



WUTC REPORT:

NW Natural's

ANNUAL COMMISSION BASIS REPORT

(For the 12 months ended December 31, 2021)

Dated: April 26, 2022

<u>Line No.</u>	<u>Test Year Results</u>	<u>Adjustments</u>	<u>Test Year Adjusted</u>
	(a)	(b)	(c)
<u>Operating Revenues</u>			
1	\$84,834,973	\$1,107,059	\$85,942,031
2	2,270,233	0	2,270,233
3	-5,072,773	93,201	-4,979,572
4	82,032,433	1,200,260	83,232,693
			51,832,383
Operating Revenue Deductions			
5	\$30,446,195	\$954,114	\$31,400,309
6	114,906	12,796	127,702
7	20,806,200	25,566	20,831,766
8	51,367,301	992,477	52,359,777
9	1,388,839	33,916	1,422,755
10	1,516,879	0	1,516,879
11	4,104,397	48,635	4,153,032
12	12,393,744	0	12,393,744
13	\$70,771,160	\$1,075,027	\$71,846,187
14	\$11,261,273	\$125,232	\$11,386,505
<u>Average Rate Base</u>			
15	\$427,665,951	-\$110,150	\$427,555,801
16	-163,255,083	0	-163,255,083
17	264,410,868	-110,150	264,300,718
18	2,352,759	0	2,352,759
19	3,083,042	0	3,083,042
20	-1,751,447	0	-1,751,447
21	2,916,078	0	2,916,078
22	-40,772,600	0	-40,772,600
23	\$230,238,700	-\$110,150	\$230,128,550
24	4.89%		4.95%
25	6.34%		6.48%

**NW Natural
State Allocation Factors
Updated for year ended 2021 data**

	System	Washington	Oregon
Customers			
Total Customers			
December 2021	785,897	94,092	691,805
December 2020	774,476	90,323	684,153
Average	780,187	92,208	687,979
% of System		11.82%	88.18%
Residential Customers			
December 2021	714,000	84,738	629,262
December 2020	702,721	81,029	621,692
Average	708,361	82,884	625,477
% of System		11.70%	88.30%
Commercial Customers			
December 2021	68,961	7,325	61,636
December 2020	68,718	7,266	61,452
Average	68,840	7,296	61,544
% of System		10.60%	89.40%
Industrial Customers			
December 2021	978	71	907
December 2020	989	74	915
Average	984	73	911
% of System		7.37%	92.63%
The Dalles			
December 2021	8,665	2,179	6,486
December 2020	8,604	2,174	6,430
Average	8,635	2,177	6,458
% of System		25.21%	74.79%
Portland / Vancouver			
December 2021	559,297	91,913	467,384
December 2020	550,730	88,149	462,581
Average	555,014	90,031	464,983
% of System		16.22%	83.78%
Portland / Vancouver Commercial			
December 2021	44,887	7,109	37,778
December 2020	44,797	7,052	37,745
Average	44,842	7,081	37,762
% of System		15.79%	84.21%

**NW Natural
State Allocation Factors
Updated for year ended 2021 data
Volumes - 12 Months Ended 12/31/21**

Firm Sales Delivered	719,814,758	79,612,332	640,202,426
% of System		11.06%	88.94%
Sales Volumes	775,299,913	80,764,714	694,535,199
% of System		10.42%	89.58%
Sendout Volumes	1,184,773,617	102,660,504	1,082,113,113
% of System		8.66%	91.34%

3-factor formula (simple average)

Gross Plant Directly Assigned		12.07%	87.93%
Number of Employees Directly Assigned		9.58%	90.42%
Number of Customers		11.82%	88.18%
Average		11.16%	88.84%

Derivation of factor for 3-factor - Gross Plant Directly Assigned

December 31, 2021

	System	Washington	Oregon
Intangible - Other	84,795	447	84,348
Production	675,198	0	675,198
Transmission	207,852,729	3,291,600	204,561,129
Distribution	2,606,701,502	344,497,651	2,262,203,851

December 31, 2020

	System	Washington	Oregon
Intangible	84,795	447	84,348
Production	675,198	0	675,198
Transmission	201,262,954	1,115,634	200,147,320
Distribution	2,493,115,391	316,262,829	2,176,852,562

Average

	System	Washington	Oregon
Intangible - Other	84,795	447	84,348
Production	675,198	0	675,198
Transmission	204,557,842	2,203,617	202,354,225
Distribution	2,549,908,446	330,380,240	2,219,528,206

