



## e-FILING REPORT COVER SHEET

COMPANY NAME:

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:

Report is required by: OAR  
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:

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

Send the completed Cover Sheet and the Report in an email addressed to [PUC.FilingCenter@state.or.us](mailto: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.

**VIA ELECTRONIC FILING**

April 29, 2021

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

**Re: RG 8 - 2020 Affiliated Interest Report and Cost Allocation Manual**

In accordance with OAR 860-027-0100 and OAR 860-027-0048(6), enclosed please find the 2020 Affiliated Interest Report and Cost Allocation Manual for Northwest Natural Gas Company, dba NW Natural (NW Natural or Company).

**Confidential information designated in the enclosed exhibits includes commercially sensitive information considered to be a trade secret and is provided as confidential under OAR 860-001-0070.**

This 2020 Affiliated Interest Report includes the following enclosed exhibits:

- Confidential Exhibit A provides affiliated interest financial statements.
- Exhibit B provides the Company's Cost Allocation Manual.
- Exhibit C provides NW Natural's Master Service Agreement in compliance with Stipulating Condition No. 26e of Order No. 17-526.
- Exhibit D provides officer contact information in compliance with Stipulating Condition No. 32 of Order No. 17-526.
- Exhibit E provides an itemization of NW Holdings M&A and divestiture activity in compliance with Stipulating Condition No. 33 of Order No. 17-526.
- Confidential Exhibit F provides a complete parental-view corporate organization chart in compliance with Order No. 87-1155 and Stipulating Condition No. 32 of Order No. 17-526.
- Exhibit G provides the report on compliance and officer attestation in compliance with Stipulating Condition No. 32 of Order No. 17-526.

Please note that there have been no changes to the enclosed Master Service Agreement (Exhibit C) since NW Natural's filing of the same document on December 28, 2018, in docket UM 1804. We have made minor housekeeping changes to the Cost Allocation Manual (Exhibit B) since the aforementioned filing including updating the administrative overhead rate to reflect current costs and removing time incurred restrictions to simplify direct charging. There were no changes to any cost allocation methods.

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

Sincerely,

*/s/ Natasha Siores*

Natasha Siores  
Manager, Regulatory Compliance

Enclosures

cc: Shawn Filippi  
Brody Wilson  
Elise Clarke

**NORTHWEST NATURAL GAS COMPANY  
AFFILIATED INTEREST REPORT  
FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2020**

This report is filed with the Public Utility Commission of Oregon (“OPUC”) in compliance with Oregon Administrative Rule (“OAR”) 860-027-0100.

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

See Confidential Exhibit F for the organization chart of Northwest Natural Gas Company’s (“NW Natural” or “NWN”) parent company, Northwest Natural Holding Company (“NW Holdings”), included with this Affiliated Interest Report.

**(A) *2020 changes in the list of directors and/or officers common to the regulated utility and to the affiliated interest.***

**NORTHWEST NATURAL HOLDING COMPANY<sup>1</sup>**

BOARD OF DIRECTORS

C. Scott Gibson, Chair	Honorable Dave McCurdy
David H. Anderson	Jane L. Peverett
Timothy P. Boyle	Kenneth Thrasher
John D. Carter	Malia H. Wasson
Monica Enand	Charles A. Wilhoite
Tod R. Hamachek	

CHANGES IN MEMBERS OF THE BOARD

- Mark S. Dodson retired from the Board of Directors effective May 28, 2020.
- Mr. Gibson was appointed Chair of the Board of Directors effective May 28, 2020.
- Hon. McCurdy was appointed to the Board of Directors effective July 1, 2020.
- Martha L. “Stormy” Byorum retired from the Board of Directors effective December 31, 2020.
- Karen Lee was appointed to the Board of Directors effective January 1, 2021.
- Nathan I. Partain was appointed to the Board of Directors effective January 1, 2021.

OFFICERS OF THE CORPORATION

David H. Anderson	President and Chief Executive Officer
Frank H. Burkhartsmeyer	Senior Vice President and Chief Financial Officer
Shawn M. Filippi	Vice President, Chief Compliance Officer and Corporate Secretary
MardiLyn Saathoff	Senior Vice President, Regulation and General Counsel
Brody J. Wilson	Vice President, Treasurer, Chief Accounting Officer, and Controller

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<sup>1</sup> Directors and Officers as of December 31, 2020. Changes that occurred during 2020 or after December 31, 2020 have been noted.

## CHANGES IN OFFICERS

- No changes.

### **NORTHWEST NATURAL GAS COMPANY**

Wholly-owned subsidiary of Northwest Natural Holding Company (effective October 1, 2018)

Type of Operations: Natural Gas Local Distribution Company

Year Created: 1910 (Oregon)

#### BOARD OF DIRECTORS

C. Scott Gibson, Chair	Honorable Dave McCurdy
David H. Anderson	Jane L. Peverett
Timothy P. Boyle	Kenneth Thrasher
John D. Carter	Malia H. Wasson
Monica Enand	Charles A. Wilhoite
Tod R. Hamachek	Steven E. Wynne

#### CHANGES IN MEMBERS OF THE BOARD

- Mark S. Dodson retired from the Board of Directors effective May 28, 2020.
- Mr. Gibson was appointed Chair of the Board of Directors effective May 28, 2020.
- Hon. McCurdy was appointed to the Board of Directors effective July 1, 2020.
- Martha L. "Stormy" Byorum retired from the Board of Directors effective December 31, 2020.
- Karen Lee was appointed to the Board of Directors effective January 1, 2021.
- Nathan I. Partain was appointed to the Board of Directors effective January 1, 2021.

#### OFFICERS OF THE CORPORATION

David H. Anderson	President and Chief Executive Officer
Frank H. Burkhartsmeyer	Senior Vice President and Chief Financial Officer
James R. Downing	Vice President and Chief Information Officer
Shawn M. Filippi	Vice President, Chief Compliance Officer and Corporate Secretary
Kimberly A. Heiting	Senior Vice President, Operations and Chief Marketing Officer
Jon G. Huddleston	Vice President, Engineering and Utility Operations
Justin B. Palfreyman	Vice President, Strategy and Business Development
Melinda B. Rogers	Vice President, Chief Human Resources and Diversity Officer
MardiLyn Saathoff	Senior Vice President, Regulation and General Counsel
David A. Weber	Vice President, Gas Supply and Utility Support Services
Kathryn M. Williams	Vice President, Public Affairs and Sustainability
Brody J. Wilson	Vice President, Treasurer, Chief Accounting Officer, and Controller

## CHANGES IN OFFICERS

- Ms. Williams was appointed Vice President, Public Affairs and Sustainability effective March 1, 2020. Ms. Williams had been previously serving as Vice President, Public Affairs.

## **NORTHWEST ENERGY CORPORATION**

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

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE CORPORATION

David H. Anderson*	President and Chief Executive Officer
Brody J. Wilson*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes.

## **NWN GAS RESERVES LLC**

Wholly-owned subsidiary of Northwest Energy Corporation  
Type of Operations: Natural Gas Reserves Development  
Year Created: 2012 (Oregon)

### MANAGEMENT

NWN Gas Reserves LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*  
David A. Weber\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- No changes.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David H. Anderson*	President and Chief Executive Officer
Justin B. Palfreyman*	Vice President
David A. Weber*	Vice President
Brody J. Wilson*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

CHANGES IN OFFICERS

- No changes.

**NW NATURAL RNG HOLDING COMPANY, LLC**

Wholly-owned subsidiary of Northwest Natural Gas Company

Type of Operations: Holding company platform to invest in development and procurement of renewable natural gas

Year Created: 2020 (Oregon)

MANAGEMENT

NW Natural RNG Holding Company, LLC is manager-managed

Manager: Board of Directors

BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeyer\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- No changes.

OFFICERS OF THE LIMITED LIABILITY COMPANY

David H. Anderson*	President
Justin B. Palfreyman*	Vice President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Palfreyman replaced Mr. Anderson as President effective April 1, 2021. Mr. Palfreyman had been previously serving as Vice President.

### **LEXINGTON RENEWABLE ENERGY LLC**

100% Class A Membership Units owned by NW Natural RNG Holding Company, LLC  
100% Class B Membership Units owned by BioCarbn Cross River Biogas Lexington LLC

Type of Operations: Renewable natural gas development project in Nebraska

Year Created: 2020 (Delaware); Membership interests acquired by NW Natural RNG Holding Company, LLC effective December 28, 2020

### MANAGEMENT

Lexington Renewable Energy LLC is manager-managed

Manager: Biocarb Lexingon Management, LLC appointed as of December 28, 2020

### OFFICERS OF THE LIMITED LIABILITY COMPANY

- Lexington Renewable Energy LLC has no officers.

### **NNG FINANCIAL CORPORATION**

Wholly-owned subsidiary of Northwest Natural Holding Company (effective October 1, 2018)

Type of operations: Financial

Year Created: 1984 (Oregon)

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE CORPORATION

David H. Anderson\*

President and Chief Executive Officer

Brody J. Wilson\*

Treasurer and Controller

Shawn M. Filippi\*

Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes.



## **KB PIPELINE COMPANY**

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

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE CORPORATION

David A. Weber*	President
Randolph S. Friedman	Vice President
Brody J. Wilson*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes.

## **NW NATURAL ENERGY, LLC**

Wholly-owned subsidiary of Northwest Natural Holding Company (effective October 1, 2018)  
Type of Operations: Holding Company  
Year Created: 2009 (Oregon)

### MANAGEMENT

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

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

David H. Anderson*	President and Chief Executive Officer
Justin B. Palfreyman*	Vice President
Brody J. Wilson*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes.

### **NW NATURAL GAS STORAGE, LLC**

Wholly-owned subsidiary of NW Natural Energy, LLC  
Type of Operations: Natural Gas Storage Development  
Year Created: 2009 (Oregon)

### MANAGEMENT

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

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

David A. Weber*	President and Chief Executive Officer
Justin B. Palfreyman*	Vice President
Brody J. Wilson*	Treasurer and Controller
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes.

## **GILL RANCH STORAGE, LLC<sup>2</sup>**

Wholly-owned subsidiary of NW Natural Gas Storage, LLC; NW Natural Gas Storage, LLC closed the sale of all of its membership interests in Gill Ranch Storage, LLC to an unaffiliated third-party effective December 4, 2020

Type of Operations: Natural Gas Storage

Year Created: 2007 (Oregon)

### MANAGEMENT

Gill Ranch Storage, LLC is manager-managed

Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes prior to December 4, 2020, effective date of sale.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

David A. Weber\* President and Chief Executive Officer

Justin B. Palfreyman\* Vice President

Brody J. Wilson\* Treasurer and Controller

Shawn M. Filippi\* Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- No changes prior to December 4, 2020, effective date of sale.

## **TRAIL WEST HOLDINGS, LLC<sup>3</sup>**

50% membership interest owned by NW Natural Energy, LLC; NW Natural Energy, LLC completed the sale of 100% of its interest in Trail West Holdings, LLC to an unaffiliated third-party effective August 6, 2020

50% membership interest owned by TransCanada American Investment Ltd.

Type of Operations: Gas Pipeline Owner

Year created: 2006 (Delaware)

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<sup>2</sup> Directors and Officers are those holding such positions prior to completion of the sale on December 4, 2020.

<sup>3</sup> Management and Officers of Trail West Holdings, LLC, Trail West Pipeline, LLC and BL Credit Holdings, LLC, as applicable, are those holding such positions prior to completion of the sale on August 6, 2020.

### MANAGEMENT

Management is by Management Committee consisting of: Justin B. Palfreyman, NW Natural Energy, LLC and Russell Mahan, TransCanada.

### CHANGES IN MEMBERS OF MANAGEMENT COMMITTEE

No changes prior to August 6, 2020, effective date of sale.

### **TRAIL WEST PIPELINE, LLC<sup>3</sup>**

Wholly-owned subsidiary of Trail West Holdings, LLC; NW Natural Energy, LLC completed the sale of 100% of its interest in Trail West Holdings, LLC to an unaffiliated third-party effective August 6, 2020

Type of Operations: Gas Pipeline Owner and Operator

Year Created: 2006 (Delaware)

### MANAGEMENT

Management is by Management Committee of Trail West Holdings, LLC

### **BL CREDIT HOLDINGS, LLC<sup>3</sup>**

Wholly-owned subsidiary of Trail West Pipeline, LLC; NW Natural Energy, LLC completed the sale of 100% of its interest in Trail West Holdings, LLC to an unaffiliated third-party effective August 6, 2020

Type of Operations: Gas Transportation

Year Created: 2009 (Delaware)

### MANAGEMENT

BL Credit Holdings, LLC is member-managed

### OFFICERS OF THE LIMITED LIABILITY COMPANY

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

### **NORTHWEST BIOGAS, LLC**

50% membership interest owned by Northwest Natural Holding Company

50% membership interest owned by BEF Renewable Incorporated

Type of Operations: Biodigester Owner

Year Created: 2008 (Oregon)

### MANAGEMENT

Northwest Biogas, LLC is member-managed

Managing Member: Northwest Natural Holding Company

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Angus Duncan\*\* President

Barbara Summers Vice President

Felicia Phillips\*\* Treasurer and Controller

\*\* Not employees of NWN or its affiliates.

#### CHANGES IN OFFICERS

- No changes.

### **NW NATURAL WATER COMPANY, LLC**

Wholly-owned subsidiary of Northwest Natural Holding Company (effective October 1, 2018)

Type of Operations: Holding company for acquisitions of water utilities and wastewater entities

Year Created: 2017 (Oregon)

#### MANAGEMENT

NW Natural Water Company, LLC is manager-managed

Manager: Board of Directors

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

Justin B. Palfreyman\*

MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- No changes.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman\*      President

Brody J. Wilson\*          Treasurer

Shawn M. Filippi\*        Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **NW NATURAL WATER OF TEXAS, LLC**

Wholly-owned subsidiary of NW Natural Water Company, LLC

Type of Operations: Platform for acquisitions of Texas water utilities

Year Created: 2019 (Texas)

#### MANAGEMENT

NW Natural Water of Texas, LLC is manager-managed

Manager: Board of Directors

BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- No changes.

OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

**BLUE TOPAZ WATER, LLC**

Wholly-owned subsidiary of NW Natural Water of Texas, LLC  
Type of Operations: Platform for acquisitions of water utility assets  
Year Created: 2019 (Texas)

MANAGEMENT

Blue Topaz Water, LLC is manager-managed  
Manager: Board of Directors

BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **BLUE TOPAZ INFRASTRUCTURE, LLC**

Wholly-owned subsidiary of NW Natural Water of Texas, LLC  
Type of Operations: Platform for acquisitions of non-regulated assets  
Year Created: 2019 (Texas)

### MANAGEMENT

Blue Topaz Infrastructure, LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **T & W WATER SERVICE COMPANY**

Wholly-owned subsidiary of NW Natural Water of Texas, LLC  
Type of Operations: Water Utility

Year Created: 1979 (Texas); acquired by NW Natural Water of Texas, LLC effective March 2, 2020

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- All members of the Board of Directors as of December 31, 2020 were appointed effective May 19, 2020.

#### OFFICERS OF THE CORPORATION

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- All officers as of December 31, 2020 were initially appointed effective May 19, 2020.
- Mr. Wilson was subsequently appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **NW NATURAL WATER OF OREGON, LLC**

Wholly-owned subsidiary of NW Natural Water Company, LLC  
Type of Operations: Platform for acquisitions of Oregon water utilities  
Year Created: 2018 (Oregon)

#### MANAGEMENT

NW Natural Water of Oregon, LLC is manager-managed  
Manager: Board of Directors

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)



### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **SUNRIVER WATER LLC**

Wholly-owned subsidiary of NW Natural Water of Oregon, LLC

Type of Operations: Water Utility

Year Created: 1998 (Oregon); acquired by NW Natural Water of Oregon, LLC effective May 31, 2019

### MANAGEMENT

Sunriver Water LLC is manager-managed

Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- None.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

## **SUNRIVER ENVIRONMENTAL LLC**

Wholly-owned subsidiary of NW Natural Water of Oregon, LLC

Type of Operations: Wastewater Company

Year Created: 1998 (Oregon); acquired by NW Natural Water of Oregon, LLC effective May 31, 2019

### MANAGEMENT

Sunriver Environmental LLC is manager-managed

Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

Justin B. Palfreyman\*

MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- None.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman\*      President

Brody J. Wilson\*          Treasurer

Shawn M. Filippi\*        Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

## **SALMON VALLEY WATER COMPANY**

Wholly-owned subsidiary of NW Natural Water Company, LLC

Type of Operations: Water Utility

Year Created: 1968 (Oregon); acquired through purchase of outstanding stock effective November 2, 2018

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

Justin B. Palfreyman\*

MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- No changes.

