



e-FILING REPORT COVER SHEET

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type:  RE (Electric)  RG (Gas)  RW (Water)  RT (Telecommunications)  
 RO (Other, for example, industry safety information)

Did you previously file a similar report?  No  Yes, report docket number: RG 40

Report is required by:  OAR 860-022-0070

Statute

Order

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other

(For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case?  No  Yes, docket number: RG 40

List Key Words for this report. We use these to improve search results.

Annual Earnings Review for the Twelve Months Ended December 31, 2018, Annual Results of Operations Report, RG 40

Send the completed Cover Sheet and the Report in an email addressed to [PUC.FilingCenter@state.or.us](mailto:PUC.FilingCenter@state.or.us)

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.

**Kyle Walker, CPA**  
Rates/Regulatory Manager  
Tel: 503.226.4211 ext. 5858  
Fax: 503.220.2579  
Email: kyle.walker@nwnatural.com



**VIA ELECTRONIC FILING**

May 1, 2019

Public Utility Commission of Oregon  
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, 2018**

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, 2018. Per order No. 15-049, please see the second page of the earnings review that incorporates the Asset Management Agreement Optimization (AMA) revenues. NW Natural's Earnings Review return on equity results are as follows:

- **Traditional Review: 9.51%**
- **Traditional Including AMA: 9.86%**

In compliance with Order No. 18-419 in docket UG 344, the Company has included storage and optimization revenues on the third page of the results of operations report.

Please feel free to call if you have any questions.

Sincerely,

*/s/ Kyle Walker, CPA*

Kyle Walker, CPA  
Rates/Regulatory Manager



REPORT: RG 40

ANNUAL EARNINGS REVIEW

WITHOUT WORKPAPERS

(For the twelve months ended December 31, 2018)

OREGON EARNINGS TEST REVIEW

Line No.	Test Year	TYPE I	Results	Gas Reserves	Results Excl.	TYPE II	Results	
	Results	Adjustments	after Type I	Adjustment <sup>(1)</sup>	Gas Reserves <sup>(1)</sup>	Adjustments	after Type II	
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (c) + (f)	
<b><u>Operating Revenues</u></b>								
1	Sale of Gas	\$570,051	\$37,150	\$607,201		\$607,201	\$0	\$607,201
2	WARM Revenues	10,015	(10,015)	0		0	0	0
3	Revenue & Technical Adjustments	(7,532)	0	(7,532)		(7,532)	0	(7,532)
4	Decoupling Adjustments	6,696	(6,696)	0		0	0	0
5	Transportation	19,420	0	19,420		19,420	0	19,420
6	Miscellaneous Revenues	4,946	(907)	4,038		4,038	0	4,038
7	<b>Total Operating Revenues</b>	<b>603,596</b>	<b>19,532</b>	<b>623,128</b>	<b>0</b>	<b>623,128</b>	<b>0</b>	<b>623,128</b>
<b><u>Operating Revenue Deductions</u></b>								
8	Gas Purchased	231,499	18,938	250,437	4,885	255,322	0	250,437
9	Uncollectible Accrual for Gas Sales	604	76	680		680	0	680
10	Other Operating & Maintenance Expenses	150,128	(4,913)	145,215		145,215	0	145,215
11	<b>Total Operating &amp; Maintenance Exp.</b>	<b>382,231</b>	<b>14,101</b>	<b>396,331</b>	<b>4,885</b>	<b>401,216</b>	<b>0</b>	<b>396,331</b>
12	Federal Income Tax	15,368	887	16,255	(240)	16,014	0	16,255
13	State Excise	6,119	347	6,466	0	6,466	0	6,466
14	Property Taxes	19,108	1,094	20,202		20,202	0	20,202
15	Other Taxes	23,138	817	23,955		23,955	0	23,955
16	Depreciation & Amortization	74,255	0	74,255		74,255	0	74,255
17	<b>Total Operating Revenue Deductions</b>	<b>520,218</b>	<b>17,246</b>	<b>537,464</b>	<b>4,645</b>	<b>542,109</b>	<b>0</b>	<b>537,464</b>
18	<b>Net Operating Revenues</b>	<b>\$83,378</b>	<b>\$2,286</b>	<b>\$85,663</b>	<b>(\$4,645)</b>	<b>\$81,019</b>	<b>\$0</b>	<b>\$85,663</b>
<b><u>Average Rate Base</u></b>								
19	Utility Plant in Service	\$2,865,572	(\$1,353)	\$2,864,219	(187,431)	\$2,676,788	\$0	\$2,864,219
20	Accumulated Depreciation	(1,291,254)	0	(1,291,254)	95,844	(1,195,410)	0	(1,291,254)
21	<b>Net Utility Plant</b>	<b>1,574,318</b>	<b>(1,353)</b>	<b>1,572,965</b>	<b>(91,587)</b>	<b>1,481,378</b>	<b>0</b>	<b>1,572,965</b>
22	Aid in Advance of Construction	(2,780)	0	(2,780)		(2,780)	0	(2,780)
23	Customer Deposits	(4,349)	0	(4,349)		(4,349)	0	(4,349)
24	Materials & Supplies	56,335	0	56,335		56,335	0	56,335
25	Leasehold Improvements	138	0	138		138	0	138
26	Accumulated Deferred Income Taxes	(442,341)	0	(442,341)	32,377	(409,964)	0	(442,341)
27	<b>Total Rate Base</b>	<b>\$1,181,321</b>	<b>(\$1,353)</b>	<b>\$1,179,968</b>	<b>(\$59,210)</b>	<b>\$1,120,758</b>	<b>\$0</b>	<b>\$1,179,968</b>
28	<b>Rate of Return</b>	<b>7.06%</b>		<b>7.26%</b>	<b>7.84%</b>	<b>7.23%</b>		<b>7.26%</b>
29	<b>Return on Common Equity</b>	<b>9.10%</b>		<b>9.51%</b>	<b>10.70%</b>	<b>9.45%</b>		<b>9.51%</b>

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

NW Natural  
2018 Oregon Earnings Review  
12 Months Ended December 31, 2018  
(\$000's)

Line No.	OREGON EARNINGS TEST REVIEW						
	Test Year	TYPE I	Results	TYPE II	Results	Results	
	Results	Adjustments	after Type I	Adjustments	after Type II	AMA	after AMA
	(a)	(b)	(c)	(f)	(g) = (c) + (f)	(d)	(e)
<b><u>Operating Revenues</u></b>							
1	Sale of Gas	\$570,051	\$37,150	\$607,201	\$0	\$607,201	\$607,201
2	WARM Revenues	10,015	(10,015)	0	0	0	0
3	Revenue & Technical Adjustments	(7,532)	0	(7,532)	0	(7,532)	(7,532)
4	Decoupling Adjustments	6,696	(6,696)	0	0	0	0
5	Transportation	19,420	0	19,420	0	19,420	19,420
6	Miscellaneous Revenues	4,946	(907)	4,038	0	4,038	6,749
7	<b>Total Operating Revenues</b>	<b>603,596</b>	<b>19,532</b>	<b>623,128</b>	<b>0</b>	<b>623,128</b>	<b>2,710</b> <b>625,838</b>
<b><u>Operating Revenue Deductions</u></b>							
8	Gas Purchased	231,499	18,938	250,437	0	250,437	250,437
9	Uncollectible Accrual for Gas Sales	604	76	680	0	680	680
10	Other Operating & Maintenance Expenses	150,128	(4,913)	145,215	0	145,215	145,215
11	<b>Total Operating &amp; Maintenance Exp.</b>	<b>382,231</b>	<b>14,101</b>	<b>396,331</b>	<b>0</b>	<b>396,331</b>	<b>396,331</b>
12	Federal Income Tax	15,368	887	16,255	0	16,255	16,781
13	State Excise	6,119	347	6,466	0	6,466	6,672
14	Property Taxes	19,108	1,094	20,202	0	20,202	20,202
15	Other Taxes	23,138	817	23,955	0	23,955	23,955
16	Depreciation & Amortization	74,255	0	74,255	0	74,255	74,255
17	<b>Total Operating Revenue Deductions</b>	<b>520,218</b>	<b>17,246</b>	<b>537,464</b>	<b>0</b>	<b>537,464</b>	<b>732</b> <b>538,196</b>
18	<b>Net Operating Revenues</b>	<b>\$83,378</b>	<b>\$2,286</b>	<b>\$85,663</b>	<b>\$0</b>	<b>\$85,663</b>	<b>\$1,979</b> <b>\$87,642</b>
<b><u>Average Rate Base</u></b>							
19	Utility Plant in Service	\$2,865,572	(\$1,353)	\$2,864,219	\$0	\$2,864,219	\$2,864,219
20	Accumulated Depreciation	(1,291,254)	0	(1,291,254)	0	(1,291,254)	(1,291,254)
21	<b>Net Utility Plant</b>	<b>1,574,318</b>	<b>(1,353)</b>	<b>1,572,965</b>	<b>0</b>	<b>1,572,965</b>	<b>0</b> <b>1,572,965</b>
22	Aid in Advance of Construction	(2,780)	0	(2,780)	0	(2,780)	(2,780)
23	Customer Deposits	(4,349)	0	(4,349)	0	(4,349)	(4,349)
24	Materials & Supplies	56,335	0	56,335	0	56,335	56,335
25	Leasehold Improvements	138	0	138	0	138	138
26	Accumulated Deferred Income Taxes	(442,341)	0	(442,341)	0	(442,341)	(442,341)
27	<b>Total Rate Base</b>	<b>\$1,181,321</b>	<b>(\$1,353)</b>	<b>\$1,179,968</b>	<b>\$0</b>	<b>\$1,179,968</b>	<b>\$0</b> <b>\$1,179,968</b>
28	<b>Rate of Return</b>	<b>7.06%</b>		<b>7.26%</b>		<b>7.26%</b>	<b>7.43%</b>
29	<b>Return on Common Equity</b>	<b>9.10%</b>		<b>9.51%</b>		<b>9.51%</b>	<b>9.86%</b>

