

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	DOCKET UG-080546
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
v.)	FULL SETTLEMENT
)	STIPULATION
NORTHWEST NATURAL GAS)	
COMPANY)	
)	
Respondent.)	
_____)

I. INTRODUCTION

1 This settlement agreement ("Full Settlement") is entered into pursuant to WAC 480-07-730(1) in order to compromise and settle all issues that have been raised in this proceeding. This Full Settlement recommends an increase in natural gas revenue requirements of \$2,724,959, which the parties agree will result in rates that are just, fair, reasonable and sufficient and otherwise in the public interest and which should be accepted by the Commission as a resolution of all issues in this docket. The parties understand this Full Settlement is subject to Commission approval.

II. PARTIES

2 This Full Settlement is entered into by: Northwest Natural Gas Company ("NW Natural" or "the Company"); the Staff of the Washington Utilities and Transportation Commission ("UTC Staff"); the Public Counsel Section of the Attorney General's Office ("Public Counsel"); Northwest Industrial Gas Users ("NWIGU"); The Energy Project; and

the NW Energy Coalition ("NWECC") (collectively referred to hereinafter as the "Parties" and each individually as a "Party").

III. BACKGROUND

3 On March 28, 2008, NW Natural filed with the Washington Utilities and
Transportation Commission ("Commission") revisions to its currently effective Tariff WN
U-6. The proposed revisions would implement a general rate increase of \$4,342,062, or
4.75 percent. On April 3, 2008, the Commission suspended the filing and set the matter for
hearing (referred to hereinafter as the "General Rate Case").

4 A Prehearing Conference in the General Rate Case was held on April 24, 2008,
before Administrative Law Judge Adam E. Torem. Judge Torem granted the petitions to
intervene in this docket of The Energy Project, NWIGU, and NWECC.

5 The Parties have reached a Full Settlement pursuant to WAC 480-07-730(1) and now
wish to present their agreement for Commission approval. In the interests of expediting the
orderly disposition of the General Rate Case, the Parties therefore adopt the following Full
Settlement, which is entered into by the Parties voluntarily to resolve matters in dispute
among them regarding all issues in this proceeding.

6 The Parties hereby respectfully request that the Commission issue an order
approving this Full Settlement. The Parties request that the Commission hear evidence
concerning their Full Settlement. The Parties to this Full Settlement will file Joint
Testimony in support of their agreement, pursuant to WAC 480-07-740(2).

IV. AGREEMENT

7 This section describes how the agreed issues have been determined. Except as specifically set forth below, the Parties are in agreement that the accounting amortizations and methodologies included in the Company's direct filing should be accepted by the Commission for the purpose of setting rates in this docket. No Party shall be deemed to have agreed that such accounting amortizations and methodologies are appropriate or establish any precedent in any future proceeding.

8 **Revenue Requirement:** The Parties recommend that the Company be authorized to increase its general rates for natural gas service in Washington by \$2,724,959. The support for this revenue requirement recommendation is provided in Attachment A. The Parties' agreement on this revenue requirement recommendation includes the following individual adjustments:

9 a. **Cost of Capital:** The Parties agree to a return on equity of 10.10 percent. The capital structure and debt rates proposed by the Company in its direct case shall remain unchanged. The overall rate of return is 8.40 percent.

10 b. **Bonuses:** The Parties agree to exclude from rates (1) all executive bonuses, and (2) fifty percent (50%) of bonuses of all non-bargaining unit (NBU) employees. This feature attributes the excluded bonuses to the sole responsibility of shareholders, and decreases the expense amount by \$378,259 (and decrease the rate base by \$137,829).

11 c. **Investor Supplied Working Capital:** The Parties agree that the calculation of working capital shall reflect an increase in the rate base by \$6,325,365.