#### OFFICERS OF THE CORPORATION

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **SUNSTONE WATER, LLC**

Wholly-owned subsidiary of NW Natural Water of Oregon, LLC  
Type of Operations: Platform for acquisitions of water utility assets  
Year Created: 2019 (Oregon)

#### MANAGEMENT

Sunstone Water, LLC is manager-managed  
Manager: Board of Directors

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- No changes.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

## **SUNSTONE INFRASTRUCTURE, LLC**

Wholly-owned subsidiary of NW Natural Water of Oregon, LLC  
Type of Operations: Platform for acquisitions of non-regulated assets  
Year Created: 2019 (Oregon)

### MANAGEMENT

Sunstone Infrastructure, LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- None.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

## **NW NATURAL WATER OF IDAHO, LLC**

Wholly-owned subsidiary of NW Natural Water Company, LLC  
Type of Operations: Platform for acquisitions of Idaho water utilities  
Year Created: 2018 (Idaho)

### MANAGEMENT

NW Natural Water of Idaho, LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*

MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- None.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **GEM STATE WATER COMPANY, LLC**

Wholly-owned subsidiary of NW Natural Water of Idaho, LLC  
Type of Operations: Platform for acquisitions of water utility assets  
Year Created: 2018 (Idaho)

#### MANAGEMENT

Gem State Water Company, LLC is manager-managed  
Manager: Board of Directors

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- No changes.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **GEM STATE INFRASTRUCTURE, LLC**

Wholly-owned subsidiary of NW Natural Water of Idaho, LLC

Type of Operations: Platform for acquisitions of non-regulated assets

Year Created: 2019 (Idaho)

### MANAGEMENT

Gem State Infrastructure, LLC is manager-managed

Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

Justin B. Palfreyman\*

MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman\*      President

Brody J. Wilson\*          Treasurer

Shawn M. Filippi\*        Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **FALLS WATER CO., INC.**

Wholly-owned subsidiary of NW Natural Water of Idaho, LLC

Type of Operations: Water Utility

Year Created: 2006 (Idaho); acquired by merger with FWC Merger Sub, Inc. on September 12, 2018

### BOARD OF DIRECTORS

David H. Anderson, Chair\*

Frank H. Burkhartsmeier\*

Kimberly A. Heiting\*

Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- None.

#### OFFICERS OF THE CORPORATION

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

#### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **NW NATURAL WATER OF WASHINGTON, LLC**

Wholly-owned subsidiary of NW Natural Water Company, LLC  
Type of Operations: Platform for acquisitions of Washington water utilities  
Year Created: 2018 (Washington)

#### MANAGEMENT

NW Natural Water of Washington, LLC is manager-managed  
Manager: Board of Directors

#### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

#### CHANGES IN MEMBERS OF THE BOARD

- No changes.

#### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **CASCADIA WATER, LLC**

Wholly-owned subsidiary of NW Natural Water of Washington, LLC  
Type of Operations: Platform for acquisitions of water utility assets  
Year Created: 2018 (Washington)

### MANAGEMENT

Cascadia Water, LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- No changes.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **CASCADIA INFRASTRUCTURE, LLC**

Wholly-owned subsidiary of NW Natural Water of Washington, LLC  
Type of Operations: Platform for acquisitions of non-regulated assets  
Year Created: 2019 (Washington)

### MANAGEMENT

Cascadia Infrastructure, LLC is manager-managed  
Manager: Board of Directors



## BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

## CHANGES IN MEMBERS OF THE BOARD

- No changes.

## OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman*	President
Brody J. Wilson*	Treasurer
Shawn M. Filippi*	Corporate Secretary

(\*Officer of NWN)

## CHANGES IN OFFICERS

- Mr. Wilson was appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

## **SUNCADIA WATER COMPANY, LLC**

Wholly-owned subsidiary of NW Natural Water of Washington, LLC  
Type of Operations: Water Utility  
Year Created: 2004 (Washington); acquired by NW Natural Water of Washington, LLC effective January 31, 2020

## MANAGEMENT

Suncadia Water Company, LLC is manager-managed  
Manager: Board of Directors

## BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

## CHANGES IN MEMBERS OF THE BOARD

- All members of the Board of Directors as of December 31, 2020 were appointed effective May 19, 2020.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman\*      President  
Brody J. Wilson\*          Treasurer  
Shawn M. Filippi\*        Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- All officers as of December 31, 2020 were initially appointed effective May 19, 2020.
- Mr. Wilson was subsequently appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

### **SUNCADIA ENVIRONMENTAL COMPANY, LLC**

Wholly-owned subsidiary of NW Natural Water of Washington, LLC  
Type of Operations: Wastewater Company  
Year Created: 2004 (Washington); acquired by NW Natural Water of Washington, LLC effective January 31, 2020

### MANAGEMENT

Suncadia Environmental Company, LLC is manager-managed  
Manager: Board of Directors

### BOARD OF DIRECTORS

David H. Anderson, Chair\*  
Frank H. Burkhartsmeier\*  
Kimberly A. Heiting\*  
Justin B. Palfreyman\*  
MardiLyn Saathoff\*

(\*Officer of NWN)

### CHANGES IN MEMBERS OF THE BOARD

- All members of the Board of Directors as of December 31, 2020 were appointed effective May 19, 2020.

### OFFICERS OF THE LIMITED LIABILITY COMPANY

Justin B. Palfreyman\*      President  
Brody J. Wilson\*          Treasurer  
Shawn M. Filippi\*        Corporate Secretary

(\*Officer of NWN)

### CHANGES IN OFFICERS

- All officers as of December 31, 2020 were initially appointed effective May 19, 2020.
- Mr. Wilson was subsequently appointed Treasurer effective July 1, 2020. Mr. Wilson had been previously serving as Chief Financial Officer and Treasurer.

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

There were no changes in successive ownership between the regulated utility and the affiliated interests in 2020.

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

In addition to the information provided below, see the Cost Allocation Manual included as Exhibit B to this Affiliated Interest Report for further descriptions of the activities with which NW Natural has affiliated transactions.

**Northwest Natural Holding Company**

Northwest Natural Holding Company (“NW Holdings”) is the parent company of Northwest Natural Gas Company (“NWN” or “NW Natural”) (effective October 1, 2018).

Affiliated transactions between NW Natural and NW Holdings generally include:

- Direct charges of NWN's payroll and administrative expense for NW Holdings' use of NWN staff;
- Infrequent vendor payments may be made by NWN on behalf of NW Holdings, which are then subsequently charged their portion to NW Holdings and reimbursed to NWN through intercompany billings;
- Insurance may be purchased by NWN, and is subsequently allocated to NW Holdings and reimbursed to NWN through intercompany billings;
- Equity distributions/contributions and dividends between NWN and NW Holdings;
- Payments between NWN and NW Holdings for current tax expense or benefit; and
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual.

**NNG Financial Corporation**

NNG Financial Corporation (“NNGFC”) owns 100% of the stock of KB Pipeline Company (“KBPC”). NNGFC became a wholly-owned subsidiary of Northwest Natural Holding Company effective October 1, 2018. See KBPC activities described below.

Affiliated transactions between NW Natural and NNGFC generally include:

- Direct charges of NWN's payroll and administrative expense for NNGFC's use of NWN staff;
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Vendor payments made by NWN on behalf of NNGFC, which are then subsequently charged to NNGFC and reimbursed to NWN through intercompany billings;

- Insurance purchased by NWN, and is subsequently allocated to NNGFC and reimbursed to NWN through intercompany billings; and
- Payments from NWN to NNGFC for KBPC demand and commodity transportation charges.

### **KB Pipeline Company**

KB Pipeline Company (“KBPC”) is a wholly-owned subsidiary of NNG Financial Corporation (“NNGFC”). KBPC owns a 10% interest in, and is the former operator of, an interstate natural gas pipeline known as the Kelso-Beaver Pipeline. The pipeline runs between Kelso, Washington and Clatskanie, Oregon, and is regulated by the Federal Energy Regulatory Commission (“FERC”). The other owners of the Kelso-Beaver Pipeline are Portland General Electric Company (79.5%) and B-R Pipeline Company (10.5%). Each of the co-owners has a separate FERC certificate regarding the ownership and transportation of gas on its share of the pipeline. Pursuant to a memorandum from the Public Utility Commission of Oregon, dated October 15, 1992, KBPC is not required to file a separate affiliated interest report to the OPUC under OAR 860-027-0100.

In 1991, FERC issued KBPC a certificate of public convenience and necessity under Part 157 of its regulations to construct, own, and transport gas for NW Natural using its 10% share of the capacity of the Kelso-Beaver Pipeline at FERC-approved rates. *See, Portland General Electric Co.*, 57 FERC ¶ 61,095 (1991), amended, 57 FERC ¶ 61,312 (1991). Currently, KBPC’s share of the pipeline is not open access so it may only provide transportation service to NW Natural. NW Natural and KBPC are parties to a gas transportation agreement with respect to such transportation service, whereby the Kelso-Beaver Pipeline is obligated to receive and deliver a specified amount of natural gas from NW Natural in exchange for a demand charge and a volumetric fee. KBPC has no separate employees of its own. Portland General Electric Company (“PGE”) maintains the operator responsibilities for the pipeline and charges NWN, which is reimbursed by NNGFC for their 10% portion.

### **Northwest Energy Corporation**

Northwest Energy Corporation (“NW Energy Corp”) is a wholly-owned subsidiary of Northwest Natural Gas Company and was formed in 2001. Since 2013, NW Energy Corp has served as the holding company for NWN Gas Reserves LLC.

Affiliated transactions between NW Natural and NW Energy Corp generally include:

- Equity distributions/contributions between NW Natural and NW Energy Corp;
- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Insurance may be purchased by NWN, and is subsequently charged to NW Energy Corp and reimbursed to NWN through intercompany billings; and

- Payments between NW Natural and NW Energy Corp for NW Energy Corp's current tax expense or benefit.

### **NWN Gas Reserves LLC**

NWN Gas Reserves LLC ("NWN Gas Reserves") is a wholly-owned subsidiary of Northwest Energy Corporation and was formed in December 2012. In 2013, NW Natural's working interest in the Jonah gas field was transferred to this entity.

Affiliated transactions between NW Natural, NW Energy Corp and NWN Gas Reserves generally include:

- Equity distributions/contributions between NW Natural and NW Energy Corp and/or NWN Gas Reserves;
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Insurance purchased by NWN, and is subsequently charged to NW Energy Corp and reimbursed to NWN through intercompany billings; and
- Payments between NW Natural and NWN Gas Reserves for current tax expense or benefit.

### **NW Natural RNG Holding Company, LLC**

NW Natural RNG Holding Company, LLC ("NWN RNG") is a wholly-owned subsidiary of Northwest Natural Gas Company that was formed in November 2020 as a holding company to invest in the development and procurement of renewable natural gas.

Affiliated transactions between NW Natural and NWN RNG would generally include:

- Equity distributions/contributions between NW Natural and NWN RNG;
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Insurance may be purchased by NWN, and is subsequently charged to NWN RNG and reimbursed to NWN through intercompany billings; and
- Payments between NW Natural and NWN RNG for current tax expense or benefit.

### **Lexington Renewable Energy LLC**

In 2020, under Oregon Senate Bill 98 ("SB 98"), NW Natural began a partnership with BioCarbN, a developer and operator of sustainable infrastructure projects, to convert methane into renewable natural gas ("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.

Lexington Renewable Energy LLC (“Lexington”) was formed by BioCarbN in November 2020 as the platform to facilitate investment in the RNG development project in Nebraska. NW Natural RNG Holding Company, LLC acquired and owns 100% of the Class A Membership Units in Lexington effective December 28, 2020, and BioCarbn Cross River Biogas Lexington LLC owns 100% of the Class B Membership Units.

Affiliated transactions between NW Natural, NWN RNG and Lexington would generally include:

- Equity distributions/contributions between NW Natural and NWN RNG and/or Lexington; and
- Contracts between NW Natural and Lexington for the sale and purchase of RNG under SB 98.

### **Northwest Biogas, LLC**

Effective October 1, 2018, Northwest Natural Holding Company owns a 50% membership interest in Northwest Biogas, LLC (“NW Biogas”). NW Holdings also serves as the Managing Member. The other 50% membership interest is owned by BEF Renewable Incorporated. NW Biogas previously developed and operated a demonstration biodigester located at Three Mile Canyon Farms in Boardman, Oregon. In 2017, NW Biogas began leasing the previously used demonstration biodigester to an unaffiliated third party.

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

NW Natural Energy, LLC (“NWN Energy”) became a wholly-owned subsidiary of Northwest Natural Holding Company effective October 1, 2018. NWN Energy was formed in 2009 to own NW Natural Gas Storage, LLC and other non-utility businesses.

Affiliated transactions between NW Natural and NWN Energy generally include:

- Direct charges for NWN Energy’s use of NWN’s administrative and operating staff;
- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Infrequent vendor payments made by NWN on behalf of NWN Energy, which are then subsequently charged to NWN Energy and reimbursed to NWN through intercompany billings; and
- Insurance purchased by NWN, and is subsequently charged to NWN Energy and reimbursed to NWN through intercompany billings.

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

NW Natural Gas Storage, LLC (“NWN Gas Storage”) is a wholly-owned subsidiary of NW Natural Energy, LLC that was formed in 2009 to own and manage non-utility gas storage interests. The entity also temporarily provides certain transition services following the sale of all membership interests in its

former wholly-owned subsidiary, Gill Ranch Storage, LLC (“GRS”), effective December 4, 2020.

Affiliated transactions between NW Natural and NWN Gas Storage generally include:

- Direct charges for NWN Gas Storage’s use of NWN’s administrative and operating staff;
- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Infrequent vendor payments made by NWN on behalf of NWN Gas Storage, which are then subsequently charged to NWN Gas Storage and reimbursed by GRS (pre-December 4, 2020 only, effective date of sale of GRS); and
- D&O fiduciary and workers’ compensation insurance and other insurance is purchased by NWN, and is subsequently charged to NWN Gas Storage and reimbursed to NWN through intercompany billings, along with the allocation of the consolidated group insurance pursuant to NW Natural’s Cost Allocation Manual.

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

On June 20, 2018, NW Natural Gas Storage, LLC (“NWN Gas Storage”) entered into a Purchase and Sale Agreement providing for the sale of all membership interests in its subsidiary, Gill Ranch Storage, LLC (“GRS”). GRS owns a 75% interest in the natural gas storage facility located near Fresno, California known as the Gill Ranch Gas Storage Facility (the “Gill Ranch Facility”). On December 4, 2020, NWN Gas Storage closed the sale of all of the membership interests in GRS to an unaffiliated third party. NWN Gas Storage employees will continue to provide certain services to the Gill Ranch Facility for up to 18 months after the transaction closes under a Transition Services Agreement.

Affiliated transactions between NWN and GRS (pre-December 4, 2020 only, effective date of sale) generally included:

- Direct charges for GRS’s use of NWN’s administrative and operating staff;
- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Vendor payments made by NWN on behalf of GRS and subsequently reimbursed by GRS through intercompany billings; and
- General liability and D&O insurance is purchased by NWN, and is subsequently charged to GRS and reimbursed to NWN through intercompany billings.

#### **Trail West Holdings, LLC**

Prior to August 6, 2020, NW Natural Energy, LLC (“NWN Energy”) and TransCanada American Investment Ltd. each owned a fifty percent (50%) membership interest in Trail West Holdings, LLC (“TWH”). TWH wholly-owns Trail West Pipeline, LLC (“TWP”), which is developing the cross-Cascades

natural gas pipeline. On August 6, 2020, NWN Energy completed the sale of 100% of its interest in TWH to an unaffiliated third party.

