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REPORT NAME: Annual Results of Operations Report, Earnings Review for the Twelve Months Ended December 31, 2015

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? [X]No []Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: []RE (Electric) [X]RG (Gas) []RW (Water) []RO (Other)

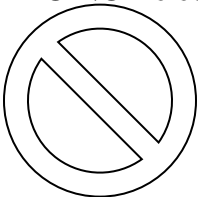
Report is required by: [X]OAR 860-022-0070
[]Statute
[]Order
[]Other

Is this report associated with a specific docket/case? []No [X]Yes

If yes, enter docket number: RG 40

List applicable Key Words for this report to facilitate electronic search:
Earning Review for the Twelve Months Ended December 31, 2015, Annual Results of Operations Report, RG 40

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- Annual Fee Statement form and payment remittance or
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• Any daily safety or safety incident reports or
• Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.

Kyle Walker, CPA
Rates Analyst
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April 28, 2016

Oregon Public Utility Commission
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

**RE: RG 40: NW Natural's Earnings Review without Workpapers
for the Twelve Months Ended December 31, 2015**

Pursuant to OAR 860-022-0070, Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith its Earnings Review without workpapers for the twelve months ended December 31, 2015. Per order No. 15- 049, please see second page of earnings review that incorporates the Asset Management Agreement Optimization (AMA). NW Natural Earnings Review return on equity results are as follows:

- **Traditional Review: 9.18%**
- **Traditional Including AMA: 9.38%**

Please feel free to call if you have any questions.

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates Analyst



OPUC REPORT: RG 40

NW Natural's
ANNUAL EARNINGS REVIEW
WITHOUT WORKPAPERS

(For the twelve months ended December 31, 2015)

DATED: April 28, 2016

NW Natural
2015 Oregon Earnings Review
12 Months Ended December 31, 2015
(\$000's)

OREGON EARNINGS TEST REVIEW							
Line No.	Test Year Results (a)	TYPE I Adjustments (b)	Results after Type I (c)	Gas Reserves Adjustment ⁽¹⁾ (d)	Results Excl. Gas Reserves ⁽¹⁾ (e)	TYPE II Adjustments (f)	Results after Type II (g) = (c) + (f)
<u>Operating Revenues</u>							
1	\$595,524	\$98,427	\$693,952		\$693,952	\$0	\$693,952
2	20,400	(20,400)	0		0	0	0
3	104	0	104		104	0	104
4	17,949	(17,949)	0		0	0	0
5	15,708	0	15,708		15,708	0	15,708
6	3,658	250	3,908		3,908	0	3,908
7	653,343	60,328	713,671	0	713,671	0	713,671
<u>Operating Revenue Deductions</u>							
8	296,099	58,351	354,450	8,935	363,385	0	354,450
9	679	333	1,012		1,012	0	1,012
10	122,677	(3,535)	119,142		119,142	0	119,142
11	419,455	55,149	474,604	8,935	483,539	0	474,604
12	30,336	962	31,298	(2,162)	29,136	0	31,298
13	7,229	226	7,455	0	7,455	0	7,455
14	19,219	135	19,354		19,354	0	19,354
15	22,019	2,099	24,118		24,118	0	24,118
16	66,778	0	66,778		66,778	0	66,778
17	565,036	58,571	623,608	6,773	630,381	0	623,608
18	\$88,306	\$1,757	\$90,064	(\$6,773)	\$83,291	\$0	\$90,064
<u>Average Rate Base</u>							
19	\$2,594,533	(\$1,020)	\$2,593,513	(187,425)	\$2,406,088	\$0	\$2,593,513
20	(1,107,066)	0	(1,107,066)	47,436	(1,059,630)	0	(1,107,066)
21	1,487,467	(1,020)	1,486,447	(139,989)	1,346,458	0	1,486,447
22	(2,983)	0	(2,983)		(2,983)	0	(2,983)
23	(4,802)	0	(4,802)		(4,802)	0	(4,802)
24	82,427	0	82,427		82,427	0	82,427
25	740	0	740		740	0	740
26	(381,891)	0	(381,891)	22,471	(359,420)	0	(381,891)
27	\$1,180,958	(\$1,020)	\$1,179,938	(\$117,518)	\$1,062,419	\$0	\$1,179,938
28	7.48%		7.63%	5.76%	7.84%		7.63%
29	8.88%		9.18%	5.40%	9.61%		9.18%

Notes: ⁽¹⁾Columns (d) and (e) added in accordance with Order No. 11-176 pertaining to Encana.

NW Natural
 2015 Oregon Earnings Review
 12 Months Ended December 31, 2015
 (\$'000's)

2015 OREGON EARNINGS TEST REVIEW						
Line No.	Test Year	Results		Results		Results after AMA
		TYPE I	TYPE II	TYPE I	TYPE II	
	(a)	(b)	(c)	(f)	(g) = (c) + (f)	(d)
	Results	Adjustments	after Type I	Adjustments	after Type II	AMA
	<u>Operating Revenues</u>					
1	\$595,524	\$98,427	\$693,952	\$0	\$693,952	\$693,952
2	20,400	(20,400)	0	0	0	0
3	104	0	104	0	104	104
4	17,949	(17,949)	0	0	0	0
5	15,708	0	15,708	0	15,708	15,708
6	3,658	250	3,908	0	3,908	5,869
7	653,343	60,328	713,671	0	713,671	1,961
						715,632
	<u>Operating Revenue Deductions</u>					
8	296,099	58,351	354,450	0	354,450	354,450
9	679	333	1,012	0	1,012	1,012
10	122,677	(3,535)	119,142	0	119,142	119,142
11	419,455	55,149	474,604	0	474,604	474,604
12	30,336	962	31,298	0	31,298	31,932
13	7,229	226	7,455	0	7,455	7,604
14	19,219	135	19,354	0	19,354	19,354
15	22,019	2,099	24,118	0	24,118	24,118
16	66,778	0	66,778	0	66,778	66,778
17	565,036	58,571	623,608	0	623,608	783
18	\$88,306	\$1,757	\$90,064	\$0	\$90,064	\$1,178
						\$91,241
	<u>Average Rate Base</u>					
19	\$2,594,533	(\$1,020)	\$2,593,513	\$0	\$2,593,513	\$2,593,513
20	(1,107,066)	0	(1,107,066)	0	(1,107,066)	(1,107,066)
21	1,487,467	(1,020)	1,486,447	0	1,486,447	1,486,447
22	(2,983)	0	(2,983)	0	(2,983)	(2,983)
23	(4,802)	0	(4,802)	0	(4,802)	(4,802)
24	82,427	0	82,427	0	82,427	82,427
25	740	0	740	0	740	740
26	(381,891)	0	(381,891)	0	(381,891)	(381,891)
27	\$1,180,958	(\$1,020)	\$1,179,938	\$0	\$1,179,938	\$0
						\$1,179,938
28	7.48%		7.63%		7.63%	7.73%
29	8.88%		9.18%		9.18%	9.38%



Rates & Regulatory Affairs

**ANNUAL EARNINGS REVIEW
For the Twelve Months Ended December 31, 2015**

Description of TYPE I Adjustments

This report was developed in a manner consistent with the earnings review directives adopted in UM 903. The determination of the various adjustments included in this report reflect those typical and routinely developed adjustments as were also adopted in the Company's 2011 general rate filing (UG 221), and continue to be appropriate.

