

<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	\$69,198,787	-\$2,782,249	\$66,416,538
2	2,334,991	0	2,334,991
3	-3,768,530	171,834	-3,596,696
4	67,765,247	-2,610,415	65,154,832
			42,833,126
Operating Revenue Deductions			
5	\$23,113,809	-\$792,102	\$22,321,706
6	49,233	26,848	76,081
7	18,113,864	-552,081	17,561,783
8	41,276,905	-1,317,336	39,959,570
9	1,434,190	-249,001	1,185,189
10	1,279,016	0	1,279,016
11	3,741,124	-105,774	3,635,350
12	10,186,875	0	10,186,875
13	\$57,918,111	-\$1,672,111	\$56,246,000
14	\$9,847,136	-\$938,304	\$8,908,832
<u>Average Rate Base</u>			
15	\$370,230,782	-\$60,077	\$370,170,705
16	-146,751,809	0	-146,751,809
17	223,478,973	-60,077	223,418,896
18	-918,179	0	-918,179
19	2,327,430	0	2,327,430
20	-905,654	0	-905,654
21	13,276	0	13,276
22	-41,796,371	0	-41,796,371
23	\$182,199,475	-\$60,077	\$182,139,398
24	5.40%		4.89%
25	6.01%		4.90%

**NW Natural
State Allocation Factors
Updated for year ended 2019 data**

	System	Washington	Oregon
Customers			
Total Customers			
December 2019	762,884	87,504	675,380
December 2018	750,421	84,650	665,771
Average	756,653	86,077	670,576
% of System		11.38%	88.62%
Residential Customers			
December 2019	692,012	80,116	611,896
December 2018	680,134	77,357	602,777
Average	686,073	78,737	607,337
% of System		11.48%	88.52%
Commercial Customers			
December 2019	69,858	7,308	62,550
December 2018	69,259	7,213	62,046
Average	69,559	7,261	62,298
% of System		10.44%	89.56%
Industrial Customers			
December 2019	1,014	80	934
December 2018	1,031	80	951
Average	1,023	80	943
% of System		7.82%	92.18%
The Dalles			
December 2019	8,460	2,133	6,327
December 2018	8,318	2,103	6,215
Average	8,389	2,118	6,271
% of System		25.25%	74.75%
Portland / Vancouver			
December 2019	542,524	85,371	457,153
December 2018	533,590	82,547	451,043
Average	538,057	83,959	454,098
% of System		15.60%	84.40%
Portland / Vancouver Commercial			
December 2019	45,728	7,088	38,640
December 2018	45,199	6,997	38,202
Average	45,464	7,043	38,421
% of System		15.49%	84.51%

**NW Natural
State Allocation Factors
Updated for year ended 2019 data
Volumes - 12 Months Ended 12/31/19**

Firm Sales Delivered	772,781,753	82,415,511	690,366,242
% of System		10.66%	89.34%
Sales Volumes	820,247,690	83,688,574	736,559,116
% of System		10.20%	89.80%
Sendout Volumes	1,215,153,606	104,508,093	1,110,645,513
% of System		8.60%	91.40%

3-factor formula (simple average)

Gross Plant Directly Assigned		11.96%	88.04%
Number of Employees Directly Assigned		10.59%	89.41%
Number of Customers		11.38%	88.62%
Average		11.31%	88.69%

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

December 31, 2019

	System	Washington	Oregon
Intangible - Other	84,795	447	84,348
Production	675,198	0	675,198
Transmission	192,013,583	1,115,001	190,898,582
Distribution	2,373,283,800	305,117,836	2,068,165,964

December 31, 2018

	System	Washington	Oregon
Intangible	84,795	447	84,348
Production	675,198	0	675,198
Transmission	182,352,775	1,115,001	181,237,774
Distribution	2,264,986,007	292,211,686	1,972,774,321

Average

	System	Washington	Oregon
Intangible - Other	84,795	447	84,348
Production	675,198	0	675,198
Transmission	187,183,179	1,115,001	186,068,178
Distribution	2,319,134,903	298,664,761	2,020,470,142

**Gross Plant Directly Assigned
% of System**

	2,507,078,076	299,780,209	2,207,297,867
		11.96%	88.04%

NW Natural
State Allocation Factors
Updated for year ended 2019 data

Allocation Factors - Summary	Washington	Oregon
Customers-all	11.380%	88.620%
Customers-Residential	11.480%	88.520%
Customers-Commercial	10.440%	89.560%
Customers-Industrial	7.820%	92.180%
Customers-The Dalles	25.250%	74.750%
3-factor	11.310%	88.690%
firm sales volumes	10.660%	89.340%
sales volumes	10.200%	89.800%
sendout volumes	8.600%	91.400%
sales/sendout volumes	9.400%	90.600%
Customers Portland/Vancouver	15.600%	84.400%
Customers Portland/Vancouver 80%	12.480%	87.520%
Customers Portland/Vancouver Commercial	15.490%	84.510%
Payroll	10.155%	89.845%
Admin Transfer	11.661%	88.339%
Employee Cost	10.372%	89.628%
Regulatory	30.000%	70.000%
Telemetry	12.245%	87.755%
Direct-Wa	100.000%	0.000%
Direct-Or	0.000%	100.000%
Gross plant direct assign	11.960%	88.040%
Depreciation	11.710%	88.290%
Rate Base	13.850%	86.150%

