#### e-FILING REPORT COVER SHEET



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REPORT NAME: Annual Results of Operations Report, Earnings Review for the Twelve Months Ended December 31, 2012, With and Without Workpapers

COMPANY NAME: NW Natural

#### DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?

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

If known, please select designation:	RE (Electric)	RG (Gas)	RW (Water)	RO (Other)
Report is required by: OAR	860-022-0070			
Statute				
Order				
Other				
Is this report associated with a specif	fic docket/case?	No	Yes	

List applicable Key Words for this report to facilitate electronic search:

Earning Review with Workpapers for the Twelve Months Ended December 31, 2012, Earnings Review without Workpapers for the Twelve Months Ended December 31, 2012, Annual Results of Operations Report, RG 40

#### DO NOT electronically file with the PUC Filing Center:

If yes, enter docket number: RG 40

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715

#### Please file the above reports according to their individual instructions.

PUC FM050 (Rev. 6/29/12)



220 NW 2ND AVENUE Portland, or \$7209

503.226.4211

May 1, 2013

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

## ATTN: Filing Center

## RE: RG 40: NW Natural's Earnings Review without Workpapers for the Twelve Months Ended December 31, 2012

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, 2012. 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/ Cristan Kelley

Cristan Kelley Rates Analyst

CMK/kcm enclosures



# **REPORT:**

# ANNUAL EARNINGS REVIEW

# WITHOUT WORKPAPERS

(For the twelve months ended December 31, 2012)

NW Natural	tural							
2012 Ore 12 Monti (\$000's)	2012 Oregon Earnings Review 12 Months Ended December 31, 2012 (\$000's)							
Line	•	L.		Results	OREGON EARNINGS TEST REVIEW S Gas Reserves Results Ex- (1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	ESI REVIEW Results Excl.	TYPE II	Results
20.		(a)	(b)	(c)	Adhustment <sup></sup> (d)	(e)	(J)	
	<u>Operating Revenues</u> Sale of Gas	\$632,562	\$27,957	\$660,519		\$660,519	\$0	\$660,519
-	WARM Revenues	6	(63)	0		0	0	0
	Revenue & Technical Adjustments	(13,166)	(830)	(13,996)		(13,996) 0	00	(13,996) 0
+ 10	becoupring Aujusumenus Transportation	14.011	0	14.011		14.011	00	14,011
	Miscellaneous Revenues	4,137	53	4,190		4,190	0	4,190
~ SI 8 7	SB408 Deferrals Total Operating Revenues	0 648,338	0 16,385	0 664,723	0	0 664,723	00	0 664,723
	<u>Operating Kevenue Deguctions</u> Gas Purchased	322,423	16,843	339,266	4,281	343,547	0	343,547
	Uncollectible Accrual for Gas Sales	1,016	462	1,478	·	1,478	0	1,478
	Other Operating & Maintenance Expenses	108,931	(1,769)	107,162		107,162	0	107,162
12 12	Total Operating & Maintenance Exp.	432,370	15,536	447,906	4,281	452,187	0	452,187
13 Fe	Federal Income Tax	27,659	147	27,806	(1,501)		0	26,305
	State Excise	6,480	35	6,515	0	6,515	0	6,515
	Property Taxes	18,444	(265)	18,179		18,179	0 (	18,179
5 ă 9 (	ouner laxes Depreciation & Amortization	21,/21 59,645	0	22,421 59,645		22,421 59,645	00	22,421 59,645
18 Tc	Total Operating Revenue Deductions	566,349	16,123	582,472	2,780	585,252	0	585,252
		100		110 001	1005 011			ALL OFA
Ž 61	Net Operating Revenues	\$81,989	\$262	\$82,251	(\$2,780)	\$79,471	0\$	\$79,471
	Average Rate Base Utility Plant in Service	\$2,193,293	(\$238)	\$2,193,055	(76,613)	₩	0\$	\$2,116,442
ž ž 7. 7	Accumulated Depreciation Net Utility Plant	(946,818) 1,246,475	(238)	(946,818) 1,246,237	4,394 (72,219)	(942,424) 1,174,018	00	(942,424) 1,174,018
	•			•				
23 24 A	Aid in Advance of Construction Materials & Supplies	(2,723) 74,553	00	(2,723) 74 553		(2,723) 74 553	0 0	(2,723) 74 553
	Water Heater Program	0	0	0		0	0	0
	Leasehold Improvements		0	1,316		1,316	0	1,316
27 A(	Accumulated Deferred Income Taxes	(291,030)	0 0	(291,030)	25,096	(265,934) 0	0	(265,934) 0
-		•	>	Þ		00		00
29 Tc	Total Rate Base	\$1,028,591	(\$238)	\$1,028,353	(\$47,123)	\$981,230	\$0	\$981,230
30 R.	Rate of Return	7.97%	H	8.00%	_	8.10%	H	8.10%
31 Ro	Return on Common Equity	9.81%	I	9.87%	_	10.08%	·	10.08%

Notes: <sup>(1)</sup>Columns (d) and (e) added in accordance with Order No. 11-176 pertaining to Encana. 2012 Oregon Earnings Test Report - FINAL unprotected for Staff x1sx 5/1/2013 9:45 AM

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**Rates & Regulatory Affairs** 

### ANNUAL EARNINGS REVIEW For the Twelve Months Ended December 31, 2012

#### **Description of TYPE I Adjustments**

This report was developed in a manner consistent with the earnings review directives adopted in UM 903. As in past years, the determination of the various adjustments included in this report continue to reflect those typical and routinely developed adjustments as were also adopted in the Company's 2002 general rate filing (UG 152). The Company's 2011 general rate filing (UG 221) was effective November 1, 2012, but as a practical matter for compiling Type I adjustments in the 2012 report, the Company used the UG 152 adjustments. Beginning with the 2013 Results of Operations, the Company will reflect the adjustments from UG 221.