12 d. **Marketing and Communications:** The Parties agree that no costs related to the Company's Smart Energy program shall be recovered through rates. The Marketing and

Communication expense amount will be decreased by \$352,984. Prospectively, the Parties agree that upon approval of the Company's energy efficiency programs, reasonable and prudent advertising that relates to a specific, approved energy efficiency program may be included as part of such program's cost and recovered through the existing annual deferral mechanism for energy efficiency-related expenses, subject to WAC 480-90-223. Nothing in this paragraph prevents or precludes any party from challenging the prudence or reasonableness of advertising expenditures sought for recovery by the Company through the deferral mechanism.

13 **e. Automated Meter Reading (AMR):** The Parties agree to the proposed treatment of AMR in the Company's direct case; provided, however, that no Oregon costs or "lingering" meter reader-related costs or related overhead will be included in rates and that all current cost-savings are reflected in rates.

14 **f. Depreciation:** The Parties agree to decrease the expense amount by \$1,019,967.

15 **g. Pre-1981 Tax Adjustment:** The Parties agree to the pre-1981 tax adjustment as proposed by the Company and UTC.

16 **Gains on Property Sales:** The Parties agree that the Company will pass through to customers the deferred gains on property in Vancouver transferred in 2001 and in Albany, Oregon as referenced in Commission Docket UG-081317. These gains, the allocated portion attributed to Washington of which is \$17,973, for the Albany property and \$102,104 for the Vancouver property, will be returned to all customers, with interest, on an equal margin basis over a one-year period through a tariff rider that will coincide with the

implementation of the rate increases resulting in this general rate case and expire upon completion of the pass through.

17 **Cost of Service Study and Rate Spread:** The Parties agree to accept the cost of service study and rate spread presented in the prefiled direct testimony and exhibits of Mr. David A. Heintz in the Company's direct case.

18 **Conservation:** The Parties agree that the Company will convene an Energy Efficiency Advisory Group ("EEAG") of all interested parties, including the Parties. The Company shall develop energy efficiency programs in consultation with the EEAG. Not earlier than six (6) months after approval of the tariff filings to implement such energy efficiency programs, the Company may seek approval of a mechanism to address the issue of lost margins associated with reduced usage attributable to energy efficiency. The Company shall not propose to implement a decoupling mechanism in Washington prior to the filing of the evaluation required under Avista's pilot decoupling program (expected no later than March 31, 2009). Subject to the resolution of any outstanding issues regarding the legal capacity of the Energy Trust of Oregon ("ETO") to deliver the Company's energy efficiency programs in Washington in a cost-effective manner, the Parties agree that the Company has demonstrated a prima facie case supporting the retention of ETO to deliver energy efficiency programs for the Company in Washington, and will support the Company retaining ETO for this purpose on a pilot basis for a one-year period. Following this pilot period, the Company will, in consultation with the EEAG, evaluate the cost-effectiveness of continued use of ETO for delivering the Company's energy efficiency programs in Washington. The Parties further agree that the Company has demonstrated a prima facie case supporting the need for one full-time equivalent ("FTE") to administer its energy

efficiency programs in Washington, and do not oppose the recovery of costs associated with such FTE through the existing deferral mechanism for energy efficiency-related expenses. Public Counsel takes no position with respect to the retention of the ETO or necessity of an FTE. The Energy Project takes no position with respect to the FTE. Nothing in this paragraph prevents or precludes any party from challenging the prudence or reasonableness of expenditures sought for recovery by the Company through the deferral mechanism.

19

Low-Income Programs: The Company will immediately begin an investigation into implementing a residential low-income bill payment assistance program in its Washington service territory. The Parties acknowledge that the Company faces unique challenges in this regard due to the structure of the local low-income agencies and organizations that currently operate or oversee low-income energy assistance programs in its service territory. The Company agrees to report the results of its investigation to the Parties within thirty (30) days after the Commission approves the settlement in this General Rate Case. The Company agrees to convene a low-income rate assistance working group to review the results of the investigation and to determine the appropriate design of a rate assistance program for the Company. The working group shall include the Parties, low-income advocates, and those agencies or organizations that currently operate or oversee low-income energy rate assistance programs in the Company's Washington service territory.

