



WUTC REPORT:

NW Natural's

ANNUAL COMMISSION BASIS REPORT

(For the 12 months ended December 31, 2023)

Dated: April 29, 2024

Line No.		Test Year Results	Adjustments	Test Year Adjusted
		(a)	(b)	(c)
	<b><u>Operating Revenues</u></b>			
1	Sale of Gas	\$118,176,228	\$1,053,426	\$119,229,654
2	Transportation	2,340,566	0	2,340,566
3	Miscellaneous Revenues	-3,144,002	3,370,882	226,880
4	<b>Total Operating Revenues</b>	117,372,792	4,424,308	121,797,100
	<b>Margin</b>			67,046,028
	<b><u>Operating Revenue Deductions</u></b>			
5	Gas Purchased	\$53,926,196	\$824,876	\$54,751,072
6	Uncollectible Accrual for Gas Sales	348,633	-58,576	290,057
7	Other Operating & Maintenance Expenses	23,994,088	-121,781	23,872,307
8	<b>Total Operating &amp; Maintenance Expense</b>	78,268,916	644,520	78,913,436
9	Federal Income Tax	1,474,712	753,629	2,228,341
10	Property Taxes	1,678,026	0	1,678,026
11	Other Taxes	6,540,879	188,122	6,729,001
12	Depreciation & Amortization	14,994,631	0	14,994,631
13	<b>Total Operating Revenue Deductions</b>	\$102,957,165	\$1,586,270	\$104,543,435
14	<b>Net Operating Revenues</b>	\$14,415,627	\$2,838,038	\$17,253,665
	<b><u>Average Rate Base</u></b>			
15	Utility Plant in Service	\$492,658,435	\$121,812	\$492,780,247
16	Accumulated Depreciation	-180,839,628	0	-180,839,628
17	<b>Net Utility Plant</b>	311,818,807	121,812	311,940,619
18	Working Capital	21,704,375	0	21,704,375
19	Storage Gas	2,500,801	0	2,500,801
20	Customer Advances	-4,238,415	0	-4,238,415
21	Leasehold Improvements	2,829,437	0	2,829,437
22	Accumulated Deferred Income Taxes	-43,136,263	0	-43,136,263
23	<b>Total Rate Base</b>	\$291,478,742	\$121,812	\$291,600,554
24	<b>Rate of Return</b>	4.95%		5.92%
25	<b>Return on Common Equity</b>	5.29%		7.32%

**NW Natural**  
**State Allocation Factors**  
**Updated for year ended 2023 data**

**Customers**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Total Customers</b>			
December 2023	799,249	97,135	702,114
December 2022	794,497	96,003	698,494
Average	796,873	96,569	700,304
% of System		12.12%	87.88%
<b>Residential Customers</b>			
December 2023	728,915	89,855	639,060
December 2022	724,287	88,730	635,557
Average	726,601	89,293	637,309
% of System		12.29%	87.71%
<b>Commercial Customers</b>			
December 2023	69,369	7,207	62,162
December 2022	69,234	7,200	62,034
Average	69,302	7,204	62,098
% of System		10.39%	89.61%
<b>Industrial Customers</b>			
December 2023	965	73	892
December 2022	976	73	903
Average	971	73	898
% of System		7.52%	92.48%
<b>The Dalles</b>			
December 2023	8,802	2,217	6,585
December 2022	8,747	2,198	6,549
Average	8,775	2,208	6,567
% of System		25.16%	74.84%

**NW Natural**  
**State Allocation Factors**  
**Updated for year ended 2023 data**  
**Volumes - 12 Months Ended 12/31/23**

<b>Firm Sales Delivered</b>	787,539,839	86,726,692	700,813,147
<b>% of System</b>		11.01%	88.99%
<b>Sales Volumes</b>	848,428,698	87,914,484	760,514,214
<b>% of System</b>		10.36%	89.64%
<b>Sendout Volumes</b>	1,217,022,268	106,340,744	1,110,681,524
<b>% of System</b>		8.74%	91.26%

**3-factor formula (simple average)**

<b>Gross Plant Directly Assigned</b>	12.20%	87.80%
<b>Number of Employees Directly Assigned</b>	10.88%	89.12%
<b>Number of Customers</b>	12.12%	87.88%

<b>Average</b>	11.73%	88.27%
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**Derivation of factor for 3-factor - Gross Plant Directly Assigned**

**December 31, 2023**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Intangible - Other</b>	84,795	447	84,348
<b>Production</b>	675,198	0	675,198
<b>Transmission</b>	256,881,082	7,425,474	249,455,608
<b>Distribution</b>	2,841,420,644	370,742,501	2,470,678,143

**December 31, 2022**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Intangible</b>	84,795	447	84,348
<b>Production</b>	675,198	0	675,198
<b>Transmission</b>	232,438,997	3,904,822	228,534,174
<b>Distribution</b>	2,721,579,656	356,478,905	2,365,100,751

**Average**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Intangible - Other</b>	84,795	447	84,348
<b>Production</b>	675,198	0	675,198
<b>Transmission</b>	244,660,039	5,665,148	238,994,891
<b>Distribution</b>	2,781,500,150	363,610,703	2,417,889,447

<b>Gross Plant Directly Assigned</b>	3,026,920,183	369,276,298	2,657,643,884
<b>% of System</b>		12.20%	87.80%

