INVESTOR PRESENTATION

November 2019 Meetings

NW Natural HOLDINGS™

INVESTOR INFORMATION

COMPANY INFORMATION

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FORWARD LOOKING STATEMENTS

This and other presentations made by NW Natural Holdings from time to time, may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbors created by such Act. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following: plans, objectives, goals, strategies, future events, projections, expectations, acquisitions and integration thereof, corporate organization including conversion to a holding company structure, storage, pipeline and other infrastructure investments, commodity costs and sourcing, competitive advantage, marketing success, service territory, customer service, customer and business growth, weather, customer preference, conversion potential, multifamily development, business risk, efficiency of business operations, regulatory recovery, business development and new business initiatives, water industry and investments, environmental remediation recoveries, gas storage markets and business opportunities, gas storage development, costs, timing or returns related thereto, financial positions and performance, economic and housing market trends and performance shareholder return and value, capital expenditures, liquidity, strategic goals, carbon emissions and savings, workforce trends, hedge efficacy, cash flows and adequacy thereof, return on equity, capital structure, return on invested capital, revenues and earnings and timing thereof, margins, net income, operations and maintenance expense, dividends, credit ratings and profile, debt and equity issuances, the regulatory environment, effects of regulatory disallowance, timing or effects of future regulatory proceedings or future regulatory approvals, regulatory prudence reviews or deferrals, effects of regulatory dockets or mechanisms, including, but not limited to, the Company’s rate case, tax reform, SRRM and the Company’s infrastructure investments, effects of legislation, including but not limited to tax reform, PHMSA regulations and carbon regulations, and other statements that are other than statements of historical facts.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, so we caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed by reference to the factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” in the Company’s most recent Annual Report on Form 10-K, and in Part I, Items 2 and 3 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk”, and Part II, Item 1A, “Risk Factors”, in the Company’s quarterly reports filed thereafter.

All forward-looking statements made in this presentation and all subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by these cautionary statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

INTRODUCTION



LEADERSHIP



DAVID H. ANDERSON • President and Chief Executive Officer

Mr. Anderson is currently NW Holding's President and CEO effective October 2018 and NW Natural's President and CEO effective August 2016. Since he joined NW Natural in 2004, Mr. Anderson has served in various executive positions over Operations, Regulation and Financial Matters, as COO and CFO. Previously, Mr. Anderson held executive positions within TXU Corporate including Senior Vice President and Chief Accounting Officer. Mr. Anderson holds a BBA in Accounting from Texas Tech University and held a CPA (retired) and CGMA.



FRANK BURKHARTSMEYER • SVP and Chief Financial Officer

Mr. Burkhartsmeyer is currently NW Natural Holdings' Senior Vice President and CFO effective October 2018 and NW Natural's Senior Vice President and CFO effective May 2017. Previously, Mr. Burkhartsmeyer served as President and CEO of Avangrid Renewables and Senior Vice President of Finance at Iberdrola Renewables Holdings US and also held various positions at PPM Energy, ScottishPower and PacificCorp. Mr. Burkhartsmeyer has an MBA from the University of Oregon and a Bachelor of Arts in Liberal Arts from the University of Montana.

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KEY UPDATES

YTD Q3 2019 Recap

- Earnings of $0.91 per share for YTD Q3 2019 from continuing operations or $1.13 per share on a non-GAAP basis adjusted to exclude the regulatory pension disallowance(1) vs. $1.06 for YTD Q3 2018
- Added more than 12,000 gas meters equating to 1.6% annual growth rate
- Concluded Oregon and Washington general rate cases
- Began earning revenues from North Mist storage expansion project in May 2019
- Signed agreements to acquire Suncadia and T&W water utilities in October 2019
- Closed Sunriver water utility and wastewater transaction in May 2019

(1)Adjusted YTD Q3 2019 net income from continuing operations is non-GAAP and excludes the regulatory pension disallowance of $10.5 million pre-tax or $6.6 million and 22 cents per share after-tax. See “Non-GAAP Reconciliation" for additional information in Appendix

Continuing to Execute on Strategy

NW HOLDINGS OVERVIEW



- Gas utility serves 2.5 million people through more than 750,000 meters
- Water utilities serve 46,000 people through 18,000 connections with several acquisitions pending
- $3.3 billion of assets at September 30, 2019



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INVESTMENT HIGHLIGHTS*

Growth targets and expectations over the next five years include:

Financial Targets

- EPS growth of 3% - 5%
- Strong and growing dividend

Gas Utility Growth

- Customer growth 1.7%+ per year
- $820 - $910 million five-year capital plan, resulting in expected rate base growth of 4% - 6%
- Additional regulated storage expansion – North Mist

Water Growth

- Long-term strategy, incremental earnings growth and diversity
- Deliberate and disciplined roll-up strategy
- $30 - $40 million five-year cap-ex plan (excludes acquisition capital)

* Customer growth, capital investment, and rate base are forecasted over five-year plan period from 2019 – 2023, earnings per share growth rate uses mid-point of 2018 guidance range

Stable and Growing Return Proposition

CONSERVATIVE CORPORATE STRATEGY

Stable gas and water utility margins through progressive regulation

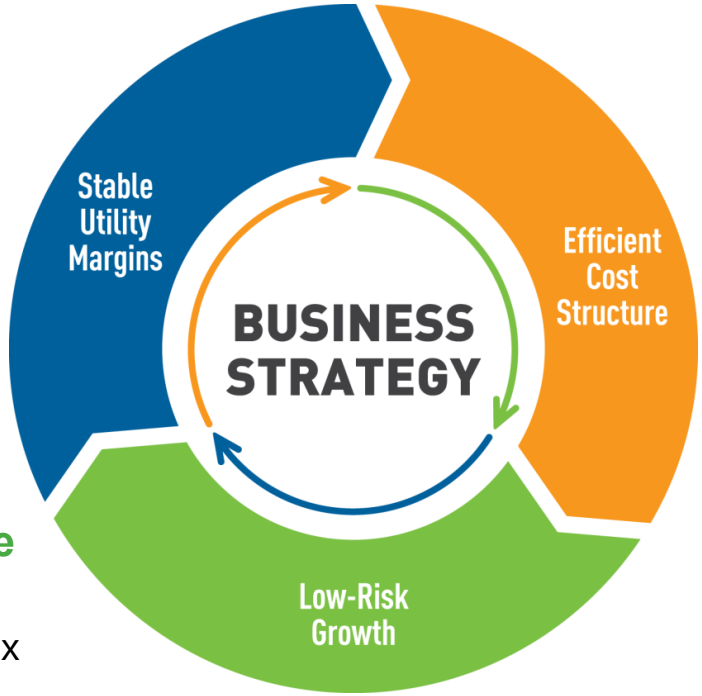
- Gas utility: weather, decoupling, and environmental cost recovery mechanisms in Oregon
- Constructive relationships with regulators and customer groups benefit both gas and water utilities

Excellent operations and efficient cost structure

- Commitment to safety, reliability, and high-quality service
- Continued focus on efficient business operations

Long-term growth opportunities that fit NWN's profile

- **GAS UTILITY**: attractive and growing service territory driving above-average customer growth compared to peers and cap-ex
- **MIST FACILITY**: high-value long-term contracts, asset management revenues, North Mist expansion
- **WATER & WASTEWATER**: long-term, disciplined strategy to acquire water utilities and wastewater businesses in a highly fragmented industry with ample infrastructure investment opportunities



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STRATEGIES TO DRIVE SUCCESS



Low-Carbon Pathway

Effectively position our Company for a low-carbon future

- Target: 30% carbon emissions savings associated with current and new customers by 2035, from a 2015 baseline
- Build public policy coalitions to support this goal



Constructive Regulation

Further a successful regulatory agenda that serves the interests of customers, benefits the company, meets the duties of regulators and furthers stakeholders' missions



Enable Growth

Channel our organizational energies around revenue growth so we can succeed in an increasingly competitive and complex marketplace

- Simplify processes and leverage technology
- Examine our tariffs to meet new market demands and a low-carbon business model



Superior Customer Experience

Improve processes, deploy new technology and use metrics to continually improve and meet evolving customer expectations

Continue to drive operational priorities that ensure we are delivering safe, reliable and superior service



Workforce of the Future

Foster a culture of accountability, creativity and collaboration that is inclusive and supports opportunities for cross-functional effectiveness

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NATURAL GAS UTILITY

GAS UTILITY AT A GLANCE

- 160 years of service in our communities
- Largest stand-alone local distribution company in the Pacific Northwest
- Serve 2.5 million people in more than 140 communities through more than 750,000 meters in Oregon and southwest Washington
- Consistently recognized for high-quality customer service by J.D. Power
- One of the safest, most modern distribution systems in the country



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DIVERSE RESOURCE PORTFOLIO

Gas Supply

- 60% supply from Canada
- 40% supply from the Rockies
- Natural gas serves territory through one bi-directional pipeline