**Gross Plant Directly Assigned
% of System**

	2,755,226,281	332,584,304	2,422,641,977
		12.07%	87.93%

NW Natural
State Allocation Factors
Updated for year ended 2021 data

Allocation Factors - Summary	Washington	Oregon
Customers-all	11.820%	88.180%
Customers-Residential	11.700%	88.300%
Customers-Commercial	10.600%	89.400%
Customers-Industrial	7.370%	92.630%
Customers-The Dalles	25.210%	74.790%
3-factor	11.160%	88.840%
firm sales volumes	11.060%	88.940%
sales volumes	10.420%	89.580%
sendout volumes	8.660%	91.340%
sales/sendout volumes	9.540%	90.460%
Customers Portland/Vancouver	16.220%	83.780%
Customers Portland/Vancouver 80%	12.980%	87.020%
Customers Portland/Vancouver Commercial	15.790%	84.210%
Payroll	9.338%	90.662%
Admin Transfer	11.503%	88.498%
Employee Cost	10.343%	89.657%
Regulatory	30.000%	70.000%
Telemetry	13.043%	86.957%
Direct-Wa	100.000%	0.000%
Direct-Or	0.000%	100.000%
Gross plant direct assign	12.070%	87.930%
Transmission	1.238%	98.762%
Accum Depreciation	10.770%	89.230%
Rate Base	13.700%	86.300%
Distribution	12.940%	87.060%
Perimeter	6.818%	93.182%
Environmental Admin Costs	3.320%	96.680%

