

06-070842 (SC)

Rates and Regulatory Affairs
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 NW Natural	220 NW 2ND AVENUE PORTLAND, OR 97209
	TEL 503.226.4211
	www.nwnatural.com

April 30, 2007

Carole J. Washburn, Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

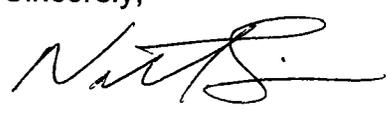
Re: **ANNUAL COMMISSION BASIS REPORT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 WITHOUT WORKPAPERS**

Dear Ms. Washburn:

Enclosed are an original and three copies of the Company's Annual Commission Basis Report without workpapers for the 12 months ended December 31, 2006. This Report is submitted under *WAC 480-90-275*. Workpapers will be provided under separate cover.

Please feel free to call me if you have any questions.

Sincerely,



Natasha Siores
Senior Rates Analyst

NCS/kcm
enclosures



REPORT:

ANNUAL COMMISSION BASIS REPORT
WITHOUT WORKPAPERS
(for the 12 months ended December 31, 2006)

PREPARED BY:
NATASHA SIORES
RATES & REGULATORY AFFAIRS

NW Natural
 Washington Annual Commission Basis Report
 Test Year Based on Twelve Months Ended December 31, 2006

Line No.		Test Year	Adjustments	Test Year
		Results (a)	(b)	Adjusted (c)
Operating Revenues				
1	Sale of Gas	\$90,203,293	\$4,351,179	\$94,554,472
2	Transportation	805,028	0	805,028
3	Miscellaneous Revenues	164,486	0	164,486
4	Total Operating Revenues	91,172,807	4,351,179	95,523,986
Operating Revenue Deductions				
5	Gas Purchased	57,247,258	3,660,221	60,907,479
6	Uncollectible Accrual for Gas Sales	298,354	28,286	326,640
7	Other Operating & Maintenance Expenses	11,002,563	(620,030)	10,382,533
8	Total Operating & Maintenance Expense	68,548,175	3,068,477	71,616,652
9	Federal Income Tax	2,274,610	266,437	2,541,047
10	Property Taxes	1,251,922	0	1,251,922
11	Other Taxes	4,151,512	176,310	4,327,822
12	Depreciation & Amortization	6,462,933	0	6,462,933
13	Total Operating Revenue Deductions	82,689,151	3,511,224	86,200,376
14	Net Operating Revenues	\$8,483,655	\$839,955	\$9,323,610
15	Total Rate Base	\$116,114,598	\$10,370,884	\$126,485,482
16	Rate of Return	7.31%		7.37%
17	Return on Common Equity	8.02%		8.15%