

Line No.	Test Year Results (a)	Adjustments (b)	Test Year Adjusted (c)
<b><u>Operating Revenues</u></b>			
1	\$64,503,221	\$3,051,778	\$67,554,999
2	2,428,043	0	2,428,043
3	-3,092,584	-707,936	-3,800,520
4	63,838,679	2,343,843	66,182,522
			41,255,712
<b>Operating Revenue Deductions</b>			
5	\$23,742,026	\$1,184,784	\$24,926,810
6	74,083	9,811	83,894
7	18,224,986	-641,108	17,583,878
8	42,041,095	553,488	42,594,582
9	721,647	356,026	1,077,673
10	1,752,161	0	1,752,161
11	3,619,386	94,972	3,714,358
12	9,476,820	0	9,476,820
13	\$57,611,109	\$1,004,486	\$58,615,595
14	\$6,227,571	\$1,339,357	\$7,566,927
<b><u>Average Rate Base</u></b>			
15	\$344,634,123	\$671	\$344,634,795
16	-138,174,714	0	-138,174,714
17	206,459,410	671	206,460,081
18	909,782	0	909,782
19	1,946,972	0	1,946,972
20	-756,956	0	-756,956
21	17,502	0	17,502
22	-41,147,775	0	-41,147,775
23	\$167,428,936	\$671	\$167,429,607
24	3.72%		4.52%
25	2.39%		4.12%

NW Natural  
State Allocation Factors  
Updated for year ended 2018 data

	<u>System</u>	<u>Washington</u>	<u>Oregon</u>
<b>Customers</b>			
<b>Total Customers</b>			
December 2018	750,421	84,650	665,771
December 2017	737,873	81,842	656,031
Average	744,147	83,246	660,901
% of System		11.19%	88.81%
<b>Residential Customers</b>			
December 2018	680,134	77,357	602,777
December 2017	668,803	74,805	593,998
Average	674,469	76,081	598,388
% of System		11.28%	88.72%
<b>Commercial Customers</b>			
December 2018	69,087	7,192	61,895
December 2017	67,881	6,937	60,944
Average	68,484	7,065	61,420
% of System		10.32%	89.68%
<b>Industrial Customers</b>			
December 2018	1,200	101	1,099
December 2017	1,189	100	1,089
Average	1,195	101	1,094
% of System		8.41%	91.59%
<b>The Dalles</b>			
December 2018	8,318	2,103	6,215
December 2017	8,119	2,040	6,079
Average	8,219	2,072	6,147
% of System		25.21%	74.79%
<b>Portland / Vancouver</b>			
December 2018	533,590	82,547	451,043
December 2017	524,992	79,802	445,190
Average	529,291	81,175	448,117
% of System		15.34%	84.66%
<b>Portland / Vancouver Commercial</b>			
December 2018	45,081	6,976	38,105
December 2017	44,470	6,724	37,746
Average	44,776	6,850	37,926
% of System		15.30%	84.70%

**NW Natural**  
**State Allocation Factors**  
**Updated for year ended 2018 data**  
**Volumes - 12 Months Ended 12/31/18**

<b>Firm Sales Delivered</b>	707,286,110	74,457,613	632,828,497
<b>% of System</b>		10.53%	89.47%
<b>Sales Volumes</b>	757,920,725	75,761,489	682,159,236
<b>% of System</b>		10.00%	90.00%
<b>Sendout Volumes</b>	1,139,020,655	96,359,078	1,042,661,577
<b>% of System</b>		8.46%	91.54%

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

<b>Gross Plant Directly Assigned</b>		11.77%	88.23%
<b>Number of Employees Directly Assigned</b>		10.77%	89.23%
<b>Number of Customers</b>		11.19%	88.81%
<b>Average</b>		11.24%	88.76%

**Derivation of factor for 3-factor - Gross Plant Directly Assigned**

**December 31, 2018**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Intangible - Other</b>	84,795	447	84,348
<b>Production</b>	675,198		675,198
<b>Transmission</b>	182,352,775	1,115,001	181,237,774
<b>Distribution</b>	2,264,469,664	292,099,081	1,972,370,583

**December 31, 2017**

	<b>System</b>	<b>Washington</b>	<b>Oregon</b>
<b>Intangible</b>	84,795	447	84,348
<b>Production</b>	675,198		675,198
<b>Transmission</b>	166,587,143	1,114,674	165,472,470
<b>Distribution</b>	2,161,775,493	267,685,383	1,894,090,110

**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>	174,469,959	1,114,837	173,355,122
<b>Distribution</b>	2,213,122,578	279,892,232	1,933,230,346

**Gross Plant Directly Assigned**  
**% of System**

2,388,352,531	281,007,516	2,107,345,014
	11.77%	88.23%

**NW Natural**  
**State Allocation Factors**  
**Updated for year ended 2018 data**

<b>Allocation Factors - Summary</b>	<b>Washington</b>	<b>Oregon</b>
Customers-all	11.190%	88.810%
Customers-Residential	11.280%	88.720%
Customers-Commercial	10.320%	89.680%
Customers-Industrial	8.410%	91.590%
Customers-The Dalles	25.210%	74.790%
3-factor	11.240%	88.760%
firm sales volumes	10.530%	89.470%
sales volumes	10.000%	90.000%
sendout volumes	8.460%	91.540%
sales/sendout volumes	9.230%	90.770%
Customers Portland/Vancouver	15.340%	84.660%
Customers Portland/Vancouver 80%	12.272%	87.730%
Customers Portland/Vancouver Commercial	15.300%	84.700%
Payroll	10.430%	89.570%
Admin Transfer	13.120%	86.880%
Employee Cost	10.765%	89.235%
Regulatory	30.000%	70.000%
Telemetry	12.766%	87.234%
Direct-Wa	100.000%	0.000%
Direct-Or	0.000%	100.000%
Gross plant direct assign	11.770%	88.230%
Depreciation	11.320%	88.680%
Rate Base	12.190%	87.810%