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2019
Rate Base

	2018 Dec	2019 Jan	2019 Feb	2019 Mar	2019 Apr	2019 May	2019 June	2019 July	2019 August	2019 September	2019 October	2019 November	2019 December
SYSTEM	System	System	System	System	System	System	System	System	System	System	System	System	System
Gross Plant													
Intangible													
Software	117,067,789	117,034,848	117,398,918	117,447,064	117,776,760	117,763,758	121,381,491	121,522,871	121,628,931	123,274,685	124,781,270	124,835,762	126,083,551
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
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
Transmission	182,352,775	182,421,893	183,863,442	184,711,990	184,735,321	184,737,011	185,052,493	185,956,876	186,090,179	189,500,741	191,385,639	191,639,509	192,013,583
Distribution	2,264,986,007	2,270,157,414	2,275,839,368	2,279,905,993	2,284,979,590	2,291,376,167	2,297,717,863	2,306,097,679	2,311,830,905	2,327,611,703	2,338,705,080	2,345,896,964	2,373,283,800
General	213,210,437	212,371,974	215,664,667	216,617,423	221,729,094	222,150,349	227,476,402	228,169,542	229,857,338	234,369,196	236,569,986	236,437,407	243,869,682
Storage and storage transmission CNG and LNG	333,651,718 3,790,768	333,718,352 3,790,768	333,767,538 3,790,768	333,829,538 3,790,768	333,978,187 3,790,768	334,067,836 3,790,768	334,137,411 3,790,768	334,147,867 3,790,768	334,165,865 3,790,768	334,179,676 3,790,768	336,469,533 3,790,768	336,485,827 3,790,768	338,708,361 3,790,768
Gas Reserves	187,307,385	187,307,386	187,307,387	187,307,388	187,307,389	187,307,390	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)	3,115,819,487	3,120,255,244	3,131,084,695	3,137,062,770	3,147,749,714	3,154,645,883	3,170,316,422	3,180,445,597	3,188,123,979	3,213,486,763	3,232,462,270	3,239,846,232	3,278,509,738
Accumulated Depreciation													
Intangible	(66,650,465)	(67,101,749)	(67,553,969)	(68,007,353)	(68,461,761)	(68,917,151)	(69,382,497)	(69,858,829)	(70,335,677)	(70,817,474)	(71,308,177)	(71,803,279)	(72,302,109)
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)
Transmission	(41,227,169)	(41,510,060)	(41,794,141)	(42,080,010)	(42,366,563)	(42,653,134)	(42,940,954)	(43,228,724)	(43,516,631)	(43,804,538)	(44,092,445)	(44,380,352)	(44,668,259)
Distribution	(1,042,694,700)	(1,046,084,023)	(1,050,165,974)	(1,053,818,731)	(1,057,472,488)	(1,061,126,245)	(1,064,780,002)	(1,068,433,759)	(1,072,087,516)	(1,075,741,273)	(1,079,395,030)	(1,083,048,787)	(1,086,702,544)
General	(57,514,633)	(57,498,915)	(58,307,119)	(59,262,721)	(60,178,527)	(61,003,480)	(61,828,433)	(62,653,386)	(63,478,339)	(64,303,292)	(65,128,245)	(65,953,198)	(66,778,151)
Storage and storage transmission CNG and LNG	(142,496,991) (2,171,506)	(143,049,257) (2,178,168)	(143,601,708) (2,184,830)	(144,154,114) (2,191,492)	(144,706,846) (2,198,154)	(145,259,879) (2,204,816)	(145,813,126) (2,211,478)	(146,366,444) (2,218,140)	(146,919,786) (2,224,802)	(147,473,205) (2,231,464)	(148,026,547) (2,238,126)	(148,579,889) (2,244,788)	(149,133,231) (2,251,510)
Gas Reserves	(104,463,650)	(106,083,359)	(107,606,046)	(109,243,040)	(110,711,688)	(112,345,946)	(113,930,594)	(115,659,314)	(117,326,665)	(118,937,318)	(120,579,216)	(122,105,204)	(123,635,771)
Total Accumulated Depreciation (less Gas Reserves)	(1,353,446,498)	(1,358,113,208)	(1,364,298,776)	(1,369,405,456)	(1,375,121,279)	(1,381,158,910)	(1,386,185,814)	(1,392,210,743)	(1,397,833,786)	(1,402,917,187)	(1,409,448,325)	(1,414,615,965)	(1,418,761,923)
Storage Gas	18,494,189	18,492,642	18,491,060	22,702,072	22,700,574	22,699,042	22,697,460	22,724,936	22,723,358	22,721,950	22,720,796	22,719,544	22,718,208
Customer Advances	(4,410,555)	(4,536,195)	(4,602,194)	(4,699,738)	(4,779,239)	(4,909,726)	(4,937,414)	(4,869,209)	(5,092,362)	(5,197,343)	(5,293,473)	(5,408,334)	(7,367,884)
Leasehold Improvements	59,348	55,662	51,975	48,289	44,900	68,690	100,198	104,522	131,883	166,698	220,185	257,669	256,703
Total Rate Base Excluding ADIT and WC	1,776,515,972	1,776,154,146	1,780,726,760	1,785,707,838	1,790,594,670	1,791,344,980	1,801,990,852	1,806,195,103	1,808,053,072	1,828,260,880	1,840,661,453	1,844,799,145	1,875,354,842
Less: ADIT	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)	(484,546,539)
Total Rate Base Excluding WC	1,291,969,433	1,291,607,607	1,296,180,222	1,301,161,399	1,306,048,131	1,306,798,441	1,317,444,313	1,321,648,564	1,323,506,534	1,343,714,341	1,356,114,914	1,360,252,606	1,390,808,303