Affiliated transactions between NWN/NWN Energy and TWH (pre-August 6, 2020 only, effective date of sale) generally included:

- Direct charges for TWH's use of NWN administrative and operating staff;
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual; and
- Because accounting is based on the equity method, TWH has no separate set of accounts except for dedicated nominal accounts in other income and expense on NWN Energy's Income Statement, which includes non-billable expenses to TWH. The investment is tracked as "Other Investments" (account 124059).

### **NW Natural Water Company, LLC**

NW Natural Water Company, LLC ("NW Water") became a wholly-owned subsidiary of Northwest Natural Holding Company effective October 1, 2018. NW Water was formed in December 2017 to be a holding company for water and wastewater companies.

Affiliated transactions between NW Natural and NW Water would generally include:

- Group insurance purchased by NWN, and is subsequently allocated to NW Water and reimbursed to NWN through intercompany billings, for NW Water and subsidiaries as applicable;
- Direct charges of NWN's payroll and administrative expense for NW Water's use of NWN staff;
- Infrequent vendor payments may be made by NWN on behalf of NW Water, which are then subsequently charged to NW Water and reimbursed to NWN through intercompany billings; and
- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual, for NW Water and subsidiaries as applicable.

### **NW Natural Water of Oregon, LLC**

NW Natural Water of Oregon, LLC ("NW Water OR") is a wholly-owned subsidiary of NW Natural Water Company, LLC. NW Water OR was formed in October 2018 to be a holding company for water companies in Oregon.

Affiliated transactions between NW Natural and NW Water OR would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual, for NW Water OR and subsidiaries as applicable;
- Direct charges of NWN's payroll and administrative expense for NW Water OR's use of NWN staff; and



- Group Insurance purchased by NWN, and is subsequently allocated to NW Water OR and reimbursed to NWN through intercompany billings, for NW Water OR and subsidiaries as applicable.

### **Sunriver Water LLC**

Sunriver Water LLC (“Sunriver Water”) is a wholly-owned subsidiary of NW Natural Water of Oregon, LLC. Sunriver Water is a water utility in Oregon that was formed in 1998 and acquired by NW Water OR through the purchase of its membership interests effective May 31, 2019.

Affiliated transactions between NW Natural and Sunriver Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Sunriver Water’s use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Sunriver Water and reimbursed to NWN through intercompany billings.

### **Sunriver Environmental LLC**

Sunriver Environmental LLC (“Sunriver Environmental”) is a wholly-owned subsidiary of NW Natural Water of Oregon, LLC. Sunriver Environmental is a wastewater utility in Oregon that was formed in 1998 and acquired by NW Water OR through the purchase of its membership interests effective May 31, 2019.

Affiliated transactions between NW Natural and Sunriver Environmental would generally include:

- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Sunriver Environmental’s use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Sunriver Environmental and reimbursed to NWN through intercompany billings.

### **Salmon Valley Water Company**

Salmon Valley Water Company (“Salmon Valley”) is a wholly-owned subsidiary of NW Natural Water Company, LLC. Salmon Valley is a water utility in Oregon that was formed in 1968 and acquired by NW Natural Water Company, LLC pursuant to a stock purchase agreement in November 2018.

Affiliated transactions between NW Natural and Salmon Valley would generally include:

- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;

- Direct charges of NWN's payroll and administrative expense for Salmon Valley's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Salmon Valley and reimbursed to NWN through intercompany billings.

### **Sunstone Water, LLC**

Sunstone Water, LLC ("Sunstone Water") is a wholly-owned subsidiary of NW Natural Water of Oregon, LLC. Sunstone Water was formed in March 2019 and is a platform for acquisitions of water utility assets in Oregon.

Affiliated transactions between NW Natural and Sunstone Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Sunstone Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Sunstone Water and reimbursed to NWN through intercompany billings.

### **Sunstone Infrastructure, LLC**

Sunstone Infrastructure, LLC ("Sunstone Infrastructure") is a wholly-owned subsidiary of NW Natural Water of Oregon, LLC. Sunstone Infrastructure was formed in June 2019 and is a platform for acquisitions of non-regulated assets in Oregon.

Affiliated transactions between NW Natural and Sunstone Infrastructure would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Sunstone Infrastructure's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Sunstone Infrastructure and reimbursed to NWN through intercompany billings.

### **NW Natural Water of Washington, LLC**

NW Natural Water of Washington, LLC ("NW Water WA") is a wholly-owned subsidiary of NW Natural Water Company, LLC. NW Water WA was formed in October 2018 to be a holding company for water companies in Washington.

Affiliated transactions between NW Natural and NW Water WA would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual, for NW Water WA and subsidiaries as applicable;
- Direct charges of NWN's payroll and administrative expense for NW Water WA's use of NWN staff; and

- Group Insurance purchased by NWN, and is subsequently allocated to NW Water WA and reimbursed to NWN through intercompany billings, for NW Water WA and subsidiaries as applicable.

### **Cascadia Water, LLC**

Cascadia Water, LLC (“Cascadia Water”) was formed in April 2018 to hold assets acquired from water utilities in Washington. Effective November 1, 2019, NW Natural Water Company, LLC contributed all of the outstanding membership interests of Cascadia Water to its wholly-owned subsidiary NW Natural Water of Washington, LLC. Cascadia Water is now a wholly-owned subsidiary of NW Natural Water of Washington, LLC.

Affiliated transactions between NW Natural and Cascadia Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Cascadia Water’s use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Cascadia Water and reimbursed to NWN through intercompany billings.

### **Cascadia Infrastructure, LLC**

Cascadia Infrastructure, LLC (“Cascadia Infrastructure”) is a wholly-owned subsidiary of NW Natural Water of Washington, LLC. Cascadia Infrastructure was formed in June 2019 and is a platform for acquisitions of non-regulated assets in Washington.

Affiliated transactions between NW Natural and Cascadia Infrastructure would generally include:

- Annual allocation of indirect charges pursuant to NW Natural’s Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Cascadia Infrastructure’s use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Cascadia Infrastructure and reimbursed to NWN through intercompany billings.

### **Suncadia Water Company, LLC**

Suncadia Water Company, LLC (“Suncadia Water”) is a wholly-owned subsidiary of NW Natural Water of Washington, LLC. Suncadia Water is a water utility in Washington that was formed in 2004 and acquired by NW Water WA through the purchase of its membership interests effective January 31, 2020.

Affiliated transactions between NW Natural and Suncadia Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Suncadia Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Suncadia Water and reimbursed to NWN through intercompany billings.

### **Suncadia Environmental Company, LLC**

Suncadia Environmental Company, LLC ("Suncadia Environmental") is a wholly-owned subsidiary of NW Water of Washington, LLC. Suncadia Environmental is a wastewater utility in Washington that was formed in 2004 and acquired by NW Water WA through the purchase of its membership interests effective January 31, 2020.

Affiliated transactions between NW Natural and Suncadia Environmental would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Suncadia Environmental's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Suncadia Environmental and reimbursed to NWN through intercompany billings.

### **NW Natural Water of Idaho, LLC**

NW Natural Water of Idaho, LLC ("NW Water ID") is a wholly-owned subsidiary of NW Natural Water Company, LLC. NW Water ID was formed in October 2018 to be a holding company for water companies in Idaho.

Affiliated transactions between NW Natural and NW Water ID would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual, for NW Water ID and subsidiaries as applicable;
- Direct charges of NWN's payroll and administrative expense for NW Water ID's use of NWN staff; and
- Group Insurance purchased by NWN, and is subsequently allocated to NW Water ID and reimbursed to NWN through intercompany billings, for NW Water ID and subsidiaries as applicable.

### **Falls Water Co., Inc.**

Falls Water Co., Inc. ("Falls Water") is a water utility in Idaho that was formed in 2006 and acquired by NW Natural Water Company, LLC through merger on September 12, 2018. Effective August 1, 2020, NW Natural Water Company, LLC contributed all of the outstanding shares of Falls Water to its wholly-owned subsidiary NW Natural Water of Idaho, LLC. Falls Water is now a wholly-owned subsidiary of NW Natural Water of Idaho, LLC.

Affiliated transactions between NW Natural and Falls Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Falls Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Falls Water and reimbursed to NWN through intercompany billings.

#### **Gem State Water Company, LLC**

Gem State Water Company, LLC ("Gem State Water") is a wholly-owned subsidiary of NW Natural Water of Idaho, LLC. Gem State Water was formed in December 2018 and is a platform for acquisitions of water utility assets in Idaho.

Affiliated transactions between NW Natural and Gem State Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Gem State Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Gem State Water and reimbursed to NWN through intercompany billings.

#### **Gem State Infrastructure, LLC**

Gem State Infrastructure, LLC ("Gem State Infrastructure") is a wholly-owned subsidiary of NW Natural Water of Idaho, LLC. Gem State Infrastructure was formed in June 2019 and is a platform for acquisitions of non-regulated assets in Idaho.

Affiliated transactions between NW Natural and Gem State Infrastructure would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Gem State Infrastructure's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Gem State Infrastructure and reimbursed to NWN through intercompany billings.

#### **NW Natural Water of Texas, LLC**

NW Natural Water of Texas, LLC ("NW Water TX") is a wholly-owned subsidiary of NW Natural Water Company, LLC. NW Water TX was formed in October 2019 to be a holding company for water companies in Texas.

Affiliated transactions between NW Natural and NW Water TX would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual, for NW Water TX and subsidiaries as applicable;
- Direct charges of NWN's payroll and administrative expense for NW Water TX's use of NWN staff; and
- Group Insurance purchased by NWN, and is subsequently allocated to NW Water TX and reimbursed to NWN through intercompany billings, for NW Water TX and subsidiaries as applicable.

### **Blue Topaz Water, LLC**

Blue Topaz Water, LLC ("Blue Topaz Water") is a wholly-owned subsidiary of NW Natural Water of Texas, LLC. Blue Topaz Water was formed in November 2019 and is a platform for acquisitions of water utility assets in Texas.

Affiliated transactions between NW Natural and Blue Topaz Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Blue Topaz Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Blue Topaz Water and reimbursed to NWN through intercompany billings.

### **Blue Topaz Infrastructure, LLC**

Blue Topaz Infrastructure, LLC ("Blue Topaz Infrastructure") is a wholly-owned subsidiary of NW Natural Water of Texas, LLC. Blue Topaz Infrastructure was formed in November 2019 and is a platform for acquisitions of non-regulated assets in Texas.

Affiliated transactions between NW Natural and Blue Topaz Infrastructure would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for Blue Topaz Infrastructure's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to Blue Topaz Infrastructure and reimbursed to NWN through intercompany billings.

### **T & W Water Service Company**

T & W Water Service Company ("T&W Water") is a wholly-owned subsidiary of NW Natural Water of Texas, LLC. T&W Water is a water utility in Texas that was formed in 1979 and acquired by NW Natural Water of Texas, LLC pursuant to a stock purchase agreement in March 2020.

Affiliated transactions between NW Natural and T&W Water would generally include:

- Annual allocation of indirect charges pursuant to NW Natural's Cost Allocation Manual;
- Direct charges of NWN's payroll and administrative expense for T&W Water's use of NWN staff; and
- Insurance purchased by NWN, and is subsequently charged to T&W Water and reimbursed to NWN through intercompany billings.

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

See NWN's affiliated interest financial statements ("Confidential Exhibit A") attached to this Affiliated Interest Report.

**II. Report of service transactions.**

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

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

None in excess of 0.1% of utility total Oregon annual operating revenues or outside of the scope of NW Natural's Master Service Agreement.

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

None in excess of 0.1% of utility total Oregon annual operating revenues or outside of the scope of NW Natural's Master Service Agreement.

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

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

Short-term loans:

None.

Long-term loans:

None.

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

Short-term loans:

None.

Long-term loans:

None.

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

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



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

Short-term loans:  
None.

Long-term loans:  
None.

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

None.

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

None.

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

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

The following affiliate transaction(s) in excess of 0.1% of utility total Oregon annual operating revenues occurred in 2020:

Account/description	Total Company (system)
Tax sharing from Northwest Natural Gas Company due to Northwest Natural Holding Company	\$6,100,000
Dividend from Northwest Natural Gas Company due to Northwest Natural Holding Company	\$55,354,560
Equity contribution from Northwest Natural Gas Company due to NW Natural RNG Holding Company, LLC	\$2,681,911

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

The following affiliate transaction(s) in excess of 0.1% of utility total Oregon annual operating revenues occurred during FY 2020.

Account/description	Total Company (system)
Dividend received from NWN Gas Reserves LLC due to Northwest Natural Gas Company	\$2,425,000

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

No transfer of employees between utility and affiliates during FY 2020.

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

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

**Exhibits included in this report:**

Exhibits incorporated into this 2020 affiliated interested report include the following:

- Confidential Exhibit A provides financial statements as discussed in item ID above.
- Exhibit B provides the Cost Allocation Manual discussed in item IC above.
- Exhibit C provides NW Natural’s Master Service Agreement in compliance with Stipulating Condition No. 26 of Order No. 17-526.
- Exhibit D provides officer contact information in compliance with Stipulating Condition No. 32 of Order No. 17-526.
- Exhibit E provides an itemization of NW Holdings M&A and divestiture activity in compliance with Stipulating Condition No. 33 of Order No. 17-526.
- Confidential Exhibit F provides a company organization chart as discussed in item I above.
- Exhibit G provides the report on compliance and officer attestation in compliance with Stipulating Condition No. 32 of Order No. 17-526.

# **EXHIBIT A**

## **NORTHWEST NATURAL GAS COMPANY AFFILIATED INTEREST REPORT FOR THE YEAR 2020**

The entirety of this Exhibit (pp. 1-17) is confidential under OAR 860-001-0070 and has been redacted.

## NORTHWEST NATURAL GAS COMPANY COST ALLOCATION MANUAL

### Overview

The purpose of Northwest Natural Gas Company's ("NWN") Cost Allocation Manual is to describe the methodologies for allocating direct, indirect and shared services costs between NWN, and any affiliates of NWN, and its non-regulated or non-utility affiliates and activities.

NWN is a natural gas local distribution company, which operates in Oregon and Washington, and is regulated by the Public Utility Commission of Oregon ("OPUC") and Washington Utilities and Transportation Commission ("WUTC"). NWN is owned by NWN Holdings. NWN Holdings also owns certain other businesses. NWN, NWN Holdings, and the other businesses owned by NWN and NWN Holdings are "affiliated interests" to NWN under ORS 757.015, and RWC 80.16.10. As such, the allocation of costs between these entities is subject to regulation by the OPUC and WUTC, and this manual sets out the methodologies, policies, and procedures for ensuring that the allocation of costs is done appropriately.

This document is intended to provide an overview of the different types of allocations and the processes employed to direct costs to the proper affiliate or activity.

This Cost Allocation Manual ("CAM") has been completed in accordance and conformance with the NARUC *Guidelines for Cost Allocations and Affiliate Transactions* ("NARUC Guidelines") as follows:

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.
4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.
5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.
6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.
7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

Overall, the approach to allocating costs is to directly assign costs when applicable and to allocate costs based on the primary cost driver of the common cost, or relevant proxy, and to ensure that unauthorized subsidization of unregulated activities by regulated activities, and vice versa, does not occur. Except where otherwise approved, goods or services provided to the utility by an affiliate are provided at the lower of cost or prevailing market price. Goods or services provided by the utility to an affiliate are provided at the higher of cost or market price.

Costs allocated can take the form of: direct labor, direct purchased goods or services, and indirect labor and other indirect common costs. These costs are charged by the providing party to the receiving party at fully loaded costs. For the indirect labor and common costs that cannot be direct charged or allocated based on the primary cost driver of the common cost an indirect general allocator of the Massachusetts Formula will be used as a relevant proxy. The general allocator ("Massachusetts Formula") will be developed using an average of plant, revenues, and employee headcount for the preceding year ended December 31<sup>st</sup>. Refer to "Indirect Costs - Allocation of Common Costs" below.