**NW Natural**  
**State Allocation Factors**  
**Updated for year ended 2023 data**

<b>Allocation Factors - Summary</b>	<b>Washington</b>	<b>Oregon</b>
<b>1 Customers-all</b>	12.120%	87.880%
<b>2 Customers-Residential</b>	12.290%	87.710%
<b>3 Customers-Commercial</b>	10.390%	89.610%
<b>4 Customers-Industrial</b>	7.520%	92.480%
<b>5 Customers-The Dalles</b>	25.160%	74.840%
<b>6 3-factor</b>	11.730%	88.270%
<b>7 firm sales volumes</b>	11.010%	88.990%
<b>8 sales volumes</b>	10.360%	89.640%
<b>9 sendout volumes</b>	8.740%	91.260%
<b>10 sales/sendout volumes</b>	9.550%	90.450%
<b>11 Customers Portland/Vancouver</b>	16.220%	83.780%
<b>12 Customers Portland/Vancouver 80%</b>	12.980%	87.020%
<b>13 Customers Portland/Vancouver Commercial</b>	15.790%	84.210%
<b>14 Payroll</b>	11.676%	88.324%
<b>15 Admin Transfer</b>	11.956%	88.044%
<b>16 Employee Cost</b>	11.678%	88.322%
<b>17 Regulatory</b>	30.000%	70.000%
<b>18 Telemetering</b>	11.538%	88.462%
<b>19 Direct-Wa</b>	100.000%	0.000%
<b>20 Direct-Or</b>	0.000%	100.000%
<b>21 Gross plant direct assign</b>	12.200%	87.800%
<b>22 Transmission</b>	1.236%	98.764%
<b>23 Accum Depreciation</b>	10.616%	89.384%
<b>24 Rate Base</b>	13.570%	86.430%

NW Natural  
Washington Annual Commission Basis Report  
Test Year Based on Twelve Months Ended December 31, 2023  
Rate Base

		2022 Dec	2023 Jan	2023 Feb	2023 Mar	2023 Apr	2023 May	2023 June	2023 July	2023 August	2023 September	2023 October	2023 November	2023 December	Dec 22 - Dec 23 13 month average			
SYSTEM		System	System	System	System	System	System	System	System	System	System	System	System	System	System	Allocation Method		
Gross Plant																		
Intangible Production Transmission Distribution General	Software Other	264,422,002	265,684,075	269,626,314	270,706,044	270,938,430	274,265,236	274,330,171	274,888,963	275,086,247	275,143,789	272,500,925	271,504,154	293,979,396	272,822,921	Total Customers		
		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	84,795	Direct		
		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	675,198	675,198	Direct	
		232,570,687	232,917,889	233,369,483	234,094,448	234,906,291	235,992,539	236,690,874	237,818,264	241,836,775	242,610,580	244,303,073	243,507,193	256,881,082	238,564,441	Direct		
		2,721,579,656	2,723,904,321	2,735,073,559	2,745,073,158	2,748,018,590	2,757,483,776	2,769,623,223	2,781,683,445	2,795,000,145	2,801,445,445	2,812,761,317	2,817,373,461	2,841,420,644	2,771,944,444	Direct		
General		375,588,941	375,793,998	375,003,042	377,732,095	378,166,381	380,166,173	380,305,321	381,044,854	384,127,709	384,882,030	369,216,578	362,964,328	381,857,486	377,343,810	3-Factor & Direct		
Storage and storage transmission CNG and LNG		420,632,120	421,029,170	421,087,001	421,784,495	421,791,072	421,799,704	421,804,015	422,121,773	422,241,354	422,211,544	431,950,363	435,289,104	451,133,445	424,916,031	Firm Delivered Volumes		
		3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	3,790,768	4,021,208	3,800,370	3-Factor		
Gas Reserves		187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	Direct		
Total Gross Plant (less Gas Reserves)		4,019,344,168	4,023,880,215	4,038,710,160	4,054,636,002	4,058,371,524	4,074,258,191	4,088,066,170	4,096,872,839	4,122,842,991	4,129,015,308	4,135,283,017	4,135,189,003	4,230,053,254	4,090,152,011			