Weather Normalization and Gas Costs [Column 2(a)]:

This adjustment approximates the volumetric effects of weather on sales and gas costs. Core market volumes have been weather normalized; however, no industrial volumes have been adjusted. The adjustment also reflects the removal of the effects of the WARM mechanism pursuant to Order No. 03-507.

Miscellaneous Revenue Adjustment [Column 2(b)]:

This adjustment reflects the normalization of other tariffed utility fees and revenues to a historical three-year average. The adjustment also reflects the removal of the effect of the Decoupling mechanism pursuant to Order No. 03-507 and the removal of the effect of deferrals related to SB408.

Commission-Required Advertising Disallowance [Column 2(c)]:

This adjustment reduces the Company's recorded expenses for advertising consistent with the methodology stipulated to in UG 221.

Membership and Dues Adjustment [Column 2(d)]:

Removes the promotional portion of industry associated expenses, consistent with the methodology adopted in the Company's 1998 general rate case (UG 132). The adjustment also reflects the removal of certain costs charged to operational and maintenance expense related to promotional and other activities.

Normalization of Property Tax Expense [Column 2(e)]:

Removes the expense accruals for the year and reflects the actual cash payments made during the test period.

Uncollectible Accounts [Column 2(f)]:

This adjustment normalizes the test year accrual for Uncollectible expense to a three-year average of "actual net bad debt write-offs."

Capital Stock Expense [Column 2(g)]:

The three-year average approach adopted in this adjustment is consistent with both company experience and Commission policy adopted in the Company's 1998 general rate case.

Performance-Based Compensation [Column 2(h)]:

This adjustment depicts the disallowance of performance-based compensation as stipulated to in the Company's 2011 general rate case (UG 221 methodology).

Description of TYPE II Adjustments:

The Company has no Type II adjustments for 2015.

NW Natural
 Test year Normalizing Adjustments: TYPE I ADJUSTMENTS
 2015 Oregon Earnings Review
 (\$000)

Line No.	Column A from Page 1	Weather		Miscellaneous Revenue Adjustment (2b)	Advertising & Promotional Adjustment (2c)	Memberships and Dues Adjustment (2d)	Property Taxes Adjustment (2e)	Uncollectible Accounts Adjustment (2f)	Stock Issuance Adjustment (2g)	Bonus Adjustment (2h)	Rate Case Expense Adjustment (2i)	Total Type I Adjustments	Column C from Page 1
		Normalization & Gas Costs Adjustment (2a)	Adjustment (2j)										
Operating Revenues													
1	Sale of Gas	\$595,524	\$98,427									\$98,427	\$693,952
2	WARM Revenue	20,400	(20,759)	359								(20,400)	
3	Revenue & Technical Adjustments	104		0								0	104
4	Decoupling Adjustment	17,949		(17,949)								(17,949)	0
5	Transportation	15,708										0	15,708
6	Miscellaneous Revenues	3,658		250								250	3,908
7	Total Operating Revenues	653,343	77,668	(17,340)	0	0	0	0	0	0	0	60,328	713,671
Operating Revenue Deductions													
8	Gas Purchased	296,099	58,351									58,351	354,450
9	Uncollectible Accrual	679	142	0	0	0	0	191	0	0	0	333	1,012
10	Other Operating & Maintenance Expenses	122,677			(907)	(214)			0	(2,564)	150	(3,535)	119,142
11	Total Operating & Maintenance Exp.	419,455	58,492	0	(907)	(214)	0	191	0	(2,564)	150	55,149	474,604
12	Federal Income Tax	30,336	5,528	(5,613)	293	69	(44)	(62)	0	840	(49)	962	31,298
13	State Excise	7,229	1,299	(1,319)	69	16	(10)	(15)	0	197	(11)	226	7,455
14	Property Taxes	19,219					135		0	0	0	135	19,354
15	Other Taxes	22,019	2,083	16	0	0	0	0	0	0	0	2,099	24,118
16	Depreciation & Amortization	66,778							0	0	0	0	66,778
17	Total Operating Revenue Deductions	565,036	67,402	(6,916)	(545)	(129)	81	114	0	(1,527)	90	58,571	623,608
18	Net Operating Revenues	88,306	10,266	(10,424)	545	129	(81)	(114)	0	1,527	(90)	1,757	90,064
Average Rate Base													
19	Utility Plant in Service	2,594,533								(1,020)		(1,020)	2,593,513
20	Accumulated Depreciation	(1,107,066)								0		0	(1,107,066)
21	Net Utility Plant	1,487,467	0	0	0	0	0	0	0	(1,020)	0	(1,020)	1,486,447
22	Aid in Advance of Construction	(2,983)										0	(2,983)
23	Customer Deposits	(4,802)										0	(4,802)
24	Materials & Supplies	82,427										0	82,427
25	Leasehold Improvements	740										0	740
26	Accumulated Deferred Income Taxes	(381,891)										0	(381,891)
27	Total Rate Base	\$1,180,958	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,020)	\$0	(\$1,020)	\$1,179,938
28	Interest Coordination		0	0	0	0	0	0	0	(32)	0	(32)	(32)

Northwest Natural Gas Company
 Test year Normalizing Adjustments: TYPE I ADJUSTMENTS
 2015 Oregon Earnings Review
 (\$000)

Income Tax Calculations

Line No.	Income Tax Calculations											Total Adjustments (2i)
	(2a)	(2b)	(2c)	(2d)	(2e)	(2f)	(2g)	(2h)	(2j)	(2k)	(2l)	
	Weather Normalization & Replicating Adjustment	Other Revenue Adjustment	Advertising Adjustment	Memberships and Dues Adjustment	Property Taxes Adjustment	Uncollectible Accounts Adjustment	Stock Issuance Adjustment	Accrued Bonus Adjustment	Rate Case Expense Adjustment			
1	77,668	(17,340)	0	0	0	0	0	0	0	0	60,328	
2	60,575	16	(907)	(214)	135	191	0	(2,564)	150	0	57,383	
3	0	0	0	0	0	0	0	0	0	0	0	
4	0	0	0	0	0	0	0	(32)	0	0	(32)	
5	0	0	0	0	0	0	0	0	0	0	0	
6	17,093	(17,356)	907	214	(135)	(191)	0	2,596	(150)	0	2,977	
7	1,299	(1,319)	69	16	(10)	(15)	0	197	(11)	0	226	
8	0	0	0	0	0	0	0	0	0	0	0	
9	1,299	(1,319)	69	16	(10)	(15)	0	197	(11)	0	226	
10	0	0	0	0	0	0	0	0	0	0	0	
11	0	0	0	0	0	0	0	0	0	0	0	
12	15,794	(16,037)	838	198	(125)	(176)	0	2,399	(139)	0	2,751	
13	5,528	(5,613)	293	69	(44)	(62)	0	840	(49)	0	962	
14	0	0	0	0	0	0	0	0	0	0	0	
15	5,528	(5,613)	293	69	(44)	(62)	0	840	(49)	0	962	
16	0	0	0	0	0	0	0	0	0	0	0	
17	0	0	0	0	0	0	0	0	0	0	0	
18	0	0	0	0	0	0	0	0	0	0	0	
19	5,528	(5,613)	293	69	(44)	(62)	0	840	(49)	0	962	
20	1,299	(1,319)	69	16	(10)	(15)	0	197	(11)	0	226	