LNG Peaking Facilities

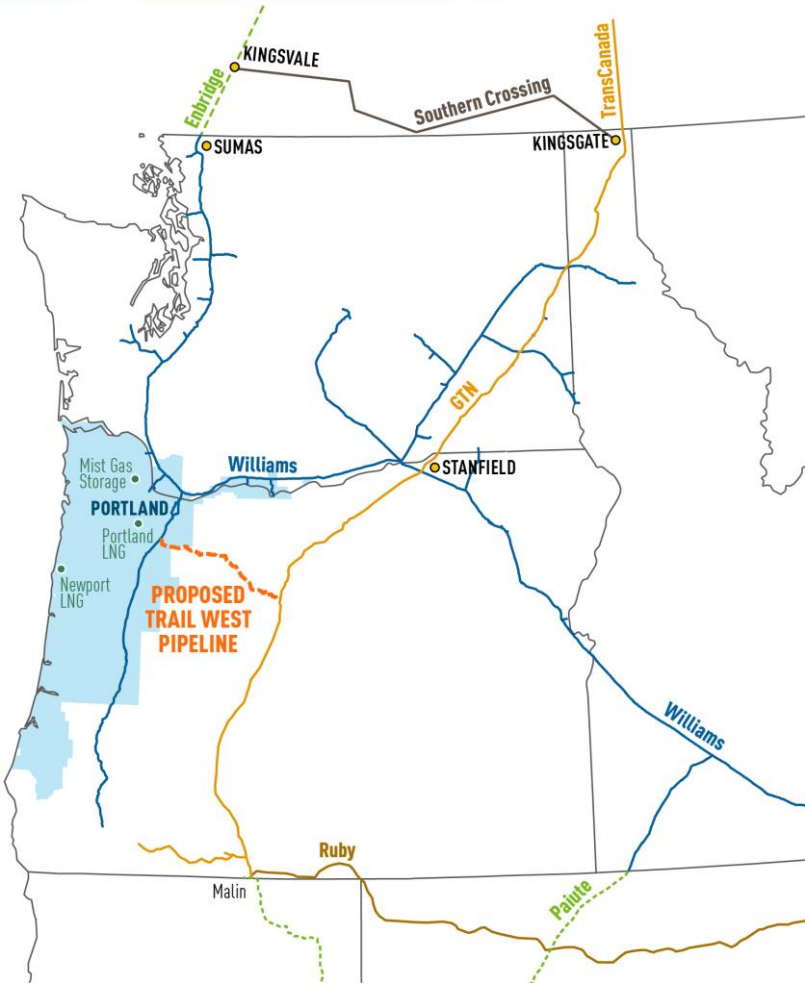
- Portland LNG – 0.6 Bcf
- Newport LNG – 1.0 Bcf

Mist Gas Storage Facility

- Valuable asset – limited storage in the Pacific Northwest
- 16 Bcf facility with 11 Bcf serving utility customers and 5 Bcf under long-term contracts
- Utility can recall 5 Bcf to support customer demand

North Mist Storage Expansion

- 4 Bcf expansion serves a single customer under long-term contract



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ATTRACTIVE ECONOMY

OREGON AMONG TOP IN NATION

#2 Percentage of In-Bound Moves
#8 Real GDP Growth Rate
#12 Nonfarm Payroll Growth Rate

GROWING BUSINESSES

NIKE
Columbia Sportswear Company®
FLIR
adidas
intel
qorvo
all around you
UNDER ARMOUR



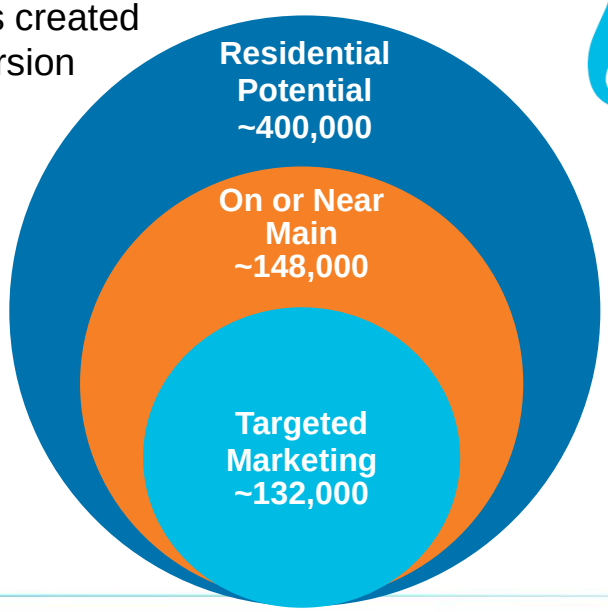
Source: In-bound moves rate from 2018 United Van Lines Movers Study; GDP Growth Rate from US BEA by state growth rate for 12 months ended Dec. 2018; Nonfarm payroll growth from US BLS for 12 months ended July 2019 (Oregon 1.9% vs. US state average 1.3%)

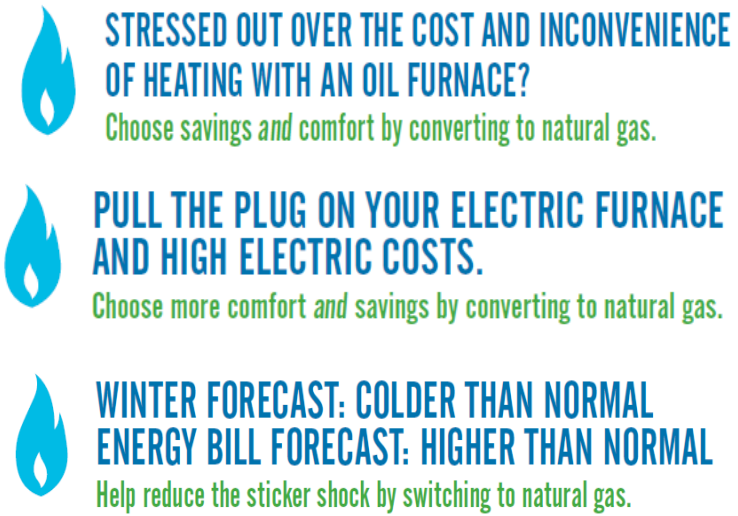
Serving Growing Communities

DATA-DRIVEN MARKETING

Segmentation Strategy

- NW Natural works with a consulting firm to develop a qualitative propensity modeling approach
- Attributes from the past 10 years of converted customers are analyzed to determine premise and homeowner traits that correspond to the likelihood of conversion
- A segmented database is created and non-customer conversion prospects are messaged through direct-marketing campaigns using up to 7 unique segments







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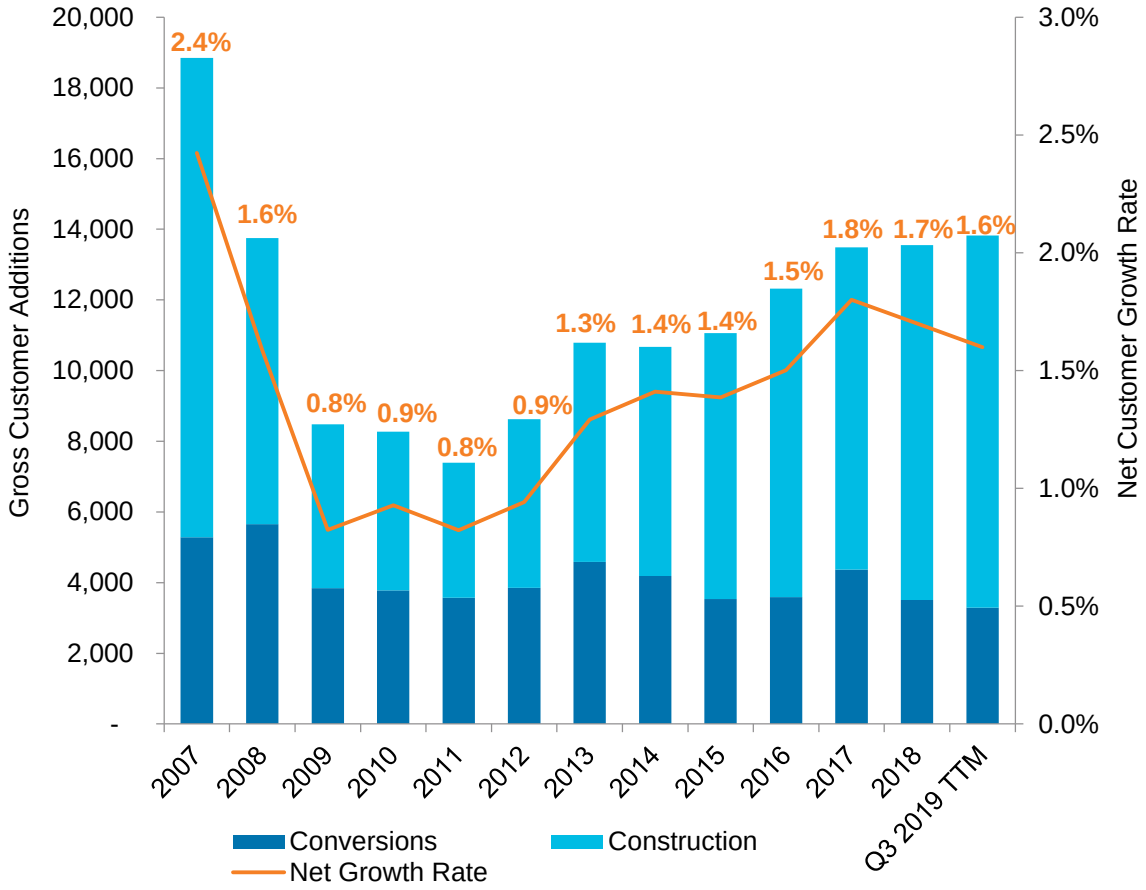
LEADING IN CUSTOMER GROWTH

