC	419,353
55	NORTHWEST STAFFING RESOURCES INC	398,798
56	ARCUS DATA LLC	397,700
57	CORPORATE ENVIRONMENTS OF OREGON IN	396,480
58	ROADRUNNER SAWCUTTING INC	392,736
59	EN ENGINEERING LLC	369,693
60	FLUX RESOURCES LLC	361,583
61	JHI ENGINEERING INC	349,953
62	IRANI ENGINEERING INC	341,520
63	HDR ENGINEERING INC	321,872
64	WESTLAKE CONSULTANTS INC	303,185
65	HARRANG LONG GARY RUDNICK PC	319,522
66	RANDY L BOEHM	306,825
67	JPMORGAN CHASE BANK	305,000
68	TODD L LAIZURE	303,923
69	INFOGROUP NORTHWEST INC	301,063
70	ONE CALL CONCEPTS INC	296,384
71	ARMADILLO BORING INC	294,400
72	SANBORN HEAD & ASSOCIATES INC	281,053
73	MORGAN LEWIS & BOCKIUS LLP	293,764
74	BRADSON TECHNOLOGY LLC	290,055
75	ROCKWELL AUTOMATION INC	286,878
76	SECURITAS SECURITY SERVICES USA INC	283,199
77	GE OIL & GAS COMPRESSION SYSTEMS LLC	281,619
78	THE HDD COMPANY INC	270,200
79	ABM INDUSTRIES INC	250,190
80	Other (Vendors < \$250k)	13,572,503
81	TOTAL	173,171,528

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Transactions with Associated (Affiliated) Companies

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
2. Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned goods and services.
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Goods or Service (a)	Name of Associated/Affiliated company (b)	Account(s) Charged or Credited (c)	Amounts Charged or Credited (d)
1	Goods or Services Provided to an Affiliated Company			
2	Labor - salaries & overhead	NW Natural Water Company, LLC	Various	1,843,285
3	Labor - salaries & overhead	NW Natural Gas Storage, LLC	Various	966,603
4	Labor - salaries & overhead	Gill Ranch Storage, LLC	Various	522,399
5	Labor - salaries & overhead	Northwest Natural Holding Company	Various	128,448
6	Indirect costs allocation** and insurance allocation*	NW Natural Water Company, LLC	Various	477,620
7	Indirect costs allocation** and insurance allocation*	NW Natural Gas Storage, LLC	Various	273,223
8	Other goods and services <\$250,000	Various	Various	219,495
9	TOTAL			4,431,073
10				
11				
12				
13				
14				
15				
16				
17	Goods or Services Received from an Affiliated Company			
18	KB pipeline demand & volumetric charge	NNG Financial Corporation	Various	(224,258)
19	Other goods and services <\$250,000	Various	Various	(127,449)
20	TOTAL			(351,707)
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				

See Affiliated Interest Report filed annually with the Oregon Public Utility Commission (OPUC) and Washington Utilities and Transportation Commission (WUTC) for further information regarding affiliate allocations and billings.

*2020/2021 prepaid insurance billed to affiliates has an allocation process using consistent methodology to allocate the premiums as needed to the affiliates. The allocation process is consistent with that stated in our cost allocation manual as filed with the Public Utilities Commission (PUC). Policies purchased directly on behalf of affiliates are 100% reimbursed directly and are not included in the allocation - those reimbursements are also included here.

**2020 indirect costs billed to affiliates based on the Massachusetts Method in accordance with our Cost Allocation Manual.

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPRESSOR STATIONS

1. Report below details concerning compressor stations. Use the following subheading; field compressor stations, products extraction compressor stations, underground compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of station and location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1	Underground Storage Compressors:			
2	Miller Station, Mist, Oregon	4	15,400	36,874,735
3	North Mist, Mist, Oregon	2	3,750	27,985,014
4	(Fuel used is natural gas)			
5	Field Compressors: NON-UTILITY			
6	Molalla, Oregon	2	2,219	7,723,454
7	Deer Island, Oregon	1	1,680	3,554,433
8	(Fuel used is natural gas)			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
22				
23				
24				
25				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

COMPRESSOR STATIONS (Continued)

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and date the unit was placed in operation.

3. For Column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or Power.

Expenses (except depreciation and taxes) Fuel (e)	Expenses (except depreciation and taxes) Power (f)	Expenses (except depreciation and taxes) Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station kWh (i)	Operational Data Total Compressor Hours of Operation during the Year (j)	Operational Data Number of Compressor Operated at Time of Station Peak (k)	Date of Station Peak (l)	Line No.
								1
—	N/A	N/A	203,122	N/A	4,024	1	2/18/20	2
4,940	N/A	N/A	31,672	N/A	2,620	2	12/28/20	3
								4
								5
1,082	N/A	N/A	469	N/A	19 *	N/A	N/A	6
35	N/A	N/A	15	N/A	2 *	N/A	N/A	7
								8
								9
								10
								11
								12
								13
								14
								15
								16
								17
								18
								19
								20
								22
								23
								24
								25

Note: Fuel used by the compressors is added to the value of the inventory and expensed as a cost of gas when the inventory is withdrawn from storage.

* Deer Island and Molalla Gate were not run for production during the year. Both were used for maintenance purposes only.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS STORAGE PROJECTS

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
STORAGE OPERATIONS (in Dth)				
1	Gas Delivered to Storage			
2	January	29,928	46,921	76,849
3	February	—	69,234	69,234
4	March	—	97,556	97,556
5	April	294,874	—	294,874
6	May	138,682	1,721,239	1,859,921
7	June	181,779	1,379,730	1,561,509
8	July	68,674	104,275	172,949
9	August	324,908	290,518	615,426
10	September	266,567	156,402	422,969
11	October	163,090	638,611	801,701
12	November	1,342,550	—	1,342,550
13	December	—	848,867	848,867
14	TOTAL (Total of Lines 2 Thru 13)	2,811,052	5,353,353	8,164,405
Gas Withdrawn from Storage				
16	January	1,021,238	34,094	1,055,332
17	February	515,888	95,212	611,100
18	March	241,486	393,584	635,070
19	April	20,125	—	20,125
20	May	62,647	4,623	67,270
21	June	33,994	18,638	52,632
22	July	48,204	196,553	244,757
23	August	37,192	400,688	437,880
24	September	32,871	402,007	434,878
25	October	705,947	485,011	1,190,958
26	November	25,853	50,780	76,633
27	December	1,612,923	1,703,726	3,316,649
28	TOTAL (Total of lines 16 thru 27)	4,358,368	3,784,916	8,143,284

Note 1: Storage withdrawals shown above include Jackson Prairie activity, net of fuel (gas measured at the city gate.)

Note 2: Starting in May 2019, NW Natural placed its North Mist gas storage expansion project into service. The activity in column (c) represents the injections and withdrawals into the North Mist storage facility.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS STORAGE PROJECTS

1. On line 4, enter the total storage capacity certificated by FERC.
2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (Dth) (b)
	STORAGE OPERATIONS	
1	Total of Working Gas End of Year (See Note 1)	11,071,120
2	Cushion Gas (Including Native Gas) (See Note 2)	9,063,998
3	Total Gas in Reservoir (Total of Line 1 and 2)	20,135,118
4	Certificated Storage Capacity	NA
5	Number of Injection - Withdrawal Wells (Mist only)	25
6	Number of Observation Wells (Mist only)	27
7	Maximum Day's Withdrawal from Storage (All Underground Storage)	275,108
8	Date of Maximum Days' Withdrawal	2/18/20
9	LNG Terminal Companies	2
10	Number of Tanks	2
11	Capacity of Tanks (in Dth)	1,600,000
12	LNG Volumes	
13	Received at "Ship Rail"	—
14	Transferred to Tanks	646,727
15	Withdrawn from Tanks	599,205
16	"Boil Off" Vaporization Loss	—

Note 1: The working gas on line 1 above includes gas recorded in the 164.1 and 164.3 accounts. It excludes the working gas at our North Mist facility as that gas is owned by the storage customer and is not included in NW Natural's accounts.

Note 2: The cushion gas on line 2 includes the cushion gas at the North Mist facility as that gas is owned by NW Natural and included in a 117.4 account.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

TRANSMISSION LINES

- Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
- Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of the owner, or co-owner, nature of respondent's title, and percent of ownership if jointly owned.
- Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
- Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1	State of Oregon		656.0
2	State of Washington		3.5
3	State of Oregon - Kelso - Beaver	*	1.0
4	State of Washington - Kelso - Beaver	*	17.0
5	State of Oregon - Coos County Pipeline	**	76.9
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

* Kelso-Beaver is owned 10% by NW Natural dba KB Pipeline Company, 11% by US Gypsum Corp., and 79% by Portland General Electric (PGE); PGE is the operator. (1 mile of Kelso-Beaver Pipeline is located in the State of Oregon and 17 miles are located in the state of Washington).

** Coos County Pipeline is operated by NW Natural on behalf of Coos County.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility (Dth) (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery
1	Portland, OR	LNG	120,000	26,690,310	Yes
2	Newport, OR	LNG	100,000	56,452,382	Yes
3	Mist, OR	Underground	520,000	181,133,402	Yes
4	North Mist, Mist, OR	Underground	120,000	76,623,404	Yes
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Northwest Natural Gas Company			December 31, 2020

GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market of that were not transported through any interstate portion of the reporting pipeline.
7. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on Line 3 relate.
8. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
9. Indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. (b)	Total Amount of Dth (c)
1	NAME OF SYSTEM:		
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805) (See Note 1)		75,339,399
4	Gas of Others Received for Gathering (Account 489.1)	303	N/A
5	Gas of Others Received for Transmission (Account 489.2)	305	N/A
6	Gas of Others Received for Distribution (Account 489.3) Transportation	301	38,269,244
7	Gas of Others Received for Contract Storage (Account 489.4)	306	3,784,916
8	Gas of Other Received for Production/Extraction/Processing (Account 490 and 491)		N/A
9	Exchanged Gas Received from Others (Account 806)	328	N/A
10	Gas Received as Imbalances (Account 806)	328	N/A
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332	N/A
12	Other Gas Withdrawn from Storage (Explain) Underground and LNG Storage	512	4,358,368
13	Gas Received from Shippers as Compressor Station Fuel		—
14	Gas Received from Shippers as Lost and Unaccounted for		—
15	Other Receipts (Specify) LPG		—
16	Total Receipts (Total of lines 3 thru 14)		121,751,927
17	GAS DELIVERED		
18	Gas Sales (Accounts 480-495)		76,020,435
19	Deliveries of Gas Gathered for Others (Account 489.1)	303	—
20	Deliveries of Gas Transported for Others (Account 489.2)	305	N/A
21	Deliveries of Gas Distributed for Others (Account 489.3) Transportation	301	38,269,244
22	Deliveries of Contract Storage Gas (Account 489.4)	306	3,784,916
23	Gas of Other Delivered for Production/Extraction/Processing (Account 490 and 491)		N/A
24	Exchange Gas Delivered to Others (Account 806)	328	N/A
25	Gas Delivered as Imbalances (Account 806)	328	N/A
26	Deliveries of Gas to Others for Transportation (Account 858)	332	N/A
27	Other Gas Delivered to Storage (Explain) Underground and LNG Storage	512	2,811,052
28	Gas Used for Compressor Station Fuel	331	217,751
29	Other Deliveries (Specify): Company Use	331	266,461
30	Total Deliveries (Total of lines 17 thru 27)		121,369,859
31	GAS LOSSES AND GAS UNACCOUNTED FOR		
32	Gas Losses and Gas Unaccounted For		382,068
33	TOTALS		
34	Total Deliveries, Gas Losses & Unaccounted for (Total of lines 30 and 32)		121,751,927

Note 1: The cost of Gas Purchases on line 3 are recorded in FERC account 801.

NORTHWEST NATURAL GAS COMPANY

Oregon Supplement to FERC Form 2

December 31, 2020

Blank Page

**ANNUAL REPORT
OREGON SUPPLEMENT TO FERC FORM 2
for
MULTI-STATE GAS COMPANIES**

INDEX

<u>PAGE</u>	<u>TITLE</u>
1	Statement of Utility Operating Income for the Year
2	Gas Operating Revenues
3	Interdepartmental Sales - Natural Gas
3	Rent from Gas Property and Interdepartmental Rents
4 - 9	Gas Operation and Maintenance Expenses
10	Depreciation, Depletion, and Amortization of Gas Plant
11	Taxes, Other Than Income Taxes
12	Calculation of Current Federal Income Tax Expense
13	Calculation of Current State Income Taxes (Excise) Tax Expense
14 - 15	Accumulated Deferred Income Taxes, Account 190
16 - 17	Accumulated Deferred Income Taxes - Accelerated Amortization Property, Account 281
18 - 19	Accumulated Deferred Income Taxes - Other Property, Account 282
20 - 21	Accumulated Deferred Income Taxes - Other, Account 283
22	Accumulated Deferred Investment Tax Credits, Account 255
23	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization & Depletion - Situs
24 - 27	Gas Plant in Service by Account - Situs
28	Gas Plant Held for Future Use - Situs
29	Construction Work in Progress - Situs
30	Accumulated Provision for Depreciation of Gas Utility Plant - Situs
31	Summary of Utility Plant & Accumulated Provisions for Depreciation, Amortization & Depletion - Allocated
32 - 35	Gas Plant in Service by Account - Allocated
36	Gas Plant Held for Future Use - Allocated
37	Construction Work in Progress - Allocated
38	Accumulated Provision for Depreciation of Gas Utility Plant - Allocated
39	Gas Stored
40 - 42	Gas Purchases
43	Gas Used in Utility Operations - Credit
44 - 45	Gas Account - Natural Gas
46	Miscellaneous General Expenses
47	Political Advertising
48	Political Contributions
49	Expenditures to Any Person or Organization Having an Affiliated Interest for Services, etc.
50	Donations and Memberships
51	Officers' Salaries
52	Donations or Payments for Services Rendered By Persons Other Than Employees and Charged to Oregon Operating Accounts
53	Oregon Gas Utility Statistics
Supplemental page	Distribution of Salaries and Wages

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	(REF.) PAGE NO. (b)	GAS UTILITY	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	2		
3	Operating Expenses			
4	Operation Expenses (401)	4-9		
5	Maintenance Expenses (402)	4-9		
6	Depreciation Expense (403)	10		
7	Amort. & Depl. of Utility Plant (404-405)	10		
8	Amort. of Utility Plant Acq. Adj. (406)	10		
9	Amort of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Taxes Other Than Income Taxes (408.1)	11		
12	Income Taxes - Federal (409.1)	12		
13	Income Taxes - Other (409.1)	13		
14	Provision for Deferred Income Taxes (410.1)	14-21		
15	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	14-21		
16	Investment Tax Credit Adj. - Net (411.4)	22		
17	(Less) Gains from Disp. of Utility Plant (411.6)			
18	Losses from Disp. of Utility Plant (411.7)			
19	TOTAL Utility Operating Expenses (Total of lines 4 thru 18)			
20	Net Utility Operating income (Enter Total of line 2 less 19)			

SEE FERC ANNUAL REPORT PAGES 114-116

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS OPERATING REVENUES (Account 400)

Line No.	Account (a)	OPERATING REVENUES		Dth of NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.	
		Current Year (b)	Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	GAS SERVICE REVENUES						
2	480 Residential Sales	391,653,175	383,026,977	38,272,612	40,233,286	616,999	606,803
3	481 Commercial and Industrial Sales						
4	Small or Commercial	170,832,863	192,628,868	21,987,591	25,275,565	61,981	62,026
5	Large or Industrial (See Note 1)	35,557,968	34,903,041	7,897,888	7,968,062	713	735
6	482 Other Sales to Public Authorities	—	—	—	—	—	—
7	484 Interdepartmental Sales	—	—	—	—	—	—
8	TOTAL Sales to Ultimate Consumers	598,044,006	610,558,886	68,158,091	73,476,913	679,693	669,564
9	483 Sales for Resale	—	—	—	—	—	—
10	TOTAL Nat. Gas Service Revenues	598,044,006	610,558,886	68,158,091	73,476,913	679,693	669,564
11	Revenues from Manufactured Gas	—	—				
12	TOTAL Gas Service Revenues	598,044,006	610,558,886				
13	OTHER OPERATING REVENUES						
14	485 Intercompany Transfers	—	—				
15	487 Late Payment Charge	2,015,429	1,985,517				
16	488 Misc. Service Revenues	659,575	1,217,881				
17	489 Rev. From Trans. of Gas of Others (See Note 2)	37,116,406	31,999,169				
18	490 Sales of Prod. Ext. from Natural Gas		—				
19	491 Rev. from Nat. Gas Proc. by Others		—				
20	492 Incidental Gasoline and Oil Sales		—				
21	493 Rent from Gas Property	88,456	164,377				
22	494 Interdepartmental Rents		—				
23	495 Other Gas Revenues	19,208,875	(5,718,286)				
24	TOTAL Other Operating Revenues	59,088,741	29,648,658				
25	TOTAL Gas Operating Revenues	657,132,747	640,207,544				
26	(Less) 496 Provision for Rate Refunds	—	—				
27	TOTAL Gas Operating Revenues Net of Provision for refund	657,132,747	640,207,544				
28	Dist. Type Sales by State (Incl. Main Line Sales to Resid. and Comm. Custrs.)	562,486,038	575,655,845	60,260,203			
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	35,557,968	34,903,041	7,897,888			
30	Sales for Resale	—	—	—			
31	Other Sales to Pub. Auth. (Local Dist. Only)	—	—	—			
32	Interdepartmental Sales	—	—	—			
33	TOTAL (Same as Line 10, Columns (b) and (d))	598,044,006	610,558,886	68,158,091			

Note 1: In the 2019 FERC Form 2, the Average Number of Natural Gas Customers incorrectly included Transportation customers on line 5. The previous year number has been revised for the 2020 FERC Form 2 to only include Sales customers.

Note 2: Included in line 17, 489 Rev. From Trans. Of Gas of Others, is revenue for gas storage services provided at North Mist.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - INTERDEPARTMENTAL SALES - NATURAL GAS (Account 484)
Report particulars concerning sales of natural gas included in Account 484

LINE NO.	DEPARTMENT AND BASIS OF CHARGES (a)	POINT OF DELIVERY (b)	MCF (14.73 psia at 60° F) (c)	REVENUE (d)
NOT APPLICABLE				

RENT FROM GAS PROPERTY AND INTERDEPARTMENTAL RENTS (Accounts 493, 494)

1. Report particulars concerning rents received, included in Accounts 493 and 494.
2. Minor rents may be entered at the total amount for each class of such rents.
3. If rents are included which were arrived at under an arrangement for apportioning expenses of a joint facility, whereby the amount included in this account represents profit or return on property, depreciation, and taxes, give particulars and the basis of apportionment of such charges to Account 493 or 494.
4. Provide a subheading and total for each account.

LINE NO.	NAME OF LESSEE OR DEPARTMENT (Designate associated companies) (a)	DESCRIPTION OF PROPERTY (b)	AMOUNT OF REVENUE FOR YEAR	
			NATURAL GAS PROPERTY (c)	MANUFACTURED GAS PROPERTY (d)
ACCOUNT 493 - RENT FROM GAS PROPERTY				
1	City of Portland	CNG Meter Rental	209,473	
2	Other	Communication and other	88,456	
			297,929	

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Detail Page 4A)	—	—
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	—	—
8	751 Production Maps and Records	—	—
9	752 Gas Wells Expenses	—	—
10	753 Field Lines Expenses	—	—
11	754 Field Compressor Station Expenses	—	—
12	755 Field Compressor Station Fuel and Power	—	—
13	756 Field Measuring and Regulating Station Expenses	—	—
14	757 Purification Expenses	—	—
15	758 Gas Well Royalties	SEE FERC ANNUAL REPORT PAGES 317-325	
16	759 Other Expenses	—	—
17	760 Rents	—	—
18	TOTAL Operation (Total of lines 7 thru 17)	—	—
19	Maintenance		
20	761 Maintenance Supervision and Engineering	—	—
21	762 Maintenance of Structures and Improvements	—	—
22	763 Maintenance of Producing Gas Wells	—	—
23	764 Maintenance of Field Lines	—	—
24	765 Maintenance of Field Compressor Station Equipment	—	—
25	766 Maintenance of Field Meas. and Regulating Station Equipment	—	—
26	767 Maintenance of Purification Equipment	—	—
27	768 Maintenance of Drilling and Cleaning Equipment	—	—
28	769 Maintenance of Other Equipment	—	—
29	TOTAL Maintenance (Total of lines 20 thru 28)	—	—
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	—	—
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	—	—
34	771 Operation Labor	—	—
35	772 Gas Shrinkage	—	—
36	773 Fuel	—	—
37	774 Power	—	—
38	775 Materials	—	—
39	776 Operation Supplies and expenses	—	—
40	777 Gas Processed by Others	—	—
41	778 Royalties on Products Extracted	—	—
42	779 Marketing expenses	—	—
43	780 Products Purchased for Resale	—	—
44	781 Variation in Products Inventory	—	—
45	(Less) 782 Extracted Products Used by the Utility-Credit	—	—
46	783 Rents	—	—
47	Total Operation (Total of Lines 33 thru 46)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES (Con't)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
48	Maintenance		
49	784 Maintenance Supervision and Engineering	—	—
50	785 Maintenance of Structures and Improvements	—	—
51	786 Maintenance of Extraction and Refining Equipment	—	—
52	787 Maintenance of Pipe Lines	—	—
53	788 Maintenance of Extracted Products Storage Equipment	—	—
54	789 Maintenance of Compressor Equipment	SEE FERC ANNUAL REPORT PAGES 317-325	
55	790 Maintenance of Gas Measuring and Regulating Equipment	—	—
56	791 Maintenance of Other Equipment	—	—
57	TOTAL Maintenance (Total of lines 49 thru 56)	—	—
58	TOTAL Products Extraction (Total of lines 47 and 57)	—	—
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	—	—
62	796 Nonproductive Well Drilling	—	—
63	797 Abandoned Leases	—	—
64	798 Other Exploration	—	—
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	—	—
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	—	—
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	—	—
70	801 Natural Gas Field Line Purchases	—	—
71	802 Natural Gas Gasoline Plant Outlet Purchases	—	—
72	803 Natural Gas Transmission Line Purchases	—	—
73	804 Natural Gas City Gate Purchases	—	—
74	804.1 Liquefied Natural Gas Purchases	—	—
75	805 Other Gas Purchases	—	—
76	(Less) 805.1 Purchases Gas Cost Adjustments	—	—
77	TOTAL Purchased Gas (Total of Lines 68 thru 76)	—	—
78	806 Exchange Gas	—	—
79	Purchased Gas Expense		
80	807.1 Well Expense-Purchased Gas	—	—
81	807.2 Operation of Purchased Gas Measuring Stations	—	—
82	807.3 Maintenance of Purchased Gas Measuring Stations	—	—
83	807.4 Purchased Gas Calculations Expense	—	—
84	807.5 Other Purchased Gas Expenses	—	—
85	TOTAL Purchased Gas Expense (Total of lines 80 thru 84)	—	—
86	808.1 Gas Withdrawn from Storage-Debit	—	—
87	(Less) 808.2 Gas Delivered to Storage-Credit	—	—
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	—	—
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	—	—
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	—	—
92	811 Gas Used for Products Extraction-Credit	—	—
93	812 Gas Used for Other Utility Operations-Credit	—	—
94	TOTAL Gas Used in Utility Operations-Credit (lines 91 thru 93)	—	—
95	813 Other Gas Supply Expenses	—	—
96	TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86-89, 94, 95)	—	—
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, 96)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES (Con't)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	—	—
102	815 Maps and Records	—	—
103	816 Well Expenses	—	—
104	817 Lines Expenses	—	—
105	818 Compressor Station Fuel and Power	SEE FERC ANNUAL REPORT PAGES 317-325	
106	819 Compressor Station Fuel and Power	—	—
107	820 Measuring and Regulating Station Expenses	—	—
108	821 Purification Expenses	—	—
109	822 Exploration and Development	—	—
110	823 Gas Losses	—	—
111	824 Other Expenses	—	—
112	825 Storage Well Royalties	—	—
113	826 Rents	—	—
114	TOTAL Operation (Total of lines of 101 thru 113)	—	—
115	Maintenance		
116	830 Maintenance Supervision and Engineering	—	—
117	831 Maintenance of Structures and Improvements	—	—
118	832 Maintenance of Reservoirs and Wells	—	—
119	833 Maintenance of Lines	—	—
120	834 Maintenance of Compressor Station Equipment	—	—
121	835 Maintenance of Measuring and Regulating Station Equip.	—	—
122	836 Maintenance of Purification Equipment	—	—
123	837 Maintenance of Other Equipment	—	—
124	TOTAL Maintenance (Total of lines 116 thru 123)	—	—
125	TOTAL Underground Storage Expenses (lines 114 and 124)	—	—
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation supervision and Engineering	—	—
129	841 Operation Labor and Expenses	—	—
130	842 Rents	—	—
131	842.1 Fuel	—	—
132	842.2 Power	—	—
133	842.3 Gas Losses	—	—
134	TOTAL Operation (Total of lines 128 thru 133)	—	—
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	—	—
137	843.2 Maintenance of Structures and Improvements	—	—
138	843.3 Maintenance of Gas Holders	—	—
139	843.4 Maintenance of Purification Equipment	—	—
140	843.5 Maintenance of Liquefaction Equipment	—	—
141	843.6 Maintenance of Vaporizing Equipment	—	—
142	843.7 Maintenance of Compressor Equipment	—	—
143	843.8 Maintenance of Measuring and Regulating Equipment	—	—
144	843.9 Maintenance of Other Equipment	—	—
145	TOTAL Maintenance (Total of lines 136 thru 144)	—	—
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES (Con't)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminating and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	—	—
150	844.2 LNG Processing Terminal Labor and Expenses	—	—
151	844.3 Liquefaction Processing Labor and Expenses	—	—
152	844.4 Liquefaction Transportation Labor and Expenses	—	—
153	844.5 Measuring and Regulating Labor and Expenses	SEE FERC ANNUAL REPORT PAGES 317-325	
154	844.6 Compressor Station Labor and Expenses	—	—
155	844.7 Communication system Expenses	—	—
156	844.8 System Control and Load Dispatching	—	—
157	845.1 Fuel	—	—
158	845.2 Power	—	—
159	845.3 Rents	—	—
160	845.4 Demurrage Charges	—	—
161	(Less) 845.5 Wharfage Receipts-Credit	—	—
162	845.6 Processing Liquefied of Vaporized Gas by Others	—	—
163	846.1 Gas Losses	—	—
164	846.2 Other Expenses	—	—
165	TOTAL Operation (Total of lines 149 thru 164)	—	—
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	—	—
168	847.2 Maintenance of Structures and Improvements	—	—
169	847.3 Maintenance of LNG Processing Terminal Equipment	—	—
170	847.4 Maintenance of LNG Transportation Equipment	—	—
171	847.5 Maintenance of Measuring and Regulating Equipment	—	—
172	847.6 Maintenance of Compressor Station Equipment	—	—
173	847.7 Maintenance of Communication Equipment	—	—
174	847.8 Maintenance of Other Equipment	—	—
175	TOTAL Maintenance (Total of lines 167 thru 174)	—	—
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 & 175)	—	—
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	—	—
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	—	—
181	851 System Control and Load Dispatching	—	—
182	852 Communication system Expenses	—	—
183	853 Compressor Station Labor and Expenses	—	—
184	854 Gas for Compressor Station Fuel	—	—
185	855 Other Fuel and Power for Compressor Stations	—	—
186	856 Mains Expenses	—	—
187	857 Measuring and Regulating Station Expenses	—	—
188	858 Transmission and Compression of Gas by Others	—	—
189	859 Other Expenses	—	—
190	860 Rents	—	—
191	TOTAL Operations (Total of lines 180 thru 190)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES (Con't)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
192	Maintenance		
193	861 Maintenance Supervision and Engineering	—	—
194	862 Maintenance of Structures and Improvements	—	—
195	863 Maintenance of Mains	—	—
196	864 Maintenance of Compressor Station Equipment	—	—
197	865 Maintenance of Measuring and Regulating Station Equipment	—	—
198	866 Maintenance of Communication Equipment	—	—
199	867 Maintenance of Other Equipment	SEE FERC ANNUAL REPORT PAGES 317-325	
200	TOTAL Maintenance (Total of lines 193 thru 199)	—	—
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	—	—
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	—	—
205	871 Distribution Load Dispatching	—	—
206	872 Compressor Station Labor and Expenses	—	—
207	873 Compressor Station Fuel and Power	—	—
208	874 Mains and Services Expenses	—	—
209	875 Measuring and Regulating Station Expenses-General	—	—
210	876 Measuring and Regulating Station Expenses-Industrial	—	—
211	877 Measuring and Regulating Station Expenses-City Gas	—	—
212	878 Meter and House Regulator Expenses	—	—
213	879 Customer Installations Expenses	—	—
214	880 Other Expenses	—	—
215	881 Rents	—	—
216	TOTAL Operations (Total of lines 204 thru 215)	—	—
217	Maintenance		
218	885 Maintenance Supervision and Engineering	—	—
219	886 Maintenance of Structures and Improvements	—	—
220	887 Maintenance of Mains	—	—
221	888 Maintenance of Compressor Station Equipment	—	—
222	889 Maintenance of Measuring & Regulating Station Equipment-General	—	—
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	—	—
224	891 Maintenance of Meas & Reg Station Equip-City Gate	—	—
225	892 Maintenance of Services	—	—
226	893 Maintenance of Meters and House Regulators	—	—
227	894 Maintenance of Other Equipment	—	—
228	TOTAL Maintenance (Total of lines 218 thru 227)	—	—
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	—	—
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	—	—
233	902 Meter Reading Expenses	—	—
234	903 Customer Records and Collection Expenses	—	—
235	904 Uncollectible Accounts	—	—
236	905 Miscellaneous Customer Accounts Expenses	—	—
237	TOTAL Customer Accounts Expenses (Total of lines 232-236)	—	—
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSE		
239	Operation		
240	907 Supervision	—	—
241	908 Customer Assistance Expense	—	—
242	909 Informational and Instructional Expenses	—	—
243	910 Miscellaneous Customer Service and Informational Expenses	—	—
244	TOTAL Customer Service & Information Expenses (Total of lines 240 thru 243)	—	—

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES (Con't)			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	—	—
248	912 Demonstration and Selling Expenses	—	—
249	913 Advertising Expenses	—	—
250	916 Miscellaneous Sales Expenses	SEE FERC ANNUAL REPORT PAGES 317-325	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	—	—
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	—	—
255	921 Office Supplies and Expenses	—	—
256	(Less) 922 Administrative Expenses Transferred - Credit	—	—
257	923 Outside Services Employed	—	—
258	924 Property Insurance	—	—
259	925 Injuries and Damages (See Note 1 Below)	—	—
260	926 Employee Pensions and Benefits	—	—
261	927 Franchise Requirements	—	—
262	928 Regulatory Commission Expenses	—	—
263	(Less) 929 Duplicate Charges - Credit	—	—
264	930.1 General Advertising Expenses	—	—
265	930.2 Miscellaneous General Expenses	—	—
266	931 Rents	—	—
267	TOTAL Operation (Total of lines 254 thru 266)	—	—
268	Maintenance		
269	935 Maintenance of General Plant	—	—
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	—	—
271	TOTAL Gas O & M Expenses (Total of lines 97,177, 201, 229, 237, 244, 251, and 270)	—	—

STATE OF OREGON ALLOCATED - GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	FUNCTIONAL CLASSIFICATIONS (a)	OPERATION (b)	MAINTENANCE (c)	TOTAL (d)
272	Production			
273	Manufactured Gas			
274	Natural gas:			
275	Production and Gathering			
276	Products Extraction			
277	Exploration and Dev.			
278	TOTAL Natural Gas	INFORMATION NOT AVAILABLE		
279	Other Gas Supply Expenses	SEE FERC ANNUAL REPORT PAGES 317-325		
280	TOTAL Production			
281	Underground Storage			
282	Other Storage			
283	LNG Terminaling and Processing			
284	Transmission Expenses			
285	Distribution Expenses			
286	Customer Accounts Expenses			
287	Customer Service and Informational Expenses			
288	Sales Expenses			
289	Adm. and General Expenses			
290	TOTAL Gas O. & M. Expenses			

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - ALLOCATED DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT
(Account 403, 404.1, 404.2, 404.3, 405)**

(Except Amortization of Acquisitions Adjustments)

Report the amounts of depreciation expense, depletion and amortization for the accounts indicated and classify according to the plant functional groups shown.

Line No.	FUNCTIONAL CLASSIFICATION (a)	DEPRECIATION EXPENSE (ACCOUNT 403) (b)	AMORTIZATION & DEPLETION OF PRODUCING NATURAL GAS LAND & LAND RIGHTS (ACCOUNT 404.1) (c)	AMORTIZATION OF UNDERGROUND STORAGE LAND & LAND RIGHTS (ACCOUNT 404.2) (d)	AMORTIZATION OF OTHER LIMITED-TERM GAS PLANT (ACCOUNT 404.3) (e)	AMORTIZATION OF OTHER GAS PLANT (ACCOUNT 405) (f)	TOTAL (g)
1	Intangible Plant						
2	Production Plant, Manufactured Gas						
3	Production and Gathering Plant, Natural Gas	N/A - See SITUS schedule at OR 30					
4	Products Extraction Plant						
5	Underground Gas Storage Plant						
6	Other Storage Plant						
7	Base Load LNG Terminaling and Processing Plant						
8	Transmission Plant						
9	Distribution Plant						
10	General Plant						
11	Common Plant - Gas						
12							
13							
14							
15							
16							
17							
18							
19	TOTAL						

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED TAXES, OTHER THAN INCOME TAXES (Account 408.1)		
Line No.	KIND OF TAX (a)	AMOUNT (b)
	SEE FERC ANNUAL REPORT PAGES 262a - 263b	
	TOTAL (Must agree with page 1, line 11)	

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - ALLOCATED CALCULATION OF CURRENT FEDERAL INCOME TAX EXPENSE
(Account 409.1)**

1. Report amounts used to derive current Federal income tax expense, Account 409.1, for the reporting period. If amounts are shown in thousands, show (000) in the heading for column (b).
2. Show amounts increasing taxable income as positive values and amounts decreasing taxable income as negative.
3. Current tax expense on this schedule must match the amount reported on page 1, line 12 of this report. Separately identify adjustments arising from revisions of prior year accruals.
4. Minor amounts of other additions (subtractions) may be grouped.

Line No.	PARTICULARS (Details) (a)	AMOUNT (b)
1	Gas Operating Revenues	
2	Operations and Maintenance Expenses	
3	Taxes, Other than Income	
4	State Income (Excise) Tax	
5	Interest	
6	Federal Income Tax Depreciation	
7	Other Additions (Subtractions) to Derive Taxable Income	
8		
9		
10		
11		
12		
13		
14	SEE FERC ANNUAL REPORT	
15	PAGE 261	
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	
28	Show Computation of Tax:	

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - ALLOCATED CALCULATION OF CURRENT FEDERAL INCOME TAX EXPENSE
(Account 409.1)**

1. Report amounts used to derive current Federal income tax expense, Account 409.1, for the reporting period. If amounts are shown in thousands, show (000) in the heading for column (b).
2. Show amounts increasing taxable income as positive values and amounts decreasing taxable income as negative.
3. Current tax expense on this schedule must match the amount reported on page 1, line 13 of this report. Separately identify adjustments arising from revisions of prior year accruals.
4. Minor amounts of other additions (subtractions) may be grouped.

Line No.	PARTICULARS (Details) (a)	AMOUNT (b)
1	Gas Operating Revenues	
2	Operations and Maintenance Expenses	
3	Taxes, Other than Income	
4	Interest	
5	State Income (Excise) Tax Depreciation	
6	Other Additions (Subtractions) to Derive Taxable Income	
7		
8		
9		
10		
11		
12		
13		
14	SEE FERC ANNUAL REPORT	
15	PAGE 261	
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	
28	Show Computation of Tax:	

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. In the space provided:
(a) identify, by amount and classification, significant items for which deferred taxes are being provided.
(b) indicate insignificant amounts under Other.

Line No.	ACCOUNT SUBDIVISIONS (a)	BALANCE BEGINNING OF YEAR (b)	CHANGES DURING THE YEAR	
			AMOUNTS DEBITED ACCOUNT 410.1 (c)	AMOUNTS CREDITED ACCOUNT 410.1 (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL ELECTRIC			
9				
10				
11				
12				
13				
14				
15	Other			
16	TOTAL GAS			
17	Other (Specify)			
18	TOTAL (ACCOUNT 190)			
19	Classification of Totals			
20	Federal Income Tax			
21	State Income Tax			
22	Local Income Tax			

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Con't)

3. Beginning balance may be omitted if not readily available. Report gas utility deferred taxes only.

4. Use separate pages as required.

CHANGES DURING THE YEAR		ADJUSTMENTS				BALANCE END OF YEAR (k)	Line No.
AMOUNTS DEBITED ACCOUNT 410.2 (e)	AMOUNTS CREDITED ACCOUNT 410.2 (f)	DEBITS		CREDITS			
		ACCT. NO. (g)	AMOUNT (h)	ACCT. NO. (i)	AMOUNT (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
2. In the space provided:
- (a) identify, by amount and classification, significant items for which deferred taxes are being provided.
 - (b) indicate insignificant amounts under Other.
 - (c) Date amortization for tax purposes commenced.
 - (d) "Normal" depreciation rate used in computing the deferred tax.

Line No.	ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	CHANGES DURING THE YEAR	
			AMOUNTS DEBITED ACCOUNT 410.1 (c)	AMOUNTS CREDITED ACCOUNT 410.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other			
6				
7				
8	TOTAL Electric (Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other			
13				
14				
15	TOTAL Gas (Total of lines 10 thru 14)			
16	Gas (Specify)			
17	TOTAL (Acct 281) Total of 8, 15 & 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 281) (Con't)

(e) Tax rate used originally defer amounts and the tax rate used during the current year to amortize previous deferrals.
 3. Beginning balance may be omitted if not readily available. Report gas utility deferred taxes only.
 4. Use separate pages as required.

CHANGES DURING THE YEAR		ADJUSTMENTS				BALANCE END OF YEAR (k)	Line No.
AMOUNTS DEBITED ACCOUNT 410.2 (e)	AMOUNTS CREDITED ACCOUNT 410.2 (f)	DEBITS		CREDITS			
		ACCT. NO. (g)	AMOUNT (h)	ACCT. NO. (i)	AMOUNT (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. In the space provided:
- (a) State the general method or methods of liberalized depreciation being used (sum-of-year digits, declining balance, etc.)
 - (b) Estimated lives (i.e. useful life, guideline life, guideline class life, etc.)
 - (c) Classes of plant to which each method is being applied and date method was adopted.

Line No.	ACCOUNT SUBDIVISIONS (a)	BALANCE BEGINNING OF YEAR (b)	CHANGES DURING THE YEAR	
			AMOUNTS DEBITED ACCOUNT 410.1 (c)	AMOUNTS CREDITED ACCOUNT 410.1 (d)
1	Account 282			
2	Electric			
3	Gas			
4	Other			
5	TOTAL (Total of lines 2 thru 4)			
6	Other (Specify)			
7				
8				
9	TOTAL (Acct 282) (Total of 5 thru 8)			
10	Classification of TOTAL			
11	Federal Income Tax			
12	State Income Tax			
13	Local Income Tax			

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 282) (Con't)

3. Beginning balance may be omitted if not readily available. Report gas utility deferred taxes only.

4. Use separate pages as required.

CHANGES DURING THE YEAR		ADJUSTMENTS				BALANCE END OF YEAR (k)	Line No.
AMOUNTS DEBITED ACCOUNT 410.2 (e)	AMOUNTS CREDITED ACCOUNT 410.2 (f)	DEBITS		CREDITS			
		ACCT. NO. (g)	AMOUNT (h)	ACCT. NO. (i)	AMOUNT (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13

NOT APPLICABLE

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. In the space provided below include amounts relating to insignificant items under Other.

Line No.	ACCOUNT SUBDIVISIONS (a)	BALANCE BEGINNING OF YEAR (b)	CHANGES DURING THE YEAR	
			AMOUNTS DEBITED ACCOUNT 410.1 (c)	AMOUNTS CREDITED ACCOUNT 410.1 (d)
1	Account 283			
2	Electric			
3				
4				
5				
6				
7				
8	Other			
9	TOTAL Electric (Total of 2 thru 8)			
10	Gas			
11				
12				
13				
14				
15				
16	Other			
17	TOTAL Gas (Total of lines 10 thru 16)			
18	Other (Specify)			
19	TOTAL (Acct 283) (Total of 9, 17, & 18)			
20	Classification of TOTAL			
21	Federal Income Tax			
22	State Income Tax			
23	Local Income Tax			

**SEE ANNUAL REPORT
PAGES 276 - 277**

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INCOME TAXES (Account 283) (Con't)

3. Beginning balance may be omitted if not readily available. Report gas utility deferred taxes only.

4. Use separate pages as required.

CHANGES DURING THE YEAR		ADJUSTMENTS				BALANCE END OF YEAR (k)	Line No.
AMOUNTS DEBITED ACCOUNT 410.2 (e)	AMOUNTS CREDITED ACCOUNT 410.2 (f)	DEBITS		CREDITS			
		ACCT. NO. (g)	AMOUNT (h)	ACCT. NO. (i)	AMOUNT (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23

**SEE ANNUAL REPORT
PAGES 276 - 277**

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Explain by footnote any correction to the account balance shown in column (g). Include in column (l) the average period over which the tax credits are amortized.

Line No.	ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	DEFERRED FOR YEAR		ALLOCATION TO CURRENT YEAR'S INCOME		ADJUSTMENTS (g)	BALANCE END OF YEAR (h)
			ACCOUNT NO. (c)	AMOUNT (d)	ACCOUNT NO. (e)	AMOUNT (f)		
1								
2								
3								
4								
5								
6								
7								
8								
9	NONE							
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								

NOTES

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Explain by footnote any correction to the account balance shown in column (g). Include in column (l) the average period over which the tax credits are amortized.

Line No.	ACCOUNT (a)	BALANCE BEGINNING OF YEAR (b)	DEFERRED FOR YEAR		ALLOCATION TO CURRENT YEAR'S INCOME		BALANCE END OF YEAR (g)	AVERAGE PERIOD OF ALLOCATION TO INCOME (h)
			ACCOUNT NO. (c)	AMOUNT (d)	ACCOUNT NO. (e)	AMOUNT (f)		
1	Gas Utility							
2	3%							
3	4%							
4	7%							
5	10%							
6	TOTAL							
7	Other (List separately and show 3%, 4%, 7% , 10% and TOTAL							
8								
9								
10								
11								
12								
13	NONE							
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - SITUS UTILITY PLANT SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION							
Line No.	ITEM (a)	TOTAL (b)	ELECTRIC (c)	GAS (d)	OTHER (SPECIFY) (e)	OTHER (SPECIFY) (f)	COMMON (g)
1	UTILITY PLANT						
2	In Service						
3	Plant in Service (Classified)	2,454,898,741		2,454,898,741			
4	Property Under Capital Leases	87,581,610		87,581,610			
5	Plant Purchased or Sold	—		—			
6	Completed Construction not Classified	895,398,865		895,398,865			
7	Experimental Plant Unclassified	—		—			
8	TOTAL (Enter total of lines 3 thru 7)	3,437,879,216		3,437,879,216			
9	Leased to Others	—		—			
10	Held for Future Use	970,068		970,068			
11	Construction Work in Progress	58,157,489		58,157,489			
12	Acquisition Adjustments	—		—			
13	TOTAL Utility Plant (Enter total of lines 8 thru 12)	3,497,006,773		3,497,006,773			
14	Accum. Prov. for Depr., Amort., & Depl.	1,370,433,729		1,370,433,729			
15	Net Utility Plant (Line 13 less 14)	2,126,573,044		2,126,573,044			
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION						
17	In Service:						
18	Depreciation	1,316,038,569		1,316,038,569			
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights	—		—			
20	Amort. of Underground Storage Land and Land Rights	33,571		33,571			
21	Amort. of Other Utility Plant	101,856,674		101,856,674			
21.01	Salvage Work In Progress	—		—			
21.02	Less Removal Work in Progress	47,495,085		47,495,085			
22	TOTAL in Service (Lines 18 thru 21)	1,370,433,729		1,370,433,729			
23	Leased to Others						
24	Depreciation	—		—			
25	Amortization and Depletion	—		—			
26	TOTAL Leased to Others (Lines 24 and 25)	—		—			
27	Held for Future Use						
28	Depreciation	—		—			
29	Amortization	—		—			
30	TOTAL Held for Future Use (Lines 28 and 29)	—		—			
31	Abandonment of Leases (Natural Gas)	—		—			
32	Amort. of Plant Acquisition Adjustment	—		—			
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Lines 22, 26, 30, 31, and 32)	1,370,433,729		1,370,433,729			

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - SITUS GAS PLANT IN SERVICE

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*; Account 103, *Experimental Gas Plant Unclassified*; and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions or prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on Estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in column (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at the end of year.
6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
7. For Account 399, state the nature and use of plant included in this account and if substantial in amount, submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.
8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

SEE FOLLOWING PAGES

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Balance	Additions	Retirements	Transfers	Adjustments	Ending Balance*
UTILITY						
Intangible Plant						
301 ORGANIZATION	852	—	—	—	—	852
302 FRANCHISES & CONSENTS	83,496	—	—	—	—	83,496
303.1 COMPUTER SOFTWARE	88,829,113	41,709,266	—	—	—	130,538,379
303.2 CUSTOMER INFORMATION SYSTEM	30,488,305	—	—	—	—	30,488,305
303.3 INDUSTRIAL & COMMERCIAL BIL	4,146,951	—	—	—	—	4,146,951
303.4 CRMS	682,893	—	(682,893)	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—
303.6 NMEP COMPUTER SOFTWARE	452,044	3,807	—	—	—	455,851
303.7 CLOUD-BASED SOFTWARE	—	4,264,625	—	—	—	4,264,625
Intangible Plant Subtotal*	124,683,653	45,977,698	(682,893)	—	—	169,978,459
Production Plant - Oil Gas						
304.1 LAND	24,998	—	—	—	—	24,998
305.2 P P O G STRU & IMPR-SEWER S	—	—	—	—	—	—
305.5 P P O G STRU & IMPR-OTHER Y	13,156	—	—	—	—	13,156
312.3 P P O G FUEL HANDLING AND S	—	—	—	—	—	—
318.3 P P O G LIGHT OIL REFINING	144,896	—	—	—	—	144,896
318.5 P P O G TAR PROCESSING	243,551	—	—	—	—	243,551
325 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—
327 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
328 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—
331 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
332 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
333 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
334 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—
Production Plant - Oil Gas Subtotal*	426,601	—	—	—	—	426,601
Production Plant - Other						
305.11 GAS PRODUCTION - COTTAGE G	8,320	—	—	—	—	8,320
305.17 STRUCTURES MIXING STATION	46,587	—	—	—	—	46,587
311 P P OTHER-LIQUEFIED PETROLE	—	—	—	—	—	—
311.4 P P OTHER-L P G GRANGER	—	—	—	—	—	—
311.7 LIQUIFIED GAS EQUIPMENT COO	4,033	—	—	—	—	4,033
311.8 LIQUIFIED GAS EQUIPMENT LIN	4,209	—	—	—	—	4,209
319 GAS MIXING EQUIPMENT GASCO	185,448	—	—	—	—	185,448
Production Plant - Other Subtotal*	248,597	—	—	—	—	248,597

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Natural Gas Underground Storage						
350.1	LAND	106,549	—	—	—	106,549
350.2	RIGHTS-OF-WAY	109,625	—	—	—	109,625
350.3	NMEP RIGHTS-OF-WAY	538,145	(65)	—	—	538,079
350.4	NMEP LAND	461,268	(56)	—	—	461,212
351	STRUCTURES AND IMPROVEMENTS	8,634,151	—	—	—	8,634,151
351.1	NMEP STRUCTURES AND IMPROVEMENTS	6,784,473	331,968	—	—	7,116,441
352	WELLS	25,605,819	3,541,220	—	—	29,147,039
352.1	STORAGE LEASEHOLD & RIGHTS	3,938,491	—	—	—	3,938,491
352.2	RESERVOIRS	7,272,553	—	—	—	7,272,553
352.3	NON-RECOVERABLE NATURAL GAS	6,440,890	—	—	—	6,440,890
352.4	NMEP WELLS	16,159,768	109,114	—	—	16,268,882
352.5	NMEP STORAGE LEASEHOLD & RIGHTS	2,619,103	6,258	—	—	2,625,361
352.6	NMEP RESERVOIRS	2,619,103	6,258	—	—	2,625,361
352.7	NMEP NON-RECOVERABLE NATURAL GAS	2,696,233	6,429	—	—	2,702,662
353	LINES	8,087,704	119,676	—	—	8,207,380
353.1	NMEP LINES	332,621	20,111	—	—	352,733
354	COMPRESSOR STATION EQUIPMENT	32,592,775	—	(5,000,000)	—	27,592,775
354.7	NMEP COMPRESSOR STATION EQUIPMENT	27,599,508	385,505	—	—	27,985,014
355	MEASURING / REGULATING EQUIPM	7,484,620	2,173,461	—	—	9,658,080
355.1	NMEP MEASURING / REGULATING EQUIPMENT	15,519,402	428,258	—	—	15,947,660
356	PURIFICATION EQUIPMENT	363,765	27,819,071	—	—	28,182,836
357	OTHER EQUIPMENT	2,359,566	2,237,165	—	—	4,596,732
	Natural Gas Underground Storage Subtotal*	178,326,133	37,184,372	(5,000,000)	—	210,510,505

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Local Storage Plant						
360.11 LAND - LNG LINNTON	83,598	—	—	—	—	83,598
360.12 LAND - LNG NEWPORT	536,675	—	—	—	—	536,675
360.2 LAND - OTHER	106,557	—	—	—	—	106,557
361.11 STRUCTURES & IMPROVEMENTS	10,671,914	44,126	—	—	—	10,716,040
361.12 STRUCTURES & IMPROVEMENTS	12,096,752	27,918	—	—	—	12,124,670
361.2 STRUCTURES & IMPROVEMENTS -	26,757	—	—	—	—	26,757
362.11 GAS HOLDERS - LNG LINNTON	4,556,064	—	—	—	—	4,556,064
362.12 GAS HOLDERS - LNG NEWPORT	5,927,104	—	—	—	—	5,927,104
362.2 GAS HOLDERS - LNG OTHER	1,600	—	—	—	—	1,600
363.11 LIQUEFACTION EQUIP. - LINN	3,375,541	74,661	—	—	—	3,450,202
363.12 LIQUEFACTION EQUIP - NEWPO	15,748,404	—	—	—	—	15,748,404
363.21 VAPORIZING EQUIP - LINNTON	4,458,618	—	—	—	—	4,458,618
363.22 VAPORIZING EQUIP - NEWPORT	3,739,813	2,967,836	—	—	—	6,707,649
363.31 COMPRESSOR EQUIP - LINNTON	180,903	—	—	—	—	180,903
363.32 COMPRESSOR EQUIPMENT - NE	4,623,311	121,183	—	—	—	4,744,494
363.41 MEASURING & REGULATING EQU	2,878,465	366,419	—	—	—	3,244,885
363.42 MEASURING & REGULATING EQU	10,562,079	101,307	—	—	—	10,663,386
363.5 CNG REFUELING FACILITIES	3,051,295	—	—	—	—	3,051,295
363.6 LNG REFUELING FACILITIES	739,473	—	—	—	—	739,473
Local Storage Plant Subtotal*	83,364,925	3,703,450	—	—	—	87,068,375
Transmission Plant						
365.1 LAND	1,015,597	—	—	—	—	1,015,597
365.2 LAND RIGHTS	6,455,177	—	—	—	—	6,455,177
365.3 NMEP LAND RIGHTS	538,142	(65)	—	—	—	538,076
366.3 STRUCTURES & IMPROVEMENTS -	1,546,073	—	—	—	—	1,546,073
367 MAINS	177,912,187	9,248,738	—	—	—	187,160,925
367.21 NORTH MIST TRANSMISSION LI	1,994,582	—	—	—	—	1,994,582
367.22 SOUTH MIST TRANSMISSION LI	14,949,264	—	—	—	—	14,949,264
367.23 SOUTH MIST TRANSMISSION LI	34,881,341	—	—	—	—	34,881,341
367.24 11.7M S MIST TRANS LINE	17,466,182	—	—	—	—	17,466,182
367.25 12M NORTH S MIST TRANS	18,613,651	—	—	—	—	18,613,651
367.26 38M NORTH S MIST TRANS	68,232,676	—	—	—	—	68,232,676
367.27 NMEP MAINS	66,807,090	136,422	—	—	—	66,943,512
368 TRANSMISSION COMPRESSOR	—	—	—	—	—	—
369 MEASURING & REGULATE STATION	3,969,549	—	—	—	—	3,969,549
370 COMMUNICATION EQUIPMENT	—	—	—	—	—	—
Transmission Plant Subtotal*	414,381,510	9,385,095	—	—	—	423,766,605

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
Distribution Plant						
374.1 LAND	75,384	125,919	—	—	—	201,303
374.2 LAND RIGHTS	1,858,502	—	—	—	—	1,858,502
375 STRUCTURES & IMPROVEMENTS	132,550	—	—	—	—	132,550
376.11 MAINS < 4"	548,955,593	17,984,820	(82,327)	—	—	566,858,086
376.12 MAINS 4" & >	513,101,095	48,863,867	(7,040)	—	—	561,957,922
376.13 NMEP MAINS HP 4" & >	614,976	—	—	—	—	614,976
377 COMPRESSOR STATION EQUIPMENT	818,380	—	—	—	—	818,380
378 MEASURING & REG EQUIP - GENER	34,765,392	2,801,257	—	—	—	37,566,648
379 MEASURING & REG EQUIP - GATE	13,925,100	1,826,349	—	—	—	15,751,449
380 SERVICES	757,667,239	31,503,746	(134,530)	—	—	789,036,456
381 METERS	88,703,212	9,421,877	(4,319,104)	—	—	93,805,986
381.1 METERS (ELECTRONIC)	1,696,938	—	—	—	—	1,696,938
381.2 ERT (ENCODER RECEIVER TRANS	36,651,443	3,663,439	(3,618,205)	—	—	36,696,677
382 METER INSTALLATIONS	57,528,822	4,493,869	(4,197,337)	—	—	57,825,354
382.1 METER INSTALLATIONS (ELECTR	481,020	—	—	—	—	481,020
382.2 ERT INSTALLATION (ENCODER	8,054,538	580,100	(354,198)	—	—	8,280,441
383 HOUSE REGULATORS	2,272,320	134,095	—	—	—	2,406,415
386 OTHER PROPERTY ON CUSTOMERS P	1,162,110	—	—	—	—	1,162,110
386.1 MULTI-FAMILY METER ROOMS	—	—	—	—	—	—
387.1 CATHODIC PROTECTION TESTING	173,859	—	—	—	—	173,859
387.2 CALORIMETERS @ GATE STATIONS	69,794	—	—	—	—	69,794
387.3 METER TESTING EQUIPMENT	72,671	—	—	—	—	72,671
Distribution Plant Subtotal*	2,068,780,940	121,399,339	(12,712,740)	—	—	2,177,467,538

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Balance	Additions	Retirements	Transfers	Adjustments	Ending Balance*
UTILITY						
General Plant						
389 LAND	10,493,712	1,027,613	(55,346)	—	—	11,465,979
390 STRUCTURES & IMPROVEMENTS	73,386,388	1,076,705	(231,371)	—	—	74,231,722
390.1 SOURCE CONTROL FACILITY	19,461,808	1,069,827	—	—	—	20,531,635
391.1 OFFICE FURNITURE & EQUIPMEN	8,270,702	8,923,357	(113,981)	—	—	17,080,079
391.2 COMPUTERS	37,535,630	19,659,716	(2,834,260)	—	—	54,361,086
391.3 ON SITE BILLING	—	—	—	—	—	—
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—
391.5 NMEP COMPUTERS	1,537,007	10,041	—	—	—	1,547,048
392 TRANSPORTATION EQUIPMENT	51,203,983	4,392,516	(1,534,186)	—	—	54,062,313
393 STORES EQUIPMENT	119,406	—	—	—	—	119,406
394 TOOLS - SHOP & GARAGE EQUIPUI	14,224,476	2,527,572	—	—	—	16,752,048
395 LABORATORY EQUIPMENT	—	—	—	—	—	—
396 POWER OPERATED EQUIPMENT	12,354,759	1,685,053	(193,867)	—	—	13,845,945
397 GEN PLANT-COMMUNICATION EQU	67,401	—	—	—	—	67,401
397.1 MOBILE	3,806,931	33,819	—	—	—	3,840,750
397.2 OTHER THAN MOBILE & TELEMET	9,958	—	—	—	—	9,958
397.3 TELEMETERING - OTHER	2,254,963	4,370,817	(44,672)	—	—	6,581,109
397.4 TELEMETERING - MICROWAVE	5,178,517	807,638	(262,701)	—	—	5,723,453
397.5 TELEPHONE EQUIPMENT	490,767	—	—	—	—	490,767
398 GEN PLANT-MISCELLANEOUS EQU	—	—	—	—	—	—
398.1 PRINT SHOP	4,359	—	—	—	—	4,359
398.2 KITCHEN EQUIPMENT	12,812	16,052	—	—	—	28,865
398.3 JANITORIAL EQUIPMENT	14,873	—	—	—	—	14,873
398.4 INSTALLED IN LEASED BUILDINGS	5,393	—	—	—	—	5,393
398.5 OTHER MISCELLANEOUS EQUIPMENT	66,739	—	—	—	—	66,739
General Plant Subtotal*	240,500,584	45,600,729	(5,270,384)	—	—	280,830,929
Utility Property Grand Total*	3,110,712,941	263,250,682	(23,666,017)	—	—	3,350,297,607
GL Account 101600	7,204,816					85,743,380
GL Account 101601	452,619					1,227,474
GL Account 101603	—					610,756
Utility Property Under Capital Leases	7,657,435					87,581,610
Total Utility Plant*	3,118,370,376					3,437,879,217

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Balance	Additions	Retirements	Transfers	Adjustments	Ending Balance*
NON-UTILITY						
Intangible Plant						
303.1 COMPUTER SOFTWARE	163,357	—	—	—	—	163,357
303.2 CUSTOMER INFORMATION SYSTEM	61,429	—	—	—	—	61,429
Non Utility Intangible Plant Subtotal*	224,786	—	—	—	—	224,786
Natural Gas Underground Storage						
352 WELLS	18,023,755	1,171,410	—	—	—	19,195,165
352.1 STORAGE LEASEHOLD & RIGHTS	1,020	—	—	—	—	1,020
352.2 RESERVOIRS	3,561,501	—	—	—	—	3,561,501
353 LINES	2,571,507	3,555	—	—	—	2,575,062
354 COMPRESSOR STATION EQUIPMENT	12,056,993	779,400	—	—	—	12,836,393
355 MEASURING / REGULATING EQUIPMENT	8,233,817	780,086	—	—	—	9,013,903
357 OTHER EQUIPMENT	63,256	—	—	—	—	63,256
Non Utility Natural Gas Underground Storage Subtotal*	44,511,849	2,734,452	—	—	—	47,246,301
Transmission Plant						
368 TRANSMISSION COMPRESSOR	7,723,454	—	—	—	—	7,723,454
Non Utility Transmission Plant Subtotal*	7,723,454	—	—	—	—	7,723,454
Distribution Plant						
376.12 MAINS 4" & >	—	—	—	—	—	—
Non Utility Distribution Plant Subtotal*	—	—	—	—	—	—
General Plant						
389 LAND	438,739	—	—	—	—	438,739
390 STRUCTURES & IMPROVEMENTS	239,306	10,990	—	—	—	250,296
Non Utility General Plant Subtotal*	678,045	10,990	—	—	—	689,035

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS
NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
NON-UTILITY						
Non Utility Other						
121.1 NON-UTIL PROP-DOCK	1,946,033	—	—	—	—	1,946,033
121.2 NON-UTIL PROP-LAND	125,102	—	—	—	—	125,102
121.3 NON-UTIL PROP-OIL ST	4,635,180	41,541	—	—	—	4,676,720
121.7 NON-UTIL PROP-APPL CENTER	64,906	—	—	—	—	64,906
121.8 NON-UTIL PROP-STORAGE	96,038	—	—	—	—	96,038
Non Utility Other*	6,867,259	41,541	—	—	—	6,908,800
<hr/>						
Non Utility Property Grand Total*	60,005,393	2,786,982	—	—	—	62,792,375

* May not foot due to rounding.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - SITUS GAS PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$100,000 or more. Other items of property held for future use may be grouped provided that the number of properties so grouped is indicated.

2. For property having an original cost of \$100,000 or more previously used in utility operations, now held for future use, give in addition to other required information, the date that utility use of such property was discontinued, and the date the original was transferred to Account 105.

Line No.	DESCRIPTION AND LOCATION OF PROPERTY (a)	DATE ORIGINALLY INCLUDED IN THIS ACCOUNT (b)	DATE EXPECTED (c)	BALANCE END OF YEAR (d)
1	Underground Storage	07/2009	Undetermined	127,921
2	Easement	11/2011	Undetermined	136,720
3	Willamette River Crossing - Engineering Costs	05/2015	Undetermined	705,427
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	TOTALS			970,068

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - SITUS CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	DESCRIPTION OF PROJECT (a)	CONSTRUCTION WORK IN PROGRESS - GAS (ACCOUNT 107) (b)	ESTIMATED ADDITIONAL COST OF PROJECT (c)
1	Mains and Service Jobs	15,794,922	21,208,184
2	Other, less than \$1M each	13,916,590	6,370,697
3	Misc Facilities Projects	13,811,106	24,884,857
4	Misc Information Services Projects	10,903,191	33,934,092
5	Portland LNG Readiness	2,445,006	976,385
6	Newport LNG Readiness	946,198	2,110,514
7	North Mist Projects	340,476	2,148,300
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30	TOTALS	58,157,489	91,633,029

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	--	--

STATE OF OREGON - SITUS ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service pages 24-27, column (d), excluding retirements of non-depreciable property. 3. The provisions of Account 108 of the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
SEE FOLLOWING PAGES

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS

NW NATURAL

Period Beginning: January 2020

Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Intangible Plant								
301 ORGANIZATION	—	—	—	—	—	—	—	—
302 FRANCHISES & CONSENTS	—	—	—	—	—	—	—	—
303.1 COMPUTER SOFTWARE	35,118,150	7,066,163	—	—	—	—	—	42,184,313
303.2 CUSTOMER INFORMATION SYSTEM	30,485,095	—	—	—	—	—	—	30,485,095
303.3 INDUSTRIAL & COMMERCIAL BIL	4,146,951	—	—	—	—	—	—	4,146,951
303.4 CRMS	682,893	—	(682,893)	—	—	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—	—	—
303.6 NMEP COMPUTER SOFTWARE	55,987	90,440	—	—	—	—	—	146,427
303.7 CLOUD-BASED SOFTWARE	—	455,690	—	—	—	—	—	455,690
Intangible Plant Subtotal*	70,489,075	7,612,294	(682,893)	—	—	—	—	77,418,476
Production Plant - Oil Gas								
304.1 LAND	—	—	—	—	—	—	—	—
305.2 P P O G STRU & IMPR-SEWER S	—	—	—	—	—	—	—	—
305.5 P P O G STRU & IMPR-OTHER Y	13,814	—	—	—	—	—	—	13,814
312.3 P P O G FUEL HANDLING AND S	—	—	—	—	—	—	—	—
318.3 P P O G LIGHT OIL REFINING	152,141	—	—	—	—	—	—	152,141
318.5 P P O G TAR PROCESSING	255,729	—	—	—	—	—	—	255,729
325 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
327 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
328 NATURAL GAS PROD AND GATHER	—	—	—	—	—	—	—	—
331 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
332 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
333 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
334 NATURAL GAS PROD & GATHERIN	—	—	—	—	—	—	—	—
Production Plant - Oil Gas Subtotal*	421,683	—	—	—	—	—	—	421,683
Production Plant - Other								
305.11 GAS PRODUCTION - COTTAGE G	8,736	—	—	—	—	—	—	8,736
305.17 STRUCTURES MIXING STATION	51,246	—	—	—	—	—	—	51,246
311 P P OTHER-LIQUEFIED PETROLE	—	—	—	—	—	—	—	—
311.4 P P OTHER-L P G GRANGER	—	—	—	—	—	—	—	—
311.7 LIQUIFIED GAS EQUIPMENT COO	8,066	—	—	—	—	—	—	8,066
311.8 LIQUIFIED GAS EQUIPMENT LIN	6,585	—	—	—	—	—	—	6,585
319 GAS MIXING EQUIPMENT GASCO	194,720	—	—	—	—	—	—	194,720
Production Plant - Other Subtotal*	269,353	—	—	—	—	—	—	269,353

* May not foot due to rounding.

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve
UTILITY								
Natural Gas Underground Storage								
350.1 LAND	—	—	—	—	—	—	—	—
350.2 RIGHTS-OF-WAY	32,004	1,568	—	—	—	—	—	33,571
350.3 NMEP RIGHTS-OF-WAY	5,450	8,717	—	—	—	—	—	14,167
351 STRUCTURES AND IMPROVEMENTS	3,053,795	129,512	—	—	—	—	—	3,183,307
351.1 NMEP STRUCTURES AND IMPROVEMENTS	72,239	117,418	—	—	—	—	—	189,657
352 WELLS	12,607,424	400,506	—	—	—	—	—	13,007,931
352.1 STORAGE LEASEHOLD & RIGHTS	1,811,152	65,773	—	—	—	—	—	1,876,925
352.2 RESERVOIRS	2,799,555	125,815	—	—	—	—	—	2,925,370
352.3 NON-RECOVERABLE NATURAL GAS	3,659,767	101,122	—	—	—	—	—	3,760,889
352.4 NMEP WELLS	201,551	336,092	—	—	—	—	—	537,643
352.5 NMEP STORAGE LEASEHOLD & RIGHTS	31,896	51,171	—	—	—	—	—	83,066
352.6 NMEP RESERVOIRS	32,877	52,745	—	—	—	—	—	85,622
352.7 NMEP NON-RECOVERABLE NATURAL GAS	31,656	50,787	—	—	—	—	—	82,442
353 LINES	3,467,944	167,152	—	—	—	—	—	3,635,097
353.1 NMEP LINES	4,184	7,083	—	—	—	—	—	11,267
354 COMPRESSOR STATION EQUIPMENT	20,553,816	559,998	(5,000,000)	—	—	—	—	16,113,814
354.7 NMEP COMPRESSOR STATION EQUIPMENT	456,891	739,711	—	—	13,550	—	—	1,210,152
355 MEASURING / REGULATING EQUIPM	4,914,910	177,691	—	—	—	—	—	5,092,602
355.1 NMEP MEASURING / REGULATING EQUIPMENT	207,697	342,720	—	—	—	—	—	550,418
356 PURIFICATION EQUIPMENT	245,017	84,206	—	—	—	—	—	329,223
357 OTHER EQUIPMENT	951,524	81,579	—	—	—	—	—	1,033,103
Natural Gas Underground Storage Subtotal*	55,141,350	3,601,367	(5,000,000)	—	13,550	—	—	53,756,267

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class	Beginning			Cost of	Salvage and	Transfers and		Ending
FERC Plant Account	Reserve	Provision	Retirements	Removal	Other Credits	Adjustments	Loss/(Gain)	Reserve*
UTILITY								
Local Storage Plant								
360.11 LAND - LNG LINNTON	—	—	—	—	—	—	—	—
360.12 LAND - LNG NEWPORT	—	—	—	—	—	—	—	—
360.2 LAND - OTHER	—	—	—	—	—	—	—	—
361.11 STRUCTURES & IMPROVEMENTS	3,163,714	404,709	—	—	—	—	—	3,568,422
361.12 STRUCTURES & IMPROVEMENTS	3,143,615	523,940	—	—	—	—	—	3,667,556
361.2 STRUCTURES & IMPROVEMENTS -	12,365	474	—	—	—	—	—	12,839
362.11 GAS HOLDERS - LNG LINNTON	2,570,215	117,546	—	—	—	—	—	2,687,761
362.12 GAS HOLDERS - LNG NEWPORT	6,037,955	144,029	—	—	—	—	—	6,181,983
362.2 GAS HOLDERS - LNG OTHER	1,250	16	—	—	—	—	—	1,266
363.11 LIQUEFACTION EQUIP. - LINN	2,692,940	44,333	—	—	—	—	—	2,737,274
363.12 LIQUEFACTION EQUIP - NEWPO	7,346,843	105,508	—	—	—	—	—	7,452,351
363.21 VAPORIZING EQUIP - LINNTON	2,472,960	20,956	—	—	—	—	—	2,493,915
363.22 VAPORIZING EQUIP - NEWPORT	428,322	134,521	—	—	—	—	—	562,843
363.31 COMPRESSOR EQUIP - LINNTON	206,897	—	—	—	—	—	—	206,897
363.32 COMPRESSOR EQUIPMENT - NE	1,135,117	351,577	—	—	—	—	—	1,486,694
363.41 MEASURING & REGULATING EQU	745,174	116,641	—	—	—	—	—	861,815
363.42 MEASURING & REGULATING EQU	265,230	13,747	—	—	—	—	—	278,977
363.5 CNG REFUELING FACILITIES	1,511,977	79,944	—	—	—	—	—	1,591,921
363.6 LNG REFUELING FACILITIES	739,473	—	—	—	—	—	—	739,473
Local Storage Plant Subtotal*	32,474,046	2,057,941	—	—	—	—	—	34,531,986
Transmission Plant								
365.1 LAND	—	—	—	—	—	—	—	—
365.2 LAND RIGHTS	2,224,476	98,119	—	—	—	—	—	2,322,594
365.3 NMEP LAND RIGHTS	6,358	10,170	—	—	—	—	—	16,528
366.3 STRUCTURES & IMPROVEMENTS -	385,814	27,056	—	—	—	—	—	412,870
367 MAINS	39,625,566	3,384,162	—	—	—	—	—	43,009,728
367.21 NORTH MIST TRANSMISSION LI	1,211,672	34,307	—	—	—	—	—	1,245,979
367.22 SOUTH MIST TRANSMISSION LI	11,252,724	237,693	—	—	—	—	—	11,490,417
367.23 SOUTH MIST TRANSMISSION LI	15,253,972	676,698	—	—	—	—	—	15,930,670
367.24 11.7M S MIST TRANS LINE	6,496,445	338,844	—	—	—	—	—	6,835,289
367.25 12M NORTH S MIST TRANS	6,621,299	362,966	—	—	—	—	—	6,984,265
367.26 38M NORTH S MIST TRANS	24,451,554	1,330,537	—	—	—	—	—	25,782,091
367.27 NMEP MAINS	1,084,348	1,738,704	—	—	—	—	—	2,823,052
368 TRANSMISSION COMPRESSOR	(9)	—	—	—	—	—	—	(9)
369 MEASURING & REGULATE STATION	1,738,646	84,546	—	—	—	—	—	1,823,192
370 COMMUNICATION EQUIPMENT	—	—	—	—	—	—	—	—
Transmission Plant Subtotal*	110,352,864	8,323,802	—	—	—	—	—	118,676,667

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

		Beginning:		Ending:		January 2019		December 2019	
Functional Class		Beginning		Cost of	Salvage and	Transfers and		Ending	
FERC Plant Account		Reserve	Provision	Removal	Other Credits	Adjustments	Loss/(Gain)	Reserve*	
UTILITY									
Distribution Plant									
374.1	LAND	—	—	—	—	—	—	—	—
374.2	LAND RIGHTS	1,667,253	10,408	—	—	—	—	1,677,661	
375	STRUCTURES & IMPROVEMENTS	51,384	1,248	—	—	—	—	52,632	
376.11	MAINS < 4"	312,393,456	14,168,578	(82,327)	(161,608)	36,748	—	326,354,846	
376.12	MAINS 4" & >	216,673,937	12,363,606	(7,040)	(52,704)	36,966	—	229,014,764	
376.13	NMEP MAINS HP 4" & >	9,032	14,452	—	—	—	—	23,484	
377	COMPRESSOR STATION EQUIPMENT	677,959	10,803	—	—	—	—	688,761	
378	MEASURING & REG EQUIP - GENER	12,814,255	778,576	—	—	—	—	13,592,830	
379	MEASURING & REG EQUIP - GATE	2,408,968	315,531	—	—	—	—	2,724,499	
380	SERVICES	406,052,221	22,167,843	(134,530)	(193,208)	—	—	427,892,326	
381	METERS	21,014,750	2,078,227	(4,319,104)	—	43,305	—	18,817,178	
381.1	METERS (ELECTRONIC)	1,993,110	49,042	—	—	—	—	2,042,151	
381.2	ERT (ENCODER RECEIVER TRANS	16,646,920	2,218,769	(3,618,205)	—	—	—	15,247,484	
382	METER INSTALLATIONS	4,808,706	2,672,191	(4,197,337)	—	—	—	3,283,560	
382.1	METER INSTALLATIONS (ELECTR	121,408	41,416	—	—	—	—	162,824	
382.2	ERT INSTALLATION (ENCODER	5,328,429	315,265	(354,198)	—	—	—	5,289,496	
383	HOUSE REGULATORS	376,750	68,564	—	—	—	—	445,314	
386	OTHER PROPERTY ON CUSTOMERS P	264,663	123,364	—	—	—	—	388,027	
386.1	MULTI-FAMILY METER ROOMS	—	—	—	—	—	—	—	
387.1	CATHODIC PROTECTION TESTING	144,848	1,426	—	—	—	—	146,273	
387.2	CALORIMETERS @ GATE STATIONS	69,794	—	—	—	—	—	69,794	
387.3	METER TESTING EQUIPMENT	72,671	—	—	—	—	—	72,671	
Distribution Plant Subtotal*		1,003,590,513	57,399,306	(12,712,740)	(407,520)	117,019	—	1,047,986,577	

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
General Plant								
389	LAND	437,351	—	—	—	—	—	437,351
390	STRUCTURES & IMPROVEMENTS	13,422,472	1,674,177	(175,298)	—	—	—	14,921,351
390.1	SOURCE CONTROL FACILITY	5,429,836	424,601	—	—	—	—	5,854,437
391.1	OFFICE FURNITURE & EQUIPMEN	5,483,798	608,388	(113,981)	—	—	—	5,978,205
391.2	COMPUTERS	17,062,836	8,531,962	(2,834,260)	—	—	—	22,760,537
391.3	ON SITE BILLING	—	—	—	—	—	—	—
391.4	CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—	—
391.5	NMEP COMPUTERS	190,021	308,332	—	—	—	—	498,353
392	TRANSPORTATION EQUIPMENT	11,964,795	3,518,668	(1,534,186)	—	350,318	—	14,299,595
393	STORES EQUIPMENT	119,406	—	—	—	—	—	119,406
394	TOOLS - SHOP & GARAGE EQUIPUI	5,419,425	498,703	—	—	48,130	—	5,966,257
395	LABORATORY EQUIPMENT	(12)	(10)	—	—	—	—	(22)
396	POWER OPERATED EQUIPMENT	2,578,375	460,885	(193,867)	—	34,185	—	2,879,577
397	GEN PLANT-COMMUNICATION EQU	34,159	6,835	—	—	—	—	40,994
397.1	MOBILE	214,087	386,463	—	—	—	—	600,550
397.2	OTHER THAN MOBILE & TELEMET	(10,423)	(17,469)	—	—	—	—	(27,892)
397.3	TELEMETERING - OTHER	426,725	375,769	(44,672)	—	—	—	757,823
397.4	TELEMETERING - MICROWAVE	683,381	347,296	(262,701)	—	—	—	767,975
397.5	TELEPHONE EQUIPMENT	437,520	33,486	—	—	—	—	471,005
398	GEN PLANT-MISCELLANEOUS EQU	—	—	—	—	—	—	—
398.1	PRINT SHOP	3,783	(494)	—	—	—	—	3,289
398.2	KITCHEN EQUIPMENT	5,948	1,810	—	—	—	—	7,758
398.3	JANITORIAL EQUIPMENT	14,873	—	—	—	—	—	14,873
398.4	INSTALLED IN LEASED BUILDINGS	5,393	—	—	—	—	—	5,393
398.5	OTHER MISCELLANEOUS EQUIPMENT	66,739	—	—	—	—	—	66,739
	General Plant Subtotal*	63,990,488	17,159,400	(5,158,964)	—	432,632	—	76,423,556
	Utility Property Grand Total*	1,336,729,371	96,154,109	(23,554,597)	(407,520)	563,202	—	1,409,484,565
NON UTILITY								
Intangible Plant								
303.1	COMPUTER SOFTWARE	71,122	11,076	—	—	—	—	82,198
303.2	CUSTOMER INFORMATION SYSTEM	50,073	6	—	—	—	—	50,079
Non Utility	Intangible Plant Subtotal*	121,195	11,082	—	—	—	—	132,277

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: **January 2020**

Period Ending: **December 2020**

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
NON UTILITY								
Natural Gas Underground Storage								
352 WELLS	4,539,228	274,217	—	—	—	—	—	4,813,445
352.1 STORAGE LEASEHOLD & RIGHTS	257	17	—	—	—	—	—	275
352.2 RESERVOIRS	1,006,245	61,614	—	—	—	—	—	1,067,859
353 LINES	474,185	53,026	—	—	—	—	—	527,211
354 COMPRESSOR STATION EQUIPMENT	4,616,976	247,716	—	—	—	—	—	4,864,691
355 MEASURING / REGULATING EQUIPM	2,328,117	190,893	—	—	—	—	—	2,519,010
357 OTHER EQUIPMENT	14,401	1,373	—	—	—	—	—	15,774
Non Utility Natural Gas Underground Storage Subtotal*	12,979,409	828,855	—	—	—	—	—	13,808,264
Transmission Plant								
368 TRANSMISSION COMPRESSOR	2,718,438	166,050	—	—	—	—	—	2,884,487
Non Utility Transmission Plant Subtotal*	2,718,438	166,050	—	—	—	—	—	2,884,487
Distribution Plant								
376.12 MAINS 4" & >	1,369	(2)	—	—	—	—	—	1,367
Non Utility Distribution Plant Subtotal*	1,369	(2)	—	—	—	—	—	1,367
General Plant								
389 LAND	—	—	—	—	—	—	—	—
390 STRUCTURES & IMPROVEMENTS	44,288	5,526	—	—	—	—	—	49,814
Non Utility General Plant Subtotal*	44,288	5,526	—	—	—	—	—	49,814
Non Utility Other								
121.1 NON-UTIL PROP-DOCK	1,947,067	—	—	—	—	—	—	1,947,067
121.2 NON-UTIL PROP-LAND	—	—	—	—	—	—	—	—
121.3 NON-UTIL PROP-OIL ST	2,277,156	19,727	—	—	—	—	—	2,296,882
121.7 NON-UTIL PROP-APPL CENTER	47,322	4,383	—	—	—	—	—	51,705
121.8 NON-UTIL PROP-STORAGE	(1)	—	—	—	—	—	—	(1)
Non Utility Other*	4,271,543	24,110	—	—	—	—	—	4,295,653
Non Utility Property Grand Total*	20,136,243	1,035,620	—	—	—	—	—	21,171,862

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: **January 2020**
Period Ending: **December 2020**

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve
TOTAL SUMMARY ALL UTILITY DEPRECIATION RESERVES		12/31/2020						
UTILITY								
108002	(10,055,331)							
108003	(27,436)							
108004	573,094							
108005	(101,562)							
108009	(2,689,670)							
108010	(60,042,464)							
108011	1,033,074,030							
108012	18,601,695							
108013	(4,257,487)							
108014	(1,094,551)							
108015	3,408,462							
108016	5,214,186							
108018	455,690							
108019	—							
108100	—							
108102	425,266,253							
108103	1,159,655							
108666	—							
SUBTOTAL*				<u>1,409,484,565</u>				
ADD:								
108001 REMOVAL WORK IN PROCESS			(47,495,085)					
108600 ROU UTIL LEAS ACC DE			8,415,272					
108601 FIN UTIL LEA ACC DEP			28,977					
108666 COST OF REMOVAL			—					
TOTAL UTILITY DEPRECIATION*				<u>1,370,433,729</u>				
TOTAL SUMMARY ALL NON-UTILITY RESERVES DEPRECIATION								
NON UTILITY								
122002	(112,420)							
122026	1,034							
122027	4,476,242							
122028	16,036,830							
122029	(764,395)							
122100	—							
122102	1,534,572							
TOTAL NON UTILITY DEPRECIATION*				<u>21,171,862</u>				

* May not foot due to rounding.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - ALLOCATED
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION
AND DEPLETION**

Line No.	ITEM (a)	TOTAL (b)	ELECTRIC (c)	GAS (d)	OTHER (SPECIFY) (e)	OTHER (SPECIFY) (f)	COMMON (g)
1	UTILITY PLANT						
2	In Service						
3	Plant in Service (Classified)						
4	Property Under Capital Leases						
5	Plant Purchased or Sold						
6	Completed Construction not Classified		N/A - See SITUS schedule at OR 23				
7	Experimental Plant Unclassified						
8	TOTAL (Enter total of lines 3 thru 7)						
9	Leased to Others						
10	Held for Future Use						
11	Construction Work in Progress						
12	Acquisition Adjustments						
13	TOTAL Utility Plant (Enter total of lines 8 thru 12)						
14	Accum. Prov. for Depr., Amort., & Depl.						
15	Net Utility Plant (Line 13 less 14)						
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION						
17	In Service:						
18	Depreciation						
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights						
20	Amort. of Underground Storage Land and Land Rights						
21	Amort. of Other Utility Plant						
21.01	Salvage Work In Progress						
21.02	Less Removal Work in Progress						
22	TOTAL in Service (Lines 18 thru 21)						
23	Leased to Others						
24	Depreciation						
25	Amortization and Depletion						
26	TOTAL Leased to Others (Lines 24 and 25)						
27	Held for Future Use						
28	Depreciation						
29	Amortization						
30	TOTAL Held for Future Use (Lines 28 and 29)						
31	Abandonment of Leases (Natural Gas)						
32	Amort. of Plant Acquisition Adjustment						
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Lines 22, 26, 30, 31, and 32)						

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED GAS PLANT IN SERVICE

- Report below the original cost of gas plant in service
- In addition to Account 101, Gas Plant In Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Completed Construction Not Classified - Gas.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions or prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on Estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in column (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at the end of the year. **(Continued on page 33)**

Line No.	Account (a)	BALANCE BEGINNING OF YEAR (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	BALANCE END OF YEAR (g)	
1	1. Intangible Plant							
2	301 Organization							
3	302 Franchises and Consents							
4	303 Miscellaneous Intangible Plant							
5	TOTAL Intangible Plant							
6	2. Production Plant							
7	Natural Gas Production & Gathering Plant							
8	325.1 Producing Lands							
9	325.2 Producing Leaseholds	N/A - See SITUS schedule at OR 24 - 27						
10	325.3 Gas Rights							
11	325.4 Rights-of-Way							
12	325.5 Other Land and Land Rights							
13	326 Gas Well Structures							
14	327 Field Compressor Station Structures							
15	328 Field Meas. And Reg. Sta. Structures							
16	329 Other Structures							
17	330 Producing Gas Wells - Well Construction							
18	331 Producing Gas Wells - Well Equipment							
19	332 Field Lines							
20	333 Field Compressor Station Equipment							
21	334 Field Mess. And Reg. Sta. Equipment							
22	335 Drilling and Cleaning Equipment							
23	336 Purification Equipment							
24	337 Other Equipment							
25	338 Unsuccessful Explor. & Devel. Costs							
26	TOTAL Production & Gathering Plant							
27	Products Extraction Plant							
28	340 Land and Land Rights							
29	341 Structures and Improvements							
30	342 Extraction and Refining Equipment							
31	343 Pipe lines							
32	344 Extracted Products Storage Equipment							

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED GAS PLANT IN SERVICE (CONT'D)

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc. and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For account 399, state the nature and use of plant included in this account and if substantial amount, submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Line No.	Account (a)	BALANCE BEGINNING OF YEAR (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	BALANCE END OF YEAR (g)	
	2. Production Plant (Con't) Products Extraction Plant (Con't)							
33	345 Compressor Equipment							
34	345 Gas Meas. And Reg. Equipment							
35	347 Other Equipment							
36	TOTAL Products Extraction Plant							
37	TOTAL Nat. Gas Production Plant	N/A - See SITUS schedule at OR 24 - 27						
38	Mfd. Gas Prod. Plant (Submit Suppl. Stmt)							
39	TOTAL Production Plant							
40	3. Natural Gas Storage & Proc. Plant							
41	Underground Storage Plant							
42	350.1 Land							
43	350.2 Rights-of-Way							
44	351 Structures & Improvements							
45	352 Wells							
46	352.1 Storage Leaseholds & Rights							
47	352.2 Reservoirs							
48	352.3 Non-recoverable Natural Gas							
49	353 Lines							
50	354 Compressor Station Equipment							
51	355 Measuring & Reg. Equipment							
52	356 Purification Equipment							
53	357 Other Equipment							
54	TOTAL Underground Storage Plant							
55	Other Storage Plant							
56	360 Land and Land Rights							
57	361 Structures and Improvements							
58	362 Gas Holders							
59	363 Purification Equipment							
60	363.1 Liquefaction Equipment							
61	363.2 Vaporizing Equipment							
62	363.3 Compressor Equipment							
63	363.4 Meas. And Reg. Equipment							
64	363.5 Other Equipment							
65	TOTAL Other Storage Plant							

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED GAS PLANT IN SERVICE (CONT'D)

Line No.	Account (a)	BALANCE BEGINNING OF YEAR (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	BALANCE END OF YEAR (g)	
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant							
67	364.1 Land and Land Rights							
68	364.2 Structures and Improvements							
69	364.3 LNG Processing Terminal Equipment							
70	364.4 LNG Transportation Equipment							
71	364.5 Measuring and Regulating Equipment	N/A - See SITUS schedule at OR 24 - 27						
72	364.6 Compressor Station Equipment							
73	364.7 Communications Equipment							
74	364.8 Other Equipment							
75	TOTAL Base Load Liquefied Natural Gas, Terminaling, & Processing Plant							
76								
77	TOTAL Nat. Gas Storage & Proc. Plant							
78	4. Transmission Plant							
79	365.1 Land and Land Rights							
80	365.2 Rights-of-Way							
81	366 Structures and Improvements							
82	367 Mains							
83	368 Compressor Station Equipment							
84	369 Measuring and Reg. Sta. Equipment							
85	370 Communication Equipment							
86	371 Other Equipment							
87	TOTAL Transmission Plant							
88	5. Distribution Plant							
89	374 Land and Land Rights							
90	375 Structures and Improvements							
91	376 Mains							
92	377 Compressor Station Equipment							
93	378 Meas. And Reg. Sta. Equip. - General							
94	379 Meas. And Reg. Sta. Equip. - City Gate							
95	380 Services							
96	381 Meters							
97	382 Meter Installations							
98	383 House Regulators							
99	384 House Reg. installations							
100	385 Industrial Meas. & Reg. Sta. Equip							
101	386 Other Prop. On Customers' premises							
102	387 Other Equipment							
103	TOTAL Distribution Plant							

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED GAS PLANT IN SERVICE (CONT'D)

Line No.	Account (a)	BALANCE BEGINNING OF YEAR (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	BALANCE END OF YEAR (g)	
104	6. General Plant							
105	389 Land and Land Rights							
106	390 Structures and Improvements							
107	391 Office Furniture and Equipment							
108	392 Transportation Equipment	N/A - See SITUS schedule at OR 24 - 27						
109	393 Store Equipment							
110	394 Tools, Shop, and Garage Equipment							
111	395 Laboratory Equipment							
112	396 Power Operated Equipment							
113	397 Communication Equipment							
114	398 Miscellaneous Equipment							
115	Subtotal							
116	399 Other Intangible Property							
117	TOTAL General Plant							
118	TOTAL (Accounts 101 and 106)							
119	Gas Plant Purchased (See Instr. 8)							
120	(Less) Gas Plant Sold (See Instr. 8)							
121	Experimental Gas Plant Unclassified							
122	TOTAL Gas Plant In Service							

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED GAS PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$100,000 or more. Other items of property held for future use may be grouped provided that the number of properties so grouped is indicated.

2. For property having an original cost of \$100,000 or more previously used in utility operations, now held for future use, give in addition to other required information, the date that utility use of such property was discontinued, and the date the original was transferred to Account 105.

