e-FILING REPORT COVER SHEET

| REPORT NAME: | Annual Results of Operations Report |
|---|--|
| COMPANY NAME: | NW Natural |
| If yes, please s | NTAIN CONFIDENTIAL INFORMATION? No Yes submit only the cover letter electronically. Submit confidential information 001-0070 or the terms of an applicable protective order. |
| If known, please selec | et designation: RE (Electric) RG (Gas) RW (Water) RO (Other) |
| Report is required by: | ○ OAR OAR 860-022-0070 ○ Statute ○ Order ○ Other |
| Is this report associate If Yes, enter d | ed with a specific docket/case? 🖾 No 🗌 Yes ocket number: |
| • | Results of Operations Report, Earnings Review for the Twelve Months 2011, NW Natural, RG |
| If known, please selec | et the PUC Section to which the report should be directed: |
| Corporate . | Analysis and Water Regulation |
| Economic - | and Policy Analysis |
| Electric and | d Natural Gas Revenue Requirements |
| Electric Ra | tes and Planning |
| 🗌 Natural Ga | s Rates and Planning |
| Utility Safe | ety, Reliability & Security |
| Administra | tive Hearings Division |
| Consumer | Services Section |
| | |

PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:

- 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.



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)

| NW Natural 2011 Oregon Earnings Review 12 Months Ended December 31, 2011 (\$000's) | | | | | | | |
|---|--------------------------|--|--------------------------|---|-----------------------------|---------|----------------------|
| Line No. | Test Year Results | TYPE I Adiustments | OREG Results | OREGON EARNINGS TEST REVIEW s Gas Reserves Results E) s f s s s s s s s s s s s s s s s s s s | EST REVIEW Results Excl. | TYPE II | Results |
| Operating Revenues | (a) | (q) | (2) | Adjustment (d) | uas Keserves | (f) | arter Type 11 (g) |
| 1 Sale of Gas | \$733,094 | (\$1,817) | \$731,277 | | \$731,277 | 0\$ | \$731,277 |
| 2 WAKM Kevenues 3 Revenue & Technical Adiustments | (13,756) | 13,756 | 0 | | 0 | 0 | 0 |
| 4 Decoupling Adjustments | 19,297 | 1,104 (19,297) | 0 0 | | (10,103) | | (10,103) 0 |
| | 14,596 | Ò | 14,596 | | 14,596 | 0 | 14,596 |
| o Miscellaneous Kevenues 7 SB408 Deferrals | 4,531 (7,162) | (85) 7.162 | 4,445 0 | | 4,445 0 | 00 | 4,445 0 |
| 8 Total Operating Revenues | 739,332 | 883 | 740,215 | 0 | 740,215 | | 740,215 |
| | | | | | | | |
| 9 Gas Furchased 10 Uncollectible Accrual for Gas Sales | 416,313 1,718 | (1,713) 550 | 414,599 2 269 | 860 | 415,459 2 260 | 00 | 415,459 720 |
| | 10 | (3,097) | 100,089 | | 100,089 | 00 | 2,209 100,089 |
| 12 Total Operating & Maintenance Exp. | 521,217 | (4,260) | 516,957 | 860 | 517,816 | 0 | 517,816 |
| 13 Federal Income Tax 14 State Excise | 28,091 6.605 | 1,593 | 29,684 | (116) | 29,568 | 0 | 29,568 |
| | 0,090 18,709 | 3/5 (33) | 7,U/U 18 676 | 0 | 7,070 | | 7,070 |
| 16 Other Taxes 17 Demeriation & Amortization | 23,716 | 284 284 | 24,000 | | 24,000 | | 24,000 |
| - | 0+T//C | | 57,148 | | 57,148 | 0 | 57,148 |
| 18 Total Operating Revenue Deductions | 655,575 | (2,040) | 653,535 | 744 | 654,279 | 0 | 654,279 |
| 19 Net Operating Revenues | \$83,756 | \$2,923 | \$86,680 | (\$744) | \$85,936 | 0\$ | \$85,936 |
| Average Rate Base 20 Utility Plant in Service 21 Accumulated Depreciation | \$2,046,839 (895,536) | (\$727) 0 | \$2,046,112 (895,536) | (14,549) 292 | \$2,031,563 (895-244) | 0\$ | \$2,031,563 744) |
| 22 Net Utility Plant | 1,151,303 | (727) | 1,150,576 | (14,258) | 1,136,318 | 0 | 1,136,318 |
| 23 Aid in Advance of Construction | (2,012) | 0 | (2,012) | | (2,012) | 0 | (2,012) |
| 24 materials & Supplies25 Water Heater Program | 76,818 0 | 00 | 76,818 0 | | 76,818 | 00 | 76,818 |
| 26 Leasehold Improvements | 1,521 | 0 | 1,521 | | 1,521 | 00 | 1,521 |
| 21 Accumulated Deferred Income Taxes28 Pension | (260,412) 26,674 | 0 | (260,412) 26,674 | 5,626 | (254,786) 26,674 | 0 | (254,786) 26,674 |
| 29 Total Rate Base | \$993,892 | (\$727) | \$993,165 | (\$8,632) | 0 \$984,533 | \$0 | 0 \$984,533 |
| | | | | | | | |
| 30 Rate of Return | 8.43% | | 8.73% | 11 | 8.73% | 11 | 8.73% |
| 31 Return on Common Equity | 10.55% | mage. | 11.19% | | 11.19% | | 11.19% |
| Notes: $^{(1)}$ Columns (d) and (e) added in accordanc | iccordance with Order | ce with Order No. 11-176 pertaining to Encana. | aining to Encan | a. | | | |

2010 COLUMN TRAINS TO PARAMACE ENVIRONMENT OF THE STATE OF A

NW Natural 12 Month NWN Income Statement

For the Twelve Months ended December 31, 2011

| and the second | CURRENT 12-MONTHS | PHIOR 12-MONTHS | COMPARISON | VARIANCE % |
|--|--|--|--|--|
| OPERATING REVENUES | S | S | \$ | 9 |
| GAS SALES RESIDENTIAL | and the all all and a second | | | |
| | 502,838,057 | and a star of the | Same and the second second and the second se | Į 10% |
| GAS SALES -RESIDENTIAL-WARM ADJUST | (8,242,550) | and the state and a second state of the second | and the second the construction of the second s | (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 | lanan mananan katalan k | | 9 49942576. 11 779444.1759. 1 04.1793269269268.2897675 5 5 5 | an a |
| 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 | Carles a more than the second |
| UNBILLED REVENUE | | \$2.000 C \$2.0000 C \$2.0000 C \$ | | y an |
| 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) | water and the second second and the | 97% |
| UNBILLED REVS-WARM CURRENT MONTH | (4,061,315) | 6,822,750 | tore and the second second second | |
| UNBILLED REVS-WARM REVENUES PREV MONTH | 1,177,739 | (877,588) | | |
| >>>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 | and the first of the constant of the state o | alin an ministration in a sign of an and in the second second second second second second second second second | | alinationalism or the second distance and a second |
| TRANSP AGENCY FEES | | and a standard motor a star of some and an it proposed and | Mattine a confrinter sector beautions and | |
| 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 | n Mander Marten and Balance and Salar Salar Salar and Salar Salar Salar Salar Salar Salar Salar Salar Salar Sa | 42 | 0 |
| >>>TOTAL TRANSPORTATION REV | 16,021,227 | 14,237,958 | 1,783,269 | 13% |
| RATE ADJUSTMENTS | ulionin Triffic Startilly Workington Property Barger, Schwarz | 1996 1999 Hills Row Connector and State State State of St | ************************************** | ni olasiy sh aha tifi kasila shkalari ya ahafari |
| DSM - AMORTIZATION | (1,062,753) | (260,444) | (802,309) | (308)% |
| LOST MARGIN - FURNACE | States and States | anter manufacture estate | er an in the second | an a |
| MIST EXPANSION | | 44740.000 million anno 199 26 ann an 1 994 ann an 1994 ann an 19 | 1 | 4999/11499/1149/1149/1149/1149/1149/114 |
| SB 408 REFUND | (2,153,328) | 25,739 | (2,179,067) | (8,466)% |
| BARE STEEL PROGRAM RETURN | . M ^{an} ta ia miningi kanangan kanangan kanangan kanangan kanangan pangan kanangan kanangan pangan kanangan kanang Mangan kanangan kanang | n 1964 an Santa Canta an Indonesia (1977 an Santa An Santa an Santa an Santa an Santa an Santa an Santa an Santa | | the condition of the contract contract of the second |
| 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 | and a second | | | |
| 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 | and the second | 0 | (-007) 0i | 0 |
| SMPE AMORTIZATION | and a second | | en all a second s | Construction and the construction of the const |
| PIPELINE INTEGRITY REFUND | | | ······································ | and the contract of the second second |