Accumulated Depreciation																		
Intangible Production Transmission Distribution General		Software Other	(66,792,708)	(68,525,717)	(69,636,151)	(71,427,564)	(73,224,184)	(75,033,221)	(76,853,861)	(78,676,980)	(80,505,519)	(82,330,924)	(79,978,175)	(80,259,012)	(83,348,500)	(75,960,159)	Total Customers	
			(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)	(691,036)	(691,036)	Direct
			(55,600,237)	(55,946,736)	(56,293,841)	(56,641,834)	(56,990,986)	(57,341,569)	(57,693,498)	(58,046,804)	(58,403,991)	(58,764,792)	(59,127,453)	(59,490,790)	(59,863,243)	(57,706,169)	Direct	
			(1,206,039,430)	(1,210,958,304)	(1,216,172,818)	(1,218,457,393)	(1,220,074,276)	(1,223,922,215)	(1,227,557,722)	(1,231,948,945)	(1,235,660,062)	(1,239,507,090)	(1,243,447,216)	(1,247,265,240)	(1,243,581,647)	(1,228,315,152)	Direct	
			(92,832,682)	(94,888,940)	(96,436,656)	(97,901,160)	(99,876,817)	(101,979,196)	(104,087,488)	(106,048,563)	(108,104,108)	(109,998,321)	(108,839,008)	(104,391,145)	(104,509,992)	(102,601,895)	3-Factor	
Storage and storage transmission CNG and LNG			(166,626,918)	(167,397,398)	(168,168,285)	(168,939,870)	(169,712,108)	(170,484,361)	(171,256,628)	(172,029,536)	(172,803,203)	(173,576,965)	(174,358,669)	(175,150,924)	(175,974,054)	(171,264,869)	Firm Delivered Volumes	
			(2,491,772)	(2,498,537)	(2,505,302)	(2,512,067)	(2,518,833)	(2,525,598)	(2,532,363)	(2,539,128)	(2,545,893)	(2,552,659)	(2,559,424)	(2,566,189)	(2,573,204)	(2,532,373)	3-Factor	
Gas Reserves			(160,899,925)	(161,180,956)	(161,443,257)	(161,733,312)	(161,995,264)	(162,289,207)	(162,578,131)	(162,878,631)	(163,151,878)	(163,431,836)	(163,713,231)	(163,913,442)	(164,116,989)	(162,568,133)	Direct	
Total Accumulated Depreciation (less Gas Reserves)			(1,591,074,783)	(1,600,906,668)	(1,609,904,089)	(1,616,570,925)	(1,623,088,239)	(1,631,977,194)	(1,640,672,595)	(1,649,980,991)	(1,658,713,812)	(1,667,421,786)	(1,669,000,980)	(1,669,814,336)	(1,670,541,675)	(1,639,071,654)		
Storage Gas																		
Storage Gas			22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	22,713,903	Firm Delivered Volumes	
Customer Advances			(10,142,617)	(10,423,545)	(10,578,843)	(10,337,861)	(10,443,809)	(11,025,519)	(11,034,350)	(10,821,283)	(10,970,476)	(10,901,551)	(10,931,433)	(10,919,443)	(11,154,221)	(10,753,043)	Direct	
Leasehold Improvements			25,119,305	25,087,325	25,056,300	24,986,602	24,936,361	23,976,191	23,854,436	23,732,542	23,618,468	23,495,265	23,365,563	23,235,285	23,105,007	24,121,375	Direct & 3-Factor	
Total Rate Base Excluding ADIT and WC			2,465,959,976	2,460,351,230	2,465,997,432	2,475,427,722	2,472,489,741	2,477,945,572	2,482,927,563	2,482,517,030	2,499,491,074	2,496,901,140	2,501,430,070	2,500,404,412	2,594,176,268	2,487,162,592		
Less: ADIT			(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)	(492,530,119)		
Total Rate Base Excluding WC			1,973,429,857	1,967,821,111	1,973,467,313	1,982,897,604	1,979,959,622	1,985,415,453	1,990,397,444	1,989,986,911	2,006,960,955	2,004,371,021	2,008,899,951	2,007,874,293	2,101,646,149	1,994,632,473		