Line No.	DESCRIPTION AND LOCATION OF PROPERTY (a)	DATE ORIGINALLY INCLUDED IN THIS ACCOUNT (b)	DATE EXPECTED (c)	BALANCE END OF YEAR (d)
1	N/A - See SITUS schedule at OR 28			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30		TOTALS		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	DESCRIPTION OF PROJECT (a)	CONSTRUCTION WORK IN PROGRESS - GAS (ACCOUNT 107) (b)	ESTIMATED ADDITIONAL COST OF PROJECT (c)
1	N/A - See SITUS schedule at OR 29		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30		TOTALS	

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - ALLOCATED ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during the year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 32-35, column (d) excluding retirements of non-depreciable property.
3. The provisions of Account 108 of the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year-end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund of similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	ITEM (a)	TOTAL (d+d+e) (b)	GAS PLANT IN SERVICE (c)	GAS PLANT HELD FOR FUTURE USE (d)	GAS PLANT LEASED TO OTHERS (e)
1	Balance Beginning of Year				
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense				
4	(413) Exp. Of Gas Plt. Lease to Others				
5	Transportation Expenses - Clearing				
6	Other Clearing Accounts				
7	Other Accounts (Specify):	N/A - See SITUS schedule at OR 30			
8					
9	Total Deprec. Prov. For Year (Enter total of lines 3-8)				
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired				
12	Cost of Removal				
13	Salvage (Credit)				
14	TOTAL Net Charges for Plant Ret. (Enter Total of lines 11-13)				
15	Other Debit or Credit Items (Describe):				
16					
17	Balance End of Year (Enter Total of Lines 1,9, 14, 15,& 16)				

Section B. Balances at End of Year According to Functional Classifications

18	Production - Manufactured Gas				
19	Prod. And Gathering - Natural Gas				
20	Products Extraction - Natural Gas				
21	Underground Gas Storage				
22	Other Storage Plant				
23	Base Load LNG Term and Proc. Plt.				
24	Transmission				
25	Distribution				
26	General				
27	TOTAL (Total of Lines 18 thru 26)				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS STORED (Account 117, 164.1, 164.2 and 164.3)

- Report below the information called for concerning inventories of gas stored.
- The Uniform System of Accounts provides that inventory cost records be maintained on a consolidated basis for all storage projects with separate records showing the Mcf of inputs and withdrawals and balance for each project, except under certain specified circumstances. If the respondent's inventory cost records are not maintained on a consolidated basis for all storage projects, furnish an explanation of the accounting followed and reason for any deviation from the general basis provided by the Uniform System of Accounts. Separate schedules on this schedule form should be furnished for each group of storage projects for which separate inventory cost records are maintained.
- If during the year adjustment was made of the stored gas inventory, such as to correct for cumulative inaccuracies of gas measurements, furnish an explanation of the reason for the adjustment, the Mcf and dollar amount of adjustment and account charged or credited.
- Give a concise statement of the facts and the accounting performed with respect to any encroachment of withdrawals during the year, or restoration of previous encroachment, upon native gas constituting the "gas cushion" of any storage reservoir.
- If the respondent uses a "base stock" in connection with its inventory accounting, give a concise statement of the basis of establishing such "base stock" and the inventory basis and the accounting performed with respect to any encroachment of withdrawals upon "base stock", or restoration of previous encroachment, including brief particulars of any such accounting during the year.
- If respondent has provided accumulated provision for stored gas which may not eventually be fully recovered from any storage project furnish a statement showing: (a) date of Commission authorization of such accumulated provision (b) explanation of circumstances requiring such provision (c) basis of provision and factors of calculation (d) estimated ultimate accumulated provision accumulation (e) a summary showing balance of accumulated provision and entries during year.
- Pressure base of gas volumes reported in this schedule is 14.73 psia at 60° F.

Line No.	Description (a)	Non Current (Account 117) (b)	Current (Account 164.1) (c)	LNG (Account 164.1) (d)	LNG (Account 164.2) (e)	Total (i)
1	Balance at Beginning of Year					
2	Gas Delivered to Storage					
3	Contra Account					
4	Gas Withdrawn from Storage					
5	Contra Account					
6	Other Debits and Credits					
7	(Explain	SEE FERC ANNUAL REPORT				
8	Balance at End of Year					
9	Dekatherms					
10	Amount Per Dekatherm					
11						
12	Balance at End of Year					
13	MCF					
14	Amount per Mcf					
15	State basis of segregation of inventory between current and noncurrent portions.					
16						
17	Gas delivered to storage:					
18	Mcf					
19	Amount per Mcf					
20	Cost basis of gas delivered to storage:					
21	Specify: Own production (give production area, see					
22	uniform system of accounts); average system purchases					
23	specific purchases (state which purchases).					
24	Does cost of gas delivered to storage include any expenses					
25	for use of respondent's transmission, storage, or other					
26	facilities? If so, give particulars and date of Commission					
27	approval of the accounting.					
28						
29	Gas withdrawn from storage:					
30	Mcf					
31	Amount per Mcf					
32	Cost basis of withdrawals:					
33	Specify: average cost, lifo, fifo. (Explain any change in					
34	inventory basis during year and give date of Commission;					
35	approval of the change or approval of an inventory basis					
36	different from that referred to in uniform system of accounts)					

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

STATE OF OREGON - GAS PURCHASES (Accounts 800, 801, 802, 803, 804.1 and 805)

1. Report particulars of gas purchases during the year in the manner prescribed below. (Code numbers to be used in reporting for Columns (d), (e) and (f) will be supplied by the Commission.)

2. Provide subheadings and totals for prescribed accounts as follows

- 800 Natural Gas Well Head Purchases
- 801 Natural Gas Field Line Purchases
- 802 Natural Gas Gasoline Plant Outlet Purchases
- 803 Natural gas Transmission Line Purchases
- 804 Natural Gas City Gate Purchases
- 804.1 Liquefied natural Gas Purchases
- 805 Other gas Purchases

Purchases are to be reported in account number sequence, e.g. all purchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchases should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (k) and (l) and should agree with the books of accounts, or any differences reconciled.

3. Purchases may be reported by gas purchase contract totals (at the option of the respondent) where one contract includes two or more FERC producer rate schedules or small producer certificates, provided that the same price is being paid for all gas purchased under the contract. If two or more prices are in effect under the same contract, separate details for each price shall be reported. The name, and FERC rate schedule or small producer certificate docket number of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect, the sellers at each price are to be listed separately.

4. Purchases of less than 100,000 MCF per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (a). Only Columns (a), (k), (l), and (m) are to be completed for grouped purchases; however, the Commission may request additional details when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.

5. Column instructions are as follows:

Column (a) and (d) - In reporting the names of sellers under FERC rate schedules, use the names as they appear on the filed rate schedules. Abbreviations may be used where necessary. The code number to be used is the Commission assigned number.

Column (b) - Give the name of the producing field only for purchases at the wellhead or from field lines. The plant name should be given for purchases from gasoline plant outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.

Column (c) - State the net rate in cents per MCF as of December 31 for the reported year, applicable to the volume shown in Column (k). The net rate includes all applicable deductions and downward adjustments. The rate is effective if filed pursuant to applicable statutes and regulations and (as to FERC rates schedules) permitted by the commission to become effective.

Columns (e) and (f) - General Services Administration location code designations are to be used to designate the state and county where the gas is received. Where gas is received in more than one county, use the code designation for the county having the largest volume, and by footnote list the other counties involved.

Column (g) - List the assigned commission rate schedule number or small producer certificate docket number. Use the designation "NF" in Column (g) to indicate non-jurisdictional purchases.

Column (h) - In some cases, two or more lines will be required to report a purchase, as when two or more rates are being paid under the same contract, or when purchases under the same rate schedule are charged to more than one account. If for such reasons the producer rate schedule or non-jurisdictional purchase contract appears on more than one line, enter a numerical code (selected by the respondent) in Column (h) to so indicate. Once established, the same numerical suffix is to be used for all subsequent-year reporting of the purchase. If the purchase was permanently discontinued during the reporting year, so indicate by an asterisk (*) in column (h). Column (h) is to be used also, to enter any Commission assigned letter rate schedule suffix (e.g. R.S. No. 22A).

Column (i) - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract show the dates of the original and renegotiated contracts on the following line in brackets. If new acreage is dedicated by ratification of an existing contract, show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir than the original dedicated acreage pursuant to Section 2.56 (f) (2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.

Column (j) - Show, for each purchase, the approximate BTU per cubic foot, determined in accordance with the definition in item No. 7 of the General Instructions for FERC Form 2.

Column (k) - State the volume of purchased gas as finally measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.

Column (l) - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (k).

Column (m) - State the average cost per MCF to the nearest hundredth of a cent. (Column (l) divided by Column (k) multiplied by 100).

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS PURCHASES (Account 800, 801, 802, 803, 804, 804.1 and 805) (Con't)

Line No.	NAME OF SELLER (DESIGNATE ASSOCIATED COMPANIES) (a)	NAME OF PRODUCING FIELD OR GASOLINE PLANT (b)	NET RATE EFFECTIVE DECMEBER 31 (c)
1			
2			
3			
4			
5			
6		SEE FERC ANNUAL REPORT	
7		PAGE 520	
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2020	Year of Report December 31, 2020
--	--	--	--

Line No.	SELLAR CODE (d)	STATE CODE (e)	COUNTRY CODE (f)	RATE SCHEDULE		DATE OF CONTRACT (i)	APPROX BTU PER CU FEET (j)	GAS PURCHASED - MCF (14.73 PSIA 60°F) (k)	COST OF GAS (l)	COST PER MCF (CENTS) (m)
				No. (g)	Suffix (h)					
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										

**SEE FERC ANNUAL REPORT
PAGE 520**

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811 and 812)

- Report below particulars of credits during the year to Accounts 810, 811 and 812, which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
- Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
- If the reported MCF for any use is an estimated quantity, state such fact.
- If any natural gas was used by the respondent for which charge was not made to the appropriate operating expenses or other account, list separately in column (c) the MCF of gas so used, omitting entries in columns (d) and (e).
- Pressure base of measurement, to be reported in columns (c) and (f) is 14.73 psia at 60° F.

Line No.	PURPOSE FOR WHICH GAS WAS USED (a)	ACCOUNT CHARGED (b)	NATURAL GAS			MANUFACTURED GAS	
			Dth OF GAS USED (14.73 PSIA AT 60° F) (c)	AMOUNT OF CREDIT (d)	AMOUNT PER Dth (CENTS) (e)	MCF OF GAS USED (14.73 PSIA AT 60° F) (f)	AMOUNT OF CREDIT (g)
1	810 Gas used for Compressor Station Fuel - Credit		—	—	—	N/A	N/A
2	811 Gas used for Products Extraction - Credit		—	—	—	N/A	N/A
3	(a) Gas shrinkage & other usage in respondent's own processing		—	—		N/A	N/A
4	(b) Gas shrinkage, etc. for respondent's gas processed by others		—	—		N/A	N/A
5	812 Gas used for Other Utility Operations - Credit		484,212	164,041	0.34	N/A	N/A
6	(Report separately for each principal use, Group minor uses.)					N/A	N/A
7	System - All Districts		173,675	164,041			
8	LNG Plants		107,415	0*			
9	Underground Storage Compressors		203,122	0*			
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	TOTAL		484,212	164,041	0.34		

* Included in the Cost of Inventory

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS ACCOUNT - NATURAL GAS

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent, taking into consideration differences in pressure bases used in measuring Mcf of natural gas received and delivered.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
- In a footnote report the volumes of gas from respondent's own production delivered to respondent's transmission system and included in natural gas sales.
- If the respondent operates two or more systems which are not interconnected, separate schedules should be submitted. Insert pages for this purpose.

Line No.	ITEM (a)	REF. PAGE NO. (b)	Amount of Dth (c)
1	GAS RECEIVED		
2	Natural Gas Produced		—
3	LPG Gas Produced and Mixed with Natural Gas		—
4	Manufactured Gas Produced and Mixed with Natural Gas		—
5	Purchased Gas		
6	(a.) Wellhead		—
7	(b.) Field Lines		190,334
8	(c.) Gasoline Plants		—
9	(d.) Transmission Line		—
10	(e.) City Gate Under FERC Rate Schedules		67,106,463
11	(f.) LNG		—
12	(g.) Other		—
13	TOTAL, Gas Purchased (Enter Total of lines 7 thru 13)		67,296,797
14	Gas of Others Received for Transportation		36,322,889
15	Receipts of Respondents' Gas Transported or Compressed by Others		—
16	Exchange Gas Received		—
17	Gas Withdrawn from Underground Storage	*	2,986,563
18	Gas Received from LNG Storage		599,205
19	Gas Received from LNG Processing		—
20	Other Receipts (Specify): Off System Storage Withdrawal		—
21	TOTAL Receipts (Enter Total of lines 2 thru 5, 13, and 14 thru 20)		107,205,454

* This amount does not tie to system page 512 as it only includes Oregon storage sites.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - GAS ACCOUNT - NATURAL GAS (CONT'D)			
Line No.	ITEM (a)	REF. PAGE NO. (b)	Amount of Dth (c)
GAS DELIVERED			
22	Natural Gas Sales		
23	a. Field Sales		
24	(i) To Interstate Pipeline Companies for Resale pursuant to		—
25	FERC Rate Schedules		—
26	(ii) Retail Industrial Sales		—
27	(iii) Other Field Sales		—
28	TOTAL, Field Sales		—
29	b. Transmission System Sales		
30	(i) To Interstate Pipeline Co. for Resale Under FERC Rate Schedules		—
31	(ii) To Interstate Pipeline Co. and Gas Utilities for resale under		—
32	FERC Rate Schedules		—
33	(iii) Mainline Industrial Sales Under FERC Certification		—
34	(iv) Other Mainline Industrial Sales		—
35	(v) Other Transmission System Sales		—
36	TOTAL, Transmission System Sales		—
37	c. Local Distribution by Respondent		
38	(i) Retail Industrial Sales		7,890,986
39	(ii) Other Distribution System Sales		60,427,564
40	TOTAL, Distribution System Sales		68,318,550
41	d. Interdepartmental sales		—
42	e. Unbilled Therms		(160,459)
43	TOTAL SALES		68,158,091
Deliveries of Gas Transported or Compressed for:			
44	(a.) Other Interstate Pipeline Companies		—
46	(b.) Others - Transportation		36,322,889
47	TOTAL, Gas Transported or Compressed for Others		36,322,889
48	Deliveries of Respondent's Gas for Trans. or Compression by Others		—
49	Exchange Gas Delivered		—
50	Natural Gas Used by Respondent		484,212
51	Natural Gas Delivered to Underground Storage	*	1,364,568
52	Natural Gas Delivered to LNG Storage		646,727
53	Natural Gas Delivered to LNG Processing		—
54	Natural Gas for Franchise Requirements		—
55	Other Deliveries (Specify): FIK		—
56	TOTAL SALES & OTHER DELIVERIES		106,976,487
UNACCOUNTED FOR GAS			
57	Production System Losses		—
58	Storage Losses: Mist Gas Loss		—
59	Transmission System Losses		—
60	Distribution System Losses		228,967
61	Other Losses (Leakage)		—
62	TOTAL Unaccounted for		228,967
63	TOTAL SALES, OTHER DELIVERIES, AND UNACCOUNTED FOR		107,205,454

* This amount does not tie to system page 512 as it only includes Oregon storage sites.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - MISCELLANEOUS GENERAL EXPENSES (Account 930.2)

Report below the information called for concerning items included in miscellaneous general expenses.

Line No.	ITEMS (a)	TOTAL (b)	AMOUNT APPLICABLE TO STATE OF OREGON (c)	AMOUNT APPLICABLE TO OTHER STATES (d)
	SEE FERC ANNUAL REPORT PAGE 335			

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - POLITICAL ADVERTISING

1. List all payments for advertising, the purpose of which is to aid or defeat any measure before the people or to promote or prevent the enactment of any national, state, district or municipal legislation.
2. Give the specific purpose of such advertising, when and where placed, and the account or accounts charged.
3. Report whole dollars only. Provide a total for each account and a grand total.

Line No.	DESCRIPTION (a)	ACCOUNT CHARGED (b)	AMOUNT (d)
	<p>NONE</p>		

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - POLITICAL CONTRIBUTIONS

1. List all payments for advertising, the purpose of which is to aid or defeat any measure before the people or to promote or prevent the enactment of any national, state, district or municipal legislation.
2. The purpose of all contributions or payments should be clearly explained
3. Report whole dollars only. Provide a total for each account and a grand total.

Line No.	DESCRIPTION (a)	ACCOUNT CHARGED (b)	AMOUNT (c)
1	SYSTEM INTERNAL LOBBY AND INTERNAL RESOURCES	426-04935	15,118
2	AMERICAN GAS FOUNDATION	426-04935	10,000
3	Total 426-04935	Total	25,118
4			
5	SYSTEM INTERNAL LOBBY AND INTERNAL RESOURCES	426-04950	184,714
6	Total 426-04950	Total	184,714
7			
8			
9			
10			
11			
12			
13			
14			
15		Total	209,832

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - EXPENDITURES TO ANY PERSON OR ORGANIZATION
HAVING AN AFFILIATED INTEREST FOR SERVICES, ETC.**

1. Report all expenditures to any person or organization having an affiliated interest for service, advice, auditing, associating, sponsoring, engineering, managing, operating, financial, legal or other services. See Oregon Revised Statute 757.015 for definition of "affiliated interest."
2. Give reference if such expenditures have in the past been approved by the Commission. Describe the services received and the account or accounts charged. Report whole dollars only.

Line No.	DESCRIPTION (a)	ACCOUNT NUMBER (b)	TOTAL AMOUNT (d)	AMOUNT ASSIGNED TO OREGON (d)
1	The required affiliated interest expenditure information for 2020 will be provided in NW Natural's FY 2020 annual affiliated interest report that will be filed with the commission near the same time as this filing.			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

STATE OF OREGON - DONATIONS AND MEMBERSHIPS

1. List all donations and membership expenditures made by the utility during the year and the accounts charged. Give the name, city, and state of each organization to whom a donation has been made. Group donations under headings such as:
- Contributions to and memberships in charitable organizations.
 - Organizations of the utility industry.
 - Technical and professional organizations.
 - Commercial and trade organizations.
 - All other organizations and kinds of donations and contributions.
2. List donations by type and group by the accounts charged. Report whole dollars only. Provide a total for each group of donations.

Line No.	DESCRIPTION (a)	ACCOUNT NUMBER (b)	TOTAL AMOUNT (c)	AMOUNT ASSIGNED TO OREGON (d)
1	All donations listed below are contributions to charitable organizations.			
2	UNITED WAY	426-02180	102,300	102,300
3	OREGON COMMUNITY FOUNDATION	426-02180	49,692	49,692
4	CASA FOR CHILDREN	426-02180	22,550	22,550
5	OREGON FOOD BANK INC	426-02180	22,309	22,309
6	HABITAT FOR HUMANITY	426-02180	13,749	13,749
7	GUIDE DOGS FOR THE BLIND INC	426-02180	10,500	10,500
8	PORTLAND ART MUSEUM	426-02180	10,200	10,200
9	PORTLAND HOMELESS FAMILY SOLUTIONS	426-02180	9,565	9,565
10	MEALS ON WHEELS PEOPLE INC	426-02180	9,000	9,000
11	EARTHSHARE CHAPTERS INC	426-02180	8,790	8,790
12	BLACK UNITED FUND OF OREGON	426-02180	7,940	7,940
13	THE OREGON ZOO FOUNDATION	426-02180	7,610	7,610
14	CLARK COUNTY VOCATIONAL SKILLS CNT	426-02180	7,000	—
15	OUTSIDE IN	426-02180	6,540	6,540
16	AMERICAN RED CROSS CASCADES REGION	426-02180	6,505	2,655
17	OREGON RESTAURANT & LODGING ASSN	426-02180	6,500	6,500
18	LATINO NETWORK	426-02180	6,250	6,250
19	BLANCHET HOUSE OF HOSPITALITY	426-02180	5,888	5,888
20	REGIONAL ARTS & CULTURE COUNCIL	426-02180	5,510	5,510
21	CAMPBELL INSTITUTE	426-02180	5,500	5,500
22	PORTLAND PARKS FOUNDATION	426-02180	5,500	5,500
23	CENTRAL CITY CONCERN INC	426-02180	5,300	5,300
24	URBAN LEAGUE OF PORTLAND	426-02180	5,250	5,250
25	BASIC RIGHTS EDUCATION FUND	426-02180	5,150	5,150
26	MEDICAL TEAMS INTERNATIONAL	426-02180	5,150	5,150
27	HACIENDA COMMUNITY DEVELOPMENT	426-02180	5,100	5,100
28	BEAVERTON EDUCATION FOUNDATION	426-02180	5,000	5,000
29	CLARK COUNTY COMMUNITY DEVELOPMENT	426-02180	5,000	—
30	COMMUNITY TRANSITIONAL SCHOOL	426-02180	5,000	5,000
31	ETHOS INC	426-02180	5,000	5,000
32	INCIGHT COMPANY	426-02180	5,000	5,000
33	JAPANESE GARDEN	426-02180	5,000	5,000
34	JUNIOR ACHIEVEMENT	426-02180	5,000	5,000
35	MACDONALD CENTER	426-02180	5,000	5,000
36	METROPOLITAN FAMILY SERVICE	426-02180	5,000	5,000
37	NEW AVENUES FOR YOUTH	426-02180	5,000	5,000
38	NORTHWEST EARTH INSTITUTE	426-02180	5,000	5,000
39	OREGON BALLET THEATRE	426-02180	5,000	5,000
40	OREGON COAST AQUARIUM INC	426-02180	5,000	5,000
41	OREGON MUSEUM OF SCIENCE AND INDUSTRY	426-02180	5,000	5,000

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Line No.	DESCRIPTION (a)	ACCOUNT NUMBER (b)	TOTAL AMOUNT (c)	AMOUNT ASSIGNED TO OREGON (d)
42	OREGON SYMPHONY ASSOCIATION	426-02180	5,000	5,000
43	THE CHILDREN'S CENTER OF CLACKAMAS	426-02180	5,000	5,000
44	THE DOUGY CENTER INC	426-02180	5,000	5,000
45	THE LIBRARY FOUNDATION	426-02180	5,000	5,000
46	CASCADIA BEHAVIORAL HEALTHCARE INC	426-02180	5,000	5,000
47	AGROS INTERNATIONAL	426-02180	5,000	5,000
48	COLLEGE POSSIBLE	426-02180	5,000	5,000
49	WOMEN ON BOARDS	426-02180	5,000	5,000
50	THE NEXT DOOR INC	426-02180	5,000	5,000
51	VERDE	426-02180	4,100	4,100
52	LIFEWORCS NORTHWEST	426-02180	6,000	6,000
53	NATIVE AMERICAN YOUTH	426-02180	3,850	3,850
54	HEAT OREGON	426-02180	3,504	3,504
55	CAMP FIRE COLUMBIA	426-02180	3,500	3,500
56	I HAVE A DREAM FOUNDATION OREGON	426-02180	3,500	3,500
57	REACH COMMUNITY DEVELOPMENT INC	426-02180	3,500	3,500
58	OREGON JEWISH MUSEUM	426-02180	3,500	3,500
59	CLASSROOM LAW PROJECT	426-02180	3,500	3,500
60	EPISCOPAL LAYMAN'S MISSION SOCIETY	426-02180	3,000	3,000
61	FAMILY BUILDING BLOCKS	426-02180	3,000	3,000
62	LGBTQ COMMUNITY CENTER FUND	426-02180	3,000	3,000
63	OPEN SCHOOL INC	426-02180	3,000	3,000
64	PORTLAND CHILDREN'S MUSEUM	426-02180	3,000	3,000
65	STREET ROOTS	426-02180	3,000	3,000
66	CLACKAMAS COMMUNITY COLLEGE FOUND	426-02180	3,000	3,000
67	LOWER COLUMBIA RIVER ESTUARY PARTNERSHIP	426-02180	3,000	1,500
68	WESTERN RIVERS CONSERVANCY	426-02180	3,000	1,500
69	CAUSA OF OREGON	426-02180	2,900	2,900
70	COMMUNITY WAREHOUSE	426-02180	2,820	2,820
71	PORTLAND RESCUE MISSION	426-02180	2,785	2,785
72	OREGON COUNCIL FOR THE HUMANITIES	426-02180	2,750	2,750
73	HARPER'S PLAYGROUND	426-02180	2,625	2,625
74	THE NATURE CONSERVANCY	426-02180	2,600	2,600
75	ACHIEVEMENT REWARDS FOR COLLEGE	426-02180	2,500	2,500
76	BIRCH COMMUNITY SERVICES INC	426-02180	2,500	2,500
77	CATHOLIC COMMUNITY SERVICES	426-02180	2,500	2,500
78	CENTRO CULTURAL DEL CONDADO DE WA	426-02180	2,500	2,500
79	COALITION OF COMMUNITIES OF COLOR	426-02180	2,500	2,500
80	COLUMBIA RIVER MARITIME MUSEUM	426-02180	2,500	2,500
81	COLUMBIA SPRINGS	426-02180	2,500	—
82	CONSTRUCTING HOPE PRE APPRENTICE	426-02180	2,500	2,500
83	EMANUEL MEDICAL CENTER FOUNDATION	426-02180	2,500	2,500
84	FREE CLINIC OF SOUTHWEST WASHINGTON	426-02180	2,500	—
85	FRIENDS OF ZENGER FARM	426-02180	2,500	2,500
86	LIFELINE CONNECTIONS	426-02180	2,500	2,500
87	MARCH OF DIMES	426-02180	2,500	2,500
88	MUSLIM EDUCATIONAL TRUST	426-02180	2,500	2,500
89	NEIGHBORHOOD PARTNERSHIPS INC	426-02180	2,500	2,500
90	NORTHWEST HOUSING ALTERNATIVES	426-02180	2,500	2,500

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Line No.	DESCRIPTION (a)	ACCOUNT NUMBER (b)	TOTAL AMOUNT (c)	AMOUNT ASSIGNED TO OREGON (d)
91	OREGON COAST COMMUNITY ACTION	426-02180	2,500	2,500
92	OREGON PARTNERSHIP INC	426-02180	2,500	2,500
93	READING RESULTS	426-02180	2,500	2,500
94	SATURDAY ACADEMY	426-02180	2,500	2,500
95	SOCIAL VENTURE PARTNERS PORTLAND	426-02180	2,500	2,500
96	SOUTH LANE FAMILY RELIEF NURSERY	426-02180	2,500	2,500
97	SOUTHWEST WASHINGTON REGIONAL	426-02180	2,500	—
98	STORE TO DOOR	426-02180	2,500	2,500
99	THE CHILDREN'S BOOK BANK	426-02180	2,500	2,500
100	WILLAMETTE PARTNERSHIP	426-02180	2,500	—
101	YWCA OF GREATER PORTLAND	426-02180	2,500	2,500
102	CONCORDIA UNIVERSITY	426-02180	2,500	2,500
103	MT. SCOTT PARK CENTER FOR LEARNING	426-02180	2,500	2,500
104	JEWISH FEDERATION OF GREATER PORTLAND	426-02180	2,500	2,500
105	ADELANTE MUJERES	426-02180	2,500	2,500
106	HUMAN SOLUTIONS	426-02180	2,500	2,500
107	CASA OF LANE COUNTY	426-02180	2,500	2,500
108	CLATSOP CASA PROGRAM INC	426-02180	2,500	2,500
109	CONSCIOUS CAPITALISM PORTLAND	426-02180	2,500	2,500
110	PORTLAND STATE UNIVERSITY FOUNDATION	426-02180	2,500	2,500
111	HILLSBORO SCHOOLS FOUNDATION	426-02180	2,500	2,500
112	OREGON SCIENCE TEACHERS ASSOCIATION	426-02180	2,500	2,500
113	COASTAL COMMUNITIES CULTURAL CENTER	426-02180	2,500	2,500
114	PORTLAND LEADERSHIP FOUNDATION	426-02180	2,500	2,500
115	VOLUNTEERS OF AMERICA OREGON	426-02180	2,500	2,500
116	HISPANIC SCHOLARSHIP FUND	426-02180	2,450	2,450
117	CLACKAMAS COUNTY MEALS	426-02180	2,400	2,400
118	PLANNED PARENTHOOD	426-02180	2,180	2,180
119	FREE GEEK	426-02180	2,150	2,150
120	NEIGHBORHOOD HOUSE	426-02180	2,120	2,120
121	THE STREET TRUST COMMUNITY FUND	426-02180	2,050	2,050
122	CHESS FOR SUCCESS	426-02180	2,004	2,004
123	FOOD FOR LANE COUNTY	426-02180	2,000	2,000
124	OFF THE SIDELINE	426-02180	2,000	2,000
125	PORTLAND BACKPACK	426-02180	2,000	2,000
126	SERENDIPITY CENTER INC	426-02180	2,000	2,000
127	EUGENE FAMILY YMCA	426-02180	2,000	2,000
128	SPONSORS INC	426-02180	2,000	2,000
129	Add: Donations Less than \$2k	426-02185	127,583	123,927
136				
137	Donations and Memberships to Charitable Organizations Total:	426-02180	806,219	773,713
138				
139	TOTAL DONATIONS		806,219	773,713

Name of Respondent Northwest Natural Gas Company	This Report is: (1) x An Original (2) o A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	---	---------------------------------------	--

State of Oregon - Officers' Salaries

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration, or finance), and any other person who performs similar policy-making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent and date change in incumbency was made.

3. Utilities which are required to file similar data with the Securities and Exchange Commission, may substitute a copy of Item 4, Regulation S-K, identified as this schedule page. The substituted page(s) should be conformed to the size of this page.

Line No.	Title (a)	Name of Officer (b)	SALARY FOR YEAR	
			Total (c)	OREGON (d)

See the salary information for 2020 excerpted from the Summary Compensation Table on page 54 of the 2020 Northwest Natural Holding Company Proxy (Item 4, Regulation S-K requirement) filed on April 15, 2021 below.

	NAME AND PRINCIPAL POSITION	TOTAL SALARY
1	David H. Anderson President and Chief Executive Officer	\$743,333
2	Frank H. Burkhartsmeyer Senior Vice President and Chief Financial Officer	\$453,500
3	MardiLyn Saathoff Senior Vice President, Regulation and General Counsel	\$397,250
4	Kimberly A. Heiting, Senior Vice President, Operations and Chief Marketing Officer	\$335,833
5	Justin Palfreyman, Vice President, Strategy and Business Development Officer	\$313,000

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**STATE OF OREGON - DONATIONS OR PAYMENTS FOR SERVICES RENDERED BY PERSONS
OTHER THAN EMPLOYEES AND CHARGED TO OREGON OPERATING ACCOUNTS**

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of (separation)by recipient and in total the aggregate of all payments made during the year where the aggregate of such payments to a recipient was \$25,000 or more including fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services, traffic settlements, amounts paid for construction or maintenance of plant to persons other than affiliates to any one corporation, institution, association, firm partnership, committee, or person (not an employee of the respondent). Indicate by an asterisk in column (c) each item that includes payments for materials furnished incidental to the services performed. Payments to a recipient by two or more companies within a single system under a cost sharing or other joint arrangement shall be considered a single item for reporting in this schedule and shall be shown in the report of the principal company in the joint arrangement(as measured by gross operating revenues) with references thereto in the reports of the other system companies in the joint arrangement.

2. If more convenient, this schedule may be filled out for a group of companies considered as one system and shown only in the report of the principal company in the system, with references thereto in the reports of the other companies.

Line No.	NAME OF RECIPIENT (a)	NATURE OF SERVICE (b)	AMOUNT OF PAYMENT (c)
	SEE FERC ANNUAL REPORT PAGE 357		

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

In order to help us with production of our Oregon Utility Statistics publication, please indicate:

Oregon Production Statistics (Therms)

Gas Produced	—
Gas Purchased	672,967,967
Total Receipts	<u>672,967,967</u>

Gas Sales	683,185,500
Gas Used by Company	4,842,120
Gas Delivered to LNG and Storage - Net	(15,744,730)
Losses & billing Delay	685,077
Total Disbursements	<u>672,967,967</u>

Oregon Revenue by Service Class

Residential	\$ 395,199,247
Commercial & Industrial	
Firm	189,895,181
Interruptible	17,360,240
Transportation	17,650,893
Gas Storage Services	19,465,512
Total	<u>\$ 639,571,073</u>

Gas Sold in Therms (Oregon)

Residential	382,726,116
Commercial & Industrial	
Firm	251,195,705
Interruptible	47,659,087
Transportation	363,228,891
Total	<u>1,044,809,799</u>

Average Number of Oregon Customers

Residential	616,999
Commercial & Industrial	
Firm	62,586
Interruptible	108
Transportation	296
Total	<u>679,989</u>

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

**Distribution of Salaries and Wages
Oregon Jurisdiction**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production				
4	Transmission				
5	Distribution	SEE FERC ANNUAL REPORT			
6	Customer Accounts	PAGES 354-355			
7	Customer Service and Informational				
8	Sales				
9	Administrative and General				
10	TOTAL Operation (Total of lines 3 thru 9)				
11	Maintenance				
12	Production				
13	Transmission				
14	Distribution				
15	Administrative and General				
16	TOTAL Maintenance (Total of lines 12 thru 15)				
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)				
19	Transmission (Total of lines 4 and 13)				
20	Distribution (Total of lines 5 and 14)				
21	Customer Accounts (line 6)				
22	Customer Service and Informational (line 7)				
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)				
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)				
26	Gas				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply				
31	Storage, LNG Terminating and Processing				
32	Transmission				
33	Distribution				
34	Customer Accounts				
35	Customer Service and Informational				
36	Sales				
37	Administrative and General				
38	TOTAL Operation (Total of lines 28 thru 37)				
39	Maintenance				
40	Production - Manufactured Gas				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminating and Processing				
44	Transmission				
45	Distribution				
46	Administrative and General				
47	TOTAL Maintenance (Total of lines 40 thru 46)				
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)				
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)	SEE FERC ANNUAL REPORT			
52	Other Gas Supply (Total of lines 30 and 42)	PAGES 354-355			
53	Storage, LNG Terminating and Processing (Total of ll. 31 and 43)				
54	Transmission (Total of lines 32 and 44)				
55	Distribution (Total of lines 33 and 45)				
56	Customer Accounts (Total of line 34)				
57	Customer Service and Informational (Total of line 35)				
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)				
60	Total Operation and Maintenance (Total of lines 50 thru 59)				
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)				
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant				
67	Gas Plant				
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)				
70	Plant Removal (By Utility Departments)				
71	Electric Plant				
72	Gas Plant				
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)				
75					
76	TOTAL Other Accounts				
77	TOTAL SALARIES AND WAGES				

NORTHWEST NATURAL GAS COMPANY

Washington Supplement to FERC Form 2

December 31, 2020

Name of Respondent	This Report is:	Date of Report	Year of Report
Northwest Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2020

**ANNUAL REPORT
WASHINGTON SUPPLEMENT TO FERC FORM 2
for
MULTI-STATE GAS COMPANIES**

INDEX

<u>PAGE</u>	<u>TITLE</u>	<u>NOTES</u>
1	Statistics	WA Data only
N/A	Statement of Income for the Year	No WA breakout - see FERC pages 114 - 116
200 - 201	Summary of Utility Plant	WA Data only
204 - 209	Gas Plant in Service	WA Data only
216	CWIP	WA Data only
N/A	Construction Overheads	No WA breakout - see FERC pages 218 - 219
219	Accumulated Provision for Depreciation of Gas Utility Plant	WA Data only
N/A	Gas Stored	No WA breakout - see FERC page 220
N/A	Reconciliation-Reported Net Income with Taxable Income for Federal Income Taxes	No WA breakout - see FERC page 261
N/A	Accumulated Deferred Income Taxes, Account 283	No WA breakout - see FERC pages 276 - 277
300 - 301	Gas Operating Revenues	WA Data only
308	Other Gas Revenues	WA Data only
N/A	Gas Operation and Maintenance Expenses	No WA breakout - see FERC pages 317 - 325
N/A	Miscellaneous General Expense	No WA breakout - see FERC page 335
336 - 337	Depreciation, Depletion and Amortization of Gas Plant	WA Data only (same as page 219)
N/A	Income Deductions and Interest Charges	No WA breakout - see FERC page 340
N/A	Regulatory Commission Expenses	No WA breakout - see FERC pages 350 - 351
N/A	Distribution of Salaries and Wages	No WA breakout - see FERC pages 354 - 355
N/A	Charges for Outside Professional and Other Consultative Services	No WA breakout - see FERC page 357
520	Gas Account - Natural Gas	WA Data only
526	Salaries by Class	No WA breakout - full company data provided

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

DATA REQUEST FOR STATISTICS REPORT

Line No.	Title of Account	Total Company Operations		Washington Operations	
		Current Year	Prior Year	Current Year	Prior Year
1	GAS SERVICE REVENUES				
2					
3	RESIDENTIAL SALES	442,933,967	430,902,294	51,280,792	47,875,316
4	COMMERCIAL SALES	189,814,477	211,327,451	18,981,614	18,698,583
5	INDUSTRIAL SALES	38,030,790	37,220,492	2,472,822	2,317,452
6	OTHER SALES		—	—	—
7	SALES FOR RESALE		—	—	—
8	TRANSPORTATION OF GAS OF OTHERS	39,387,478	34,334,159	2,271,072	2,334,991
9	OTHER OPERATING REVENUES	19,700,899	(5,811,608)	(2,271,435)	(3,461,094)
10					
11	TOTAL GAS SERVICE REVENUES	729,867,611	707,972,788	72,734,865	67,765,248
12					
13	THERMS OF GAS SOLD-TRANSPORTED				
14					
15	RESIDENTIAL SALES	435,705,162	458,377,666	52,610,361	54,937,412
16	COMMERCIAL SALES	243,185,487	277,637,186	22,004,646	24,300,634
17	INDUSTRIAL SALES	83,126,904	84,232,836	4,217,045	4,450,526
18	OTHER SALES (UNBILLED)	(1,813,202)	(1,837,678)	(208,610)	(47,697)
19	SALES FOR RESALE				
20	TRANSPORTATION OF GAS OF OTHERS	382,692,436	396,743,596	19,463,545	20,867,217
21					
22	TOTAL THERMS OF GAS SOLD-TRANSPORTED	1,142,896,787	1,215,153,606	98,086,987	104,508,092
23					
24	AVERAGE NUMBER OF GAS CUSTOMERS PER MONTH				
25					
26	RESIDENTIAL SALES	698,563	685,564	81,564	78,764
27	COMMERCIAL SALES	69,244	69,269	7,263	7,243
28	INDUSTRIAL SALES	770	794	57	59
29	OTHER SALES				
30	SALES FOR RESALE				
31	TRANSPORTATION OF GAS OF OTHERS	328	347	32	36
32					
33					
34	TRANS. & DISTRN. MAINS - FEET (END OF YEAR)	78,610,191	77,969,695	10,432,933	10,276,902
35	NO. OF METERS IN SERV. & HELD IN RESERVE (AVE.)	853,519	844,188	89,846	87,213
36	AVERAGE B.T.U. CONTENT PER CU. FT.	1,058.2	1,054.9	1,063.3	1,053.4

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	250,147,727
4	Property Under Capital Leases	
5	Plant Purchased or Sold	
6	Completed Construction not Classified	74,099,188
7	Experimental Plant Unclassified	—
8	TOTAL Utility Plant (Total of lines 3 thru 7)	324,246,915
9	Leased to Others	—
10	Held for Future Use	—
11	Construction Work in Progress	3,420,144
12	Acquisition Adjustments	—
13	TOTAL Utility Plant (Total of lines 8 thru 12)	327,667,059
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	127,329,418
15	Net Utility Plant (Enter Total of line 13 less 14)	200,337,641
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	130,332,098
19	Amortization and Depl. of Producing Natural Gas Land and Land Rights	
20	Amortization. of Underground Storage Land and Land Rights	
21	Amortization. of Other Utility Plant	1,898,828
22	Salvage Work In Progress	
23	Less Removal Work In Progress	4,901,508
24	TOTAL In Service (Total of lines 18 thru 22 less line 23)	127,329,418
25	Leased to Others	
26	Depreciation	—
27	Amortization and Depletion	—
28	TOTAL Leased to Others (Total of lines 26 and 27)	—
29	Held for Future Use	
30	Depreciation	—
31	Amortization	—
32	TOTAL Held for Future Use (Total of lines 30 and 31)	—
33	Abandonment of Leases (Natural Gas)	—
34	Amortization of Plant Acquisition Adjustment	—
35	TOTAL Accumulated Provisions (Should agree with line 14 above) (Total of lines 24, 28, 32, 33, and 34)	127,329,418

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line No.
				1
				2
	250,147,727			3
				4
				5
	74,099,188			6
	—			7
	324,246,915			8
	—			9
	—			10
	3,420,144			11
	—			12
	327,667,059			13
	127,329,418			14
	200,337,641			15
				16
				17
	130,332,098			18
				19
				20
	1,898,828			21
				22
	4,901,508			23
	127,329,418			24
				25
	—			26
	—			27
	—			28
				29
	—			30
	—			31
	—			32
	—			33
	—			34
	127,329,418			35

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Gas Plant in Service (Accounts 101, 102, 103, and 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.
6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.
7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.
8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

SEE FOLLOWING PAGES

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning Balance	Additions	Retirements	Transfers	Adjustments	Ending Balance*
FERC Plant Account						
UTILITY						
Intangible Plant						
301 ORGANIZATION	322	—	—	—	—	322
302 FRANCHISES & CONSENTS	125	—	—	—	—	125
303.1 COMPUTER SOFTWARE	76,427	—	—	—	—	76,427
303.2 CUSTOMER INFORMATION SYSTEM	1,859,863	—	—	—	—	1,859,863
303.3 INDUSTRIAL & COMMERCIAL BIL	—	—	—	—	—	—
303.4 CRMS	—	—	—	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—
Intangible Plant Subtotal*	1,936,737	—	—	—	—	1,936,737
Transmission Plant						
367 MAINS	1,115,001	633	—	—	—	1,115,634
Transmission Plant Subtotal*	1,115,001	633	—	—	—	1,115,634
Distribution Plant						
374.1 LAND	10,389	—	—	—	—	10,389
374.2 LAND RIGHTS	27,679	—	—	—	—	27,679
375 STRUCTURES & IMPROVEMENTS	1,387,008	—	—	—	—	1,387,008
376.11 MAINS < 4"	89,155,034	2,462,554	(76)	—	—	91,617,512
376.12 MAINS 4" & >	101,620,726	2,099,688	—	—	—	103,720,414
378 MEASURING & REG EQUIP - GENER	3,560,241	12,770	—	—	—	3,573,011
379 MEASURING & REG EQUIP - GATE	2,276,452	82,716	—	—	—	2,359,168
380 SERVICES	80,138,173	6,253,013	(922)	—	—	86,390,265
381 METERS	12,084,669	1,107,719	(450,020)	—	—	12,742,368
381.2 ERT (ENCODER RECEIVER TRANS	7,044,721	407,049	(472,240)	—	—	6,979,530
382 METER INSTALLATIONS	6,720,815	499,319	(832,865)	—	—	6,387,269
382.2 ERT INSTALLATION (ENCODER	917,968	—	(23,712)	—	—	894,255
383 HOUSE REGULATORS	147,333	—	—	—	—	147,333
386 OTHER PROPERTY ON CUSTOMERS P	—	—	—	—	—	—
387.2 CALORIMETERS @ GATE STATIONS	26,630	—	—	—	—	26,630
Distribution Plant Subtotal*	305,117,836	12,924,827	(1,779,834)	—	—	316,262,829

* May not foot due to rounding.

ACCOUNT SUMMARY BY FUNCTIONAL CLASS

NW Natural

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning					Ending
FERC Plant Account	Balance	Additions	Retirements	Transfers	Adjustments	Balance*
UTILITY						
General Plant						
389	LAND	1,158,650	—	—	—	1,158,650
390	STRUCTURES & IMPROVEMENTS	1,594,703	—	—	—	1,594,703
390.1	SOURCE CONTROL PLANT	719,899	36,738	—	—	756,637
391.1	OFFICE FURNITURE & EQUIPMEN	16,522	—	—	—	16,522
391.4	CUSTOMER INFORMATION SYSTEM	—	—	—	—	—
392	TRANSPORTATION EQUIPMENT	456,796	—	—	—	456,796
394	TOOLS - SHOP AND GARAGE EQUIPMENT	173,291	—	—	—	173,291
396	POWER OPERATED EQUIPMENT	186,090	—	(10,441)	—	175,649
397.1	MOBILE	416,827	(688)	—	—	416,139
397.3	TELEMETERING - OTHER	178,600	—	—	—	178,600
397.5	TELEPHONE EQUIPMENT	—	—	—	—	—
398.4	INSTALLED IN LEASED BUILDINGS	4,727	—	—	—	4,727
	General Plant Subtotal*	4,906,105	36,050	(10,441)	—	4,931,714
	Washington Utility Property Grand Total*	313,075,679	12,961,510	(1,790,275)	—	324,246,914

* May not foot due to rounding.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Construction Work in Progress - Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress - Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Mains and Service Jobs	3,420,144	2,356,465
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35	Total	3,420,144	2,356,465

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	--	--

Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

SEE FOLLOWING PAGES

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
Intangible Plant								
301 ORGANIZATION	—	—	—	—	—	—	—	—
302 FRANCHISES & CONSENTS	—	—	—	—	—	—	—	—
303.1 COMPUTER SOFTWARE	5,948	5,182	—	—	—	—	—	11,130
303.2 CUSTOMER INFORMATION SYSTEM	1,863,073	—	—	—	—	—	—	1,863,073
303.3 INDUSTRIAL & COMMERCIAL BIL	—	—	—	—	—	—	—	—
303.4 CRMS	—	—	—	—	—	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—	—	—
Intangible Plant Subtotal*	1,869,021	5,182	—	—	—	—	—	1,874,203
Transmission Plant								
367 MAINS	191,559	20,970	—	—	—	—	—	212,530
Transmission Plant Subtotal*	191,559	20,970	—	—	—	—	—	212,530
Distribution Plant								
374.1 LAND	—	—	—	—	—	—	—	—
374.2 LAND RIGHTS	24,470	155	—	—	—	—	—	24,625
375 STRUCTURES & IMPROVEMENTS	62,180	20,342	—	—	—	—	—	82,523
376.11 MAINS < 4"	41,979,170	2,323,451	(76)	(357)	—	—	—	44,302,188
376.12 MAINS 4" & >	31,549,355	2,415,927	—	—	—	—	—	33,965,282
378 MEASURING & REG EQUIP - GENER	1,023,600	78,465	—	—	—	—	—	1,102,065
379 MEASURING & REG EQUIP - GATE	835,583	51,167	—	—	—	—	—	886,750
380 SERVICES	37,209,212	2,376,112	(922)	(1,990)	—	—	—	39,582,413
381 METERS	3,002,805	281,152	(450,020)	—	—	—	—	2,833,937
381.2 ERT (ENCODER RECEIVER TRANS	4,803,374	417,695	(472,240)	—	—	—	—	4,748,829
382 METER INSTALLATIONS	1,396,569	307,172	(832,865)	—	—	—	—	870,876
382.2 ERT INSTALLATION (ENCODER	744,352	35,426	(23,712)	—	—	—	—	756,065
383 HOUSE REGULATORS	17,416	4,302	—	—	—	—	—	21,718
386 OTHER PROPERTY ON CUSTOMERS P	—	—	—	—	—	—	—	—
387.2 CALORIMETERS @ GATE STATIONS	26,630	—	—	—	—	—	—	26,630
Distribution Plant Subtotal*	122,674,717	8,311,366	(1,779,834)	(2,348)	—	—	—	129,203,902

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020
Period Ending: December 2020

Functional Class FERC Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/(Gain)	Ending Reserve*
UTILITY								
General Plant								
389 LAND	—	—	—	—	—	—	—	—
390 STRUCTURES & IMPROVEMENTS	129,918	36,200	—	—	—	—	—	166,118
390.1 SOURCE CONTROL PLANT	178,636	15,690	—	—	—	—	—	194,325
391.1 OFFICE FURNITURE & EQUIPMEN	23,970	826	—	—	—	—	—	24,796
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—	—	—
392 TRANSPORTATION EQUIPMENT	340,618	34,808	—	—	—	—	—	375,426
394 TOOLS AND EQUIPMENT	48,301	9,474	—	—	—	—	—	57,774
396 POWER OPERATED EQUIPMENT	89,368	7,890	(10,441)	—	—	—	—	86,817
397.1 MOBILE	1,985	2,831	—	—	—	—	—	4,817
397.3 TELEMETERING - OTHER	13,579	11,913	—	—	—	—	—	25,492
397.5 TELEPHONE EQUIPMENT	—	—	—	—	—	—	—	—
398.4 INSTALLED IN LEASED BUILDINGS	4,727	—	—	—	—	—	—	4,727
General Plant Subtotal	831,102	119,631	(10,441)	—	—	—	—	940,292
Washington Utility Property Grand Total*	125,566,399	8,457,150	(1,790,275)	(2,348)	—	—	—	132,230,926

TOTAL SUMMARY ALL UTILITY DEPRECIATION RESERVES 12/31/2020

UTILITY	
108010	(1,856,983)
108011	133,650,272
108012	363,123
108013	(12,303)
108014	—
108015	86,817
108100	—
108102	—
SUBTOTAL*	<u>132,230,927</u>
ADD:	
108001 REMOVAL WORK IN PROCESS	4,901,508
TOTAL UTILITY DEPRECIATION*	<u><u>127,329,418</u></u>

* May not foot due to rounding.

Blank Page

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATING REVENUES (Account 400)

- Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
- Revenues in columns (b) and (c) include transition costs from upstream pipelines.
- Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480 - 495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS OPERATING REVENUES (Account 400) (Continued)

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Other Revenues Amount for Current Year (f)	Other Revenues Amount for Previous Year (g)	Total Operating Revenues Amount for Current Year (h)	Total Operating Revenues Amount for Previous Year (i)	Dekatherm of Natural Gas Amount for Current Year (j)	Dekatherm of Natural Gas Amount for Previous Year (k)	Line No.
51,280,792	47,875,316	51,280,792	47,875,316	5,250,015	5,490,422	1
21,454,436	21,016,035	21,454,436	21,016,035	2,612,330	2,873,665	2
—	—	—	—	—	—	3
—	—	—	—	—	—	4
—	—	—	—	—	—	5
—	—	—	—			6
91,185	90,571	91,185	90,571			7
48,808	100,129	48,808	100,129			8
—	—	—	—	—	—	9
—	—	—	—	—	—	10
2,271,072	2,334,991	2,271,072	2,334,991	1,946,355	2,086,722	11
—	—	—	—	—	—	12
—	—	—	—			13
—	—	—	—			14
—	—	—	—			15
—	6,997	—	6,997			16
—	—	—	—			17
(2,411,428)	(3,658,791)	(2,411,428)	(3,658,791)			18
72,734,865	67,765,248	72,734,865	67,765,248			19
—	—	—	—			20
72,734,865	67,765,248	72,734,865	67,765,248			21

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

OTHER GAS REVENUES (ACCOUNT 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (b)
1	Washington Amortizations	130,210
2	Unbilled Revenue	224,744
3	Washington GREAT Program	(283,016)
4	Washington Energy Efficiency Deferrals	(2,522,817)
5	Other Miscellaneous Items (Misc Gas Revenues - 3 items)	39,451
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Total	(2,411,428)

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

See following pages

RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning			Cost of	Salvage and	Transfers and		Ending
FERC Plant Account	Reserve	Provision	Retirements	Removal	Other Credits	Adjustments	Loss/(Gain)	Reserve*
UTILITY								
Intangible Plant								
301 ORGANIZATION	—	—	—	—	—	—	—	—
302 FRANCHISES & CONSENTS	—	—	—	—	—	—	—	—
303.1 COMPUTER SOFTWARE	5,948	5,182	—	—	—	—	—	11,130
303.2 CUSTOMER INFORMATION SYSTEM	1,863,073	—	—	—	—	—	—	1,863,073
303.3 INDUSTRIAL & COMMERCIAL BIL	—	—	—	—	—	—	—	—
303.4 CRMS	—	—	—	—	—	—	—	—
303.5 POWERPLANT SOFTWARE	—	—	—	—	—	—	—	—
Intangible Plant Subtotal*	1,869,021	5,182	—	—	—	—	—	1,874,203
Transmission Plant								
367 MAINS	191,559	20,970	—	—	—	—	—	212,530
Transmission Plant Subtotal*	191,559	20,970	—	—	—	—	—	212,530
Distribution Plant								
374.1 LAND	—	—	—	—	—	—	—	—
374.2 LAND RIGHTS	24,470	155	—	—	—	—	—	24,625
375 STRUCTURES & IMPROVEMENTS	62,180	20,342	—	—	—	—	—	82,523
376.11 MAINS < 4"	41,979,170	2,323,451	(76)	(357)	—	—	—	44,302,188
376.12 MAINS 4" & >	31,549,355	2,415,927	—	—	—	—	—	33,965,282
378 MEASURING & REG EQUIP - GENER	1,023,600	78,465	—	—	—	—	—	1,102,065
379 MEASURING & REG EQUIP - GATE	835,583	51,167	—	—	—	—	—	886,750
380 SERVICES	37,209,212	2,376,112	(922)	(1,990)	—	—	—	39,582,413
381 METERS	3,002,805	281,152	(450,020)	—	—	—	—	2,833,937
381.2 ERT (ENCODER RECEIVER TRANS	4,803,374	417,695	(472,240)	—	—	—	—	4,748,829
382 METER INSTALLATIONS	1,396,569	307,172	(832,865)	—	—	—	—	870,876
382.2 ERT INSTALLATION (ENCODER	744,352	35,426	(23,712)	—	—	—	—	756,065
383 HOUSE REGULATORS	17,416	4,302	—	—	—	—	—	21,718
386 OTHER PROPERTY ON CUSTOMERS P	—	—	—	—	—	—	—	—
387.2 CALORIMETERS @ GATE STATIONS	26,630	—	—	—	—	—	—	26,630
Distribution Plant Subtotal*	122,674,717	8,311,366	(1,779,834)	(2,348)	—	—	—	129,203,902

* May not foot due to rounding.

**RESERVE BALANCES AND ACTIVITY BY FUNCTIONAL CLASS
NW NATURAL**

Period Beginning: January 2020

Period Ending: December 2020

Functional Class	Beginning			Cost of	Salvage and	Transfers and		Ending
FERC Plant Account	Reserve	Provision	Retirements	Removal	Other Credits	Adjustments	Loss/(Gain)	Reserve*
UTILITY								
General Plant								
389 LAND	—	—	—	—	—	—	—	—
390 STRUCTURES & IMPROVEMENTS	129,918	36,200	—	—	—	—	—	166,118
390.1 SOURCE CONTROL PLANT	178,636	15,690	—	—	—	—	—	194,325
391.1 OFFICE FURNITURE & EQUIPMEN	23,970	826	—	—	—	—	—	24,796
391.4 CUSTOMER INFORMATION SYSTEM	—	—	—	—	—	—	—	—
392 TRANSPORTATION EQUIPMENT	340,618	34,808	—	—	—	—	—	375,426
394 TOOLS AND EQUIPMENT	48,301	9,474	—	—	—	—	—	57,774
396 POWER OPERATED EQUIPMENT	89,368	7,890	(10,441)	—	—	—	—	86,817
397.1 MOBILE	1,985	2,831	—	—	—	—	—	4,817
397.3 TELEMETERING - OTHER	13,579	11,913	—	—	—	—	—	25,492
397.5 TELEPHONE EQUIPMENT	—	—	—	—	—	—	—	—
398.4 INSTALLED IN LEASED BUILDINGS	4,727	—	—	—	—	—	—	4,727
General Plant Subtotal	831,102	119,631	(10,441)	—	—	—	—	940,292
Washington Utility Property Grand Total*	125,566,399	8,457,150	(1,790,275)	(2,348)	—	—	—	132,230,926

TOTAL SUMMARY ALL UTILITY DEPRECIATION RESERVES 12/31/2020

UTILITY	
108010	(1,856,983)
108011	133,650,272
108012	363,123
108013	(12,303)
108014	—
108015	86,817
108100	—
108102	—
SUBTOTAL*	<u>132,230,927</u>
ADD:	
108001 REMOVAL WORK IN PROCESS	4,901,508
TOTAL UTILITY DEPRECIATION*	<u><u>127,329,418</u></u>

* May not foot due to rounding.

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market of that were not transported through any interstate portion of the reporting pipeline.
7. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on Line 3 relate.
8. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
9. Indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. (b)	Total Amount of Dth (c)
1	NAME OF SYSTEM:		
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		8,042,601
4	Gas of Others Received for Gathering (Account 489.1)	303	N/A
5	Gas of Others Received for Transmission (Account 489.2)	305	N/A
6	Gas of Others Received for Distribution (Account 489.3) Transportation	301	1,946,355
7	Gas of Others Received for Contract Storage (Account 489.4)	306	N/A
8	Gas of Other Received for Production/Extraction/Processing (Account 490 and 491)		N/A
9	Exchanged Gas Received from Others (Account 806)	328	N/A
10	Gas Received as Imbalances (Account 806)	328	N/A
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332	N/A
12	Other Gas Withdrawn from Storage (Explain)	512	—
13	Gas Received from Shippers as Compressor Station Fuel		—
14	Gas Received from Shippers as Lost and Unaccounted for		—
15	Other Receipts (Specify) LPG		—
16	Total Receipts (Total of lines 3 thru 14)		9,988,956
17	GAS DELIVERED		
18	Gas Sales (Accounts 480-495)		7,883,205
19	Deliveries of Gas Gathered for Others (Account 489.1)	303	N/A
20	Deliveries of Gas Transported for Others (Account 489.2)	305	N/A
21	Deliveries of Gas Distributed for Others (Account 489.3) Transportation	301	1,946,355
22	Deliveries of Contract Storage Gas (Account 489.4)	306	N/A
23	Gas of Other Delivered for Production/Extraction/Processing (Account 490 and 491)		N/A
24	Exchange Gas Delivered to Others (Account 806)	328	N/A
25	Gas Delivered as Imbalances (Account 806)	328	N/A
26	Deliveries of Gas to Others for Transportation (Account 858)	332	N/A
27	Other Gas Delivered to Storage (Explain)	512	—
28	Gas Used for Compressor Station Fuel	331	N/A
29	Other Deliveries (Specify): Unbilled	331	(20,861)
30	Total Deliveries (Total of lines 17 thru 27)		9,808,699
31	GAS LOSSES AND GAS UNACCOUNTED FOR		
32	Gas Losses and Gas Unaccounted For		180,257
33	TOTALS		
34	Total Deliveries, Gas Losses & Unaccounted for (Total of lines 30 and 32)		9,988,956

Name of Respondent Northwest Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2020
--	--	---------------------------------------	--

EXECUTIVE COUNT BY CLASS AND TOTAL SALARIES BY CLASS

1. Pursuant to RCW 80.04.080, report below the number of employees by class (per company definition to be provided), and the total amount of salaries and wages paid each class

Line No.	Employee Class (a)	Number of Employees (b)	Total Salaries and Wages Paid Each Class ⁽¹⁾ (c)
1	Officers & Exempt	549	62,123,824
2	Bargaining Unit	606	52,625,378
3			
4			
5			
Total		1,155	114,749,202

⁽¹⁾ Salaries and wages do not include bonuses paid.

Blank Page



**NW Natural
HOLDINGS™**

PERSEVERANCE AND PROGRESS

2020 ANNUAL REPORT

President and CEO David H. Anderson at company headquarters.



To Our Shareholders

Years come and go, but 2020 is unforgettable. The COVID-19 pandemic spread across the globe and immediately affected all of our daily lives. While many things changed, I'm incredibly proud of the way the NW Natural team pulled together to make sure one thing didn't — providing our customers with essential services safely and reliably.

Across our utilities, we quickly adopted new health and safety protocols, implemented additional precautions, pivoted to remote working and — most importantly — took care of customers and one another. We offered customers bill payment

assistance, voluntarily suspended disconnections for nonpayments, donated to nonprofits helping people impacted by COVID-19, and kept our workforce safe and supported during unprecedented challenges.

At the same time, we continued to look ahead and execute on key long-term priorities, laying the foundation for continued success. I'm grateful for our resilience and for your confidence in our company. In a year where uncertainty was the only certainty, we forged ahead and made important progress.

“In a year where uncertainty was the only certainty, we forged ahead and made important progress.”



2020 Highlights

Net Income

Reported 2020 net income from continuing operations of \$70.3 million or \$2.30 per share, compared to \$65.3 million or \$2.19 per share for 2019. Reported 2019 net income from continuing operations included a regulatory disallowance of historical pension costs of \$10.5 million pre-tax. Excluding this charge, on a non-GAAP basis, net income from continuing operations was \$71.9 million or \$2.41 per share for 2019.¹

Customer Growth

Achieved an annual customer growth rate of 1.5% by adding nearly 11,600 new natural gas meters, bringing the people we serve to approximately 2.5 million through more than 770,000 meters.

Customer Service

Ranked second in the West and in the top 10 in the nation for large gas utilities in the annual J.D. Power Gas Utility Residential Customer Satisfaction Study.

Reliability

Invested nearly \$280 million in our gas utility infrastructure system reinforcement projects in key areas around Portland, Oregon, to support growth plus at our gas storage facility in Mist, Oregon.

Oregon Rate Case

Received Oregon general rate case order providing an estimated annual pretax earnings benefit of \$45.1 million to recover operating costs and necessary investment for system reliability and resiliency.

Washington Rate Case

Filed a NW Natural general rate case in Washington requesting a multiyear increase to revenue requirement of \$6.3 million in the first year and \$3.2 million in the second year to recover costs associated with investments for safety and reliability.

Renewables

Completed rulemaking on landmark Oregon Senate Bill 98 (SB 98), which enables us to purchase renewable natural gas (RNG) or hydrogen on behalf of customers; also completed a request for proposal and signed our first RNG investment contract before the end of 2020.

Decarbonizing

On track to meet or exceed our voluntary carbon savings goal of 30% by 2035.² Established our vision forward to be a carbon neutral energy provider by 2050.

Water Growth

Completed five acquisitions, including our first in Texas, and filed three rate cases in Oregon, Washington and Idaho to recover investments made to strengthen infrastructure.

ESG Report

Issued our inaugural Environmental, Social and Governance report, which highlights some of the most important work we're focused on in these areas.

Dividends

Increased dividends paid for the 65th consecutive year, one of the longest records on the NYSE.

¹ See Financial Overview on page 10 for non-GAAP reconciliation.

² This is a voluntary emissions savings goal equivalent to 30% of the carbon emissions from our sales customers gas use and company operations from 2015.

Corporate Profile

NW NATURAL HOLDINGS (NYSE: NWN) is headquartered in Portland, Oregon, and owns a regulated natural gas distribution company, NW Natural, water and wastewater utilities through its subsidiary, NW Natural Water, and other business interests and activities.



NW Natural Customer Field Service Technician Greg Gonzales in Portland.

2020 Event Responses

In the face of ongoing challenges during 2020, our values guided our decisions as they always have, and we maintained an unwavering focus on the health and safety of our employees, customers and the communities we serve.

COVID-19 Pandemic

Throughout the pandemic, as essential service providers, our gas and water utilities continued to serve customers without interruption. NW Natural has a well-defined emergency response command structure and protocols. To respond to the virus, we mobilized our Incident Command Team and business continuity plans in early March, formalized and initiated these procedures at our water utilities, and continue to operate under these structures and protocols for the duration of the pandemic.

Employees who work in the field follow CDC, OSHA and state-specific guidance for personal protective equipment, social distancing, sanitizing protocols and other measures to mitigate the spread of the virus. We also created a NW Natural COVID-19 response team with special training and equipment to work in homes

where someone with a known or suspected case of COVID-19 is present. For most office employees, we implemented work-from-home plans that remain in place as we take a measured approach to reopening our headquarters and operations center. By following these stringent health guidelines, fewer than 2% of our employees tested positive for COVID-19 in 2020, all of whom have recovered.

In March of last year, we voluntarily stopped charging late fees and disconnecting customers for nonpayment. We continue to offer flexible payment options tailored to the customer's specific situation and provide assistance to help customers pay their bills.

We also worked closely with utility regulators to determine a process and schedule to resume normal business practices. Regulators approved accounting deferrals for certain financial impacts from COVID-19, and management implemented short-term cost-savings initiatives to further mitigate the financial impacts of the virus.

Western Wildfires

In September 2020, wildfires struck the West Coast. NW Natural's Incident Command Team responded quickly, monitoring the fires,

developing system shutdown plans to ensure safety, and coordinating with county and state emergency managers. Our natural gas system is designed to allow us to isolate and depressurize sections when conditions require. We worked to stay ahead of the moving fires and shut down sections of the system as needed. Once the fires were controlled and conditions were safe, our crews re-energized the system and relit about 2,500 customers.

Hood River Service Restoration

In late December 2020, NW Natural restored service to customers in Hood River, Oregon, and White Salmon, Washington, after the largest outage the company experienced in 65 years. Service was disrupted to about 5,500 customers when a vehicle crashed into a Williams Northwest Pipeline facility that delivers gas to NW Natural’s system. To respond as quickly as possible, we enlisted help from utilities in several states through a mutual assistance agreement.

Social Justice

In 2020, we were reminded that we still have a long way to go to achieve social justice in our nation, our communities and our workplaces. As a company, we have stated publicly that we do not tolerate racism in any form. For over 20 years, NW Natural has actively implemented an agenda focused on diversity, equity and inclusion through initiatives within our workplace, by supporting and participating in wider community diversity initiatives, and by expanding our spending with businesses owned by women, veterans, disabled, economically disadvantaged and minorities.

We’re focused on continuous improvement as we build an increasingly diverse workforce across all levels in our organization, strive to ensure equity in pay and development opportunities, and work to foster a culture where all voices are heard and respected.

NW Natural – Natural Gas Utility

Safety Is Our Highest Priority

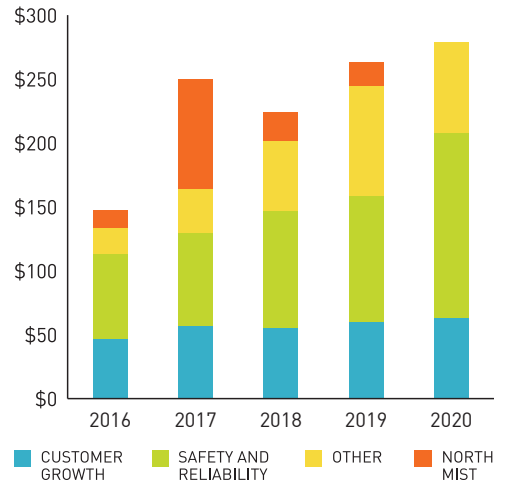
Safety is our greatest responsibility to our customers, our employees and the communities we serve. Our employees perform approximately 210,000 routine field visits each year, and we operate a 24/7 emergency hotline so we can immediately dispatch nearby responders to damage and odor calls.

In 2020, we launched our Journey to Zero program to reduce employee injuries. We ended the year with the lowest number of workplace injuries in over a decade, our injury rate decreased by over 40%, and our lost-time injury rate decreased by about 75% compared to 2019.

We also operate one of the most modern systems in the nation, with no cast iron or bare steel pipe, safely and reliably. In 2020, we invested nearly \$280 million in our natural gas infrastructure to support system reliability, growth, and improvements. Those investments included system reinforcement projects in four

Oregon communities to ensure we can continue serving these growing areas well into the future. We also completed a large dehydration project at our storage facility in Mist, Oregon, which supports reliable service on the coldest winter days.

CAPITAL EXPENDITURES
(in millions)



▲ Total investment in capital expenditures during 2020 was \$278 million on an accrual basis.

Our goal is to meet or exceed federal and state pipeline safety regulations. Our transmission system is inspected using a combination of technologically advanced inline inspection tools and direct assessments. Our modern system makes it possible to perform most inspections through inline methods. At the end of 2020, we had inspected about three times the amount required.

2020 FEDERAL REPORTS

ZERO

- Reportable pipeline incidents
- Corrective action orders
- Safety-related condition reports
- Notices of probable violation

Resilience

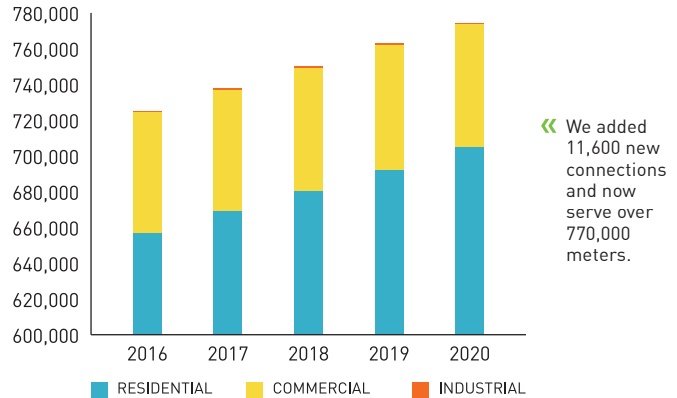
With possible threats in mind—from natural disasters such as earthquakes to cyberattacks—we work to make our operations and systems as resilient as possible.

A study released in 2020 by Portland State University’s Center for Public Service, suggests the natural gas system could be a crucial resource in the event of a major disaster that disrupts power to the Pacific Northwest. Disaster recovery efforts could take advantage of NW Natural’s modern natural gas distribution system, which includes pipeline materials protected underground, a significant amount of existing regional storage capacity, and the potential for renewable gas production at multiple locations.

To support operational resilience and our value of environmental stewardship, NW Natural moved its core operations to a new and smaller space in February 2020. Designed and constructed to be operational after an earthquake, the building is LEED Core and Shell Gold certified, meeting the U.S. Green Building Council’s rigorous standard for healthy and sustainable buildings.

Cyber resilience requires investments in technology to protect our critical systems and customer data. We diligently follow cybersecurity best practices to minimize vulnerabilities and detect and respond to threats. As we moved into our new operations center, we built two data centers for resiliency with one in Central Oregon, outside of the Cascadia impact zone, and the other located at our emergency operations center in Sherwood, Oregon.

UTILITY METERS AT YEAR-END



Continued Growth

We continued to see strong customer growth in 2020. With new construction and conversions, we connected over 11,600 new meters. Our 2020 overall net customer growth rate of 1.5% was fueled by new single-family housing growth in our region and a steady stream of conversions. However, some commercial customers hardest hit by the pandemic, such as restaurants, were forced to close their doors and disconnect their meters, which moderated the overall growth rate.

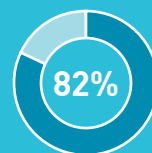
Affordability

The good news is that gas bills remain very affordable. NW Natural customers are paying about 40% less for their bills today than they did 15 years ago. Low prices mean natural gas heating continues to enjoy a competitive position over other options, with a price advantage of up to 67% over electric furnaces and 15% over high-efficiency heat pumps.

Service Legacy Continues

Excellent service includes investing in easy to use customer-facing technology. In October 2020, we launched a new website designed to give customers a seamless experience on any device, with new self-service tools, notification enhancements and expanded online

RESEARCH CONFIRMS THAT HOMEBUYERS HAVE A STRONG PREFERENCE FOR NATURAL GAS



8 IN 10 PROSPECTIVE HOMEBUYERS SAY NATURAL GAS IS PREFERABLE TO ELECTRICITY FOR HEATING AND COOKING

WOULD PAY \$50,000 MORE FOR NATURAL GAS

83% CHOOSE A NATURAL GAS HOME



Our Spanish Resource Team serves Spanish-speaking customers and supports groups across the company.

payment options. We also implemented an improved Interactive Voice Response system and streamlined our onboarding process for all customers.

We're pleased that our customers once again ranked us high in the annual J.D. Power Gas Utility Residential Customer Satisfaction Study. NW Natural scored second in the West among large gas utilities, which is the 17th time our company has scored in the top two in the West. Adding to the accolades, we placed second in the West and the nation across all electric and gas utilities in the 2020 Cogent Syndicated Utility Trusted Brand & Customer Engagement™ study by Escalent earning NW Natural the designation of Customer Champion.

Rate Cases

In October 2020, NW Natural completed an Oregon general rate case for investments in our system's reliability and resiliency. The order included a \$45.1 million increase in our revenue requirement, a return on equity of 9.4% and average rate base of \$1.44 billion, or an increase of \$242 million compared to the last rate case.

At the end of the year, we filed a general rate case in Washington, requesting a multiyear increase with a \$6.3 million increase in the first year and a \$3.2 million increase in the second year to recover investments to support our gas system's reliability and resiliency.

Vision 2050

In spite of the pandemic, we kept a sharp focus on our longstanding value of environmental stewardship, addressing the climate imperative and making progress toward our commitment to reduce the carbon impacts of the energy we deliver.

With no cast iron or bare steel pipe, we have one of the tightest, lowest-emitting systems in the nation. We use that tight system

to deliver more energy in Oregon than any other utility each year. In fact, the existing gas system has provided nearly twice as much energy on a peak heating day as the electric system. And yet, the use of natural gas in our customers' homes and businesses accounts for just 6% of Oregon's annual greenhouse gas emissions.³ That's a very efficient delivery of a lot of energy.

As we contemplate decarbonization strategies, we know our natural gas system is an incredible asset that is needed during the peak winter months and can handle additional demand. And we believe that our conventional fuel can be exchanged for renewables to further reduce emissions affordably and efficiently.

In 2016, we established a voluntary carbon savings goal of 30% by 2035 for emissions from our own operations and our sales customers' usage based off of 2015 emission levels. We've made great strides toward that goal and are on track to meet or exceed it.

Our focus remains on driving new innovations forward for a substantial climate benefit. Our vision forward is to be a carbon neutral energy provider by 2050. We believe replacing more and more of our natural gas supply with renewables using our existing pipeline infrastructure — combined with expanded energy efficiency and wide adoption of our carbon offset program — yields the fastest affordable climate results for our communities and the planet.

We're seeing European countries pursue a carbon neutral pathway for their gas systems by diversifying with renewable natural gas and renewable hydrogen in tandem with carbon capture utilization and storage.

The renewable supply exists, the technology exists, and we already have a modern delivery system in place. With customers we serve and our policymakers, we're committed to leading the way to solutions that work.

³ Source: NW Natural sales load data from the Oregon Department of Environmental Quality In-Boundary Greenhouse Gas Inventory, 2015 data.

Supporting the start to this evolution in our supply is groundbreaking Oregon RNG legislation, which outlines goals for adding as much as 30% RNG into the state's pipeline system by 2050. Under the legislation, we can now procure and invest in RNG, including hydrogen, on behalf of our customers with up to 5% of a utility's revenue requirement allowed to be used to cover the incremental cost of RNG. Gas utilities can also invest in renewables and include this capital in rate base if that is the lowest cost option for customers.

When rulemaking for Oregon SB 98 was complete in July, we quickly issued an RFP and were pleased with the robust response and the market insights we gained through the process. Our first investment opportunity came in December 2020 when we formed an innovative RNG partnership with BioCarbN and Tyson Foods to convert methane from several Tyson Foods facilities into RNG. Under the partnership, NW Natural has options to invest up to an estimated \$38 million in four separate RNG development projects. In December, NW Natural exercised its first option initiating an investment in an estimated \$8 million project. We continue to pursue other viable contracts.

"The renewable supply exists, the technology exists, and we already have a modern delivery system in place. With customers we serve and our policymakers, we're committed to leading the way to solutions that work."

Ahead of Oregon SB 98, we began working on projects that will flow RNG into our pipeline system in Oregon to serve the transportation market. Collectively, these projects are designed to provide immediate and impactful emissions and air quality benefits.

We're excited about a proposed green hydrogen project in Eugene, Oregon, being discussed under a memorandum of understanding we announced in October 2020 with a consortium of partners.



NW Natural technicians testing blended hydrogen gas at NW Natural's Sherwood facility.

This could be the first project in the Pacific Northwest to demonstrate this cutting-edge approach to producing renewable hydrogen.

Another technical question is how to store these renewables. An advantage of our system is that we have 20 billion cubic feet of long-duration, seasonal storage at our Mist facility, which is one of the only storage facilities in the Pacific Northwest. We believe that facility could be used to store renewable molecules in the future, just as it stores conventional natural gas today. By our estimates, 20 billion cubic feet is equivalent to about 6 million megawatt hours of electricity storage. That's about a \$2 trillion battery, if you assume current lithium ion technology and use today's prices⁴, and is many times larger than the biggest lithium battery in the world today.

Climate work is not easy and there are no shortcuts. But it is imperative for our future and requires collective action and new thinking to reach pragmatic solutions. So each year, we set aggressive goals, make progress and move closer to our vision.

Sale of Noncore Assets

A few years ago, we completed a comprehensive review and determined that our continued focus would be on providing shareholders stable, regulated earnings growth. Through that process, we determined that our Gill Ranch storage facility in California was no longer central to our broader utility strategy. In December 2020, NW Natural Holdings completed the sale of Gill Ranch for \$13.5 million. Additionally, in August 2020 we completed the sale of our interest in the Trail West venture, which is exploring the development of a new gas transmission pipeline in the Northwest, for a purchase price of \$14 million. We reinvested these proceeds into our growing water and wastewater utility business.

⁴ Price is based on National Renewable Energy Laboratory (NREL) technical report from June 2019. NREL is a national laboratory of the U.S. Department of Energy.

NW Natural Water – Water Utilities

Operations and Organic Growth

This past year, with all of its challenges, reinforced our decision to build a water and wastewater utility platform and highlighted the value we can bring and create in this sector.

Operationally, the water and wastewater utilities performed well through the pandemic. We leveraged our resources and expertise at the natural gas company to implement COVID-19 health and safety best practices and ensure that all of our subsidiaries had the equipment and support required to keep employees and customers safe and healthy. Our ability to work together and leverage resources and experience across the platform during this crisis further validated our strategy.

Our water and wastewater utilities continued to grow. Organic customer growth was 2.8% over the 12 months ending Dec. 31, 2020. During that time, we invested in infrastructure as we strive to support safe and reliable service today and in the future.

In 2020 we filed our first water utility general rate cases to recover necessary investments and costs. We'll continue to assess our water utilities for rate cases, and will work closely with our regulators and customers to ensure appropriate investment in this critical infrastructure and operations.

Acquisition Strategy

Since announcing our initial transactions in late 2017, we have solidified our water strategy and quadrupled the number of customers we serve. In 2020, we kept up a steady pace of acquisitions, adding Suncadia Water and Environmental, in Washington state, and grew beyond our legacy service territory with our first acquisition in Texas. In addition, we continued to acquire smaller systems around our existing footprint. In August, we also closed our first municipal acquisition in Idaho near our Falls Water system, giving us important experience and insights into another aspect of the water business.

Cumulatively, we've invested nearly \$110 million in acquisitions since 2017. We continue to believe in the investment potential of this business and look forward to putting more money to work here.



NW Natural Water owns Cascadia Water located on Whidbey Island, WA.

Persevering Through Uncertain Times

Reflecting on the many accomplishments of 2020, we weathered an unpredictable storm and emerged stronger. As with past challenges, the last year proved we can respond to an emergent situation with competence and caring, keep our system, employees, customers and community safe, while we also make progress on our long-term goals.

It takes a talented team to achieve this, and I am immensely proud of our employees. They've taken care of our customers and communities when they needed us the most.

Finally, I would like to thank you, our shareholders, for your commitment, confidence and trust as we all persevered despite the challenges.

David H. Anderson
President and
Chief Executive Officer





KEY

- NW NATURAL SERVICE TERRITORY
- REGIONAL RESOURCE CENTER
- STORAGE
- TRAINING CENTER
- OPERATIONS CENTER

- Salmon Valley Water
Sunriver Water and Wastewater
- Cascadia Water
Suncadia Water and Wastewater
- Falls Water
Gem State Water
- T&W Water

Financial Overview

2020 2019

KEY HIGHLIGHTS

Consolidated financial facts (\$000):

Operating revenues	773,679	746,372
Net income from continuing operations	70,273	65,311
Adjusted net income from continuing operations	N/A	71,899 ¹
Net income	76,781	61,735

Financial ratios (%):

Return on average common equity	8.8	7.6
Capital structure ² at year-end:		
Long-term debt	51.8	50.4
Common stock equity	48.2	49.6

COMMON STOCK

Shareholder data (000):

Year-end shares outstanding	30,589	30,472
Average shares outstanding-diluted	30,599	29,859

Per share data (\$):

Diluted earnings from continuing operations	2.30	2.19
Adjusted diluted earnings from continuing operations	N/A	2.41 ¹
Dividends paid	1.91	1.90
Book value at year-end	29.05	28.42
Market value at year-end	45.99	73.73

NATURAL GAS DISTRIBUTION OPERATING HIGHLIGHTS

Gas deliveries (000 therms)	1,142,897	1,215,154
Margin ³ (\$000)	438,110	422,731
Degree days	2,384	2,709
Meters at year-end	774,476	762,877
Employees at year-end	1,155	1,167

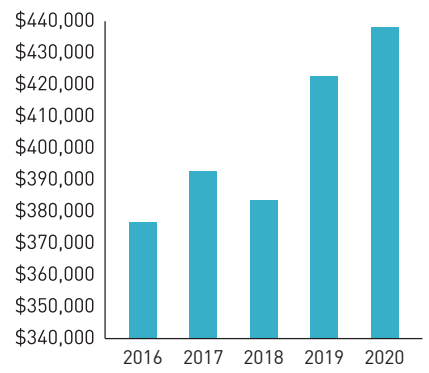
WATER OPERATING HIGHLIGHTS

Connections at year-end	26,140	18,129
Employees at year-end	56	38

DIVIDENDS PAID ON COMMON STOCK (per share)

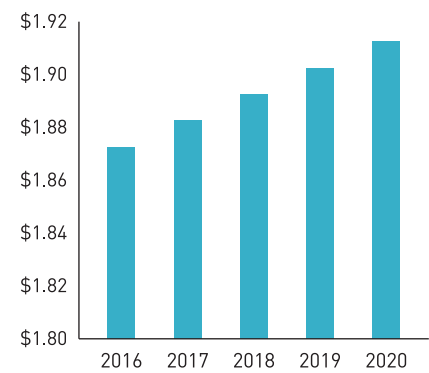
Payment date		
February	0.4775	0.4750
May	0.4775	0.4750
August	0.4775	0.4750
November	0.4800	0.4775
Total dividends paid	1.9125	1.9025

NATURAL GAS DISTRIBUTION MARGIN (in \$000)



Natural Gas Distribution margin increased \$15.4 million to \$438.1 million in 2020.

DIVIDENDS PAID PER SHARE (\$)



Annual dividends paid per share in 2020 increased for the 65th consecutive year.

¹ Adjusted net income from continuing operations and EPS for 2019 are non-GAAP financial measures that exclude the regulatory pension disallowance of \$10.5 million pretax or \$6.6 million after-tax. The after-tax disallowance is calculated using the combined federal and state statutory tax rate of 26.5% and reducing the disallowance by \$1.1 million of deferred taxes specifically associated with the pension balancing account. EPS is calculated using 29.9 million diluted shares.

² Includes current maturities of long-term debt and excludes short-term debt.

³ References to the margin refer to natural gas distribution segment.



DAVID H. ANDERSON
President and Chief Executive Officer, NW Natural Holdings and NW Natural



TIMOTHY P. BOYLE
President and Chief Executive Officer and Chairman of the Board, Columbia Sportswear Company



JOHN D. CARTER
Former Chairman of the Board, Schnitzer Steel Industries, Inc.



MONICA ENAND
Founder and Chief Executive Officer, Zapproved



C. SCOTT GIBSON
Chairman of the Board, NW Natural Holdings and NW Natural



TOD R. HAMACHEK
Former Chairman of the Board, NW Natural Holdings and NW Natural



KAREN LEE
Chief Executive Officer of Pioneer Human Services



HON. DAVID K. MCCURDY
Former President and CEO of the American Gas Association



NATHAN I. PARTAIN
Former President and Co-Chief Investment Officer of Duff & Phelps Investment Management Co.



JANE L. PEVERETT
Former President and Chief Executive Officer, British Columbia Transmission Corporation



KENNETH THRASHER
Former Chairman of the Board, Compli Corporation



MALIA H. WASSON
President, Sand Creek Advisors



CHARLES A. WILHOITE
Managing Director, Willamette Management Associates, Inc.



STEVEN E. WYNNE
Independent Director, NW Natural and Executive Vice President, Moda, Inc.

NW NATURAL SENIOR MANAGEMENT



DAVID H. ANDERSON¹
President and Chief Executive Officer



FRANK BURKHARTSMEYER¹
Senior Vice President and Chief Financial Officer



JAMES DOWNING
Vice President and Chief Information Officer



SHAWN M. FILIPPI^{1,2}
Vice President, Chief Compliance Officer and Corporate Secretary



KIMBERLY HEITING
Senior Vice President Operations and Chief Marketing Officer



JON HUDDLESTON
Vice President Engineering and Utility Operations



JUSTIN B. PALFREYMAN²
Vice President, Strategy and Business Development, and President, NW Natural Water



MELINDA ROGERS
Vice President, Chief Human Resources and Diversity Officer



MARDILYN SAATHOFF¹
Senior Vice President, Regulation and General Counsel



DAVID WEBER
Vice President, Gas Supply and Utility Support Services



KATHRYN WILLIAMS
Vice President, Public Affairs and Sustainability



BRODY J. WILSON^{1,2}
Vice President, Chief Accounting Officer, Controller and Treasurer

¹ Also officers at NW Natural Holdings
² Also officers at NW Natural Water

Notice of Annual Meeting

The 2021 Annual Meeting of Shareholders is scheduled to be held at 2 p.m., Thursday, May 27, 2021. At the time of the printing of this Annual Report we are expecting to conduct an entirely virtual Annual Meeting. After finalizing this determination, a meeting notice and proxy statement describing our plans for conducting the meeting will be sent to all shareholders who hold shares as of the record date, April 8, 2021. Such plans may be supplemented or revised as appropriate.

Dividend reinvestment and direct stock purchase plan

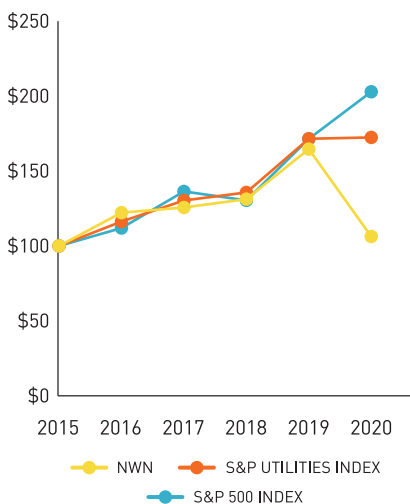
Participants may make an initial investment in company stock and common shareholders of record may reinvest all or part of their dividends in additional shares under the company's plan. Cash purchases may also be made. Participants in the plan bear the cost of brokerage fees and commissions for shares purchased on the open market to fulfill purchases under the plan. A prospectus will be sent upon request.

Scheduled dividend payment dates

Subject to Board approval, the following dates are scheduled for dividend payment:

February 12, 2021
 May 14, 2021
 August 13, 2021
 November 15, 2021

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN
 (Based on \$100 invested on 12/31/2015)



⚡ Total shareholder return (annualized) over the five years ending December 31, 2020 for NW Natural was 1.21%, compared to Standard & Poor's [S&P] Utilities Index return of 11.49%, and the S&P 500 Index return of 15.19%.

Certifications

The Chief Executive Officer certified to the NYSE on June 23, 2020, that as of that date, he was not aware of any violation by the company of NYSE's corporate governance listing standards, and the company had filed with the Securities and Exchange Commission (SEC), as exhibits 31.3 and 31.4 to its Annual Report on Form 10-K for the year ended Dec. 31, 2019, the certificates of the Chief Executive Officer and the Chief Financial Officer of the company certifying the quality of the company's public disclosure. For the year ended Dec. 31, 2020, the certificates of the Chief Executive Officer and Chief Financial Officer are attached as exhibits 31.3 and 31.4 to the Form 10-K included in this Annual Report.