#### 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."

#### <u>Capital Stock Expense</u> [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 2012.

NW Natural Test year Normalizing Adjustments: TYPE I ADJUSTMENTS 2012 Oregon Earnings Review (\$000)	
NW Natural Test year No 2012 Orego (\$000)	

2 2 2	2012 Oregon Earnings Review (\$000)		Weather									
Line No.	دە	Column A from Page 1	Normalization & Gas Costs Adiustment	Miscellaneous Revenue Adiustment	Advertising & Promotional Adiustment	Memberships and Dues Adiustment	Property Taxes Adii retment	Uncollectible Accounts Artiustment	Stock Issuance Adiustment	Bonus Adiustment	Total Type I Adiustments	Column C from Page 1
	worksheet #:		(2a)	(2b)	(20)	(2d)	(2e)	(JZ)	(52)	(qZ)		*
-	Operating Revenues		730 CC4									010 0004
7	Sare of Gas WARM Revenue	20c'2cot	278 278	(371)							(66)	etc'noot
ŝ.	Revenue & Technical Adjustments	(13,166)		(830)							(830)	(13,996)
4 v	Decoupling Adjustment Transnortation	10,702		(10,702)							(10,702)	14 011
90	Miscellaneous Revenues SB408 Deferrals	4,137		53 0							53 0	4,190
89	Total Operating Revenues	648,338	28,234	(11,849)	0	0	0	0	0	0	16,385	664,723
6 01	<u>Operating Revenue Deductions</u> Gas Purchased Uncollectible Accrual	322,423 1,016	16,843 62	0	0	0	0	<del>6</del>		0	16,843 462	339,266 1,478
11		108,931			(317)	(194)			0	(1,258)	(1,	107,162
12	Total Operating & Maintenance Exp.	432,370	16,905	0	(317)	(194)	0	400	0	(1,258)	15,536	447,906
13		27,659	3,449	(3,834)	102	83	83	(129)	0	410	147	27,806
4 i	State Excise Droverty Taxos	6,480 10 444	66/	(888)	24	15	20	(90)	0	26 2	35	6,515
10		21,751 59,645	678	(8)	0	0	0	0	00	000	(200 (670	22,421 22,421 59,645
18	Total Operating Revenue Deductions	566,349	21,831	(4,730)	(161)	(116)	(159)	241	0	(753)	16,123	582,472
19	Net Operating Revenues	81,989	6,404	(7,119)	191	116	159	(241)	0	753	262	82,251
20 21	<u>Averace Rate Base</u> Utility Plant in Service Accumulated Depreciation	2,193,293 (946,818)								(238) 0	(238) 0	2,193,055 (946,818)
22	Net Utility Plant	1,246,475	0	0	0	0	0	0	0	(238)	(238)	1,246,237
8 8 8 8	Aid in Advance of Construction Materials & Supplies Water Heater Program Leasehold Improvements	(2,723) 74,553 0 1,316									0000	(2,723) 74,553 0 1.316
27	Accumulated Deferred Income Taxes	(291,030)										(291,030)
28	Total Rate Base	\$1,028,591	\$0	0\$	\$0	\$0	0 <b>\$</b>	0\$	0\$	(\$238)	(\$238)	\$1,028,353
ସ	Interest Coordination		0	0	0	0	0	0	0	(8)	(8)	(8)

Northwest Natural Gas Company Test year Normalizing Adjustments: TYPE I ADJUSTMENTS										
2012 Oregon Earnings Review (\$000)	Income Tax Calculations	culations								
Line	Weather Normalization & Repricing	Other Revenue	Advertising	Memberships and Dues	Property Taxes	Uncollectible Accounts	Stock Issuance	Accrued Bonus	Total	
No. Income Tax Calculations	Adjustment (2a)	Adjustment (2b)	Adjustment (2c)	Adjustment (2d)	Adjustment (2e)	Adjustment (2f)	Adjustment (2g)	Adjustment (2h)	Adjustments (2i)	
1 Book Beventies	78 734	(11 840)	C	c	c	c	C	0		
2 Book Expenses before Deprec. & Int.	17.583	(8)	(317)	, ( <del>1</del>	(265)	90 <del>0</del>	• •	(1.258)	15.941	
3 State Tax Depreciation	0	)0	0	0	0	20	0	0		
	0	0	0	0	0	0	0	(8)	(8)	
5 Book/Tax Differences (Sched. M)	0	0	0	0	0	0	0	0		
6 State Taxable Income	10,652	(11,841)	317	194	265	(400)	0	1,266	452	
	662	(888) ,	24	15 1	50 20	(OE)	0 0	95 9	35	
8 State Tax Credit	0	0	0	0	0	0	0	0	0	
9 Net State Income Tax	662	(888)	24	15	20	(30)	0	95	35	
	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	9,853	(10,953)	293	179	245	(370)	0	1,171	417	
13 Federal Income Tax [2] 14 ITC	3,449 0	(3,834) 0	102 0	ი წ	80	(129) 0	00	410 0	147 0	
15 Current Federal Tax	3,449	(3,834)	102	8	8	(129)	0	410	147	
16	c	c	C	c	c	c	c	c	c	
					000	000	000		) O C	
	3.449	(3.834)	102	63	, 8	(129)	, c	410	147	
		F-2TEX								
20 Total State Tax	799	(888)	24	15	20	(30)	0	95	35	
<ol> <li>Statutory State Excise Tax Rate:</li> <li>Statutory Federal Income Tax Rate:</li> </ol>	7.50% 35.00%									

2012 Oregon Earnings Test Report - FINAL unprotected for Staff.xlax 5/1/2013 9:12 AM

	Test year Normalizing Adjustments: TYPE II ADJUSTMENTS	teview	
NW Natural	Test year Normalizing A	2012 Oregon Earnings Review	

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Northwest Natural Gas Company Test year Normalizing Adjustments: TYPE II ADJ Income Tax Calculations 2012 Oregon Earnings Review (\$000)

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7.50% 35.00%								
	0 0 0 0 0 0 0 0 0 0 0 0 35.00%							

NW Natural Tax Provision - Historic 2012 Oregon Earnings Review (\$000)