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Test Year Based on Twelve Months Ended December 31, 2023**  
**Rate Base**

<b>OREGON</b>		2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	Dec 22 - Dec 23
		Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	13 month average
		OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON
<b>Gross Plant</b>															
<b>Intangible</b>	<b>Software</b>	232,374,056	233,483,165	236,947,605	237,896,471	238,100,692	241,024,290	241,081,355	241,572,421	241,745,794	241,796,362	239,473,812	238,597,851	258,349,093	239,756,783
	<b>Other</b>	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	84,348
<b>Production</b>		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	675,198
<b>Transmission</b>		228,665,864	229,013,067	229,464,661	230,189,626	231,001,468	232,087,717	232,786,052	233,913,442	237,931,024	238,704,829	240,397,322	239,601,442	249,455,608	234,512,615
<b>Distribution</b>		2,365,100,751	2,366,818,390	2,375,922,148	2,384,801,440	2,386,824,630	2,396,154,906	2,408,162,907	2,413,565,828	2,431,263,305	2,435,594,915	2,446,982,513	2,451,192,705	2,470,678,143	2,409,597,761
<b>General</b>		310,555,709	310,728,518	310,033,106	312,437,197	312,820,920	314,585,590	314,708,864	315,361,650	318,079,683	318,739,208	318,992,211	313,473,350	332,358,220	315,118,105
<b>Storage and storage transmission</b>		377,953,824	378,307,158	378,358,622	378,979,322	378,985,175	378,992,856	378,996,693	379,279,466	379,385,881	379,359,353	388,025,928	390,997,074	405,096,952	381,766,076
<b>CNG and LNG</b>		3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,346,111	3,549,520	3,354,587
<b>Gas Reserves</b>		187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385
<b>Total Gross Plant (less Gas Reserves)</b>		3,518,755,862	3,522,455,956	3,534,831,800	3,548,409,714	3,551,838,543	3,566,951,017	3,579,841,528	3,587,798,464	3,612,511,344	3,618,300,325	3,637,977,444	3,637,968,079	3,720,247,083	3,584,865,474
<b>Accumulated Depreciation</b>															
<b>Intangible</b>		(58,697,432)	(60,220,400)	(61,196,250)	(62,770,543)	(64,349,413)	(65,939,194)	(67,539,173)	(69,141,330)	(70,748,250)	(72,352,416)	(70,284,820)	(70,531,620)	(73,246,662)	(66,753,788)
<b>Production</b>		(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)	(691,036)
<b>Transmission</b>		(55,277,357)	(55,617,966)	(55,959,181)	(56,301,284)	(56,644,546)	(56,989,239)	(57,335,278)	(57,682,695)	(58,033,991)	(58,388,901)	(58,745,671)	(59,103,117)	(59,467,024)	(57,947,838)
<b>Distribution</b>		(1,068,795,029)	(1,073,024,580)	(1,077,511,295)	(1,079,122,203)	(1,080,464,821)	(1,084,015,545)	(1,087,149,838)	(1,090,962,301)	(1,094,123,262)	(1,097,450,368)	(1,100,884,038)	(1,104,155,211)	(1,099,860,793)	(1,087,765,948)
<b>General</b>		(80,340,982)	(81,910,240)	(83,030,604)	(84,077,515)	(85,575,616)	(87,185,575)	(88,800,753)	(90,285,982)	(91,854,599)	(93,280,798)	(95,062,356)	(91,125,071)	(92,801,648)	(88,230,035)
<b>Storage and storage transmission</b>		(149,428,784)	(150,118,367)	(150,808,312)	(151,498,879)	(152,190,026)	(152,881,187)	(153,572,360)	(154,264,104)	(154,956,523)	(155,649,027)	(156,348,598)	(157,057,558)	(157,793,994)	(153,579,694)
<b>CNG and LNG</b>		(2,199,487)	(2,205,459)	(2,211,430)	(2,217,402)	(2,223,374)	(2,229,345)	(2,235,317)	(2,241,288)	(2,247,260)	(2,253,232)	(2,259,203)	(2,265,175)	(2,271,367)	(2,235,326)
<b>Gas Reserves</b>		(160,899,925)	(161,180,956)	(161,443,257)	(161,733,312)	(161,995,264)	(162,289,207)	(162,578,131)	(162,878,631)	(163,151,878)	(163,431,836)	(163,713,231)	(163,913,442)	(164,116,989)	(162,568,133)
<b>Total Accumulated Depreciation (less Gas Reserves)</b>		(1,415,430,106)	(1,423,788,048)	(1,431,408,107)	(1,436,678,861)	(1,442,138,831)	(1,449,931,121)	(1,457,323,754)	(1,465,268,735)	(1,472,654,920)	(1,480,065,778)	(1,484,275,721)	(1,484,928,788)	(1,486,132,524)	(1,456,603,665)
<b>Storage Gas</b>		20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102	20,213,102
<b>Customer Advances</b>		(6,261,656)	(6,394,938)	(6,514,788)	(6,624,212)	(6,733,554)	(6,840,848)	(6,942,515)	(7,048,685)	(7,154,523)	(7,260,356)	(7,366,189)	(7,472,022)	(7,577,855)	(7,683,688)
<b>Leasehold Improvements</b>		22,172,811	22,144,582	22,117,196	22,055,674	22,011,326	21,163,783	21,056,311	20,948,715	20,848,022	20,739,271	20,624,782	20,509,786	20,394,790	21,291,937
<b>Total Rate Base Excluding ADIT and WC</b>		2,139,450,012	2,134,630,654	2,139,239,203	2,147,725,417	2,145,590,587	2,151,491,934	2,157,044,672	2,157,150,861	2,174,292,025	2,172,688,346	2,188,093,189	2,187,293,896	2,268,121,715	2,163,252,221
<b>Less: ADIT</b>		(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)	(448,831,356)
<b>Total Rate Base Excluding WC</b>		<b>1,690,618,656</b>	<b>1,685,799,298</b>	<b>1,690,407,847</b>	<b>1,698,894,061</b>	<b>1,696,759,231</b>	<b>1,702,660,578</b>	<b>1,708,213,316</b>	<b>1,708,319,505</b>	<b>1,725,460,669</b>	<b>1,723,856,990</b>	<b>1,739,261,833</b>	<b>1,738,462,539</b>	<b>1,819,290,359</b>	1,714,420,865

NW Natural  
Washington Annual Commission Basis Report  
Test Year Based on Twelve Months Ended December 31, 2023  
Rate Base  
**WASHINGTON**