Contact the NW Natural Holdings Board

Concerns may be directed to the nonmanagement directors by writing to:

NW Natural Holdings Board of Directors
 c/o Corporate Secretary
 250 SW Taylor Street
 Portland, OR 97204

Forward-looking statements

The statements made in this Annual Report that are not purely historical, including statements regarding plans, goals, strategies, commitments, success, opportunities, dividends, earnings, financial value, financial results, future events, performance, stability, continuation of past practices, future demand or preference for gas, strategic goals and visions, environmental initiatives, decarbonization and role of the natural gas system, including use of renewables, carbon emissions, targets and savings, renewable natural gas or hydrogen projects or investments, procurement of renewable natural gas or hydrogen for customers, commodity costs, customer rates and service, competitive position, revenues, customer and business growth, capital expenditures, system and infrastructure investments, emergency preparedness and response, cybersecurity, system reliability, safety and implementation of safety initiatives, system and

operational resiliency, business continuity, environmental stewardship, regulatory proceedings and actions including, but not limited to, our rate cases and the timing and results thereof, rate recovery, effects of regulatory mechanisms, the regional economy, water utility strategy, planned acquisitions and integration thereof, dispositions and timing and outcomes thereof, operating plans and implementation, technology development, innovations and investment, system modernization and efficiency, diversity, equity and inclusion initiatives, effects of legislation, including but not limited to carbon and renewable natural gas and hydrogen regulations, effects, extent, severity and duration of COVID-19 and resulting economic disruption, impact of efforts to mitigate risks posed by its spread, ability of our workforce, customers or suppliers to operate or conduct business, COVID-19 financial impacts, cost-savings measures and accounting deferrals, reopening and remote work plans, and governmental actions and timing thereof, including actions to reopen the economy, are forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. NW Natural's actual results could differ materially from those anticipated in these forward-looking statements as a result of risks and uncertainties, including those described in the attached report on Form 10-K. For a more complete description of these risks and uncertainties, please refer to our filings with the SEC on Forms 10-K and 10-Q.

Request for publications

The following publications may be obtained without charge by contacting the Corporate Secretary at NW Natural's address: Annual Report; Form 10-K; Form 10-Q; Form 8-Ks; Corporate Governance Standards; Director Independence Standards; Code of Ethics; and Board Committee Charters. These publications, as well as other filings made with the SEC, are also available on our website at nwnaturalholdings.com. Our SEC filings are also available through the SEC's website (sec.gov).



**NW Natural
 HOLDINGS™**

PRODUCED BY NW NATURAL'S CORPORATE COMMUNICATIONS

PHOTO CREDITS: BRANDON DESJARLAIS - front cover: Columbia Gorge; DALE HEADRICK - page 2: David Anderson; page 4, service technician; page 7, Spanish Resource team; page 8, hydrogen testing; ELENA KUCHKO - back cover: Columbia Gorge; SEAN MARTIN - inside back cover: Mt. Hood; TIM MUANGKEO - page 9: Cape Kiwanda.

PRINTING: Donnelley Financial Solutions

Form 10-K
Annual Report

[THIS PAGE INTENTIONALLY LEFT BLANK]

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2020**
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____



NORTHWEST NATURAL HOLDING COMPANY
(Exact name of registrant as specified in its charter)

NORTHWEST NATURAL GAS COMPANY
(Exact name of registrant as specified in its charter)

Commission file number 1-38681

Commission file number 1-15973

Oregon **82-4710680**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

Oregon **93-0256722**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

250 S.W. Taylor Street

250 S.W. Taylor Street

Portland Oregon 97204
(Address of principal executive offices) (Zip Code)

Portland Oregon 97204
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: **(503) 226-4211**

Registrant's telephone number: **(503) 226-4211**

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Trading Symbol	Name of each exchange on which registered
Northwest Natural Holding Company	Common Stock	NWN	New York Stock Exchange
Northwest Natural Gas Company	None	None	None

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

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.

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

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

NORTHWEST NATURAL HOLDING COMPANY

NORTHWEST NATURAL GAS COMPANY

Large Accelerated Filer	<input checked="" type="checkbox"/>	Large Accelerated Filer	<input type="checkbox"/>
Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Non-accelerated Filer	<input checked="" type="checkbox"/>
Smaller Reporting Company	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>	Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

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

NORTHWEST NATURAL HOLDING COMPANY Yes No NORTHWEST NATURAL GAS COMPANY Yes No

As of the end of the second quarter of 2020, the aggregate market value of the shares of Common Stock of Northwest Natural Holding Company (based upon the closing price of these shares on the New York Stock Exchange on June 30, 2020) held by non-affiliates was \$1,682,261,011.

At February 16, 2021, 30,606,665 shares of Northwest Natural Holding Company's Common Stock (the only class of Common Stock) were outstanding. All shares of Northwest Natural Gas Company's Common Stock (the only class of Common Stock) outstanding were held by Northwest Natural Holding Company.

This combined Form 10-K is separately filed by Northwest Natural Holding Company and Northwest Natural Gas Company. Information contained in this document relating to Northwest Natural Gas Company is filed by Northwest Natural Holding Company and separately by Northwest Natural Gas Company. Northwest Natural Gas Company makes no representation as to information relating to Northwest Natural Holding Company or its subsidiaries, except as it may relate to Northwest Natural Gas Company and its subsidiaries.

Northwest Natural Gas Company meets the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K and is therefore filing this report with the reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Northwest Natural Holding Company's Proxy Statement, to be filed in connection with the 2021 Annual Meeting of Shareholders, are incorporated by reference in Part III.

TABLE OF CONTENTS

Item		Page
	Glossary of Terms and Abbreviations	4
	Forward-Looking Statements	7
PART I		
Item 1.	Business	9
	Overview	9
	Business Model	9
	Natural Gas Distribution	9
	Other	14
	Environmental Matters	15
	Human Capital	17
	Information About Our Executive Officers	19
	Available Information	19
Item 1A.	Risk Factors	20
Item 1B.	Unresolved Staff Comments	32
Item 2.	Properties	33
Item 3.	Legal Proceedings	33
Item 4.	Mine Safety Disclosures	33
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	34
Item 6.	Selected Financial Data	34
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	72
Item 8.	Financial Statements and Supplementary Data	74
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	142
Item 9A.	Controls and Procedures	142
Item 9B.	Other Information	142
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	143
Item 11.	Executive Compensation	144
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	145
Item 13.	Certain Relationships and Related Transactions, and Director Independence	146
Item 14.	Principal Accountant Fees and Services	146
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	146
Item 16.	Form 10-K Summary	146
EXHIBIT INDEX		147
SIGNATURES		152

GLOSSARY OF TERMS AND ABBREVIATIONS

AFUDC	Allowance for Funds Used During Construction
AOCI / AOCL	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update as issued by the FASB
Average Weather	The 25-year average of heating degree days based on temperatures established in our last Oregon general rate case
Bcf	Billion cubic feet, a volumetric measure of natural gas, where one Bcf is roughly equal to 10 million therms
CNG	Compressed Natural Gas
CODM	Chief Operating Decision Maker, which for accounting purposes is defined as an individual or group of individuals responsible for the allocation of resources and assessing the performance of the entity's business units
Core NGD Customers	Residential, commercial, and industrial customers receiving firm service from the Natural Gas Distribution business
Cost of Gas	The delivered cost of natural gas sold to customers, including the cost of gas purchased or withdrawn/produced from storage inventory or reserves, gains and losses from gas commodity hedges, pipeline demand costs, seasonal demand cost balancing adjustments, and regulatory gas cost deferrals
Decoupling	A natural gas billing rate mechanism, also referred to as a conservation tariff, which is designed to allow a utility to encourage industrial and small commercial customers to conserve energy while not adversely affecting the utility's earnings due to reductions in sales volumes
Demand Cost	A component in NGD customer rates representing the cost of securing firm pipeline capacity, whether the capacity is used or not
EE/CA	Engineering Evaluation / Cost Analysis
Encana	Encana Oil & Gas (USA) Inc.
Energy Corp	Northwest Energy Corporation, a wholly-owned subsidiary of Northwest Natural Gas Company
EPA	Environmental Protection Agency
EPS	Earnings per share
ECRM	Environmental Cost Recovery Mechanism, a billing rate mechanism for recovering prudently incurred environmental site remediation costs allocable to Washington customers through NGD customer billings
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission; the entity regulating interstate storage services offered by the Mist gas storage facility
Firm Service	Natural gas service offered to customers under contracts or rate schedules that will not be disrupted to meet the needs of other customers
FMBs	First Mortgage Bonds
General Rate Case	A periodic filing with state or federal regulators to establish billing rates for utility customers
GHG	Greenhouse gases
GTN	Gas Transmission Northwest, LLC which owns a transmission pipeline serving California and the Pacific Northwest
Heating Degree Days	Units of measure reflecting temperature-sensitive consumption of natural gas, calculated by subtracting the average of a day's high and low temperatures from 59 degrees Fahrenheit
Interruptible Service	Natural gas service offered to customers (usually large commercial or industrial users) under contracts or rate schedules that allow for interruptions when necessary to meet the needs of firm service customers
Interstate Storage Services	The portion of the Mist gas storage facility not used to serve NGD customers, instead serving utilities, gas marketers, electric generators, and large industrial users
IPUC	Public Utility Commission of Idaho; the entity that regulates NW Holdings' regulated water businesses with respect to rates and terms of service, among other matters
IRP	Integrated Resource Plan
KB	Kelso-Beaver Pipeline, of which 10% is owned by KB Pipeline Company, a subsidiary of NNG Financial Corporation
LNG	Liquefied Natural Gas, the cryogenic liquid form of natural gas. To reach a liquid form at atmospheric pressure, natural gas must be cooled to approximately negative 260 degrees Fahrenheit

MAP-21	A federal pension plan funding law called the Moving Ahead for Progress in the 21st Century Act, July 2012
Moody's	Moody's Investors Service, Inc., credit rating agency
NAV	Net Asset Value
NGD	Natural Gas Distribution, a segment of Northwest Natural Holding Company and Northwest Natural Gas Company that provides regulated natural gas distribution services to residential, commercial, and industrial customers in Oregon and Southwest Washington
NGD Margin	A financial measure used by NW Natural's CODM consisting of NGD operating revenues less the associated cost of gas, franchise taxes, and environmental recoveries
NNG Financial	NNG Financial Corporation, a wholly-owned subsidiary of NW Holdings
NOL	Net Operating Loss
NRD	Natural Resource Damages
NW Holdings	Northwest Natural Holding Company
NW Natural	Northwest Natural Gas Company, a wholly-owned subsidiary of NW Holdings
NWN Energy	NW Natural Energy, LLC, a wholly-owned subsidiary of NW Holdings
NWN Gas Reserves	NWN Gas Reserves LLC, a wholly-owned subsidiary of Energy Corp
NWN Gas Storage	NW Natural Gas Storage, LLC, a wholly-owned subsidiary of NWN Energy
ODEQ	Oregon Department of Environmental Quality
OPEIU	Office and Professional Employees International Union Local No. 11, AFL-CIO, the Union which represents NW Natural's bargaining unit employees
OPUC	Public Utility Commission of Oregon; the entity that regulates our Oregon natural gas and regulated water businesses with respect to rates and terms of service, among other matters; the OPUC also regulates the Mist gas storage facility's intrastate storage services
PBGC	Pension Benefit Guaranty Corporation
PGA	Purchased Gas Adjustment, a regulatory mechanism primarily used to adjust natural gas customer rates to reflect changes in the forecasted cost of gas and differences between forecasted and actual gas costs from the prior year
Portland General	Portland General Electric; primary customer of the North Mist gas storage facility
PHMSA	U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration
PRP	Potentially Responsible Parties
PUCT	Public Utility Commission of Texas; the entity that regulates NW Holdings' regulated water businesses with respect to rates and terms of service, among other matters
RI/FS	Remedial Investigation / Feasibility Study
RNG	Renewable Natural Gas, a source of natural gas derived from organic materials which may be captured, refined, and distributed on natural gas pipeline systems
RNG Hold Co	NW Natural RNG Holding Company, LLC, a wholly-owned subsidiary of Northwest Natural Gas Company
ROD	Record of Decision
ROE	Return on Equity, a measure of corporate profitability, calculated as net income or loss divided by average common equity. Authorized ROE refers to the equity rate approved by a regulatory agency for use in determining utility revenue requirements
ROR	Rate of Return, a measure of return on utility rate base. Authorized ROR refers to the rate of return approved by a regulatory agency and is generally discussed in the context of ROE and capital structure
S&P	Standard & Poor's Financial Services LLC, a credit rating agency and a subsidiary of S&P Global Inc.
Sales Service	Service provided whereby a customer purchases both natural gas commodity supply and transportation from the NGD business
SEC	U.S. Securities and Exchange Commission
SRRM	Site Remediation and Recovery Mechanism, a billing rate mechanism for recovering prudently incurred environmental site remediation costs allocable to Oregon through NGD customer billings, subject to an earnings test
TCJA	The Tax Cuts and Jobs Act enacted on December 22, 2017
Therm	The basic unit of natural gas measurement, equal to one hundred thousand British thermal units
Transportation Service	Service provided whereby a customer purchases natural gas directly from a supplier but pays the utility to transport the gas over its distribution system to the customer's facility
U.S. GAAP	Accounting principles generally accepted in the United States of America

WARM

An Oregon billing rate mechanism applied to natural gas residential and commercial customers to adjust for temperature variances from average weather

WUTC

Washington Utilities and Transportation Commission, the entity that regulates our Washington natural gas and regulated water businesses with respect to rates and terms of service, among other matters.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbors created by such Act. Forward-looking statements can be identified by words such as anticipates, assumes, intends, plans, seeks, believes, estimates, expects, and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following:

- plans, projections and predictions;
- objectives, goals, visions or strategies;
- assumptions, generalizations and estimates;
- ongoing continuation of past practices or patterns;
- future events or performance;
- trends;
- risks;
- uncertainties;
- timing and cyclicalities;
- economic conditions;
- earnings and dividends;
- capital expenditures and allocation;
- capital markets or loss of capital;
- capital or organizational structure;
- matters related to climate change and our role in a low-carbon, renewable-energy future;
- renewable natural gas and hydrogen;
- our strategy to reduce greenhouse gas emissions;
- the policies and priorities of the new presidential administration;
- growth;
- customer rates;
- illness or quarantine;
- labor relations and workforce succession;
- commodity costs;
- desirability and cost competitiveness of natural gas;
- gas reserves;
- operational performance and costs;
- energy policy, infrastructure and preferences;
- public policy approach and involvement;
- efficacy of derivatives and hedges;
- liquidity, financial positions, and planned securities issuances;
- valuations;
- project and program development, expansion, or investment;
- business development efforts, including acquisitions and integration thereof;
- implementation and execution of our water strategy;
- pipeline capacity, demand, location, and reliability;
- adequacy of property rights and operations center development;
- technology implementation and cybersecurity practices;
- competition;
- procurement and development of gas (including renewable natural gas) and water supplies;
- estimated expenditures, supply chain and third party availability and impairment;
- costs of compliance;
- customers bypassing our infrastructure;
- credit exposures;
- uncollectible account amounts;
- rate or regulatory outcomes, recovery or refunds, and the availability of public utility commissions to take action;
- impacts or changes of executive orders, laws, rules and regulations;
- tax liabilities or refunds, including effects of tax legislation;
- levels and pricing of gas storage contracts and gas storage markets;
- outcomes, timing and effects of potential claims, litigation, regulatory actions, and other administrative matters;
- projected obligations, expectations and treatment with respect to retirement plans;
- effects of projections related to, and our ability to mitigate the effects of, the novel coronavirus (COVID-19) and the economic conditions resulting therefrom;
- disruptions caused by social unrest, including related protests or disturbances;
- availability, adequacy, and shift in mix, of gas and water supplies;
- effects of new or anticipated changes in critical accounting policies or estimates;
- approval and adequacy of regulatory deferrals;
- effects and efficacy of regulatory mechanisms; and
- environmental, regulatory, litigation and insurance costs and recoveries, and timing thereof.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We therefore caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed at Item 1A., "Risk Factors" of Part I and Item 7. and Item 7A., "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk", respectively, of Part II of this report.

Any forward-looking statement made in this report speaks only as of the date on which it is made. Factors or events that could cause actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

PART I

FILING FORMAT

This annual report on Form 10-K is a combined report being filed by two separate registrants: Northwest Natural Holding Company (NW Holdings), and Northwest Natural Gas Company (NW Natural). Except where the content clearly indicates otherwise, any reference in the report to "we," "us" or "our" is to the consolidated entity of NW Holdings and all of its subsidiaries, including NW Natural, which is a distinct SEC registrant that is a wholly-owned subsidiary of NW Holdings. Each of NW Holdings' subsidiaries is a separate legal entity with its own assets and liabilities. Information contained herein relating to any individual registrant or its subsidiaries is filed by such registrant on its own behalf. Each registrant makes representations only as to itself and its subsidiaries and makes no other representation whatsoever as to any other company.

Item 8 in this Annual Report on Form 10-K includes separate financial statements (i.e. balance sheets, statements of comprehensive income, statements of cash flows, and statements of equity) for NW Holdings and NW Natural, in that order. References in this discussion to the "Notes" are to the Notes to the Consolidated Financial Statements in Item 8 of this report. The Notes to the Consolidated Financial Statements are presented on a combined basis for both entities except where expressly noted otherwise. All Items other than Item 8 are combined for the reporting companies.

ITEM 1. BUSINESS

OVERVIEW

On October 1, 2018, we completed a reorganization into a holding company structure. In this reorganization, shareholders of NW Natural (the predecessor publicly held parent company) became shareholders of NW Holdings, on a one-for-one basis, with the same number of shares and same ownership percentage as they held in NW Natural immediately prior to the reorganization. NW Natural became a wholly-owned subsidiary of NW Holdings. Additionally, certain subsidiaries of NW Natural were transferred to NW Holdings. As required under generally accepted accounting principles, these subsidiaries are presented as discontinued operations in the 2018 consolidated results of NW Natural within this report.

NW Holdings is a holding company headquartered in Portland, Oregon and owns NW Natural, NW Natural Water Company, LLC (NWN Water), and other businesses and activities. NW Natural is NW Holdings' largest subsidiary. NW Natural owns NW Natural RNG Holding Company, LLC, a holding company established to invest in the development and procurement of renewable natural gas.

NW Natural distributes natural gas to residential, commercial, and industrial customers in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859, was incorporated in Oregon in 1910, and began doing business as NW Natural in 1997. NW Natural's natural gas distribution activities are reported in the natural gas distribution (NGD) segment. All other business activities, including certain gas storage activities, water businesses, and other investments and activities are aggregated and reported as "other" at their respective registrant.

In addition, NW Holdings reported discontinued operations results related to the sale of Gill Ranch Storage, LLC (Gill Ranch). NW Natural Gas Storage, LLC (NWN Gas Storage), an indirect wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement during the second quarter of 2018 that provides for the sale of all membership interests in Gill Ranch. Gill Ranch owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility. On December 4, 2020, NWN Gas Storage closed the sale of all of the membership interests in Gill Ranch. See Note 19 of the Consolidated Financial Statements in Item 8 of this report for more information.

NATURAL GAS DISTRIBUTION (NGD) SEGMENT

Both NW Holdings and NW Natural have one reportable segment, the NGD segment, which is operated by NW Natural. NGD provides natural gas service through approximately 770,000 meters in Oregon and southwest Washington. Approximately 88% of customers are located in Oregon and 12% are located in southwest Washington.

NW Natural has been allocated an exclusive service territory by the Oregon Public Utility Commission (OPUC) and Washington Utilities and Transportation Commission (WUTC), which includes the major population centers in western Oregon, including the Portland metropolitan area, most of the Willamette Valley, the Coastal area from Astoria to Coos Bay, and portions of Washington along the Columbia River. Portland serves as a major West Coast port and is a key distribution center. Major businesses located in NW Natural's service territory include retail, manufacturing, and high-technology industries.

Customers

The NGD business serves residential, commercial, and industrial customers with no individual customer accounting for more than 10% of NW Natural's or NW Holdings' revenues. On an annual basis, residential and commercial customers typically account for approximately 60% of NGD volumes delivered and approximately 90% of margin. Industrial and other customers largely account for the remaining volumes and margin.

The following table presents summary meter information for the NGD segment as of December 31, 2020:

	Number of Meters	% of Volumes	% of Margin
Residential	704,675	38 %	64 %
Commercial	68,812	21 %	24 %
Industrial	989	41 %	7 %
Other ⁽¹⁾	N/A	N/A	5 %
Total	<u>774,476</u>	<u>100 %</u>	<u>100 %</u>

⁽¹⁾ NGD margin is also affected by other items, including miscellaneous revenues, gains or losses from NW Natural's gas cost incentive sharing mechanism, other margin adjustments, and other regulated services.

Generally, residential and commercial customers purchase both their natural gas commodity (gas sales) and natural gas delivery services (transportation services) from the NGD business. Industrial customers also purchase transportation services, but may buy the gas commodity either from NW Natural or directly from a third-party gas marketer or supplier. Gas commodity cost is primarily a pass-through cost to customers; therefore, profit margins are not materially affected by an industrial customer's decision to purchase gas from NW Natural or from third parties. Industrial and large commercial customers may also select between firm and interruptible service levels, with firm services generally providing higher profit margins compared to interruptible services.

To help manage gas supplies, industrial tariffs are designed to provide some certainty regarding industrial customers' volumes by requiring an annual service election, special charges for changes between elections, and in some cases, a minimum or maximum volume requirement before changing options.

Customer growth rates for natural gas utilities in the Pacific Northwest historically have been among the highest in the nation due to lower market saturation as natural gas became widely available as a residential heating source after other fuel options. We estimate natural gas was in approximately 63% of single-family residential homes in NW Natural's service territory in 2020. Customer growth in our region comes mainly from the following sources: single-family housing, both new construction and conversions; multifamily housing new construction; and commercial buildings, both new construction and conversions. Single-family new construction has consistently been our largest source of growth. Continued customer growth is closely tied to the comparative price of natural gas to electricity and fuel oil and the economic health of Portland, Oregon and Vancouver, Washington. We believe there is potential for continued growth as natural gas is a preferred direct energy source due to its affordability, reliability, comfort, convenience, and clean qualities.

Competitive Conditions

In its service areas, the NGD business has no direct competition from other natural gas distributors. However, it competes with other forms of energy in each customer class. This competition among energy suppliers is based on price, efficiency, reliability, performance, preference, market conditions, technology, federal, state, and local energy policy, and environmental impacts.

For residential and small to mid-size commercial customers, the NGD business competes primarily with providers of electricity, fuel oil, and propane.

In the industrial and large commercial markets, the NGD business competes with all forms of energy, including competition from wholesale natural gas marketers. In addition, large industrial customers could bypass NW Natural's natural gas distribution system by installing their own direct pipeline connection to the interstate pipeline system. NW Natural has designed custom transportation service agreements with several large industrial customers to provide transportation service rates that are competitive with the customer's costs of installing their own pipeline.

Seasonality of Business

The NGD business is seasonal in nature due to higher gas usage by residential and commercial customers during the cold winter heating months. Other categories of customers experience similar seasonality in their usage but to a lesser extent.

Regulation and Rates

The NGD business is subject to regulation by the OPUC and WUTC. These regulatory agencies authorize rates and allow recovery mechanisms to provide the opportunity to recover prudently incurred capital and operating costs from customers, while also earning a reasonable return on investment for investors. In addition, the OPUC and WUTC also regulate the system of accounts and issuance of securities by NW Natural.

NW Natural files general rate cases and rate tariff requests periodically with the OPUC and WUTC to establish approved rates, an authorized return on equity (ROE), an overall rate of return (ROR) on rate base, an authorized capital structure, and other revenue/cost deferral and recovery mechanisms.

NW Natural is also regulated by the Federal Energy Regulatory Commission (FERC). Under NW Natural's Mist interstate storage certificate with FERC, NW Natural is required to file either a petition for rate approval or a cost and revenue study every five years to change or justify maintaining the existing rates for the interstate storage service.

For further discussion on our most recent general rate cases, see Part II, Item 7, "Results of Operations—Regulatory Matters—Regulation and Rates."

Gas Supply

NW Natural strives to secure sufficient, reliable supplies of natural gas to meet the needs of customers at the lowest reasonable cost, while maintaining price stability, managing gas purchase costs prudently and supporting our core value of environmental stewardship. This is accomplished through a comprehensive strategy focused on the following items:

- **Reliability** - ensuring gas resource portfolios are sufficient to satisfy customer requirements under extreme cold weather conditions;
- **Diverse Supply** - providing diversity of supply sources;
- **Diverse Contracts** - maintaining a variety of contract durations, types, and counterparties;
- **Cost Management and Recovery** - employing prudent gas cost management strategies; and
- **Environmental Stewardship** - striving to reduce the carbon content and environmental impacts of the energy we deliver.

Reliability

The effectiveness of the natural gas distribution system ultimately rests on whether reliable service is provided to NGD customers. To ensure effectiveness, the NGD business has developed a risk-based methodology in which it uses a planning standard to serve the highest firm sales demand day in any year with 99% certainty.

The projected maximum design day firm NGD customer sales is approximately 10 million therms. Of this total, the NGD business is currently capable of meeting about 56% of requirements with gas from storage located within or adjacent to its service territory, while the remaining supply requirements would come from gas purchases under firm gas purchase contracts and recall agreements.

NW Natural segments transportation capacity, which is a natural gas transportation mechanism under which a shipper can leverage its firm pipeline transportation capacity by separating it into multiple segments with alternate delivery routes. The reliability of service on these alternate routes will vary depending on the constraints of the pipeline system. For those segments with acceptable reliability, segmentation provides a shipper with increased flexibility and potential cost savings compared to traditional pipeline service. The NGD business relies on segmentation of firm pipeline transportation capacity that flows from Stanfield, Oregon to various points south of Molalla, Oregon.

We believe gas supplies would be sufficient to meet existing NGD firm customer demand in the event of maximum design day weather conditions.

The following table shows the sources of supply projected to be used to satisfy the design day sales for the 2020-21 winter heating season:

<i>Therms in millions</i>	Therms	Percent
Sources of NGD supply:		
Firm supply purchases	3.4	34 %
Mist underground storage (NGD only)	3.1	32 %
Company-owned LNG storage	1.9	19 %
Off-system storage contract	0.5	5 %
Pipeline segmentation capacity	0.6	6 %
Recall agreements	0.4	4 %
Total	9.9	100 %

The OPUC and WUTC have Integrated Resource Planning (IRP) processes in which utilities define different growth scenarios and corresponding resource acquisition strategies in an effort to evaluate supply and demand resource requirements, consider uncertainties in the planning process and the need for flexibility to respond to changes, and establish a plan for providing reliable service at the least cost.

NW Natural generally files a full IRP biennially for Oregon and Washington with the OPUC and the WUTC, respectively, and files updates between filings. The OPUC acknowledges NW Natural's action plan, whereas the WUTC provides notice that the IRP

has met the requirements of the Washington Administrative Code. OPUC acknowledgment of the IRP does not constitute ratemaking approval of any specific resource acquisition strategy or expenditure. However, the OPUC Commissioners generally indicate that they would give considerable weight in prudence reviews to actions consistent with acknowledged plans. The WUTC has indicated the IRP process is one factor it will consider in a prudence review. For additional information see Part II, Item 7, "Results of Operations—Regulatory Matters."

Diversity of Supply Sources

NW Natural purchases gas supplies primarily from the Alberta and British Columbia provinces of Canada and multiple receipt points in the U.S. Rocky Mountains to protect against regional supply disruptions and to take advantage of price differentials. For 2020, 62% of gas supply came from Canada, with the balance primarily coming from the U.S. Rocky Mountain region. The extraction of shale gas has increased the availability of gas supplies throughout North America. We believe gas supplies available in the western United States and Canada are adequate to serve NGD customer requirements for the foreseeable future. NW Natural continues to evaluate the long-term supply mix based on projections of gas production and pricing in the U.S. Rocky Mountain region as well as other regions in North America. NW Natural has also announced its intent to incorporate renewable natural gas (RNG) into its supply portfolio. See "Environmental Matters" below.

NW Natural supplements firm gas supply purchases with gas withdrawals from gas storage facilities, including underground reservoirs and LNG storage facilities. Storage facilities are generally injected with natural gas during the off-peak months in the spring and summer, and the gas is withdrawn for use during peak demand months in the winter.

The following table presents the storage facilities available for NGD business supply:

	Maximum Daily Deliverability (therms in millions)	Designed Storage Capacity (Bcf)
Gas Storage Facilities		
Owned Facility		
Mist, Oregon (Mist Facility) ⁽¹⁾	3.1	10.6
Mist, Oregon (North Mist Facility) ⁽²⁾	1.3	4.1
Contracted Facility		
Jackson Prairie, Washington ⁽³⁾	0.5	1.1
LNG Facilities		
Owned Facilities		
Newport, Oregon	0.6	1.0
Portland, Oregon	1.3	0.6
Total	<u>6.8</u>	<u>17.4</u>

⁽¹⁾ The Mist gas storage facility has a total maximum daily deliverability of 5.4 million therms and a total designed storage capacity of about 16.0 Bcf, of which 3.1 million therms of daily deliverability and 10.6 Bcf of storage capacity are reserved for NGD business customers.

⁽²⁾ The North Mist facility is contracted to exclusively serve Portland General Electric, a local electric utility, and may not be used to serve other NGD customers. See "North Mist Gas Storage Facility" below for more information.

⁽³⁾ The storage facility is located near Chehalis, Washington and is contracted from Northwest Pipeline, a subsidiary of The Williams Companies.

The Mist facility serves NGD segment customers and is also used for non-NGD purposes, primarily for contracts with gas storage customers, including utilities and third-party marketers. Under regulatory agreements with the OPUC and WUTC, gas storage at Mist can be developed in advance of NGD customer needs but is subject to recall when needed to serve such customers as their demand increases. When storage capacity is recalled for NGD purposes it becomes part of the NGD segment. In 2020, the NGD business did not recall additional deliverability or associated storage capacity to serve customer needs. The North Mist facility is contracted for the exclusive use of Portland General Electric, a local electric utility, and may not be used to serve other NGD customers. See "North Mist Gas Storage Facility" below.

Diverse Contract Durations and Types

NW Natural has a diverse portfolio of short-, medium-, and long-term firm gas supply contracts and a variety of contract types including firm and interruptible supplies as well as supplemental supplies from gas storage facilities.

The portfolio of firm gas supply contracts typically includes the following gas purchase contracts: year-round and winter-only baseload supplies; seasonal supply with an option to call on additional daily supplies during the winter heating season; and daily or monthly spot purchases.

During 2020, a total of 757 million therms were purchased under contracts with durations as follows:

Contract Duration (primary term)	Percent of Purchases
Long-term (one year or longer)	39 %
Short-term (more than one month, less than one year)	23
Spot (one month or less)	38
Total	100 %

Gas supply contracts are renewed or replaced as they expire. During 2020, no individual supplier provided 10% or more of the NGD business gas supply requirements.

Gas Cost Management

The cost of gas sold to NGD customers primarily consists of the following items, which are included in annual Purchased Gas Adjustment (PGA) rates: gas purchases from suppliers; charges from pipeline companies to transport gas to our distribution system; gas storage costs; gas reserves contracts; and gas commodity derivative contracts.

The NGD business employs a number of strategies to mitigate the cost of gas sold to customers. The primary strategies for managing gas commodity price risk include:

- negotiating fixed prices directly with gas suppliers;
- negotiating financial derivative contracts that: (1) effectively convert floating index prices in physical gas supply contracts to fixed prices (referred to as commodity price swaps); or (2) effectively set a ceiling or floor price, or both, on floating index priced physical supply contracts (referred to as commodity price options such as calls, puts, and collars);
- buying physical gas supplies at a set price and injecting the gas into storage for price stability and to minimize pipeline capacity demand costs; and
- investing in gas reserves for longer term price stability. See Note 13 for additional information about our gas reserves.

NW Natural also contracts with an independent energy marketing company to capture opportunities regarding storage and pipeline capacity when those assets are not serving the needs of NGD business customers. Asset management activities provide opportunities for cost of gas savings for customers and incremental revenues for NW Natural through regulatory incentive-sharing mechanisms. These activities, net of the amount shared, are included in other for segment reporting purposes.

Gas Cost Recovery

Mechanisms for gas cost recovery are designed to be fair and reasonable, with an appropriate balance between the interests of customers and NW Natural. In general, natural gas distribution rates are designed to recover the costs of, but not to earn a return on, the gas commodity sold. Risks associated with gas cost recovery are minimized by resetting customer rates annually through the PGA and aligning customer and shareholder interests through the use of sharing, weather normalization, and conservation mechanisms in Oregon. See Part II, Item 7, "Results of Operations—Regulatory Matters" and "Results of Operations—Business Segments—Natural Gas Distribution Operations—Cost of Gas".

Environmental Stewardship

Part of our gas supply strategy is working to reduce the carbon content and the environmental impacts of the energy we deliver. To that end, NW Natural developed and implemented an emissions screening tool that uses Environmental Protection Agency (EPA) data to calculate the relative emissions intensity of gas producer operations and prioritize purchases from lower emitting producers. Beginning in 2019, we began using this emissions intensity screening tool alongside other purchasing criteria such as price, credit worthiness and geographic diversity. The result has been a cost-neutral way to reduce carbon emissions associated with our natural gas supply.

In addition, NW Natural is actively working to procure RNG contracts under Oregon Senate Bill 98, and is engaging in longer-term efforts to increase the amount of RNG on our system and explore the development of renewable hydrogen through power to gas. See "Environmental Matters" below.

Transportation of Gas Supplies

NW Natural's gas distribution system is reliant on a single, bi-directional interstate transmission pipeline to bring gas supplies into the natural gas distribution system. Although dependent on a single pipeline, the pipeline's gas flows into the Portland metropolitan market from two directions: (1) the north, which brings supplies from the British Columbia and Alberta supply basins; and (2) the east, which brings supplies from Alberta as well as the U.S. Rocky Mountain supply basins.

NW Natural incurs monthly demand charges related to firm pipeline transportation contracts. These contracts have expiration dates ranging from 2021 to 2061. The largest pipeline agreements are with Northwest Pipeline. NW Natural actively works with Northwest Pipeline and others to renew contracts in advance of expiration to ensure gas transportation capacity is sufficient to meet customer needs.

Rates for interstate pipeline transportation services are established by FERC within the U.S. and by Canadian authorities for services on Canadian pipelines.

Gas Distribution

Safety and the protection of employees, customers, and our communities at large are, and will remain, top priorities. NW Natural constructs, operates, and maintains its pipeline distribution system and storage operations with the goal of ensuring natural gas is delivered and stored safely, reliably, and efficiently.

NW Natural has one of the most modern distribution systems in the country with no identified cast iron pipe or bare steel main. Since the 1980s, NW Natural has taken a proactive approach to replacement programs and partnered with the OPUC and WUTC on progressive regulation to further safety and reliability efforts for the distribution system. In the past, NW Natural had a cost recovery program in Oregon that encompassed programs for bare steel replacement, transmission pipeline integrity management, and distribution pipeline integrity management as appropriate.

Natural gas distribution businesses are likely to be subject to greater federal and state regulation in the future. Additional operating and safety regulations from the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) are currently under development. In 2016, PHMSA issued safety requirements for natural gas transmission pipelines. In 2019, PHMSA issued the first of three portions of these regulations which went into effect on July 1, 2020 and include up to a 15-year timeline for compliance. The remaining portions of the regulations are anticipated to be issued in 2021. NW Natural intends to continue to work diligently with industry associations as well as federal and state regulators to ensure the safety of the system and compliance with new laws and regulations. The costs associated with compliance with federal, state, and local laws and regulations are expected to be recovered in rates.

North Mist Gas Storage Facility

In May 2019, NW Natural completed an expansion of its existing gas storage facility near Mist, Oregon. The North Mist facility provides long-term, no-notice underground gas storage service and is dedicated solely to Portland General Electric (Portland General) under a 30-year contract with options to extend up to an additional 50 years upon mutual agreement of the parties. Portland General uses the facility to support its gas-fired electric power generation facilities, which incorporate renewable energy into the electric grid.

North Mist includes a new reservoir providing 4.1 Bcf of available storage, an additional compressor station with a contractual capacity of 120,000 dekatherms of gas per day, no-notice service that can be drawn on rapidly, and a 13-mile pipeline to connect to Portland General's Port Westward gas plants in Clatskanie, Oregon.

Upon placement into service in May 2019, the facility was included in rate base under an established tariff schedule with revenues recognized consistent with the schedule. Billing rates will be updated annually to the current depreciable asset level and forecasted operating expenses.

While there are additional expansion opportunities in the Mist storage field, further development is not contemplated at this time and any expansion would be based on market demand, cost effectiveness, available financing, receipt of future permits, and other rights.

OTHER

Certain businesses and activities of NW Holdings and NW Natural are aggregated and reported as other for segment reporting purposes.

NW Natural

The following businesses and activities are aggregated and reported as other under NW Natural, a wholly-owned subsidiary of NW Holdings:

- 5.4 Bcf of the Mist gas storage facility contracted to other utilities and third-party marketers;
- natural gas asset management activities; and
- appliance retail center operations.

Mist Gas Storage

The Mist gas storage facility began operations in 1989. It is a 16.0 Bcf facility with 10.6 Bcf used to provide gas storage for the NGD business. The remaining 5.4 Bcf of the facility is contracted with other utilities and third-party marketers with these results reported in other.

The overall facility consists of seven depleted natural gas reservoirs, 22 injection and withdrawal wells, a compressor station, dehydration and control equipment, gathering lines, and other related facilities. The capacity at Mist serving other utilities and third-party marketers provides multi-cycle gas storage services to customers in the interstate and intrastate markets. The interstate storage services are offered under a limited jurisdiction blanket certificate issued by FERC. Under NW Natural's interstate storage certificate with FERC, NW Natural is required to file either a petition for rate approval or a cost and revenue

study every five years to change or justify maintaining the existing rates for the interstate storage service. Intrastate firm storage services in Oregon are offered under an OPUC-approved rate schedule as an optional service to certain eligible customers. Gas storage revenues from the 5.4 Bcf are derived primarily from firm service customers who provide energy-related services, including natural gas distribution, electric generation, and energy marketing. The Mist facility benefits from limited competition as there are few storage facilities in the Pacific Northwest region. Therefore, NW Natural is able to acquire high-value, multi-year contracts.

Asset Management Activities

NW Natural contracts with an independent energy marketing company to provide asset management services, primarily through the use of natural gas commodity exchange agreements and natural gas pipeline capacity release transactions. The results of these activities are included in other, except for the asset management revenues allocated to NGD business customers pursuant to regulatory agreements, which are reported in the NGD segment.

NW Holdings

These include the following businesses and activities aggregated under NW Holdings:

- NW Natural Water Company, LLC (NWN Water) and its water and wastewater utility operations and acquisition activities;
- an equity method investment in Trail West Holdings, LLC (TWH);
- a minority interest in the Kelso-Beaver Pipeline held by our wholly-owned subsidiary NNG Financial Corporation (NNG Financial); and
- holding company and corporate activities as well as adjustments made in consolidation.

On August 6, 2020, NWN Energy completed the sale to an unrelated third party of its interest in TWH. See Note 14 of the Consolidated Financial Statements in Item 8 of this report for more information.

Water Utilities

After a comprehensive strategic planning process, in December 2017, we entered the water utility sector by announcing several acquisitions, which NWN Water subsequently closed. Through December 31, 2020, NWN Water serves a total of approximately 63,000 people through 26,000 water and wastewater connections in the Pacific Northwest and Texas, with an aggregate investment of nearly \$110 million. NW Holdings continues to pursue additional acquisitions in a disciplined manner.

The water and wastewater utilities primarily serve residential and commercial customers. Water distribution operations are seasonal in nature with peak demand during warmer summer months, while wastewater is less seasonally affected. Entities generally operate in exclusive service territories with no direct competitors. Water distribution customer rates are regulated by state utility commissions while the wastewater businesses we own currently are not rate regulated by utility commissions.

ENVIRONMENTAL MATTERS

Properties and Facilities

NW Natural owns, or previously owned, properties and facilities that are currently being investigated that may require environmental remediation and are subject to federal, state, and local laws and regulations related to environmental matters. These laws and regulations may require expenditures over a long time frame to address certain environmental impacts. Estimates of liabilities for environmental costs are difficult to determine with precision because of the various factors that can affect their ultimate disposition. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state, and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete, or experience with existing technology that proves ineffective;
- the level of remediation required;
- variations between the estimated and actual period of time that must be dedicated to respond to an environmentally-contaminated site; and
- the application of environmental laws that impose joint and several liabilities on all potentially responsible parties.

NW Natural has received recovery of a portion of such environmental costs through insurance proceeds, seeks the remainder of such costs through customer rates, and believes recovery of these costs is probable. In both Oregon and Washington, NW Natural has mechanisms to recover expenses. Oregon recoveries are subject to an earnings test. See Part II, Item 7, "Results of Operations—Regulatory Matters—Rate Mechanisms—*Environmental Cost Deferral and Recovery*", and Note 2 and Note 18 of the Consolidated Financial Statements in Item 8 of this report for more information.

Greenhouse Gas Matters

We recognize certain of our businesses, including our natural gas business, are likely to be affected by requirements to address greenhouse gas emissions. Future federal, state or local legislation or regulation may seek to limit emissions of greenhouse gases, including both carbon dioxide (CO₂) and methane. These potential laws and regulations may require certain activities to reduce emissions and/or increase the price paid for energy based on its carbon content.

Current federal rules require the reporting of greenhouse gas (GHG) emissions. In September 2009, the EPA issued a final rule requiring the annual reporting of greenhouse gas emissions from certain industries, specified large GHG emission sources, and facilities that emit 25,000 metric tons or more of CO₂ equivalents per year. NW Natural began reporting emission information in 2011. Under this reporting rule, local natural gas distribution companies like NW Natural are required to report system throughput to the EPA on an annual basis. The EPA also has required additional GHG reporting regulations to which NW Natural is subject, requiring the annual reporting of fugitive emissions from operations.

The Oregon and Washington state governments have identified emission reduction as a priority and continue to consider various GHG reduction initiatives. On March 10, 2020, the governor of Oregon issued an executive order (EO) establishing GHG emissions reduction goals of at least 45% below 1990 emission levels by 2035 and at least 80% below 1990 emission levels by 2050 and directed state agencies and commissions to facilitate such GHG emission goals targeting a variety of sources and industries. Although the EO does not specifically direct actions of natural gas distribution businesses, the OPUC is directed to prioritize proceedings and activities that advance decarbonization in the utility sector, mitigate energy burden experienced by utility customers and ensure system reliability and resource adequacy. The EO also directs other agencies to cap and reduce GHG emissions from transportation fuels and all other liquid and gaseous fuels, including natural gas, adopt building energy efficiency goals for new building construction, reduce methane emissions from landfills and food waste, and submit a proposal for adoption of state goals for carbon sequestration and storage by Oregon's forest, wetlands and agricultural lands. These agencies and commissions are currently engaged in various stages of their rulemaking processes and are currently expected to complete those processes in the next 12 to 24 months. NW Natural is actively engaged with Oregon state regulatory entities and holds a seat on the Oregon Department of Environmental Quality (DEQ) rules advisory committee, which is considering the cap and reduce rules.

In Washington, where approximately 10% of NW Natural's revenues and 22% of new meters are derived, policy focused on the goal of reducing GHGs and enhancing energy efficiency measures for commercial and residential energy customers have been enacted by the Washington State Building Code Council. Effective February 1, 2021, building codes in Washington state require new residential and commercial construction to achieve higher levels of energy efficiency based on specified carbon emissions assumptions, which are expected to calculate on-site electric appliances to have lower GHG emissions than comparable gas appliances, potentially increasing the cost of new building construction incorporating natural gas. Although legislation with similar goals has previously been pursued unsuccessfully in Washington, it is likely that legislatures nationwide and in our service territory will continue to work to combat climate change through legislative action. NW Natural is working with policymakers and a coalition of utilities in Washington to help them understand the role direct use natural gas, and in the coming years renewable natural gas and hydrogen, may play in aggressively pursuing more effective policies to reduce greenhouse gases while preserving reliability, resiliency, energy choice and energy affordability.

In addition to legislative activities at the state level, ballot measures may be proposed by advocacy groups. Some local and county governments in the United States also have been proposing or passing renewable energy resolutions, restrictions, taxes or fees with advocates seeking to accelerate renewable energy goals. A number of cities across the country, and several in our service territory are currently considering such actions aimed at formalizing climate action goals and driving down GHG emissions, including limitations or bans on the use of natural gas in new construction. NW Natural is actively engaged with such cities and local governments in our service territory and is working to help these communities understand the ways in which the natural gas system, and renewable fuels on the horizon, can help cities meet their decarbonization goals. With the new United States presidential administration, we also expect new federal rules and frameworks related to GHG emissions.

While the outcome of these federal, state or local climate change policy developments cannot be determined at this time, these initiatives could produce a number of results including new regulations, legal actions, additional charges to fund energy efficiency activities, or other regulatory actions. The adoption and implementation of regulations limiting GHG emissions could require NW Natural to incur compliance costs associated with our customers' use, which we currently expect to recover through rates and therefore may result in an increase in the prices charged to customers, and a potential decline in the demand for natural gas.

In 2017, NW Natural initiated a multi-pronged, multi-year strategy to accelerate and deliver greater GHG emission reductions in the communities we serve. Key components of this strategy include customer energy efficiency, continued adoption of NW Natural's voluntary Smart Energy carbon offset program, and seeking to incorporate RNG and hydrogen into our gas supply. RNG is produced from organic materials including food, agricultural and forestry waste, wastewater, or landfills. Methane is captured from these organic materials as they decompose and is conditioned to pipeline quality, so it can be added into the existing natural gas system, reducing net GHG emissions. In 2019, Oregon Senate Bill 98 (SB 98) was signed into law enabling NW Natural to procure RNG on behalf of customers and provided voluntary targets that would allow us to make qualified investments and purchase RNG from third parties such that up to 30% of the gas distributed to retail customers is RNG by 2050, and creating a limit of 5% of a utility's revenue requirement that can be used to cover the incremental cost of RNG. The bill was signed into law by the governor in July 2019, and subsequently, the OPUC adopted final rules in July 2020. NW Natural is actively working to procure RNG supply for customers, and is engaging in longer-term efforts to increase the amount of RNG on our system and explore the development of renewable hydrogen through power to gas. In December 2020, NW Natural announced a partnership with BioCarbN, a developer and operator of sustainable infrastructure projects, to convert methane into RNG. Under this partnership, NW Natural has the ability to invest up to an estimated \$38 million in four separate RNG development projects that will access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties. In December 2020, NW Natural exercised its option for the first development project in Nebraska,

initiating investment in an estimated \$8 million project, which we expect will begin producing RNG in late 2021. This is the company's first investment under Oregon SB 98.

NW Natural continues to take proactive steps in seeking to reduce GHG emissions in our region and is proactively communicating with local, state and federal governments and communities about those steps. We believe that NW Natural has a vital role in providing energy to the communities we serve. Each year, NW Natural delivers more energy in Oregon than any other utility. The sales of natural gas to our residential and commercial customers account for approximately 6% of Oregon's GHG emissions according to data for recent years from the State of Oregon Department of Environmental Quality In-Boundary GHG Inventory. We intend to continue to provide this necessary energy to our communities and to use our modern pipeline system to help the Pacific Northwest transition to a clean energy future.

HUMAN CAPITAL

Our core values of integrity, safety, caring, service ethic, and environmental stewardship guide how we engage with customers, stakeholders, shareholders, and communities. We actively work to foster these values in our employee culture and to nurture an inclusive and equitable environment that provides opportunities, prioritizes health and safety, and supports growth and learning. We aim to recruit and retain employees who share our core values and reflect our communities.

Employees

At December 31, 2020, our workforce consisted of the following:

NW Natural:	
Unionized employees ⁽¹⁾	606
Non-unionized employees	549
Total NW Natural	<u>1,155</u>
Other Entities:	
Water company employees	56
Other	5
Total other entities	<u>61</u>
Total Employees	<u><u>1,216</u></u>

⁽¹⁾ Members of the Office and Professional Employees International Union (OPEIU) Local No. 11, AFL-CIO.

NW Natural's labor agreement with members of OPEIU covers wages, benefits, and working conditions. In November 2019, NW Natural's unionized employees ratified a collective bargaining agreement that took effect on December 1, 2019 and extends to May 31, 2024, and thereafter from year to year unless either party serves notice of its intent to negotiate modifications to the collective bargaining agreement. During calendar year 2020, NW Natural did not incur any work stoppages (strikes or lockouts), and therefore, experienced zero idle days for the year.

Certain subsidiaries may receive services from employees of other subsidiaries. When such services involve regulated entities, those entities receiving services reimburse the entity providing services pursuant to shared services agreements, as applicable.

Safety

Safety is one of our greatest responsibilities to employees. In managing the business, we strive to foster a safety culture focused on prevention, open communication, collaboration, and a strong service and safety ethic. We believe employee safety is critical to our success. A portion of executives' compensation is tied to achieving our safety metrics, and our Board of Directors regularly reviews company safety metrics. NW Natural's health and safety policies and procedures are designed to comply with all applicable regulations, but we also work to go beyond compliance by striving to incorporate industry best practices and benchmarking.

As part of our commitment to employee health and safety, we maintain regular training programs, emergency preparedness procedures, and specific training and procedures to identify hazards and handle high-risk emergency situations. Employees complete hands-on, scenario-based training at our training facility in Oregon that allows employees to experience realistic situations in a controlled environment. We also host natural gas safety training events for first responders, which prepares our teams to deliver an integrated, seamless response in the event of an emergency that involves or affects the natural gas system.

Our COVID-19 response is just one example of our safety culture in action. As a critical infrastructure energy company that provides an essential service to our customers, NW Natural has well-defined emergency response command structures and protocols. In response to the COVID-19 pandemic, NW Natural mobilized its incident command team and business continuity plans in early March 2020, and continues to operate under these structures and protocols, with a focus on the safety of our employees and the people, business partners, and communities we serve. NW Natural has generally suspended business travel

out of our service territory and implemented work-from-home plans for employees wherever possible. For employees whose role requires them to work in the field, we are following CDC, OSHA, and state specific guidance. Measures include: following social distancing guidelines; use of personal protective equipment (PPE) including masks, face coverings and gloves; enhanced sanitizing protocols; requiring employee health screenings prior to entering a NW Natural facility; and other measures intended to mitigate the spread of this disease and keep our employees and customers safe and informed. Our water companies are following similar protocols. As an essential service provider, our water and natural gas utility businesses continue to serve our customers without interruption. Our experience and continuing focus on workplace safety have enabled us to preserve business continuity without sacrificing our commitment to the safety of our employees and the people, business partners, and communities served.

The COVID-19 pandemic also presents challenges for employees' emotional well-being and ability to balance work and family responsibilities. We are supporting our employees through these unusual times with the following: frequent employee surveys; virtual meetings on wellness topics; resiliency support; additional psychological support services; processes to facilitate flexible and reduced-schedule work where possible; and virtual ergonomic assistance to help remote employees work safely at home.

Employee Benefits

To attract employees and meet the needs of our workforce, NW Natural strives to offer competitive benefits packages to employees. The benefits package options vary depending on type of employee and date of hire. NW Natural continuously looks for ways to support employees' work-life balance and well-being and this is reflected in physical, mental and financial wellness programs to meet the needs of our employees and help them care for their families. Benefits available to employees during 2020 included, among others: healthcare and other insurance coverages, wellness resources, retirement and savings plans, paid time off programs and flexible work schedules, culture and community-focused resources and opportunities, and employee recognition programs and discounts.

Employee Development

NW Natural seeks to provide its employees with growth and development opportunities through formal and informal programs designed to build skills and relationships. These programs include: (i) a culturally relevant mentoring program that creates opportunities for career growth by building relationships; (ii) a tuition assistance program for qualified educational pursuits; (iii) an internal class that provides participants with a big-picture understanding of the industry and company operations, equipping them to see how they contribute to NW Natural's success and identify opportunities for career growth; (iv) internal and continuing educational curriculum relevant to areas of expertise; and (v) ongoing management and leadership training programs.

Diversity, Equity and Inclusion

We have a longstanding commitment to creating a diverse and inclusive culture that reflects and supports the communities we serve, and believe a diverse, equitable, and inclusive workforce contributes to long-term success. This commitment to diversity also extends to leadership positions, including members of the officer team and the Board of Directors. Recruiting, promoting, and retaining diverse talent, building inclusive teams, and creating a culture that embraces differences are at the core of our workforce strategy. To attract diverse candidates, we work with community groups and organizations to help promote awareness of job opportunities within diverse communities.

In 2020, we launched employee resource groups for Asian-American, African-American, Veteran, Latinx, and LGBT+ employees, which groups are in addition to our existing Women's Network. We also continue to emphasize employee education, including diversity training for employees at the manager level and above, diversity training as part of new hire onboarding, and other diversity, equity, and inclusion education that occurs throughout the year. An area of focus going forward is to understand, and increase awareness of internal systems and structures that could limit representation and equity for underrepresented employees. To that end, we are working toward revising and refocusing new manager and new hire training to include implicit bias, diversity, equity and inclusion, and anti-racism education.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

For information concerning executive officers, see Part III, Item 10.

AVAILABLE INFORMATION

NW Holdings and NW Natural file annual, quarterly and current reports and other information with the Securities and Exchange Commission (SEC). The SEC maintains an Internet site where reports, proxy statements, and other information filed can be read, copied, and requested online at its website (www.sec.gov). In addition, we make available, free of charge, on our website (www.nwnaturalholdings.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) and proxy materials filed under Section 14 of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We have included our website address as an inactive textual reference only. Information contained on our website is not incorporated by reference into this annual report on Form 10-K.

NW Holdings and NW Natural have adopted a Code of Ethics for all employees, officers, and directors that is available on our website. We intend to disclose revisions and amendments to, and any waivers from, the Code of Ethics for officers and directors on our website. Our Corporate Governance Standards, Director Independence Standards, charters of each of the committees of the Board of Directors, and additional information about NW Holdings and NW Natural are also available at the website. Copies of these documents may be requested, at no cost, by writing or calling Shareholder Services, Northwest Natural Holding Company, 250 S.W. Taylor Street, Portland, Oregon 97204, telephone 503-220-2402.

ITEM 1A. RISK FACTORS

NW Holdings' and NW Natural's business and financial results are subject to a number of risks and uncertainties, many of which are not within our control, which could adversely affect our business, financial condition, and results of operations. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our businesses, financial condition, and results of operations. When considering any investment in NW Holdings' or NW Natural's securities, investors should carefully consider the following information, as well as information contained in the caption "Forward-Looking Statements", Item 7A, and our other documents filed with the SEC. This list is not exhaustive and the order of presentation does not reflect management's determination of priority or likelihood. Additionally, our listing of risk factors that primarily affects one of our businesses does not mean that such risk factor is inapplicable to our other businesses.

Legal, Regulatory and Legislative Risks

REGULATORY RISK. *Regulation of NW Holdings' and NW Natural's regulated businesses, including changes in the regulatory environment, failure of regulatory authorities to approve rates which provide for timely recovery of costs and an adequate return on invested capital, or an unfavorable outcome in regulatory proceedings may adversely impact NW Holdings' and NW Natural's financial condition and results of operations.*

The OPUC and WUTC have general regulatory authority over NW Natural's gas business in Oregon and Washington. NW Holdings' regulated water utility businesses are generally regulated by the public utility commission in the state in which a water business is located. These public utility commissions have broad regulatory authority, including: the rates charged to customers; authorized rates of return on rate base, including ROE; the amounts and types of securities that may be issued by our regulated utility companies, like NW Natural; services our regulated utility companies provide and the manner in which they provide them; the nature of investments our utility companies make; deferral and recovery of various expenses, including, but not limited to, pipeline replacement, environmental remediation costs, capital and information technology investments, commodity hedging expense, and certain employee benefit expenses such as pension costs; transactions with affiliated interests; regulatory adjustment mechanisms such as weather adjustment mechanisms, and other matters. The OPUC also regulates actions investors may take with respect to our utility companies, NW Natural and NW Holdings. Similarly, FERC has regulatory authority over NW Natural's interstate storage services. Expansion of our businesses could result in regulation by other regulatory authorities. For example, in 2020, NW Holdings' acquired a water sector business in Texas that is subject to the regulatory authority of the Public Utility Commission of Texas.

The prices regulators allow us to charge for regulated utility service, and the maximum FERC-approved rates FERC authorizes us to charge for interstate storage and related transportation services, are the most significant factors affecting both NW Natural's and NW Holdings' financial position, results of operations and liquidity. State utility regulators have the authority to disallow recovery of costs they find imprudently incurred or otherwise disallowed, and rates that regulators allow may be insufficient for recovery of costs we incur. We expect to continue to make expenditures to expand, improve and safely operate our gas and water utility distribution and gas storage systems. Regulators can deny recovery of those costs. Furthermore, while each applicable state regulator has established an authorized rate of return for our regulated utility businesses, we may not be able to achieve the earnings level authorized. Moreover, in the normal course of business we may place assets in service or incur higher than expected levels of operating expense before rate cases can be filed to recover those costs (this is commonly referred to as regulatory lag). The failure of any regulatory commission to approve requested rate increases on a timely basis to recover costs or to allow an adequate return could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and liquidity.

As companies with regulated utility businesses, we frequently have dockets open with our regulators, including a general rate case filed with the WUTC in December 2020. The regulatory proceedings for these dockets typically involve multiple parties, including governmental agencies, consumer advocacy groups, and other third parties. Each party has differing concerns, but all generally have the common objective of limiting amounts included in rates. We cannot predict the timing or outcome of these proceedings or our pending Washington general rate case, or the effects of those outcomes on NW Holdings' and NW Natural's results of operations and financial condition.

LEGISLATIVE, COMPLIANCE AND TAXING AUTHORITY RISK. *NW Holdings and NW Natural are subject to governmental regulation, and compliance with local, state and federal requirements, including taxing requirements, and unforeseen changes in or interpretations of such requirements could affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings and NW Natural are subject to regulation by federal, state and local governmental authorities. We are required to comply with a variety of laws and regulations and to obtain authorizations, permits, approvals and certificates from governmental agencies in various aspects of our business. Significant changes in federal, state, or local governmental leadership can accelerate or amplify changes in existing laws or regulations, or the manner in which they are interpreted or enforced. For example, the result of the 2020 United States Presidential election is expected to result in leadership changes in many federal administrative agencies. Moreover, the 2020 election resulted in Democratic control of the presidency and both houses of Congress, and as a result, the U.S. Congress and the U.S. presidential administration may make substantial changes to fiscal, tax, regulation, environmental, climate and other federal policies. Similarly, local elections during 2021 may lead to significant policy changes at the state or municipal levels in our service areas that may affect us. In addition, foreign governments may

implement changes to their policies, in response to changes to U.S. policy or otherwise. Although we cannot predict the impact, if any, of these changes to our businesses, they could adversely affect NW Holdings' or NW Natural's financial condition and results of operations. Until we know what policy changes are made and how those changes impact our businesses and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

We cannot predict changes in laws, regulations, interpretations or enforcement or the impact of such changes. Additionally, any failure to comply with existing or new laws and regulations could result in fines, penalties or injunctive measures. For example, under the Energy Policy Act of 2005, the FERC has civil authority under the Natural Gas Act to impose penalties for current violations of in excess of \$1.3 million per day for each violation. In addition, as the regulatory environment for our businesses increases in complexity, the risk of inadvertent noncompliance may also increase. Changes in regulations, the imposition of additional regulations, and the failure to comply with laws and regulations could negatively influence NW Holdings' or NW Natural's operating environment and results of operations.

Additionally, changes in federal, state, local or foreign tax laws and their related regulations, or differing interpretations or enforcement of applicable law by a federal, state, local or foreign taxing authority, could result in substantial cost to us and negatively affect our results of operations. Tax law and its related regulations and case law are inherently complex and dynamic. Disputes over interpretations of tax laws may be settled with the taxing authority in examination, through programs like the Compliance Assurance Process (CAP), upon appeal or through litigation. Our judgments may include reserves for potential adverse outcomes regarding tax positions that have been or plan to be taken that may be subject to challenge by taxing authorities. Changes in laws, regulations or adverse judgments and the inherent difficulty in quantifying potential tax effects of business decisions may negatively affect NW Holdings' or NW Natural's financial condition and results of operations.

Furthermore, certain tax assets and liabilities, such as deferred tax assets and regulatory tax assets and liabilities, are recognized or recorded by NW Holdings or NW Natural based on certain assumptions and determinations made based on available evidence, such as projected future taxable income, tax-planning strategies, and results of recent operations. If these assumptions and determinations prove to be incorrect, the recorded results may not be realized, which may negatively impact the financial results of NW Holdings and NW Natural.

There is uncertainty as to how our regulators will reflect the impact of the legislation and other government regulation in rates. The resulting ratemaking treatment may negatively affect NW Holdings' or NW Natural's financial condition and results of operations.

REPUTATIONAL RISKS. *Customers', legislators', and regulators' opinions of NW Holdings and NW Natural are affected by many factors, including system and fuel reliability and safety, protection of customer information, rates, media coverage, and public sentiment. To the extent that customers, legislators, or regulators have or develop a negative opinion of our businesses, NW Holdings' and NW Natural's financial position, results of operations and cash flows could be adversely affected.*

A number of factors can affect customer's perception of us including: service interruptions or safety concerns due to failures of equipment or facilities or from other causes, and our ability to promptly respond to such failures; our ability to safeguard sensitive customer information; the timing and magnitude of rate increases; and volatility of rates. Customers', legislators', and regulators' opinions of us can also be affected by media coverage, including the proliferation of social media, which may include information, whether factual or not, that could damage the perception of natural gas, our brand, or our reputation.

Other concerns that have been raised about the use of natural gas include the potential for natural gas explosions and the effect of natural gas on indoor air quality. For example, NW Natural's gas distribution system was struck by a third party resulting in a gas explosion in 2016, and while NW Natural was determined not to be at fault, the perception of natural gas as an energy source could have been affected. In addition, studies and claims by advocacy groups from time to time question the indoor health and general climate effects from burning natural gas, which may also impact public perception. These shifts in public sentiment may not only impact further legislative initiatives, but behaviors and perceptions of customers, investors and regulators.

If customers, legislators, or regulators have or develop a negative opinion of us and our services, or of natural gas as an energy source generally, this could make it more difficult for us to achieve favorable legislative or regulatory outcomes. Negative opinions could also result in sales volumes reductions or increased use of other sources of energy, or additional difficulties in accessing capital markets. Any of these consequences could adversely affect NW Holdings' or NW Natural's financial position, results of operations and cash flows.

REGULATORY ACCOUNTING RISK. *In the future, NW Holdings or NW Natural may no longer meet the criteria for continued application of regulatory accounting practices for all or a portion of our regulated operations.*

If we can no longer apply regulatory accounting, we could be required to write off our regulatory assets and precluded from the future deferral of costs not recovered through rates at the time such amounts are incurred, even if we are expected to recover these amounts from customers in the future.

COVID-19 Risk

PUBLIC HEALTH RISK. *The recent novel coronavirus (COVID-19) pandemic is widespread, severe and unpredictable. The continuation of this outbreak and the resulting economic conditions, or the emergence of other epidemic or pandemic crises, could materially and adversely affect NW Holdings' and NW Natural's business, results of operations, or financial condition.*

The novel coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, has resulted in widespread and severe global, national and local economic and societal disruptions. In late March 2020, the Governors of Oregon and Washington issued "stay at home" executive orders requiring the closure of "non-essential" business and modifications to certain "essential" businesses. While most of NW Natural's services were, and continue to be, considered "essential" under existing executive orders, there is no guarantee they will continue to be classified as such. Additionally, while we have undertaken emergency response command structures and protocols that have operated well, they may not be sufficient to adequately mitigate the effects of COVID-19 on our operations, particularly in the event the pandemic worsens. The situation is rapidly evolving and dynamic and could ultimately adversely affect our business by, among other things:

- disrupting our access to capital markets or increasing costs of capital affecting our liquidity in the future;
- reducing demand for natural gas, particularly from commercial and industrial customers that may be considered "non-essential" businesses under current or future executive orders or other governmental action, or that are suffering slow-downs or ultimately close completely due to COVID-19 effects;
- reducing customer growth and new meter additions due to less economic, construction or conversion activity;
- subjecting us to legislative or prolonged administrative action that limits our ability to collect on overdue accounts or disconnect gas service for nonpayment, beyond a period of time acceptable to us;
- increasing our operating costs for emergency supplies, personal protective equipment, cleaning services and supplies, remote technology and other specific needs during this crisis;
- impacting our capital expenditures if construction activities are suspended or delayed;
- sickening or causing a mandatory quarantine of a large percentage of our workforce, or key workgroups with specialized skill sets, impairing our ability to perform key business functions or execute our business continuity plans;
- adversely affecting the asset values of NW Natural's defined benefit pension plan or causing a failure to maintain sustained growth in pension investments over time, increasing our contribution requirements;
- limiting or curtailing entirely, public utility commissions' ability to approve or authorize applications or other requests we may make with respect to our regulated businesses;
- increasing volatility in the price of natural gas;
- impairing the functioning of our supply chain or ability to rely on third parties or business partners; and
- creating additional cybersecurity vulnerabilities due to heavy reliance on remote working in our business continuity model.

Additionally, the effects of COVID-19 could create prolonged unfavorable economic conditions, slowed economic growth, or an economic recession that may result in or be accompanied by unprecedented unemployment rates and declines in the value of homes and investment assets, adversely affecting the income and financial resources of many domestic households and businesses. It is unclear whether governmental responses to these conditions will lessen the severity or duration of any economic downturn. Our operational and financial results would likely be affected by such economic conditions. Less new housing construction, fewer conversions to natural gas, higher levels of residential foreclosures and vacancies, and personal and business bankruptcies or reduced spending could all negatively affect our financial condition and results of operations.

The ultimate impact of COVID-19 on our business cannot be predicted and will depend on factors beyond our knowledge or control, including the duration and severity of the outbreak and resulting economic downturn, actions taken to contain the outbreak and mitigate its public health effects, and the extent to which normal economic and operating conditions can resume and when they might do so. Any of these factors could have an adverse effect on our business, outlook, financial condition, and results of operations and cash flows, which could be significant.

Growth and Strategic Risks

STRATEGIC TRANSACTION RISK. *NW Holdings' and NW Natural's ability to successfully complete strategic transactions, including merger, acquisition, divestiture, joint venture, business development projects or other strategic transactions is subject to significant risks, including the risk that required regulatory or governmental approvals may not be obtained, risks relating to unknown problems or liabilities or problems or liabilities undisclosed to us, and the risk that for these or other reasons, we may be unable to achieve some or all of the benefits that we anticipate from such transactions, which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations, and cash flows.*

From time to time, NW Holdings and NW Natural have pursued and may continue to pursue strategic transactions including merger, acquisition, divestiture, joint venture, business development projects or other strategic transactions, including RNG projects and acquisitions by NW Holdings in the water sector of a number of water utilities, wastewater entities and a water services company, with NW Holdings' continuing to seek other such water sector related opportunities. Any such transactions involve substantial risks, including the following:

- purchase or sale transactions that are contracted for may fail to close for a variety of reasons;
- acquired businesses or assets may not produce revenues, earnings or cash flow at anticipated levels, which could, among other things, result in the impairment of any goodwill associated with such acquisitions;
- acquired businesses or assets could have environmental, permitting, or other problems for which contractual protections prove inadequate;

- there may be difficulties in integration or operation costs of new businesses;
- there may exist liabilities that were not disclosed to us, that exceed our estimates, or for which our rights to indemnification from the seller are limited;
- we may be unable to obtain the necessary regulatory or governmental approvals to close a transaction, receive approvals granted subject to terms that are unacceptable to us;
- we may be unable to achieve the anticipated regulatory treatment of any such transaction as part of the transaction approval or subsequent to closing the transaction; or
- we may be unable to avoid a sale of assets for a price that is less than the book value of those assets.

One or more of these risks could affect NW Holdings' and NW Natural's financial condition, results of operations, and cash flows.

BUSINESS DEVELOPMENT RISK. *NW Holdings' and NW Natural's business development projects may encounter unanticipated obstacles, costs, changes or delays that could result in a project becoming impaired, which could negatively impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Business development projects involve many risks. We are currently engaged in several business development projects, including, but not limited to, several water, wastewater and RNG projects. We may also engage in other business development projects such as investments in additional long-term gas reserves, CNG refueling stations, power to gas or hydrogen projects or other projects intended to reduce carbon emissions. These projects may not be successful. Additionally, we may not be able to obtain required governmental permits and approvals to complete our projects in a cost-efficient or timely manner, potentially resulting in delays or abandonment of the projects. We could also experience issues such as: technological challenges; ineffective scalability; startup and construction delays; construction cost overruns; disputes with contractors; the inability to negotiate acceptable agreements such as rights-of-way, easements, construction, gas supply or other material contracts; changes in customer demand, perception or commitment; public opposition to projects; changes in market prices; and operating cost increases. Additionally, we may be unable to finance our business development projects at acceptable costs or within a scheduled time frame necessary for completing the project. Any of the foregoing risks, if realized, could result in the project becoming impaired, and such impairment could have an adverse effect on NW Holdings' or NW Natural's financial condition and results of operations.

JOINT PARTNER RISK. *Investing in business development projects through partnerships, joint ventures or other business arrangements affects our ability to manage certain risks and could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

We use joint ventures and other business arrangements to manage and diversify the risks of certain development projects, including NW Natural's gas reserves agreements and RNG projects. NW Holdings or NW Natural may acquire or develop part-ownership interests in other projects in the future, including but not limited to, water, wastewater, RNG or hydrogen projects. Under these arrangements, we may not be able to fully direct the management and policies of the business relationships, and other participants in those relationships may take action contrary to our interests, including making operational decisions that could negatively affect our costs and liabilities. In addition, other participants may withdraw from the project, divest important assets, become financially distressed or bankrupt, or have economic or other business interests or goals that are inconsistent with ours.

NW Natural's gas reserves arrangements, which operate as a hedge backed by physical gas supplies, involve a number of risks, including: gas production that is significantly less than the expected volumes, or no gas volumes; operating costs that are higher than expected; inherent risks of gas production, including disruption to operations or a complete shut-in of the field; and one or more participants in one of these gas reserves arrangements becoming financially insolvent or acting contrary to NW Natural's interests. For example, Jonah Energy, the counterparty in NW Natural's gas reserves arrangement, has experienced recent credit rating downgrades. While NW Natural intends to continue monitoring Jonah Energy's financial condition and take appropriate actions to preserve NW Natural's interests, it does not control Jonah Energy's financial condition or continued performance under the gas reserves arrangement. The cost of the original gas reserves venture is currently included in customer rates and additional wells under that arrangement are recovered at specific costs, the occurrence of one or more of these risks could affect NW Natural's ability to recover this hedge in rates. Further, new gas reserves arrangements have not been approved for inclusion in rates, and regulators may ultimately determine to not include all or a portion of future transactions in rates. The realization of any of the above mentioned situations could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

CUSTOMER GROWTH RISK. *NW Holdings' and NW Natural's NGD margin, earnings and cash flow may be negatively affected if we are unable to sustain customer growth rates in our NGD segment.*

NW Natural's NGD margins and earnings growth have largely depended upon the sustained growth of its residential and commercial customer base due, in part, to the new construction housing market, conversions of customers to natural gas from other energy sources and growing commercial use of natural gas. The last recession slowed new construction. While new home construction has resumed and the multi-family composition has been higher than its pre-recession pace, overall construction has not returned to the pre-recession pace, and there are predictions of an impending new recessionary cycle. Insufficient growth in

these markets, for economic, political or other reasons could adversely affect NW Holdings' or NW Natural's utility margin, earnings and cash flows.

RISK OF COMPETITION. *Our NGD business is subject to increased competition which could negatively affect NW Holdings' or NW Natural's results of operations.*

In the residential and commercial markets, NW Natural's NGD business competes primarily with suppliers of electricity, fuel oil, and propane. In the industrial market, NW Natural competes with suppliers of all forms of energy. Competition among these forms of energy is based on price, efficiency, reliability, performance, market conditions, technology, environmental impacts and public perception. Technological improvements in other energy sources such as heat pumps, batteries or other alternative technologies could erode NW Natural's competitive advantage. If natural gas prices rise relative to other energy sources, or if the cost, environmental impact or public perception of such other energy sources improves relative to natural gas, it may negatively affect NW Natural's ability to attract new customers or retain our existing residential, commercial and industrial customers, which could have a negative impact on our customer growth rate and NW Holdings' and NW Natural's results of operations. Our natural gas storage operations compete primarily with other storage facilities and pipelines. Natural gas storage is an increasingly competitive business, with the ability to expand or build new storage capacity in California, the U.S. Rocky Mountains and elsewhere in the U.S. and Canada. Increased competition in the natural gas storage business could reduce the demand for our natural gas storage services, drive prices down for our storage business, and adversely affect our ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows, which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

Operational Risks

OPERATING RISK. *Transporting and storing natural gas and distributing natural gas and water involves numerous risks that may result in accidents and other operating risks and costs, some or all of which may not be fully covered by insurance, and which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

NW Holdings and NW Natural are subject to all of the risks and hazards inherent in the businesses of gas distribution and storage, and water distribution, including:

- earthquakes, wildfires, floods, storms, landslides and other severe weather incidents and natural hazards;
- leaks or losses of natural gas, water or wastewater, or contamination of natural gas or water by chemicals or compounds, as a result of the malfunction of equipment or facilities or otherwise;
- damages from third parties;
- operator errors;
- negative performance by our storage reservoirs, facilities, or wells that could cause us to fail to meet expected or forecasted operational levels or contractual commitments to our customers;
- problems maintaining, or the malfunction of, pipelines, wellbores and related equipment and facilities that form a part of the infrastructure that is critical to the operation of our gas and water distribution and gas storage facilities;
- presence of chemicals or other compounds in natural gas that could adversely affect the performance of the system or end-use equipment;
- collapse of underground storage reservoirs;
- inadequate supplies of natural gas or water;
- operating costs that are substantially higher than expected;
- migration of natural gas through faults in the rock or to some area of the reservoir where existing wells cannot drain the gas effectively, resulting in loss of the gas;
- blowouts (uncontrolled escapes of gas from a pipeline or well) or other accidents, fires and explosions; and
- risks and hazards inherent in the drilling operations associated with the development of gas storage facilities, and wells.

For example, TC Pipelines, LP (TC Pipelines) has identified the presence of a chemical substance, dithiazine, at several facilities on the system of its subsidiary, Gas Transmission Northwest (GTN), and those of some upstream and downstream connecting pipeline facilities. A portion of NW Natural's gas supplies from Canada are transported on GTN's pipelines. TC Pipelines reports that dithiazine can drop out of gas streams in a powdery form at some points of pressure reduction (for example, at a regulator), and that in incidents where a sufficient quantity of the material accumulates in certain places, improper functioning of equipment can occur, which can result in increased preventative and corrective action costs. While NW Natural has not detected significant quantities of dithiazine on its system to date, we continue to monitor and could discover increased levels of dithiazine or other compounds on NW Natural's system that could affect the performance of the system or end-use equipment.

These risks could result in disruption of service, personal injury or loss of human life, damage to and destruction of property and equipment, pollution or other environmental damage, breaches of our contractual commitments, and may result in curtailment or suspension of operations, which in turn could lead to significant costs and lost revenues. Further, because our pipeline, storage and distribution facilities are in or near populated areas, including residential areas, commercial business centers, and industrial sites, any loss of human life or adverse financial outcomes resulting from such events could be significant. We could be subject to lawsuits, claims, and criminal and civil enforcement actions. Additionally, we may not be able to maintain the level or types of insurance we desire, and the insurance coverage we do obtain may contain large deductibles or fail to cover certain hazards or cover all potential losses. The occurrence of any operating risks not covered by insurance could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

SAFETY REGULATION RISK. *NW Holdings and NW Natural may experience increased federal, state and local regulation of the safety of our systems and operations, which could adversely affect NW Holdings' or NW Natural's operating costs and financial results.*

The safety and protection of the public, our customers and our employees is and will remain our top priority. We are committed to consistently monitoring and maintaining our distribution systems and storage operations to ensure that natural gas and water is acquired, stored and delivered safely, reliably and efficiently. Given recent high-profile natural gas explosions, leaks and accidents in other parts of the country involving both distribution systems and storage facilities, we anticipate that the natural gas industry may be the subject of even greater federal, state and local regulatory oversight. For example, in 2020, the Protecting our Infrastructure of Pipelines and Enhancing Safety Act (PIPES Act) reauthorization was signed into law increasing regulations for natural gas transmission and distribution pipelines. Among other things, the PIPES Act includes new mandates for the Pipeline and Hazardous Materials Safety Administration (PHMSA) to require operators to update and implement various pipeline safety plans and processes.

In addition, our workplaces are subject to the requirements of the Department of Transportation, through the Federal Motor Carrier Safety Administration, and the Occupational Safety and Health Administration, as well as state statutes and regulations that regulate the protection of the health and safety of workers. The failure to comply with these requirements or general industry standards, including keeping adequate records or preventing occupational injuries or exposure, could expose us to civil or criminal liability, enforcement actions, and regulatory fines and penalties that may not be recoverable through our rates and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We intend to work diligently with industry associations and federal and state regulators to seek to ensure compliance with these and other new laws. We expect there to be increased costs associated with compliance, and those costs could be significant. If these costs are not recoverable in our customer rates, they could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

RELIANCE ON THIRD PARTIES TO SUPPLY NATURAL GAS RISK. *NW Natural relies on third parties to supply the natural gas in its NGD segment, and limitations on NW Natural's ability to obtain supplies, or failure to receive expected supplies for which it has contracted, could have an adverse impact on NW Holdings' or NW Natural's financial results.*

NW Natural's ability to secure natural gas for current and future sales depends upon its ability to purchase and receive delivery of supplies of natural gas from third parties. NW Natural, and in some cases, its suppliers of natural gas, does not have control over the availability of natural gas supplies, competition for those supplies, disruptions in those supplies, priority allocations on transmission pipelines, or pricing of those supplies. Additionally, third parties on whom NW Natural relies may fail to deliver gas for which it has contracted. For example, in October, 2018, a 36-inch pipeline near Prince George, British Columbia owned by Enbridge ruptured, disrupting natural gas flows from Canada into Washington while the ruptured pipeline and an adjacent pipeline were assessed and the ruptured pipeline was repaired. Once repaired, pressurization levels for those pipelines were reduced for a significant period of time for assessment and testing. Similarly, in December 2020, gas supply to approximately 5,500 of NW Natural's customers was disrupted for a few days as a result of a vehicle crashing into a Williams Northwest Pipeline facility. If NW Natural is unable or limited in its ability to obtain natural gas from its current suppliers or new sources, it may not be able to meet customers' gas requirements and would likely incur costs associated with actions necessary to mitigate service disruptions, both of which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.

SINGLE TRANSPORTATION PIPELINE RISK. *NW Natural relies on a single pipeline company for the transportation of gas to its service territory, a disruption of which could adversely impact its ability to meet customers' gas requirements, which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.*

NW Natural's distribution system is directly connected to a single interstate pipeline, which is owned and operated by Northwest Pipeline. The pipeline's gas flows are bi-directional, transporting gas into the Portland metropolitan market from two directions: (1) the north, which brings supplies from the British Columbia and Alberta supply basins; and (2) the east, which brings supplies from the Alberta and the U.S. Rocky Mountain supply basins. If there is a rupture or inadequate capacity in, or supplies to maintain adequate pressures in, the pipeline, NW Natural may not be able to meet its customers' gas requirements and we would likely incur costs associated with actions necessary to mitigate service disruptions, both of which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.

THIRD PARTY PIPELINE RISK. *NW Holdings' and NW Natural's gas storage businesses depend on third-party pipelines that connect our storage facilities to interstate pipelines, the failure or unavailability of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Our gas storage facilities are reliant on the continued operation of a third-party pipeline and other facilities that provide delivery options to and from our storage facilities. Because we do not own all of these pipelines, their operations are not within our control. If the third-party pipeline to which we are connected were to become unavailable for current or future withdrawals or injections of natural gas due to repairs, damage to the infrastructure, lack of capacity or other reasons, our ability to operate

efficiently and satisfy our customers' needs could be compromised, thereby potentially having an adverse impact on NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

WORKFORCE RISK. *NW Holdings' and NW Natural's businesses are heavily dependent on being able to attract and retain qualified employees and maintain a competitive cost structure with market-based salaries and employee benefits, and workforce disruptions could adversely affect NW Holdings' or NW Natural's operations and results.*

NW Holdings' and NW Natural's ability to implement our business strategy and serve our customers is dependent upon our continuing ability to attract and retain diverse, talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of our workforce to new and increasingly diverse employees as our largely older workforce retires. A significant portion of our workforce is currently eligible or will reach retirement eligibility within the next five years, which will require that we attract, train and retain skilled workers to prevent loss of institutional knowledge or skills gaps. Without an appropriately skilled workforce, our ability to provide quality service and meet our regulatory requirements will be challenged and this could negatively impact NW Holdings' and NW Natural's earnings. Additionally, just over half of NW Natural workers are represented by the OPEIU Local No. 11 AFL-CIO, and are covered by a collective bargaining agreement that extends to May 31, 2024. Disputes with the union representing NW Natural employees over terms and conditions of their agreement, or failure to timely and effectively renegotiate the agreement upon its expiration, could result in instability in our labor relationship or other labor disruptions that could impact the timely delivery of gas and other services from our utility and storage facilities, which could strain relationships with customers and state regulators and cause a loss of revenues. The collective bargaining agreements may also limit our flexibility in dealing with NW Natural's workforce, and the ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today's challenging marketplace, which may negatively affect NW Holdings' and NW Natural's financial condition and results of operations.

Environmental Risks

ENVIRONMENTAL LIABILITY RISK. *Certain of NW Natural's, and possibly NW Holdings', properties and facilities may pose environmental risks requiring remediation, the costs of which are difficult to estimate and which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations, and cash flows.*

NW Natural owns, or previously owned, properties that require environmental remediation or other action. NW Holdings or NW Natural may now, or in the future, own other properties that require environmental remediation or other action. NW Natural and NW Holdings accrue all material loss contingencies relating to these properties. A regulatory asset at NW Natural has been recorded for estimated costs pursuant to a deferral order from the OPUC and WUTC. In addition to maintaining regulatory deferrals, NW Natural settled with most of its historical liability insurers for only a portion of the costs it has incurred to date and expects to incur in the future. To the extent amounts NW Natural recovered from insurance are inadequate and it is unable to recover these deferred costs in utility customer rates, NW Natural would be required to reduce its regulatory assets which would result in a charge to earnings in the year in which regulatory assets are reduced. In addition, in Oregon, the OPUC approved the SRRM, which limits recovery of deferred amounts to those amounts which satisfy an annual prudence review and an earnings test that requires NW Natural to contribute additional amounts toward environmental remediation costs above approximately \$10 million in years in which NW Natural earns above its authorized ROE. To the extent NW Natural earns more than its authorized ROE in a year, it would be required to cover environmental expenses greater than the \$10 million with those earnings that exceed its authorized ROE. The OPUC ordered a review of the SRRM in 2018 or when we obtain greater certainty of environmental costs, whichever occurred first. We submitted information for review in 2018, and believe we could be subject to further review. Similarly, in October 2019, the WUTC authorized an ECRM, which allows for recovery of certain past deferred and future prudently incurred remediation costs allocable to Washington through application of insurance proceeds and collections from customers, subject to an annual prudence determination. These ongoing prudence reviews, or with respect to the SRRM, the earnings test, or the periodic review could reduce the amounts NW Natural is allowed to recover, and could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

Moreover, we may have disputes with regulators and other parties as to the severity of particular environmental matters, what remediation efforts are appropriate, whether natural resources were damaged, and the portion of the costs or claims NW Natural or NW Holdings should bear. We cannot predict with certainty the amount or timing of future expenditures related to environmental investigations, remediation or other action, the portions of these costs allocable to NW Natural or NW Holdings, or disputes or litigation arising in relation thereto.

Environmental liability estimates are based on current remediation technology, industry experience gained at similar sites, an assessment of probable level of responsibility, and the financial condition of other potentially responsible parties. However, it is difficult to estimate such costs due to uncertainties surrounding the course of environmental remediation, the preliminary nature of certain site investigations, natural recovery of the site, unavoidable limitations associated with environmental investigations and remedial technologies, evolving science, and the application of environmental laws that impose joint and several liabilities on all potentially responsible parties. These uncertainties and disputes arising therefrom could lead to further adversarial administrative proceedings or litigation, with associated costs and uncertain outcomes, all of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

ENVIRONMENTAL REGULATION COMPLIANCE RISK. *NW Holdings and NW Natural are subject to environmental regulations for our ongoing businesses, compliance with which could adversely affect our operations or financial results.*

NW Holdings and NW Natural are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, groundwater quality and availability, plant and wildlife protection, and other aspects of environmental regulation. For example, our natural gas operations are subject to reporting requirements to the Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (ODEQ) regarding greenhouse gas emissions. These and other current and future additional environmental regulations could result in increased compliance costs or additional operating restrictions, which may or may not be recoverable in customer rates or through insurance. If these costs are not recoverable, or if these regulations reduce the desirability or cost-competitiveness of natural gas, they could have an adverse effect on NW Holdings' or NW Natural's operations or financial condition.

GLOBAL CLIMATE CHANGE RISK. *Our businesses may be subject to physical risks associated with climate change, all of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Climate change may cause physical risks, including an increase in sea level, intensified storms, water scarcity, wildfire susceptibility and changes in weather conditions, such as changes in precipitation, average temperatures and extreme wind or other extreme weather events or climate conditions. A significant portion of the nation's gas infrastructure is located in areas susceptible to storm damage that could be aggravated by wetland and barrier island erosion, which could give rise to gas supply interruptions and price spikes.

These and other physical changes could result in disruptions to natural gas production and transportation systems potentially increasing the cost of gas and affecting our natural gas businesses' ability to procure or transport gas to meet customer demand. These changes could also affect our distribution systems resulting in increased maintenance and capital costs, disruption of service, regulatory actions and lower customer satisfaction. Similar disruptions could occur in NW Holdings' water utility businesses. Additionally, to the extent that climate change adversely impacts the economic health or weather conditions of our service territory directly, it could adversely impact customer demand or our customers' ability to pay. Such physical risks could have an adverse effect on NW Holdings' or NW Natural's financial condition, results of operations, and cash flows.

PUBLIC PERCEPTION AND POLICY RISK. *Changes in public sentiment or public policy with respect to natural gas, including through local, state or federal laws or legislation or other regulation (including ballot initiatives or executive orders), could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

There are a number of international, federal, state, and local legislative, legal, regulatory and other initiatives being proposed and adopted in an attempt to measure, control or limit the effects of global warming and climate change, including greenhouse gas (GHG) emissions such as carbon dioxide and methane. For example, cap and trade bills were considered in the 2019 and 2020 Oregon legislative sessions, and failed each time due to a lack of quorum for a vote. In Washington, similar legislation seeking to reduce GHG emissions in a variety of ways have been unsuccessfully pursued. It is expected that there will be continued efforts to address climate change in the 2021 legislative sessions through legislation that seeks to limit GHG emissions, disadvantages direct natural gas usage, or promotes electrification, in both Oregon and Washington. The Washington State Building Code Council adopted a statewide residential building code that incorporates carbon reduction measures. In Oregon, largely as a result of the inability of the Oregon legislature to pass GHG legislation, in March, 2020, the Oregon Governor issued an executive order establishing GHG emissions reduction goals of at least 45% below 1990 emission levels by 2035 and at least 80% below 1990 emission levels by 2050 and directing state agencies and commissions to facilitate such GHG emission goals. Although the order does not specifically direct actions of natural gas distribution businesses, the OPUC is directed to prioritize proceedings and activities that advance decarbonization in the utility sector, mitigate energy burden experienced by utility customers and ensure system reliability and resource adequacy. The executive order also directs other agencies to cap and reduce GHG emissions from transportation fuels and all other liquid and gaseous fuels, including natural gas, adopt building energy efficiency goals for new building construction, reduce methane gas emissions from landfills and food waste, and submit a proposal for adoption of state goals for carbon sequestration and storage by Oregon's forest, wetlands and agricultural lands. At this time, we are unable to predict the impact of the executive order on NW Natural. As an executive order, any implementation is reliant on state agency rule-making. The scope and content of any state commission or agency rules, as well as the time to propose, adopt and implement any such rules, has not been fully determined, but is expected to be substantially complete in the next 12 to 24 months.

A number of local jurisdictions are also reviewing their own GHG regulations. For example, one small jurisdiction in NW Natural's service territory, Eugene, Oregon, is seeking to pursue reductions in GHG emissions by negotiating for GHG targets, carbon offsets and increased use of RNG in their system. Such current or future legislation, regulation or other initiatives (including ballot initiatives or ordinances) could impose on our natural gas businesses operational requirements or restrictions, additional charges to fund energy efficiency initiatives, or levy a tax based on carbon content. In addition, while no such bans currently exist in NW Natural's operating territories, certain municipalities, such as Berkeley, California, are moving to restrict new natural gas hookups in residential and other buildings. Other jurisdictions have considered requiring the conversion of buildings to electric heat, or otherwise adopting policies or incentives to encourage the use of electricity in lieu of natural gas. Such restrictions could

adversely impact customer growth or usage, and could adversely impact our ability to recover costs and maintain reasonable customer rates.

