LEAD.
INNOVATE.
GROW.

Investor Presentation
February 2018

NW Natural®

INVESTOR INFORMATION

COMPANY INFORMATION

NW Natural
220 NW Second Ave.
Portland, OR 97209
nwnatural.com

Nikki Sparley
Director, Investor Relations
(503) 721 – 2530
nikki.sparley@nwnatural.com



FORWARD LOOKING STATEMENTS

This and other presentations made by NW Natural 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, acquisitions and integration thereof, storage, pipeline and other infrastructure investments, commodity costs and sourcing, competitive advantage, 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 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, effects of regulatory 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 bonus depreciation and 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.

We provide **safe, reliable** and **affordable energy** in an environmentally responsible way to **better the lives** of the public we serve.





INTRODUCTION

NW NATURAL LEADERSHIP



Frank Burkhartsmeyer
Senior Vice President, Chief Financial Officer

Mr. Burkhartsmeyer is currently NW Natural's Senior Vice President and CFO effective May 17, 2017. Previously, Mr. Burkhartsmeyer served as President and CEO of Avangrid Renewables and Senior Vice President of Finance at Iberdrola Renewables US. He also held various director-level positions at PPM Energy (a subsidiary of ScottishPower), ScottishPower and PacificCorp (a subsidiary of ScottishPower). Mr. Burkhartsmeyer has an MBA from the University of Oregon and a Bachelor of Arts in Liberal Arts from the University of Montana.



Brody J. Wilson
Vice President, Treasurer and Chief Accounting Officer & Controller

Mr. Wilson is currently serving as NW Natural's Vice President and Treasurer effective May 17, 2017 in addition to his duties as Chief Accounting Officer and Controller. Mr. Wilson was appointed Chief Accounting Officer and Assistant Treasurer in 2016 and has been serving as NW Natural's Controller since 2013. Prior to joining the Company in 2012, he was a Senior Manager at PricewaterhouseCoopers LLP where he worked in PwC's Energy & Utility Group in Portland, Oregon and London, England. Mr. Wilson holds a Bachelor of Science in Accounting from George Fox University and is a CPA in Oregon.

INVESTMENT HIGHLIGHTS

Stable, Regulated Earnings Profile

- Low-risk business profile with over 95% of revenues from pure-play LDC
- Nearly 740,000 utility customers with nearly 14,000 miles of distribution and transmission mains
- Supportive regulatory environments in Oregon and Washington with progressive recovery mechanisms
- Modern distribution system – no identified cast iron or bare steel

Proven Financial Performance

- Stable dividends with 62-year record of increasing annual dividends
- Investment grade credit ratings from S&P and Moody's
- Experienced management team with broad knowledge of the energy industry

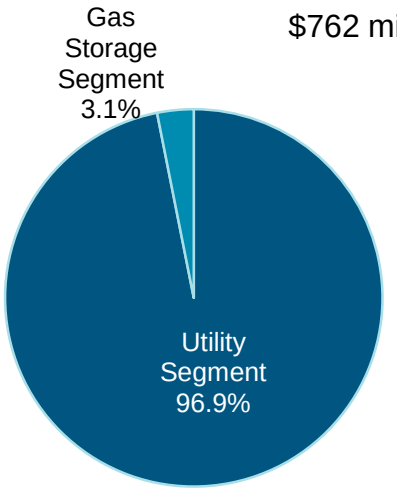
Tangible Growth Opportunities

- Projected five-year capital expenditures plan of $750 to $850 million
- LDC service territory experiencing above average customer growth (1.8% for the twelve months ending December 31, 2017)
- Continuous replacement of existing infrastructure to support reliability and safety
- Constructing $132 million regulated expansion of Mist facility, in-service Q4 2018
- Initiated water strategy with two planned acquisitions of small privately owned water utilities

HIGHLY REGULATED BUSINESS

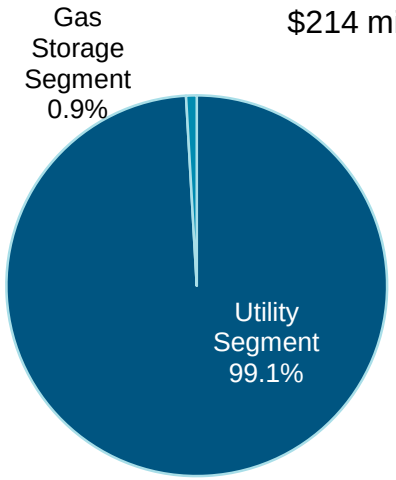
2017 Operating Revenues

$762 million



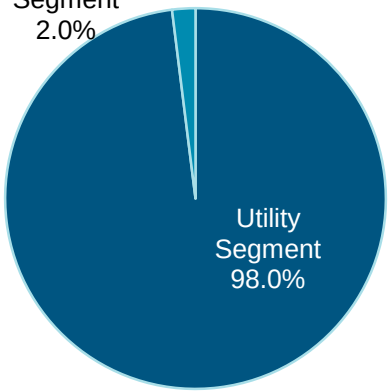
2017 Capital Expenditures

$214 million

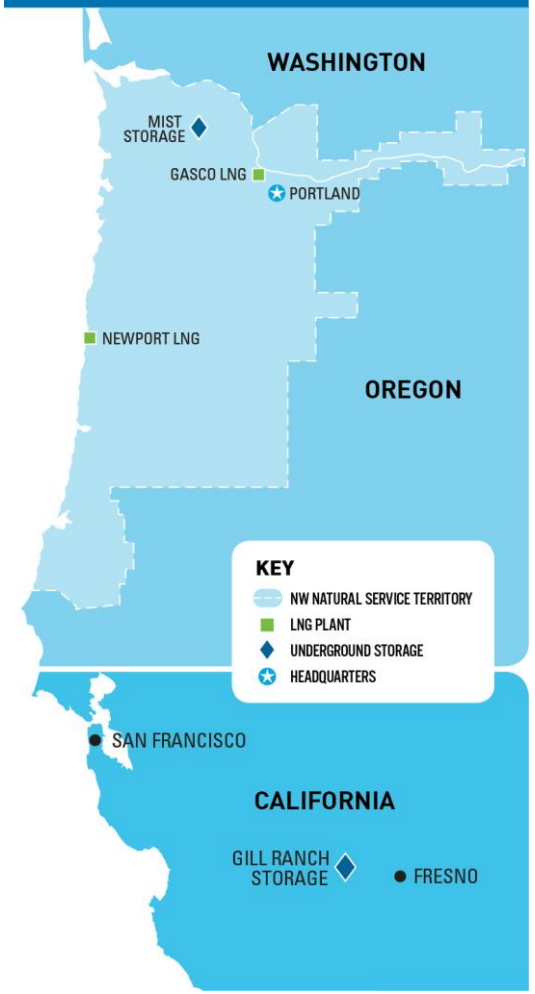


2017 Total Assets

$3.0 billion



SERVICE TERRITORY AND STORAGE FACILITIES



Notes: Percentages exclude Other segment due to values consistently being less than 1.0% of total.

CONSERVATIVE CORPORATE STRATEGY

Stable utility margins through progressive regulation

- Weather & decoupling mechanisms in Oregon
- Environmental cost recovery mechanism in Oregon
- Constructive relationships with regulators and customer groups

Excellent operations and efficient cost structure

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



Long-term growth opportunities that fit NWN's profile

- Utility: attractive and growing service territory driving above-average customer growth compared to peers and investments
- Mist facility: high-value long-term contracts, asset optimization, North Mist expansion
- Regulated water: announced long-term, disciplined strategy to acquire regulated water utilities in a highly fragmented industry with ample infrastructure investment opportunities

OUR STRATEGIC UTILITY GOALS



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.