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2021
Rate Base

	2020 Dec	2021 Jan	2021 Feb	2021 Mar	2021 Apr	2021 May	2021 June	2021 July	2021 August	2021 September	2021 October	2021 November	2021 December	Dec 20 - Dec 21 13 month average
SYSTEM														
Gross Plant														
Intangible														
Software	171,374,549	171,985,003	172,589,576	172,905,001	170,810,668	171,816,455	167,554,866	167,609,292	171,268,756	172,280,547	172,665,948	174,062,051	177,438,535	171,662,892
Other	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795	84,795
Production	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198	675,198
Transmission	201,262,954	201,243,550	201,267,284	202,835,916	203,246,568	203,738,640	204,084,933	205,025,265	205,259,154	206,180,825	207,438,345	207,491,609	207,852,729	204,364,161
Distribution	2,493,115,391	2,508,988,258	2,518,298,633	2,528,858,242	2,533,659,575	2,542,392,858	2,551,365,667	2,561,792,408	2,567,254,773	2,582,924,631	2,591,799,867	2,597,055,329	2,606,701,502	2,552,858,224
General	284,215,595	287,250,592	287,872,569	288,912,416	300,590,369	301,135,974	298,936,764	299,160,509	299,660,519	299,917,897	300,720,990	309,898,370	322,820,353	298,131,245
Storage and storage transmission CNG and LNG	373,302,404 3,790,768	373,690,085 3,790,768	373,921,152 3,790,768	374,432,511 3,790,768	375,411,890 3,790,768	375,911,814 3,790,768	377,641,614 3,790,768	378,389,023 3,790,768	378,431,034 3,790,768	382,357,201 3,790,768	383,208,844 3,790,768	385,971,698 3,790,768	386,258,607 3,790,768	378,262,281 3,790,768
Gas Reserves	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385
Total Gross Plant (less Gas Reserves)	3,527,821,655	3,547,708,249	3,558,499,977	3,572,494,848	3,588,269,832	3,599,546,503	3,604,134,606	3,616,527,259	3,626,424,998	3,648,211,863	3,660,384,757	3,679,029,819	3,705,622,487	3,609,829,565
Accumulated Depreciation														
Intangible	(79,146,252)	(79,973,995)	(80,805,825)	(81,641,213)	(77,059,135)	(77,927,177)	(74,610,237)	(75,460,086)	(76,369,629)	(77,286,714)	(78,209,558)	(79,136,642)	(80,092,795)	(78,174,978)
Production	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)	(691,036)
Transmission	(47,780,905)	(48,093,353)	(48,405,810)	(48,719,509)	(49,034,756)	(49,350,713)	(49,667,331)	(49,984,952)	(50,303,560)	(50,622,914)	(50,944,158)	(51,266,339)	(51,588,811)	(49,673,188)
Distribution	(1,124,770,402)	(1,128,348,300)	(1,132,445,937)	(1,135,879,301)	(1,138,845,856)	(1,143,264,415)	(1,147,101,619)	(1,150,998,814)	(1,154,038,269)	(1,156,526,942)	(1,160,886,545)	(1,163,888,510)	(1,167,731,191)	(1,146,539,609)
General	(76,865,495)	(78,512,632)	(79,943,455)	(81,447,219)	(83,025,785)	(84,211,370)	(82,053,170)	(82,723,754)	(84,022,976)	(85,163,325)	(86,751,835)	(84,575,289)	(86,040,772)	(82,823,662)
Storage and storage transmission CNG and LNG	(151,461,135) (2,331,394)	(152,068,279) (2,338,056)	(152,676,388) (2,344,718)	(153,285,271) (2,351,380)	(153,852,886) (2,358,042)	(154,464,623) (2,364,704)	(155,077,538) (2,371,366)	(155,693,390) (2,378,028)	(156,311,018) (2,384,690)	(156,925,937) (2,391,352)	(157,554,581) (2,398,014)	(158,183,173) (2,404,676)	(158,815,203) (2,411,338)	(155,102,604) (2,371,366)
Gas Reserves	(141,475,505)	(142,677,168)	(143,757,632)	(144,936,386)	(146,050,964)	(147,247,240)	(148,727,998)	(150,213,012)	(151,417,467)	(152,568,475)	(153,670,232)	(154,193,903)	(154,746,904)	(148,630,973)
Total Accumulated Depreciation (less Gas Reserves)	(1,483,046,619)	(1,490,025,651)	(1,497,313,169)	(1,504,014,929)	(1,504,867,496)	(1,512,274,038)	(1,511,572,297)	(1,517,930,061)	(1,524,121,178)	(1,529,608,220)	(1,537,435,725)	(1,540,145,664)	(1,547,371,146)	(1,515,376,443)
Storage Gas	22,698,815	28,079,689	28,109,966	28,108,643	28,107,067	28,105,977	28,104,053	28,102,207	28,100,334	28,098,463	28,096,641	28,096,574	28,096,574	27,875,609
Customer Advances	(6,253,436)	(6,434,054)	(6,433,512)	(6,638,481)	(6,922,974)	(7,130,245)	(7,552,440)	(7,760,955)	(8,091,481)	(8,091,481)	(7,838,253)	(7,952,657)	(8,157,679)	(7,281,489)
Leasehold Improvements	26,300,264	26,187,706	26,061,883	25,971,134	25,674,404	25,543,252	25,471,413	25,391,474	25,449,267	25,730,859	25,959,584	26,171,929	26,154,104	25,820,007
Total Rate Base Excluding ADIT and WC	2,087,520,679 (481,492,967)	2,105,515,939 (481,492,967)	2,108,925,145 (481,492,967)	2,115,921,216 (481,492,967)	2,130,260,833 (481,492,967)	2,133,791,449 (481,492,967)	2,138,585,335 (481,492,967)	2,144,329,926 (481,492,967)	2,147,761,939 (481,492,967)	2,164,594,713 (481,492,967)	2,169,587,996 (481,492,967)	2,185,200,002 (481,492,967)	2,204,344,339 (481,492,967)	2,140,867,250 (481,492,967)
Less: ADIT														
Total Rate Base Excluding WC	1,606,027,711	1,624,022,972	1,627,432,177	1,634,428,248	1,648,767,865	1,652,298,481	1,657,092,368	1,662,836,959	1,666,268,971	1,683,101,745	1,688,095,029	1,703,707,034	1,722,851,372	1,659,374,283

