

e-FILING REPORT COVER SHEET

REPORT NAME: Annual Results of Operations Report

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

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

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

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

Key words: Annual Results of Operations Report, Earnings Review for the Twelve Months Ended December 31, 2011, NW Natural, RG__

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
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May 1, 2012

Oregon Public Utility Commission
550 Capitol Street, NE, Suite 215
Post Office Box 2148
Salem, Oregon 97308-2148

ATTN: Filing Center

**RE: RG ____: NW Natural's Earnings Review with Workpapers for the
Twelve Months Ended December 31, 2011**

Pursuant to OAR 860-022-0070, Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith its Earnings Review with workpapers for the 12 months ended December 31, 2011. Per Staff's request a paper copy of the report will follow via U.S. Mail.

Please feel free to call if you have any questions.

Sincerely,

/s/ Natasha Siores

Natasha Siores
Regulatory Consultant

NCS/kcm
enclosures



REPORT:

ANNUAL EARNINGS REVIEW
WITH WORKPAPERS

(For the twelve months ended December 31, 2011)

OREGON EARNINGS TEST REVIEW							
Line No.	Test Year Results (a)	TYPE I Adjustments (b)	Results after Type I Adjustments (c)	Gas Reserves Adjustment ⁽¹⁾ (d)	Gas Reserves ⁽¹⁾ Results Excl. Adjustments (e)	TYPE II Adjustments after Type II Results (f)	Results after Type II (g)
	Operating Revenues						
1	Sale of Gas	\$733,094	(\$1,817)	\$731,277	\$731,277	\$0	\$731,277
2	WARM Revenues	(13,756)	13,756	0	0	0	0
3	Revenue & Technical Adjustments	(11,267)	1,164	(10,103)	(10,103)	0	(10,103)
4	Decoupling Adjustments	19,297	(19,297)	0	0	0	0
5	Transportation	14,596	0	14,596	14,596	0	14,596
6	Miscellaneous Revenues	4,531	(85)	4,445	4,445	0	4,445
7	SB408 Deferrals	(7,162)	7,162	0	0	0	0
8	Total Operating Revenues	739,332	883	740,215	0	740,215	740,215
	Operating Revenue Deductions						
9	Gas Purchased	416,313	(1,713)	414,599	860	0	415,459
10	Uncollectible Accrual for Gas Sales	1,718	550	2,269	2,269	0	2,269
11	Other Operating & Maintenance Expenses	103,185	(3,097)	100,089	100,089	0	100,089
12	Total Operating & Maintenance Exp.	521,217	(4,260)	516,957	860	0	517,816
13	Federal Income Tax	28,091	1,593	29,684	(116)	0	29,568
14	State Excise	6,695	375	7,070	0	0	7,070
15	Property Taxes	18,709	(33)	18,676	18,676	0	18,676
16	Other Taxes	23,716	284	24,000	24,000	0	24,000
17	Depreciation & Amortization	57,148	0	57,148	57,148	0	57,148
18	Total Operating Revenue Deductions	655,575	(2,040)	653,535	744	0	654,279
19	Net Operating Revenues	\$83,756	\$2,923	\$86,680	(\$744)	\$0	\$85,936
	Average Rate Base						
20	Utility Plant in Service	\$2,046,839	(\$727)	\$2,046,112	(14,549)	\$0	\$2,031,563
21	Accumulated Depreciation	(895,536)	0	(895,536)	292	0	(895,244)
22	Net Utility Plant	1,151,303	(727)	1,150,576	(14,258)	0	1,136,318
23	Aid in Advance of Construction	(2,012)	0	(2,012)	(2,012)	0	(2,012)
24	Materials & Supplies	76,818	0	76,818	76,818	0	76,818
25	Water Heater Program	0	0	0	0	0	0
26	Leasehold Improvements	1,521	0	1,521	1,521	0	1,521
27	Accumulated Deferred Income Taxes	(260,412)	0	(260,412)	5,626	0	(254,786)
28	Pension	26,674	0	26,674	26,674	0	26,674
29	Total Rate Base	\$993,892	(\$727)	\$993,165	(\$8,632)	\$0	\$984,533
30	Rate of Return	8.43%		8.73%			8.73%
31	Return on Common Equity	10.55%		11.19%			11.19%

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

NW Natural
12 Month NWN Income Statement

For the Twelve Months ended December 31, 2011

	CURRENT 12-MONTHS	PRIOR 12-MONTHS	COMPARISON	VARIANCE %
	\$	\$	\$	%
OPERATING REVENUES				
GAS SALES RESIDENTIAL	502,838,057	455,792,024	47,046,033	10%
GAS SALES -RESIDENTIAL-WARM ADJUST	(8,242,550)	6,100,470	(14,343,020)	(235)%
GAS SALES - COMMERCIAL FIRM	247,979,565	228,567,880	19,411,685	8%
GAS SALES - COMMERCIAL FIRM - WARM ADJUST	(2,538,913)	2,036,631	(4,575,544)	(225)%
GAS SALES - INDUSTRIAL FIRM	30,587,945	31,045,629	(457,684)	(1)%
GAS SALES - INCENTIVE				
GAS SALES - INDUSTRIAL INTERRUPTIBLE	34,961,341	36,163,852	(1,202,511)	(3)%
>>>TOTAL GAS SALES REVENUE	805,585,443	759,706,485	45,878,958	6%
UNBILLED REVENUE				
UNBILLED REVENUES CURRENT MONTH	412,864,895	389,225,813	23,639,083	6%
UNBILLED REVENUES PREVIOUS MONTH	(413,341,691)	(404,120,603)	(9,221,088)	(2)%
>>>NET UNBILLED REVENUE - BILLING RATES	(476,796)	(14,894,790)	14,417,995	97%
UNBILLED REVS-WARM CURRENT MONTH	(4,061,315)	6,822,750	(10,884,065)	(160)%
UNBILLED REVS-WARM REVENUES PREV MONTH	1,177,739	(877,588)	2,055,327	234%
>>>NET UNBILLED REVENUE - WARM ADJUSTMENT	(2,883,576)	5,945,162	(8,828,738)	(149)%
>>>TOTAL UNBILLED REVENUE	(3,360,372)	(8,949,628)	5,589,256	62%
TRANSPORTATION REVENUE				
TRANSP AGENCY FEES				
TRANSP BALANCING CHG/OVERRUN	79	(25)	104	416%
TRANSP REVENUE-COMMERCIAL	601,990	404,668	197,322	49%
TRANSP REVENUE-IND FIRM	6,249,895	5,702,369	547,526	10%
TRANSP REVENUE-IND INTERR	9,169,221	8,130,947	1,038,275	13%
TRANSP REVENUE-INCENTIVE	42		42	0%
>>>TOTAL TRANSPORTATION REV	16,021,227	14,237,958	1,783,269	13%
RATE ADJUSTMENTS				
DSM - AMORTIZATION	(1,062,753)	(260,444)	(802,309)	(308)%
LOST MARGIN - FURNACE				
MIST EXPANSION				
SB 408 REFUND	(2,153,328)	25,739	(2,179,067)	(8,466)%
BARE STEEL PROGRAM RETURN				
INTERSTATE STORAGE CREDIT	12,306,830	11,336,195	970,635	9%
COOS BAY RATE ADJUSTMENT	(1,164,000)	(550,000)	(614,000)	(112)%
COOS BAY AMORT				
DECOUPLING DEFERRAL	19,296,786	15,498,896	3,797,890	25%
DECOUPLING AMORTIZATION	(17,800,420)	(11,855,856)	(5,944,565)	(50)%
WARM DEFERRALS	(91,380)	108,160	(199,540)	(184)%
INTERVENER FUND AMORT	(79,014)	(78,579)	(435)	(1)%
SMPE DEFERRAL/MOLALLA		0	0	0%
SMPE AMORTIZATION				
PIPELINE INTEGRITY REFUND				