[1] Statutory State Excise Tax Rate: 7.60%
 [2] Statutory Federal Income Tax Rate: 35.00%

NW Natural
 Test year Normalizing Adjustments: TYPE II ADJUSTMENTS
 2015 Oregon Earnings Review
 (\$000)

Line No.	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	Total Type II Adjustments
Operating Revenues																				
1	Sale of Gas																			\$0
2	WARM Revenue																			0
3	Revenue & Technical Adjustments																			0
4	Transportation																			0
5	Miscellaneous Revenues																			0
6	SB408 Deferrals																			0
7	Total Operating Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Revenue Deductions																				
8	Gas Purchased	0																		0
9	Uncollectible Accrual																			0
10	Other Operating & Maintenance Expenses																			0
11	Total Operating & Maintenance Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Federal Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	State Excise	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Other Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Depreciation & Amortization																			0
17	Total Operating Revenue Deductions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Net Operating Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Rate Base																				
19	Utility Plant in Service																			0
20	Accumulated Depreciation																			0
21	Net Utility Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Aid in Advance of Construction																			0
23	Materials & Supplies																			0
24	Water Heater Program																			0
25	Leasehold Improvements																			0
26	Accumulated Deferred Income Taxes																			0
27	Total Rate Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Interest Coordination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Northwest Natural Gas Company
 Test year Normalizing Adjustments: TYPE II ADJ II Income Tax Calculations
 2015 Oregon Earnings Review
 (\$000)

Line No.	Income Tax Calculations	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	Total Adjustments
1	Book Revenues	0	0	0	0	0	0	0
2	Book Expenses before Deprec. & Int.	0	0	0	0	0	0	0
3	State Tax Depreciation	0	0	0	0	0	0	0
4	Interest Expense (Income)	0	0	0	0	0	0	0
5	Book/Tax Differences (Sched. M)	0	0	0	0	0	0	0
6	State Taxable Income	0	0	0	0	0	0	0
7	State Excise Tax [1]	0	0	0	0	0	0	0
8	State Tax Credit	0	0	0	0	0	0	0
9	Net State Income Tax	0	0	0	0	0	0	0
10	Excess Book(Tax) Deprec.	0	0	0	0	0	0	0
11	Other Sched. M Differences	0	0	0	0	0	0	0
12	Federal Taxable Income	0	0	0	0	0	0	0
13	Federal Income Tax [2]	0	0	0	0	0	0	0
14	ITC	0	0	0	0	0	0	0
15	Current Federal Tax	0	0	0	0	0	0	0
16	Deferred Income Tax - Federal	0	0	0	0	0	0	0
17	Deferred Income Tax - State	0	0	0	0	0	0	0
18	ITC Restored (Deferred)	0	0	0	0	0	0	0
19	Total Federal Tax	0	0	0	0	0	0	0
20	Total State Tax	0	0	0	0	0	0	0

[1] Statutory State Excise Tax Rate: 7.60%
 [2] Statutory Federal Income Tax Rate: 35.00%

NW Natural
 Tax Provision - Historic
 2015 Oregon Earnings Review
 (\$000)

Line No.		State Taxes	Federal Taxes
1	Operating Revenues	\$653,343	\$653,343
2	Operating Revenue Deductions	419,455	419,455
3	Property & Other Taxes	41,238	41,238
4	Book Depreciation	66,778	66,778
5	Interest (Rate Base * Cost of Debt)	36,492	36,492
6	State Tax Deduction	-	7,229
7	Subtotal	89,380	\$82,151
8	Permanent Differences	5,743	4,825
9	Taxable Income	95,123	\$86,976
10	Tax Rate	7.60%	35.00%
11	Tax Before Credits and Adjustments	7,229	30,442
12	Credits & Adjustments	0	(106)
13	Total Tax	\$7,229	\$30,336

NW Natural
 12 Months Ended December 31, 2015
 Input Assumptions
 Proforma Cost of Capital

		13-month averages		
Line No.		% of Total Capital (a)	Average Cost (b)	Average Weighted Cost (c)
1	Long Term Debt	50.55%	6.110%	3.09%
2	Preferred Stock	0.00%	0.000%	0.00%
3	Common Stock	49.45%	9.500%	4.70%
4	Total	100.00%		7.79%
Revenue Sensitive Costs				
5	Gas Sales	97.24%		
6	Transportation	2.20%		
7	Other	0.56%		
8	Subtotal	100.00%		
9	O & M - Uncollectible	0.14%		
10	Franchise Taxes at	2.43%		
11	OPUC Fee	0.25%		
12	State Taxable Income	97.17%		
13	State Income Tax	7.39%		
14	Federal Taxable Income	89.79%		
15	Federal Income Tax	31.43%		
16	Total Income Taxes	38.81%		
17	Total Revenue Sensitive Costs	41.64%		
18	Utility Operating Income	58.36%		
19	Net-to-gross factor	171.34%		
20	Interest Coordination Factor	3.09%		
21	Rate of Return	9.50%		
22	Federal tax rate	35.00%		
23	State tax rate	7.60%		
24	Franchise Fees	2.43%		
25	Uncollectible Accounts	0.14%		
26	Regulatory fees	0.25%		