| (2,377,321) (53,598) (564,252) 0 6,257,550 2,761,916 250,162 245,427 363,592 461,300 | (799,936) 6,271 (236,720) 65,407 13,259,134 2,629,298 124,948 245,884 | (1,577,385) (59,869) (327,533) (65,407) (7,001,584) 132,618 125,214 | (100)୨ (53)୨ |
|---|---|--|--|
| (53,598); (564,252); 0 6,257,550 2,761,916; 250,162; 245,427; 363,592; | 6,271 (236,720) 65,407 13,259,134 2,629,298 124,948 | (59,869) (327,533) (65,407) (7,001,584) 132,618 | (955)? (138)? (100)? (53)? |
| (53,598); (564,252); 0 6,257,550 2,761,916; 250,162; 245,427; 363,592; | 6,271 (236,720) 65,407 13,259,134 2,629,298 124,948 | (59,869) (327,533) (65,407) (7,001,584) 132,618 | (955)9 (138)9 (100)9 (53)9 |
| (53,598); (564,252); 0 6,257,550 2,761,916; 250,162; 245,427; 363,592; | 6,271 (236,720) 65,407 13,259,134 2,629,298 124,948 | (59,869) (327,533) (65,407) (7,001,584) 132,618 | (955)? (138)? (100)? (53)? |
| (564,252) 0 6,257,550 2,761,916 250,162 245,427 363,592 | (236,720) 65,407 13,259,134 2,629,298 124,948 | (327,533) (65,407) (7,001,584) 132,618 | (138)? (100)? (53)? |
| (564,252) 0 6,257,550 2,761,916 250,162 245,427 363,592 | (236,720) 65,407 13,259,134 2,629,298 124,948 | (327,533) (65,407) (7,001,584) 132,618 | (138)% (100)% (53)% |
| (564,252) 0 6,257,550 2,761,916 250,162 245,427 363,592 | (236,720) 65,407 13,259,134 2,629,298 124,948 | (327,533) (65,407) (7,001,584) 132,618 | (955)7 (138)9 (100)9 (53)9 5% |
| 0 6,257,550 2,761,916 250,162 245,427 363,592 | 65,407 13,259,134 2,629,298 124,948 | (65,407) (7,001,584) 132,618 | (100)୨ (53)୨ |
| 6,257,550 2,761,916 250,162 245,427 363,592 | 13,259,1341 2,629,2981 124,948 | (7,001,584) 132,618 | (53)% |
| 2,761,916 250,162 245,427 363,592 | 2,629,298 124,948 | 132,618 | ************************************** |
| 250,162 245,427 363,592 | 124,948 | an weeks concerning were some from the | 5% |
| 250,162 245,427 363,592 | 124,948 | an weeks concerning were some from the | 5% |
| 245,427 363,592 | or the second side of the second and management of the | 125,214 | |
| 363,592 | 245,8841 | ************************************** | 100% |
| mound - suppress was read - for roads | 005 540 | (457) | (0)% |
| 401,300j | 325,540 | 38,052 | 12% |
| 17 700 | 410,575 | 50,725 | 12% |
| ~ ************************************ | 10"100 | manne an anno an an anno an an a | (5)% |
| u na na manana manana mangana m | เหม ารแก่ง และ เหมาะการการและเหม | mentionen and an | 34% |
| 128,551 | 139,407 | (10,856) | (8)% |
| Ann Mant Super Instances in success | ····· | | at a classification of the relation pice |
| 9,540 | 9,835 | (295) | (3)% |
| A | | | 44133 States and States |
| 279,905 | 420,248 | (140,343) | (33)% |
| | | | Marine Charmer and the score of the |
| ************************************** | | | 6% |
| 131,417 | 117,841 | 13,576 | 12% |
| | | | |
| an a | | 1,700 | 65% |
| eneries e estado en en entre ser en entre e ser en en entre en en entre en en entre en entre en entre en entre | 3,200 | (3,045) | (95)% |
| 460 | 2,410 | (1,950) | (81)% |
| | | | |
| | ****** | สาวัสรสมสระนารระดอน | Calman marine o constructions. And |
| | (226) | 226 | 100% |
| 0 | 8 | (8) | (100)% |
| 4,876,012 | 4,657,927 | 218,085 | 5% |
| 829,379,860 | 782,911,876 | 46,467,984 | 6% |
| | 4. | ****** | |
| | | | |
| 6,717,953 | 7,845,951 | (1,127,998) | (14)% |
| 72,000 | 413,000 | (341,000) | (83)% |
| (1,000) | 0 | (1,000) | 0 |
| 94,189,264 | 91,383,586 | 2,805,678 | 3% |
| 358,985,950 | 356,761,224 | 2,224,727 | 1% |
| (1,310,713) | 611,561 | (1,922,274) | (314)% |
| 0 | 0 | 0 | 0 |
| (3,110,890) | (4,159,258) | 1,048,368 | 25% |
| | 4,876,012 829,379,860 6,717,953 72,000 (1,000) 94,189,264 358,985,950 (1,310,713) 0 | 8,800 6,575 128,551 139,407 9,540 9,835 279,905 420,248 212,747 201,177 131,417 117,841 4,316 2,616 155 3,200 460 2,410 (226) (226) 0 8 4,876,012 4,657,927 829,379,860 782,911,876 6,717,953 7,845,951 72,000 413,000 (1,000) 0 94,189,264 91,383,586 358,985,950 356,761,224 (1,310,713) 611,561 0 0 | 8,800 6,575 2,225 128,551 139,407 (10,856) 9,540 9,835 (295) 279,905 420,248 (140,343) 212,747 201,177 11,569 131,417 117,841 13,576 4,316 2,616 1,700 155 3,200 (3,045) 460 2,410 (1,950) 460 2,410 (1,950) 4860 2,410 (1,950) 460 2,410 (1,950) 6,717,953 7,845,951 (1,127,998) 72,000 413,000 (341,000) (1,000) 0 (1,000) 94,189,264 91,383,586 2,805,678 358,985,950 356,761,224 2,224,727 (1,310,713) 611,561 (1,922,274) 0 0 0 0 |