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	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 June	2018 July	2018 August	2018 September	2018 October	2018 November	2018 December	Dec 17 - Dec 18 12 month average
<b>SYSTEM</b>														
<u>Gross Plant</u>														
<b>Intangible</b>														
<b>Software</b>	105,175,574	105,211,287	105,976,732	105,934,961	105,959,178	105,958,907	106,339,619	106,349,582	106,337,338	110,918,040	117,106,962	117,131,354	117,067,789	108,695,470
<b>Other</b>	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
<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>	166,587,143	166,646,960	166,671,736	167,823,514	167,860,782	168,195,225	168,592,916	168,666,086	168,694,327	169,634,549	182,050,579	182,332,370	182,352,775	170,969,917
<b>Distribution</b>	2,161,775,493	2,168,079,145	2,171,328,431	2,183,114,102	2,187,035,912	2,194,049,822	2,203,962,401	2,209,442,463	2,217,186,171	2,226,387,112	2,249,223,707	2,255,108,336	2,264,986,007	2,206,524,863
<b>General</b>	203,449,576	204,764,289	204,751,538	204,997,170	205,074,607	206,035,569	211,240,927	213,172,505	213,337,418	213,584,984	228,336,679	211,646,008	213,210,437	210,439,308
<b>Storage and storage transmission CNG and LNG</b>	314,220,159 3,790,768	314,242,931 3,790,768	318,058,925 3,790,768	318,088,443 3,790,768	318,113,158 3,790,768	318,098,137 3,790,768	320,408,990 3,790,768	320,417,502 3,790,768	320,416,360 3,790,768	321,048,969 3,790,768	332,946,041 3,790,768	333,360,831 3,790,768	333,651,718 3,790,768	321,594,685 3,790,768
<b>Gas Reserves</b>	187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,431,470
<b>Total Gross Plant (less Gas Reserves)</b>	2,955,758,707	2,963,495,374	2,971,338,124	2,984,508,953	2,988,594,399	2,996,888,423	3,015,095,615	3,022,598,900	3,030,522,375	3,046,124,415	3,114,214,730	3,104,129,661	3,115,819,487	3,022,775,005
<u>Accumulated Depreciation</u>														
<b>Intangible</b>	(63,238,775)	(63,483,064)	(63,728,791)	(63,975,818)	(64,222,814)	(64,469,852)	(64,717,574)	(64,965,998)	(65,214,417)	(65,471,040)	(65,747,004)	(66,198,671)	(66,650,465)	(64,761,639)
<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>	(36,441,032)	(36,857,901)	(37,276,169)	(37,694,607)	(38,115,049)	(38,535,522)	(38,957,364)	(39,379,388)	(39,801,543)	(40,224,172)	(40,661,659)	(40,944,303)	(41,227,169)	(38,940,148)
<b>Distribution</b>	(1,001,460,546)	(1,004,738,482)	(1,008,257,483)	(1,011,729,124)	(1,015,259,308)	(1,019,060,727)	(1,022,176,197)	(1,025,018,669)	(1,028,199,175)	(1,032,025,125)	(1,034,917,360)	(1,038,774,955)	(1,042,694,700)	(1,021,852,852)
<b>General</b>	(63,488,973)	(64,426,775)	(65,015,476)	(65,719,467)	(66,633,360)	(67,190,286)	(68,123,218)	(69,117,454)	(70,114,552)	(71,001,288)	(71,634,467)	(56,883,199)	(57,514,633)	(66,363,445)
<b>Storage and storage transmission CNG and LNG</b>	(135,042,844) (2,131,737)	(135,668,643) (2,134,382)	(136,299,148) (2,137,026)	(136,931,900) (2,139,671)	(137,565,119) (2,142,315)	(138,197,975) (2,144,959)	(138,833,128) (2,147,604)	(139,469,792) (2,150,248)	(140,106,458) (2,152,893)	(140,744,215) (2,155,537)	(141,397,782) (2,158,182)	(141,944,981) (2,164,844)	(142,496,991) (2,171,506)	(138,827,422) (2,148,274)
<b>Gas Reserves</b>	(87,779,706)	(89,232,293)	(90,487,052)	(91,852,460)	(93,126,613)	(94,418,061)	(95,595,918)	(96,926,684)	(98,419,429)	(99,835,236)	(101,215,216)	(102,899,863)	(104,463,650)	(95,844,209)
<b>Total Accumulated Depreciation (less Gas Rese</b>	(1,302,494,942)	(1,308,000,282)	(1,313,405,130)	(1,318,881,623)	(1,324,629,001)	(1,330,290,357)	(1,335,646,120)	(1,340,792,586)	(1,346,280,073)	(1,352,312,413)	(1,357,207,490)	(1,347,601,989)	(1,353,446,498)	(1,333,584,815)
<b>Storage Gas</b>	18,488,587	18,486,971	18,484,666	18,482,827	18,480,562	18,478,826	18,478,349	18,501,807	18,500,225	18,498,669	18,497,192	18,495,687	18,494,189	18,489,764
<b>Customer Advances</b>	(3,965,149)	(4,041,490)	(4,107,884)	(4,087,078)	(4,163,334)	(4,268,622)	(4,367,025)	(4,494,194)	(4,608,550)	(4,686,796)	(4,206,528)	(4,305,651)	(4,410,555)	(4,293,750)
<b>Leasehold Improvements</b>	279,959	257,040	233,207	209,374	201,172	177,426	156,587	134,747	112,135	89,428	66,721	63,035	59,348	155,877
<b>Total Rate Base Excluding ADIT and WC</b>	1,668,067,162	1,670,197,612	1,672,542,982	1,680,232,453	1,678,483,797	1,680,985,695	1,693,717,406	1,695,948,675	1,698,246,112	1,707,713,303	1,771,364,625	1,770,780,744	1,776,515,972	1,703,542,081