### **Affiliates & Non-Regulated Activities**

Refer to the corresponding Exhibit included in the Company's Affiliated Interest Report filed on or before May 1 annually with the Oregon and Washington Commissions for the organizational chart for the list of all affiliates and subsidiaries of NWN that currently meet the requirements of ORS 757.015 and RCW 80.16.010, respectively. Narrative descriptions are also included in the respective Affiliated Interest Report filed annually along with this document.

The following is a list of NWN's non-regulated activities with additional cost allocation considerations – narrative descriptions are included later in the document:

1. Appliance Center/Miscellaneous Merchandising
2. Interstate Storage

## Labor Allocation Methods

Management oversight and other labor performed by NWN employees for the benefit of affiliates or non-public utility activities are recorded in accordance with the labor allocation methods described below.

### Direct Labor - Shared Services

NWN has several departments that may provide services to affiliates that specifically benefit another entity. These departments direct-charge time incurred directly to the respective affiliate or affiliate group, or non-utility activity in which the time relates to in the SAP time reporting system to the extent possible. The costs are assigned directly to the entity for which the service is being provided through intercompany accounts. NWN charges labor rates for these shared services at cost per the payroll systems, grossed up for payroll overheads. Refer to 'Payroll Loadings and Overheads' below.

The departments that direct charge time incurred include:

- Accounting, including Shared Services Management
- Accounts Payable
- Business Controls Office
- Clerical Administrative Services
- Corporate Communications
- Engineering and Operations
- Environmental
- Executives – Management Oversight
- Facilities and Security
- Gas Accounting
- HR and Payroll
- Information Technology & Services
- Legal
- Marketing
- Public Policy and Government Affairs
- Purchasing and Stores
- Project Management Office
- Rates and Regulatory
- Risk and Land
- Safety
- Strategic planning, business development
- Tax
- Treasury

### Indirect Labor - General and Administrative Services

NWN has several departments that perform administrative and general functions for the benefit of NWN, NW Natural Holdings and its affiliates as well as public company related activities in service of NWN and other affiliates. These departments' labor costs are indirectly charged via a corporate allocation to the affiliates that benefit from their services. See 'Indirect Costs - Allocations of Common Costs' below. The below departments are determined to be indirect

labor costs as they cannot be identified with a particular service or product to be charged and the labor benefits all affiliates. As such, the labor costs of these departments are allocated using allocation factors designed to equitably allocate costs between NWN and its affiliates. These allocation factors are designed with an emphasis on recognizing cost drivers, or a relevant proxy in the absence of a primary cost driver.

These departments include:

- Corporate Governance and Compliance
- Corporate Secretary
- Financial Planning & Budgeting
- Financial Reporting
- Internal Audit
- Investor Relations
- Shareholder Services

### **Payroll Loadings and Overheads**

NWN Employee payroll overhead (POH) is comprised of Vacation and Holiday Overhead Load and Benefits Overhead Load. The Company's payroll overheads loading rate is reviewed and updated annually by HR, Accounting, and Finance. Quarterly, any over or under allocation of costs recorded to the payroll overhead clearing accounts is reviewed and allocated to corporate expense and non-utility activities consistent with the underlying payroll charged.

#### **Vacation and Holiday Overhead Load**

A vacation and holiday overhead load is included in the payroll overheads which includes the estimated cost of all vacation, sick and company designated holiday days earned by an employee so that these costs appropriately follow where an employee charges their time.

#### **Benefits Overhead Load**

The benefit overhead load includes the cost of health care, pension, post-retirement medical, workers' compensation, 401K plans, payroll taxes, and annual incentive plan and key goal bonuses. If exception time is reported (see "Labor Allocation Methods"), the benefits overhead load follows the payroll dollars. The benefits overhead load is set at a rate adequate to fully allocate by year-end all actual benefit costs. The rate is determined at the beginning of the year based on estimated costs. Because benefit cost rates may differ depending on employee grade, employees are categorized into two classes, with different benefits overhead load rates for each class. The employee classes are: (1) Executives, and (2) Non-executives.



An example of the company average benefits overhead load allocations from 2020 is below. The payroll overhead loadings are updated annually, and re-evaluated throughout the year as circumstances occur.

<b>Executives</b>	
Vacation & Holiday Overhead Load	3.25% of payroll
Benefits Overhead Load	54.19% of payroll
Total Executive Payroll Overhead <sup>1</sup>	57.44% of payroll
<b>Non-Executives</b>	
Vacation & Holiday Overhead Load	15.81% of payroll
Benefits Overhead Load	60.30% of payroll
Total Non-Executives Payroll Overhead	76.11% of payroll
Overtime and Doubletime Overhead <sup>2</sup>	16.21% of payroll

### Service Provider and Administrative Allocations

For affiliate labor charges, both direct and indirect charged, an additional administrative overhead load of 28.5% of the labor cost is added to cover the cost of rented space, office supplies, IT costs, utilities, furniture and equipment and other administrative costs.<sup>3</sup> In like manner, an appropriate administrative overhead load is also charged from an affiliate to NWN when an affiliate provides services to NWN. The Company's administrative overhead is reviewed annually by Accounting.

### Other Goods or Services

#### Direct Costs

Affiliates or non-regulated utility activities are charged directly through intercompany accounts for materials, supplies and services (e.g., consulting services, accounting software, office space and supplies, Kelso-Beaver Pipeline demand charge<sup>4</sup>) purchased by NWN on behalf of itself and the affiliate on the basis of the full cost of the items supplied.

#### Indirect Costs - Allocation of Common Costs Incurred

<sup>1</sup> The executive payroll overhead rates do not include expenses for various elements of our executive compensation program such as stock option expense, restricted stock unit expense or long-term incentive plan expenses, because these expenses are excluded from rate base and are therefore, not necessary to allocate out.

<sup>2</sup> The overtime overhead rates do not include a vacation and holiday component, and only include those benefit costs that are incurred when additional salary is incurred including payroll taxes and 401k match.

<sup>3</sup> The administrative overhead load will not be charged if the employee providing the Services is located on affiliate premises for which all facilities related costs are borne by the Affiliate receiving the Services.

<sup>4</sup> Under the Gas Transportation Agreement between Kelso-Beaver Pipeline Company ("KBPC") and NWN dated September 26, 1991, NWN pays KBPC a monthly demand charge which is charged directly. Additionally, if KBPC actually transports gas for NWN, there is an additional volumetric/commodity charge payable by NWN to KBPC for gas transported. The rates charged by KBPC to NWN for gas transportation services on the Kelso-Beaver Pipeline were approved by FERC in KBPC's 1991 certificate order.

Common costs incurred by NWN that may benefit other affiliates that are not able to be directly assigned will be allocated to the affiliates using the general corporate allocation methodology through intercompany accounts. These common costs include the indirect labor of the General and Administrative departments listed above as well as indirect department costs. See summary below.

Additionally, common costs incurred by NWN Holdings that benefit NWN and other affiliates will be allocated using the general corporate allocation methodology and NWN will be charged its portion intercompany. NWN Holdings' structure as a publicly traded holding company provides substantial benefits to its regulated utilities and other affiliates. Indeed, the NWN Holdings' without any operations of its own, exists for the purpose of, and in service to, its subsidiaries. For these costs that benefit various functional areas and affiliates, it is not practical to charge the costs directly. Costs incurred by NWN Holdings directly related to the publicly traded company structure will be allocated to the affiliates using the general corporate allocator.

The following table shows the formulas that shall be used to allocate the cost of services and costs incurred which are not directly charged. These allocators shall be updated annually based on the preceding year ended December 31<sup>st</sup> data. However, if a significant or material event occurs during the year, the Company will update the allocators to reflect such an event on a pro-rata basis. The following table includes functions and costs that do not have a direct cost causation. The general corporate allocator is calculated via the Massachusetts Formula using an average of plant, operating revenues, and payroll expense (or headcount equivalent) for the preceding year ended December 31<sup>st</sup>.

<b>NWN Indirect Costs Incurred<sup>5</sup></b>	<b>Basis of Allocation</b>
Corporate Governance and Compliance Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Corporate Secretary Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Financial Planning and Budgeting Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Financial Reporting Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Internal Audit Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense

<sup>5</sup> The departments include the departmental payroll and non-payroll costs incurred and additional administrative overhead charge on payroll costs.

Investor Relations Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Shareholder Services Department	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Insurance Premiums	Allocation to affiliates and non-regulated activities covered by the group insurance based on the underwriting principles for each type of policy.
Property Taxes	Allocation to affiliates and non-regulated activities based on the value of the property owned that the taxes relate to.

<b>NW Natural Holdings Common Costs Incurred</b>	<b>Basis of Allocation</b>
Costs related to publicly traded company structure	General corporate allocation: 33.3% plant, 33.3% operating revenues, 33.3% payroll expense
Income tax Expense or Benefit	Allocated based on the adjusted pre-tax income or loss of the affiliate or activity

## **Other Goods and Services related to Individual NWN Non-Regulated Activities**

### ***Appliance Center***

NWN's Appliance Center is a retail store that demonstrates and sells natural gas appliances to the general public. In addition to the allocations described within, an additional charge for management oversight of 1.5% of NWN's selling expenses is charged to the Appliance Center business. Certain NWN employees work exclusively on matters related to the operation of the Appliance Center. The cost of those employees and all related payroll overheads are charged to directly to the Appliance Center outside of NWN's regulated accounts. In addition, all expenses incurred in the operation of the Appliance Center are charged to directly. The Appliance Center's retail store location is within a building owned by NWN, and a cost of rent related to the portion of the building occupied by the non-regulated activities is charged directly to those non-regulated accounts.

### ***Interstate Storage***

NWN owns and operates the Mist underground natural gas storage facility in Columbia County near Mist, Oregon. In addition to the various allocations described within NWN provides the interstate storage service under a limited jurisdiction blanket certificate issued to it by FERC under Section 284.224 of FERC's regulations. See, Northwest Natural Gas Company, 95 FERC ¶ 61,242 (2001). Under that certificate, NWN is authorized to provide FERC-jurisdictional bundled firm and interruptible storage and related transportation services to and from its Mist storage field in interstate commerce. In addition, NWN provides an intrastate firm storage service for eligible intrastate customers and sites in Oregon under Tariff Schedule 80 (experimental). The terms of Rate Schedule 80 mirror NWN's FERC-authorized interstate service. Since the provision of the storage services is accomplished by the use of some shared storage and transportation assets that are included in the core rate base, NWN has sharing agreements in place with its Oregon and Washington regulators. In Oregon, the sharing arrangement for both storage services and asset optimization assistance is set forth in NWN's Tariff Schedules 185 and 186. These sharing agreements are in lieu of specific allocations of costs.

## **MASTER SERVICES AGREEMENT**

THIS MASTER SERVICES AGREEMENT (the “Agreement”), effective January 1, 2019, is between Northwest Natural Gas Company (“NW Natural”), its parent company, Northwest Natural Holding Company (“NW Natural Holdings”), and its affiliates and subsidiaries (together, the “Affiliates”). NW Natural and its Affiliates are “Affiliated Interests,” as defined under ORS 757.015 and RCW 80.16.010.

### **RECITALS**

A. NW Natural is an Oregon corporation that is a natural gas local distribution company that serves customers through separate facilities located in Oregon and southwestern Washington. NW Natural is a wholly owned subsidiary of NW Natural Holdings—a publicly held company traded on the New York Stock Exchange. A list of NW Natural’s Affiliates is included in Addendum 1, which may be amended periodically. NW Natural and its Affiliates, as identified in Addendum 1, are referred to herein as “Party” or collectively as “Parties”. NW Natural is subject to regulation by the Oregon Public Utility Commission (“OPUC”) and Washington Utilities and Transportation Commission (“WUTC”), respectively, for its state-regulated gas distribution activities in such states, and by the OPUC and the Federal Energy Regulatory Commission (“FERC”) for its regulated intrastate and interstate gas storage activities. NW Natural is headquartered in Portland, Oregon.

B. Attached as Addendum 1 is a list of NW Natural’s Affiliates. Except as otherwise noted on the Addendum, all of these Affiliates are legal entities separate and apart from NW Natural. Nothing in the Agreement is to be interpreted to the contrary.

C. NW Natural employs certain trained personnel capable of performing needed management, analytical, professional, and administrative services (which, together with the more detailed services specified on Addendum 2, are referred to herein as the “Services”) in furtherance of the Affiliated Interests’ operations.

D. NW Natural desires to make available to NW Natural’s Affiliates such personnel and Services as the board of directors, officers or managers of those Parties shall reasonably request in the future, without detriment to NW Natural’s utility functions.

E. NW Natural’s Affiliates desire to make available to NW Natural such personnel and Services as the board of directors, officers or managers of NW Natural shall reasonably request in the future, without detriment to NW Natural’s Affiliates’ respective business functions.

THEREFORE, the Parties agree as follows:

1. **Services Provided by NW Natural**

Upon the request of the board of directors, officers, or managers of NW Natural, NW Natural shall furnish to its Affiliates the Services listed in Addendum 2 as requested, subject to applicable requirements of the cognizant utility commission(s), and given the terms and conditions as follows:

2. **Requests for Service**

All Services provided shall be mutually agreeable and based upon a written request for Services in a form substantially similar to that attached as Addendum 3 hereto (“Request for Services”), specifying the scope of Services. Changes in the Request for Services shall be agreed to in writing by the Parties.

3. **Basis of Charges**

3.1 Costs Included in State Utility Revenue Requirements. If the service cost or benefit is intended for inclusion in NW Natural's state operations revenue requirements, then:

a. All billing by NW Natural to an Affiliate shall be at the higher of cost or market, unless otherwise specified by the Parties and approved by the OPUC and/or, as appropriate, the WUTC.

b. All billings by an Affiliate to NW Natural shall be at the lower of cost or market, unless otherwise specified by the Parties and approved by the OPUC and/or the WUTC, or unless provided at an approved rate on file with the OPUC and/or the WUTC or the FERC.

c. All billings for Services rendered to NW Natural by an Affiliate shall meet the following three criteria: (1) they must be just and reasonable regulated utility expenses; (2) they must be for functions that NW Natural would perform as a stand-alone utility; and (3) they must not duplicate, but may augment/supplement, functions already performed by NW Natural.

3.2 Costs Defined. For the purpose of this Agreement, "costs" shall include both of the following:

a. All out-of-pocket expenses of the Party providing the Services incurred in connection with the provision of Services rendered, including salaries, labor costs and benefits and other payroll overhead costs; amounts paid for independent technical and professional Services; amounts paid to third-party contractors; and all administrative overhead expenses, including, but not limited to, space utilization, utilities, IT costs and other administrative costs. Labor costs shall be based on the number of hours worked by the employees multiplied by the average cost rate per hour applicable to those employees. The hourly rate shall be adjusted to

include all appropriate payroll overhead loadings (for vacation, benefits, taxes, etc.). In addition, the applicable Administrative overhead loading rate shall be applied to derive the fully loaded cost of employee time associated with Services provided. Materials, supplies, and non-labor vouchered items shall similarly be charged to the other Party on the basis of the full cost of the items supplied. Supporting documentation on the cost of non-labor items shall be available to the other Party to substantiate the charges billed. Non-labor costs shall not have an A&G loading rate applied.

b. A reasonable return on any investment in assets, equipment, or plant (“Assets”) supporting the provision of Services in the following amounts:

(i) For Services provided by NW Natural, the return on Assets employed, if any, shall be no less than the rate case authorized rate of return on its investment serving its ratepayers; and

(ii) For Services provided by an Affiliate to NW Natural, the return on Assets employed, if any, shall be no more than the rate case authorized rate of return on its investment serving its ratepayers, if applicable.

#### 4. **Method of Charging for Services**

4.1 **Direct Assignment and Allocation Methods.** Direct assignment of costs shall be the primary method for charging for Services according to the accounting procedures in NW Natural’s Cost Allocation Manual, attached as Exhibit A. Exhibit A contains rules for determining and allocating any remaining costs associated with those Services that cannot be directly assigned to a user of a Service. The allocation methods set forth in Exhibit A shall be applied to allocate those costs that cannot be directly assigned.