Line No.	,	State Taxes	Federal Taxes
-	<b>Operating Revenues</b>	\$648,338	\$648,338
NM	Operating Revenue Deductions Property & OtherTaxes	432,370 40,195	432,370 40,195
4 い の	Book Depreciation Interest (Rate Base * Cost of Debt) State Tax Deduction	59,645 34,046 -	59,645 34,046 6,480
~	Subtotal	82,082	\$75,602
8	Permanent Differences	4,321	4,321
σ	Taxable Income	86,403	\$79,923
10	Tax Rate	7.50%	35.00%
11	Tax Before Credits and Adjustments	6,480	27,973
12	Credits & Adjustments	0	(314)
13	13 Total Tax	\$6,480	\$27,659

NW Natural 2012 Cregon Earnings Raview Rata Base		55		ŝ		Ş	, second	ŝ	, in the second s	5	, is	ş	, , ,	
OREGON		2012 2013	2 2 2 2 2 2 2		2012	2012 2012	2012		2012 2012	2012 2012 September	2012 2012 October	2012 2012 November	2012 2012 December	Dec 11 - Dec 12 Dec 11 - Dec 12 13 months everage
Gross Plant	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGON	OREGOM	OREGON	OREGON	OREGON
Intangible Software Production Pratemasion Distribution General	81,628,357 84,348 675,138 675,138 49,410,522 1,577,606,618 105,100,630	83,241,255 94,346 673,754 49,410,969 1,580,816,876 1,06,627,418	83,342,871 84,346 673,764 54,058,897 1,585,756,708 105,683,673	83,371,097 84,348 673,764 54,058,728 1,587,871,627 1,587,810,072	84,500 84,346 673,764 53,655,767 1,533,935,977 1,533,935,977	83,534,301 84,348 673,768,401 53,768,401 1,597,414,830 107,763,856	83,546,313 84,348 673,764 55,815,394 1,601,242,342 108,004,802	55,100,528 845,48 875,76 875,508,508,1 717,509,508,1 717,509,509,1 717,509,500,1	85,204,952 84,348 673,764 55,778,417 1,602,772,668 107,435,441	85,593,522 84,348 673,764 77,987,639 1,609,086,317 106,596,122	85,629,439 84,348 673,754 79,892,157 1,615,320,146 1,23,520,369	85,828,059 84,348 873,767 86,136,369 116,17,657,361 126,577,351	86,439,911 84,348 6.75,348 79,930,156 1,620,796,645 1,620,796,645	84.334.788 Total Customers 84.394.788 Direct 67.388 Direct 61.257.430 Direct 1.599.566.017 Direct 1.111.772.132 3-Fiscon & Direct
Storage and storage transmission CNG and LNG	255,958,846 2,314,722	255,958,846 2,314,722	255,959,488 2,314,722	255,962,083 2,314,722	256,049,517 2,314,722	257,619,770 2,314,722	257,619,902 2,314,722	257,794,221 2,314,722	957, F97, 732 922, 522, 5	257,932,435 2,221,550	258,574,113	258,897,006	258,875,623 2,294,485	257,323,203 Firm Delivered Volumes 2,289,030 3-Factor
Encana	40,757,396	905'265'05	55,517,396	60,437,396	67,817,396	70,277,396	965'251'52	80,117,396	82,499,135	87,452,114	92,372,114	462,082,18	99,769,227	76,612,763 Direct, Jan-Dec Average
Total Gross Plant Accumulated Descredation	2,113,536,638 D	2,1 <b>29,725,615</b> 0	2,144,391,867 0	2,151,5 <b>8</b> 3,637 0	2,164,707,081 0	2,173,451,389 0	2,184,501,983 0	2,195,478,334 0	2,194,464,014 0	2,229,626,811 0	2,258,618,000 0	2,268,449,182 0	2,276,477,807 0	2.193,532,604