| GAS FOR RESALE - CR WACOG EQUALIZATION | AND TO I | | and a second | the second states and the se |
|---|--|--------------|--|--|
| RESERVATION FEES | 105,754 | (525,000) | 630,754 | 120% |
| TEMP CAP DEM CHG | - | -+ | **** | i an |
| COOS BAY CNG EXPENSES | a anteriari contrata contrata par anteria de la contrata de | | ***** | alat-19.12t/2001-14.12t/16.14th |
| the second state of the second state of the second state of second state of the | and imposition of a constant of the particular | | and the second | 766 776 3 4000 (\$15)) (2 6 76 1 42 10 197 4 2 |
| 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 | | | warman warman and an anna | 40.0 0 0.046.07.120.000.000.000 |
| 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 | | | 994 (1779 1979) 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 19 | k wattan ang ka na kang maga |
| FAS 133 EFFECTIVENESS | | | ana an | Kan 1998 (1994) (1994) (1994) (1994) (1994) (1994) |
| FAS 133 DEFERRAL | an devote a second de la seconda de la s | ************ | 0 *** ********************************* | ********* |
| 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 | 15,298,2921 | 5,879,308 | 38% |
| GAS WDRAWN JP #2 | 8,915,178 | 13,646,9551 | (4,731,777) | (35)% |
| GAS WDRAWN ALBERTA | wanter and a set of the set of th | | | (00)/0 |
| LNG DELVD PORTLAND | (273,199) | (757,720) | 484,522 | 64% |
| LNG DELVD PLYMOUTH | (935,263) | (915,288) | mannan an a | ***** |
| LNG DELVD NEWPORT | (1,063,710) | (526,816) | (19,975)) (536,903) | (2)% |
| GAS DELVD MIST | (19,730,770) | | (536,893) | (102)% |
| GAS DELVD JP #2 | (9,372,138) | (16,047,934) | (3,682,836) | (23)% |
| LNG DELVD PLY - LIQUIF | (3,372,130)] | (12,891,861) | 3,519,723 | 27% |
| UNDGRD STG-TENASKA VRTL - INJ | | 0 | 0 | 200% |
| UNDGRD STG-TENASKA VRTL - WTHDRWL | (7,044,875) | | (7,044,875) | 0 |
| CO USE OF GAS - CR EXPENSE | 2,786,025 | | 2,786,025 | 0 |
| >>>TOTAL COST OF GAS | (413,360) | (426,578) | 13,218 | 3% |
| >>>REVENUE LESS COST OF GAS: | 458,507,993 | 424,493,929 | 34,014,064 | 8% |
| REVENUE TAXES | 370,871,867 | 358,417,946 | 12,453,921 | 3% |
| the second se | | ****** | ************************************** | |
| 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

đΕ

| torage torage and Storage Expense wells Expense Compressor Station Expense Compressor Station Expense Compressor Station Expense Purification Expense mance wells Expense Total Underground Storage Expense rage Expense Total Underground Storage Expense rage Expense aversion and Engineering Total Other Storage Expense in Supervision and Engineering Luguified Natural Gas Expense istural Gas Expense in Supervision and Engineering Lotal Liquified Natural Gas Expense Total Liquified Natural Gas Expense in Supervision and Engineering Total Liquified Natural Gas Expense Total Transmission Expense in Mains Expense in Mains Expense in Mains Expense in Mains Expense in Mains and Services Expense pense in Supervision and Engineering Mains and Service Expense Measuring and Regulator Station Expense Measuring and Regulator Station Expense Measuring and Regulator Station Expense Measuring and Regulator Expense Measuring and Regulator Station Expense Measuring and Regulator Station Expense |
|--|
|--|

| | | Svetem | Wachington | Oregon |
|------------------|---|------------------------|--------------|---------------|
| Maint | Maintenance | | | |
| 885 | Supervision and Engineering | 5 371 152 | 451 741 | 4 010 011 |
| 887 | Mains | 0,471 112 0 471 112 | 740 910 | 116'616'L |
| | | CTT'T/4'7 | 047'017 | 2,224,808 |
| 600 | measuring and Regulator Station Expense - General | 8/4,545 | /4,/30 | 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 Ac | Customer Accounts Expense | | | |
| Operation | ation | | | |
| 901 | Supervision | 1.370.102 | 135,229 | 1 234 873 |
| 902 | Meter Reading Expenses | 644.732 | 65,400 | CEE 625 |
| 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 | Customer Service and Informational Oneration | | | |
| | Cunomicion | | | |
| 000 | | 140'6/7 | 73' TP/ | 250,4/4 |
| 806 | Customer Assistance Expense | 3,644,548 | 347,622 | 3,296,926 |
| 606 | 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 |
| Calor Evance | | | | |
| odics LApelise | | | | |
| 011 | Currenticion | | | |
| 176 | | 313,691 | 32,441 | 281,250 |
| 716 | Demonstration and Selling Expense | 2,273,132 | 230,465 | 2,042,668 |
| 516 | 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 |
| Administrativ | Administrative and General Expense | | | |
| Operation | tion | | | |
| 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 |
| Mainte | Maintenance | | | |
| 9 35 | 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 |

4 of 4

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

| 1 | Oregon | Washington | System |
|----------------------------------|------------|-------------|-----------------------------|
| Other Operating Revenues | | | |
| | | | |
| Reconnect Unarges | 760,660 | ///000 | /33,252 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 | |
| Field Collection | 214 077 | 40 765 | |
| | /70'+10 | 40//04 | |
| 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 | |
| Curtailment Unuathorized Take | 460 | | |
| Miscellaneous | 144.424 | 966 2 | |
| Total Other Op Revenues | 4,530,599 | 345,413 | 1 |
| | | | |
| 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 Taves | | | |
| Property | 18 709 148 | 1 571 577 | 20 230 720 Direct |
| Franchise | 17.383.516 | 3 357 095 | |
| Payroll | 4.359.139 | 504.886 | |
| Regulatory Fee | 1.787.695 | 151.060 | |
| Department of Energy | 604,054 | 0 | |
| Other | (425,238) | (46,515) | \sim |
| Multnoman County Business | 7,282 | 0 | 7,282 Direct |
| Other Taxes | 42,425,596 | 5,488,098 | 47,913,694 |

2011 Oregon Earnings Test Report model - FINAL.xlsx 5/1/2012 10:34 AM

| cation Factors - Summary | Oregon | Washington |
|---|----------|------------|
| Customers-all | 89.690% | 10.3109 |
| Customers-Residential | 89.520% | 10.480 |
| Customers-Commercial | 91.310% | 8.690 |
| Customers-Industrial | 92.990% | 7.010 |
| Customers-The Dalles | 74.520% | 25.4809 |
| 3-factor | 90.140% | 9.860 |
| firm volumes | 90.690% | 9.3109 |
| sales volumes | 90,280% | 9.7209 |
| 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% | 12.8909 |
| Payroll | 89.620% | 10.3809 |
| Admin Transfer | 89.810% | 10.190 |
| Employee Cost | 89.390% | 10.610 |
| 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 | 89.320% | 10.680% |
| Depreciation | 89.510% | 10.490% |
| Rate Base | 89.193% | 10.490% |