4.2 **Review of Affiliate Charges to NW Natural.** At least annually, NW Natural shall review the Services supplied by the Affiliates under each of the Addenda executed. The



review shall include a determination that billing is consistent with the accounting and cost assignment procedures in Section 3 and Exhibit A.

5. **Invoicing**

a. As soon as practicable after the last day of each month, the provider of Services shall invoice the recipient of Services for expenses for the month concluded, computed pursuant to Sections 3 and 4 above.

b. All invoice charges shall be supported by documentation satisfactory to the recipient. Charges for Services shall be entered into the accounting records in the month following the period in which Services were rendered. However, if the invoice charges are less than \$50,000 per Party, then invoice may be delayed until either (1) total charges are more than \$50,000 per Party, or (2) quarterly, whichever comes first.

6. **Monitoring and Control**

The Inter-Company Services Coordinator (“Coordinator”) is responsible for reviewing, monitoring and maintaining Services Requests that are active. The Coordinator ensures authorization of new Services Requests and that allocation factors are proper and accurate. Additionally, the Coordinator is responsible for coordinating the monthly billing process as described in Section 5 above.

7. **Billing Disputes**

Disputes on billings for Services shall be resolved through negotiations between the authorized representative(s) of the Affiliate, the Controller of NW Natural, and the Vice President(s) of the department at NW Natural responsible for providing or receiving Services, or their respective designee(s).

8. **Books and Records**

a. All transactions made under this Agreement shall be recorded by NW Natural in accordance with the Uniform System of Accounts prescribed by the regulatory authorities having jurisdiction over NW Natural.

b. Each Party shall have the right at all reasonable times to examine the books and records of the other for the purpose of verifying the cost, or the market value determination if applicable, of the Services performed by the other Party.

9. **Limitations on Service**

a. NW Natural shall diligently and competently render all Services reasonably requested by the Affiliates to the extent NW Natural can make available its resources without detriment to its utility functions.

b. The Affiliates shall diligently and competently render all Services reasonably requested by NW Natural to the extent those entities can make available their resources without detriment to their business functions, and to the extent that such Services to NW Natural are specified in the attached Addendum 2 to this Agreement.

c. NW Natural and its Affiliates shall coordinate and administer all Services being rendered under this Agreement in order that such Services shall be furnished as efficiently and economically as possible.

d. Except as provided in subsections 9.a. and b. above, neither NW Natural nor its Affiliates shall have priority over the other in obtaining Services under this Agreement.

10. **Limitation of Authority**

The Parties agree that no Party shall assume nor create any obligation on behalf of any other Party other than as specifically provided for in this Agreement. Each Party reserves to itself

the right to make commitments for loans, financing, mortgages, and other commitments necessary and proper for its corporate purposes.

11. **Inspection and Reporting**

a. All books, records, and other data in possession of the Parties relating to the provision of Services pursuant to this Agreement shall at all times, during normal business hours, be made available to or copies provided to any regulatory agency having jurisdiction when engaged in the performance of its lawful functions, except to the extent that such information is reasonably determined by any Party to be confidential in nature in which case any such information shall be submitted to any such regulatory agency under confidential treatment in accordance with the applicable laws and regulations governing such confidential treatment request.

b. Each Party shall timely furnish to each other Party such information with regard to its operations as shall be reasonably required.

12. **Regulatory Jurisdiction**

The Parties acknowledge that NW Natural is a public utility company subject to regulation and control by various state and federal governmental regulatory agencies. The provisions of this Agreement shall be construed in aid of and not in derogation of the lawful control and regulatory power of any such agency.

13. **Damages**

In no event shall a Party be liable to another Party for any lost or prospective profits or any other special, punitive, exemplary, consequential, incidental or indirect losses or damages (in tort, contract or otherwise) under or in respect of this Agreement or for any failure of performance however caused, whether or not arising from the Party's sole, joint, or concurrent negligence. To the extent any payment required to be made under this Agreement is agreed by the Parties to

constitute liquidated damages, the Parties acknowledge that actual damages in such circumstances are difficult or impossible to determine and that such payment of liquidated damages constitutes a reasonable approximation of such damages, and not a penalty.

14. **Governing Law**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Oregon.

15. **Waiver**

Any of the terms and conditions of this Agreement may be waived at any time and from time to time by the Party entitled to the benefit of such term or condition, but a waiver in one instance shall not be construed as a waiver in any other instance. A failure to enforce any provision of this Agreement shall not operate as a waiver of such provision or of any other provision. A waiver by any Party in favor of another Party shall not bind any regulatory agency with jurisdiction over such matter if the agency determines that such waiver would violate its regulations, orders, or applicable statutes.

16. **Assignment**

This Agreement shall be binding upon the Parties and their representatives and may not be assigned.

17. **Termination**

NW Natural reserves the right at any time upon thirty (30) days notice to its Affiliates to terminate this Agreement in whole or part. NW Natural shall promptly notify the OPUC and/or WUTC, if applicable, of such termination. NW Natural, or any Affiliate, reserves the right at any time upon notice to the other to terminate any or all of NW Natural or any Affiliate's Services Request(s) under this Agreement.

18. **Integrated Agreement**

This Agreement embodies the entire agreement and understanding between the Parties and does not supersede any prior agreement between such Parties, but governs all agreements entered into after the Effective Date. This Agreement may be executed by the Parties in separate counterparts, each of which when executed and delivered shall be an original, but which together shall constitute but one and the same agreement.

19. **Adoption of Agreement by Affiliates**

At such time that a NW Natural Affiliate requests or provides Services from/to any Party to this Agreement, the Affiliate shall sign Addendum 3 which adopts this Agreement.

Date as of December 21, 2018

**NORTHWEST NATURAL GAS COMPANY**

By: \_\_\_\_\_

Name: Brody J. Wilson

Title: Vice President, Controller, Treasurer & Chief  
Accounting Officer

**Addendum 1:**  
**Affiliates of NW Natural**

The Appliance Center\*\*  
Northwest Energy Corporation  
NWN Gas Reserves, LLC  
Northwest Biogas, LLC  
NNG Financial Corporation  
KB Pipeline Company  
Gill Ranch Storage, LLC  
NW Natural Energy, LLC  
NW Natural Gas Storage, LLC  
Trail West Holdings, LLC  
Trail West Pipeline, LLC  
BL Credit Holdings, LLC  
NW Natural Water Company, LLC  
NW Natural Water of Oregon, LLC  
NW Natural Water of Washington, LLC  
NW Natural Water of Idaho, LLC  
Salmon Valley Water Company  
Falls Water Company  
Cascadia Water, LLC  
Gem State Water Company

Please note this is the affiliate list included in the MSA filed on December 28, 2018 in docket UM 1804 in compliance with Order No. 17-526.

For the most recent list of affiliates, please refer to the Company's most recent annual Affiliated Interest Report filed with the Public Utility Commission of Oregon.

\*Each of these businesses with the exception of the Appliance Center is a legal entity separate and apart from NW Natural. Nothing in this Agreement is intended to be interpreted to the contrary.

\*\*The Appliance Center is a nonregulated business segment of NW Natural.

**Addendum 2:**

**List of Services**

This Addendum provides a description of the Services that **may be** performed by the Parties, which may be modified from time to time. This list is exemplary only, and nothing in this addendum suggests that such services have or shall actually be performed by or for any Party. The specific Services to be provided to a particular Party are set forth in Addendum 3.

All Services provided by the Parties shall be based on a mutually agreeable work scope, specifying the scope of Services, personnel, and budget for Services. Changes in the scope of work shall be agreed to by the Parties involved.

Internal Auditing	Reviews internal controls and procedures to ensure assets are safeguarded and transactions are properly authorized and recorded. Periodically audits accounting and other records and coordinates their examination, where applicable, with that of independent public accountants.
Legal	Provide legal advice and assistance with respect to labor and employment law, litigation, contracts, rates and regulation, environmental matters, and real estate legal issues, as well as, authorizations and compliance with matters under federal and state laws.
Corporate and Strategic Planning and Business Analysis and Development	Facilitates preparation of strategic plans, monitors trends and evaluates business opportunities, including acquisitions and dispositions. Facilitates process improvements by investigating and conducting research into issues relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy. Keeps current on all research developments and programs of significance affecting company and the energy industry. Conducts research and development in promising areas and advises and assists in the solution of technical problems.

<p>Accounting/ Payable/Finance/Budgeting/Treasury</p> <p>Accounts</p>	<p>Provide advice and assistance to Company in finance, treasury and accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary financial systems, the preparation and analysis of financial reports, treasury management and credit. Provide services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and risk management activities; investment and commercial banking relationships; oversight of retirement trust funds and general financing activities. Advise and assist company and Affiliates in studying and planning in connection with infrastructure, budgets, economic forecasts, benchmarking, capital expenditures and special projects. Provide centralized accounts payable processing. Provide shared services management and respective intercompany accounting and settlement processes.</p>
<p>Tax</p>	<p>Advise and assist in the preparation of federal, state and other tax returns, and respective tax accounting entries and generally advise company as to any issues involving taxes.</p>
<p>Risk Management</p>	<p>Advise and assist company in its risk and control framework. Manage the purchase and administration of all property and casualty insurance including the settlement of insured claims and in providing risk prevention advice.</p>
<p>Land and Environmental</p>	<p>Provide right of way services, including encroachments. Establishes policies and procedures for compliance with environmental laws and regulations. Researches emerging environmental issues and monitors compliance with environmental requirements. Provides oversight for environmental remediation services.</p>
<p>Corporate Communications</p>	<p>Prepares and disseminates information to employees, customers, government agencies, communities and the media.</p>
<p>Public Policy and Governmental Affairs</p>	<p>Provide services in support of corporate strategies for managing relationships with federal, state and local governments, agencies</p>



	and legislative bodies. Monitor, review, research, and advocate legislative issues. Formulate and assist with public relations and communications programs and administration of corporate contribution and community affairs programs.
Human Resources/Employee Benefits/Payroll/Safety	Advise and assist company in the formulation and administration of human resources and employee relations' policies and programs relating to personnel administration, training, wage and salary administration and safety programs. Provide central accounting for employee benefits and payroll. Direct and administer all medical and health activities for company. Advise and assist company in the administration of such plans and prepare and maintain records of employee and company accounts under the said plans, together with such statistical data and reports as are pertinent to the plans. Provide centralized payroll system.
Information Technology and Services	Provide the resources for the operation of an information technology function, including the development, implementation, and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications, support of individual applications and the development, implementation and processing of those computerized applications that can be best accomplished on a centralized basis. This function provides centralized help desk.
Facilities Management	Manage headquarters facilities, service centers, and district offices. Administers contracts for real estate leases, security, housekeeping, and maintenance of facilities. Maintain database of real estate contracts, managing lease/rental properties, handling purchases and sales of real property.
Office Services/Clerical Services	Provide centralized mail, imaging, record management services, and other general administrative support services.
Purchasing and Stores	Procure materials, supplies and services necessary for all operations, with the exception of wholesale gas purchases. Manage materials and supplies inventories. Work closely with

	business unit teams, seeking the best value for company through refined sourcing strategies, contracts and supplier agreements.
Marketing	Provide initial contact service related to new customer additions. Plan, formulate and implement marketing programs, as well as provide associated marketing services to improving customer satisfaction, load retention and shaping, growth of energy sales and deliveries, etc. Assist in carrying out policies and programs for the development of plant location and of industrial, commercial and wholesale markets. Provide customer support for industrial and commercial customers. Assist large customers in meeting business requirements related to gas quality, conservation, etc. Seek to maintain positive working relationships with major customers.
Engineering and Operations	Provide advice and assistance to Company in engineering and operations matters.
Rates and Regulatory	Provide advice and assistance to Company in rates and regulatory matters. Provide centralized rates and regulatory services and regulatory compliance.

**Addendum 3:**

**Sample Services Request Form**

**Services Requested**

The undersigned requests that **[Party Providing Services]** provide Services listed in Addendum 2 to the Master Services Agreement.

The undersigned agrees to the terms and conditions contained in the Master Services Agreement, and further agrees that all requests for Services from **[name of Party]** to NW Natural will be governed by the Master Services Agreement.

Services are requested beginning **[Dates Services Requested]**.

**[Party Requesting Services]**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit A – COST ALLOCATION MANUAL**

For the most current Cost Allocation Manual, please refer to the Company's most recent annual Affiliated Interest Report filed with the Public Utility Commission of Oregon.

**2020 Northwest Natural Affiliated Interest Report  
Stipulating Condition No. 32 – Officer Contact Information**

In compliance with Stipulating Condition No. 32 contained in Order No. 17-526 in docket UM 1804, below is the contact information for officers of Northwest Natural Holding Company and Northwest Natural Gas Company.

**NORTHWEST NATURAL HOLDING COMPANY**

Name	Title	Phone	Email
David H. Anderson	President and Chief Executive Officer	(503) 226-4211	david.anderson@nwnatural.com
Frank H. Burkhartsmeier	Senior Vice President and Chief Financial Officer	(503) 226-4211	frank.burkhartsmeier@nwnatural.com
MardiLyn Saathoff	Senior Vice President, Regulation and General Counsel	(503) 226-4211	mardilyn.saathoff@nwnatural.com
Shawn M. Filippi	Vice President, Corporate Secretary and Chief Compliance Officer	(503) 226-4211	shawn.filippi@nwnatural.com
Brody J. Wilson	Vice President, Chief Accounting Officer, Controller, and Treasurer	(503) 226-4211	brody.wilson@nwnatural.com

NORTHWEST NATURAL GAS COMPANY<sup>1</sup>

Name	Title	Phone	Email
David H. Anderson	President and Chief Executive Officer	(503) 226-4211	david.anderson@nwnatural.com
Frank H. Burkhartsmeier	Senior Vice President and Chief Financial Officer	(503) 226-4211	frank.burkhartsmeier@nwnatural.com
MardiLyn Saathoff	Senior Vice President, Regulation and General Counsel	(503) 226-4211	mardilyn.saathoff@nwnatural.com
James R. Downing	Vice President and Chief Information Officer	(503) 226-4211	james.downing@nwnatural.com
Shawn M. Filippi	Vice President, Corporate Secretary and Chief Compliance Officer	(503) 226-4211	shawn.filippi@nwnatural.com
Kimberly A. Heiting	Senior Vice President, Operations and Chief Marketing Officer	(503) 226-4211	kimberly.heiting@nwnatural.com
Jon G. Huddleston	Vice President, Engineering and Utility Operations	(503) 226-4211	jon.huddleston@nwnatural.com
Justin B. Palfreyman	Vice President, Strategy and Business Development	(503) 226-4211	justin.palfreyman@nwnatural.com
Melinda B. Rogers	Vice President and Chief Human Resources and Diversity Officer	(503) 226-4211	melinda.rogers@nwnatural.com
Brody J. Wilson	Vice President, Chief Accounting Officer, Controller, and Treasurer	(503) 226-4211	brody.wilson@nwnatural.com
Kathryn M. Williams	Vice President, Public Affairs and Sustainability	(503) 226-4211	kathryn.williams@nwnatural.com
David A. Weber	Vice President, Gas Supply and Utility Support Services	(503) 226-4211	david.weber@nwnatural.com