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2019
Rate Base

		2018	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
		2018	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
		Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December
OREGON		OREGON												
Gross Plant														
Intangible	Software	103,745,475	103,716,283	104,038,921	104,081,588	104,373,764	104,362,242	107,568,277	107,693,569	107,787,558	109,246,026	110,581,161	110,629,453	111,735,243
	Other	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348	84,348
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
Transmission		181,237,774	181,306,892	182,748,441	183,596,989	183,620,320	183,622,010	183,937,492	184,841,875	184,975,178	188,385,740	190,270,638	190,524,508	190,898,582
Distribution		1,972,774,321	1,976,286,023	1,981,111,594	1,984,591,198	1,988,885,138	1,994,315,741	1,999,791,623	2,006,679,912	2,011,815,244	2,026,890,451	2,036,147,762	2,042,178,980	2,068,165,964
General		190,169,078	189,427,020	192,297,783	193,143,987	197,684,819	198,062,159	202,799,775	203,414,680	204,911,943	208,965,331	210,917,663	210,800,137	217,392,171
Storage and storage transmission		301,602,245	301,661,776	301,705,719	301,761,109	301,893,912	301,974,005	302,036,163	302,045,504	302,061,583	302,073,922	304,119,681	304,134,238	306,119,849
CNG and LNG		3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033	3,362,033
Gas Reserves		187,307,385	187,307,386	187,307,387	187,307,388	187,307,389	187,307,390	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)		2,753,650,471	2,756,519,572	2,766,024,036	2,771,296,451	2,780,579,532	2,786,457,737	2,800,254,909	2,808,797,118	2,815,673,085	2,839,683,049	2,856,158,484	2,862,388,895	2,898,433,388
Accumulated Depreciation														
Intangible		(59,065,642)	(59,465,570)	(59,866,327)	(60,268,116)	(60,670,812)	(61,074,379)	(61,486,769)	(61,908,894)	(62,331,477)	(62,758,446)	(63,193,306)	(63,632,066)	(64,074,129)
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)
Transmission		(41,056,572)	(41,337,716)	(41,620,050)	(41,904,172)	(42,188,979)	(42,473,803)	(42,226,875)	(42,512,899)	(42,799,744)	(43,089,364)	(43,383,127)	(43,678,520)	(43,974,492)
Distribution		(929,062,592)	(931,856,539)	(935,331,028)	(937,631,453)	(940,575,137)	(943,905,846)	(946,590,695)	(949,708,507)	(952,380,918)	(955,338,511)	(958,143,652)	(961,372,277)	(964,496,558)
General		(52,039,149)	(52,036,694)	(52,764,989)	(53,624,022)	(54,447,790)	(55,191,017)	(56,104,341)	(56,995,926)	(57,939,923)	(58,147,601)	(59,319,065)	(57,543,801)	(58,491,755)
Storage and storage transmission		(128,211,808)	(128,709,515)	(129,207,388)	(129,705,220)	(130,203,345)	(130,701,737)	(131,200,321)	(131,698,969)	(132,197,637)	(132,696,375)	(133,610,830)	(134,112,703)	(134,615,799)
CNG and LNG		(1,925,908)	(1,931,817)	(1,937,726)	(1,943,634)	(1,949,543)	(1,955,451)	(1,961,360)	(1,967,268)	(1,973,177)	(1,979,085)	(1,984,994)	(1,990,902)	(1,996,811)
Gas Reserves		(104,463,650)	(106,083,359)	(107,606,046)	(109,243,040)	(110,711,688)	(112,345,946)	(113,930,594)	(115,659,314)	(117,326,665)	(118,937,318)	(120,579,216)	(122,105,204)	(123,635,771)
Total Accumulated Depreciation (less Gas Reserves)		(1,212,052,707)	(1,216,028,887)	(1,221,418,543)	(1,225,767,653)	(1,230,726,642)	(1,235,993,269)	(1,240,261,397)	(1,245,483,499)	(1,250,313,912)	(1,254,700,417)	(1,260,326,010)	(1,263,021,304)	(1,268,340,579)
Storage Gas		16,522,708	16,521,327	16,519,913	20,282,031	20,280,693	20,279,324	20,277,911	20,302,458	20,301,048	20,299,790	20,298,759	20,297,641	20,296,447
Customer Advances		(3,601,643)	(3,699,913)	(3,742,368)	(3,817,990)	(3,898,715)	(3,997,958)	(4,003,744)	(3,974,512)	(4,175,513)	(4,270,680)	(4,335,408)	(4,436,176)	(6,385,597)
Leasehold Improvements		52,636	49,367	46,097	42,827	39,822	60,921	88,866	92,701	116,967	147,844	195,282	228,526	227,690
Total Rate Base Excluding ADIT and WC		1,554,571,466	1,553,361,465	1,557,429,134	1,562,035,666	1,566,274,689	1,566,806,755	1,576,356,544	1,579,734,266	1,581,601,676	1,601,159,586	1,611,991,107	1,615,457,581	1,644,231,348
Less: ADIT		(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)	(442,750,168)
Total Rate Base Excluding WC		1,111,821,298	1,110,611,297	1,114,678,966	1,119,285,498	1,123,524,522	1,124,056,587	1,133,606,377	1,136,984,098	1,138,851,508	1,158,409,418	1,169,240,940	1,172,707,414	1,201,481,181

