**BEFORE THE WASHINGTON UTILITIES**

**AND TRANSPORTATION COMMISSION**

**UG-12\_\_\_\_\_\_**

**NORTHWEST NATURAL GAS COMPANY**

**Application For an Order**

**Determining that the South Center**

**Property is No Longer Useful or,**

**in the Alternative, an Order Authorizing**

**the Sale of the South Center Property**

Exhibit E

June 28, 2012

Exhibit E

**Net proceeds from the sale of South Center , net book value of the assets at July 31, 2012, and the net gain after taxes**

Based upon appraisals provided, the allocation of the net proceeds between land, buildings and improvements is as follows:

Land (41%) 708,480

Buildings and Improvements (59%) 1,019,520

Total Sales Proceeds 1,728,000

The net book value of the assets being sold as of July 31, 2012 is as follows:

Land 437,351

Buildings and Improvements 1,284,102

Total Net Book Value 1,721,453

The realized net gain (loss) on the sale of South Center is as follows:

Land 271,129

Buildings and Improvements (264,582)

Net gain (loss) 6,547

Net gain after taxes 3,928

**Accounting entries to record the Sale of South Center**

There are two separate and distinct entries:

1. Record the sale of South Center in accordance with FERC accounting rules
2. Record adjustments to refund the net gain on the sale to Rate Payers

**1. Record the sale of South Center in accordance with FERC accounting rules:**

|  |  |  |  |
| --- | --- | --- | --- |
| Account Number | Account Description | Debit | Credit |
| 131xxx | Cash – Net Proceeds | 1,728,000 |  |
| 101000 | Plant - Land |  | 437,351 |
| 101000 | Plant - Buildings and Improvements |  | 2,181,000 |
| 108xxx | Accum. Dep’n. - Bldgs. and Improve. | 2,181,000 |  |
| 108xxx | Accum. Dep’n. - Bldgs. and Improve. |  | 1,019,520 |
| 421-xxxxx | Gain on Sale of Land |  | 271,129 |
| 409-xxxxx | Income Tax Expense | 108,452 |  |
| 236xxx | Income Tax Liability |  | 108,452 |
| Total |  | 4,017,452 | 4,017,452 |

**2. Record adjustments to refund the net gain on the sale to Rate Payers:**

|  |  |  |  |
| --- | --- | --- | --- |
| Account Number | Account Description | Debit | Credit |
| 421-xxxxx | Gain on Sale of Land | 271,129 |  |
| 108xxx | Accum. Dep’n. - Bldgs. and Improve. |  | 264,582 |
| 409-xxxxx | Income Tax Expense |  | 108,452 |
| 236xxx | Income Tax Liability | 105,833 |  |
| 254xxx | Due to Rate Payers |  | 3,928 |
| Total |  | 376,962 | 376,962 |