NW Natural
2015 Oregon Earnings Review
Rate Base

SYSTEM	2014 Dec	2015 Jan	2015 Feb	2015 Mar	2015 Apr	2015 May	2015 June	2015 July	2015 August	2015 September	2015 October	2015 November	2015 December	Dec 14 - Dec 15 13 month average	Allocation Method
	System 1	System 2	System 3	System 4	System 5	System 6	System 7	System 8	System 9	System 10	System 11	System 12	System 13	System 14	
Gross Plant															
Intangible	90,513,399	91,093,045	90,649,111	90,650,897	90,653,535	90,665,845	92,819,600	93,321,168	93,327,757	93,337,550	93,369,432	92,684,860	94,125,471	92,074,353	Total Customers
Software	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
Other	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
Production	152,929,441	153,278,048	153,176,485	153,357,704	153,362,895	153,518,242	153,670,789	153,795,294	153,865,129	153,854,502	153,855,192	155,386,806	157,894,271	153,872,995	Direct
Transmission	1,937,177,870	1,940,885,719	1,945,588,575	1,948,841,626	1,952,710,720	1,958,694,940	1,964,967,301	1,967,510,839	1,970,752,916	1,974,014,813	1,978,010,561	1,984,001,372	2,003,154,364	1,963,012,125	Direct
Distribution	179,822,192	180,753,294	181,721,990	181,967,531	182,112,406	183,256,466	184,294,944	184,302,516	184,333,696	184,383,783	180,694,852	175,729,907	184,627,304	182,131,346	3-Factor & Direct
General	281,843,368	281,847,648	281,999,210	281,999,956	281,999,956	285,623,958	285,623,958	285,623,958	285,621,258	285,623,668	285,623,668	285,705,424	286,061,584	284,270,428	Firm Delivered Volumes
Storage and storage transmission	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	3,790,768	3,790,768	3-Factor
CNG and LNG	186,987,496	187,382,411	187,382,411	187,464,119	188,196,753	187,500,381	187,502,058	187,513,932	187,523,488	187,122,133	187,122,156	187,121,855	187,547,253	187,424,923	Direct
Gas Reserves	2,833,824,527	2,839,790,926	2,845,068,543	2,848,832,594	2,853,587,026	2,863,810,593	2,873,129,431	2,876,618,468	2,879,919,005	2,882,887,210	2,883,226,622	2,885,180,985	2,917,961,008	2,867,336,931	
Total Gross Plant															
Accumulated Depreciation															
Intangible	(56,323,141)	(56,538,544)	(56,721,335)	(56,926,272)	(57,131,217)	(57,336,190)	(57,545,052)	(57,758,683)	(57,973,276)	(58,187,799)	(58,402,446)	(57,549,589)	(57,757,395)	(57,434,468)	Total Customers
Production	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	(27,118,593)	Direct
Transmission	(886,819,825)	(890,339,278)	(893,964,193)	(896,612,762)	(899,248,706)	(902,043,644)	(904,242,732)	(906,980,692)	(909,636,488)	(912,632,882)	(915,253,823)	(918,472,373)	(921,193,829)	(904,452,253)	Direct
Distribution	(62,612,842)	(63,412,520)	(64,004,281)	(64,785,059)	(65,271,070)	(66,038,618)	(66,831,745)	(67,500,454)	(68,283,963)	(69,040,102)	(69,555,920)	(69,911,423)	(70,630,509)	(66,271,403)	3-Factor
General	(116,601,981)	(117,182,058)	(117,755,074)	(118,328,492)	(118,328,492)	(120,141,346)	(120,721,840)	(121,301,921)	(121,881,999)	(122,462,485)	(123,061,977)	(123,635,576)	(124,216,203)	(120,266,279)	Firm Delivered Volumes
Storage and storage transmission	(2,036,539)	(2,039,181)	(2,041,826)	(2,044,470)	(2,047,115)	(2,049,759)	(2,052,404)	(2,055,048)	(2,057,692)	(2,060,337)	(2,062,981)	(2,065,626)	(2,068,270)	(2,052,404)	3-Factor
CNG and LNG	(37,910,394)	(39,563,405)	(40,965,199)	(43,165,182)	(44,659,449)	(46,335,886)	(47,932,725)	(49,546,478)	(51,130,944)	(51,516,393)	(52,979,349)	(54,531,122)	(55,901,631)	(47,436,012)	Direct
Gas Reserves	(1,184,541,353)	(1,191,676,485)	(1,198,452,571)	(1,205,241,726)	(1,211,022,324)	(1,218,666,284)	(1,224,431,799)	(1,230,632,997)	(1,236,828,634)	(1,242,159,388)	(1,244,960,620)	(1,243,187,865)	(1,249,190,724)	(1,222,010,561)	
Total Accumulated Depreciation															
Storage Gas	100,263,779	76,165,195	72,858,654	72,952,471	72,459,046	80,475,825	83,383,505	83,544,232	86,227,318	90,273,673	90,977,143	85,840,389	78,096,821	82,028,146	Firm Delivered Volumes
Customer Advances	(3,165,309)	(3,266,316)	(3,328,953)	(3,319,529)	(3,409,610)	(3,392,127)	(3,348,000)	(3,268,006)	(3,329,403)	(3,373,654)	(3,345,580)	(3,413,509)	(3,346,865)	(3,348,273)	Direct
Customer Deposits	(5,604,280)	(5,553,041)	(5,501,975)	(5,554,148)	(5,512,246)	(5,434,673)	(5,348,000)	(5,308,462)	(5,188,462)	(5,199,473)	(5,165,274)	(5,285,716)	(5,367,718)	(5,378,215)	Total Customers
Materials and Supplies	9,536,634	9,414,017	9,444,031	9,837,967	9,607,488	9,444,199	10,277,700	10,486,293	10,401,655	10,289,145	10,699,588	10,587,427	11,235,851	10,107,146	Gross Distribution Plant %
Appliances	(855,288)	(913,069)	(678,382)	(855,831)	(870,410)	(842,549)	(849,813)	(862,924)	(765,416)	(810,252)	(861,648)	(874,780)	(848,946)	(836,431)	Direct
Leasehold Improvements	1,107,853	1,085,159	1,062,466	1,039,773	1,017,079	994,386	971,693	948,999	780,208	759,448	738,687	717,926	697,165	918,194	Direct & 3-Factor
Total Rate Base Excluding ADIT	1,750,566,563	1,725,046,387	1,720,471,813	1,717,691,570	1,715,856,049	1,726,889,370	1,733,960,214	1,731,524,494	1,731,215,271	1,732,462,708	1,731,218,917	1,729,564,887	1,749,236,571	1,728,816,937	