		2022	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	Dec 22 - Dec 23
		Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	13 month average
		WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON
<b>Gross Plant</b>															
<b>Intangible</b>	<b>Software</b>	32,047,947	32,200,910	32,678,709	32,809,573	32,837,738	33,240,947	33,248,817	33,316,542	33,340,453	33,347,427	33,027,112	32,906,303	35,630,303	33,066,138 Total Customers
	<b>Other</b>	447	447	447	447	447	447	447	447	447	447	447	447	447	447 Direct
	<b>Production</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0 Direct
	<b>Transmission</b>	3,904,822	3,904,822	3,904,822	3,904,822	3,904,822	3,904,822	3,904,822	3,904,822	3,905,751	3,905,751	3,905,751	3,905,751	7,425,474	4,051,826 Direct
	<b>Distribution</b>	356,478,905	357,085,931	359,151,410	360,966,718	361,193,960	361,328,870	362,222,119	362,882,395	363,736,840	364,021,687	365,778,804	366,180,757	370,742,501	362,346,683 Direct
<b>General</b>		49,081,945	49,114,193	49,018,649	49,343,611	49,394,173	49,629,296	49,645,170	49,731,917	50,096,739	50,191,535	50,224,367	49,490,978	49,499,266	49,597,603 3-Factor & Direct
<b>Storage and storage transmission</b>		42,678,296	42,722,012	42,728,379	42,805,173	42,805,897	42,806,847	42,807,322	42,842,307	42,855,473	42,852,191	43,924,435	44,292,030	46,036,492	43,149,955 Firm Delivered Volumes
<b>CNG and LNG</b>		444,657	444,657	444,657	444,657	444,657	444,657	444,657	444,657	444,657	444,657	444,657	444,657	471,688	445,783 3-Factor
<b>Total Gross Plant (less Gas Reserves)</b>		484,637,020	485,472,972	487,927,073	490,275,002	490,581,694	491,355,887	492,273,355	493,123,089	494,380,361	494,763,696	497,305,573	497,220,923	509,806,171	492,658,435
<b>Accumulated Depreciation</b>															
<b>Intangible</b>		(8,095,276)	(8,305,317)	(8,439,902)	(8,657,021)	(8,874,771)	(9,094,026)	(9,314,688)	(9,535,650)	(9,757,269)	(9,978,508)	(9,693,355)	(9,727,392)	(10,101,838)	(9,206,371) Total Customers
	<b>Production</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0 Direct
	<b>Transmission</b>	(322,881)	(328,771)	(334,660)	(340,550)	(346,440)	(352,330)	(358,219)	(364,109)	(370,000)	(375,891)	(381,782)	(387,673)	(396,219)	(358,331) Direct
	<b>Distribution</b>	(137,244,401)	(137,933,724)	(138,661,523)	(139,335,191)	(139,609,455)	(139,906,670)	(140,407,894)	(140,986,644)	(141,536,800)	(142,056,721)	(142,563,178)	(143,110,029)	(141,949,573)	(140,475,400) Direct
	<b>General</b>	(11,694,135)	(11,915,280)	(12,076,778)	(12,228,517)	(12,440,217)	(12,666,783)	(12,894,042)	(13,104,032)	(13,325,107)	(13,527,265)	(13,776,652)	(13,266,074)	(13,479,624)	(12,817,302) 3-Factor
<b>Storage and storage transmission</b>		(17,198,134)	(17,279,031)	(17,359,973)	(17,440,992)	(17,522,082)	(17,603,174)	(17,684,268)	(17,765,432)	(17,846,680)	(17,927,939)	(18,010,071)	(18,093,366)	(18,180,059)	(17,685,175) Firm Delivered Volumes
<b>CNG and LNG</b>		(292,285)	(293,078)	(293,872)	(294,666)	(295,459)	(296,253)	(297,046)	(297,840)	(298,633)	(299,427)	(300,220)	(301,014)	(301,837)	(297,047) 3-Factor
<b>Total Accumulated Depreciation (less Gas Reserves)</b>		(174,847,112)	(176,055,201)	(177,166,707)	(178,296,935)	(179,088,425)	(179,919,236)	(180,956,148)	(182,053,708)	(183,134,489)	(184,165,751)	(184,725,259)	(184,885,548)	(184,409,150)	(180,839,628)
<b>Storage Gas</b>		2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801	2,500,801 Firm Delivered Volumes
<b>Customer Advances</b>		(3,880,961)	(4,028,607)	(4,064,055)	(4,063,649)	(4,110,255)	(4,120,671)	(4,291,836)	(4,280,579)	(4,344,954)	(4,402,977)	(4,485,015)	(4,451,159)	(4,553,486)	(4,238,415) Direct
<b>Leasehold Improvements</b>		2,946,494	2,942,743	2,938,104	2,930,928	2,925,035	2,812,407	2,798,125	2,783,827	2,770,446	2,755,995	2,740,781	2,725,499	2,710,217	2,829,437 Direct & 3-Factor
<b>Total Rate Base Excluding ADIT and WC</b>		311,356,242	310,832,708	312,136,216	313,346,147	312,808,851	312,629,189	312,324,298	312,073,430	312,172,165	311,451,764	313,336,880	313,110,516	326,054,553	312,910,630
<b>Less: ADIT</b>		(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)	(43,698,763)
<b>Total Rate Base Excluding WC</b>		<b>267,657,479</b>	<b>267,133,945</b>	<b>268,437,453</b>	<b>269,647,384</b>	<b>269,110,088</b>	<b>268,930,426</b>	<b>268,625,535</b>	<b>268,374,668</b>	<b>268,473,402</b>	<b>267,753,001</b>	<b>269,638,117</b>	<b>269,411,753</b>	<b>282,355,790</b>	<b>269,211,867</b>

**Rate Base Average Allocation Factors**

	OR	WA	SYSTEM
<b>Gross Plant Average Factor</b>	3,584,865,474 87.92%	492,658,435 12.08%	4,077,523,909
<b>Accumulated Deprec Average Factor</b>	(1,456,603,665) 88.96%	(180,839,628) 11.04%	(1,637,443,293)
<b>Leasehold Improvement Average Factor</b>	21,291,937 88.27%	2,829,437 11.73%	24,121,375
<b>Customer Advance Average Factor</b>	(6,514,628) 60.58%	(4,238,415) 39.42%	(10,753,043)
<b>Gross Plant Growth Factor</b>	201,491,221 88.90%	25,169,151 11.10%	226,660,373
<b>Average Total Rate Base</b>	1,714,420,865 86.43%	269,211,867 13.57%	1,983,632,732



### Leasehold Improvement

[illegible]

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Twelve Months Ended December 31, 2023**

**Deferred Income Taxes**

1 Allocation factor: Accumulated Depreciation 11.04%

2

3 **2022 December Balances:**

4

5			SYS	Washington	Oregon	
6		Federal	State	Allocation	Allocation	
7			Total			
8	Accumulated Deferred Income Tax - Depreciation	(382,879,335)	(86,116,385)	(468,995,720)	(41,768,875)	(427,226,844)
9						
10	Accumulated Deferred Income Tax - Encana	(10,749,787)	(1,352,726)	(12,102,513)	0	(12,102,513)
11						
12	Accumulated Deferred Income Tax - Other	(8,037,905)	(2,039,481)	(10,077,386)	(923,662)	(9,153,724)
13						
14	<b>2022 Balances</b>	(401,667,027)	(89,508,592)	(491,175,619)	(42,692,537)	(448,483,081)