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

NW Natural  
2018 Storage and Optimization Revenues

	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>Total Schedule 185 - Interstate Storage Revenue</b>	\$ 493,615.24	\$ 684,007.59	\$ 753,441.84	\$ 535,933.34	\$ 475,553.47	\$ 287,061.04	\$ 245,139.22	\$ 199,818.89	\$ 138,143.12	\$ 309,242.16	\$ 215,182.65	\$ 36,851.04	\$ 4,373,989.61
Less: Optimization O&M (I/O 417-02230)											\$ (950.97)	\$ (335.98)	\$ (1,286.96)
Net Schedule 185 Revenue	\$ 493,615.24	\$ 684,007.59	\$ 753,441.84	\$ 535,933.34	\$ 475,553.47	\$ 287,061.04	\$ 245,139.22	\$ 199,818.89	\$ 138,143.12	\$ 309,242.16	\$ 214,231.68	\$ 36,515.06	\$ 4,372,702.65
Oregon Allocation	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%
Schedule 185 Revenue to Oregon	\$ 438,863.63	\$ 608,137.73	\$ 669,870.36	\$ 476,487.82	\$ 422,805.26	\$ 255,220.34	\$ 217,948.47	\$ 177,655.05	\$ 122,820.34	\$ 274,941.14	\$ 190,469.18	\$ 32,464.82	\$ 3,887,684.14
% to Core	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%	58.64%
Total Schedule 185 Revenue Allocated to Core	\$ 257,336.17	\$ 356,593.30	\$ 392,791.42	\$ 279,397.84	\$ 247,920.03	\$ 149,653.38	\$ 127,798.30	\$ 104,171.47	\$ 72,018.08	\$ 161,217.05	\$ 111,685.28	\$ 19,036.38	\$ 2,279,618.69
NWN's Share of Revenue (33%)	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	10%	10%	32%
NWN's Schedule 185 Revenue	\$ 84,920.94	\$ 117,675.79	\$ 129,621.17	\$ 92,201.29	\$ 81,813.61	\$ 49,385.61	\$ 42,173.44	\$ 34,376.59	\$ 23,765.97	\$ 53,201.63	\$ 11,168.53	\$ 1,903.64	\$ 722,208.19
<b>Total Schedule 186 - Pipeline Optimization Revenue</b>	\$ 685,708.33	\$ 394,370.39	\$ 541,132.81	\$ 788,413.85	\$ 1,424,873.12	\$ 1,792,646.19	\$ 2,138,751.53	\$ 2,101,263.85	\$ 1,811,359.76	\$ 2,969,504.11	\$ 3,549,831.68	\$ 1,564,913.90	\$ 19,762,769.53
Less: Optimization O&M (I/O 417-02230)	\$ (17,685.22)	\$ (17,949.04)	\$ (18,896.79)	\$ (18,463.59)	\$ (17,567.84)	\$ (18,271.15)	\$ (16,336.54)	\$ (17,704.50)	\$ (14,437.61)	\$ (16,627.84)	\$ (15,640.06)	\$ (14,267.92)	\$ (203,848.09)
Net Schedule 186 Revenue	\$ 668,023.11	\$ 376,421.35	\$ 522,236.02	\$ 769,950.26	\$ 1,407,305.28	\$ 1,774,375.04	\$ 2,122,414.99	\$ 2,083,559.35	\$ 1,796,922.15	\$ 2,952,876.27	\$ 3,534,191.62	\$ 1,550,645.99	\$ 19,558,921.44
Oregon Allocation	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%	88.908%
Schedule 186 Revenue to Oregon	\$ 593,926.24	\$ 334,668.84	\$ 464,309.80	\$ 684,547.67	\$ 1,251,207.51	\$ 1,577,562.04	\$ 1,886,997.53	\$ 1,852,451.74	\$ 1,597,608.24	\$ 2,625,344.36	\$ 3,142,180.44	\$ 1,378,648.93	\$ 17,389,453.34
NWN's Share of Revenue (33% Jan.- Oct. , 10% Nov. - Dec.)	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	10%	10%	27%
NWN's Schedule 186 Revenue	\$ 195,995.66	\$ 110,440.72	\$ 153,222.24	\$ 225,900.73	\$ 412,898.48	\$ 520,595.47	\$ 622,709.18	\$ 611,309.08	\$ 527,210.72	\$ 866,363.64	\$ 314,218.04	\$ 137,864.89	\$ 4,698,728.85
<b>Total 185 and 186 NWN Revenue [1]</b>	<b>\$ 280,916.60</b>	<b>\$ 228,116.51</b>	<b>\$ 282,843.41</b>	<b>\$ 318,102.02</b>	<b>\$ 494,712.09</b>	<b>\$ 569,981.09</b>	<b>\$ 664,882.62</b>	<b>\$ 645,685.66</b>	<b>\$ 550,976.68</b>	<b>\$ 919,565.27</b>	<b>\$ 325,386.57</b>	<b>\$ 139,768.53</b>	<b>\$ 5,420,937.04</b>

[1] 50% of Total NWN 185 and 186 revenue is used in the environmental earnings test on page 2



Rates & Regulatory Affairs

**ANNUAL EARNINGS REVIEW  
For the Twelve Months Ended December 31, 2018**

**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 2018 general rate case filing (UG 344), and continue to be appropriate. Adjustments arising from general rate cases have been prorated.

**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).

**UG 344 Adjustments [Column 2(j)]:**

This adjustment incorporates all O&M and capital adjustments ordered in UG 344. O&M adjustments include: salary/incentives/medical benefits, miscellaneous administrative and general expense, directors and officers insurance premiums, membership dues, meals and entertainment, and promotions and concessions. Capital adjustments are related to salary/incentives/medical benefits.

**Description of TYPE II Adjustments:**

The Company has no Type II adjustments for 2018.



NW Natural  
Test year Normalizing Adjustments: TYPE I ADJUSTMENTS  
2018 Oregon Earnings Review  
(\$000)

Line No.	Column A from Page 1	Weather Normalization & Gas Costs Adjustment (2a)	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)	UG 344 Adjustment (2j)	Total Type I Adjustments	Column C from Page 1
	worksheet #:												
<b>Operating Revenues</b>													
1	Sale of Gas	\$570,051	\$37,150									\$37,150	\$607,201
2	WARM Revenue	10,015	(8,956)	(1,059)								(10,015)	
3	Revenue & Technical Adjustments	(7,532)		0								0	(7,532)
4	Decoupling Adjustment	6,696		(6,696)								(6,696)	0
5	Transportation	19,420										0	19,420
6	Miscellaneous Revenues	4,946		(907)								(907)	4,038
7	<b>Total Operating Revenues</b>	603,596	28,193	(8,662)	0	0	0	0	0	0	0	19,532	623,128
<b>Operating Revenue Deductions</b>													
8	Gas Purchased	231,499	18,938									18,938	250,437
9	Uncollectible Accrual	604	40	0	0	0	36		0			76	680
10	Other Operating & Maintenance Expenses	150,128			(470)	(1,861)		1,011	(2,264)	125	(1,455)	(4,913)	145,215
11	<b>Total Operating &amp; Maintenance Exp.</b>	382,231	18,979	0	(470)	(1,861)	36	1,011	(2,264)	125	(1,455)	14,101	396,331
12	Federal Income Tax	15,368	1,618	(1,669)	91	361	(212)	(7)	444	(24)	285	887	16,255
13	State Excise	6,119	634	(654)	36	141	(83)	(3)	174	(10)	112	347	6,466
14	Property Taxes	19,108					1,094		0			1,094	20,202
15	Other Taxes	23,138	878	(61)	0	0	0	0	0	0	0	817	23,955
16	Depreciation & Amortization	74,255						0	0			0	74,255
17	<b>Total Operating Revenue Deductions</b>	520,218	22,109	(2,384)	(343)	(1,359)	799	26	1,011	(1,646)	91	(1,058)	537,464
18	<b>Net Operating Revenues</b>	83,378	6,085	(6,277)	343	1,359	(799)	(26)	(1,011)	1,646	(91)	1,058	85,663
<b>Average Rate Base</b>													
19	Utility Plant in Service	2,865,572								(970)		(383)	2,864,219
20	Accumulated Depreciation Materials & Supplies	(1,291,254)								0		0	(1,291,254)
21	Net Utility Plant	1,574,318	0	0	0	0	0	0	(970)	0	(383)	(1,353)	1,572,965
22	Aid in Advance of Construction	(2,780)										0	(2,780)
23	Customer Deposits	(4,349)										0	(4,349)
24	Materials & Supplies	56,335										0	56,335
25	Leasehold Improvements	138										0	138
26	Accumulated Deferred Income Taxes	(442,341)										0	(442,341)
27	<b>Total Rate Base</b>	\$1,181,321	\$0	\$0	\$0	\$0	\$0	\$0	(\$970)	\$0	(\$383)	(\$970)	\$1,180,351
28	Interest Coordination		0	0	0	0	0	0	(25)	0	(10)	(35)	(35)

Northwest Natural Gas Company  
Test year Normalizing Adjustments: TYPE I ADJUSTMENTS  
2018 Oregon Earnings Review  
(\$000)