FISH/GARDEN BLOCK REFUNDS				
NGFC CREDIT AMORTIZATION				
OR TAX KICKER DEFERRAL				
OR AMORTIZATION	(2,377,321)	(799,936)	(1,577,385)	(197)%
STORAGE RECALL DEFERRAL				
VANC PROP GAIN OR AMORTIZATION				
ALBANY PROP GAIN AMORT	(53,598)	6,271	(59,869)	(955)%
WA GREAT	(564,252)	(236,720)	(327,533)	(138)%
RATE INCREASES	0	65,407	(65,407)	(100)%
>>>TOTAL RATE ADJUSTMENTS	6,257,550	13,259,134	(7,001,584)	(53)%
MISCELLANEOUS REVENUES				
LATE PAYMENT CHARGE	2,761,916	2,629,298	132,618	5%
RETURNED CHECK CHARGE	250,162	124,948	125,214	100%
RECONN CHG-CR-DURING OFFICE HRS	245,427	245,884	(457)	(0)%
FIELD COLLECTION CHARGES	363,592	325,540	38,052	12%
RECONN CHG-CR-AFTER OFFICE HRS	461,300	410,575	50,725	12%
RECONN CHG-SEAS-DURING OFFICE HRS	17,725	18,590	(865)	(5)%
RECONN CHG-SEAS-AFTER OFFICE HRS	8,800	6,575	2,225	34%
AUTOMATED PAYMENT CHARGE	128,551	139,407	(10,856)	(8)%
ENHANCED SERVICE				
SUMMARY BILL SVCS	9,540	9,835	(295)	(3)%
EARLY TERMINATION FEE				
RENT - UTILITY PROPERTY	279,905	420,248	(140,343)	(33)%
MEAS 5 PROP TAX ADJ				
METER RENTALS	212,747	201,177	11,569	6%
OTHER GAS REV - MISC	131,417	117,841	13,576	12%
MULT CO TAX RECOVER				
MULTIPLE CALL OUT FEE	4,316	2,616	1,700	65%
PRIORITY SCHEDULING FEE	155	3,200	(3,045)	(95)%
CURTAILMENT UNAUTH TAKE CHR	460	2,410	(1,950)	(81)%
SSP - LEAD FEE				
TRANSPORTATION CUSTOMER SETTLEMENT				
WTR HTR PROG-REVENUES		(226)	226	100%
WTR HTR PROG - INTEREST	0	8	(8)	(100)%
>>>TOTAL MISCELLANEOUS REVENUES	4,876,012	4,657,927	218,085	5%
>>>TOTAL OPERATING REVENUES	829,379,860	782,911,876	46,467,984	6%
COST OF GAS				
LPG COST - COOS BAY MATERIAL				
FLD LINE PUR - MIST	6,717,953	7,845,951	(1,127,998)	(14)%
DEC-NOV DEMAND CHG EQUALIZ	72,000	413,000	(341,000)	(83)%
DEMAND CHG EQUALIZE	(1,000)	0	(1,000)	0
SYS SUP - DEMAND CHG	94,189,264	91,383,586	2,805,678	3%
SYS SUP-LT.CONTR	358,985,950	356,761,224	2,224,727	1%
SYS SUP - IMBAL PURCH ACCRUED	(1,310,713)	611,561	(1,922,274)	(314)%
DEM CHG EQ - NPC TRACK	0	0	0	0
DEMAND CAPACITY RELE	(3,110,890)	(4,159,258)	1,048,368	25%
GAS FOR RESALE COST				

GAS FOR RESALE - CR				
WACOG EQUALIZATION	105,754	(525,000)	630,754	120%
RESERVATION FEES				
TEMP CAP DEM CHG				
COOS BAY CNG EXPENSES				
AMORT GAS COSTS - OR	(16,452,461)	(30,162,568)	13,710,107	45%
AMORT GAS COSTS - WA	(4,179,470)	(4,550,908)	371,438	8%
OR STORAGE PGA				
OR WACOG DEF	22,053,780	14,026,521	8,027,259	57%
OR DEMAND DEF COST	(2,571,092)	(4,187,978)	1,616,887	39%
WA WACOG DEF	2,684,139	1,663,721	1,020,418	61%
WA DEMAND DEF	(183,154)	(1,022,885)	839,731	82%
OREGON DEMAND DEF VOL	4,195,256	(3,898,354)	8,093,610	208%
WA DEMAND DEF COLLECTIONS				
FAS 133 EFFECTIVENESS				
FAS 133 DEFERRAL				
LNG WDRAWN PORTLAND	589,044	676,723	(87,679)	(13)%
LNG WDRAWN PLYMOUTH	1,243,480	476,250	767,231	161%
LNG WDRAWN NEWPORT	1,434,664	1,763,296	(328,632)	(19)%
GAS WDRAWN MIST	21,177,600	15,298,292	5,879,308	38%
GAS WDRAWN JP #2	8,915,178	13,646,955	(4,731,777)	(35)%
GAS WDRAWN ALBERTA				
LNG DELVD PORTLAND	(273,199)	(757,720)	484,522	64%
LNG DELVD PLYMOUTH	(935,263)	(915,288)	(19,975)	(2)%
LNG DELVD NEWPORT	(1,063,710)	(526,816)	(536,893)	(102)%
GAS DELVD MIST	(19,730,770)	(16,047,934)	(3,682,836)	(23)%
GAS DELVD JP #2	(9,372,138)	(12,891,861)	3,519,723	27%
LNG DELVD PLY - LIQUIF	0	0	0	200%
UNDGRD STG-TENASKA VRTL - INJ	(7,044,875)		(7,044,875)	0
UNDGRD STG-TENASKA VRTL - WTHDRWL	2,786,025		2,786,025	0
CO USE OF GAS - CR EXPENSE	(413,360)	(426,578)	13,218	3%
>>>TOTAL COST OF GAS	458,507,993	424,493,929	34,014,064	8%
>>>REVENUE LESS COST OF GAS:	370,871,867	358,417,946	12,453,921	3%
REVENUE TAXES				
TAXES - FRANCHISE	20,740,611	19,991,040	749,571	4%
>>>NET OPERATING REVENUES	350,131,256	338,426,906	11,704,350	3%
>>>O & M EXPENSES	116,231,440	114,693,441	1,537,999	1%
GENERAL TAXES				
TAXES - PROPERTY	20,230,720	15,287,619	4,943,101	32%
TAXES - PAYROLL	4,864,025	5,053,714	(189,688)	(4)%
TAXES - OTHER	132,301	321,543	(189,242)	(59)%
TAXES - REG COMM FEE	1,938,755	2,432,537	(493,781)	(20)%
MULT CO BUS TAX	7,282	9,985	(2,703)	(27)%
>>>TOTAL GENERAL TAXES	27,173,084	23,105,397	4,067,687	18%
DEPRECIATION - PLANT	63,843,420	62,661,458	1,181,962	2%
>>>TOTAL OPERATING EXPENSES	207,247,944	200,460,296	6,787,648	3%
>>>INCOME FROM OPERATIONS	142,883,312	137,966,610	4,916,702	4%

NW Natural
Washington Quarterly Results of Operations Report
Operations and Maintenance Expense: Allocation of System Amounts
For the year ended December 31, 2011
YTD

	System	Washington	Oregon
Natural Gas Storage			
Underground Storage Expense			
Operation			
816 Wells Expense	\$593,129	\$58,542	\$534,587
818 Compressor Station Expense	563,095	55,577	507,517
819 Compressor Station Fuel	0	0	0
820 Measuring and Regulator Station Expense	1,426,968	141,705	1,285,263
821 Purification Expense	29,309	2,893	26,416
Maintenance			
832 Wells Expense	168,083	16,590	151,493
Total Underground Storage Expense	2,780,584	275,307	2,505,276
Other Storage Expense			
Operation			
840 Supervision and Engineering	86,090	8,497	77,593
Total Other Storage Expense	86,090	8,497	77,593
Liquified Natural Gas Expense			
Operation			
844 Supervision and Engineering	1,926,084	190,104	1,735,979
845 LNG Fuel	(45,464)	(4,487)	(40,977)
Maintenance			
847 Supervision and Engineering	427,856	42,229	385,627
Total Liquified Natural Gas Expense	2,308,476	227,847	2,080,630
Total Natural Gas Storage	5,175,150	511,651	4,663,499
Transmission Expense			
Operation			
856 Mains Expense	680,318	59,279	621,039
Maintenance			
863 Maintenance of Mains	130,648	12,895	117,753
Total Transmission Expense	810,966	72,174	738,792
Distribution Expense			
Operation			
870 Supervision and Engineering	2,303,705	191,929	2,111,775
874 Mains and Services Expense	9,331,633	805,410	8,526,222
875 Measuring and Regulator Station Expense - General	215,501	19,242	196,259
877 Measuring and Regulator Station Expense - City Gate	421,959	32,360	389,599
878 Meter and House Regulator Expense	4,342,828	438,134	3,904,695
879 Customer Installation Expense	9,224,915	944,762	8,280,153
880 Other Expense	1,386,583	143,190	1,243,393
881 Rents	160,624	15,854	144,770

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For the year ended December 31, 2011