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2021
Rate Base

		2020	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	Dec 20 - Dec 21		
		2020	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	Dec 20 - Dec 21	
		Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	December	December	December	December	December	December	December	December	December	December	13 month average	
		WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	
WASHINGTON																										
Gross Plant																										
Intangible	Software	20,256,472	20,328,627	20,400,088	20,437,371	20,189,821	20,308,705	19,804,985	19,811,418	20,243,967	20,363,561	20,409,115	20,574,134	20,973,235	20,290,554											
	Other	447	447	447	447	447	447	447	447	447	447	447	447	447	447											
Production		0	0	0	0	0	0	0	0	0	0	0	0	0	0											
Transmission		1,115,634	1,115,634	1,115,634	1,873,773	1,891,282	1,906,778	1,993,711	2,028,513	2,028,916	2,085,669	3,281,129	3,289,035	3,291,600	2,067,808											
Distribution		316,262,829	322,008,484	323,525,396	324,932,013	325,635,489	326,949,515	328,127,463	329,727,160	330,136,398	338,770,403	342,170,265	342,765,407	344,497,651	330,427,353											
General		34,456,528	34,796,671	34,865,495	34,984,781	36,572,217	36,639,508	36,380,404	36,406,835	36,465,275	36,497,402	36,586,485	37,960,717	39,729,455	36,270,732											
Storage and storage transmission		37,637,446	37,680,323	37,705,879	37,762,436	37,870,755	37,926,047	38,117,362	38,200,026	38,204,672	38,638,906	38,733,098	39,038,670	39,070,402	38,186,008											
CNG and LNG		423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050	423,050											
Total Gross Plant (less Gas Reserves)		410,152,406	416,353,237	418,035,990	420,413,871	422,583,061	424,154,049	424,847,422	426,597,449	427,502,726	436,779,438	441,603,588	444,051,460	447,985,840	427,665,951											
Accumulated Depreciation																										
Intangible		(9,355,087)	(9,452,926)	(9,551,248)	(9,649,991)	(9,108,390)	(9,210,992)	(8,818,930)	(8,919,382)	(9,026,890)	(9,135,290)	(9,244,370)	(9,353,951)	(9,466,968)	(9,240,282)											
Production		0	0	0	0	0	0	0	0	0	0	0	0	0	0											
Transmission		(212,530)	(214,277)	(216,025)	(218,367)	(221,316)	(224,291)	(227,347)	(230,498)	(233,676)	(236,899)	(241,103)	(246,250)	(251,404)	(228,501)											
Distribution		(124,278,622)	(124,873,727)	(125,480,900)	(126,013,616)	(126,517,976)	(127,128,536)	(127,661,634)	(128,436,316)	(128,959,542)	(129,358,406)	(130,070,740)	(130,526,867)	(131,099,872)	(127,726,459)											
General		(9,033,680)	(9,221,652)	(9,385,485)	(9,557,460)	(9,738,055)	(9,875,068)	(9,618,544)	(9,698,062)	(9,847,740)	(9,979,693)	(10,161,662)	(9,923,782)	(10,089,089)	(9,714,049)											
Storage and storage transmission		(15,705,250)	(15,767,925)	(15,830,707)	(15,893,574)	(15,951,878)	(16,015,061)	(16,078,374)	(16,142,013)	(16,205,848)	(16,269,383)	(16,334,436)	(16,399,483)	(16,464,911)	(16,081,147)											
CNG and LNG		(260,184)	(260,927)	(261,671)	(262,414)	(263,158)	(263,901)	(264,644)	(265,388)	(266,131)	(266,875)	(267,618)	(268,362)	(269,105)	(264,644)											
Total Accumulated Depreciation (less Gas Reserves)		(158,845,352)	(159,791,435)	(160,726,036)	(161,595,423)	(161,800,773)	(162,717,850)	(162,669,473)	(163,691,659)	(164,539,827)	(165,246,545)	(166,319,929)	(166,718,695)	(167,641,350)	(163,255,083)											
Storage Gas		2,510,489	3,105,614	3,108,962	3,108,816	3,108,642	3,108,521	3,108,308	3,108,104	3,107,897	3,107,690	3,107,489	3,107,481	3,107,481	3,083,042											
Customer Advances		(1,108,179)	(1,139,403)	(1,168,495)	(1,207,652)	(1,402,004)	(1,495,813)	(1,808,105)	(1,908,011)	(2,081,733)	(2,144,699)	(2,097,607)	(2,641,655)	(2,736,189)	(1,751,447)											
Leasehold Improvements		2,935,110	2,922,548	2,908,506	2,898,379	2,865,263	2,850,627	2,842,610	2,833,689	2,840,138	2,871,564	2,897,090	3,200,147	3,189,652	2,916,078											
Total Rate Base Excluding ADIT and WC		255,644,473	261,450,560	262,158,927	263,617,990	265,354,189	265,899,534	266,320,762	266,939,572	266,829,200	275,367,447	279,190,630	280,998,737	283,905,435	268,658,542											
Less: ADIT		(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)	(41,366,350)											
Total Rate Base Excluding WC		214,278,123	220,084,210	220,792,577	222,251,640	223,987,839	224,533,184	224,954,412	225,573,221	225,462,850	234,001,097	237,824,279	239,632,387	242,539,084	227,292,192											