Income Tax Calculations

Line No.	Weather Normalization & Repricing 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	UG 344 Adjustments	Total Adjustments
	(2a)	(2b)	(2c)	(2d)	(2e)	(2f)	(2g)	(2h)			(2i)
1	28,193	(8,662)	0	0	0	0	0	0	0	0	19,532
2	19,857	(61)	(470)	(1,861)	1,094	36	0	(2,264)	125	(1,455)	15,001
3	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	(25)	0	(10)	(35)
5	0	0	0	0	0	0	0	0	0	1	1
6	8,337	(8,600)	470	1,861	(1,094)	(36)	0	2,289	(125)	1,464	4,565
7	634	(654)	36	141	(83)	(3)	0	174	(10)	111	346
8	0	0	0	0	0	0	0	0	0	1	1
9	634	(654)	36	141	(83)	(3)	0	174	(10)	112	347
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	7,703	(7,946)	434	1,720	(1,011)	(33)	0	2,115	(115)	1,352	4,218
13	1,618	(1,669)	91	361	(212)	(7)	0	444	(24)	284	886
14	0	0	0	0	0	0	0	0	0	1	1
15	1,618	(1,669)	91	361	(212)	(7)	0	444	(24)	285	887
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	1,618	(1,669)	91	361	(212)	(7)	0	444	(24)	285	887
20	634	(654)	36	141	(83)	(3)	0	174	(10)	112	347

[1] Statutory State Excise Tax Rate: 7.60%  
[2] Statutory Federal Income Tax Rate: 21.00%

NW Natural  
 Test year Normalizing Adjustments: TYPE II ADJUSTMENTS  
 2018 Oregon Earnings Review  
 (\$000)

Line No.	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	No Adjustments	Total Type II Adjustments
<u>Operating Revenues</u>										
1										\$0
2										0
3										0
4										0
5										0
6										0
7	0	0	0	0	0	0	0	0	0	0
<u>Operating Revenue Deductions</u>										
8	0									0
9										0
10										0
11	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0
14										0
15	0	0	0	0	0	0	0	0	0	0
16								0	0	0
17	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0
<u>Average Rate Base</u>										
19										0
20								0		0
21	0	0	0	0	0	0	0	0	0	0
22										0
23										0
24										0
25										0
26										0
27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	0	0	0	0	0	0	0	0	0	0

Northwest Natural Gas Company  
 Test year Normalizing Adjustments: TYPE II ADJI Income Tax Calculations  
 2018 Oregon Earnings Review  
 (\$000)

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

[1] Statutory State Excise Tax Rate: 7.60%  
 [2] Statutory Federal Income Tax Rate: 21.00%

**NW Natural  
Tax Provision - Historic  
2018 Oregon Earnings Review  
(\$000)**

<u>Line No.</u>	<u>State Taxes</u>	<u>Federal Taxes</u>
1 Operating Revenues	\$603,596	\$603,596
2 Operating Revenue Deductions	382,231	382,231
3 Property & Other Taxes	42,246	42,246
4 Book Depreciation	74,255	74,255
5 Interest (Rate Base * Cost of Debt)	31,069	31,069
6 State Tax Deduction	-	6,119
7 Subtotal	73,795	\$67,676
8 Permanent Differences	6,715	5,891
9 Taxable Income	80,510	\$73,568
10 Tax Rate	7.60%	21.00%
11 Tax Before Credits and Adjustments	6,119	15,449
12 Credits & Adjustments	0	(81)
13 Total Tax	<u>\$6,119</u>	<u>\$15,368</u>

NW Natural  
12 Months Ended December 31, 2018  
Input Assumptions  
Proforma Cost of Capital

Line No.	13-month averages			
	% of Total Capital	Average Cost	Average Weighted Cost	
	(a)	(b)	(c)	
1	Long Term Debt	51.33%	5.133%	2.63%
2	Preferred Stock	0.00%	0.000%	0.00%
3	Common Stock	48.67%	9.488%	4.62%
4	<b>Total</b>	<u>100.00%</u>		<u>7.25%</u>
<b>Revenue Sensitive Costs</b>				
5	Gas Sales	97.44%		
6	Transportation	3.12%		
7	Other	-0.56%		
8	<b>Subtotal</b>	<u>100.00%</u>		
9	O & M - Uncollectible	0.11%		
10	Franchise Taxes at	2.82%		
11	OPUC Fee	0.30%		
12	<b>State Taxable Income</b>	<u>96.78%</u>		
13	State Income Tax	7.35%		
14	<b>Federal Taxable Income</b>	<u>89.42%</u>		
15	Federal Income Tax	18.78%		
16	<b>Total Income Taxes</b>	<u>26.13%</u>		
17	<b>Total Revenue Sensitive Costs</b>	29.36%		
18	<b>Utility Operating Income</b>	<u>70.64%</u>		
19	Materials & Supplies	141.56%		
20	Interest Coordination Factor	2.63%		
21	Rate of Return	9.49%		
22	Federal tax rate	21.000%		
23	State tax rate	7.600%		
24	Franchise Fees	2.815%		
25	Uncollectible Accounts	0.11%		
26	Regulatory fees	0.300%		

NW Natural  
2018 Oregon Earnings Review  
Rate Base

	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 13 month average	
<b>SYSTEM</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	<b>System</b>	Allocation Method
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Gross Plant</b>															
<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	Total Customers
<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	Direct
<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	Direct
<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	Direct
<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	Direct
<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	3-Factor & Direct
<b>Storage and storage transmission</b>															
<b>CNG and LNG</b>	314,220,159	314,242,931	318,058,925	318,088,443	318,113,158	318,098,137	320,408,990	320,417,502	320,416,360	321,048,969	332,946,041	333,360,831	333,651,718	321,594,685	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	3,790,768	3,790,768	3-Factor
<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	187,307,385	Direct
<b>Total Gross Plant</b>	3,143,295,171	3,151,031,839	3,158,874,589	3,172,045,418	3,176,130,863	3,184,424,887	3,202,632,079	3,209,906,285	3,217,829,760	3,233,431,800	3,301,522,115	3,291,437,046	3,303,126,873	3,210,206,475	
<b>Accumulated Depreciation</b>															
<b>Intangible</b>															
<b>Production</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)	Total Customers
<b>Transmission</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)	Direct
<b>Distribution</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)	Direct
<b>General</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)	Direct
<b>Storage and storage transmission</b>															
<b>CNG and LNG</b>	(135,042,844)	(135,668,643)	(136,299,148)	(136,931,900)	(137,565,119)	(138,197,975)	(138,833,128)	(139,469,792)	(140,106,458)	(140,744,215)	(141,397,782)	(141,944,981)	(142,496,991)	(138,827,422)	Firm Delivered Volumes
	(2,131,737)	(2,134,382)	(2,137,026)	(2,139,671)	(2,142,315)	(2,144,959)	(2,147,604)	(2,150,248)	(2,152,893)	(2,155,537)	(2,158,182)	(2,160,826)	(2,163,470)	(2,148,274)	3-Factor
<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)	Direct
<b>Total Accumulated Depreciation</b>	(1,390,274,648)	(1,397,232,576)	(1,403,892,182)	(1,410,734,083)	(1,417,755,615)	(1,424,708,418)	(1,431,242,039)	(1,437,719,270)	(1,444,699,502)	(1,452,147,649)	(1,458,422,705)	(1,450,501,852)	(1,457,910,148)	(1,429,429,024)	
<b>Storage Gas</b>	57,654,525	50,289,097	42,010,055	40,471,736	39,544,729	43,166,608	48,720,648	52,796,855	54,947,892	59,696,094	60,623,031	61,990,280	51,045,475	50,717,252	Firm Delivered Volumes
<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)	Direct
<b>Customer Deposits</b>	(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)	(4,897,054)	Total Customers
<b>Materials and Supplies</b>	10,941,971	11,344,823	12,075,152	12,409,924	13,008,458	13,707,145	13,411,949	14,370,418	14,965,910	14,490,522	14,759,599	15,177,004	14,261,113	13,526,870	Gross Distribution Plant %
<b>Appliances</b>	(863,669)	(892,995)	(938,357)	(891,206)	(828,038)	(852,026)	(832,104)	(882,449)	(928,521)	(882,497)	(952,175)	(923,155)	(879,463)	(889,591)	Direct
<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	Direct & 3-Factor
<b>Total Rate Base Excluding ADIT</b>	1,812,649,635	1,806,483,974	1,799,967,312	1,805,118,682	1,801,878,540	1,807,434,702	1,824,361,027	1,830,103,791	1,833,610,676	1,846,037,690	1,909,366,641	1,908,908,081	1,901,304,409	1,835,854,011	