NW Natural believes natural gas has an important role in moving the Pacific Northwest to a low carbon future, and to that end is developing programs and measures to reduce carbon emissions. However, NW Natural's efforts may not happen quickly enough to keep pace with legislation or other regulation, legal changes or public sentiment, or may not be as effective as expected.

Any of these initiatives, or our unsuccessful response to them, could result in us incurring additional costs to comply with the imposed restrictions, provide a cost or other competitive advantage to energy sources other than natural gas, reduce demand for natural gas, restrict our ability to add new construction meters, impose costs or restrictions on end users of natural gas, impact the prices we charge our customers, impose increased costs on us associated with the adoption of new infrastructure and technology to respond to such requirements, and could negatively impact public perception of our services or products that negatively diminishes the value of our brand, all of which could adversely affect NW Holdings' or NW Natural's business operations, financial condition and results of operations.

Business Continuity and Technology Risks

BUSINESS CONTINUITY RISK. *NW Holdings and NW Natural may be adversely impacted by local or national disasters, pandemic illness, political unrest, terrorist activities, cyber-attacks or data breaches, and other extreme events to which we may not be able to promptly respond, which could adversely affect NW Holdings' or NW Natural's operations or financial condition.*

Local or national disasters, pandemic illness (including COVID-19), political unrest, terrorist activities, cyber-attacks and data breaches, and other extreme events are a threat to our assets and operations. Companies in critical infrastructure industries may face a heightened risk due to being the target of, and having heightened exposure to, acts of terrorism or sabotage, including physical and security breaches of our physical infrastructure and information technology systems in the form of cyber-attacks. These attacks could, among other things, target or impact our technology or mechanical systems that operate our distribution, transmission or storage facilities and result in a disruption in our operations, damage to our system and inability to meet customer requirements. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas or other necessary commodities that could affect our operations. Threatened or actual national disasters or terrorist activities may also disrupt capital or bank markets and our ability to raise capital or obtain debt financing, or impact our suppliers or our customers directly. Local disaster, protests or pandemic illness could result in disruption of our infrastructure or part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. A slow or inadequate response to events may have an adverse impact on our operations and earnings. We may not be able to maintain sufficient insurance to cover all risks associated with local and national disasters, pandemic illness, terrorist activities, cyber-attacks and other events. Additionally, large scale natural disasters or terrorist attacks could destabilize the insurance industry making the insurance we do have unavailable, which could increase the risk that an event could adversely affect NW Holdings' or NW Natural's operations or financial results.

RELIANCE ON TECHNOLOGY RISK. *NW Holdings' and NW Natural's efforts to integrate, consolidate and streamline each of their operations has resulted in increased reliance on technology, the failure of which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings and NW Natural have undertaken a variety of initiatives to integrate, standardize, centralize and streamline operations. These efforts have resulted in greater reliance on technological tools such as, at NW Natural: an enterprise resource planning system, a digital dispatch system, an automated meter reading system, a web-based ordering and tracking system, and other similar technological tools and initiatives. Our future success will depend, in part, on our ability to anticipate and adapt to technological changes in a cost-effective manner and to offer, on a timely basis, services that meet customer demands and evolving industry standards. New technologies may emerge that could be superior to, or may not be compatible with, some of our existing technologies, and may require us to make significant expenditures to remain competitive. We continue to implement technology to improve our business processes and customer interactions. In addition, our various existing information technology systems require periodic modifications, upgrades and/or replacement. For example, NW Natural intends to upgrade its SAP system and replace its customer information system in the near future.

There are various risks associated with these systems in addition to upgrades and replacements, including hardware and software failure, communications failure, data distortion or destruction, unauthorized access to data, misuse of proprietary or confidential data, unauthorized control through electronic means, programming mistakes and other inadvertent errors or deliberate human acts. In addition, we are dependent on a continuing flow of important components to maintain and upgrade our information technology systems. Our suppliers may face production or import delays due to natural disasters, strikes, lock-outs, political unrest or other such circumstances. Technology services provided by third-parties also could be disrupted due to events and circumstances beyond our control which could adversely impact our business, financial condition and results of operations.

Any modifications, upgrades, system maintenance or replacements subject us to inherent costs and risks, including potential disruption of our internal control structure, substantial capital expenditures, additional administrative and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, the difficulties with implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our

business and operations, if not anticipated and appropriately mitigated. There is also risk that we may not be able to recover all costs associated with projects to improve our technological capabilities, which may adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

CYBERSECURITY RISK. *NW Holdings' and NW Natural's status as an infrastructure services provider coupled with its reliance on technology could result in a security breach which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

Although we take precautions to protect our technology systems and are not aware of any material security breaches to date, there is no guarantee that the procedures we have implemented to protect against unauthorized access to secured data and systems, including our industrial controls and other information technology systems, are adequate to safeguard against all security breaches or other cyber attacks. Additionally, the facilities and systems of clients, suppliers and third party service providers could be vulnerable to the same cyber risks as our facilities and systems, and such third party systems may be interconnected to our systems both physically and technologically. Therefore, an event caused by cyberattacks or other malicious act at an interconnected third party could impact our business and facilities similarly. As these potential cyber security attacks become more common and sophisticated, we could be required to incur costs to strengthen our systems or obtain specific insurance coverage against potential losses. Our businesses could experience breaches of security pertaining to sensitive customer, employee, and vendor information maintained by us in the normal course of business, which could adversely affect our reputation, diminish customer confidence, disrupt operations, materially increase the costs we incur to protect against these risks, and subject us to possible financial liability or increased regulation or litigation, any of which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

Financial and Economic Risks

HOLDING COMPANY DIVIDEND RISK. *As a holding company, NW Holdings depends on its operating subsidiaries, including NW Natural, to meet financial obligations and the ability of NW Holdings to pay dividends on its common stock is dependent on the receipt of dividends and other payments from its subsidiaries, including NW Natural.*

As a holding company, NW Holdings' only significant assets are the stock and membership interests of its operating subsidiaries, which at this time is primarily NW Natural. NW Holdings' direct and indirect subsidiaries are separate and distinct legal entities, managed by their own boards of directors, and have no obligation to pay any amounts to their respective shareholders, whether through dividends, loans or other payments. The ability of these companies to pay dividends or make other distributions on their common stock is subject to, among other things: their results of operations, net income, cash flows and financial condition, as well as the success of their business strategies and general economic and competitive conditions; the prior rights of holders of existing and future debt securities and any future preferred stock issued by those companies; and any applicable legal restrictions.

In addition, the ability of NW Holdings' subsidiaries to pay upstream dividends and make other distributions is subject to applicable state law and regulatory restrictions. Under the OPUC and WUTC regulatory approvals for the holding company formation, if NW Natural ceases to comply with credit and capital structure requirements approved by the OPUC and WUTC, it will not, with limited exceptions, be permitted to pay dividends to NW Holdings. Under the OPUC and WUTC orders authorizing the holding company reorganization, NW Natural may not pay dividends or make distributions to NW Holdings if NW Natural's credit ratings and common equity levels fall below specified ratings and levels. If NW Natural's long-term secured credit ratings are below A- for S&P and A3 for Moody's, dividends may be issued so long as NW Natural's common equity is 45% or above. If NW Natural's long-term secured credit ratings are below BBB for S&P and Baa2 for Moody's, dividends may be issued so long as NW Natural's common equity is 46% or above. Dividends may not be issued if NW Natural's long-term secured credit ratings fall to BB+ or below for S&P or Ba1 or below for Moody's, or if NW Natural's common equity is below 44%. The ratio is measured using common equity and long-term debt excluding imputed debt or debt-like lease obligations, and is determined on a preceding or projected 13-month basis.

EMPLOYEE BENEFIT RISK. *The cost of providing pension and postretirement healthcare benefits is subject to changes in pension assets and liabilities, changing employee demographics and changing actuarial assumptions, which may have an adverse effect on NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Until NW Natural closed the pension plans to new hires, which for non-union employees was in 2006 and for union employees was in 2009, it provided pension plans and postretirement healthcare benefits to eligible full-time utility employees and retirees. Approximately 40% of NW Natural's current utility employees were hired prior to these dates, and therefore remain eligible for these plans. Other businesses we acquire may also have pension plans. The costs to NW Natural, or the other applicable businesses we may acquire, for providing such benefits is subject to change in the market value of the pension assets, changes in employee demographics including longer life expectancies, increases in healthcare costs, current and future legislative changes, and various actuarial calculations and assumptions. The actuarial assumptions used to calculate our future pension and postretirement healthcare expenses may differ materially from actual results due to significant market fluctuations and changing withdrawal rates, wage rates, interest rates and other factors. These differences may result in an adverse impact on the amount of pension contributions, pension expense or other postretirement benefit costs recorded in future periods. Sustained declines in equity markets and reductions in bond rates may have a material adverse effect on the value of the pension fund assets and liabilities. In these circumstances, NW Natural may be required to recognize increased contributions and pension

expense earlier than it had planned to the extent that the value of pension assets is less than the total anticipated liability under the plans, which could have a negative impact on NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

HEDGING RISK. *NW Natural's risk management policies and hedging activities cannot eliminate the risk of commodity price movements and other financial market risks, and its hedging activities may expose it to additional liabilities for which rate recovery may be disallowed, which could result in an adverse impact on NW Holdings' and NW Natural's operating revenues, costs, derivative assets and liabilities and operating cash flows.*

NW Natural's gas purchasing requirements expose it to risks of commodity price movements, while its use of debt and equity financing exposes it to interest rate, liquidity and other financial market risks. NW Natural attempts to manage these exposures with both financial and physical hedging mechanisms, including its gas reserves transactions which are hedges backed by physical gas supplies. While NW Natural has risk management procedures for hedging in place, they may not always work as planned and cannot entirely eliminate the risks associated with hedging. Additionally, NW Natural's hedging activities may cause it to incur additional expenses to obtain the hedge. NW Natural does not hedge its entire interest rate or commodity cost exposure, and the unhedged exposure will vary over time. Gains or losses experienced through hedging activities, including carrying costs, generally flow through NW Natural's PGA mechanism or are recovered in future general rate cases. However, the hedge transactions NW Natural enters into for utility purposes are subject to a prudence review by the OPUC and WUTC, and, if found imprudent, those expenses may be, and have been previously, disallowed, which could have an adverse effect on NW Holdings' or NW Natural's financial condition and results of operations.

In addition, NW Natural's actual business requirements and available resources may vary from forecasts, which are used as the basis for its hedging decisions, and could cause its exposure to be more or less than anticipated. Moreover, if NW Natural's derivative instruments and hedging transactions do not qualify for regulatory deferral and it does not elect hedge accounting treatment under U.S. GAAP, NW Holdings' or NW Natural's results of operations and financial condition could be adversely affected.

NW Natural also has credit-related exposure to derivative counterparties. Counterparties owing NW Natural or its subsidiaries money or physical natural gas commodities could breach their obligations. Should the counterparties to these arrangements fail to perform, NW Natural may be forced to enter into alternative arrangements to meet its normal business requirements. In that event, NW Holdings' or NW Natural's financial results could be adversely affected. Additionally, under most of NW Natural's hedging arrangements, any downgrade of its senior unsecured long-term debt credit rating could allow its counterparties to require NW Natural to post cash, a letter of credit or other form of collateral, which would expose NW Natural to additional costs and may trigger significant increases in borrowing from its credit facilities or equity contribution needs from NW Holdings, if the credit rating downgrade is below investment grade. Further, based on current interpretations, NW Natural is not considered a "swap dealer" or "major swap participant" in 2021, so NW Natural is exempt from certain requirements under the Dodd-Frank Act. If NW Natural is unable to claim this exemption, it could be subject to higher costs for its derivatives activities, and such higher costs could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

GAS PRICE RISK. *Higher natural gas commodity prices and volatility in the price of gas may adversely affect NW Natural's NGD business, whereas lower gas price volatility may adversely affect NW Natural's and NW Holdings' gas storage business, in each case negatively affecting NW Holdings' and NW Natural's results of operations and cash flows.*

The cost of natural gas is affected by a variety of factors, including weather, changes in demand, the level of production and availability of natural gas supplies, transportation constraints, availability and cost of pipeline capacity, federal and state energy and environmental regulation and legislation, natural disasters and other catastrophic events, national and worldwide economic and political conditions, and the price and availability of alternative fuels. At NW Natural, the cost we pay for natural gas is generally passed through to customers through an annual PGA rate adjustment. If gas prices were to increase significantly, it would raise the cost of energy to NW Natural's customers, potentially causing those customers to conserve or switch to alternate sources of energy. Significant price increases could also cause new home builders and commercial developers to select alternative energy sources. Decreases in the volume of gas NW Natural sells could reduce NW Holdings' or NW Natural's earnings, and a decline in customers could slow growth in future earnings. Additionally, because a portion (10% or 20%) of any difference between the estimated average PGA gas cost in rates and the actual average gas cost incurred is recognized as current income or expense, higher average gas costs than those assumed in setting rates can adversely affect NW Holdings' and NW Natural's operating cash flows, liquidity and results of operations. Additionally, notwithstanding NW Natural's current rate structure, higher gas costs could result in increased pressure on the OPUC or the WUTC to seek other means to reduce NW Natural's rates, which also could adversely affect NW Holdings' and NW Natural's results of operations and cash flows.

Higher gas prices may also cause NW Natural to experience an increase in short-term debt and temporarily reduce liquidity because it pays suppliers for gas when it is purchased, which can be in advance of when these costs are recovered through rates. Significant increases in the price of gas can also slow collection efforts as customers experience increased difficulty in paying their higher energy bills, leading to higher than normal delinquent accounts receivable resulting in greater expense associated with collection efforts and increased bad debt expense.

INABILITY TO ACCESS CAPITAL MARKET RISK. *NW Holdings' or NW Natural's inability to access capital, or significant increases in the cost of capital, could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings' and NW Natural's ability to obtain adequate and cost effective short-term and long-term financing depends on maintaining investment grade credit profiles as well as the existence of liquid and stable financial markets. NW Holdings relies on access to equity and bank markets to finance equity contributions to subsidiaries and other business requirements. NW Natural relies on access to capital and bank markets, including commercial paper and bond markets, to finance its operations, construction expenditures and other business requirements, and to refund maturing debt that cannot be funded entirely by internal cash flows. Disruptions in capital markets, including but not limited to, the ongoing COVID-19 pandemic or political unrest, could adversely affect our ability to access short-term and long-term financing. Our access to funds under committed credit facilities, which are currently provided by a number of banks, is dependent on the ability of the participating banks to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity. Disruptions in the bank or capital financing markets as a result of economic uncertainty, changing or increased regulation of the financial sector, or failure of major financial institutions, or disruptions in credit markets, could adversely affect NW Holdings' and NW Natural's access to capital and negatively impact our ability to run our businesses and make strategic investments.

NW Natural is currently rated by S&P and Moody's and a negative change in its credit ratings, particularly below investment grade, could adversely affect its cost of borrowing and access to sources of liquidity and capital.

Such a downgrade could further limit its access to borrowing under available credit lines. Additionally, downgrades in its current credit ratings below investment grade could cause additional delays in NW Natural's ability to access the capital markets while it seeks supplemental state regulatory approval, which could hamper its ability to access credit markets on a timely basis. NW Holdings' credit profile is largely supported by NW Natural's credit ratings and any negative change in NW Natural's credit ratings would likely negatively impact NW Holdings' access to sources of liquidity and capital and cost of borrowing. A credit downgrade to NW Natural, or resulting negative impact on NW Holdings, could also require additional support in the form of letters of credit, cash or other forms of collateral and otherwise adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

IMPAIRMENT OF LONG-LIVED ASSETS OR GOODWILL RISK. *Impairments of the value of long-lived assets or goodwill could have a material effect on NW Holdings' or NW Natural's financial condition, or results of operations.*

NW Holdings and NW Natural review the carrying value of long-lived assets other than goodwill whenever events or changes in circumstances indicate the carrying amount of the assets might not be recoverable. The determination of recoverability is based on the undiscounted net cash flows expected to result from the operation of such assets. Projected cash flows depend on the future operating costs and projected revenues associated with the asset.

We review the carrying value of goodwill annually or whenever events or changes in circumstances indicate that such carrying value may not be recoverable. A goodwill impairment analysis begins with a qualitative analysis of events and circumstances. If the qualitative assessment indicates that the carrying value may be at risk, we will perform a quantitative assessment and recognize a goodwill impairment for any amount in which the fair value of a reporting unit exceeds its fair value. NW Holdings' total goodwill was \$69.2 million as of December 31, 2020 and \$49.9 million as of December 31, 2019. The increase in the goodwill balance was due to additions associated with acquisitions in the water sector. All of our goodwill is related to water and wastewater acquisitions. There have been no impairments recognized for the water and wastewater acquisitions to date. Any impairment charge taken with respect to our long-lived assets or goodwill could be material and could have a material effect on NW Holdings' or NW Natural's financial condition and results of operations.

CUSTOMER CONSERVATION RISK. *Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural's revenues.*

An increasing national focus on energy conservation, including improved building practices and appliance efficiencies may result in increased energy conservation by customers. This can decrease NW Natural's sales of natural gas and adversely affect NW Holdings' or NW Natural's results of operations because revenues are collected mostly through volumetric rates, based on the amount of gas sold. In Oregon, NW Natural has a conservation tariff which is designed to recover lost utility margin due to declines in residential and small commercial customers' consumption. However, NW Natural does not have a conservation tariff in Washington that provides it this margin protection on sales to customers in that state. Similar conservation risks exist for water utilities. Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural's financial condition, revenues and results of operations.

WEATHER RISK. *Warmer than average weather may have a negative impact on our revenues and results of operations.*

We are exposed to weather risk in our natural gas business, primarily at NW Natural. A majority of NW Natural's gas volume is driven by gas sales to space heating residential and commercial customers during the winter heating season. Current NW Natural rates are based on an assumption of average weather. Warmer than average weather typically results in lower gas sales. Colder weather typically results in higher gas sales. Although the effects of warmer or colder weather on utility margin in Oregon

are expected to be mitigated through the operation of NW Natural's weather normalization mechanism, weather variations from normal could adversely affect utility margin because NW Natural may be required to purchase more or less gas at spot rates, which may be higher or lower than the rates assumed in its PGA. Also, a portion of NW Natural's Oregon residential and commercial customers (usually less than 10%) have opted out of the weather normalization mechanism, and approximately 12% of its customers are located in Washington where it does not have a weather normalization mechanism. These effects could have an adverse effect on NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

Water Business Risks

WATER SECTOR BUSINESS. *NW Holdings has entered the water sector through the acquisition of a number of water and wastewater companies. Water and wastewater businesses are subject to a number of risks in addition to the risks described above.*

Although the water businesses are not currently expected to materially contribute to the results of operations of NW Holdings, these businesses are subject to risks, in addition to those described above that could adversely affect their results of operations, including:

- contamination of water supplies, including water provided to customers with naturally occurring or human-made substances or other hazardous materials;
- interruptions in water supplies and service, natural disasters and droughts;
- conservation efforts by customers;
- regulatory requirements and proceedings; and
- weather conditions.

Significant losses, liabilities or impairments arising from these businesses may adversely affect NW Holdings' financial position or results of operations.

INVESTMENT RISK. *NW Holdings' expectations with respect to the financial results of its investments in water operations are based on various assumptions and beliefs that may not prove accurate, resulting in failures or delays in achieving expected returns or performance.*

NW Holdings' expansion into the water sector is an important component of its growth strategy. Although NW Holdings expects its water and wastewater utility operations will result in various benefits, including expanding customer bases, providing investment opportunities through infrastructure development and enhancing regulatory relationships within the local communities served, NW Holdings may not be able to realize these or other benefits. Achieving the anticipated benefits is subject to a number of uncertainties, including whether the businesses acquired can be operated in the manner intended and whether costs to finance the acquisitions and investments will be consistent with expectations. Events outside of our control, including but not limited to regulatory changes or developments, could adversely affect our ability to realize the anticipated benefits from building NW Holdings' water platform. The integration of newly acquired water businesses may be unpredictable, subject to delays or changed circumstances, and such businesses may not perform in accordance with our expectations. In addition, anticipated costs, level of management's attention and internal resources to achieve the integration of the acquired businesses may differ significantly from our current estimates resulting in failures or delays in achieving expected returns or performance. If NW Holdings' expectations regarding the financial results of its investments in water operations prove to be inaccurate, it may adversely affect NW Holdings' financial position or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved staff comments.

ITEM 2. PROPERTIES

NW Natural's Natural Gas Distribution Properties

NW Natural's natural gas pipeline system consists of approximately 14,000 miles of distribution and transmission mains and approximately 10,000 miles of service lines located in its territory in Oregon and southwest Washington. In addition, the pipeline system includes service pipelines, meters and regulators, and gas regulating and metering stations. Natural gas pipeline mains are located in municipal streets or alleys pursuant to franchise or occupation ordinances, in county roads or state highways pursuant to agreements or permits granted pursuant to statute, or on lands of others pursuant to easements obtained from the owners of such lands. NW Natural also holds permits for the crossing of numerous railroads, navigable waterways and smaller tributaries throughout our entire service territory.

NW Natural owns service building facilities in Portland, Oregon, as well as various satellite service centers, garages, warehouses, and other buildings necessary and useful in the conduct of its business. Resource centers are maintained on owned or leased premises at convenient points in the distribution system to provide service within NW Natural's service territory. NW Natural also owns LNG storage facilities in Portland and near Newport, Oregon.

NW Natural commenced a 20-year lease in March 2020 for a new corporate operations center in Portland, Oregon.

NW Natural's Mortgage and Deed of Trust (Mortgage) is a first mortgage lien on substantially all of the property constituting NW Natural's natural gas distribution plant balances.

These properties are used in the NGD segment.

NW Natural's Natural Gas Storage Properties

NW Natural holds leases and other property interests in approximately 12,000 net acres of underground natural gas storage in Oregon and easements and other property interests related to pipelines associated with these facilities. NW Natural owns rights to depleted gas reservoirs near Mist, Oregon that are continuing to be developed and operated as underground gas storage facilities. NW Natural also holds all future storage rights in certain other areas of the Mist gas field in Oregon in addition to other leases and property interests.

A portion of these properties are used in the NGD segment.

NWN Water's Distribution Properties

NWN Water owns and maintains water distribution pipes, storage, wells and other infrastructure and wastewater treatment facilities, and holds related leases and other property interests in Oregon, Washington, Idaho and Texas. Pipelines are located in municipal streets or alleys pursuant to franchise or occupation ordinances, in county roads or state highways pursuant to agreements or permits granted pursuant to statute, or on lands of others pursuant to easements obtained from the owners of such lands. These properties are used by entities that are aggregated and reported as other under NW Holdings.

We consider all of our properties currently used in our operations, both owned and leased, to be well maintained, in good operating condition, and, along with planned additions, adequate for our present and foreseeable future needs.

ITEM 3. LEGAL PROCEEDINGS

Other than the proceedings disclosed in Note 18, we have only nonmaterial litigation in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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

There is no established public trading market for NW Natural's common stock.

As of February 16, 2021, there were 4,614 holders of record of NW Holdings' common stock and NW Holdings was the sole holder of NW Natural's common stock.

The following table provides information about purchases of NW Holdings' equity securities that are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the quarter ended December 31, 2020:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
Balance forward			2,124,528	\$ 16,732,648
10/01/20-10/31/20	—	\$ —	—	—
11/01/20-11/30/20	1,556	\$ 49.30	—	—
12/01/20-12/31/20	—	\$ —	—	—
Total	<u>1,556</u>		<u>2,124,528</u>	<u>\$ 16,732,648</u>

⁽¹⁾ During the quarter ended December 31, 2020, no shares of NW Holdings common stock were purchased on the open market to meet the requirements of our Dividend Reinvestment and Direct Stock Purchase Plan. However, 1,556 shares of NW Holdings common stock were purchased on the open market to meet the requirements of share-based compensation programs. During the quarter ended December 31, 2020, no shares of NW Holdings common stock were accepted as payment for stock option exercises pursuant to the NW Natural Restated Stock Option Plan.

⁽²⁾ During the quarter ended December 31, 2020, no shares of NW Holdings common stock were repurchased pursuant to the NW Holdings Board of Directors-approved share repurchase program. In May 2019, we received NW Holdings Board of Directors approval to extend the repurchase program through May 2022. For more information on this program, see Note 5.

ITEM 6. SELECTED FINANCIAL DATA

Omitted in accordance with SEC regulations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's assessment of NW Holdings' and NW Natural's financial condition, including the principal factors that affect results of operations. The discussion covers the years ended December 31, 2020, 2019, and 2018 and refers to the consolidated results of NW Holdings, the substantial majority of which consist of the operating results of NW Natural. When significant activity exists at NW Holdings that does not exist at NW Natural, additional disclosure has been provided. References in this discussion to "Notes" are to the Notes to the Consolidated Financial Statements in Item 8 of this report.

NW Natural's natural gas distribution activities are reported in the natural gas distribution (NGD) segment. The NGD segment also includes NWN Gas Reserves, which is a wholly-owned subsidiary of Energy Corp, the NGD-portion of NW Natural's Mist storage facility in Oregon, and NW Natural RNG Holding Company, LLC. Other activities aggregated and reported as other at NW Natural include the non-NGD storage activity at Mist as well as asset management services and the appliance retail center operations. Other activities aggregated and reported as other at NW Holdings include NWN Energy's equity investment in Trail West Holdings, LLC (TWH) through August 6, 2020; NNG Financial's investment in Kelso-Beaver Pipeline (KB Pipeline); and NWN Water, which through itself or its subsidiaries, owns and continues to pursue investments in the water sector. See Note 4 for further discussion of our business segment and other, as well as our direct and indirect wholly-owned subsidiaries. See Note 14 for information on our TWH investment.

In addition, NW Holdings has reported discontinued operations results related to the sale of Gill Ranch Storage, LLC (Gill Ranch). NW Natural Gas Storage, LLC (NWN Gas Storage), an indirect wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement during the second quarter of 2018 that provided for the sale of all membership interests in Gill Ranch. Gill Ranch owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility. For more information, see "Results of Operations - *Discontinued Operations*" below.

NON-GAAP FINANCIAL MEASURES. In addition to presenting the results of operations and earnings amounts in total, certain financial measures are expressed in cents per share, which are non-GAAP financial measures. All references in this section to earnings per share (EPS) are on the basis of diluted shares. We use such non-GAAP financial measures to analyze our financial performance because we believe they provide useful information to our investors and creditors in evaluating our financial condition and results of operations. Our non-GAAP financial measures should not be considered a substitute for, or superior to, measures calculated in accordance with U.S. GAAP.

EXECUTIVE SUMMARY

Our core mission is to provide safe, reliable and affordable essential utility services in an environmentally responsible way to better the lives of the public we serve. Highlights for the year include:

- Added nearly 11,600 natural gas customers in 2020 for an annual growth rate of 1.5% at December 31, 2020;
- Continued to provide customers with essential natural gas and water utility services and assist our most vulnerable community members during COVID-19;
- Invested \$273 million in natural gas and water utility systems to support growth and greater reliability and resiliency;
- Completed rule-making for Oregon Senate Bill 98 enabling NW Natural to procure renewable natural gas (RNG) for customers and invested in our first development project to convert methane into RNG;
- Scored second in the West among large utilities in the 2020 J.D. Power Gas Utility Residential Customer Satisfaction Study;
- Concluded the Oregon general rate case with a revenue requirement increase to support growth and system investments;
- Filed a multi-year general rate case in Washington requesting a revenue requirement increase;
- Announced that NW Natural is working toward a renewable hydrogen facility with a partner in Oregon;
- Closed five water and wastewater utility transactions in 2020, bringing our total connections to approximately 26,000; and
- Increased dividends for the 65th consecutive year to shareholders.

Key financial highlights for NW Holdings include:

<i>In millions</i>	2020		2019		2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income from continuing operations	\$ 70.3	\$ 2.30	\$ 65.3	\$ 2.19	\$ 67.3	\$ 2.33
Income (loss) from discontinued operations, net of tax	6.5	0.21	(3.6)	(0.12)	(2.7)	(0.09)
Consolidated net income	\$ 76.8	\$ 2.51	\$ 61.7	\$ 2.07	\$ 64.6	\$ 2.24

Key financial highlights for NW Natural include:

<i>In millions</i>	2020		2019		2018	
	Amount	Amount	Amount	Amount	Amount	Amount
Net income from continuing operations	\$ 70.6	\$ 69.0	\$ 68.0			
Loss from discontinued operations, net of tax	—	—	(1.7)			
Consolidated net income	\$ 70.6	\$ 69.0	\$ 66.3			
Natural gas distribution margin	\$ 438.1	\$ 422.7	\$ 383.7			

2020 COMPARED TO 2019. Consolidated net income increased \$1.6 million at NW Natural primarily due to the following factors:

- a \$15.4 million increase in NGD segment margin driven by the 2020 Oregon and 2019 Washington rate cases and residential customer growth; and
- a \$7.9 million decrease in other expense, net primarily related to higher 2019 pension expenses (non-service cost component) recognized as part of the settlement and recovery of NW Natural's pension balancing account, which was primarily offset within NGD margin and income tax benefits (as discussed below) and which did not recur in 2020; partially offset by
- a \$13.6 million increase in depreciation expense and general taxes due to property, plant, and equipment additions, as we continued to invest in our gas utility system; and
- a \$7.0 million increase in income tax expense primarily due to 2019 including an income tax benefit related to the return of deferred TCJA benefits to customers and the regulatory pension disallowance, and higher pre-tax income.

Net income from continuing operations increased \$5.0 million at NW Holdings primarily due to the following factors:

- a \$1.6 million increase in consolidated net income at NW Natural as discussed above; and
- a \$3.4 million increase in other net income primarily reflecting higher earnings at our water and wastewater utilities that have been acquired since 2019.

2019 COMPARED TO 2018. NW Holdings' net income from continuing operations decreased \$2.0 million and NW Natural's net income from continuing operations increased \$1.0 million.

In March 2019, the OPUC issued an order resolving the remaining open items from NW Natural's 2018 Oregon general rate case regarding recovery of the pension balancing account and treatment of the benefits associated with the TCJA. As a result of the order, in the first quarter of 2019, NW Natural recorded a disallowance and several benefits and expenses through the consolidated statements of comprehensive income as follows:

Pension balancing account. Approximately \$12.5 million in previously deferred pension expenses were recognized of which approximately \$4.6 million was recorded in operations and maintenance expense and \$7.9 million was recorded in other income (expense), net. These charges were offset with a corresponding increase in revenue of \$7.1 million and in income tax benefits of \$2.7 million as the order required the offset of certain deferred TCJA benefits against the pension balancing account. Additional TCJA income tax benefits were realized throughout 2019 to offset the remainder of the \$12.5 million charge.

NW Natural also recognized a regulatory pension disallowance of \$10.5 million with approximately \$3.9 million recognized in operations and maintenance expense and \$6.6 million recognized in other income (expense), net, partially offset by related discrete income tax benefits of \$1.1 million. Lastly, NW Natural realized \$3.8 million of deferred regulatory interest accrued on the pension balancing account.

Deferred TCJA benefits and timing variance. In addition, the OPUC ordered the return of approximately \$6.3 million of excess deferred income taxes associated with plant and gas reserves annually beginning April 1, 2019. As a result, NW Natural recognized approximately \$2.0 million in income tax benefits in the first quarter of 2019. Reductions to customer billings commenced April 1, 2019 and offset these income tax benefits in total by the end of 2019. NW Natural will continue reductions to customer billings and recognition of deferred income tax benefits in subsequent years until all benefits have been returned.

The increase of \$1.0 million at NW Natural was primarily due to the following factors:

- a \$39.0 million increase in NGD segment margin driven by new customer rates from the 2018 Oregon rate case and 2019 Washington rate case, customer growth, and lease revenue from the North Mist storage facility; the remaining increase primarily relates to \$7.1 million in revenues which were offset by pension expenses due to the OPUC order as discussed above;
- a \$9.4 million decrease in NGD segment income tax expense primarily due to the income tax implications of the March 2019 OPUC order, of which \$5.4 million was offset by pension expenses as discussed above, with the remainder driven by the return of deferred TCJA benefit credits to customers and lower pretax income in 2019 compared to 2018; and
- a \$5.8 million increase in deferred regulatory interest income in other income (expense), net, of which \$5.1 million relates to interest recognized in association with the OPUC order discussed above; offset by
- a \$34.4 million increase in pension costs within operations and maintenance expense and other income (expense), net, of which \$12.5 million relates to costs which were entirely offset by revenues and income tax benefits as discussed above, and \$10.5 million relates to the regulatory pension disallowance discussed above. In addition, there was an \$11.4 million increase in pension expenses as NW Natural began collecting ongoing pension costs through customer rates on November 1, 2018 and began collecting deferred pension costs through customer rates on April 1, 2019 rather than deferring a portion to the balancing account;
- a \$5.4 million increase in depreciation and amortization primarily due to additional capital expenditures;
- a \$5.4 million decrease in non-NGD segment operating revenues due to lower asset management revenues and increased asset management revenue sharing with Oregon customers as a result of the 2018 Oregon rate case;
- a \$4.6 million increase in NGD segment interest expense due to higher interest on long- and short-term debt balances; and
- a \$2.9 million increase in NGD segment operations and maintenance expenses primarily attributable to annual employee cost increases.

The decrease of \$2.0 million at NW Holdings was primarily driven by increases in professional service costs and expenses associated with developing the water business, partially offset by the increase of \$1.0 million at NW Natural.

COVID-19 AND CURRENT ECONOMIC CONDITIONS. The novel coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, has resulted in severe and widespread global, national, and local economic and societal disruptions. In Oregon and Washington, where we serve natural gas and water customers, stay-at-home orders were issued in March 2020. Orders were also issued in March in Idaho and Texas where we also serve water customers. These and subsequent executive orders required the closure of “non-essential” businesses and permitted the continuation of “essential services.” All of the services provided by NW Natural and NW Natural Water were considered “essential services” under the executive orders applicable to the jurisdictions in which they operate, and we continue to serve our gas and water customers and proceed with capital investments without interruption.

As a critical infrastructure energy company that provides an essential service to our customers, NW Natural has well-defined emergency response command structures and protocols. In response to the pandemic, NW Natural mobilized its incident command team and business continuity plans in early March 2020, and continues to operate under these structures and protocols, with a focus on the safety of our 1,200 employees and the 2.5 million people, business partners and communities we serve. NW Natural has generally suspended business travel out of our service territory and implemented work-from-home plans for employees wherever possible. For employees whose role requires them to work in the field or onsite, we are following CDC, OSHA, and state specific requirements. Measures include: following social distancing guidelines; use of personal protective equipment (PPE) including masks, face coverings and gloves; enhanced sanitizing protocols; requiring employee health screenings prior to entering a NW Natural facility; and other measures intended to mitigate the spread of this disease and keep our employees and customers safe and informed. Our water companies are following similar protocols. In addition, we are working with state officials to provide our essential field and onsite workers access to the vaccine during the coming months. We remain vigilant regarding the safety of our customers and employees.

Currently, our service territories are in various phases of reopening, which has permitted the reopening of many businesses that were considered non-essential. Certain of the reopened businesses are operating under continued restrictions related to patron capacity for retail stores and outdoor-only seating for restaurants in Oregon, among other restrictions to prevent further spread of COVID-19.

To support our customers in this unusual time, in March 2020, NW Natural temporarily stopped charging late fees and disconnecting customers for nonpayment. NW Natural also provided Oregon natural gas customers with annual bill credits primarily in June totaling approximately \$17.0 million related to NW Natural's revenue sharing mechanism. Through term sheets with the Oregon and Washington Commissions, we have agreed to timelines for resuming our normal business practices such as beginning collection processes while also providing financial assistance and payment plans to our most vulnerable customers.

From a financial perspective, the initial timing of the onset of the COVID-19 pandemic in March 2020 and resulting economic disruption in the United States coincided with the end of the Pacific Northwest 2019-20 winter heating season and although it has continued into the 2020-21 winter heating season, the financial effects were moderated by our regulated utility business model, our natural gas customer base being predominately residential, and temporary cost savings initiatives that were implemented by management. For 2020, we estimate the total financial effects of COVID-19 to be approximately \$10 million pre-tax with the impact partially mitigated by regulatory deferrals and temporary cost savings measures. We incurred \$4.8 million of COVID-related costs that were deferred to a regulatory asset for recovery in a future period. These costs included PPE supplies, estimates for bad debts, and interest expense associated with financing related activities undertaken to support liquidity during the pandemic, net of direct cost savings such as lower travel and meals and entertainment expenses. In addition, we expect to recognize revenue in a future period for an additional \$1.3 million related to forgone late fee revenue. We also experienced additional financial implications of approximately \$3.8 million pre-tax that will not be recovered through rates primarily due to lower natural gas distribution margin from customers that stopped natural gas service and lower usage from customers that are not covered under decoupled rate schedules. The financial impacts were mitigated in part by approximately \$3.5 million in temporary cost savings initiatives.

During 2020, NW Natural increased the allowance for uncollectible accounts by \$2.4 million to \$3.1 million. Our allowance for residential and commercial uncollectible accounts estimate increased from 0.1% of gas sales to approximately 0.4% of gas sales for the year ended December 31, 2020.

At the onset of the pandemic, in March 2020 as a precaution to strengthen our liquidity and guard against volatile markets as the COVID-19 pandemic unfolded, we took the following steps:

- NW Natural drew \$227 million on its credit facility and subsequently repaid the full amount during the second quarter;
- NW Holdings drew \$35 million on its credit facility and repaid \$27 million as of December 31, 2020;
- NW Natural borrowed \$150 million pursuant to a 364-day term loan and subsequently repaid the full amount in October 2020; and
- NW Natural issued \$150 million 30-year first mortgage bonds with an interest rate of 3.6%, which was primarily to support its capital expenditure program.

The federal CARES Act was signed into law on March 27, 2020 to provide direct and indirect financial support to individuals, businesses, state and local governments, and the healthcare system in response to COVID-19. As provided for in the CARES Act, we deferred remittance of the employer portion of the Social Security payroll tax from March through December 31, 2020, when the provision ended. This resulted in \$4.7 million of deferred payroll taxes that we expect to remit under the CARES Act guidelines, which require half of the tax liability to be paid by December 31, 2021 and the remaining half to be paid by December 31, 2022.

We have taken additional actions in response to known issues arising from the trends related to the COVID-19 pandemic. For example, we have enhanced cybersecurity monitoring in response to reports that cybersecurity attackers are more active with much of the economy utilizing work from home protocols. Like others, we experienced some constraints on our ability to obtain PPE and disinfecting supplies, but currently believe that we have sufficient supplies to continue our work and continue to procure additional supplies and most efficiently utilize those supplies we have on hand. We have not experienced material disruptions in our supply chain for goods and services to date, but are continuing to actively monitor, and have formulated and continue to evaluate contingency plans as necessary.

We remain vigilant in monitoring how the phased re-openings of the territories in which we operate progress and any reinstatement or possible reinstatement of restrictions, and we are actively monitoring several key metrics. While we are unable to predict the length, severity or impacts of the COVID-19 pandemic and economic disruptions on our business, the potential for a resurgence or mutation of the virus, or timing, widespread availability and efficacy of vaccine implementation, we have the following expectations and beliefs currently:

- Both NW Natural and NW Natural Water expect their capital projects in 2021 to move forward as planned.
- NW Natural's customer growth rate is affected by both new meter connections and when existing customers close their accounts and disconnect their meters. Customer growth from construction and conversions remained strong during 2020. A slow economic recovery could result in a decline in new meter connections, which could adversely affect margin in 2021 and the following periods. In addition, we are closely monitoring our approximately 70,000 commercial and industrial natural gas meters, as a substantial decline in these meters could materially affect margin in 2021 and the following periods. A

disconnection may occur if circumstances require businesses, such as restaurants, retailers, and those in the hospitality sector, to temporarily or permanently close. When we cease suspending disconnections, we may experience a higher level of disconnections. We don't anticipate significant residential meter disconnections.

- NW Natural has seen lower utility margin from a reduction in overall sales volumes during the year ended December 31, 2020 attributed to COVID-19, primarily related to the loss of commercial customers as described above. Due to the seasonality of our gas utility business, we may see more substantial declines in volumes as our peak heating season progresses, depending on the level of reopenings and resiliency of businesses in the communities in which we serve. However, volumes do not translate directly to earnings as the majority of our NGD margin is not dependent on volumes.
- While we have begun returning to normal business practices for many commercial and industrial customers in certain jurisdictions, our residential customers' return to normal practices may be extended based on the timing, availability and efficacy of vaccine rollout and timing of economic recovery. Therefore, the recognition of late and disconnection fee revenue may be delayed beyond our current expectations.
- As the pandemic has continued into the 2020-2021 winter heating season, certain customers are faced with seasonally higher natural gas usage and bills. This could have a financial strain on our customers and impact their ability to pay their bills in a timely manner thus potentially increasing our working capital needs.
- While we deferred to a regulatory asset certain COVID-related financial impacts as agreed upon with regulators, ultimate recovery of these costs and prudence review will be determined through a separate proceeding and may be subject to modification as a result of those proceedings.

Given the evolving nature of the pandemic and resulting economic conditions, we are continually monitoring our business operations and the larger trends and developments to take additional measures we believe are warranted to continue providing safe and reliable service to our customers and communities while protecting our employees.

2021 OUTLOOK

We expect to make significant progress on our long-term objectives in the coming year. Our natural gas distribution business is focused on providing safe, reliable, and affordable energy in an environmentally responsible way to better the lives of the public we serve. Our water and wastewater utility business is committed to providing its customers with safe, clean, reliable and affordable water and wastewater services, while also continuing to grow organically and through acquisitions. In 2021, we remain focused on the strategic pillars of our business: ensuring safe & reliable service; providing superior customer service; advancing constructive legislative policies and regulation; enabling customer growth; and leading on environmental stewardship and decarbonization.

ENSURING SAFE AND RELIABLE SERVICE. Delivering our products safely and reliably to customers, while keeping our employees safe, is our first priority. At NW Natural, we remain focused on safety and emergency response through hands-on, scenario-based training for employees, third-party contractors, and first responders. The reliability, resiliency and safety of our gas system is critical and to this end, we remain focused on investing in necessary upgrades and replacing key system components, preventing third-party damages, and performing regular inspections and assessments. Safety for our gas infrastructure also includes maintaining and strengthening our cybersecurity defenses, upgrading key technology systems, such as our enterprise risk planning system and customer information system over the next several years, and preparing for large-scale emergency events, such as seismic hazards. Our water and wastewater utilities are focused on executing on their capital expenditure plans to ensure continued safe and reliable service to customers and enhancing plans to be able to readily prioritize capital investments.

PROVIDING SUPERIOR CUSTOMER EXPERIENCE. We have a legacy of providing excellent customer service and a long-standing dedication to continuous improvement, which has resulted in NW Natural consistently receiving high rankings in the J.D. Power and Associates customer satisfaction studies and more recently in Escalent's Congent trusted brand and customer engagement residential customer study, earning NW Natural the designation of Customer Champion for the last several years. During 2020, we also implemented several new customer facing technologies including a new website, a streamlined customer onboarding process, and new Interactive Voice Response (IVR) system. In 2021, we intend to fully optimize this new technology to enhance our natural gas customers' experience and meet their evolving expectations. We'll also plan for the next upgrades, which will be centered on our customers' most frequent interactions and highest value touchpoints.

ADVANCING CONSTRUCTIVE LEGISLATIVE POLICIES AND REGULATION. NW Natural has a history of working productively with lawmakers and regulators. Most recently in 2020, rulemaking was completed on the groundbreaking Oregon Senate Bill 98 that allows gas utilities to procure and invest in renewable natural gas for their customers. In 2021, we'll continue to proactively communicate with policymakers and other stakeholders about what we believe is the important role of the gas system in achieving climate goals for our communities, and work with the American Gas Association to provide education on the role of natural gas in energy infrastructure at the national level. With regulators, we'll strive to work productively on open proceedings, taking care of customers during the pandemic, and pursuing recovery of deferred costs related to COVID-19. NW Natural will also continue working with the EPA and other stakeholders on an environmentally protective and cost-effective clean-up for the Portland Harbor Superfund Site. For our water utilities, we are focused on working collaboratively with regulators, pursuing efficient approval processes for acquisitions, filing general rate cases where needed to support investments, and engaging in constructive regulatory proceedings.

ENABLING CUSTOMER GROWTH. Natural gas is a preferred energy choice in our service territory given its affordable, efficient, and reliable qualities and often preferred by homeowners for heating and cooking. We are focused on leveraging these key attributes to capitalize on our region's continued strong housing growth. We'll strive to continue growing our market share in the residential sector and multifamily developments, but believe commercial customer growth may be modest in 2021 as the pandemic has placed additional restrictions on small businesses, such as retail stores and restaurants, in our region. At NW Natural Water, we continue to be focused on supporting the fast-growing communities we currently serve and continuing our disciplined acquisition strategy.

LEADING ON DECARBONIZATION. We are deeply committed to a clean energy future and environmental stewardship. It's why NW Natural launched a low-carbon initiative in 2017 to reduce emissions in the communities we serve by leveraging our modern natural gas pipeline system in new ways, working closely with customers, policymakers and regulators, and embracing cutting-edge technology. In 2020, under Oregon SB 98, NW Natural began a partnership with BioCarbN, a developer and operator of sustainable infrastructure projects, to convert methane into RNG. Under this partnership, NW Natural has the ability to invest up to an estimated \$38 million in four separate RNG development projects that will access biogas derived from water treatment at Tyson Foods' processing plants. In 2021, NW Natural intends to continue striving to execute on our renewable strategy by helping our customers reduce and offset their consumption, to procure and invest in RNG for our customers under Oregon Senate Bill 98, execute on our RNG interconnection projects, continue developing voluntary renewable product offerings for our customers, and explore renewable hydrogen. We also intend to leverage technology and relationships to examine ways to reduce emissions across the entire value chain from suppliers to end-use heating appliances.

DIVIDENDS

NW Holdings dividend highlights include:

<i>Per common share</i>	2020	2019	2018
Dividends paid	\$ 1.9125	\$ 1.9025	\$ 1.8925

In January 2021, the Board of Directors of NW Holdings declared a quarterly dividend on NW Holdings common stock of \$0.4800 per share, payable on February 12, 2021, to shareholders of record on January 29, 2021, reflecting an indicated annual dividend rate of \$1.92 per share.

See "Financial Condition - *Liquidity and Capital Resources*" for more information regarding the NW Holdings and NW Natural dividend policies and regulatory conditions on NW Natural dividends to its parent, NW Holdings.

RESULTS OF OPERATIONS

Regulatory Matters

Regulation and Rates

NATURAL GAS DISTRIBUTION. NW Natural's natural gas distribution business is subject to regulation by the OPUC and WUTC with respect to, among other matters, rates and terms of service, systems of accounts, and issuances of securities by NW Natural. In 2020, approximately 88% of NGD customers were located in Oregon, with the remaining 12% in Washington. Earnings and cash flows from natural gas distribution operations are largely determined by rates set in general rate cases and other proceedings in Oregon and Washington. They are also affected by weather, the local economies in Oregon and Washington, the pace of customer growth in the residential, commercial, and industrial markets, and NW Natural's ability to remain price competitive, control expenses, and obtain reasonable and timely regulatory recovery of its natural gas distribution-related costs, including operating expenses and investment costs in plant and other regulatory assets. See "*Most Recent Completed Rate Cases*" below.

MIST INTERSTATE GAS STORAGE. NW Natural's interstate storage activity at Mist is subject to regulation by the OPUC, WUTC, and the Federal Energy Regulatory Commission (FERC) with respect to, among other matters, rates and terms of service. The OPUC also regulates the intrastate storage services at Mist, while FERC regulates the interstate storage services at Mist. The FERC uses a maximum cost of service model which allows for gas storage prices to be set at or below the cost of service as approved by each agency in their last regulatory filing. The OPUC Schedule 80 rates are tied to the FERC rates, and are updated whenever NW Natural modifies FERC maximum rates.

OTHER. In June 2018, NWN Gas Storage, a wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement for the sale of all of its ownership interests in Gill Ranch, a natural gas storage facility located near Fresno, California. The sale closed on December 4, 2020. See Note 19 for more information. The wholly-owned regulated water businesses of NWN Water, a wholly-owned subsidiary of NW Holdings, are subject to regulation by the utility commissions in the states in which they are located, which currently includes Oregon, Washington, Idaho, and Texas.

Most Recent Completed Rate Cases

OREGON. On October 16, 2020, the OPUC issued an order concluding NW Natural's general rate case filed in December 2019 (Order). The Order provides for a total revenue requirement increase of approximately \$45 million over revenues from existing rates. The revenue requirement is based on the following assumptions:

- Capital structure of 50% common equity and 50% long-term debt;
- Return on equity of 9.4%;
- Cost of capital of 6.965%; and
- Average rate base of \$1.44 billion or an increase of \$242.1 million since the last rate case.

Under the terms of the Order, NW Natural was authorized to begin to recover the expense associated with the Oregon Corporate Activity Tax (CAT) as a component of base rates. See "*Corporate Activity Tax*" below.

In NW Natural's previous Oregon rate case in March 2019, the OPUC ordered specific terms by which excess deferred income taxes (EDIT) associated with the Tax Cuts and Jobs Act (TCJA) would be provided to customers directly or applied for the benefit of customers. The Order in the most recent Oregon rate case directs NW Natural to include a true-up credit to customers of approximately \$1.0 million as a temporary rate adjustment to be amortized over the 2020-21 PGA year.

In addition, the Order approves the application of NW Natural's decoupling calculation for the months of November and May to the month of April. The decoupling mechanism is intended to encourage customers to conserve energy without adversely affecting earnings due to reductions in sales volumes.

From November 1, 2018 through October 31, 2020, the OPUC authorized rates to customers based on an ROE of 9.4%, an overall rate of return of 7.317%, and a capital structure of 50% common equity and 50% long-term debt. In March 2019, the OPUC issued an order resolving the remaining matters of the rate case regarding recovery of NW Natural's pension balancing account and the return of tax reform benefits to customers. For additional information, see "Rate Mechanisms - Pension Cost Deferral and Pension Balancing Account" and "Rate Mechanisms - Tax Reform Deferral" below.

WASHINGTON. Effective November 1, 2019, the WUTC authorized rates to customers based on an ROE of 9.4% and an overall rate of return of 7.161% with a capital structure of 50.0% long-term debt, 1.0% short-term debt, and 49.0% common equity. The WUTC also authorized the recovery of environmental remediation expenses allocable to Washington customers through an Environmental Cost Recovery Mechanism (ECRM) and directed NW Natural to provide federal tax reform benefits to customers. See "Rate Mechanisms - Environmental Cost Deferral and Recovery - Washington ECRM" and "Rate Mechanisms - Tax Reform Deferral" below.

From January 1, 2009, through October 31, 2019, the WUTC authorized rates to customers based on an ROE of 10.1% and an overall rate of return of 8.4% with a capital structure of 51% common equity, 5% short-term debt, and 44% long-term debt.

FERC. NW Natural is required under its Mist interstate storage certificate authority and rate approval orders to file every five years either a petition for rate approval or a cost and revenue study to change or justify maintaining the existing rates for its interstate storage services. On October 12, 2018, NW Natural filed a rate petition with FERC for revised cost-based maximum rates, which incorporated the new federal corporate income tax rate. The revised rates were effective beginning November 1, 2018.

NW Natural continuously evaluates the need for rate cases in its jurisdictions.

Regulatory Proceeding Updates

2021 WASHINGTON RATE CASE. On December 18, 2020, NW Natural filed a request for a general rate increase with the WUTC. The filing includes a requested increase in annual revenue requirements over two years, consisting of an 8.0% or \$6.3 million increase in the first year beginning November 1, 2021 (Year One), and a 3.7% or \$3.2 million increase in the second year beginning November 1, 2022 (Year Two). NW Natural is also requesting a \$2.2 million, or 3%, offset to rates in the first year via suspension of amortization of a regulatory asset associated with NW Natural's energy efficiency programs and via application of proceeds from the sale of real property in Portland, Oregon, which would reduce the Year One rate increase to approximately 5%.

The requested increase is intended to recover operating costs and investments made in the distribution system, underground storage facility, operations facilities, including improvements to the resource facility in Vancouver, Washington, and upgrades of critical information technology, including NW Natural's enterprise resource planning system, and is based upon the following assumptions or requests:

- Capital structure of 50% long-term debt, 1% short-term debt, and 49% common equity;
- Return on equity of 9.4%
- Cost of capital of 6.913%; and
- Average rate base of \$194.7 million, an increase of \$20.9 million since the last rate case for capital expenditures already expended at the time of filing, with an additional expected \$31.2 million increase in Year One, and an additional expected \$21.4 million increase in Year Two, with the increases in Year One and Year Two relating to expected capital expenditures in those years.

NW Natural's filing will be reviewed by the WUTC and other stakeholders. The process is anticipated to take up to 11 months. NW Natural has requested that the new rates take effect November 1, 2021.

2020 OREGON & WASHINGTON DEFERRAL. In December 2020, a vehicle crashed into a Williams NW Pipeline district regulator, causing more than 5,500 NW Natural customers in the Hood River, Oregon area and White Salmon, Washington area to lose natural gas service. NW Natural recorded a regulatory asset of approximately \$0.8 million for costs incurred to restore service. NW Natural filed requests for deferrals with the OPUC and WUTC and plans to seek recovery of these costs in future ratemaking proceedings.

Rate Mechanisms

During 2020 and 2019, NW Natural's key approved rates and recovery mechanisms for each service area included:

	Oregon		Washington	
	2018 Rate Case	2020 Rate Case (effective 11/1/2020)	2009 Rate Case	2019 Rate Case (effective 11/1/2019)
Authorized Rate Structure:				
ROE	9.4%	9.4%	10.1%	9.4%
ROR	7.3%	7.0%	8.4%	7.2%
Debt/Equity Ratio	50%/50%	50%/50%	49%/51%	51%/49%

Key Regulatory Mechanisms:

Purchased Gas Adjustment (PGA)	X	X	X	X
Gas Cost Incentive Sharing	X	X		
Decoupling	X	X		
Weather Normalization (WARM)	X	X		
Environmental Cost Recovery	X	X		X
Interstate Storage and Asset Management Sharing	X	X	X	X

Annually, or more often if circumstances warrant, NW Natural reviews all regulatory assets for recoverability. If NW Natural should determine all or a portion of these regulatory assets no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances against earnings in the period such a determination was made.

PURCHASED GAS ADJUSTMENT. Rate changes are established for NW Natural each year under PGA mechanisms in Oregon and Washington to reflect changes in the expected cost of natural gas commodity purchases. The PGA filings include gas costs under spot purchases as well as contract supplies, gas cost hedges, gas costs from the withdrawal of storage inventories, the production of gas reserves, interstate pipeline demand costs, temporary rate adjustments, which amortize balances of deferred regulatory accounts, and the removal of temporary rate adjustments effective for the previous year.

Each year, NW Natural hedges gas prices on a portion of NW Natural's annual sales requirement based on normal weather, including both physical and financial hedges. NW Natural entered the 2020-21 gas year with its forecasted sales volumes hedged at 53% in financial swap and option contracts, including hedging of 56% in Oregon and 28% in Washington, and 17% in physical gas supplies, including hedging of 18% in Oregon and 13% in Washington. The percentage of total hedged for Oregon was approximately 74% and approximately 41% for Washington.

NW Natural is also hedged between 1% and 43% for annual requirements over the subsequent five gas years, which consists of between 1% and 41% in Oregon and between 0% and 58% in Washington. Hedge levels are subject to change based on actual load volumes, which depend to a certain extent on weather, economic conditions, and estimated gas reserve production. Also, gas storage inventory levels may increase or decrease with storage expansion, changes in storage contracts with third parties, variations in the heat content of the gas, and/or storage recall by NW Natural.

In September 2020, NW Natural filed its annual PGA and received OPUC and WUTC approval in October 2020. PGA rate changes were effective November 1, 2020. Rates and hedging approaches may vary between states due to different rate structures and mechanisms.

Under the current PGA mechanism in Oregon, there is an incentive sharing provision whereby NW Natural is required to select each year an 80% deferral or a 90% deferral of higher or lower actual gas costs compared to estimated PGA prices, such that the impact on NW Natural's current earnings from the incentive sharing is either 20% or 10% of the difference between actual and estimated gas costs, respectively. For the 2019-20 and 2020-21 gas years, NW Natural selected the 90% deferral option. Under the Washington PGA mechanism, NW Natural defers 100% of the higher or lower actual gas costs, and those gas cost differences are passed on to customers through the annual PGA rate adjustment.

EARNINGS TEST REVIEW. NW Natural is subject to an annual earnings review in Oregon to determine if the NGD business is earning above its authorized ROE threshold. If NGD business earnings exceed a specific ROE level, then 33% of the amount above that level is required to be deferred or refunded to customers. Under this provision, if NW Natural selects the 80% deferral gas cost option, then NW Natural retains all earnings up to 150 basis points above the currently authorized ROE. If NW Natural selects the 90% deferral option, then it retains all earnings up to 100 basis points above the currently authorized ROE. For the 2019-20 and 2020-21 gas years, NW Natural selected the 90% deferral option. The ROE threshold is subject to adjustment annually based on movements in long-term interest rates. For calendar years 2018, 2019, and 2020, the ROE threshold was 10.48%, 10.24%, and 10.40%, respectively. There were no refunds required for 2018 and 2019. NW Natural does not expect a refund for 2020 based on results, and anticipates filing its 2020 earnings test in May 2021.

GAS RESERVES. In 2011, the OPUC approved the Encana gas reserves transaction to provide long-term gas price protection for NGD business customers and determined costs under the agreement would be recovered on an ongoing basis through the annual PGA mechanism. Gas produced from NW Natural's interests is sold at then prevailing market prices, and revenues from such sales, net of associated operating and production costs and amortization, are included in cost of gas. The cost of gas, including a carrying cost for the rate base investment made under the original agreement, is included in NW Natural's annual Oregon PGA filing, which allows NW Natural to recover these costs through customer rates. The net investment under the original agreement earns a rate of return.

In 2014, NW Natural amended the original gas reserves agreement in response to Encana's sale of its interest in the Jonah field located in Wyoming to Jonah Energy. Under the amended agreement with Jonah Energy, NW Natural has the option to invest in additional wells on a well-by-well basis with drilling costs and resulting gas volumes shared at the amended proportionate working interest for each well in which NW Natural invests. Volumes produced from the additional wells drilled after the amended agreement are included in NW Natural's Oregon PGA at a fixed rate of \$0.4725 per therm. NW Natural has not participated in additional wells since 2014.

DECOUPLING. In Oregon, NW Natural has a decoupling mechanism. Decoupling is intended to break the link between earnings and the quantity of gas consumed by customers, removing any financial incentive to discourage customers' efforts to conserve energy. The Oregon decoupling baseline usage per customer was reset in the 2020 Oregon general rate case. The Order in the 2020 Oregon general rate case also approved of extending NW Natural's decoupling calculation for the months of November and May to the month of April. This mechanism employs a use-per-customer decoupling calculation, which adjusts margin revenues to account for the difference between actual and expected customer volumes. The margin adjustment resulting from differences between actual and expected volumes under the decoupling component is recorded to a deferral account, which is included in the annual PGA filing.

WARM. In Oregon, NW Natural has an approved weather normalization mechanism, which is applied to residential and small commercial customer bills. This mechanism is designed to help stabilize the collection of fixed costs by adjusting residential and small commercial customer billings based on temperature variances from average weather, with rate decreases when the weather is colder than average and rate increases when the weather is warmer than average. The mechanism is applied to bills from December through mid-May of each heating season. The mechanism adjusts the margin component of customers' rates to reflect average weather, which uses the 25-year average temperature for each day of the billing period. Daily average temperatures and 25-year average temperatures are based on a set point temperature of 59 degrees Fahrenheit for residential customers and 58 degrees Fahrenheit for commercial customers. The collections of any unbilled WARM amounts due to tariff caps and floors are deferred and earn a carrying charge until collected, or returned, in the PGA the following year. Residential and small commercial customers in Oregon are allowed to opt out of the weather normalization mechanism, and as of December 31, 2020, 8% of total eligible customers had opted out. NW Natural does not have a weather normalization mechanism approved for Washington customers, which account for about 12% of total customers. See "Business Segment—*Natural Gas Distribution*" below.

INDUSTRIAL TARIFFS. The OPUC and WUTC have approved tariffs covering NGD service to major industrial customers, which are intended to give NW Natural certainty in the level of gas supplies needed to serve this customer group. The approved terms include, among other things, an annual election period, special pricing provisions for out-of-cycle changes, and a requirement that industrial customers complete the term of their service election under NW Natural's annual PGA tariff.

ENVIRONMENTAL COST DEFERRAL AND RECOVERY. NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. Effective beginning November 1, 2019, the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers.

Oregon SRRM

Under the Oregon SRRM collection process, there are three types 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 NW Natural's authorized cost of capital. NW Natural anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by 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. NW Natural earns 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 calculated as one-fifth of the post-review deferred balance. NW Natural earns a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate. NW Natural included \$4.2 million and \$5.1 million of deferred remediation expense approved by the OPUC for collection during the 2020-21 and 2019-20 PGA years, respectively.

In addition, the SRRM also provides for the annual collection of \$5.0 million from Oregon customers through a tariff rider. As it collects amounts from customers, NW Natural recognizes these collections as revenue net of any earnings test adjustments and separately amortizes an equal and offsetting amount of the deferred regulatory asset balance through the environmental remediation operating expense line shown separately in the operating expenses section of the Consolidated Statements of Comprehensive Income (Loss). See Note 18 for more information on our environmental matters.

The SRRM earnings test is an annual review of adjusted NGD ROE compared to authorized NGD ROE. To apply the earnings test NW Natural must first determine what if any costs are subject to the test through the following calculation:

Annual spend
Less: \$5.0 million base rate rider
Prior year carry-over ⁽¹⁾
\$5.0 million insurance + interest on insurance
<hr/>
Total deferred annual spend subject to earnings test
Less: over-earnings adjustment, if any
Add: deferred interest on annual spend ⁽²⁾
<hr/>
Total amount transferred to post-review

⁽¹⁾ Prior year carry-over results when the prior year amount transferred to post-review is negative. The negative amount is carried over to offset annual spend in the following year.

⁽²⁾ Deferred interest is added to annual spend to the extent the spend is recoverable.

To the extent the NGD business earns at or below its authorized ROE as defined in the SRRM, the total amount transferred to post-review is recoverable through the SRRM. To the extent more than authorized ROE is earned in a year, the amount transferred to post-review would be reduced by those earnings that exceed its authorized ROE.

For 2020, NW Natural has performed this test, which is anticipated to be submitted to the OPUC in May 2021. No earnings test adjustment is expected for 2020.

Washington ECRM

The ECRM established by the WUTC order effective November 1, 2019 permits NW Natural's recovery of environmental remediation expenses allocable to Washington customers. These expenses represent 3.32% of costs associated with remediation of sites that historically served both Oregon and Washington customers. The order allows for recovery of past deferred and future prudently incurred remediation costs allocable to Washington through application of insurance proceeds and collections from customers. Prudently incurred costs that were deferred from the initial deferral authorization in February 2011 through June 2019 are to be fully offset with insurance proceeds, with any remaining insurance proceeds to be amortized over a 10.5 year period. On an annual basis, NW Natural will file for a prudence determination and a request to recover remediation expenditures in excess of insurance amortizations in the following year's customer rates. After insurance proceeds are fully amortized, if in a particular year the request to collect deferred amounts exceeds one percent of Washington normalized revenues, then the excess will be collected over three years with interest. On October 29, 2020, NW Natural's first environmental cost recovery filing was approved by the WUTC covering the period from December 31, 2018 to December 31, 2019.

PENSION COST DEFERRAL AND PENSION BALANCING ACCOUNT. From 2011 through October 2018, the OPUC authorized a regulatory mechanism in which NW Natural deferred annual pension expenses above the amount set in rates, with recovery of these deferred amounts through the implementation of a balancing account, which included the expectation of higher and lower pension expenses in future years. During this period the mechanism permitted NW Natural to accrue interest on the account balance at the NGD business' authorized rate of return. The OPUC ordered the freezing of the account in October 2018 with pension expenses to be recovered through rates beginning November 1, 2018.

In March 2019, the OPUC issued an order outlining how the account would be recovered. As a result, the following items were recorded in the first quarter of 2019:

- Applied \$7.1 million of TCJA benefits deferred from January 1, 2018 to October 31, 2018, as a reduction against the pension balancing account;
- Credited to customers' benefit \$5.4 million of deferred income taxes as a reduction against the pension balancing account;
- Reduced the amount of the frozen balancing account by an additional \$10.5 million; and
- Reduced the interest rate on the pension balancing account from NW Natural's authorized rate of return of 7.317% to 4.3%.

The items above resulted in the recovery of \$12.5 million of deferred pension expenses by applying deferred tax benefits against the pension balancing account. Recognition of these items resulted in higher operations and maintenance expense and other income (expense), net with offsetting benefits recognized in operating revenues and income tax expense. Additional pension expenses of \$10.5 million from the regulatory disallowance were also recognized in operations and maintenance expense and other income (expense), net. Deferred regulatory interest income of \$3.8 million was also realized in other income (expense), net in 2019.

Commencing April 1, 2019, the OPUC also authorized the collection of the remainder of the pension balancing account over ten years in a customer tariff of \$7.3 million per year. Deferred pension expense recoveries, inclusive of the application of the TCJA benefits described above, were \$7.1 million and \$16.8 million in 2020 and 2019, respectively. Pension expense deferrals, excluding interest, were \$10.3 million in 2018.

TAX REFORM DEFERRAL. In December 2017, NW Natural filed applications with the OPUC and WUTC to defer the overall net benefit associated with the TCJA that was enacted on December 22, 2017. In February 2019, NW Natural and the other parties to the 2018 Oregon rate case agreed upon terms by which the deferred benefits would be returned to customers via a joint stipulation filed with the OPUC. In March 2019, the OPUC approved the terms in their entirety as follows:

- Applied \$7.1 million of TCJA benefits deferred from January 1, 2018 to October 31, 2018, as a reduction against the pension balancing account; and
- Credited to customers' benefit \$5.4 million of deferred income taxes as a reduction against the pension balancing account;

Commencing April 1, 2019, the OPUC also ordered the following:

- Provide an annual credit to base rates of \$3.4 million for excess deferred income taxes to all customers, subject to the average rate assumption method;
- Provide an additional annual credit of \$3.0 million to sales service customers for five years; and
- An increase in rate base of \$15.4 million, and corresponding increase to revenue requirement of \$1.4 million.

If NW Natural files a general rate case within five years of the date of the March 2019 order, this revenue requirement may be adjusted as part of that general rate case. On December 30, 2019, NW Natural filed a general rate case with the OPUC, which is within five years from the date of the March 2019 order and the order in that rate case adjusted this revenue requirement. For more information, see "*Most Recent Completed General Rate Cases*" above.

On October 21, 2019 the WUTC issued an order dictating the means by which deferred tax reform benefits would be returned to customers beginning November 1, 2019. The order directs NW Natural to provide customers with a rate reduction of \$2.1 million over one year to reflect the benefit of the lower federal corporate income tax rate accumulating from January 1, 2018 through October 31, 2019, and provides an additional annual rate reduction initially set at approximately \$0.5 million to reflect a benefit from the remeasurement of deferred tax liabilities of approximately \$15.0 million.

INTERSTATE STORAGE AND ASSET MANAGEMENT SHARING. On an annual basis, NW Natural credits amounts to Oregon and Washington customers as part of a regulatory incentive sharing mechanism related to net revenues earned from Mist gas storage and asset management activities. Previously, amounts were credited to Oregon customers in June. Starting in 2021, Oregon customers will receive this credit in February per the 2020 Oregon rate case order. Credits are given to customers in Washington as reductions in rates through the annual PGA filing in November.

The following table presents the credits to NGD customers:

<i>In millions</i>	2020	2019	2018
Oregon	\$ 17.0	\$ 16.3	\$ 11.7
Washington	\$ 0.7	\$ 1.2	\$ 1.0

HOLDING COMPANY REORGANIZATION. On October 1, 2018, we completed the reorganization to a holding company structure. There were a number of conditions under the agreement with the OPUC and the WUTC related to the formation of a holding company structure. One of the conditions is that, for three years following formation of the holding company, NW Natural was required to provide an annual \$500,000 credit to Oregon customers and a \$55,000 credit to Washington customers. The credits to both Oregon and Washington customers were given in conjunction with the respective PGA filings with the rate adjustments commencing on November 1 of the applicable PGA year.

COVID-19 PROCESS AND DEFERRAL DOCKETS. During 2020, our regulated utilities, other utilities, stakeholders, and public utility commissions worked together to determine the best way to continue protecting utility customers during and after the pandemic. In September 2020, the OPUC issued an order authorizing OPUC staff to execute a term sheet with NW Natural and other parties to the proceeding, which includes provisions for lifting moratoriums on disconnections for nonpayment and late fees; extending timeframes for repayments and deferred payment plans; establishing timelines for reinstatement of service disconnection and reconnection fees; and allowing for deferred accounting of COVID-19 related costs. The term sheet also directs NW Natural to work with the parties to provide bill payment assistance, petition the Oregon legislature for bill payment assistance funding, explore the applicability of decoupling charges for a period of time, and participate in an investigation and discussion surrounding low income customers and social and environmental justice. The stipulation incorporating the term sheet was approved by the OPUC in November 2020. A term sheet was approved by the WUTC in October 2020 that provides similar guidance on key items such as the timing of lifting moratoriums on disconnections, resuming the collection process, and bill assistance and payment plans.

Additionally, both Oregon and Washington approved our applications to defer certain COVID-19 related costs in 2020. Costs that may be recoverable include, but are not limited to, the following: personal protective equipment, cleaning supplies and services, bad debt expense, financing costs to secure liquidity, and certain lost revenue, net of offsetting direct expense reductions associated with COVID-19. As of December 31, 2020, we estimated that approximately \$6.1 million of the financial effects related to COVID-19 in 2020 could be recoverable. As a result, we recorded a regulatory asset of approximately \$4.8 million for incurred costs as of December 31, 2020. In addition, we expect to recognize revenue in a future period for an additional \$1.3 million related to forgone late fee revenue.

The following table outlines some of the key items approved by the respective Commissions:

	<u>Oregon</u>	<u>Washington</u>
Reinstating Disconnections for Nonpayment:		
Residential	June 30, 2021 *	July 31, 2021 *
Small Commercial	December 1, 2020	July 31, 2021 *
Large Commercial/Industrial	November 3, 2020	October 20, 2020
Resuming Residential Reconnection Fee Charges	October 1, 2022 *	January 27, 2022 *
Reinstating Late Fees for Nonpayment:		
Residential	October 1, 2022 *	January 27, 2022 *
Small Commercial	December 1, 2020	January 27, 2022 *
Large Commercial/Industrial	November 3, 2020	October 20, 2020
Extended Time Payment Arrangements:		
Residential	Up to 24 months	Up to 18 months
Small Commercial	Up to 6 months	Up to 12 months
Arrearage Forgiveness Program	1% of Retail Revenue	1% of Retail Revenue

* Jurisdiction retains discretion to re-evaluate date based on ongoing pandemic and economic conditions.

RENEWABLE NATURAL GAS. On June 19, 2019, the Oregon legislature passed Senate Bill 98 (SB98), which enables natural gas utilities to procure or develop RNG on behalf of their Oregon customers. RNG is produced from organic materials like food, agricultural and forestry waste, wastewater, or landfills. Methane is captured from these organic materials as they decompose and is conditioned to pipeline quality, so it can be added into the existing natural gas system, reducing net GHG emissions. The bill was signed into law by the governor in July 2019, and subsequently, the OPUC opened a docket in August 2019 regarding the rules for the bill. After working with parties, the OPUC adopted final rules in July 2020.

SB98 and the rules outline the following parameters for the RNG program including: setting voluntary goals for adding as much as 30% renewable natural gas into the state's pipeline system by 2050; enabling gas utilities to invest in and own the cleaning and conditioning equipment required to bring raw biogas and landfill gas up to pipeline quality, as well as the facilities to connect to the local gas distribution system; and allowing up to 5% of a utility's revenue requirement to be used to cover the incremental cost or investment in renewable natural gas infrastructure.

Further, the new law supports all forms of renewable natural gas including renewable hydrogen, which is made from excess wind, solar and hydro power. Renewable hydrogen can be used for the transportation system, industrial use, or blended into the natural gas pipeline system.

In its initial RNG contract under SB98, NW Natural began a partnership with BioCarbN, a developer and operator of sustainable infrastructure projects, to convert methane into RNG. Under this partnership, NW Natural has the ability to invest up to an estimated \$38 million in four separate RNG development projects that will access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties. In December 2020, NW Natural exercised its option for the first development project in Nebraska, initiating investment in an estimated \$8 million project, which is expected to begin producing RNG in late 2021.

CORPORATE ACTIVITY TAX. In 2019, the State of Oregon enacted a Corporate Activity Tax (CAT) that is applicable to all businesses with annual Oregon gross revenue in excess of \$1 million. The CAT is in addition to the state's corporate income tax and imposes a 0.57% tax on certain Oregon gross receipts less a reduction for a portion of cost of goods sold or labor. The CAT legislation became effective September 29, 2019 and applies to calendar years beginning January 1, 2020. Under the terms of the Order in NW Natural's 2020 Oregon general rate case, NW Natural is authorized to begin to recover the expense associated with the CAT as a component of base rates. NW Natural is also directed to adjust the amount recovered for the CAT in each annual PGA to reflect changes in gross revenue and cost of goods sold that occur as a result of the PGA.

Beginning on the November 1, 2020 rate effective date, NW Natural expects to recover an additional \$3.15 million in revenue requirement for the CAT. The Order also provides for certain adjustments if there are legislative, rulemaking, judicial, or policy decisions that would cause the calculation methodology used by NW Natural for the CAT to vary in a fundamental way. Additionally, the CAT deferred from January 2020 through June 2020 will be added to and amortized over the 2020-21 PGA gas year, and the CAT amounts deferred from July 2020 through the effective date of the rate case will be amortized over the 2021-22 PGA year.

WATER UTILITIES. In 2020, NW Holdings, through its water subsidiaries, continued acquiring water utilities. The following notable transactions received regulatory approval and were closed during 2020:

- **Suncadia Water Company, LLC and Suncadia Environmental, LLC** — NWN Water of Washington received regulatory approval for the purchase of Suncadia Water in January 2020. Suncadia Environmental is not currently subject to the WUTC's jurisdiction. The transaction closed in January 2020.
- **T&W Water Service Company** — NWN Water of Texas received regulatory approval from the Public Utility Commission of Texas for the T&W Water Service Company acquisition in February 2020 and subsequently the transaction closed in March 2020.

In addition to the acquisitions above, we closed three acquisitions near existing water utilities during 2020. While COVID-19 has restricted certain activities, we continue to pursue water acquisitions and expect to return to normal business development activities as the pandemic eases and travel and commerce return to previous levels. For our acquired water utilities, we've begun to assess the need for general rate cases, and in 2020, we filed general rate cases for three water utilities to support infrastructure investments for safety and reliability.

OREGON EXECUTIVE ORDER. On March 10, 2020, the governor of Oregon issued an executive order (EO) establishing GHG emissions reduction goals of at least 45% below 1990 emission levels by 2035 and at least 80% below 1990 emission levels by 2050 and directed state agencies and commissions to facilitate such GHG emission goals targeting a variety of sources and industries. Although the EO does not specifically direct actions of natural gas distribution businesses, the OPUC is directed to prioritize proceedings and activities that advance decarbonization in the utility sector, mitigate energy burden experienced by utility customers and ensure system reliability and resource adequacy. The EO also directs other agencies to cap and reduce GHG emissions from transportation fuels and all other liquid and gaseous fuels, including natural gas, adopt building energy efficiency goals for new building construction, reduce methane gas emissions from landfills and food waste, and submit a proposal for adoption of state goals for carbon sequestration and storage by Oregon's forest, wetlands and agricultural lands. These agencies and commissions are currently engaged in various stages of their rulemaking processes and are currently expected to complete those processes in the next 12 to 24 months. NW Natural is actively engaged with Oregon state regulatory entities and holds a seat on the Oregon Department of Environmental Quality rules advisory committee, which is considering the cap and reduce rules.

INTEGRATED RESOURCE PLAN (IRP). NW Natural generally files a full IRP biennially for Oregon and Washington with the OPUC and WUTC, respectively. NW Natural jointly filed its 2018 IRP for both Oregon and Washington in August 2018, and received both a letter of compliance from the WUTC and acknowledgment by the OPUC in February 2019. The 2018 IRP included analysis of different scenarios, examining several potential future states and the corresponding least cost, least risk resource acquisition strategies. In addition to these strategies, the 2018 IRP published an emissions forecast for each of these potential futures. NW Natural expects to file an update to the 2018 IRP in March 2021.

The development of an IRP filing is an extensive and complex process that engages multiple stakeholders in an effort to build a robust and commonly understood analysis. The final product is intended to provide a long-term outlook of the supply-side and demand-side resource requirements for reliable and low cost natural gas service. The IRP examines and analyses uncertainties in the planning process, including potential changes in governmental and regulatory policies. As a result of the EO issued by the governor of Oregon, new regulations and requirements are currently being developed in the state of Oregon, which have the potential to impact long-term resource decisions. In order to reflect the outcomes of the EO proceedings, the time to file NW Natural's next full IRP was extended to July 2022.

Business Segment - Natural Gas Distribution (NGD)

NGD margin results are primarily affected by customer growth, revenues from rate-base additions, and, to a certain extent, by changes in delivered volumes due to weather and customers' gas usage patterns. In Oregon, NW Natural has a conservation tariff (also called the decoupling mechanism), which adjusts margin up or down each month through a deferred regulatory accounting adjustment designed to offset changes resulting from increases or decreases in average use by residential and commercial customers. NW Natural also has a weather normalization tariff in Oregon, WARM, which adjusts customer bills up or down to offset changes in margin resulting from above- or below-average temperatures during the winter heating season. Residential and commercial customers in Oregon are allowed to opt out of the weather normalization mechanism, and as of December 31, 2020, approximately 8% of total eligible customers had opted out. NW Natural does not have a weather normalization mechanism approved for Washington customers, which account for about 12% of total customers. The decoupling and WARM mechanisms are designed to reduce, but not eliminate, the volatility of customer bills and natural gas distribution earnings. See "Regulatory Matters—Rate Mechanisms" above.

The NGD business is primarily seasonal in nature due to higher gas usage by residential and commercial customers during the cold winter heating months. Other categories of customers experience seasonality in their usage but to a lesser extent. Seasonality affects the comparability of the results of operations of the NGD business across quarters but not across years.

NGD segment highlights include:

<i>Dollars and therms in millions, except EPS data</i>	2020	2019	2018
NGD net income	\$ 63.6	\$ 60.8	\$ 57.5
EPS - NGD segment	\$ 2.08	\$ 2.04	\$ 1.99
Gas sold and delivered (in therms)	1,143	1,215	1,128
NGD margin ⁽¹⁾	\$ 438.1	\$ 422.7	\$ 383.7

⁽¹⁾ See Natural Gas Distribution Margin Table below for additional detail.

2020 COMPARED TO 2019. NGD net income was \$63.6 million in 2020 compared to \$60.8 million in 2019. The primary factors contributing to the increase in NGD net income were as follows:

- a \$15.4 million increase in NGD margin primarily due to:
 - a \$17.7 million increase due to new customer rates from the 2020 Oregon and 2019 Washington rate cases;
 - a \$7.6 million increase from revenue generated from NW Natural's North Mist storage contract which commenced service in May 2019 and is included within other regulated services within NGD margin; and
 - a \$3.9 million increase from customer growth; partially offset by
 - a \$7.1 million decrease due to revenue recognized in 2019 as part of the settlement and recovery of NW Natural's pension balancing account, which was entirely offset by pension expenses within operations and maintenance expense and other income (expense), net, and which did not recur in 2020;
 - a \$4.0 million decrease primarily due to lower overrun and entitlement fees;
 - a \$2.7 million decrease driven by warmer than average weather in 2020 compared average weather in 2019; and
 - a \$1.3 million decrease related to the temporary suspension of late fees during the COVID-19 pandemic.

In addition to the increase in margin, NGD net income for 2020 reflects:

- a benefit of \$12.5 million from pension expenses recognized in 2019 associated with recoveries of NW Natural's pension balancing account which did not recur in 2020. Approximately \$4.6 million was recorded in operations and maintenance expense and \$7.9 million was recorded in other income (expense), net; and
- a benefit of \$10.5 million from a 2019 regulatory pension disallowance which did not recur in 2020. Approximately \$3.9 million was recorded in operations and maintenance expense and \$6.6 million was recorded in other income (expense), net.

The increases in net income above are partially offset by the following:

- an \$8.2 million increase in operations and maintenance expense related to higher compensation costs, contractor expenses, and moving and lease costs for a new headquarters and operations center;
- a \$13.8 million increase in depreciation and general tax expenses due to NGD plant additions, including the North Mist gas storage facility;
- a \$7.3 million decrease in other income (expense), net primarily related to interest income recognized in 2019 associated with the 2019 recoveries of the pension balancing account and ongoing regulatory amortization of the remaining pension balancing account deferral, which began in April 2019; and
- a \$6.9 million higher income tax reflecting a non-recurring tax benefit associated with the March 2019 Oregon order, partially offset by the ongoing amortization of TCJA benefits.

Total natural gas sold and delivered in 2020 decreased 6% over 2019 primarily due to the impact of weather that was 12% warmer than average in 2020 compared to weather that was average in 2019.

2019 COMPARED TO 2018. NGD net income was \$60.8 million in 2019 compared to \$57.5 million in 2018. The primary factors contributing to the increase in NGD net income were as follows:

- a \$39.0 million increase in NGD margin primarily due to:
 - a \$16.2 million increase due to new customer rates from the 2018 Oregon rate case and 2019 Washington rate case;
 - a \$6.1 million increase from customer growth;
 - an \$11.8 million increase from revenue generated from NW Natural's North Mist storage contract which commenced service in May 2019 and is included within other regulated services within NGD margin;
 - a \$7.1 million increase due to revenues recognized in association with recoveries of NW Natural's pension balancing account, which are entirely offset by pension expenses within operations and maintenance and other income (expense), net; and
 - a \$3.7 million increase driven by colder than average weather in the first quarter of 2019 coupled with higher fee revenues from interruptible customers as a result of system restrictions; partially offset by
 - a \$3.2 million decrease due to an adjustment to the tax reform deferral estimate in 2018; and
 - a \$1.5 million decrease due to a regulatory disallowance of deferred environmental expenditures as a result of the 2019 Washington rate case.
- a \$9.4 million decrease in income tax expense primarily due to the income tax implications of the March 2019 OPUC order, of which \$5.4 million was offset by pension expenses as discussed above, with the remainder driven by the return of deferred TCJA benefit credits to customers and lower pretax income in 2019 compared to 2018; and
- a \$5.8 million increase in deferred regulatory interest income in other income (expense), net, of which \$5.1 million relates to interest recognized in association with the OPUC order discussed above.

The increases were partially offset by:

- a \$34.4 million increase in pension costs within operations and maintenance expense and other income (expense), net, of which \$12.5 million relates to costs which were entirely offset by revenues and income tax benefits in the March 2019 OPUC order, and \$10.5 million relates to the regulatory pension disallowance included in the March 2019 OPUC order. In addition, there was a \$11.4 million increase in pension expenses as NW Natural began collecting ongoing pension costs through customer rates on November 1, 2018 and began collecting deferred pension costs through customer rates on April 1, 2019 rather than deferring a portion to the balancing account;
- a \$5.7 million increase in depreciation expense due to NGD plant additions;
- a \$4.6 million increase in interest expense driven by \$2.3 million higher interest on long term debt, \$1.2 million lower AFUDC debt interest income, and \$0.9 million higher commercial paper and line of credit interest;
- a \$3.3 million decrease in AFUDC equity interest; and
- a \$2.9 million increase in NGD segment operations and maintenance expenses primarily attributable to annual employee cost increases.

Total natural gas sold and delivered in 2019 increased 8% over 2018 primarily due to the impact of weather that was average in 2019 compared to weather that was 15% warmer than average in 2018.

NATURAL GAS DISTRIBUTION MARGIN TABLE. The following table summarizes the composition of NGD gas volumes, revenues, and cost of sales:

<i>In thousands, except degree day and customer data</i>	2020	2019	2018	Favorable (Unfavorable)	
				2020 vs. 2019	2019 vs. 2018
<u>NGD volumes (therms):</u>					
Residential and commercial sales	677,271	734,347	661,163	(57,076)	73,184
Industrial sales and transportation	465,626	480,807	467,040	(15,181)	13,767
Total NGD volumes sold and delivered	1,142,897	1,215,154	1,128,203	(72,257)	86,951
<u>Operating revenues:</u>					
Residential and commercial sales	\$ 661,346	\$ 638,884	\$ 621,782	\$ 22,462	\$ 17,102
Industrial sales and transportation	58,678	56,553	58,713	2,125	(2,160)
Other distribution revenues	1,926	13,035	(109)	(11,109)	13,144
Other regulated services	19,122	12,056	262	7,066	11,794
Total operating revenues	741,072	720,528	680,648	20,544	39,880
Less: Cost of gas	262,980	255,135	255,743	(7,845)	608
Less: Environmental remediation expense	9,691	12,337	11,127	2,646	(1,210)
Less: Revenue taxes	30,291	30,325	30,082	34	(243)
NGD margin	\$ 438,110	\$ 422,731	\$ 383,696	\$ 15,379	\$ 39,035
<u>Margin⁽¹⁾</u>					
Residential and commercial sales	\$ 385,989	\$ 366,974	\$ 352,710	\$ 19,015	\$ 14,264
Industrial sales and transportation	30,800	31,985	30,817	(1,185)	1,168
Miscellaneous revenues	1,709	4,671	5,542	(2,962)	(871)
Gain (loss) from gas cost incentive sharing	267	(1,299)	(27)	1,566	(1,272)
Other margin adjustments ⁽²⁾	229	8,350	(5,608)	(8,121)	13,958
Distribution margin	\$ 418,994	\$ 410,681	\$ 383,434	\$ 8,313	\$ 27,247
Other regulated services	19,116	12,050	262	7,066	11,788
NGD margin	\$ 438,110	\$ 422,731	\$ 383,696	\$ 15,379	\$ 39,035
<u>Degree days⁽³⁾</u>					
Average ⁽⁴⁾	2,706	2,710	2,714	(4)	(4)
Actual	2,384	2,709	2,313	(12)%	17 %
Percent warmer than average weather	(12)%	— %	(15)%		
<u>NGD Meters - end of period:</u>					
Residential meters	704,675	692,012	680,134	12,663	11,878
Commercial meters	68,812	69,858	69,259	(1,046)	599
Industrial meters	989	1,007	1,028	(18)	(21)
Total number of meters	774,476	762,877	750,421	11,599	12,456
<u>NGD Meter growth:</u>					
Residential meters	1.8 %	1.7 %			
Commercial meters	(1.5)%	0.9 %			
Industrial meters	(1.8)%	(2.0)%			
Total meter growth	1.5 %	1.7 %			

(1) Amounts reported as margin for each category of meters are operating revenues, which are net of revenue taxes, less cost of gas and environmental remediation expense.

(2) Other margin adjustments include net revenue recoveries of \$6.2 million and revenue deferrals of \$7.9 million for the years ended December 31, 2019 and 2018, respectively, associated with the decline of the U.S. federal corporate income tax rate.

(3) Heating degree days are units of measure reflecting temperature-sensitive consumption of natural gas, calculated by subtracting the average of a day's high and low temperatures from 59 degrees Fahrenheit.

(4) Average weather represents the 25-year average of heating degree days. Beginning November 1, 2020, average weather is calculated over the period June 1, 1994 through May 31, 2019, as determined in NW Natural's 2020 Oregon general rate case. From November 1, 2018 through October 31, 2020, average weather was calculated over the period May 31, 1992 through May 30, 2017, as determined in NW Natural's 2018 Oregon general rate case. Prior to November 1, 2018, average weather was calculated over the period 1986 - 2010, as determined in NW Natural's 2012 Oregon general rate case.

Residential and Commercial Sales

The primary factors that impact results of operations in the residential and commercial markets are customer growth, seasonal weather patterns, energy prices, competition from other energy sources, and economic conditions in our service areas. The impact of weather on margin is significantly reduced through NW Natural's weather normalization mechanism in Oregon; approximately 82% of NW Natural's total customers are covered under this mechanism. The remaining customers either opt out of the mechanism or are located in Washington, which does not have a similar mechanism in place. For more information on the weather mechanism, see "Regulatory Matters—Rate Mechanisms—Weather Normalization Mechanism" above.