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OREGON		2017 2017 Dec	2018 2018 Jan	2018 2018 Feb	2018 2018 Mar	2018 2018 Apr	2018 2018 May	2018 2018 June	2018 2018 July	2018 2018 August	2018 2018 September	2018 2018 October	2018 2018 November	2018 2018 December	Dec 17 - Dec 18 12 month average OREGON
<u>Gross Plant</u>		OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON
<b>Intangible</b>	<b>Software</b>	93,753,506	93,438,144	94,117,936	94,080,839	94,102,346	94,102,105	94,440,215	94,449,064	94,438,190	98,506,311	104,002,693	104,024,356	103,967,904	96,546,909
	<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>		165,472,470	165,531,959	165,556,735	166,708,513	166,745,781	167,080,224	167,477,915	167,551,085	167,579,325	168,519,547	180,935,578	181,217,369	181,237,774	169,854,930
<b>Distribution</b>		1,894,090,110	1,899,432,648	1,902,322,963	1,911,449,429	1,914,332,013	1,919,515,063	1,926,032,269	1,931,481,725	1,937,309,012	1,945,089,164	1,960,387,367	1,964,259,722	1,972,774,321	1,928,753,632
<b>General</b>		187,604,643	182,154,428	182,143,147	182,361,205	182,429,974	183,282,734	187,904,156	189,618,642	189,765,263	189,985,925	203,290,915	188,456,071	189,869,806	187,510,807
<b>Storage and storage transmission CNG and LNG</b>		288,038,562 3,406,764	284,628,050 3,364,686	288,042,220 3,364,686	288,068,630 3,364,686	288,090,742 3,364,686	288,077,303 3,364,686	290,144,823 3,364,686	290,152,439 3,364,686	290,151,417 3,364,686	290,717,413 3,364,686	301,361,722 3,364,686	301,732,835 3,364,686	301,993,092 3,364,686	291,348,619 3,366,439
<b>Gas Reserves</b>		187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,536,465	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,307,385	187,431,470
<b>Total Gross Plant (less Gas Reserves)</b>		2,633,125,601	2,629,309,462	2,636,307,232	2,646,792,849	2,649,825,089	2,656,181,662	2,670,123,611	2,677,377,188	2,683,367,439	2,696,942,592	2,754,102,508	2,743,814,585	2,753,967,129	2,678,140,882
<b><u>Accumulated Depreciation</u></b>															
<b>Intangible</b>		(56,371,044)	(56,379,309)	(56,597,539)	(56,816,924)	(57,036,281)	(57,255,676)	(57,475,678)	(57,696,302)	(57,916,923)	(58,144,831)	(58,389,914)	(58,791,040)	(59,192,278)	(57,523,507)
<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>		(36,292,976)	(36,707,940)	(37,124,304)	(37,540,837)	(37,959,375)	(38,377,942)	(38,797,880)	(39,217,999)	(39,638,249)	(40,058,974)	(40,494,555)	(40,775,453)	(41,056,572)	(38,780,690)
<b>Distribution</b>		(894,057,390)	(896,815,786)	(899,781,619)	(902,696,169)	(905,689,096)	(908,993,049)	(911,597,566)	(914,283,887)	(916,921,957)	(920,162,825)	(922,509,976)	(925,752,660)	(929,062,592)	(911,397,048)
<b>General</b>		(57,849,356)	(58,108,215)	(58,639,016)	(59,272,149)	(60,091,591)	(60,594,188)	(61,430,531)	(62,321,293)	(63,214,596)	(64,009,944)	(64,580,982)	(65,149,019)	(65,707,776)	(59,893,466)
<b>Storage and storage transmission CNG and LNG</b>		(125,136,221) (1,915,792)	(122,217,010) (1,894,477)	(122,786,821) (1,896,824)	(123,358,625) (1,899,172)	(123,930,854) (1,901,519)	(124,502,751) (1,903,866)	(125,076,709) (1,906,213)	(125,652,013) (1,908,561)	(126,227,319) (1,910,908)	(126,803,607) (1,913,255)	(127,394,035) (1,915,602)	(127,887,874) (1,921,515)	(128,386,017) (1,927,429)	(125,216,561) (1,907,794)
<b>Gas Reserves</b>		(87,779,706)	(89,232,293)	(90,487,052)	(91,852,460)	(93,126,613)	(94,418,061)	(95,595,918)	(96,926,684)	(98,419,429)	(99,835,236)	(101,215,216)	(102,899,863)	(104,463,650)	(95,844,209)
<b>Total Accumulated Depreciation (less Gas Rese</b>		(1,172,313,814)	(1,172,813,774)	(1,177,517,160)	(1,182,274,912)	(1,187,299,751)	(1,192,318,507)	(1,196,975,613)	(1,201,771,091)	(1,206,520,987)	(1,211,784,471)	(1,215,976,100)	(1,207,318,597)	(1,212,386,699)	(1,195,410,102)
<b>Storage Gas</b>		16,541,739	16,540,293	16,538,230	16,536,585	16,534,559	16,533,006	16,532,579	16,553,567	16,552,152	16,550,759	16,549,438	16,548,092	16,546,751	16,542,792
<b>Customer Advances</b>		(3,296,312)	(3,358,338)	(3,411,639)	(3,388,561)	(3,449,468)	(3,533,136)	(3,601,401)	(3,698,590)	(3,790,101)	(3,839,571)	(3,418,458)	(3,503,297)	(3,601,643)	(3,536,795)
<b>Leasehold Improvements</b>		248,939	228,148	206,994	185,840	178,560	157,483	138,987	119,601	99,531	79,376	59,222	55,950	52,678	138,375
<b>Total Rate Base Excluding ADIT and WC</b>		1,474,306,153	1,469,905,791	1,472,123,658	1,477,851,803	1,475,788,988	1,477,020,508	1,486,218,163	1,488,580,675	1,489,708,033	1,497,948,686	1,551,316,611	1,549,596,733	1,554,578,215	1,495,875,153