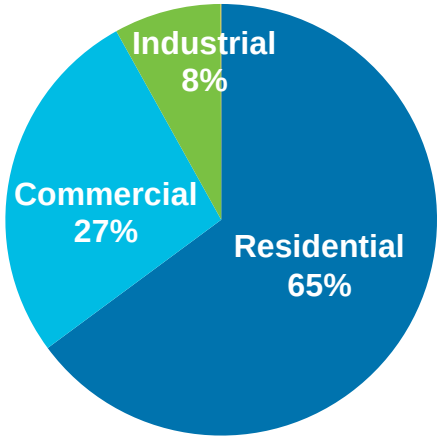
Maintaining Strong Growth



Growth by Sector - 2018

Residential	1.7%
Commercial	1.8%
Industrial	0.7%
TOTAL	**1.7%**

Utility Margin - 2018



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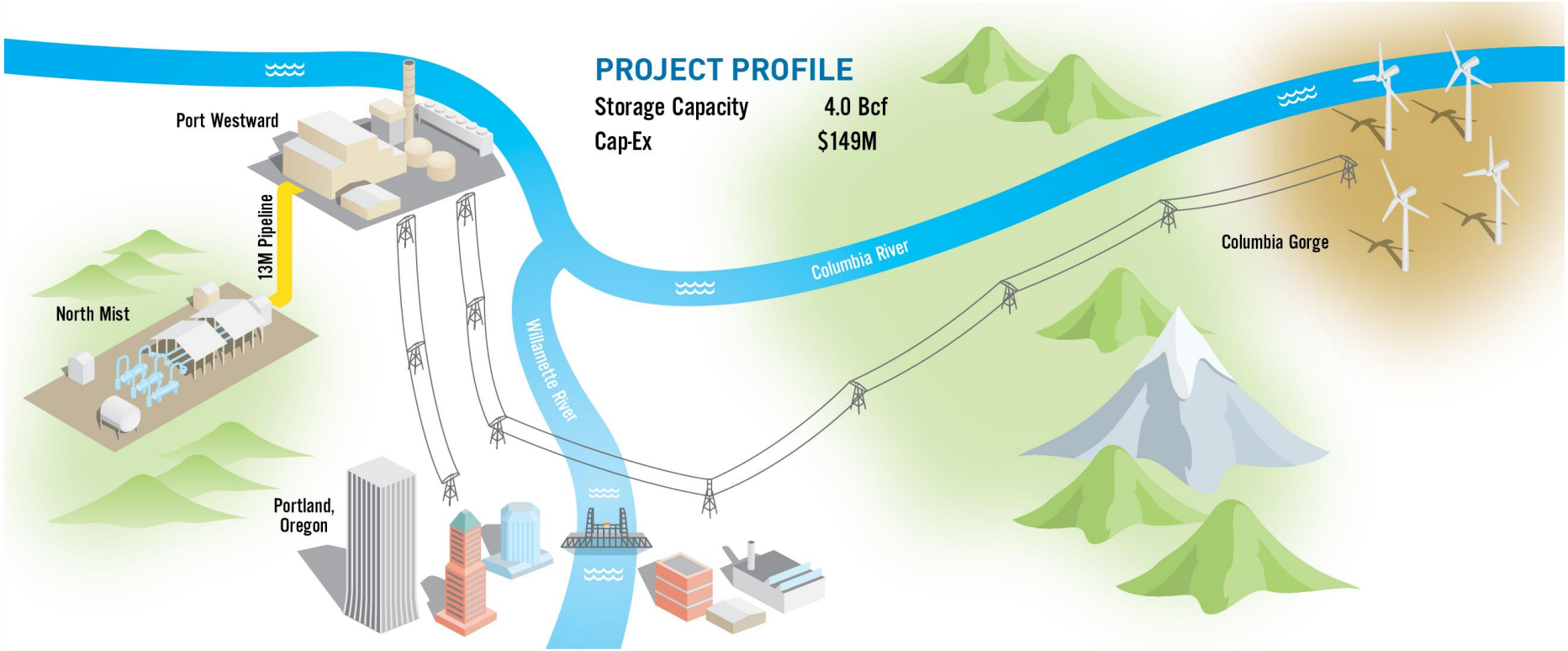
INVESTING IN INNOVATION

- Unique no-notice 24/7 storage service supporting gas-fired electric generating facilities that are integrating wind into energy generation mix
- $149 million investment was immediately included in rate base once placed into service in May 2019
- Contracted under 30-year agreement with single-customer (Portland General Electric)*



*Contract includes options to extend up to an additional 50 years

INVESTING IN OUR GAS SYSTEM

Customer growth
- New construction & conversions
- Main extensions

Safety & Reliability
- Recurring replacements
- Enhanced system reliability to support customer growth

Technology & Facilities
- Efficiencies & cybersecurity
- Resource center renovations and headquarters

Potential Future Opportunities
- PHMSA & seismic projects not included in current 5-year range

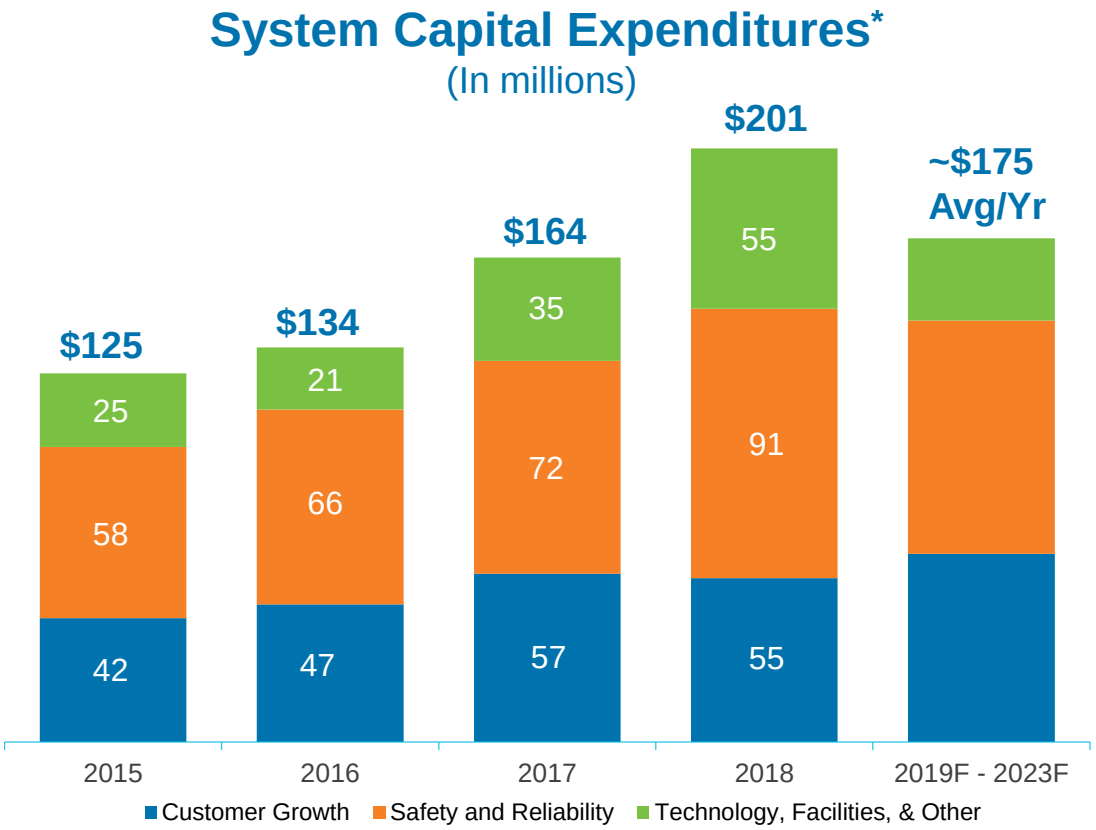


*Chart is based on accrual cap-ex figures and excludes North Mist Project

Five-Year Cap-Ex Approximately $875 Million

PROGRESSIVE REGULATION

	OREGON	WASHINGTON
KEY MECHANISMS:		
Decoupling/WARM	✓	
Purchased Gas Adjustment	✓	✓
Environmental Cost	✓	✓
Incentive Sharing(1)	✓	
RATE CASE TEST YEAR	Forward	Historic(3)
RATE STRUCTURES:		
ROE	9.4%	9.4%
ROR	7.317%	7.161%
Equity Ratio	50%	49%
2018 Rate Base(2)	$1.2B	$0.2B

