NORTHWEST NATURAL GAS CO
Form 11-K
June 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to____________
Commission file number 1-15973

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

NORTHWEST NATURAL GAS COMPANY
RETIREMENT K SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

NORTHWEST NATURAL GAS COMPANY

220 N.W. Second Avenue
Portland, Oregon 97209

NORTHWEST NATURAL GAS COMPANY
RETIREMENT K SAVINGS PLAN

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(1) Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Plan Administrator and Plan Participants
Northwest Natural Gas Company Retirement K Savings Plan

Opinion on the financial statements

We have audited the accompanying statements of net assets available for benefits of Northwest Natural Gas Company Retirement K Savings Plan (the "Plan") as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the years ended December 31, 2017 and 2016, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years ended December 31, 2017 and 2016 in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental information

The supplemental information in the accompanying schedules, Schedule H, Line 4i - Schedule of Assets (Held at End of Year) and Schedule H, Line 4j - Schedule of Reportable Transactions, have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the basic financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information referred to above is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ GRANT THORNTON LLP

We have served as the Plan's auditor since 2012.
Seattle, Washington
June 29, 2018

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NORTHWEST NATURAL GAS COMPANY
RETIREMENT K SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2017	2016
Assets:		
Investments:		
Cash	$26,342	$77,044
Investments, at fair value	219,445,645	192,781,995
Total investments	219,471,987	192,859,039
Receivables:		
Notes receivable from participants	2,691,083	2,747,583
Total receivables	2,691,083	2,747,583
Total assets	222,163,070	195,606,622
Liabilities:		
Other liabilities	36,147	48,675
Net assets available for benefits	$222,126,923	$195,557,947

The accompanying notes are an integral part of these financial statements.

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NORTHWEST NATURAL GAS COMPANY
RETIREMENT K SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31,	
	2017	2016
Additions:		
Investment income:		
Interest and dividends	$3,810,079	$1,546,684
Net appreciation (depreciation) in fair value of investments	22,652,552	14,657,523
Net investment income	26,462,631	16,204,207
Contributions:		
Participant elective and rollover	11,192,399	9,668,898
Employer	5,347,382	4,683,965
Total contributions	16,539,781	14,352,863
Interest income on notes receivable from participants	117,195	122,642
Total additions	43,119,607	30,679,712
Deductions:		
Withdrawals and benefit payments	16,424,481	16,692,778
Administrative fees and expenses	92,655	126,827
Other expense, net(1)	33,495	119,954
Total deductions	16,550,631	16,939,559
Increase in net assets available for benefits	26,568,976	13,740,153
Net assets available for benefits:		
Beginning of year	195,557,947	181,817,794
End of year	$222,126,923	$195,557,947

(1) Other expense, net moved from the Additions section to the Deductions section in the prior period to conform to current period presentation.

The accompanying notes are an integral part of these financial statements.

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NORTHWEST NATURAL GAS COMPANY
RETIREMENT K SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Northwest Natural Gas Company Retirement K Savings Plan (the Plan) provides only general information. Employees and Participants should refer to the Plan document and Summary Plan Description for a more comprehensive description of the Plan’s provisions.

General
The Plan is a defined contribution plan covering substantially all employees of Northwest Natural Gas Company (the Company). The eligibility rules and entry dates vary primarily based on type of contribution and employment classification (bargaining, non-bargaining, regular, temporary, and term). At December 31, 2017, 1,356 participants had account balances in the Plan, of which 1,138 were active. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Company is the plan sponsor and administrator of the Plan. T. Rowe Price Retirement Plan Services, Inc (T. Rowe Price) was the Plan’s trustee and performed the recordkeeping duties of the Plan for 2016 and most of 2017. Effective December 13, 2017, the Company transferred the Plan assets to Fidelity Workplace Services, LLC (Fidelity), who became the Plan's trustee and performs the recordkeeping duties of the Plan.

Contributions
Under the Plan, participants may elect to contribute, subject to Internal Revenue Code (“Code”) limitations, up to 50% of their compensation to the Plan through salary deferral.

Effective October 1, 2017, the matching contribution for non-bargaining unit employees was increased to 60% of the first 8% of the employee's salary deferral contributions, with a maximum match of 4.8% of annual eligible compensation. Prior to October 1, 2017, the Company contributed a matching contribution of 60% of the first 6% of the employee's salary deferral contributions, with a maximum match of 3.6% of annual eligible compensation.

For bargaining unit employees for the years ended December 31, 2017 and 2016, the Company contributed a matching contribution of 50% of the first 6% of the employee's salary deferral contributions, with a maximum match of 3% of eligible compensation.