NW Natural  
2018 Oregon Earnings Review  
Rate Base

	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	Dec 17 - Dec 18
<u>OREGON</u>	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	Dec 17 - Dec 18
	Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	13 month average	
<u>Gross Plant</u>	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	
<b>Intangible</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	Total Customers
<b>Software</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	Direct
<b>Other</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	Direct
<b>Production</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	Direct
<b>Transmission</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	188,869,806	187,510,807	3-Factor & Direct
<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	Direct
<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	188,869,806	187,510,807	3-Factor & Direct
<b>Storage and storage transmission</b>	288,038,562	284,628,050	288,042,220	288,068,630	288,090,742	288,077,303	290,144,823	290,152,439	290,151,417	290,717,413	301,361,722	301,732,835	301,993,092	291,348,619	Firm Delivered Volumes
<b>CNG and LNG</b>	3,406,764	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3,364,686	3-Factor
<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	187,307,385	Direct
<b>Total Gross Plant</b>	2,820,662,065	2,816,845,926	2,823,843,697	2,834,329,314	2,837,361,553	2,843,718,127	2,857,660,076	2,864,684,573	2,870,674,824	2,884,249,977	2,941,409,893	2,931,121,970	2,941,274,514	2,865,572,352	
<b>Accumulated Depreciation</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)	Total Customers
<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)	Direct
<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)	Direct
<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)	Direct
<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)	(64,999,019)	(65,207,776)	(59,893,466)	3-Factor
<b>Storage and storage transmission</b>	(125,136,221)	(122,217,010)	(122,786,821)	(123,358,625)	(123,930,854)	(124,502,751)	(125,076,709)	(125,652,013)	(126,227,319)	(126,803,607)	(127,394,035)	(127,887,874)	(128,386,017)	(125,216,561)	Firm Delivered Volumes
<b>CNG and LNG</b>	(1,915,792)	(1,894,477)	(1,896,824)	(1,899,172)	(1,901,519)	(1,903,866)	(1,906,213)	(1,908,561)	(1,910,908)	(1,913,255)	(1,915,602)	(1,917,949)	(1,920,296)	(1,907,794)	3-Factor
<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)	Direct
<b>Total Accumulated Depreciation</b>	(1,260,093,520)	(1,262,046,067)	(1,268,004,212)	(1,274,127,372)	(1,280,426,364)	(1,286,736,568)	(1,292,571,531)	(1,298,697,775)	(1,304,940,416)	(1,311,619,707)	(1,317,191,315)	(1,310,218,460)	(1,316,850,349)	(1,291,254,310)	
<b>Storage Gas</b>	52,113,925	44,993,655	37,586,396	36,210,062	35,380,669	38,621,165	43,590,364	47,237,347	49,161,879	53,410,095	54,239,426	55,462,704	45,670,386	45,398,826	Firm Delivered Volumes
<b>Customer Advances</b>	(2,627,476)	(2,675,185)	(2,715,393)	(2,690,043)	(2,735,603)	(2,797,649)	(2,835,778)	(2,902,987)	(2,971,653)	(2,992,345)	(2,630,387)	(2,700,943)	(2,779,839)	(2,779,839)	Direct
<b>Customer Deposits</b>	(4,527,243)	(4,400,461)	(4,425,858)	(4,443,981)	(4,417,020)	(4,394,128)	(4,338,095)	(4,266,615)	(4,286,766)	(4,263,269)	(4,273,081)	(4,290,393)	(4,260,346)	(4,349,455)	Total Customers
<b>Materials and Supplies</b>	9,621,275	9,916,510	10,554,890	10,847,514	11,370,693	11,981,415	11,723,385	12,561,182	13,081,702	12,666,165	12,901,366	13,266,219	12,465,639	11,826,208	Gross Distribution Plant %
<b>Appliances</b>	(863,669)	(892,995)	(938,357)	(891,206)	(828,038)	(852,026)	(832,104)	(882,449)	(928,521)	(882,497)	(952,175)	(923,155)	(879,463)	(889,591)	Direct
<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	Direct & 3-Factor
<b>Total Rate Base Excluding ADIT</b>	1,614,534,296	1,601,969,531	1,596,108,158	1,599,420,128	1,595,884,450	1,599,697,819	1,612,535,303	1,617,852,878	1,619,890,580	1,630,647,796	1,683,562,948	1,681,773,892	1,674,680,328	1,623,662,566	



NW Natural  
2018 Oregon Earnings Review  
Rate Base

		2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	Dec 17 - Dec 18
		2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	Dec 17 - Dec 18
<u>WASHINGTON</u>		Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	13 month average
<u>Gross Plant</u>		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>															
<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</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)	(111,074,782)	(111,577,218)	(112,077,218)	(112,577,218)	(113,077,218)	(113,577,218)	(114,077,218)
<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</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>		5,540,600	5,295,442	4,423,659	4,261,674	4,164,060	4,545,443	5,130,284	5,559,508	5,786,013	6,285,999	6,383,605	6,527,576	5,375,089	5,318,426
<b>Customer Advances</b>		(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)	(756,956)
<b>Customer Deposits</b>		(560,118)	(554,455)	(557,655)	(559,939)	(556,542)	(553,657)	(546,597)	(537,591)	(540,130)	(537,169)	(538,405)	(540,587)	(536,801)	(547,599)
<b>Materials and Supplies</b>		1,320,696	1,428,313	1,520,262	1,562,410	1,637,765	1,725,730	1,688,564	1,809,236	1,884,208	1,824,357	1,858,233	1,910,785	1,795,474	1,700,662
<b>Appliances</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Leasehold Improvements</b>		68,950	28,891	26,212	23,534	22,612	19,943	17,600	15,146	12,604	10,052	7,499	7,085	6,671	19,082
<b>Total Rate Base Excluding ADIT</b>		198,153,269	204,514,442	203,859,154	205,698,553	205,994,090	207,736,883	211,825,724	212,250,913	213,720,096	215,389,894	225,803,693	227,134,189	226,624,081	212,193,026

Average Rate Base Allocation Factors

	OR	WA	System
<b>13 MONTH AVERAGES:</b>			
<b>Average Gross Plant</b>	2,865,572,352	344,634,123	3,210,206,475
<b>Gross Plant Average Factor</b>	89.26%	10.74%	
<b>Average Accumulated Deprec</b>	(1,195,410,102)	(138,174,714)	(1,333,584,815)
<b>Accumulated Deprec Average Factor</b>	89.64%	10.36%	
<b>Average Leasehold Improvements</b>	138,375	19,082	157,457
<b>Leasehold Improvement Average Factor</b>	87.88%	12.12%	
<b>Average Customer Advances</b>	(2,779,839)	(756,956)	(3,536,795)
<b>Customer Advance Average Factor</b>	78.60%	21.40%	
<b>Growth in Gross Plant</b>	120,612,449	39,219,253	159,831,701
<b>Gross Plant Growth Factor</b>	75.46%	24.54%	
<b>Average Materials &amp; Supplies</b>	56,335,444	7,019,088	63,354,532
<b>Materials &amp; Supplies Average Factor</b>	88.92%	11.08%	
<b>Average Distribution Plant</b>	1,928,753,632	277,771,230	2,206,524,863
<b>Distribution Plant Average Factor</b>	87.41%	12.59%	
<b>Average Total Rate Base</b>	1,623,662,566	212,193,026	1,835,855,592
<b>Rate Base Average Factor</b>	88.44%	11.56%	

**NW Natural**  
**2018 Oregon Earnings Review**  
**12 Months Ended December 31, 2018**

**Deferred Income Taxes**

1 **WA Allocation factor: Accumulated Depreciation** **10.36%**

2  
3 **2017 December Balances:**

	Federal	State	SYS Total	Washington Allocation	Oregon Allocation	
4						
5						
6						
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 - Gas Reserves	(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	<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>

13  
14  
15  
16  
17 **2018 December Balances:**

	Federal	State	SYS Total	Washington Allocation	Oregon Allocation	
18						
19						
20						
21						
22	Accumulated Deferred Income Tax - Depreciation	(375,749,305)	(62,268,085)	(438,017,390)	(40,303,339)	(397,714,051)
23	Accumulated Deferred Income Tax - Gas Reserves	(26,599,176)	(4,238,338)	(30,837,514)	0	(30,837,514)
24	Accumulated Deferred Income Tax - Other	(17,344,889)	(2,188,948)	(19,533,837)	(927,948)	(18,060,492)
25						
26	<b>2018 Balances</b>	<b>(419,693,370)</b>	<b>(68,695,371)</b>	<b>(488,388,741)</b>	<b>(41,231,287)</b>	<b>(446,612,057)</b>

27  
28  
29 **Simple Average December Balances (use for Rate Base)** **(41,147,775)** **(442,340,830)**

30  
31  
32  
33 **Gas Reserves Average December Balances** **(32,377,274)**

**NW Natural  
State Allocation Factors  
As of December 31, 2018**

<b>Allocation Factors - Summary</b>	<b>Oregon</b>	<b>Washington</b>
Customers-all	88.810%	11.190%
Customers-Residential	88.720%	11.280%
Customers-Commercial	89.680%	10.320%
Customers-Industrial	91.590%	8.410%
Customers-The Dalles	74.790%	25.210%
3-factor	88.760%	11.240%
firm sales volumes	89.470%	10.530%
sales volumes	90.000%	10.000%
sendout volumes	91.540%	8.460%
sales/sendout volumes	90.770%	9.230%
Customers Portland/Vancouver	84.660%	15.340%
Customers Portland/Vancouver 80%	87.730%	12.270%
Customers Portland/Vancouver Commercial	84.700%	15.300%
Payroll	89.570%	10.430%
Admin Transfer	86.880%	13.120%
Employee Cost	89.235%	10.765%
Regulatory	70.000%	30.000%
Telemetry	87.234%	12.766%
Direct-Wa	0.000%	100.000%
Direct-Or	100.000%	0.000%
Gross plant direct assign	88.230%	11.770%
Transmission	98.860%	1.170%
Depreciation	88.680%	11.320%
Rate Base	88.442%	11.558%

**NW Natural  
State Allocation Factors  
As of December 31, 2018**

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

**NW Natural  
State Allocation Factors**

**Volumes - 12 Months Ended 12/31/18**

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

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

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

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

**December 31, 2018**

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

**December 31, 2017**

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

**Average**

	<b>System</b>	<b>Oregon</b>	<b>Washington</b>
<b>Intangible - Other</b>	84,795	84,348	447
<b>Production</b>	675,198	675,198	0
<b>Transmission</b>	174,469,959	173,355,122	1,114,837
<b>Distribution</b>	2,213,122,578	1,933,230,346	279,892,232

**Gross Plant Directly Assigned  
% of System**

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

1	<b><u>Oregon Total Revenues</u></b>	
2		<u>Revenue</u>
3		
4	Sales Revenues	583,347,858
5	Unbilled Revenues	(4,340,441)
6		<hr/>
7		
8	Total Sales Revenues	579,007,417
9		
10	Transportation Revenues	<u>19,420,266</u>
11		
12	Grand Total Revenues	<u><u>598,427,683</u></u>
13		
14		
15	<b><u>Gas Costs</u></b>	
16		
17	Demand Charges	69,995,997
18		
19	Commodity Charges	175,880,940
20		
21		
22	Oregon Deferral Activities	<u>(14,378,382)</u>
23		
24	Grand Total Gas Costs	<u><u>231,498,555</u></u>
25		
26		