(1) In Oregon, NW Natural shares PGA gains and losses
(2) Oregon rate base includes gas reserves
(3) In 2019 SB 5116 was passed granting the WUTC authority to incorporate costs and capital up to 48 months after the rate effective date

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OREGON RATE CASE

- **Oct. 2018 Order Resolved Majority of Items –** Revenue requirement and sharing allocations for utility asset management revenue with customers resolved
- **March 2019 Order Resolved Remaining Items in Case –** Addressed how to provide tax reform savings to customers and recovery of the pension balancing account, which are primarily cash flow related matters. Resulted in regulatory disallowance of certain pension costs
- **Customer Rate Impacts –** Oregon customers rates declined 1.6% from the combined effect of the Oregon general rate case and annual Purchase Gas Adjustment (PGA) for the 2018-19 gas year

	2012 Rate Case	Final 2018/19 Rate Case Outcome
ROE	9.5%	9.4%
ROR	7.78%	7.317%
Equity/Debt Ratio	50 / 50	50 / 50
Rev. Requirement		+$24.8M
Net Income		+$11.4M
Cash Flows		+$21.3M
Rate Base	$886M	$1,201M
Non-Cash Charge (After-tax)		-$6.6M

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WASHINGTON 2019 RATE CASE

- **Order in October 2019 –** Resolves all items in rate case with rates effective Nov. 1, 2019
- **Tax Reform –** Provide customers with $2.1M benefits in first year with $0.5M benefit each year thereafter
- **Environmental Mechanism –** recovery of remediation expenses associated with historical manufactured gas plant clean-ups attributable to Washington

	2009 Rate Case	Final 2019 Rate Case Outcome
ROE	10.1%	9.4%
ROR	8.4%	7.161%
Equity/ LT Debt/ ST Debt Ratio	51 / 44 / 5	49 / 50 / 1
Rev. Requirement		+$5.1M
Net Income		+$3.8M
Rate Base	$127.8M	$173.7M

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WATER

STRATEGIC RATIONALE

The water and wastewater sector aligns well with NWN's conservative risk profile and offers diversification, stable cash flows, and substantial long-term investment opportunities

Conservative Business Profile

- Demand for water and wastewater is relatively inelastic
- Stable, predictable cash flows

Aligns with Core Competencies

- Aligns with our core competencies including:
  - Customer service
  - Developing and managing critical distribution infrastructure safely and reliably
  - Environmental stewardship
  - Constructive regulatory engagement

Supportive Regulatory Environment

- Existing constructive relationships with regulators that can be extended to water sector
- Federal and state agencies driving upgrades to water and wastewater infrastructure

Need for Substantial Investment

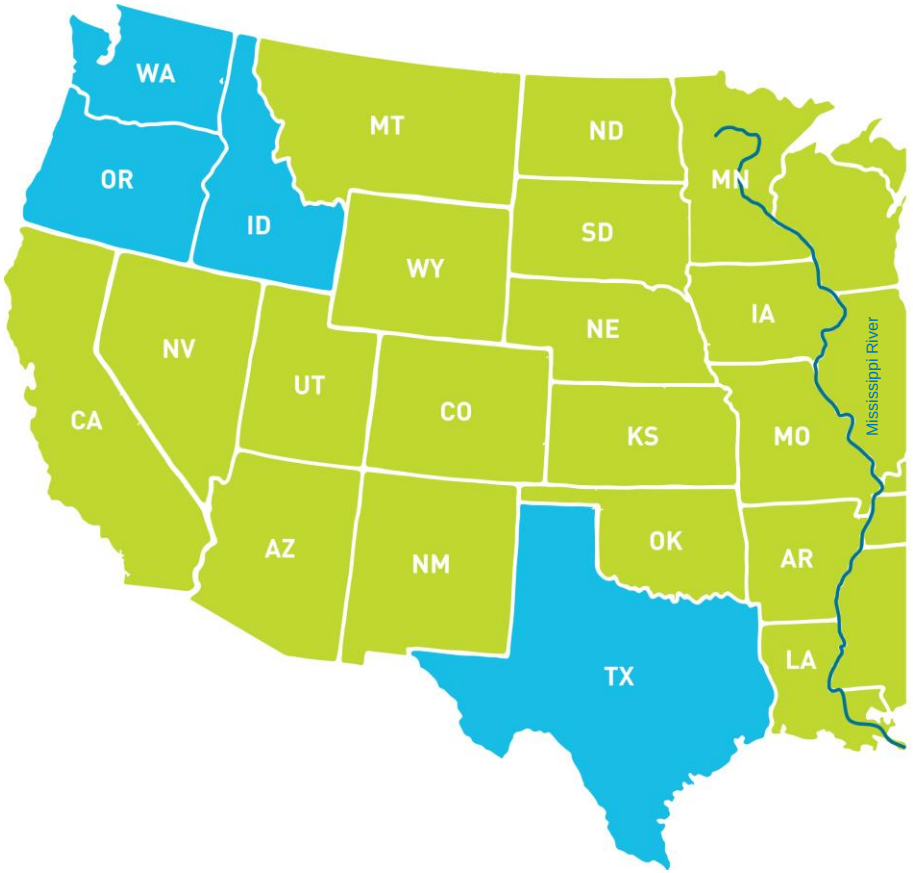
- EPA estimates over $775 billion in water and wastewater capital needs nationally through 2040
- Over long term, growing water business targeted to be an earnings driver and opportunity to deploy capital at attractive rates of return for infrastructure needs

Deliberate and Disciplined Acquisition Strategy

WATER & WASTEWATER OPPORTUNITIES

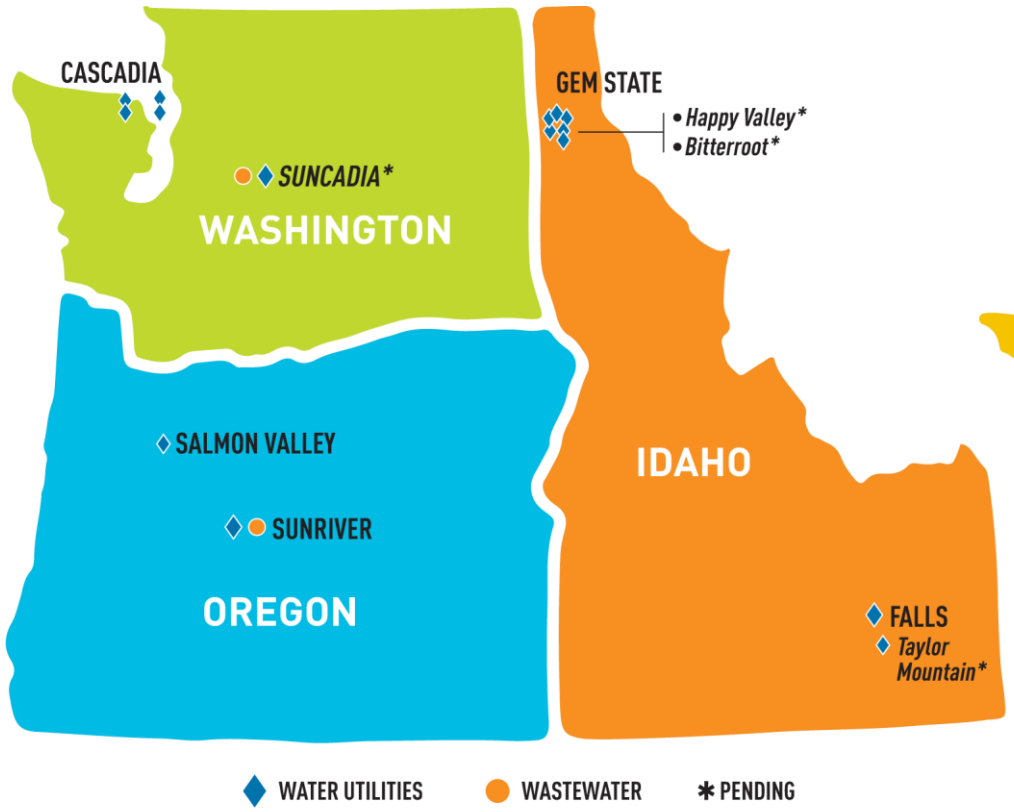
	All Water and Wastewater Systems		Privately Owned Systems	
	Systems	Connections	Systems	Connections
Pacific Northwest	4,700	5.6M	**2,760**	**511,000**
Texas	5,739	17.3M	**2,400**	**400,000**
West of Mississippi	36,500	77.3M	16,700	9.1M
United States	77,000	188.6M	30,160	20.5M