Photo courtesy: Andy Bauer

CORE UTILITY SEGMENT

Over 95% of Revenues and Assets from Pure-Play LDC

Attractive Service Territory

- About 89% of customer base in Oregon and 11% in Washington
- Territory covers over 75% of Oregon's population
- Includes Clark County, Washington — historically rapidly growing area that is projected to be the fastest growing county in Washington[(1)]
- Supportive and progressive regulation

Growth Potential

- Organic opportunities — gas in about 63% of single-family homes
- Strong customer growth
- Positive economic trends and housing fundamentals in region

Safe, Reliable Service

- Strong safety record
- Modern distribution and transmission system — No known cast iron and bare steel since 2015
- State of the art training facility
- Hands-on scenario-based safety training
- Outstanding customer satisfaction — #1 in West, JD Power and Associates (2017)
- Resource diversity — 11 Bcf regulated gas storage and 2 Bcf LNG storage

Focus on Safety



Cap-Ex Focused on Safety, Reliability, and Growth

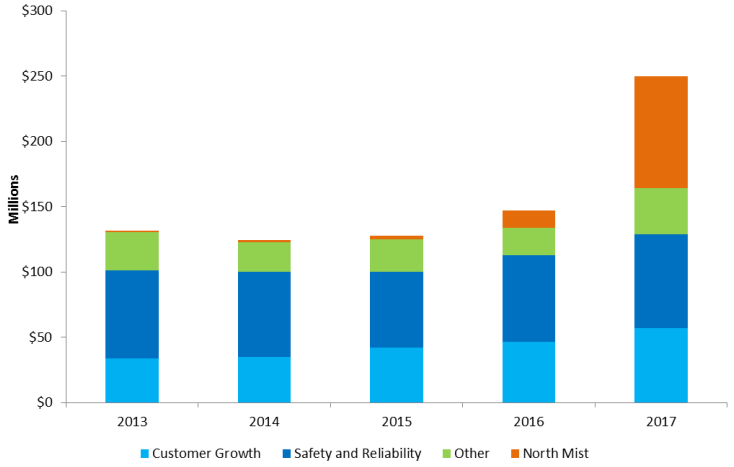


Chart above is based on accrual capital expenditure figures.

[(1)]Source: Woods & Poole 2015 Forecast projects Clark County to have the highest rate of population growth from 2010 to 2050 among Washington counties.

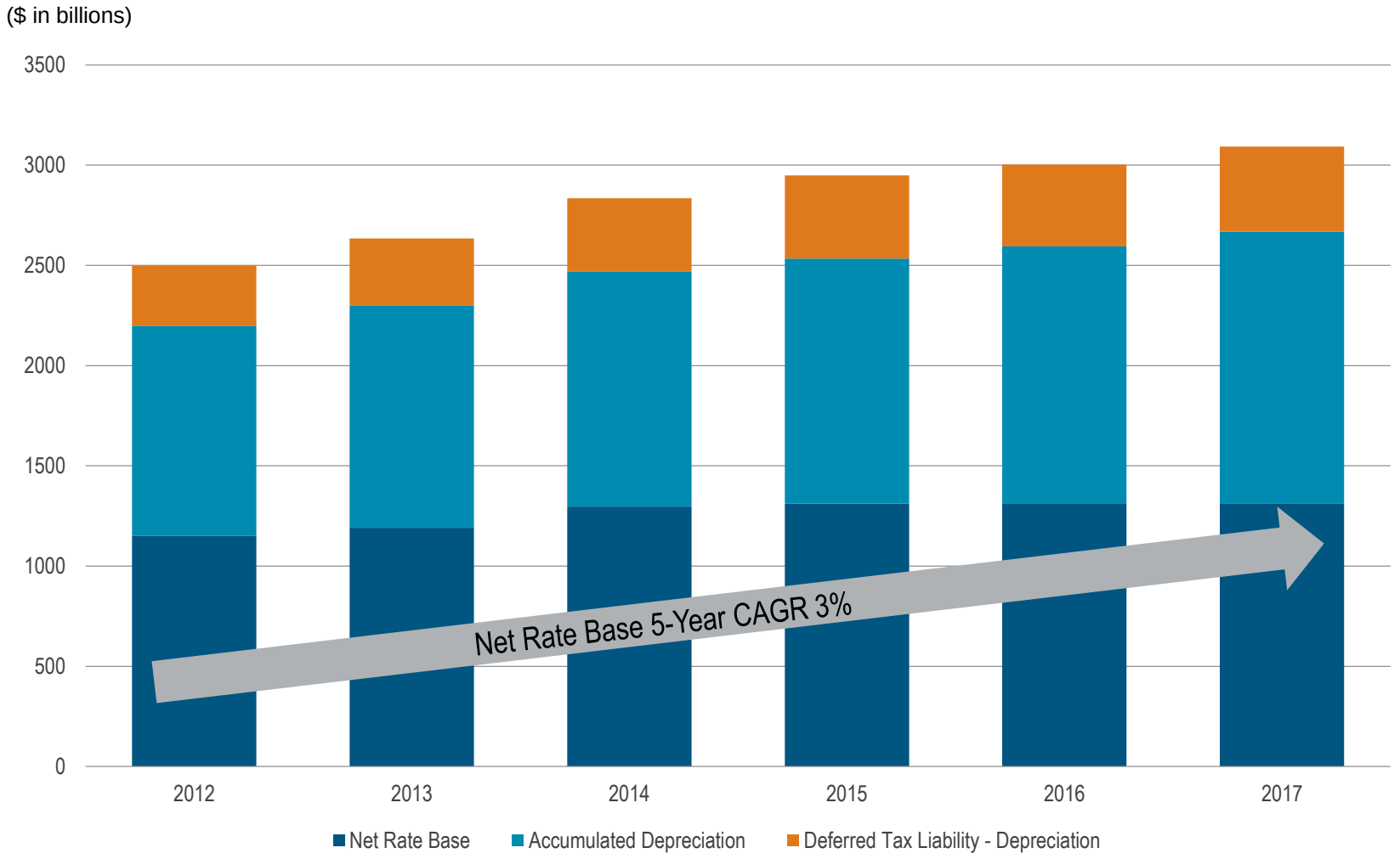
KEY REGULATORY ITEMS

	Oregon	Washington
Rate Structures:		
Rate Case Year	2012	2009
ROE	9.5%	10.1%
ROR	7.8%	8.4%
Equity Ratio	50%	51%
2017 Rate Base	$1.2B	$0.1B
Key Mechanisms:		
Decoupling/WARM	X	
Purchased Gas Adjustment	X	X
Environmental Cost	Recovery	Deferral(1)
Pension Balancing	X	
Incentive Sharing(2)	X	X

(1) Washington allows deferral of environmental costs, but a cost recovery mechanism or methodology has not yet been established by the Washington Commission. A carrying charge related to deferred amounts will be determined in a future proceeding.

(2) In Oregon, NW Natural shares PGA gains and losses. In both Oregon and Washington, NW Natural shares with customers revenues it achieves through interstate storage and optimization activities.

GROWING RATE BASE



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 and 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 and Washington	**Environmental Cost Deferral**	• Allows for deferral of environmental costs and in OR the accrual of carrying costs • Recovers environmental costs allocated to OR through a site remediation recovery mechanism (SRRM), subject to an annual prudence review and earnings test(1) • Defer costs in WA, recovery & carrying charge to be determined in future proceeding
Oregon	**Pension Balancing**	• Defers annual pension expenses above the amount set in rates • Expect deferral account to come to zero after nearer-term years of higher pension costs are balanced with future years of lower pension costs

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

2018 OREGON RATE CASE

Key Components of Filing

On Dec. 29, 2017 we filed an Oregon general rate case to support operating and maintaining our distribution system and continue providing safe reliable service to our customers. Our request included:

- Revenue requirement increase of $40.4 million or 6% after an adjustment for the conservation tariff deferral
- Forward test year from Nov. 1, 2018 through Oct. 31, 2019
- Capital structure of 50% debt and 50% equity
- Return on equity of 10.0%
- Cost of capital 7.62%
- Rate base of $1.19 billion or an increase of $304 million since the last Oregon rate case in 2012

Effect of Federal Tax Cuts & Job Act

The general rate case filing does not include the benefit to customers' rates of the federal tax legislation. We will be working with the Oregon Commission to determine how to return these benefits to customers, and we expect to amend or refile our rate case to incorporate the benefit of federal tax reform, which would likely lower the original revenue requirement requested.