Intanglisa Production Transmission Ditribution General	(54,226,406) (691,036) (12,022,722) (708,472,484) (51,630,412)	(112,140,522) (691,026) (12,140,500) (711,457,523) (52,1132,213)	(54,935,091) (691,036) (12,265,018) (714,349,285) (22,473,966)	(84, 832, 822, 823) (891, 036) (812, 386, 213) (812, 386, 223) (812, 866, 323) (822, 866, 323)	(E00,872,28) (F20,169) (700,124,221) (700,125,21) (700,126) (700,126) (113,020,126) (1	(55,900,025) (691,036) (12,654,208) (722,622,427) (53,281,122)	(723,487,527) (723,482,527) (723,482,527) (723,482,527) (723,482,527) (723,482,527)	(55,550,522) (691,036) (12,921,176) (728,195,392) (54,249,108)	(H59,589,52) (1262,598,62) (1262,596) (127,496,502) (727)	(57,216,454) (621,054) (732,745) (732,745) (730,332) (730,332)	(021,250,254) (691,036) (113,115,115) (723,1154,115) (723,1154)	(E13,P88,72) (650,E89,C7) (850,E89,C7) (850,E89,C7)	(911,912,022) (950,026,026) (950,028) (950,028) (950,028) (951,026	(\$6.27),543) Total Customers (691,036) Direct (1.2,282,560) Direct (724,131,565) Direct (53,009,564) 3 Hactor
Storage and storage transmission CNG and LNG	(89,203,242) (2,314,722)	(722,157,28) (227,1412,2)	(90,259,814) (2,314,722)	(90,788,103) (2,314,722)	(91,316,487) (2,314,722)	(92,276,152) (2,314,722)	(92,807,763) (2,314,722)	(93,339,514) (2,314,722)	(93,871,411) (2,221,550)	(94,403,463) (2,221,550)	(94,936,775) (2,221,550)	(95,471,288) (2,221,582)	(96,005,818) (2,221,646)	(92,650,569) Firm Detivered Volumes (2,279,789) 3-Factor
Encana	(1,146,295)	(1,529,874)	(1,978,085)	(2,439,563)	(2,883,429)	(3,387,150)	(4,031,955)	(4,764,153)	(5,312,145)	(5,767,448)	(19/ 72/ 91)	(154-998-931)	(7,493,599)	(4,393,883) Direct, Jan-Dec Average
<b>Total Accumulated Depreciation</b>	(916/777,919)	(924,611,839)	(929,267,016)	(933,857,571)	(938, 196, 250)	(943,126,841)	(068,699,714)	(953,025,623)	(395'4'10'202)	(958,312,829)	(962,795,109)	(367,638,847)	(772,503,977)	(946,817,552)
Storage Gas Customer Advences Heteralis and Supplies Appliance Program With Heater Program Lesenhold Improvements	75,801,856 (2,213,648) 7,347,741 (1,006,399) 0 1,419,395	69,101,391 (2,531,331) 7,395,646 (1,063,204) 1,402,385	64,702,052 (2,593,022) 7,353,758 (1,028,133) 0 1,385,061	60,488,569 (2,622,220) 7,425,138 (1,022,453) 1,367,737	60,310,596 (2,619,523) 7,753,882 (1,029,940) 0 1,350,412	68,764,217 (2,582,839) 9,355,969 (979,852) 0 1,333,088	67,138,776 (2,699,707) 7,687,135 (1,011,313) 0 1,315,764	70,102,704 (2,746,502) 7,483,018 (1,006,725) 1,238,439 1,238,439	138,73,887 (573,885,27) (528,202) (520,202) (520,202) (520,202) (10,105,11,185,11) (12,11,185,11)	71, 489, 106 (2, 817, 973) 7, 231, 697 (1, 031, 998) 0 1, 263, 791	70,476,250 (2,982,448) 7,222,669 (1,058,569) 0 1,246,465	71,689,040 (3,017,248) 7,373,083 (1,061,162) 0 1,225,142	66,037,906 (3,066,937) 7,554,309 (1,050,440) 0 1,211,817	67,968,044 Frm Desivered volumes (2,27,355) Deter (2,27,355) Deter (2,22,357) Correct (1,027,557) Deter (1,027,557) Deter (1,027,557) Deter (1,1515,752) Deter (1,151
Total Rate Base Excluding ADIT	1,275,108,264	1,279,418,663	1,284,944,567	1,283,363,036	1, 292, 276, 259	1,306,215,131	1,308,938,807	1,317,583,646	1,316,487,748	1,347,448,685	1,370,727,219	1,377,023,188	1, 374, 260, 479	1, 319,620,299
Accumulated Defected Income Taxes				1								2011 December	2012 December	Service Average
ADIT - Depreciation ADIT - Other ADIT - Encana												(253,339,287) (114,675) (15,630,099)	(273,844,223) (4,570,032) (34,560,918)	(263,591,753) Avg Actum Depreciation (2,342,354) Avg. Actum Depreciation (25,055,508) Direct
Total Accumulated Deferred Income Taxes												(269,084,061)	(312,975,170)	(291,029,615)