NGD residential and commercial sales highlights include:

<i>In millions</i>	2020	2019	2018
<u>Volumes (therms):</u>			
Residential sales	435.2	457.2	411.7
Commercial sales	242.1	277.1	249.5
Total volumes	<u>677.3</u>	<u>734.3</u>	<u>661.2</u>
<u>Operating revenues:</u>			
Residential sales	\$ 460.3	\$ 437.7	\$ 418.4
Commercial sales	201.0	201.2	203.3
Total operating revenues	<u>\$ 661.3</u>	<u>\$ 638.9</u>	<u>\$ 621.7</u>
<u>Margin:</u>			
Residential:			
Sales	\$ 274.9	\$ 272.3	\$ 240.0
Alternative revenues:			
Weather normalization	9.0	(1.8)	7.6
Decoupling	(6.1)	(6.6)	(0.6)
Amortization of alternative revenue	3.3	2.0	1.9
Total residential NGD margin	<u>281.1</u>	<u>265.9</u>	<u>248.9</u>
Commercial:			
Sales	100.2	115.8	103.7
Alternative revenues:			
Weather normalization	2.7	(0.7)	2.4
Decoupling	1.1	(5.2)	7.3
Amortization of alternative revenue	0.9	(8.8)	(9.6)
Total commercial NGD margin	<u>104.9</u>	<u>101.1</u>	<u>103.8</u>
Total residential and commercial NGD margin	<u>\$ 386.0</u>	<u>\$ 367.0</u>	<u>\$ 352.7</u>

2020 COMPARED TO 2019. The increases of \$22.4 million in operating revenue and \$19.0 million in total residential and commercial NGD margin were primarily the result of new customer rates resulting from the Oregon and Washington rate cases and customer growth. Sales volume decreased 57.0 million therms, or 8%, primarily due to warmer than average weather in 2020 compared to average weather in 2019 and lower usage from commercial customers related to the pandemic, partially offset by residential customer growth.

2019 COMPARED TO 2018. The increases of \$17.2 million in operating revenue and \$14.3 million in total residential and commercial NGD margin were primarily driven by new customer rates from the 2018 Oregon rate case and 2019 Washington rate case as well as sales volume increases of 73.1 million therms, or 11%, due to customer growth and average weather in 2019 compared to warmer than average weather in 2018.

Industrial Sales and Transportation

Industrial customers have the option of purchasing sales or transportation services. Under the sales service, the customer buys the gas commodity from NW Natural. Under the transportation service, the customer buys the gas commodity directly from a third-party gas marketer or supplier. The NGD gas commodity cost is primarily a pass-through cost to customers; therefore, NGD profit margins are not materially affected by an industrial customer's decision to purchase gas from third parties. Industrial and large commercial customers may also select between firm and interruptible service options, with firm services generally providing higher profit margins compared to interruptible services. To help manage gas supplies, industrial tariffs are designed to provide some certainty regarding industrial customers' volumes by requiring an annual service election which becomes effective November 1, special charges for changes between elections, and in some cases, a minimum or maximum volume requirement before changing options.

NGD industrial sales and transportation highlights include:

<i>In millions</i>	2020	2019	2018
<u>Volumes (therms):</u>			
Industrial - firm sales	34.3	36.6	35.3
Industrial - firm transportation	162.3	175.7	162.7
Industrial - interruptible sales	48.6	47.4	50.6
Industrial - interruptible transportation	220.4	221.1	218.4
Total volumes	<u>465.6</u>	<u>480.8</u>	<u>467.0</u>
<u>Margin:</u>			
Industrial - sales and transportation	\$ 30.8	\$ 32.0	\$ 30.8

2020 COMPARED TO 2019. NGD volumes decreased by 15.2 million therms, or 3%, and margin decreased by \$1.2 million primarily due to lower usage from a small number of industrial customers.

2019 COMPARED TO 2018. Industrial sales and transportation volumes increased by 13.8 million therms and NGD margin increased \$1.2 million due to an increase in manufacturing activity in NW Natural's service territory. The increase was partially offset by a reduction in customer count, which was driven by customer elections to switch from industrial to commercial rate schedules.

Miscellaneous Revenues

Margin from miscellaneous revenues includes fee income as well as regulatory revenue adjustments, which reflect current period deferrals to and prior year amortizations from regulatory asset and liability accounts, except for gas cost deferrals which flow through cost of gas. Decoupling and other regulatory amortizations from prior year deferrals are included in revenues from residential, commercial, and industrial firm customers.

Margin from NGD miscellaneous revenues highlights include:

<i>In millions</i>	2020	2019	2018
Other revenues	\$ 1.7	\$ 4.7	\$ 5.5

2020 COMPARED TO 2019. Margin from miscellaneous revenues decreased due to lower entitlement and curtailment revenues in 2020 as 2019 included higher fee revenue related to a rupture in a critical natural gas pipeline in western Canada in 2018 that disrupted gas supply to the Pacific Northwest. In addition, margin from miscellaneous revenues was negatively impacted by the moratorium on charging late or reconnection fees during the pandemic in 2020.

2019 COMPARED TO 2018. Margin from miscellaneous revenues remained flat due to continued entitlement and curtailment revenue in first quarter of 2019 related to the October 2018 Canadian pipeline event.

Other Regulated Services

Other Regulated Services primarily consist of lease revenues from NW Natural's North Mist storage facility as well as other lease revenues for compressed natural gas assets.

Other regulated services revenue highlights include:

<i>In millions</i>	2020	2019	2018
North Mist storage services	\$ 19.5	\$ 11.8	\$ —
Other services	(0.4)	0.3	0.3
Total other regulated services	<u>\$ 19.1</u>	<u>\$ 12.1</u>	<u>\$ 0.3</u>

2020 COMPARED TO 2019. Other regulated services margin increased \$7.0 million due to the commencement of storage services at the North Mist expansion facility in May 2019. See Note 7 for more information regarding North Mist expansion lease accounting.

2019 COMPARED TO 2018. Other regulated services margin increased \$11.8 million due to the commencement of storage services at the North Mist expansion facility in May 2019.

Cost of Gas

Cost of gas as reported by the NGD segment includes gas purchases, gas withdrawn from storage inventory, gains and losses from commodity hedges, pipeline demand costs, seasonal demand cost balancing adjustments, regulatory gas cost deferrals, gas reserves costs, and company gas use. The OPUC and WUTC generally require natural gas commodity costs to be billed to customers at the actual cost incurred, or expected to be incurred. Customer rates are set each year so that if cost estimates were met the NGD business would not earn a profit or incur a loss on gas commodity purchases; however, in Oregon we have the incentive sharing mechanism described under "Regulatory Matters—Rate Mechanisms—*Purchased Gas Adjustment*" above. In addition to the PGA incentive sharing mechanism, gains and losses from hedge contracts entered into after annual PGA rates are effective for Oregon customers are also required to be shared and therefore may impact net income. Further, NW Natural also has a regulatory agreement whereby it earns a rate of return on its investment in the gas reserves acquired under the original agreement with Encana and includes gas from the amended gas reserves agreement at a fixed rate of \$0.4725 per therm, which are also reflected in NGD margin. See "Application of Critical Accounting Policies and Estimates—*Accounting for Derivative Instruments and Hedging Activities*" below.

Cost of gas highlights include:

<i>In millions except where indicated</i>	2020	2019	2018
Cost of gas	\$ 263.0	\$ 255.1	\$ 255.7
Volumes sold (therms)	760	818	747
Average cost of gas (cents per therm)	\$ 0.35	\$ 0.31	\$ 0.34
Gain (loss) from gas cost incentive sharing	\$ 0.3	\$ (1.3)	\$ —

2020 COMPARED TO 2019. Cost of gas increased by \$7.9 million, or 3%, primarily due to a 13% increase in average cost of gas consistent with higher gas costs in the PGA; partially offset by a 7% decrease in volumes sold driven primarily by 12% warmer than average weather during 2020 as compared to average weather in 2019.

2019 COMPARED TO 2018. Cost of gas was flat compared to 2018, primarily due to the 10% increase in volumes sold driven by average weather in 2019 compared to warmer than average weather in 2018 and customer growth, primarily offset by a three cent decrease in the average cost of gas.

The effect on net income from NW Natural's Oregon gas cost incentive sharing mechanism resulted in a margin gain of \$0.3 million in 2020 compared to margin loss of \$1.3 million in 2019 and a slight margin loss in 2018. In 2020, actual prices were lower than the estimated prices included in customer rates during the period. In 2019, actual gas prices were higher than those included in rates during the period. In 2018, actual prices closely aligned with estimated prices included in customer rates. For a discussion of the gas cost incentive sharing mechanism, see "Regulatory Matters—Rate Mechanisms—*Purchased Gas Adjustment*" above.

Other

Other activities aggregated and reported as other at NW Holdings include NWN Energy's equity investment in Trail West Holdings, LLC (TWH); NNG Financial's investment in Kelso-Beaver Pipeline (KB Pipeline); and NWN Water, which owns and continues to pursue investments in the water sector. Other activities aggregated and reported as other at NW Natural include the non-NGD storage activity at Mist as well as asset management services and the appliance retail center operations. See Note 4 for further discussion of our business segment and other, as well as our direct and indirect wholly-owned subsidiaries.

On August 6, 2020, NWN Energy completed the sale to an unrelated third party of its interest in TWH. See Note 14 for further details.

At Mist, NW Natural provides gas storage services to customers in the interstate and intrastate markets using storage capacity that has been developed in advance of NGD customers' requirements. Pre-tax income from gas storage at Mist and asset management services is subject to revenue sharing with NGD customers.

Under this regulatory incentive sharing mechanism, NW Natural retains 80% of pre-tax income from Mist gas storage services and asset management services when the underlying costs of the capacity being used are not included in NGD business rates. The remaining 20% is credited to a deferred regulatory account for credit to NGD customers.

Through October 2018, when the capacity used was included in NGD rates, NW Natural retained 33% of pre-tax income with the remaining 67% credited to a deferred regulatory account for credit to NGD customers. In conjunction with the Oregon rate case, effective November 2018, NW Natural retains 10% of pre-tax income from such storage and asset management services and 90% is credited to NGD business customers.

The following table presents the results of activities aggregated and reported as other for both NW Holdings and NW Natural:

<i>In millions, except EPS data</i>	2020	2019	2018
NW Natural other - net income	\$ 7.0	\$ 8.1	\$ 10.6
Other NW Holdings activity	(0.3)	(3.6)	(0.8)
NW Holdings other - net income	\$ 6.7	\$ 4.5	\$ 9.8
EPS - NW Holdings - other	\$ 0.22	\$ 0.15	\$ 0.34

The significant drivers of changes in other net income discussed below apply to both NW Holdings and NW Natural.

2020 COMPARED TO 2019. Other net income increased \$2.2 million and decreased \$1.1 million at NW Holdings and NW Natural, respectively. The decrease at NW Natural was primarily due to lower earnings from non-NGD gas storage operations at Mist as a result of less favorable market conditions. The increase at NW Holdings was driven by higher earnings from water and wastewater utilities and lower expenses at the holding company, partially offset by the decline in other for NW Natural.

2019 COMPARED TO 2018. Other net income decreased \$5.3 million and \$2.5 million at NW Holdings and NW Natural, respectively. The decrease at NW Natural was primarily driven by lower asset management revenues and increased asset management revenue sharing with Oregon customers as a result of the 2018 Oregon rate case. The decrease from other NW Holdings activity was driven by increases in professional service costs and expenses associated with developing the water business.

Consolidated Operations

Operations and Maintenance

Operations and maintenance highlights include:

<i>In millions</i>	2020	2019	2018
NW Natural	\$ 168.9	\$ 169.1	\$ 155.2
Other NW Holdings operations and maintenance	11.2	9.1	1.5
NW Holdings	\$ 180.1	\$ 178.2	\$ 156.7

2020 COMPARED TO 2019. Operations and maintenance expense decreased \$0.2 million for NW Natural primarily due to the following:

- a \$7.4 million decrease reflecting pension expense (service cost component) recognized as part of the recovery of NW Natural's pension balancing account settlement in the Oregon rate case, which did not recur in 2020 as discussed below; and
- a \$0.6 million decrease in workers compensation expense as a result of fewer claims in 2020; partially offset by
- a \$4.5 million increase in contractor and professional service expenses, and moving costs, as we moved to a new headquarters and operations center;
- a \$1.6 million increase related to higher compensation costs attributable to annual employee cost increases; and
- a \$1.4 million increase due to higher lease expense for the new headquarters and operations center.

Operations and maintenance expense in 2020 excludes approximately \$2.9 million of COVID-19 related expenses that were deferred to a regulatory asset. In addition, to mitigate the effects of the financial implications of COVID-19, management implemented temporary cost savings initiatives, which resulted in approximately \$3.5 million of operations and maintenance expense savings.

Operations and maintenance expense increased \$1.9 million for NW Holdings primarily due to the following:

- a \$2.2 million increase in other NW Holdings operations and maintenance expense primarily due to operating expenses at our water and wastewater utilities that have been acquired since 2019; partially offset by
- a \$0.2 million decrease in operations and maintenance expense at NW Natural as discussed above.

2019 COMPARED TO 2018. Operations and maintenance expense increased \$21.5 million and \$13.9 million for NW Holdings and NW Natural, respectively, primarily due to the following factors:

- a \$12.5 million increase in pension expenses, consisting of:
 - a \$4.6 million increase from recovery of amounts in NW Natural's pension balancing account upon receipt of an OPUC accounting order in March 2019, which was offset within NGD margin and income tax benefits;
 - a \$4.0 million increase from higher pension costs as NW Natural began collecting ongoing pension costs through customer rates on November 1, 2018 and began collecting deferred pension costs through customer rates on April 1, 2019 rather than deferring a portion to the balancing account; and
 - a \$3.9 million increase from a regulatory pension disallowance as a result of the March 2019 OPUC order in the Oregon general rate case.

The remaining change was primarily attributable to annual employee cost increases.

The \$7.6 million increase in other NW Holdings operations and maintenance expense was primarily due to expenses associated with developing the water business in 2019.

Depreciation and Amortization

Depreciation and amortization highlights include:

<i>In millions</i>	2020	2019	2018
NW Natural	\$ 101.6	\$ 90.4	\$ 85.0
Other NW Holdings depreciation and amortization	2.1	1.1	0.2
NW Holdings	<u>\$ 103.7</u>	<u>\$ 91.5</u>	<u>\$ 85.2</u>

2020 COMPARED TO 2019. Depreciation and amortization expense increased \$11.2 million for NW Natural, primarily due to NGD plant additions and the North Mist gas storage facility that began operations and depreciating in May 2019.

Depreciation and amortization expense increased \$12.2 million for NW Holdings, primarily due to a \$1.0 million increase in other NW Holdings depreciation and amortization related to water and wastewater acquisitions and an \$11.2 million increase at NW Natural as discussed above.

2019 COMPARED TO 2018. Depreciation and amortization expense increased by \$6.3 million and \$5.4 million for NW Holdings and NW Natural, respectively, primarily due to NGD plant additions that included investments in natural gas transmission and distribution systems supporting customer growth, safety, reliability, facility upgrades, and enhanced technology. In addition, the North Mist gas storage facility began operations and began depreciating in May 2019. The increase in other NW Holdings depreciation and amortization was primarily due to depreciation expense at acquired water and wastewater entities.

Other Income (Expense), Net

Other income (expense), net highlights include:

<i>In millions</i>	2020	2019	2018
NW Natural total other income (expense), net	\$ (15.1)	\$ (23.0)	\$ (3.6)
Other NW Holdings activity	1.2	0.2	—
NW Holdings total other income (expense), net	<u>\$ (13.9)</u>	<u>\$ (22.8)</u>	<u>\$ (3.6)</u>

2020 COMPARED TO 2019. Other income (expense), net, increased \$7.9 million at NW Natural primarily due to higher 2019 pension expenses (non-service cost component) recognized as part of the settlement and recovery of NW Natural's pension balancing account, which did not recur in 2020. Other income (expense), net, increased \$8.9 million at NW Holdings due to an increase of \$1.0 million in other NW Holdings activity and a \$7.9 million increase at NW Natural as discussed above.

2019 COMPARED TO 2018. Other income (expense), net, decreased \$19.2 million and \$19.4 million at NW Holdings and NW Natural, respectively. The decrease was primarily driven by activity in NW Natural's pension balancing account as described below. In addition, net interest income on deferred regulatory accounts increased \$5.5 million primarily due to \$5.1 million of deferred equity interest income recognized in 2019 in conjunction with amortization of the pension balancing account. Interest income from the equity portion of AFUDC decreased \$3.3 million, primarily driven by the placement of the North Mist facility into service in May 2019.

Pension Balancing Account

From 2011 through October 31, 2018, NW Natural had OPUC approval to defer certain pension costs in excess of what was recovered in customer rates. This pension cost deferral was recorded to a regulatory balancing account, which stabilized the amount of pension expense recognized each year in the consolidated statements of comprehensive income (loss). Total pension cost deferrals, excluding interest, were \$10.3 million and \$6.5 million for the years ended December 31, 2018 and 2017, of which \$7.9 million and \$4.1 million was recognized in other income (expense), net, respectively. In October 2018, the OPUC issued an order freezing the pension balancing account and directing that future pension expense would be recovered through rates with an increase of \$8.1 million to revenue requirement.

In March 2019, the OPUC issued another order allowing for the application of certain deferred revenues and tax benefits from the TCJA to reduce NW Natural's pension regulatory balancing account. A corresponding total of \$12.5 million in pension expenses were recognized, of which \$7.9 million was recognized in other income (expense), net in the consolidated statements of comprehensive income in the first quarter of 2019, with offsetting benefits recorded within operating revenues and income taxes. The order also directed NW Natural to reduce the balancing account by an additional, disallowed, \$10.5 million, of which \$6.6 million was charged to other income (expense), net in the consolidated statements of comprehensive income. Amortization of the remaining amount of the balancing account began in the second quarter of 2019 in accordance with the order. Total amortization of the balancing account for the year ended December 31, 2019, inclusive of the \$12.5 million recovery mentioned

above, was \$16.8 million, of which \$10.7 million was recorded to other income (expense), net. See Note 10 and "Regulatory Matters— *Pension Cost Deferral and Pension Balancing Account*" for more information regarding the pension balancing account.

Interest Expense, Net

Interest expense, net highlights include:

<i>In millions</i>	2020	2019	2018
NW Natural	\$ 40.9	\$ 41.3	\$ 37.0
Other NW Holdings interest expense	2.2	1.4	0.1
NW Holdings	<u>\$ 43.1</u>	<u>\$ 42.7</u>	<u>\$ 37.1</u>

2020 COMPARED TO 2019. Interest expense, net, decreased \$0.4 million at NW Natural primarily due to \$1.7 million of lower interest on commercial paper borrowings, partially offset by \$0.6 million of higher interest on long-term debt balances. NW Natural deferred to a regulatory asset approximately \$1.9 million of interest on financings undertaken in March 2020 as a precautionary measure to strengthen our liquidity position as the pandemic unfolded.

Interest expense, net, increased \$0.4 million at NW Holdings primarily due to \$0.8 million higher interest on outstanding credit agreement balances, partially offset by a \$0.4 million decrease at NW Natural as discussed above.

2019 COMPARED TO 2018. Interest expense, net of amounts capitalized increased \$5.6 million and \$4.3 million at NW Holdings and NW Natural, respectively. The increase at NW Natural was primarily driven by \$2.3 million higher interest on long term debt balances, \$1.2 million lower AFUDC debt interest income, and \$0.9 million higher commercial paper and line of credit interest. The additional increase at NW Holdings was driven by interest on long-term debt at NWN Water and interest on NW Holdings' line of credit.

Income Tax Expense

NW Holdings income tax expense highlights include:

<i>In millions</i>	2020	2019	2018
Income tax expense	\$ 21.1	\$ 12.6	\$ 24.2
Effective tax rate	23.1 %	16.2 %	26.4 %

NW Natural income tax expense highlights include:

<i>In millions</i>	2020	2019	2018
Income tax expense	\$ 21.1	\$ 14.1	\$ 24.5
Effective tax rate	23.0 %	16.9 %	26.4 %

2020 COMPARED TO 2019. The effective tax rate increased by 6.9% and 6.1% at NW Holdings and NW Natural, respectively. The increase in the effective tax rate is primarily due to the 2019 tax implications of the March 2019 OPUC order, including the return of deferred TCJA benefits to customers and the regulatory pension disallowance.

2019 COMPARED TO 2018. The effective tax rate decreased by 10.2% and 9.5% at NW Holdings and NW Natural, respectively. The reduction was driven by the return of tax reform benefits to customers, including \$5.4 million in tax benefits recognized in association with the OPUC 2018 Oregon rate case order which was offset by pension expenses. See "Executive Summary - *Deferred TCJA benefits and timing variance*" above.

Discontinued Operations

On June 20, 2018, NWN Gas Storage, a wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement (the Agreement) that provided for the sale by NWN Gas Storage of all of its membership interests in Gill Ranch. Gill Ranch owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility.

On December 4, 2020, NWN Gas Storage closed the sale of all the memberships interests in Gill Ranch and received payment of the initial cash purchase price of \$13.5 million less the \$1.0 million deposit previously paid. Furthermore, additional payments to NWN Gas Storage may be made subject to a maximum amount of \$15.0 million in the aggregate (subject to a working capital adjustment) based on the economic performance of Gill Ranch each full gas storage year (April 1 of one year through March 31 of the following year) occurring after the closing and the remaining portion of the 2020-2021 gas storage year and will continue until such time as the maximum amount has been paid. The fair value of this arrangement at the closing date was zero based on a discounted cash flow forecast. Subsequent changes in the fair value will be recorded in earnings. The completion of the sale resulted in an after-tax gain of \$5.9 million.

The results of Gill Ranch Storage have been determined to be discontinued operations until the date of sale and are presented separately, net of tax, from the results of continuing operations of NW Holdings for all periods presented. See Note 19 for more information on the Agreement and the results of our discontinued operations.

FINANCIAL CONDITION

Capital Structure

NW Holdings' long-term goal is to maintain a strong and balanced consolidated capital structure. NW Natural targets a regulatory capital structure of 50% common equity and 50% long-term debt, which is consistent with approved regulatory allocations in Oregon, which has an allocation of 50% common equity and 50% long-term debt without recognition of short-term debt, and Washington, which has an allocation of 50% long-term debt, 1% short-term debt, and 49% common equity.

When additional capital is required, debt or equity securities are issued depending on both the target capital structure and market conditions. These sources of capital are also used to fund long-term debt retirements and short-term commercial paper maturities. See "*Liquidity and Capital Resources*" below and Note 9. Achieving our target capital structure and maintaining sufficient liquidity to meet operating requirements is necessary to maintain attractive credit ratings and provide access to the capital markets at reasonable costs.

NW Holdings' consolidated capital structure, excluding short-term debt, was as follows:

	December 31,	
	2020	2019
Common equity	48.2 %	49.6 %
Long-term debt (including current maturities)	51.8	50.4
Total	<u>100.0 %</u>	<u>100.0 %</u>

NW Natural's consolidated long-term capital structure, excluding short-term debt, was as follows:

	December 31,	
	2020	2019
Common equity	47.7 %	49.3 %
Long-term debt (including current maturities)	52.3	50.7
Total	<u>100.0 %</u>	<u>100.0 %</u>

Including short-term debt balances, as of December 31, 2020 and 2019, NW Holdings' consolidated capital structure included common equity of 41.4% and 45.7%, long-term debt of 40.0% and 42.5%, and short-term debt including current maturities of long-term debt of 18.6% and 11.8%, respectively. As of December 31, 2020 and 2019, NW Natural's consolidated capital structure included common equity of 42.1% and 45.9%, long-term debt of 43.2% and 42.9%, and short-term debt including current maturities of long-term debt of 14.7% and 11.2%, respectively.

During 2020, changes to NW Natural's capital structures were primarily due to increases in short-term debt and the issuance of long-term debt. Changes to NW Holdings' capital structure were primarily due to increases in short-term debt at NW Natural. See further discussion below in "*Cash Flows — Financing Activities*".

Liquidity and Capital Resources

At December 31, 2020 and December 31, 2019, NW Holdings had approximately \$30.2 million and \$9.6 million, and NW Natural had approximately \$10.5 million and \$5.9 million, of cash and cash equivalents, respectively. In order to maintain sufficient liquidity during periods when capital markets are volatile, NW Holdings and NW Natural may elect to maintain higher cash balances and add short-term borrowing capacity. NW Holdings and NW Natural may also pre-fund their respective capital expenditures when long-term fixed rate environments are attractive.

For example, as the COVID-19 pandemic developed, in early to mid-March, markets displayed significant volatility. In response to that volatility and possible implications for the availability of access to the capital markets, NW Natural and NW Holdings undertook a number of measures to increase cash on hand to ensure ample liquidity. On March 20, 2020, NW Natural borrowed \$122.0 million under its multi-year credit facility, which was not backing commercial paper. As of December 31, 2020, the credit facility was paid back in full. Similarly, on March 20, 2020, NW Holdings borrowed \$35.0 million under its multi-year credit facility, of which \$27.0 million had been paid back as of December 31, 2020. On March 23, 2020, NW Natural entered into a \$150.0 million, 364-day term loan credit agreement, and borrowed the full amount on closing. The term loan was paid back in full and terminated in 2020. On March 31, 2020, NW Natural issued and sold \$150.0 million aggregate principal amount of 3.60% first mortgage bonds (FMBs). These actions were taken as a precaution to support sufficient cash on hand under a variety of financial

sector circumstances that could develop. Currently, NW Holdings and NW Natural expect to have ample liquidity in the form of cash on hand and from operations and available credit capacity under credit facilities to support funding needs.

NW Holdings

For NW Holdings, short-term liquidity is primarily provided by cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities. NW Holdings also has a universal shelf registration statement filed with the SEC for the issuance of debt and equity securities. NW Holdings long-term debt, if any, and equity issuances are primarily used to provide equity contributions to NW Holdings' operating subsidiaries for operating and capital expenditures and other corporate purposes. NW Holdings' issuance of securities is not subject to regulation by state public utility commissions, but the dividends from NW Natural to NW Holdings are subject to regulatory ring-fencing provisions. NW Holdings guarantees the debt of its wholly-owned subsidiary, NWN Water. See "*Long-Term Debt*" below for more information regarding NWN Water debt.

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC in connection with the holding company reorganization, NW Natural may not pay dividends or make distributions to NW Holdings if NW Natural's credit ratings and common equity ratio, defined as the ratio of equity to long-term debt, fall below specified levels. If NW Natural's long-term secured credit ratings are below A- for S&P and A3 for Moody's, dividends may be issued so long as NW Natural's common equity ratio is 45% or more. If NW Natural's long term secured credit ratings are below BBB for S&P and Baa2 for Moody's, dividends may be issued so long as NW Natural's common equity ratio is 46% or more. Dividends may not be issued if NW Natural's long-term secured credit ratings are BB+ or below for S&P or Ba1 or below for Moody's, or if NW Natural's common equity ratio is below 44%, where the ratio is measured using common equity and long-term debt excluding imputed debt or debt-like lease obligations. In each case, common equity ratios are determined based on a preceding or projected 13-month average. In addition, there are certain OPUC notice requirements for dividends in excess of 5% of NW Natural's retained earnings.

Additionally, if NW Natural's common equity (excluding goodwill and equity associated with non-regulated assets), on a preceding or projected 13-month average basis, is less than 46% of NW Natural's capital structure, NW Natural is required to notify the OPUC, and if the common equity ratio falls below 44%, file a plan with the OPUC to restore its equity ratio to 44%. This condition is designed to ensure NW Natural continues to be adequately capitalized under the holding company structure. Under the WUTC order, the average common equity ratio must not exceed 56%.

At December 31, 2020 and 2019, NW Natural satisfied the ring-fencing provisions described above.

Based on several factors, including current cash reserves, committed credit facilities, its ability to receive dividends from its operating subsidiaries, in particular NW Natural, and an expected ability to issue long-term debt and equity securities in the capital markets, NW Holdings believes its liquidity is sufficient to meet anticipated near-term cash requirements, including all contractual obligations, investing, and financing activities as discussed in "*Contractual Obligations*" and "*Cash Flows*" below.

NW HOLDINGS DIVIDENDS. Quarterly dividends have been paid on common stock each year since NW Holdings' predecessor's stock was first issued to the public in 1951. Annual common stock dividend payments per share, adjusted for stock splits, have increased each year since 1956. The declarations and amount of future dividends to shareholders will depend upon earnings, cash flows, financial condition, NW Natural's ability to pay dividends to NW Holdings and other factors. The amount and timing of dividends payable on common stock is at the sole discretion of the NW Holdings Board of Directors.

Natural Gas Distribution Segment

For the NGD business segment, short-term borrowing requirements typically peak during colder winter months when the NGD business borrows money to cover the lag between natural gas purchases and bill collections from customers. Short-term liquidity for the NGD business is primarily provided by cash balances, internal cash flow from operations, proceeds from the sale of commercial paper notes, as well as available cash from multi-year credit facilities, short-term credit facilities, company-owned life insurance policies, the sale of long-term debt, and equity contributions from NW Holdings. NW Natural's long-term debt and contributions from NW Holdings are primarily used to finance NGD capital expenditures, refinance maturing debt, and provide temporary funding for other general corporate purposes of the NGD business.

Based on its current debt ratings (see "*Credit Ratings*" below), NW Natural has been able to issue commercial paper and long-term debt at attractive rates and has not needed to borrow or issue letters of credit from its back-up credit facility. In the event NW Natural is not able to issue new debt due to adverse market conditions or other reasons, NW Natural expects that near-term liquidity needs can be met using internal cash flows, issuing commercial paper, receiving equity contributions from NW Holdings, or, for the NGD segment, drawing upon a committed credit facility. NW Natural also has a universal shelf registration statement filed with the SEC for the issuance of secured and unsecured debt securities. As previously described, NW Natural drew on its credit facility, secured a term loan, and issued FMBs to ensure ample liquidity during market volatility resulting from the commencement of the COVID-19 pandemic.

In the event senior unsecured long-term debt ratings are downgraded, or outstanding derivative positions exceed a certain credit threshold, counterparties under derivative contracts could require NW Natural to post cash, a letter of credit, or other forms of collateral, which could expose NW Natural to additional cash requirements and may trigger increases in short-term borrowings while in a net loss position. NW Natural was not required to post collateral at December 31, 2020. However, if the credit risk-

related contingent features underlying these contracts were triggered on December 31, 2020, assuming long-term debt ratings dropped to non-investment grade levels, NW Natural could have been required to post \$0.1 million in collateral with our counterparties. See "Credit Ratings" below and Note 16.

Other items that may have a significant impact on NW Natural's liquidity and capital resources include NW Natural's pension contribution requirements and environmental expenditures.

PENSION CONTRIBUTION. NW Natural expects to make contributions to its company-sponsored defined benefit plan, which is closed to new employees, over the next several years until the plan is fully funded under the Pension Protection Act rules, including the rules issued under the Moving Ahead for Progress in the 21st Century Act (MAP-21), as amended. See "Application of Critical Accounting Policies—Accounting for Pensions and Postretirement Benefits" below and Note 10 for more information.

ENVIRONMENTAL EXPENDITURES. NW Natural expects to continue using cash resources to fund environmental liabilities. NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recovery prudently incurred costs allocable to Oregon customers, subject to an earnings test. On October 21, 2019 the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers beginning November 1, 2019. See Note 18, and "Results of Operations—Regulatory Matters—Environmental Cost Deferral and Recovery" above.

Based on several factors, including current credit ratings, NW Natural's commercial paper program, current cash reserves, committed credit facilities, and an expected ability to issue long-term debt and receive equity contributions from NW Holdings, NW Natural believes its liquidity is sufficient to meet anticipated near-term cash requirements, including all contractual obligations, investing, and financing activities as discussed in "Contractual Obligations" and "Cash Flows" below.

NW NATURAL DIVIDENDS. The declarations and amount of future dividends to NW Holdings will depend upon earnings, cash flows, financial condition, the satisfaction of OPUC and WUTC regulatory ring-fencing restrictions, and other factors. The amount and timing of dividends payable on common stock is subject to approval of the NW Natural Board of Directors.

OFF-BALANCE SHEET ARRANGEMENTS. Except for certain lease and purchase commitments, NW Holdings and NW Natural have no material off-balance sheet financing arrangements. See "Contractual Obligations" below.

Contractual Obligations

The following table shows contractual obligations from continuing operations at December 31, 2020 by maturity and type of obligation:

<i>In millions</i>	Payments Due in Years Ending December 31,						Total
	2021	2022	2023	2024	2025	Thereafter	
NW Natural							
Short-term debt maturities	\$ 231.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 231.5
Long-term debt maturities	60.0	—	90.0	—	30.0	744.7	924.7
Interest on long-term debt	40.3	38.6	37.7	34.6	34.0	446.0	631.2
Postretirement benefit payments ⁽¹⁾	26.8	27.5	28.4	29.1	29.7	161.9	303.4
Operating leases	6.8	6.8	7.0	7.1	7.2	123.8	158.7
Gas purchases ⁽²⁾	83.5	—	—	—	—	—	83.5
Gas pipeline capacity commitments	85.6	87.8	82.1	77.1	74.4	516.3	923.3
Other purchase commitments ⁽³⁾	0.8	5.3	4.7	5.9	5.0	13.3	35.0
Other long-term liabilities ⁽⁴⁾	18.2	—	—	—	—	—	18.2
NW Natural Total	553.5	166.0	249.9	153.8	180.3	2,006.0	3,309.5
Other (NW Holdings)							
Short-term debt maturities	73.0	—	—	—	—	—	73.0
Short- and long-term obligations ⁽⁵⁾	35.9	0.4	0.4	0.4	0.3	2.0	39.4
NW Holdings Total	\$ 662.4	\$ 166.4	\$ 250.3	\$ 154.2	\$ 180.6	\$ 2,008.0	\$ 3,421.9

⁽¹⁾ Postretirement benefit payments primarily consists of two NW Natural items: (1) estimated pension and other postretirement plan payments, which are funded by plan assets and future cash contributions, and (2) required payments to the Western States multiemployer pension plan due to NW Natural's withdrawal from the plan in December 2013. See Note 10.

⁽²⁾ Gas purchases include contracts which use price formulas tied to monthly index prices. The commitment amounts presented incorporate the December 2020 first of month index price for each supply basin from which gas is purchased. For a summary of gas purchase and gas pipeline capacity commitments, see Note 17.

⁽³⁾ Other purchase commitments primarily consist of remaining balances under existing purchase orders and gas storage agreements.

- (4) Other long-term liabilities includes accrued deferred compensation plan liabilities for executives and directors. The timing of these payments are uncertain; however, these payments are unlikely to all occur in the next 12 months.
- (5) Short- and long-term obligations include short- and long-term debt obligations and other immaterial liabilities.

In addition to known contractual obligations listed in the above table, NW Natural has also recognized liabilities for future environmental remediation or action. The exact timing of payments beyond 12 months with respect to those liabilities cannot be reasonably estimated due to numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of site investigations. See Note 18 for a further discussion of environmental remediation cost liabilities.

At December 31, 2020, 606 of NW Natural's natural gas distribution employees were members of the Office and Professional Employees International Union (OPEIU) Local No. 11. In November 2019, union employees ratified a new collective bargaining agreement that took effect on December 1, 2019, expires on May 31, 2024, and is effective thereafter from year to year unless either party serves notice of its intent to negotiate modifications to the collective bargaining agreement.

Short-Term Debt

The primary source of short-term liquidity for NW Holdings is cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time.

The primary source of short-term liquidity for NW Natural is from the sale of commercial paper, available cash from a multi-year credit facility, and short-term credit facilities. NW Natural has a separate commercial paper program and separate bank facilities. In addition to issuing commercial paper or bank loans to meet working capital requirements, including seasonal requirements to finance gas purchases and accounts receivable, short-term debt may also be used to temporarily fund capital requirements. For NW Natural, commercial paper and bank loans are periodically refinanced through the sale of long-term debt or equity contributions from NW Holdings. Commercial paper, when outstanding, is sold through two commercial banks under an issuing and paying agency agreement and is supported by one or more unsecured revolving credit facilities. See "Credit Agreements" below.

At December 31, 2020 and 2019, NW Holdings had short-term debt outstanding of \$304.5 million and \$149.1 million, respectively. The weighted average interest rate of NW Holdings' short-term debt outstanding at December 31, 2020 and 2019 was 0.5% and 2.0%, respectively. NW Natural had short-term debt outstanding of \$231.5 million and \$125.1 million, respectively. The weighted average interest rate of NW Natural's short-term debt outstanding at December 31, 2020 and 2019 was 0.4% and 2.0%, respectively.

Credit Agreements

NW Holdings

NW Holdings has a \$100 million credit agreement, with a feature that allows it to request increases in the total commitment amount, up to a maximum of \$150 million. The maturity date of the agreement is October 2, 2023, with available extensions of commitments for two additional one-year periods, subject to lender approval.

All lenders under the NW Holdings credit agreement are major financial institutions with committed balances and investment grade credit ratings as of December 31, 2020 as follows:

<i>In millions</i>	
Lender rating, by category	Loan Commitment
AA/Aa	\$ 100
Total	\$ 100

Based on credit market conditions, it is possible one or more lending commitments could be unavailable to NW Holdings if the lender defaulted due to lack of funds or insolvency; however, NW Holdings does not believe this risk to be imminent due to the lenders' strong investment-grade credit ratings.

The NW Holdings credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$40 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. The credit agreement requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020 and 2019, with consolidated indebtedness to total capitalization ratios of 58.6% and 54.3%, respectively.

The agreement also requires NW Holdings to maintain debt ratings (which are defined by a formula using NW Natural's credit ratings in the event NW Holdings does not have a credit rating) with Standard & Poor's (S&P) and Moody's Investors Service, Inc. (Moody's) and notify the lenders of any change in its senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Holdings' debt ratings by S&P or Moody's is not an event of default, nor is

the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreements are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreements when ratings are changed. NW Holdings does not currently maintain ratings with S&P or Moody's.

Interest charges on the credit agreement are indexed to the London Interbank Offered Rate (LIBOR). The agreement contains a provision to transition to an equivalent replacement rate upon the phase-out of LIBOR in 2022.

NW Holdings had no letters of credit issued and outstanding at December 31, 2020 and 2019. NW Holdings had a \$1.0 million letter of credit issued and outstanding, separate from the aforementioned credit agreement, at December 31, 2019 for purposes of facilitating the Suncadia acquisition, which was extinguished after the close of the transaction in February 2020.

NW Natural

NW Natural has a multi-year credit agreement for unsecured revolving loans totaling \$300 million, with a feature that allows NW Natural to request increases in the total commitment amount, up to a maximum of \$450 million. The maturity date of the agreement is October 2, 2023 with an available extension of commitments for two additional one-year periods, subject to lender approval.

All lenders under the NW Natural credit agreement are major financial institutions with committed balances and investment grade credit ratings as of December 31, 2020 as follows:

In millions

Lender rating, by category	Loan Commitment
AA/Aa	\$ 300
Total	<u>\$ 300</u>

Based on credit market conditions, it is possible one or more lending commitments could be unavailable to NW Natural if the lender defaulted due to lack of funds or insolvency; however, NW Natural does not believe this risk to be imminent due to the lenders' strong investment-grade credit ratings.

The NW Natural credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$60 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. There were no outstanding balances under this credit agreement at December 31, 2020 or 2019. The credit agreement requires NW Natural to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Natural was in compliance with this covenant at December 31, 2020 and 2019, with consolidated indebtedness to total capitalization ratios of 57.9% and 54.1%, respectively.

The agreement also requires NW Natural to maintain credit ratings with S&P and Moody's and notify the lenders of any change in NW Natural's senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Natural's debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the agreement are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreement when ratings are changed. See "*Credit Ratings*" below.

Interest charges on the credit agreement are indexed to LIBOR. The agreement contains a provision to transition to an equivalent replacement rate upon the phase-out of LIBOR.

Credit Ratings

NW Holdings does not currently maintain ratings with S&P or Moody's. NW Natural's credit ratings are a factor of liquidity, potentially affecting access to the capital markets including the commercial paper market. NW Natural's credit ratings also have an impact on the cost of funds and the need to post collateral under derivative contracts.

The following table summarizes NW Natural's current credit ratings:

	S&P	Moody's
Commercial paper (short-term debt)	A-1	P-2
Senior secured (long-term debt)	AA-	A2
Senior unsecured (long-term debt)	n/a	Baa1
Corporate credit rating	A+	n/a
Ratings outlook	Stable	Stable

The above credit ratings and ratings outlook are dependent upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of or reference to these credit ratings is not a recommendation to buy, sell or hold NW Holdings or NW Natural securities. Each rating should be evaluated independently of any other rating.

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC in connection with the holding company reorganization, NW Holdings and NW Natural are required to maintain separate credit ratings, long-term debt ratings, and preferred stock ratings, if any.

Long-Term Debt

The following NW Natural debentures were retired in the periods indicated:

<i>In millions</i>	Year Ended December 31,		
	2020	2019	2018
NW Natural First Mortgage Bonds			
Series 6.60% due 2018	\$ —	\$ —	\$ 22
Series 1.55% due 2018	—	—	75
Series 8.31% due 2019	—	10	—
Series 7.63% due 2019	—	20	—
Series 5.37% due 2020	75	—	—
Total	\$ 75	\$ 30	\$ 97

In June 2019, NWN Water, a wholly-owned subsidiary of NW Holdings, entered into a two-year term loan agreement for \$35.0 million. The loan carried an interest rate of 0.70% at December 31, 2020, which is based upon the one-month LIBOR rate. The loan is guaranteed by NW Holdings and requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020, with a consolidated indebtedness to total capitalization ratio of 58.6%.

In March 2020, NW Natural issued \$150.0 million of FMBs with an interest rate of 3.60%, due in 2050. In February 2020, NW Natural retired \$75.0 million of FMBs with an interest rate of 5.37%.

\$10.0 million of FMBs with an interest rate of 9.05% and \$50.0 million of FMBs with an interest rate of 3.18% will mature in August and September 2021, respectively.

See "Financial Condition—*Contractual Obligations*" above for long-term debt maturing over the next five years.

Bankruptcy Ring-fencing Restrictions

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC in connection with the holding company reorganization, NW Natural is required to have one director who is independent from NW Natural management and from NW Holdings and to issue one share of NW Natural preferred stock to an independent third party. NW Natural was in compliance with both of these ring-fencing provisions as of December 31, 2020 and 2019. NW Natural may file a voluntary petition for bankruptcy only if approved unanimously by the Board of Directors of NW Natural, including the independent director, and by the holder of the preferred share.

Cash Flows

Operating Activities

Changes in our operating cash flows are primarily affected by net income or loss, changes in working capital requirements, and other cash and non-cash adjustments to operating results.

Operating activity highlights include:

<i>In millions</i>	NW Holdings		
	2020	2019	2018
Cash provided by operating activities	\$ 143.0	\$ 185.3	\$ 168.8

<i>In millions</i>	NW Natural		
	2020	2019	2018
Cash provided by operating activities	\$ 146.2	\$ 186.2	\$ 173.5

The significant drivers of changes in cash provided by operating activities discussed below apply to both NW Holdings and NW Natural.

2020 COMPARED TO 2019. The significant factors contributing to the \$42.3 million and \$40.0 million decreases in NW Holdings and NW Natural cash flow provided by operating activities, respectively, were as follows:

- a decrease of \$25.8 million at NW Natural from increased receivables;
- a decrease of \$18.0 million due to higher contributions paid to qualified defined benefit pension plans;
- a decrease of \$15.8 million from decreased cash collections from our decoupling mechanism; and
- a decrease of \$11.6 million due to higher environmental expenditures; partially offset by
- a decrease of \$41.1 million in net deferred gas costs as the actual costs during the 2019-20 winter season were in line with estimates embedded in the PGA as opposed to gas costs in the 2018-2019 winter season that were 14% above PGA estimates.

2019 COMPARED TO 2018. The significant factors contributing to the \$16.5 million and \$12.7 million increases in NW Holdings and NW Natural cash flow provided by operating activities, respectively, were as follows:

- an increase of \$27.5 million at NW Holdings and \$24.9 million at NW Natural due to net income tax refunds in 2019 compared to payments in 2018. The refunds were primarily due to bonus depreciation taken on NW Natural's North Mist gas storage expansion which was placed into service in May 2019, as well as \$6.0 million in income taxes paid in 2018 and refunded to NW Natural in 2019;
- an increase of \$10.6 million from collections of both current and deferred pension expenses as a result of NW Natural's Oregon rate case; and
- an increase of \$4.6 million due to lower contributions paid to qualified defined benefit pension plans; partially offset by
- a net decrease of \$28.5 million at NW Natural from changes in receivables, inventories, and accounts payable, primarily reflecting increased gas purchase expenditures from average weather in 2019 compared to warmer-than average weather in 2018 as well as higher gas costs than those included in customer rates.

During the year ended December 31, 2020, NW Natural contributed \$29.0 million to its qualified defined benefit pension plan, compared to \$11.0 million for 2019 and \$15.5 million in 2018. The amount and timing of future contributions will depend on market interest rates and investment returns on the plans' assets. See Note 10.

NW Holdings and NW Natural have lease and purchase commitments relating to our operating activities that are financed with cash flows from operations. For information on cash flow requirements related to leases and other purchase commitments, see "Financial Condition—*Contractual Obligations*" above and Note 17.

Investing Activities

Investing activity highlights include:

<i>In millions</i>	NW Holdings		
	2020	2019	2018
Cash used in investing activities	\$ (294.3)	\$ (303.8)	\$ (217.5)
Capital expenditures	(273.0)	(223.5)	(214.6)

<i>In millions</i>	NW Natural		
	2020	2019	2018
Cash used in investing activities	\$ (264.1)	\$ (243.1)	\$ (238.5)
Capital expenditures	(266.0)	(221.4)	(214.3)

2020 COMPARED TO 2019. Cash used in investing activities decreased \$9.5 million at NW Holdings and increased \$21.0 million and NW Natural, respectively.

The decrease in cash used at NW Holdings was driven by \$12.5 million of proceeds from the sale of Gill Ranch and \$7.0 million from the sale of Trail West. The increase in cash used at NW Natural was due to continued capital expenditures for customer growth, system reinforcement, and technology, partially offset by lower leasehold improvement expenditures at the new corporate operations center and \$8.1 million of proceeds from the sale of assets.

2019 COMPARED TO 2018. Cash used in investing activities increased \$86.3 million and \$4.6 million at NW Holdings and NW Natural, respectively. The increase at NW Natural was driven by continued capital expenditures for customer growth, system reinforcement, and technology, as well as leasehold improvement additions at NW Natural's new corporate operations center. The increase was partially offset by lower capital expenditures due to the completion of the North Mist gas storage expansion in May 2019. The increase at NW Holdings was driven by \$55.9 million higher expenditures for acquisitions, net of cash acquired.

NW Natural capital expenditures for 2021 are expected to be in the range of \$280 million to \$320 million and for the five-year period from 2021 to 2025 are expected to range from \$1.0 billion to \$1.2 billion. NW Natural Water is expected to invest approximately \$15 million in 2021 related to maintenance capital expenditures for water and wastewater utilities currently owned or under a purchase and sale agreement, and for the five-year period from 2021 to 2025 capital expenditures are expected to invest approximately \$40 million to \$50 million.

The timing and amount of the core capital expenditures and projects for 2021 and the next five years could change based on regulation, growth, and cost estimates. Additional investments in our infrastructure during and after 2021 that are not incorporated in the estimates provided above will depend largely on additional regulations, growth, and expansion opportunities. Required funds for the investments are expected to be internally generated or financed with long-term debt or equity, as appropriate.

Financing Activities

Financing activity highlights include:

<i>In millions</i>	NW Holdings		
	2020	2019	2018
Cash provided by financing activities	\$ 171.8	\$ 115.5	\$ 57.8
Proceeds from issuances of CP, maturities greater than 90 days	195.0	—	—
Change in short-term debt, net	(39.6)	(68.5)	163.3
Change in long-term debt	75.0	145.0	(47.0)
Proceeds from common stock issued	—	93.0	—
Cash dividend payments on common stock	(55.4)	(53.3)	(51.3)
<i>In millions</i>	NW Natural		
	2020	2019	2018
Cash provided by financing activities	\$ 122.4	\$ 54.9	\$ 69.8
Proceeds from issuances of CP, maturities greater than 90 days	195.0	—	—
Change in short-term debt, net	(88.6)	(92.4)	163.3
Change in long-term debt	75.0	110.0	(47.0)
Cash dividend payments on common stock	(55.4)	(53.4)	(38.4)

2020 COMPARED TO 2019. Cash provided by financing activities increased \$56.3 million and \$67.5 million at NW Holdings and NW Natural, respectively.

The increase in cash provided by financing activities at NW Natural was primarily driven by \$198.8 million of higher borrowings of short-term debt, net, and \$2.0 million of higher cash dividends paid. The increases were partially offset by decreases of \$35.0 million in long-term borrowing and the \$93.2 million in capital contribution from NW Holdings to NW Natural in 2019.

The increase at NW Holdings was primarily due to \$223.9 million higher in short-term borrowing, partially offset by decreases of \$93.0 million in common stock issuance proceeds and \$70.0 million lower repayments of long-term debt.

2019 COMPARED TO 2018. Cash provided by financing activities increased \$57.7 million and decreased \$14.9 million at NW Holdings and NW Natural, respectively.

The decrease in cash provided by financing activities at NW Natural was primarily driven by \$255.7 million in higher repayments of short-term debt compared to 2018 and \$15.0 million higher cash dividends paid. The decrease was partially offset by net issuances of \$110.0 million in long-term debt in 2019 compared to net repayments of \$47.0 million in 2018, as well as a capital contribution from NW Holdings to NW Natural of \$93.0 million.

The increase at NW Holdings was primarily due to proceeds of \$93.0 million from the June 2019 issuance of NW Holdings common stock, the issuance of \$35.0 million of long-term debt at NW Natural Water, and short-term debt issuances of \$24 million at NW Holdings. These increases were partially offset by the debt activity at NW Natural described above.

Pension Cost and Funding Status of Qualified Retirement Plans

NW Natural's pension costs are determined in accordance with accounting standards for compensation and retirement benefits. See "Application of Critical Accounting Policies and Estimates – *Pensions and Postretirement Benefits*" below. Pension expense for NW Natural's qualified defined benefit plan, which is allocated between operations and maintenance expenses, capital expenditures, and through October 31, 2018, the deferred regulatory balancing account, totaled \$18.4 million in 2020, an increase of \$1.9 million from 2019. The fair market value of pension assets in this plan increased to \$373.9 million at December 31, 2020 from \$313.1 million at December 31, 2019. The increase was due to a gain on plan assets of \$54.6 million and \$29.0 million in employer contributions, partially offset by benefit payments of \$22.7 million.

Contributions made to NW Natural's company-sponsored qualified defined benefit pension plan are based on actuarial assumptions and estimates, tax regulations, and funding requirements under federal law. The qualified defined benefit pension plan was underfunded by \$151.2 million at December 31, 2020. NW Natural plans to make contributions during 2021 of \$20.1 million. See Note 10 for further pension disclosures.

Contingent Liabilities

Loss contingencies are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. See "*Application of Critical Accounting Policies and Estimates*" below. At December 31, 2020, NW Natural's total estimated liability related to environmental sites was \$120.5 million. See Note 18 and "Results of Operations—Regulatory Matters—Rate Mechanisms—*Environmental Cost Deferral and Recovery*" above.

NW Holdings is not currently party to any direct claims or litigation, though in the future it may be subject to claims and litigation arising in the ordinary course of business.

New Accounting Pronouncements

For a description of recent accounting pronouncements that may have an impact on our financial condition, results of operations, or cash flows, see Note 2.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing financial statements in accordance with U.S. GAAP, management exercises judgment to assess the potential outcomes and related accounting impacts in the selection and application of accounting principles, including making estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses, and related disclosures in the financial statements. Management considers critical accounting policies to be those which are most important to the representation of financial condition and results of operations and which require management's most difficult and subjective or complex judgments, including accounting estimates that could result in materially different amounts if reported under different conditions or used different assumptions. Our most critical estimates and judgments for both NW Holdings and NW Natural include accounting for:

- regulatory accounting;
- revenue recognition;
- derivative instruments and hedging activities;
- pensions and postretirement benefits;
- income taxes;
- environmental contingencies; and
- impairment of long-lived assets and goodwill.

Management has discussed its current estimates and judgments used in the application of critical accounting policies with the Audit Committees of the Boards of NW Holdings and NW Natural. Within the context of critical accounting policies and estimates, management is not aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Regulatory Accounting

The NGD segment is regulated by the OPUC and WUTC, which establish the rates designed to recover specific costs of providing regulatory services, and, to a certain extent, set forth special accounting treatment for certain regulatory transactions for which NW Natural records regulatory assets and liabilities. In general, the same accounting principles as non-regulated

companies reporting under U.S. GAAP are used. However, authoritative guidance for regulated operations (regulatory accounting) requires different accounting treatment for regulated companies to show the effects of such regulation. For example, NW Natural accounts for the cost of gas using a PGA deferral and cost recovery mechanism, which is submitted for approval annually to the OPUC and WUTC. See "Results of Operations—Regulatory Matters—Rate Mechanisms—*Purchased Gas Adjustment*" above. There are other expenses and revenues that the OPUC or WUTC may require NW Natural to defer for recovery or refund in future periods. Regulatory accounting requires NW Natural to account for these types of deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, NW Natural recognizes the expense or revenue on the income statement at the same time the adjustment to amounts included in rates charged to customers.

The conditions that must be satisfied to adopt the accounting policies and practices of regulatory accounting include:

- an independent regulator sets rates;
- the regulator sets the rates to cover specific costs of delivering service; and
- the service territory lacks competitive pressures to reduce rates below the rates set by the regulator.

Because NW Natural's NGD operations satisfy all three conditions, NW Natural continues to apply regulatory accounting to NGD operations. Future accounting changes, regulatory changes, or changes in the competitive environment could require NW Natural to discontinue the application of regulatory accounting for some or all of our regulated businesses. This would require the write-off of those regulatory assets and liabilities that would no longer be probable of recovery from or refund to customers.

Based on current accounting and regulatory competitive conditions, NW Natural believes it is reasonable to expect continued application of regulatory accounting for NGD activities. Further, it is reasonable to expect the recovery or refund of NW Natural's regulatory assets and liabilities at December 31, 2020 through future customer rates. If it is determined that all or a portion of these regulatory assets or liabilities no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances against earnings in the period such determination is made. The net balance in regulatory asset and liability accounts was a net liability of \$308.5 million and \$285.3 million as of December 31, 2020 and 2019, respectively. See Note 2 for more detail on regulatory balances.

Revenue Recognition

Revenues, which are derived primarily from the sale, transportation, and storage of natural gas, are recognized upon the delivery of gas commodity or services rendered to customers.

Accrued Unbilled Revenue

For a description of the policy regarding accrued unbilled revenue, most of which relates to the NGD business at NW Natural, see Note 2. The following table presents changes in key metrics if the estimated percentage of unbilled volume at December 31 was adjusted up or down by 1%:

<i>In millions</i>	2020	
	Up 1%	Down 1%
Unbilled revenue increase (decrease) ⁽¹⁾	\$ 0.9	\$ (0.9)
Margin increase (decrease) ⁽¹⁾	0.1	(0.1)
Net income before tax increase (decrease) ⁽¹⁾	0.1	(0.1)

⁽¹⁾ Includes impact of regulatory mechanisms including decoupling mechanism and excludes the impact of unbilled revenue from water services.

Derivative Instruments and Hedging Activities

NW Natural's gas acquisition and hedging policies set forth guidelines for using financial derivative instruments to support prudent risk management strategies. These policies specifically prohibit the use of derivatives for trading or speculative purposes. Financial derivative contracts are utilized to hedge a portion of natural gas sale requirements. These contracts include swaps, options, and combinations of option contracts. NW Natural primarily uses these derivative financial instruments to manage commodity price variability. A small portion of NW Natural's derivative hedging strategy involves foreign currency exchange contracts.

Derivative instruments are recorded on the balance sheet at fair value. If certain regulatory conditions are met, then the derivative instrument fair value is recorded together with an offsetting entry to a regulatory asset or liability account pursuant to regulatory accounting, and no unrealized gain or loss is recognized in current income or loss. See "*Regulatory Accounting*" above for additional information. The gain or loss from the fair value of a derivative instrument subject to regulatory deferral is included in the recovery from, or refund to, NGD business customers in future periods. If a derivative contract is not subject to regulatory deferral, then the accounting treatment for unrealized gains and losses is recorded in accordance with accounting standards for derivatives and hedging which is either in current income or loss or in accumulated other comprehensive income or loss (AOCI or AOCL). Derivative contracts outstanding at December 31, 2020, 2019 and 2018 were measured at fair value using models or other market accepted valuation methodologies derived from observable market data. Estimates of fair value may change significantly from period-to-period depending on market conditions, notional amounts, and prices. These changes may have an impact on results of operations, but the impact would largely be mitigated due to the majority of derivative activities

being subject to regulatory deferral treatment. For more information on derivative activity and associated regulatory treatment, see Note 2 and Note 16.

The following table summarizes the amount of gains realized from commodity price transactions for the last three years:

<i>In millions</i>	2020	2019	2018
NGD business net gain on:			
Commodity Swaps	\$ 2.3	\$ 17.9	\$ 7.4

Realized gains and losses from commodity hedges shown above were recorded in cost of gas and were, or will be, included in annual PGA rates.

Pensions and Postretirement Benefits

NW Natural maintains a qualified non-contributory defined benefit pension plan, non-qualified supplemental pension plans for eligible executive officers and certain key employees, and other postretirement employee benefit plans covering certain non-union employees. NW Natural also has a qualified defined contribution plan (Retirement K Savings Plan) for all eligible employees. Only the qualified defined benefit pension plan and Retirement K Savings Plan have plan assets, which are held in qualified trusts to fund the respective retirement benefits. The qualified defined benefit retirement plan for union and non-union employees was closed to new participants several years ago. Non-union and union employees hired or re-hired after December 31, 2006 and 2009, respectively, and employees of certain NW Holdings subsidiaries are provided an enhanced Retirement K Savings Plan benefit. The postretirement Welfare Benefit Plan for non-union employees was also closed to new participants several years ago.

Net periodic pension and postretirement benefit costs (retirement benefit costs) and projected benefit obligations (benefit obligations) are determined using a number of key assumptions including discount rates, rate of compensation increases, retirement ages, mortality rates and an expected long-term return on plan assets. See Note 10.

Accounting standards also require balance sheet recognition of unamortized actuarial gains and losses and prior service costs in AOCI or AOCL, net of tax. However, the retirement benefit costs related to qualified defined benefit pension and postretirement benefit plans are generally recovered in rates charged to NGD customers, which are set based on accounting standards for pensions and postretirement benefit expenses. As such, NW Natural received approval from the OPUC to recognize the unamortized actuarial gains and losses and prior service costs as a regulatory asset or regulatory liability based on expected rate recovery, rather than including it as AOCI or AOCL under common equity. See "*Regulatory Accounting*" above and Note 2, "*Industry Regulation*".

In 2011, NW Natural received regulatory approval from the OPUC and began deferring a portion of pension expense above or below the amount set in rates to a regulatory balancing account on the balance sheet. As part of general rate case proceedings, on October 26, 2018, the OPUC issued an order to freeze NW Natural's pension balancing account as of October 31, 2018. In March 2019, the OPUC issued an order resolving the remaining open items for NW Natural's 2018 Oregon general rate case regarding recovery of the pension balancing account. At December 31, 2020, the cumulative amount deferred for future pension cost recovery was \$50.5 million, including accrued interest. The regulatory balancing account includes the recognition of accrued interest on the account balance at NW Natural's authorized rate of return from 2011 through October 31, 2018, and at 4.3% thereafter. See "*Regulatory Matters - Rate Mechanisms - Pension Cost Deferral and Pension Balancing Account*" above for more information.

A number of factors, as discussed above, are considered in developing pension and postretirement benefit assumptions. For the December 31, 2020 measurement date, NW Natural reviewed and updated:

- the weighted-average discount rate assumptions for pensions decreased from 3.16% for 2019 to 2.36% for 2020, and our weighted-average discount rate assumptions for other postretirement benefits decreased from 3.11% for 2019 to 2.34% for 2020. The new rate assumptions were determined for each plan based on a matching of benchmark interest rates to the estimated cash flows, which reflect the timing and amount of future benefit payments. Benchmark interest rates are drawn from the FTSE Above Median Curve, which consists of high quality bonds rated AA- or higher by S&P or Aa3 or higher by Moody's;
- the expected annual rate of future compensation increases for bargaining unit employees, which remained consistent with 2019, of 6.50% in 2020 and 3.50% thereafter. The rate for 2020 reflects a new collective bargaining agreement that took effect December 1, 2019. The expected annual rate of future compensation was 3.50% for non-bargaining employees;
- the expected long-term return on qualified defined benefit plan assets remains unchanged at 7.25%;
- the mortality rate assumptions were updated from Pri-2012 mortality tables using scale MP-2019 to Pri-2012 mortality tables using scale MP-2020, which partially offset increases of the projected benefit obligation; and
- other key assumptions, which were based on actual plan experience and actuarial recommendations.

At December 31, 2020, the net pension liability (benefit obligations less market value of plan assets) for NW Natural's qualified defined benefit plan decreased \$13.1 million compared to 2019. The decrease in the net pension liability is primarily due to the

\$60.9 million increase in plan assets, partially offset by the \$47.8 million increase to the pension benefit obligation. The liability for non-qualified plans increased \$2.7 million, and the liability for other postretirement benefits decreased \$0.5 million in 2020.

The expected long-term rate of return on plan assets is determined by averaging the expected earnings for the target asset portfolio. In developing expected return, historical actual performance and long-term return projections are analyzed, which gives consideration to the current asset mix and target asset allocation.

NW Natural believes its pension assumptions are appropriate based on plan design and an assessment of market conditions. The following shows the sensitivity of retirement benefit costs and benefit obligations to changes in certain actuarial assumptions:

<i>Dollars in millions</i>	Change in Assumption	Impact on 2020 Retirement Benefit Costs	Impact on Retirement Benefit Obligations at Dec. 31, 2020
Discount rate:	(0.25)%		
Qualified defined benefit plans		\$ 1.5	\$ 18.4
Non-qualified plans		—	1.0
Other postretirement benefits		0.1	0.9
Expected long-term return on plan assets:	(0.25)%		
Qualified defined benefit plans		0.8	N/A

In July 2012, President Obama signed MAP-21 into law. This legislation changed several provisions affecting pension plans, including temporary funding relief and Pension Benefit Guaranty Corporation (PBGC) premium increases, which shifts the level of minimum required contributions from the short-term to the long-term as well as increasing the operational costs of running a pension plan. MAP-21 established a new minimum and maximum corridor for segment rates based on a 25-year average of bond yields, which resulted in lower minimum contributions requirements than those under previous regulations. MAP-21, as amended, provides for the current corridor to be in effect through 2020 and subsequently broaden on an annual basis from 2021 through 2024.

Income Taxes

Valuation Allowances

Deferred tax assets are recognized to the extent that these assets are believed to be more likely than not to be realized. In making such a determination, available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. NW Holdings and NW Natural have determined that all recorded deferred tax assets are more likely than not to be realized as of December 31, 2020. See Note 11.

Uncertain Tax Benefits

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in the jurisdictions in which we operate. A tax benefit from a material uncertain tax position will only be recognized when it is more likely than not that the position, or some portion thereof, will be sustained upon examination, including resolution of any related appeals or litigation processes, on the basis of the technical merits. NW Holdings and NW Natural participate in the Compliance Assurance Process (CAP) with the Internal Revenue Service (IRS). Under the CAP program companies work with the IRS to identify and resolve material tax matters before the federal income tax return is filed each year. No reserves for uncertain tax benefits were recorded during 2020, 2019, or 2018. See Note 11.

Tax Legislation

When significant proposed or enacted changes in income tax rules occur we consider whether there may be a material impact to our financial position, results of operations, cash flows, or whether the changes could materially affect existing assumptions used in making estimates of tax related balances.

On December 22, 2017, H.R.1 - An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, also known as the Tax Cuts and Jobs Act (TCJA), was enacted. The TCJA lowered the U.S. federal corporate income tax rate to 21% from the existing maximum rate of 35%, effective for our tax year beginning January 1, 2018. The TCJA includes specific provisions related to regulated public utilities that generally provide for the continued deductibility of interest expense and the elimination of bonus depreciation. Certain rate normalization requirements for accelerated cost recovery benefits related to regulated plant balances also continue. See Note 11 for more information on how we are impacted by the TCJA.

With respect to other tax legislation, the final tangible property regulations applicable to all taxpayers were issued on September 13, 2013 and were generally effective for taxable years beginning on or after January 1, 2014. In addition, procedural guidance related to the regulations was issued under which taxpayers may make accounting method changes to comply with the

regulations. We have evaluated the regulations and do not anticipate any material impact. However, unit-of-property guidance applicable to natural gas distribution networks has not yet been issued and is expected in the near future. We will further evaluate the effect of these regulations after this guidance is issued, but believe the current method is materially consistent with the new regulations and do not expect this additional guidance to have a material effect on our financial statements.

Regulatory Matters

Regulatory tax assets and liabilities are recorded to the extent it is probable they will be recoverable from, or refunded to, customers in the future. At December 31, 2020 and 2019, NW Natural had net regulatory income tax assets of \$14.6 million and \$16.9 million, respectively, representing future rate recovery of deferred tax liabilities resulting from differences in NGD plant financial statement and tax bases and NGD plant removal costs. These regulatory assets are currently being recovered through customer rates. At December 31, 2020 and 2019, regulatory income tax assets of \$2.5 million and \$2.5 million, respectively, were recorded by NW Natural, representing probable future rate recovery of deferred tax liabilities resulting from the equity portion of AFUDC. At December 31, 2020, a regulatory income tax asset of \$1.7 million was recorded by NW Natural, representing future recovery of Oregon Corporate Activity Tax that was deferred between January 1, 2020 and October 31, 2020.

At December 31, 2020 and 2019, regulatory liability balances, representing the estimated net benefit to NGD customers resulting from the change in deferred taxes as a result of the TCJA, of \$197.8 million and \$205.0 million, respectively, were recorded by NW Natural. These balances include a gross up for income taxes of \$52.4 million and \$54.3 million, respectively.

The TCJA includes specific guidance for determining the shortest time period over which the portion of this regulatory liability resulting from accelerated cost recovery of NGD plant may accrue to the benefit of customers to avoid incurring federal normalization penalties. However, it is anticipated that until such time that customers receive the direct benefit of this regulatory liability, the balance, net of the additional gross up for income taxes, will continue to provide an indirect benefit to customers by reducing the NGD rate base which determines customer rates for service. Regulatory orders were issued by Oregon in March 2019 and by Washington in October 2019 addressing the provision of these TCJA tax benefits to customers. See "Regulatory Matters-Regulatory Proceeding Updates-Tax Reform Deferral" for more information.

NGD rates in effect for Oregon through October 31, 2018 and for Washington through October 31, 2019 included an allowance to provide for the recovery of the anticipated provision for income taxes incurred as a result of providing regulated services. The provision for income taxes during these periods included an allowance for federal income taxes determined by utilizing the pre-TCJA federal corporate income tax rate of 35 percent. NW Natural recorded an additional regulatory liability in 2018 and 2019 reflecting the deferral of estimated rate benefit for customers due to the newly enacted 21 percent federal corporate income tax rate. At December 31, 2019, a regulatory liability of \$1.7 million was recorded to reflect this estimated revenue deferral. The liability has been completely amortized to customers' benefit as of December 31, 2020.

Environmental Contingencies

Environmental liabilities are accounted for in accordance with accounting standards under the loss contingency guidance when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Amounts recorded for environmental contingencies take numerous factors into consideration, including, among other variables, changes in enacted laws, regulatory orders, estimated remediation costs, interest rates, insurance proceeds, participation by other parties, timing of payments, and the input of legal counsel and third-party experts. Accordingly, changes in any of these variables or other factual circumstances could have a material impact on the amounts recorded for our environmental liabilities. For a complete discussion of environmental accounting policies refer to Note 2. For a discussion of current environmental sites and liabilities refer to Note 18. In addition, for information regarding the regulatory treatment of these costs and NW Natural's regulatory recovery mechanism, see "Results of Operations—Regulatory Matters—Rate Mechanisms—*Environmental Cost Deferral and Recovery*" above.

Impairment of Long-Lived Assets and Goodwill

Long-Lived Assets

We review the carrying value of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment of long-lived assets include a significant adverse change in the extent or manner in which the asset is used, a significant adverse change in legal factors or business climate that could affect the value of the asset, or a significant decline in the observable market value or expected future cash flows of the asset, among others.

When such factors are present, we assess the recoverability by determining whether the carrying value of the asset will be recovered through expected future cash flows. An asset is determined to be impaired when the carrying value of the asset exceeds the expected undiscounted future cash flows from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss for the difference between the carrying value and the fair value of the long-lived assets. Fair value is estimated using appropriate valuation methodologies, which may include an estimate of discounted cash flows.

Goodwill and Business Combinations

In a business combination, goodwill is initially measured as any excess of the acquisition-date fair value of the consideration transferred over the acquisition-date fair value of the net identifiable assets acquired.

The carrying value of goodwill is reviewed annually during the fourth quarter using balances as of October 1, or whenever events or changes in circumstance indicate that such carrying values may not be recoverable.

NW Holdings' policy for goodwill assessments begins with a qualitative analysis in which events and circumstances are evaluated, including macroeconomic conditions, industry and market conditions, regulatory environments, and the overall financial performance of the reporting unit. If the qualitative assessment indicates that the carrying value may be at risk of recoverability, a quantitative evaluation is performed to measure the carrying value against the fair value of the reporting unit. This evaluation may involve the assessment of future cash flows and other subjective factors for which uncertainty exists and could impact the estimation of future cash flows. These factors include, but are not limited to, the amount and timing of future cash flows, future growth rates, and the discount rate. Unforeseen events and changes in circumstances or market conditions could adversely affect these estimates, which could result in an impairment charge. A qualitative assessment was performed during the fourth quarter of 2020 which indicated a quantitative assessment was not required; thus, no goodwill impairment was recorded. See Note 2 and Note 15 for additional information.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the fair value of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred. When NW Natural acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. When there is substantial judgment or uncertainty around the fair value of acquired assets, we may engage a third party expert to assist in determining the fair values of certain assets or liabilities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NW Holdings and NW Natural are exposed to various forms of market risk including commodity supply risk, commodity price risk, interest rate risk, foreign currency risk, credit risk and weather risk. The following describes NW Holdings' and NW Natural's exposure to these risks, as applicable.

Commodity Supply Risk

NW Natural enters into spot, short-term, and long-term natural gas supply contracts, along with associated pipeline transportation contracts, to manage commodity supply risk. Historically, NW Natural has arranged for physical delivery of an adequate supply of gas, including gas in Mist storage and off-system storage facilities, to meet expected requirements of core NGD customers. NW Natural's long-term gas supply contracts are primarily index-based and subject to monthly re-pricing, a strategy that is intended to substantially mitigate credit exposure to physical gas counterparties. Absolute notional amounts under physical gas contracts related to open positions on derivative instruments were 458 million therms and 513 million therms as of December 31, 2020 and 2019, respectively.

Commodity Price Risk

Natural gas commodity prices are subject to market fluctuations due to unpredictable factors including weather, pipeline transportation congestion, drilling technologies, market speculation, and other factors that affect supply and demand. Commodity price risk is managed with financial swaps and physical gas reserves from a long-term investment in working interests in gas leases operated by Jonah Energy. These financial hedge contracts and gas reserves volumes are generally included in NW Natural's annual PGA filing for recovery, subject to a regulatory prudence review. Notional amounts under financial derivative contracts were \$168.5 million and \$123.3 million as of December 31, 2020 and 2019, respectively. The fair value of financial swaps, based on market prices at December 31, 2020, was an unrealized gain of \$12.8 million, which would result in cash inflows of \$1.3 million in 2021 and \$12.5 million in 2022, and cash outflows of \$1.0 million in 2023.

Interest Rate Risk

NW Holdings and NW Natural are exposed to interest rate risk primarily associated with new debt financing needed to fund capital requirements, including future contractual obligations and maturities of long-term and short-term debt. Interest rate risk is primarily managed through the issuance of fixed-rate debt with varying maturities. NW Holdings and NW Natural may also enter into financial derivative instruments, including interest rate swaps, options and other hedging instruments, to manage and mitigate interest rate exposure. NW Holdings and NW Natural did not have any interest rate swaps outstanding as of December 31, 2020 or 2019.

Foreign Currency Risk

The costs of certain pipeline and off-system storage services purchased from Canadian suppliers are subject to changes in the value of the Canadian currency in relation to the U.S. currency. Foreign currency forward contracts are used to hedge against fluctuations in exchange rates for NW Natural's commodity-related demand and reservation charges paid in Canadian dollars. Notional amounts under foreign currency forward contracts were \$5.9 million and \$6.7 million as of December 31, 2020 and 2019, respectively. If all of the foreign currency forward contracts had been settled on December 31, 2020, a gain of \$0.3 million would have been realized. See Note 16.

Credit Risk

Credit Exposure to Natural Gas Suppliers

Certain gas suppliers have either relatively low credit ratings or are not rated by major credit rating agencies. To manage this supply risk, NW Natural purchases gas from a number of different suppliers at liquid exchange points. NW Natural evaluates and monitors suppliers' creditworthiness and maintains the ability to require additional financial assurances, including deposits, letters of credit, or surety bonds, in case a supplier defaults. In the event of a supplier's failure to deliver contracted volumes of gas, the NGD business would need to replace those volumes at prevailing market prices, which may be higher or lower than the original transaction prices. NW Natural expects these costs would be subject to its PGA sharing mechanism discussed above. Since most of NW Natural's commodity supply contracts are priced at the daily or monthly market index price tied to liquid exchange points, and NW Natural has adequate storage flexibility, NW Natural believes it is unlikely a supplier default would have a material adverse effect on its financial condition or results of operations.

Credit Exposure to Financial Derivative Counterparties

Based on estimated fair value at December 31, 2020, NW Natural's overall credit exposure relating to commodity contracts is considered immaterial as it reflects amounts owed to financial derivative counterparties (see table below). However, changes in natural gas prices could result in counterparties owing NW Natural money. Therefore, NW Natural's financial derivatives policy requires counterparties to have at least an investment-grade credit rating at the time the derivative instrument is entered into and specific limits on the contract amount and duration based on each counterparty's credit rating. NW Natural actively monitors and manages derivative credit exposure and places counterparties on hold for trading purposes or requires cash collateral, letters of credit, or guarantees as circumstances warrant.

The following table summarizes NW Natural's overall financial swap and option credit exposure, based on estimated fair value, and the corresponding counterparty credit ratings. The table uses credit ratings from S&P and Moody's, reflecting the higher of the S&P or Moody's rating or a middle rating if the entity is split-rated with more than one rating level difference:

<i>In millions</i>	Financial Derivative Position by Credit Rating Unrealized Fair Value Gain (Loss)	
	2020	2019
AA/Aa	\$ 11.2	\$ 4.0
A/A	1.6	1.6
Total	<u>\$ 12.8</u>	<u>\$ 5.6</u>

In most cases, NW Natural also mitigates the credit risk of financial derivatives by having master netting arrangements with counterparties which provide for making or receiving net cash settlements. Generally, transactions of the same type in the same currency that have settlement on the same day with a single counterparty are netted and a single payment is delivered or received depending on which party is due funds.

Additionally, NW Natural has master contracts in place with each derivative counterparty, most of which include provisions for posting or calling for collateral. Generally, NW Natural can obtain cash or marketable securities as collateral with one day's notice. Various collateral management strategies are used to reduce liquidity risk. The collateral provisions vary by counterparty but are not expected to result in the significant posting of collateral, if any. NW Natural has performed stress tests on the portfolio and concluded the liquidity risk from collateral calls is not material. Derivative credit exposure is primarily with investment grade counterparties rated AA-/Aa3 or higher. Contracts are diversified across counterparties, business types and countries to reduce credit and liquidity risk.

At December 31, 2020, financial derivative credit risk on a volumetric basis was geographically concentrated 43% in the United States and 57% in Canada, based on counterparties' location. At December 31, 2019, financial derivative credit risk on a volumetric basis was geographically concentrated 38% in the United States and 62% in Canada with our counterparties.

Credit Exposure to Insurance Companies

Credit exposure to insurance companies for loss or damage claims could be material. NW Holdings and NW Natural regularly monitor the financial condition of insurance companies who provide general liability insurance policy coverage to NW Holdings, NW Natural, their predecessors, and their subsidiaries.

Weather Risk

NW Natural has a weather normalization mechanism in Oregon; however, it is exposed to weather risk primarily from NGD business operations. A large percentage of NGD margin is volume driven, and current rates are based on an assumption of average weather. NW Natural's weather normalization mechanism in Oregon is for residential and commercial customers, which is intended to stabilize the recovery of NGD business fixed costs and reduce fluctuations in customers' bills due to colder or warmer than average weather. Customers in Oregon are allowed to opt out of the weather normalization mechanism. As of December 31, 2020, approximately 8% of Oregon customers had opted out. In addition to the Oregon customers opting out, Washington residential and commercial customers account for approximately 12% of our total customer base and are not covered by weather normalization. The combination of Oregon and Washington customers not covered by a weather normalization mechanism is 18% of all residential and commercial customers. See "Results of Operations—Regulatory Matters—Rate Mechanisms—WARM" above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

	<u>Page</u>
1. Management's Reports on Internal Control Over Financial Reporting	75
2. Reports of Independent Registered Public Accounting Firm	77
3. Consolidated Financial Statements:	
Consolidated Statements of Comprehensive Income (Loss) of Northwest Natural Holding Company for the Years Ended December 31, 2020, 2019, and 2018	81
Consolidated Balance Sheets of Northwest Natural Holding Company at December 31, 2020 and 2019	82
Consolidated Statements of Shareholders' Equity of Northwest Natural Holding Company for the Years Ended December 31, 2020, 2019, and 2018	84
Consolidated Statements of Cash Flows of Northwest Natural Holding Company for the Years Ended December 31, 2020, 2019, and 2018	85
Consolidated Statements of Comprehensive Income (Loss) of Northwest Natural Gas Company for the Years Ended December 31, 2020, 2019, and 2018	87
Consolidated Balance Sheets of Northwest Natural Gas Company at December 31, 2020 and 2019	88
Consolidated Statements of Shareholder's Equity of Northwest Natural Gas Company for the Years Ended December 31, 2020, 2019, and 2018	90
Consolidated Statements of Cash Flows of Northwest Natural Gas Company for the Years Ended December 31, 2020, 2019, and 2018	91
Notes to Consolidated Financial Statements	92
4. Supplementary Data for the Years Ended December 31, 2020, 2019, and 2018:	
Financial Statement Schedules	
Schedule I - Condensed Financial Information of Northwest Natural Holding Company at December 31, 2020 and 2019, and for the Years Ended December 31, 2020, 2019, and 2018	137
Schedule II – Valuation and Qualifying Accounts and Reserves of Northwest Natural Holding Company and Northwest Natural Gas Company for the Years Ended December 31, 2020, 2019, and 2018	141

Supplemental Schedules Omitted

All other schedules are omitted because of the absence of the conditions under which they are required or because the required information is included elsewhere in the financial statements.

NW HOLDINGS MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NW Holdings management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. NW Holdings' internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). NW Holdings' internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions involving company assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the NW Holdings Board of Directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of NW Holdings' assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NW Holdings management assessed the effectiveness of NW Holdings' internal control over financial reporting as of December 31, 2020. In making this assessment, NW Holdings management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on NW Holdings management's assessment and those criteria, NW Holdings management has concluded that it maintained effective internal control over financial reporting as of December 31, 2020.

The effectiveness of internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this annual report.

/s/ David H. Anderson

David H. Anderson
President and Chief Executive Officer

/s/ Frank H. Burkhartsmeier

Frank H. Burkhartsmeier
Senior Vice President and Chief Financial Officer

February 26, 2021

NW NATURAL MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NW Natural management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. NW Natural's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). NW Natural's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions involving company assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the NW Natural Board of Directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of NW Natural's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NW Natural management assessed the effectiveness of NW Natural's internal control over financial reporting as of December 31, 2020. In making this assessment, NW Natural management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on NW Natural management's assessment and those criteria, NW Natural management has concluded that it maintained effective internal control over financial reporting as of December 31, 2020.

/s/ David H. Anderson

David H. Anderson
President and Chief Executive Officer

/s/ Frank H. Burkhartsmeier

Frank H. Burkhartsmeier
Senior Vice President and Chief Financial Officer

February 26, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Northwest Natural Holding Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Northwest Natural Holding Company and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 2 to the consolidated financial statements, there were \$380.7 million of regulatory assets and \$690.0 million of regulatory liabilities as of December 31, 2020. As disclosed by management, the Company has operations that are subject to the actions of regulators which establish rates in general rate cases and other proceedings which are designed to recover specific costs of providing regulatory services for which management records regulatory assets and liabilities. Regulatory accounting requires management to account for deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, management recognizes the expense or revenue on the income statement at the same time the adjustment to amounts is included in rates charged to customers.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter are the significant judgment by management in assessing the potential outcomes and related accounting impacts of rate cases and other proceedings. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the recovery of regulatory assets and the settlement of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of rate cases and other proceedings, including the probability of recovery of regulatory assets and the settlement of regulatory liabilities and related accounting and disclosure impacts. These procedures also included, among others (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets and settlement of regulatory liabilities, (ii) evaluating the sufficiency of the disclosures in the consolidated financial statements, and (iii) testing the regulatory assets and liabilities, including those subject to regulatory proceedings, also involved considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Portland, Oregon

February 26, 2021

We have served as the Company's auditor since 1997.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of Northwest Natural Gas Company:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Northwest Natural Gas Company and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income (loss), shareholder's equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 2 to the consolidated financial statements, there were \$380.6 million of regulatory assets and \$689.2 million of regulatory liabilities as of December 31, 2020. As disclosed by management, the Company has operations that are subject to the actions of regulators which establish rates in general rate cases and other proceedings which are designed to recover specific costs of providing regulatory services for which management records regulatory assets and liabilities. Regulatory accounting requires management to account for deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, management recognizes the expense or revenue on the income statement at the same time the adjustment to amounts is included in rates charged to customers.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter are the significant judgment by management in assessing the potential outcomes and related accounting impacts of rate cases and other proceedings. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the recovery of regulatory assets and the settlement of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of rate cases and other proceedings, including the probability of recovery of regulatory assets and the settlement of regulatory liabilities and related accounting and disclosure impacts. These procedures also included, among others (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets

and settlement of regulatory liabilities, (ii) evaluating the sufficiency of the disclosures in the consolidated financial statements, and (iii) testing the regulatory assets and liabilities, including those subject to regulatory proceedings, also involved considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 26, 2021

We have served as the Company's auditor since 1997.

