

**NW Natural - Excess Deferred Income Taxes (EDIT)**  
**Summary of Washington Remeasurement Liability Amortization**

	a	b	c	d	e	f	g	h	i		
							Washington (Liability) Including Income Tax Gross Applied to Ratemaking Years as Follows:				
		Washington Regulatory (Liability)	Gross Up for Income Taxes	=	Washington (Liability) Including Income Tax Gross Up	Year 1	Year 2	Year 3	Year 4	Year 5	
1	Plant	\$ 14.592	x 1.266	=	\$ 18.471	\$ 0.506	\$ 0.506	\$ 0.506	\$ 0.506	\$ 0.506	<b>A</b>
2	Non-Plant	\$ (0.319)	x 1.266	=	\$ (0.404)	(0.040)	(0.040)	(0.040)	(0.040)	(0.040)	<b>B</b>
3		\$ 14.3				\$ 0.466	\$ 0.466	\$ 0.466	\$ 0.466	\$ 0.466	<b>C</b>

- A** Reflects the first five years of Plant EDIT amortization at a rate intended not to exceed an ARAM normalization speed limit (including a gross up for income taxes)
- B** Reflects straight-line amortization over ten years (including a gross up for income taxes)
- C** Total proposed annual amounts that can be used to provide bill credits, applied to reduce a regulatory asset, or apply as a reduction to other capital projects. One or a combination of these applications are appropriate

C1,C2 Reflects gross up factor for income taxes [ 1.266 = (1/(1-.21) ) ]