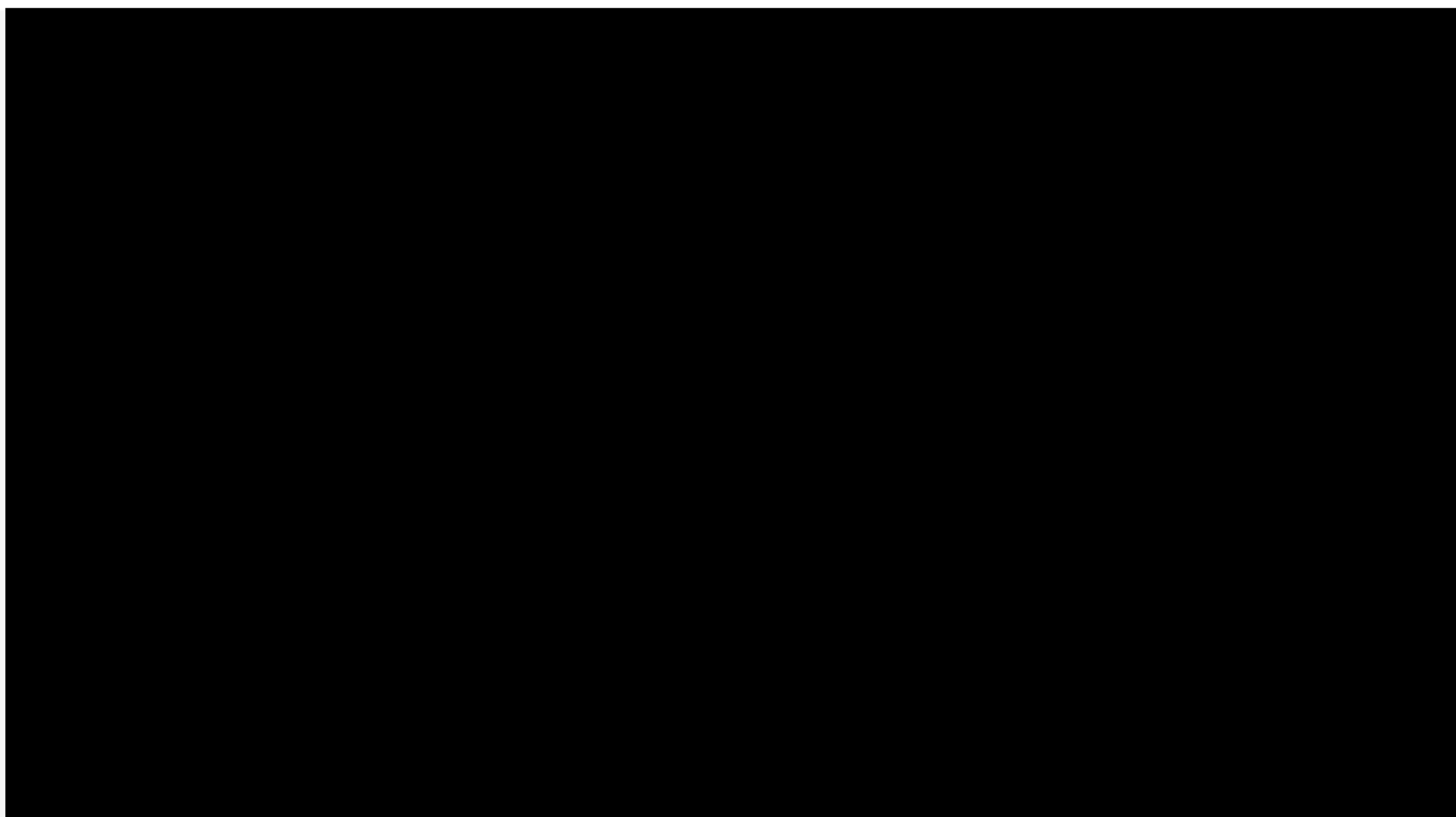
<sup>1</sup> Officers as of December 31, 2020.

**2020 Northwest Natural Affiliated Interest Report  
Stipulating Condition No. 33 – HoldCo M&A and Divestiture Activity**

In accordance with Order No. 17-526 Stipulating Condition 33, below is an itemized list of completed HoldCo merger and acquisition and divestiture activity:

- Effective January 31, 2020, NW Natural Water of Washington, LLC acquired all of the membership interests of Suncadia Water Company, LLC and Suncadia Environmental Company, LLC. Suncadia Water Company, LLC and Suncadia Environmental Company, LLC are now wholly owned subsidiaries of NW Natural Water of Washington, LLC.
- Effective March 2, 2020, NW Natural Water of Texas, LLC acquired T & W Water Service Company pursuant to a stock purchase agreement. T & W Water Service Company is now a wholly owned subsidiary of NW Natural Water of Texas, LLC.
- Effective April 2, 2020, Gem State Water Company, LLC acquired substantially all the assets of Bitterroot Water Co. and Happy Valley Water System Inc.
- Effective August 3, 2020, Falls Water Co., Inc. acquired substantially all water supply and distribution assets, and Gem State Infrastructure, LLC acquired substantially all wastewater assets, of Taylor Mountain Water and Sewer District.
- Effective August 6, 2020, NW Natural Energy, LLC sold its interest in Trail West Holdings, LLC to an unaffiliated third party.
- Effective November 12, 2020, Cascadia Water, LLC acquired substantially all the assets of Del Bay Association (dba Del Bay Inc.).
- Effective December 4, 2020, NW Natural Gas Storage, LLC closed the sale of all membership interests in Gill Ranch Storage, LLC to an unaffiliated third party.
- Effective December 28, 2020, NW Natural RNG Holding Company, LLC acquired 100% of the Class A Membership Units of Lexington Renewable Energy LLC in connection with investment in a renewable natural gas development project in Nebraska.

Northwest Natural Holding Company  
(As of December 31, 2020)\*



\* Notes:

- As of December 31, 2020, BlackRock, Inc., The Vanguard Group, and State Street Corporation and its subsidiary SSGA Funds Management, Inc. hold more than five percent of the voting securities of NW Holdings, however they are not allocated any direct, indirect and shared services costs by NW Holdings. The ownership of voting securities held by these entities are reported pursuant to ORS 757.511 and OAR 860-027-0175. Based on information set forth in a filing with the Securities and Exchange Commission on February 10, 2021, as of January 31, 2021, State Street Corporation reports that together with its subsidiaries, it does not hold more than five percent of the voting securities of NW Holdings.
- On October 1, 2018, NW Natural consummated a holding company reorganization, whereby NW Holdings became the sole shareholder of all of the outstanding shares of NW Natural, and NW Natural transferred to NW Holdings all outstanding interests of each of its subsidiaries at the time other than Northwest Energy Corporation and its subsidiary, NWN Gas Reserves LLC.



**Attestation Date:** Monday, April 26, 2021  
**Attestation Period:** April 1, 2020 - March 31, 2021

**OFFICER ATTESTATION:**

On behalf of NW Natural and NW Natural Holding, I, MardiLyn Saathoff, hereby attest that the Stipulated Conditions established by the Public Utility Commission of Oregon (Order 17-526, docket UM 1804) and the Washington Utilities & Transportation Commission (Order 01, docket UG 170094), respectively, are being met as reflected in the following Compliance Report with the exception of Washington condition 25e as noted with corrective action in the report below; there were no other exceptions during this reporting period April 1, 2020 - March 31, 2021.

NW NATURAL

/s/ MardiLyn Saathoff

MardiLyn Saathoff, Senior Vice President and General Counsel

**Compliance Report**

Attestation Period: April 1, 2020 through March 31, 2021

<b>Owner Legend:</b>	<b>L/R</b> Legal/Regulatory	<b>BF</b> Budget/Finance	<b>AC-T</b> Accounting-Tax	<b>IR</b> Investor Relations
	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
	<b>TR</b> Treasury	<b>RA</b> Rates & Regulatory	<b>CS</b> Corp. Secretary	<b>HR</b> Human Resources
	<b>GA</b> Government Affairs	<b>BD</b> Business Development		

<b>Status Legend:</b>	<b>Complete=</b> Compliant. One Time Task is complete	<b>Compliant - Activity this Period =</b> Compliant. A filing or other action occurred in the attestation period	<b>Compliant - Monitoring =</b> Compliant. The business is aware and/or ongoing monitoring is in place where appropriate	<b>Exception Noted =</b> Non-Compliant. A compliance exception has been identified, with new procedures developed to prevent future occurrence.
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Condition #		Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
OR #	WA #								Documentation	Notes
			Text in green represents WA specific language/differences. Text in blue represents OR specific language/differences.		9	9	46	1		
1	1	Stipulation Modifications	NWN-U and HoldCo agree that these conditions, except for condition 44 [35], may be modified as a result of regulatory decisions or settlements in other states regarding NWN-U's proposed corporate restructuring. For example, the Commission may add any condition imposed by the Washington Utilities and Transportation Commission (WUTC) [OPUC] or the California Public Utilities Commission (CPUC) to the extent it relates to NWN-U. In the event that the Commission adopts conditions from other jurisdictions, the Commission will re-open and re-issue the order approving this Stipulation to add those conditions accepted or ordered in another state jurisdiction.	L/R	Commission Action	On occurrence	One Time	Complete	N/A	No trigger occurred. No material deviations exist between OR and WA Orders issued 12/28/2017; no re-opening or re-issuing of order will occur. CPUC order issued May 10, 2018; no conflicts noted.
2	2	Ring-Fencing Agreement	NWN-U and HoldCo will enter into an agreement that incorporates the ring-fencing provisions set forth herein. This agreement will be binding on NWN-U and HoldCo. This agreement will be filed with the Commission within 90 days of the transaction's closing. NWN-U and HoldCo commit that they will comply with Commission-approved ring-fencing conditions and will make no amendments, revisions, or modifications to this agreement or any ring-fencing provisions without prior Commission approval.	LE	Board approval of holding company restructure	31-Dec-2018	One Time	Complete	Ring-Fencing Compliance Agreement	12/17/2018: Agreement Filed in OR and WA Transaction Close Date: October 1 2018
3	3	Stipulation Modifications	Nothing in these Reorganization conditions will be interpreted as a waiver of NWN-U's or HoldCo's rights to request confidential treatment for information that is the subject of any of these conditions.	LE	N/A	N/A	Ongoing	Compliant - Monitoring		Applicable Administrative Rule/Code: OAR 860-001-0070 WAC 480-07-160

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

<b>Owner Legend:</b>	<b>L/R</b> Legal/Regulatory	<b>BF</b> Budget/Finance	<b>AC-T</b> Accounting-Tax	<b>IR</b> Investor Relations
	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
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	<b>GA</b> Government Affairs	<b>BD</b> Business Development		

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Text in green represents WA specific language/differences. Text in blue represents OR specific language/differences.	9	9	46	1
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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
4	4		Credit & Capital Structure	<p>HoldCo and NWN-U will maintain separate corporate credit ratings (if any), Long-Term (LT) Debt ratings (if any), and preferred stock ratings (if any), and make these credit ratings available to the Commission and Staff upon request. NWN-U will also maintain adequate: (a) interest coverage and (b) pool of qualified NWN-U assets to maintain the ability to issue First Mortgage Bonds (FMB).</p> <p>NWN-U agrees to provide notice and, if requested, consult with Commission Staff in the event that S&amp;P or Moody's downgrades NWN-U's secured credit rating for any reason. If NWN-U's LT secured debt rating drops to BBB+ for S&amp;P or Baa1 for Moody's, NWN-U will file a plan with the Commission detailing a range of options to maintain or restore NWN-U's LT secured credit rating, or to explain actions consistent with NWN-U's customers' best interest. Upon Commission request, NWN-U will present this plan to the Commission, with appropriate provisions in place to protect confidential information.</p>	TR	Rating Downgrade	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.05.01. Quarterly certification cycle.
5	5		Credit & Capital Structure	<p>NWN-U Common Equity must be maintained at a level no less than 44 percent and no more than 56 percent of total NWN-U Capital Structure determined on a preceding or projected thirteen month average. Should NWN-U's equity component of its capital structure fall below 44 percent [outside the range of 56 to 44 percent] in violation of this condition, NWN-U shall,</p>	TR	Common Equity Ratio (CER) < 44% (CER) > 56%	5 bus days from trigger	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.09.01. Quarterly certification cycle.
5(1)	-			<p>within 5 business days: (A) notify the Commission; and (B) provide an explanation for why NWN-U Common Equity fell below 44 percent, for example, how the drop was caused by forces or events beyond HoldCo and/or NWN-U's control.</p>							
5(2)	-			<p>Within 30 days of providing notice, NWN-U shall provide a plan and timeline ("Compliance Plan") for restoring NWN-U's Common Equity to 44 percent or above that is subject to Commission review, modification, rejection, or approval.</p>		CER < 44%	30 cal days from date of 5(1) event	Ongoing			
5(3)	-			<p>Subsequent to the filing of the Compliance Plan, NWN-U shall file progress reports every 90 calendar days detailing its efforts to restore its equity component to 44 percent or above, as described above, in addition to detailing how NWN-U has met each requirement in the Compliance Plan.</p>		CER < 44%	90 cal days from date of 5(2) event	Ongoing			
5(4)	-			<p>NWN-U agrees to make its officers available to appear before the Commission regarding the violation and/or the Compliance Plan.</p>	LE	Commission Request	On occurrence	Ongoing	Compliant - Monitoring	N/A	
5	-			<p>If HoldCo and NWN-U find it reasonably likely that NWN-U common equity could fall below 44 percent in the preceding or projected thirteen month average, NWN-U shall provide a report to Staff with its projections indicating that common equity could fall below 44 percent, and take the steps listed above.</p>	TR	When likely that CER < 44%	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.09.01. Quarterly certification cycle. First Cycle Start Date: Feb 2 2019.
5	-			<p>If NWN-U's common equity component of its capital structure is at or below 46 percent, on a preceding or projected thirteen month average, and the above steps have not been triggered, NWN-U will provide quarterly projections of the common equity component of its capital structure to Staff, along with supporting workpapers.</p>		When CER =/< 46%	On occurrence	Ongoing			

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

<b>Owner Legend:</b>	<b>L/R</b> Legal/Regulatory	<b>BF</b> Budget/Finance	<b>AC-T</b> Accounting-Tax	<b>IR</b> Investor Relations
	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
	<b>TR</b> Treasury	<b>RA</b> Rates & Regulatory	<b>CS</b> Corp. Secretary	<b>HR</b> Human Resources
	<b>GA</b> Government Affairs	<b>BD</b> Business Development		

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Text in green represents WA specific language/differences. Text in blue represents OR specific language/differences.	9	9	46	1
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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
6		6	Credit & Capital Structure	HoldCo and NWN-U guarantee that Customers of NWN-U will be held harmless from any adverse rate impacts caused by NWN-U's Rate of Return, Common Equity, and LT Debt becoming more costly after the restructuring than they would be had NWN-U not reorganized. For seven years following the reorganization, NWN-U bears the burden of showing that any increase in NWN-U's Cost of LT Debt or cost of Common Equity (to the extent Common Equity affects customers), for which rate recovery is sought did not result from factors associated with either the reorganization or any subsequent HoldCo M&As.	RA	General Rate Case	On occurrence	Ongoing Ends Sep 30 2025	Compliant - Monitoring		
7		7	Credit & Capital Structure	HoldCo and NWN-U guarantee that NWN-U customers shall be held harmless if the reorganization or any subsequent HoldCo M&As cause a higher revenue requirement for NWN-U than if the reorganization had not occurred.	RA	General Rate Case	On occurrence	Ongoing	Compliant - Monitoring		
8		8	Credit & Capital Structure	HoldCo and NWN-U commit that neither NWN-U nor NWN-U's subsidiaries will, without the approval of the Commission: A. Make loans or transfer funds (other than dividends and payments pursuant to the MSA) to HoldCo or Affiliates other than NWN-U's subsidiaries; B. Assume any obligation or liability as guarantor, endorser, surety, or otherwise for HoldCo or Affiliates other than NWN-U's subsidiaries; C. Transfer any of its utility assets or property to HoldCo or Affiliates other than NWN-U's subsidiaries; D. Seek to pledge utility assets or securities backing for any hedging, indebtedness, or securities of HoldCo or Affiliates other than NWN-U's subsidiaries; E. Enter into cross-default provisions involving HoldCo or Affiliates other than NWN-U subsidiaries; and F. Participate in a money pool with HoldCo or Affiliates other than NWN-U subsidiaries.	AC-F	Request for Commission Approval of a listed action	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.10.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.
9		9	Dividends	No dividends or like payments or distribution (special, one-time, or otherwise) may be drawn from NWN-U, without Commission approval, if any of the following conditions are present: A. NWN-U Common Equity would fall below 44 percent of NWN-U Capital Structure determined on a preceding or projected thirteen month average; or B. NWN-U's LT secured credit ratings drops below BBB- for S&P and Baa3 for Moody's. Notwithstanding the above, if NWN-U's LT secured credit ratings are below A- for S&P and A3 for Moody's, then NWN-U may only issue dividends (special, one-time, or otherwise) so long as NWN-U's Common Equity is 45% or above (determined on a preceding or projected thirteen-month average). Further, if NWN-U's LT secured credit ratings are below BBB for S&P and Baa2 for Moody's, then NWN-U may only issue dividends (special, one-time, or otherwise) so long as NWN-U's Common Equity is 46% or above (determined on a preceding or projected thirteen-month average). Table 1 below depicts the conditions under which NWN-U may make dividend distributions under the above-described conditions. [see Table in Order].	TR	CER<44% Rating downgrade	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.11.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