NW Natural
2015 Oregon Earnings Review
Rate Base

OREGON	2015												Dec 14 - Dec 15	
	Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	13 month average
Intangible														
Software	80,819,414	81,336,980	80,940,591	80,942,186	80,944,542	80,955,533	82,878,620	83,326,471	83,332,354	83,341,098	83,369,566	82,758,312	84,044,633	82,213,190
Other	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
Production	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
Transmission	151,928,687	152,168,321	152,168,321	152,346,749	152,351,274	152,506,172	152,688,271	152,782,709	152,795,532	152,841,894	152,841,916	154,372,643	156,878,782	152,841,916
Distribution	1,716,613,683	1,719,835,728	1,723,960,311	1,726,811,473	1,730,181,252	1,735,346,305	1,740,753,864	1,742,923,864	1,745,691,139	1,748,512,013	1,751,948,930	1,757,159,333	1,774,081,344	1,739,039,308
General	166,079,219	166,920,622	167,794,804	168,026,115	168,157,721	169,188,444	170,143,718	170,146,769	170,179,029	170,044,505	166,904,544	162,436,176	168,194,624	168,194,624
Storage and storage transmission	258,427,207	258,431,084	258,568,384	258,569,060	258,569,060	261,852,044	261,852,044	261,852,044	261,851,781	261,851,781	261,851,780	261,925,844	262,248,489	260,625,881
CNG and LNG	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966	3,413,966
Gas Reserves	186,987,496	187,382,411	187,382,411	187,464,119	188,196,753	187,500,381	187,502,058	187,513,932	187,523,488	187,322,133	187,122,156	187,121,855	187,547,253	187,424,923
Total Gross Plant	2,565,029,218	2,570,350,361	2,574,988,334	2,578,333,214	2,582,574,114	2,591,522,391	2,599,962,055	2,602,719,301	2,605,544,651	2,607,886,936	2,608,212,404	2,609,947,675	2,639,680,599	2,594,533,029
Accumulated Depreciation														
Intangible														
Production	(50,290,933)	(50,474,337)	(50,646,480)	(50,829,468)	(51,012,644)	(51,195,484)	(51,381,977)	(51,572,728)	(51,764,293)	(51,955,885)	(52,147,544)	(51,379,778)	(51,571,578)	(51,274,308)
Transmission	(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)
Distribution	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)	(23,419,571)
General	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)	(795,873,276)
Storage and storage transmission	(56,884,207)	(57,610,309)	(58,146,302)	(58,868,419)	(59,302,257)	(59,999,480)	(60,719,741)	(61,328,041)	(62,039,660)	(62,726,651)	(63,497,352)	(64,323,771)	(65,177,586)	(65,315,490)
CNG and LNG	(107,513,146)	(108,039,687)	(108,572,647)	(109,099,235)	(109,626,172)	(111,275,914)	(111,809,262)	(112,342,230)	(112,875,196)	(113,408,535)	(113,959,089)	(114,484,378)	(115,019,652)	(111,396,564)
Gas Reserves	(1,834,107)	(1,836,487)	(1,838,868)	(1,841,250)	(1,843,631)	(1,846,013)	(1,848,395)	(1,850,776)	(1,853,158)	(1,855,540)	(1,857,921)	(1,860,303)	(1,862,684)	(1,848,395)
Total Accumulated Depreciation	(37,910,394)	(39,563,405)	(40,965,199)	(43,165,182)	(44,659,449)	(46,335,886)	(47,932,725)	(49,546,478)	(51,130,944)	(51,516,393)	(52,979,249)	(54,531,122)	(55,901,631)	(47,436,012)
Storage Gas	(1,072,631,786)	(1,079,176,021)	(1,085,375,881)	(1,091,702,040)	(1,096,961,413)	(1,103,932,991)	(1,109,206,124)	(1,115,028,837)	(1,120,652,337)	(1,125,480,815)	(1,128,186,677)	(1,126,708,441)	(1,132,087,777)	(1,107,065,947)
Customer Gas	90,828,958	68,998,050	66,002,655	66,002,655	65,640,649	72,903,049	75,537,118	75,682,720	78,113,327	81,718,920	82,416,194	77,762,809	70,747,910	74,309,297
Customer Advances	(2,880,550)	(2,952,683)	(3,011,888)	(3,002,071)	(3,040,445)	(3,037,465)	(3,094,336)	(2,892,378)	(2,940,368)	(2,982,380)	(2,935,053)	(2,987,081)	(2,925,250)	(2,983,254)
Customer Deposits	(5,004,062)	(4,958,310)	(4,912,714)	(4,959,299)	(4,921,885)	(4,852,620)	(4,775,230)	(4,740,917)	(4,632,778)	(4,442,610)	(4,412,074)	(4,719,616)	(4,792,836)	(4,802,208)
Materials and Supplies	8,448,504	8,339,878	8,366,467	8,715,455	8,511,274	8,809,566	9,105,014	9,289,807	9,211,426	9,115,153	9,399,034	9,379,401	9,953,840	8,953,921
Appliances	(855,288)	(855,288)	(855,288)	(855,288)	(870,410)	(849,549)	(849,813)	(862,924)	(865,416)	(891,252)	(861,648)	(874,750)	(848,946)	(836,431)
Leasehold Improvements	853,180	833,999	815,291	796,584	777,876	759,169	740,461	721,753	703,046	684,338	665,631	646,923	628,215	740,481
Total Rate Base Excluding ADIT	1,583,788,174	1,560,522,205	1,556,193,883	1,553,413,655	1,551,669,760	1,561,328,550	1,567,419,144	1,564,888,525	1,564,584,951	1,565,549,291	1,564,097,811	1,562,446,920	1,580,355,736	1,562,848,888