Timeline

- Filed on Dec 29, 2017
- Process could take up to 10 months
- New rates expected to be effective Nov. 1, 2018

FOCUS ON

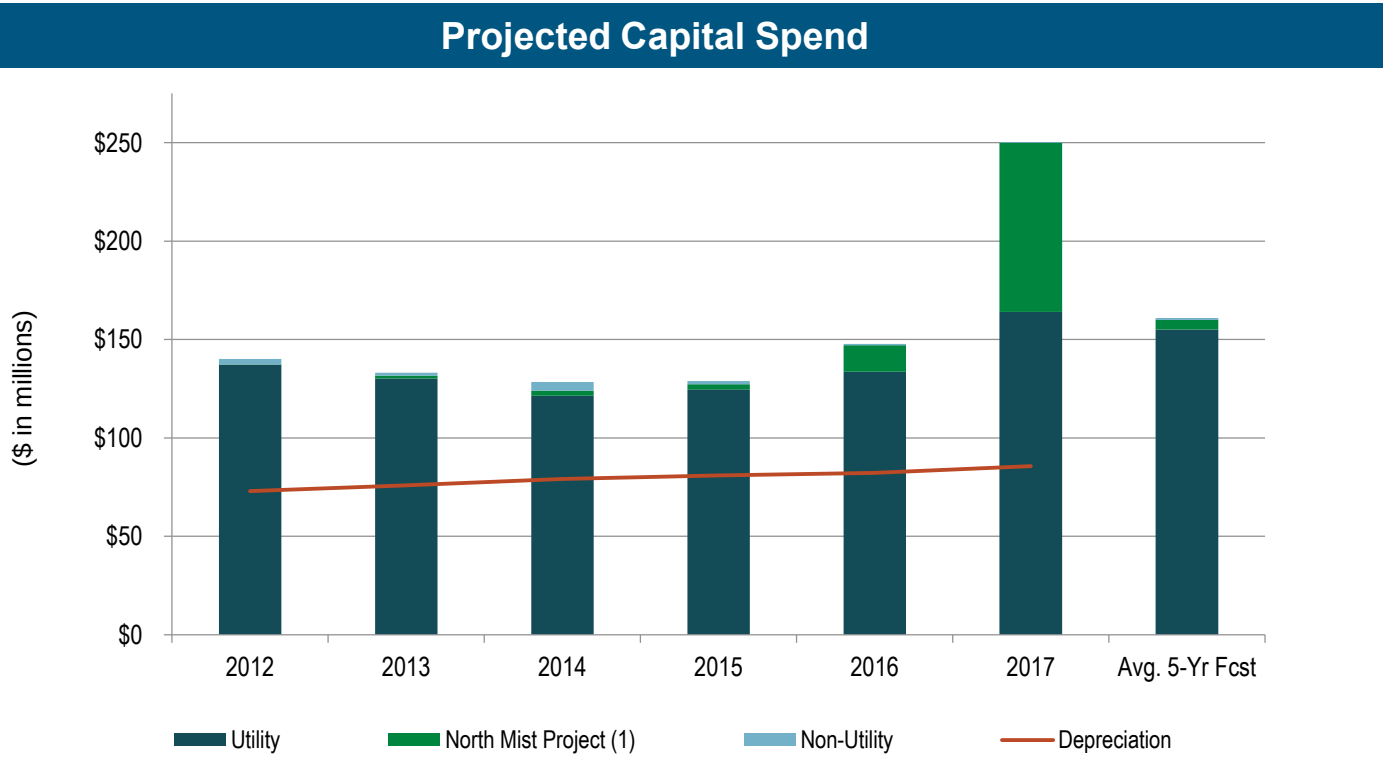
REGULATED GROWTH



HISTORICAL & PROJECTED CAPITAL SPEND

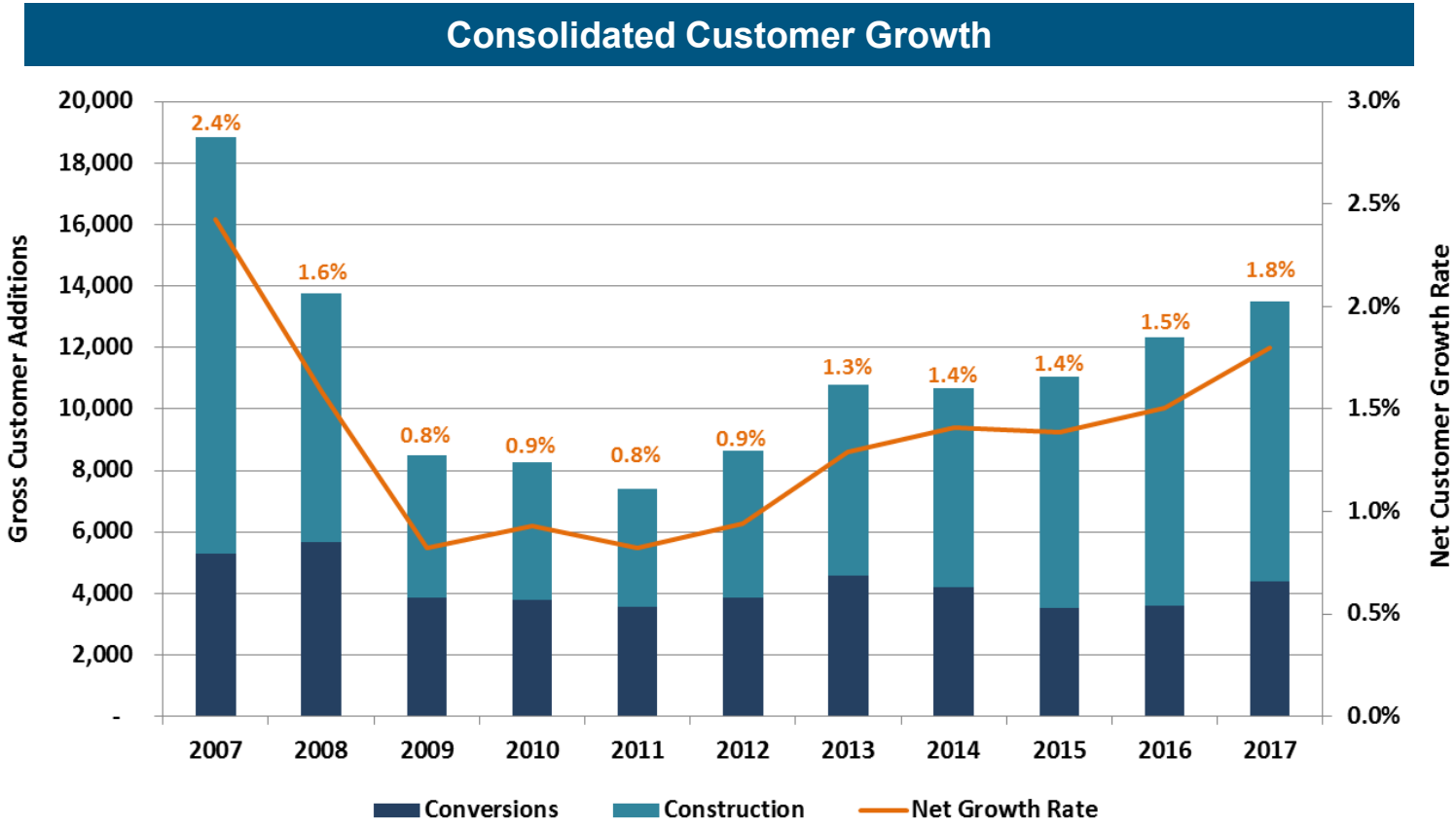
Projected Investment of $750 to $850 million in from 2018 to 2022

- Strong organic customer growth from new construction and conversions
- Reliability and maintenance cap-ex with projects to upgrade Mist gas storage facility and resource centers
- Completing North Mist gas storage expansion in Oregon to support renewables in region



(1) Total project spend is currently estimated at $132 million.

