

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-__
GENERAL RATE APPLICATION
OF
NORTHWEST NATURAL GAS COMPANY

December 31, 2018

Direct Exhibit of Sean R. Borgerson

FEDERAL INCOME TAX REFORM

Exh. SRB-6

**Plant Excess Deferred Income Taxes (EDIT) - Washington
Prospective Amortization Relative to the Average Rate Assumption Method (ARAM) Estimate**

Plant - Excess Deferred Tax Amortization in Ratemaking						
<i>Relative to ARAM</i>						
	2018	2019	2020	2021	2022	2023
ARAM	208,719	241,223	272,148	312,087	348,844	391,429 A
EDIT Amortization	-	(60,000)	(400,000)	(400,000)	(400,000)	(400,000) B
EDIT Amort in (Excess) of ARAM	208,719	181,223	(127,852)	(87,913)	(51,156)	(8,571) C
Cumulative ARAM Available	208,719	389,941	262,089	174,176	123,020	114,449 D

ARAM Consideration for Plant Related EDIT Amortization:

The normalization language in the TCJA indicates that a taxpayer, in this case NW Natural, would commit a normalization violation, "if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method."

- A** Washington average rate assumption method (ARAM) amortization estimate for calendar years 2018 through 2023
- B** Proposed amortization of the Plant deferred tax remeasurement balance (2019 amortization reflects amortization for December of 2019)
- C** Proposed amortization of the Plant deferred tax remeasurement balance in (excess) of annual available ARAM
- D** Cumulative ARAM available after proposed amortization of the Plant deferred tax remeasruement balance