Based on the finding of the working group, the Company will file a rate assistance program with the Commission by April 1, 2009. The existing low-income weatherization program shall be reviewed, evaluated and modified as necessary in consultation with the EEAG.

20

Customer Charge and Rate Design: The Parties agree to the elimination of Schedule 21 and to the following changes to the rate design in the Company's current tariffs:

	Current Rates	Revised Rates
01. General Sales Customer Charge	\$2.00 per month	\$3.47 per month
02. Residential Sales Customer Charge	\$5.00 per month	\$7.00 per month
03. Basic Firm Sales Customer Charge	\$10.50 per month	\$15.00 per month
27. Residential Heating Dry-Out Customer Charge	None	\$6.00 per month
41. Non-Residential Sales and Transport Service Customer Charge	\$195.16 per month	\$250 per month
42. Large Volume Non-Residential Sales & Transport Service Sixth Block		Revise current block structure to carry the same percent margin increase as other blocks of Schedule 42.

21 **Weather-Adjusted Rate Mechanism ("WARM"):** The Parties agree that the Company shall not implement WARM in this proceeding.

22 **Effective Date:** The Parties agree that the revised rates shall become effective as of January 1, 2009.

23 **Rate Case Moratorium:** The Parties agree that the Company shall not file a request for a general rate increase in Washington prior to January 1, 2010.

V. MISCELLANEOUS PROVISIONS

24 It is stipulated by the Parties that all testimony and exhibits submitted in this docket should be admitted into the evidentiary record.

25 The Parties agree to support the terms and conditions of this Full Settlement as a settlement of all contested issues among them in the above-captioned proceeding.

26 This Full Settlement represents an integrated resolution of all matters. Accordingly, the Parties recommend that the Commission adopt and approve this Full Settlement in its entirety.

27 The Parties shall cooperate in submitting this Full Settlement promptly to the Commission for approval and shall cooperate in developing supporting testimony as

required in WAC 480-07-740(2)(b). The Parties agree to support the Full Settlement throughout this proceeding, provide witness(es) to sponsor such Full Settlement at a Commission hearing, and recommend that the Commission issue an order adopting the Full Settlement in its entirety.

28 In the event the Commission rejects the Full Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts the Full Settlement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of NW Natural ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

29 The Parties enter into this Full Settlement to avoid further expense, uncertainty, and delay. By executing this Full Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, accounting adjustments, or theories employed in arriving at the terms of this Full Settlement and, except to the extent expressly set forth in this Full Settlement, no Party shall be deemed to have agreed that this Full Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Full Settlement are precedents in any other proceeding.

30

This Full Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

31

All Parties agree:


- i. to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Full Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by another Party; and
- ii. to include in any news release or announcement a statement that UTC Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to UTC Staff.

DATED this 20th day of October, 2008.

Respectfully submitted,

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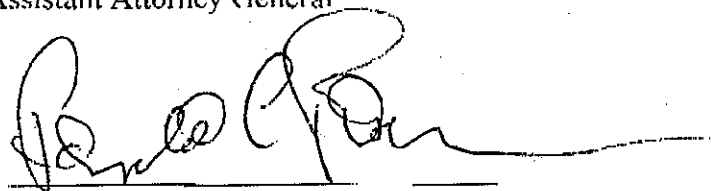
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ATTACHMENT A

NW Natural
Washington Rate Case
Test Year Based on Twelve Months Ended September 30, 2007