<b>Owner Legend:</b>	<b>L/R</b> Legal/Regulatory	<b>BF</b> Budget/Finance	<b>AC-T</b> Accounting-Tax	<b>IR</b> Investor Relations
	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILLMENT	
										Documentation	Notes
10	10		Dividends	NWN-U must notify the Commission no less than 7 calendar days before dividending or otherwise transferring 5 percent or more of its retained earnings. Additionally, NWN-U will notify the Commission of: A. Its intention to transfer more than ten (10) percent of its retained earnings out of NWN-U over a six-month period; B. Its intention to declare a special cash dividend (defined as a one-time dividend that is paid in addition to NWN-U's established or expected quarterly dividend), at least 30 days before declaring the dividend.	TR	(1) Transfer-Dividend =>5% of retained earnings (A) Transfer-Dividend >10% of retained earnings (B) Declare cash dividend	(1) 7 cal days prior  (A) 7 cal days prior  (B) 30 cal days prior	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.11.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.
11	11		Bankruptcy Protection	Commission approval of NWN-U's proposed restructuring is conditioned on the following: within 60 days of the Commission's order on NWN-U's application to restructure, NWN-U will provide a non-consolidation opinion to the Commission which concludes that the ring-fencing provisions (final conditions adopted by the Commission) are sufficient such that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of NWN-U (including direct subsidiaries) with those of HoldCo, its affiliates or subsidiaries (excluding NWN-U's direct subsidiaries). If the conditions listed herein are insufficient to obtain a nonconsolidation opinion, NWN-U will undertake the following actions: A. Promptly notify the Commission of its inability to obtain a non-consolidation opinion; B. Propose and implement, upon consultation with the parties to this Stipulation and subject to Commission approval, such actions or additional ring-fencing provisions that are sufficient to obtain such a non-consolidation opinion; and C. Obtain such a non-consolidation opinion and provide it to the Commission. If after these actions, NWN-U is unable to obtain the non-consolidation opinion, NWN-U will notify the Commission and the Commission will indicate that NWN-U's application has been denied given that Commission approval of the Holding Company is contingent upon NWN-U obtaining and providing the nonconsolidation opinion to the Commission.	LE	Commission Order OR Docket UM 1804 WA Docket UG 170094	Feb 26, 2018	One Time	Complete	As-filed Document	2/26/2018: Opinion filed in OR & WA by McDowell,Rackner.
12	12		Bankruptcy Protection	A voluntary petition for bankruptcy by NWN-U would require: A. The unanimous vote of the NWN-U Board of Directors (BOD), inclusive of the vote of a least one independent director; and B. The vote of the holder of a "Golden Share," which is defined at p. 1 as the sole (\$1 Par) share of Preferred Stock of NWN-U authorized by the Commission. This share of Preferred Stock must be in the custody of an independent third party as defined at p. 1. In matters of bankruptcy, this share will override all other outstanding shares of all types or classes of stock. The Golden Share is established for the sole purpose of having the right to vote on whether NWN-U files a petition for voluntary bankruptcy.	CS	Petition for Bankruptcy	On occurrence	Ongoing	Compliant - Monitoring		Steven E. Wynne was named as an independent Board Member.
13	13		Bankruptcy Protection	NWN-U and NWN-U's two subsidiaries (NW Energy Corp. and NWN Gas Reserves), will not hold HoldCo investments, with the exception of NWN-U sponsored employee benefit plans or employee compensation plans, without prior Commission approval.	TR	Request for Commission Approval	On occurrence	Ongoing	Compliant - Monitoring		
14	14		Accounting	NWN-U will maintain its books and records (inclusive of audit trails with supporting records) separate from HoldCo's books and records, with such accounting information and financial books and records kept at NWN-U headquarters in Oregon. NWN-U's financial books and records and state and federal regulatory filings and documents will continue to be available to the Commission, upon request, at NWN-U's headquarters in Oregon [consistent with RCW 80.04.075, at NWN-U's headquarters in Oregon, or as provided to the Commission in Washington with reasonable efforts.]	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.04.01. Annual certification cycle. First Cycle Start Date: Feb 5 2019.

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

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	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
	<b>TR</b> Treasury	<b>RA</b> Rates & Regulatory	<b>CS</b> Corp. Secretary	<b>HR</b> Human Resources
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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
										Documentation	Notes
15	15		Accounting	NWN-U assets, cash flows, and financial accounts may not be co-mingled with existing affiliates, or with any new affiliates or operations resulting after the creation of HoldCo.	AC-F	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.03.01. Semi-annual certification cycle. First Cycle Start Date: Jan 7 2019.
16	16		Accounting	So long as required by the U.S. Securities and Exchange Commission (SEC), NWN-U will maintain separate financial statements that will be filed with the SEC. In the event separate financial statements are no longer required to be filed with the SEC, NWN-U will file separate financial statements with the Commission.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control SEC Fin'l Stmtns FFRC Form 2	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.02.01. Annual certification cycle. First Cycle Start Date: Dec 1 2018.
17	17		HoldCo Formation Costs	Organizational, start-up, or other costs associated with the creation of HoldCo will be separately tracked and will not be allocated to NWN-U customers. Post creation of HoldCo, any remaining formation costs or other HoldCo-related costs will not appear on NWN-U's books, or the books of NWN-U's subsidiaries. NWN-U shall furnish the Commission with journal entries and supporting detail showing the nature and cost of all organizational, start-up, and other costs for HoldCo (including but not limited to management time, BOD time, in-house and outside counsel time, any consultants engaged, etc.) since the reorganization was first contemplated, as well as the accounts charged, within 120 days of a Commission order in this docket.	AC	Commission Order	April 30 2018	One Time	Complete	As-filed journal entries	4/27/2018: Journal entries filed in OR and WA.
18	18		HoldCo Formation Costs	NWN-U will exclude from NWN-U general rate cases, or any other method of cost recovery, all costs related to reorganization and all of HoldCo's costs related to future business endeavors and M&As including but not limited to: all legal work from in-house counsel and outside counsel; NWN-U BOD time; costs related to M&A consulting and advice; preparation of and materials for HoldCo-related presentations; and other reorganization and expansion costs.	RA	General Rate Case or similar cost recovery filing	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	
19	19		HoldCo Formation Costs	Taxes and assessments paid to the federal government, to states, and to political subdivisions thereof shall be no greater than they would be had the Company not restructured. Tax benefits that would not exist had the Company not restructured may be addressed in proceedings before the Commission; however, until that time, NWN-U shall set up a mechanism to monitor, for informational purposes, income tax expense and potential benefits for NWN-U.	AC-T	Change in tax expense/benefit	Ongoing	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.12.01. Annual certification cycle. First Cycle Start Date: Nov 15 2018.
20	20		Allocations	The Commission may audit the accounting records of HoldCo and Affiliates that are the bases for charges to NWN-U, to determine the reasonableness of the costs and the allocation factors used by the HoldCo or its subdivisions to assign costs to NWN-U and amounts subject to allocation or direct charges. HoldCo and Affiliates will cooperate fully with such Commission audits.	RA	Commission Audit	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	
21	21		Allocations	HoldCo and NWN-U will maintain robust systems to track employee, officer, director, agent, and attorney time (inclusive of loading percentages), identifying to within an hour, time not spent for NWN-U utility purposes that shall not be allocated to NWN-U, subject to the cost-allocation principles set forth in Condition 26.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	Regulatory Compliance Monitoring. System Control ID: HoldCo.SC.15. Annual certification cycle.
22	22		Allocations	NWN-U bears the burden of showing that a particular expense from HoldCo or an affiliate of HoldCo may be allocated to NWN-U ratepayers.	RA	Commission Request	On occurrence	Ongoing	Compliant - Monitoring	Cost Allocation Manual. GP G-28.	

# Compliance Report

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OR #	WA #								Documentation	Notes
23	23	Prevention of Cross-Subsidization	HoldCo and NWN-U will comply with all applicable [Washington] Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports. [Chapter 80.16 RCW.WAC 480-90-245, WAC 480-90-264, and any other applicable rules.]	RA	N/A	N/A	Ongoing	Compliant - Monitoring		See also Oregon Condition 26(h)  In addition to annual reporting requirements, Affiliated Interest application filed with the WUTC in UG-210034 in January 2021 and with the OPUC in UI 451 in March 2021.
24		Prevention of Cross-Subsidization	NWN-U will file on an annual basis an affiliated interest report including an organizational chart, narrative description of each Affiliate, revenue for each Affiliate, and transactions with each Affiliate.	RA	Affiliated Interest Filing	By June 1	Annual	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1. Annual certification cycle.
25	24	Prevention of Cross-Subsidization	NWN-U will not cross-subsidize between NWN-U and any other businesses (with the exception of NWN-U and its direct subsidiaries as approved by the Commission (meaning NWN Energy and Gas Reserves), and shall comply with the Commission's applicable orders and rules with respect to such matters.	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual GP G-28.	
26	25	Prevention of Cross-Subsidization	Subject to any cost allocation methodology subsequently approved by the Commission, any allocation of costs, corporate and Affiliate investments, expenses, or overheads between NWN-U and HoldCo or an affiliate will comply with the following principles: [Any allocation of costs, corporate and Affiliate investments, expenses, or overheads between NWN-U and HoldCo or an affiliate will comply with the following principles:]	AC	N/A	N/A	Ongoing	Compliant - Monitoring	Regulatory Compliance Control  Cost Allocation Manual GP G-28.	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15 Annual certification cycle.
-	25(a)	Prevention of Cross-Subsidization	A. For services rendered to NW Natural or each cost category subject to allocation to NW Natural by HoldCo or any of its affiliates, NW Natural must be able to demonstrate that such service or cost category is necessary to NW Natural for the reasonable performance of its regulated operations, is not duplicative of services already being performed within NW Natural, and is reasonable and prudent.							
26(a)	25(b)	Prevention of Cross-Subsidization	A. Cost allocations to NWN-U will be directly charged whenever possible, and shared or indirect costs will be allocated based upon primary, demonstrable, and transparent cost-driving factors. [B. Costs will be directly assigned to NWN-U if NWN-U is the direct cause of or sole beneficiary of the cost. Shared or indirect costs will be allocated based upon primary, demonstrable, and transparent cost-driving factors.]							
26(b)	25c	Prevention of Cross-Subsidization	B.[C] HoldCo and all subsidiaries and affiliates will maintain accounting systems adequate to support the allocation and assignment of costs of executives and other relevant personnel to or from NWN-U. See Condition [Commitment] 21 above for further detail.							
26c	25(d)	Prevention of Cross-Subsidization	C.[D] All costs subject to allocation will be auditable and their origin among the companies must be demonstrable, so as to be specifically identified, tracked, and trended. Failure to adequately support any allocated cost may result in denial of its recovery in rates.							

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

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	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
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26(d)	-		Prevention of Cross-Subsidization	D. Any corporate cost allocation methodology used for rate setting, and subsequent changes thereto, will be submitted to the Commission for approval.	RA	Change in Cost Allocation Methodology	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control Cost Allocation Manual GP G-28.	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15. Annual certification cycle.
26e	-		Prevention of Cross-Subsidization	E. The Company's Master Services Agreement (MSA), itemizing and explaining corporate cost allocation methods used for rate setting, will be updated to include the corporate and affiliate cost allocation methodologies between HoldCo, NWN-U, and Affiliates and filed with the Commission no later than 90 days after execution of the reorganization.	RA	Board approval of holding company restructure	Dec 31 2018	One Time	Complete	As-filed Master Services Agreement and Cost Allocation Manual (Confidential)	12/28/2018: Updated MSA with CAM filed in docket UI 385.
26e	-		Prevention of Cross-Subsidization	Thereafter, the MSA will be appended to the annual June affiliated interest report filed with the Commission. This annual filing will capture, highlight and explain all changes from the prior year. The entirety of the MSA and its components are subject to review by Staff in subsequent proceedings before the Commission to confirm that cost drivers, accounting methods, assumptions, and practices result in fair, just and reasonable utility rates. The Company will update, and re-file for approval, the MSA and AI Reporting reflecting HoldCo organizational detail and the outcome of docket No. UM 1804.	RA	Annual affiliated interest report	By June 1	Annual	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1; WA.RPT.1; HoldCo.SC.15. Annual certification cycle.  The MSA is appended to AI Report beginning with report for 2018.  (Oregon filing made concurrent w Washington on April 29, 2020)
-	25e		Prevention of Cross-Subsidization	E. The Company's Master Services Agreement (MSA), itemizing and explaining corporate cost allocation methods used to set rates will be fully described and supported in testimony and work papers in NWN-U's first general rate case submitted after this application is approved by the Commission. Thereafter, the MSA will be filed along with any general rate case filed with the Commission. This filing will capture, highlight and explain all changes since the MSA was last provided to the Commission. The entirety of the MSA and its components are subject to review and approval by the Commission in subsequent proceedings before the Commission to confirm that cost drivers, accounting methods, assumptions, and practices result in fair, just and reasonable utility rates.	L/R	General Rate Case	On occurrence	Ongoing	Exception Noted	<b>A new Regulatory Compliance Control has been established to prevent future compliance exceptions of this condition.</b>  Regulatory Compliance System Control ID: <b>HOLDSCO.SC.17.1</b>	The Company filed its MSA in the UG-181053 rate case on Dec 31, 2018, which was the first general rate case following Commission approval in UG-170094. The MSA filed in UG-181053 was the same as that filed on December 28, 2018 in UG-170094.  NW Natural did not include the MSA in its UG-200994 general rate case (filed on December 18, 2020) because the MSA has remain unchanged since 2018.  <b>NW Natural notes that Washington Stipulating Condition 25e indicates the MSA should be filed along with any general rate case; therefore a compliance exception has been noted. A new Regulatory Compliance Control has been established to prevent future compliance exceptions of this condition.</b>
-	25e		Prevention of Cross-Subsidization	The Company will update and re-file the MSA and AI Reporting reflecting HoldCo organizational detail within 90 days of the outcome of Docket UG-170094.	L/R	Board approval of holding company restructure	Dec 31 2018	One Time	Complete	As-filed Master Services Agreement and Cost Allocation Manual (Confidential)	12/28/2018: Updated MSA with CAM filed in docket UG-170094
26(f)	25(f)		Prevention of Cross-Subsidization	F. Costs that would have been denied recovery in rates had they been incurred by NWN-U will likewise be denied recovery whether they are allocated directly or indirectly through subsidiaries of HoldCo.	AC-F	N/A	N/A	Ongoing	Compliant - Monitoring	Cost Allocation Manual GP G-28.	
26(g)	25(g)		Prevention of Cross-Subsidization	G. HoldCo and NWN-U commit to using asymmetrical pricing as required by OAR 860-027-0048(4) (i.e. goods or services priced at higher of cost or market when purchased from or provided by NW Natural, and priced at lower of cost or market when sold to or provided to NW Natural) if the transaction involves a cost of more than \$100,000.)	AC-F	Master Services Agreement Submission	On occurrence	Ongoing	Compliant - Monitoring	As-filed Master Services Agreement and Cost Allocation Manual GP G-28	Updated MSA-CAM filed 12/28/2018