Numbers in table above represent permanent community water and wastewater systems
Source: Bluefield



Opportunities for Acquisitions in the West

EXPANDING FOOTPRINT





	Closed	Pending[2]	Total
People served[1]	45,800	16,100	61,900
Connections	18,000	6,900	24,900

(1) People served is based on estimated average household size for service territory
(2) Pending transactions are expected to close in 2019 or 2020

FINANCIAL PERFORMANCE



FOCUS ON EARNINGS

Increased Earnings in 2019

- New rates from Oregon general rate case
- Strong customer growth
- Timing matters related to tax reform and Oregon general rate case offset annually

Expectations for 2019

- Continued customer growth
- Elevated investments in system
- Continued operational efficiency

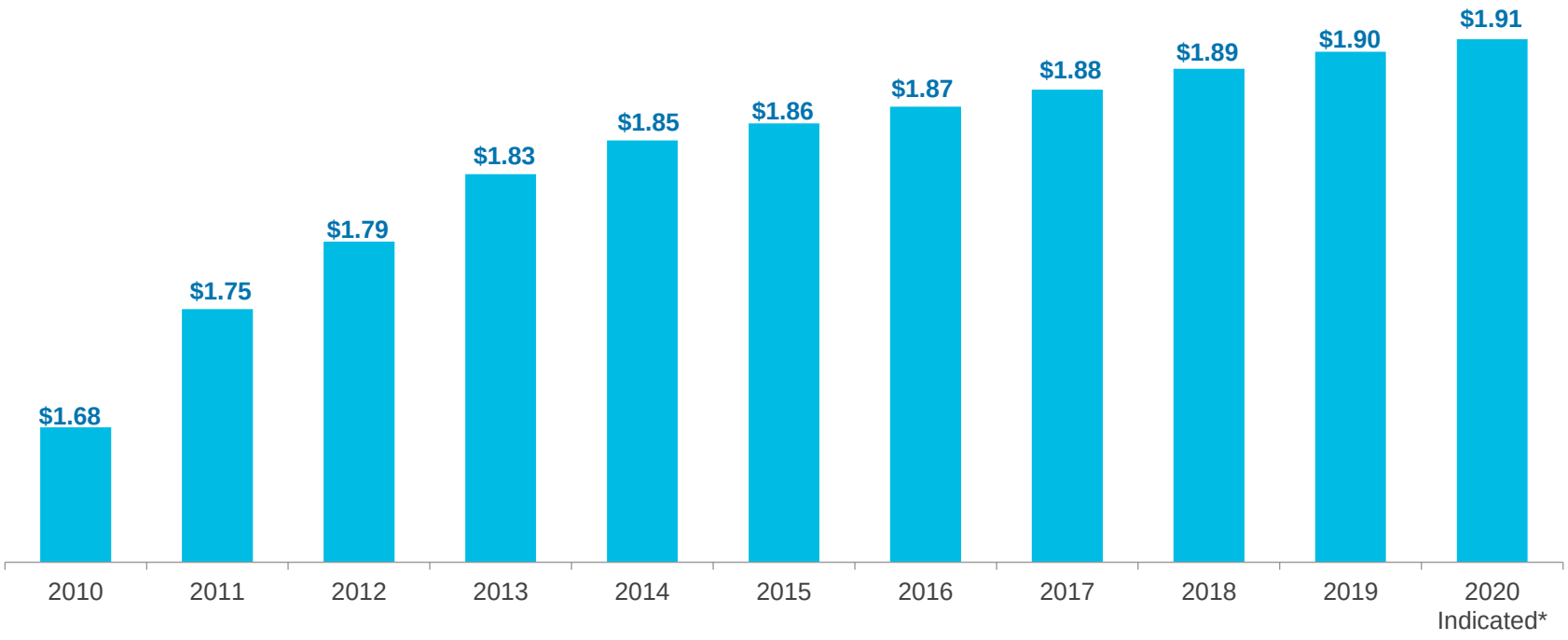
	Third Quarter		YTD Sept. 30	
	2019	**2018**	**2019**	**2018**
EPS Continuing Ops	$(0.61)	$(0.39)	$0.91	$1.06
Adjusted EPS* Cont. Ops	$(0.61)	$(0.39)	$1.13	$1.06

	2018	**2017**	**2016**
Consolidated EPS	$2.24	$(1.93)	$2.12
Adjusted Consolidated EPS*	$2.24	$2.24	$2.19

*Adjusted consolidated 2016 EPS excludes regulatory disallowance of $3.3 million pre-tax ($2.0 million after-tax or $0.07 per share) from GAAP consolidated net income of $58.9 million or $2.12 per share. Adjusted 2017 consolidated EPS excludes Gill Ranch impairment of $192.5 million pre-tax ($141.5 million after-tax or $4.91 per share) and tax reform benefits of $21.4 million or $0.74 per share from GAAP consolidated net loss of $55.6 million or $1.93 per share. Adjusted YTD Q3 2019 EPS from continuing operations excludes regulatory disallowance of $10.5 million pre-tax ($6.6 million after-tax or $0.22 per share) from GAAP net income from continuing operations of $27.0 million or $0.91 per share. See appendix for non-GAAP reconciliation.

Continued Investment Fueling EPS Growth

64 YEARS OF GROWING DIVIDENDS



*Future dividends are subject to Board of Director discretion and approval

1 of only 3 Companies on NYSE with 64-Year Legacy of Increasing Annual Dividends

STRONG CASH FLOWS & LIQUIDITY

NW Holdings

- $100 million credit facility. Expires in 2023 with $50 million accordion and extension for two additional one-year periods
- Access to capital markets

NW Natural

- $300 million credit facility. Expires in 2023 with $150 million accordion and extension for two additional one-year periods
- Access to capital markets
- Solid credit ratings(1)

NW Natural Credit Ratings(1)

	S&P	Moody's
Secured Debt	AA-	A2
Commercial Paper	A-1	P-2
Outlook	Stable	Stable

(1) The above credit ratings are dependent upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of these credit ratings is not a recommendation to buy, sell or hold NW Holdings securities

NW Natural HOLDINGS™

CONCLUSION



INVESTMENT THESIS

Stable and growing utility margins driven by targets and expectations over the next five years including:

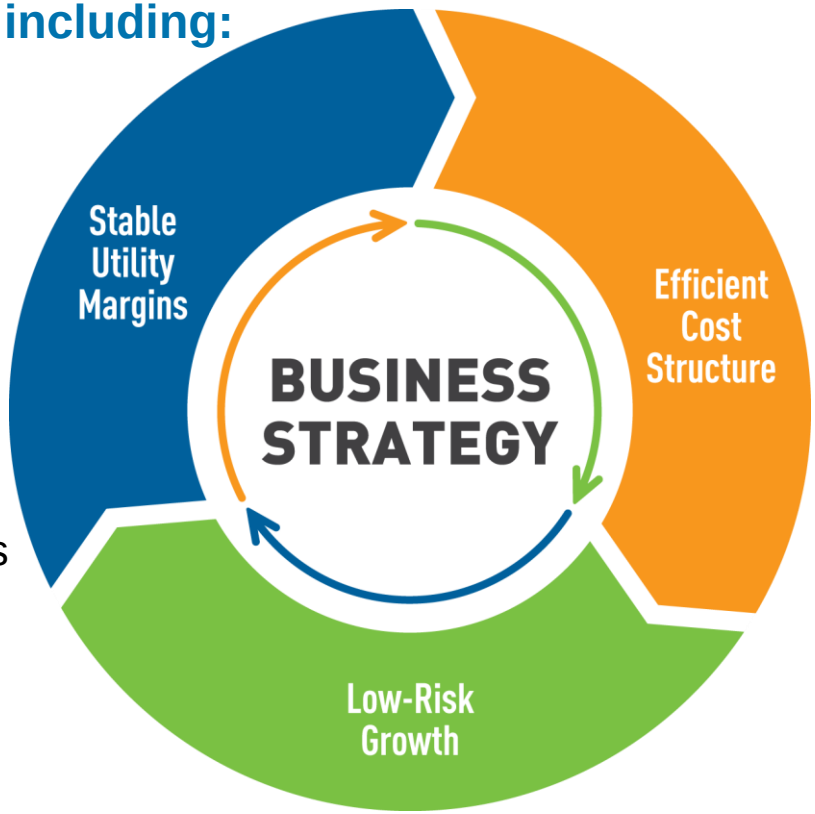
- EPS growth of 3% – 5%
- Gas utility customer growth 1.7%+
- Gas utility $820 - $910 million five-year capital plan, targeting rate base growth of 4% – 6%