Washington Allocated Results					
Line No.	Test Year Results (a)	Adjustments (b)	Test Year Adjusted (c)	Proposed Rate Increase (d)	Test Year at 10.10% Equity Return (e)
	Operating Revenues				
1	\$93,509,688	(\$3,247,876)	\$90,261,812	\$2,724,959	\$92,986,770
2	897,029	8,099	905,128	0	905,128
3	218,624	98,282	316,906	0	316,906
4	94,625,341	(3,141,495)	91,483,846	2,724,959	94,208,805
	Operating Revenue Deductions				
5	59,716,331	(2,326,804)	57,389,527	0	57,389,527
6	271,925	40,206	312,131	8,708	320,839
7	11,609,850	(1,141,040)	10,468,810	0	10,468,810
8	71,598,105	(3,427,638)	68,170,468	8,708	68,179,176
	Federal Income Tax				
9	2,244,421	522,435	2,766,855	912,042	3,678,898
10	974,950	77,060	1,052,010	0	1,052,010
11	4,372,665	(118,599)	4,254,065	110,415	4,364,481
12	6,962,865	(757,380)	6,205,486	0	6,205,486
13	86,153,007	(3,704,123)	82,448,884	1,031,166	83,480,050
14	\$8,472,335	\$562,628	\$9,034,962	\$1,693,793	\$10,728,755
15	\$118,753,441	\$9,015,480	\$127,768,921	\$0	\$127,768,921
16	7.13%		7.07%		8.40%
17	7.61%		7.49%		10.10%

NW Natural
 Test Period - Twelve Months Ended September 30, 2007
 Cost of Capital and Revenue Sensitive Calculations

Line No.	Cost of Capital	Percent of		Weighted Cost
		Total Capital (a)	Average Cost (b)	
1	Long Term Debt	44.23%	6.796%	3.01%
2	Short Term Debt	5.03%	5.280%	0.27%
3	Preferred Stock	0.00%	0.000%	0.00%
4	Common Stock	50.74%	10.100%	5.13%
5	Total	100.00%		8.40%
Revenue Sensitive Costs				
6	Gas Sales	98.66%		
7	Transportation	0.99%		
8	Other	0.35%		
9	Subtotal	100.00%		
10	O & M - Uncollectible	0.32%		
11	Franchise Taxes	0.00%		
12	WA Utility Tax	3.85%		
13	WUTC Fee	0.20%		
14	State Taxable Income	95.63%		
15	State Income Tax	0.00%		
16	Federal Taxable Income	95.63%		
17	Federal Income Tax	33.47%		
18	Total Income Taxes	33.47%		
19	Total Revenue Sensitive Costs	37.84%		
20	Utility Operating Income	62.16%		
21	Net-to-gross factor	1.60879		
22	Interest Coordination Factor	0.03272		
23	Federal tax rate	35.00%		
24	Uncollectible Accounts	0.32%		

NW Natural
Adjustments to Test Period
Test Period - Twelve Months Ended September 30, 2007

Line No.	Restating Weather Normalized Gas Sales & Purchases	Restating Misc Revenues	Restating Bonus Adjustment	Restating Severance Adjustment	Restating Property Tax Adjustment	Restating Uncollectible Accounts Adjustment	Restating Working Capital Adjustment	Restating Marketing and Cust. Comm. Adjustment	Restating Claims Adjustment	Restating AMR Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Operating Revenues										
1 Sale of Gas	(3,247,876)									
2 Transportation	8,099									
3 Miscellaneous Revenues		98,282								
4 Total Operating Revenues	(3,239,777)	98,282	0	0	0	0	0	0	0	0
Operating Revenue Deductions										
5 Gas Purchased	(2,326,804)					50,560				
6 Uncollectible Accrual	(10,354)									
7 Other Operating & Maintenance Expenses			(378,259)	(153,073)				(352,984)	(37,959)	(216,801)
8 Total Operating & Maintenance Expense	(2,337,158)	0	(378,259)	(153,073)	0	50,560	0	(352,984)	(37,959)	(216,801)
9 Federal Income Tax	(269,970)	33,005	133,969	53,575	(26,971)	(17,696)	(72,438)	123,544	13,078	(3,864)
10 Property Taxes					77,060					
11 Other Taxes	(131,276)	3,982								
12 Depreciation & Amortization					0					152,782
13 Total Operating Revenue Deductions	(2,738,404)	36,987	(244,290)	(99,498)	50,089	32,864	(72,438)	(229,440)	(24,881)	(67,883)
14 Net Operating Revenues	(501,374)	61,295	244,290	99,498	(50,089)	(32,864)	72,438	229,440	24,881	67,883
Average Rate Base										
15 Utility Plant in Service			(137,830)		0		6,325,365		18,119	2,294,017
16 Accumulated Depreciation										
17 Net Utility Plant	0	0	(137,830)	0	0	0	6,325,365	0	18,119	2,294,017
Storage Gas										
18 Storage Gas										
19 Aid in Advance of Construction										
20 Water Heater Program										
21 Leasehold Improvements										
22 Accumulated Deferred Income Taxes										
23 Total Rate Base	0	0	(137,830)	0	0	0	6,325,365	0	18,119	2,294,017
24 Interest Coordination	0	0	(4,510)	0	0	0	206,966	0	593	75,060