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	p Review	
7	pon Earning	
NW Natur	2012 Orec	

Rata Base														:	
		2112	710	7107		7107		7107	7107	7107		2112	707	00011-00012	
SYSTEM	ŝ		P		2	April		100 C				NOVELED B	neraina		
	System	System	System	System	System	System	System	System	System	<b>Bystom</b>	Syntams	System	System	System	Allocation Method
Gross Plant	-	2		•	5		~	•	a	9	п	a		ž	
Intangible Software	91,062,424	92,861,731	92,975,091	93,006,578	93,096,700	93,261,583	93,278,330	917,523,718	95,125,317	96,558,796	96,598,863	95,820,450	96,503,005		Total Customers
Other Production	84, 795 675, 196	262, 256 262, 256	84, 795 673, 764	867.98 997.62	85,795 147,573	26.7.35 26.7.59	94,795 673,764	26 26 25 26 26 25 26 26 25	56.75 56.75	8 X X	86,795 187,65	96,798 196,178	867.98 981.829	10 364 16 10 364 16 10 368 10 9	Direct Direct
Transmission	50, 207, 253	50,208,371	54,819,532	54,822,609	54,424,055	54,538,112	56,586,268	56,627,594	56,551,674	78,750,610	80,665,133	60,909,713	80,702,757		Direct
Distribution	1,771,064,382	1,774,428,181	1,779,476,883	1,781,740,684	1,788,604,067	1,792,413,904	1,796,961,332	1,800,455,484	1,800,365,967	1,807,913,810	1,814,497,209	1,817,061,475	1,820,666,061		Direct
General	114,435,854	116,113,647	116,122,610	116,287,420	116,262,724	117,341,337	117,579,405	119,663,136	117,228,004	118,499,538	133,453,303	135,669,605	138,056,228	F 216/678/021	3-Filector & Direct
Storage and storage transmission	279,037,129	279,037,129	279,037,637	107,0+0,972	279,137,185	280,869,974	280,870,119	281,062,482	261,061,949	281,215,002	282,254,152	582,279,503	282,255,819	FE 60X'245'082	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	2,464,281	2,464,281	2,454,261	2,546,926	2,545,186	2,539,135 3-Factor	actor
Encana	40,757,396	50,597,396	55,517,396	60,437,396	67,817,396	70,277,396	75,197,396	962'111'09	82,499,135	57,452,114	92,377,114	97,286,794	99,769,227	76,612,763 00	76,612,763 Direct, Jan-Dec Average
Total Gross Plant	2,349,892,064	2,366,572,647	2,381,275,542	2,388,661,581	2,402,668,320	2,412,028,500	2,423,799,133	2,436,506,004	2,436,054,987	2,472,622,710	2,502,063,616	2512,345,027	7,521,258,277	2,433,306,596	
Accumulated Depreciation															
	ALC 100 100	100 000 001	100 Sec 131	(14) 151 (3)		100 200 201		1010 011 1101	(ET A16 004)	100 010 000	(EF 001 440)	100 100 0.401	1000 000 1000	C 100 100 100 101	
	(/rc/700/70)	()401 (74-170)	(04/ 04/ 70)	(YEU 109)	(Seu usy)	(571,004,00) (361,0136)	(SCO 109)	(9EU 109)	(SEU 209)	(SEU (511/00))	(974, 1700, CO)	(900 1007 100)	(ors 7 / r'm)	Lineary (concretation)	AT LOODINGS
Transmission	(12,052,020)	(12,171,639)	(12,297,006)	(12,428,506)	(12,559,508)	(12,690,122)	(12,820,126)	(12,959,724)	(13,095,848)	(13,246,603)	(13, 54,624)	(13,652,855)	(13,851,047)	(12,860,841) Direct	
Distribution	(784,812,409)	(788,223,809)	(516,152,187)	(160,638,497)	(670,277,787)	(801,007,660)	(804,150,982)	(807,421,059)	(B07,122,243)	(610,422,346)	(813,471,895)	(816,661,436)	(820,128,175)	(802,908,979) Direct	5
General	(57,872,293)	(58,433,154)	(58,816,486)	(59,255,982)	(59,485,687)	(89-5'4'24'8-68)	(60,274,812)	(60,777,672)	(60,409,612)	(962'615'09)	(161,042,194)	(61,628,205)	(62,411,612)	(60,075,808) 3-Fector	ector .
Storage and storage transmission	(96,061,198)	(760,063,38)	(32,138,938)	(57,767,902)	(016'335'340)	(535,076,999)	(99,942,835)	(100,515,466)	(101,088,256)	(101,661,212)	(102,235,526)	(261,118,501)	(103,386,756)	#J (555'E11'66)	(99,773,555) Firm Didivared Volumes
CNG and LNG	(2,567,634)	(1,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,567,634)	(2,464,281)	(2,464,281)	(2,464,281)	(2,464,317)	(2,464,388)	(2,528,884) 3-Fector	
Enciena	(1,146,295)	(1,529,874)	(1,978,085)	(2,439,563)	(5783'453)	(3,387,150)	(4,031,955)	(4,764,153)	(5,312,145)	(5,767,448)	(6,272,761)	(16,366,431)	(665'865'2)	(4,393,883) De	(4,393,883) Direct, Jan-Dec Average
Total Accumulated Deprediation	(1,017,265,421)	(1,022,674,940)	(1,027,968,103)	(1,032,976,104)	(1,037,835,458)	(756, ME, 5M0, 1)	(1,048,756,440)	(1,054,350,862)	(1,055,220,226)	(1,060,593,367)	(1,065,434,735)	(1,070,962,006)	(1,076,999,571)	(1,047,528,950)	
Storage Gas	83,648,042	76,254,018	906,996,17	66,749,690	66,553,295	546,188,27	74,088,255	326'355'11	77,986,253	78,888,972	781,177,17	79,109,512	72,873,435	75.025,429 Pe	75,025,429 Firm Delivered Volumes
Customer Advances	(2,355,113)	(2,677,871)	(2,744,126)	(158,877,5)	(2,779,071)	(2,747,317)	(2,866,558)	(581/21672)	(3,015,169)	(2,995,984)	(3,169,575)	(3,210,168)	(3,260,756)	(2,892,483) Direct	5
Maturials and Supplies	8,249,308 /1 mc 300/	8,303,091	8,256,063	6,336,202 f1 033 453	8,705,282	305,503,945	8,630,345	8,401,183	8,279,488	3,119,025	8,108,889 24 mm rrss	0 1 1 1 0 0	8,481,222 (* 000 * 00)	5 523'625'8 2 523'625'8	8,523,878 Gross Distribution Plant %
Appliances Without Hawline Processes	(see 'onn'T)	(1,000,000))	(1,020,133) 0	(sc+'77n'1)	(nus/sen't)	(700'E/E)	(E1E,110,1)	(c//mn/1)	(a)u)(u) (a)u)(u)	(1,411,406) 0	(10051901)T)	(701/10/1) U	(an-mon'i)	100.201 (/05'/7n'T)	Dent
Laseshold Improvements	1,574,831	1,555,613	1,536,396	1,521,379	1,624,387	1,688,931	1,684,585	1,666,941	1,641,526	1,620,377	1,599,227	1,578,077	1,552,161	1,606,745 Direct & 3-Fector	st & Hector
Total Rate Saee Excluding ADIT	1,422,737,313	1,426,269,354	1,430,826,946	1,428,490,457	1,437,906,815	1,453,031,223	1,465,569,007	1,465,658,335	1,464,720,833	1,496,629,734	1,519,680,040	1.526,076,958	1,522,854,320	1,467,015,649	
Accumulated Dafarrad Income Taxae												2011 December	2012 December	Strate. Average	

ADIT - Depreciation ADIT - Other ADIT - Encana ADIT - Encana Total Accumutated Deferred Income Taxes

(231,616,056) Ang. Accum Depreciation (2,531,286) Ang. Accum Depreciation (25,085,508) Direct (319,302,551)

(302,958,535) (5,055,905) (34,560,918) (342,575,357)

(#F2,200,202) (126,30,005) (126,000,344) (226,000,344)