Excellent operations and efficient cost structure

- Commitment to safety, reliability, and high-quality service
- Continued focus on efficient business operations

Low-Risk Growth

- North Mist in gas utility segment provides additional regulated storage
- Water strategy provides earnings diversity

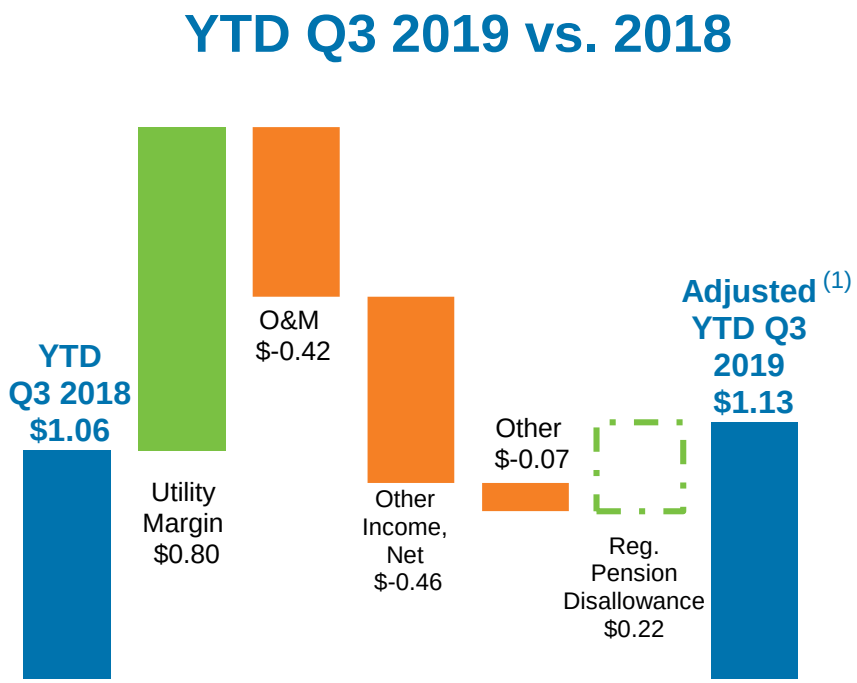


Stable and Growing Return Proposition


APPENDIX

NET INCOME FROM CONTINUING OPERATIONS

- Utility margin higher
  - New rates in Oregon
  - Strong customer growth of 1.6%
- O&M and other income, net increase related to pension balancing account disallowance and recovering pension expenses through rates under Oregon rate case, which is offset with revenues
  - Other income, net includes regulatory interest recognized on pension balancing account



(1)Adjusted YTD Q3 2019 net income from continuing operations is non-GAAP and excludes the regulatory pension disallowance of $10.5 million pre-tax or $6.6 million and 22 cents per share after-tax. See "Non-GAAP Reconciliation" for additional information in Appendix

Higher Earnings from New Gas Rates in Oregon

NON-GAAP RECONCILIATION

	YTD Q3 '19		YTD Q3 '18		FY 2018		FY 2017		FY 2016	
	$	EPS	$	EPS	$	EPS	$	EPS	$	EPS
(In millions)										
Consolidated net income (loss)	N/A	N/A	N/A	N/A	$64.6	$2.24	$(55.6)	$(1.93)	$58.9	$2.12
Gill Ranch impairment[1]	N/A	N/A	N/A	N/A	-	-	192.5	6.68	-	-
Income tax effect of impairment[1]	N/A	N/A	N/A	N/A	-	-	(51.0)	(1.77)	-	-
Tax reform benefit[2]	N/A	N/A	N/A	N/A	-	-	(21.4)	(0.74)	-	-
Regulatory environmental disallowance[3]	N/A	N/A	N/A	N/A	-	-	-	-	3.3	0.12
Income tax effect of disallowance[3]	N/A	N/A	N/A	N/A	-	-	-	-	(1.3)	(0.05)
Consolidated adjusted net income	N/A	N/A	N/A	N/A	$64.6	$2.24	$64.5	$2.24	$60.9	$2.19
Net income from continuing operations	$27.0	$0.91	$30.5	$1.06	$67.3	$2.33	$72.1	$2.51	$62.4	$2.25
Tax reform benefit[2]	-	-	-	-	-	-	(3.4)	(0.12)	-	-
Regulatory environmental disallowance[3]	-	-	-	-	-	-	-	-	3.3	0.12
Regulatory pension disallowance[4]	10.5	0.35	-	-	-	-	-	-	-	-
Income tax effect of disallowance[3][4]	(3.9)	(0.13)	-	-	-	-	-	-	(1.3)	(0.05)
Adjusted net income from continuing operations	$33.6	$1.13	$30.5	$1.06	$67.3	$2.33	$68.7	$2.39	$64.4	$2.32
Diluted Shares		29.6		28.8		28.9		28.8		27.8

(1) Gill Ranch non-cash impairment recognized as of Dec. 31, 2017. Tax effect of adjustment is calculated using a combined federal and state statutory rate of 26.5%
(2) Tax reform non-cash (benefit) expense recognized in income tax expense as a result of federal tax rate changing from 35% to 21% effective Dec. 22, 2017
(3) Regulatory environmental disallowance recognized in 2016. Tax effect of adjustment is calculated using a combined federal and state statutory rate of 39.5%
(4) Regulatory pension disallowance recognized in Q1 2019. Tax effect of adjustment is calculated using a combined federal and state statutory rate of 26.5% as well as a $1.1 million deferred tax asset specifically associated with the pension balancing account.

SUPPORTIVE MECHANISMS

OREGON
Decoupling

- Breaks link between earnings and consumption by removing incentive to increase usage
- Employs use-per-customer decoupling calculation, which adjusts margin revenues to account for the difference between actual and expected customer volumes

OREGON
Weather Normalization (WARM)

- Stabilizes collection of fixed costs for residential and commercial customers
- Adjusts billings based on temperature variances compared to average weather
- Applied from December through May of each heating season

OREGON • WASHINGTON
Purchased Gas Adjustment (PGA)

- Adjusts annual rates to reflect changes in expected cost of gas commodity purchases
- Includes spot purchases, contract supplies, derivatives, storage inventories, in OR gas reserves
- Includes temporary rate adjustments amortizing deferred regulatory account balances

OREGON • WASHINGTON
Environmental Cost Mechanism

- Recovers environmental costs attributed to Oregon and Washington
- Costs are subject to an annual prudence review and in Oregon an earnings test[1]
- Allows for deferral of environmental costs and in Oregon the accrual of carrying costs

(1) To the extent the utility earns more than its authorized ROE in Oregon in a year, the utility is required to cover environmental expenses and interest on expenses greater than $10 million (plus interest from insurance proceeds) with those earnings that exceed its authorized ROE

CURRENT UTILITY COMMISSIONERS

OREGON COMMISSION (OPUC)



Megan Walseth Decker, Chair (D)

- Appointed April 2017
- Term ends March 2021
- Appointed Chair May 2018



Mark Thompson (I)

- Subject to Senate hearing & confirm Nov. 19-20
- Filling Commissioner Bloom's seat



Letha Tawney, Commissioner (D)

- Appointed May 2018
- Term ends May 2020

WASHINGTON COMMISSION (WUTC)



David Danner, Chair (D)

- Appointed chair Feb 2013
- Current term ends Jan 2025



Ann Rendahl, Commissioner (D)

- Appointed Dec 2014
- Current term ends Nov 2020



Jay Balasbas, Commissioner (R)

- Appointed Feb 2017
- Term ends Jan 2023

IDAHO COMMISSION (IUTC)



Paul Kjellander, President (R)

- Appointed 2017
- Current term ends Jan 2023



Kristine Raper, Commissioner (D)

- Appointed Feb 2015
- Current term ends Jan 2021



Eric Anderson, Commissioner (R)

- Originally appointed Dec 2015
- Term ends Jan 2025

MIST STORAGE FACILITY

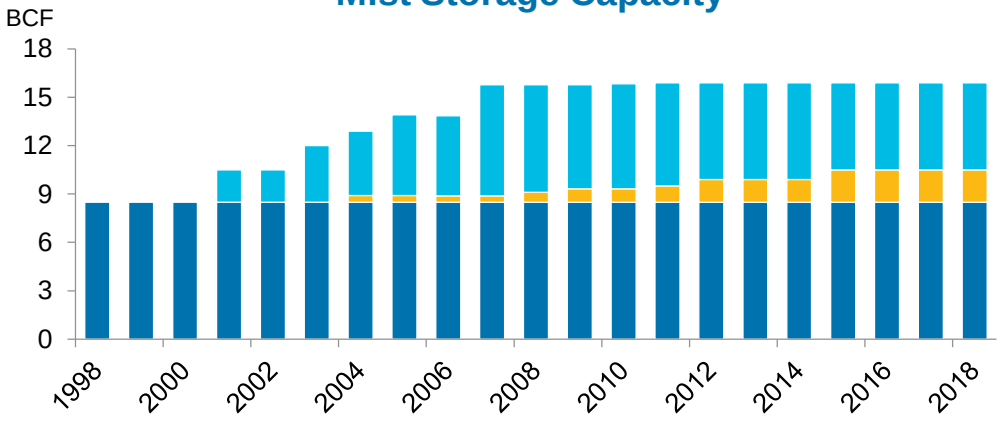
Overview

- In operation since 1989
- Storage capacity at Mist 16 Bcf
  - 11 Bcf Core Utility
  - 5 Bcf Interstate Storage Services