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WASHINGTON		2017 2017 Dec	2018 2018 Jan	2018 2018 Feb	2018 2018 Mar	2018 2018 Apr	2018 2018 May	2018 2018 June	2018 2018 July	2018 2018 August	2018 2018 September	2018 2018 October	2018 2018 November	2018 2018 December	Dec 17 - Dec 18 Dec 17 - Dec 18 12 month average WASHINGTON
<b>Gross Plant</b>		WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON
<b>Intangible</b>	<b>Software</b>	11,422,067	11,773,143	11,858,796	11,854,122	11,856,832	11,856,802	11,899,403	11,900,518	11,899,148	12,411,729	13,104,269	13,106,999	13,099,886	12,148,561
	<b>Other</b>	447	447	447	447	447	447	447	447	447	447	447	447	447	447
<b>Production</b>															0
<b>Transmission</b>		1,114,674	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,115,001	1,114,987
<b>Distribution</b>		267,685,383	268,646,497	269,005,469	271,664,674	272,703,899	274,534,759	277,930,132	277,960,738	279,877,160	281,297,949	288,836,340	290,848,614	292,211,686	277,771,230
<b>General</b>		15,844,933	22,609,861	22,608,392	22,635,965	22,644,633	22,752,835	23,336,771	23,553,862	23,572,155	23,599,059	25,045,764	23,189,936	23,340,631	22,928,501
<b>Storage and storage transmission</b>		26,181,597	29,614,881	30,016,705	30,019,813	30,022,416	30,020,834	30,264,167	30,265,063	30,264,943	30,331,556	31,584,318	31,627,995	31,658,626	30,246,067
<b>CNG and LNG</b>		384,005	426,082	426,082	426,082	426,082	426,082	426,082	426,082	426,082	426,082	426,082	426,082	426,082	424,329
<b>Total Gross Plant (less Gas Reserves)</b>		322,633,106	334,185,913	335,030,892	337,716,104	338,769,310	340,706,760	344,972,004	345,221,712	347,154,935	349,181,823	360,112,221	360,315,075	361,852,359	344,634,123
<b>Accumulated Depreciation</b>															
<b>Intangible</b>		(6,867,731)	(7,103,755)	(7,131,252)	(7,158,894)	(7,186,533)	(7,214,176)	(7,241,897)	(7,269,695)	(7,297,493)	(7,326,209)	(7,357,090)	(7,407,631)	(7,458,187)	(7,238,132)
<b>Production</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transmission</b>		(148,056)	(149,960)	(151,865)	(153,770)	(155,675)	(157,580)	(159,484)	(161,389)	(163,294)	(165,199)	(167,104)	(168,850)	(170,597)	(159,458)
<b>Distribution</b>		(107,403,156)	(107,922,696)	(108,475,865)	(109,032,956)	(109,570,211)	(110,067,678)	(110,578,630)	(110,734,782)	(111,277,218)	(111,862,300)	(112,407,384)	(113,022,294)	(113,632,107)	(110,455,804)
<b>General</b>		(5,639,617)	(6,318,560)	(6,376,460)	(6,447,318)	(6,541,769)	(6,596,098)	(6,692,686)	(6,796,161)	(6,899,957)	(6,991,343)	(7,053,486)	(5,384,180)	(5,443,857)	(6,469,980)
<b>Storage and storage transmission</b>		(9,906,623)	(13,451,633)	(13,512,327)	(13,573,275)	(13,634,266)	(13,695,225)	(13,756,419)	(13,817,779)	(13,879,139)	(13,940,608)	(14,003,748)	(14,057,107)	(14,110,973)	(13,610,860)
<b>CNG and LNG</b>		(215,945)	(239,904)	(240,202)	(240,499)	(240,796)	(241,093)	(241,391)	(241,688)	(241,985)	(242,282)	(242,580)	(243,328)	(244,077)	(240,480)
<b>Total Accumulated Depreciation (less Gas Rese</b>		(130,181,128)	(135,186,508)	(135,887,970)	(136,606,712)	(137,329,250)	(137,971,850)	(138,670,508)	(139,021,494)	(139,759,086)	(140,527,942)	(141,231,390)	(140,283,392)	(141,059,799)	(138,174,714)
<b>Storage Gas</b>		1,946,848	1,946,678	1,946,435	1,946,242	1,946,003	1,945,820	1,945,770	1,948,240	1,948,074	1,947,910	1,947,754	1,947,596	1,947,438	1,946,972
<b>Customer Advances</b>		(668,837)	(683,153)	(696,246)	(698,518)	(713,866)	(735,487)	(765,624)	(795,604)	(818,449)	(847,226)	(888,071)	(802,354)	(808,912)	(756,956)
<b>Leasehold Improvements</b>		31,019	28,891	26,212	23,534	22,612	19,943	17,600	15,146	12,604	10,052	7,499	7,085	6,671	17,502
<b>Total Rate Base Excluding ADIT and WC</b>		193,761,009	200,291,821	200,419,324	202,380,650	202,694,809	203,965,187	207,499,243	207,368,000	208,538,079	209,764,617	220,048,014	221,184,011	221,937,757	207,666,928