15

16

17 **2023 December Balances:**

18

19				SYS	Washington	Oregon
20		Federal	State	Total	Allocation	Allocation
21						
22	Accumulated Deferred Income Tax - Depreciation	(390,753,876)	(90,847,401)	(481,601,277)	(43,936,830)	(437,664,447)
23						
24	Accumulated Deferred Income Tax - Encana	(2,959,064)	(1,049,004)	(4,008,068)	0	(4,008,068)
25						
24	Accumulated Deferred Income Tax - Other	(6,607,780)	(1,667,494)	(8,275,274)	(768,158)	(7,507,116)
25						
26	<b>2023 Balances</b>	(400,320,720)	(93,563,899)	(493,884,619)	(44,704,988)	(449,179,631)

29

30

31	<b>Simple Average December Balances</b> (use for Rate Base)			<b>(43,698,763)</b>	<b>(448,831,356)</b>
32	<b>EDIT Rate Base - 13 AMA</b>			<b>562,500</b>	
	<b>Total DIT Rate Base</b>			<b>(43,136,263)</b>	

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Twelve Months Ended December 31, 2023**  
**Tax Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Amount</u></b> <b><u>(a)</u></b>	
<b>1 Utility Income before Interest and Taxes</b>	\$15,890,339	
<b>2 Interest on Historic Average Rate Base</b>	<u>7,082,933</u>	
<b>3 Pre-Tax Net Income</b>	8,807,406	
<b>4 Less: Permanent Differences</b>	800	10.62% Depreciation Factor
<b>5 Taxable Income</b>	8,808,206	
<b>6 Tax Rate</b>	<u>21.00%</u>	
<b>7 Federal Income Tax</b>	1,849,723	
<b>8 Credits and EDIT Amortization</b>	<u>(375,011)</u>	3-Factor
<b>9 Total Tax</b>	<u><u>\$1,474,712</u></u>	

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Twelve Months Ended December 31, 2023**  
**Proforma Cost of Capital and Input Assumptions**

Line No.	13 month average		
	Percent of Total Capital	Average Cost	Weighted Cost
	(a)	(b)	(c)
<b>Cost of Capital</b>			
1 Long Term Debt	51.96%	4.65%	2.42%
2 Short Term Debt	0.39%	2.06%	0.01%
3 Preferred Stock	0.00%	0.00%	0.00%
4 Common Stock	47.65%	9.40%	4.48%
5 Total	<u>100.00%</u>		<u>6.91%</u>
<b>Revenue Sensitive Costs</b>			
6 Gas Sales	97.89%		
7 Transportation	1.92%		
8 Other	<u>0.19%</u>		
9 Subtotal	100.00%		
10 O & M - Uncollectible	0.221%		
11 Franchise Taxes	0.000%		
12 WA Utility Tax	3.852%		
13 WUTC Fee	<u>0.400%</u>		
14 State Taxable Income	95.53%		
15 State Income Tax	<u>0.00%</u>		
16 Federal Taxable Income	95.53%		
17 Federal Income Tax	<u>20.06%</u>		
18 Total Income Taxes	20.06%		
19 Total Revenue Sensitive Costs	<u>24.53%</u>		
20 Utility Operating Income	<u>75.47%</u>		
21 Net-to-gross factor	1.32509		
22 Interest Coordination Factor	0.0243		
23 Federal tax rate	21.00%		
24 State tax rate	0.00%		
25 Uncollectible Accounts	0.22%		

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Adjustments to Test Period**  
**Twelve Months Ended December 31, 2023**

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)	Claims Adjustment (g)	Clearing Adjustment (h)	Total Adjustments (i)	Column C Page 1
Operating Revenues										
1 Sale of Gas	118,176,228	1,053,426							1,053,426	119,229,654
2 Transportation	2,340,566	0							0	2,340,566
3 Miscellaneous Revenues	(3,144,002)		3,370,882						3,370,882	226,880
4 Total Operating Revenues	117,372,792	1,053,426	3,370,882	0	0	0	0	0	4,424,308	121,797,100
Operating Revenue Deductions										
5 Gas Purchased	53,926,196	824,876							824,876	54,751,072
6 Uncollectible Accrual	348,633	2,328	0		(60,904)				(58,576)	290,057
7 Other Operating & Maintenance Expenses	23,994,088			(134,489)			12,708	0	(121,781)	23,872,307
8 Total Operating & Maintenance Expense	78,268,916	827,204	0	(134,489)	(60,904)	0	12,708	0	644,520	78,913,436
9 Federal Income Tax	1,474,712	38,100	677,786	27,637	12,790	0	(2,684)	0	753,629	2,228,341
10 Property Taxes	1,678,026								0	1,678,026
11 Other Taxes	6,540,879	44,792	143,330						188,122	6,729,001
12 Depreciation & Amortization	14,994,631								0	14,994,631
13 Total Operating Revenue Deductions	102,957,165	910,096	821,116	(106,852)	(48,114)	0	10,024	0	1,586,270	104,543,435
14 Net Operating Revenues	14,415,627	143,330	2,549,766	106,852	48,114	0	(10,024)	0	2,838,038	17,253,665
Average Rate Base										
15 Utility Plant in Service	492,658,435			118,762			3,050	0	121,812	492,780,247
16 Accumulated Depreciation	(180,839,628)								0	(180,839,628)
17 Net Utility Plant	311,818,807	0	0	118,762	0	0	3,050	0	121,812	311,940,619
18 Working Capital	21,704,375								0	21,704,375
19 Storage Gas	2,500,801								0	2,500,801
20 Customer Advances	(4,238,415)								0	(4,238,415)
21 Leasehold Improvements	2,829,437								0	2,829,437
22 Accumulated Deferred Income Taxes	(43,136,263)								0	(43,136,263)
23 Total Rate Base	291,478,742	0	0	118,762	0	0	3,050	0	121,812	291,600,554
24 Interest Coordination		0	0	2,886	0	0	74	0	2,960	2,960