YTD

	System	Washington	Oregon
Maintenance			
885 Supervision and Engineering	5,371,152	451,241	4,919,911
887 Mains	2,471,113	216,246	2,254,868
889 Measuring and Regulator Station Expense - General	874,545	74,730	799,815
891 Measuring and Regulator Station Expense - City Gate	54,722	4,222	50,500
892 Services	1,202,463	107,145	1,095,318
893 Meters and House Regulators	2,064,621	184,611	1,880,010
894 Other Equipment	22,617	1,727	20,890
Total Distribution Expense	39,448,981	3,630,801	35,818,180
Customer Accounts Expense			
Operation			
901 Supervision	1,370,102	135,229	1,234,873
902 Meter Reading Expenses	644,732	65,400	579,332
903 Customer Records and Collection Expense	16,318,795	1,630,309	14,688,486
904 Uncollectible Accounts	1,919,116	200,618	1,718,498
Total Customer Accounts Expense	20,252,745	2,031,557	18,221,189
Customer Service and Informational			
Operation			
907 Supervision	279,641	29,167	250,474
908 Customer Assistance Expense	3,644,548	347,622	3,296,926
909 Customer Information Expense	1,411,224	147,180	1,264,043
910 Miscellaneous Customer Service Expense	195,818	20,424	175,394
Total Customer Service and Informational	5,531,230	544,393	4,986,837
Sales Expense			
Operation			
911 Supervision	313,691	32,441	281,250
912 Demonstration and Selling Expense	2,273,132	230,465	2,042,668
913 Advertising	653,319	56,754	596,565
916 Miscellaneous Sales Expense	177	19	159
Total Sales Expense	3,240,319	319,678	2,920,641
Administrative and General Expense			
Operation			
921 Office Supplies and Expense	38,343,386	3,891,931	34,451,455
922 Administrative Expenses Transferred - Credit	(15,653,177)	(1,642,109)	(14,011,068)
924 Property Insurance Premium	2,400,761	236,955	2,163,805
925 Injuries and Damages	1,100,214	108,591	991,622
926 Employee Pensions and Benefits	4,320,449	467,812	3,852,637
928 Regulatory Commission Expense			
930 Miscellaneous General Expense	3,128,479	308,781	2,819,698
931 Rents	4,221,030	530,500	3,690,531
Maintenance			
935 Maintenance of General Plant	3,910,907	314,752	3,596,156
Total Administrative and General Expense	41,772,048	4,217,211	37,554,837
Total Operations and Maintenance Expense	\$116,231,440	\$11,327,465	\$104,903,975

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NW Natural
 2011 Oregon Earnings Review
 12 Months Ended December 31, 2011
 State Allocation of Other Revenues, Depreciation Expense and Other Taxes

	Oregon	Washington	System
Other Operating Revenues			
Reconnect Charges	655,652	77,600	733,252 Direct
Late Payment Charges	2,621,754	140,162	2,761,916 Direct
Automated Payment Charge	110,776	17,535	128,311 Direct
Returned Check	232,627	17,775	250,402 Direct
Field Collection	314,827	48,765	363,592 Direct
Meter Rentals	189,964	22,783	212,747 Direct
Utility Property Rental	260,115	19,798	279,913 Follows Plant Split
Water Heater Program	0	0	0 Direct
Curtailment Unauthorized Take	460	0	460 Direct
Miscellaneous	144,424	996	145,420 Direct
Total Other Op Revenues	4,530,599	345,413	4,876,012
Revenue Adjustments	7,938,149	(1,680,600)	6,257,550
Depreciation Expense			
Intangible	4,028,784	463,115	4,491,899 Customers
Transmission	1,259,221	17,445	1,276,666 Direct
Distribution	41,077,541	5,245,072	46,322,613 Direct
General	4,466,191	488,536	4,954,727 3-factor
Storage and storage transmission	6,315,852	481,663	6,797,515 Firm Sales
Production Plant	0	0	0 Direct
CNG and LNG	0	0	0 3-factor
Total Depreciation Expense	57,147,588	6,695,832	63,843,421
	89.51%	10.49%	
Other Taxes			
Property	18,709,148	1,521,572	20,230,720 Direct
Franchise	17,383,516	3,357,095	20,740,611 Direct
Payroll	4,359,139	504,886	4,864,025 Payroll
Regulatory Fee	1,787,695	151,060	1,938,755 Direct
Department of Energy	604,054	0	604,054 Direct
Other	(425,238)	(46,515)	(471,753) 3-factor on non-Oregon
Multnomah County Business	7,282	0	7,282 Direct
Other Taxes	42,425,596	5,488,098	47,913,694

**NW Natural
State Allocation Factors
As of December 31, 2011**

Allocation Factors - Summary	Oregon	Washington
Customers-all	89.690%	10.310%
Customers-Residential	89.520%	10.480%
Customers-Commercial	91.310%	8.690%
Customers-Industrial	92.990%	7.010%
Customers-The Dalles	74.520%	25.480%
3-factor	90.140%	9.860%
firm volumes	90.690%	9.310%
sales volumes	90.280%	9.720%
sendout volumes	92.040%	7.960%
sales/sendout volumes	91.160%	8.840%
Customers Portland/Vancouver	85.840%	14.160%
Customers Portland/Vancouver 80%	88.670%	11.330%
Customers Portland/Vancouver Commercial	87.110%	12.890%
Payroll	89.620%	10.380%
Admin Transfer	89.810%	10.190%
Employee Cost	89.390%	10.610%
Regulatory	70.000%	30.000%
Telemetrying	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	89.510%	10.490%
Rate Base	89.193%	10.807%

NW Natural
2011 Oregon Earnings Review
Rate Base

SYSTEM	2010 Dec	2011 Jan	2011 Feb	2011 Mar	2011 Apr	2011 May	2011 June	2011 July	2011 August	2011 September	2011 October	2011 November	2011 December	Dec 10 - Dec 11 13 month average	Allocation Method
SYSTEM	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	
SCSS PLANTS															
Intangible	84,433,570	86,330,057	86,311,046	86,316,809	86,336,639	87,061,016	87,683,117	87,153,015	87,214,201	88,052,327	89,463,146	91,114,769	91,062,424	87,520,245	Total Customers
Other	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
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	Direct
Transmission	41,671,188	41,696,999	42,031,944	42,037,428	42,049,958	42,277,429	46,325,268	47,266,053	47,458,394	47,076,619	47,366,654	49,509,451	50,207,253	45,086,560	Direct
Distribution	1,732,620,080	1,728,381,147	1,732,887,483	1,732,887,023	1,737,726,000	1,741,770,194	1,749,312,084	1,748,423,305	1,752,480,111	1,758,043,337	1,761,657,918	1,765,107,955	1,771,064,382	1,745,912,664	Direct
General	103,686,249	106,675,567	106,163,311	106,575,637	106,575,637	107,196,084	107,312,136	107,463,960	107,500,111	107,950,433	107,219,221	108,095,679	114,433,854	107,385,385	3-Factor & Direct
Storage and storage transmission	276,056,419	276,300,309	276,361,029	276,361,029	277,238,047	278,393,240	278,393,240	278,393,240	278,393,240	278,595,197	278,595,197	278,608,897	279,037,139	277,742,997	Firm Delivered Volumes
CNG and LNG	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	2,567,634	3-Factor
Encana	0	0	0	0	0	0	8,771,392	16,155,255	18,615,255	25,997,396	28,457,396	38,837,396	40,757,396	14,546,290	Jan-Dec Average
Total Gross Plant	2,233,795,103	2,242,870,107	2,247,162,720	2,246,927,278	2,253,214,308	2,257,538,020	2,275,983,024	2,288,189,057	2,295,200,348	2,308,969,267	2,316,276,797	2,331,900,190	2,349,692,064	2,281,591,153	
Accumulated Depreciation															
Intangible	(57,630,338)	(58,030,081)	(58,433,462)	(58,836,823)	(59,240,217)	(59,645,165)	(60,051,235)	(60,457,470)	(60,863,549)	(61,272,025)	(61,684,132)	(62,091,871)	(62,500,237)	(60,012,651)	Total Customers
Production	(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
Transmission	(10,726,720)	(10,824,387)	(10,922,784)	(11,021,438)	(11,120,113)	(11,218,980)	(11,317,975)	(11,417,122)	(11,516,454)	(11,615,875)	(11,715,384)	(11,814,981)	(11,914,566)	(11,414,566)	Direct
Distribution	(747,618,116)	(751,118,652)	(754,619,223)	(758,120,065)	(761,620,913)	(765,121,861)	(768,622,810)	(772,123,758)	(775,624,707)	(779,125,655)	(782,626,604)	(786,127,552)	(789,628,501)	(766,418,971)	Direct
General	(54,812,129)	(54,937,103)	(55,062,077)	(55,187,051)	(55,312,025)	(55,437,000)	(55,561,974)	(55,686,948)	(55,811,923)	(55,936,897)	(56,061,871)	(56,186,846)	(56,311,820)	(56,308,920)	3-Factor
Storage and storage transmission	(88,715,905)	(89,281,243)	(89,846,581)	(90,411,919)	(90,977,257)	(91,542,595)	(92,107,933)	(92,673,271)	(93,238,609)	(93,803,947)	(94,369,285)	(94,934,623)	(95,500,000)	(91,721,389)	Firm Delivered Volumes
CNG and LNG	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	3-Factor
Encana	0	0	0	0	0	0	(52,822)	(107,079)	(201,327)	(295,574)	(389,820)	(484,067)	(578,314)	(291,589)	Jan-Dec Average
Total Accumulated Depreciation	(962,196,250)	(965,942,379)	(970,690,033)	(975,437,687)	(980,185,341)	(984,932,995)	(989,680,649)	(994,428,303)	(999,175,957)	(1,003,923,611)	(1,008,671,265)	(1,013,418,919)	(1,018,166,573)	(989,550,786)	
Storage Gas	84,672,427	73,640,034	59,956,565	57,514,246	61,809,691	66,035,704	70,261,717	74,487,730	78,713,743	82,939,756	87,165,769	91,391,782	95,617,795	77,410,801	Firm Delivered Volumes
Customer Advances	(2,164,274)	(2,168,677)	(2,173,080)	(2,177,483)	(2,181,886)	(2,186,289)	(2,190,692)	(2,195,095)	(2,199,498)	(2,203,901)	(2,208,304)	(2,212,707)	(2,217,110)	(2,165,359)	Direct
Materials and Supplies	8,495,894	8,535,377	8,574,860	8,614,343	8,653,826	8,693,309	8,732,792	8,772,275	8,811,758	8,851,241	8,890,724	8,930,207	8,969,690	8,536,558	Gross
Appliances	(947,070)	(1,033,962)	(1,120,854)	(1,207,746)	(1,294,638)	(1,381,530)	(1,468,422)	(1,555,314)	(1,642,206)	(1,729,098)	(1,815,990)	(1,902,882)	(1,989,774)	(982,025)	Distribution Plant %
Water Heater Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Direct
Leasehold Improvements	1,790,229	1,771,305	1,752,381	1,733,457	1,714,533	1,695,609	1,676,685	1,657,761	1,638,837	1,619,913	1,600,989	1,582,065	1,563,141	1,687,095	Direct & 3-Factor
Total Rate Base Excluding ADIT	1,363,446,249	1,357,771,794	1,343,211,773	1,338,068,005	1,341,220,130	1,345,781,166	1,359,192,413	1,385,990,658	1,390,176,974	1,403,188,833	1,412,566,053	1,418,367,817	1,422,750,637	1,376,521,465	