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Dec 11 - Dec 12 Dec 11 - Dec 12 Dec 13 - Dec 12 13 morals average W WASHDETCH	,093 9,7 <b>96</b> ,524 447 447	600 773,293 416 196,270,336 317 9,701,780	196 23,219,506 201 250,105	670 240,013,992	(85, 255, 420) (85, 259, 20) (85, 17, 17, 18) (85, 16) (85, 16) (85, 16) (85, 16) (19) (10) (10) (10) (10) (10) (10) (10) (10		594) (100,709,398)	229 7.027.385 15.9 (15.75 33.3.75 0 0 10 206,994	941 147,396,350	Survey, Average	315) (28,024,303) Ang, Acoum, Depredation 872) (245,032) Ang, Acoum, Depredation 0 Direct
2012 2012 December WASHINGTON	10,063	772,600 199,869,416 10,444,017	23,380,196 260,701	244,780,470	(B27,128,35) 0 (021,2+) (152,771,18) (152,771,18) (16,88,128) (108,128)		(104,096,594)	6.835,529 (193,819) (193,819) 9.256,913 9.256,913 9.0,243 9.40,243	146,593,841	2012 December	(25,114,315) (25,872) 0
2012 2012 November WASHENGTON	2005,200,0	772,280,01 10,092,270	23,382,417 250,872	243,895,845	(124,102,8) 0 (053,637) (124,632,000) (124,632,000) (124,632,000)	(SEL'2NZ) (MAY (SEE'2)	(103,323,239)	7,420,472 (192,920) 904,677 0 0 348,935	149,053,770	2011 December	(26,934,291) (12,192) 0
2012 2012 October WASHERGTON	9,969,424 147	379,277 530,771,963 9,902,934	257,204 267,734 242,732	243,445,616	(8,252,164) 0 (42,509) (762,595) (80,276,595)	(255, 250) (257, 252)	(102,639,626)	752, PGZ, 7 (780, 781) 0 0 0 0 0 1 0 1 0 7 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	149,152,821		
2012 2012 Soperative WASHINGTON	575,236,9 574	772,971 198,827,492 9,904,416	795,105,61 267,5M	242,995,899	(8,202,578) 0 (41,188) (80,025,121) (6,511,169)	(847,722,1) (242,732)	(102,280,538)	7, 255, 785 (1178, 11) (1178, 11) (1178, 1	149,181,050		
2012 2012 August WASHENGTON	295,026,9	72,577 91,592,791 9,792,643	257,295 115,885,515	EL6'065''INZ	(8,153,110) 0 (39,666) (79,656,151) (6,470,956)	(7,216,845) (242,732)	(101,749,661)	7,315,392 (188,896) 904,866 0 0 360,411	148,233,065		
2012 2012 2012 2012 WASHUKSTON	265'1E6'6 565'	771,531 196,991,767 9,811,157	23,268,261 252,912	241,027,670	(8,103,556) 0 (36,567) (36,265,657) (5,255,657)	(7,175,953) (252,912)	(101, 325, 239)	7,256,272 (170,681) 918,165 0 0 368,502	146,074,689		
2012 2012 June WASHUNGTON	710,827,8	770,874 195,718,990 9,574,694	23,250,217 252,912	239,297,150	(8,054,665) 0 (37,231) (5,475,185)	(7,135,072) (252,912)	(100,762,609)	6,949,479 (165,651) 943,210 0 0 368,821	146,630,200		
2012 2012 May WASHINGTON	282,727,9 7 <del>11</del>	769,711 194,999,074 9,577,481	23,250,20 <del>4</del> 252,912	238,577,111	(9,006,399) 0 (35,285,233) (5,443,423)	(7,094,201) (252,912)	(100,218,086)	7,117,726 (164,478) 1,147,976 0 355,843	146,816,092		
2012 2012 Age Washington	9,710,200 7 <del>11</del> 7	768,288 194,668,089 9,473,635	23,087,568 252,912	237,561,239	(77,958,173) 0 (108,46) (77,59,225) (77,925)	(7,020,422) (252,912)	(99,639,208)	6,242,699 (159,548) 951,400 0 0 273,975	145,630,557		
2012 2012 Mar WASHINGTON	9,635,482 ++7	198,637 369,056 99,577,9,9	23,078,618 252,912	237,077,743	(100,019,7) 0 (252,852,899) (5,388,629)	(5,979, <b>300</b> ) (252,912)	(99,118,533)	6, 261, 121 (157, 617) 911, 064 0 153, 643	145,127,421		
2012 2012 Fed Washungton	9,632,219 447	760,635 193,720,175 9,438,937	216,222 212,222	236,883,674	(7,861,852) 0 (77,172,628) (6,342,520)	(5,939,185) (252,912)	(96,601,087)	6,697,256 (151,104) 902,305 0 151,335	145,882,380		
2012 2012 Jan WASHEINGTION	9,620,475 447	797,382 193,611,304 9,486,223	23,078,283 252,912	236,847,032	(),25(),25() 0 (),25(),25() (),25(),25(),25() (),25(),25() (),25(),25() (),25(),25() (),25()) (),25()(),25())()()(),25())()()(),25())()()(),25())()()()(),25())()()()()())()()	(6,698,570) (252,912)	(98,063,101)	7,152,627 (146,540) 907,445 0 153,228	146,850,691		
2011 2011 Dec WASHINGTON	9,434,067 447	796,731 193,457,764 9,335,223	23,078,283 252,912	236,355,427	(7,766,131) 0 (26,286) (36,233,925) (5,241,881)	(6,857,956) (252,912)	(97,488,102)	7,846,186 (141,465) 901,567 0 155,436	147,629,049		
NW MALLural 2012 Cragon Earthige Raview Rase Base WASHINGTOM GEORE Plans	Intangible Software Other	Proston Transmission Distribution General	Storage and storage transmission CNG and LNG	Total Gross Plant	Accumulated Decratetion Internetial Production Transmission General	Storage and storage transmission CNG and LNG	Total Accumulated Depreciation	Storage dis Custome Arbance Reserted and Supples Applarence Webr Heater Mather Heater	Total Rata Base Excluding ADIT	Accumulated Deferred Income Taxes	ADTT - Depreciation ADTT - Other ADTT - Encana

IN TAXON Deferred Inc Tota

(38,273,335)

(29,600,188)

(26,946,483)

	ð	WA	Sveten
11. MONTH AVERAGES: Average Gross Plant	2,193,292,604	240,013,992	2,433,306,596
Grose Plant Average Factor	80.14%	8,98,6	
Average Accumulated Deprec	(946,817,552)	(100,709,398)	(1,047,526,950)
Accumulated Deprec Average Factor	90.39%	9.61%	
Average Leavehold Improvements	1,315,750	290,994	1,606,745
Leavehold Improvement Average Fact	81.89%	18.11%	
Average Customer Advances	(2,723,285)	(169,198)	(2,892,483)
Customer Advance Average Factor	94.15%	5.85%	
Growth in Gross Plant	162,941,170	8,425,043	171,366,212
Groat Plant Growth Factor	95.08%	4.92%	
Average Matarials & Supplies	74,552,781	7,968,960	82,521,740
Materials & Supplies Average Factor	90.34%	9,66%	
Average Distribution Plant	1,599,545,017	196,270,336	1,795,815,353
Distribution Plant Average Factor	89.07%	10.93%	
Average Total Rate Base	1,319,620,299	147,395,350	1,467,015,649
Rate Base Average Factor	89.95%	10.05%	