NW Natural
2015 Oregon Earnings Review
Rate Base
WASHINGTON

Cross Plant	2014		2015		2015		2015		2015		2015		2015		2015		2015		2015		
	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	WASHINGTON	
Intangible	9,693,985	9,708,520	9,708,711	9,708,994	9,710,312	9,940,979	9,994,697	9,999,866	9,996,452	9,999,866	9,926,549	10,080,838	9,861,163	447	447	447	447	447	447	447	447
Production	1,008,164	1,008,164	1,010,955	1,011,621	1,012,070	1,012,518	1,012,585	1,013,276	1,012,608	1,013,276	1,014,163	1,015,489	1,011,404								
Transmission	220,564,189	221,628,264	222,030,153	222,529,468	223,348,634	224,213,469	224,586,976	225,061,776	225,502,799	226,061,630	226,842,039	231,807,252	224,086,743								
Distribution	13,742,973	13,927,186	13,941,416	13,954,685	14,068,022	14,151,246	14,155,748	14,154,667	14,139,278	13,790,308	13,293,731	11,186,487	13,822,796								
General	23,416,161	23,430,826	23,430,896	23,430,896	23,771,914	23,771,914	23,771,914	23,771,914	23,771,887	23,771,887	23,779,580	23,813,095	23,644,517								
Storage and storage transmission	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802	376,802								
CNG and LNG	268,795,311	270,080,209	270,499,380	271,012,913	272,288,201	273,467,375	273,899,169	274,373,352	274,800,273	275,014,216	275,233,311	278,280,410	272,803,902								
Total Gross Plant																					
Accumulated Depreciation																					
Intangible	(6,032,208)	(6,074,855)	(6,096,804)	(6,118,753)	(6,140,706)	(6,163,075)	(6,185,955)	(6,208,932)	(6,231,913)	(6,254,902)	(6,162,811)	(6,185,817)	(6,150,161)								
Production	0	0	0	0	0	0	0	0	0	0	0	0	0								
Transmission	(83,896)	(87,333)	(91,573)	(90,785)	(92,514)	(94,243)	(95,973)	(97,703)	(99,433)	(101,163)	(102,895)	(104,629)	(94,457)								
Distribution	(91,346,549)	(91,793,446)	(92,569,229)	(92,956,740)	(93,391,726)	(93,739,735)	(94,113,990)	(94,413,990)	(94,774,998)	(95,051,330)	(95,413,330)	(95,957,411)	(93,670,641)								
General	(5,728,635)	(5,854,980)	(5,926,639)	(5,948,813)	(6,039,138)	(6,112,004)	(6,172,414)	(6,244,303)	(6,313,452)	(6,387,653)	(6,458,568)	(6,545,923)	(5,955,913)								
Storage and storage transmission	(8,515,847)	(8,609,391)	(8,655,839)	(8,702,320)	(8,865,431)	(8,912,578)	(9,066,803)	(9,053,949)	(9,053,949)	(9,102,889)	(9,149,198)	(9,196,551)	(8,869,715)								
CNG and LNG	(202,432)	(202,957)	(203,220)	(203,483)	(203,746)	(204,009)	(204,272)	(204,535)	(204,797)	(205,060)	(205,323)	(205,586)	(204,009)								
Total Accumulated Depreciation	(111,909,967)	(112,076,690)	(113,543,304)	(114,040,895)	(114,733,262)	(115,225,644)	(115,604,129)	(116,176,266)	(116,678,542)	(116,773,913)	(116,479,393)	(117,102,917)	(114,944,895)								
Storage Gas	9,434,821	7,167,145	6,855,999	6,818,397	7,572,776	7,846,387	7,861,512	8,113,991	8,494,753	8,560,949	8,077,580	7,348,911	7,718,849								
Customer Advances	(284,759)	(313,633)	(317,458)	(347,165)	(354,662)	(378,166)	(375,628)	(389,035)	(395,274)	(410,527)	(426,428)	(421,615)	(365,019)								
Customer Deposits	(600,218)	(594,731)	(589,262)	(590,362)	(582,053)	(572,771)	(568,655)	(555,684)	(556,864)	(553,201)	(556,100)	(574,883)	(576,007)								
Materials and Supplies	1,088,130	1,074,139	1,071,564	1,096,214	1,134,633	1,172,886	1,196,486	1,186,829	1,173,992	1,210,554	1,208,026	1,282,011	1,153,225								
Appliances	0	0	0	0	0	0	0	0	0	0	0	0	0								
Leasehold Improvements	254,673	247,175	243,189	239,203	235,217	231,232	227,246	77,163	75,109	73,056	71,003	68,950	177,714								
Total Rate Base Excluding ADIT	166,778,391	164,524,183	164,277,930	164,186,304	165,560,850	166,541,099	166,636,001	166,630,348	166,913,447	167,121,135	167,117,999	168,880,867	165,967,768								

Average Rate Base Allocation Factors

13 MONTH AVERAGES:	OR		WA		System	
	Average Gross Plant	Average Factor	Average Gross Plant	Average Factor	Average Gross Plant	Average Factor
Average Gross Plant	2,594,533,029	90.49%	272,803,902	9.51%	2,867,336,931	
Gross Plant Average Factor	(1,107,065,947)	90.59%	(114,944,895)	9.41%	(1,222,010,842)	
Average Accumulated Depreciation	740,481	80.65%	177,714	19.35%	918,194	
Leasehold Improvement Average Factor	(2,983,254)	89.10%	(365,019)	10.90%	(3,348,273)	
Customer Advance Average Factor	89,098,33%	74,651,381	9,485,099	84,136,480		
Growth in Gross Plant	88.73%			11.27%		
Average Materials & Supplies	82,426,787	90.28%	8,872,074	9.72%	91,298,861	
Materials & Supplies Average Factor	1,739,039,208	88.59%	224,086,743	11.41%	1,963,126,051	
Average Distribution Plant	1,562,848,888	90.40%	165,967,768	9.60%	1,728,816,656	
Distribution Plant Average Factor						

NW Natural
 2015 Oregon Earnings Review
 12 Months Ended December 31, 2015

Deferred Income Taxes

1	Allocation factor: Accumulated Depreciation								9.41%
2									
3	2014 December Balances:								
4									
5									
6		Federal	State	SYS Total	Washington Allocation	Oregon Allocation			
7									
8	Accumulated Deferred Income Tax - Depreciation	(313,618,622)	(63,908,273)	(377,526,895)	(31,616,331)	(345,910,563)			
9	Accumulated Deferred Income Tax - Gas Reserves	(13,542,157)	(5,009,186)	(18,551,343)	0	(18,551,343)			
10									
11	Accumulated Deferred Income Tax - Other	(4,044,660)	682,964	(3,361,695)	(358,109)	(3,003,586)			
12									
13	2014 Balances	(331,205,438)	(68,234,495)	(399,439,933)	(31,974,440)	(367,465,493)			
14									
15									
16									
17	2015 December Balances:								
18									
19									
20		Federal	State	SYS Total	Washington Allocation	Oregon Allocation			
21									
22	Accumulated Deferred Income Tax - Depreciation	(330,022,696)	(67,655,227)	(397,677,923)	(33,283,361)	(364,394,562)			
23	Accumulated Deferred Income Tax - Gas Reserves	(19,285,398)	(7,104,626)	(26,390,024)	0	(26,390,024)			
24	Accumulated Deferred Income Tax - Other	(6,503,613)	371,659	(6,131,954)	(599,749)	(5,532,205)			
25									
26	2015 Balances	(355,811,707)	(74,388,194)	(430,199,900)	(33,883,110)	(396,316,790)			
27									
28									
29									
30	Simple Average December Balances (use for Rate Base)								
31									
32	Gas Reserves Average December Balances								
33									

**NW Natural
State Allocation Factors
As of December 31, 2015**

Allocation Factors - Summary	Oregon	Washington
Customers-all	89.290%	10.710%
Customers-Residential	89.150%	10.850%
Customers-Commercial	90.510%	9.490%
Customers-Industrial	92.350%	7.650%
Customers-The Dalles	74.520%	25.480%
3-factor	90.000%	10.000%
firm volumes	90.590%	9.410%
sales volumes	90.530%	9.470%
sendout volumes	92.040%	7.960%
sales/sendout volumes	91.290%	8.710%
Customers Portland/Vancouver	85.330%	14.670%
Customers Portland/Vancouver 80%	88.260%	11.740%
Customers Portland/Vancouver Commercial	85.960%	14.040%
Payroll	90.380%	9.620%
Admin Transfer	89.470%	10.530%
Employee Cost	90.450%	9.550%
Regulatory	70.000%	30.000%
Telemetry	89.230%	10.770%
Direct-Wa	0.000%	100.000%
Direct-Or	100.000%	0.000%
Gross plant direct assign	89.320%	10.680%
Depreciation	89.740%	10.260%
Rate Base	90.400%	9.600%

**NW Natural
State Allocation Factors**

Volumes - 12 Months Ended 12/31/15

Firm Delivered (exclude Unbilled) % of System	739,321,222	669,720,278 90.59%	69,600,944 9.41%
Sales Volumes (exclude Unbilled) % of System	652,564,762	590,761,666 90.53%	61,803,096 9.47%
Sendout Volumes % of System	1,028,612,731	946,779,724 92.04%	81,833,007 7.96%