HIGH-GROWTH TERRITORY



Strong Total Customer Growth Rate of 1.8% for 12 Months Ended December 31, 2017

Residential - Over 60% of utility margin with growth rate of 1.8% for 2017

Commercial - Over 25% of utility margin with growth rate of 1.1% for 2017

Industrial - Less than 10% of utility margin with growth rate of 0.8% for 2017

INNOVATIVE ACQUISITION TOOL

Competitive Advantage

- Preferred energy source with recent survey showing 9 out of 10 new or future homeowners primarily in the Portland/Vancouver area would pick a home with all natural gas appliances versus electric
- Low-cost, reliable, clean energy choice
- Natural gas in approximately 63% of single-family homes

Customer Connections Portal

- Cutting edge web-based tool for targeted conversions, validates customer interest
- Enhanced web services for trade allies

Leveraging the Portal

- Ability to identify potential main extensions
- Beginning to identify targets and analyze cost profiles



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 stable growth in Portland area
- Despite some cooling, the Portland market remains strong

Executing on the Opportunity

- See apartments as an untapped growth opportunity and a priority segment moving forward
- Analyzed renter preferences and natural gas availability - showing a competitive opportunity
- Created comprehensive marketing program, including a streamlined piping design, technical support and financial incentives to target apartment developers and pursue sector
- Multifamily tariff approved in July 2017



INVESTING FOR RELIABILITY & GROWTH

Mist Gas Storage & Resource Center Upgrades

- Refurbishments, replacements, and upgrades
- Projects totaling $60-$70 million from 2018 – 2022

Vancouver, Washington Infrastructure

- Fastest growing region in service territory
- Upgrades underway totaling approx. $25 million with construction from 2015 – 2018

System Integrity, Replacement, and Betterments

- General system replacements and betterments at Mist, operating facilities, and information technology enhancements
- Proposed PHMSA gas safety regulations in April 2016; comment phase in 2016; expect final rules in 2018





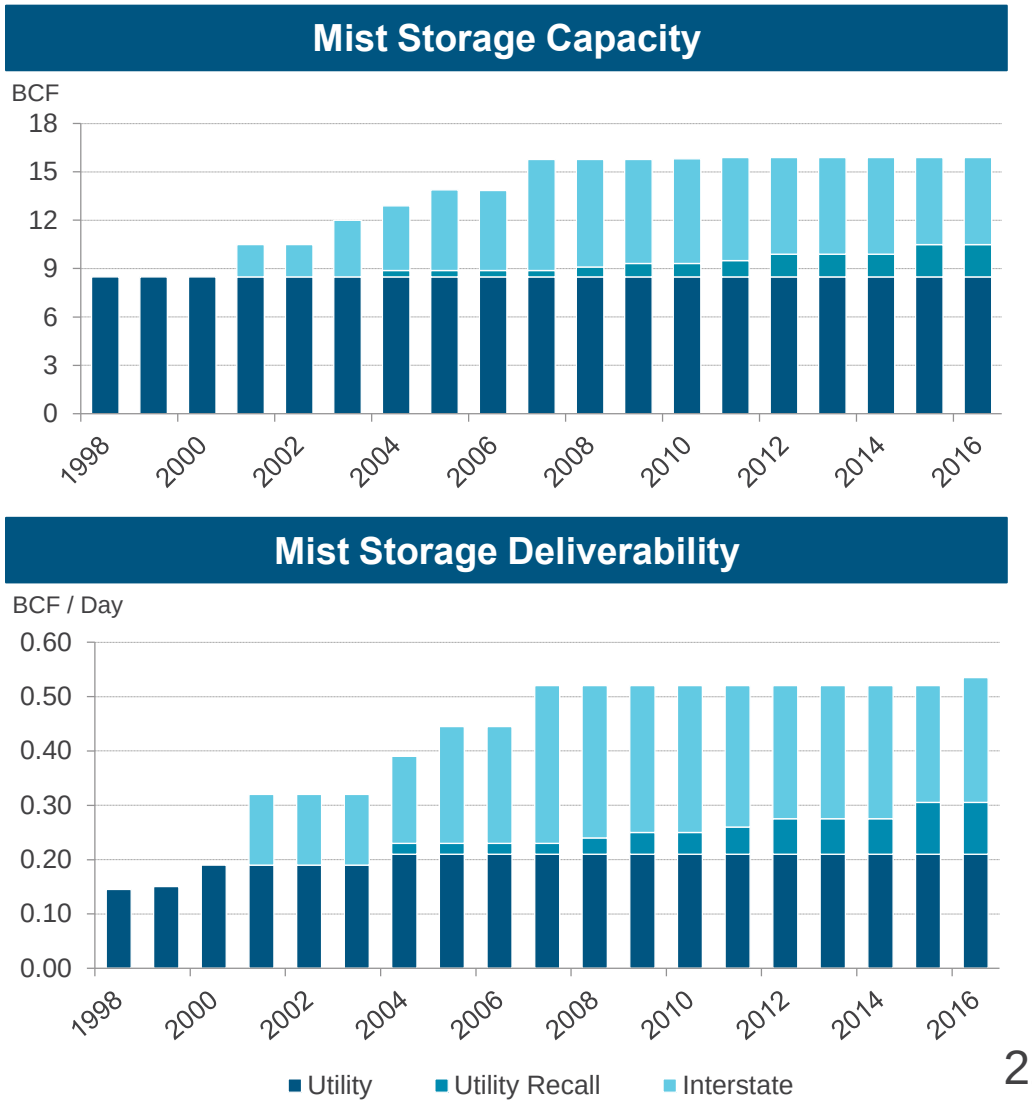
UTILITY STORAGE AT MIST

Overview

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

Unique Asset

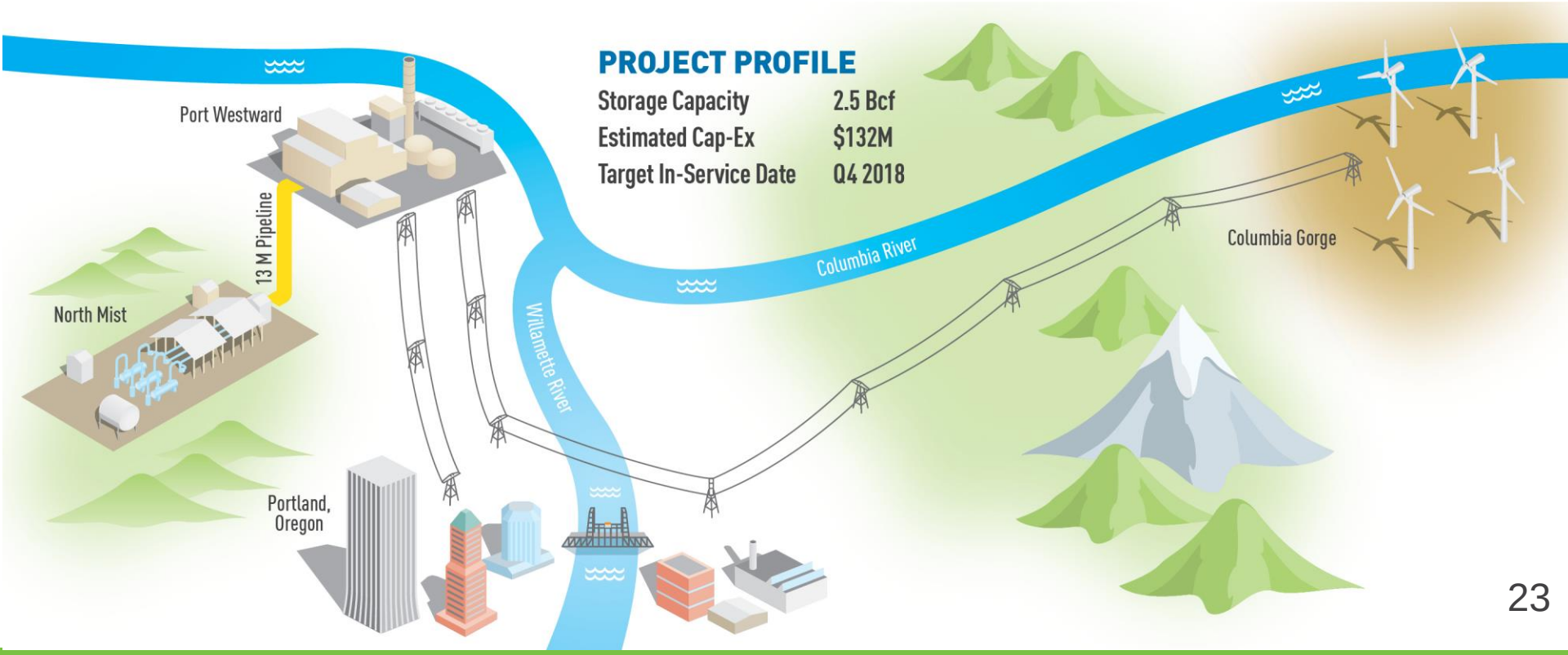
- Limited storage options in Pacific Northwest
- Part of utility's diverse, reliable gas supply strategy
- Utility can recall Interstate portion for Core Utility demand
- Optimize Interstate portion and share with customers