| 2011 2011 | 7.8.21.214 7.6.47.42 7.6.493,428 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.6.60.21 7.6.60.21 7.6.60.21 7.6.60.21 7.5.60.21 7.6.60.21 7.5.60.21 7.5.60.21 7.6.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.5.60.21 7.6.60.21 7.6.60.21 7.6.60.21 7.6.60.21 7.6.60.22 7.4.63.20 7.4.23.25 7.4.23.25 7.4.23.25 7.4.23.25 <th 7<="" th=""><th>Ziel499,404 Zis5,47,129 Zis6,465 Zis1,465 <thzis1,256< th=""> <</thzis1,256<></th><th>(54, 350, 237) (59, 1,056) (11, 974, 069) (11, 974, 069) (35, 356, 317) (51, 856, 317)</th><th>(108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706)</th><th>55.123(365 59,887.760 68,025,686 75,913,666 78,835,816 82.377,873 38,42,561 83,830,333 75,960,499 70.203,335 Firm Bennerati Vukures (1.864,929) (1.967,927) (1.913,102) (1.935,039) (2.1059,059) (2.113,1127 75,113,649) (2.102,126) (2.10</th></th> | <th>Ziel499,404 Zis5,47,129 Zis6,465 Zis1,465 <thzis1,256< th=""> <</thzis1,256<></th> <th>(54, 350, 237) (59, 1,056) (11, 974, 069) (11, 974, 069) (35, 356, 317) (51, 856, 317)</th> <th>(108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706)</th> <th>55.123(365 59,887.760 68,025,686 75,913,666 78,835,816 82.377,873 38,42,561 83,830,333 75,960,499 70.203,335 Firm Bennerati Vukures (1.864,929) (1.967,927) (1.913,102) (1.935,039) (2.1059,059) (2.113,1127 75,113,649) (2.102,126) (2.10</th> | Ziel499,404 Zis5,47,129 Zis6,465 Zis1,465 Zis1,465 <thzis1,256< th=""> <</thzis1,256<> | (54, 350, 237) (59, 1,056) (11, 974, 069) (11, 974, 069) (35, 356, 317) (51, 856, 317) | (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) (108, 247, 706) | 55.123(365 59,887.760 68,025,686 75,913,666 78,835,816 82.377,873 38,42,561 83,830,333 75,960,499 70.203,335 Firm Bennerati Vukures (1.864,929) (1.967,927) (1.913,102) (1.935,039) (2.1059,059) (2.113,1127 75,113,649) (2.102,126) (2.10 |
|--|---|--|--|---|---|---|
| 2011 2011 September OREGON | 77,306,021 84,348 874,654 46,246,322 1,565,332,105 96,563,317 | 255,547,129 2,314,465 25,997,3%6 26,072,265,756 | ର ସହିତି ହ | (30) (30) | 82, 397, 879 (2,099,069) 7,731,327 (947,203) 0 1,471,356 | |
| 2011 2013 August Oneecow | 258 258 258 258 | 24 | | 5) | | |
| 2011 2011 2011 2017 | κ 4.88 | 50 57 | | . e | | |
| 2011 2011 2016 2016 | 7, 75 2, 25 2, 28 2, 28 2, 28 | | | 3 | | |
| 2011 2011 May OREGON | × 438 | 255,547,1 2,314,4 2,023,577,6 | | Ű | | |
| 2011 2011 Apr Apr | 73,27 1,14 1,14 1,14 1,14 1,14 1,14 1,14 1,1 | | | 9 | | |
| 2011 2011 Mar OREGON | 775,751,223 88634348 84,348 8675,198 7741,260,846 81,545,162,879 597,768,320 | 253,704, 2,314, 2,016,721, | | (2,314,4 (883,073,35 | a 52,159,760 5) (2,011,789) a 7,610,953 3) (954,319) 0 (954,319) 0 1,578,128 | |
| 2011 2011 Feb OREGON | 75,749,647 86 54,348 86 575,198 87 41,260,567 89 1,542,762,868 85 97,582,825 | 253,649,00 2,314,4 2,014,078,97 | 7) (51,168,525) 6) (691,036) 8) (10,906,312) 2) (682,032,316) 2) (682,032,316) 2) (46,925,996) 6) (82,954,885) | e | 7 54,374,609 5) (2,004,015) 5) 7,447,649 0 7,447,649 2) (980,043) 2) (980,043) 0 0 0 7 1,577,136 | |
| 2011 2011 2011 2010 0AEGON | 8 75,761,317 6 84,348 8 675,198 5 40,931,107 8 1,538,752,309 4 98,065,665 | 253, 649, 05 2, 31, 4, 46 2, 010, 233, 46 | | <i>s</i> | 66,965,527 1) (2,001,905) 1 7,600,075 1 7,600,075 1) (1,033,982) 1) (1,033,982) 0 0 1 1,596,477 | |
| 2010 2010 2010 CREGO₩ | 74,060,358 84,348 84,348 675,198 40,305,285 1,534,390,998 1,534,390,998 | 253,427,866 2,314,465 0 2,002,872,603 | (50,467,553) (691,036) (691,036) (691,036) (491,07,653) (491,053) (81,904,053) | (2,314,465) 0 (871,871,778) | 76,789,424 (1,995,119) 7,564,994 (947,070) 1,613,445 | |
| WW Natural 2011 Oragon Eaminga Review 2018 Saro OREGON Groat Flant | Software Other | Storage and storage transmission CHG and LHG Encana Total Gross Plant Accumulated Depreciation | Intanglible Production Transmission General General Storage and storage transmission | NG and LMG Incana Total Accumulated Deprectation | Storage Gas Customer Advances Customer Advances Appliances Appliances Water Heater Program Water Heater Program | |
| NW Natural 2011 Oregon Earn Rate Baso OREGON Gross Plant | Intangible Production Transmission Distribution General | Storage and storage trans CNG and LNG Encana Total Gross Plant Accumulated Depreciation | Intangible Production Transmission Distribution General Storage and storag | CNG and LKG Encana Total Accumulate | Storage Gas Customer Advances Haterials and Supplies Appliances Water Frogram Lazehold Improvements | |

| | Earning |
|------------|-------------|
| NW Natural | 2011 Oregon |
| | |

| | 2010 Dec | 2011 Jen | TI SP | 2011 Nar | 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 | |
|---|---|--|--|---|---|--|---|--|--|---|--|--|---|--|--|
| Gross Plant | System i | Systam 2 | System 3 | System + | System s | System 6 | System 7 | System a | System s | System 10 | System | Systam 12 | System 13 | System 14 | Allocation Method |
| intangible Software Production Other Praninission Transmission General General | 84,433,570 84,755 675,158 41,671,188 1,772,620,050 105,686,249 | 86,330,057 84,795 675,198 41,696,999 1,728,361,147 1,06,853,967 | 86,317,046 84,795 675,196 675,196 42,031,944 1,732,887,483 106,316,311 | 85,315,809 84,795 675,1198 675,1198 42,037,945 1,735,370,084 1,783,11,783 | 86,396,839 84,795 675,198 42,049,958 42,049,958 1,737,726,000 106,575,837 | 87,061,616 94,795 675,198 42,277,429 1,739,282,023 107,196,084 | 87,083,117 84,795 675,198 46,325,268 1,744,770,184 1,774,770,184 | 67,153,015 84,795 675,198 675,198 47,286,653 1,748,422,305 107,468,960 | 87,214,201 84,795 84,795 874,654 47,458,394 1,752,480,111 1,752,480,111 107,512,264 | 88,052,327 84,795 84,795 874,664 47,076,619 1,758,043,337 107,499,267 | 83, 453, 146 84, 795 874, 654 877, 654 1, 761, 657, 918 107, 219, 221 | 91,114,769 84,795 874,65 49,509,461 12,765,107,955 108,095,679 | 91,062,424 64,795 675,198 50,207,253 1,771,064,382 114,435,854 | 87,520,245 Total Customers 84,795 Direct 741,683 Direct 45,086,569 Direct 1,745,912,564 Direct 107,383,386 - Horect | Total Customers Direct Direct Direct Direct 3-Factor & Direct |
| Storage and storage transmission CNG and LNG | 276,056,419 2,567,634 | 276,300,309 2,567,634 | 276,300,309 2,567,634 | 276,361,029 2,567,634 | 277,238,047 2,567,634 | 278,393,240 2,567,634 | 278,393,240 2,567,634 | 278,393,240 2,567,634 | 278,393,240 2,567,634 | 278,393,240 2,567,634 | 278,595,197 2,567,634 | 278,606,097 2,567,634 | 275,037,150,072 2,567,534 | 277,742,997 Fem Del 2,567,634 3-Factor | 277,742,997 Firm Detwered Volumes 2,567,634 3-Factor |
| Encana | D | 0 | D | 0 | Ð | 0 | 8,771,392 | 16,155,255 | 18,615,255 | 25,997,396 | 28,457,396 | 35,837,396 | 40, 757, 396 | 14,546,230 Jan-Dec Average | -Dec Average |
| Total Gross Plant Accumulated Depreciation | 2,233,795,103 | 2,242,870,107 | 2,247,182,720 | 2,249,927,278 | 2,253,314,308 | 2,257,538,020 | 2,275,983,024 | 2,288,189,057 | 2, 295, 200, 548 | 2, 308, 569, 267 | 2,316,276,797 | 2,331,600,430 | 2,349,892,064 | 2,281,591,153 | |
| Intangible Production Distribution General | (57,630,338) (691,036) (10,726,720) (747,618,116) (54,812,129) | (58,030,081) (50,036) (10,824,387) (750,776,233) (54,937,103) | (58, 433, 462) (691, 036) (10, 922, 784) (754, 1118, 652) (54, 875, 223) | (58,836,823) (691,036) (11,021,439) (757,186,665) (55,330,913) | (59,240,327) (691,036) (11,120,112) (750,369,473) (55,905,456) | (59,645,165) (691,036) (11,218,930) (763,534,511) (56,041,006) | (60,051,235) (691,036) (711,223,175) (766,177,036) (766,409,036) | (60, 457, 470) (691, 036) (11, 433, 772) (769, 392, 635) (56, 931, 175) | (60,863,940) (691,036) (11,546,854) (772,601,812) (57,425) | (220,272,02) (220,026) (11,557,81) (775,581,967) (739,089,02) | (121,684,131) (691,036) (11,769,719) (778,819,812) (27,920,567) | (61.760,871) (691,036) (11.884,691) (781,998,044) (58,071,642) | (62,122,237) (631,036) (12,003,386) (785,287,813) (58,203,962) | (60,012,651) Tetal Customers (631,036) Direct (11,340,649) Direct (766,415,001) Direct (56,505,920) 3-factor | cal Customers ect ect ect |
| Storage and storage transmission CNG and LNG | (88,150,277) (2,567,634) | (88,715,905) (2,567,634) | (89,281,243) (2,567,634) | (89,845,857) (2,567,634) | (90,410,597) (2,567,634) | (91,257,647) (2,567,634) | (91,824,683) (2,567,634) | (92, 391, 712) (2, 567,634) | (92,958,745) (2,567,634) | (93,525,779) (2,567,634) | (94,093,268) (2,567,634) | (94,661,243) (2,567,634) | (95,229,709) (2,567,634) | (91,721,389) Fam Det (2,567,634) 3-Factor | 91,721,389) Firm Detivered Volunies (2.567,634) 3-Factor |
| Encana | o | 0 | 0 | 0 | Ø | 0 | (52,822) | (152,079) | (269,387) | (426,363) | (603,327) | (067,548) | (1,146,295) | Jan (585,162) | (291,589) Jan-Dec Average |
| Total Accumulated Depreciation | (962,196,250) | (966,542,379) | (970,890,033) | (975,540,367) | (980,304,635) | (984,955,989) | (169'680'686) | (994,022,513) | (938,926,161) | (1,003,411,684) | (1,008,149,493) | (1,012,478,950) | (1,017,252,097) | (989,550,768) | |
| Storage Gas Customer Advances Customer Advances Appliances Water Hoater Program Leaushold Improvements | 84,672,427 (2,164,274) 8,495,984 (947,070) 0 1,750,329 | 73,840,034 (2,168,677) 8,535,377 (1,033,982) 0 1,771,305 | 59,956,565 (2,171,480) 8,364,158 (380,043) 0 1,749,846 | 57,514,346 (2,176,879) 8,547,599 (954,319) 0 1,750,946 | 61,009,691 (2,034,554) 8,482,148 (966,136) 0 1,728,569 | 66,035,704 (2,014,650) 8,419,174 (944 ,243) 0 1,709,351 | 75,009,028 (2,040,406) 8,621,722 (981,398) 0 1,690,134 | 83,706,769 (2,067,303) 8,633,833 (1,020,102) 0 1,670,917 | 86,895,817 (2,144,958) 8,684,938 (985,409) 8 (985,409) 1,651,700 | 90,856,632 (2,213,446) 8,682,787 (947,203) 1,632,482 | 97,532,970 (2,282,114) 8,556,783 (980,156) 0 1,613,265 | 92,411,824 (2,410,451) 8,465,494 (1,014,579) 0,1,579) 0,1,594,048 | 83.648,042 (2.355.113) 8.249,308 (1.006,399) 0 1,574,831 | 77,410,801 Fem Detweed V (2,165,359) Darect (3,230,559 Gross Desmhunor (982,025) Darect 0 Deect 1,687,095 Darect & 3-factor | 77,410,801. Firm Detivered Volumes (2,165,399) Direct (3,20,598) Gross Distribution Mart % (922,029) Direct (2,025) Direct & 3-Factor 1,667,095 Direct & 3-Factor |
| Total Rate Base Excluding ADIT | 1,363,446,249 | 1,357,271,784 | 1, 343, 211, 773 | 1, 339,068,605 | 1,341,229,390 | 1,345,787,168 | 1.369.192.413 | 1.385.090.658 | 1 300 376 074 | 1 4413 188 823 | 1 410 545 745 | 1 418 367 817 | 123 034 LEV 1 | 331 313 312 1 | |