3-factor formula (simple average)

Gross Plant Directly Assigned		89.32%	10.68%
Number of Employees Directly Assigned		91.40%	8.60%
Number of Customers		89.29%	10.71%

Average		90.00%	10.00%
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Derivation of factor for 3-factor - Gross Plant Directly Assigned

December 31, 2015

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	157,894,271	156,878,782	1,015,489
Distribution	2,005,888,596	1,774,081,344	231,807,252

December 31, 2014

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	152,929,441	151,928,687	1,000,754
Distribution	1,937,150,374	1,716,601,539	220,548,835

Average

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	155,411,856	154,403,735	1,008,121
Distribution	1,971,519,485	1,745,341,441	226,178,044

**Gross Plant Directly Assigned
% of System**

	2,127,691,334	1,900,504,723 89.32%	227,186,612 10.68%
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**NW Natural
State Allocation Factors
As of December 31, 2015**

	<u>System</u>	<u>Oregon</u>	<u>Washington</u>
Customers			
Total Customers			
December 2015	714,428	637,402	77,026
December 2014	704,644	629,634	75,010
Average	709,536	633,518	76,018
% of System		89.29%	10.71%
Residential Customers			
December 2015	646,841	576,249	70,592
December 2014	637,411	568,720	68,691
Average	642,126	572,485	69,642
% of System		89.15%	10.85%
Commercial Customers			
December 2015	66,421	60,079	6,342
December 2014	66,204	59,961	6,243
Average	66,313	60,020	6,293
% of System		90.51%	9.49%
Industrial Customers			
December 2015	1,166	1,074	92
December 2014	1,029	953	76
Average	1,098	1,014	84
% of System		92.35%	7.65%
The Dalles			
December 2015	7,815	5,823	1,992
December 2014	7,724	5,757	1,967
Average	7,770	5,790	1,980
% of System		74.52%	25.48%
Portland / Vancouver			
December 2015	508,149	433,115	75,034
December 2014	500,899	427,856	73,043
Average	504,524	430,486	74,039
% of System		85.33%	14.67%
Portland / Vancouver Commercial			
December 2015	43,356	37,228	6,128
December 2014	43,201	37,179	6,022
Average	43,279	37,204	6,075
% of System		85.96%	14.04%

1	<u>Oregon Total Revenues</u>		<u>Revenue</u>
2			
3			
4	<u>Sales Revenues</u>		616,283,172
5	<u>Unbilled Revenues</u>		372
6			
7			
8	<u>Total Sales Revenues</u>		616,283,544
9			
10	<u>Transportation Revenues</u>		15,707,735
11			
12	<u>Grand Total Revenues</u>		<u>631,991,279</u>
13			
14			
15	<u>Gas Costs</u>		
16			
17	<u>Demand Charges</u>		72,502,710
18			
19	<u>Commodity Charges</u>		196,741,680
20			
21			
22	<u>Oregon Deferral Activities</u>		26,854,914
23			
24	<u>Grand Total Gas Costs</u>		<u>296,099,303</u>
25			
26			

<u>Normalization Adjustments</u>			
<u>Revenue Adjustment</u>		<u>Therms</u>	<u>Revenue</u>
<u>WARM Adjustment</u>			
WARM Revenues			(23,360,573)
WARM Revenues - Unbilled			2,601,331
			<u>(20,759,242)</u>
<u>Weather Normalization Adjustment</u>			
Residential	53,205,035		52,621,605
Commercial	53,152,633		45,805,751
	106,357,668		98,427,356
	<u>106,357,668</u>		<u>77,668,114</u>
TOTAL NORMALIZING MARGIN ADJUSTMENT			
<u>Gas Cost Adjustment</u>			<u>Cost of Gas</u>
WACOG equalization			0
Weather Normalization Gas Costs			58,350,602
TOTAL GAS COST ADJUSTMENT		Type I	<u>58,350,602</u>

NW Natural
 Test year Normalizing Adjustments
 Revenues and Deliveries
 2015 Oregon Earnings Review

1 Weather Normalization

		Residential			Commercial		
		Volumes	Revenues	Gas Costs	Volumes	Revenues	Gas Costs
7	January	7,480,613	7,401,992	4,160,866	7,792,622	6,821,038	4,334,412
8	February	14,004,132	13,856,949	7,789,378	9,684,719	8,477,229	5,386,835
9	March	13,034,998	12,898,000	7,250,327	8,832,809	7,731,534	4,912,985
10	April	1,718,753	1,700,689	956,005	3,049,795	2,669,547	1,696,357
11	May	3,862,708	3,822,111	2,148,515	2,949,129	2,581,432	1,640,365
12	June	1,882,369	1,862,585	1,047,011	2,788,972	2,441,243	1,551,282
13	July	1,447,075	1,431,866	804,892	2,346,758	2,054,164	1,305,314
14	August	1,859,944	1,840,396	1,034,538	2,438,113	2,134,129	1,356,127
15	September	(654,225)	(647,349)	(363,893)	897,024	785,183	498,943
16	October	8,300,122	8,212,887	4,616,694	4,700,425	4,114,376	2,614,470
17	November	(4,380,548)	(3,939,032)	(1,991,003)	1,201,640	939,081	546,157
18	December	4,649,094	4,180,512	2,113,060	6,470,627	5,056,795	2,940,965
19							
20	Total	53,205,035	52,621,605	29,566,391	53,152,633	45,805,751	28,784,211
21							
22							
23							
24							
25							
26	Total Revenue Change		98,427,356				
27	Total Gas Cost Change		58,350,602				

NW Natural
 2015 Oregon Earnings Review
 Adjustments to Miscellaneous Revenues
 (\$000)

Worksheet 2b

Line No.	Actual (a)	Normalized (b)	Adjustment (c)
Revenue & Technical Adjustments			
1	(\$108.9)	(\$108.9)	\$0.0
2	9,573.2	\$9,573.2	0.0
3	0.0	\$0.0	0.0
4	(1,918.5)	(\$1,918.5)	0.0
5	0.0	\$0.0	0.0
6	(7,761.0)	(\$7,761.0)	0.0
7	0.0	\$0.0	0.0
8	384.6	\$384.6	0.0
9	(65.7)	(\$65.7)	0.0
10	0.0	\$0.0	0.0
11	0.0	\$0.0	0.0
12	0.0	\$0.0	0.0
13	103.7	103.7	0.0
14	17,949.0	0.0	(17,949.0)
15	(359.1)	0.0	359.1
Other Miscellaneous Revenues			
16	970.1	\$1,049.7	\$79.6 [1]
17	94.2	102.4	8.1 [1]
18	2,009.4	2,106.1	96.7 [1]
19	271.2	263.4	(7.9) [1]
20	188.7	192.7	4.0 [1]
21	71.2	130.6	59.4 [1]
22	53.1	62.5	9.4 [1]
23	0.0	0.8	0.8 [1]
24	3,658.0	3,908.1	250.2