REGULATED EXPANSION

North Mist gas storage expansion supporting the integration of renewables

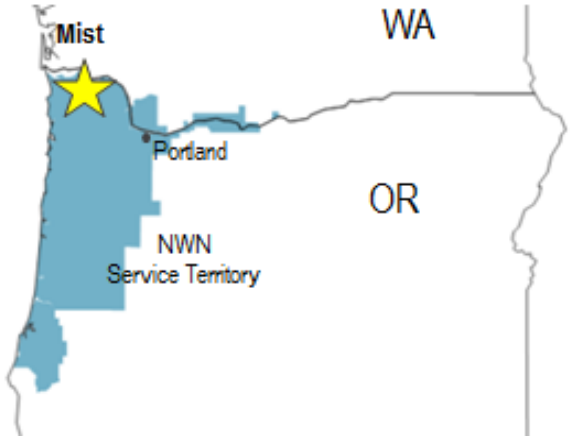
- Innovative no-notice 24/7 storage service supporting gas-fired electric generating facilities that are integrating wind into energy generation mix
- Contracted under long-term agreement with single-customer: Portland General Electric
- Included in rate base under established tariff schedule when placed into service with an initial 30-year contract and options to extend up to an additional 50 years



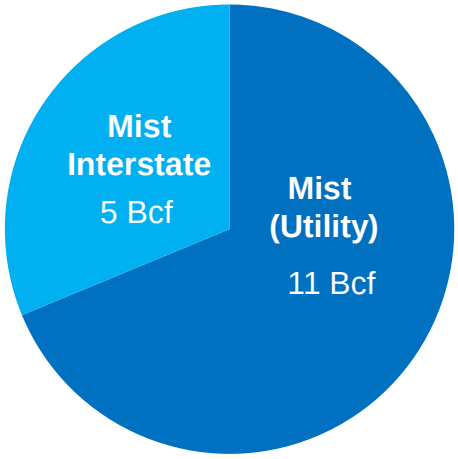

GAS STORAGE

MIST STORAGE

- 5 Bcf of the total 16 total Bcf Mist storage facility serves Interstate market and is reported in Gas Storage Segment
- Remaining 11 Bcf of the Mist gas storage facility is dedicated to serving utility customers and is reported in the Utility Segment
- High-value asset in premium geographic location with limited competition from other Pacific Northwest storage facilities
- Facility fully contracted with longer-term, multi-year contracts
- Strong and stable operating results
- Interstate capacity is fully recallable by the utility in the future



16 Bcf Total Mist Gas Storage Capacity



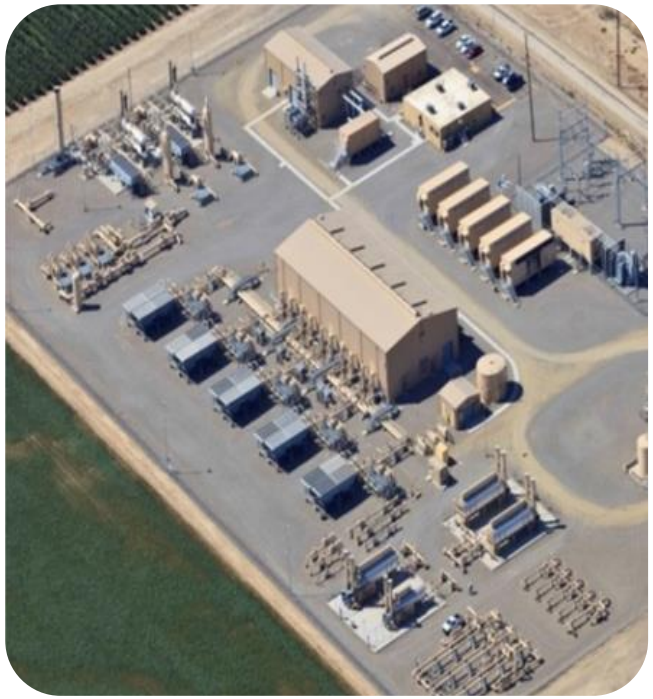


GILL RANCH STORAGE

- Determined Gill Ranch is no longer central to our long-term regulated growth strategy and we will pursue all strategic options to maximize the value of the facility
- At Dec. 31, 2017 recognized non-cash impairment of $193 million pre-tax ($142 million after-tax)

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
- Gill Ranch remains in short-term contracts at lower prices relative to our original contracts for the facility




WATER

STRATEGIC RATIONALE

Strategy & Core Competencies

- NWN strives to provide stable earnings streams that have a similar risk and cash flow profile as our regulated gas utility.
- The regulated water sector fits our conservative business profile and provides an avenue to add value
- Aligns with our core competencies including: customer service, developing and managing critical distribution infrastructure safely and reliably, environmental stewardship, and constructive regulatory engagement
- Deliberate and disciplined roll-up strategy focused on Pacific Northwest

Water Sector Characteristics

- Water industry represents a substantial infrastructure investment opportunity
- Highly-fragmented industry
  - In the West there are about 17,000 privately held water systems
  - Of that 17,000 there are more than 16,000 systems with fewer than 1,000 customers
  - Oregon has nearly 1,600 water systems serving 1.5 million customers

PLANNED ACQUISITIONS

Salmon Valley and Falls Water Companies

- In December 2017 NW Natural entered into agreements to acquire Salmon Valley Water Company and Falls Water Company, two privately owned water utilities in the Pacific Northwest
- Salmon Valley, based in Welches, Ore., serves approximately 975 customers, and Falls Water, based in Idaho Falls, Idaho, serves approximately 5,500 customers
- The financial implications of these transactions are immaterial to NW Natural's consolidated results

Approvals and Timeline

- The transactions are subject to certain conditions, including approvals by the Public Utility Commission of Oregon and the Idaho Public Utilities Commission
- Expect transactions to close in 2018



FINANCIAL PERFORMANCE



2017 CONSOLIDATED RESULTS

In millions, except per share data	2017 Pre-Tax	2017 Tax	2017 After-Tax	2017 Per Share	2016 Pre-Tax	2016 Tax	2016 After-Tax	2016 Per Share	Change After-Tax	Change Per Share
GAAP net income (loss)			**$ (55.6)**	**$ (1.94)**			**$ 58.9**	**$ 2.12**	**$ (114.5)**	**$ (4.06)**
Gill Ranch impairment	$ 192.5	$ (51.0)	141.5				—		141.5	
Regulatory disallowance			—		$ 3.3	$ (1.3)	2.0		(2.0)	
Tax reform benefit	—	(21.4)	(21.4)				—		(21.4)	
Adjusted net income			**$ 64.5**	**$ 2.24**			**$ 60.9**	**$ 2.19**	**$ 3.6**	**$ 0.05**
Diluted shares				28.7				27.8		0.9

- GAAP net loss of $1.94 for 2017 primarily driven by Gill Ranch impairment partially offset by benefits from tax reform
- Adjusted net income grew 5 cents to $2.24 for 2017, compared to $2.19 for 2016 reflecting the strongest utility customer growth in a decade and colder weather partially offset by higher O&M
- Adjusted net income excludes the non-cash impact of the Gill Ranch impairment and tax reform in 2017 and the regulatory environmental disallowance in 2016 to provide comparability with previous periods and transparency into underlying drivers of results. See Non-GAAP reconciliation in Appendix.