**Rate Base Average Allocation Factors**

	OR	WA	SYSTEM
<b>Gross Plant Average Factor</b>	2,678,140,882 88.60%	344,634,123 11.40%	3,022,775,005
<b>Accumulated Deprec Average Factor</b>	(1,195,410,102) 89.64%	(138,174,714) 10.36%	(1,333,584,815)
<b>Leasehold Improvement Average Factor</b>	138,375 88.77%	17,502 11.23%	155,877
<b>Customer Advance Average Factor</b>	(3,536,795) 82.37%	(756,956) 17.63%	(4,293,750)
<b>Gross Plant Growth Factor</b>	120,841,528 75.50%	39,219,253 24.50%	160,060,781
<b>Average Total Rate Base</b>	1,495,875,153 87.81%	207,666,928 12.19%	1,703,542,081

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Test Year Based on Twelve Months Ended December 31, 2018**  
**Rate Base**

Extracts from Balance Sheet	2017 December 2017	2018 January 2018	2018 February 2018	2018 March 2018	2018 April 2018	2018 May 2018	2018 June 2018	2018 July 2018	2018 August 2018	2018 September 2018	2018 October 2018	2018 November 2018	2018 December 2018	Dec 17 - Dec 18
<b>Leasehold Improvement</b>														
WA Leasehold Improvements (direct+ 3-factor on the re	31,019	28,891	26,212	23,534	22,612	19,943	17,600	15,146	12,604	10,052	7,499	7,085	6,671	
System Leasehold Improvements	279,959	257,040	233,207	209,374	201,172	177,426	156,587	134,747	112,135	89,428	66,721	63,035	59,348	
<b>Customer Advances and Deposits</b>														
System Contributions	3,965,149	4,041,490	4,107,884	4,087,078	4,163,334	4,268,622	4,367,025	4,494,194	4,608,550	4,686,796	4,206,528	4,305,651	4,410,555	
Washinton Contributions	668,837	683,153	696,246	698,518	713,866	735,487	765,624	795,604	818,449	847,226	788,071	802,354	808,912	
System Deposits	5,087,361	4,954,916	4,983,513	5,003,920	4,973,562	4,947,785	4,884,692	4,804,206	4,826,896	4,800,438	4,811,487	4,830,980	4,797,147	
<b>Gas in Storage Extract</b>	18,488,587	18,486,971	18,484,666	18,482,827	18,480,562	18,478,826	18,478,349	18,501,807	18,500,225	18,498,669	18,497,192	18,495,687	18,494,189	



**NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018**

**Deferred Income Taxes**

1	Allocation factor: Accumulated Depreciation			10.36%		
2						
3	<b>2017 December Balances:</b>					
4						
5			SYS	Washington	Oregon	
6			Total	Allocation	Allocation	
7						
8	Accumulated Deferred Income Tax - Depreciation	(356,970,635)	(73,842,204)	(430,812,839)	(39,659,676)	(391,153,163)
9	Accumulated Deferred Income Tax - Encana	(28,042,242)	(5,874,791)	(33,917,033)	0	(33,917,033)
10	Accumulated Deferred Income Tax - Other	(13,102,128)	(1,301,866)	(14,403,994)	(1,404,586)	(12,999,408)
11						
12						
13						
14	<b>2017 Balances</b>	<b>(398,115,005)</b>	<b>(81,018,861)</b>	<b>(479,133,866)</b>	<b>(41,064,262)</b>	<b>(438,069,604)</b>
15						
16	<b>2018 December Balances:</b>					
17						
18			SYS	Washington	Oregon	
19			Total	Allocation	Allocation	
20						
21	Accumulated Deferred Income Tax - Depreciation	(375,749,305)	(62,268,085)	(438,017,390)	(40,303,339)	(397,714,051)
22	Accumulated Deferred Income Tax - Encana	(26,599,176)	(4,238,338)	(30,837,514)	0	(30,837,514)
23	Accumulated Deferred Income Tax - Other	(17,571,937)	(2,188,948)	(19,760,885)	(927,948)	(18,060,492)
24						
25						
26	<b>2018 Balances</b>	<b>(419,920,418)</b>	<b>(68,695,371)</b>	<b>(488,615,789)</b>	<b>(41,231,287)</b>	<b>(446,612,057)</b>
27						
28						
29						
30	<b>Simple Average December Balances (use for Rate Base)</b>			<b>(41,147,775)</b>	<b>(442,340,830)</b>	
31						
32						