Notes:

[1] Normalized to 3-year average

NW Natural
 2015 Oregon Earnings Review
 Advertising and Promotional Adjustment

Worksheet 2c

<u>Line No.</u>	<u>Advertising Expense - Test Period</u>	<u>Amount</u> (a)
1	Category A	1,278,609
2	Category B	434,324
3	Category C	1,017,603
4	Category E	<u>0</u>
5	Total Advertising Expense	<u>\$2,730,536</u>
	<u>Category A Threshold</u>	
6	Total Oregon Customers - 2014-2015 average	633,518
7	UG 221 allowed \$2.19 per customer	<u>\$2.19</u>
8	Category A Allowable	<u>\$1,387,404</u>
9	Total Allowable Expense (Line 2 plus lesser of Lines 1 and 8)	1,712,933
10	Disallowed Amounts (Line 5 less Line 9)	1,017,603
11	Allocation Factor (Residential Customers)	<u>89.15%</u>
12	Advertising Disallowance Allocated to Oregon	<u><u>(\$907,193)</u></u>

NW Natural
 2015 Oregon Earnings Review
 Dues/Memberships and Other Promotional Adjustment

Line No.	Amount (a)	Percent (b)	Operating Amount (c)	Percent (d)	Non-Operating Amount (e)
1	\$643,000	100%	\$643,000	0%	\$0
2	401,571	75%	301,178	25%	100,393
3	23,270	75%	17,453	25%	5,818
4	71,627	50%	35,814	50%	35,814
5	<u>\$1,139,468</u>		<u>\$997,444</u>		<u>\$142,024</u>
6	Allocation Factor (3-Factor)				90.00%
7	Non-Operating Dues/Memberships Adjustment Allocated to Oregon				127,822
8	Oregon Promotional and Other Expense				86,062
9	Dues/Memberships and Other Promotional Adjustment to Oregon				<u><u>(\$213,884)</u></u>

NW Natural
 2015 Oregon Earnings Review
 Property Tax Adjustment
 (\$000)

Worksheet 2e

<u>Line No.</u>	<u>Amount (a)</u>
1 Property Tax Accrual - Oregon	\$19,219
2 Property Taxes Paid - Oregon	<u>19,354</u>
3 Property Tax Adjustment	<u><u>\$135</u></u>

NW Natural
 2015 Oregon Earnings Review
 Uncollectible Accounts Adjustments
 (\$000)

Worksheet 2f

Line No.		2013-2015		2015	2014	2013
		Total	Actual	Actual	Actual	Actual
		(a)	(b)	(c)	(c)	(c)
Gas Revenues						
1	Residential	\$1,305,643	\$413,979	\$440,588	\$451,076	
2	Commercial	659,257	214,247	226,090	218,920	
3	Industrial	74,275	24,271	25,315	24,689	
4	Interruptible	91,047	29,781	32,031	29,235	
5	Total	2,130,222	682,278	724,024	723,920	
Net Write-Offs						
6	Residential	2,761	702	1,107	952	
7	Commercial	293	74	123	96	
8	Industrial	13	3	0	10	
9	Interruptible	-	-	-	-	
10	Total	3,067	779	1,230	1,058	
Write-Off Percentage						
11	Residential	0.211%	0.170%	0.251%	0.211%	
12	Commercial	0.044%	0.035%	0.055%	0.044%	
13	Industrial	0.018%	0.012%	0.000%	0.041%	
14	Interruptible	0.000%	0.000%	0.000%	0.000%	
15	Weighted Total [1]	0.144%	0.114%	0.170%	0.146%	
Normalized Uncollectible						
16	Residential	\$875				
17	Commercial	95				
18	Industrial	4				
19	Interruptible	-				
20	Total	\$975				
21	Allocation Factor (Total Customers)	89.29%				
22	Oregon Normalized Amount	870				
23	Oregon Allocation of Accrued Amount	679				
24	Adjustment (Normalized less Accrued)	\$191				

[1] Weighted uncollectible rate of :

0.1440% is used on page 1, column (b).

NW Natural Company
 2015 Oregon Earnings Review
 Common Stock Issuance expense

Worksheet 2g

Line No.	Amount (a)
1 Capital Stock Expense - 2013	\$0
2 Capital Stock Expense - 2014	0
3 Capital Stock Expense - 2015	0
4 Three Year Average	\$0
5 Allocation Factor (Rate Base)	<u>90.400%</u>
6 Allocated to Oregon	<u><u>\$0</u></u>

NW Natural
2015 Oregon Earnings Review
Bonus Adjustment
(\$000)

Line No.	Assumptions:	Disallowance	Employee Merit	Company Performance	Key Goals	Performance Bonus
UG 221 requirements						
1	Officer incentives	100%				
2	Employee merit	50%				
3	Company performance	75%				
2014 Incentive Allocation						
4	Key goals	0.0%	0.0%	0.0%	Apply to NBU and BU key goals.	
5	NBU short-term incentives	100.0%	100.0%	0.0%	Apply to NBU performance bonus.	
Employee merit and Company performance incentives						
			<u>O&M</u>	<u>Capital</u>	<u>O&M</u>	<u>Capital</u>
6	Officers	0	0	0	1,677,162	563,872
7	Non-officers exec. incentive	0	0	0	0	0
8	NBU	0	0	0	4,210,924	1,881,147
9	BU	0	0	0	0	0
10		0	0	0	5,888,086	2,445,019
UG 221 Disallowance						
			<u>O&M</u>	<u>Capital</u>		
11	Officer incentives					
12	(includes non-officers exec. incentive)		(1,677,162)	(563,872)	=100% of perf. bonus	
13	NBU based on employee merit		(2,105,462)	(940,574)	= (Key goals x 77.9% x 50%) + (Perf. bonus x 100% x 50%)	
14	BU based on employee merit		0	0	= (Key goals x 77.9% x 50%)	
15	NBU based on company performance		0	0	= (Key goals x 22.1% x 75%)	
16	BU based on company performance		0	0	= (Key goals x 22.1% x 75%)	
			<u>(3,782,624)</u>	<u>(1,504,445)</u>		
17	25% reduction per UG 221 stipulation		945,656	376,111		
18	Total adjustment		<u>(2,836,968)</u>	<u>(1,128,334)</u>		
Oregon Allocation						
19	Allocation factor		90.38%	90.40%		
20	(O&M=Payroll, Capital=Rate base)					
	Oregon bonus adjustment		<u>(2,564,052)</u>	<u>(1,020,014)</u>		

Worksheet 2i

NW Natural
2015 Oregon Earnings Review
Rate Case Expense
(\$000)

Line No.		
1	Rate case amortization	\$150
2	(Per UG 221, Order No. 12-408 - \$750 over 5 years)	