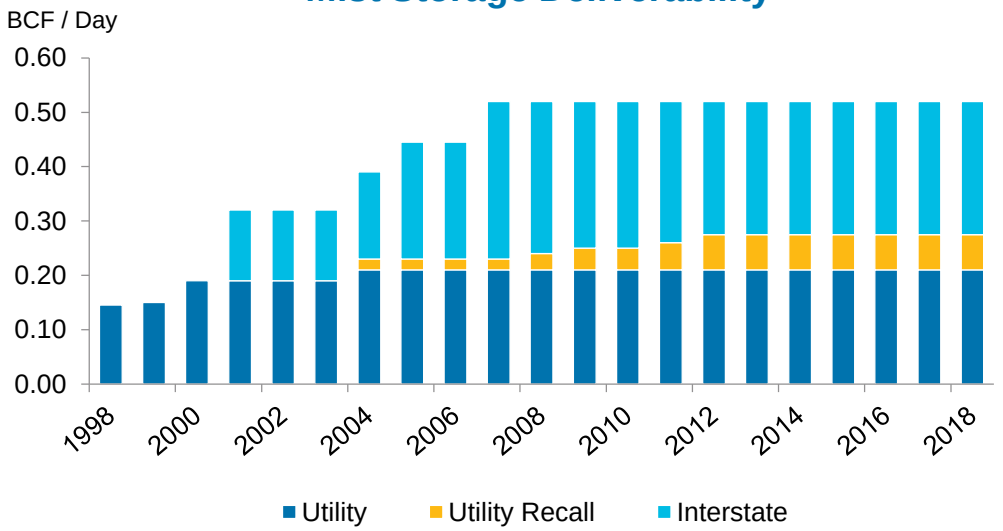
Unique, Valuable Asset

- Limited storage options in Pacific Northwest
- Part of utility's diverse, reliable gas supply strategy
- Utility can recall Interstate portion for Core Utility demand
- Optimize non-utility portion and share revenues with utility customers
- 5 Bcf under long-term high-value contracts

Mist Storage Capacity

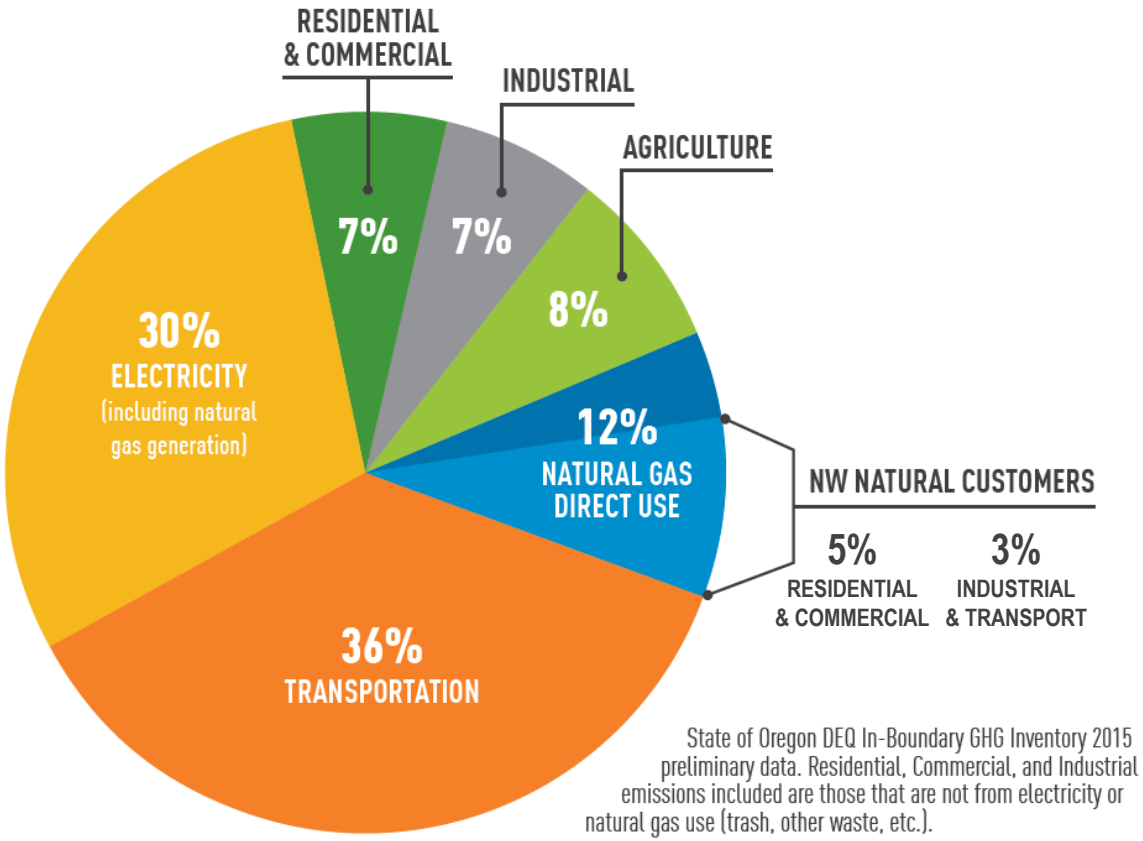


Mist Storage Deliverability



NWN SYSTEM HIGHLY EFFICIENT

Oregon's GHG Emissions



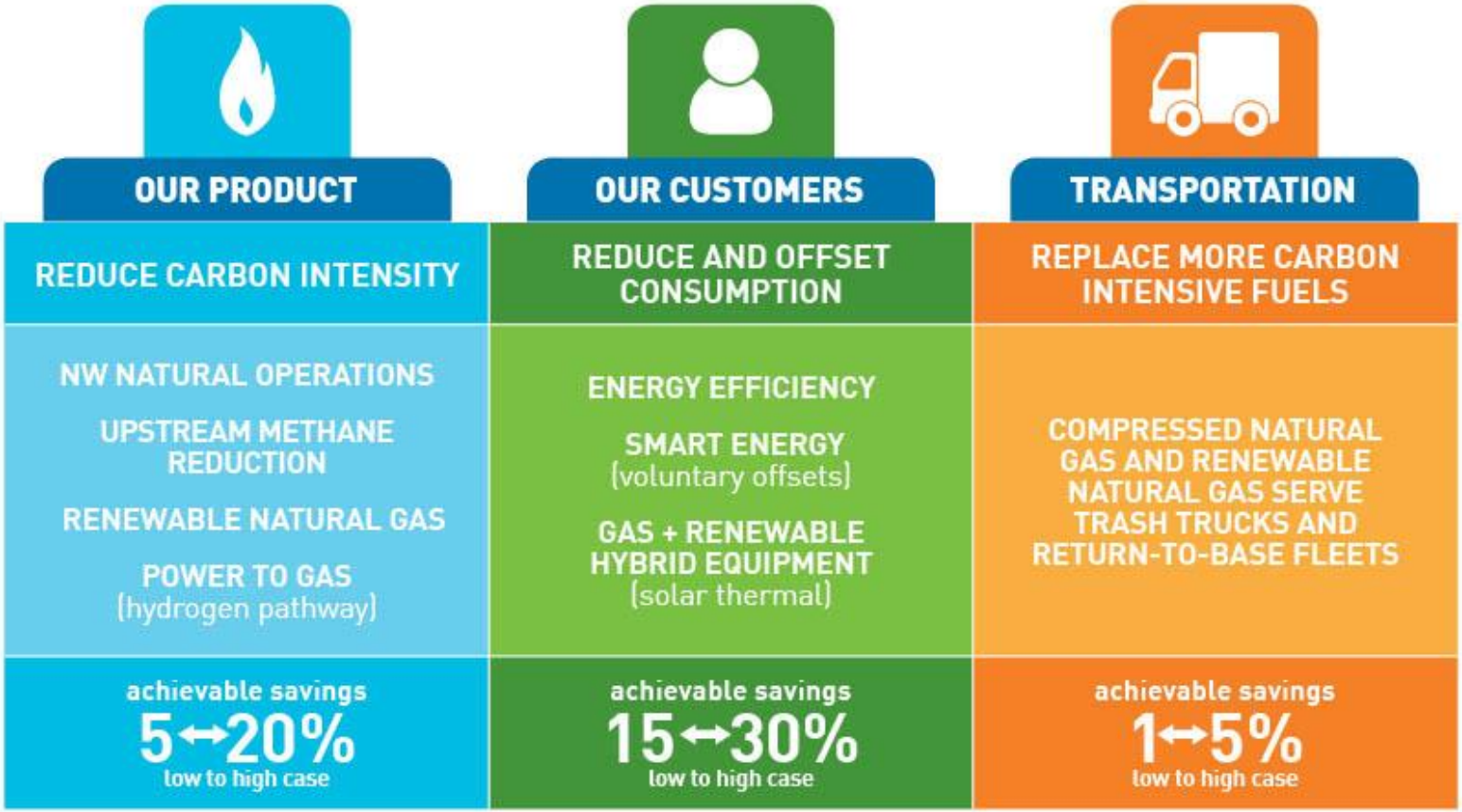
State of Oregon DEQ In-Boundary GHG Inventory 2015 preliminary data. Residential, Commercial, and Industrial emissions included are those that are not from electricity or natural gas use (trash, other waste, etc.).