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Tax Adjustment

<u>Line No.</u>	<u>Amount</u> (a)	
1	Utility Income before Interest and Taxes	\$6,949,218
2	Interest on Historic Average Rate Base	<u>4,369,895</u>
3	Pre-Tax Net Income	2,579,323
4	Less: Permanent Differences	857,142
		11.32% Depreciation Factor
5	Taxable Income	3,436,465
6	Tax Rate	<u>21.00%</u>
7	Federal Income Tax	721,658
8	Credits	<u>(10)</u>
9	Total Tax	<u><u>\$721,647</u></u>



NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Proforma Cost of Capital and Input Assumptions

Line No.	13 month average				
	Percent of Total Capital	Average Cost	Weighted Cost		
	(a)	(b)	(c)		
<u>Cost of Capital</u>				13 month average	
1	Long Term Debt	48.91%	5.13%	2.51%	776,575,000
2	Short Term Debt	4.74%	2.11%	0.10%	75,287,500
3	Preferred Stock	0.00%	0.00%	0.00%	
4	Common Stock	46.35%	10.10%	4.68%	<u>736,056,348</u>
5	Total	<u>100.00%</u>		<u>7.29%</u>	<u>1,587,918,848</u>
<u>Revenue Sensitive Costs</u>					
6	Gas Sales	102.07%			
7	Transportation	3.67%			
8	Other	<u>-5.74%</u>			
9	Subtotal	100.00%			
10	O & M - Uncollectible	0.109%			
11	Franchise Taxes	0.000%			
12	WA Utility Tax	3.852%			
13	WUTC Fee	<u>0.200%</u>			
14	State Taxable Income	95.84%			
15	State Income Tax	<u>0.00%</u>			
16	Federal Taxable Income	95.84%			
17	Federal Income Tax	<u>20.13%</u>			
18	Total Income Taxes	20.13%			
19	Total Revenue Sensitive Costs	<u>24.29%</u>			

<b>20</b>	<b>Utility Operating Income</b>	<u><u>75.71%</u></u>
<b>21</b>	<b>Net-to-gross factor</b>	1.32078
<b>22</b>	<b>Interest Coordination Factor</b>	0.0261
<b>23</b>	<b>Federal tax rate</b>	21.00%
<b>24</b>	<b>State tax rate</b>	0.00%
<b>25</b>	<b>Uncollectible Accounts</b>	0.11%

**NW Natural**  
**Washington Annual Commission Basis Report**  
**Adjustments to Test Period**  
**Twelve Months Ended December 31, 2018**

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)	Sales, Marketing & Customer Communications Adjustment (f)	Claims Adjustment (g)	Clearing Adjustment (h)	Total Adjustments (i)	Column C Page 1
Operating Revenues											
1	Sale of Gas	64,503,221	3,051,778							3,051,778	67,554,999
2	Transportation	2,428,043	0							0	2,428,043
3	Miscellaneous Revenues	(3,092,584)		(707,936)						(707,936)	(3,800,520)
4	Total Operating Revenues	63,838,679	3,051,778	(707,936)	0	0	0	0	0	2,343,843	66,182,522
Operating Revenue Deductions											
5	Gas Purchased	23,742,026	1,184,784							1,184,784	24,926,810
6	Uncollectible Accrual	74,083	3,326	0		6,485				9,811	83,894
7	Other Operating & Maintenance Expenses	18,224,986			3,995		(656,047)	10,944	0	(641,108)	17,583,878
8	Total Operating & Maintenance Expense	42,041,095	1,188,111	0	3,995	6,485	(656,047)	10,944	0	553,488	42,594,582
9	Federal Income Tax	721,647	365,402	(142,643)	(843)	(1,362)	0	137,770	(2,298)	356,026	1,077,673
10	Property Taxes	1,752,161								0	1,752,161
11	Other Taxes	3,619,386	123,658	(28,686)						94,972	3,714,358
12	Depreciation & Amortization	9,476,820								0	9,476,820
13	Total Operating Revenue Deductions	57,611,109	1,677,171	(171,329)	3,152	5,123	(518,277)	8,646	0	1,004,486	58,615,595
14	Net Operating Revenues	6,227,571	1,374,608	(536,607)	(3,152)	(5,123)	0	518,277	(8,646)	1,339,357	7,566,927
Average Rate Base											
15	Utility Plant in Service	344,634,123			671			0	0	671	344,634,795
16	Accumulated Depreciation	(138,174,714)								0	(138,174,714)
17	Net Utility Plant	206,459,410	0	0	671	0	0	0	0	671	206,460,081
18	Working Capital	909,782								0	909,782
19	Storage Gas	1,946,972								0	1,946,972
20	Customer Advances	(756,956)								0	(756,956)
21	Leasehold Improvements	17,502								0	17,502
22	Accumulated Deferred Income Taxes	(41,147,775)								0	(41,147,775)
23	Total Rate Base	167,428,936	0	0	671	0	0	0	0	671	167,429,607
24	Interest Coordination		0	0	18	0	0	0	0	18	18