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| | Earnir | |
|---------|--------|---|
| Natural | Oregon | |
| Ň | 2011 | 1 |

| NW Natural 2011 Oregon Earnings Review Rate Base | | | | | | | | | | | | | | |
|--|----------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--------------------------------------|-------------------------------------|---|--------------------------------------|
| | 2010 | 1102 | 2011 | 2011 | 2011 | 2011 | 1102 | 1102 | 1102 | 2011 | 1102 | 2011 | 2011 | Dec 10 - Dec 11 |
| MASHINGTON | AIN Y | un va | i i | 2011 | 1107 | | 2011 | 1102 | 2011 | 1102 | 1102 | 2011 | 2011 | Dec 10 - Dec 11 |
| Gross Plant | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | WASHINGTON | vashingTON | WASHINGTON | NOVERTON VASHINGTON | December WASHINGTON | LI MORTH ANERGIE WASHINGTON |
| Intangible Software Other | 10,373,212 447 | 2 10,568,740 447 | 10,567,399 | 10,567,580 | 10,575,625 | 10,644,164 | 10,646,380 | 10,653,587 | 10,659,895 | 10,746,306 | 10,890,731 | 11,062,044 | 11,056,647 | 10,691,448 |
| Production Transmission | 0 764.903 | 765 | 0 0 | 0 000 | 0.4 | 0 000 | 0000 | 0 10 | Į " | 4 ° | 144 D 012 100 | ¥ ° } | ¥ , | 4 |
| Distribution General | 188,229,052 8,673,165 | 195 195 195 | 190,124,614 8,735,485 | 190,207,205 8,743,464 | 190,369,406 8,746,256 | 190,641,968 8,796,670 | 1,034,574 191,234,574 8,838,474 | 197,000,1 066,196,191 8,929,115 | 1,020,000 192,245,493 8,934,055 | 034,237 192,711,232 8,935,9 4 9 | 0,21,030 192,809,368 8,900,807 | 732,420 193,040,525 8,987,226 | 133,457,764 133,457,764 9,343,594 | 350,308 191,308,380 8.862.015 |
| Storage and storage transmission CNG and LNG | ion 22,628,553 253,169 | 1 22,651,259 253,169 | 22,651,259 253,169 | 22,656,912 253,169 | 22,738,562 253,169 | 22,846,111 253,169 | 22,846,111 253,169 | 22,846,111 253,169 | 22,846,111 253,169 | 22,846,111 253,169 | 22,864,913 253,169 | 22,866,114 253,169 | 22,906,057 253,169 | 22, 785,573 23,169 |
| Total Gross Plant | 230,922,500 | 1 232,636,646 | 233,103,750 | 233,205,876 | 233,460,935 | 233,960,387 | 234,852,985 | 235,582,066 | 235,975,814 | 236,323,510 | 236,551,071 | 237,002,749 | 237,814,409 | 234,752,020 |
| Accumulated Depreciation | | | | | | | | | | | | | | |
| Intangéble Production | (7,162,785) 0 | (7,213,674) 0 | (7,264,937) 0 | (7,316,199) 0 | (7,367,475) | (7,418,889) 0 | (7,470,430) | (7,521,968) 0 | (7,573,570) | (7,625,319) | (7,677,482) | (2,690,269,7) | (7,742,001) | (7,466,452) |
| Transmission Distribution | (11,852) | | (11,955) | (13,278) | (14,606) | (15,934) | (17,482) | (19,250) | (21,020) | (22,615) | (24,034) | (25,422) | (26,780) | (17,963) |
| onarai Generai | (5,404,476) | (111/322/111) (5,948,041) | (/4, 246,033) (5,949,227) | (/2,5/2,443) (6,004,754) | (73,063,826) (6,060,247) | (507,409,130) (5,078,332) | (73,828,518) (6,111,366) | (74,233,497) (6,167,615) | (74,634,050) (6,221,424) | (75,047,221) (6,252,046) | (75,388,727) (6,279,731) | (952/652/9) (952/562/9) | (76,220,096) (6,317,565) | (73,826,838) (6,102, 304) |
| Storage and storage transmission CNG and LNG | ion (6,246,219) (253,169) |) (6,286,298)) (253,169) | (6,326,358) (253,169) | (6,366,365) (253,169) | (6,406,382) (253,169) | (6,466,403) (253,169) | (6,506,583) (253,169) | (6,546,762) (253,169) | (6,586,941) (253,169) | (6;627,120) (253,169) | (6,667,332) (253,169) | (6.707,578) (253,169) | (6, 747, 858) (253, 169) | (6,499,263) (253,169) |
| Total Accumulated Depreciation | ion (90,324,472) | (91,544,935) | (92,053,739) | (92,626,247) | (93,185,705) | (93,641,858) | (94,187,548) | (94,742,280) | (95,230,173) | (62,827,489) | (96,290,474) | (36,791,402) | (695'202'266) | (54,166,483) |
| Storage Gas Customer Advances | 7,883,003 (169,155) | Ŷ | 5,581,956 (167,465) | 5,354,586 (165,091) | 5,680,003 (149,570) | 6,147,924 (148,996) | 6,983,340 (132,779) | 7,793,101 (136,285) | 8,090,001 (158,098) | 8,458,753 (154,379) | 9,080,319 (149,960) | 8,603,541 (153,095) | 7,787,633 (14) 465) | 2,206,946 |
| Materials and Supplies Appliances | 066/0E6 | 0 0 | 916,549 0 | 936,646 0 | 929,474 0 | 922,573 0 | 944,769 0 | 946,095 0 | 961,696 0 | 951, 4 60 0 | 937,652 0 | 927,6 69 ,0 | 903,959 0 | 617, HEE |
| water neetor program Learcehold Improvements | U 176,885 | 0 174,828 | 0 172,710 | 0 172,818 | 0 170,610 | 0 168,713 | 0 166,816 | 0 164,919 | 0 163,023 | 0 161,126 | 0 159,229 | 0 157,333 | 0 155,436 | 0 166,524 |
| Total Rate Base Excluding ADIT | r 149,419,750 | 148,909,580 | 147,553,761 | 1+6,878,588 | 146,905,746 | 147,408,843 | 148,627,583 | 1-19,607,617 | 149,732,262 | 149,912,962 | 150,287,819 | 149,746,775 | 149,212,402 | 148,740,636 |
| | | | | | | | | | | | | | | |