NORTHWEST NATURAL HOLDING COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>In thousands, except per share data</i>	Year Ended December 31,		
	2020	2019	2018
Operating revenues	\$ 773,679	\$ 746,372	\$ 706,143
Operating expenses:			
Cost of gas	262,755	254,911	255,519
Operations and maintenance	180,129	178,191	156,698
Environmental remediation	9,691	12,337	11,127
General taxes	35,078	32,388	32,172
Revenue taxes	30,291	30,325	30,082
Depreciation and amortization	103,683	91,496	85,156
Other operating expenses	3,701	3,250	3,227
Total operating expenses	625,328	602,898	573,981
Income from operations	148,351	143,474	132,162
Other income (expense), net	(13,944)	(22,836)	(3,601)
Interest expense, net	43,052	42,685	37,059
Income before income taxes	91,355	77,953	91,502
Income tax expense	21,082	12,642	24,191
Net income from continuing operations	70,273	65,311	67,311
Income (loss) from discontinued operations, net of tax	6,508	(3,576)	(2,742)
Net income	76,781	61,735	64,569
Other comprehensive income (loss):			
Change in employee benefit plan liability, net of taxes of \$1,025 for 2020, \$956 for 2019, and \$(166) for 2018	(2,848)	(2,655)	476
Amortization of non-qualified employee benefit plan liability, net of taxes of \$(244) for 2020, \$(172) for 2019, and \$(278) for 2018	679	476	774
Comprehensive income	\$ 74,612	\$ 59,556	\$ 65,819
Average common shares outstanding:			
Basic	30,541	29,786	28,803
Diluted	30,599	29,859	28,873
Earnings from continuing operations per share of common stock:			
Basic	\$ 2.30	\$ 2.19	\$ 2.34
Diluted	2.30	2.19	2.33
Earnings (loss) from discontinued operations per share of common stock:			
Basic	\$ 0.21	\$ (0.12)	\$ (0.10)
Diluted	0.21	(0.12)	(0.09)
Earnings per share of common stock:			
Basic	\$ 2.51	\$ 2.07	\$ 2.24
Diluted	2.51	2.07	2.24

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	\$ 30,168	\$ 9,648
Accounts receivable	88,083	67,137
Accrued unbilled revenue	57,949	56,192
Allowance for uncollectible accounts	(3,219)	(673)
Regulatory assets	31,745	41,929
Derivative instruments	13,678	6,802
Inventories	42,691	43,985
Gas reserves	11,409	15,278
Income taxes receivable	6,000	256
Other current assets	44,741	38,004
Discontinued operations - current assets	—	15,134
Total current assets	323,245	293,692
Non-current assets:		
Property, plant, and equipment	3,734,039	3,476,746
Less: Accumulated depreciation	1,079,269	1,037,847
Total property, plant, and equipment, net	2,654,770	2,438,899
Gas reserves	34,484	48,394
Regulatory assets	348,927	343,146
Derivative instruments	6,135	3,337
Other investments	49,259	63,333
Operating lease right of use asset	77,446	2,950
Assets under sales-type leases	143,759	146,310
Goodwill	69,225	49,929
Other non-current assets	49,129	38,464
Total non-current assets	3,433,134	3,134,762
Total assets	\$ 3,756,379	\$ 3,428,454

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2020	2019
Liabilities and equity:		
Current liabilities:		
Short-term debt	\$ 304,525	\$ 149,100
Current maturities of long-term debt	95,344	75,109
Accounts payable	97,966	113,370
Taxes accrued	13,812	11,971
Interest accrued	7,441	7,451
Regulatory liabilities	50,362	44,657
Derivative instruments	4,198	2,000
Operating lease liabilities	1,105	2,101
Other current liabilities	52,330	62,705
Discontinued operations - current liabilities	—	13,709
Total current liabilities	627,083	482,173
Long-term debt	860,081	805,955
Deferred credits and other non-current liabilities:		
Deferred tax liabilities	319,292	295,643
Regulatory liabilities	639,663	625,717
Pension and other postretirement benefit liabilities	217,287	228,129
Derivative instruments	2,852	609
Operating lease liabilities	80,621	841
Other non-current liabilities	120,767	123,388
Total deferred credits and other non-current liabilities	1,380,482	1,274,327
Commitments and contingencies (see Note 17 and Note 18)		
Equity:		
Common stock - no par value; authorized 100,000 shares; issued and outstanding 30,589 and 30,472 at December 31, 2020 and 2019, respectively	565,112	558,282
Retained earnings	336,523	318,450
Accumulated other comprehensive loss	(12,902)	(10,733)
Total equity	888,733	865,999
Total liabilities and equity	\$ 3,756,379	\$ 3,428,454

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>In thousands</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2017	\$ 448,865	\$ 302,349	\$ (8,438)	\$ 742,776
Comprehensive income	—	64,569	1,250	65,819
Dividends on common stock, \$1.89 per share	—	(54,736)	—	(54,736)
Stock-based compensation	3,020	—	—	3,020
Shares issued pursuant to equity based plans	5,175	—	—	5,175
Cash purchase of shares for business combination	(7,945)	—	—	(7,945)
Value of shares transferred for business combination	8,525	—	—	8,525
Balance at December 31, 2018	457,640	312,182	(7,188)	762,634
Comprehensive income (loss)	—	61,735	(2,179)	59,556
Dividends on common stock, \$1.90 per share	—	(56,833)	—	(56,833)
Stock-based compensation	2,601	—	—	2,601
Shares issued pursuant to equity based plans	5,085	—	—	5,085
Issuance of common stock, net of issuance costs	92,956	—	—	92,956
Reclassification of tax effects from the TCJA	—	1,366	(1,366)	—
Balance at December 31, 2019	558,282	318,450	(10,733)	865,999
Comprehensive income (loss)	—	76,781	(2,169)	74,612
Dividends on common stock, \$1.91 per share	—	(58,708)	—	(58,708)
Stock-based compensation	4,361	—	—	4,361
Shares issued pursuant to equity based plans	2,469	—	—	2,469
Balance at December 31, 2020	<u>\$ 565,112</u>	<u>\$ 336,523</u>	<u>\$ (12,902)</u>	<u>\$ 888,733</u>

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands</i>	Year Ended December 31,		
	2020	2019	2018
Operating activities:			
Net income	\$ 76,781	\$ 61,735	\$ 64,569
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization	103,683	91,496	85,156
Regulatory amortization of gas reserves	17,779	19,172	16,684
Deferred income taxes	18,667	6,317	14,356
Qualified defined benefit pension plan expense	18,370	16,497	8,108
Contributions to qualified defined benefit pension plans	(28,980)	(10,970)	(15,540)
Deferred environmental expenditures, net	(27,871)	(16,226)	(14,528)
Environmental remediation expense	9,691	12,337	11,127
Regulatory revenue deferral from the TCJA	—	853	7,929
Regulatory disallowance of pension costs	—	10,500	—
Gain on sale of discontinued operations, net of tax	(5,902)	—	—
Other	(6,942)	13,907	1,596
Changes in assets and liabilities:			
Receivables, net	(16,799)	5,844	181
Inventories	1,262	(5,969)	3,207
Income and other taxes	(10,710)	4,528	(16,904)
Accounts payable	(15,910)	(16,485)	16,792
Deferred gas costs	17,590	(23,471)	(14,395)
Decoupling mechanism	2,884	18,661	4,497
Other, net	(12,467)	(4,140)	(3,419)
Discontinued operations	1,894	712	(645)
Cash provided by operating activities	143,020	185,298	168,771
Investing activities:			
Capital expenditures	(273,016)	(223,471)	(214,636)
Acquisitions, net of cash acquired	(38,263)	(56,786)	(873)
Leasehold improvement expenditures	(7,878)	(18,812)	(4,415)
Proceeds from the sale of assets	8,149	659	477
Proceeds from sale of equity method investment	7,000	—	—
Proceeds from sale of discontinued operations	12,500	—	—
Other	1,654	(3,544)	1,421
Discontinued operations	(4,423)	(1,827)	573
Cash used in investing activities	(294,277)	(303,781)	(217,453)

NORTHWEST NATURAL HOLDING COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2020	2019	2018
Financing activities:			
Proceeds from stock options exercised	68	2,015	1,546
Proceeds from common stock issued	—	92,956	—
Long-term debt issued	150,000	175,000	50,000
Long-term debt retired	(75,000)	(30,000)	(97,000)
Proceeds from term loan due within one year	150,000	—	—
Repayment of term loan	(150,000)	—	—
Proceeds from issuances of commercial paper, maturities greater than 90 days	195,025	—	—
Changes in other short-term debt, net	(39,600)	(68,520)	163,274
Cash dividend payments on common stock	(55,420)	(53,339)	(51,311)
Stock purchases related to acquisitions	—	—	(7,951)
Other	(3,296)	(2,614)	(715)
Cash provided by financing activities	<u>171,777</u>	<u>115,498</u>	<u>57,843</u>
Increase (decrease) in cash and cash equivalents	20,520	(2,985)	9,161
Cash and cash equivalents, beginning of period	9,648	12,633	3,472
Cash and cash equivalents, end of period	<u>\$ 30,168</u>	<u>\$ 9,648</u>	<u>\$ 12,633</u>
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalization	\$ 42,651	\$ 41,231	\$ 35,324
Income taxes paid (refunded)	13,644	(96)	27,370

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>In thousands</i>	Year Ended December 31,		
	2020	2019	2018
Operating revenues	\$ 758,748	\$ 739,944	\$ 705,571
Operating expenses:			
Cost of gas	262,980	255,135	255,743
Operations and maintenance	168,869	169,091	155,225
Environmental remediation	9,691	12,337	11,127
General taxes	34,459	32,075	32,086
Revenue taxes	30,291	30,325	30,082
Depreciation and amortization	101,586	90,405	84,986
Other operating expenses	3,232	3,230	3,223
Total operating expenses	611,108	592,598	572,472
Income from operations	147,640	147,346	133,099
Other income (expense), net	(15,116)	(22,968)	(3,599)
Interest expense, net	40,866	41,339	36,992
Income before income taxes	91,658	83,039	92,508
Income tax expense	21,095	14,065	24,459
Net income from continuing operations	70,563	68,974	68,049
Loss from discontinued operations, net of tax	—	—	(1,723)
Net income	70,563	68,974	66,326
Other comprehensive income (loss):			
Change in employee benefit plan liability, net of taxes of \$1,025 for 2020, \$956 for 2019, and \$(166) for 2018	(2,848)	(2,655)	476
Amortization of non-qualified employee benefit plan liability, net of taxes of \$(244) for 2020, \$(172) for 2019, and \$(278) for 2018	679	476	774
Comprehensive income	\$ 68,394	\$ 66,795	\$ 67,576

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	\$ 10,453	\$ 5,919
Accounts receivable	80,035	66,823
Accrued unbilled revenue	57,890	56,139
Receivables from affiliates	660	787
Allowance for uncollectible accounts	(3,107)	(672)
Regulatory assets	31,745	41,929
Derivative instruments	13,678	6,802
Inventories	42,325	43,896
Gas reserves	11,409	15,278
Other current assets	37,909	33,258
Total current assets	282,997	270,159
Non-current assets:		
Property, plant, and equipment	3,683,776	3,456,075
Less: Accumulated depreciation	1,075,446	1,036,593
Total property, plant, and equipment, net	2,608,330	2,419,482
Gas reserves	34,484	48,394
Regulatory assets	348,887	343,146
Derivative instruments	6,135	3,337
Other investments	49,242	49,837
Operating lease right of use asset	77,328	2,760
Assets under sales-type leases	143,759	146,310
Other non-current assets	48,174	38,062
Total non-current assets	3,316,339	3,051,328
Total assets	\$ 3,599,336	\$ 3,321,487

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In thousands</i>	As of December 31,	
	2020	2019
Liabilities and equity:		
Current liabilities:		
Short-term debt	\$ 231,525	\$ 125,100
Current maturities of long-term debt	59,955	74,907
Accounts payable	95,170	111,641
Payables to affiliates	13,820	1,546
Taxes accrued	13,724	11,717
Interest accrued	7,338	7,441
Regulatory liabilities	50,362	44,657
Derivative instruments	4,198	2,000
Operating lease liabilities	1,054	1,979
Other current liabilities	51,907	61,438
Total current liabilities	529,053	442,426
Long-term debt	857,265	769,081
Deferred credits and other non-current liabilities:		
Deferred tax liabilities	318,034	309,297
Regulatory liabilities	638,793	625,717
Pension and other postretirement benefit liabilities	217,287	228,129
Derivative instruments	2,852	609
Operating lease liabilities	80,559	772
Other non-current liabilities	120,309	123,260
Total deferred credits and other non-current liabilities	1,377,834	1,287,784
Commitments and contingencies (see Note 17 and Note 18)		
Equity:		
Common stock	319,506	319,557
Retained earnings	528,580	513,372
Accumulated other comprehensive loss	(12,902)	(10,733)
Total equity	835,184	822,196
Total liabilities and equity	\$ 3,599,336	\$ 3,321,487

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

<i>In thousands</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2017	\$ 448,865	\$ 302,349	\$ (8,438)	\$ 742,776
Comprehensive income	—	66,326	1,250	67,576
Dividends on common stock	—	(41,035)	—	(41,035)
Stock-based compensation ⁽¹⁾	2,161	—	—	2,161
Shares issued pursuant to equity based plans	3,075	—	—	3,075
Transfer of investments to NW Holdings as of October 1, 2018	(227,649)	168,764	—	(58,885)
Balance at December 31, 2018	226,452	496,404	(7,188)	715,668
Comprehensive income (loss)	—	68,974	(2,179)	66,795
Dividends on common stock	—	(53,372)	—	(53,372)
Capital contribution from parent	93,105	—	—	93,105
Reclassification of tax effects from the TCJA	—	1,366	(1,366)	—
Balance at December 31, 2019	319,557	513,372	(10,733)	822,196
Comprehensive income (loss)	—	70,563	(2,169)	68,394
Dividends on common stock	—	(55,355)	—	(55,355)
Other	(51)	—	—	(51)
Balance at December 31, 2020	<u>\$ 319,506</u>	<u>\$ 528,580</u>	<u>\$ (12,902)</u>	<u>\$ 835,184</u>

⁽¹⁾ Stock-based compensation is based on stock awards of NW Natural to be issued in shares of NW Holdings.

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands</i>	Year Ended December 31,		
	2020	2019	2018
Operating activities:			
Net income	\$ 70,563	\$ 68,974	\$ 66,326
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization	101,586	90,405	84,986
Regulatory amortization of gas reserves	17,779	19,172	16,684
Deferred income taxes	4,645	4,046	12,330
Qualified defined benefit pension plan expense	18,370	16,497	8,108
Contributions to qualified defined benefit pension plans	(28,980)	(10,970)	(15,540)
Deferred environmental expenditures, net	(27,871)	(16,226)	(14,528)
Environmental remediation expense	9,691	12,337	11,127
Regulatory revenue deferral from the TCJA	—	853	7,929
Regulatory disallowance of pension costs	—	10,500	—
Other	(7,025)	12,317	883
Changes in assets and liabilities:			
Receivables, net	(16,540)	9,264	(3,920)
Inventories	1,539	(5,990)	3,212
Income and other taxes	10,832	496	(7,854)
Accounts payable	(18,909)	(18,548)	13,937
Deferred gas costs	17,590	(23,471)	(14,395)
Decoupling mechanism	2,884	18,661	4,497
Other, net	(9,935)	(2,141)	(3,458)
Discontinued operations	—	—	3,184
Cash provided by operating activities	146,219	186,176	173,508
Investing activities:			
Capital expenditures	(266,048)	(221,380)	(214,328)
Leasehold improvement expenditures	(7,878)	(18,812)	(4,415)
Proceeds from the sale of assets	8,149	659	477
Other	1,654	(3,544)	421
Discontinued operations	—	—	(20,617)
Cash used in investing activities	(264,123)	(243,077)	(238,462)
Financing activities:			
Proceeds from stock options exercised	—	—	1,368
Long-term debt issued	150,000	140,000	50,000
Long-term debt retired	(75,000)	(30,000)	(97,000)
Proceeds from term loan due within one year	150,000	—	—
Repayment of term loan	(150,000)	—	—
Proceeds from issuances of commercial paper, maturities greater than 90 days	195,025	—	—
Changes in other short-term debt, net	(88,600)	(92,400)	163,300
Cash contributions received from parent	—	93,155	—
Cash dividend payments on common stock	(55,355)	(53,372)	(38,387)
Other	(3,632)	(2,510)	(1,539)
Discontinued operations	—	—	(7,951)
Cash provided by financing activities	122,438	54,873	69,791
Increase (decrease) in cash and cash equivalents	4,534	(2,028)	4,837
Cash and cash equivalents, beginning of period	5,919	7,947	3,110
Cash and cash equivalents, end of period	\$ 10,453	\$ 5,919	\$ 7,947
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalization	\$ 40,624	\$ 39,927	\$ 35,305
Income taxes paid (refunded)	6,100	2,479	27,350

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

On October 1, 2018, we completed a reorganization into a holding company structure. In this reorganization, shareholders of NW Natural (the predecessor publicly held parent company) became shareholders of NW Holdings on a one-for-one basis; maintaining the same number of shares and ownership percentage as held in NW Natural immediately prior to the reorganization. NW Natural became a wholly-owned subsidiary of NW Holdings. Additionally, certain subsidiaries of NW Natural were transferred to NW Holdings. This reorganization was accounted for as a transaction among entities under common control. As required under accounting guidance, these subsidiaries are presented in this report as discontinued operations in the consolidated results of NW Natural. See Note 19 for additional information.

The accompanying consolidated financial statements represent the respective, consolidated financial results of NW Holdings and NW Natural and all respective companies that each registrant directly or indirectly controls, either through majority ownership or otherwise. This is a combined report of NW Holdings and NW Natural, which includes separate consolidated financial statements for each registrant.

NW Natural's regulated natural gas distribution activities are reported in the natural gas distribution (NGD) segment. The NGD segment is NW Natural's core operating business and serves residential, commercial, and industrial customers in Oregon and southwest Washington. The NGD segment is the only reportable segment for NW Holdings and NW Natural. All other activities, water businesses, and other investments are aggregated and reported as other at their respective registrant.

NW Holdings and NW Natural consolidate all entities in which they have a controlling financial interest. Investments in corporate joint ventures and partnerships that NW Holdings does not directly or indirectly control, and for which it is not the primary beneficiary, include NNG Financial's investment in Kelso-Beaver Pipeline, which is accounted for under the equity method, and NWN Energy's investment in Trail West Holdings, LLC (TWH), which was accounted for under the equity method through August 6, 2020 when it was sold to a third party. See Note 14 for activity related to TWH. NW Holdings and its direct and indirect subsidiaries are collectively referred to herein as NW Holdings, and NW Natural and its direct and indirect subsidiaries are collectively referred to herein as NW Natural. The consolidated financial statements of NW Holdings and NW Natural are presented after elimination of all intercompany balances and transactions.

In June 2018, NWN Gas Storage, a wholly-owned subsidiary of NW Natural at the time and now a wholly-owned subsidiary of NW Holdings, entered into a Purchase and Sale Agreement that provided for the sale of all of the membership interests in its wholly-owned subsidiary, Gill Ranch Storage, LLC (Gill Ranch). We concluded that the sale of Gill Ranch qualified as assets and liabilities held for sale and discontinued operations. As such, the results of Gill Ranch were presented as a discontinued operation for NW Holdings for all periods presented and for NW Natural up until the holding company reorganization was effective on October 1, 2018 on the consolidated statements of comprehensive income and cash flows, and the assets and liabilities associated with Gill Ranch were classified as discontinued operations assets and liabilities on the NW Holdings consolidated balance sheet. See Note 19 for additional information. Additionally, we reevaluated reportable segments and concluded that the remaining gas storage activities no longer met the requirements to be separately reported as a segment. Interstate Storage Services is reported in Other under NW Natural and NW Holdings as applicable, and all prior periods reflect this change. See Note 4, which provides segment information.

Notes to the consolidated financial statements reflect the activity of continuing operations for both NW Holdings and NW Natural for all periods presented, unless otherwise noted. Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications did not have a material effect on our consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates, and changes would most likely be reported in future periods. Management believes the estimates and assumptions used are reasonable.

Industry Regulation

NW Holdings' principal business is to operate as a holding company for NW Natural and its other subsidiaries.

NW Natural's principal business is the distribution of natural gas, which is regulated by the OPUC and WUTC. NW Natural also has natural gas storage services, which are regulated by the FERC, and to a certain extent by the OPUC and WUTC. Additionally, certain of NW Holdings' subsidiaries own water businesses, which are regulated by the public utility commission in the state in which the water utility is located, which is currently Oregon, Washington, Idaho and Texas. Accounting records and practices of the regulated businesses conform to the requirements and uniform system of accounts prescribed by these regulatory authorities in accordance with U.S. GAAP. The businesses in which customer rates are regulated by the OPUC, WUTC, IPUC, PUTC, and FERC have approved cost-based rates which are intended to allow such businesses to earn a reasonable return on invested capital.

In applying regulatory accounting principles, NW Holdings and NW Natural capitalize or defer certain costs and revenues as regulatory assets and liabilities pursuant to orders of the applicable state public utility commission, which provide for the recovery of revenues or expenses from, or refunds to, utility customers in future periods, including a return or a carrying charge in certain cases.

Amounts NW Natural deferred as regulatory assets and liabilities were as follows:

<i>In thousands</i>	Regulatory Assets	
	2020	2019
Current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 4,198	\$ 2,000
Gas costs	1,979	20,140
Environmental costs ⁽²⁾	4,992	4,762
Decoupling ⁽³⁾	361	1,969
Pension balancing ⁽⁴⁾	7,131	5,939
Income taxes	3,484	2,209
Other ⁽⁵⁾	9,600	4,910
Total current	<u>\$ 31,745</u>	<u>\$ 41,929</u>
Non-current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 2,852	\$ 609
Pension balancing ⁽⁴⁾	43,383	48,251
Income taxes	15,368	17,173
Pension and other postretirement benefit liabilities	170,812	173,262
Environmental costs ⁽²⁾	90,623	87,624
Gas costs	3,925	2,866
Decoupling ⁽³⁾	1,031	—
Other ⁽⁵⁾	20,893	13,361
Total non-current	<u>\$ 348,887</u>	<u>\$ 343,146</u>
Other (NW Holdings)	40	—
Total non-current -NW Holdings	<u>\$ 348,927</u>	<u>\$ 343,146</u>

<i>In thousands</i>	Regulatory Liabilities	
	2020	2019
Current:		
Gas costs	\$ 1,118	\$ 1,223
Unrealized gain on derivatives ⁽¹⁾	13,674	6,622
Decoupling ⁽³⁾	11,793	4,831
Income taxes ⁽⁶⁾	8,217	8,435
Other ⁽⁵⁾	15,560	23,546
Total current	<u>50,362</u>	<u>44,657</u>
Non-current:		
Gas costs	\$ 314	\$ 2,013
Unrealized gain on derivatives ⁽¹⁾	6,135	3,337
Decoupling ⁽³⁾	1,723	6,378
Income taxes ⁽⁶⁾	189,587	198,219
Accrued asset removal costs ⁽⁷⁾	427,960	401,893
Other ⁽⁵⁾	13,074	13,877
Total non-current	<u>\$ 638,793</u>	<u>\$ 625,717</u>
Other (NW Holdings)	870	—
Total non-current -NW Holdings	<u>\$ 639,663</u>	<u>\$ 625,717</u>

⁽¹⁾ Unrealized gains or losses on derivatives are non-cash items and, therefore, do not earn a rate of return or a carrying charge. These amounts are recoverable through natural gas distribution rates as part of the annual Purchased Gas Adjustment (PGA) mechanism when realized at settlement.

⁽²⁾ Refer to the Environmental Cost Deferral and Recovery table in Note 18 for a description of environmental costs.

⁽³⁾ This deferral represents the margin adjustment resulting from differences between actual and expected volumes.

⁽⁴⁾ Refer to Note 10 for information regarding the deferral of pension expenses.

⁽⁵⁾ Balances consist of deferrals and amortizations under approved regulatory mechanisms and typically earn a rate of return or carrying charge.

⁽⁶⁾ This balance represents estimated amounts associated with the Tax Cuts and Jobs Act. See Note 11.

⁽⁷⁾ Estimated costs of removal on certain regulated properties are collected through rates. See "Accounting Policies—Plant, Property, and Accrued Asset Removal Costs" below.

The amortization period for NW Natural's regulatory assets and liabilities ranges from less than one year to an indeterminable period. Regulatory deferrals for gas costs payable are generally amortized over 12 months beginning each November 1 following the gas contract year during which the deferred gas costs are recorded. Similarly, most other regulatory deferred accounts are amortized over 12 months. However, certain regulatory account balances, such as income taxes, environmental costs, pension liabilities, and accrued asset removal costs, are large and tend to be amortized over longer periods once NW Natural has agreed upon an amortization period with the respective regulatory agency.

We believe all costs incurred and deferred at December 31, 2020 are prudent. All regulatory assets and liabilities are reviewed annually for recoverability, or more often if circumstances warrant. If we should determine that all or a portion of these regulatory assets or liabilities no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances in the period such determination is made.

Regulatory interest income of \$4.8 million and \$19.6 million and regulatory interest expense of \$1.8 million and \$12.3 million was recognized within other income (expense), net for the years ended December 31, 2020 and 2019, respectively.

Environmental Regulatory Accounting

See Note 18 for information about the SRRM and OPUC orders regarding implementation.

COVID-19 Impact

During 2020, our regulated utilities received approval in their respective jurisdictions to defer certain financial impacts associated with COVID-19 such as bad debt expense, financing costs to secure liquidity, lost revenues related to late fees and reconnection fees, and other COVID-19 related costs, net of offsetting direct expense reductions associated with COVID-19. As a result, we recorded a regulatory asset of approximately \$4.8 million for incurred costs associated with COVID-19 that are recoverable.

New Accounting Standards

NW Natural and NW Holdings consider the applicability and impact of all accounting standards updates (ASUs) issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on consolidated financial position or results of operations.

Recently Adopted Accounting Pronouncements

ACCUMULATED OTHER COMPREHENSIVE INCOME. On February 14, 2018, the FASB issued ASU 2018-02, "Income Statement—Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This update was issued in response to concerns from certain stakeholders regarding the current requirements under U.S. GAAP that deferred tax assets and liabilities are adjusted for a change in tax laws or rates, and the effect is to be included in income from continuing operations in the period of the enactment date. This requirement is also applicable to items in accumulated other comprehensive income where the related tax effects were originally recognized in other comprehensive income. The adjustment of deferred taxes due to the new corporate income tax rate enacted through the Tax Cuts and Jobs Act (TCJA) on December 22, 2017 recognized in income from continuing operations causes the tax effects of items within accumulated other comprehensive income (referred to as stranded tax effects) to not reflect the appropriate tax rate. The amendments in this update allow but do not require a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA and require certain disclosures about stranded tax effects. NW Natural adopted and applied the standard in the first quarter of 2019. NW Natural elected to reclassify the stranded tax effects of the TCJA of \$1.4 million from accumulated other comprehensive loss to retained earnings in the period of adoption. Going forward, our policy is that, in the event that regulation changes result in stranded tax effects, such amounts will be reclassified from accumulated other comprehensive income (loss) to retained earnings in the final period that the related deferred tax balance remeasurement is expected to impact income from continuing operations.

CLOUD COMPUTING. On August 29, 2018, the FASB issued ASU 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The purpose of the amendment is to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this update were effective beginning January 1, 2020. Early adoption was permitted, and NW Holdings and NW Natural early adopted ASU 2018-15 in the quarter ended March 31, 2019 utilizing the prospective application methodology. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

CREDIT LOSSES. On June 16, 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which applies to financial assets subject to credit losses and measured at amortized cost. The new standard requires financial assets measured at amortized cost to be presented at the net amount expected to be collected and the allowance for credit losses is to be recorded as a valuation account that is deducted from the amortized cost basis. The amendments in this update were effective beginning January 1, 2020 and were applied with the modified retrospective methodology. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

The majority of NW Holdings' and NW Natural's financial assets are either short-term in nature, such as trade receivables, or relate to leased gas facilities under approved rate schedules.

DERIVATIVES AND HEDGING. On August 28, 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities." The purpose of the amendment is to more closely align hedge accounting with companies' risk management strategies. The ASU amends the accounting for risk component hedging, the hedged item in fair value hedges of interest rate risk, and amounts excluded from the assessment of hedge effectiveness. The guidance also amends the recognition and presentation of the effect of hedging instruments and includes other simplifications of hedge accounting. The amendments in this ASU were effective beginning January 1, 2019 and were applied prospectively to hedging instruments. The adoption did not have an impact on the financial statements or disclosures of NW Holdings or NW Natural.

FAIR VALUE MEASUREMENT. On August 28, 2018, the FASB issued ASU 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement." The purpose of the amendment is to modify the disclosure requirements for fair value measurements. The amendments in this ASU were effective beginning January 1, 2020. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively. All other amendments should be applied retrospectively. NW Holdings and NW Natural do not have either Level 3 fair value measurements or transfers between Level 1 or Level 2 in their current portfolios. The adoption did not have an impact on the financial statements or disclosures of NW Holdings or NW Natural.

LEASES. On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which revises the existing lease accounting guidance. Pursuant to the new standard ("ASC 842"), lessees are required to recognize all leases, including operating leases that are greater than 12 months at lease commencement, on the balance sheet and record corresponding right of use assets and lease liabilities. Lessor accounting will remain substantially the same under the new standard. Quantitative and qualitative disclosures are also required for users of the financial statements to have a clear understanding of the nature of our leasing activities.

We elected the alternative prospective transition approach for adoption beginning January 1, 2019. All comparative periods prior to January 1, 2019 will retain the financial reporting and disclosure requirements of ASC 840 "Leases" ("ASC 840"). There was no cumulative effect adjustment to the opening balance of retained earnings recorded as of January 1, 2019 for adoption as there were no initial direct costs or other capitalized costs related to the legacy leases that needed to be derecognized upon adoption of ASC 842.

We elected the land easement optional practical expedient to not evaluate existing or expired land easements that were not previously accounted for as leases under the ASC 840 lease guidance. For the existing lease portfolio, we did not elect the optional practical expedient package to retain the legacy lease accounting conclusions upon adoption; we re-assessed our existing contracts under the new leasing standard including whether the contract meets the definition of a lease and lease classification. As a result, we determined that most of our underground gas storage contracts no longer meet the definition of a lease under the new lease standard.

Upon adoption on January 1, 2019, NW Holdings recorded an operating lease right of use asset and an associated operating lease liability of approximately \$7.3 million, of which \$7.0 million was recorded at NW Natural. Lease liabilities are measured using NW Natural's incremental borrowing rate based on information available at the lease commencement date in determining the present value of lease payments. See Note 7 for more information.

RETIREMENT BENEFITS. On August 28, 2018, the FASB issued ASU 2018-14, "Changes to the Disclosure Requirements for Defined Benefit Plans." The purpose of the amendment is to modify the disclosure requirements for defined benefit pension and other postretirement plans. The amendments in this ASU were effective beginning January 1, 2020 and were applied retrospectively. The adoption of this ASU did not materially affect the financial statements and disclosures of NW Holdings or NW Natural.

Recently Issued Accounting Pronouncements

INCOME TAXES. On December 18, 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The purpose of the amendment is to reduce cost and complexity related to accounting for income taxes by removing certain exceptions to the general principles and improving consistent application for other areas in Topic 740. The amendments in this ASU are effective beginning January 1, 2021. Early adoption is permitted. The amended presentation and disclosure guidance should be applied retrospectively. We do not expect this ASU to materially affect the financial statements and disclosures of NW Holdings or NW Natural.

REFERENCE RATE REFORM. On March 12, 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The purpose of the amendment is to provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this ASU are effective for all entities as of March 12, 2020 through December 31, 2022. We do not expect this ASU to materially affect the financial statements and disclosures of NW Holdings or NW Natural.

Accounting Policies

The accounting policies discussed below apply to both NW Holdings and NW Natural.

Plant, Property, and Accrued Asset Removal Costs

Plant and property are stated at cost, including capitalized labor, materials, and overhead. In accordance with regulatory accounting standards, the cost of acquiring and constructing long-lived plant and property generally includes an allowance for funds used during construction (AFUDC) or capitalized interest. AFUDC represents the regulatory financing cost incurred when debt and equity funds are used for construction (see "AFUDC" below). When constructed assets are subject to market-based rates rather than cost-based rates, the financing costs incurred during construction are included in capitalized interest in accordance with U.S. GAAP, not as regulatory financing costs under AFUDC.

In accordance with long-standing regulatory treatment, our depreciation rates consist of three components: one based on the average service life of the asset, a second based on the estimated salvage value of the asset, and a third based on the asset's estimated cost of removal. We collect, through rates, the estimated cost of removal on certain regulated properties through depreciation expense, with a corresponding offset to accumulated depreciation. These removal costs are non-legal obligations as defined by regulatory accounting guidance. Therefore, we have included these costs as non-current regulatory liabilities rather than as accumulated depreciation on our consolidated balance sheets. In the rate setting process, the liability for removal costs is treated as a reduction to the net rate base on which the NGD business has the opportunity to earn its allowed rate of return.

The costs of NGD plant retired or otherwise disposed of are removed from NGD plant and charged to accumulated depreciation for recovery or refund through future rates. Gains from the sale of regulated assets are generally deferred and refunded to customers. For assets not related to NGD, we record a gain or loss upon the disposal of the property, and the gain or loss is recorded in operating income or loss in the consolidated statements of comprehensive income.

The provision for depreciation of NGD property, plant, and equipment is recorded under the group method on a straight-line basis with rates computed in accordance with depreciation studies approved by regulatory authorities. The weighted-average depreciation rate for NGD assets in service was approximately 3.0% for 2020, 2.9% for 2019, and 2.8% for 2018, reflecting the approximate weighted-average economic life of the property. This includes 2020 weighted-average depreciation rates for the

following asset categories: 2.6% for transmission and distribution plant, 2.0% for gas storage facilities, 6.7% for general plant, and 5.1% for intangible and other fixed assets.

AFUDC. Certain additions to NGD plant include AFUDC, which represents the net cost of debt and equity funds used during construction. AFUDC is calculated using actual interest rates for debt and authorized rates for ROE, if applicable. If short-term debt balances are less than the total balance of construction work in progress, then a composite AFUDC rate is used to represent interest on all debt funds, shown as a reduction to interest charges, and on ROE funds, shown as other income. While cash is not immediately recognized from recording AFUDC, it is realized in future years through rate recovery resulting from the higher NGD cost of service. Our composite AFUDC rate was 1.9% in 2020, 3.9% in 2019, and 5.2% in 2018.

IMPAIRMENT OF LONG-LIVED ASSETS. We review the carrying value of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Factors that would necessitate an impairment assessment of long-lived assets include a significant adverse change in the extent or manner in which the asset is used, a significant adverse change in legal factors or business climate that could affect the value of the asset, or a significant decline in the observable market value or expected future cash flows of the asset, among others.

When such factors are present, we assess the recoverability by determining whether the carrying value of the asset will be recovered through expected future cash flows. An asset is determined to be impaired when the carrying value of the asset exceeds the expected undiscounted future cash flows from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss for the difference between the carrying value and the fair value of the long-lived assets. Fair value is estimated using appropriate valuation methodologies, which may include an estimate of discounted cash flows.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand plus highly liquid investment accounts with original maturity dates of three months or less. At December 31, 2020 and 2019, NW Holdings had outstanding checks of \$4.4 million and \$3.2 million, respectively, substantially all of which is recorded at NW Natural. These balances are included in accounts payable in the .NW Holdings and NW Natural balance sheets.

Restricted cash is primarily comprised of funds from public purpose charges for programs that assist low-income customers with bill payments or energy efficiency. As of December 31, 2020 and 2019, NW Natural had restricted cash of \$5.3 million and \$3.0 million, respectively. These balances are included in other current assets in the NW Holdings and NW Natural balance sheets. Changes in these balances are presented in changes in assets and liabilities - other, net in the NW Holdings and NW Natural statements of cash flows. There were no transfers between restricted cash and cash and cash equivalents during the years ended December 31, 2020 and 2019.

Revenue Recognition and Accrued Unbilled Revenue

Revenues, derived primarily from the sale and transportation of natural gas, are recognized upon delivery of gas or water, or service to customers. Revenues include accruals for gas or water delivered but not yet billed to customers based on estimates of deliveries from meter reading dates to month end (accrued unbilled revenue). Accrued unbilled revenue is dependent upon a number of factors that require management's judgment, including total natural gas receipts and deliveries, customer use of natural gas or water by billing cycle, and weather factors. Accrued unbilled revenue is reversed the following month when actual billings occur. NW Holdings' accrued unbilled revenue at December 31, 2020 and 2019 was \$57.9 million and \$56.2 million, respectively, substantially all of which is accrued unbilled revenue at NW Natural.

Revenues not related to NGD are derived primarily from Interstate Storage Services, asset management activities at the Mist gas storage facility, and other investments and business activities. At the Mist underground storage facility, revenues are primarily firm service revenues in the form of fixed monthly reservation charges. In addition, we also have asset management service revenue from an independent energy marketing company that optimizes commodity, storage, and pipeline capacity release transactions. Under this agreement, guaranteed asset management revenue is recognized using a straight-line, pro-rata methodology over the term of each contract. Revenues earned above the guaranteed amount are recognized as they are earned.

Revenue Taxes

Revenue-based taxes are primarily franchise taxes, which are collected from customers and remitted to taxing authorities. Revenue taxes are included in operating expenses in the statements of comprehensive income for NW Holdings and NW Natural. All revenue taxes are recorded at NW Natural and were \$30.3 million, \$30.3 million, and \$30.1 million for 2020, 2019, and 2018, respectively.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for natural gas sales and transportation services to NGD customers, plus amounts due for gas storage services. NW Holdings and NW Natural establish allowances for uncollectible accounts (allowance) for trade receivables, including accrued unbilled revenue, based on the aging of receivables, collection experience of past due account balances including payment plans, and historical trends of write-offs as a percent of revenues. A specific allowance is established and recorded for large individual customer receivables when amounts are identified as unlikely to be partially or fully

recovered. Inactive accounts are written-off against the allowance after they are 120 days past due or when deemed uncollectible. Differences between the estimated allowance and actual write-offs will occur based on a number of factors, including changes in economic conditions, customer creditworthiness, and natural gas prices. The allowance for uncollectible accounts is adjusted quarterly, as necessary, based on information currently available.

ALLOWANCE FOR TRADE RECEIVABLES. Accounts receivable consist primarily of amounts due for natural gas sales and transportation services to NGD customers and amounts due for gas storage services. The payment term of these receivables is generally 15 days. For these short-term receivables, it is not expected that forecasted economic conditions would significantly affect the loss estimates under stable economic conditions. For extreme situations like a financial crisis, natural disaster, and the economic slowdown caused by pandemics like COVID-19, we enhance our review and analysis.

After considering the significant exposure to quarantine-related job losses in Oregon and Washington state, NW Holdings and NW Natural expanded our standard review procedures for our allowance for uncollectible accounts calculation, including analyzing the significant indications of unemployment rate and comparing to historic economic data during the 2007-2009 time period when the country experienced an economic recession. We then considered other qualitative information including recent customer interactions related to payment plans and credit issues, statistics from our website related to credit inquiries, and economic stimulus provided by the federal government which could have a beneficial impact on residential and commercial customers' abilities to ultimately make payment on their accounts. Our provision calculation for residential and commercial accounts was estimated as a percentage of accounts that no customer payment was received for 90 or more days. For industrial accounts, we continue to analyze those accounts on an account-by-account basis with specific reserves taken as necessary.

The following table presents the activity related to the NW Holdings provision for uncollectible accounts by pool, substantially all of which is related to NW Natural's accounts receivable:

	As of December 31, 2019		Year ended December 31, 2020		As of December 31, 2020	
	Beginning Balance		Provision recorded ⁽¹⁾	Write-offs recognized, net of recoveries	Ending Balance	
<i>In thousands</i>						
Allowance for uncollectible accounts related to accounts receivable:						
Residential	\$ 432	\$	2,159	\$ (438)	\$	2,153
Commercial	57		821	(174)		704
Industrial	72		77	(7)		142
Accrued unbilled and other	112		166	(58)		220
Total	\$ 673	\$	3,223	\$ (677)	\$	3,219

⁽¹⁾ Includes \$2.3 million that was deferred to a regulatory asset for costs associated with COVID-19 that are recoverable in future rates.

ALLOWANCE FOR NET INVESTMENTS IN SALES-TYPE LEASES. NW Natural currently holds two net investments in sales-type leases, with substantially all of the net investment balance related to the North Mist natural gas storage agreement with Portland General Electric (PGE) which is billed under an OPUC-approved rate schedule. See Note 7 for more information on the North Mist lease. Due to the nature of this service, PGE may recover the costs of the lease through general rate cases. Therefore, we expect the risk of loss due to the credit of this lessee to be remote. As such, no allowance for uncollectibility was recorded for our sales-type lease receivables. NW Natural will continue monitoring the credit health of the lessees and the overall economic environment, including the economic factors closely tied to the financial health of our current and future lessees.

Inventories

NGD gas inventories, which consist of natural gas in storage for NGD customers, are stated at the lower of weighted-average cost or net realizable value. The regulatory treatment of these inventories provides for cost recovery in customer rates. NGD gas inventories injected into storage are priced in inventory based on actual purchase costs, and those withdrawn from storage are charged to cost of gas during the period they are withdrawn at the weighted-average inventory cost.

Gas storage inventories, which primarily represented inventories at the Gill Ranch Facility and are included in Discontinued operations - current assets on the consolidated balance sheets, mainly consist of natural gas received as fuel-in-kind from storage customers. Gas storage inventories are valued at the lower of average cost or net realizable value. Cushion gas is not included in inventory balances, is recorded at original cost, and is classified as a long-term plant asset.

Materials and supplies inventories consist of inventories both related to and unrelated to NGD and are stated at the lower of average cost or net realizable value.

NW Natural's NGD and gas storage inventories totaled \$24.7 million and \$27.5 million at 2020 and 2019, respectively. At December 31, 2020 and 2019, NW Holdings' materials and supplies inventories, which are comprised primarily of NW Natural's materials and supplies, totaled \$18.0 million and \$16.5 million, respectively.

Gas Reserves

Gas reserves are payments to acquire and produce natural gas reserves. Gas reserves are stated at cost, adjusted for regulatory amortization, with the associated deferred tax benefits recorded as liabilities on the balance sheet. The current portion is calculated based on expected gas deliveries within the next fiscal year. NW Natural recognizes regulatory amortization of this asset on a volumetric basis calculated using the estimated gas reserves and the estimated terms extracted and sold each month. The amortization of gas reserves is recorded to cost of gas along with gas production revenues and production costs. See Note 13.

Derivatives

NW Natural's derivatives are measured at fair value and recognized as either assets or liabilities on the balance sheet. Changes in the fair value of the derivatives are recognized in earnings unless specific regulatory or hedge accounting criteria are met. Accounting for derivatives and hedges provides an exception for contracts intended for normal purchases and normal sales for which physical delivery is probable. In addition, certain derivative contracts are approved by regulatory authorities for recovery or refund through customer rates. Accordingly, the changes in fair value of these approved contracts are deferred as regulatory assets or liabilities pursuant to regulatory accounting principles. NW Natural's financial derivatives generally qualify for deferral under regulatory accounting. NW Natural's index-priced physical derivative contracts also qualify for regulatory deferral accounting treatment.

Derivative contracts entered into for NGD requirements after the annual PGA rate has been set and maturing during the PGA year are subject to the PGA incentive sharing mechanism. In Oregon, NW Natural participates in a PGA sharing mechanism under which it is required to select either an 80% or 90% deferral of higher or lower gas costs such that the impact on current earnings from the gas cost sharing is either 20% or 10% of gas cost differences compared to PGA prices, respectively. For each of the PGA years in Oregon beginning November 1, 2020, 2019, and 2018, NW Natural selected the 90% deferral of gas cost differences. In Washington, 100% of the differences between the PGA prices and actual gas costs are deferred. See Note 16.

NW Natural's financial derivatives policy sets forth the guidelines for using selected derivative products to support prudent risk management strategies within designated parameters. NW Natural's objective for using derivatives is to decrease the volatility of gas prices and cash flows without speculative risk. The use of derivatives is permitted only after the risk exposures have been identified, are determined not to exceed acceptable tolerance levels, and are determined necessary to support normal business activities. NW Natural does not enter into derivative instruments for trading purposes. All derivatives for NW Holdings are currently held at NW Natural.

Fair Value

In accordance with fair value accounting, we use the following fair value hierarchy for determining inputs for our debt, pension plan assets, and derivative fair value measurements:

- Level 1: Valuation is based on quoted prices for identical instruments traded in active markets;
- Level 2: Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions market participants would use in valuing the asset or liability.

In addition, the fair value for certain pension trust investments is determined using Net Asset Value per share (NAV) as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products.

When developing fair value measurements, it is our policy to use quoted market prices whenever available or to maximize the use of observable inputs and minimize the use of unobservable inputs when quoted market prices are not available. Fair values are primarily developed using industry-standard models that consider various inputs including: (a) quoted future prices for commodities; (b) forward currency prices; (c) time value; (d) volatility factors; (e) current market and contractual prices for underlying instruments; (f) market interest rates and yield curves; (g) credit spreads; and (h) other relevant economic measures. NW Natural considers liquid points for natural gas hedging to be those points for which there are regularly published prices in a nationally recognized publication or where the instruments are traded on an exchange.

Goodwill and Business Combinations

NW Holdings, through its wholly-owned subsidiary NWN Water and NW Water's wholly-owned subsidiaries, has completed various acquisitions that resulted in the recognition of goodwill. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred over the acquisition-date fair value of the net identifiable assets assumed. Adjustments are recorded during the measurement period to finalize the allocation of the purchase price. The carrying value of goodwill is

reviewed annually during the fourth quarter using balances as of October 1, or whenever events or changes in circumstance indicate that such carrying values may not be recoverable. The goodwill assessment policy begins with a qualitative analysis in which events and circumstances are evaluated, including macroeconomic conditions, industry and market conditions, regulatory environments, and overall financial performance of the reporting unit. If the qualitative assessment indicates that the carrying value may be at risk of recoverability, a quantitative evaluation is performed to measure the carrying value of the goodwill against the fair value of the reporting unit. The reporting unit is determined primarily based on current operating segments and the level of review provided by the Chief Operating Decision Maker (CODM) and/or segment management on the operating segment's financial results. Reporting units are evaluated periodically for changes in the corporate environment.

As of December 31, 2020 and 2019, NW Holdings had goodwill of \$69.2 million and \$49.9 million, respectively. All of NW Holdings' goodwill was acquired through the business combinations completed by NWN Water and its wholly-owned subsidiaries. No impairment charges were recorded as a result of the fourth quarter goodwill impairment assessment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the fair value of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred. When NW Natural acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. When there is substantial judgment or uncertainty around the fair value of acquired assets, we may engage a third party expert to assist in determining the fair values of certain assets or liabilities.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the enactment date period unless, for NW Natural, a regulatory order specifies deferral of the effect of the change in tax rates over a longer period of time.

For NW Natural, deferred income tax assets and liabilities are also recognized for temporary differences where the deferred income tax benefits or expenses have previously been flowed through in the ratemaking process of the NGD business. Regulatory tax assets and liabilities are recorded on these deferred tax assets and liabilities to the extent it is believed they will be recoverable from or refunded to customers in future rates.

Deferred investment tax credits on NGD plant additions, which reduce income taxes payable, are deferred for financial statement purposes and amortized over the life of the related plant.

NW Holdings files consolidated or combined income tax returns that include NW Natural. Income tax expense is allocated on a separate company basis incorporating certain consolidated return considerations. Subsidiary income taxes payable or receivable are generally settled with NW Holdings, the common agent for income tax matters.

Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense and accrued interest and penalties are recognized within the related tax liability line in the consolidated balance sheets. No accrued interest or penalties for uncertain tax benefits have been recorded. See Note 11.

Environmental Contingencies

Loss contingencies are recorded as liabilities when it is probable a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. Estimating probable losses requires an analysis of uncertainties that often depend upon judgments about potential actions by third parties. Accruals for loss contingencies are recorded based on an analysis of potential results.

With respect to environmental liabilities and related costs, estimates are developed based on a review of information available from numerous sources, including completed studies and site specific negotiations. NW Natural's policy is to accrue the full amount of such liability when information is sufficient to reasonably estimate the amount of probable liability. When information is not available to reasonably estimate the probable liability, or when only the range of probable liabilities can be estimated and no amount within the range is more likely than another, it is our policy to accrue at the low end of the range. Accordingly, due to numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, it may not be possible to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the potential loss and the fact that the high end of the range cannot be reasonably estimated is disclosed. See Note 18.

Subsequent Events

We monitor significant events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued.

3. EARNINGS PER SHARE

Basic earnings or loss per share are computed using NW Holdings' net income or loss and the weighted average number of common shares outstanding for each period presented. Diluted earnings per share are computed in the same manner, except using the weighted average number of common shares outstanding plus the effects of the assumed exercise of stock options and the payment of estimated stock awards from other stock-based compensation plans that are outstanding at the end of each period presented. Anti-dilutive stock awards are excluded from the calculation of diluted earnings or loss per common share.

NW Holdings' diluted earnings or loss per share are calculated as follows:

<i>In thousands, except per share data</i>	2020	2019	2018
Net income from continuing operations	\$ 70,273	\$ 65,311	\$ 67,311
Income (loss) from discontinued operations, net of tax	6,508	(3,576)	(2,742)
Net income	<u>\$ 76,781</u>	<u>\$ 61,735</u>	<u>\$ 64,569</u>
Average common shares outstanding - basic	30,541	29,786	28,803
Additional shares for stock-based compensation plans (See Note 8)	58	73	70
Average common shares outstanding - diluted	<u>30,599</u>	<u>29,859</u>	<u>28,873</u>
Earnings from continuing operations per share of common stock:			
Basic	\$ 2.30	\$ 2.19	\$ 2.34
Diluted	2.30	2.19	2.33
Earnings (loss) from discontinued operations per share of common stock:			
Basic	\$ 0.21	\$ (0.12)	\$ (0.10)
Diluted	0.21	(0.12)	(0.09)
Earnings per share of common stock:			
Basic	\$ 2.51	\$ 2.07	\$ 2.24
Diluted	2.51	2.07	2.24
Additional information:			
Anti-dilutive shares	1	—	2

4. SEGMENT INFORMATION

We primarily operate in one reportable business segment, which is NW Natural's local gas distribution business and is referred to as the NGD segment. During the second quarter of 2018, we moved forward with long-term strategic plans, which included a shift away from the California gas storage business, by entering into a Purchase and Sale Agreement that provided for the sale of all of the membership interests in Gill Ranch. See Note 19 for additional information. As such, we reevaluated reportable segments and concluded that the remaining gas storage activities no longer meet the requirements of a reportable segment. Interstate Storage Services and asset management activities at the Mist gas storage facility are now reported as other under NW Natural. NW Natural and NW Holdings also have investments and business activities not specifically related to the NGD segment, which are aggregated and reported as other and described below for each entity.

No individual customer accounts for over 10% of NW Holdings' or NW Natural's operating revenues.

Natural Gas Distribution

NW Natural's local gas distribution segment (NGD) is a regulated utility principally engaged in the purchase, sale, and delivery of natural gas and related services to customers in Oregon and southwest Washington. The NGD business is responsible for building and maintaining a safe and reliable pipeline distribution system, purchasing sufficient gas supplies from producers and marketers, contracting for firm and interruptible transportation of gas over interstate pipelines to bring gas from the supply basins into its service territory, and re-selling the gas to customers subject to rates, terms, and conditions approved by the OPUC or WUTC. NGD also includes taking customer-owned gas and transporting it from interstate pipeline connections, or city gates, to the customers' end-use facilities for a fee, which is approved by the OPUC or WUTC. Approximately 88% of NGD customers are located in Oregon and 12% in Washington. On an annual basis, residential and commercial customers typically account for around 60% of total NGD volumes delivered and around 90% of NGD margin. Industrial customers largely account for the remaining volumes and NGD margin. A small amount of the margin is also derived from miscellaneous services, gains or losses from an incentive gas cost sharing mechanism, and other service fees.

Industrial sectors served by the NGD business include: pulp, paper, and other forest products; the manufacture of electronic, electrochemical and electrometallurgical products; the processing of farm and food products; the production of various mineral products; metal fabrication and casting; the production of machine tools, machinery, and textiles; the manufacture of asphalt, concrete, and rubber; printing and publishing; nurseries; and government and educational institutions.

In addition to NW Natural's local gas distribution business, the NGD segment also includes the portion of the Mist underground storage facility used to serve NGD customers, the North Mist gas storage expansion in Oregon, NWN Gas Reserves, which is a wholly-owned subsidiary of Energy Corp, and NW Natural RNG Holding Company, LLC, a holding company established to invest in the development and procurement of renewable natural gas.

NW Natural

NW Natural's activities in Other include Interstate Storage Services and third-party asset management services for the Mist facility in Oregon, appliance retail center operations, and corporate operating and non-operating revenues and expenses that cannot be allocated to NGD operations.

Earnings from Interstate Storage Services assets are primarily related to firm storage capacity revenues. Earnings from the Mist facility also include revenue, net of amounts shared with NGD customers, from management of NGD assets at Mist and upstream pipeline capacity when not needed to serve NGD customers. Under the Oregon sharing mechanism, NW Natural retains 80% of the pre-tax income from these services when the costs of the capacity were not included in NGD rates, or 10% of the pre-tax income when the costs have been included in these rates. The remaining 20% and 90%, respectively, are recorded to a deferred regulatory account for crediting back to NGD customers.

NW Holdings

NW Holdings' activities in Other include all remaining activities not associated with NW Natural, specifically NWN Water, which consolidates the water and wastewater utility operations and is pursuing other investments in the water sector through itself and wholly-owned subsidiaries; NWN Gas Storage, a wholly-owned subsidiary of NWN Energy; NWN Energy's equity investment in TWH through August 6, 2020; and other pipeline assets in NNG Financial. For more information on the sale of TWH, see Note 14. Other also includes corporate revenues and expenses that cannot be allocated to other operations, including certain business development activities.

All prior period amounts have been retrospectively adjusted to reflect the change in reportable segments and the designation of Gill Ranch as a discontinued operation for NW Holdings, and the designation of subsidiaries previously owned by NW Natural that are now owned by NW Holdings as discontinued operations for NW Natural.

Segment Information Summary

Inter-segment transactions were immaterial for the periods presented. The following table presents summary financial information concerning the reportable segment and other for continuing operations. See Note 19 for information regarding discontinued operations for NW Holdings and NW Natural.

<i>In thousands</i>	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
2020					
Operating revenues	\$ 741,072	\$ 17,676	\$ 758,748	\$ 14,931	\$ 773,679
Depreciation and amortization	100,591	995	101,586	2,097	103,683
Income (loss) from operations	137,724	9,916	147,640	711	148,351
Net income (loss) from continuing operations	63,555	7,008	70,563	(290)	70,273
Capital expenditures	263,777	2,271	266,048	6,968	273,016
Total assets at December 31, 2020	3,549,868	49,468	3,599,336	157,043	3,756,379
2019					
Operating revenues	\$ 720,528	\$ 19,416	\$ 739,944	\$ 6,428	\$ 746,372
Depreciation and amortization	89,415	990	90,405	1,091	91,496
Income (loss) from operations	135,918	11,428	147,346	(3,872)	143,474
Net income (loss) from continuing operations	60,828	8,146	68,974	(3,663)	65,311
Capital expenditures	219,880	1,500	221,380	2,091	223,471
Total assets at December 31, 2019 ⁽¹⁾	3,273,835	47,652	3,321,487	91,833	3,413,320
2018					
Operating revenues	\$ 680,648	\$ 24,923	\$ 705,571	\$ 572	\$ 706,143
Depreciation and amortization	83,732	1,254	84,986	170	85,156
Income (loss) from operations	118,095	15,004	133,099	(937)	132,162
Net income (loss) from continuing operations	57,491	10,558	68,049	(738)	67,311
Capital expenditures	212,323	2,005	214,328	308	214,636
Total assets at December 31, 2018 ⁽¹⁾	3,141,969	50,767	3,192,736	36,657	3,229,393

⁽¹⁾ Total assets for NW Holdings exclude assets related to discontinued operations of \$15.1 million and \$13.3 million as of December 31, 2019, and 2018, respectively.

Natural Gas Distribution Margin

NGD margin is a financial measure used by the CODM, consisting of NGD operating revenues, reduced by the associated cost of gas, environmental remediation expense, and revenue taxes. The cost of gas purchased for NGD customers is generally a pass-through cost in the amount of revenues billed to regulated NGD customers. Environmental remediation expense represents collections received from customers through environmental recovery mechanisms in Oregon and Washington as well as adjustments for the Oregon environmental earnings test when applicable. This is offset by environmental remediation expense presented in operating expenses. Revenue taxes are collected from NGD customers and remitted to taxing authorities. The collections from customers are offset by the expense recognition of the obligation to the taxing authority. By subtracting cost of gas, environmental remediation expense, and revenue taxes from NGD operating revenues, NGD margin provides a key metric used by the CODM in assessing the performance of the NGD segment.

The following table presents additional segment information concerning NGD margin:

<i>In thousands</i>	2020	2019	2018
NGD margin calculation:			
NGD operating revenues	\$ 721,950	\$ 708,472	\$ 680,386
Other regulated services	19,122	12,056	262
Total NGD operating revenues	741,072	720,528	680,648
Less: NGD cost of gas	262,980	255,135	255,743
Environmental remediation expense	9,691	12,337	11,127
Revenue taxes	30,291	30,325	30,082
NGD margin	<u>\$ 438,110</u>	<u>\$ 422,731</u>	<u>\$ 383,696</u>

5. COMMON STOCK

As of December 31, 2020 and 2019, NW Holdings had 100 million shares of common stock authorized. As of December 31, 2020, NW Holdings had 203,923 shares reserved for issuance of common stock under the Employee Stock Purchase Plan (ESPP) and 271,949 shares reserved for issuance under the Dividend Reinvestment and Direct Stock Purchase Plan (DRPP). At NW Holdings' election, shares sold through the DRPP may be purchased in the open market or through original issuance of shares reserved for issuance under the DRPP.

The Restated Stock Option Plan (SOP) was terminated with respect to new grants in 2012; however, options granted before the Restated SOP was terminated remain outstanding until the earlier of their expiration, forfeiture, or exercise. Options are now exercisable for shares of NW Holdings common stock. There were 9,438 options outstanding at December 31, 2020, which were granted prior to termination of the plan.

On June 7, 2019, NW Holdings completed the issuance of 1,437,500 shares of common stock, inclusive of the overallotment option granted to the underwriters, which was exercised in full. All shares were issued on June 7, 2019 at an offering price of \$67.00 per share. The issuance resulted in proceeds to NW Holdings of \$93.0 million, net of discounts and expenses. The issuance was executed to raise funds for general corporate purposes, including for equity contributions to NW Holdings' subsidiaries, that are reflected as equity transfers on occurrence. Contributions received by NW Natural were also used, in part, to repay short-term indebtedness.

Stock Repurchase Program

NW Holdings has a share repurchase program under which it may purchase its common shares on the open market or through privately negotiated transactions. NW Holdings currently has Board authorization through May 2022 to repurchase up to an aggregate of the greater of 2.8 million shares or \$100 million. No shares of common stock were repurchased pursuant to this program during the year ended December 31, 2020. Since the plan's inception in 2000 under NW Natural, a total of 2.1 million shares have been repurchased at a total cost of \$83.3 million.

The following table summarizes the changes in the number of shares of NW Holdings' common stock issued and outstanding:

<i>In thousands</i>	Shares
Balance, December 31, 2017	28,736
Sales to employees under ESPP	19
Stock-based compensation	64
Sales to shareholders under DRPP	61
Balance, December 31, 2018	28,880
Sales to employees under ESPP	18
Stock-based compensation	83
Equity issuance	1,438
Sales to shareholders under DRPP	53
Balance, December 31, 2019	30,472
Sales to employees under ESPP	3
Stock-based compensation	46
Sales to shareholders under DRPP	68
Balance, December 31, 2020	30,589

6. REVENUE

The following table presents disaggregated revenue from continuing operations:

<i>In thousands</i>	Year ended December 31, 2020				
	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
Natural gas sales	\$ 710,422	\$ —	\$ 710,422	\$ —	\$ 710,422
Gas storage revenue, net	—	9,759	9,759	—	9,759
Asset management revenue, net	—	2,532	2,532	—	2,532
Appliance retail center revenue	—	5,385	5,385	—	5,385
Other revenue	1,337	—	1,337	14,931	16,268
Revenue from contracts with customers	711,759	17,676	729,435	14,931	744,366
Alternative revenue	10,870	—	10,870	—	10,870
Leasing revenue	18,443	—	18,443	—	18,443
Total operating revenues	<u>\$ 741,072</u>	<u>\$ 17,676</u>	<u>\$ 758,748</u>	<u>\$ 14,931</u>	<u>\$ 773,679</u>

<i>In thousands</i>	Year ended December 31, 2019				
	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
Natural gas sales	\$ 729,296	\$ —	\$ 729,296	\$ —	\$ 729,296
Gas storage revenue, net	—	10,240	10,240	—	10,240
Asset management revenue, net	—	3,705	3,705	—	3,705
Appliance retail center revenue	—	5,471	5,471	—	5,471
Other revenue	847	—	847	6,428	7,275
Revenue from contracts with customers	730,143	19,416	749,559	6,428	755,987
Alternative revenue	(20,984)	—	(20,984)	—	(20,984)
Leasing revenue	11,369	—	11,369	—	11,369
Total operating revenues	<u>\$ 720,528</u>	<u>\$ 19,416</u>	<u>\$ 739,944</u>	<u>\$ 6,428</u>	<u>\$ 746,372</u>

NW Natural's revenue represents substantially all of NW Holdings' revenue and is recognized for both registrants when the obligation to customers is satisfied and in the amount expected to be received in exchange for transferring goods or providing services. Revenue from contracts with customers contains one performance obligation that is generally satisfied over time, using the output method based on time elapsed, due to the continuous nature of the service provided. The transaction price is determined by a set price agreed upon in the contract or dependent on regulatory tariffs. Customer accounts are settled on a monthly basis or paid at time of sale and based on historical experience. It is probable that we will collect substantially all of the

consideration to which we are entitled. We evaluated the probability of collection in accordance with the current expected credit losses standard.

NW Holdings and NW Natural do not have any material contract assets, as net accounts receivable and accrued unbilled revenue balances are unconditional and only involve the passage of time until such balances are billed and collected. NW Holdings and NW Natural do not have any material contract liabilities.

Revenue taxes are included in operating revenues with an equal and offsetting expense recognized in operating expenses in the consolidated statements of comprehensive income. Revenue-based taxes are primarily franchise taxes, which are collected from NGD customers and remitted to taxing authorities.

Natural Gas Distribution

Natural Gas Sales

NW Natural's primary source of revenue is providing natural gas to customers in the NGD service territory, which includes residential, commercial, industrial and transportation customers. NGD revenue is generally recognized over time upon delivery of the gas commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the Oregon and Washington tariffs. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible sales and transportation services, franchise taxes recovered from the customer, late payment fees, service fees, and accruals for gas delivered but not yet billed (accrued unbilled revenue). The accrued unbilled revenue balance is based on estimates of deliveries during the period from the last meter reading and management judgment is required for a number of factors used in this calculation, including customer use and weather factors.

We applied the significant financing practical expedient and have not adjusted the consideration NW Natural expects to receive from NGD customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations.

Alternative Revenue

Weather normalization (WARM) and decoupling mechanisms are considered to be alternative revenue programs. Alternative revenue programs are considered to be contracts between NW Natural and its regulator and are excluded from revenue from contracts with customers.

Leasing Revenue

Leasing revenue primarily consists of revenues from NW Natural's North Mist Storage contract with Portland General Electric (PGE) in support of PGE's gas-fired electric power generation facilities under an initial 30-year contract with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. The facility is accounted for as a sales-type lease with regulatory accounting deferral treatment. The investment is included in rate base under an established cost-of-service tariff schedule, with revenues recognized according to the tariff schedule and as such, profit upon commencement was deferred and will be amortized over the lease term. Leasing revenue also contains rental revenue from small leases of property owned by NW Natural to third parties. The majority of these transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement. Lease revenue is excluded from revenue from contracts with customers. See Note 7 for additional information.

NW Natural Other

Gas Storage Revenue

NW Natural's other revenue includes gas storage activity, which includes Interstate Storage Services used to store natural gas for customers. Gas storage revenue is generally recognized over time as the gas storage service is provided to the customer and the amount of consideration received and recognized as revenue is dependent on set rates defined per the storage agreements. Noncash consideration in the form of dekatherms of natural gas is received as consideration for providing gas injection services to gas storage customers. This noncash consideration is measured at fair value using the average spot rate. Customer accounts are generally paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible storage services, net of the profit sharing amount refunded to NGD customers.

Asset Management Revenue

Revenues include the optimization of third-party storage assets and pipeline capacity and are provided net of the profit sharing amount refunded to NGD customers. Certain asset management revenues received are recognized over time using a straight-line approach over the term of each contract, and the amount of consideration received and recognized as revenue is dependent on a variable pricing model. Variable revenues earned above guaranteed amounts are estimated and recognized at the end of each period using the most likely amount approach. Additionally, other asset management revenues may be based on a fixed rate. Generally, asset management accounts are settled on a monthly basis.

As of December 31, 2020, unrecognized revenue for the fixed component of the transaction price related to gas storage and asset management revenue was approximately \$88.4 million. Of this amount, approximately \$19.0 million will be recognized in 2021, \$19.4 million in 2022, \$17.8 million in 2023, \$14.0 million in 2024, and \$18.2 million thereafter. The amounts presented here are calculated using current contracted rates.

Appliance Retail Center Revenue

NW Natural owns and operates an appliance store that is open to the public, where customers can purchase natural gas home appliances. Revenue from the sale of appliances is recognized at the point in time in which the appliance is transferred to the third party responsible for delivery and installation services and when the customer has legal title to the appliance. It is required that the sale be paid for in full prior to transfer of legal title. The amount of consideration received and recognized as revenue varies with changes in marketing incentives and discounts offered to customers.

NW Holdings Other

NW Holdings' primary source of other revenue is providing water and wastewater services to customers. Water and wastewater service revenue is generally recognized over time upon delivery of the water commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the tariffs established in the state we operate. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided.

We applied the significant financing practical expedient and have not adjusted the consideration we expect to receive from water distribution and wastewater collection customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations.

7. LEASES

Lease Revenue

Leasing revenue primarily consists of NW Natural's North Mist natural gas storage agreement with PGE which is billed under an OPUC-approved rate schedule and includes an initial 30-year term with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. Under U.S. GAAP, this agreement is classified as a sales-type lease and qualifies for regulatory accounting deferral treatment. The investment in the storage facility is included in rate base under a separately established cost-of-service tariff, with revenues recognized according to the tariff schedule. As such, the selling profit that was calculated upon commencement as part of the sale-type lease recognition was deferred and will be amortized over the lease term. Billing rates under the cost-of-service tariff will be updated annually to reflect current information including depreciable asset levels, forecasted operating expenses, and the results of regulatory proceedings, as applicable, and revenue received under this agreement is recognized as operating revenue on the consolidated statements of comprehensive income. There are no variable payments or residual value guarantees. The lease does not contain an option to purchase the underlying assets.

NW Natural also maintains a sales-type lease for specialized compressor facilities to provide high pressure compressed natural gas (CNG) services. Lease payments are outlined in an OPUC-approved rate schedule over a 10-year term. There are no variable payments or residual value guarantees. The selling profit computed upon lease commencement was not significant.

Our lessor portfolio also contains small leases of property owned by NW Natural to third parties. These transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement.

The components of lease revenue at NW Natural were as follows:

<i>In thousands</i>	Year ended December 31,	
	2020	2019
Lease revenue		
Operating leases	\$ 88	\$ 171
Sales-type leases	18,355	11,198
Total lease revenue	<u>\$ 18,443</u>	<u>\$ 11,369</u>

Total future minimum lease payments to be received under non-cancelable leases at NW Natural at December 31, 2020 are as follows:

<i>In thousands</i>	Operating	Sales-Type	Total
2021	\$ 59	\$ 17,518	\$ 17,577
2022	55	17,026	17,081
2023	47	16,557	16,604
2024	47	15,867	15,914
2025	43	15,306	15,349
Thereafter	52	251,721	251,773
Total lease revenue	<u>\$ 303</u>	<u>\$ 333,995</u>	<u>\$ 334,298</u>
Less: imputed interest		189,501	
Total leases receivable		<u>\$ 144,494</u>	

The total leases receivable above is reported under the NGD segment and the short- and long-term portions are included within other current assets and assets under sales-type leases on the consolidated balance sheets, respectively. The total amount of unguaranteed residual assets was \$4.3 million and \$4.0 million at December 31, 2020 and 2019, respectively, and is included in assets under sales-type leases on the consolidated balance sheets. Additionally, under regulatory accounting, the revenues and expenses associated with these agreements are presented on the consolidated statements of comprehensive income such that their presentation aligns with similar regulated activities at NW Natural.

Additionally, future minimum lease payments of \$0.5 million for each of the years ending 2021 and 2022 are to be received under non-cancelable operating leases associated with non-utility property rentals. For each of the years ended December 31, 2020 and 2019, approximately \$0.5 million of lease revenue is presented in other income (expense), net on the consolidated statements of comprehensive income as it is non-operating income.

Lease Expense

Operating Leases

We have operating leases for land, buildings and equipment. Our primary lease is for NW Natural's operations center. Our leases have remaining lease terms of one year to 19 years. Many of our lease agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. Short-term leases with a term of 12 months or less are not recorded on the balance sheet.

As most of our leases do not provide an implicit rate and are entered into by NW Natural, we use an estimated discount rate representing the rate we would have incurred to finance the funds necessary to purchase the leased asset and is based on information available at the lease commencement date in determining the present value of lease payments.

The components of lease expense, a portion of which is capitalized, were as follows:

<i>In thousands</i>	Year ended December 31, 2020		
	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease expense	\$ 4,381	\$ 125	\$ 4,506
Short-term lease expense	\$ 1,010	\$ —	\$ 1,010
	Year ended December 31, 2019		
<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease expense	\$ 4,620	\$ 191	\$ 4,811
Short-term lease expense	\$ 1,146	\$ —	\$ 1,146

Supplemental balance sheet information related to operating leases as of December 31, 2020 is as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease right of use assets	\$ 77,328	\$ 118	\$ 77,446
Operating lease liabilities - current liabilities	\$ 1,054	\$ 51	\$ 1,105
Operating lease liabilities - non-current liabilities	80,559	62	80,621
Total operating lease liabilities	<u>\$ 81,613</u>	<u>\$ 113</u>	<u>\$ 81,726</u>

Supplemental balance sheet information related to operating leases as of December 31, 2019 is as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
Operating lease right of use assets	\$ 2,760	\$ 190	\$ 2,950
Operating lease liabilities - current liabilities	\$ 1,979	\$ 122	\$ 2,101
Operating lease liabilities - non-current liabilities	772	69	841
Total operating lease liabilities	<u>\$ 2,751</u>	<u>\$ 191</u>	<u>\$ 2,942</u>

The weighted-average remaining lease terms and weighted-average discount rates for the operating leases at NW Natural were as follows:

	2020	2019
Weighted-average remaining lease term (years)	19.2	1.0
Weighted-average discount rate	7.23 %	3.98 %

Commencement of Significant Lease

NW Natural commenced a 20-year operating lease agreement in March 2020 for a new corporate operations center in Portland, Oregon. Total estimated base rent payments over the life of the lease are approximately \$159.4 million. There is an option to extend the term of the lease for two additional periods of seven years.

There is a material timing difference between the minimum lease payments and expense recognition as calculated under operating lease accounting rules. OPUC issued an order allowing us to align our expense recognition with cash payments for ratemaking purposes. We recorded the difference between the minimum lease payments and the aggregate of the imputed interest on the finance lease obligation and amortization of the right-of-use asset as a regulatory asset on our balance sheet. The balance of the regulatory asset as of December 31, 2020 was \$4.2 million.

Maturities of operating lease liabilities at December 31, 2020 were as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
2021	\$ 6,760	\$ 52	\$ 6,812
2022	6,849	67	6,916
2023	6,986	—	6,986
2024	7,150	—	7,150
2025	7,185	—	7,185
Thereafter	123,784	—	123,784
Total lease payments	158,714	119	158,833
Less: imputed interest	77,101	6	77,107
Total lease obligations	81,613	113	81,726
Less: current obligations	1,054	51	1,105
Long-term lease obligations	<u>\$ 80,559</u>	<u>\$ 62</u>	<u>\$ 80,621</u>

As of December 31, 2020, finance lease liabilities with maturities of less than one year were \$0.7 million at NW Natural.

Cash Flow Information

Supplemental cash flow information related to leases was as follows:

<i>In thousands</i>	Year ended December 31, 2020		
	NW Natural	Other (NW Holdings)	NW Holdings
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 4,466	\$ 131	\$ 4,597
Finance cash flows from finance leases	\$ 835	\$ —	\$ 835
Right of use assets obtained in exchange for lease obligations			
Operating leases	\$ 78,539	\$ 51	\$ 78,590
Finance leases	\$ 1,386	\$ —	\$ 1,386

<i>In thousands</i>	Year ended December 31, 2019		
	NW Natural	Other (NW Holdings)	NW Holdings
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 4,447	\$ 182	\$ 4,629
Finance cash flows from finance leases	\$ 120	\$ —	\$ 120
Right of use assets obtained in exchange for lease obligations			
Operating leases	\$ 7,205	\$ 372	\$ 7,577
Finance leases	\$ 312	\$ —	\$ 312

Finance Leases

NW Natural also leases building storage spaces for use as a gas meter room in order to provide natural gas to multifamily or mixed use developments. These contracts are accounted for as finance leases and typically involve a one-time upfront payment with no remaining liability. The right of use asset for finance leases was \$1.8 million and \$0.5 million at December 31, 2020 and 2019, respectively.

8. STOCK-BASED COMPENSATION

Stock-based compensation plans are designed to promote stock ownership in NW Holdings by employees and officers of NW Holdings and its affiliates. These compensation plans include a Long Term Incentive Plan (LTIP), an ESPP, and a Restated SOP.

Long Term Incentive Plan

The LTIP is intended to provide a flexible, competitive compensation program for eligible officers and key employees. Under the LTIP, shares of NW Holdings common stock are authorized for equity incentive grants in the form of stock, restricted stock, restricted stock units, stock options, or performance shares. An aggregate of 1,100,000 shares were authorized for issuance as of December 31, 2020. Shares awarded under the LTIP may be purchased on the open market or issued as original shares.

Of the 1,100,000 shares of common stock authorized for LTIP awards at December 31, 2020, there were 435,758 shares available for issuance under any type of award. This assumes market, performance, and service-based grants currently outstanding are awarded at the target level. There were no outstanding grants of restricted stock or stock options under the LTIP at December 31, 2020 or 2019. The LTIP stock awards are compensatory awards for which compensation expense is based on the fair value of stock awards, with expense being recognized over the performance and vesting period of the outstanding awards. Forfeitures are recognized as they occur.

Performance Shares

LTIP performance shares incorporate a combination of market, performance, and service-based factors. The following table summarizes performance share expense information:

<i>Dollars in thousands</i>	Shares ⁽¹⁾	Expense During Award Year ⁽²⁾	Total Expense for Award
Estimated award:			
2018-2020 grant ⁽³⁾	31,600	\$ 2,137	\$ 2,137
Actual award:			
2017-2019 grant	41,537	\$ 572	\$ 1,971
2016-2018 grant	28,218	\$ 598	\$ 1,413

⁽¹⁾ In addition to common stock shares, a participant also receives a dividend equivalent cash payment equal to the number of shares of common stock received on the award payout multiplied by the aggregate cash dividends paid per share during the performance period.

- (2) Amount represents the expense recognized in the third year of the vesting period noted above. For the 2018-2020 grant, mutual understanding of the award's key terms was established in the third year of the vesting period, triggering full expense recognition in 2020.
- (3) This represents the estimated number of shares to be awarded as of December 31, 2020 as certain performance share measures have been achieved. Amounts are subject to change with final payout amounts authorized by the Board of Directors in February 2021.

The aggregate number of performance shares granted and outstanding at the target and maximum levels were as follows:

<i>Dollars in thousands</i> Performance Period	Performance Share Awards Outstanding		2020 Expense
	Target	Maximum	
2018-20	31,825	63,650	\$ 2,137
2019-21	—	—	—
2020-22	—	—	—
Total	<u>31,825</u>	<u>63,650</u>	<u>\$ 2,137</u>

Performance share awards are based on the achievement of a three-year ROIC threshold that must be met and a cumulative EPS factor, which can be modified by a TSR factor relative to the performance of the Russell 2500 Utilities Index over the three-year performance period. The performance period allows for one of the performance factors to remain variable until the first quarter of the third year of the award period. As the performance factor will not be approved until the first quarter of 2021 and 2022, there is not a mutual understanding of the awards' key terms and conditions between NW Natural and the participants as of December 31, 2020, and therefore, no expense was recognized for the 2019-2021 and 2020-2022 performance period. NW Natural will calculate the grant date fair value and recognize expense once the final performance factor has been approved. If the target is achieved for the 2019-2021 and 2020-2022 awards, NW Holdings would grant for accounting purposes 35,170 and 31,830 shares in the first quarter of 2021 and 2022, respectively.

Compensation expense is recognized in accordance with accounting standards for stock-based compensation and calculated based on performance levels achieved and an estimated fair value using the Monte-Carlo method. Due to there not being a mutual understanding of the 2019-2021 and 2020-2022 awards' key terms and conditions as noted above, the grant date fair value has not yet been determined and no non-vested shares existed at December 31, 2020. The weighted-average grant date fair value of non-vested shares associated with the 2018-2020 awards was \$78.96 per share at December 31, 2020. The weighted-average grant date fair value of shares vested during the year was \$78.96 per share and there were no performance shares granted during the year and no unrecognized compensation expense for accounting purposes as of December 31, 2020.

Restricted Stock Units

In 2012, RSUs began being granted under the LTIP instead of stock options under the Restated SOP. Generally, the RSUs awarded are forfeitable and include a performance-based threshold as well as a vesting period of four years from the grant date. Upon vesting, the RSU holder is issued one share of common stock plus a cash payment equal to the total amount of dividends paid per share between the grant date and vesting date of that portion of the RSU. The fair value of an RSU is equal to the closing market price of NW Holdings' common stock on the grant date. During 2020, total RSU expense was \$2.0 million compared to \$1.8 million in 2019 and \$1.8 million in 2018. As of December 31, 2020, there was \$3.7 million of unrecognized compensation cost from grants of RSUs, which is expected to be recognized over a period extending through 2025.

Information regarding the RSU activity is summarized as follows:

	Number of RSUs	Weighted - Average Price Per RSU
Nonvested, December 31, 2017	84,522	\$ 53.90
Granted	32,450	57.59
Vested	(32,689)	50.75
Forfeited	(1,603)	59.95
Nonvested, December 31, 2018	82,680	56.47
Granted	36,018	65.29
Vested	(35,778)	54.22
Forfeited	(3,187)	63.89
Nonvested, December 31, 2019	79,733	61.17
Granted	33,594	55.58
Vested	(29,273)	59.29
Forfeited	(1,590)	69.71
Nonvested, December 31, 2020	<u>82,464</u>	<u>\$ 59.40</u>

Restated Stock Option Plan

The NW Natural Restated SOP was terminated for new option grants in 2012; however, options granted before the plan terminated remain outstanding until the earlier of their expiration, forfeiture, or exercise and are now exercisable for shares of NW Holdings common stock. Any new grants of stock options will be made under NW Holdings' LTIP, however, no option grants have been awarded since 2012 and all stock options were vested as of December 31, 2015.

Options under the Restated SOP were granted to officers and key employees designated by a committee of the Board of Directors. All options were granted at an option price equal to the closing market price on the date of grant and may be exercised for a period of up to 10 years and seven days from the date of grant. Option holders may exchange shares they have owned for at least six months, valued at the current market price, to purchase shares at the option price.

Information regarding the Restated SOP activity is summarized as follows:

	Option Shares	Weighted - Average Price Per Share	Intrinsic Value (In millions)
Balance outstanding and exercisable, December 31, 2017	91,688	\$ 44.43	\$ 1.4
Exercised	(35,450)	43.61	0.8
Forfeited	(300)	43.29	n/a
Balance outstanding and exercisable, December 31, 2018	55,938	44.96	0.9
Exercised	(45,000)	44.79	1.0
Forfeited	—	—	n/a
Balance outstanding and exercisable, December 31, 2019	10,938	45.67	0.3
Exercised	(1,500)	45.24	—
Expired	—	—	n/a
Balance outstanding and exercisable, December 31, 2020	9,438	\$ 45.74	\$ —

The weighted-average remaining life of options exercisable and outstanding at December 31, 2020 was 0.17 years.

Employee Stock Purchase Plan

NW Holdings' ESPP allows employees of NW Holdings, NW Natural and certain designated subsidiaries to purchase common stock at 85% of the closing price on the trading day immediately preceding the initial offering date, which is set annually. For the 2020-2021 ESPP period, each eligible employee may purchase up to \$21,232 worth of stock through payroll deductions over a period defined by the Board of Directors, with shares issued at the end of the subscription period.

Stock-Based Compensation Expense

Stock-based compensation expense is recognized as operations and maintenance expense or is capitalized as part of construction overhead at the entity at which the award recipient is employed. The following table summarizes the NW Holdings' financial statement impact, substantially all of which was recorded at NW Natural, of stock-based compensation under the LTIP, Restated SOP and ESPP:

In thousands	2020	2019	2018
Operations and maintenance expense, for stock-based compensation	\$ 3,525	\$ 2,172	\$ 2,489
Income tax benefit	(933)	(575)	(659)
Net stock-based compensation effect on net income (loss)	2,592	1,597	1,830
Amounts capitalized for stock-based compensation	\$ 841	\$ 430	\$ 531

9. DEBT

Short-Term Debt

The primary source of short-term liquidity for NW Holdings is cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time.

The primary source of short-term liquidity for NW Natural is from the sale of commercial paper, its multi-year credit facilities, and short-term credit facilities it may enter into from time to time. In addition to issuing commercial paper or bank loans to meet working capital requirements, including seasonal requirements to finance gas purchases and accounts receivable, short-term debt may also be used to temporarily fund capital requirements. For NW Natural, commercial paper and bank loans are periodically refinanced through the sale of long-term debt or equity contributions from NW Holdings. NW Natural's commercial paper is sold through two commercial banks under an issuing and paying agency agreement and is supported by one or more unsecured revolving credit facilities. See "Credit Agreements" below.

At December 31, 2020 and 2019, NW Holdings had short-term debt outstanding of \$304.5 million and \$149.1 million, respectively. The weighted average interest rate of NW Holdings' short-term debt outstanding at December 31, 2020 and 2019 was 0.5% and 2.0%, respectively. At December 31, 2020 and 2019, NW Natural had \$231.5 million and \$125.1 million of commercial paper outstanding, respectively. The weighted average interest rate of commercial paper outstanding at December 31, 2020 and 2019 was 0.4% and 2.0%, respectively.

The carrying cost of commercial paper approximates fair value using Level 2 inputs. See Note 2 for a description of the fair value hierarchy. At December 31, 2020, NW Natural's commercial paper had a maximum remaining maturity of 166 days and an average remaining maturity of 47 days.

Credit Agreements

NW Holdings

In October 2018, NW Holdings entered into a \$100.0 million credit agreement, with a feature that allows it to request increases in the total commitment amount, up to a maximum of \$150.0 million. The maturity date of the agreement is October 2, 2023, with available extensions of commitments for two additional one-year periods, subject to lender approval.

The NW Holdings credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$40.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. The credit agreement requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020 and 2019.

The agreement also requires NW Holdings to maintain debt ratings (which are defined by a formula using NW Natural's credit ratings in the event NW Holdings does not have a credit rating) with Standard & Poor's (S&P) and Moody's Investors Service, Inc. (Moody's) and notify the lenders of any change in its senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Holdings' debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreements are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreements when ratings are changed. NW Holdings does not currently maintain ratings with S&P or Moody's.

There was \$73.0 million and \$24.0 million of outstanding balances under the NW Holdings agreement at December 31, 2020 and 2019, respectively. No letters of credit were issued or outstanding under the NW Holdings agreement at December 31, 2020 and 2019. NW Holdings had a \$1.0 million letter of credit issued and outstanding, separate from the aforementioned credit agreement, at December 31, 2019 for the purposes of facilitating the Suncadia acquisition. This letter of credit was extinguished upon the close of the transaction in February 2020.

NW Natural

In October 2018, NW Natural entered into a multi-year credit agreement for unsecured revolving loans totaling \$300.0 million, with a feature that allows NW Natural to request increases in the total commitment amount, up to a maximum of \$450.0 million. The maturity date of the agreement is October 2, 2023 with available extensions of commitments for two additional one-year periods, subject to lender approval. The credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$60.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. There were no outstanding balances under NW Natural's credit agreement and no letters of credit issued or outstanding at December 31, 2020 and 2019.

NW Natural's credit agreement require NW Natural to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Natural was in compliance with this covenant at December 31, 2020 and 2019.

The credit agreement also requires NW Natural to maintain credit ratings with S&P and Moody's and notify the lenders of any change in NW Natural's senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Natural's debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreement are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreement when ratings are changed.

Long-Term Debt

NW Holdings

At December 31, 2020 and 2019, NW Holdings had long-term debt outstanding of \$955.4 million and \$881.1 million, respectively, which included \$7.5 million and \$5.7 million of unamortized debt issuance costs at NW Natural, respectively. NW Holdings' long-term debt is primarily comprised of debt held at its wholly-owned subsidiaries NW Natural (shown below) and NWN Water. Long-term debt at NWN Water is primarily comprised of a two-year term loan agreement for \$35.0 million, due in 2021. NWN Water entered into this agreement in June 2019 and the loan carried an interest rate of 0.70% at December 31, 2020, which is based upon the one-month LIBOR rate. The loan is guaranteed by NW Holdings and requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2020, with a consolidated indebtedness to total capitalization ratio of 58.6%.

NW Natural

NW Natural's issuance of FMBs, which includes NW Natural's medium-term notes, under the Mortgage and Deed of Trust (Mortgage) is limited by eligible property, adjusted net earnings, and other provisions of the Mortgage. The Mortgage constitutes a first mortgage lien on substantially all of NW Natural's NGD property.

Maturities and Outstanding Long-Term Debt

Retirement of long-term debt for each of the annual periods through December 31, 2025 and thereafter are as follows:

<i>In thousands</i>	Long-term debt maturities
NW Natural	
2021	\$ 60,000
2022	—
2023	90,000
2024	—
2025	30,000
Thereafter	744,700
Total	<u>\$ 924,700</u>

The following table presents debt outstanding as of December 31:

<i>In thousands</i>	2020	2019
NW Natural		
<u>First Mortgage Bonds:</u>		
5.370% Series due 2020	\$ —	\$ 75,000
9.050% Series due 2021	10,000	10,000
3.176% Series due 2021	50,000	50,000
3.542% Series due 2023	50,000	50,000
5.620% Series due 2023	40,000	40,000
7.720% Series due 2025	20,000	20,000
6.520% Series due 2025	10,000	10,000
7.050% Series due 2026	20,000	20,000
3.211% Series due 2026	35,000	35,000
7.000% Series due 2027	20,000	20,000
2.822% Series due 2027	25,000	25,000
6.650% Series due 2027	19,700	19,700
6.650% Series due 2028	10,000	10,000
3.141% Series due 2029	50,000	50,000
7.740% Series due 2030	20,000	20,000
7.850% Series due 2030	10,000	10,000
5.820% Series due 2032	30,000	30,000
5.660% Series due 2033	40,000	40,000
5.250% Series due 2035	10,000	10,000
4.000% Series due 2042	50,000	50,000
4.136% Series due 2046	40,000	40,000
3.685% Series due 2047	75,000	75,000
4.110% Series due 2048	50,000	50,000
3.869% Series due 2049	90,000	90,000
3.600% Series due 2050	150,000	—
Long-term debt, gross	<u>924,700</u>	<u>849,700</u>
Less: current maturities	60,000	75,000
Total long-term debt	<u>\$ 864,700</u>	<u>\$ 774,700</u>

First Mortgage Bonds

In March 2020, NW Natural issued \$150.0 million of FMBs with an interest rate of 3.600%, due in 2050.

Retirements of Long-Term Debt

In February 2020, NW Natural retired \$75.0 million of FMBs with an interest rate of 5.370%.

Fair Value of Long-Term Debt

NW Holdings' and NW Natural's outstanding debt does not trade in active markets. The fair value of debt is estimated using natural gas distribution companies with similar credit ratings, terms, and remaining maturities to NW Holdings' and NW Natural's debt that actively trade in public markets. Substantially all outstanding debt at NW Holdings is comprised of NW Natural debt. These valuations are based on Level 2 inputs as defined in the fair value hierarchy. See Note 2.

The following table provides an estimate of the fair value of NW Holdings' long-term debt, including current maturities of long-term debt, using market prices in effect on the valuation date:

<i>In thousands</i>	December 31,	
	2020	2019
Gross long-term debt	\$ 962,905	\$ 886,776
Unamortized debt issuance costs	(7,480)	(5,712)
Carrying amount	\$ 955,425	\$ 881,064
Estimated fair value ⁽¹⁾	\$ 1,136,311	\$ 957,268

⁽¹⁾ Estimated fair value does not include unamortized debt issuance costs.

The following table provides an estimate of the fair value of NW Natural's long-term debt, including current maturities of long-term debt, using market prices in effect on the valuation date:

<i>In thousands</i>	December 31,	
	2020	2019
Gross long-term debt	\$ 924,700	\$ 849,700
Unamortized debt issuance costs	(7,480)	(5,712)
Carrying amount	\$ 917,220	\$ 843,988
Estimated fair value ⁽¹⁾	\$ 1,097,348	\$ 919,835

⁽¹⁾ Estimated fair value does not include unamortized debt issuance costs.

10. PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS

NW Natural maintains a qualified non-contributory defined benefit pension plan (Pension Plan), non-qualified supplemental pension plans for eligible executive officers and other key employees, and other postretirement employee benefit plans. NW Natural also has a qualified defined contribution plan (Retirement K Savings Plan) for all eligible employees. The Pension Plan and Retirement K Savings Plan have plan assets, which are held in qualified trusts to fund retirement benefits.

Effective January 1, 2007 and 2010, the Pension Plan and postretirement benefits for non-union employees and union employees, respectively, were closed to new participants.

Non-union and union employees hired or re-hired after December 31, 2006 and 2009, respectively, and employees of NW Natural subsidiaries are provided an enhanced Retirement K Savings Plan benefit.

The following table provides a reconciliation of the changes in NW Natural's benefit obligations and fair value of plan assets, as applicable, for NW Natural's pension and other postretirement benefit plans, excluding the Retirement K Savings Plan, and a summary of the funded status and amounts recognized in NW Holdings' and NW Natural's consolidated balance sheets as of December 31:

<i>In thousands</i>	Postretirement Benefit Plans			
	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Reconciliation of change in benefit obligation:				
Obligation at January 1	\$ 515,668	\$ 455,568	\$ 29,568	\$ 28,172
Service cost	6,614	6,308	258	244
Interest cost	16,161	18,683	905	1,117
Net actuarial loss	52,777	58,269	145	1,809
Benefits paid	(25,073)	(23,160)	(1,837)	(1,774)
Obligation at December 31	<u>\$ 566,147</u>	<u>\$ 515,668</u>	<u>\$ 29,039</u>	<u>\$ 29,568</u>
Reconciliation of change in plan assets:				
Fair value of plan assets at January 1	\$ 313,051	\$ 257,797	\$ —	\$ —
Actual return on plan assets	54,600	65,104	—	—
Employer contributions	31,354	13,310	1,837	1,774
Benefits paid	(25,073)	(23,160)	(1,837)	(1,774)
Fair value of plan assets at December 31	<u>\$ 373,932</u>	<u>\$ 313,051</u>	<u>\$ —</u>	<u>\$ —</u>
Funded status at December 31	<u>\$ (192,215)</u>	<u>\$ (202,617)</u>	<u>\$ (29,039)</u>	<u>\$ (29,568)</u>

At December 31, 2020, the net liability (benefit obligations less market value of plan assets) for the Pension Plan decreased \$13.1 million compared to 2019. The decrease in the net pension liability is primarily due to the \$60.9 million increase in plan assets, partially offset by the \$47.8 million increase to the pension benefit obligation. The liability for non-qualified plans increased \$2.7 million, and the liability for other postretirement benefits decreased \$0.5 million in 2020.

NW Natural's Pension Plan had a projected benefit obligation of \$525.1 million and \$477.3 million at December 31, 2020 and 2019, respectively, and fair values of plan assets of \$373.9 million and \$313.1 million, respectively. The plan had an accumulated benefit obligation of \$480.0 million and \$434.9 million at December 31, 2020 and 2019, respectively.