Strong utility performance offset by accounting impairment due to Gill Ranch, partially offset by tax reform

STRONG BALANCE SHEET & AMPLE LIQUIDITY

Strong Cash Flows and Liquidity

Cash Flows

- Operating cash flows support capital needs
- Environmental mechanism providing ongoing cash flow for environmental cost recovery

Tax Reform: Generally favorable, some cash flow impacts

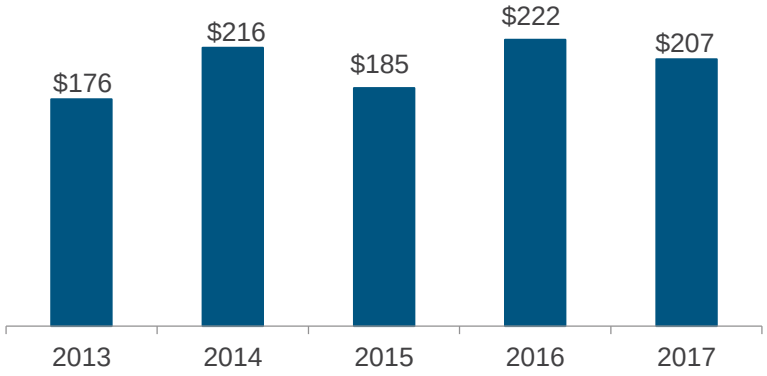
- **Earnings** – Modest long-term earnings uplift from additional rate base growth. Tax expense benefit of $21 million in 2017 from re-measurement of deferred taxes associated with non-utility operations
- **Balance Sheet** - Recorded $213 liability at 12/31/2017 for historical deferred taxes to be returned to customers
- **Cash Flows** – Some near-term pressure from early elimination of bonus depreciation with long-term upside from higher rate-base growth
- Working with regulators to determine details of returning benefits to customers

Liquidity

- $300 million credit facility through 2019
- Access to capital markets
- Solid credit ratings(1)

Cash Flow from Operations

($ in millions)



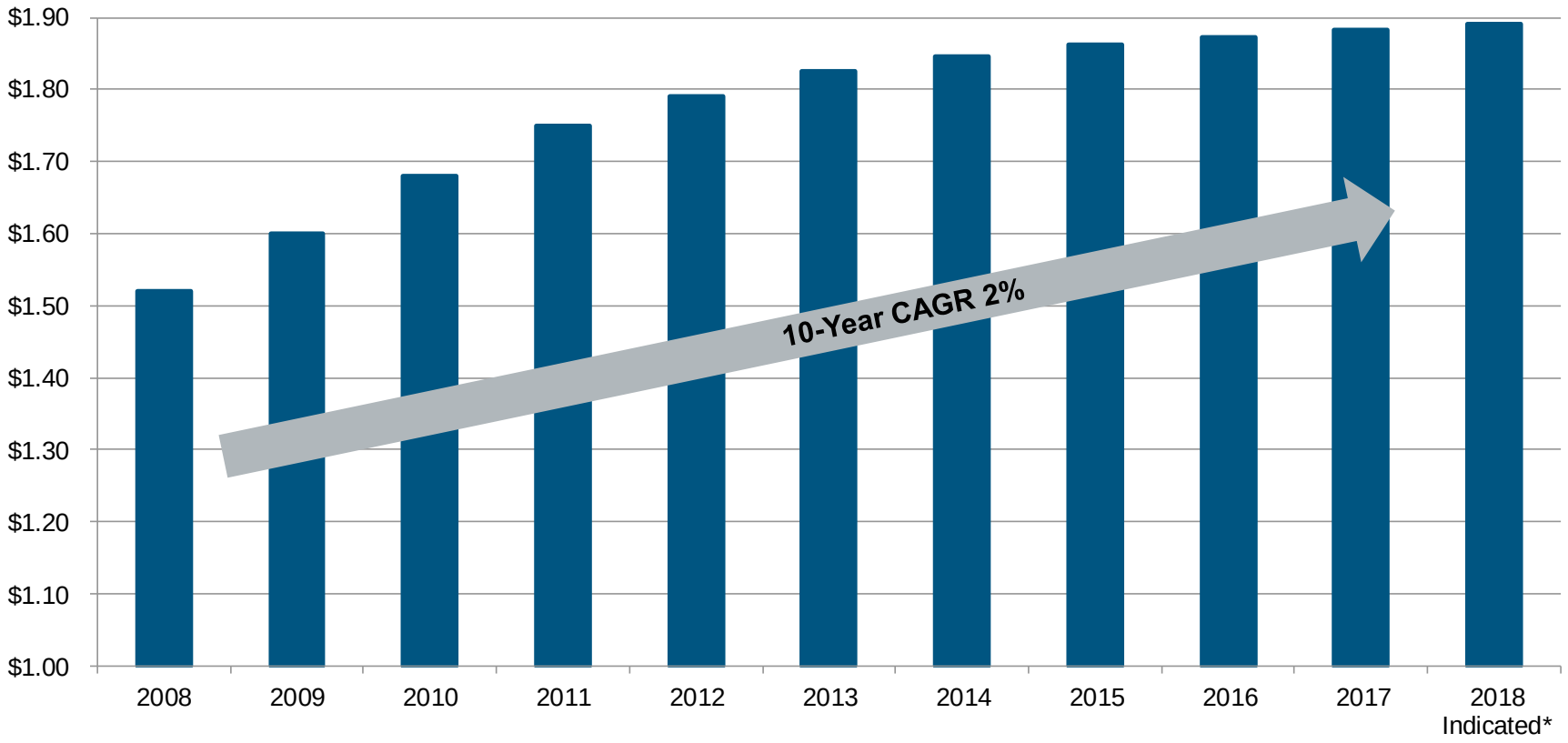
Credit Ratings(1)

	S&P	Moody's
Secured Debt	AA-	A1
Commercial Paper	A-1	P-2
Outlook	Stable	Negative

(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 Natural securities.

LEGACY OF INCREASING DIVIDENDS

- 2017 marked the 62nd consecutive year of increasing dividends to shareholders
- Supported by strong and stable cash flows



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



CONCLUSION

CONSISTENT STRATEGY

Stable utility margins

- Company results reflect strong growth from utility
- Utility-focused business with stable core customer revenues
- Organic growth potential with strong economics driving single and multifamily construction

Excellent operations and efficient cost structure

- Consistently high customer satisfaction ratings and system reliability
- Strong balance sheet and cash flows
- 62-year history of increasing annual dividends to shareholders

Long-term growth opportunities

- Growing natural gas utility with innovative ideas and programs for continued growth
- Mist gas storage facility opportunities for high-value long-term contracts, asset optimization, and North Mist expansion
- Long-term, disciplined regulated water strategy to acquire utilities in a highly fragmented industry with infrastructure investment opportunities
- Regional pipeline expansion opportunity



INVESTMENT HIGHLIGHTS

Stable, Regulated Earnings Profile

- Low-risk business profile with 95%+ of revenues from pure-play LDC
- Nearly 740,000 utility customers with nearly 14,000 miles of distribution and transmission mains
- Supportive regulatory environments in Oregon and Washington with progressive recovery mechanisms
- Modern distribution system – no identified cast iron or bare steel

Proven Financial Performance

- Stable dividends with 62-year record of increasing annual dividends
- Investment grade credit ratings from S&P and Moody's
- Experienced management team with broad knowledge of the energy industry

Tangible Growth Opportunities

- Projected five-year capital expenditures plan of $750 to $850 million
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- Initiated water strategy with two planned acquisitions of small privately owned water utilities



APPENDIX

NON-GAAP RECONCILIATION

In thousands, except per share data	Twelve Months Ended December 31, 2017 Amount	2017 Per Share	2016 Amount	2016 Per Share
CONSOLIDATED				
GAAP consolidated net income (loss)	$ (55,623)	$ (1.94)	$ 58,895	$ 2.12
Adjustments, pre-tax:				
Gill Ranch impairment[1]	192,478	6.71	—	—
Regulatory environmental disallowance[2]	—	—	3,300	0.12
Income tax effect of pre-tax adjustments[1,2]	(50,956)	(1.78)	(1,304)	(0.05)
Income tax benefit from tax reform[3]	(21,429)	(0.75)	—	—
Adjusted consolidated net income	$ 64,470	$ 2.24	$ 60,891	$ 2.19
Diluted shares		28,669		27,779
UTILITY				
GAAP utility net income	$ 60,509	$ 2.11	$ 54,567	$ 1.96
Adjustments, pre-tax:				
Regulatory environmental disallowance[2]	—	—	3,300	0.12
Income tax effect of pre-tax adjustment[2]	—	—	(1,304)	(0.05)
Income tax expense from tax reform[3]	1,036	0.03	—	—
Adjusted utility net income	$ 61,545	$ 2.14	$ 56,563	$ 2.03

[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] Regulatory environmental non-cash disallowance taken in the first quarter of 2016 related to the Company's compliance filing under the environmental recovery mechanism with the total pre-tax charge of $3.3 million recorded in utility other income ($2.8 million) and utility operation and maintenance expense ($0.5 million). Tax effect of adjustment is calculated using a combined federal and state statutory rate of 39.5%.

[3] Tax reform non-cash (benefit) expense recognized in income tax expense as a result of feral tax rate changing from 35% to 21% effective Dec. 22, 2017.