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2023  
Weather Normalized Gas Sales and Purchases Adjustment

Worksheet a

1	<b>Revenues</b>						
2							
3							
4		<b>Test Period</b>		<b>Normalized</b>			<b>Net</b>
5		<b>Sales in</b>	<b>Test Period</b>	<b>Sales in</b>	<b>Normalized</b>	<b>Normalized</b>	<b>Normalizing</b>
6		<b>Therms</b>	<b>Revenue</b>	<b>Therms</b>	<b>Revenues</b>	<b>Rate</b>	<b>Effect</b>
7		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>
8	<b>Sales</b>						
9	<b>Residential</b>	57,300,265	\$81,388,494	60,477,050	\$83,166,666	\$0.55974	\$1,778,172
10	<b>Commercial</b>	26,299,336	\$33,405,585	23,502,054	\$31,984,861	\$0.50789	(\$1,420,724)
11	<b>Industrial Firm</b>	3,127,090	\$3,137,453	3,127,090	\$3,137,453		\$0
12	<b>Interruptible</b>	1,187,792	\$940,674	1,187,792	\$940,674		\$0
13							
14							
15	<b>Total Sales</b>	87,914,484	\$118,872,206	88,293,986	\$119,229,654		\$357,448
16							
17	<b>Unbilled amounts</b>	(1,033,678)	(\$695,978)				\$695,978
18							
19	<b>Unaccounted For Gas</b>						
20							
21	<b>Total Sales Sendout</b>	86,880,806	\$118,176,228	\$88,293,986	\$119,229,654		\$1,053,426
22							
23							
24	<b>Transportation</b>						
25	<b>Firm Transportation</b>	10,901,251	\$1,510,163	10,901,251	\$1,510,163	\$0.13853	\$0
26	<b>Interruptible Transportation</b>	7,525,009	\$830,403	7,525,009	\$830,403	\$0.11035	\$0
27	<b>Special Contracts</b>	0	\$0	0	\$0		\$0
28	<b>Other Charges</b>	0	\$0	0	\$0		\$0
29	<b>Total Transportation</b>	18,426,260	\$2,340,566	\$18,426,260	\$2,340,566		\$0
30							
31	<b>Total Deliveries / Revenues</b>	105,307,066	\$120,516,794	\$106,720,246	\$121,570,220		\$1,053,426
32							
33							
34							
35	<b>Cost of Gas</b>						
36							
37		<b>Actual</b>	<b>Actual</b>	<b>Normalized</b>	<b>Normalized</b>	<b>Normalized</b>	<b>Normalizing</b>
38		<b>Therms</b>	<b>Costs</b>	<b>Therms</b>	<b>Costs</b>	<b>Rate</b>	<b>Effect</b>
39							
40	Demand Incurred & Deferred	85,693,014	\$7,476,451	87,106,194	\$7,604,925	0.09091	\$128,474
41							
42	Commodity Incurred & Deferred	86,880,806	\$39,716,159	88,293,986	\$40,380,507	0.47011	\$664,348
43							
44	<b>Commodity and Demand Amortizations</b>		\$6,733,586		\$6,765,640		\$32,054
45							
46	<b>Total Cost of Gas</b>		\$53,926,196		\$54,751,072		\$824,876

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2023  
Adjustment to Miscellaneous Revenue

Worksheet b

Line No.	Washington Actual (a)	Normalized (b)	Adjustment (c)	
1	<b><u>Other Miscellaneous Revenues</u></b>			
2	Reconnect Charges	\$3,000	\$18,779	\$15,779 [1]
3	Late Payment Charges	91,185	91,185	0
4	Automated Payment Charge	0	1,710	1,710 [1]
5	Returned Check	68,955	54,540	(14,415) [1]
6	Field Collection	955	10,033	9,078 [1]
7	Meter Rentals	17,516	17,884	368 [1]
8	Utility Property Rental	0	14,149	14,149 [1]
9	Curtailment Unauthorized Take	0	0	0 [1]
10	Technical Adjustments & Amortizations	(3,340,697)	(3,340,697)	3,340,697
11	Miscellaneous	15,083	18,599	3,516 [1]
12				
13		(\$3,144,002)	(\$3,113,817)	\$3,370,882
14				
15				
16				
17				
18	<b><u>Notes:</u></b>			
19	[1] Normalized to 3-year average			
20				

**NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2023  
Bonus Adjustment**

**Worksheet c**

<b>Line No.</b>		<b>2020 paid in 2021</b>	<b>2021 paid in 2022</b>	<b>2022 paid in 2023</b>	<b>Three Year Average</b>	<b>2023 Accrual</b>	<b>Adjustment (g)=(e)-(f)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	
	<b>Performance Bonus - O &amp; M</b>						
<b>1</b>	<b>Officers/Exempt</b>	\$6,492,245	\$7,470,160	\$7,270,941	\$7,077,782	\$8,229,426	(\$1,151,644)
<b>2</b>	<b>Clerical/Hourly</b>	0	0	0	0	0	0
<b>3</b>	<b>Total</b>	6,492,245	7,470,160	7,270,941	7,077,782	8,229,426	(1,151,644)
	<b>Performance Bonus - Construction</b>						
<b>4</b>	<b>Officers/Exempt</b>	3,124,312	4,649,954	5,225,085	4,333,117	3,359,659	973,458
<b>5</b>	<b>Clerical/Hourly</b>	0	0	0	0	0	0
<b>6</b>	<b>Total</b>	3,124,312	4,649,954	5,225,085	4,333,117	3,359,659	973,458
	<b>Key Goals Bonus - O &amp; M</b>						
<b>7</b>	<b>Officers/Exempt</b>	0	0	0	0	0	
<b>8</b>	<b>Clerical/Hourly</b>	0	0	0	0	0	
<b>9</b>	<b>Total</b>	0	0	0	0	0	0
	<b>Key Goals Bonus - Construction</b>						
<b>10</b>	<b>Officers/Exempt</b>	0	0	0	0	0	
<b>11</b>	<b>Clerical/Hourly</b>	0	0	0	0	0	
<b>12</b>	<b>Total</b>	0	0	0	0	0	0
<b>13</b>	<b>Total Adjusted O &amp; M (line 3 + line 9)</b>						(\$1,151,644)
<b>14</b>	<b>Washington Allocation Factor</b>						11.678%
<b>15</b>	<b>Adjustment to Washington - O&amp;M</b>						<u>(\$134,489)</u>
<b>16</b>	<b>Total Adjusted Construction (line 6 + line 12)</b>						\$973,458
<b>17</b>	<b>Washington Allocation Factor</b>						12.200%
<b>18</b>	<b>Adjustment to Washington - Rate Base</b>						<u>\$118,762</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, 2023  
Uncollectible Accounts Adjustments  
(\$000's, except Washington amounts at lines 22-24)

Worksheet d

Line No.		2023-2021 Total (a)	2023 Actual (b)	2022 Actual (c)	2021 Actual (d)
<b>Gas Revenues</b>					
1	Residential	\$1,741,195	\$680,109	\$576,475	\$484,611
2	Commercial	811,416	322,257	274,306	214,853
3	Industrial	85,577	36,939	26,898	21,740
4	Interruptible	98,555	39,497	35,130	23,927
5	Total	2,736,742	1,078,802	912,809	745,131
<b>Net Write-Offs</b>					
6	Residential	5,039	2,501	1,062	1,476
7	Commercial	953	353	324	276
8	Industrial	62	1	65	(4)
9	Interruptible	-	-	-	-
10	Total	6,055	2,856	1,451	1,748
<b>Write-Off % - 3-Year Average</b>					
11	Residential	0.289%	0.368%	0.184%	0.305%
12	Commercial	0.118%	0.110%	0.118%	0.128%
13	Industrial	0.073%	0.004%	0.242%	-0.020%
14	Interruptible	0.000%	0.000%	0.000%	0.000%
15	Weighted Total [1]	0.221%	0.265%	0.159%	0.235%
<b>Normalized Uncollectible</b>					
16	Residential	\$1,968			
17	Commercial	379			
18	Industrial	27			
19	Interruptible	0			
20	Total	\$2,374			
21	Allocation Factor	12.120%	<b>Customers - All</b>		
22	Washington Normalized Amount (X 1000)	\$287,729			
23	Washington Allocation of Accrued Amount	\$348,633			
24	Adjustment (Normalized less Accrued)	(\$60,904)			

[1] Weighted uncollectible rate of 0.221% is used on page 1, column (b)

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Investor Supplied Working Capital**  
**Twelve Months Ended December 31, 2023**

**Worksheet e**

**Line**  
**No.**

<b>1</b>	<b>Current Working Capital Assets</b>	\$ 379,605,049
<b>2</b>	<b>Current Working Capital Liabilities</b>	\$ (179,867,138)
<b>3</b>	<b>Net Working Capital</b>	<u>\$ 199,737,911</u>
<b>4</b>		
<b>5</b>	<b>WA Allocation of Total Investments</b>	10.87%
<b>6</b>		
	<b>Total WA Working Capital</b>	<u>\$ 21,704,375</u>

**NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2023  
Claims Expense Adjustment**

**Worksheet g**

<b>Line No.</b>	<b>O&amp;M Expense (a)</b>	<b>Construction (b)</b>
<b>1 Expensed during Test period</b>	\$120,016	\$200,488
<b>Normalized Expenses</b>		
<b>2 Actual Claims - Ordinary</b>	\$120,016	225,488
<b>3 3-Year Average Claims - Extraordinary</b>	108,333	0
<b>4 Subtotal</b>	228,349	225,488
<b>5 Adjustment - System (line 4 - line 1)</b>	108,333	25,000
<b>6 Allocation to Washington (O&amp;M on 3-factor, const on gross plant)</b>	11.730%	12.200%
<b>7 Adjustment</b>	\$12,708	\$3,050

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**Worksheet h**

**Elimination of Clearing Account Balances**

<b>Line No.</b>		<b>Amount</b>
<b>1</b>	<b>Adjustment to O&amp;M</b>	<u>\$0</u>
<b>2</b>	<b>Allocation to Washington (3-Factor)</b>	<u>11.73%</u>
<b>3</b>	<b>Adjustment</b>	<u><u>\$0</u></u>
<b>4</b>	<b>Adjustment to Construction</b>	\$0
<b>5</b>	<b>Allocation to Washington (Gross Plant)</b>	<u>12.20%</u>
<b>6</b>	<b>Adjustment</b>	<u><u>\$0</u></u>

**Clearing accounts are completely allocated by year end closing.**