The following table presents amounts realized through regulatory assets or in other comprehensive loss (income) for the years ended December 31:

<i>In thousands</i>	Regulatory Assets						Other Comprehensive Loss (Income)			
	Pension Benefits			Other Postretirement Benefits			Pension Benefits			
	2020	2019	2018	2020	2019	2018	2020	2019	2018	
Net actuarial loss (gain)	\$ 16,170	\$ 10,424	\$ 14,261	\$ 145	\$ 1,809	\$ (327)	\$ 3,873	\$ 3,595	\$ (677)	
Amortization of:										
Prior service (cost) credit	—	(7)	(42)	468	468	468	—	—	—	
Actuarial loss	(18,627)	(14,057)	(18,761)	(607)	(369)	(448)	(923)	(648)	(1,052)	
Total	<u>\$ (2,457)</u>	<u>\$ (3,640)</u>	<u>\$ (4,542)</u>	<u>\$ 6</u>	<u>\$ 1,908</u>	<u>\$ (307)</u>	<u>\$ 2,950</u>	<u>\$ 2,947</u>	<u>\$ (1,729)</u>	

The following table presents amounts recognized in regulatory assets and accumulated other comprehensive loss (AOCL) at December 31:

<i>In thousands</i>	Regulatory Assets				AOCL	
	Pension Benefits		Other Postretirement Benefits		Pension Benefits	
	2020	2019	2020	2019	2020	2019
Prior service cost (credit)	\$ —	\$ —	\$ (801)	\$ (1,270)	\$ —	\$ —
Net actuarial loss	164,446	166,903	7,167	7,629	17,434	14,484
Total	<u>\$ 164,446</u>	<u>\$ 166,903</u>	<u>\$ 6,366</u>	<u>\$ 6,359</u>	<u>\$ 17,434</u>	<u>\$ 14,484</u>

The following table presents amounts recognized by NW Holdings and NW Natural in AOCL and the changes in AOCL related to NW Natural's non-qualified employee benefit plans:

<i>In thousands</i>	Year ended December 31,	
	2020	2019
Beginning balance	\$ (10,733)	\$ (7,188)
Amounts reclassified to AOCL	(3,873)	(3,611)
Amounts reclassified from AOCL:		
Amortization of actuarial losses	923	648
Reclassification of stranded tax effects ⁽¹⁾	—	(1,366)
Total reclassifications before tax	(2,950)	(4,329)
Tax expense	781	784
Total reclassifications for the period	(2,169)	(3,545)
Ending balance	\$ (12,902)	\$ (10,733)

⁽¹⁾ Reclassification of \$1.4 million of income tax effects resulting from the TCJA from accumulated other comprehensive loss to retained earnings was made pursuant to the adoption of ASU 2018-02. See Note 2.

In 2021, NW Natural will amortize an estimated \$20.8 million from regulatory assets to net periodic benefit costs, consisting of \$21.3 million of actuarial losses offset by \$0.5 million of prior service credits.

The assumed discount rates for NW Natural's Pension Plan and other postretirement benefit plans were determined independently based on the FTSE Above Median Curve (discount rate curve), which uses high quality corporate bonds rated AA- or higher by S&P or Aa3 or higher by Moody's. The discount rate curve was applied to match the estimated cash flows in each of the plans to reflect the timing and amount of expected future benefit payments for these plans.

The assumed expected long-term rate of return on plan assets for the Pension Plan was developed using a weighted-average of the expected returns for the target asset portfolio. In developing the expected long-term rate of return assumption, consideration was given to the historical performance of each asset class in which the plan's assets are invested and the target asset allocation for plan assets.

The investment strategy and policies for Pension Plan assets held in the retirement trust fund were approved by the NW Natural Retirement Committee, which is composed of senior management with the assistance of an outside investment consultant. The policies set forth the guidelines and objectives governing the investment of plan assets. Plan assets are invested for total return with appropriate consideration for liquidity, portfolio risk, and return expectations. All investments are expected to satisfy the prudent investments rule under the Employee Retirement Income Security Act of 1974. The approved asset classes may include cash and short-term investments, fixed income, common stock and convertible securities, absolute and real return strategies, and real estate. Plan assets may be invested in separately managed accounts or in commingled or mutual funds. Investment rebalancing takes place periodically as needed, or when significant cash flows occur, in order to maintain the allocation of assets within the stated target ranges. The retirement trust fund is not currently invested in NW Holdings or NW Natural securities.

The following table presents the Pension Plan asset target allocation at December 31, 2020:

Asset Category	Target Allocation
Long government/credit	20 %
U.S. large cap equity	18
Non-U.S. equity	18
Absolute return strategies	12
U.S. small/mid cap equity	10
Real estate funds	7
High yield bonds	5
Emerging markets equity	5
Emerging market debt	5

Non-qualified supplemental defined benefit plan obligations were \$41.0 million and \$38.3 million at December 31, 2020 and 2019, respectively. These plans are not subject to regulatory deferral, and the changes in actuarial gains and losses, prior service costs, and transition assets or obligations are recognized in AOCL, net of tax until they are amortized as a component of net periodic benefit cost. These are unfunded, non-qualified plans with no plan assets; however, a significant portion of the obligations is indirectly funded with company and trust-owned life insurance and other assets.

Other postretirement benefit plans are unfunded plans but are subject to regulatory deferral. The actuarial gains and losses, prior service costs, and transition assets or obligations for these plans are recognized as a regulatory asset.

Net periodic benefit costs consist of service costs, interest costs, the expected returns on plan assets, and the amortization of gains and losses and prior service costs. The gains and losses are the sum of the actuarial and asset gains and losses throughout the year and are amortized over the average remaining service period of active participants. The asset gains and losses are based in part on a market-related valuation of assets. The market-related valuation reflects differences between expected returns and actual investment returns with the differences recognized over a two-year period from the year in which they occur, thereby reducing year-to-year net periodic benefit cost volatility.

The service cost component of net periodic benefit cost for NW Natural pension and other postretirement benefit plans is recognized in operations and maintenance expense in the consolidated statements of comprehensive income. The other non-service cost components are recognized in other income (expense), net in the consolidated statements of comprehensive income. The following table provides the components of net periodic benefit cost for NW Natural's pension and other postretirement benefit plans for the years ended December 31:

<i>In thousands</i>	Pension Benefits			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 6,614	\$ 6,308	\$ 7,185	\$ 258	\$ 244	\$ 282
Interest cost	16,161	18,684	16,991	905	1,116	964
Expected return on plan assets	(21,865)	(20,854)	(20,639)	—	—	—
Amortization of prior service cost (credit)	—	7	43	(468)	(468)	(468)
Amortization of net actuarial loss	19,550	14,704	19,813	607	368	448
Net periodic benefit cost	20,460	18,849	23,393	1,302	1,260	1,226
Amount allocated to construction	(2,798)	(2,493)	(2,764)	(98)	(86)	(98)
Amount deferred to regulatory balancing account	—	—	(10,314)	—	—	—
Net periodic benefit cost charged to expense	17,662	16,356	10,315	1,204	1,174	1,128
Regulatory pension disallowance	—	10,500	—	—	—	—
Amortization of regulatory balancing account	7,131	16,841	—	—	—	—
Net amount charged to expense	<u>\$ 24,793</u>	<u>\$ 43,697</u>	<u>\$ 10,315</u>	<u>\$ 1,204</u>	<u>\$ 1,174</u>	<u>\$ 1,128</u>

Net periodic benefit costs are reduced by amounts capitalized to NGD plant. In addition, a certain amount of net periodic benefit costs were recorded to the regulatory balancing account, representing net periodic pension expense for the Pension Plan above the amount set in rates, as approved by the OPUC, from 2011 through October 31, 2018.

In March 2019, the OPUC issued an order concluding the NW Natural 2018 Oregon rate case. The order allowed for the application of certain deferred revenues and tax benefits from the TCJA to reduce NW Natural's pension regulatory balancing account. A corresponding total of \$12.5 million in pension expenses were recognized in operating and maintenance expense and other income (expense), net in the consolidated statements of comprehensive income in the first quarter of 2019, with offsetting benefits recorded within operating revenues and income taxes. The order also directed NW Natural to reduce the balancing account by an additional \$10.5 million, of which \$3.9 million was charged to operations and maintenance expense and \$6.6 million was charged to other income (expense), net in the consolidated statements of comprehensive income. Amortization of the remaining amount of the balancing account began in the second quarter of 2019 in accordance with the order.

Total amortization of the regulatory balancing account of \$7.1 million and \$16.8 million was recognized in 2020 and 2019, respectively, of which \$2.6 million and \$6.2 million was charged to operations and maintenance expense, respectively, and \$4.5 million and \$10.6 million was charged to other income (expense), net, respectively. Total deferrals of the regulatory balancing account were \$10.3 million in 2018, of which \$2.4 million was deferred from operations and maintenance expense and \$7.9 million was deferred from other income (expense), net.

The following table provides the assumptions used in measuring periodic benefit costs and benefit obligations for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Assumptions for net periodic benefit cost:						
Weighted-average discount rate	3.18 %	4.19 %	3.51 %	3.11 %	4.13 %	3.44 %
Rate of increase in compensation	3.50 %	3.25-3.50%	3.25-4.50%	n/a	n/a	n/a
Expected long-term rate of return	7.25 %	7.50 %	7.50 %	n/a	n/a	n/a
Assumptions for year-end funded status:						
Weighted-average discount rate	2.36 %	3.16 %	4.20 %	2.34 %	3.11 %	4.13 %
Rate of increase in compensation ⁽¹⁾	3.50-6.50%	3.50-6.50%	3.25-4.50%	n/a	n/a	n/a
Expected long-term rate of return	7.25 %	7.25 %	7.50 %	n/a	n/a	n/a

⁽¹⁾ Rate assumption is 6.50% in 2020 and 3.50% thereafter. The 2020 compensation increase assumption was a result of the 2019 execution of a new collective bargaining agreement with unionized members of NW Natural effective December 1, 2019.

The assumed annual increase in health care cost trend rates used in measuring other postretirement benefits as of December 31, 2020 was 6.25%. These trend rates apply to both medical and prescription drugs. Medical costs and prescription drugs are assumed to decrease gradually each year to a rate of 4.75% by 2026.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans; however, other postretirement benefit plans have a cap on the amount of costs reimbursable by NW Natural.

Mortality assumptions are reviewed annually and are updated for material changes as necessary. In 2020, mortality rate assumptions were updated from Pri-2012 mortality tables using scale MP-2019 to Pri-2012 mortality tables using scale MP-2020, which partially offset increases of the projected benefit obligation.

The following table provides information regarding employer contributions and benefit payments for NW Natural's Pension Plan, non-qualified pension plans, and other postretirement benefit plans for the years ended December 31, and estimated future contributions and payments:

<i>In thousands</i>	Pension Benefits		Other Benefits	
Employer Contributions:				
2019	\$	13,310	\$	1,774
2020		31,362		1,837
2021 (estimated)		22,465		1,654
Benefit Payments:				
2018		21,918		1,674
2019		23,160		1,774
2020		25,073		1,837
Estimated Future Benefit Payments:				
2021		24,609		1,654
2022		25,299		1,664
2023		26,083		1,694
2024		26,807		1,690
2025		27,399		1,678
2026-2030		149,287		7,815

Employer Contributions to Company-Sponsored Defined Benefit Pension Plan

NW Natural makes contributions to its Pension Plan based on actuarial assumptions and estimates, tax regulations, and funding requirements under federal law. The Pension Protection Act of 2006 (the Act) established funding requirements for defined benefit plans. The Act establishes a 100% funding target over seven years for plan years beginning after December 31, 2008. In July 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law, which changed several provisions affecting pension plans, including temporary funding relief and Pension Benefit Guaranty Corporation (PBGC) premium increases, which shifts the level of minimum required contributions from the short-term to the long-term as well as increasing the operational costs of running a pension plan. MAP-21 established a new minimum and maximum corridor for segment rates based on a 25-year average of bond yields, which resulted in lower minimum contributions requirements than those under previous regulations. MAP-21, as amended, provides for the current corridor to be in effect through 2020 and subsequently broaden on an annual basis from 2021 through 2024.

The Pension Plan was underfunded by \$151.2 million at December 31, 2020. NW Natural made cash contributions totaling \$29.0 million to its Pension Plan for 2020. During 2021, NW Natural expects to make contributions of approximately \$20.1 million to this plan.

Multiemployer Pension Plan

In addition to the NW Natural-sponsored Pension Plan presented above, prior to 2014 NW Natural contributed to a multiemployer pension plan for its NGD union employees known as the Western States Office and Professional Employees International Union Pension Fund (Western States Plan). That plan's employer identification number is 94-6076144. Effective December 22, 2013, NW Natural withdrew from the plan, which was a noncash transaction. Vested participants will receive all benefits accrued through the date of withdrawal. As the plan was underfunded at the time of withdrawal, NW Natural was assessed a withdrawal liability of \$8.3 million, plus interest, which requires NW Natural to pay \$0.6 million each year to the plan for 20 years beginning in July 2014. The cost of the withdrawal liability was deferred to a regulatory account on the balance sheet.

Payments were \$0.7 million for 2020, and as of December 31, 2020 the liability balance was \$6.1 million. Contributions to the plan were \$0.6 million for each of 2019 and 2018, which was approximately 5% to 6% of the total contributions to the plan by all employer participants in those years.

Defined Contribution Plan

NW Natural's Retirement K Savings Plan is a qualified defined contribution plan under Internal Revenue Code Sections 401(a) and 401(k). NW Natural contributions totaled \$8.3 million, \$7.0 million, and \$6.5 million for 2020, 2019, and 2018, respectively. The Retirement K Savings Plan includes an Employee Stock Ownership Plan.

Deferred Compensation Plans

NW Natural's supplemental deferred compensation plans for eligible officers and senior managers are non-qualified plans. These plans are designed to enhance the retirement savings of employees and to assist them in strengthening their financial security by providing an incentive to save and invest regularly.

Fair Value

Below is a description of the valuation methodologies used for assets measured at fair value. In cases where NW Natural's Pension Plan is invested through a collective trust fund or mutual fund, the fund's market value is utilized. Market values for investments directly owned are also utilized.

U.S. EQUITY. These are non-published net asset value (NAV) assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class includes investments primarily in U.S. common stocks.

INTERNATIONAL/GLOBAL EQUITY. These are Level 1 and non-published NAV assets. The Level 1 asset is a mutual fund, and the non-published NAV assets consist of commingled trusts where the NAV/unit price is not published, but the investment can be readily disposed of at the NAV/unit price. The mutual funds has a readily determinable fair value, including a published NAV, and the commingled trusts are valued at unit price. This asset class includes investments primarily in foreign equity common stocks.

LIABILITY HEDGING. These are non-published NAV assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class include long duration fixed income investments primarily in U.S. treasuries, U.S. government agencies, municipal securities, mortgage-backed securities, asset-backed securities, as well as U.S. and international investment-grade corporate bonds.

OPPORTUNISTIC. These are non-published NAV assets consisting of commingled trusts where the investments can be readily disposed of at unit price, and a hedge fund of funds where the valuation is not published. This hedge fund of funds is winding down. Based on recent dispositions, NW Natural believes the remaining investment is fairly valued. The hedge fund of funds is valued at the weighted average value of investments in various hedge funds, which in turn are valued at the closing price of the underlying securities. This asset class includes investments in emerging market debt, leveraged loans, REITs, high yield bonds, a commodities fund, and a hedge fund of funds.

ABSOLUTE RETURN STRATEGY. This is a non-published NAV asset consisting of a hedge fund of funds where the valuation is not published. This hedge fund of funds is winding down. Based on recent dispositions, NW Natural believes the remaining investment is fairly valued. The hedge fund of funds is valued at the weighted average value of investments in various hedge funds, which in turn are valued at the closing price of the underlying securities. This asset class primarily includes investments in common stocks and fixed income securities.

CASH AND CASH EQUIVALENTS. These are Level 1 and non-published NAV assets. The Level 1 assets consist of cash in U.S. dollars, which can be readily disposed of at face value. The non-published NAV assets represent mutual funds without published NAV's but the investment can be readily disposed of at the NAV. The mutual funds are valued at the NAV of the shares held by the plan at the valuation date.

The preceding valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Although we believe these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various financial risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of NW Natural's investment securities will occur in the near term and such changes could materially affect NW Natural's investment account balances and the amounts reported as plan assets available for benefit payments.

The following tables present the fair value of NW Natural's Pension Plan assets, including outstanding receivables and liabilities, of NW Natural's retirement trust fund:

<i>In thousands</i>		December 31, 2020				
Investments	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total	
US equity	\$ —	\$ —	\$ —	\$ 117,764	\$ 117,764	
International / Global equity	39,114	—	—	78,092	117,206	
Liability hedging	—	—	—	111,041	111,041	
Opportunistic	—	—	—	25,625	25,625	
Cash and cash equivalents	—	—	—	2,295	2,295	
Total investments	<u>\$ 39,114</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 334,817</u>	<u>\$ 373,931</u>	

<i>In thousands</i>		December 31, 2019				
Investments	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total	
US equity	\$ —	\$ —	\$ —	\$ 95,604	\$ 95,604	
International / Global equity	33,168	—	—	74,337	107,505	
Liability hedging	—	—	—	93,028	93,028	
Opportunistic	—	—	—	9,864	9,864	
Cash and cash equivalents	—	—	—	7,049	7,049	
Total investments	<u>\$ 33,168</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 279,882</u>	<u>\$ 313,050</u>	

		December 31,	
		2020	2019
Receivables:			
Accrued interest and dividend income		\$ 6,429	\$ 3,243
Total receivables		<u>6,429</u>	<u>3,243</u>
Liabilities:			
Due to broker for securities purchased		6,429	3,242
Total investment in retirement trust		<u>\$ 373,931</u>	<u>\$ 313,051</u>

(1) The fair value for these investments is determined using Net Asset Value per share (NAV) as of December 31, as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products, for which the NAV is generally not publicly available.

11. INCOME TAX

The following table provides a reconciliation between income taxes calculated at the statutory federal tax rate and the provision for income taxes reflected in the NW Holdings and NW Natural statements of comprehensive income or loss for December 31:

<i>Dollars in thousands</i>	NW Holdings			NW Natural		
	2020	2019	2018	2020	2019	2018
Income taxes at federal statutory rate	\$ 19,185	\$ 16,370	\$ 19,222	\$ 19,248	\$ 17,438	\$ 19,434
Increase (decrease):						
State income tax, net of federal	6,389	4,422	4,927	6,385	4,716	4,982
Differences required to be flowed-through by regulatory commissions	(3,960)	(5,772)	1,302	(3,960)	(5,772)	1,302
Deferred tax rate differential post-TCJA	—	—	(76)	—	—	(75)
Regulatory settlement	—	(1,129)	—	—	(1,129)	—
Other, net	(532)	(1,249)	(1,184)	(578)	(1,188)	(1,184)
Total provision for income taxes	<u>\$ 21,082</u>	<u>\$ 12,642</u>	<u>\$ 24,191</u>	<u>\$ 21,095</u>	<u>\$ 14,065</u>	<u>\$ 24,459</u>
Effective tax rate	<u>23.1 %</u>	<u>16.2 %</u>	<u>26.4 %</u>	<u>23.0 %</u>	<u>16.9 %</u>	<u>26.4 %</u>

The NW Holdings and NW Natural effective income tax rates for 2020 compared to 2019 changed primarily as a result of higher pre-tax income, the Oregon Corporate Activity Tax effective January 1, 2020, and amortization of excess deferred income tax benefits as ordered by regulatory commissions. The NW Holdings and NW Natural effective income tax rates for 2019 compared to 2018 changed primarily as a result of lower pre-tax income and amortization of excess deferred income tax benefits as ordered by regulatory commissions.

The provision for current and deferred income taxes consists of the following at December 31:

<i>In thousands</i>	NW Holdings			NW Natural		
	2020	2019	2018	2020	2019	2018
Current						
Federal	\$ 10,106	\$ 5,530	\$ 8,953	\$ 11,092	\$ 6,755	\$ 9,127
State	5,971	1,667	3,785	5,357	2,101	3,846
Total current income taxes	<u>16,077</u>	<u>7,197</u>	<u>12,738</u>	<u>16,449</u>	<u>8,856</u>	<u>12,973</u>
Deferred						
Federal	2,888	1,515	9,001	1,921	1,340	9,025
State	2,117	3,930	2,452	2,725	3,869	2,461
Total deferred income taxes	<u>5,005</u>	<u>5,445</u>	<u>11,453</u>	<u>4,646</u>	<u>5,209</u>	<u>11,486</u>
Income tax provision	<u>\$ 21,082</u>	<u>\$ 12,642</u>	<u>\$ 24,191</u>	<u>\$ 21,095</u>	<u>\$ 14,065</u>	<u>\$ 24,459</u>

The following table summarizes the tax effect of significant items comprising NW Holdings and NW Natural's deferred income tax balances recorded at December 31:

<i>In thousands</i>	NW Holdings		NW Natural	
	2020	2019	2020	2019
Deferred tax liabilities:				
Plant and property	\$ 297,078	\$ 269,886	\$ 290,105	\$ 281,044
Leases receivable	39,396	40,133	39,396	40,133
Pension and postretirement obligations	25,066	22,635	25,066	22,635
Income tax regulatory asset	17,104	19,382	17,104	19,382
Lease right of use assets	21,613	778	21,596	731
Other	—	748	—	407
Total deferred income tax liabilities	<u>\$ 400,257</u>	<u>\$ 353,562</u>	<u>\$ 393,267</u>	<u>\$ 364,332</u>
Deferred income tax assets:				
Income tax regulatory liability	\$ 52,590	\$ 54,259	\$ 52,366	\$ 54,259
Lease liabilities	21,622	775	21,606	728
Other intangible assets	4,485	2,723	—	—
Net operating losses and credits carried forward	861	162	80	48
Other	1,407	—	1,181	—
Total deferred income tax assets	<u>\$ 80,965</u>	<u>\$ 57,919</u>	<u>\$ 75,233</u>	<u>\$ 55,035</u>
Total net deferred income tax liabilities	<u>\$ 319,292</u>	<u>\$ 295,643</u>	<u>\$ 318,034</u>	<u>\$ 309,297</u>

At December 31, 2020 and 2019, regulatory income tax assets of \$14.6 million and \$16.9 million, respectively, were recorded by NW Natural, a portion of which is recorded in current assets. These regulatory income tax assets primarily represent future rate recovery of deferred tax liabilities, resulting from differences in NGD plant financial statement and tax bases and NGD plant removal costs, which were previously flowed through for rate making purposes and to take into account the additional future taxes, which will be generated by that recovery. These deferred tax liabilities, and the associated regulatory income tax assets, are currently being recovered through customer rates. At December 31, 2020 and 2019, regulatory income tax assets of \$2.5 million and \$2.5 million, respectively, were recorded by NW Natural, representing future recovery of deferred tax liabilities resulting from the equity portion of AFUDC. At December 31, 2020, regulatory income tax assets of \$1.7 million were recorded by NW Natural, representing future recovery of Oregon Corporate Activity tax that was deferred between January 1, 2020 and October 31, 2020. In October 2020, the OPUC issued an order providing for recovery of deferred Oregon CAT as well as CAT incurred prospectively beginning November 1, 2020.

At December 31, 2020 and 2019, deferred tax assets of \$52.4 million and \$54.3 million, respectively, were recorded by NW Natural representing the future income tax benefit associated with the excess deferred income tax regulatory liability recorded as a result of the lower federal corporate income tax rate provided for by the TCJA. At December 31, 2020 and 2019, regulatory liability balances representing the benefit of the change in deferred taxes as a result of the TCJA of \$197.8 million and \$205.0 million, respectively, were recorded by NW Natural.

NW Natural's natural gas utility rates include an allowance to provide for the recovery of the anticipated provision for income taxes incurred as a result of providing regulated services. As a result of the 21 percent federal corporate income tax rate enacted in 2017, NW Natural recorded an additional regulatory liability in 2018 and 2019 reflecting the deferral of the estimated rate benefit for customers. The deferral period for Oregon ended on October 31, 2018 coincident with new rates beginning November 1, 2018. The deferral period for Washington ended on October 31, 2019 coincident with new rates beginning November 1, 2019. At December 31, 2019, a regulatory liability of \$1.7 million was recorded to reflect this estimated revenue deferral. The liability has been completely amortized to customers' benefit as of December 31, 2020.

NW Holdings and NW Natural assess the available positive and negative evidence to estimate if sufficient taxable income will be generated to utilize their respective existing deferred tax assets. Based upon this assessment, NW Holdings and NW Natural determined that it is more likely than not that all of their respective deferred tax assets recorded as of December 31, 2020 will be realized.

The Company estimates it has net operating loss (NOL) carryforwards of \$0.3 million for federal taxes and \$11.5 million for state taxes at December 31, 2020. We anticipate fully utilizing these NOL carryforward balances before they begin to expire in 2030 for federal and 2023 for state. Oregon Energy Incentive Program (EIP) credits, California alternative minimum tax (AMT) credits and Idaho investment tax credits (ITC) of \$0.1 million are also available. The EIP credits expires in 2025. The AMT credits do not expire. The ITC credits expire in 2033.

Uncertain tax positions are accounted for in accordance with accounting standards that require an assessment of the anticipated settlement outcome of material uncertain tax positions taken in a prior year, or planned to be taken in the current year. Until such positions are sustained, the uncertain tax benefits resulting from such positions would not be recognized. No reserves for uncertain tax positions were recorded as of December 31, 2020, 2019, or 2018.

The federal income tax returns for tax years 2016 and earlier are closed by statute. The IRS Compliance Assurance Process (CAP) examination of the 2017 and 2018 tax years have been completed. There were no material changes to these returns as filed. The 2019 and 2020 tax years are currently under IRS CAP examination. Our 2021 CAP application has been filed. Under the CAP program, NW Holdings and NW Natural work with the IRS to identify and resolve material tax matters before the tax return is filed each year.

As of December 31, 2020, income tax years 2016 through 2019 remain open for examination by the State of California. Income tax years 2018 and 2019 are open for examination by the State of Idaho. The State of Oregon examined the Oregon corporate income tax returns for tax years 2015, 2016, and 2017. No material changes occurred as a result of this examination. Tax years 2018 and 2019 are open for examination by the State of Oregon.

U.S. Federal TCJA Matters

On December 22, 2017, the TCJA was enacted and permanently lowered the U.S. federal corporate income tax rate to 21% from the previous maximum rate of 35%, effective for the tax year beginning January 1, 2018. The TCJA included specific provisions related to regulated public utilities that provide for the continued deductibility of interest expense and the elimination of bonus tax depreciation for property both acquired and placed into service on or after January 1, 2018.

Under pre-TCJA law, business interest was generally deductible in the determination of taxable income. The TCJA imposed a new limitation on the deductibility of net business interest expense in excess of approximately 30 percent of adjusted taxable income. Taxpayers operating in the trade or business of a regulated utility are excluded from these new interest expense limitations. Final U.S. Treasury Regulations became effective in November of 2020 which provide a de minimis rule whereby if 90 percent or more of a taxpayer's adjusted asset basis is allocable to regulated utility activities, then all of the business interest expense of that taxpayer is deemed to be excepted business interest of the regulated utility activity and is thereby not limited under the TCJA. As a result of the de minimis rule, NW Holdings and NW Natural anticipate that business interest expense will not be limited under the TCJA.

The TCJA generally provides for immediate full expensing for qualified property both acquired and placed in service after September 27, 2017 and before January 1, 2023. This would generally provide for accelerated cost recovery for capital investments. However, the definition of qualified property excludes property used in the trade or business of a regulated utility. Final U.S. Treasury Regulations were published in September of 2019 which clarified that bonus tax depreciation would not be available for regulated utility activity assets both acquired and placed in service by NW Holdings or NW Natural on or after January 1, 2018. Final U.S. Treasury Regulations released in September of 2020 clarified that long production period property acquired before September 27, 2017 continues to qualify for bonus depreciation in the year placed in service consistent with pre-TCJA law.

NW Natural previously filed applications with the OPUC and WUTC to defer the NGD net income tax benefits resulting from the TCJA. In March 2019, the OPUC issued an order addressing the regulatory amortization of the income tax benefits from the TCJA that NW Natural deferred for Oregon customers in December of 2017. Under the order, NW Natural will provide the benefit of these TCJA income tax deferrals to Oregon customers through ongoing annual credits to customer base rates and as a one-time recovery of a portion of the pension balancing account regulatory asset balance. On an annualized basis, it is anticipated that the income tax benefits from the provision of these TCJA benefits to customers should approximate the reduction to pretax income that occurs as a result of the customer base rate credits and one-time recovery of a portion of the pension balancing account.

In October 2019, the WUTC issued an order addressing the regulatory amortization of the income tax benefits from the TCJA that NW Natural deferred for Washington customers in December of 2017. Under the order, NW Natural provided deferred income tax benefits from the TCJA to customers through base rate credits beginning November 1, 2019.

12. PROPERTY, PLANT, AND EQUIPMENT

The following table sets forth the major classifications of property, plant, and equipment and accumulated depreciation of continuing operations at December 31:

<i>In thousands</i>	2020	2019
NW Natural:		
NGD plant in service	\$ 3,548,543	\$ 3,302,049
NGD work in progress	63,901	84,965
Less: Accumulated depreciation	1,055,809	1,017,931
NGD plant, net	<u>2,556,635</u>	<u>2,369,083</u>
Other plant in service	66,300	63,513
Other construction work in progress	5,032	5,548
Less: Accumulated depreciation	19,637	18,662
Other plant, net	<u>51,695</u>	<u>50,399</u>
Total property, plant, and equipment	<u>\$ 2,608,330</u>	<u>\$ 2,419,482</u>
Other (NW Holdings):		
Other plant in service	\$ 50,263	\$ 20,671
Less: Accumulated depreciation	3,823	1,254
Other plant, net	<u>46,440</u>	<u>19,417</u>
NW Holdings:		
Total property, plant, and equipment	<u>\$ 2,654,770</u>	<u>\$ 2,438,899</u>
NW Natural and NW Holdings:		
Capital expenditures in accrued liabilities	\$ 25,129	\$ 32,502

Accumulated depreciation does not include the accumulated provision for asset removal costs of \$428.0 million and \$401.9 million at December 31, 2020 and 2019, respectively. These accrued asset removal costs are reflected on the balance sheet as regulatory liabilities. See Note 2.

NW Holdings

Other plant balances include long-lived assets associated with water operations and non-regulated activities not held by NW Natural or its subsidiaries.

NW Natural

Other plant balances include long-lived assets not related to NGD and long-lived assets that may be used to support NGD operations.

The weighted average depreciation rate for NGD assets was 3.0% in 2020, 2.9% in 2019, and 2.8% in 2018. The weighted average depreciation rate for assets not related to NGD was 1.8% in 2020, 1.8% in 2019, and 2.2% in 2018.

In May 2019, NW Natural placed its North Mist gas storage expansion facility into service and commenced storage services to the facility's single customer, PGE. Under U.S. GAAP, this agreement is classified as a sales-type lease and qualifies for regulatory accounting deferral treatment. Accordingly, the project was de-recognized from property, plant and equipment upon lease commencement and the investment balance is presented net of the current portion of scheduled billings within assets under sales-type leases on the consolidated balance sheets. A total of \$146.0 million was de-recognized from plant on the lease commencement date. The facility is included within rate base for ratemaking purposes. See Note 7 for information regarding leases, including North Mist.

13. GAS RESERVES

NW Natural has invested \$188 million through the gas reserves program in the Jonah Field located in Wyoming as of December 31, 2020. Gas reserves are stated at cost, net of regulatory amortization, with the associated deferred tax benefits recorded as liabilities in the consolidated balance sheets. The investment in gas reserves provides long-term price protection for NGD customers through the original agreement with Encana Oil & Gas (USA) Inc. under which NW Natural invested \$178 million and the amended agreement with Jonah Energy LLC under which an additional \$10 million was invested.

NW Natural entered into the original agreements with Encana in 2011 under which NW Natural holds working interests in certain sections of the Jonah Field. Gas produced in these sections is sold at prevailing market prices, and revenues from such sales, net of associated operating and production costs and amortization, are credited to the NGD cost of gas. The cost of gas, including a carrying cost for the rate base investment, is included in the annual Oregon PGA filing, which allows NW Natural to recover these costs through customer rates. The investment under the original agreement, less accumulated amortization and deferred taxes, earns a rate of return.

In March 2014, NW Natural amended the original gas reserves agreement in order to facilitate Encana's proposed sale of its interest in the Jonah field to Jonah Energy. Under the amendment, NW Natural ended the drilling program with Encana, but increased its working interests in its assigned sections of the Jonah field. NW Natural also retained the right to invest in new wells with Jonah Energy. Under the amended agreement there is still the option to invest in additional wells on a well-by-well basis with drilling costs and resulting gas volumes shared at NW Natural's amended proportionate working interest for each well in which it invests. NW Natural elected to participate in some of the additional wells drilled in 2014, but has not participated in additional wells since 2014. However, there may be the opportunity to participate in more wells in the future.

Gas produced from the additional wells is included in the Oregon PGA at a fixed rate of \$0.4725 per therm, which approximates the 10-year hedge rate plus financing costs at the inception of the investment.

Gas reserves acted to hedge the cost of gas for approximately 5%, 5% and 6% of NGD gas supplies for the years ended December 31, 2020, 2019, and 2018, respectively.

The following table outlines NW Natural's net gas reserves investment at December 31:

<i>In thousands</i>	2020		2019	
Gas reserves, current	\$	11,409	\$	15,278
Gas reserves, non-current		175,898		172,029
Less: Accumulated amortization		141,414		123,635
Total gas reserves ⁽¹⁾		<u>45,893</u>		<u>63,672</u>
Less: Deferred taxes on gas reserves		10,572		15,515
Net investment in gas reserves	\$	<u>35,321</u>	\$	<u>48,157</u>

⁽¹⁾ The net investment in additional wells included in total gas reserves was \$3.0 million and \$3.8 million at December 31, 2020 and 2019, respectively.

NW Natural's investment is included in NW Holdings' and NW Natural's consolidated balance sheets under gas reserves with the maximum loss exposure limited to the investment balance.

14. INVESTMENTS

Investments include financial investments in life insurance policies, and equity method investments in certain partnerships and limited liability companies. The following table summarizes other investments at December 31:

<i>In thousands</i>	NW Holdings		NW Natural	
	2020	2019	2020	2019
Investments in life insurance policies	\$ 49,241	\$ 49,837	\$ 49,241	\$ 49,837
Investments in gas pipeline	—	13,472	—	—
Other	18	24	—	—
Total other investments	<u>\$ 49,259</u>	<u>\$ 63,333</u>	<u>\$ 49,241</u>	<u>\$ 49,837</u>

Investment in Life Insurance Policies

NW Natural has invested in key person life insurance contracts to provide an indirect funding vehicle for certain long-term employee and director benefit plan liabilities. The amount in the above table is reported at cash surrender value, net of policy loans.

Investments in Gas Pipeline

On August 6, 2020, NWN Energy completed the sale of 100% of its interest in Trail West Holdings, LLC (TWH) to an unrelated third party for a purchase price of \$14.0 million, \$7.0 million of which was paid upon closing the transaction, and \$7.0 million is to be paid upon the one-year anniversary of the close date. The completion of the sale resulted in an after-tax gain of approximately \$0.5 million.

TWH was a variable interest entity reported under equity method accounting through its sale. The investment in TWH did not meet the criteria to be classified as held for sale or discontinued operations. The investment balance in TWH was \$13.4 million at December 31, 2019.

15. BUSINESS COMBINATIONS

2020 Business Combinations

During the year ended December 31, 2020, NWN Water and its subsidiaries completed two significant acquisitions qualifying as business combinations. The aggregate fair value of the preliminary cash consideration transferred for these acquisitions was \$38.1 million, most of which was preliminarily allocated to property, plant and equipment and goodwill. These transactions align with NW Holdings' water sector strategy as it continues to expand its water services territories in the Pacific Northwest and beyond and included:

- Suncadia Water Company, LLC and Suncadia Environmental Company, LLC which were acquired by NWN Water of Washington on January 31, 2020, and
- T&W Water Service Company which was acquired by NWN Water of Texas on March 2, 2020.

As each of these acquisitions met the criteria of a business combination, a preliminary allocation of the consideration to the acquired net assets based on their estimated fair value as of the acquisition date was performed. The allocation for each of these business combinations is considered preliminary as of December 31, 2020, as facts and circumstances that existed as of the acquisition date may be discovered as we continue to integrate these businesses. In accordance with U.S. GAAP, the fair value determination involves management judgment in determining the significant estimates and assumptions used and was made using existing regulatory conditions for net assets associated with Suncadia Water Company, LLC and T&W Water Service Company. This allocation is considered preliminary as of December 31, 2020, as facts and circumstances that existed as of the acquisition date may be discovered as we continue to integrate the acquired businesses. As a result, subsequent adjustments to the preliminary valuation of tangible assets, contract assets and liabilities, tax positions, and goodwill may be required. Subsequent adjustments are not expected to be significant, and any such adjustments are expected to be completed within the one-year measurement period for all acquisitions described above.

Total preliminary goodwill of \$18.2 million was recognized from the acquisitions described above. No intangible assets aside from goodwill were acquired. The goodwill recognized is attributable to the regulated water utility service territories, experienced workforces, and the strategic benefits from both the water and wastewater utilities expected from growth in their service territories. The total amount of goodwill that is expected to be deductible for income tax purposes is approximately \$16.5 million. The acquisition costs associated with each business combination were expensed as incurred. The results of these business combinations were not material to the consolidated financial results of NW Holdings for the year ended December 31, 2020.

Other Business Combinations

During the year ended December 31, 2020, NWN Water completed three additional acquisitions, comprised of four water systems and one wastewater system, which qualified as business combinations. The aggregate fair value of the preliminary consideration transferred for these acquisitions was approximately \$1.5 million. These business combinations were not significant to NW Holdings' results of operations.

2019 Business Combinations

Sunriver

On May 31, 2019, NWN Water of Oregon, a wholly-owned indirect subsidiary of NW Holdings, completed the acquisition of Sunriver Water LLC and Sunriver Environmental LLC (collectively referred to as Sunriver), a privately-owned water utility and wastewater treatment company located in Sunriver, Oregon that serves approximately 9,400 connections. The acquisition-date fair value of the total consideration transferred, after closing adjustments, was approximately \$55.0 million in cash consideration. The transaction aligns with NW Holdings' water sector strategy as it continues to expand its water utility service territory in the Pacific Northwest and begins to pursue wastewater investment opportunities.

The Sunriver acquisition met the criteria of a business combination, and as such a preliminary allocation of the consideration to the acquired assets based on their estimated fair value as of the acquisition date was performed. In accordance with U.S. GAAP, the fair value determination was made using existing regulatory conditions for assets associated with Sunriver Water LLC as well as existing market conditions and standard valuation approaches for assets associated with Sunriver Environmental LLC in order to allocate value as determined by an independent third party assessor for certain assets, which involved the use of management judgment in determining the significant estimates and assumptions used by the assessor, with the remaining difference from the consideration transferred being recorded as goodwill. The acquisition costs were expensed as incurred.

Final goodwill of \$41.1 million was recognized from this acquisition. The goodwill recognized is attributable to Sunriver's regulated water utility service territory, experienced workforce, and the strategic benefits for both the water utility and wastewater services expected from growth in its service territory. No intangible assets aside from goodwill were acquired. The total amount of goodwill that is expected to be deductible for income tax purposes is approximately \$50.0 million.

The final purchase price for the acquisition has been allocated to the net assets acquired as of the acquisition date and is as follows:

<i>In thousands</i>	May 31, 2020	
Current assets	\$	222
Property, plant and equipment		12,866
Goodwill		41,054
Deferred tax assets		828
Current liabilities		(22)
Total net assets acquired	\$	<u>54,948</u>

The amount of Sunriver revenues included in NW Holdings' consolidated statements of comprehensive income was \$6.6 million for the year ended December 31, 2020. Earnings included in NW Holdings' consolidated statements of comprehensive income was \$1.6 million for the year ended December 31, 2020.

Other Business Combinations

During 2019, NWN Water completed three additional acquisitions qualifying as business combinations. The aggregate fair value of the preliminary consideration transferred for these acquisitions was approximately \$2.0 million. These business combinations were not significant to NW Holdings' results of operations.

Goodwill

NW Holdings allocates goodwill to reporting units based on the expected benefit from the business combination. We perform an annual impairment assessment of goodwill at the reporting unit level, or more frequently if events and circumstances indicate that goodwill might be impaired. An impairment loss is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

As a result of all acquisitions completed, total goodwill was \$69.2 million as of December 31, 2020 and \$49.9 million as of December 31, 2019. The increase in the goodwill balance was primarily due to additions associated with our acquisitions in the water sector. All of our goodwill is related to water and wastewater acquisitions and is included in the other category for segment reporting purposes. The annual impairment assessment of goodwill occurs in the fourth quarter of each year. There have been no impairments recognized to date.

16. DERIVATIVE INSTRUMENTS

NW Natural enters into financial derivative contracts to hedge a portion of the NGD segment's natural gas sales requirements. These contracts include swaps, options, and combinations of option contracts. These derivative financial instruments are primarily used to manage commodity price variability. A small portion of NW Natural's derivative hedging strategy involves foreign currency forward contracts.

NW Natural enters into these financial derivatives, up to prescribed limits, primarily to hedge price variability related to term physical gas supply contracts as well as to hedge spot purchases of natural gas. The foreign currency forward contracts are used to hedge the fluctuation in foreign currency exchange rates for pipeline demand charges paid in Canadian dollars.

In the normal course of business, NW Natural also enters into indexed-price physical forward natural gas commodity purchase contracts and options to meet the requirements of NGD customers. These contracts qualify for regulatory deferral accounting treatment.

NW Natural also enters into exchange contracts related to the third-party asset management of its gas portfolio, some of which are derivatives that do not qualify for hedge accounting or only partial regulatory deferral, but are subject to NW Natural's regulatory sharing agreement. These derivatives are recognized in operating revenues, net of amounts shared with NGD customers.

Notional Amounts

The following table presents the absolute notional amounts related to open positions on NW Natural derivative instruments:

<i>In thousands</i>	At December 31,	
	2020	2019
Natural gas (in therms):		
Financial	784,400	651,540
Physical	457,593	512,849
Foreign exchange	\$ 5,896	\$ 6,650

Purchased Gas Adjustment (PGA)

Derivatives entered into by NW Natural for the procurement or hedging of natural gas for future gas years generally receive regulatory deferral accounting treatment. In general, commodity hedging for the current gas year is completed prior to the start of the gas year, and hedge prices are reflected in the weighted-average cost of gas in the PGA filing. Rates and hedging approaches may vary between states due to different rate structures and mechanisms. In addition, as required with the Washington PGA filing, NW Natural incorporated and began implementing risk-responsive hedging strategies for its Washington gas supplies. Hedge contracts entered into after the start of the PGA period are subject to the PGA incentive sharing mechanism in Oregon. NW Natural entered the 2020-21 and 2019-20 gas years with forecasted sales volumes hedged at 53% and 52% in financial swap and option contracts, and 17% and 19% in physical gas supplies, respectively. Hedge contracts entered into prior to the PGA filing, in September 2020, were included in the PGA for the 2020-21 gas year. Hedge contracts entered into after the PGA filing, and related to subsequent gas years, may be included in future PGA filings and qualify for regulatory deferral.

Unrealized and Realized Gain/Loss

The following table reflects the income statement presentation for the unrealized gains and losses from NW Natural's derivative instruments, which also represents all derivative instruments at NW Holdings:

<i>In thousands</i>	December 31, 2020		December 31, 2019	
	Natural gas commodity	Foreign exchange	Natural gas commodity	Foreign exchange
Benefit (expense) to cost of gas	\$ 7,342	\$ 312	\$ 9,863	\$ 102
Operating revenues (expense)	(1,212)	—	(568)	—
Amounts deferred to regulatory accounts on balance sheet	(6,306)	(312)	(9,376)	(102)
Total gain (loss) in pre-tax earnings	\$ (176)	\$ —	\$ (81)	\$ —

Unrealized Gain/Loss

Outstanding derivative instruments related to regulated NGD operations are deferred in accordance with regulatory accounting standards. The cost of foreign currency forward and natural gas derivative contracts are recognized immediately in the cost of gas; however, costs above or below the amount embedded in the current year PGA are subject to a regulatory deferral tariff and therefore, are recorded as a regulatory asset or liability.

Realized Gain/Loss

NW Natural realized net gains of \$2.3 million and \$17.9 million for the years ended December 31, 2020 and 2019, respectively, from the settlement of natural gas financial derivative contracts. Realized gains and losses offset the higher or lower cost of gas purchased, resulting in no incremental amounts to collect or refund to customers.

Credit Risk Management of Financial Derivatives Instruments

No collateral was posted with or by NW Natural counterparties as of December 31, 2020 or 2019. NW Natural attempts to minimize the potential exposure to collateral calls by diversifying counterparties and using credit limits to manage liquidity risk. Counterparties generally allow a certain credit limit threshold before requiring NW Natural to post collateral against unrealized loss positions. Given NW Natural's counterparty credit limits and portfolio diversification, it was not subject to collateral calls in 2020 or 2019. The collateral call exposure is set forth under credit support agreements, which generally contain credit limits. NW Natural could also be subject to collateral call exposure where it has agreed to provide adequate assurance, which is not specific as to the amount of credit limit allowed, but could potentially require additional collateral in the event of a material adverse change.

Based upon current commodity financial swap and option contracts outstanding, which reflect unrealized gains of \$13.1 million at December 31, 2020, we have estimated the level of collateral demands, with and without potential adequate assurance calls, using current gas prices and various credit downgrade scenarios for NW Natural as follows:

<i>In thousands</i>	(Current Ratings) A+/ A3	Credit Rating Downgrade Scenarios			
		BBB+/Baa1	BBB/Baa2	BBB-/Baa3	Speculative
With Adequate Assurance Calls	\$ —	\$ —	\$ —	\$ —	\$ 51
Without Adequate Assurance Calls	\$ —	\$ —	\$ —	\$ —	\$ 51

NW Natural's financial derivative instruments are subject to master netting arrangements; however, they are presented on a gross basis in the consolidated balance sheets. NW Natural and its counterparties have the ability to set-off obligations to each other under specified circumstances. Such circumstances may include a defaulting party, a credit change due to a merger affecting either party, or any other termination event.

If netted by counterparty, NW Natural's physical and financial derivative position would result in an asset of \$14.1 million and a liability of \$1.3 million as of December 31, 2020, and an asset of \$9.4 million and a liability of \$1.9 million as of December 31, 2019.

NW Natural is exposed to derivative credit and liquidity risk primarily through securing fixed price natural gas commodity swaps with financial counterparties. NW Natural utilizes master netting arrangements through International Swaps and Derivatives Association contracts to minimize this risk along with collateral support agreements with counterparties based on their credit ratings. In certain cases, NW Natural requires guarantees or letters of credit from counterparties to meet its minimum credit requirement standards.

NW Natural's financial derivatives policy requires counterparties to have an investment-grade credit rating at the time the derivative instrument is entered into, and specifies limits on the contract amount and duration based on each counterparty's credit rating. NW Natural does not speculate with derivatives. Derivatives are used to hedge exposure above risk tolerance limits. Increases in market risk created by the use of derivatives is offset by the exposures they modify.

We actively monitor NW Natural's derivative credit exposure and place counterparties on hold for trading purposes or require other forms of credit assurance, such as letters of credit, cash collateral, or guarantees as circumstances warrant. The ongoing assessment of counterparty credit risk includes consideration of credit ratings, credit default swap spreads, bond market credit spreads, financial condition, government actions, and market news. A Monte Carlo simulation model is used to estimate the change in credit and liquidity risk from the volatility of natural gas prices. The results of the model are used to establish trading limits. NW Natural's outstanding financial derivatives at December 31, 2020 mature by October 31, 2022.

We could become materially exposed to credit risk with one or more of our counterparties if natural gas prices experience a significant increase. If a counterparty were to become insolvent or fail to perform on its obligations, we could suffer a material loss; however, we would expect such a loss to be eligible for regulatory deferral and rate recovery, subject to a prudence review. All of our existing counterparties currently have investment-grade credit ratings.

Fair Value

In accordance with fair value accounting, NW natural includes non-performance risk in calculating fair value adjustments. This includes a credit risk adjustment based on the credit spreads of NW Natural counterparties when in an unrealized gain position, or on NW Natural's own credit spread when it is in an unrealized loss position. The inputs in our valuation models include natural gas futures, volatility, credit default swap spreads, and interest rates. Additionally, the assessment of non-performance risk is generally derived from the credit default swap market and from bond market credit spreads. The impact of the credit risk adjustments for all outstanding derivatives was immaterial to the fair value calculation at December 31, 2020. As of December 31, 2020 and 2019, the net fair value was an asset of \$12.8 million and \$7.5 million, respectively, using significant other observable, or Level 2, inputs. No Level 3 inputs were used in our derivative valuations during the years ended December 31, 2020 and 2019.

17. COMMITMENTS AND CONTINGENCIES

Gas Purchase and Pipeline Capacity Purchase and Release Commitments

NW Natural has signed agreements providing for the reservation of firm pipeline capacity under which it is required to make fixed monthly payments for contracted capacity. The pricing component of the monthly payment is established, subject to change, by U.S. or Canadian regulatory bodies, or is established directly with private counterparties, as applicable. In addition, NW Natural has entered into long-term agreements to release firm pipeline capacity. NW Natural also enters into short-term and long-term gas purchase agreements.

The aggregate amounts of these agreements were as follows at December 31, 2020:

<i>In thousands</i>	Gas Purchase Agreements	Pipeline Capacity Purchase Agreements	Pipeline Capacity Release Agreements
2021	\$ 83,475	\$ 77,748	\$ 7,892
2022	—	80,646	7,182
2023	—	78,503	3,632
2024	—	73,472	3,632
2025	—	71,313	3,027
Thereafter	—	516,291	—
Total	83,475	897,973	25,365
Less: Amount representing interest	25	89,303	162
Total at present value	<u>\$ 83,450</u>	<u>\$ 808,670</u>	<u>\$ 25,203</u>

Total fixed charges under capacity purchase agreements were \$81.8 million for 2020, \$82.2 million for 2019, and \$82.6 million for 2018, of which \$4.8 million, \$4.3 million, and \$4.3 million, respectively, related to capacity releases. In addition, per-unit charges are required to be paid based on the actual quantities shipped under the agreements. In certain take-or-pay purchase commitments, annual deficiencies may be offset by prepayments subject to recovery over a longer term if future purchases exceed the minimum annual requirements.

Leases

Refer to Note 7 for a discussion of lease commitments and contingencies.

Environmental Matters

Refer to Note 18 for a discussion of environmental commitments and contingencies.

18. ENVIRONMENTAL MATTERS

NW Natural owns, or previously owned, properties that may require environmental remediation or action. The range of loss for environmental liabilities is estimated 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 of those sites described herein, NW Natural has recovery mechanisms in place to collect 96.7% of remediation costs allocable to Oregon customers and 3.3% of costs allocable to Washington customers.

These 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 NW Natural is able to estimate a range of remediation costs and record a reasonable potential remediation liability, or make an adjustment to the existing liability. From this study, the regulatory agency selects a remedy and issues a Record of Decision (ROD). After a ROD is issued, NW Natural would seek to negotiate a consent decree or consent judgment for designing and implementing the remedy. NW Natural would 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, institutional controls such as legal restrictions on future property use, or natural recovery. 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, NW Natural will provide for these costs in the remediation liabilities described below.

Due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, NW Natural may not be able to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the possible loss has been disclosed, as has 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, NW Natural records 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 the continued evaluation and clarification concerning responsibility, the complexity of environmental laws and regulations and the determination by regulators of remediation alternatives. In addition to remediation costs, NW Natural could also be subject to Natural Resource Damages (NRD) claims. NW Natural will assess the likelihood and probability of each claim and recognize a liability if deemed appropriate. Refer to "*Other Portland Harbor*" below.

Environmental Sites

The following table summarizes information regarding liabilities related to environmental sites, which are recorded in other current liabilities and other noncurrent liabilities in NW Natural's balance sheet at December 31:

<i>In thousands</i>	Current Liabilities		Non-Current Liabilities	
	2020	2019	2020	2019
Portland Harbor site:				
Gasco/Siltronic Sediments	\$ 7,596	\$ 11,632	\$ 43,725	\$ 46,082
Other Portland Harbor	1,942	2,543	7,020	6,920
Gasco/Siltronic Upland site	14,887	14,203	40,250	43,616
Central Service Center site	—	—	—	—
Front Street site	3,816	10,847	1,107	—
Oregon Steel Mills	—	—	179	179
Total	<u>\$ 28,241</u>	<u>\$ 39,225</u>	<u>\$ 92,281</u>	<u>\$ 96,797</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 site. NW Natural is one of over one hundred PRPs, each jointly and severally liable, at the Superfund site. In January 2017, the EPA issued its Record of Decision, which selects the remedy for the clean-up of the Portland Harbor site (Portland Harbor ROD). The Portland Harbor ROD estimates the present value total cost at approximately \$1.05 billion with an accuracy between -30% and +50% of actual costs.

NW Natural's potential liability is 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 one hundred PRPs. NW Natural is participating in a non-binding allocation process with the other PRPs in an effort to resolve its potential liability. The Portland Harbor ROD does not provide any additional clarification around allocation of costs among PRPs; accordingly, NW Natural has not modified any of the recorded liabilities at this time as a result of the issuance of the Portland Harbor ROD.

NW Natural manages its 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. NW Natural submitted a draft EE/CA to the EPA in May 2012 to provide the estimated cost of potential remedial alternatives for this site. In March 2020, NW Natural and the EPA amended the Administrative Order on Consent to include additional remedial design activities downstream of the Gasco sediments site and in the navigation channel. Siltronic Corporation is not a party to the amended order. At this time, the estimated costs for the various sediment remedy alternatives in the draft EE/CA for the additional studies and design work needed before the cleanup can occur, and for regulatory oversight throughout the cleanup range from \$51.3 million to \$350 million. NW Natural has recorded a liability of \$51.3 million for the Gasco sediment clean-up, which reflects the low end of the range. At this time, we believe sediments at the Gasco sediments site represent the largest portion of NW Natural's liability related to the Portland Harbor site discussed above.

OTHER PORTLAND HARBOR. While we believe liabilities associated with the Gasco/Siltronic sediments site represent NW Natural's largest exposure, there are other potential exposures associated with the Portland Harbor ROD, including NRD costs and harborwide remedial design and cleanup costs (including downstream petroleum contamination), for which allocations among the PRPs have not yet been determined.

NW Natural and other parties have signed a cooperative agreement with the Portland Harbor Natural Resource Trustee council to participate in a phased NRD assessment to estimate liabilities to support an early restoration-based settlement of NRD claims. One member of this Trustee council, the Yakama Nation, withdrew from the council in 2009, and in 2017, filed suit against NW Natural and 29 other parties seeking remedial costs and NRD assessment costs associated with the Portland Harbor site, set forth in the complaint. The complaint seeks recovery of alleged costs totaling \$0.3 million in connection with the selection of a remedial action for the Portland Harbor site as well as declaratory judgment for unspecified future remedial action costs and for costs to assess the injury, loss or destruction of natural resources resulting from the release of hazardous substances at and from the Portland Harbor site. The Yakama Nation has filed two amended complaints addressing certain pleading defects and dismissing the State of Oregon. On the motion of NW Natural and certain other defendants the federal court has stayed the case pending the outcome of the non-binding allocation proceeding discussed above. NW Natural has recorded a liability for NRD 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. The NRD liability is not included in the aforementioned range of costs provided in the Portland Harbor ROD.

Gasco Uplands Site

A predecessor of NW Natural, Portland Gas and Coke Company, 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 NW Natural for environmental contamination under the ODEQ Voluntary Cleanup Program (VCP). It is not included in the range of remedial costs for the Portland Harbor site noted above. The Gasco site is managed in two parts, the uplands portion and the groundwater source control action.

NW Natural submitted a revised Remedial Investigation Report for the uplands to ODEQ in May 2007. In March 2015, ODEQ approved Remedial Assessment (RA) for this site, enabling commencement of work on the FS in 2016. NW Natural has 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 October 2016, ODEQ and NW Natural agreed to amend their VCP agreement to incorporate a portion of the Siltronic property adjacent to the Gasco site formerly owned by Portland Gas & Coke between 1939 and 1960 into the Gasco RA and FS, excluding the uplands for Siltronic. Previously, NW Natural was conducting an investigation of manufactured gas plant constituents on the entire Siltronic uplands for ODEQ. Siltronic will be working with ODEQ directly on environmental impacts to the remainder of its property.

In September 2013, NW Natural completed construction of a groundwater source control system, including a water treatment station, at the Gasco site. NW Natural has estimated the cost associated with the ongoing operation of the system and has recognized a liability which is at the low end of the range of potential cost. NW Natural 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 Gasco sediment exposure.

Other Sites

In addition to those sites above, NW Natural has environmental exposures at three other sites: Central Service Center, Front Street and Oregon Steel Mills. NW Natural may have exposure at other sites that have not been identified at this time. 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.

CENTRAL SERVICE CENTER SITE. The investigative phase to characterize the existing site has been completed and determined by the Oregon Department of Environmental Quality (DEQ) to be sufficient to allow for the issuance of a Conditional No Further Action (cNFA). NW Natural is now conducting ongoing environmental monitoring activities through 2024 in order to meet the conditions which were included within the cNFA.

FRONT STREET SITE. The Front Street site was the former location of a gas manufacturing plant NW Natural operated (the former Portland Gas Manufacturing site, or PGM). At ODEQ's request, NW Natural conducted a sediment and source control investigation and provided findings to ODEQ. In December 2015, an FS on the former Portland Gas Manufacturing site was completed.

In July 2017, ODEQ issued the PGM ROD. The ROD specifies the selected remedy, which requires a combination of dredging, capping, treatment, and natural recovery. In addition, the selected remedy also requires institutional controls and long-term inspection and maintenance. In September 2020, NW Natural revised its estimate of the remaining cost to construct the remedy to be approximately \$7.1 million. Further, NW Natural has recognized an additional liability of \$4.9 million for munitions and design costs, regulatory and permitting issues, and post-construction work. Construction of the remedy began in early July 2020 and was completed in October 2020.

OREGON STEEL MILLS SITE. Refer to "Legal Proceedings," below.

Environmental Cost Deferral and Recovery

NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. On October 21, 2019 the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers beginning November 1, 2019.

The following table presents information regarding the total regulatory asset deferred as of December 31:

<i>In thousands</i>	2020	2019
Deferred costs and interest ⁽¹⁾	\$ 44,516	\$ 36,673
Accrued site liabilities ⁽²⁾	120,352	135,662
Insurance proceeds and interest	(69,253)	(79,949)
Total regulatory asset deferral ⁽¹⁾	<u>\$ 95,615</u>	<u>\$ 92,386</u>
Current regulatory assets ⁽³⁾	\$ 4,992	\$ 4,762
Long-term regulatory assets ⁽³⁾	\$ 90,623	\$ 87,624

⁽¹⁾ Includes pre-review and post-review deferred costs, amounts currently in amortization, and interest, net of amounts collected from customers. In Oregon, NW Natural earns a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. NW Natural also accrues a carrying charge on insurance proceeds for amounts owed to customers. In Washington, neither the cash paid nor insurance proceeds accrue a carrying charge.

⁽²⁾ Excludes 3.3% of the Front Street site liability, or \$0.2 million in 2020 and \$0.4 million in 2019, as the OPUC only allows recovery of 96.7% of costs for those sites allocable to Oregon, 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, NW Natural earns a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. It also accrues a carrying charge on insurance proceeds for amounts owed to customers. In Washington, neither the cash paid nor insurance proceeds received accrue a carrying charge. 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 \$5.0 million tariff rider. The amounts allocable to Oregon are recoverable through NGD rates, subject to an earnings test. See "Oregon SRRM" below.

Oregon SRRM

Collections From Oregon Customers

Under the SRRM collection process, there are three types 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 NW Natural's authorized cost of capital. NW Natural anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by 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. NW Natural earns 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. NW Natural earns a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate.

In addition to the collection amount noted above, an order issued by the OPUC provides for the annual collection of \$5.0 million from Oregon customers through a tariff rider. As NW Natural collects amounts from customers, it recognizes these collections as revenue and separately amortizes an equal and offsetting amount of its deferred regulatory asset balance through the environmental remediation operating expense line shown separately in the operating expense section of the income statement.

NW Natural received total environmental insurance proceeds of approximately \$150 million as a result of settlements from litigation that was dismissed in July 2014. Under a 2015 OPUC order which established the SRRM, one-third of the Oregon allocated proceeds were applied to costs deferred through 2012 with the remaining two-thirds applied to costs at a rate of \$5.0 million per year plus interest over the following 20 years. NW Natural accrues interest on the Oregon allocated insurance proceeds in the customer's favor at a rate equal to the five-year treasury rate plus 100 basis points. As of December 31, 2020, NW Natural has applied \$83.2 million of insurance proceeds to prudently incurred remediation costs allocated to Oregon.

Environmental Earnings Test

To the extent NW Natural earns at or below its authorized Return on Equity (ROE) as defined by the SRRM, remediation expenses and interest in excess of the \$5.0 million tariff rider and \$5.0 million insurance proceeds are recoverable through the SRRM. To the extent NW Natural earns more than its authorized ROE in a year, it is required to cover environmental expenses and interest on expenses greater than the \$10.0 million with those earnings that exceed its authorized ROE.

Washington ECRM

Washington Deferral

On October 21, 2019, the WUTC issued an order (WUTC Order) establishing the ECRM which allows for recovery of past deferred and future prudently incurred environmental remediation costs allocable to Washington customers through application of insurance proceeds and collections from customers. Environmental remediation expenses relating to sites that previously served both Oregon and Washington customers are allocated between states with Washington customers receiving 3.3% percent of the costs and insurance proceeds.

As a result of the WUTC Order, in the fourth quarter of 2019, approximately \$3.0 million of prudently incurred costs deferred from the initial deferral authorization in February 2011 through November 2018 were fully offset with insurance proceeds. In addition, approximately \$1.5 million of disallowed deferred environmental remediation expenses incurred prior to the deferral authorization were charged to environmental remediation expense.

Insurance proceeds will be fully applied to costs incurred between December 2018 and June 2019 once deemed prudent in future rate proceedings. Remaining insurance proceeds will be amortized over a 10.5 year period ending December 31, 2029. On an annual basis, NW Natural will file for a prudence determination and a request to amortize costs to the extent that remediation expenses exceed the insurance amortization. After insurance proceeds are fully amortized, if in a particular year the request to collect deferred amounts exceeds one percent of Washington normalized revenues, then the excess will be collected over three years with interest.

Legal Proceedings

NW Holdings is not currently party to any direct claims or litigation, though in the future it may be subject to claims and litigation arising in the ordinary course of business.

NW Natural is subject to claims and litigation arising in the ordinary course of business, including the matters discussed above. Although the final outcome of any of these legal proceedings cannot be predicted with certainty, including the matter described below, NW Natural and NW Holdings do not expect that the ultimate disposition of any of these matters will have a material effect on financial condition, results of operations, or cash flows.

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 NW Natural's 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. In August 2017, the case was stayed pending the outcome of the Portland Harbor allocation process or other mediation. Although the final outcome of this proceeding cannot be predicted with certainty, NW Natural and NW Holdings do not expect the ultimate disposition of this matter will have a material effect on NW Natural's or NW Holdings' financial condition, results of operations, or cash flows.

For additional information regarding other commitments and contingencies, see Note 17.

19. DISCONTINUED OPERATIONS

NW Holdings

On June 20, 2018, NWN Gas Storage, then a wholly-owned subsidiary of NW Natural, entered into a Purchase and Sale Agreement (the Agreement) that provided for the sale by NWN Gas Storage of all of the membership interests in Gill Ranch. Gill Ranch owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility.

On December 4, 2020, NWN Gas Storage closed the sale of all of the membership interests in Gill Ranch and received payment of the initial cash purchase price of \$13.5 million less the \$1.0 million deposit previously paid. Furthermore, additional payments to NWN Gas Storage may be made subject to a maximum amount of \$15.0 million in the aggregate (subject to a working capital adjustment) based on the economic performance of Gill Ranch for each full gas storage year (April 1 of one year through March 31 of the following year) occurring after the closing and the remaining portion of the 2020-2021 gas storage year and will continue until such time as the maximum amount has been paid. The fair value of this arrangement at the closing date was zero based on a discounted cash flow forecast. Subsequent changes in the fair value will be recorded in earnings. The completion of the sale resulted in an after-tax gain of \$5.9 million.

The following table presents the operating results of Gill Ranch and is presented net of tax on NW Holdings' consolidated statements of comprehensive income:

<i>In thousands, except per share data</i>	NW Holdings Discontinued Operations		
	2020	2019	2018
Revenues	\$ 10,193	\$ 5,301	\$ 3,579
Expenses			
Operations and maintenance	7,931	8,587	5,771
General taxes	198	219	479
Depreciation and amortization	391	423	430
Other expenses and interest	848	931	609
Total expenses	9,368	10,160	7,289
Income (loss) from discontinued operations	825	(4,859)	(3,710)
Gain on sale of discontinued operations	8,027	—	—
Income (loss) from discontinued operations before income tax	8,852	(4,859)	(3,710)
Income tax expense (benefit) ⁽¹⁾	2,344	(1,283)	(968)
Income (loss) from discontinued operations, net of tax	\$ 6,508	\$ (3,576)	\$ (2,742)

⁽¹⁾ Includes income tax expense of \$2.1 million related to the sale of Gill Ranch for the year ended December 31, 2020.

As a result of the disposition of the membership interests of Gill Ranch, there were no assets or liabilities classified as held for sale at December 31, 2020. The assets and liabilities of the discontinued operations classified as held for sale in the consolidated balance sheet at December 31, 2019 include the following:

<i>In thousands</i>	NW Holdings Discontinued Operations
	2019
Assets:	
Accounts receivable	\$ 333
Inventories	695
Other current assets	457
Property, plant, and equipment, net	13,284
Operating lease right of use asset	118
Other non-current assets	247
Total discontinued operations assets - current assets ⁽¹⁾	\$ 15,134
Liabilities:	
Accounts payable	\$ 1,250
Other current liabilities	848
Operating lease liabilities	116
Other non-current liabilities	11,495
Total discontinued operations liabilities - current liabilities ⁽¹⁾	\$ 13,709

⁽¹⁾ The total assets and liabilities of Gill Ranch were classified as current because it was probable that the sale would be completed within one year.

NW Natural

As part of the holding company reorganization in October 2018, NWN Energy, NWN Gas Storage, Gill Ranch, NNG Financial, NWN Water, and NW Holdings, which were direct and indirect subsidiaries of NW Natural prior to the reorganization, are no longer subsidiaries of NW Natural. See Note 1 for additional information. As a result, NW Natural's financial statements reflect amounts related to these entities as discontinued operations for all periods presented. The expenses included in the results of discontinued operations are the direct operating expenses incurred by the entities that may be reasonably segregated from the costs of NW Natural's continuing operations.

The following table presents the operating results prior to the holding company reorganization effective October 1, 2018 of NWN Energy, NWN Gas Storage, Gill Ranch, NNG Financial, NWN Water, and NW Holdings, which were historically reported within the gas storage segment and other, and is presented net of tax on NW Natural's consolidated statements of comprehensive income:

	NW Natural Discontinued Operations	
<i>In thousands, except per share data</i>	2018	
Revenues	\$	3,016
Expenses		
Operations and maintenance		4,151
General taxes		448
Depreciation and amortization		420
Other expenses and interest		342
Total expenses		5,361
Loss from discontinued operations before income tax		(2,345)
Income tax benefit		(622)
Loss from discontinued operations, net of tax	\$	(1,723)

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF NORTHWEST NATURAL
HOLDING COMPANY

NORTHWEST NATURAL HOLDING COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(PARENT COMPANY ONLY)

<i>In thousands</i>	Year ended December 31, 2020	Year ended December 31, 2019	Inception through December 31, 2018
Operating expenses:			
Operations and maintenance	\$ 771	\$ 2,747	\$ 838
Total operating expenses	<u>771</u>	<u>2,747</u>	<u>838</u>
Loss from operations	(771)	(2,747)	(838)
Earnings from investment in subsidiaries, net of tax	78,450	64,328	36,469
Other income (expense), net	57	(22)	36
Interest expense, net	<u>1,557</u>	<u>726</u>	<u>53</u>
Income before income taxes	76,179	60,833	35,614
Income tax benefit	<u>(602)</u>	<u>(902)</u>	<u>(225)</u>
Net income	<u>\$ 76,781</u>	<u>\$ 61,735</u>	<u>\$ 35,839</u>

See Notes to Condensed Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
CONDENSED BALANCE SHEETS
(PARENT COMPANY ONLY)

<i>In thousands</i>	As of December 31,	
	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,267	119
Receivables from affiliates	14,738	1,950
Income taxes receivable	6,000	256
Other current assets	6,223	4,600
Total current assets	38,228	6,925
Non-current assets:		
Investments in subsidiaries	939,741	888,477
Other investments	17	24
Deferred tax assets	171	191
Other non-current assets	213	245
Total non-current assets	940,142	888,937
Total assets	\$ 978,370	\$ 895,862
Liabilities and equity:		
Current liabilities:		
Short-term debt	\$ 73,000	\$ 24,000
Accounts payable	119	612
Payables to affiliates	12,912	3,697
Taxes accrued	—	127
Other current liabilities	49	37
Total current liabilities	86,080	28,473
Equity:		
Common stock	847,193	840,364
Retained earnings	45,097	27,025
Total equity	892,290	867,389
Total liabilities and equity	\$ 978,370	\$ 895,862

See Notes to Condensed Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(PARENT COMPANY ONLY)

<i>In thousands</i>	Year ended December 31, 2020	Year ended December 31, 2019	Inception through December 31, 2018
Operating activities:			
Net income	\$ 76,781	\$ 61,735	\$ 35,839
Adjustments to reconcile net income to cash used in operations:			
Equity in earnings of subsidiaries, net of tax	(78,450)	(64,328)	(36,469)
Cash dividends received from subsidiaries	55,387	53,439	—
Deferred income taxes	20	(198)	7
Other	65	66	15
Changes in assets and liabilities:			
Receivables, net	(12,788)	846	(585)
Income and other taxes	(7,451)	4,325	(9,034)
Accounts payable	8,809	(5,177)	9,304
Interest accrued	77	(32)	32
Other, net	(364)	(346)	(44)
Cash provided by (used in) operating activities	<u>42,086</u>	<u>50,330</u>	<u>(935)</u>
Investing activities:			
Contributions to subsidiaries	(47,194)	(157,591)	(1,804)
Return of capital from subsidiaries	19,000	35,000	—
Cash used in investing activities	<u>(28,194)</u>	<u>(122,591)</u>	<u>(1,804)</u>
Financing activities:			
Proceeds from stock options exercised	68	2,015	—
Proceeds from common stock issued	—	92,956	—
Changes in other short-term debt, net	49,000	24,000	—
Cash dividend payments on common stock	(55,420)	(53,339)	(12,923)
Capital contributions	—	—	20,000
Other	3,608	2,737	(327)
Cash (used in) provided by financing activities	<u>(2,744)</u>	<u>68,369</u>	<u>6,750</u>
Increase (decrease) in cash and cash equivalents	11,148	(3,892)	4,011
Cash and cash equivalents, beginning of period	119	4,011	—
Cash and cash equivalents, end of period	<u>\$ 11,267</u>	<u>\$ 119</u>	<u>\$ 4,011</u>

See Notes to Condensed Financial Statements

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

NW Holdings is an energy services holding company that conducts substantially all of its business operations through its subsidiaries, particularly NW Natural. These condensed financial statements and related footnotes have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X. These financial statements, in which NW Holdings' subsidiaries have been included using the equity method, should be read in conjunction with the consolidated financial statements and notes thereto of NW Holdings included in Item 8 of this Form 10-K.

Equity earnings of subsidiaries including earnings from NW Natural were \$78.5 million, \$64.3 million, and \$36.5 million for the years ended December 31, 2020, 2019, and 2018 respectively.

There were \$74.4 million and \$88.4 million of cash dividends paid to NW Holdings from wholly-owned subsidiaries for the years ended December 31, 2020 and 2019, respectively, and none for the year ended December 31, 2018.

Condensed Statements of Cash Flows Correction

During 2020, NW Holdings identified that activities related to dividends received from subsidiaries had been reported as cash flows from financing activities and should have been presented as operating and investing activities. NW Holdings corrected the previously presented cash flows for dividends received from subsidiaries and in doing so, the statements of cash flows for the year ended December 31, 2019 was adjusted to decrease net cash flows used from financing activities by \$88.4 million, with a corresponding increase in net cash flows provided by operating and used in investing activities of \$53.4 million and \$35.0 million, respectively. NW Holdings has evaluated the effect of the misstatement, both qualitatively and quantitatively, and concluded that it did not have a material impact on, nor require amendment of, any previously filed condensed financial statements.

2. DEBT

For information concerning NW Holdings' debt obligations, see Note 9 to the consolidated financial statements included in Item 8 of this report.

NORTHWEST NATURAL HOLDING COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions		Deductions	
<i>In thousands (year ended December 31)</i>	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Net write-offs	Balance at end of period
2020					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 673	\$ 890	\$ 2,333	\$ 677	\$ 3,219
2019					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 977	\$ 450	\$ —	\$ 754	\$ 673
2018					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 956	\$ 680	\$ —	\$ 659	\$ 977

NORTHWEST NATURAL GAS COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions		Deductions	
<i>In thousands (year ended December 31)</i>	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Net write-offs	Balance at end of period
2020					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 672	\$ 779	\$ 2,333	\$ 677	\$ 3,107
2019					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 975	\$ 450	\$ —	\$ 753	\$ 672
2018					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 956	\$ 678	\$ —	\$ 659	\$ 975

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

NW Holdings and NW Natural management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, completed an evaluation of the effectiveness of the design and operation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer of each registrant have concluded that, as of the end of the period covered by this report, disclosure controls and procedures were effective to ensure that information required to be disclosed by each such registrant and included in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission (SEC) rules and forms and that such information is accumulated and communicated to management of each registrant, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

NW Holdings and NW Natural management are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rule 13a-15(f). There have been no changes in internal control over financial reporting that occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting for NW Holdings and NW Natural.

The statements contained in Exhibit 31.1, Exhibit 31.2, Exhibit 31.3, and Exhibit 31.4 should be considered in light of, and read together with, the information set forth in this Item 9(a).

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The "Information Concerning Nominees and Continuing Directors", "Delinquent Section 16(a) Reports" and "Corporate Governance" contained in NW Holdings' definitive Proxy Statement for the 2021 Annual Meeting of Shareholders is hereby incorporated by reference.

EXECUTIVE OFFICERS		
Name	Age at Dec. 31, 2020	Positions held during last five years ⁽¹⁾
David H. Anderson*	59	President and Chief Executive Officer ⁽²⁾ (2016-); Chief Operating Officer and President (2015-2016); Executive Vice President and Chief Operating Officer (2014-2015); Executive Vice President Operations and Regulation (2013-2014); Senior Vice President and Chief Financial Officer (2004-2013).
Frank H. Burkhartsmeier*	56	Senior Vice President and Chief Financial Officer ⁽²⁾ (2017-); President and Chief Executive Officer of Renewables, Avangrid Renewables (2015-2017); Senior Vice President of Finance, Iberdrola Renewables Holdings, Inc. (2012-2015).
James R. Downing	51	Vice President and Chief Information Officer (2017-); Chief Information Officer, WorleyParsons (America's Division) (2016-2017); Executive Service Delivery Manager for SAP, British Petroleum (2011-2015).
Shawn M. Filippi*	48	Vice President, Chief Compliance Officer and Corporate Secretary ⁽²⁾ (2016-); Vice President and Corporate Secretary (2015-2016); Senior Legal Counsel (2011-2014); Assistant Corporate Secretary (2010-2014).
Kimberly A. Heiting	51	Senior Vice President, Operations and Chief Marketing Officer (2018-); Senior Vice President, Communications and Chief Marketing Officer (2018); Vice President, Communications and Chief Marketing Officer (2015-2018); Chief Marketing & Communications Officer (2013-2014); Chief Corporate Communications Officer (2011-2013).
Jon G. Huddleston	58	Vice President, Engineering and Utility Operations (2018-); Senior Director, Utility Operations (2014-2018); Director, Utility Operations (2013-2014); Process Director (2007-2013).
Justin B. Palfreyman	42	Vice President, Strategy and Business Development (2017-); President NW Natural Water (2018-); Vice President, Business Development (2016-2017); Director, Power, Energy and Infrastructure Group, Lazard, Freres & Co. (2009-2016).
Melinda B. Rogers	55	Vice President, Chief Human Resources and Diversity Officer (2018-); Senior Director of Human Resources (2018); Senior Manager, Organizational Effectiveness and Talent Acquisition (2015-2017); Senior Associate, Point B (2014-2015); Director, Executive Development Center, Willamette University (2011-2015).
MardiLyn Saathoff*	64	Senior Vice President, Regulation and General Counsel ⁽²⁾ (2016-); Senior Vice President and General Counsel (2015-2016); Vice President, Legal, Risk and Compliance (2013-2015); Deputy General Counsel (2010-2013); Chief Governance Officer and Corporate Secretary (2008-2014).
David A. Weber	61	Vice President, Gas Supply and Utility Support Services (2019-); President and Chief Executive Officer, NW Natural Gas Storage, LLC and Gill Ranch Storage, LLC (2011-).
Kathryn M. Williams	45	Vice President, Public Affairs and Sustainability (2019-); Government and Community Affairs Director (2018-2019); State Affairs Manager, Port of Portland (2015-2018); Business and Rail Relations Manager, Port of Portland (2007-2015).
Brody J. Wilson*	41	Vice President, Chief Accounting Officer, Controller and Treasurer ⁽²⁾ (2017-); Chief Financial Officer (Interim), Treasurer, Chief Accounting Officer and Controller (2016-2017); Chief Accounting Officer, Controller and Assistant Treasurer (2016); Controller (2013-2015); Acting Controller (2013); Accounting Director (2012-2013).

DIRECTOR (NORTHWEST NATURAL GAS COMPANY ONLY)**

Name	Age at Dec. 31, 2020	Positions held during last five years ⁽¹⁾
Steven E. Wynne**	68	Executive Vice President, Moda, Inc., a privately-held healthcare insurance company (2012-); Director, FLIR Systems, Inc. (1999-); Director, JELD-WEN Holding Inc. (2012-); Director, Pendleton Woolen Mills, Inc. (2013-); Director, Lone Rock Resources, Inc. (2016-); Director, Citifyd Inc. (2013-2019); Trustee, Willamette University (1999-); Trustee, Portland Center Stage (2012-2019); Executive Vice President, JELD-WEN, Inc. (2011-2012); President and Chief Executive Officer, SBI International, Ltd. (2004-2007); Partner, Ater Wynne LLP (2001-2002; 2003-2004); President and Chief Executive Officer, Adidas (1995-2000).

Mr. Wynne's senior management experience with a variety of companies, board service on a number of public and private companies and longstanding legal practice in the areas of corporate finance, securities and mergers and acquisitions qualify him to provide insight and guidance in the areas of corporate governance, strategic planning, enterprise risk management, finance and operations.

* Executive Officer of Northwest Natural Holding Company and Northwest Natural Gas Company.

** Director of Northwest Natural Gas Company only. All other directors of Northwest Natural Gas Company are also directors of Northwest Natural Holding Company, and information regarding all directors concurrently serving on the Board of Directors of Northwest Natural Gas Company and Northwest Natural Holding Company will be incorporated by reference to our definitive Proxy Statement for the 2021 Annual Meeting of Shareholders.

⁽¹⁾ Unless otherwise specified, all positions held at Northwest Natural Gas Company.

⁽²⁾ Position held at Northwest Natural Holding Company (beginning March 2018) and Northwest Natural Gas Company.

Each executive officer serves successive annual terms; present terms end at the 2021 annual meeting. There are no family relationships among our executive officers, directors or any person chosen to become one of our officers or directors. NW Holdings and NW Natural have adopted a Code of Ethics (Code) applicable to all employees, officers, and directors that is available on our website at www.nwnaturalholdings.com. We intend to disclose on our website at www.nwnaturalholdings.com any amendments to the Code or waivers of the Code for executive officers and directors.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning "Executive Compensation", "Report of the Organization and Executive Compensation Committee", and "Compensation Committee Interlocks and Insider Participation" contained in NW Holdings' definitive Proxy Statement for the 2021 Annual Meeting of Shareholders is hereby incorporated by reference. Information related to Executive Officers as of December 31, 2020 is reflected in Part III, Item 10, above.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

As of February 16, 2021, NW Holdings owned 100% of the outstanding common stock of NW Natural.

The following table sets forth information regarding compensation plans under which equity securities of NW Holdings are authorized for issuance as of December 31, 2020 (see Note 8 to the Consolidated Financial Statements):

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:			
Long Term Incentive Plan (LTIP) ⁽¹⁾⁽²⁾	181,289	n/a	435,758
Restated Stock Option Plan	9,438	\$ 45.74	—
Employee Stock Purchase Plan	50,839	\$ 37.78	153,084
Equity compensation plans not approved by security holders:			
Executive Deferred Compensation Plan (EDCP) ⁽³⁾	953	n/a	n/a
Directors Deferred Compensation Plan (DDCP) ⁽³⁾	41,215	n/a	n/a
Deferred Compensation Plan for Directors and Executives (DCP) ⁽⁴⁾	213,721	n/a	n/a
Total	497,455		588,842

⁽¹⁾ Awards may be granted under the LTIP as Performance Share Awards, Restricted Stock Units, or stock options. Shares issued pursuant to Performance Share Awards and Restricted Stock Units under the LTIP do not include an exercise price, but are payable when the award criteria are satisfied. The number of shares shown in column (a) include 82,464 Restricted Stock Units and 98,825 Performance Share Awards, reflecting the number of shares to be issued as performance share awards under outstanding Performance Share Awards if target performance levels are achieved. If the maximum awards were paid pursuant to the Performance Share Awards outstanding at December 31, 2020, the number of shares shown in column (a) would increase by 98,825 shares, reflecting the maximum share award of 200% of target, and the number of shares shown in column (c) would decrease by the same amount of shares. No stock options or other types of award have been issued under the LTIP.

⁽²⁾ The number of shares shown in column (c) includes shares that are available for future issuance under the LTIP as Restricted Stock Units, Performance Share Awards, or stock options at December 31, 2020.

⁽³⁾ Prior to January 1, 2005, deferred amounts were credited, at the participant's election, to either a "cash account" or a "stock account." If deferred amounts were credited to stock accounts, such accounts were credited with a number of shares of NW Natural (now NW Holdings) common stock based on the purchase price of the common stock on the next purchase date under our Dividend Reinvestment and Direct Stock Purchase Plan, and such accounts were credited with additional shares based on the deemed reinvestment of dividends. Cash accounts are credited quarterly with interest at a rate equal to Moody's Average Corporate Bond Yield plus two percentage points, subject to a 6% minimum rate. At the election of the participant, deferred balances in the stock accounts are payable after termination of Board service or employment in a lump sum, in installments over a period not to exceed 10 years in the case of the DDCP, or 15 years in the case of the EDCP, or in a combination of lump sum and installments. Amounts credited to stock accounts are payable solely in shares of common stock and cash for fractional shares, and amounts in the above table represent the aggregate number of shares credited to participant's stock accounts. We have contributed common stock to the trustee of the Umbrella Trusts such that the Umbrella Trusts hold approximately the number of shares of common stock equal to the number of shares credited to all participants' stock accounts.

⁽⁴⁾ Effective January 1, 2005, the EDCP and DDCP were closed to new participants and replaced with the DCP. The DCP continues the basic provisions of the EDCP and DDCP under which deferred amounts are credited to either a "cash account" or a "stock account." Stock accounts represent a right to receive shares of NW Holdings common stock on a deferred basis, and such accounts are credited with additional shares based on the deemed reinvestment of dividends. Effective January 1, 2007, cash accounts are credited quarterly with interest at a rate equal to Moody's Average Corporate Bond Yield. Our obligation to pay deferred compensation in accordance with the terms of the DCP will generally become due on retirement, death, or other termination of service, and will be paid in a lump sum or in installments of five, 10, or 15 years as elected by the participant in accordance with the terms of the DCP. Amounts credited to stock accounts are payable solely in shares of common stock and cash for fractional shares, and amounts in the above table represent the aggregate number of shares credited to participants' stock accounts. We have contributed common stock to the trustee of the Supplemental Trust such that this trust holds approximately the number of common shares equal to the number of shares credited to all participants' stock accounts. The right of each participant in the DCP is that of a general, unsecured creditor of NW Natural.

The information captioned "Beneficial Ownership of Common Stock by Directors and Executive Officers" and "Security Ownership of Common Stock of Certain Beneficial Owners" contained in NW Holdings' definitive Proxy Statement for the 2021 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information captioned "Transactions with Related Persons" and "Corporate Governance" in NW Holdings' definitive Proxy Statement for the 2021 Annual Meeting of Shareholders is hereby incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

NW Holdings

The information captioned "2020 and 2019 Audit Firm Fees" in NW Holdings' definitive Proxy Statement for the 2021 Annual Meeting of Shareholders is hereby incorporated by reference.

NW Natural

The following table shows the fees and expenses of NW Natural, paid or accrued for the integrated audits of the consolidated financial statements and other services provided by NW Natural's independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2020 and 2019:

<i>In thousands</i>	2020	2019
Audit Fees	\$ 1,273	\$ 1,222
Audit-Related Fees	31	31
Tax Fees	22	22
All Other Fees	3	3
Total	<u>\$ 1,329</u>	<u>\$ 1,278</u>

AUDIT FEES. This category includes fees and expenses for services rendered for the integrated audit of the consolidated financial statements included in the Annual Report on Form 10-K and the review of the quarterly financial statements included in the Quarterly Reports on Form 10-Q. The integrated audit includes the review of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act). In addition, amounts include fees for services routinely provided by the auditor in connection with regulatory filings, including issuance of consents and comfort letters relating to the registration of Company securities and assistance with the review of documents filed with the SEC.

AUDIT-RELATED FEES. This category includes fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and internal control over financial reporting, including fees and expenses related to consultations for financial accounting and reporting, in addition to fees for EPA assurance letters.

TAX FEES. This category includes fees for tax compliance, and review services rendered for NW Natural's income tax returns.

ALL OTHER FEES. This category relates to services other than those described above. The amount reflects payments for accounting research tools in each of 2020 and 2019.

PRE-APPROVAL POLICY FOR AUDIT AND NON-AUDIT SERVICES. The Audit Committee of NW Natural approved or ratified 100 percent of 2020 and 2019 services for audit, audit-related, tax services and all other fees, including audit services relating to compliance with Section 404 of the Sarbanes-Oxley Act. The chair of the Audit Committee of NW Natural is authorized to pre-approve non-audit services between meetings of the Audit Committee and must report such approvals at the next Audit Committee meeting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. A list of all Financial Statements and Supplemental Schedules is incorporated by reference to Item 8.
2. List of Exhibits filed:

Reference is made to the Exhibit Index commencing on page 148.

ITEM 16. FORM 10-K SUMMARY

None.

NORTHWEST NATURAL HOLDING COMPANY

NORTHWEST NATURAL GAS COMPANY

Exhibit Index to Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2020

Exhibit Number	Document
*3a.	Amended and Restated Articles of Incorporation of Northwest Natural Holding Company (incorporated by reference to Exhibit 3.1 to the Form 8-K dated October 1, 2018, File No. 1-38681).
3b.	Amended and Restated Articles of Incorporation of Northwest Natural Gas Company.
*3c.	Amended and Restated Bylaws of Northwest Natural Holding Company (incorporated by reference to Exhibit 3.1 to the Form 8-K filed April 7, 2020, File No. 1-38681).
*3d.	Amended and Restated Bylaws of Northwest Natural Gas Company (incorporated by reference to Exhibit 3.2 to the Form 8-K filed April 7, 2020, File No. 1-15973).
*4a.	Copy of Mortgage and Deed of Trust of Northwest Natural Gas Company, dated as of July 1, 1946 (Mortgage and Deed of Trust), to Bankers Trust (to whom Deutsche Bank Trust Company Americas is the successor), Trustee (incorporated by reference to Exhibit 7(j) in File No. 2-6494); and copies of Supplemental Indentures Nos. 1 through 14 to the Mortgage and Deed of Trust, 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 (incorporated by reference to Exhibit 4(d) in File No. 33-1929); Supplemental Indenture No. 15 to the Mortgage and Deed of Trust, dated as of July 1, 1986 (filed as Exhibit 4(c) in File No. 33-24168); Supplemental Indentures Nos. 16, 17 and 18 to the Mortgage and Deed of Trust, dated, respectively, as of November 1, 1988, October 1, 1989 and July 1, 1990 (incorporated by reference to Exhibit 4(c) in File No. 33-40482); Supplemental Indenture No. 19 to the Mortgage and Deed of Trust, dated as of June 1, 1991 (incorporated by reference to Exhibit 4(c) in File No. 33-64014).
*4b.	Supplemental Indenture No. 20 to the Mortgage and Deed of Trust, dated as of June 1, 1993 (incorporated by reference to Exhibit 4a.(1) to Form 10-K for year ended December 31, 1993, File No. 0-00994).
*4c.	Supplemental Indenture No. 21 to the Mortgage and Deed of Trust, dated as of October 15, 2012 (incorporated by reference to Exhibit 4.1 to Form 8-K dated October 26, 2012, File No. 1-15973).
*4d.	Supplemental Indenture No. 22 to the Mortgage and Deed of Trust, dated as of November 1, 2016 (incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended September 30, 2016, File No. 1-15973).
*4e.	Supplemental Indenture No. 23 to the Mortgage and Deed of Trust, dated as of September 1, 2018 (incorporated by reference to Exhibit 4(a) to Form 8-K dated September 10, 2018, File No. 1-15973).
*4f.	Copy of Indenture, dated as of June 1, 1991, between Northwest Natural Gas Company and Bankers Trust Company (to whom Deutsche Bank Trust Company Americas is successor), Trustee, relating to Northwest Natural Gas Company's Unsecured Debt Securities (incorporated by reference to Exhibit 4(e) in File No. 33-64014).
*4g.	Credit Agreement, dated as of October 2, 2018, among Northwest Natural Holding Company and the lenders party thereto, with JPMorgan Chase Bank, N.A. as administrative agent and Bank of America, N.A., U.S. Bank National Association, and Wells Fargo Bank, National Association, as co-syndication agents (incorporated by reference to Exhibit 4.1 to Form 8-K dated October 3, 2018, File No. 1-38681).
*4h.	Credit Agreement, dated as of October 2, 2018, among Northwest Natural Gas Company and the lenders party thereto, with JPMorgan Chase Bank, N.A. as administrative agent and Bank of America, N.A., U.S. Bank National Association, and Wells Fargo Bank, National Association, as co-syndication agents (incorporated by reference to Exhibit 4.1 to Form 8-K dated October 3, 2018, File No. 1-15973).
*4i.	Credit Agreement, dated as of June 27, 2019, among NW Natural Water Company, LLC, Northwest Natural Holding Company, the lenders party thereto, and Bank of Montreal, as administrative agent (incorporated by reference to Exhibit 4.1 to the Form 10-Q for the quarter ended June 30, 2019, File No. 1-38681).