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Weather Normalized Gas Sales and Purchases Adjustment

Worksheet a

1	<b>Revenues</b>						
2							
3							
4		Test Period		Normalized			Net
5		Sales in	Test Period	Sales in	Normalized	Normalized	Normalizing
6		Therms	Revenue	Therms	Revenues	Rate	Effect
7		(a)	(b)	(c)	(d)	(e)	(f)
8	<b>Sales</b>						
9	Residential	49,654,942	\$45,624,649	50,864,022	\$46,590,396	\$0.79875	\$965,747
10	Commercial	21,745,578	\$17,794,469	22,650,685	\$18,497,619	\$0.77687	\$703,150
11	Industrial Firm	3,057,094	\$1,944,199	3,057,094	\$1,944,199	\$0.63596	\$0
12	Interruptible	1,303,876	\$522,785	1,303,876	\$522,785	\$0.40095	\$0
13							
14							
15	<b>Total Sales</b>	75,761,490	65,886,102	77,875,677	67,554,999		1,668,897
16							
17	<b>Unbilled amounts</b>	(1,218,186)	(\$1,382,881)				\$1,382,881
18							
19	<b>Unaccounted For Gas</b>						
20							
21	<b>Total Sales Sendout</b>	74,543,304	64,503,221	77,875,677	67,554,999		3,051,778
22							
23							
24	<b>Transportation</b>						
25	Firm Transportation	9,809,831	\$1,496,549	9,809,831	\$1,496,549	\$0.15256	\$0
26	Interruptible Transportation	10,787,758	\$931,494	10,787,758	\$931,494	\$0.08635	\$0
27	Special Contracts	0	\$0	0	\$0		\$0
28	Other Charges	0	\$0	0	\$0		\$0
29	<b>Total Transportation</b>	20,597,589	\$2,428,043	20,597,589	\$2,428,043		\$0
30							
31	<b>Total Deliveries / Revenues</b>	95,140,893	\$66,931,263	98,473,266	\$69,983,042		\$3,051,778
32							
33							
34							
35	<b>Cost of Gas</b>						
36							
37		Actual	Actual	Normalized	Normalized	Normalized	Normalizing
38		Therms	Costs	Therms	Costs	Rate	Effect
39							
40	Demand Incurred & Deferred	73,239,428	\$8,355,991	76,571,801	\$8,755,442	0.11987	\$399,452
41							
42	Commodity Incurred & Deferred	74,543,304	\$18,422,567	77,875,677	\$19,297,582	0.26258	\$875,015
43							
44	<b>Commodity and Demand Amortizations</b>		(\$3,036,533)		(\$3,126,215)		(\$89,682)
45							
46	<b>Total Cost of Gas</b>		\$23,742,026		\$24,926,810		\$1,184,784

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Adjustment to Miscellaneous Revenue

Worksheet b

<u>Line</u> <u>No.</u>	<u>Washington</u> <u>Actual</u>	<u>Normalized</u>	<u>Adjustment</u>	
	(a)	(b)	(c)	
1	<b><u>Other Miscellaneous Revenues</u></b>			
2				
2	\$53,320	\$52,295	(\$1,025)	[1]
3	88,715	88,715	0	
3				
4	5,603	5,876	273	[1]
4				
5	12,228	10,991	(1,237)	[1]
5				
6	32,470	31,895	(575)	[1]
6				
7	18,185	19,324	1,139	[1]
7				
8	9,429	17,423	7,995	[1]
8				
9	31,107	10,369	(20,738)	[1]
9				
10	(3,350,416)	(4,048,884)	(698,468)	
10				
11	6,776	11,476	4,700	[1]
11				
12				
13	(\$3,092,584)	(\$3,800,520)	(\$707,936)	
13				
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, 2018  
Bonus Adjustment

Worksheet c

Line No.		2015 paid in 2016	2016 paid in 2017	2017 paid in 2018	Three Year Average	2018 Accrual	Adjustment (g)=(e)-(f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Performance Bonus - O &amp; M</b>							
1	Officers/Exempt	\$6,213,593	\$5,597,391	\$6,107,412	\$5,972,799	\$5,965,097	\$7,702
2	Clerical/Hourly	0	0	0	0	0	0
3	<b>Total</b>	6,213,593	5,597,391	6,107,412	5,972,799	5,965,097	7,702
<b>Performance Bonus - Construction</b>							
4	Officers/Exempt	2,580,181	2,594,415	2,952,686	2,709,094	2,659,157	49,937
5	Clerical/Hourly	0	0	0	0	0	0
6	<b>Total</b>	2,580,181	2,594,415	2,952,686	2,709,094	2,659,157	49,937
<b>Key Goals Bonus - O &amp; M</b>							
7	Officers/Exempt	0	0	0	0	0	
8	Clerical/Hourly	0	597,200	1,105,922	567,707	538,300	
9	<b>Total</b>	0	597,200	1,105,922	567,707	538,300	29,407
<b>Key Goals Bonus - Construction</b>							
10	Officers/Exempt	0	0	0	0	0	
11	Clerical/Hourly	0	358,883	534,668	297,850	342,084	
12	<b>Total</b>	0	358,883	534,668	297,850	342,084	(44,234)
13	<b>Total Adjusted O &amp; M (line 3 + line 9)</b>						\$37,109
14	<b>Washington Allocation Factor</b>				<b>Employee Cost</b>		10.765%
15	<b>Adjustment to Washington - O&amp;M</b>						\$3,995
16	<b>Total Adjusted Construction (line 6 + line 12)</b>						\$5,703
17	<b>Washington Allocation Factor</b>				<b>Gross Plant</b>		11.770%
18	<b>Adjustment to Washington - Rate Base</b>						\$671

