

**CRISTAN KELLEY**  
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April 30, 2013

Steven V. King, Acting 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, 2012 WITHOUT WORKPAPERS**

Dear Mr. King:

Enclosed are an original and three copies of the Company's Annual Commission Basis Report without workpapers for the 12 months ended December 31, 2012. This Report is submitted under *WAC 480-90-257*. Workpapers will be provided under separate cover.

Please feel free to call me or Natasha Siores at extension 3588 if you have any questions.

Sincerely,

Cristan Kelley  
Rates Analyst

CMK  
enclosures

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GENERAL INVESTIGATION  
UTILITY DIVISION



**NW Natural**

REPORT:

ANNUAL COMMISSION BASIS REPORT  
WITHOUT WORKPAPERS  
(For the 12 months ended December 31, 2012)

Line No.		Test Year Results (a)	Adjustments (b)	Test Year Adjusted (c)
	<b>Operating Revenues</b>			
1	Sale of Gas	\$68,951,695	\$2,824,811	\$71,776,506
2	Transportation	1,663,531	96,854	1,760,385
3	Miscellaneous Revenues	(660,777)	12,424	(648,353)
4	Total Operating Revenues	69,954,449	2,934,088	72,888,538
	<b>Operating Revenue Deductions</b>			
5	Gas Purchased	32,911,886	2,715,202	35,627,088
6	Uncollectible Accrual for Gas Sales	114,797	55,273	170,070
7	Other Operating & Maintenance Expenses	11,422,898	(135,030)	11,287,868
8	Total Operating & Maintenance Expense	44,449,581	2,635,445	47,085,026
9	Federal Income Tax	3,314,059	61,638	3,375,697
10	Property Taxes	1,812,304	0	1,812,304
11	Other Taxes	4,073,346	118,889	4,192,236
12	Depreciation & Amortization	6,900,336	0	6,900,336
13	Total Operating Revenue Deductions	60,549,627	2,815,972	63,365,599
14	Net Operating Revenues	\$9,404,822	\$118,116	\$9,522,938
	<b>Average Rate Base</b>			
15	Utility Plant in Service	240,013,992	122,941	240,136,933
16	Accumulated Depreciation	(100,709,398)	0	(100,709,398)
17	Net Utility Plant	139,304,594	122,941	139,427,535
18	Working Capital	\$10,456,652	\$0	10,456,652
19	Storage Gas	1,327,162	0	1,327,162
20	Customer Advances	(169,198)	0	(169,198)
21	Water Heater Program	0	0	0
22	Leasehold Improvements	290,994	0	290,994
23	Accumulated Deferred Income Taxes	(28,273,335)	0	(28,273,335)
24	Total Rate Base	\$122,936,869	\$122,941	\$123,059,810
25	Rate of Return	7.65%		7.74%
26	Return on Common Equity	11.13%		11.35%