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**NW Natural
State Allocation Factors**

Volumes - 12 Months Ended 12/31/11

Firm Delivered (excl Unbilled) % of System	850,815,014	771,579,081 90.69%	79,235,933 9.31%
Sales Volumes (exclude Unbilled) % of System	777,707,038	702,112,527 90.28%	75,594,511 9.72%
Sendout Volumes % of System	1,152,353,294	1,060,624,930 92.04%	91,728,364 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		89.69%	10.31%
Average		90.14%	9.86%

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

December 31, 2011

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	50,207,253	49,410,522	796,731
Distribution	1,771,064,382	1,577,606,618	193,457,764

December 31, 2010

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	41,671,188	40,906,285	764,903
Distribution	1,722,620,050	1,534,390,998	188,229,052

Average

	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	45,939,220	45,158,403	780,817
Distribution	1,746,842,216	1,555,998,808	190,843,408

**Gross Plant Directly Assigned
% of System**

	1,793,541,429	1,601,916,758 89.32%	191,624,671 10.68%
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**NW Natural
State Allocation Factors
As of December 31, 2011**

	System	Oregon	Washington
Customers			
Total Customers			
December 2011	679,543	609,356	70,187
December 2010	673,997	604,619	69,378
Average	676,770	606,988	69,783
% of System		89.69%	10.31%
		0.78%	1.17%
Residential Customers			
December 2011	615,670	551,033	64,637
December 2010	610,598	546,699	63,899
Average	613,134	548,866	64,268
% of System		89.52%	10.48%
Commercial Customers			
December 2011	62,914	57,431	5,483
December 2010	62,476	57,062	5,414
Average	62,695	57,247	5,449
% of System		91.31%	8.69%
Industrial Customers			
December 2011	959	892	67
December 2010	923	858	65
Average	941	875	66
% of System		92.99%	7.01%
The Dalles			
December 2011	7,343	5,477	1,866
December 2010	7,291	5,428	1,863
Average	7,317	5,453	1,865
% of System		74.52%	25.48%
Portland / Vancouver			
December 2011	481,688	413,367	68,321
December 2010	477,468	409,953	67,515
Average	479,578	411,660	67,918
% of System		85.84%	14.16%
Portland / Vancouver Commercial			
December 2011	40,830	35,549	5,281
December 2010	40,562	35,352	5,210
Average	40,696	35,451	5,246
% of System		87.11%	12.89%

NW Natural
 Tax Provision - Historic
 2011 Oregon Earnings Review
 (\$000)

Line No.		State Taxes	Federal Taxes
1	Operating Revenues	\$739,332	\$739,332
2	Operating Revenue Deductions	521,217	521,217
3	Property & Other Taxes	42,425	42,425
4	Book Depreciation	57,148	57,148
5	Interest (Rate Base * Cost of Debt)	34,786	34,786
6	State Tax Deduction	-	6,695
7	Subtotal	83,757	\$77,062
8	Permanent Differences	4,330	4,330
9	Taxable Income	88,086	\$81,391
10	Tax Rate	7.60%	35.00%
11	Tax Before Credits and Adjustments	6,695	28,487
12	Credits & Adjustments	0	(396)
13	Total Tax	\$6,695	\$28,091

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NW Natural
 2011 Oregon Earnings Review
 12 Months Ended December 31, 2011
 (\$000's)

Deferred Income Taxes

1	Allocation factor: Accumulated Depreciation	9.51%		
2				
3	2010 December Balances:			
4		System	Washington	Oregon
5		2010	Allocation	Allocation
6		Total	Total	Total
7				
8	Accumulated Deferred Income Tax - Depreciation	(242,606,440)	(23,071,872)	(219,534,568)
9				
10	Accumulated Deferred Income Tax - Other	(23,667,054)	(2,250,737)	(21,416,317)
11				
12	2010 Balances	<u>(266,273,494)</u>	<u>(25,322,609)</u>	<u>(240,950,885)</u>
13				
14				
15	2011 December Balances:			
16		System	Washington	Oregon
17		2011	Allocation	Allocation
18		Total	Total	Total
19				
20	Accumulated Deferred Income Tax - Depreciation	(280,273,578)	(26,654,017)	(253,619,561)
21				
22	Accumulated Deferred Income Tax - Other	(16,578,974)	(1,576,660)	(15,002,314)
23				
24	2011 Balances	<u>(296,852,552)</u>	<u>(28,230,678)</u>	<u>(268,621,874)</u>
25				
26				
27				
28	Simple Average December Balances (use for Rate Base)		(26,776,643)	(254,786,380)
29				
30				
31				
32	Encana Deferred Income Tax Balances			
33				
34	Accumulated Deferred Income Tax - Encana (simple 12 month average)			<u><u>(5,625,930)</u></u>

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NW Natural
 12 Months Ended December 31, 2011
 Input Assumptions
 Proforma Cost of Capital

Line No.	13-month averages		
	% of Total Capital (a)	Average Cost (b)	Average Weighted Cost (c)
1	53.28%	6.560%	3.50%
2	0.00%	0.000%	0.00%
3	46.72%	10.200%	4.77%
4	<u>100.00%</u>		<u>8.27%</u>
Revenue Sensitive Costs			
5	98.79%		
6	1.97%		
7	-0.76%		
8	<u>100.00%</u>		
9	0.31%		
10	2.15%		
11	0.25%		
12	97.29%		
13	7.39%		
14	89.90%		
15	31.46%		
16	<u>38.86%</u>		
17	41.57%		
18	<u>58.43%</u>		
19	171.14%		
20	3.50%		
21	10.20%		
22	35.00%		
23	7.60%		
24	2.15%		
25	0.31%		
26	0.25%		

NW Natural
 Rates & Regulatory Affairs
 2011 Earnings Test
 Calculation of 13-month average Cost of Capital

