

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-__
GENERAL RATE APPLICATION
OF
NORTHWEST NATURAL GAS COMPANY

December 31, 2018

Direct Exhibit of Kevin S. McVay

REVENUE REQUIREMENT

Exh. KSM-2

NW Natural
Washington Rate Case
Test Year Based on Twelve Months Ended September 30, 2018

Line No.	Washington Allocated Results					
	Test Year Results	Adjustments	Test Year Adjusted	Proposed Rate Increase	Test Year at 10.30% Equity Return	
	(a)	(b)	(c)	(d)	(e)	
Operating Revenues						
1	Sale of Gas	\$67,314,413	(\$3,593,725)	\$63,720,688	\$8,312,044	\$72,032,732
2	Transportation	2,370,981	(9,877)	2,361,104	0	2,361,104
3	Miscellaneous Revenues	(2,048,364)	2,287,568	239,204	0	239,204
4	Total Operating Revenues	67,637,030	(1,316,034)	66,320,996	8,312,044	74,633,040
Operating Revenue Deductions						
5	Gas Purchased	25,772,083	(1,327,405)	24,444,678	0	24,444,678
6	Uncollectible Accrual for Gas Sales	58,166	17,476	75,642	8,774	84,416
7	Other Operating & Maintenance Expenses	17,639,305	419,002	18,058,307	0	18,058,307
8	Total Operating & Maintenance Expense	43,469,553	(890,926)	42,578,627	8,774	42,587,401
9	Federal Income Tax	1,360,922	(286,902)	1,074,020	1,672,958	2,746,978
10	Property Taxes	1,268,490	228,144	1,496,634	0	1,496,634
11	Other Taxes	3,687,322	(12,115)	3,675,207	336,804	4,012,011
12	Depreciation & Amortization	9,434,311	129,240	9,563,551	0	9,563,551
13	Total Operating Revenue Deductions	59,220,599	(832,559)	58,388,040	2,018,536	60,406,575
14	Net Operating Revenues	\$8,416,431	(\$483,475)	\$7,932,956	\$6,293,509	\$14,226,465
15	Total Rate Base	\$162,928,776	\$23,550,167	\$186,478,943	\$0	\$186,478,943
16	Rate of Return	<u>5.17%</u>		<u>4.25%</u>		<u>7.63%</u>
17	Return on Common Equity	<u>5.33%</u>		<u>3.48%</u>		<u>10.30%</u>