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2019
Rate Base

WASHINGTON		2018 2018 Dec	2019 2019 Jan	2019 2019 Feb	2019 2019 Mar	2019 2019 Apr	2019 2019 May	2019 2019 June	2019 2019 July	2019 2019 August	2019 2019 September	2019 2019 October	2019 2019 November	2019 2019 December
WASHINGTON		WASHINGTON												
Gross Plant														
Intangible	Software Other	13,322,314 447	13,318,566 447	13,359,997 447	13,365,476 447	13,402,995 447	13,401,516 447	13,813,214 447	13,829,303 447	13,841,372 447	14,028,659 447	14,200,109 447	14,206,310 447	14,348,308 447
Production														
Transmission		1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001
Distribution		292,211,686	293,811,392	294,727,775	295,314,795	296,094,452	297,060,426	297,926,240	299,417,767	300,015,661	300,721,253	302,557,318	303,717,984	305,117,836
General		23,041,358	22,944,954	23,366,884	23,473,436	24,044,275	24,088,190	24,676,628	24,754,862	24,945,395	25,403,865	25,652,323	25,637,270	26,477,511
Storage and storage transmission CNG and LNG		32,049,473 428,736	32,056,576 428,736	32,061,820 428,736	32,068,429 428,736	32,084,275 428,736	32,093,831 428,736	32,101,248 428,736	32,102,363 428,736	32,104,281 428,736	32,105,753 428,736	32,349,852 428,736	32,351,589 428,736	32,588,511 428,736
Total Gross Plant (less Gas Reserves)		362,169,016	363,735,672	365,060,659	365,766,320	367,170,182	368,188,147	370,061,513	371,648,478	372,450,894	373,803,714	376,303,786	377,457,337	380,076,350
Accumulated Depreciation														
Intangible		(7,584,823)	(7,636,179)	(7,687,642)	(7,739,237)	(7,790,948)	(7,842,772)	(7,895,728)	(7,949,935)	(8,004,200)	(8,059,029)	(8,114,870)	(8,171,213)	(8,227,980)
Production		0	0	0	0	0	0	0	1	2	3	4	5	6
Transmission		(170,597)	(172,344)	(174,091)	(175,838)	(177,585)	(179,331)	(181,078)	(182,825)	(184,572)	(186,319)	(188,066)	(189,812)	(191,559)
Distribution		(113,632,107)	(114,227,484)	(114,834,946)	(115,387,278)	(115,943,254)	(116,523,568)	(117,068,876)	(117,659,803)	(118,233,789)	(118,805,565)	(119,412,666)	(120,011,075)	(120,615,980)
General		(6,246,026)	(6,241,010)	(6,329,176)	(6,434,008)	(6,534,332)	(6,624,370)	(6,736,074)	(6,844,986)	(6,960,582)	(7,082,208)	(7,126,667)	(7,126,667)	(7,011,305)
Storage and storage transmission CNG and LNG		(14,285,183) (245,597)	(14,339,741) (246,351)	(14,394,320) (247,104)	(14,448,893) (247,858)	(14,503,501) (248,611)	(14,558,142) (249,365)	(14,612,805) (250,118)	(14,667,475) (250,872)	(14,722,149) (251,625)	(14,776,830) (252,379)	(14,881,115) (253,132)	(14,936,170) (253,885)	(14,991,372) (254,639)
Total Accumulated Depreciation (less Gas Reserves)		(142,164,334)	(142,863,109)	(143,667,278)	(144,433,112)	(145,198,232)	(145,977,547)	(146,744,679)	(147,555,895)	(148,356,914)	(149,062,326)	(149,976,513)	(150,457,502)	(151,292,829)
Storage Gas		1,971,481	1,971,316	1,971,147	2,420,041	2,419,881	2,419,718	2,419,549	2,422,478	2,422,310	2,422,160	2,422,037	2,421,903	2,421,761
Customer Advances		(808,912)	(836,282)	(859,825)	(881,748)	(880,523)	(911,768)	(933,670)	(894,697)	(916,849)	(926,663)	(958,065)	(972,158)	(982,286)
Leasehold Improvements		6,712	6,295	5,878	5,461	5,078	7,769	11,332	11,821	14,916	18,854	24,903	29,142	29,013
Total Rate Base Excluding ADIT and WC Less: ADIT		221,173,963 (41,796,371)	222,013,892 (41,796,371)	222,510,582 (41,796,371)	222,876,963 (41,796,371)	223,516,386 (41,796,371)	223,726,318 (41,796,371)	224,814,045 (41,796,371)	225,632,186 (41,796,371)	225,614,356 (41,796,371)	226,255,738 (41,796,371)	227,816,148 (41,796,371)	228,478,723 (41,796,371)	230,252,008 (41,796,371)
Total Rate Base Excluding WC		179,377,592	180,217,521	180,714,211	181,080,592	181,720,015	181,929,947	183,017,674	183,835,815	183,817,985	184,459,367	186,019,777	186,682,352	188,455,637