# Compliance Report

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	OR #	WA #							Documentation	Notes
26(h)	-	Prevention of Cross-Subsidization	H. NWN-U will file timely applications and reports in compliance with ORS 757.015 through 757.495 and OAR 860-027-0040 through 860-027-0042.	L/R	Qualifying Event	On occurrence	Ongoing	Compliant - Monitoring		See also Condition 23/23 See also OR Condition 24 See also Condition 26e/25 See also OR Condition 27  See Footnote [1]
27	-	Prevention of Cross-Subsidization	HoldCo and NWN-U commit that they will interpret ORS 757.015 and 757.495 to require Commission approval of any contract between NWN-U and any affiliate of HoldCo. This shall include the MSA discussed in Condition 26.	L/R	N/A	N/A	Ongoing	Compliant - Monitoring		See also Condition 23/23 See also OR Condition 24 See also Condition 26e/25 See also OR Condition 26(h)
28(a)	26(a)	Prevention of Cross-Subsidization	HoldCo, NWN-U and all Affiliates shall provide the Commission access to: A. All books of account, budgets, integrated resource planning, documents, data, records, accounting, and financial information which pertain to transactions between NWN-U on the one hand, and HoldCo or HoldCo's affiliates on the other, which are reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	AC	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
28(b)	26(b)	Prevention of Cross-Subsidization	B. Unrestricted access to the written information inclusive of accounting and financial metrics that HoldCo provides to the Rating Agencies and that is reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	AC	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
28(c)	26(c)	Prevention of Cross-Subsidization	C. HoldCo and NWN-U Board of Director (BOD) meeting minutes and presentations for BOD meetings, committees and subcommittees thereof, as well as investor presentations and transcripts that are reasonably calculated to lead to information relating to NWN-U or may directly or indirectly affect NWN-U.	CS	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
29	27	Prevention of Cross-Subsidization	HoldCo and NWN-U shall provide the Commission with complete and unrestricted access to all information provided by and to common stock, bond, or bond rating analysts, which directly or indirectly pertains to NWN-U. Such information includes, but is not limited to, opinions, reports and presentations made to or provided by common stock analysts and bond rating analysts.	IR	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
-	28	Prevention of Cross-Subsidization	The provisions for access to records and information in this section are not intended to limit or restrict in any way the Commission's access to records and information under federal or state law.	L/R	N/A	N/A	Ongoing	Compliant - Monitoring		
30	29	Prevention of Cross-Subsidization	HoldCo, NWN-U, and Affiliates will make their employees, officers, directors and agents available to testify before the Commission at the Commission's request to provide information the Commission considers relevant to matters within its jurisdiction.	LE	Commission Request	On occurrence	Ongoing	Compliant - Monitoring		
31	-	Prevention of Cross-Subsidization	Pursuant to OAR 860-027-0175(2), NWN-U agrees to report all Beneficial Ownership as of the last calendar day of each year to the Commission to be received by March 31 of each year.	RA	Beneficial Ownership Report	31-Mar	Annual	Compliant - Activity this Period	Regulatory Compliance Control  Report required by OAR 860-027-015(2) filed in docket RG 26	Regulatory Compliance Monitoring. System Control ID: OR.RPT.19 Annual certification cycle.  Major shareholder Report filed 2/23/2021
32	30	Prevention of Cross-Subsidization	For the first five calendar years after reorganization, as part of its affiliated interest filings, HoldCo and NWN-U will report on how the company complied with each of the conditions listed herein no later than June 15 of each year. This report will require an officer attestation of compliance with the conditions. If any of the conditions are not being met, the report shall include proposed corrective measures relative to the specific condition, subject to Commission revision and appropriate remedy as determined by the Commission.	RA	Annual AI Report	By June 1	Annual Ends Jun 2023	Compliant - Activity this Period	Regulatory Compliance Control  Report and Attestation appended to AI Report beginning with report for 2018.	Regulatory Compliance Monitoring. System Control ID: HOLDCO.SC.13.01 Annual certification cycle.  AND System Control ID: OR.RPT.1; WA.RPT.1. Annual certification cycle.  (Oregon filing concurrent w Washington on April 29, 2020)



# Compliance Report

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32	30		Prevention of Cross-Subsidization	Annual affiliated interest reports will enduringly contain a complete Parental-view corporate organizational chart and a second listing of contact telephone number, email, and titles for HoldCo, and NWN-U corporate officers.	RA	Annual AI Report	By June 1	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1 and WA.RPT.1. Annual certification cycle.  (Oregon filing concurrent w Washington on April 29, 2020)
33	-		Prevention of Cross-Subsidization	Annual affiliated interest reports must itemize all HoldCo M&A and divestiture activity.	RA	Annual AI Report	By June 1	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: OR.RPT.1 and WA.RPT.1.  (Oregon filing concurrent w Washington on April 29, 2020)
33	-		Prevention of Cross-Subsidization	HoldCo or NWN-U will also notify the Commission within 30-days whenever HoldCo completes a merger, acquisition, or divestiture with capitalization in excess of \$1 million.	BD	Completion of M&A transaction > \$1 million	30 days from trans. Close	Ongoing	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.08.01 Monthly certification cycle. First Cycle Start Date: Jan 5 2019; Updated to monthly certification cycle in August 2019.  Notifications to OPUC filed in docket UM 1804 sent on September 1, 2020, December 17, 2020 and January 18, 2021, for transactions meeting threshold.
34	-		Prevention of Cross-Subsidization	For the first five calendar years after the reorganization, HoldCo will provide a final copy of its annual budget(s) to the Commission for the succeeding year on or before December 31 of each year.	BF	Budget Approval	31-Dec	Annual Ends Dec 2023	Compliant - Activity this Period	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.01.01 Annual certification cycle. First Cycle Start Date: Dec 1 2018.  2020 Budget Report filed in UM 1804 on December 15, 2020, with revisions filed February 18, 2021 and March 9, 2021.
35	31		Prevention of Cross-Subsidization	HoldCo and NWN-U agree that in the event that a dispute arises concerning access to records and information in conditions 28-33 [Commitments 26-30], an administrative law judge (ALJ) at the Commission shall determine what records and information are discoverable. By agreeing to this condition, NWN-U does not waive its right to refer a ruling by the ALJ to the Commission or to appeal a decision by the Commission.	L/R	Discovery Dispute	On occurrence	Ongoing	Compliant - Monitoring		
36	32		Service Quality	HoldCo and NWN-U agree that NWN-U will maintain safety standards and policies substantially comparable to or better than the NWN-U currently maintained standards and policies. Neither HoldCo formation nor future acquisitions may diminish delivery of safe and reliable utility service in Oregon. NWN-U will continue to fully comply with CFR Title 49 Parts 190 to 199.	EG	N/A	N/A	Ongoing	Compliant - Monitoring	Eng. Procedures Field Services Procedures OQ Practices	
37	33		Miscellaneous	NWN-U commits [will maintain] that its corporate headquarters will remain in Oregon. HoldCo will not move its headquarters out of Oregon without prior Commission approval.	L/R	HQ move out of Oregon	On occurrence	Ongoing	Compliant - Monitoring		
38	-		Miscellaneous	NWN-U shall maintain its current pension funding approach, until informed by a Commission Order regarding revised best practices. Thereafter, NWN-U will look to Commission orders for further guidance.	TR	PUC or NWN change	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.06.01 Annual certification cycle. First Cycle Start Date: Dec 1 2018.
39	-		Miscellaneous	For each calendar year 2018 through 2022 inclusive, HoldCo and NWN-U commit to sustaining NWN-U's current funding levels regarding charitable contribution which is one percent of NWN-U's average pre-tax income for the three years immediately preceding the budget year, including contributions to NWN-U's bill payment assistance program, subject to a \$100,000 limit increase or decrease from the prior year's contributions budget.	GA	N/A	N/A	Ongoing Ends Dec 2022	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.07.01 Annual certification cycle. First Cycle Start Date: Feb 15 2019.

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

<b>Owner Legend:</b>	<b>L/R</b> Legal/Regulatory	<b>BF</b> Budget/Finance	<b>AC-T</b> Accounting-Tax	<b>IR</b> Investor Relations
	<b>LE</b> Legal	<b>AC-F</b> Accounting/Finance	<b>AC</b> Accounting	<b>EG</b> Engineering
	<b>TR</b> Treasury	<b>RA</b> Rates & Regulatory	<b>CS</b> Corp. Secretary	<b>HR</b> Human Resources
	<b>GA</b> Government Affairs	<b>BD</b> Business Development		

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Condition #	Topic		Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
	OR #	WA #							Documentation	Notes
40	-	Miscellaneous	HoldCo and NWN-U will honor its existing collective bargaining agreement through its current duration. For that same period, employee's compensation and benefits packages will be at least as favorable in the aggregate as the existing benefit package.	HR	N/A	N/A	Ongoing	Complete	Joint Accord	JA Term in existence at time of HoldCo ended Nov 30 2019
41	34	Miscellaneous	NWN-U will not oppose maintaining current or greater support levels for energy efficiency and renewable natural gas for two years after the Commission issues a final order in this docket.	BD	N/A	N/A	Ongoing	Complete		Applicable for the period Dec 28 2017 through Dec 27 2019.
42	-	Miscellaneous	Within 90 days of the applicable Board of Directors meeting, NWN-U shall file with the Commission a complete copy of the minutes of the Board of Directors' meeting at which the formation of HoldCo was approved.	CS LE	Board Approval	Dec 31 2018	One Time	Complete	As-filed Minutes (Confidential)	12/28/18: Board Minutes Filed
43	-	Miscellaneous	If the Commission, Staff, or any party believes that NWN-U or HoldCo have violated any of the conditions listed herein, or any conditions included in the Commission's final order approving the application, the Commission shall give HoldCo and NWN-U written notice of the alleged violation. If HoldCo or NWN-U is found to have committed a violation after Commission investigation (or a hearing if requested), the Commission will issue an order stating the remedy it shall seek.	LE	PUC or Other Party Action	On occurrence	Ongoing	Compliant - Monitoring		
44	35	Credit to Customers	For a period of three years following the formation of HoldCo, NWN-U will provide an annual credit to Oregon customers in the amount of \$500,000 [Washington customers in the amount of \$55,000] on an equal percent margin basis concurrent with NWN-U's PGA.	RA	Annual PGA Filing	15-Sep	Annual Ends with Sep 2020 PGA filings	Compliant - Activity this Period	OPUC Adv 20-15A WUTC Adv 20-07	2020 credits in both Oregon and Washington approved effective 11/1/2020
45	36	Credit to Customers	Cost savings, inclusive of loadings, allocable to NWN-U that are achieved as a result of HoldCo's future Mergers and Acquisitions (M&A), if greater than \$50,000, will be deferred and later credited to Oregon [Washington] customers until NWN-U's second general rate case following the Commission's order in this docket. Savings will be deferred and credited to the extent that the saved costs, inclusive of loadings, are otherwise already included in NWN-U's customers' rates, and from the time when the savings were realized. This condition does not preclude any party from seeking deferral of any cost savings resulting from any merger or acquisition involving HoldCo that results in over \$100,000 of annual cost savings.	AC-F	M&A Cost Savings	On occurrence	Ongoing	Compliant - Monitoring	Regulatory Compliance Control	Regulatory Compliance Monitoring. System Control ID: Holdco.SC.14.01 Annual certification cycle. First Cycle Start Date: Feb 15 2019.  For Oregon, this control is complete with the completion of general rate cases in UG 344 and UG 388.  For Washington, this control remains applicable until completion of next general rate case following UG-181053, which is UG-200994 that was filed on December 18, 2020.
46	37	Future Mergers & Acquisitions	Approval of HoldCo formation does not relieve holders of NWN-U stock, or contractual rights to own such stock (such as stock options or convertible preferred stock), from requirements of ORS 757.511. [Upon approval of the HoldCo formation, holders of NWN-U stock, or holders of contractual rights to own such stock (such as stock options or convertible preferred stock), as well as upstream parent companies of Hold-Co, are subject to the requirements of chapter 80.12 RCW to the same extent as NWN-U, for purposes of property transfers involving NWN-U.]	CS	N/A	N/A	Ongoing	Compliant - Monitoring		
47	38	Future Mergers & Acquisitions	HoldCo or NWN-U will notify the Commission in writing subsequent to HoldCo's board approval and as soon as practicable following any public announcement of: (1)[(a)] any acquisition of any business that represents five percent or more of HoldCo's capitalization, or (2) [(b)] change in effective control or acquisition of any material part of HoldCo or NWN-U, as required by ORS 757.511. [any material change in ownership of any part of NWN-U, HoldCo, or upstream ownership of either entity that does not result in a change in effective control of NWN-U; or (c) any change to NWN-U's corporate organizational chart (including upstream parents and all affiliates). "Material" shall mean 10 percent of ownership. Any transaction, regardless of size, that would result in a person, directly or indirectly, acquiring a controlling interest in NWN-U is subject to Commission approval under RCW 80.12.020.]	BD	Ownership Change of 5% or more (OR) or 10% or more (WA)	On occurrence	Ongoing	Compliant - Monitoring	N/A	

# Compliance Report

Attestation Period: April 1, 2020 through March 31, 2021

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Condition #		Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILMENT	
OR #	WA #								Documentation	Notes
48	39	Future Mergers & Acquisitions	HoldCo and NWN-U will refrain from seeking recovery through NWN-U rates any acquisition premiums, goodwill, transaction costs, or incremental executive bonuses associated with the reorganization or any subsequent M&As by HoldCo or any affiliates other than NWN-U.	RA	General rate case	On occurrence	Ongoing	Compliant - Monitoring		
49	40	Future Mergers & Acquisitions	Within 90 days after HoldCo acquires or creates a new subsidiary entity, HoldCo shall file with the Commission a statement that provides the name of the subsidiary, the total value of its assets, the nature of the subsidiary's business and whether it will do business with NWN-U.	CS	New HoldCo acquisition or subsidiary	90 days of occurrence	Ongoing	Compliant - Activity this Period	As-Filed Statements	Statements filed in both Oregon and Washington on 6/30/2020 and 1/18/2021.
50	41	Future Mergers & Acquisitions	Any diversified holdings and investments (i.e., non-utility businesses or foreign utilities) of HoldCo following approval of the transaction will not be held by NWN-U or a subsidiary of NWN-U, with the exception of NWN-U sponsored employee benefit plans or employee compensation plans. This condition will not prohibit HoldCo or its affiliates other than NWN-U from holding diversified businesses. This provision will also not prohibit NWN-U from continuing to hold the assets it holds within NWN-U immediately prior to the reorganization, including but not limited to the appliance center and interstate storage business.	BD	N/A	N/A	Ongoing	Compliant - Monitoring		

# Compliance Report

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Condition #	OR #	WA #	Topic	Stipulated Condition	Owner(s)	Action Trigger	Due Date	Frequency/Term	Status	COMPLIANCE FULFILLMENT	
										Documentation	Notes

Footnotes:

[1] **Regarding Oregon Condition 26(h), the ORS requirements within 757.015 through 757.495 requiring reports or filings by NWN and/or the holding company are:**

- 757.105 Filing of budget; rules; review by commission; pensions as operating expenses
- 757.107 Supplemental budgets and orders
- 757.205 Filing schedules with commission; data filed with schedules
- 757.210 Hearing to establish new schedules; alternative regulation plan.
- 757.212 Resource rate plans; customers who may elect to be exempt; order approving plan; effect of approving plan; rules.
- 757.245 Establishment of joint rates.
- 757.247 Tariff schedules for energy resource measures; rules.
- 757.259 Amounts includable in rate schedule; deferral; limit in effect on rates by amortization; rules.
- 757.415 Purposes for which securities and notes may be issued; order required.
- 757.440 Approval required before utility may guarantee another's indebtedness.
- 757.455 Conservation program investment policy; application for bondable investments; utility rates to include investment costs.
- 757.460 Pledge of conservation investment assets as bond collateral; perfection of security interest; foreclosure.
- 757.480 Approval needed prior to disposal, mortgage or encumbrance of certain operative utility property or consolidation with another public utility; exceptions.
- 757.485 Purchase of property or stocks of one utility by another
- 757.490 Approval needed for certain contracts.
- 757.495 Contracts involving utilities and persons with affiliated interests.

**The OAR requirements within OAR 860-027-0040 through 860-027-0042 requiring reports or filings by NWN and/or the holding company are:**

- 860-027-0040 Applications for Approval of Transactions Between Affiliated Interests
- 860-027-0041 Information Required for Utility Goods or Services Provided to Affiliated Interests
- 860-027-0042 Timeliness of Application Made Under OAR 860-027-0040 and Filings Made Under OAR 860-027-0041