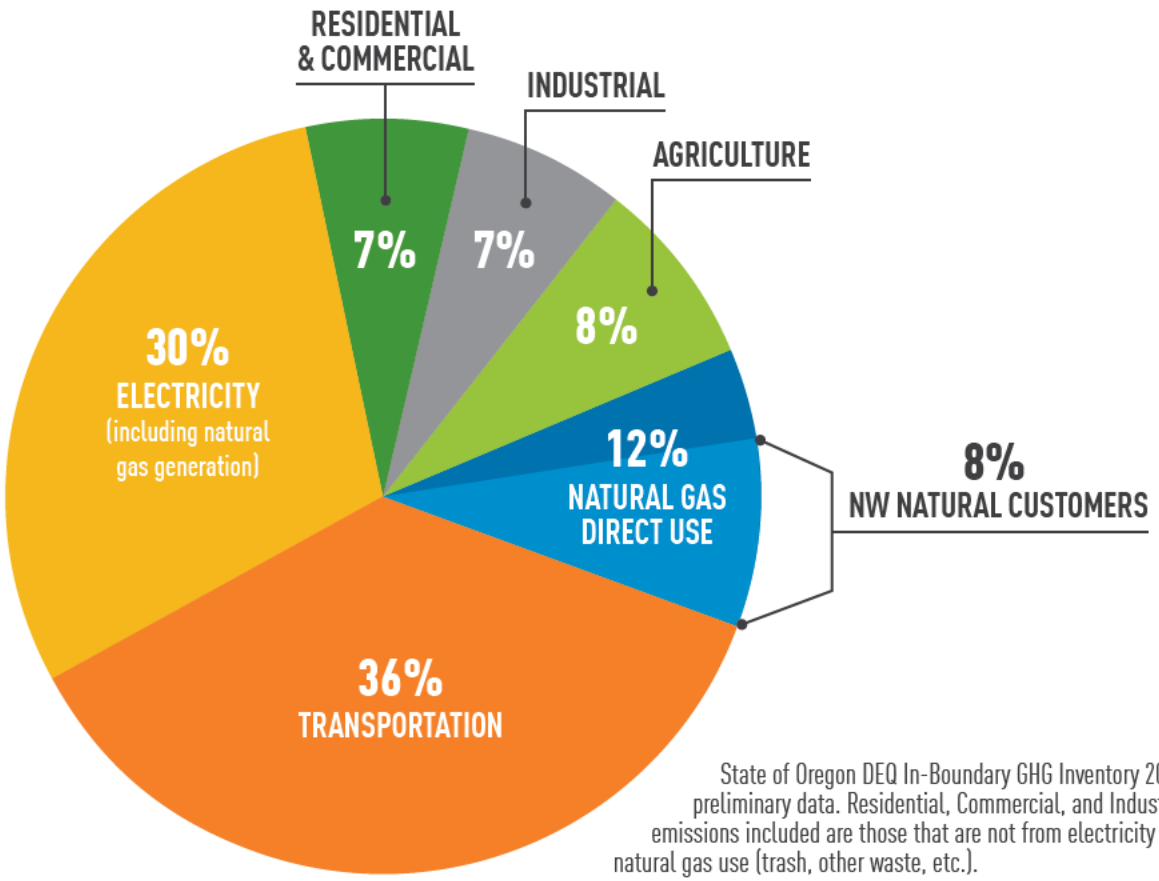
NON-GAAP RECONCILIATION

In thousands, except per share data	Twelve Months Ended December 31, 2017 Amount	2017 Per Share	2016 Amount	2016 Per Share
GAS STORAGE				
GAAP gas storage net income (loss)	$ (116,209)	$ (4.05)	$ 4,303	$ 0.16
Adjustments, pre-tax:				
Gill Ranch impairment[1]	192,478	6.71	—	—
Income tax effect of pre-tax adjustments[1]	(50,956)	(1.78)	—	—
Income tax benefit from tax reform[3]	(21,869)	(0.76)	—	—
Adjusted gas storage net income	$ 3,444	$ 0.12	$ 4,303	$ 0.16
OTHER				
GAAP other net income	$ 77	$ —	$ 25	$ —
Income tax benefit from tax reform[3]	(596)	(0.02)	—	—
Adjusted other net income (loss)	$ (519)	$ (0.02)	$ 25	$ —

[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] Regulatory environmental non-cash disallowance taken in the first quarter of 2016 related to the Company's compliance filing under the environmental recovery mechanism with the total pre-tax charge of $3.3 million recorded in utility other income ($2.8 million) and utility operation and maintenance expense ($0.5 million). Tax effect of adjustment is calculated using a combined federal and state statutory rate of 39.5%.
[3] Tax reform non-cash (benefit) expense recognized in income tax expense as a result of feral tax rate changing from 35% to 21% effective Dec. 22, 2017.

NWN SYSTEM HIGHLY EFFICIENT

Oregon's GHG Emissions



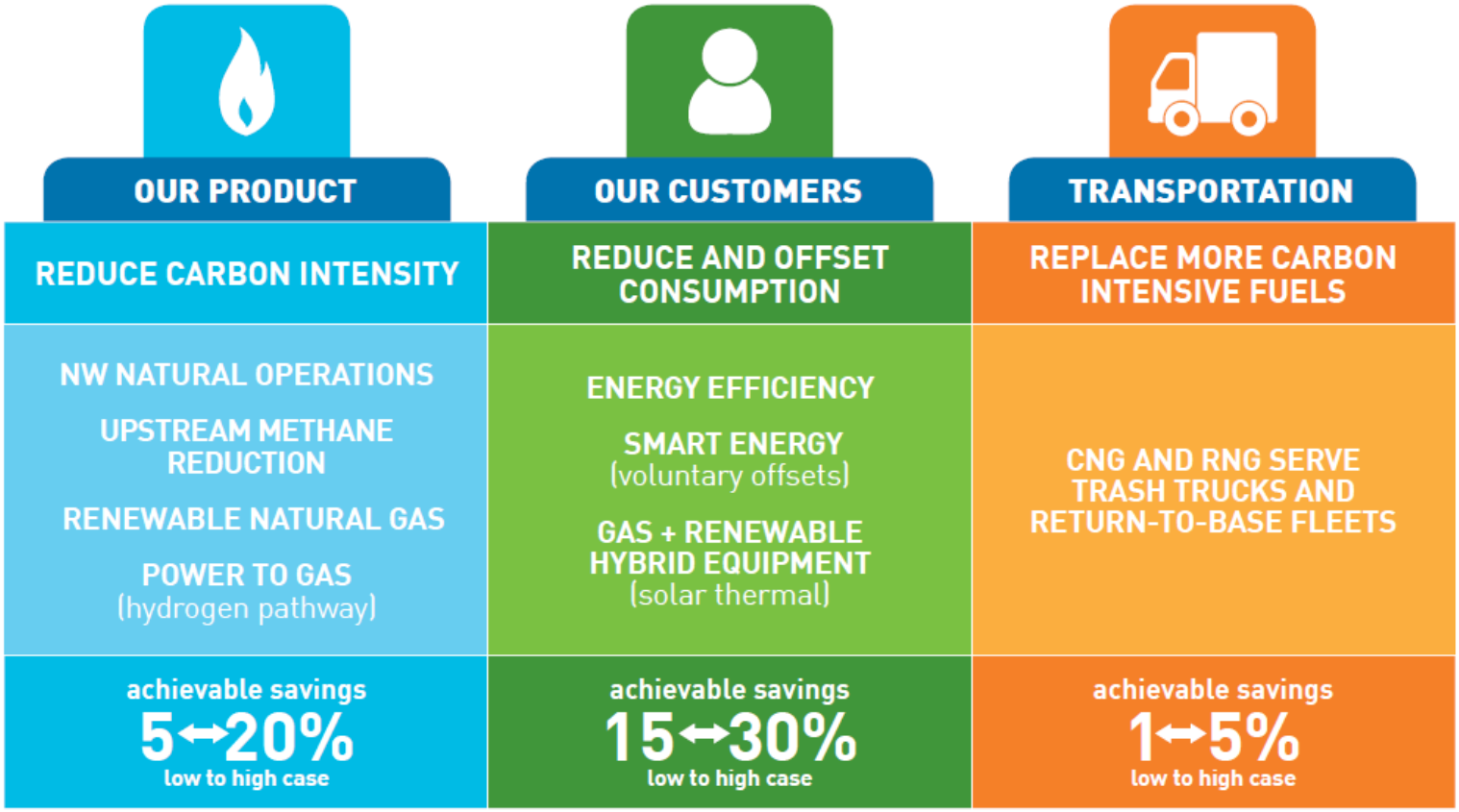
State of Oregon DEQ In-Boundary GHG Inventory 2015 preliminary data. Residential, Commercial, and Industrial emissions included are those that are not from electricity or natural gas use (trash, other waste, etc.).