7

Allocation Factors - Summary	Oregon	Washington
Customers-all	89.640%	10.360%
Customers-Residential	89.490%	10.510%
Customers-Commercial	91.080%	8.920%
Customers-Industrial	93.020%	6.980%
Customers-The Dalles	74.570%	25.430%
3-factor	90.150%	9.850%
firm volumes	90.620%	9.380%
sales volumes	90.550%	9.450%
sendout volumes	92.170%	7.830%
sales/sendout volumes	91.360%	8.640%
Customers Portland/Vancouver	85.780%	14.220%
Customers Portland/Vancouver 80%	88.620%	11.380%
Customers Portland/Vancouver Commercial	86.770%	13.230%
Payroll	89.650%	10.350%
Admin Transfer	89.250%	10.750%
Employee Cost	89.720%	10.280%
Regulatory	70.000%	30.000%
Telemetering	89.230%	10.770%
Direct-Wa	0.000%	100.000%
Direct-Or	100.000%	0.000%
Gross plant direct assign	89.400%	10.600%
Depreciation	89.630%	10.370%
Rate Base	89.953%	10.047%

#### NW Natural State Allocation Factors

#### Volumes - 12 Months Ended 12/31/12

Firm Delivered (excl Unbilled)	804,371,057	728,948,565	75,422,493
% of System		90.62%	9.38%
Sales Volumes (exclude Unbilled)	732,530,014	663,270,939	69,259,075
% of System		90.55%	9.45%
Sendout Volumes	1,111,769,114	1,024,710,761	87,058,352
% of System		92.17%	7.83%
3-factor formula (simple average) Gross Plant Directly Assigned Number of Employees Directly Assigned Number of Customers	_	89.40% 91.40% 89.64%	10.60% 8.60% 10.36%
Average		90.15%	9.85%

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

December 31, 2012	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production Transmission	675,198 80,702,757	675,198 79,930,156	0 772,600
Distribution	1,820,666,061	1,620,796,645	199,869,416
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
Average	System	Oregon	Washington
Intangible - Other	84,795	84,348	447
Production	675,198	675,198	0
Transmission	65,455,005	64,670,339	784,666
Distribution	1,795,865,222	1,599,201,632	196,663,590
Gross Plant Directly Assigned % of System	1,862,080,220	1,664,631,517 89.40%	197,448,702 10.60%

#### NW Natural State Allocation Factors As of December 31, 2012

	System	Oregon	Washington
Customers			<u></u>
Total Customers			
December 2012	685,941	614,637	71,304
December 2011	679,543	609,356	70,187
Average	682,742	611,997	70,746
% of System		89.64%	10.36%
Residential Customers			
December 2012	621,399	555,961	65,438
December 2011	615,670	551,033	64,637
Average	618,535	553,497	65,038
% of System		89.49%	10.51%
Commercial Customers			
December 2012	63,580	57,781	5,799
December 2011	62,914	57,431	5,483
Average	63,247	57,606	5,641
% of System		91.08%	8.92%
Industrial Customers			
December 2012	962	895	67
December 2011	959	892	67
Average	961	894	67
% of System		93.02%	6.98%
The Dalles			
December 2012	7,440	5,547	1,893
December 2011	7,343	5,477	1,866
Average	7,392	5,512	1,880
% of System		74.57%	25.43%
Portland / Vancouver			
December 2012	486,694	417,283	69,411
December 2011	481,688	413,367	68,321
Average	484,191	415,325	68,866
% of System		85.78%	14.22%
Portland / Vancouver Commercial			
December 2012	41,315	35,729	5,586
December 2011	40,830	35,549	5,281
Average	41,073	35,639	5,434
% of System		86.77%	13.23%

2012 Oregon Earnings Review		
1 Oregon Total Revenues		Revenue
<ul> <li>3</li> <li>4 Sales Revenues</li> <li>5 Unbilled Revenues</li> <li>6</li> </ul>		636,101,277 (3,817,235)
7 8 Total Sales Revenues		632,284,042
9 10 Transportation Revenues		14,011,260
11 12 Grand Total Revenues 13		646,295,302
14 15 Gas Costs 14		
17 Demand Charges		81,263,019
20 20 20		257,216,053
22 Oregon Deferral Activities		(16,055,678)
24 Grand Total Gas Costs 25 26		322,423,393
27 Normalization Adjustments		
29 Revenue Adjustment	Therms	Revenue
21 WARM Adjustment 22 WARM Revenues 33 WARM Revenues - Unbilled		1,153,138 (875,291) 277,847
36 Weather Normalization Adjustment 37 Residential 38 Commercial	21,391,186 7,223,685 28,614,871	21,488,410 6,468,235 27,956,645
TOTAL NORMALIZING MARGIN ADJUSTMENT	28,614,871	28,234,492
44 Gas Cost Adjustment		Cost of Gas
45 WACOG equalization		0
47 Weather Normalization Gas Costs		16,842,922
TOTAL GAS COST ADJUSTMENT	Ty	Type I 16,842,922

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NW Natural Test year Normalizing Adjustments Revenues and Deliveries 2012 Oregon Earnings Review

Worksheet 2a Page 2 of 2

		Residential			Commercial	
	Volumes	Revenues	Gas Costs	Volumes	Revenues	Gae Crete
					77810.00	
January	7,108,313	7,490,598	4,440,279	1,281,172	1,046,653	688,758
February	4,117,105	4,338,523	2,571,791	493,874	403,470	265,507
March	(4,324,511)	(4,557,083)	(2,701,349)	(3,616,473)	(2,954,478)	(1,944,216)
April	3,412,723	3,596,259	2,131,792	391,648	319,957	210.550
May	218,379	230,123	136,413	(395,299)	(322,940)	(212,513)
June	(2,255,684)	(2,376,995)	(1,409,036)	(819,269)	(669,302)	(440,439)
July	(2,504,700)	(2,639,403)	(1,564,586)	(1,502,123)	(1,227,159)	(807,541)
August	1,865,324	1,965,641	1,165,193	2,269,231	1,853,848	1,219,939
September	561,802	592,016	350,935	130,162	106,336	69,975
October	3,120,774	3,288,609	1,949,423	(192,942)	(157,624)	(103,726)
November	4,461,966	4,235,343	2,398,753	3,738,153	3,091,639	2,009,631
December	5,609,695	5,324,779	3,015,772	5,445,551	4,977,833	3,401,618
Total	21.391.186	21.488.410	12,485,379	7 773 685	6 468 735	4 357 543
			T J Jaw	ll.		
<b>Total Revenue Change</b>	hange	27,956,645				

Total Gas Cost Change

27,956,645 16,842,922

17

Worksheet 2b

NW Natural 2012 Oregon Earnings Review Adjustments to Miscellaneous Revenues (\$000)

No.