Rate Base Average Allocation Factors

	OR	WA	SYSTEM
Gross Plant Average Factor	3,182,163,614 88.15%	427,665,951 11.85%	3,609,829,565
Accumulated Deprec Average Factor	(1,352,121,360) 89.23%	(163,255,083) 10.77%	(1,515,376,443)
Leasehold Improvement Average Factor	22,903,929 88.71%	2,916,078 11.29%	25,820,007
Customer Advance Average Factor	(5,530,042) 75.95%	(1,751,447) 24.05%	(7,281,489)
Gross Plant Growth Factor	139,967,399 78.72%	37,833,434 21.28%	177,800,833
Average Total Rate Base	1,432,082,091 86.30%	227,292,192 13.70%	1,659,374,283

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2021
Rate Base

Extracts from Balance Sheet	2020 December 2020	2021 January 2021	2021 February 2021	2021 March 2021	2021 April 2021	2021 May 2021	2021 June 2021	2021 July 2021	2021 August 2021	2021 September 2021	2021 October 2021	2021 November 2021	2021 December 2021	Dec 20 - Dec 21
Leasehold Improvement														
WA Leasehold Improvements (direct+3-factor on the rest)	2,935,110	2,922,548	2,908,506	2,898,379	2,865,263	2,850,627	2,842,610	2,833,689	2,840,138	2,871,564	2,897,090	3,200,147	3,189,652	
System Leasehold Improvements	26,300,264	26,187,706	26,061,883	25,971,134	25,674,404	25,543,252	25,471,413	25,391,474	25,449,267	25,730,859	25,959,584	26,171,929	26,154,104	
Customer Advances and Deposits														
System Contributions	6,253,436	6,434,054	6,433,512	6,638,481	6,922,974	7,130,245	7,552,440	7,760,955	8,091,481	7,838,253	7,417,260	7,952,657	8,157,679	
Washington Contributions	1,108,179	1,139,403	1,168,495	1,207,652	1,402,004	1,495,813	1,808,105	1,908,011	2,081,733	2,144,699	2,097,607	2,641,655	2,736,189	
System Deposits	(3,213,864)	(2,835,035)	(2,472,158)	(2,016,235)	(1,731,682)	(1,721,548)	(1,726,996)	(1,699,354)	(1,625,504)	(1,591,313)	(1,588,911)	(1,544,434)	(1,534,781)	
Gas in Storage Extract	22,698,815	28,079,689	28,109,966	28,108,643	28,107,067	28,105,977	28,104,053	28,102,207	28,100,334	28,098,463	28,096,641	28,096,574	28,096,574	

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021**

Deferred Income Taxes

1 Allocation factor: Accumulated Depreciation 10.77%

2

3 **2020 December Balances:**

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17 **2021 December Balances:**

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	Federal	State	SYS Total	Washington Allocation	Oregon Allocation
Allocation factor: Accumulated Depreciation					10.77%
2020 December Balances:					
Accumulated Deferred Income Tax - Depreciation	(369,268,765)	(78,976,848)	(448,245,613)	(40,169,106)	(408,076,507)
Accumulated Deferred Income Tax - Encana	(18,571,714)	(2,766,868)	(21,338,582)	0	(21,338,582)
Accumulated Deferred Income Tax - Other	(11,482,095)	(1,573,121)	(13,055,216)	(837,699)	(12,217,517)
2020 Balances	(399,322,574)	(83,316,837)	(482,639,411)	(41,006,805)	(441,632,606)
2021 December Balances:					
Accumulated Deferred Income Tax - Depreciation	(374,071,067)	(82,294,887)	(456,365,954)	(40,886,093)	(415,479,861)
Accumulated Deferred Income Tax - Encana	(13,033,981)	(1,811,323)	(14,845,304)	0	(14,845,304)
Accumulated Deferred Income Tax - Other	(7,442,026)	(1,693,240)	(9,135,266)	(839,802)	(8,295,464)
2021 Balances	(394,547,074)	(85,799,450)	(480,346,524)	(41,725,895)	(438,620,629)
Simple Average December Balances (use for Rate Base)				(41,366,350)	(440,126,617)
			EDIT Rate Base - 13 AMA	593,750	
			Total DIT Rate Base	(40,772,600)	

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Tax Adjustment**

<u>Line No.</u>	<u>Amount (a)</u>	
1 Utility Income before Interest and Taxes	\$12,650,112	
2 Interest on Historic Average Rate Base	<u>4,927,108</u>	
3 Pre-Tax Net Income	7,723,004	
4 Less: Permanent Differences	775,484	10.77% Depreciation Factor
5 Taxable Income	8,498,488	
6 Tax Rate	<u>21.00%</u>	
7 Federal Income Tax	1,784,682	
8 Credits and EDIT Amortization	<u>(395,844)</u>	3-Factor
9 Total Tax	<u><u>\$1,388,839</u></u>	