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
- Yet, of the total 12% in the state 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.

CURRENT COMMISSIONERS

Oregon Commission (OPUC)

Lisa Hardie, Chair (D)



- Appointed June 2016
- Current term ends May 2020

Stephen Bloom, Commissioner (R)



- Originally appointed December 2011
- Reappointed May 2016
- Current term ends November 2019

Megan Walseth Decker, Commissioner (D)



- Appointed April 2017
- Term ends March 2021

Washington Commission (WUTC)

David Danner, Chair (D)



- Appointed chair February 2013
- Current term ends January 2019

Ann Rendahl, Commissioner (D)



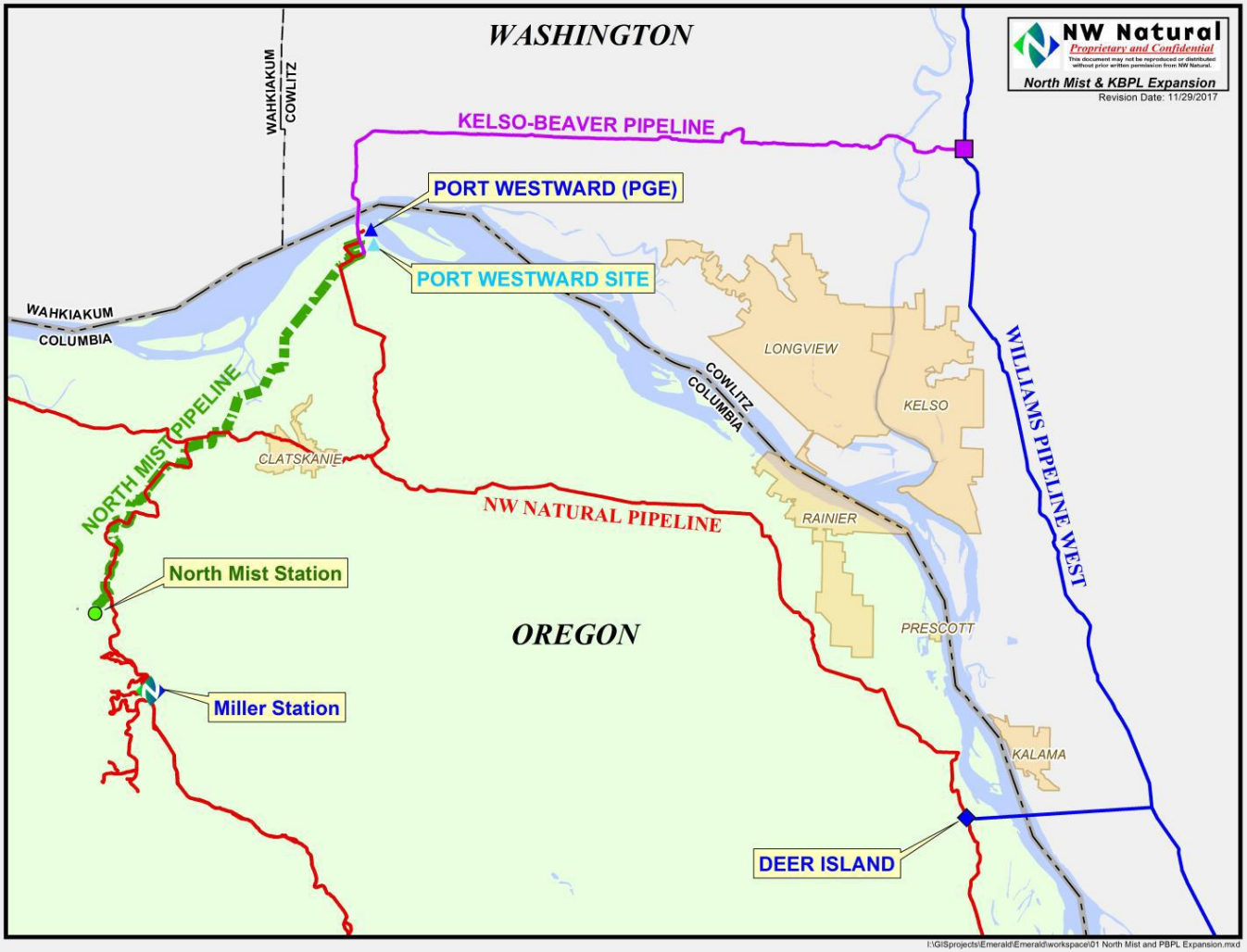
- Appointed December 2014
- Current term ends November 2020

Jay Balasbas, Commissioner (R)



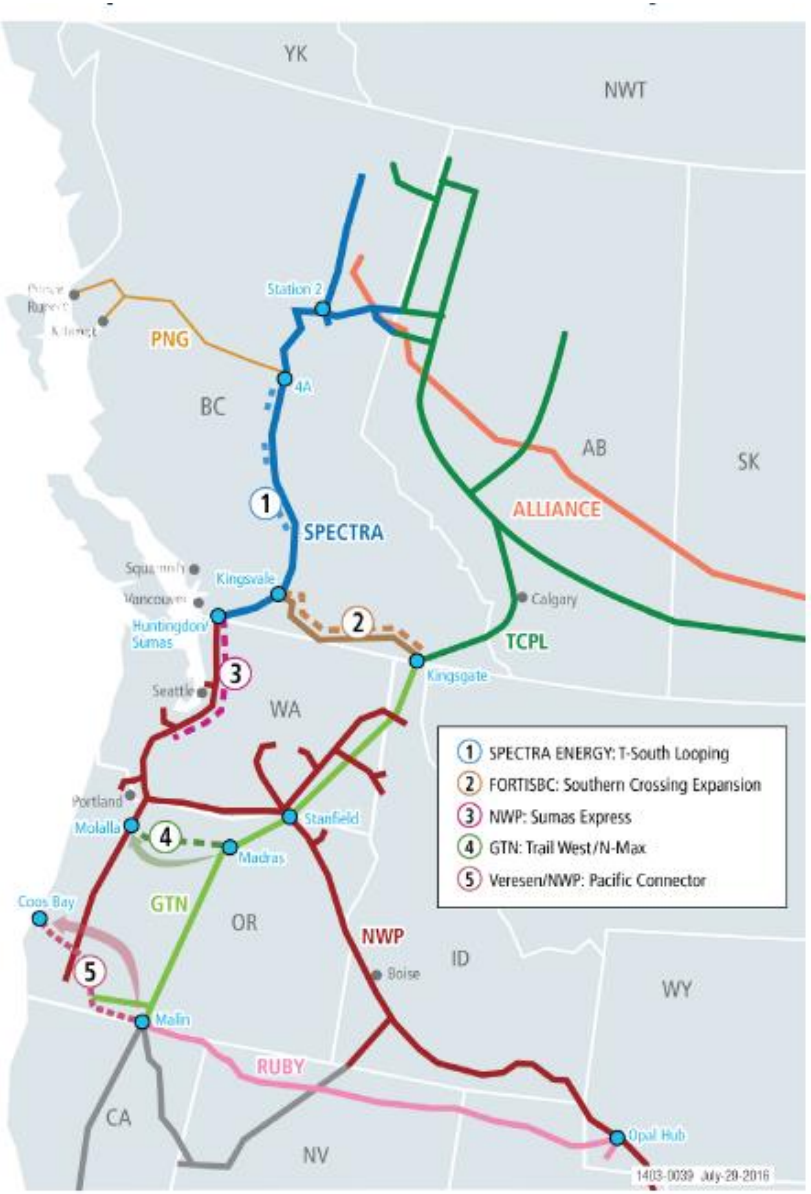
- Appointed May 2017
- Term ends January 2023

NORTH MIST GAS STORAGE



POTENTIAL TRAIL WEST PIPELINE

- Regional pipeline expansion opportunities
- NWN owns 50% of Trail West Holdings (TWH)
- TWH is pursuing development of Trail West gas transmission pipeline
- Continue to evaluate Trail West for development
- NWN investment in TWH is $13.4 million at December 31, 2017



LEAD. INNOVATE. GROW.