Line	2010 Dec	2011 Jan	2011 Feb	2011 Mar	2011 Apr	2011 May	2011 Jun	2011 Jul	2011 Avg	2011 Sep	2011 Oct	2011 Nov	2011 Dec	13 Mo Average
1														
2	591,700,000	591,700,000	591,700,000	551,700,000	551,700,000	551,700,000	551,700,000	551,700,000	551,700,000	601,700,000	601,700,000	601,700,000	601,700,000	574,616,667.0
3	477,861,908	505,443,115	509,027,057	518,141,501	510,527,412	508,982,600	506,404,954	491,824,615	490,913,512	488,924,472	479,252,663	527,849,672	541,111,363	503,898,184.0
4														
5														
6	1,069,561,908	1,097,143,115	1,100,727,057	1,069,841,501	1,062,227,412	1,060,682,600	1,058,104,954	1,043,524,615	1,042,613,512	1,090,624,472	1,080,952,663	1,129,549,672	1,142,811,363	1,078,514,851.0
7														
8														
9														
10	55.31%	53.93%	53.76%	51.57%	51.94%	52.01%	52.14%	52.87%	52.92%	55.17%	55.56%	53.27%	52.65%	53.28%
11	44.68%	46.07%	46.24%	48.43%	48.06%	47.98%	47.86%	47.13%	47.98%	44.83%	44.34%	46.73%	47.35%	46.09%
12	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13														
14														
15														
16	6.633%	6.633%	6.633%	6.633%	6.633%	6.633%	6.631%	6.631%	6.631%	6.372%	6.384%	6.384%	6.384%	6.560%
17	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%
18														
19														
20														
21														
22	3.67%	3.58%	3.57%	3.47%	3.45%	3.45%	3.46%	3.51%	3.51%	3.52%	3.55%	3.40%	3.36%	3.50%
23	4.56%	4.70%	4.72%	4.94%	4.90%	4.89%	4.88%	4.81%	4.80%	4.57%	4.52%	4.77%	4.83%	4.77%
24	8.23%	8.28%	8.25%	8.36%	8.35%	8.34%	8.34%	8.32%	8.31%	8.09%	8.07%	8.17%	8.15%	8.27%
25														



Rates & Regulatory Affairs

**ANNUAL EARNINGS REVIEW
For the Twelve Months Ended December 31, 2011**

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 2002 general rate filing (UG 152), 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 152.

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 2002 general rate case (UG 152 methodology).

Description of TYPE II Adjustments:

The Company has no Type II adjustments for 2011.

NW Natural
 Test year Normalizing Adjustments: TYPE I ADJUSTMENTS
 2011 Oregon Earnings Review
 (\$000)

Line No.	Column A from Page 1 worksheet #:	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)	Total Type I Adjustments	Column C from Page 1
Operating Revenues											
1	Sale of Gas	\$733,094	(\$1,817)							(\$1,817)	\$731,277
2	WARM Revenue	(13,756)	13,665	91						13,756	
3	Revenue & Technical Adjustments	(11,267)	1,164	(19,297)						1,164	(10,103)
4	Decoupling Adjustment	19,297								(19,297)	0
5	Transportation	14,596								0	14,596
6	Miscellaneous Revenues	4,531	(85)							(85)	4,445
7	SB408 Deferrals	(7,162)	7,162							7,162	0
8	Total Operating Revenues	739,332	11,848	(10,965)	0	0	0	0	0	883	740,215
Operating Revenue Deductions											
9	Gas Purchased	416,313	(1,713)							(1,713)	414,599
10	Uncollectible Accrual	1,718	(6)				556			550	2,269
11	Other Operating & Maintenance Expenses	103,185	(588)	(211)			(2,306)	9		(3,097)	100,089
12	Total Operating & Maintenance Exp.	521,217	(1,719)	(588)	(211)	0	556	9	(2,306)	(4,260)	516,957
Federal Income Tax											
13	Federal Income Tax	28,091	4,296	190	68	11	(180)	0	754	1,593	29,684
14	State Excise	6,695	1,009	45	16	3	(42)	0	177	375	7,070
15	Property Taxes	18,709				(33)		0		(33)	18,676
16	Other Taxes	23,716	284	0	0	0	0	0	0	284	24,000
17	Depreciation & Amortization	57,148						0	0	0	57,148
18	Total Operating Revenue Deductions	655,575	3,870	(353)	(127)	(19)	334	9	(1,375)	(2,040)	653,535
19	Net Operating Revenues	83,756	7,977	353	127	19	(334)	(9)	1,375	2,923	86,680
Average Rate Base											
20	Utility Plant in Service	2,046,839								(727)	2,046,112
21	Accumulated Depreciation	(895,536)							0	0	(895,536)
22	Net Utility Plant	1,151,303	0	0	0	0	0	0	(727)	(727)	1,150,576
Aid in Advance of Construction											
23	Aid in Advance of Construction	(2,012)								0	(2,012)
24	Materials & Supplies	76,818								0	76,818
25	Water Heater Program	0								0	0
26	Leasehold Improvements	1,521								0	1,521
27	Accumulated Deferred Income Taxes	(260,412)								0	(260,412)
28	Total Rate Base	\$993,892	\$0	\$0	\$0	\$0	\$0	\$0	(\$727)	(\$727)	\$993,165
29	Interest Coordination		0	0	0	0	0	0	(25)	(25)	(25)

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Northwest Natural Gas Company
 Test Year Normalizing Adjustments: TYPE I ADJUSTMENTS
 2011 Oregon Earnings Review
 (\$'000)

Income Tax Calculations

Line No.	Income Tax Calculations	Weather Normalization & Repricing Adjustment (2a)	Other Revenue Adjustment (2b)	Advertising Adjustment (2c)	Memberships and Dues Adjustment (2d)	Property Taxes Adjustment (2e)	Uncollectible Accounts Adjustment (2f)	Stock Issuance Adjustment (2g)	Accrued Bonus Adjustment (2h)	Total Adjustments (2i)
1	Book Revenues	11,848	(10,965)	0	0	0	0	0	0	883
2	Book Expenses before Deprec. & Int.	(1,435)	0	(588)	(211)	(33)	556	0	(2,306)	(4,017)
3	State Tax Depreciation	0	0	0	0	0	0	0	0	0
4	Interest Expense (Income)	0	0	0	0	0	0	0	(25)	(25)
5	Book/Tax Differences (Sched. M)	0	0	0	0	0	0	0	0	0
6	State Taxable Income	13,282	(10,965)	588	211	33	(556)	0	2,331	4,925
7	State Excise Tax [1]	1,009	(833)	45	16	3	(42)	0	177	375
8	State Tax Credit	0	0	0	0	0	0	0	0	0
9	Net State Income Tax	1,009	(833)	45	16	3	(42)	0	177	375
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	12,273	(10,132)	543	195	30	(514)	0	2,154	4,550
13	Federal Income Tax [2]	4,296	(3,546)	190	68	11	(180)	0	754	1,593
14	ITC	0	0	0	0	0	0	0	0	0
15	Current Federal Tax	4,296	(3,546)	190	68	11	(180)	0	754	1,593
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	4,296	(3,546)	190	68	11	(180)	0	754	1,593
20	Total State Tax	1,009	(833)	45	16	3	(42)	0	177	375

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

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NW Natural
 Test year Normalizing Adjustments: TYPE II ADJUSTMENTS
 2011 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 Total Type II Adjustments

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

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Northwest Natural Gas Company
 Test year Normalizing Adjustments: TYPE II ADJ Income Tax Calculations
 2011 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
 Test year Normalizing Adjustments
 Revenues and Deliveries
 2011 Oregon Earnings Review

1	<u>Oregon Total Revenues</u>	
2		
3		
4	Sales Revenues	723,110,468
5	Unbilled Revenues	(3,681,370)
6		
7		
8	Total Sales Revenues	719,429,098
9		
10	Transportation Revenues	14,595,604
11		
12	Grand Total Revenues	734,024,702
13		
14		
15	<u>Gas Costs</u>	
16		
17	Demand Charges	82,158,862
18		
19	Commodity Charges	326,751,435
20		
21		
22	Oregon Deferral Activities	7,402,237
23		
24	Grand Total Gas Costs	416,312,533
25		
26		

Normalization Adjustments		
<u>Revenue Adjustment</u>	<u>Therms</u>	<u>Revenue</u>
WARM Adjustment		10,781,463
WARM Revenues		2,883,576
WARM Revenues - Unbilled		13,665,039
Weather Normalization Adjustment		
Residential	3,707,650	3,751,299
Commercial	(5,840,724)	(5,568,573)
	(2,133,074)	(1,817,274)
	(2,133,074)	11,847,765
TOTAL NORMALIZING MARGIN ADJUSTMENT		
<u>Gas Cost Adjustment</u>		<u>Cost of Gas</u>
WACOG equalization		0
Weather Normalization Gas Costs		(1,713,359)
TOTAL GAS COST ADJUSTMENT	Type I	(1,713,359)