<b>Normalization Adjustments</b>		
<b><u>Revenue Adjustment</u></b>	<b><u>Therms</u></b>	<b><u>Revenue</u></b>
<b><u>WARM Adjustment</u></b>		
WARM Revenues		(4,108,948)
WARM Revenues - Unbilled		<u>(4,847,285)</u>
		(8,956,233)
<b><u>Weather Normalization Adjustment</u></b>		
Residential	17,340,080	14,732,850
Commercial	<u>30,155,263</u>	<u>22,416,846</u>
	47,495,344	37,149,696
<b>TOTAL NORMALIZING MARGIN ADJUSTMENT</b>	<b><u><u>47,495,344</u></u></b>	<b><u><u>28,193,463</u></u></b>
<b><u>Gas Cost Adjustment</u></b>		
		<b><u>Cost of Gas</u></b>
WACOG equalization		0
Weather Normalization Gas Costs		<u>18,938,150</u>
<b>TOTAL GAS COST ADJUSTMENT</b>	Type I	<b><u><u>18,938,150</u></u></b>

1 **Weather Normalization**  
 2  
 3

	Residential			Commercial			
	Volumes	Revenues	Gas Costs	Volumes	Revenues	Gas Costs	
4							
5							
6							
7	<b>January</b>	6,880,710	5,888,305	2,828,453	6,666,123	4,964,262	2,740,243
8	<b>February</b>	(4,874,812)	(4,171,718)	(2,003,889)	1,774,429	1,321,417	729,415
9	<b>March</b>	(2,959,051)	(2,532,267)	(1,216,377)	1,212,187	902,716	498,294
10	<b>April</b>	258,426	221,154	106,231	2,398,393	1,786,083	985,907
11	<b>May</b>	6,124,221	5,240,925	2,517,484	4,172,762	3,107,456	1,715,297
12	<b>June</b>	173,252	148,264	71,219	1,513,143	1,126,838	622,008
13	<b>July</b>	503,178	430,605	206,841	1,994,707	1,485,458	819,964
14	<b>August</b>	2,036,204	1,742,522	837,022	2,638,475	1,964,873	1,084,598
15	<b>September</b>	(687,154)	(588,046)	(282,468)	1,306,551	972,989	537,084
16	<b>October</b>	2,670,558	2,285,383	1,097,786	3,121,643	2,324,688	1,283,214
17	<b>November</b>	3,208,124	2,698,161	1,141,001	1,903,818	1,395,213	677,112
18	<b>December</b>	4,006,426	3,369,564	1,424,925	1,453,031	1,064,854	516,785
19							
20	<b>Total</b>	17,340,080	14,732,850	6,728,229	30,155,263	22,416,846	12,209,921

21  
 22  
 23  
 24  
 25  
 26 **Total Revenue Change** 37,149,696

27 **Total Gas Cost Change** 18,938,150

NW Natural  
2018 Oregon Earnings Review  
Adjustments to Miscellaneous Revenues  
(\$000)

Worksheet 2b

Line No.	Actual (a)	Normalized (b)	Adjustment (c)	
<b><u>Revenue &amp; Technical Adjustments</u></b>				
1	(\$106.2)	(\$106.2)	\$0.0	
2	11,590.8	\$11,590.8	0.0	
3	0.0	\$0.0	0.0	
4	(4,502.0)	(\$4,502.0)	0.0	
5	0.0	\$0.0	0.0	
6	(11,780.8)	(\$11,780.8)	0.0	
7	(6,788.0)	(\$6,788.0)	0.0	
8	0.0	\$0.0	0.0	
9	0.0	\$0.0	0.0	
10	0.0	\$0.0	0.0	
11	0.0	\$0.0	0.0	
12	4,054.2	\$4,054.2	0.0	
13	<u>(7,531.9)</u>	<u>(7,531.9)</u>	<u>0.0</u>	
14	<u>6,695.5</u>	<u>0.0</u>	<u>(6,695.5)</u>	
15	<u>1,058.9</u>	<u>0.0</u>	<u>(1,058.9)</u>	
<b><u>Other Miscellaneous Revenues</u></b>				
16	875.1	\$870.7	(\$4.5)	[1]
17	106.0	101.6	(4.4)	[1]
18	1,926.6	1,983.2	56.5	[1]
19	443.3	342.5	(100.8)	[1]
20	167.5	176.7	9.2	[1]
21	153.0	112.8	(40.3)	[1]
22	33.6	37.6	3.9	[1]
23	1,240.5	413.5	(827.0)	[1]
24	<u>4,945.8</u>	<u>4,038.5</u>	<u>(907.3)</u>	

**Notes:**

[1] Normalized to 3-year average



NW Natural  
 2018 Oregon Earnings Review  
 Advertising and Promotional Adjustment

Worksheet 2c

<u>Line No.</u>	<u>Amount (a)</u>
<u>Advertising Expense - Test Period</u>	
1 Category A	1,519,745
2 Category B	707,408
3 Category C	529,245
4 Category E	<u>0</u>
5 Total Advertising Expense	<u><u>\$2,756,398</u></u>
6 Allocation Factor (Residential Customers)	88.72%
7 Advertising Expense Allocated to Oregon	<u>\$2,445,476</u>
<u>Category A Threshold</u>	
8 Total Oregon Customers - 2018-2019 average	660,901
9 UG 221 allowed \$2.19 per customer	<u>\$2.19</u>
10 Category A Allowable	1,447,373
11 Total OR Allowable Expense (OR Line 2 plus lesser of OR Lines 1 and 10)	<u>1,975,930</u>
12 Advertising Disallowance Allocated to Oregon	<u><u>(\$469,546)</u></u>

NW Natural  
 2018 Oregon Earnings Review  
 Dues/Memberships and Other Promotional Adjustment

Worksheet 2d

Line No.	Operating		Non-Operating		Amount (e)	
	Amount (a)	Percent (b)	Amount (c)	Percent (d)		
1	Gas Technology Institute	\$503,650	100%	\$503,650	0%	\$0
2	AGA	339,249	75%	254,437	25%	84,812
3	Western Energy Institute	19,842	75%	14,881	25%	4,960
4	Other	80,232	50%	40,116	50%	40,116
5	<b>Total</b>	<u>\$942,973</u>		<u>\$813,084</u>		<u>\$129,889</u>
6	Allocation Factor (3-Factor)					<u>88.76%</u>
7	Non-Operating Dues/Memberships Adjustment Allocated to Oregon					<u>115,289</u>
8	Oregon Promotional and Other Expense					<u>1,745,302</u>
9	Dues/Memberships and Other Promotional Adjustment to Oregon					<u><b>(\$1,860,591)</b></u>

NW Natural  
2018 Oregon Earnings Review  
Property Tax Adjustment  
(\$000)

Worksheet 2e

<u>Line No.</u>	<u>Amount (a)</u>
1 Property Tax Accrual - Oregon	\$19,108
2 Property Taxes Paid - Oregon	<u>20,202</u>
3 Property Tax Adjustment	<u><u>\$1,094</u></u>

NW Natural  
2018 Oregon Earnings Review  
Uncollectible Accounts Adjustments  
(\$000)

Worksheet 2f

Line No.		2016-2018 Total (a)	2018 Actual (b)	2017 Actual (c)	2016 Actual (c)
<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	<b>Total</b>	<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	<b>Total</b>	<u>2,215</u>	<u>568</u>	<u>848</u>	<u>799</u>
<b>Write-Off Percentage</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	<b>Weighted Total [1]</b>	<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	-			
20	<b>Total</b>	<u>\$720</u>			
21	<b>Materials &amp; Supplies Allocation Factor (Total Customers)</b>	<u>88.81%</u>			
22	<b>Oregon Normalized Amount</b>	640			
23	<b>Oregon Allocation of Accrued Amount</b>	<u>604</u>			
24	<b>Adjustment (Normalized less Accrued)</b>	<u><u>\$36</u></u>			

[1] Weighted uncollectible rate of : 0.1090% is used on page 1, column (b).

NW Natural Company  
2018 Oregon Earnings Review  
Common Stock Issuance expense

Worksheet 2g

<u>Line No.</u>	<u>Amount (a)</u>
1 Capital Stock Expense - 2016	\$4,113,920
2 Capital Stock Expense - 2017	0
3 Capital Stock Expense - 2018	<u>0</u>
4 Three Year Average	\$1,371,307
5 Allocation Factor (Rate Base)	<u>88.442%</u>
6 Allocated to Oregon (w/proration)	<u><u>\$1,010,676</u></u>

NW Natural  
2018 Oregon Earnings Review  
Bonus Adjustment  
(\$000)

Worksheet 2h

Line No.	Assumptions:	Disallowance	Employee Merit	Company Performance
1	UG 221 requirements			
	Officer incentives	100%		
2	Employee merit	50%		
3	Company performance	75%		
<b>2016 Incentive Allocation</b>				
4	Key goals		77.9%	22.1% Apply to NBU and BU key goals.
5	NBU short-term incentives		100.0%	0.0% Apply to NBU performance bonus.