- *4j. Credit Agreement, dated as of March 23, 2020, among Northwest Natural Gas Company, the lenders party thereto, and U.S. Bank National Association, as administrative agent (incorporated by reference to Exhibit 4.1 to the Form 8-K filed March 25, 2020, File No. 1-15973).
- *4k. Description of securities registered under Section 12 of the Exchange Act of 1934 (incorporated by reference to Exhibit 4j to Form 10-K for the year ended December 31, 2019, File No. 1-38681).
- *10 Purchase and Sale Agreement dated June 20, 2018, between NW Natural Gas Storage LLC and SENSEA Holdings LLC (incorporated by reference to Exhibit 10 to Form 10-Q for the quarter ended June 30, 2018, File No. 1-15973).
- *10.1 Fifth Amendment to Purchase and Sale Agreement, dated April 29, 2020, between NW Natural Gas Storage, LLC and SENSEA Holdings LLC, amending the Purchase and Sale Agreement, dated June 20, 2018, as amended (incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended March 31, 2020, File No. 1-38681).
- *10.2 Tenth Amendment to Purchase and Sale Agreement, dated December 4, 2020, between NW Natural Gas Storage LLC and SENSEA Holdings LLC, amending the Purchase and Sale Agreement, dated June 20, 2018, as amended (incorporated by reference to Exhibit 10.1 to the Form 8-K filed December 7, 2020, File No. 1-38681).
- 21 Subsidiaries of Northwest Natural Holding Company.
- 23a. Consent of PricewaterhouseCoopers LLP - NW Holdings.
- 23b. Consent of PricewaterhouseCoopers LLP - NW Natural.
- 31.1 Certification of Principal Executive Officer of Northwest Natural Gas Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer of Northwest Natural Gas Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.3 Certification of Principal Executive Officer of Northwest Natural Holding Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.4 Certification of Principal Financial Officer of Northwest Natural Holding Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
- **32.1 Certification of Principal Executive Officer and Principal Financial Officer of Northwest Natural Gas Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- **32.2 Certification of Principal Executive Officer and Principal Financial Officer of Northwest Natural Holding Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101. The following materials formatted in Inline Extensible Business Reporting Language (Inline XBRL):
 - (i) Consolidated Statements of Income;
 - (ii) Consolidated Balance Sheets;
 - (iii) Consolidated Statements of Cash Flows; and
 - (iv) Related notes.
- 104. The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL and contained in Exhibit 101.

Executive Compensation Plans and Arrangements:

- *10a. Executive Supplemental Retirement Income Plan, 2018 Restatement (incorporated herein by reference to Exhibit 10.6 to the Form 8-K dated October 1, 2018, File No. 1-38681).

- *10b. Supplemental Executive Retirement Plan of Northwest Natural Gas Company, 2018 Restatement, as amended July 25, 2019 (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended June 30, 2019, File No. 1-15973).
- *10c. Northwest Natural Gas Company Supplemental Trust, effective January 1, 2005, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.9 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10d. Northwest Natural Gas Company Umbrella Trust for Directors, effective January 1, 1991, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.11 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10e. Northwest Natural Gas Company Umbrella Trust for Executives, effective January 1, 1988, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.10 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10f. Restated Stock Option Plan, as amended effective December 14, 2006 (incorporated by reference to Exhibit 10c to Form 10-K for 2006, File No. 1-15973).
- *10g. Form of Restated Stock Option Plan Agreement (incorporated by reference to Exhibit 10h to Form 10-K for 2009, File No. 1-15973).
- *10h. Executive Deferred Compensation Plan, effective as of January 1, 1987, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.4 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10i. Directors Deferred Compensation Plan, effective June 1, 1981, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.5 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10j. Deferred Compensation Plan for Directors and Executives, effective January 1, 2005, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.3 to the Form 8-K dated October 1, 2018, File No. 1-38681).
- *10k. Form of Indemnity Agreement as entered into between Northwest Natural Gas Company and each director and certain executive officers (incorporated by reference to Exhibit 10l to Form 10-K for 2018, File No. 1-38681).
- *10l. Form of Indemnity Agreement as entered into between Northwest Natural Holding Company and each director and certain executive officers (incorporated by reference to Exhibit 10m to Form 10-K for 2018, File No. 1-38681).
- *10m. Non-Employee Directors Stock Compensation Plan, as amended effective December 15, 2005 (incorporated by reference to Exhibit 10.2 to Form 8-K dated December 16, 2005, File No. 1-15973).
- *10n. Executive Annual Incentive Plan, effective January 1, 2020 (incorporated by reference to Exhibit 10o to Form 10-K for 2019, File No. 1-15973).
- 10o. Executive Annual Incentive Plan, effective January 1, 2021.
- *10p. Form of Change in Control Severance Agreement between Northwest Natural Gas Company and each executive officer, as amended and restated as of March 1, 2020 (incorporated by reference to Exhibit 10q to Form 10-K for 2019, File No. 1-15973).
- *10q. Northwest Natural Gas Company Long Term Incentive Plan, as amended and restated effective May 24, 2012 (incorporated by reference to Exhibit 10r to Form 10-K for 2012, File No. 1-15973).
- *10r. Northwest Natural Gas Company Long Term Incentive Plan, as amended and restated effective May 25, 2017 (incorporated by reference to Exhibit 10s to Form 10-K for 2017, File No. 1-15973).
- *10s. Northwest Natural Holding Company Long Term Incentive Plan, as amended and restated as of October 1, 2018 (incorporated by reference to Exhibit 10.1 to the Form 8-K dated October 1, 2018, File No. 1-38681).

- *10t. Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2018-2020) (incorporated by reference to Exhibit 10y to Form 10-K for 2017, File No. 1-15973).
- *10u. Form of Performance Share Long Term Incentive Award Agreement under Long Term Incentive Plan (2019-2021) (incorporated by reference to Exhibit 10z to Form 10-K for 2018, File No. 1-38681).
- *10v. Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2020-2022) (incorporated by reference to Exhibit 10x to Form 10-K for 2019, File No. 1-38681).
- 10w. Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2021-2023).
- *10x. Form of Consent dated December 14, 2006 entered into by each executive officer with respect to amendments to the Executive Supplemental Retirement Income Plan, the Supplemental Executive Retirement Plan and certain change in control severance agreements (incorporated by reference to Exhibit 10.1 to Form 8-K dated December 19, 2006, File No. 1-15973).
- *10y. Consent to Amendment of Deferred Compensation Plan for Directors and Executives, dated February 28, 2008 entered into by each executive officer (incorporated by reference to Exhibit 10bb to Form 10-K for 2007, File No. 1-15973).
- 10z. Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2021).
- *10aa. Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2020) (incorporated by reference to Exhibit 10aa to Form 10-K for 2019, File No. 1-38681).
- *10bb. Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2019) (incorporated by reference to Exhibit 10cc to Form 10-K for 2018, File No. 1-38681).
- *10cc. Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2018) (incorporated by reference to Exhibit 10bb to Form 10-K for 2017, File No. 1-15973).
- *10dd. Corrected Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2017) (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2017, File No. 1-15973).
- *10ee. Severance Agreement between Northwest Natural Gas Company and an executive officer, dated August 1, 2016 (incorporated by reference to Exhibit 10.1 to Form 8-K dated July 29, 2016, File No. 1-15973).
- *10ff. Form of Restricted Stock Unit Award Agreement between Northwest Natural Gas Company and an executive officer dated as of July 27, 2016 (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2016, File No. 1-15973).
- *10gg. Form of Severance Agreement between Northwest Natural Gas Company and an executive officer, dated May 17, 2017 (incorporated by reference to Exhibit 10.1 to Form 8-K dated April 24, 2017, File No. 1-15973).
- *10hh. Form of Special Restricted Stock Unit Agreement between Northwest Natural Gas Company and an executive officer, dated May 17, 2017 (incorporated by reference to Exhibit 10.2 to Form 8-K dated April 24, 2017, File No. 1-15973).
- *10ii. Form of Special Retention Restricted Stock Unit Agreement between Northwest Natural Gas Company and an executive officer, dated September 30, 2016 (incorporated by reference to Exhibit 10qq to Form 10-K for 2017, File No. 1-15973).
- *10jj. Cash Retention Agreement between Northwest Natural Gas Company and an executive officer, dated as of March 1, 2018 (incorporated by reference to Exhibit 10ss to Form 10-K for 2017, File No. 1-15973).
- *10kk. Annual Incentive Plan for NW Natural Gas Storage, LLC, as amended effective January 1, 2020 (incorporated by reference to Exhibit 10ll to Form 10-K for 2019, File No. 1-38681).
- 10ll. Annual Incentive Plan for NW Natural Gas Storage, LLC, as amended effective January 1, 2021.

*10mm. Long Term Incentive Plan for NW Natural Gas Storage, LLC, as amended effective January 1, 2016 (incorporated by reference to Exhibit 10pp to Form 10-K for 2016, File No. 1-15973).

*Incorporated by reference as indicated

**Pursuant to Item 601(b)(32)(ii) of Regulation S-K, this certificate is not being "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company and its subsidiaries.

NORTHWEST NATURAL HOLDING COMPANY

By: /s/ David H. Anderson

David H. Anderson

President and Chief Executive Officer

Date: February 26, 2021

NORTHWEST NATURAL GAS COMPANY

By: /s/ David H. Anderson

David H. Anderson

President and Chief Executive Officer

Date: February 26, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated. The signatures of each of the undersigned shall be deemed to relate only to matters having reference to the below named company and its subsidiaries.

NORTHWEST NATURAL HOLDING COMPANY

Signature	Title	Date
<u>/s/ David H. Anderson</u> David H. Anderson President and Chief Executive Officer	Principal Executive Officer and Director	February 26, 2021
<u>/s/ Frank H. Burkhartsmeier</u> Frank H. Burkhartsmeier Senior Vice President and Chief Financial Officer	Principal Financial Officer	February 26, 2021
<u>/s/ Brody J. Wilson</u> Brody J. Wilson Vice President, Treasurer, Chief Accounting Officer and Controller	Principal Accounting Officer	February 26, 2021
<u>/s/ Timothy P. Boyle</u> Timothy P. Boyle	Director)
<u>/s/ John D. Carter</u> John D. Carter	Director)
<u>/s/ Monica Enand</u> Monica Enand	Director)
<u>/s/ C. Scott Gibson</u> C. Scott Gibson	Director)
<u>/s/ Tod R. Hamachek</u> Tod R. Hamachek	Director)
<u>/s/ Karen Lee</u> Karen Lee	Director	February 26, 2021
<u>/s/ Dave McCurdy</u> Dave McCurdy	Director)
<u>/s/ Nathan I. Partain</u> Nathan I. Partain	Director)
<u>/s/ Jane L. Peverett</u> Jane L. Peverett	Director)
<u>/s/ Kenneth Thrasher</u> Kenneth Thrasher	Director)
<u>/s/ Malia H. Wasson</u> Malia H. Wasson	Director)
<u>/s/ Charles A. Wilhoite</u> Charles A. Wilhoite	Director)

NORTHWEST NATURAL GAS COMPANY

Signature	Title	Date
<u>/s/ David H. Anderson</u> David H. Anderson President and Chief Executive Officer	Principal Executive Officer and Director	February 26, 2021
<u>/s/ Frank H. Burkhartsmeyer</u> Frank H. Burkhartsmeyer Senior Vice President and Chief Financial Officer	Principal Financial Officer	February 26, 2021
<u>/s/ Brody J. Wilson</u> Brody J. Wilson Vice President, Treasurer, Chief Accounting Officer and Controller	Principal Accounting Officer	February 26, 2021
<u>/s/ Timothy P. Boyle</u> Timothy P. Boyle	Director)
<u>/s/ John D. Carter</u> John D. Carter	Director)
<u>/s/ Monica Enand</u> Monica Enand	Director)
<u>/s/ C. Scott Gibson</u> C. Scott Gibson	Director)
<u>/s/ Tod R. Hamachek</u> Tod R. Hamachek	Director)
<u>/s/ Karen Lee</u> Karen Lee	Director)
<u>/s/ Dave McCurdy</u> Dave McCurdy	Director	February 26, 2021
<u>/s/ Nathan I. Partain</u> Nathan I. Partain	Director)
<u>/s/ Jane L. Peverett</u> Jane L. Peverett	Director)
<u>/s/ Kenneth Thrasher</u> Kenneth Thrasher	Director)
<u>/s/ Malia H. Wasson</u> Malia H. Wasson	Director)
<u>/s/ Charles A. Wilhoite</u> Charles A. Wilhoite	Director)
<u>/s/ Steven E. Wynne</u> Steven E. Wynne	Director)

SUBSIDIARIES OF NORTHWEST NATURAL HOLDING COMPANY

an Oregon Corporation

Name of Subsidiary	Jurisdiction Organized
Northwest Natural Gas Company (dba NW Natural)	Oregon
Northwest Energy Corporation ⁽¹⁾	Oregon
NWN Gas Reserves LLC ⁽¹⁾	Oregon
NW Natural RNG Holding Company, LLC ⁽¹⁾	Oregon
Lexington Renewable Energy LLC ⁽¹⁾	Delaware
NW Natural Energy, LLC	Oregon
NW Natural Gas Storage, LLC	Oregon
NNG Financial Corporation	Oregon
Northwest Biogas, LLC	Oregon
KB Pipeline Company	Oregon
NW Natural Water Company, LLC	Oregon
Salmon Valley Water Company	Oregon
NW Natural Water of Oregon, LLC	Oregon
Sunstone Water, LLC	Oregon
Sunstone Infrastructure, LLC	Oregon
Sunriver Water LLC	Oregon
Sunriver Environmental LLC	Oregon
NW Natural Water of Washington, LLC	Washington
Cascadia Water, LLC	Washington
Cascadia Infrastructure, LLC	Washington
Suncadia Water Company, LLC	Washington
Suncadia Environmental Company, LLC	Washington

NW Natural Water of Idaho, LLC	Idaho
Falls Water Co., Inc.	Idaho
Gem State Water Company, LLC	Idaho
Gem State Infrastructure, LLC	Idaho
NW Natural Water of Texas, LLC	Texas
Blue Topaz Water, LLC	Texas
Blue Topaz Infrastructure, LLC	Texas
T & W Water Service Company	Texas

(1) Subsidiary of Northwest Natural Gas Company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-187005-01, 333-180350-01, 333-134973-01, 333-100885-01, 333-139819-01, 333-221347-01, 333-227687, and 333-234539) and Form S-3 (No. 333-227662) of Northwest Natural Holding Company of our report dated February 26, 2021 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 26, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-214425) and Form S-3 (No. 333-227662-01) of Northwest Natural Gas Company of our report dated February 26, 2021 relating to the financial statements and financial statement schedule which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 26, 2021

CERTIFICATION

I, David H. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of Northwest Natural Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ David H. Anderson

David H. Anderson

President and Chief Executive Officer

CERTIFICATION

I, Frank H. Burkhartsmeier, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of Northwest Natural Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ Frank H. Burkhartsmeier

Frank H. Burkhartsmeier

Senior Vice President and Chief Financial Officer

CERTIFICATION

I, David H. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of Northwest Natural Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ David H. Anderson

David H. Anderson

President and Chief Executive Officer

CERTIFICATION

I, Frank H. Burkhartsmeier, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of Northwest Natural Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ Frank H. Burkhartsmeier

Frank H. Burkhartsmeier

Senior Vice President and Chief Financial Officer

NORTHWEST NATURAL GAS COMPANY

Certificate Pursuant to Section 906 of Sarbanes – Oxley Act of 2002

Each of the undersigned, DAVID H. ANDERSON, Chief Executive Officer, and FRANK H. BURKHARTSMEYER, the Chief Financial Officer, of NORTHWEST NATURAL GAS COMPANY (the Company), DOES HEREBY CERTIFY that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the Report) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed this twenty-sixth day of February 2021.

/s/ David H. Anderson

David H. Anderson
President and Chief Executive Officer

/s/ Frank H. Burkhartsmeyer

Frank H. Burkhartsmeyer
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Northwest Natural Gas Company and will be retained by Northwest Natural Gas Company and furnished to the Securities and Exchange Commission or its staff upon request.

NORTHWEST NATURAL HOLDING COMPANY

Certificate Pursuant to Section 906 of Sarbanes – Oxley Act of 2002

Each of the undersigned, DAVID H. ANDERSON, Chief Executive Officer, and FRANK H. BURKHARTSMEYER, the Chief Financial Officer, of NORTHWEST NATURAL HOLDING COMPANY (the Company), DOES HEREBY CERTIFY that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the Report) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed this twenty-sixth day of February 2021.

/s/ David H. Anderson

David H. Anderson
President and Chief Executive Officer

/s/ Frank H. Burkhartsmeyer

Frank H. Burkhartsmeyer
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Northwest Natural Holding Company and will be retained by Northwest Natural Holding Company and furnished to the Securities and Exchange Commission or its staff upon request.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Investor and Shareholder Information



NIKKI SPARLEY

Director, Investor Relations
Toll free (800) 422-4012, Ext. 2530
Direct (503) 721-2530
nikki.sparley@nwnatural.com



CATHY CROWN

Manager, Shareholder Services
Toll free (800) 422-4012, Ext. 2402
Direct (503) 220-2402
cathy.crown@nwnatural.com

STOCK TRANSFER AGENT AND REGISTRAR

For common stock:
American Stock Transfer
& Trust Company
6201 15th Avenue
Brooklyn, NY 11219
(888) 777-0321
web: astfinancial.com
email: info@astfinancial.com

TRUSTEE AND BOND PAYING AGENT

For bond issues:
Deutsche Bank
Trust Company Americas
60 Wall Street
New York, NY 10005
(800) 735-7777



ESG REPORT

Learn more about NW Natural's commitments to system safety and preparedness, environmental stewardship, progress on our Low Carbon Pathway, community support and philanthropy, and the values that guide our work every day.

View our Environmental, Social and Governance Report online: www.nwnatural.com/esgreport



LOW-INCOME PROGRAMS

NW Natural helps low-income customers manage their bills through a variety of programs. Shareholders and customers support the Gas Assistance Program, which supplements federal and state assistance programs. In addition, the Oregon Low-Income Gas Assistance Program uses public purpose fees to help low-income customers pay their utility bills. The Oregon Low-Income Energy-Efficiency Program, also paid for by public purpose charges, helps customers in need acquire high-efficiency equipment and weatherization upgrades.

View the Low-Income Programs at: www.nwnatural.com/paymentassistance



ENERGY-EFFICIENCY PROGRAMS

NW Natural partners with Energy Trust of Oregon to offer our Oregon and Washington customers energy-efficiency programs and services. Learn more about the results of these savings programs and the benefits to our customers.

View the Energy Trust of Oregon Annual Report at: www.nwnatural.com/savingsprograms





**NW Natural
HOLDINGS™**

250 SW TAYLOR STREET
PORTLAND, OREGON 97204
NWNATURALHOLDINGS.COM
NYSE: NWN

Our Core Values

Integrity
Safety
Caring
Service Ethic
Environmental Stewardship



	2016	2017	2018	2019	2020
	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)
100-199 Assets and Other Debits.					
1. Utility Plant					
101 Gas plant in service.	-	-	-	-	-
101.1 Property under capital leases.				7,657,435	87,581,610
102 Gas plant purchased or sold.					
103 Experimental gas plant unclassified.					
104 Gas plant leased to others.					
105 Gas plant held for future use.	923,155	970,068	970,068	970,068	970,068
105.1 Production properties held for future use.					
106 Completed construction not classified - Gas.			-	-	-
107 Construction work in progress - Gas.	62,264,074	159,923,802	204,978,958	84,964,806	61,577,633
108 Accumulated provision for depreciation of gas utility plant.	(1,188,014,717)	(1,250,333,767)	(1,305,243,878)	(1,375,622,544)	(1,446,370,667)
109 [Reserved]					
111 Accumulated provision for amortization and depletion of gas utility plant.	(78,041,739)	(81,047,030)	(83,059,998)	(91,144,659)	(103,789,073)
111.1-111.2 [Reserved]					
112 [Reserved]					
113.1-113.2 [Reserved]					
114 Gas plant acquisition adjustments.	23,066,105	28,885,855	34,857,379	41,306,642	52,396,593
115 Accumulated provision for amortization of gas plant acquisition adjustments.					
116 Other gas plant adjustments.					
117.1 Gas stored-Base gas.	14,133,895	18,488,587	18,494,189	25,409,543	25,390,150
117.2 System balancing gas.					
117.3 Gas stored in reservoirs and pipelines-noncurrent.					
117.4 Gas owed to system gas.					
118 Other utility plant.					
119 Accumulated provision for depreciation and amortization of other utility plant.					
2. Other Property and Investments					
121 Nonutility property.	67,258,603	69,119,165	71,338,418	69,061,380	71,332,440
122 Accumulated provision for depreciation and amortization of nonutility property.	(17,395,661)	(18,719,439)	(20,013,772)	(20,136,243)	(21,171,862)
123 Investment in associated companies.					
123.1 Investment in subsidiary companies.	290,518,132	152,179,432	105,582,148	88,130,262	76,634,144
124 Other investments.	54,581,443	52,653,735	49,921,908	49,836,949	49,241,333
125 Sinking funds.					
126 Depreciation fund.					
128 Other special funds.					
3. Current and Accrued Assets					
131 Cash.	1,056,799	700,753	2,875,276	679,105	1,203,509
132 Interest special deposits.					
133 Dividend special deposits.					
134 Other special deposits.	1,910,852	1,930,838	4,850,774	4,999,226	8,490,060
135 Working funds.	185,600	210,200	204,200	209,569	207,476
136 Temporary cash investments.	3,536,921	2,574,132	2,273,382	2,988,035	5,286,419
141 Notes receivable.					
142 Customer accounts receivable.	60,578,953	58,685,488	58,209,024	60,461,257	75,096,470
143 Other accounts receivable.	2,666,067	6,242,775	6,148,203	5,087,344	3,450,314
144 Accumulated provision for uncollectible accounts - Cr.	(1,290,276)	(955,630)	(975,367)	(671,594)	(3,106,853)
145 Notes receivable from associated companies.					
146 Accounts receivable from associated companies.	207,935	223,899	542,109	786,535	660,307
151 Fuel stock.					
152 Fuel stock expenses undistributed.					
153 Residuals and extracted products.					
154 Plant materials and operating supplies (Major only).	10,102,594	10,064,217	13,381,651	15,484,130	16,639,963
155 Merchandise.	924,116	863,669	879,463	944,230	968,529
156 Other materials and supplies.					
163 Stores expense undistributed.					
164.1 Gas stored - current.	38,746,875	32,907,852	26,164,527	24,753,544	21,716,106
164.2 Liquefied natural gas stored.	3,989,561	3,741,745	3,700,596	2,713,986	2,999,958
164.3 Liquefied natural gas held for processing.					
165 Prepayments.	20,449,382	23,958,674	27,719,997	24,651,092	26,945,333
166 Advances for gas exploration, development, and production.					
167 Other advances for gas.					
171 Interest and dividends receivable.					
172 Rents receivable.					
173 Accrued utility revenues.	64,945,750	62,380,896	57,773,088	56,139,400	57,890,055
174 Miscellaneous current and accrued assets.	-	2,108,594	4,015,983	3,796,240	3,505,877
175 Derivative Instrument Assets	20,426,000	3,041,000	9,726,000	10,138,486	19,812,993
176 Derivative Instrument Assets - Hedges	(130,000)				
4. Deferred Debits					
181 Unamortized debt expense.	7,915,836	7,172,109	6,859,484	6,731,211	8,227,645
182.1 Extraordinary property losses.					
182.2 Unrecovered plant and regulatory study costs.					
182.3 Other regulatory assets.	43,047,984	22,208,524	21,402,172	19,381,684	17,103,787
183.1 Preliminary natural gas survey and investigation charges.					
183.2 Other preliminary survey and investigation charges.	15,080	351,235	309,011	1,223,507	4,407,522
184 Clearing accounts.		237,192	398,385	25,793	(83,556)
185 Temporary facilities.					
186 Miscellaneous deferred debits.	348,569,715	379,132,163	389,388,768	359,690,847	378,464,551
187 Deferred losses from disposition of utility plant.					
188 Research, development, and demonstration expenditures.					
189 Unamortized loss on reacquired debt.	2,473,832	2,117,564	1,808,092	1,519,144	1,261,516
190 Accumulated deferred income taxes.					

191 Unrecovered purchased gas costs.	(2,156,449)	(19,277,807)	(4,864,721)	19,773,514	4,485,643
200-299 Liabilities and Other Credits.					
5. Proprietary Capital					
201 Common stock issued.	(447,633,104)	(451,282,098)	(228,868,408)	(228,868,408)	(228,868,408)
202 Common stock subscribed.					
203 Common stock liability for conversion.					
204 Preferred stock issued.			(1)	(1)	(1)
205 Preferred stock subscribed.					
206 Preferred stock liability for conversion.					
207 Premium on capital stock.					
208 Donations received from stockholders.					
209 Reduction in par or stated value of capital stock.					
210 Gain on resale or cancellation of reacquired capital stock.	(1,649,864)	(1,649,864)	(1,649,864)	(94,806,835)	(94,755,256)
211 Miscellaneous paid-in capital.					
212 Installments received on capital stock.	(24,333)	(51,283)	(51,579)	-	
213 Discount on capital stock.					
214 Capital stock expense.	4,120,800	4,118,163	4,118,163	4,118,163	4,118,163
215 Appropriated retained earnings.					
216 Unappropriated retained earnings.	(442,145,578)	(453,862,896)	(472,303,081)	(500,860,482)	(513,824,815)
216.1 Unappropriated undistributed subsidiary earnings.	35,758,812	39,698,388	(1,723,137)		-
217 Reacquired capital stock.					
219 Accumulated Other Comprehensive Income	6,950,693	8,437,839	7,187,559	10,733,393	12,902,263
6. Long-Term Debt					
221 Bonds.	(726,700,000)	(786,700,000)	(739,700,000)	(849,700,000)	(924,700,000)
222 Reacquired bonds.					
223 Advances from associated companies.					
224 Other long-term debt.					
225 Unamortized premium on long-term debt.					
226 Unamortized discount on long-term debt - Debit.					
7. Other Noncurrent Liabilities.					
227 Obligations under capital leases - noncurrent.	(1,302)			(772,078)	(80,559,010)
228.1 Accumulated provision for property insurance.	(214,000)	(154,000)	(49,000)	(49,000)	(24,000)
228.2 Accumulated provision for injuries and damages.	(105,581,286)	(110,501,943)	(97,813,193)	(98,810,516)	(93,836,623)
228.3 Accumulated provision for pensions and benefits.	(246,639,501)	(244,476,672)	(243,230,414)	(250,467,983)	(239,484,640)
228.4 Accumulated miscellaneous operating provisions.					
229 Accumulated provision for rate refunds.					
8. Current and Accrued Liabilities					
231 Notes payable.	(53,300,000)	(54,199,996)	(217,500,000)	(125,100,000)	(231,525,000)
232 Accounts payable.	(83,472,534)	(108,414,210)	(113,505,529)	(110,209,202)	(93,287,776)
233 Notes payable to associated companies.					
234 Accounts payable to associated companies.	(9,635,034)	(22,115,481)	(20,521,744)	(17,251,481)	(16,290,171)
235 Customer deposits.	(5,538,638)	(5,087,361)	(4,994,176)	(4,855,552)	(3,213,864)
236 Taxes accrued.	(12,114,133)	(18,843,587)	(10,989,713)	(12,968,972)	(29,264,171)
237 Interest accrued.	(5,965,876)	(6,773,318)	(7,272,799)	(7,441,256)	(7,338,131)
238 Dividends declared.					
239 Matured long-term debt.					
240 Matured interest.					
241 Tax collections payable.	(4,885,736)	(5,779,961)	(5,681,850)	(6,001,360)	(6,123,645)
242 Miscellaneous current and accrued liabilities.	(21,861,114)	(26,390,275)	(39,688,332)	(47,698,664)	(39,371,984)
243 Obligations under capital leases - current.	1,302			(2,170,810)	(1,795,978)
244 Derivative Instrument Liabilities	(2,098,000)	(23,371,000)	(15,406,000)	(2,608,418)	(7,049,272)
245 Derivative Instrument Liabilities - Hedges	(130,000)				
9. Deferred Credits					
252 Customer advances for construction.	(3,740,828)	(3,965,149)	(4,410,555)	(7,367,884)	(6,253,436)
253 Other deferred credits.	(7,142,848)	(7,323,027)	(32,686,031)	(6,116,933)	(5,749,705)
254 Other regulatory liabilities.	(32,969,672)	(230,410,020)	(253,954,660)	(236,912,097)	(233,622,399)
255 Accumulated deferred investment tax credits.	(3,983)	(2)	(2)	-	-
256 Deferred gains from disposition of utility plant.					
257 Unamortized gain on reacquired debt.					
281 Accumulated deferred income taxes - Accelerated amortization property.					
282 Accumulated deferred income taxes - Other property.					
283 Accumulated deferred income taxes - Other.	(511,259,117)	(288,303,953)	(298,906,395)	(316,577,835)	(329,884,251)
300-399 Plant Accounts.					
1. Intangible Plant					
301 Organization.	1,174	1,174	1,174	1,174	1,174
302 Franchises and consents.	83,621	83,621	83,621	83,621	83,621
303 Miscellaneous intangible plant.	99,590,430	105,175,574	117,067,790	126,535,595	171,830,400
2. Production Plant					
a. manufactured gas production plant					
304 Land and land rights.	24,998	24,998	24,998	24,998	24,998
305 Structures and improvements.	68,063	68,063	68,063	68,063	68,063
306 Boiler plant equipment.					
307 Other power equipment.					
308 Coke ovens.					
309 Producer gas equipment.					
310 Water gas generating equipment.					
311 Liquefied petroleum gas equipment.	8,242	8,242	8,242	8,242	8,242
312 Oil gas generating equipment.					
313 Generating equipment - Other processes.					
314 Coal, coke, and ash handling equipment.					
315 Catalytic cracking equipment.					
316 Other reforming equipment.					
317 Purification equipment.					
318 Residual refining equipment.	388,447	388,447	388,447	388,447	388,447

319 Gas mixing equipment.	185,448	185,448	185,448	185,448	185,448
320 Other equipment.					
b. natural gas production plant					
3. Natural Gas Storage and Processing Plant					
a. underground storage plant					
350.1 Land.	106,549	106,549	106,549	106,549	106,549
350.2 Rights-of-way.	109,625	109,625	109,625	109,625	109,625
350.3 North Mist Expansion Project Rights-of-way.				538,145	538,079
350.4 North Mist Expansion Project Land				461,268	461,212
351 Structures and improvements.	7,208,245	7,382,069	8,631,863	8,634,151	8,634,151
351.1 North Mist Expansion Project Structures and Improvements				6,784,473	7,116,441
352 Wells.	20,047,076	20,047,076	23,261,814	25,605,819	29,147,039
352.1 Storage leaseholds and rights.	3,938,491	3,938,491	3,938,491	3,938,491	3,938,491
352.2 Reservoirs.	7,272,553	7,272,553	7,272,553	7,272,553	7,272,553
352.3 Nonrecoverable natural gas.	6,440,890	6,440,890	6,440,890	6,440,890	6,440,890
352.4 North Mist Expansion Project Wells				16,159,768	16,268,882
352.5 North Mist Expansion Project Storage Leaseholds & Rights				2,619,103	2,625,361
352.6 North Mist Expansion Project Reservoirs				2,619,103	2,625,361
352.7 North Mist Expansion Project Nonrecoverable natural gas				2,696,233	2,702,662
353 Lines.	6,552,220	6,552,220	7,274,713	8,087,704	8,207,380
353.1 North Mist Expansion Project Lines				332,621	352,733
354 Compressor station equipment.	31,351,812	31,352,716	31,352,716	32,592,775	27,592,775
354.7 North Mist Expansion Project Compressor Station Equipment				27,599,508	27,985,014
355 Measuring and regulating equipment.	7,284,199	7,408,127	7,408,127	7,484,620	9,658,080
355.1 North Mist Expansion Project Measuring/Regulating Equipment				15,519,402	15,947,660
356 Purification equipment.	297,363	297,363	363,606	363,765	28,182,836
357 Other equipment.	1,332,029	1,332,029	2,357,694	2,359,568	4,596,732
b. other storage plant					
360 Land and land rights.	726,830	726,830	726,830	726,830	726,830
361 Structures and improvements.	12,669,192	15,109,357	22,554,796	22,795,423	22,867,467
362 Gas holders.	10,108,669	10,484,768	10,484,768	10,484,768	10,484,768
363 Purification equipment.					
363.1 Liquefaction equipment.	10,475,375	14,034,083	18,902,862	19,123,945	19,198,606
363.2 Vaporizing equipment.	6,361,008	8,198,431	8,198,431	8,198,431	11,166,267
363.3 Compressor equipment.	3,693,337	4,547,618	4,804,214	4,804,214	4,925,397
363.4 Measuring and regulating equipment.	1,362,034	12,741,667	13,323,478	13,440,544	13,908,271
363.5 Other equipment.	3,051,295	3,051,295	3,051,295	3,051,295	3,051,295
c. base load liquefied natural gas terminaling and processing plant					
364.1 Land and land rights .	739,473	739,473	739,473	739,473	739,473
364.2 Structures and improvements.					
364.3 LNG processing terminal equipment.					
364.4 LNG transportation equipment.					
364.5 Measuring and regulating equipment.					
364.6 Compressor station equipment.					
364.7 Communication equipment.					
364.8 Other equipment.					
4. Transmission Plant					
365.1 Land and land rights.	89,772	89,772	1,015,597	1,015,597	1,015,597
365.2 Rights-of-way.	6,455,177	6,455,177	6,455,177	6,455,177	6,455,177
365.3 North Mist Expansion Project Land Rights				538,142	538,076
366 Structures and improvements.	1,546,073	1,546,073	1,546,073	1,546,073	1,546,073
367 Mains.	307,474,014	310,664,269	325,504,075	401,971,974	411,357,767
368 Compressor station equipment.					
369 Measuring and regulating station equipment.	3,969,549	3,969,549	3,969,549	3,969,549	3,969,549
370 Communication equipment.					
371 Other equipment.					
5. Distribution Plant					
374 Land and land rights.	1,969,535	1,969,535	1,971,921	1,971,954	2,097,873
375 Structures and improvements.	1,398,111	1,417,773	1,519,558	1,519,558	1,519,558
376 Mains.	1,095,877,132	1,137,607,703	1,194,895,799	1,253,447,423	1,324,768,910
377 Compressor station equipment.	818,380	818,380	818,380	818,380	818,380
378 Measuring and regulating station equipment - General.	33,450,398	34,412,772	37,114,821	38,325,632	41,139,659
379 Measuring and regulating station equipment - City gate check stations.	7,514,713	10,845,581	13,707,266	16,201,552	18,110,617
380 Services.	737,144,683	768,541,097	800,894,952	837,805,413	875,426,721
381 Meters.	128,767,508	132,261,941	138,471,208	146,180,983	151,921,498
382 Meter installations.	69,239,916	70,585,402	71,741,762	73,703,163	73,868,339
383 House regulators.	1,678,311	1,871,924	2,203,738	2,419,652	2,553,748
384 House regulatory installations.					
385 Industrial measuring and regulating station equipment.					
386 Other property on customers' premises.	-	1,100,432	1,303,646	1,162,110	1,162,110
387 Other equipment.	342,954	342,954	342,954	342,954	342,954
6. General Plant					
389 Land and land rights.	10,767,907	10,767,907	10,767,907	11,652,361	12,624,629
390 Structures and improvements.	78,653,964	79,673,499	90,779,799	95,162,798	97,114,697
391 Office furniture and equipment.	32,483,479	37,855,484	35,263,826	47,359,861	73,004,734
392 Transportation equipment.	38,658,205	42,561,613	46,746,329	51,660,779	54,519,110
393 Stores equipment.	119,406	119,406	119,406	119,406	119,406
394 Tools, shop and garage equipment.	9,887,393	11,859,950	13,169,801	14,397,767	16,925,339
395 Laboratory equipment.	68,293	68,293	277	-	-
396 Power operated equipment.	9,040,188	10,044,972	11,256,429	12,540,849	14,021,594
397 Communication equipment.	9,104,657	10,310,659	4,997,761	12,403,965	17,308,178
398 Miscellaneous equipment.	187,793	187,793	108,906	108,903	124,956
399 Other tangible property.					
400-432, 434-435 Income Accounts.					

1. Utility Operating Income					
operating expenses					
400 Operating revenues.					
401 Operation expense.					
402 Maintenance expense.					
403 Depreciation expense.	76,288,699	79,733,795	83,732,032	89,414,896	100,591,033
404.1 Amortization and depletion of producing natural gas land and land rights.					
404.2 Amortization of underground storage land and land rights.					
404.3 Amortization of other limited-term gas plant.					
405 Amortization of other gas plant.					
406 Amortization of gas plant acquisition adjustments.					
407.1 Amortization of property losses, unrecovered plant and regulatory study costs.					
407.2 Amortization of conversion expense.					
407.3 Regulatory debits.	13,298,002	15,291,409	11,127,377	12,336,840	9,690,897
407.4 Regulatory credits.					
408 [Reserved]					
408.1 Taxes other than income taxes, utility operating income.	45,675,819	49,004,406	48,709,075	49,362,241	51,606,562
409 [Reserved]					
409.1 Income taxes, utility operating income.	15,772,899	21,453,371	9,440,271	6,918,426	14,423,877
410 [Reserved]					
410.1 Provision for deferred income taxes, utility operating income.	45,245,865	58,229,567	37,215,916	60,848,892	32,968,241
411 [Reserved]					
411.1 Provision for deferred income taxes - Credit, utility operating income.	(21,966,966)	(38,750,782)	(26,037,795)	(56,029,969)	(28,592,422)
411.3 [Reserved]					
411.4 Investment tax credit adjustments, utility operations.	(43,583)	(3,981)		(2)	-
411.6 Gains from disposition of utility plant.					
411.7 Losses from disposition of utility plant. Total utility operating expenses.					
other operating income					
412 Revenues from gas plant leased to others.					
413 Expenses of gas plant leased to others.					
414 Other utility operating income. Net utility operating income.					
2. Other Income and Deductions					
a. other income					
415 Revenues from merchandising, jobbing and contract work.	(5,164,002)	(5,641,506)	(5,631,537)	(5,500,680)	(5,410,243)
416 Costs and expenses of merchandising, jobbing and contract work.	5,073,484	5,492,608	5,483,291	5,542,888	5,064,264
417 Revenues from nonutility operations.	(30,226,415)	(29,937,459)	(37,537,508)	(32,697,836)	(23,637,869)
417.1 Expenses of nonutility operations.	14,979,583	15,525,969	20,496,890	20,640,048	15,275,008
418 Nonoperating rental income.	(467,099)	(430,848)	(1,122,624)	(531,803)	(541,589)
418.1 Equity in earnings of subsidiary companies.	3,939,576	127,342,694	1,723,137	-	-
419 Interest and dividend income.	(776,187)	(3,932,693)	(3,962,217)	(2,052,440)	(1,648,842)
419.1 Allowance for other funds used during construction.	-	(2,601,368)	(3,964,151)	(656,996)	18
421 Miscellaneous nonoperating income.	(48,406)	(42,438)	(159,048)	(33,037)	(429,572)
421.1 Gain on disposition of property. Total other income.					
b. other income deductions					
421.2 Loss on disposition of property.					
425 Miscellaneous amortization.					
426 [Reserved]					
426.1 Donations.	1,166,216	1,020,825	1,107,144	1,281,112	806,608
426.2 Life insurance.	(1,696,962)	(2,492,693)	(1,682,347)	(1,596,257)	(1,801,727)
426.3 Penalties.	5	400			
426.4 Expenditures for certain civic, political and related activities.	1,272,927	1,135,662	1,232,171	1,012,855	769,643
426.5 Other deductions. Total other income deductions. Total other income and deductions.	236,764	58,035	51,252	13,156	4,770
c. taxes applicable to other income and deductions					
408.2 Taxes other than income taxes, other income and deductions.	655,905	681,501	712,140	744,587	683,382
409.2 Income taxes, other income and deductions.	2,988,677	3,806,056	3,532,653	1,938,398	2,025,668
410.2 Provision for deferred income taxes, other income and deductions.	2,453,227	(2,415,299)	927,469	(1,055,888)	(93,774)
411.2 Provision for deferred income taxes - Credit, other income and deductions.	(843,924)	(182,373)	(63,824)	2,935	(10,502)
411.5 Investment tax credit adjustments, nonutility operations.					
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.					
3. Interest Charges					
427 Interest on long-term debt.	34,508,090	36,808,658	36,998,114	39,441,347	40,101,775
428 Amortization of debt discount and expense.	1,314,276	1,660,650	1,693,322	1,521,518	622,335
428.1 Amortization of loss on reacquired debt.	356,268	356,268	309,472	288,948	257,628
429 Amortization of premium on debt - Credit.					
429.1 Amortization of gain on reacquired debt - Credit.					
430 Interest on debt to associated companies.					
431 Other interest expense.	2,421,401	1,299,074	2,904,881	3,858,212	1,944,512
432 Allowance for borrowed funds used during construction - Credit. Net interest charges.	(463,904)	(2,494,702)	(4,796,752)	(3,626,359)	(2,060,218)
4. Extraordinary Items					
434 Extraordinary income.					
435 Extraordinary deductions.					
409.3 Income taxes, extraordinary items. Net income					
433, 436-439 Retained Earnings Accounts.					
Retained Earnings Chart of Accounts					
433 Balance transferred from income.					
436 Appropriations of retained earnings.					
437 Dividends declared - preferred stock.					
438 Dividends declared - common stock.	51,624,740	54,288,736	41,034,756	52,006,202	55,354,559
439 Adjustments to retained earnings.					
480-499 Revenue Accounts.					
1. Sales of Gas					
480 Residential sales.	(400,892,165)	(458,762,939)	(407,940,700)	(430,902,294)	(442,933,967)
481 Commercial and industrial sales.	(238,071,859)	(274,611,130)	(241,293,260)	(248,547,943)	(227,845,267)
482 Other sales to public authorities.					

483 Sales for resale.					
484 Interdepartmental sales.					
485 Intracompany transfers.					
2. Other Operating Revenues					
487 Forfeited discounts.	(2,000,024)	(2,205,197)	(2,015,349)	(2,076,088)	(2,106,614)
488 Miscellaneous service revenues.	(1,098,870)	(1,153,004)	(1,380,755)	(1,318,010)	(708,382)
489.1 Revenues from transportation of gas of others through gathering facilities.					
489.2 Revenues from transportation of gas of others through transmission facilities.					
489.3 Revenues from transportation of gas of others through distribution facilities.					
489.4 Revenues from storing gas of others.	(19,876,956)	(20,351,015)	(21,848,308)	(22,513,550)	(19,921,966)
490 Sales of products extracted from natural gas.				(11,820,609)	(19,465,512)
491 Revenues from natural gas processed by others.					
492 Incidental gasoline and oil sales.					
493 Rent from gas property.	(385,832)	(241,126)	(190,377)	(171,374)	(88,456)
494 Interdepartmental rents.					
495 Other gas revenues.	(5,261,370)	5,313,442	7,234,096	9,377,080	(16,797,447)
496 Provision for rate refunds					
700-899 Production, Transmission and Distribution Expenses.					
1. Production Expenses					
a. manufactured gas production					
d. other gas supply expenses					
Operation					
800 Natural gas well head purchases.					
800.1 Natural gas well head purchases, intracompany transfers.					
801 Natural gas field line purchases.	13,643,305	12,678,362	13,744,039	15,422,093	16,863,511
802 Natural gas gasoline plant outlet purchases.					
803 Natural gas transmission line purchases.					
804 Natural gas city gate purchases.	243,476,981	295,674,576	253,809,428	258,779,635	229,465,545
804.1 Liquefied natural gas purchases.					
805 Other gas purchases.					
805.1 Purchased gas cost adjustments.	(12,185,671)	15,160,198	(16,914,611)	(25,438,052)	14,087,970
806 Exchange gas.					
807 Purchased gas expenses.					
808.1 Gas withdrawn from storage - Debt.	23,171,389	19,821,527	15,070,769	20,606,255	9,359,883
808.2 Gas delivered to storage - Credit.	(7,296,582)	(18,093,918)	(9,783,155)	(14,075,155)	(6,633,111)
809.1 Withdrawals of liquefied natural gas held for processing - Debt.					
809.2 Deliveries of natural gas for processing - Credit.					
810 Gas used for compressor station fuel - Credit.					
811 Gas used for products extraction - Credit.					
812 Gas used for other utility operations - Credit.	(221,009)	(221,845)	(183,467)	(159,515)	(164,041)
813 Other gas supply expenses.					
2. Natural Gas Storage, Terminaling and Processing Expenses					
a. underground storage expenses					
814 Operation supervision and engineering.					
815 Maps and records.					
816 Wells expenses.	312,486	286,568	294,860	493,903	550,320
817 Lines expenses.					
818 Compressor station expenses.	52,084	81,899	90,747	164,195	147,932
819 Compressor station fuel and power.					
820 Measuring and regulating station expenses.	1,808,684	1,948,927	2,285,568	2,520,156	2,702,325
821 Purification expenses.	79,791	32,269	11,648	(284)	66,271
822 Exploration and development.					
823 Gas losses.					
824 Other expenses.					
825 Storage well royalties.					
826 Rents.					
Maintenance					
830 Maintenance supervision and engineering.					
831 Maintenance of structures and improvements.					
832 Maintenance of reservoirs and wells.	152,055	284,043	201,913	213,083	222,992
833 Maintenance of lines.					
834 Maintenance of compressor station equipment.	-	39,360	260,829	323,746	886,782
835 Maintenance of measuring and regulating station equipment.					
836 Maintenance of purification equipment.					
837 Maintenance of other equipment.					
b. other storage expenses					
Operation					
840 Operation supervision and engineering.	103,873	71,508	74,095	76,156	37,006
841 Operation labor and expenses.					
842 Rents.					
842.1 Fuel.					
842.2 Power.					
842.3 Gas losses.					
Maintenance					
843.1 Maintenance supervision and engineering.					
843.2 Maintenance of structures and improvements.					
843.3 Maintenance of gas holders.					
843.4 Maintenance of purification equipment.					
843.5 Maintenance of liquefaction equipment.					
843.6 Maintenance of vaporizing equipment.					
843.7 Maintenance of compressor equipment.					
843.8 Maintenance of measuring and regulating equipment.					
843.9 Maintenance of other equipment.					
c. liquefied natural gas terminaling and processing expenses					

Operation					
844.1 Operation supervision and engineering.	1,263,504	1,539,525	1,589,697	1,652,104	1,586,606
844.2 LNG processing terminal labor and expenses.					
844.3 Liquefaction processing labor and expenses.					
844.4 LNG transportation labor and expenses.					
844.5 Measuring and regulating labor and expenses.					
844.6 Compressor station labor and expenses.					
844.7 Communication system expenses.					
844.8 System control and load dispatching.					
845.1 Fuel.					
845.2 Power.					
845.3 Rents.					
845.4 Demurrage charges.					
845.5 Wharfage receipts - credit.	-	(90,056)	(85,007)	(175,451)	(89,454)
845.6 Processing liquefied or vaporized gas by others.					
846.1 Gas losses.					
846.2 Other expenses.					
Maintenance					
847.1 Maintenance supervision and engineering.					
847.2 Maintenance of structures and improvements.	1,009,378	771,788	983,047	1,033,744	1,047,771
847.3 Maintenance of LNG processing terminal equipment.					
847.4 Maintenance of LNG transportation equipment.					
847.5 Maintenance of measuring and regulating equipment.					
847.6 Maintenance of compressor station equipment.					
847.7 Maintenance of communication equipment.					
847.8 Maintenance of other equipment.					
3. Transmission Expenses					
Operation					
850 Operation supervision and engineering.					
851 System control and load dispatching.					
852 Communication system expenses.					
853 Compressor station labor and expenses.					
854 Gas for compressor station fuel.					
855 Other fuel and power for compressor stations.					
856 Mains expenses.	1,593,436	1,422,310	1,516,707	1,989,004	1,998,006
857 Measuring and regulating station expenses.					
858 Transmission and compression of gas by others.					
859 Other expenses.					
860 Rents.					
Maintenance					
861 Maintenance supervision and engineering.					
862 Maintenance of structures and improvements.					
863 Maintenance of mains.	8,838	324,822	170,115	166,207	14,071
864 Maintenance of compressor station equipment.					
865 Maintenance of measuring and regulating station equipment.					
866 Maintenance of communication equipment.					
867 Maintenance of other equipment.					
870 Operation supervision and engineering.	2,202,514	2,606,304	2,861,336	2,847,189	2,655,708
4. Distribution Expenses					
Operation					
871 Distribution load dispatching.					
872 Compressor station labor and expenses.					
873 Compressor station fuel and power (Major only).					
874 Mains and services expenses.	7,031,554	7,833,278	9,028,992	9,176,771	10,134,195
875 Measuring and regulating station expenses - General.	(3,088)	50,561	(42,604)	(106,858)	(64,077)
876 Measuring and regulating station expenses - Industrial.					
877 Measuring and regulating station expenses - City gate check stations.	575,316	553,865	488,036	609,033	626,216
878 Meter and house regulator expenses.	5,083,679	5,382,954	5,425,942	5,665,100	6,099,669
879 Customer installations expenses.	5,921,555	6,399,826	7,556,905	7,498,710	8,289,751
880 Other expenses.	1,143,316	1,481,034	1,268,874	1,033,460	1,007,600
881 Rents.	212,407	228,854	215,389	212,302	218,327
Maintenance					
885 Maintenance supervision and engineering.	4,282,248	3,380,701	4,043,521	3,197,131	2,950,301
886 Maintenance of structures and improvements.					
887 Maintenance of mains.	2,814,316	2,702,659	2,862,835	2,561,718	2,990,042
888 Maintenance of compressor station equipment.					
889 Maintenance of measuring and regulating station equipment - General.	1,156,141	1,563,970	1,470,629	1,610,369	1,669,148
890 Maintenance of measuring and regulating station equipment - Industrial.					
891 Maintenance of measuring and regulating station equipment - City gate check stations.	169,641	188,375	222,873	187,161	294,584
892 Maintenance of services.	753,961	642,341	675,263	627,763	1,366,827
893 Maintenance of meters and house regulators.	2,223,427	2,522,985	2,534,777	2,826,459	3,775,179
894 Maintenance of other equipment.	21,545	23,971	68,315	35,113	35,744
900-949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.					
5. Customer Accounts Expenses					
Operation					
901 Supervision.	1,230,942	1,313,468	1,449,870	1,646,260	1,652,022
902 Meter reading expenses.	757,932	832,116	876,768	955,140	987,633
903 Customer records and collection expenses.	15,319,519	16,157,912	16,074,368	15,508,882	14,606,112
904 Uncollectible accounts.	1,246,447	864,691	678,554	449,187	779,162
905 Miscellaneous customer accounts expenses.					
6. Customer Service and Informational Expenses					
Operation					
907 Supervision.	2,347	1,886	3,912	4,464	256
908 Customer assistance expenses.	288,080	467,102	1,251,734	1,027,301	1,023,951

909 Informational and instructional advertising expenses.	1,595,193	1,743,866	1,810,357	2,118,069	1,650,679
910 Miscellaneous customer service and informational expenses.	180,741	179,063	163,343	193,529	182,609
7. Sales Expenses					
Operation					
911 Supervision.	131,652	143,410	9,375	11,581	98,705
912 Demonstrating and selling expenses.	2,888,558	3,485,124	1,653,256	1,886,105	1,779,297
913 Advertising expenses.	359,822	401,650	443,839	295,487	267,476
914 [Reserved]					
915 [Reserved]					
916 Miscellaneous sales expenses.					
8. Administrative and General Expenses					
Operation					
920 Administrative and general salaries.	24,627,399	27,835,981	28,595,464	32,969,528	35,749,407
921 Office supplies and expenses.	17,931,470	19,806,564	20,819,120	17,312,345	17,205,859
922 Administrative expenses transferred - Credit.	(17,463,672)	(18,841,642)	(19,404,008)	(19,619,015)	(21,365,227)
923 Outside services employed.	8,152,582	10,066,928	12,034,227	11,089,842	10,874,075
924 Property insurance.	3,057,126	3,195,612	3,066,612	3,239,827	3,579,275
925 Injuries and damages.	369,181	409,798	333,852	216,918	319,343
926 Employee pensions and benefits.	29,324,780	30,314,906	34,073,322	68,707,526	50,218,558
927 Franchise requirements.					
928 Regulatory commission expenses.					
929 Duplicate charges - Credit.					
930.1 General advertising expenses.					
930.2 Miscellaneous general expenses.	2,889,711	2,631,840	2,853,582	3,354,367	2,748,357
931 Rents.	4,678,405	4,788,210	4,763,890	4,706,138	5,829,151
Maintenance					
932 Maintenance of general plant.	4,105,070	3,557,910	3,757,087	3,969,495	5,348,885

	2016	2017	2018	2019	2020
	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)
100-199 Assets and Other Debits.					
1. Utility Plant					
101 Gas plant in service.	-	-	-	-	-
101.1 Property under capital leases.				7,657,435	87,581,610
102 Gas plant purchased or sold.					
103 Experimental gas plant unclassified.					
104 Gas plant leased to others.					
105 Gas plant held for future use.	923,155	970,068	970,068	970,068	970,068
105.1 Production properties held for future use.					
106 Completed construction not classified - Gas.			-	-	-
107 Construction work in progress - Gas.	62,264,074	159,923,802	204,978,958	84,964,806	61,577,633
108 Accumulated provision for depreciation of gas utility plant.	(1,188,014,717)	(1,250,333,767)	(1,305,243,878)	(1,375,622,544)	(1,446,370,667)
109 [Reserved]					
111 Accumulated provision for amortization and depletion of gas utility plant.	(78,041,739)	(81,047,030)	(83,059,998)	(91,144,659)	(103,789,073)
111.1-111.2 [Reserved]					
112 [Reserved]					
113.1-113.2 [Reserved]					
114 Gas plant acquisition adjustments.	23,066,105	28,885,855	34,857,379	41,306,642	52,396,593
115 Accumulated provision for amortization of gas plant acquisition adjustments.					
116 Other gas plant adjustments.					
117.1 Gas stored-Base gas.	14,133,895	18,488,587	18,494,189	25,409,543	25,390,150
117.2 System balancing gas.					
117.3 Gas stored in reservoirs and pipelines-noncurrent.					
117.4 Gas owed to system gas.					
118 Other utility plant.					
119 Accumulated provision for depreciation and amortization of other utility plant.					
2. Other Property and Investments					
121 Nonutility property.	67,258,603	69,119,165	71,338,418	69,061,380	71,332,440
122 Accumulated provision for depreciation and amortization of nonutility property.	(17,395,661)	(18,719,439)	(20,013,772)	(20,136,243)	(21,171,862)
123 Investment in associated companies.					
123.1 Investment in subsidiary companies.	290,518,132	152,179,432	105,582,148	88,130,262	76,634,144
124 Other investments.	54,581,443	52,653,735	49,921,908	49,836,949	49,241,333
125 Sinking funds.					
126 Depreciation fund.					
128 Other special funds.					
3. Current and Accrued Assets					
131 Cash.	1,056,799	700,753	2,875,276	679,105	1,203,509
132 Interest special deposits.					
133 Dividend special deposits.					
134 Other special deposits.	1,910,852	1,930,838	4,850,774	4,999,226	8,490,060
135 Working funds.	185,600	210,200	204,200	209,569	207,476
136 Temporary cash investments.	3,536,921	2,574,132	2,273,382	2,988,035	5,286,419
141 Notes receivable.					
142 Customer accounts receivable.	60,578,953	58,685,488	58,209,024	60,461,257	75,096,470
143 Other accounts receivable.	2,666,067	6,242,775	6,148,203	5,087,344	3,450,314
144 Accumulated provision for uncollectible accounts - Cr.	(1,290,276)	(955,630)	(975,367)	(671,594)	(3,106,853)
145 Notes receivable from associated companies.					
146 Accounts receivable from associated companies.	207,935	223,899	542,109	786,535	660,307
151 Fuel stock.					
152 Fuel stock expenses undistributed.					
153 Residuals and extracted products.					
154 Plant materials and operating supplies (Major only).	10,102,594	10,064,217	13,381,651	15,484,130	16,639,963
155 Merchandise.	924,116	863,669	879,463	944,230	968,529
156 Other materials and supplies.					
163 Stores expense undistributed.					
164.1 Gas stored - current.	38,746,875	32,907,852	26,164,527	24,753,544	21,716,106
164.2 Liquefied natural gas stored.	3,989,561	3,741,745	3,700,596	2,713,986	2,999,958
164.3 Liquefied natural gas held for processing.					
165 Prepayments.	20,449,382	23,958,674	27,719,997	24,651,092	26,945,333
166 Advances for gas exploration, development, and production.					
167 Other advances for gas.					
171 Interest and dividends receivable.					
172 Rents receivable.					
173 Accrued utility revenues.	64,945,750	62,380,896	57,773,088	56,139,400	57,890,055
174 Miscellaneous current and accrued assets.	-	2,108,594	4,015,983	3,796,240	3,505,877
175 Derivative Instrument Assets	20,426,000	3,041,000	9,726,000	10,138,486	19,812,993
176 Derivative Instrument Assets - Hedges	(130,000)				
4. Deferred Debits					
181 Unamortized debt expense.	7,915,836	7,172,109	6,859,484	6,731,211	8,227,645
182.1 Extraordinary property losses.					
182.2 Unrecovered plant and regulatory study costs.					
182.3 Other regulatory assets.	43,047,984	22,208,524	21,402,172	19,381,684	17,103,787
183.1 Preliminary natural gas survey and investigation charges.					
183.2 Other preliminary survey and investigation charges.	15,080	351,235	309,011	1,223,507	4,407,522
184 Clearing accounts.		237,192	398,385	25,793	(83,556)
185 Temporary facilities.					
186 Miscellaneous deferred debits.	348,569,715	379,132,163	389,388,768	359,690,847	378,464,551
187 Deferred losses from disposition of utility plant.					
188 Research, development, and demonstration expenditures.					
189 Unamortized loss on reacquired debt.	2,473,832	2,117,564	1,808,092	1,519,144	1,261,516
190 Accumulated deferred income taxes.					

191 Unrecovered purchased gas costs.	(2,156,449)	(19,277,807)	(4,864,721)	19,773,514	4,485,643
200-299 Liabilities and Other Credits.					
5. Proprietary Capital					
201 Common stock issued.	(447,633,104)	(451,282,098)	(228,868,408)	(228,868,408)	(228,868,408)
202 Common stock subscribed.					
203 Common stock liability for conversion.					
204 Preferred stock issued.			(1)	(1)	(1)
205 Preferred stock subscribed.					
206 Preferred stock liability for conversion.					
207 Premium on capital stock.					
208 Donations received from stockholders.					
209 Reduction in par or stated value of capital stock.					
210 Gain on resale or cancellation of reacquired capital stock.	(1,649,864)	(1,649,864)	(1,649,864)	(94,806,835)	(94,755,256)
211 Miscellaneous paid-in capital.					
212 Installments received on capital stock.	(24,333)	(51,283)	(51,579)	-	
213 Discount on capital stock.					
214 Capital stock expense.	4,120,800	4,118,163	4,118,163	4,118,163	4,118,163
215 Appropriated retained earnings.					
216 Unappropriated retained earnings.	(442,145,578)	(453,862,896)	(472,303,081)	(500,860,482)	(513,824,815)
216.1 Unappropriated undistributed subsidiary earnings.	35,758,812	39,698,388	(1,723,137)		-
217 Reacquired capital stock.					
219 Accumulated Other Comprehensive Income	6,950,693	8,437,839	7,187,559	10,733,393	12,902,263
6. Long-Term Debt					
221 Bonds.	(726,700,000)	(786,700,000)	(739,700,000)	(849,700,000)	(924,700,000)
222 Reacquired bonds.					
223 Advances from associated companies.					
224 Other long-term debt.					
225 Unamortized premium on long-term debt.					
226 Unamortized discount on long-term debt - Debit.					
7. Other Noncurrent Liabilities.					
227 Obligations under capital leases - noncurrent.	(1,302)			(772,078)	(80,559,010)
228.1 Accumulated provision for property insurance.	(214,000)	(154,000)	(49,000)	(49,000)	(24,000)
228.2 Accumulated provision for injuries and damages.	(105,581,286)	(110,501,943)	(97,813,193)	(98,810,516)	(93,836,623)
228.3 Accumulated provision for pensions and benefits.	(246,639,501)	(244,476,672)	(243,230,414)	(250,467,983)	(239,484,640)
228.4 Accumulated miscellaneous operating provisions.					
229 Accumulated provision for rate refunds.					
8. Current and Accrued Liabilities					
231 Notes payable.	(53,300,000)	(54,199,996)	(217,500,000)	(125,100,000)	(231,525,000)
232 Accounts payable.	(83,472,534)	(108,414,210)	(113,505,529)	(110,209,202)	(93,287,776)
233 Notes payable to associated companies.					
234 Accounts payable to associated companies.	(9,635,034)	(22,115,481)	(20,521,744)	(17,251,481)	(16,290,171)
235 Customer deposits.	(5,538,638)	(5,087,361)	(4,994,176)	(4,855,552)	(3,213,864)
236 Taxes accrued.	(12,114,133)	(18,843,587)	(10,989,713)	(12,968,972)	(29,264,171)
237 Interest accrued.	(5,965,876)	(6,773,318)	(7,272,799)	(7,441,256)	(7,338,131)
238 Dividends declared.					
239 Matured long-term debt.					
240 Matured interest.					
241 Tax collections payable.	(4,885,736)	(5,779,961)	(5,681,850)	(6,001,360)	(6,123,645)
242 Miscellaneous current and accrued liabilities.	(21,861,114)	(26,390,275)	(39,688,332)	(47,698,664)	(39,371,984)
243 Obligations under capital leases - current.	1,302			(2,170,810)	(1,795,978)
244 Derivative Instrument Liabilities	(2,098,000)	(23,371,000)	(15,406,000)	(2,608,418)	(7,049,272)
245 Derivative Instrument Liabilities - Hedges	(130,000)				
9. Deferred Credits					
252 Customer advances for construction.	(3,740,828)	(3,965,149)	(4,410,555)	(7,367,884)	(6,253,436)
253 Other deferred credits.	(7,142,848)	(7,323,027)	(32,686,031)	(6,116,933)	(5,749,705)
254 Other regulatory liabilities.	(32,969,672)	(230,410,020)	(253,954,660)	(236,912,097)	(233,622,399)
255 Accumulated deferred investment tax credits.	(3,983)	(2)	(2)	-	-
256 Deferred gains from disposition of utility plant.					
257 Unamortized gain on reacquired debt.					
281 Accumulated deferred income taxes - Accelerated amortization property.					
282 Accumulated deferred income taxes - Other property.					
283 Accumulated deferred income taxes - Other.	(511,259,117)	(288,303,953)	(298,906,395)	(316,577,835)	(329,884,251)
300-399 Plant Accounts.					
1. Intangible Plant					
301 Organization.	1,174	1,174	1,174	1,174	1,174
302 Franchises and consents.	83,621	83,621	83,621	83,621	83,621
303 Miscellaneous intangible plant.	99,590,430	105,175,574	117,067,790	126,535,595	171,830,400
2. Production Plant					
a. manufactured gas production plant					
304 Land and land rights.	24,998	24,998	24,998	24,998	24,998
305 Structures and improvements.	68,063	68,063	68,063	68,063	68,063
306 Boiler plant equipment.					
307 Other power equipment.					
308 Coke ovens.					
309 Producer gas equipment.					
310 Water gas generating equipment.					
311 Liquefied petroleum gas equipment.	8,242	8,242	8,242	8,242	8,242
312 Oil gas generating equipment.					
313 Generating equipment - Other processes.					
314 Coal, coke, and ash handling equipment.					
315 Catalytic cracking equipment.					
316 Other reforming equipment.					
317 Purification equipment.					
318 Residual refining equipment.	388,447	388,447	388,447	388,447	388,447

319 Gas mixing equipment.	185,448	185,448	185,448	185,448	185,448
320 Other equipment.					
b. natural gas production plant					
3. Natural Gas Storage and Processing Plant					
a. underground storage plant					
350.1 Land.	106,549	106,549	106,549	106,549	106,549
350.2 Rights-of-way.	109,625	109,625	109,625	109,625	109,625
350.3 North Mist Expansion Project Rights-of-way.				538,145	538,079
350.4 North Mist Expansion Project Land				461,268	461,212
351 Structures and improvements.	7,208,245	7,382,069	8,631,863	8,634,151	8,634,151
351.1 North Mist Expansion Project Structures and Improvements				6,784,473	7,116,441
352 Wells.	20,047,076	20,047,076	23,261,814	25,605,819	29,147,039
352.1 Storage leaseholds and rights.	3,938,491	3,938,491	3,938,491	3,938,491	3,938,491
352.2 Reservoirs.	7,272,553	7,272,553	7,272,553	7,272,553	7,272,553
352.3 Nonrecoverable natural gas.	6,440,890	6,440,890	6,440,890	6,440,890	6,440,890
352.4 North Mist Expansion Project Wells				16,159,768	16,268,882
352.5 North Mist Expansion Project Storage Leaseholds & Rights				2,619,103	2,625,361
352.6 North Mist Expansion Project Reservoirs				2,619,103	2,625,361
352.7 North Mist Expansion Project Nonrecoverable natural gas				2,696,233	2,702,662
353 Lines.	6,552,220	6,552,220	7,274,713	8,087,704	8,207,380
353.1 North Mist Expansion Project Lines				332,621	352,733
354 Compressor station equipment.	31,351,812	31,352,716	31,352,716	32,592,775	27,592,775
354.7 North Mist Expansion Project Compressor Station Equipment				27,599,508	27,985,014
355 Measuring and regulating equipment.	7,284,199	7,408,127	7,408,127	7,484,620	9,658,080
355.1 North Mist Expansion Project Measuring/Regulating Equipment				15,519,402	15,947,660
356 Purification equipment.	297,363	297,363	363,606	363,765	28,182,836
357 Other equipment.	1,332,029	1,332,029	2,357,694	2,359,568	4,596,732
b. other storage plant					
360 Land and land rights.	726,830	726,830	726,830	726,830	726,830
361 Structures and improvements.	12,669,192	15,109,357	22,554,796	22,795,423	22,867,467
362 Gas holders.	10,108,669	10,484,768	10,484,768	10,484,768	10,484,768
363 Purification equipment.					
363.1 Liquefaction equipment.	10,475,375	14,034,083	18,902,862	19,123,945	19,198,606
363.2 Vaporizing equipment.	6,361,008	8,198,431	8,198,431	8,198,431	11,166,267
363.3 Compressor equipment.	3,693,337	4,547,618	4,804,214	4,804,214	4,925,397
363.4 Measuring and regulating equipment.	1,362,034	12,741,667	13,323,478	13,440,544	13,908,271
363.5 Other equipment.	3,051,295	3,051,295	3,051,295	3,051,295	3,051,295
c. base load liquefied natural gas terminaling and processing plant					
364.1 Land and land rights .	739,473	739,473	739,473	739,473	739,473
364.2 Structures and improvements.					
364.3 LNG processing terminal equipment.					
364.4 LNG transportation equipment.					
364.5 Measuring and regulating equipment.					
364.6 Compressor station equipment.					
364.7 Communication equipment.					
364.8 Other equipment.					
4. Transmission Plant					
365.1 Land and land rights.	89,772	89,772	1,015,597	1,015,597	1,015,597
365.2 Rights-of-way.	6,455,177	6,455,177	6,455,177	6,455,177	6,455,177
365.3 North Mist Expansion Project Land Rights				538,142	538,076
366 Structures and improvements.	1,546,073	1,546,073	1,546,073	1,546,073	1,546,073
367 Mains.	307,474,014	310,664,269	325,504,075	401,971,974	411,357,767
368 Compressor station equipment.					
369 Measuring and regulating station equipment.	3,969,549	3,969,549	3,969,549	3,969,549	3,969,549
370 Communication equipment.					
371 Other equipment.					
5. Distribution Plant					
374 Land and land rights.	1,969,535	1,969,535	1,971,921	1,971,954	2,097,873
375 Structures and improvements.	1,398,111	1,417,773	1,519,558	1,519,558	1,519,558
376 Mains.	1,095,877,132	1,137,607,703	1,194,895,799	1,253,447,423	1,324,768,910
377 Compressor station equipment.	818,380	818,380	818,380	818,380	818,380
378 Measuring and regulating station equipment - General.	33,450,398	34,412,772	37,114,821	38,325,632	41,139,659
379 Measuring and regulating station equipment - City gate check stations.	7,514,713	10,845,581	13,707,266	16,201,552	18,110,617
380 Services.	737,144,683	768,541,097	800,894,952	837,805,413	875,426,721
381 Meters.	128,767,508	132,261,941	138,471,208	146,180,983	151,921,498
382 Meter installations.	69,239,916	70,585,402	71,741,762	73,703,163	73,868,339
383 House regulators.	1,678,311	1,871,924	2,203,738	2,419,652	2,553,748
384 House regulatory installations.					
385 Industrial measuring and regulating station equipment.					
386 Other property on customers' premises.	-	1,100,432	1,303,646	1,162,110	1,162,110
387 Other equipment.	342,954	342,954	342,954	342,954	342,954
6. General Plant					
389 Land and land rights.	10,767,907	10,767,907	10,767,907	11,652,361	12,624,629
390 Structures and improvements.	78,653,964	79,673,499	90,779,799	95,162,798	97,114,697
391 Office furniture and equipment.	32,483,479	37,855,484	35,263,826	47,359,861	73,004,734
392 Transportation equipment.	38,658,205	42,561,613	46,746,329	51,660,779	54,519,110
393 Stores equipment.	119,406	119,406	119,406	119,406	119,406
394 Tools, shop and garage equipment.	9,887,393	11,859,950	13,169,801	14,397,767	16,925,339
395 Laboratory equipment.	68,293	68,293	277	-	-
396 Power operated equipment.	9,040,188	10,044,972	11,256,429	12,540,849	14,021,594
397 Communication equipment.	9,104,657	10,310,659	4,997,761	12,403,965	17,308,178
398 Miscellaneous equipment.	187,793	187,793	108,906	108,903	124,956
399 Other tangible property.					
400-432, 434-435 Income Accounts.					

1. Utility Operating Income					
operating expenses					
400 Operating revenues.					
401 Operation expense.					
402 Maintenance expense.					
403 Depreciation expense.	76,288,699	79,733,795	83,732,032	89,414,896	100,591,033
404.1 Amortization and depletion of producing natural gas land and land rights.					
404.2 Amortization of underground storage land and land rights.					
404.3 Amortization of other limited-term gas plant.					
405 Amortization of other gas plant.					
406 Amortization of gas plant acquisition adjustments.					
407.1 Amortization of property losses, unrecovered plant and regulatory study costs.					
407.2 Amortization of conversion expense.					
407.3 Regulatory debits.	13,298,002	15,291,409	11,127,377	12,336,840	9,690,897
407.4 Regulatory credits.					
408 [Reserved]					
408.1 Taxes other than income taxes, utility operating income.	45,675,819	49,004,406	48,709,075	49,362,241	51,606,562
409 [Reserved]					
409.1 Income taxes, utility operating income.	15,772,899	21,453,371	9,440,271	6,918,426	14,423,877
410 [Reserved]					
410.1 Provision for deferred income taxes, utility operating income.	45,245,865	58,229,567	37,215,916	60,848,892	32,968,241
411 [Reserved]					
411.1 Provision for deferred income taxes - Credit, utility operating income.	(21,966,966)	(38,750,782)	(26,037,795)	(56,029,969)	(28,592,422)
411.3 [Reserved]					
411.4 Investment tax credit adjustments, utility operations.	(43,583)	(3,981)		(2)	-
411.6 Gains from disposition of utility plant.					
411.7 Losses from disposition of utility plant. Total utility operating expenses.					
other operating income					
412 Revenues from gas plant leased to others.					
413 Expenses of gas plant leased to others.					
414 Other utility operating income. Net utility operating income.					
2. Other Income and Deductions					
a. other income					
415 Revenues from merchandising, jobbing and contract work.	(5,164,002)	(5,641,506)	(5,631,537)	(5,500,680)	(5,410,243)
416 Costs and expenses of merchandising, jobbing and contract work.	5,073,484	5,492,608	5,483,291	5,542,888	5,064,264
417 Revenues from nonutility operations.	(30,226,415)	(29,937,459)	(37,537,508)	(32,697,836)	(23,637,869)
417.1 Expenses of nonutility operations.	14,979,583	15,525,969	20,496,890	20,640,048	15,275,008
418 Nonoperating rental income.	(467,099)	(430,848)	(1,122,624)	(531,803)	(541,589)
418.1 Equity in earnings of subsidiary companies.	3,939,576	127,342,694	1,723,137	-	-
419 Interest and dividend income.	(776,187)	(3,932,693)	(3,962,217)	(2,052,440)	(1,648,842)
419.1 Allowance for other funds used during construction.	-	(2,601,368)	(3,964,151)	(656,996)	18
421 Miscellaneous nonoperating income.	(48,406)	(42,438)	(159,048)	(33,037)	(429,572)
421.1 Gain on disposition of property. Total other income.					
b. other income deductions					
421.2 Loss on disposition of property.					
425 Miscellaneous amortization.					
426 [Reserved]					
426.1 Donations.	1,166,216	1,020,825	1,107,144	1,281,112	806,608
426.2 Life insurance.	(1,696,962)	(2,492,693)	(1,682,347)	(1,596,257)	(1,801,727)
426.3 Penalties.	5	400			
426.4 Expenditures for certain civic, political and related activities.	1,272,927	1,135,662	1,232,171	1,012,855	769,643
426.5 Other deductions. Total other income deductions. Total other income and deductions.	236,764	58,035	51,252	13,156	4,770
c. taxes applicable to other income and deductions					
408.2 Taxes other than income taxes, other income and deductions.	655,905	681,501	712,140	744,587	683,382
409.2 Income taxes, other income and deductions.	2,988,677	3,806,056	3,532,653	1,938,398	2,025,668
410.2 Provision for deferred income taxes, other income and deductions.	2,453,227	(2,415,299)	927,469	(1,055,888)	(93,774)
411.2 Provision for deferred income taxes - Credit, other income and deductions.	(843,924)	(182,373)	(63,824)	2,935	(10,502)
411.5 Investment tax credit adjustments, nonutility operations.					
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.					
3. Interest Charges					
427 Interest on long-term debt.	34,508,090	36,808,658	36,998,114	39,441,347	40,101,775
428 Amortization of debt discount and expense.	1,314,276	1,660,650	1,693,322	1,521,518	622,335
428.1 Amortization of loss on reacquired debt.	356,268	356,268	309,472	288,948	257,628
429 Amortization of premium on debt - Credit.					
429.1 Amortization of gain on reacquired debt - Credit.					
430 Interest on debt to associated companies.					
431 Other interest expense.	2,421,401	1,299,074	2,904,881	3,858,212	1,944,512
432 Allowance for borrowed funds used during construction - Credit. Net interest charges.	(463,904)	(2,494,702)	(4,796,752)	(3,626,359)	(2,060,218)
4. Extraordinary Items					
434 Extraordinary income.					
435 Extraordinary deductions.					
409.3 Income taxes, extraordinary items. Net income					
433, 436-439 Retained Earnings Accounts.					
Retained Earnings Chart of Accounts					
433 Balance transferred from income.					
436 Appropriations of retained earnings.					
437 Dividends declared - preferred stock.					
438 Dividends declared - common stock.	51,624,740	54,288,736	41,034,756	52,006,202	55,354,559
439 Adjustments to retained earnings.					
480-499 Revenue Accounts.					
1. Sales of Gas					
480 Residential sales.	(400,892,165)	(458,762,939)	(407,940,700)	(430,902,294)	(442,933,967)
481 Commercial and industrial sales.	(238,071,859)	(274,611,130)	(241,293,260)	(248,547,943)	(227,845,267)
482 Other sales to public authorities.					

483 Sales for resale.					
484 Interdepartmental sales.					
485 Intracompany transfers.					
2. Other Operating Revenues					
487 Forfeited discounts.	(2,000,024)	(2,205,197)	(2,015,349)	(2,076,088)	(2,106,614)
488 Miscellaneous service revenues.	(1,098,870)	(1,153,004)	(1,380,755)	(1,318,010)	(708,382)
489.1 Revenues from transportation of gas of others through gathering facilities.					
489.2 Revenues from transportation of gas of others through transmission facilities.					
489.3 Revenues from transportation of gas of others through distribution facilities.					
489.4 Revenues from storing gas of others.	(19,876,956)	(20,351,015)	(21,848,308)	(22,513,550)	(19,921,966)
490 Sales of products extracted from natural gas.				(11,820,609)	(19,465,512)
491 Revenues from natural gas processed by others.					
492 Incidental gasoline and oil sales.					
493 Rent from gas property.	(385,832)	(241,126)	(190,377)	(171,374)	(88,456)
494 Interdepartmental rents.					
495 Other gas revenues.	(5,261,370)	5,313,442	7,234,096	9,377,080	(16,797,447)
496 Provision for rate refunds					
700-899 Production, Transmission and Distribution Expenses.					
1. Production Expenses					
a. manufactured gas production					
d. other gas supply expenses					
Operation					
800 Natural gas well head purchases.					
800.1 Natural gas well head purchases, intracompany transfers.					
801 Natural gas field line purchases.	13,643,305	12,678,362	13,744,039	15,422,093	16,863,511
802 Natural gas gasoline plant outlet purchases.					
803 Natural gas transmission line purchases.					
804 Natural gas city gate purchases.	243,476,981	295,674,576	253,809,428	258,779,635	229,465,545
804.1 Liquefied natural gas purchases.					
805 Other gas purchases.					
805.1 Purchased gas cost adjustments.	(12,185,671)	15,160,198	(16,914,611)	(25,438,052)	14,087,970
806 Exchange gas.					
807 Purchased gas expenses.					
808.1 Gas withdrawn from storage - Debt.	23,171,389	19,821,527	15,070,769	20,606,255	9,359,883
808.2 Gas delivered to storage - Credit.	(7,296,582)	(18,093,918)	(9,783,155)	(14,075,155)	(6,633,111)
809.1 Withdrawals of liquefied natural gas held for processing - Debt.					
809.2 Deliveries of natural gas for processing - Credit.					
810 Gas used for compressor station fuel - Credit.					
811 Gas used for products extraction - Credit.					
812 Gas used for other utility operations - Credit.	(221,009)	(221,845)	(183,467)	(159,515)	(164,041)
813 Other gas supply expenses.					
2. Natural Gas Storage, Terminaling and Processing Expenses					
a. underground storage expenses					
814 Operation supervision and engineering.					
815 Maps and records.					
816 Wells expenses.	312,486	286,568	294,860	493,903	550,320
817 Lines expenses.					
818 Compressor station expenses.	52,084	81,899	90,747	164,195	147,932
819 Compressor station fuel and power.					
820 Measuring and regulating station expenses.	1,808,684	1,948,927	2,285,568	2,520,156	2,702,325
821 Purification expenses.	79,791	32,269	11,648	(284)	66,271
822 Exploration and development.					
823 Gas losses.					
824 Other expenses.					
825 Storage well royalties.					
826 Rents.					
Maintenance					
830 Maintenance supervision and engineering.					
831 Maintenance of structures and improvements.					
832 Maintenance of reservoirs and wells.	152,055	284,043	201,913	213,083	222,992
833 Maintenance of lines.					
834 Maintenance of compressor station equipment.	-	39,360	260,829	323,746	886,782
835 Maintenance of measuring and regulating station equipment.					
836 Maintenance of purification equipment.					
837 Maintenance of other equipment.					
b. other storage expenses					
Operation					
840 Operation supervision and engineering.	103,873	71,508	74,095	76,156	37,006
841 Operation labor and expenses.					
842 Rents.					
842.1 Fuel.					
842.2 Power.					
842.3 Gas losses.					
Maintenance					
843.1 Maintenance supervision and engineering.					
843.2 Maintenance of structures and improvements.					
843.3 Maintenance of gas holders.					
843.4 Maintenance of purification equipment.					
843.5 Maintenance of liquefaction equipment.					
843.6 Maintenance of vaporizing equipment.					
843.7 Maintenance of compressor equipment.					
843.8 Maintenance of measuring and regulating equipment.					
843.9 Maintenance of other equipment.					
c. liquefied natural gas terminaling and processing expenses					

Operation					
844.1 Operation supervision and engineering.	1,263,504	1,539,525	1,589,697	1,652,104	1,586,606
844.2 LNG processing terminal labor and expenses.					
844.3 Liquefaction processing labor and expenses.					
844.4 LNG transportation labor and expenses.					
844.5 Measuring and regulating labor and expenses.					
844.6 Compressor station labor and expenses.					
844.7 Communication system expenses.					
844.8 System control and load dispatching.					
845.1 Fuel.					
845.2 Power.					
845.3 Rents.					
845.4 Demurrage charges.					
845.5 Wharfage receipts - credit.	-	(90,056)	(85,007)	(175,451)	(89,454)
845.6 Processing liquefied or vaporized gas by others.					
846.1 Gas losses.					
846.2 Other expenses.					
Maintenance					
847.1 Maintenance supervision and engineering.					
847.2 Maintenance of structures and improvements.	1,009,378	771,788	983,047	1,033,744	1,047,771
847.3 Maintenance of LNG processing terminal equipment.					
847.4 Maintenance of LNG transportation equipment.					
847.5 Maintenance of measuring and regulating equipment.					
847.6 Maintenance of compressor station equipment.					
847.7 Maintenance of communication equipment.					
847.8 Maintenance of other equipment.					
3. Transmission Expenses					
Operation					
850 Operation supervision and engineering.					
851 System control and load dispatching.					
852 Communication system expenses.					
853 Compressor station labor and expenses.					
854 Gas for compressor station fuel.					
855 Other fuel and power for compressor stations.					
856 Mains expenses.	1,593,436	1,422,310	1,516,707	1,989,004	1,998,006
857 Measuring and regulating station expenses.					
858 Transmission and compression of gas by others.					
859 Other expenses.					
860 Rents.					
Maintenance					
861 Maintenance supervision and engineering.					
862 Maintenance of structures and improvements.					
863 Maintenance of mains.	8,838	324,822	170,115	166,207	14,071
864 Maintenance of compressor station equipment.					
865 Maintenance of measuring and regulating station equipment.					
866 Maintenance of communication equipment.					
867 Maintenance of other equipment.					
870 Operation supervision and engineering.	2,202,514	2,606,304	2,861,336	2,847,189	2,655,708
4. Distribution Expenses					
Operation					
871 Distribution load dispatching.					
872 Compressor station labor and expenses.					
873 Compressor station fuel and power (Major only).					
874 Mains and services expenses.	7,031,554	7,833,278	9,028,992	9,176,771	10,134,195
875 Measuring and regulating station expenses - General.	(3,088)	50,561	(42,604)	(106,858)	(64,077)
876 Measuring and regulating station expenses - Industrial.					
877 Measuring and regulating station expenses - City gate check stations.	575,316	553,865	488,036	609,033	626,216
878 Meter and house regulator expenses.	5,083,679	5,382,954	5,425,942	5,665,100	6,099,669
879 Customer installations expenses.	5,921,555	6,399,826	7,556,905	7,498,710	8,289,751
880 Other expenses.	1,143,316	1,481,034	1,268,874	1,033,460	1,007,600
881 Rents.	212,407	228,854	215,389	212,302	218,327
Maintenance					
885 Maintenance supervision and engineering.	4,282,248	3,380,701	4,043,521	3,197,131	2,950,301
886 Maintenance of structures and improvements.					
887 Maintenance of mains.	2,814,316	2,702,659	2,862,835	2,561,718	2,990,042
888 Maintenance of compressor station equipment.					
889 Maintenance of measuring and regulating station equipment - General.	1,156,141	1,563,970	1,470,629	1,610,369	1,669,148
890 Maintenance of measuring and regulating station equipment - Industrial.					
891 Maintenance of measuring and regulating station equipment - City gate check stations.	169,641	188,375	222,873	187,161	294,584
892 Maintenance of services.	753,961	642,341	675,263	627,763	1,366,827
893 Maintenance of meters and house regulators.	2,223,427	2,522,985	2,534,777	2,826,459	3,775,179
894 Maintenance of other equipment.	21,545	23,971	68,315	35,113	35,744
900-949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.					
5. Customer Accounts Expenses					
Operation					
901 Supervision.	1,230,942	1,313,468	1,449,870	1,646,260	1,652,022
902 Meter reading expenses.	757,932	832,116	876,768	955,140	987,633
903 Customer records and collection expenses.	15,319,519	16,157,912	16,074,368	15,508,882	14,606,112
904 Uncollectible accounts.	1,246,447	864,691	678,554	449,187	779,162
905 Miscellaneous customer accounts expenses.					
6. Customer Service and Informational Expenses					
Operation					
907 Supervision.	2,347	1,886	3,912	4,464	256
908 Customer assistance expenses.	288,080	467,102	1,251,734	1,027,301	1,023,951

909 Informational and instructional advertising expenses.	1,595,193	1,743,866	1,810,357	2,118,069	1,650,679
910 Miscellaneous customer service and informational expenses.	180,741	179,063	163,343	193,529	182,609
7. Sales Expenses					
Operation					
911 Supervision.	131,652	143,410	9,375	11,581	98,705
912 Demonstrating and selling expenses.	2,888,558	3,485,124	1,653,256	1,886,105	1,779,297
913 Advertising expenses.	359,822	401,650	443,839	295,487	267,476
914 [Reserved]					
915 [Reserved]					
916 Miscellaneous sales expenses.					
8. Administrative and General Expenses					
Operation					
920 Administrative and general salaries.	24,627,399	27,835,981	28,595,464	32,969,528	35,749,407
921 Office supplies and expenses.	17,931,470	19,806,564	20,819,120	17,312,345	17,205,859
922 Administrative expenses transferred - Credit.	(17,463,672)	(18,841,642)	(19,404,008)	(19,619,015)	(21,365,227)
923 Outside services employed.	8,152,582	10,066,928	12,034,227	11,089,842	10,874,075
924 Property insurance.	3,057,126	3,195,612	3,066,612	3,239,827	3,579,275
925 Injuries and damages.	369,181	409,798	333,852	216,918	319,343
926 Employee pensions and benefits.	29,324,780	30,314,906	34,073,322	68,707,526	50,218,558
927 Franchise requirements.					
928 Regulatory commission expenses.					
929 Duplicate charges - Credit.					
930.1 General advertising expenses.					
930.2 Miscellaneous general expenses.	2,889,711	2,631,840	2,853,582	3,354,367	2,748,357
931 Rents.	4,678,405	4,788,210	4,763,890	4,706,138	5,829,151
Maintenance					
932 Maintenance of general plant.	4,105,070	3,557,910	3,757,087	3,969,495	5,348,885