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Weather Normalization

	Residential			Commercial		
	Volumes	Revenues	Gas Costs	Volumes	Revenues	Gas Costs
January	9,797,212	10,635,657	6,427,265	3,042,043	2,877,073	1,995,671
February	(1,788,300)	(1,941,343)	(1,173,178)	(1,956,518)	(1,850,416)	(1,283,535)
March	(2,549,781)	(2,767,991)	(1,672,733)	(2,307,942)	(2,182,782)	(1,514,079)
April	(5,721,802)	(6,211,474)	(3,753,674)	(3,951,007)	(3,736,744)	(2,591,979)
May	(3,778,243)	(4,101,585)	(2,478,641)	(2,628,059)	(2,485,539)	(1,724,086)
June	(2,619,873)	(2,844,082)	(1,718,715)	(1,059,115)	(1,001,679)	(694,811)
July	(1,290,602)	(1,401,052)	(846,674)	295,591	279,561	193,917
August	(93,829)	(101,859)	(61,555)	83,338	78,819	54,672
September	537,328	583,313	352,503	284,561	269,129	186,681
October	2,610,130	2,833,505	1,712,324	476,988	451,121	312,918
November	1,998,916	2,106,418	1,248,643	475,306	449,392	311,815
December	6,606,494	6,961,791	4,126,813	1,404,090	1,283,493	877,079
Total	3,707,650	3,751,299	2,162,378	(5,840,724)	(5,568,573)	(3,875,736)

Total Revenue Change (1,817,274)
Total Gas Cost Change (1,713,359)

**NW Natural
Normal Use Calculations
2011 Oregon Earnings Test**

Volumes

	Actual Usage (a)	Unbilled (b)	Total Actual Usage (c)	Baseline Normal Usage (d)	Normalizing Therm Adj (e)
Residential					
1 January	63,223,305	(6,728,238)	56,495,067	66,292,279	9,797,212
2 February	49,704,235	4,305,356	54,009,592	52,221,292	(1,788,300)
3 March	53,403,235	(7,752,612)	45,650,623	43,100,842	(2,549,781)
4 April	38,663,683	(2,999,210)	35,664,473	29,942,671	(5,721,802)
5 May	29,342,014	(7,180,910)	22,161,105	18,382,862	(3,778,243)
6 June	17,810,508	(5,846,938)	11,963,570	9,343,697	(2,619,873)
7 July	9,697,533	(773,543)	8,923,990	7,633,388	(1,290,602)
8 August	7,869,280	(157,365)	7,711,915	7,618,086	(93,829)
9 September	7,990,210	611,679	8,601,889	9,139,217	537,328
10 October	12,142,804	8,413,816	20,556,620	23,166,750	2,610,130
11 November	30,680,729	14,905,318	45,586,047	47,584,963	1,998,916
12 December	57,254,406	3,792,544	61,046,950	67,653,444	6,606,494
13 Total	377,781,941	589,897	378,371,838	382,079,491	3,707,650
Commercial					
14 January	36,230,479	(3,795,364)	32,435,115	35,477,158	3,042,043
15 February	29,153,030	1,764,101	30,917,132	28,960,613	(1,956,518)
16 March	30,171,325	(3,387,560)	26,783,765	24,475,823	(2,307,942)
17 April	23,192,811	(1,114,322)	22,078,489	18,127,482	(3,951,007)
18 May	18,415,017	(3,224,467)	15,190,550	12,562,491	(2,628,059)
19 June	12,798,709	(3,236,373)	9,562,336	8,503,221	(1,059,115)
20 July	8,625,694	(1,111,758)	7,513,936	7,809,526	295,591
21 August	7,487,477	82,877	7,570,354	7,653,692	83,338
22 September	7,465,219	352,485	7,817,704	8,102,264	284,561
23 October	9,657,057	4,477,952	14,135,009	14,611,996	476,988
24 November	18,382,069	7,372,379	25,754,448	26,229,754	475,306
25 December	32,777,008	2,046,327	34,823,335	36,227,424	1,404,090
26 Total	234,355,895	226,277	234,582,171	228,741,447	(5,840,724)

NW Natural
 2011 Oregon Earnings Review
 Adjustments to Miscellaneous Revenues
 (\$000)

Line No.	Actual (a)	Normalized (b)	Adjustment (c)
<u>Revenue & Technical Adjustments</u>			
1	(\$79.0)	(\$79.0)	\$0.0
2	12,306.8	12,306.8	0.0
3	0.0	0.0	0.0
4	(4,530.6)	(4,530.6)	0.0
5	(1,164.0)	0.0	1,164.0
6	(17,800.4)	(17,800.4)	0.0
7	(11,267.3)	(10,103.3)	1,164.0
8	19,296.8	0.0	(19,296.8)
<u>WARM Deferrals</u>			
9	(91.4)	0.0	91.4
<u>Other Miscellaneous Revenues</u>			
10	655.7	\$631.0	(\$24.7) [1]
11	232.6	156.5	(76.1) [1]
12	2,621.8	2,621.8	0.0
13	260.1	290.8	30.7 [1]
14	190.0	186.5	(3.5) [1]
15	0.0	0.0	0.0
16	459.3	439.5	(19.7) [1]
17	0.0	0.0	0.0
18	110.8	118.9	8.1 [1]
19	0.0	(0.1)	(0.1) [1]
20	0.5	0.5	0.0
20	4,530.6	4,445.4	(85.2)
<u>SB 408 Deferrals</u>			
21	(\$7,161.6)	\$0.0	\$7,161.6
22	\$5,307.1	(\$5,657.8)	(\$10,965.0)

Notes:
 [1] Normalized to 3-year average

NW Natural
 2011 Oregon Earnings Review
 Advertising and Promotional Adjustment

Worksheet 2c

Line No.	Amount
	(a)
<u>Advertising Expense - Test Period</u>	
1	Category A
	\$999,638
2	Category B
	410,058
3	Category C
	657,151
4	Category E
	0
5	Total Advertising Expense
	<u>\$2,066,847</u>
<u>Category A Threshold</u>	
6	Total Oregon Customers - 2010-2011 average
	606,988
7	UG 152 allowed \$2.19 per customer
	<u>\$2.19</u>
8	Category A Allowable
	<u>\$1,329,303</u>
9	Total Allowable Expense (Line 2 plus lesser of Lines 1 and 8)
	1,409,695
10	Disallowed Amounts (Line 5 less Line 9)
	657,151
11	Allocation Factor (Residential Customers)
	<u>89.52%</u>
12	Advertising Disallowance Allocated to Oregon
	<u>(\$588,282)</u>

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NW Natural
 2011 Oregon Earnings Review
 Dues/Memberships and Other Promotional Adjustment

Line No.	Amount (a)		Operating (b)		Non-Operating (d)		Amount (e)
	Amount	Percent	Amount	Percent	Amount	Percent	
1	IGT / GRI / NW Biogas	\$373,000	100%	\$373,000	0%	\$0	
2	AGA	394,493	75%	295,870	25%	98,623	
3	Western Energy Institute	23,629	75%	17,722	25%	5,907	
4	Other	48,094	50%	24,047	50%	24,047	
5	Total	<u>\$839,216</u>		<u>\$710,639</u>		<u>\$128,578</u>	
6	Allocation Factor (3-Factor)					90.14%	
7	Non-Operating Dues/Memberships Adjustment Allocated to Oregon					115,900	
8	Oregon Promotional and Other Expense					95,489	
9	Dues/Memberships and Other Promotional Adjustment to Oregon					<u>(\$211,389)</u>	

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NW Natural
Rates & Regulatory Affairs
2011 Earnings Test & Commission Basis Report
O&M Extract of Categories 2966, 2666, and 2667
Twelve Months Ended December 31, 2011