Rate Base Average Allocation Factors

	OR	WA	SYSTEM
Gross Plant Average Factor	2,805,822,900 88.34%	370,230,782 11.66%	3,176,053,682
Accumulated Deprec Average Factor	(1,240,353,181) 89.42%	(146,751,809) 10.58%	(1,387,104,990)
Leasehold Improvement Average Factor	104,115 88.69%	13,276 11.31%	117,391
Customer Advance Average Factor	(4,112,216) 81.95%	(905,654) 18.05%	(5,017,871)
Gross Plant Growth Factor	144,782,916 88.99%	17,907,334 11.01%	162,690,250
Average Total Rate Base	1,138,217,322 86.14%	183,117,654 13.86%	1,321,334,976

NW Natural
Washington Annual Commission Basis Report
Test Year Based on Twelve Months Ended December 31, 2019
Rate Base

Extracts from Balance Sheet	2018 December 2018	2019 January 2019	2019 February 2019	2019 March 2019	2019 April 2019	2019 May 2019	2019 June 2019	2019 July 2019	2019 August 2019	2019 September 2019	2019 October 2019	2019 November 2019	2019 December 2019
Leasehold Improvement													
WA Leasehold Improvements (direct+3-factor on the rest)	6,712	6,295	5,878	5,461	5,078	7,769	11,332	11,821	14,916	18,854	24,903	29,142	29,013
System Leasehold Improvements	59,348	55,662	51,975	48,289	44,900	68,690	100,198	104,522	131,883	166,698	220,185	257,669	256,703
Customer Advances and Deposits													
System Contributions	4,410,555	4,536,195	4,602,194	4,699,738	4,779,239	4,909,726	4,937,414	4,869,209	5,092,362	5,197,343	5,293,473	5,408,334	7,367,884
Washington Contributions	808,912	836,282	859,825	881,748	880,523	911,768	933,670	894,697	916,849	926,663	958,065	972,158	982,286
System Deposits	4,797,147	4,819,386	4,775,569	4,744,720	4,689,741	4,705,711	4,651,666	4,632,088	4,599,114	4,543,504	4,616,530	4,579,748	4,644,957
Gas in Storage Extract	18,494,189	18,492,642	18,491,060	22,702,072	22,700,574	22,699,042	22,697,460	22,724,936	22,723,358	22,721,950	22,720,796	22,719,544	22,718,208

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019**

Deferred Income Taxes

1 **Allocation factor: Accumulated Depreciation** **10.58%**

2

3 **2018 December Balances:**

4

	Federal	State	SYS Total	Washington Allocation	Oregon Allocation	
5						
6						
7						
8	Accumulated Deferred Income Tax - Depreciation	(375,749,305)	(62,268,085)	(438,017,390)	(41,137,749)	(396,879,641)
9						
10	Accumulated Deferred Income Tax - Encana	(26,599,176)	(4,238,338)	(30,837,514)	0	(30,837,514)
11						
12	Accumulated Deferred Income Tax - Other	(17,344,889)	(2,188,948)	(19,533,837)	(1,883,723)	(17,650,114)
13						
14	2018 Balances	(419,693,370)	(68,695,371)	(488,388,741)	(43,021,472)	(445,367,269)

15

16

17 **2019 December Balances:**

18

	Federal	State	SYS Total	Washington Allocation	Oregon Allocation	
19						
20						
21						
22	Accumulated Deferred Income Tax - Depreciation	(378,044,000)	(63,305,001)	(441,349,001)	(39,733,876)	(401,615,125)
23						
24	Accumulated Deferred Income Tax - Encana	(23,236,122)	(3,046,116)	(26,282,238)	0	(26,282,238)
25						
26	Accumulated Deferred Income Tax - Other	(12,014,400)	(1,058,697)	(13,073,097)	(837,394)	(12,235,703)
27						
28	2019 Balances	(413,294,522)	(67,409,814)	(480,704,336)	(40,571,270)	(440,133,066)