| Average Rate Base Allocation Factors | the second s | | in Same |
|--------------------------------------|--|--------------|------------------|
| 13 MONTH AVERAGES: | Ť | NVA . | System |
| Average Gross Plant | 2,046,839,133 | 234,752,020 | 2,281,591,153 |
| Gross Plant Average Factor | 89.71% | 10.29% | |
| Average Accumulated Deprec | (895,536,401) | (94.166.489) | (363.702.890) |
| Accumulated Deprec Average Factor | 30.43% | 9.51% | |
| Average Leasehold Improvements | 1,520,571 | 166,524 | 1.687.095 |
| Leasehold Improvement Average Fact | 90.13% | 962876 | _ |
| Average Customer Advances | (2,012,216) | (153,143) | (2,165,359) |
| Customer Advance Average Factor | 92.93% | 7.07% | |
| Growth in Gross Plant | 109,205,053 | 6,891,908 | 116,096,962 |
| Groes Plant Growth Factor | 94.06% | 5.94% | - |
| Average Materials & Supplies | 76,817,610 | 8,141,724 | 84,959,334 |
| Materiais & Supplies Average Factor | 90.42% | 9.58% | |
| Average Distribution Plant | 1,554,604,183 | 191,308,380 | 1,745,912,564 |
| Distribution Plant Average Factor | \$6,04% | 10.96% | |
| Average Total Rate Base | 1,227,628,697 | 148,740,636 | 1, 376, 369, 333 |
| Rate Base Average Factor | 89.1996 | 10 8104 | |

NW Natural State Allocation Factors

Volumes - 12 Months Ended 12/31/11

| Firm Delivered (excl Unbilled) | 850,815,014 | 771,579,081 | 79,235,933 |
|--|---------------|----------------------------|---------------------------|
| % of System | | 90.69% | 9.31% |
| Sales Volumes (exclude Unbilled) | 777,707,038 | 702,112,527 | 75,594,511 |
| % of System | | 90.28% | 9.72% |
| Sendout Volumes | 1,152,353,294 | 1,060,624,930 | 91,728,364 |
| % of System | | 92.04% | 7.96% |
| 3-factor formula (simple average) Gross Plant Directly Assigned Number of Employees Directly Assigned Number of Customers | _ | 89.32% 91.40% 89.69% | 10.68% 8.60% 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 70 5 | 84 240 | |
| Production | 84,795 | 84,348 | 447 |
| Transmission | 675,198 | 675,198 | 0 |
| Distribution | 50,207,253 | 49,410,522 | 796,731 |
| | 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 | - . | | |
| Average | System | Oregon | Washington |
| Intangible - Other | 94 705 | 04 240 | 4.47 |
| Production | 84,795 | 84,348 | 447 |
| Transmission | 675,198 | 675,198 | 0 |
| Distribution | 45,939,220 | 45,158,403 | 780,817 |
| | 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% |
| | | | |

NW Natural State Allocation Factors As of December 31, 2011

| | System | Oregon | Washington |
|---------------------------------|---------|-------------------|------------------|
| stomers | | | |
| 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 | 511 | 92.99% | 7.01% |
| The Dalles | | | |
| December 2011 | 7,343 | F 477 | 1.900 |
| December 2010 | 7,291 | 5,477 5,428 | 1,866 |
| Average | 7,317 | 5,453 | 1,863 |
| % of System | 7,517 | 74.52% | 1,865 25.48% |
| Portland / Vancouver | | | |
| December 2011 | 481,688 | 412 267 | (0.221 |
| December 2010 | 481,688 | 413,367 | 68,321 |
| Average | 479,578 | 409,953 | 67,515 |
| % of System | 012,217 | 411,660 85.84% | 67,918 14.16% |
| Portland (Vancouver Communic) | | | - |
| Portland / Vancouver Commercial | 10.000 | | |
| 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 |
|-------------|---|-----------------------|---------------------------|
| | Operating Revenues | \$739,332 | \$739,332 |
| 0 M | Operating Revenue Deductions Property & OtherTaxes | 521,217 42,425 | 521,217 42,425 |
| 4 10 10 | Book Depreciation Interest (Rate Base * Cost of Debt) State Tax Deduction | 57,148 34,786 - | 57,148 34,786 6,695 |
| 2 | Subtotal | 83,757 | \$77,062 |
| ø | Permanent Differences | 4,330 | 4,330 |
| 6 | 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 |