NW Natural
Adjustments to Test Period
Test Period - Twelve Months Ended September 30,

Line No.	Restating		Restating		Pro Forma		Pro Forma		Pro Forma		Pro Forma		Pro Forma		Total Adjustments (t)
	Rate Case Adjustment (k)	Clearing Adjustment (l)	Total Restating Adjustments (m)	Payroll Adjustment (n)	Payroll Overhead Adjustment (o)	Depreciation Adjustment (p)	Pre-91 Taxes Adjustment (q)	SAP Adjustment (r)	Pro Forma Adjustments (s)	Total Adjustments (t)					
Operating Revenues															
1			(3,247,876)												(3,247,876)
2			8,099												8,099
3			98,282												98,282
4	0	0	(3,141,495)	0	0	0	0	0	0	0	0	0	0	0	(3,141,495)
Operating Revenue Deductions															
5			(2,326,804)												(2,326,804)
6			40,206												40,206
7	26,667	21,908	(1,090,502)	127,241	(121,186)	(56,593)								(50,538)	(1,141,040)
8	26,667	21,908	(3,377,100)	127,241	(121,186)	(56,593)	0	0	0	0	0	0	0	(50,538)	(3,427,638)
Federal Income Tax															
9	(9,333)	(7,963)	(51,064)	(44,534)	39,372	356,989	245,909	(24,237)						573,499	522,435
10			77,060											77,060	77,060
11			(127,293)											8,694	(118,599)
12			152,782											(963,374)	(757,380)
13	17,334	13,945	(3,325,616)	82,707	(73,121)	(662,978)	245,909	28,976						(378,507)	(3,704,123)
14	(17,334)	(13,945)	184,121	(82,707)	73,121	662,978	(245,909)	(28,976)						378,507	562,628
Average Rate Base															
15			8,525,445											490,035	9,015,480
16			0											0	0
17	0	25,774	8,525,445	0	0	0	0	490,035	490,035	490,035	490,035	490,035	490,035	9,015,480	
18			0											0	0
19			0											0	0
20			0											0	0
21			0											0	0
22			0											0	0
23	0	25,774	8,525,445	0	0	0	0	490,035	490,035	490,035	490,035	490,035	490,035	9,015,480	
24	0	843	278,953	0	0	0	0	16,034	16,034	16,034	16,034	16,034	16,034	203,049	

Northwest Natural Gas Company
 Adjustments to Test Period
 Test Period - Twelve Months Ended September 30, 2007
 (\$000)