Employee merit and Company performance incentives

	Key Goals		Performance Bonus	
	O&M	Capital	O&M	Capital
6 Officers	0	0	1,525,737	468,852
7 Non-officers exec. incentive	0	0	0	0
8 NBU	0	0	4,439,360	2,190,305
9 BU	538,300	342,084	0	0
10	<u>538,300</u>	<u>342,084</u>	<u>5,965,097</u>	<u>2,659,157</u>

UG 221 Disallowance

	O&M	Capital	
11 Officer incentives (includes non-officers exec. incentive)	(1,525,737)	(468,852)	= 100% of perf. bonus
12 NBU based on employee merit	(2,219,680)	(1,095,153)	= (Key goals x 77.9% x 50%) + (Perf. bonus x 100% x 50%)
13 BU based on employee merit	(209,668)	(133,242)	= (Key goals x 77.9% x 50%)
14 NBU based on company performance	0	0	= (Key goals x 22.1% x 75%)
15 BU based on company performance	(89,223)	(56,700)	= (Key goals x 22.1% x 75%)
16	<u>(4,044,308)</u>	<u>(1,753,947)</u>	
17 25% reduction per UG 221 stipulation	<u>1,011,077</u>	<u>438,487</u>	
18 Total adjustment	<u>(3,033,231)</u>	<u>(1,315,460)</u>	

Materials & Supplies

19 Allocation factor (O&M=Payroll, Capital=Rate base)	89.57%	88.44%
20 Oregon bonus adjustment (w/proration)	<u>(2,264,054)</u>	<u>(969,516)</u>

NW Natural  
2018 Oregon Earnings Review  
Rate Case Expense  
(\$000)

Worksheet 2i

<u>Line</u> <u>No.</u>		
1	Rate case amortization (w/ proration)	<u>\$125</u>
2	(Per UG 221, Order No. 12-408 - \$750 over 5 years)	

**NW Natural**  
**2018 Oregon Earnings Review**  
**12 Months Ended December 31, 2018**  
**UG 344 Regulatory Adjustments**

**UG 344 Adjustments:**

O&M Adjustments:

Salary/Incentives/Medical Ben.	\$ 5,791,000
Misc. A&G	\$ 3,306,000
D&O Insurance Premiums	\$ 191,000
Membership Dues	\$ 187,039
Meals and Entertainment	\$ 910,000
Promotions and Concessions Adj.	\$ (1,655,232)
<b>TOTAL</b>	<b>\$8,729,807</b>
Proration (2/12 months)	16.7%
<b>Total Adjustment</b>	<b>\$1,454,968</b>

**UG 344 Adjustments:**

Capital Adjustments:

Salary/Incentives/Medical Ben.	\$ 2,300,000
<b>TOTAL</b>	<b>\$2,300,000</b>
Proration (2/12 months)	16.7%
<b>Total Adjustment</b>	<b>\$ 383,333</b>



NW Natural  
Schedule of Regulatory Assets and Liabilities  
Balances as of December 31, 2018

Account	Account Name	Description	Docket	Included in OR Rate Base?	Balancing Account?	Balance at 12/31/18
<b>REGULATORY ASSETS</b>						
192640	FAS 133 Short-term Regulatory Losses - Financial	This account is used for recording the mark-to-market adjustment for the difference between the fixed price and the fair value of a financial derivative (losses in this case) at a point in time. As required by GAAP, this account captures the adjustment for financial derivatives that will settle within 12 months. Since this relates to hedges on gas costs for sales customers, it is included in the regulatory deferrals classification. The offsetting account is 262640. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	11,103,000
192645	FAS 133 Short-term Regulatory Losses - Physical	This account is used to record the fair value of the index adjuster (to be paid out) on existing commodity deals within the next 12 months. Since this relates to physical gas purchases for sales customers, it is included in the regulatory deferrals classification. The offsetting account is 262645. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	893,000
192647	FAS 133 Short-term Regulatory Losses - Physical Options	This account captures the fair value of existing physical commodity options (losses in this case) for potential gas flows within the next 12 months using a Black 76 model calculation. Since this relates to gas costs for sales customers, it is included in the regulatory deferrals classification. The offsetting account is 262648. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	385,000
192630	FAS 133 Long-term Regulatory Losses - Financial	This account is used for recording the mark-to-market adjustment for the difference between the fixed price and the fair value of a financial derivative (losses in this case) at a point in time. As required by GAAP, this account captures the adjustment for financial derivatives that will settle beyond 12 months. Since this relates to hedges on gas costs for sales customers, it is included in the regulatory deferrals classification. The offsetting liability account is 262630. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	3,025,000
192635	FAS 133 Long-term Regulatory Losses - Physical	This account is used to record the fair value of the index adjuster (to be paid out) on existing commodity purchase deals beyond 12 months. Since this relates to physical gas purchases for sales customers, it is included in the regulatory deferrals classification. The offsetting liability account is 262635. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	-
192637	FAS 133 Long-term Regulatory Losses - Physical Options	This account captures the fair value of existing physical commodity options (losses in this case) for potential gas flows beyond the next 12 months using a Black 76 model calculation. Since this relates to gas costs for sales customers, it is included in the regulatory deferrals classification. The offsetting liability account is 262638. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	-
189006	Unamortized Loss 9.800% Bonds	Represents the unamortized balance of the discount at which the bond was issued. The balance is being amortized over the life of the bonds.	This is included in the embedded cost of debt which is considered in a rate case. Most recently: Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	31,320
189007	Unamortized Loss 9.125% Bonds	Represents the unamortized balance of the discount at which the bond was issued. The balance is being amortized over the life of the bonds.	This is included in the embedded cost of debt which is considered in a rate case. Most recently: Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	-

189008	Unamortized Loss 9.75% Bonds	Represents the unamortized balance of the discount at which the bond was issued. The balance is being amortized over the life of the bonds.	This is included in the embedded cost of debt which is considered in a rate case. Most recently: Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	1,063,140
189013	Unamortized Loss 5.62% Bonds	Represents the unamortized balance of the discount at which the bond was issued. The balance is being amortized over the life of the bonds.	This is included in the embedded cost of debt which is considered in a rate case. Most recently: Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	713,632
182302	Current Regulatory Asset - Income Tax	Balance represents the current portion of future rate recovery of deferred tax assets, resulting from differences in utility plant financial statement and tax bases and utility plant removal costs, which were previously flowed through for rate making purposes and to account for the additional future taxes (i.e., gross up) and will be generated by that recovery.	Utility deferred tax assets and liabilities have been included and approved in rate base in our most recent general rate cases. Oregon - UG 344 (Order 18-419) Washington - UG 080546	Yes	No	2,217,654
186016	FAS 109 Deferred Tax Asset	Balance represents the non-current portion of future rate recovery of deferred tax liabilities, resulting from differences in utility plant financial statement and tax bases and utility plant removal costs, which were previously flowed through for rate making purposes and to account for the additional future taxes (i.e., gross up) and will be generated by that recovery.	Included in rate base in our last general rate cases: Oregon - UG 344 and (Order 18-419) Washington - UG 080546	Yes	No	16,839,306
186020	Tax - AFUDC Equity Recovery	Balance represents the book-tax difference in accrued AFUDC equity interest.	N/A	Yes - calculation of PGE rate base	No	2,345,213
186145	Environmental site deferral - Gasco - Oregon	Includes 96.68% of pre-prudence reviewed costs incurred pertaining to remediation of Gasco Upland, Source Control, Sediments, and Siltronic beginning in 2017 forward. Also includes 100% of estimated future costs to complete remediation of which a portion will be allocated to Washington once the costs are incurred. Interest is charged only on the actual spend amounts.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	121,858,382
186147	Environmental site deferral - Siltronic - Oregon	This account captured pre-prudence reviewed costs; however, all costs have since been approved as prudent. From 2017 forward remediation activities are included in the Gasco site.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	0
186148	Environmental site deferral - Harbor - Oregon	Includes 96.68% of pre-prudence reviewed costs incurred pertaining to the Portland Harbor. Also includes 100% of estimated future costs to complete remediation of which a portion will be allocated to Washington once the costs are incurred. Interest is charged only on the actual spend amounts.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	9,118,721
186149	Environmental site deferral - PGM - Oregon	Includes 96.68% of pre-prudence reviewed costs incurred pertaining to the Portland Harbor. Also includes 96.68% of estimated future costs to complete remediation. Interest is charged only on the actual spend amounts.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	11,882,794
186151	Environmental site deferral - Tar - Oregon	This account captured pre-prudence reviewed pertaining to an early action to clean up a tar body at the Gasco site as required by the EPA. All costs have since been approved as prudent.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	-
186152	Environmental site deferral - Oregon Steel - Oregon	This account captured 96.68% of pre-prudence reviewed costs incurred pertaining to the Oregon Steel site. These costs have since been deemed prudent. It also includes 96.68% of estimated future costs. Interest is charged only on the actual spend amounts.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	179,077
186153	Environmental site deferral - Central - Oregon	Includes 96.68% of pre-prudence reviewed costs incurred pertaining to the Central Service Center site. Also includes 100% of estimated future costs to complete remediation of which a portion will be allocated to Washington once the costs are incurred. Interest is charged only on the actual spend amounts.	Oregon - UM 1078 (last OPUC order was 18-120)	No	No	23,205
186160	Insurance and Third Party Recoveries - Oregon	Includes 96.68% of insurance proceeds and third party recoveries received that have yet to be applied towards pre-prudence spend and future costs.	Oregon - UM 1078 (last OPUC order was 18-120) Oregon - UM 1635 (Orders 16-029 and 15-049)	No	No	(74,356,710)
186282	Insurance Carryforward - Oregon	Balance represents the excess of offsets (insurance proceeds and third party recoveries) to costs deemed prudent in prior years which will be applied to be towards future year costs.	Oregon - UM 1635 (Orders 16-029 and 15-049)	No	No	(10,531,917)