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

Deferred Income Taxes

| 2010 December Balances: System Washington Oregon Z010 Z010 Altocation Altocation Altocation Accumulated Deferred Income Tax - Depreciation (242,606,440) (23,071,872) (21,416,31 Accumulated Deferred Income Tax - Other (23,605,054) (23,071,872) (21,416,31 December Balances (23,605,054) (25,322,609) (240,950,68) Dot Balances (25,323,494) (25,322,609) (240,950,68) Dot Balances (25,323,494) (25,322,609) (240,950,68) Dot Balances System Washington (0regon Dot Balances System (25,323,494) (25,326,09) (240,950,68) Dot Balances System (25,323,494) (25,53,619,56) (240,900,31,10) Dot Balances System Vashington (15,578,924) (25,660) (15,002,31,57) Dot Cumulated Deferred Income Tax - Depreciation (28,53,552) (21,412,10) (25,53,619,56) (26,66,61,17) (256,62,18,7) Dot Cumulated Deferred Income Tax - Other (16,578,924) (16,578,924) (28,656,18,7) (26,66,61,17) (256,62,18,7) | 1 Allocation factor: Accumulated Depreciation | 9.51% | | |
|--|---|-------------------------|-----------------------------------|-------------------------------|
| System System Washington Z010 Total Niocation Accumulated Deferred Income Tax - Depreciation (23,657,054) (23,607,937) Accumulated Deferred Income Tax - Other (23,667,054) (2,250,737) Accumulated Deferred Income Tax - Other (23,657,054) (25,322,609) 2010 Balances (25,327,494) (25,322,609) 2010 Balances: Z011 Allocation Accumulated Deferred Income Tax - Other (26,67,011) Mashington Accumulated Deferred Income Tax - Depreciation (280,273,578) (26,654,017) Accumulated Deferred Income Tax - Depreciation (280,273,578) (26,654,017) Accumulated Deferred Income Tax - Other (16,578,924) (15,5660) 2011 Balances (296,852,1552) (28,236,60) 2011 Balances (296,852,1552) (28,236,60) Simple Average December Balances (use for Rate Base) (26,576,643) (26,776,643) Simple Average December Balances (296,852,1552) (28,236,660) (28,236,660) Simple Average December Balances (296,852,1552) (28,236,660) (28,236,660) </th <th>,</th> <th></th> <th></th> <th></th> | , | | | |
| Accumulated Deferred Income Tax - Depreciation (24,606,440) (23,071,872) (Accumulated Deferred Income Tax - Other (23,6054) (2,250,737) (2010 Balances (266,273,494) (25,322,609) (2011 December Balances: (266,273,494) (25,322,609) (2011 December Balances: (266,273,494) (25,322,609) (2011 December Balances: (2011) Activity Indication Alicetion Alicetion Accumulated Deferred Income Tax - Depreciation (280,273,578) (26,554,017) (| 4 10 10 1 | System 2010 Total | Washington Allocation Total | Oregon Allocation Total |
| Accumulated Deferred Income Tax - Other (23,667,054) (2,250,737) 2010 Balances (26,273,494) (25,322,609) (2011 December Balances: (26,273,494) (25,322,609) (2011 December Balances: (2011) (25,322,609) (2011 December Balances: (26,574,017) ((Accumulated Deferred Income Tax - Depreciation (280,273,578) (26,554,017) (Accumulated Deferred Income Tax - Depreciation (280,273,578) (26,576,017) (Accumulated Deferred Income Tax - Other (16,578,974) (1,576,660) (2011 Balances (296,852,552) (28,230,678) ((2011 Balances (296,852,552) (28,230,678) (<td< td=""><td>Accumulated Deferred</td><td>(242,606,440)</td><td>(23,071,872)</td><td>(219,534,56</td></td<> | Accumulated Deferred | (242,606,440) | (23,071,872) | (219,534,56 |
| 2010 Balances (266,273,494) (25,322,609) (2011 December Balances: System Washington O 2011 December Balances: System Washington O Accumulated Deferred Income Tax - Depreciation (28,011) Maccumulation O Accumulated Deferred Income Tax - Depreciation (28,027,3578) (26,654,017) (Accumulated Deferred Income Tax - Other (16,578,974) (1,576,660) (Accumulated Deferred Income Tax - Other (26,852,552) (28,230,678) (2011 Balances (296,852,552) (28,230,678) ((Simple Average December Balances (use for Rate Base) (26,776,643) (| Accumulated Deferred I | (23,667,054) | (2,250,737) | (21,416,31 |
| 2011 December Balances: System Washington C Z011 Total Washington Mocation Allocation Allocation< | | (266,273,494) | (25,322,609) | (240,950,88 |
| System System Washington C Z011 Total Milocation Allocation | 2011 December Bala | | | |
| Accumulated Deferred Income Tax - Depreciation(280,273,578)(26,654,017)(Accumulated Deferred Income Tax - Other(16,578,974)(1,576,660)Accumulated Deferred Income Tax - Other(296,852,552)(28,230,678)(2011 Balances(296,852,552)(28,230,678)(Simple Average December Balances (use for Rate Base)(26,776,643)(25,776,643)(25,776,643)(25,776,643)Fincara Deferred Income Tax - Encana (simple 12 month average)Accumulated Deferred Income Tax - Encana (simple 12 month average)(26,776,643)(25,776,643)(25,776,643) | 16 17 18 | System 2011 Total | Washington Allocation Total | Oregon Allocation Total |
| Accumulated Deferred Income Tax - Other (16,578,974) (1,576,660) 2011 Balances (296,852,552) (28,230,678) (Simple Average December Balances (use for Rate Base) (26,776,643) (29,736,643) (29,736,643) (29,736,643) (29,736,643) (29,736,643) (29,736,643) (29,736,643) (29,776,643) (20,776,643) (29,776,643) (29,776,643) (29,776,643) (29,776,643) (29,776,643) (29,776,643) (29,776,643) (29,776,643) (29,7776,643) (29,776,643) (29,776,643) <td></td> <td>(280,273,578)</td> <td>(26,654,017)</td> <td>(253,619,56</td> | | (280,273,578) | (26,654,017) | (253,619,56 |
| 2011 Balances (296,852,552) (28,230,678) Simple Average December Balances (use for Rate Base) (26,776,643) (2 Final Endomer Balances (use for Rate Base) (26,776,643) (2 Final Endomer Balances (use for Rate Base) (26,776,643) (2 Final Endomer Balances (use for Rate Base) (26,776,643) (2 Final Endomer Balances (use for Rate Base) (26,776,643) (2 Final Endomer Balances (26,776,643) (2 Formulated Deferred Income Tax - Encana (simple 12 month average) (26,776,643) (2 | Accumulated Deferred | (16,578,974) | (1,576,660) | (15,002,31 |
| Simple Average December Balances (use for Rate Base) (26,776,643) Encana Deferred Income Tax Balances (26,776,643) Accumulated Deferred Income Tax - Encana (simple 12 month average) (26,776,643) | | (296,852,552) | (28,230,678) | (268,621,87 |
| Encana Deferred Income Tax Balances Accumulated Deferred Income Tax - Encana (simple 12 month average) | | ite Base) | (26,776,643) | (254,786,380 |
| Accumulated Deferred Income Tax - Encana (simple 12 month average) | • | | | |
| | | 12 month average) | | (5,625,930 |

| NW I 12 M Inpu Profe | NW Natural 12 Months Ended December 31, 2011 Input Assumptions Proforma Cost of Capital | 13- | 13-month averages | |
|----------------------------------|---|--|-------------------|-----------------------------|
| Line No. | | % of Total Capital A | Average Cost | Average Weighted Cost |
| | | (a) | (q) | (c) |
| H N 6 | Long Term Debt Preferred Stock | 53.28% 0.00% | 6.560% 0.000% | 3.50% 0.00% |
| η | Common Stock | 46.72% | 10.200% | 4.77% |
| 4 | Total | 100.00% | | 8.27% |
| | Revenue Sensitive Costs | | | |
| יסי | Gas Sales Transportation | 98.79% 1.97% | | |
| ~ 00 | Subtotal | 100.00% | | |
| σ | 0 & M - Ilncollectible | 0 316 | | |
| 11 | o w ra - onconcutude Franchise Taxes at OPUC Fee | 0.31% 2.15% 0.25% | | |
| 12 13 | State Taxable Income State Income Tax | 97.29% 7.39% | | |
| 14 15 | Federal Taxable Income Federal Income Tax | 89.90% 31.46% | | |
| 16 | Total Income Taxes | 38.86% | | |
| 17 | Total Revenue Sensitive Costs | 41.57% | | |
| 18 | Utility Operating Income | 58.43% | | |
| 19 | Net-to-gross factor | 171.14% | | |
| 20 | Interest Coordination Factor | 3.50% | | · |
| 21 25 25 26 25 26 | Rate of Return Federal tax rate State tax rate Franchise Fees Uncollectible Accounts Regulatory fees | 10.20% 35.00% 7.60% 2.15% 0.31% 0.25% | | |