(\$11,849.1)

(\$9,806.4)

\$2,042.7

<u>Notes:</u> [1] Normalized to 3-year average

23 Total

201 201 Adv	NW Natural 2012 Oregon Earnings Review Advertising and Promotional Adjustment	Worksheet 2c
Line No.		Amount
Ħ	Advertising Expense - Test Period Category A	<b>(a)</b> 1,378,675
7	Category B	425,775
m	Category C	315,551
4	Category E	0
ŝ	Total Advertising Expense	\$2,120,001
4 6	Category A Threshold Total Oregon Customers - 2011-2012 average UG 152 allowed \$2.19 per customer	611,997 \$2.19
œ	Category A Allowable	\$1,340,272
6	Total Allowable Expense (Line 2 plus lesser of Lines 1 and 8)	1,766,047
10	Disallowed Amounts (Line 5 less Line 9)	353,954
11	Allocation Factor (Residential Customers)	89.49%
12	12 Advertising Disallowance Allocated to Oregon	(\$316,753)

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Line			Opera	Operating	Non-OF	Non-Operating
So.		Amount	Percent	Amount	Percent	Amount
		(a)	(q)	(c)	(p)	(e)
-	IGT / GRI / NW Biogas	\$296,353	100%	\$296,353	%0	\$0
7	AGA	405,360	75%	304,020	25%	101,340
m	Western Energy Institute	22,965	75%	17,224	25%	5,741
4	Other	51,158	50%	25,579	50%	25,579
Ń	Total	\$775,836		\$643,176		\$132,660
9	Allocation Factor (3-Factor)					90.15%
~	Non-Operating Dues/Memberships Adjustment Allocated to Oregon	: Allocated to O	regon			119,593
ø	Oregon Promotional and Other Expense					74,778

(\$194,371)

9 Dues/Memberships and Other Promotional Adjustment to Oregon

Worksheet 2e	Amount (a)	\$18,444	18,179	(\$265)	
NW Natural 2012 Oregon Earnings Review Property Tax Adjustment (\$000)	Line No.	1 Property Tax Accrual - Oregon	2 Property Taxes Paid - Oregon	3 Property Tax Adjustment	

Worksheet 2f

2012 Oregon Earnings Review Uncollectible Accounts Adjustments (\$000) NW Natural

Line No.		2010 - 2012 Total	2012 Actual	2011 Actual	2010 Actual
	Gas Revenues	(a)	(q)	(c)	(c)
H 0 M 4	Residential Commercial Industrial Interruptible	\$1,393,544 689,823 87,430 100,634	\$437,056 213,778 25,796 29,508	\$494,596 245,441 30,588 34,961	\$461,892 230,605 31,046 36,164
	Total Net Write-Offs	2,271,431	706,139	805,585	759,706
9 1 8 6	Residential Commercial Industrial Interruptible	4,443 560 78 (36)	957 146 11	1,878 219 (35) (47)	1,608 195 70
10 W	Total Write-Off Percentage	5,045	1,156	2,015	1,873
112212	Residential Commercial Industrial Interruptible Weidhted Total [1]	0.319% 0.081% 0.089% -0.036%	0.219% 0.068% 0.166% 0.036% 0.164%	0.380% 0.089% -0.113% -0.134%	0.348% 0.084% 0.226% 0.000%
	tible	04.777.0	04401.0	%NC7.N	0.24/%
16 17 19 20	Residential Commercial Industrial Interruptible Total	\$1,393 174 23 \$1,579			
21 AI 22 Or	Allocation Factor (Total Customers) Oregon Normalized Amount	89.64% 1.416			
23 Or	Oregon Allocation of Accrued Amount	1,016			
24 Ao	24 Adjustment (Normalized less Accrued)	\$400			

0.2220% is used on page 1, column (b).

[1] Weighted uncollectible rate of :

NW 201 Corr	NW Natural Company 2012 Oregon Earnings Review Common Stock Issuance expense	Worksheet 2g
Line No.	a) .1	Amount (a)
<b>4</b> 0 m	Capital Stock Expense - 2010 Capital Stock Expense - 2011 Capital Stock Expense - 2012	0 0 0\$
4	Three Year Average	0\$
Ŋ	Allocation Factor (Rate Base)	89.953%
Q	Allocated to Oregon	\$0

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	Review	
NW Natural	2012 Oregon Earnings Review Bonus Adjustment	(\$000)

Worksheet 2h

(anat)				
Line No.		Key Goal Amount	Performance Amount	Total Amount
	<b>Operating and Maintenance</b>	( <b>a</b> )	(a)	(c)
	Remove Accrued Amount			(\$3,733,251)
2	UG 152 Allowed Amounts [1]	687,792	1,642,319	2,330,111
m	Net Adjustment	687,792	1,642,319	(1,403,140)
4	Allocation Factor (Payroll)		ł	89.650%
ŝ	Allocated to Oregon		H	(\$1,257,915)
	Construction	I		
9 1	Remove Accrued Amount UG 152 Allowed Amounts [1]	504,141	607,146	(\$1,376,244) 1,111,287
8	Net Adjustment	504,141	607,146	(264,957)
6	Allocation Factor (Rate Base)		I	89.953%
10	10 Allocated to Oregon		H	(\$238,337)

[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	<u>38.0%</u> 1,200,336	38.0% 2,326,231
O&M % Construction %	57.3% 42.0%	70.6% 26.1%
Total O&M	687,792	1,642,319
Total Capital	504,141	607,146