Line No.	Income Tax Calculations	Weather Normalized Gas Sales & Purchases		Misc Revenues		Bonus Adjustment		Saverance Adjustment		Property Tax Adjustment		Uncollectible Accounts Adjustment		Working Capital Adjustment		Marketing and Cust. Comm. Adjustment		Claims Adjustment		AMR Adjustment		
		(a)	(a)	(b)	(b)	(c)	(c)	(d)	(d)	(e)	(e)	(f)	(f)	(g)	(g)	(h)	(h)	(i)	(i)	(j)	(j)	
1	Book Revenues	(3,239,777)		98,282		0		0		0		0		0		0		0		0		0
2	Book Expenses before Deprec. & Interest	(2,468,494)		3,962		(378,259)		(153,073)		77,060		50,560		0		(352,984)		(37,959)		(216,801)		
3	State Tax Depreciation	0		0		0		0		0		0		0		0		0		152,782		
4	Interest Expense (Income)	0		0		(4,510)		0		0		0		206,966		0		593		75,060		
5	Book/Tax Differences (Sched. M)	0		0		0		0		0		0		0		0		0		0		
6	State Taxable Income	(771,344)		94,300		382,769		153,073		(77,060)		(50,560)		(206,966)		352,984		37,366		(11,041)		
7	State Excise Tax [1]	0		0		0		0		0		0		0		0		0		0		
8	State Tax Credit	0		0		0		0		0		0		0		0		0		0		
9	Net State Income Tax	0		0		0		0		0		0		0		0		0		0		
10	Excess Book(Tax) Deprec.	0		0		0		0		0		0		0		0		0		0		
11	Other Sched. M Differences	0		0		0		0		0		0		0		0		0		0		
12	Federal Taxable Income	(771,344)		94,300		382,769		153,073		(77,060)		(50,560)		(206,966)		352,984		37,366		(11,041)		
13	Federal Income Tax [2]	(269,970)		33,005		133,969		53,575		(26,971)		(17,696)		(72,438)		123,544		13,078		(3,864)		
14	ITC	0		0		0		0		0		0		0		0		0		0		
15	Current Federal Tax	(269,970)		33,005		133,969		53,575		(26,971)		(17,696)		(72,438)		123,544		13,078		(3,864)		
16	Deferred Income Tax - Federal	0		0		0		0		0		0		0		0		0		0		
17	Deferred Income Tax - State	0		0		0		0		0		0		0		0		0		0		
18	ITC Restored (Deferred)	0		0		0		0		0		0		0		0		0		0		
19	Total Federal Tax	(269,970)		33,005		133,969		53,575		(26,971)		(17,696)		(72,438)		123,544		13,078		(3,864)		
20	Total State Tax	0		0		0		0		0		0		0		0		0		0		

[1] Statutory State Excise Tax Rate: 0.00%
 [2] Statutory Federal Income Tax Rate: 35.00%
 [1] Statutory State Excise Tax Rate: 0.00%
 [2] Statutory Federal Income Tax Rate: 35.00%

Northwest Natural Gas Company
 Adjustments to Test Period
 Test Period - Twelve Months Ended September 30,
 (\$000)