Activity	Cost Center	Cost Center Descr	Order	Category	Overall Result	Washington	Oregon
885	15100	ENGINEERING SVCES OR	885-02966	2966	3,525.08	347.93	3,177.15
885	15506	GAS OPS ORANGE	885-02966	2966	1,076.00	106.20	969.80
908	11420	CONVERSION	908-02966	2966	181.00	18.57	162.43
908	11430	NEW CONSTRUCTION	908-02966	2966	430.00	44.12	385.88
908	11330	ARCHITECTURE RELATIO	908-02966	2966	1,273.31	109.50	1,163.81
908	11410	RES CONSUMER SERVICE	908-02966	2966	2,216.99	231.23	1,985.76
912	11330	ARCHITECTURE RELATIO	912-02966	2966	8,636.31	852.40	7,783.91
912	11420	CONVERSION	912-02966	2966	3,321.96	340.83	2,981.13
912	11430	NEW CONSTRUCTION	912-02966	2966	4,449.51	456.52	3,992.99
912	11515	MARKETING	912-02966	2966	224.85	23.07	201.78
921	12012	GENERAL MAINT	921-02666	2666	6,201.90	612.13	5,589.77
921	12013	TRANSPORTATION	921-02666	2666	1,305.61	128.86	1,176.75
921	13100	COMM & NETWORK SVC	921-02666	2666	227.02	22.41	204.61
921	15100	ENGINEERING SVCES OR	921-02666	2666	2,519.13	248.64	2,270.49
921	15100	ENGINEERING SVCES OR	921-02667	2667	294.90	29.11	265.79
921	15491	DIR, ACQUIRE CUSTOME	921-02966	2966	3,411.63	336.73	3,074.90
921	15506	GAS OPS ORANGE	921-02666	2666	770.27	76.03	694.24
921	15508	BUSINESS ANALYSIS	921-02666	2666	150.00	14.81	135.19
921	15508	BUSINESS ANALYSIS	921-02667	2667	225.88	22.29	203.59
921	15509	CONTRACT CNSTN	921-02666	2666	300.64	29.67	270.97
921	15510	OPS TECHNICAL SVCES	921-02666	2666	512.86	50.62	462.24
921	15520	COMPLIANCE SVCES OR	921-02966	2966	260.00	25.66	234.34
921	16400	OFFICE SERVICES	921-02666	2666	85.03	8.39	76.64
921	41050	IS GENERAL ADMIN	921-02666	2666	403.18	39.79	363.39
921	41060	IS CUSTOMER SERVICE	921-02666	2666	295.09	29.13	265.96
921	42010	ACCOUNTING	921-02666	2666	(64.00)	(6.32)	(57.68)
921	42010	ACCOUNTING	921-02966	2966	325.40	32.12	293.28
921	42020	TAX	921-02666	2666	167.00	16.48	150.52
921	46010	CORP SECRETARY	921-02666	2666	61.20	6.04	55.16
921	46020	SHAREHOLDER SVCS	921-02666	2666	23.35	2.30	21.05
921	51020	RISK & LAND	921-02666	2666	91.10	8.99	82.11
921	51060	PROJECT OFFICE	921-02666	2666	824.57	81.39	743.18
921	52020	COMM & CIVIC AFFAIRS	921-02666	2666	1,306.00	128.90	1,177.10
921	52020	COMM & CIVIC AFFAIRS	921-02966	2966	17.25	1.70	15.55
921	52040	COMMUNICATION SERV	921-02666	2666	38.74	3.82	34.92
921	72000	CHIEF EXECUTIVE OFFI	921-02966	2966	735.90	72.63	663.27
921	72700	VP, UTILITY OPERATIO	921-02966	2966	3,532.51	348.66	3,183.85
921	73100	VP, UTILITY SERVICE	921-02666	2666	17.16	1.69	15.47
921	73100	VP, UTILITY SERVICE	921-02966	2966	3,075.86	303.59	2,772.27
921	74000	SR VP FIN & ADMIN	921-02966	2966	1,562.76	154.24	1,408.52
921	74100	VP FINANCE & REGULAT	921-02966	2966	1,020.00	100.67	919.33
921	74500	TREASURER & CONTR	921-02966	2966	585.17	57.76	527.41
921	74700	VP, BUS DEVL & EGY S	921-02966	2966	816.46	80.58	735.88
921	74900	MANAGING DIR I/S	921-02966	2966	3,500.00	345.45	3,154.55
921	75000	SR VP & GEN COUNSEL	921-02966	2966	209.00	20.63	188.37
921	79000	GEN ADMIN STAFF	921-02966	2966	10,010.90	988.08	9,022.82
921	11320	FIELD SERVICES	921-02666	2666	40.00	4.10	35.90
921	11420	CONVERSION	921-02666	2666	119.75	12.29	107.46
921	11430	NEW CONSTRUCTION	921-02666	2666	46.05	4.72	41.33
921	11430	NEW CONSTRUCTION	921-02667	2667	469.30	48.15	421.15
921	11515	MARKETING	921-02666	2666	13.50	1.39	12.11
921	11540	CONSR RELATIONS-EVT	921-02666	2666	490.29	50.30	439.99
921	12011	METER SHOP	921-02666	2666	5,915.40	606.92	5,308.48
921	13305	AMR	921-02666	2666	495.00	50.79	444.21
921	13510	CUST FIELD SERVICES	921-02666	2666	289.34	29.69	259.65
921	13520	RESOURCE MGMT CTR	921-02666	2666	251.01	25.75	225.26
921	11330	ARCHITECTURE RELATIO	921-02666	2666	22.25	1.91	20.34
921	11550	CONSMR INFO-INTNT SR	921-02666	2666	3,490.00	364.01	3,125.99
921	11513	SERVICE SOLUTIONS	921-02666	2666	129.86	0.00	129.86
921	14100	GAS OPS BLACK - OR	921-02666	2666	674.71	0.00	674.71
921	15520	COMPLIANCE SVCES OR	921-02666	2666	156.15	0.00	156.15
921	52010	PUB POLICY & GVRM AF	921-02666	2666	53.05	0.00	53.05
921	34000	OD & TRAINING	921-02666	2666	1,235.44	134.05	1,101.39
921	34000	OD & TRAINING	921-02966	2966	14.50	1.57	12.93
921	51010	OCCUPATIONAL SAFETY	921-02666	2666	620.12	67.28	552.84
921	11200	GAS STORAGE OPS	921-02666	2666	155.81	15.38	140.43
921	11100	SYSTEM OPS	921-02666	2666	3,398.96	260.70	3,138.26
926	34000	OD & TRAINING	926-02966	2966	1,000.00	108.50	891.50
926	42010	ACCOUNTING	926-02966	2966	65.97	7.16	58.81
930	46010	CORP SECRETARY	930-02966	2966	16,572.27	1,635.68	14,936.59
TOTAL					105,873.21	10,384.38	95,488.83

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**NW Natural
Rates & Regulatory Affairs
2011 Earnings Test & Commission Basis Report
O&M Extract of Account 507500
Twelve Months Ended December 31, 2011**

Note: Excludes categories 2966 & 2666 & FERC accts 911,912,913

Activity	Cost Center	Cost Center Descr	Order	Category	G/L Account	Amount		
						Overall Result	Washington	Oregon
885	15100	ENGINEERING SVCES OR	885-0163	1633	507500	1,980.29	195.45	1,784.84
908	11325	CUST SEG SRVC	908-0466	4660	507500	10,724.14	745.33	9,978.81
908	11595	SMART ENERGY	908-0297	2972	507500	4,628.24	482.73	4,145.51
909	11550	CONSMR INFO-INTNT SR	909-2800	8000	507500	28,470.79	2,969.50	25,501.29
921	52010	PUB POLICY & GVRM AF	921-0150	1505	507500	(24.05)	0.00	(24.05)
921	52020	COMM & CIVIC AFFAIRS	921-0150	1505	507500	3,802.18	375.28	3,426.90
921	52030	PUBLIC RELATIONS	921-0150	1505	507500	923.24	91.12	832.12
921	52040	COMMUNICATION SERV	921-0150	1505	507500	2,543.72	251.07	2,292.65
921	74000	SR VP FIN & ADMIN	921-0150	1505	507500	213.11	21.03	192.08
926	31100	EMPLOYMENT	926-0150	1505	507500	6,816.67	739.61	6,077.06
930	52030	PUBLIC RELATIONS	930-0429	4295	507500	535.00	52.80	482.20
						60,613.33	5,923.92	54,689.41

Worksheet 2e

**NW Natural
2011 Oregon Earnings Review
Property Tax Adjustment
(\$000)**

<u>Line No.</u>	<u>Amount (a)</u>
1	\$18,709
2	<u>18,676</u>
3	<u><u>(\$33)</u></u>

NW Natural
Oregon Property Tax
2011 Property Taxes Paid

	<u>2011</u>
1 Utility	18,642,578.06
2 Real, personal, and other property tax	106,822.24
3 Less amounts rebilled to others	<u>(72,534.03)</u>
4 Total property	<u><u>18,676,866.27</u></u>

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NW Natural
 2011 Oregon Earnings Review
 Uncollectible Accounts Adjustments
 (\$000)

Worksheet 2f

Line No.		2009 - 2011		2011		2010		2009	
		Total	(a)	Actual	(b)	Actual	(c)	Actual	(c)
Gas Revenues									
1	Residential	\$1,532,462		\$494,596		\$461,892		\$575,974	
2	Commercial	777,473		245,441		230,605		301,428	
3	Industrial	104,434		30,588		31,046		42,800	
4	Interruptible	133,241		34,961		36,164		62,116	
5	Total	2,547,610		805,585		759,706		982,318	
Net Write-Offs									
6	Residential	6,702		1,878		1,608		3,216	
7	Commercial	1,008		219		195		594	
8	Industrial	229		(35)		70		194	
9	Interruptible	(47)		(47)		-		-	
10	Total	7,892		2,015		1,873		4,004	
Write-Off Percentage									
11	Residential	0.437%		0.380%		0.348%		0.558%	
12	Commercial	0.130%		0.089%		0.084%		0.197%	
13	Industrial	0.220%		-0.113%		0.226%		0.453%	
14	Interruptible	-0.035%		-0.134%		0.000%		0.000%	
15	Weighted Total	0.310%		0.250%		0.247%		0.408%	
Normalized Uncollectible									
16	Residential	\$2,163							
17	Commercial	318							
18	Industrial	67							
19	Interruptible	(12)							
20	Total	\$2,536							
21	Allocation Factor (Total Customers)	89.69%							
22	Oregon Normalized Amount	2,275							
23	Oregon Allocation of Accrued Amount	1,718							
24	Adjustment (Normalized less Accrued)	\$556							

[1] Weighted uncollectible rate of : 0.3100% is used on page 1, column (b).