NW Natural's System

- **Heats 74%** of residential square footage in the areas we serve
- **Provides 90%** of peak day energy needs for our residential space and water heat customers
- Our customers' emissions **account for just 8%** of Oregon's total carbon emissions

OUR LOW-CARBON PATHWAY

VOLUNTARY GOAL: 30% CARBON SAVINGS BY 2035



Baseline: 2015 emissions associated with customer use

DEEP DECARBONIZATION



How does the Pacific Northwest achieve an 80% reduction in economy-wide GHG emissions by 2050 from a 1990's baseline? What pathways are possible and what are the trade offs?

Natural gas will be critical to achieving deep decarbonization

- All four separately commissioned Northwest studies show natural gas is pivotal to achieving deep decarbonization most affordably and reliably
- NW Natural commissioned a study by premier environmental consultant, E3, to analyze how to achieve the goal while also serving peak energy needs on the coldest winter days

E3 study shows direct use of gas offers a viable, pragmatic path toward 2050 targets

- Study showed that with a 25% blend of renewable natural gas, the region can achieve deep decarbonization more affordably by using the existing gas system already in place
  - Recent Oregon Department of Energy study identified nearly 50 Bcf of RNG technical potential
  - Assumes commercialization of gas heat pumps
- Full electrification of heating would require:
  - Perfect adoption and proper installation of "cold climate" heat pumps in 2 million existing homes and businesses
  - The equivalent energy of 38 new large gas-fired peaker plants to serve 17 Gigawatts of new electric winter load
  - At an estimated incremental cost that grows to $3 billion more annually by 2050
  - Other electric scenario with more typical heat pump installations had an estimated incremental cost of $9.5 billion annually

INNOVATIVE MARKETING TOOL

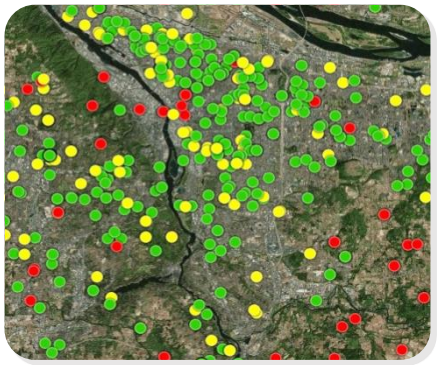
Competitive Advantage

- Low-cost, reliable, clean energy choice
  - Up to 70% cost advantage
- Preferred by 9 out of 10 homeowners
  - Comprehensive research quantifies preference and value of gas
- Strong trade ally network
  - Rate NWN 9 out of 10 for satisfaction
- Leverage preference and robust analytics
  - Data driven, proven methodology
- Serve approximately 63% of single-family homes

Technology Differentiation

- Cutting edge web-based tool for targeted conversions, validates customer interest
- Enhanced web services for trade allies
- Ability to proactively identify targets and analyze cost profiles
- Ability to identify potential main extensions





Gas Available
Gas Not Currently Available
Gas Likely Available

NW Natural HOLDINGS™

FOCUSING ON MULTIFAMILY

Market Activity

- Increase in multifamily construction, especially mixed-use developments in urban areas
- Tight rental market, in-migration, and positive economic trends have led to segment growth
- See apartments as a previously untapped growth opportunity and new priority segment

Executing on the Opportunity

- Utilized upstream intelligence to engage developers early about building design and equipment scenarios
- Analyzed renter preferences and natural gas availability, showing a competitive opportunity
- Created comprehensive marketing program (streamlined piping and meter room design, technical support and financial incentives)
- Gained approval of new multifamily tariff in July 2017 – provides developers more options



Goose Hollow Lofts –2018
61 units



The Carson – 2018
385 units

NW Natural HOLDINGS™

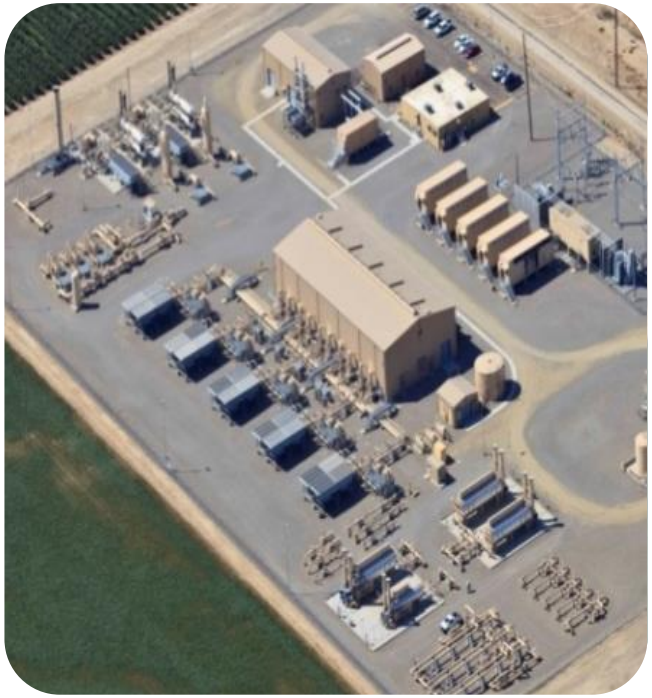
WATER TRANSACTIONS

Transaction	People Served	Connections	Location	Date Signed	Date Closed	NWN Water Company Entity
Salmon Valley Water Company	1,500	922	Welches, OR	12/18/2017	11/1/2018	Salmon Valley
Falls Water Company	17,900	5,408	Idaho Falls, ID	12/19/2017	9/13/2018	Falls Water
Lehman Enterprises	2,894	907	Whidbey Island, WA	5/15/2018	11/2/2018	Cascadia
Sea View Water	606	190	Whidbey Island, WA	5/15/2018	11/2/2018	Cascadia
Sunriver Water & Environmental	20,000	9,400	Sunriver, OR	10/12/2018	5/31/2019	Sunriver
Spirit Lake East/Lynnwood	750	300	Coeur d'Alene, ID	12/18/2018	7/31/2019	Gem State
Estates/Monterra	1,400	560	Sequim, WA	1/22/2019	5/1/2019	Cascadia
Diamond Bar/Bar Circle S	780	310	Coeur d'Alene, ID	3/21/2019	10/1/2019	Gem State
Total Closed	**45,830**	**17,997**				
Taylor Mountain Water & Sewer	810	324	Idaho Falls, ID	6/28/2019		Falls Water
Happy Valley/Bitterroot	450	180	Coeur d'Alene, ID	9/12/2019		Gem State
Suncadia Water & Environmental	5,950	2,798	Cle Elum, WA	10/12/2019		Suncadia
T&W Water	8,880	3,552	Conroe, TX	10/31/2019		TBD
Total Pending	**16,090**	**6,854**				
Total Closed & Pending	**61,920**	**24,851**				

GILL RANCH STORAGE

Status

- Determined Gill Ranch is no longer central to our long-term regulated growth strategy
- At Dec. 31, 2017 recognized non-cash impairment of $192.5 million pre-tax ($141.5 million after-tax)
- On June 20, 2018 signed a purchase and sale agreement to sell Gill Ranch
- Working toward closing transaction in next few months
- Gill Ranch presented in discontinued operations in financial statements beginning Q2 2018



Background

- NW Natural owns 15 Bcf or 75% of the 20 Bcf Gill Ranch storage facility near Fresno, CA. PG&E owns the remaining 5 Bcf or 25% of the Gill Ranch facility
- California storage challenged by low market prices and low price volatility due to abundant supply of natural gas and storage facilities in region

GROWTH
SUSTAINABILITY
INNOVATION

NW Natural HOLDINGS™