186161	Environmental Base Rate Deferral - Oregon	Represents the accumulation of \$5M collected annually in Oregon customers' base rates. This is applied to costs once deemed prudent.	Oregon - UM 1635 (Orders 16-029 and 15-049)	No	No	(5,000,000)
186175	Environmental site deferral - Gasco - Washington	Includes 3.32% of costs incurred pertaining to remediation of Gasco Upland, Source Control, Sediments, and Siltronic beginning in 2017 forward.	Washington - UG-110199	No	No	2,642,102
186176	Environmental site deferral - Central - Washington	Includes 3.32% of costs incurred pertaining to remediation of the Central Service Center site.	Washington - UG-110199	No	No	23,149
186177	Environmental site deferral - Tar - Washington	Includes 3.32% of costs incurred pertaining to the early action to clean up of a tar body as required by the EPA.	Washington - UG-110199	No	No	18,093
186178	Environmental site deferral - Harbor - Washington	Includes 3.32% of costs incurred pertaining to the Portland Harbor.	Washington - UG-110199	No	No	320,110
186179	Environmental site deferral - Siltronic - Washington	Includes 3.32% of costs incurred pertaining to the Siltronic site until remediation efforts to clean up Siltronic were combined with the Gasco site.	Washington - UG-110199	No	No	54,276
186180	Insurance and Third Party Recoveries - Washington	Includes 3.32% of insurance proceeds and third party recoveries received for environmental remediation efforts.	Washington - UG-110199	No	No	(3,613,567)
186182	Environmental SRRM Post Prudence - Oregon	Balance represents costs deemed prudent that will be recovered on a rolling 5 year basis.	Oregon - UG 221 (Orders 12-408 and 12-437) UM 1635 (Orders 16-029 and 15-049)	No	No	24,575,444
186183	Environmental SRRM Amortization - Oregon	Represents costs currently being amortized through customer rates.	Oregon - UG 351 (Order 18-398)	No	No	4,556,502
186404	DBP Pension Costs	Represents the accumulated gains/losses on the pension plan due to changes in actuarial assumptions (mortality rates, discount rate, expected returns, etc.) as well as prior service cost adjustments. These amounts are generally amortized over the remaining service period of active employees.	Amortization of these accounts are included in pension expense in NW Natural's general rate cases. Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	170,542,455
186406	FAS 106 Costs	Represents the accumulated gains/losses on post retirement medical plan due to changes in actuarial assumptions (mortality rates, discount rate, expected returns, etc.) as well as prior service cost adjustments. These amounts are generally amortized over the remaining service period of active employees.	Amortization of these accounts are included in pension expense in NW Natural's general rate cases. Oregon - UG 344 (Order 18-419) Washington - UG-080546	No	No	4,450,878
191400	Commodity Cost Deferral - Oregon	Represents 90% of the difference between estimated commodity costs embedded in current Oregon customer rates and actual commodity costs.	Oregon - UM 1496 (last OPUC order was 17-397)	No	No	9,825,762
191401	Commodity Cost Amortization - Oregon	Represents the prior PGA year's commodity deferrals currently being amortized in customer's rates.	Oregon - UG 355 (Order 18-386)	No	No	(11,914,748)
191410	Demand Cost Deferral - Oregon	Represents the difference between estimated pipeline capacity costs embedded in current Oregon customer rates and actual pipeline capacity costs.	Oregon - UM 1496 (last OPUC order was 17-397)	No	No	(456,497)
191411	Demand Cost Amortization - Oregon	Represents the prior PGA year's demand deferrals currently being amortized in customer's rates.	Oregon - UG 355 (Order 18-386)	No	No	(2,929,436)
191417	Coos County Demand Cost Deferral - Oregon	Represents the the Coos County pipeline demand charge in excess of the surcharge collected from Coos Bay customers.	Oregon - UG 152 (Order 03-236)	No	No	61,988
191420	Commodity Cost Deferral - Washington	Represents the difference between estimated commodity costs embedded in current Washington customer rates and actual commodity costs.	WA - UG 090684	No	No	1,347,672
191421	Commodity Cost Amortization - Washington	Represents the prior PGA year's commodity deferrals currently being amortized in customer's rates.	WA - UG-180785	No	No	(1,623,756)
191430	Demand Cost Deferral - Washington	Represents the difference between the pipeline capacity costs collected from Washington customers and actual pipeline capacity costs.	WA - UG 090684	No	No	(245,058)
191431	Demand Cost Amortization - Washington	Represents the prior PGA year's demand deferrals currently being amortized in customer's rates.	WA - UG-180785	No	No	(565,466)
191450	Seasonalized Demand Cost Deferral - Oregon	Represents the difference between the pipeline capacity costs collected from Oregon customers and estimated pipeline capacity costs on a seasonalized basis.	Oregon - UM 1496 (last OPUC order was 17-397)	No	No	1,454,078

191451	WACOG Equalization - Oregon	Tracks the monthly difference between the annual PGA Rate in Oregon and the monthly estimated commodity costs used to develop that rate. For the PGA year, the activity nets to \$0.	Oregon - UM 1496 (last OPUC order was 17-397)	No	No	180,739
186203	Estimated Unbilled Revenues - estimated amortizations	Whereas the other amortization accounts calculate the amortization of deferrals based on customer billings, this account tracks the amortization of other deferrals based on estimated unbilled volumes for a month. This estimate is reversed the following month and the amortizations are recorded in their respective accounts based on billed volumes.	n/a - for GAAP reporting purposes only as we report on an accrual basis	No	No	128,377
186232	Oregon Industrial DSM Deferral	Represents the payments made to Energy Trust of Oregon for administering a DSM program on NWN's behalf. The cost is then passed on to Oregon industrial customers.	Oregon - UM 1420 (last OPUC order was 18-378)	No	No	840,069
186233	Oregon Industrial DSM Amortization	Represents the prior Program Year's Industrial DSM deferrals currently being amortized in customer's rates.	Oregon - UG 352 (Order 18-399)	No	No	4,943,589
186234	Washington GREAT Program Deferral	Represents the deferral of costs for the bill pay assistance program offered to Washington residential customers that qualify for the program.	Washington - UG 011230 and UG 011231	No	No	63,311
186235	Washington GREAT Program Amortization	Represents the prior year's deferrals currently being amortized in customer's rates.	Washington - UG-180784	No	No	284,730
186236	Oregon Regulatory Fee Deferral	Deferral of the difference between the PUC fee rate embedded in rates and the actual PUC fee rate.	Oregon - UM 1766 (last OPUC order was 18-136)	No	No	-
186237	Oregon Regulatory Fee Amortization	Represents the prior PGA year's PUC deferral currently being amortized in customer's rates.	Oregon - UG 350	No	No	193,556
186238	Oregon Residential WARM Deferral	Represents the portion of WARM adjustments to Oregon Residential customer bills that exceed or fall below thresholds on a bill-by-bill basis. This deferral is then amortized in all Oregon Residential rates the following PGA year.	Oregon - UM 1798 (last OPUC order was 19-029)	No	No	64,014
186239	Oregon Residential WARM Amortization	Represents the prior PGA year's Residential WARM deferral currently being amortized in customer's rates.	Oregon - UG 354 (Order 18-397)	No	No	453,624
186244	Oregon Commercial WARM Deferral	Represents the portion of WARM adjustments to Oregon Commercial 3 customer bills that exceed or fall below thresholds on a bill-by-bill basis. This deferral is then amortized in all Oregon Commercial 3 rates the following PGA year.	Oregon - UM 1798 (last OPUC order was 19-029)	No	No	98,028
186245	Oregon Commercial WARM Amortization	Represents the prior PGA year's Commercial WARM deferral currently being amortized in customer's rates.	Oregon - UG 354 (Order 18-397)	No	No	577,658
186250	Western States Pension Regulatory Asset - Oregon	In 2013, NWN withdrew from a multi-employer retirement plan which resulted in a one-time charge to exit the plan. This account, approved by an OPUC accounting order, captures the deferral of the one-time charge (representing the PV of 20 years of payments) allocated to Oregon and is being amortized over the 20 years of payments to the plan for withdrawing. The offset is included in liability account 253201. In particular, this account includes the payments to be made beyond 12 months whereas account 186251 represents the payments to be made within 12 months.	Oregon - UM 1680 (Order 14-041)	No	No	5,801,461
186251	Curr. Portion of West States Pension Asset - Oregon	See explanation in account 186250. This account represents the payments to be made in the next 12 months.	Oregon - UM 1680 (Order 14-041)	No	No	306,446
186254	Western States Pension Regulatory Asset - Washington	In 2013, NWN withdrew from a multi-employer retirement plan which resulted in a one-time charge to exit the plan. This account, approved by a WUTC accounting order, captures the deferral of the one-time charge (representing the PV of 20 years of payments) allocated to Washington and is being amortized over the 20 years of payments to the plan for withdrawing. The offset is included in liability account 253201. In particular, this account includes the payments to be made beyond 12 months whereas account 186251 represents the payments to be made within 12 months.	Most recent docket approving the retirement plan expense in rates Washington Docket UG-080546	No	No	669,772
186257	Curr. Portion of West States Pension Asset - Washington	See explanation in account 186254. This account represents the payments to be made in the next 12 months.	Most recent docket approving the retirement plan expense in rates Washington Docket UG-080546	No	No	35,379
186265	Oregon Commercial 31 Decoupling Deferral	Represents deferral of the margin difference caused by the differences between actual Oregon Commercial 31 customer volumes (normalized for weather) and baseline volumes set in the most recent rate case.	Oregon - UG 344 (Order 18-419)	No	No	27