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Proforma Cost of Capital and Input Assumptions

Line No.	13 month average			13 month average	
	Percent of Total Capital (a)	Average Cost (b)	Weighted Cost (c)		
Cost of Capital					
1	Long Term Debt	45.82%	4.58%	2.10%	922,616,667
2	Short Term Debt	10.82%	0.36%	0.04%	217,838,542
3	Preferred Stock	0.00%	0.00%	0.00%	0
4	Common Stock	43.36%	9.40%	4.08%	873,224,109
5	Total	100.00%		6.22%	2,013,679,318
Revenue Sensitive Costs					
6	Gas Sales	103.26%			
7	Transportation	2.73%			
8	Other	-5.98%			
9	Subtotal	100.00%			
10	O & M - Uncollectible	0.143%			
11	Franchise Taxes	0.000%			
12	WA Utility Tax	3.852%			
13	WUTC Fee	0.200%			
14	State Taxable Income	95.81%			
15	State Income Tax	0.00%			
16	Federal Taxable Income	95.81%			
17	Federal Income Tax	20.12%			
18	Total Income Taxes	20.12%			
19	Total Revenue Sensitive Costs	24.31%			
20	Utility Operating Income	75.69%			
21	Net-to-gross factor	1.32125			
22	Interest Coordination Factor	0.0214			
23	Federal tax rate	21.00%			
24	State tax rate	0.00%			
25	Uncollectible Accounts	0.14%			

NW Natural
Washington Annual Commission Basis Report
Adjustments to Test Period
Twelve Months Ended December 31, 2021

<u>Line No.</u>	<u>Column A Page 1</u>	<u>Weather Normalized Gas Sales & Purchases (a)</u>	<u>Miscellaneous Revenues Adjustment (b)</u>	<u>Bonus Adjustment (c)</u>	<u>Uncollect. Accounts Adjustment (d)</u>	<u>Working Capital Adjustment (e)</u>	<u>Claims Adjustment (g)</u>	<u>Clearing Adjustment (h)</u>	<u>Total Adjustments (i)</u>	<u>Column C Page 1</u>
Operating Revenues										
1	Sale of Gas	84,834,973	1,107,059						1,107,059	85,942,031
2	Transportation	2,270,233	0						0	2,270,233
3	Miscellaneous Revenues	(5,072,773)		93,201					93,201	(4,979,572)
4	Total Operating Revenues	82,032,433	1,107,059	93,201	0	0	0	0	1,200,260	83,232,693
Operating Revenue Deductions										
5	Gas Purchased	30,446,195	954,114						954,114	31,400,309
6	Uncollectible Accrual	114,906	1,583	0		11,213			12,796	127,702
7	Other Operating & Maintenance Expenses	20,806,200			12,918		12,648	0	25,566	20,831,766
8	Total Operating & Maintenance Expense	51,367,301	955,698	0	12,918	11,213	12,648	0	992,477	52,359,777
9	Federal Income Tax	1,388,839	22,366	18,779	(2,238)	(2,355)	0	(2,636)	33,916	1,422,755
10	Property Taxes	1,516,879							0	1,516,879
11	Other Taxes	4,104,397	44,858	3,777					48,635	4,153,032
12	Depreciation & Amortization	12,393,744							0	12,393,744
13	Total Operating Revenue Deductions	70,771,160	1,022,922	22,556	10,680	8,858	10,012	0	1,075,027	71,846,187
14	Net Operating Revenues	11,261,273	84,137	70,645	(10,680)	(8,858)	0	(10,012)	125,232	11,386,505
Average Rate Base										
15	Utility Plant in Service	427,665,951			(105,590)			(4,560)	(110,150)	427,555,801
16	Accumulated Depreciation	(163,255,083)							0	(163,255,083)
17	Net Utility Plant	264,410,868	0	0	(105,590)	0	0	(4,560)	(110,150)	264,300,718
18	Working Capital	2,352,759							0	2,352,759
19	Storage Gas	3,083,042							0	3,083,042
20	Customer Advances	(1,751,447)							0	(1,751,447)
21	Leasehold Improvements	2,916,078							0	2,916,078
22	Accumulated Deferred Income Taxes	(40,772,600)							0	(40,772,600)
23	Total Rate Base	230,238,700	0	0	(105,590)	0	0	(4,560)	(110,150)	230,128,550
24	Interest Coordination		0	0	(2,260)	0	0	(98)	(2,358)	(2,358)