Adjustment takes expense from test period accrual to 3 year paid average

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Uncollectible Accounts Adjustments  
(\$000's, except Washington amounts at lines 22-24)

Worksheet d

Line No.	2018-2016 Total (a)	2018 Actual (b)	2017 Actual (c)	2016 Actual (d)
<b>Gas Revenues</b>				
1 Residential	\$1,274,666	\$415,008	\$458,763	\$400,895
2 Commercial	632,471	205,058	229,681	197,732
3 Industrial	64,749	20,943	22,757	21,048
4 Interruptible	60,997	19,535	22,173	19,289
5 Total	<u>2,032,883</u>	<u>660,545</u>	<u>733,374</u>	<u>638,964</u>
<b>Net Write-Offs</b>				
6 Residential	1,763	457	723	583
7 Commercial	300	109	98	92
8 Industrial	152	1	27	124
9 Interruptible	-	-	-	-
10 Total	<u>2,215</u>	<u>568</u>	<u>848</u>	<u>799</u>
<b>Write-Off % - 3-Year Average</b>				
11 Residential	0.138%	0.110%	0.158%	0.145%
12 Commercial	0.047%	0.053%	0.043%	0.047%
13 Industrial	0.235%	0.006%	0.117%	0.589%
14 Interruptible	0.000%	0.000%	0.000%	0.000%
15 Weighted Total [1]	<u>0.109%</u>	<u>0.086%</u>	<u>0.116%</u>	<u>0.125%</u>
<b>Normalized Uncollectible</b>				
16 Residential	\$574			
17 Commercial	97			
18 Industrial	49			
19 Interruptible	0			
20 Total	<u>\$720</u>			
21 Allocation Factor	<u>11.190%</u>	<b>Customers - All</b>		
22 Washington Normalized Amount (X 1000)	\$80,568			
23 Washington Allocation of Accrued Amount	<u>\$74,083</u>			
24 Adjustment (Normalized less Accrued)	<u><u>\$6,485</u></u>			

[1] Weighted uncollectible rate of

0.109% is used on page 1, column (b)

NW Natural  
Washington Annual Commission Basis Report  
Investor Supplied Working Capital  
Twelve Months Ended December 31, 2018

Worksheet e

<u>Line No.</u>		<u>Average Balance</u>
1	Current Working Capital Assets	\$ 162,458,148
2	Current Working Capital Liabilities	\$ (153,727,035)
3	Net Working Capital	\$ 8,731,114
4		
5	WA Allocation of Total Investments	10.42%
6	Total WA Working Capital	\$ 909,782



NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Sales & Marketing and Customer Communication Adjustment

Worksheet f

<u>Line No.</u>	<u>Washington Amount</u>	<u>Disallowance Percent</u>	<u>Disallowed Amount</u>
1 Expenses Coded to Category 2966 and 2666	\$264,842	100.0%	\$264,842
2 Expenses Coded to Account 5075 (excluding Category 2966/2666 & FERC accts 911,912,913)	16,041	100.0%	16,041
3 FERC Account 911 Supervision	1,297	100.0%	1,297
4 FERC Account 912 Demonstration & Selling	218,453	100.0%	218,453
5 FERC Account 913 Advertising	71,023	100.0%	71,023
6 FERC Account 909 Advertising	301,395	28.0%	<u>84,391</u>
7 Total Disallowance - O&M			<u><u>\$656,047</u></u>

NW Natural  
 Washington Annual Commission Basis Report  
 Twelve Months Ended December 31, 2018  
 Claims Expense Adjustment

Worksheet g

<u>Line No.</u>	<u>O&amp;M Expense</u>	<u>Construction</u>
	(a)	(b)
1 Expensed during Test period	\$302,215	\$150,423
<b>Normalized Expenses</b>		
2 Actual Claims - Ordinary	388,829	150,423
3 3-Year Average Claims - Extraordinary	10,757	0
4 Subtotal	<u>399,586</u>	<u>150,423</u>
5 Adjustment - System (line 4 - line 1)	97,371	0
6 Allocation to Washington (O&M on 3-factor, const on gross plant)	<u>11.240%</u>	<u>11.770%</u>
7 Adjustment	<u><u>\$10,944</u></u>	<u><u>\$0</u></u>

NW Natural  
Washington Annual Commission Basis Report  
Twelve Months Ended December 31, 2018  
Elimination of Clearing Account Balances

Worksheet h

<u>Line No.</u>		<u>Amount</u>
1	Adjustment to O&M	\$0
2	Allocation to Washington (3-Factor)	11.24%
3	Adjustment	\$0
4	Adjustment to Construction	\$0
5	Allocation to Washington (Gross Plant)	11.77%
6	Adjustment	\$0

Clearing accounts are completely allocated by year end closing.