186270	Oregon Commercial 3 Decoupling Deferral	Represents deferral of the margin difference caused by the differences between actual Oregon Commercial 3 customer volumes (normalized for weather) and baseline volumes set in the most recent rate case.	Oregon - UM 1027 (last OPUC order was 17-396)	No	No	2,677,123
186271	Oregon Commercial 3 Decoupling Amortization	Represents the prior PGA year's Commercial 3 decoupling deferral currently being amortized in customer's rates.	Oregon - UG 353 (Order 18-402)	No	No	8,453,677
186275	Oregon Residential Decoupling Deferral	Represents deferral of the margin difference caused by the differences between actual Oregon Residential customer volumes (normalized for weather) and baseline volumes set in the most recent rate case.	Oregon - UM 1027 (last OPUC order was 17-396)	No	No	572,867
186276	Oregon CUB Intervenor Funding Deferral	Represents the payments made to the Citizens Utility Board as ordered by the OPUC. The cost is then passed on to Oregon residential customers via rates each PGA year.	Oregon - UM 1101 (last OPUC order was 18-412)	No	No	-
186277	Oregon Residential Decoupling Amortization	Represents the prior PGA year's Residential decoupling deferral currently being amortized in customer's rates.	Oregon - UG 353 (Order 18-402)	No	No	(2,264,368)
186278	Oregon NWIGU/AWEC Intervenor Funding Deferral	Represents the payments made to the industrial user intervenor group as ordered by the OPUC. The cost is then passed on to Oregon industrial customers via rates each PGA year.	Oregon - UM 1101 (last OPUC order was 18-412)	No	No	6,600
186284	Oregon Intervenor Funding Deferral - Issue Specific	Includes payments made to intervenor groups for the work performed in specific dockets. The cost is then passed on to the appropriate customer classes through rates each PGA year.	Oregon - UM 1101 (last OPUC order was 18-412)	No	No	147,703
186285	SB 844 Deferral	Balance captures the deferral of costs incurred related to projects submitted (or to be submitted) under Oregon Senate Bill 844.	Oregon - UM 1714 (last OPUC order was 19-065)	No	No	79,195
186286	Oregon CUB Intervenor Funding Amortization	Represents the prior PGA year's deferral of payments to CUB currently being amortized in customer's rates.	Oregon - UG 348 (Order 18-401)	No	No	107,987
186288	Oregon NWIGU/AWEC Intervenor Funding Amortization	Represents the prior PGA year's deferral of payments to industrial intervenors being amortized in customer's rates.	Oregon - UG 348 (Order 18-401)	No	No	63,526
186310	Washington Res and Comm EE Deferral - ETO	Represents the payments made to Energy Trust of Oregon to deliver and administer the Washington Residential and Commercial DSM program. The cost is then passed on to Washington Residential and Commercial customers via rates each PGA year.	Washington - Dockets UG 011230 and UG 011231	No	No	82,533
186312	Washington Res and Comm EE Deferral - NWN costs	Represents NWN's incremental costs to administer the Washington Residential and Commercial DSM program. The cost is then passed on to Washington Residential and Commercial customers via rates each PGA year.	Washington - Dockets UG 011230 and UG 011231	No	No	2,692,843
186316	Washington Residential and Commercial EE Amortization	Represents the prior PGA year's deferral of costs for the Washington Residential and Commercial DSM programs currently being amortized in rates.	Washington - UG-180783	No	No	1,843,451
186314	Washington Low Income Energy Efficiency Deferral	Includes the costs incurred (administrative, program funding, etc.) for the WA-LIEE program offered to qualifying Residential customers.	Washington - UG-091044	No	No	96,932
186315	Washington Low Income Energy Efficiency Amortization	Represents the prior PGA year's deferral of costs for the WA-LIEE program currently being amortized in rates.	Washington - UG-180784	No	No	66,168
186370	Oregon Pension Balancing Account	This account captures the difference between the FAS 87 expense embedded in Oregon customer rates and the actual FAS 87 expense incurred.	Oregon - UM 1475 (Order 11-051)	No	Yes?	80,838,166
186420	Oregon ISS/Optimization Study Deferral	Deferral of the third-party study of NWN's interstate/intrastate storage and optimization activities as order by the OPUC.	Oregon - UM 1654 (Order 15-066)	No	No	288,044
186311	Oregon Residual Amortization	Represents residual amortization balances of various one-time deferrals. For the 2018-19 PGA year, this was not included in customer rates as the balance was too small (would not create a rate increment within 5 decimal places).	Oregon - Last amortization authorization given in Docket UG 328 (Order 17-404)	No	No	4,899

**REGULATORY LIABILITIES**

254630	FAS 133 Short-term Regulatory Gains - Financial	This account is used for recording the mark-to-market adjustment for the difference between the fixed price and the fair value of a financial derivative (gains in this case) at a point in time. As required by GAAP, this account captures the adjustment for financial derivatives that will settle within 12 months. Since this relates to hedges on gas costs for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	(105,000)
254635	FAS 133 Short-term Regulatory Gains - Physical	This account is used to record the fair value of the index adjuster (to be received) on existing commodity deals within the next 12 months. Since this relates to physical gas purchases for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	(620,000)
254637	FAS 133 Short-term Regulatory Gains - Physical Options	This account captures the fair value of existing physical commodity options (gains in this case) for potential gas flows within the next 12 months using a Black 76 model calculation. Since this relates to gas costs for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	-
254640	FAS 133 Long-term Regulatory Gains - Financial	This account is used for recording the mark-to-market adjustment for the difference between the fixed price and the fair value of a financial derivative (gains in this case) at a point in time. As required by GAAP, this account captures the adjustment for financial derivatives that will settle beyond 12 months. Since this relates to hedges on gas costs for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	(5,985,000)
254645	FAS 133 Long-term Regulatory Gains - Physical	This account is used to record the fair value of the index adjuster (to be received) on existing commodity purchase deals beyond 12 months. Since this relates to physical gas purchases for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	(1,014,000)
254647	FAS 133 Long-term Regulatory Gains - Physical Options	This account captures the fair value of existing physical commodity options (gains in this case) for potential gas flows beyond the next 12 months using a Black 76 model calculation. Since this relates to gas costs for sales customers, it is included in the regulatory deferrals classification. (Note: since it is a valuation at a point in time, the mark-to-market adjustments are not included in customer rates.)	Oregon - UM 1496 (last OPUC order was 17-397) Washington - UG 090684	No	No	(195,000)
254002	1% North Mist Construction Overhead	Represents 1% of the construction overhead incurred for the North Mist service to PGE that will be credited to utility ratepayers.	Oregon - UM 1913 (Order 18-071)	No	No	(1,130,744)
254100	Tax Reform Regulatory Liability - EDIT - Plant	Represents the grossed-up benefit from the remeasurement of excess deferred income taxes (EDIT) related to plant that is deferred for the benefit of customers.	Oregon - UG 344 (Order 19-105) Washington - UG UG 181053	Yes	No	(194,845,817)
254105	Tax Reform Regulatory Liability - EDIT - Other	Represents the grossed-up benefit from the remeasurement of excess deferred income taxes (EDIT) related to non-plant items that is deferred for the benefit of customers.	Oregon - UG 344 (Order 19-105) Washington - UG UG 181053	No	No	(7,589,163)
254110	Tax Reform Regulatory Liability - EDIT - Gas Reserves	Represents the grossed-up benefit from the remeasurement of excess deferred income taxes (EDIT) related to gas reserves that is deferred for the benefit of customers.	Oregon - UG 344 (Order 19-105)	No	No	(14,643,540)
254115	Oregon - Interim Period Tax Deferral	Represents the grossed-up difference between the lower income tax rate as a result of tax reform and the amount embedded in rates from January 2018 through October 2018. The benefit is to be credited to customers.	Oregon - UG 344 (Order 19-105)	No	No	(7,073,708)
254120	Washington - Interim Period Tax Deferral	Represents the grossed-up difference between the lower income tax rate as a result of tax reform and the amount embedded in rates for calendar year 2018. The benefit is to be credited to customers.	Washington - UG 181053	No	No	(1,001,832)
108102	Asset Retirement Obligation - Utility	Includes the estimated future cost to remove utility plant when it is retired, offset by the estimated salvage value of those assets.	Oregon - UG 344 (Order 19-105)	Yes	No	(379,053,389)

122102	Asset Retirement Obligation - Non-Utility	Includes the estimated future cost to remove utility plant when it is retired, offset by the estimated salvage value of those assets. These assets primarily relate to NWN's storage business that is regulated by FERC.	FERC - PR19-4	No	No	(1,410,532)
252011	CIAC - Residential New Construction - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(815,652)
252012	CIAC - Residential New Construction - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(216,510)
252013	CIAC - Residential Conversion - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(1,946,817)
252014	CIAC - Residential Conversion - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(524,399)
252021	CIAC - Multi-Family New Construction - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(52,008)
252022	CIAC - Multi-Family New Construction - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(12,219)
252023	CIAC - Multi-Family Conversion - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(24,306)
252024	CIAC - Multi-Family Conversion - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(2,968)
252031	CIAC - Commercial New Construction - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(449,069)
252032	CIAC - Commercial New Construction - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(43,419)
252033	CIAC - Commercial Conversion - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(279,600)
252034	CIAC - Commercial Conversion - Washington	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(9,397)
252041	CIAC - Industrial New Construction - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	22,570
252043	CIAC - Industrial Conversion - Oregon	Includes customer advances received in aid of construction.	Accounts included in rate base of most recent rate cases: Oregon - UG 344 (Order 18-419) Washington - UG-080546	Yes	No	(56,761)
254301	Oregon - ISS/Optimization Revenue Sharing	Includes interstate storage and optimization net revenues shared with Oregon utility customers.	Oregon - UG 344 (Order 18-419)	No	No	(16,254,126)
254302	Washington - ISS/Optimization Revenue Sharing	Includes interstate storage and optimization revenues shared with Washington utility customers.	Washington - UG 011090	No	No	(1,864,077)
254304	FAS 133 Gains/Losses on Optimization Contracts	This account is used to record the fair value of the optimization contracts using the same sharing inputs from the Oregon and Washington utility customer revenue sharing. As with the other FAS 133 regulatory assets and liabilities the amount represents a valuation at a point in time and is not added to or deducted from the revenues credited to utility customers.	Oregon - UG 344 (Order 18-419) Washington - UG 011090	No	No	(1,546,127)