Each year the Company may make a supplemental contribution, the amount of which will be set by the Company’s Board of Directors. For the years ended December 31, 2017 and 2016, the Company’s Board of Directors did not declare any supplemental contributions.

Non-Contributory Employer Contributions
For all eligible non-bargaining unit employees hired after December 31, 2006, and all eligible bargaining unit employees hired after December 31, 2009, the Company will contribute 5% and 4%, respectively, of eligible annual compensation (or another amount fixed annually) as a Non-Contributory Employer Contribution for each year a participant is an active employee of the Company. These Non-Contributory Employer Contributions are invested in the same funds that have been selected by participants for salary deferral and matching contributions. If a participant has not made an investment election, the contribution will be invested in the retirement-date-based investment fund that has a projected year of retirement that corresponds closest to the year the participant turns age 65. In 2017 and 2016, Non-Contributory Employer Contributions totaled $2,049,540 and $1,655,530, respectively.

Participant Accounts

Where applicable, each participant’s account is credited with pre-tax contributions, matching contributions, supplemental contributions, rollover contributions, non-contributory employer contributions, and net earnings or losses. Pre-tax contributions are based on the participant’s salary deferral election. Matching contributions, supplemental, and non-contributory employer contributions are credited to the participant’s account according to the formula defined in the Plan document. Rollover contributions are credited upon receipt from the tax-qualified plan of another employer or from an Individual Retirement Account (IRA). The Plan's earnings are allocated based on

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account balances in the investment options selected by the participant, or in the absence of an election, the retirement-date-based investment option applicable to the participant under the Plan's terms.

Investment Options
Participants may direct contributions in any of the 20 investment options offered by the Plan. Contributions are defaulted into the age-appropriate retirement-date-based investment until such time the employee makes active investment elections. Investment options include 14 collective trust funds managed by BlackRock, two investment options managed by T. Rowe Price, and the option to invest in the Company's common stock. The remaining three investment options are managed by parties that are not parties-in-interest.

Vesting
All employee contributions, employer match and associated earnings credited to participant accounts are fully vested and nonforfeitable at all times subject to the limitations imposed by the Code. Non-Contributory Employer Contributions, and associated earnings, are subject to a three-year cliff vesting schedule with 100% vesting after three years of service.

Notes Receivable from Participants
Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to the lesser of the following amounts, reduced by the participant's highest aggregate loan balance during the 12 months preceding the loan:

- $50,000; or
- 50% of the participant's total vested account balance excluding Non-Contributory Employer Contributions.

Participant loans are ordinarily repaid through payroll deductions and participants’ remaining account balances are used as collateral for the loans. The loans bear interest at a rate commensurate with local prevailing rates. The rate used equals the prime rate plus 1%, based on rates quoted in The Wall Street Journal on the last business day of the month prior to the loan’s inception.

Withdrawals and Payment of Benefits
On termination of service due to death, disability, retirement, or for other reasons, a participant may receive the value of his or her vested account in the following forms of payment:

- a single lump sum distribution;
- partial lump-sum distributions, up to four distributions;
- monthly, quarterly, or annual installment payments;
- a rollover to an IRA; or
- the participant may leave the funds in the Plan.

Under the hardship withdrawal provisions of the Plan, participants may withdraw salary deferral amounts while still employed by the Company, provided the circumstances qualify as a hardship as defined in the Plan.

Administrative Fees and Expenses
Certain expenses of administering and servicing the Plan, including equipment, supplies, and payroll expenses of administrative and clerical personnel, are provided by the Company without charge to the Plan; however, each participant is charged a flat fee of $100 per year to help with the costs of audit, recordkeeping, and trustee fees, as well as investment consulting charges. Loan disbursement fees are paid by the Plan, allocated to participants withdrawing amounts as loans during the year, and are classified as administrative fees and expenses; however, each participant with a loan is charged a flat fee of $75 per loan to help with the costs of loan processing.

In general, plan expenses in excess of the administrative budget amount are paid by the Company. In 2017, T. Rowe Price credited the Plan with an administrative budget of $39,113. Audit fees paid during 2017 were not paid for with the administrative budget. On December 13, 2017, Fidelity became the Plan's trustee and started performing recordkeeping duties of the Plan. There were no administrative expenses paid to Fidelity in 2017.

Plan Amendments

On January 1, 2016, the Company amended and restated the Plan in order to incorporate all amendments adopted since January 1, 2007 as well as comply with recent