29

30

31 **Simple Average December Balances (use for Rate Base)** **(41,796,371)** **(442,750,168)**

32

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Tax Adjustment**

<u>Line No.</u>	<u>Amount (a)</u>	
1	Utility Income before Interest and Taxes	\$11,230,368
2	Interest on Historic Average Rate Base	<u>4,810,066</u>
3	Pre-Tax Net Income	6,420,302
4	Less: Permanent Differences	891,599
		11.71% Depreciation Factor
5	Taxable Income	7,311,901
6	Tax Rate	<u>21.00%</u>
7	Federal Income Tax	1,535,499
8	Credits and EDIT Amortization	<u>(112,010)</u>
9	Total Tax	<u><u>\$1,423,489</u></u>

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
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	47.79%	5.22%	2.49%	811,783,333
2	Short Term Debt	6.25%	2.46%	0.15%	106,195,833
3	Preferred Stock	0.00%	0.00%	0.00%	0
4	Common Stock	45.96%	10.01%	4.60%	780,610,050
5	Total	<u>100.00%</u>		<u>7.24%</u>	<u>1,698,589,217</u>
Revenue Sensitive Costs					
6	Gas Sales	101.94%			
7	Transportation	3.58%			
8	Other	<u>-5.52%</u>			
9	Subtotal	100.00%			
10	O & M - Uncollectible	0.100%			
11	Franchise Taxes	0.000%			
12	WA Utility Tax	3.852%			
13	WUTC Fee	<u>0.200%</u>			
14	State Taxable Income	95.85%			
15	State Income Tax	<u>0.00%</u>			
16	Federal Taxable Income	95.85%			
17	Federal Income Tax	<u>20.13%</u>			
18	Total Income Taxes	20.13%			
19	Total Revenue Sensitive Costs	<u>24.28%</u>			
20	Utility Operating Income	<u>75.72%</u>			
21	Net-to-gross factor	1.32066			
22	Interest Coordination Factor	0.0264			
23	Federal tax rate	21.00%			
24	State tax rate	0.00%			
25	Uncollectible Accounts	0.10%			

NW Natural
Washington Annual Commission Basis Report
Adjustments to Test Period
Twelve Months Ended December 31, 2019

Line No.	Column A Page 1	Weather Normalized Gas Sales & Purchases (a)	Miscellaneous Revenues Adjustment (b)	Bonus Adjustment (c)	Uncollect. Accounts Adjustment (d)	Working Capital Adjustment (e)	Sales, Marketing & Customer Communications Adjustment (f)	Claims Adjustment (g)	Clearing Adjustment (h)	Total Adjustments (i)	Column C Page 1
Operating Revenues											
1	Sale of Gas	69,198,787	(2,782,249)							(2,782,249)	66,416,538
2	Transportation	2,334,991	0							0	2,334,991
3	Miscellaneous Revenues	(3,768,530)		171,834						171,834	(3,596,696)
4	Total Operating Revenues	67,765,247	(2,782,249)	171,834	0	0	0	0	0	(2,610,415)	65,154,832
Operating Revenue Deductions											
5	Gas Purchased	23,113,809	(792,102)							(792,102)	22,321,706
6	Uncollectible Accrual	49,233	(2,782)	0	29,630					26,848	76,081
7	Other Operating & Maintenance Expenses	18,164,822			(96,900)		(450,035)	(5,146)	0	(552,081)	17,612,741
8	Total Operating & Maintenance Expense	41,327,864	(794,885)	0	(96,900)	29,630	(450,035)	(5,146)	0	(1,317,336)	40,010,528
9	Federal Income Tax	1,423,489	(393,672)	34,623	20,650	(6,222)	0	94,507	1,113	(249,001)	1,174,488
10	Property Taxes	1,279,016								0	1,279,016
11	Other Taxes	3,741,124	(112,737)	6,963						(105,774)	3,635,350
12	Depreciation & Amortization	10,186,875								0	10,186,875
13	Total Operating Revenue Deductions	57,958,368	(1,301,293)	41,586	(76,250)	23,408	(355,528)	(4,033)	0	(1,672,111)	56,286,258
14	Net Operating Revenues	9,806,879	(1,480,955)	130,248	76,250	(23,408)	0	355,528	4,033	(938,304)	8,868,575
Average Rate Base											
15	Utility Plant in Service	370,230,782			(54,336)				(5,741)	(60,077)	370,170,705
16	Accumulated Depreciation	(146,751,809)								0	(146,751,809)
17	Net Utility Plant	223,478,973	0	0	(54,336)	0	0	0	(5,741)	(60,077)	223,418,896
18	Working Capital	(918,179)								0	(918,179)
19	Storage Gas	2,327,430								0	2,327,430
20	Customer Advances	(905,654)								0	(905,654)
21	Leasehold Improvements	13,276								0	13,276
22	Accumulated Deferred Income Taxes	(41,796,371)								0	(41,796,371)
23	Total Rate Base	182,199,475	0	0	(54,336)	0	0	(5,741)	0	(60,077)	182,139,398
24	Interest Coordination		0	0	(1,434)	0	0	0	(152)	(1,586)	(1,586)

NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Weather Normalized Gas Sales and Purchases Adjustment

Worksheet a

1	Revenues						
2							
3							
4		Test Period	Test Period	Normalized	Normalized	Normalized	Net
5		Sales in	Revenue	Sales in	Revenues	Rate	Normalizing
6		Therms		Therms			Effect
7		(a)	(b)	(c)	(d)	(e)	(f)
8	Sales						
9	Residential	54,937,412	\$47,875,316	52,621,347	\$46,077,341	\$0.77631	(\$1,797,975)
10	Commercial	24,300,636	\$18,698,583	23,381,562	\$18,021,745	\$0.73643	(\$676,838)
11	Industrial Firm	3,177,465	\$1,832,393	3,177,465	\$1,832,393	\$0.57668	\$0
12	Interruptible	1,273,063	\$485,059	1,273,063	\$485,059	\$0.38102	\$0
13							
14							
15	Total Sales	83,688,576	\$68,891,351	\$80,453,437	\$66,416,538		(\$2,474,813)
16							
17	Unbilled amounts	(337,559)	\$307,436				(\$307,436)
18							
19	Unaccounted For Gas						
20							
21	Total Sales Sendout	83,351,017	\$69,198,787	\$80,453,437	\$66,416,538		(\$2,782,249)
22							
23							
24	Transportation						
25	Firm Transportation	12,392,404	\$1,515,179	12,392,404	\$1,515,179	\$0.12227	\$0
26	Interruptible Transportation	8,474,813	\$819,811	8,474,813	\$819,811	\$0.09674	\$0
27	Special Contracts	0	\$0	0	\$0		\$0
28	Other Charges	0	\$0	0	\$0		\$0
29	Total Transportation	20,867,217	\$2,334,991	\$20,867,217	\$2,334,991		\$0
30							
31	Total Deliveries / Revenues	104,218,234	\$71,533,777	\$101,320,654	\$68,751,529		(\$2,782,249)
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	82,077,954	\$8,809,975	79,180,374	\$8,489,477	0.11061	(\$320,497)
41							
42	Commodity Incurred & Deferred	83,351,017	\$17,697,775	80,453,437	\$17,099,851	0.20635	(\$597,924)
43							
44	Commodity and Demand Amortizations		(\$3,393,941)		(\$3,267,622)		\$126,319
45							
46	Total Cost of Gas		\$23,113,809		\$22,321,706		(\$792,102)

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Adjustment to Miscellaneous Revenue**

Worksheet b

<u>Line No.</u>	<u>Washington Actual (a)</u>	<u>Normalized (b)</u>	<u>Adjustment (c)</u>	
1	<u>Other Miscellaneous Revenues</u>			
2	\$52,745	\$54,727	\$1,982	[1]
3	90,571	90,571	0	
4	5,105	5,644	539	[1]
5	13,169	12,201	(969)	[1]
6	29,110	32,050	2,940	[1]
7	18,043	18,720	677	[1]
8	6,997	10,604	3,607	[1]
9	20,330	17,146	(3,184)	[1]
10	(4,018,108)	(3,848,118)	169,989	
11	13,508	9,761	(3,748)	[1]
12				
13	(\$3,768,530)	(\$3,596,696)	\$171,834	
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, 2019
Bonus Adjustment**

Worksheet c

Line No.	(a)	2016 paid in 2017 (b)	2017 paid in 2018 (c)	2018 paid in 2019 (d)	Three Year Average (e)	2019 Accrual (f)	Adjustment (g)=(e)-(f)	
Performance Bonus - O & M								
1	Officers/Exempt	\$5,597,391	\$6,107,412	\$6,248,053	\$5,984,285	\$7,045,868	(\$1,061,582)	
2	Clerical/Hourly	0	0	0	0	0	0	
3	Total	5,597,391	6,107,412	6,248,053	5,984,285	7,045,868	(1,061,582)	
Performance Bonus - Construction								
4	Officers/Exempt	2,594,415	2,952,686	2,907,513	2,818,205	3,278,773	(460,569)	
5	Clerical/Hourly	0	0	0	0	0	0	
6	Total	2,594,415	2,952,686	2,907,513	2,818,205	3,278,773	(460,569)	
Key Goals Bonus - O & M								
7	Officers/Exempt	0	0	0	0	0		
8	Clerical/Hourly	597,200	1,105,922	535,006	746,043	618,679		
9	Total	597,200	1,105,922	535,006	746,043	618,679	127,364	
Key Goals Bonus - Construction								
10	Officers/Exempt	0	0	0	0	0		
11	Clerical/Hourly	358,883	534,668	354,286	415,946	409,695		
12	Total	358,883	534,668	354,286	415,946	409,695	6,251	
13	Total Adjusted O & M (line 3 + line 9)							(\$934,219)
14	Washington Allocation Factor						Employee Cost	10.372%
15	Adjustment to Washington - O&M							<u>(\$96,900)</u>
16	Total Adjusted Construction (line 6 + line 12)							(\$454,318)
17	Washington Allocation Factor						Gross Plant	11.960%
18	Adjustment to Washington - Rate Base							<u>(\$54,336)</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, 2019
Uncollectible Accounts Adjustments
(\$000's, except Washington amounts at lines 22-24)