Line No.	Income Tax Calculations	Rate Case Adjustment (k)	Clearing Adjustment (l)	Total Restating Adjustments (m)	Payroll Adjustment (n)	Payroll Overhead Adjustment (o)	Depreciation Adjustment (p)	Pre 81 Taxes Adjustment (q)	SAP Adjustment (r)	Total Pro Forma Adjustments (s)	Total Adjustments (t)
1	Book Revenues	0	0	0	0	0	0	0	0	0	(3,141,495)
2	Book Expenses before Deprec. & Interest	26,667	21,908	0	127,241	(112,493)	(56,593)	0	0	0	(3,427,333)
3	State Tax Depreciation	0	0	0	0	0	(963,374)	0	53,213	0	152,782
4	Interest Expense (Income)	0	843	0	0	0	0	0	16,034	0	278,952
5	Book/Tax Differences (Sched. M)	0	0	0	0	0	0	0	0	0	0
6	State Taxable Income	(26,667)	(22,751)	(127,241)	(127,241)	112,493	1,019,967	0	(69,247)	(69,247)	(145,895)
7	State Excise Tax [1]	0	0	0	0	0	0	0	0	0	0
8	State Tax Credit	0	0	0	0	0	0	0	0	0	0
9	Net State Income Tax	0	0	0	0	0	0	0	0	0	0
10	Excess Book(Tax) Deprec.	0	0	0	0	0	0	0	0	0	0
11	Other Sched. M Differences	0	0	0	0	0	0	0	0	0	0
12	Federal Taxable Income	(26,667)	(22,751)	(127,241)	(127,241)	112,493	1,019,967	0	(69,247)	(69,247)	(145,895)
13	Federal Income Tax [2]	(9,333)	(7,963)	(7,963)	(44,534)	39,372	356,989	0	(24,237)	(24,237)	(51,064)
14	ITC	0	0	0	0	0	0	0	0	0	0
15	Current Federal Tax	(9,333)	(7,963)	(7,963)	(44,534)	39,372	356,989	0	(24,237)	(24,237)	(51,064)
16	Deferred Income Tax - Federal	0	0	0	0	0	0	0	0	0	0
17	Deferred Income Tax - State	0	0	0	0	0	0	0	0	0	0
18	ITC Restored (Deferred)	0	0	0	0	0	0	0	0	0	0
19	Total Federal Tax	(9,333)	(7,963)	(7,963)	(44,534)	39,372	356,989	0	(24,237)	(24,237)	(51,064)
20	Total State Tax	0	0	0	0	0	0	0	0	0	0

[1] Statutory State Excise Tax Rate:

[2] Statutory Federal Income Tax Rate:

[1] Statutory State Excise Tax Rate:

[2] Statutory Federal Income Tax Rate:

	A 3/28/2008 Results per NWNG	B 10/15/2008 SETTLEMENT	C Difference (B - A)
N.O.I.	\$8,445,077	\$9,034,962	
Net Rate Base	\$128,446,731	\$127,768,921	
Rev. Req. Impact	\$4,342,200	\$2,724,959	<u>(\$1,617,241)</u>
Percent Increase	4.75%	2.98%	
<hr/>			
Rate of Return	8.68%	8.40%	<i>(\$545,753)</i>
Return on Equity	10.65%	10.10%	
Bonuses Adjustment			
Expense	(\$194,976)	(\$378,259)	
Rate Base	(\$74,244)	(\$137,829)	
F.I.T.	\$69,092	\$133,969	
N.O.I.	\$125,884	\$244,290	
Rev. Req.	(\$212,900)	(\$411,631)	<i>(\$198,731)</i>
Depreciation Adjustment			
Expense	(\$591,980)	(\$1,019,967)	
Rate Base	\$0	\$0	
F.I.T.	\$207,193	\$356,989	
N.O.I.	\$384,787	\$662,978	
Rev. Req.	(\$619,000)	(\$1,066,593)	<i>(\$447,593)</i>
Pre-1981 FITs			
Expense	\$0	\$0	
Rate Base	\$0	\$0	
F.I.T.	\$245,909	\$245,909	
N.O.I.	(\$245,909)	(\$245,909)	
Rev. Req.	\$395,615	\$395,615	<i>\$0</i>
AMR			
Expense	(\$64,019)	(\$64,019)	
Rate Base	\$2,294,017	\$2,294,017	
F.I.T.	(\$3,864)	(\$3,864)	
N.O.I.	\$67,883	\$67,883	
Rev. Req.	\$200,689	\$200,689	<i>\$0</i>
Working Capital			
Expense	\$0	\$0	
Rate Base	\$6,939,589	\$6,325,365	
F.I.T.	(\$79,472)	(\$72,438)	
N.O.I.	\$79,472	\$72,438	
Rev. Req.	\$840,800	\$737,957	<i>(\$102,843)</i>
Marketing and Advertising			
Expense	(\$44,797)	(\$352,984)	
Rate Base	\$0	\$0	
F.I.T.	\$15,679	\$123,544	
N.O.I.	\$29,118	\$229,440	
Rev. Req.	(\$46,800)	(\$369,121)	<i>(\$322,321)</i>