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Weather Normalized Gas Sales and Purchases Adjustment

Worksheet a

1	Revenues						
2							
3							
4		Test Period		Normalized		Normalized	Net
5		Sales in	Test Period	Sales in	Normalized	Rate	Normalizing
6		Therms	Revenue	Therms	Revenues	(e)	Effect
7		(a)	(b)	(c)	(d)		(f)
8	Sales						
9	Residential	52,824,726	\$56,618,874	57,462,761	\$60,646,317	\$0.86835	\$4,027,443
10	Commercial	23,568,263	\$22,125,844	23,956,064	\$22,444,440	\$0.82155	\$318,597
11	Industrial Firm	3,219,344	\$2,195,646	3,219,344	\$2,195,646		\$0
12	Interruptible	1,152,382	\$655,628	1,152,382	\$655,628		\$0
13							
14							
15	Total Sales	80,764,715	\$81,595,992	\$85,790,551	\$85,942,031		\$4,346,039
16							
17	Unbilled amounts	2,485,488	\$3,238,981				(\$3,238,981)
18							
19	Unaccounted For Gas						
20							
21	Total Sales Sendout	83,250,203	\$84,834,973	\$85,790,551	\$85,942,031		\$1,107,059
22							
23							
24	Transportation						
25	Firm Transportation	11,858,951	\$1,474,797	11,858,951	\$1,474,797	\$0.12436	\$0
26	Interruptible Transportation	7,551,350	\$795,437	7,551,350	\$795,437	\$0.10534	\$0
27	Special Contracts	0	\$0	0	\$0		\$0
28	Other Charges	0	\$0	0	\$0		\$0
29	Total Transportation	19,410,301	\$2,270,233	\$19,410,301	\$2,270,233		\$0
30							
31	Total Deliveries / Revenues	102,660,504	\$87,105,206	\$105,200,852	\$88,212,265		\$1,107,059
32							
33							
34							
35	Cost of Gas						
36							
37		Actual	Actual	Normalized	Normalized	Normalized	Normalizing
38		Therms	Costs	Therms	Costs	Rate	Effect
39							
40	Demand Incurred & Deferred	82,097,821	\$8,128,982	84,638,169	\$8,390,381	0.10290	\$261,399
41							
42	Commodity Incurred & Deferred	83,250,203	\$22,894,232	85,790,551	\$23,621,918	0.28645	\$727,686
43							
44	Commodity and Demand Amortizations		(\$577,020)		(\$611,989)		(\$34,970)
45							
46	Total Cost of Gas		\$30,446,195		\$31,400,309		\$954,114

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Adjustment to Miscellaneous Revenue

Worksheet b

<u>Line No.</u>	<u>Washington Actual</u> (a)	<u>Normalized</u> (b)	<u>Adjustment</u> (c)	
1	<u>Other Miscellaneous Revenues</u>			
2	\$205	\$41,504	\$41,299	[1]
3	91,185	91,185	0	
4	0	4,380	4,380	[1]
5	39,030	23,174	(15,856)	[1]
6	0	29,043	29,043	[1]
7	17,935	17,986	51	[1]
8	0	30,630	30,630	[1]
9	0	6,777	6,777	[1]
10	(5,243,302)	(5,243,302)	0	
11	22,174	19,051	(3,123)	[1]
12				
13	(\$5,072,773)	(\$4,979,572)	\$93,201	
14				
15				
16				
17				
18	<u>Notes:</u>			
19	[1] Normalized to 3-year average			
20				