Worksheet d

<u>Line No.</u>	2019-2017 Total	2019 Actual	2018 Actual	2017 Actual
	(a)	(b)	(c)	(d)
Gas Revenues				
1 Residential	\$1,312,287	\$438,515	\$415,008	\$458,763
2 Commercial	649,781	215,042	205,058	229,681
3 Industrial	64,544	20,843	20,943	22,757
4 Interruptible	58,741	17,033	19,535	22,173
5 Total	<u>2,085,353</u>	<u>691,434</u>	<u>660,545</u>	<u>733,374</u>
Net Write-Offs				
6 Residential	1,698	518	457	723
7 Commercial	319	112	109	98
8 Industrial	44	16	1	27
9 Interruptible	20	20	-	-
10 Total	<u>2,081</u>	<u>666</u>	<u>568</u>	<u>848</u>
Write-Off % - 3-Year Average				
11 Residential	0.129%	0.118%	0.110%	0.158%
12 Commercial	0.049%	0.052%	0.053%	0.043%
13 Industrial	0.068%	0.076%	0.006%	0.117%
14 Interruptible	0.034%	0.117%	0.000%	0.000%
15 Weighted Total [1]	<u>0.100%</u>	<u>0.096%</u>	<u>0.086%</u>	<u>0.116%</u>
Normalized Uncollectible				
16 Residential	\$567			
17 Commercial	106			
18 Industrial	14			
19 Interruptible	6			
20 Total	<u>\$693</u>			
21 Allocation Factor	<u>11.380%</u>	Customers - All		
22 Washington Normalized Amount (X 1000)	\$78,863			
23 Washington Allocation of Accrued Amount	<u>\$49,233</u>			
24 Adjustment (Normalized less Accrued)	<u><u>\$29,630</u></u>			

[1] Weighted uncollectible rate of

0.100% is used on page 1, column (b)

**NW Natural
Washington Annual Commission Basis Report
Investor Supplied Working Capital
Twelve Months Ended December 31, 2019**

Worksheet e

<u>Line No.</u>		<u>Average Balance</u>
1	Current Working Capital Assets	\$ 155,465,415
2	Current Working Capital Liabilities	\$ (163,479,618)
3	Net Working Capital	\$ (8,014,202)
4		
5	WA Allocation of Total Investments	11.46%
6	Total WA Working Capital	\$ (918,179)

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Sales & Marketing and Customer Communication Adjustment**

Worksheet f

<u>Line No.</u>	<u>Washington Amount</u>	<u>Disallowance Percent</u>	<u>Disallowed Amount</u>
1 Expenses Coded to Category 2966 and 2666	\$54,229	100.0%	\$54,229
2 Expenses Coded to Account 5075 (excluding Category 2966/2666 & FERC accts 911,912,913)	6,515	100.0%	6,515
3 FERC Account 911 Supervision	1,578	100.0%	1,578
4 FERC Account 912 Demonstration & Selling	236,291	100.0%	236,291
5 FERC Account 913 Advertising	58,445	100.0%	58,445
6 FERC Account 909 Advertising	332,061	28.0%	<u>92,977</u>
7 Total Disallowance - O&M			<u><u>\$450,035</u></u>

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Claims Expense Adjustment**

Worksheet g

<u>Line No.</u>	<u>O&M Expense (a)</u>	<u>Construction (b)</u>
1 Expensed during Test period	\$97,341	\$120,569
Normalized Expenses		
2 Actual Claims - Ordinary	94,841	72,569
3 3-Year Average Claims - Extraordinary	(42,995)	0
4 Subtotal	<u>51,845</u>	<u>72,569</u>
5 Adjustment - System (line 4 - line 1)	(45,495)	(48,000)
6 Allocation to Washington (O&M on 3-factor, const on gross plant)	<u>11.310%</u>	<u>11.960%</u>
7 Adjustment	<u><u>(\$5,146)</u></u>	<u><u>(\$5,741)</u></u>

**NW Natural
Washington Annual Commission Basis Report
Twelve Months Ended December 31, 2019
Elimination of Clearing Account Balances**

Worksheet h

Line No.	Amount
1 Adjustment to O&M	<u>\$0</u>
2 Allocation to Washington (3-Factor)	<u>11.31%</u>
3 Adjustment	<u><u>\$0</u></u>
4 Adjustment to Construction	\$0
5 Allocation to Washington (Gross Plant)	<u>11.96%</u>
6 Adjustment	<u><u>\$0</u></u>

Clearing accounts are completely allocated by year end closing.