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NORTHWEST NATURAL
UNCOLLECTIBLE ACCOUNTS ANALYSIS
December-11

	CURRENT MONTH			YEAR-TO-DATE			TWELVE MONTHS		
	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR
GAS REVENUES									
Residential	71,186,313	70,121,983	1,064,330	494,595,506	461,892,493	32,703,013	494,595,506	461,892,493	32,703,013
Commercial	32,942,947	32,791,842	161,105	245,440,651	230,604,510	14,836,141	245,440,651	230,604,510	14,836,141
Industrial - Firm	3,093,713	3,011,812	81,901	30,587,945	31,045,628	(457,683)	30,587,945	31,045,628	(457,683)
Industrial - Interruptible	3,431,069	3,528,118	(97,049)	34,961,340	36,163,852	(1,202,512)	34,961,340	36,163,852	(1,202,512)
Transportation	1,397,656	1,360,221	37,435	16,021,228	14,237,958	1,783,270	16,021,228	14,237,958	1,783,270
Sub-total	112,051,698	110,803,976	1,247,722	821,606,670	773,944,441	47,662,229	821,606,670	773,944,441	47,662,229
Unbilled	6,561,272	6,028,313	532,959	(3,360,371)	(8,949,628)	5,589,257	(3,360,371)	(8,949,628)	5,589,257
Interstate Storage (3)	2,136,667	2,713,328	(576,661)	26,744,605	34,533,812	(7,789,207)	26,744,605	34,533,812	(7,789,207)
TOTAL	120,749,637	119,545,617	1,204,020	844,990,904	799,528,625	45,462,279	844,990,904	799,528,625	45,462,279
ACCOUNTS RECEIVABLE BALANCE									
Residential	39,246,549	35,580,275	3,666,273						
Commercial	18,018,961	18,203,012	(184,051)						
Industrial - Firm & Trans	5,402,916	4,734,455	668,461						
Industrial - Inter & Trans	2,137,773	1,980,715	157,058						
Interstate Storage	1,925,204	3,346,116	(1,420,912)						
Miscellaneous (SAP)	959,026	555,664							
TOTAL	67,690,428	64,400,238	2,886,828						
DELINQUENT ACCOUNTS									
Residential	1,654,950	1,604,838	50,112						
Commercial	116,685	123,172	(6,488)						
Industrial - Firm	17,006	60,457	(43,450)						
Industrial - Interruptible	0	0	0						
Interstate Storage	0	0	0						
Miscellaneous (SAP)	373,986	321,852	52,134						
TOTAL	2,162,627	2,110,319	52,307						
% of Accounts Receivable	3.19%	3.28%	-0.09%						

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NORTHWEST NATURAL
UNCOLLECTIBLE ACCOUNTS ANALYSIS
December-11

	CURRENT MONTH			YEAR-TO-DATE			TWELVE MONTHS		
	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR	CURRENT YEAR	PREVIOUS YEAR	INCREASE OVER LAST YEAR
UNCOLLECTIBLE ACCRUAL									
Residential	479,869	434,888	44,982	1,877,649	1,435,958	441,691	1,877,649	1,435,958	441,691
Commercial	82,935	49,099	33,835	219,136	184,454	34,682	219,136	184,454	34,682
Industrial - Firm	(22,237)	53,547	(75,783)	(34,693)	157,946	(192,640)	(34,693)	157,946	(192,640)
Industrial - Interruptible	4,226	5,127	(901)	(46,706)	(17,404)	(29,302)	(46,706)	(17,404)	(29,302)
Unbilled revenues	16,288	12,618	3,670	(96,270)	(44,042)	(52,228)	(96,270)	(44,042)	(52,228)
Interstate Storage	0	0	0	0	0	0	0	0	0
Miscellaneous (SAP)	0	0	0	0	0	0	0	0	0
TOTAL	561,082	555,280	5,802	1,919,115	1,716,912	202,203	1,919,115	1,716,912	202,203
% of Gas Revenues (4)	0.46%	0.46%	0.00%	0.23%	0.21%	0.02%	0.23%	0.21%	0.02%
NET WRITE OFF									
Residential	(68,304)	(36,504)	(31,800)	1,641,251	1,608,394	32,857	1,641,251	1,608,394	32,857
Commercial	1,465	8,026	(6,561)	200,490	194,606	5,884	200,490	194,606	5,884
Industrial - Firm	(27,828)	3,068	(30,895)	38,308	70,021	(31,713)	38,308	70,021	(31,713)
Industrial - Interruptible	26,000	0	26,000	26,000	0	26,000	26,000	0	26,000
Unbilled revenues	0	0	0	0	(14,116)	14,116	0	(14,116)	14,116
Interstate Storage	0	0	0	0	0	0	0	0	0
Miscellaneous (SAP)	(4,954)	0	(4,954)	68,150	33,198	34,952	68,150	33,198	34,952
TOTAL	(73,620)	(7,599)	(66,022)	1,974,199	1,892,103	82,096	1,974,199	1,892,103	82,096
% of Gas Revenues (2) (4) (5)	-0.06%	-0.02%	-0.04%	0.22%	0.23%	-0.01%	0.22%	0.23%	-0.01%
ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BALANCE									
Residential	2,217,596	1,981,197	236,399						
Commercial	246,753	228,107	18,646						
Industrial - Firm	75,633	148,635	(73,002)						
Industrial - Interruptible	63,343	136,050	(72,706)						
Unbilled	143,916	240,186	(96,270)						
Interstate Storage	0	0	0						
Miscellaneous (SAP)	147,637	215,788	(68,151)						
TOTAL	2,894,878	2,949,963	(55,084)						
% of Accounts Receivable (1) (4)	3.85%	3.87%	-0.02%						

Footnotes to "Uncollectible Accounts Analysis" report:

- 1) Calculation excludes Unbilled Allowance for Uncollectible Accounts Balance.
- 2) Calculation excludes Unbilled Gas Revenues.
- 3) Interstate Storage revenues include optimization and interstate gas storage services.
- 4) Excludes Miscellaneous
- 5) Net write off amount is net of Allowance for Uncollectible Accounts for public purpose programs.

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**NW Natural Company
 2011 Oregon Earnings Review
 Common Stock Issuance expense**

Worksheet 2g

<u>Line No.</u>	<u>Amount (a)</u>
1 Capital Stock Expense - 2009	\$29,234
2 Capital Stock Expense - 2010	0
3 Capital Stock Expense - 2011	0
4 Three Year Average	\$9,745
5 Allocation Factor (Rate Base)	89.193%
6 Allocated to Oregon	<u>\$8,692</u>

NW Natural
2011 Oregon Earnings Review
Bonus Adjustment
(\$000)

Line No.	Key Goal Amount (a)	Performance Amount (b)	Total Amount (c)
Operating and Maintenance			
1	Remove Accrued Amount		(\$4,903,112)
2	UG 152 Allowed Amounts [1]	1,642,319	2,330,111
3	Net Adjustment	1,642,319	(2,573,001)
4	Allocation Factor (Payroll)		89.620%
5	Allocated to Oregon		<u>(\$2,305,923)</u>
Construction			
6	Remove Accrued Amount		(\$1,926,559)
7	UG 152 Allowed Amounts [1]	607,146	1,111,287
8	Net Adjustment	607,146	(815,272)
9	Allocation Factor (Rate Base)		89.193%
10	Allocated to Oregon		<u>(\$727,165)</u>

[1] Per Order 03-507 (Docket UG-152), Bonus allowed as follows:

	Key Goal	NBU
Potential	3,157,200	6,118,600
Projected Award Expected Payout	38.0%	38.0%
	1,200,336	2,326,231
O&M % Construction %	57.3%	70.6%
	42.0%	26.1%
Total O&M	687,792	1,642,319
Total Capital	504,141	607,146