

**Rates and Regulatory Affairs**  
Facsimile: 503.721.2516



April 30, 2012

David Danner, Executive Director & Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: **ANNUAL COMMISSION BASIS REPORT FOR THE TWELVE  
MONTHS ENDED DECEMBER 31, 2011 WITHOUT WORKPAPERS**

Dear Mr. Danner:

Enclosed are an original and three copies of the Company's Annual Commission Basis Report without workpapers for the 12 months ended December 31, 2011. This Report is submitted under *WAC 480-90-257*. Workpapers will be provided under separate cover.

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

Sincerely,



Cristan Kelley  
Rates Analyst

CMK  
enclosures

**FILE**



**NW Natural**

REPORT:

ANNUAL COMMISSION BASIS REPORT

WITHOUT WORKPAPERS

(For the 12 months ended December 31, 2011)

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2011

Line No.		Test Year		
		Results (a)	Adjustments (b)	Test Year Adjusted (c)
	<b>Operating Revenues</b>			
1	Sale of Gas	\$82,795,973	(\$6,665,930)	\$76,130,043
2	Transportation	1,425,623	101,251	1,526,874
3	Miscellaneous Revenues	(1,335,187)	7,282	(1,327,905)
4	<b>Total Operating Revenues</b>	82,886,409	(6,557,397)	76,329,013
	<b>Operating Revenue Deductions</b>			
5	Gas Purchased	42,195,460	(967,753)	41,227,707
6	Uncollectible Accrual for Gas Sales	200,618	40,493	241,111
7	Other Operating & Maintenance Expenses	11,126,847	(230,446)	10,896,400
8	<b>Total Operating &amp; Maintenance Expense</b>	53,522,925	(1,157,706)	52,365,219
9	Federal Income Tax	4,953,645	(1,896,478)	3,057,167
10	Property Taxes	1,521,572	0	1,521,572
11	Other Taxes	3,967,498	(265,706)	3,701,793
12	Depreciation & Amortization	6,695,832	0	6,695,832
13	<b>Total Operating Revenue Deductions</b>	70,661,472	(3,319,889)	67,341,583
14	<b>Net Operating Revenues</b>	\$12,224,938	(\$3,237,507)	\$8,987,430
15	<b>Total Rate Base</b>	\$114,803,007	\$9,246,772	\$124,049,779
16	<b>Rate of Return</b>	10.65%		7.25%
17	<b>Return on Common Equity</b>	18.74%		10.32%