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Bonus Adjustment**

Worksheet c

Line No.	(a)	2018 paid in 2019 (b)	2019 paid in 2020 (c)	2020 paid in 2021 (d)	Three Year Average (e)	2021 Accrual (f)	Adjustment (g)=(e)-(f)
Performance Bonus - O & M							
1	Officers/Exempt	\$6,248,053	\$6,790,399	\$6,492,245	\$6,510,232	\$6,385,341	\$124,891
2	Clerical/Hourly	0	0	0	0	0	0
3	Total	6,248,053	6,790,399	6,492,245	6,510,232	6,385,341	124,891
Performance Bonus - Construction							
4	Officers/Exempt	2,907,513	3,267,796	3,124,312	3,099,874	3,974,686	(874,813)
5	Clerical/Hourly	0	0	0	0	0	0
6	Total	2,907,513	3,267,796	3,124,312	3,099,874	3,974,686	(874,813)
Key Goals Bonus - O & M							
7	Officers/Exempt	0	0	0	0	0	0
8	Clerical/Hourly	535,006	0	0	0	0	0
9	Total	535,006	0	0	0	0	0
Key Goals Bonus - Construction							
10	Officers/Exempt	0	0	0	0	0	0
11	Clerical/Hourly	354,286	0	0	0	0	0
12	Total	354,286	0	0	0	0	0
13	Total Adjusted O & M (line 3 + line 9)						\$124,891
14	Washington Allocation Factor				Employee Cost		10.343%
15	Adjustment to Washington - O&M						<u>\$12,918</u>
16	Total Adjusted Construction (line 6 + line 12)						(\$874,813)
17	Washington Allocation Factor				Gross Plant		12.070%
18	Adjustment to Washington - Rate Base						<u>(\$105,590)</u>

Adjustment takes expense from test period accrual to 3 year paid average

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Uncollectible Accounts Adjustments
(\$000's, except Washington amounts at lines 22-24)

Worksheet d

Line No.	2021-2019 Total	2021 Actual	2020 Actual	2019 Actual
	(a)	(b)	(c)	(d)
Gas Revenues				
1 Residential	\$1,374,028	\$484,611	\$450,902	\$438,515
2 Commercial	623,150	214,853	193,255	215,042
3 Industrial	62,734	21,740	20,151	20,843
4 Interruptible	59,538	23,927	18,578	17,033
5 Total	2,119,450	745,131	682,886	691,434
Net Write-Offs				
6 Residential	2,433	1,476	438	518
7 Commercial	562	276	174	112
8 Industrial	19	(4)	7	16
9 Interruptible	20	-	-	20
10 Total	3,033	1,748	620	666
Write-Off % - 3-Year Average				
11 Residential	0.177%	0.305%	0.097%	0.118%
12 Commercial	0.090%	0.128%	0.090%	0.052%
13 Industrial	0.030%	-0.020%	0.037%	0.076%
14 Interruptible	0.034%	0.000%	0.000%	0.117%
15 Weighted Total [1]	0.143%	0.235%	0.091%	0.096%
Normalized Uncollectible				
16 Residential	\$858			
17 Commercial	194			
18 Industrial	7			
19 Interruptible	8			
20 Total	\$1,067			
21 Allocation Factor	11.820%	Customers - All		
22 Washington Normalized Amount (X 1000)	\$126,119			
23 Washington Allocation of Accrued Amount	\$114,906			
24 Adjustment (Normalized less Accrued)	\$11,213			

[1] Weighted uncollectible rate of

0.143% is used on page 1, column (b)

NW Natural
Washington Annual Commission Basis Report
Investor Supplied Working Capital
Twelve Months Ended December 31, 2021

Worksheet e

<u>Line No.</u>		<u>Average Balance</u>
1	Current Working Capital Assets	\$ 173,853,436
2	Current Working Capital Liabilities	\$ (153,858,182)
3	Net Working Capital	\$ 19,995,254
4		
5	WA Allocation of Total Investments	11.77%
6	Total WA Working Capital	\$ 2,352,759

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2021
Claims Expense Adjustment**

Worksheet g

<u>Line No.</u>	<u>O&M Expense (a)</u>	<u>Construction (b)</u>
1 Expensed during Test period	\$150,127	\$108,278
Normalized Expenses		
2 Actual Claims - Ordinary	\$150,127	70,496
3 3-Year Average Claims - Extraordinary	113,333	0
4 Subtotal	<u>263,460</u>	<u>70,496</u>
5 Adjustment - System (line 4 - line 1)	113,333	(37,782)
6 Allocation to Washington (O&M on 3-factor, const on gross plant)	<u>11.160%</u>	<u>12.070%</u>
7 Adjustment	<u><u>\$12,648</u></u>	<u><u>(\$4,560)</u></u>

**NW Natural
Washington Annual Commission Basis Report

Elimination of Clearing Account Balances**

Worksheet h

<u>Line No.</u>	<u>Amount</u>
1 Adjustment to O&M	\$0
2 Allocation to Washington (3-Factor)	11.16%
3 Adjustment	\$0
4 Adjustment to Construction	\$0
5 Allocation to Washington (Gross Plant)	12.07%
6 Adjustment	\$0

Clearing accounts are completely allocated by year end closing.