NW Natural Rates & Bogulatory Affairs 2011 Eaminga Test Catculation of 13-month average Cost of Capital

| | 2010 Dec | 2011 Jan | 2011 Feb | Mar | Apr | 2011 YeM | un(| | 50V | das s | Soli Oct | 2011 Nov | 2011 Dec | 13 Mo Averade |
|---|--------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Baiances Long Term Debt (see line 39) | 261,700,000 | 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 | 0,000 | 574,616,667.0 |
| relation Stock (see line 33) | 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 |
| Total Capital | 1,069,561,908 | 1,069,561,908 1,097,143,115 1,100,727,057 | 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 |
| % of Tetal Capital Long Term Debt Destroyed Stock | 55.32% | 53.93% | 53.76% | 51.57% | 51.94% | 52.01% | 52.14% | 52.87% | 52.32% | 55.17% | 55.66% | 53.27% | 52.65% | 53.28% |
| righter such | 44.68% | 46.07% | 46.24% | 48.43% | 48.06% | 47,99% | 47.86% | 47.13% | 47.08% | 44.83% | 44.34% | 46.73% | 47.35% | 0.00% |
| | 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% | 100.00% |
| Average Cost Long Term Debt Preferred Stock | 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% |
| Common Stock | 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% |
| Weighted Average Cost of Deby | | | | | | | | | | | | | | |
| Long Term Debt Preferred Stock | 3.67% | 3.58% | 3.57% | 3.42% | 3.45% | 3,45% | 3.46% | 3.51% | 3.51% | 3.52% | 3.55% | 3.40% | 3.36% | 3.50% |
| Common Stock | 4.56% | 4.70% | 4.72% | 4.94% | 4.30% | 4.89% | 4.88% | 4.81% | 4.80% | 4.57% | 4.52% | 4.77% | 4.83% | 4.17.4 |
| | 8.23% | 8.28% | 8.29% | 8.36% | 6.35% | 8.34% | 8.25.8 | 8.32% | 8.31% | 8.09% | 8.07% | 8.17% | 8.19% | 8.27% |



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.

<u>Commission-Required Advertising Disallowance</u> [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.

| • | Earnings Review | |
|---|-----------------|---------|
| • | 2011 Oregon | (\$000) |

| ₹ % | 2011 Uregon Earnings Review (\$000) | | Weather | | | | | | | | | |
|----------------------------------|---|--|--|--|--|---------------------------------------|--------------------|---------------------------|--------------------|--------------------|--------------------------------|--|
| Line | υ | Column A from Page 1 | Normalization & Gas Costs Advistment | Miscellaneous Revenue Adiustment | Advertising & Promotional Adiustment | Memberships and Dues Adiuctment | Property Taxes | Uncollectible Accounts | Stock Issuance | Bonus | Total Type I | Column C |
| 2 | worksheet #: | T add T | (2a) | (2b) | (2c) | (2d) | AUJUSUNETI (2e) | Aujustment (2f) | Adjustment (2a) | Adjustment (2h) | Adjustments | Irom Page 1 |
| | <u>Operating Revenues</u> Sale of Gas | \$733,094 | (\$1,817) | | | | | | | | (\$1,817) | \$731,277 |
| ∩ m 4 | WARM Revenue Revenue & Technical Adjustments Decoubling Adjustment | (13,756) (11,267) 19 297 | 13,665 | 91 1,164 (19 207) | | | | | | | 13,756 1,164 | (10,103) |
| 2 Q N | Transportation Miscellaneous Revenues SB408 Deferrals | 14,596 4,531 (7,162) | | (85) 7,162 | | | | | | | (15,297) 0 (85) 7,162 | 14,596 4,445 0 |
| 8 | Total Operating Revenues | 739,332 | 11,848 | (10,965) | 0 | 0 | 0 | 0 | 0 | 0 | 883 | 740,215 |
| 9 10 11 | <u>Operating Revenue Deductions</u> Gas Purchased Uncollectible Accrual Other Operating & Maintenance Expenses | 416,313 1,718 103,185 | (1,713) (6) | 0 | 0 (588) | 0 (211) | 0 | 556 | σ | 0 (2,306) | (1,713) 550 (3,097) | 414,599 2,269 100,089 |
| 12 | Total Operating & Maintenance Exp. | 521,217 | (1,719) | 0 | (588) | (211) | 0 | 556 | 6 | (2,306) | (4,260) | 516,957 |
| 13 14 | | 28,091 6,695 | 4,296 1,009 | (3,546) (833) | 190 45 | 68 16 | 11 3 | (180) (42) | 00 | 754 177 | 1,593 375 | 29,6 84 7.070 |
| 15 16 17 | Property Taxes Other Taxes Depreciation & Amortization | 18,709 23,716 57,148 | 284 | 0 | 0 | 0 | (33) 0 | 0 | 000 | 000 | 284 0 0 | 24,000 24,000 57.148 |
| 18 | Total Operating Revenue Deductions | 655,575 | 3,870 | (4,379) | (353) | (127) | (19) | 334 | 6 | (1,375) | (2,040) | 653,535 |
| 19 | Net Operating Revenues | 83,756 | 7,977 | (6,586) | 353 | 127 | 19 | (334) | (6) | 1,375 | 2,923 | 86,680 |
| 20 21 | <u>Average Rate Base</u> Utility Plant in Service Accumulated Depreciation | 2,046,839 (895,536) | | | | | | | | (727) 0 | (727) 0 | 2,046,112 (895,536) |
| 22 | Net Utility Plant | 1,151,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (727) | (727) | 1,150,576 |
| 23 25 25 25 25 25 | Aid in Advance of Construction Materials & Supplies Water Heater Program Leasehold Improvements Accumulated Deferred Income Taxes | (2,012) 76,818 0 1,521 (260,412) | | | | | | | | | 00000 | (2,012) 76,818 0 1,521 (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 | 0 | (25) | (25) | (25) |

| Northwest Natural Gas Company Test year Normalizing Adjustments: TYPE I ADJUSTMENTS 2011 Oregon Earnings Review (4001) | Income Tax Calcu | culations | | | | | | | | |
|---|---|--------------------------------|---------------------------|---------------------------------------|---------------------------------|---|---------------------------------|--------------------------------|----------------------|--|
| Line Line No. Income Tax Calculations | Weather Normalization & Repricing Adjustment | Other Revenue Adjustment | Advertising Adjustment | Memberships and Dues Adjustment | Property Taxes Adjustment | Uncollectible Accounts Adjustment | Stock Issuance Adjustment | Accrued Bonus Adjustment | Total Adjustments | |
| | (7a) | (2b) | (2c) | (2d) | (2e) | (2f) | (29) | (2h) | (21) | Turner of the state of the stat |
| 1 Book Revenues | 11,848 | (10,965) | 0 | 0 | 0 | 0 | 0 | 0 | 883 | |
| 2 BOOK EXPENSES DEFORE LEPTEC, & Int. 3 State Tay Demonstrum | (1,435) | 0 (| (588) | (211) | (33) | 556 | 0 | (2,306) | (4,017) | |
| | | | 00 | 0 0 | 0 (| 0 | 0 | 0 | 0 | |
| 5 Book/Tax Differences (Sched, M) | | 00 | 00 | 0 0 | 00 | 0 0 | 00 | (25) 0 | (25) 0 | |
| 6 State Taxable Income | 13,282 | (10,965) | 588 | 211 | 33 | (556) | 0 | 2,331 | 4,925 | |
| 7 State Excise Tax [1] 8 State Tax Credit | 1,009 | (833) | 45 | 16 | m | (42) | 0 | 177 | 375 | |
| | | | 5 | 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 | |
| | 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] 14 ITC | 4,296 0 | (3,546) 0 | 190 0 | 68 D | 11 | (180) | 00 | 754 0 | 1,593 | |
| 15 Current Federal Tax | 4.296 | (3 546) | Sa t | 09 | | | | | | |
| 16 Deferred Terrestra Factors | • | | 4 | 3 | 1 | (nor) | Ð | 40/ | 1,593 | |
| 10 Deferred Income Tax - receral | 00 | 0 0 | 00 | 0 (| 0 | 0 | 0 | 0 | 0 | |
| | | 00 | 0 0 | 0 0 | 0 0 | 00 | 00 | 00 | 00 | |
| 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 | ĸ | (42) | 0 | 177 | 375 | Note that the second se |
| Statutory State Excise Tax Rate: Statutory Federal Income Tax Rate: | 7.60% 35.00% | | | | | | | | | |

| NW Natural |
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| Test year Normalizing Adjustments: TYPE II ADJUSTMENTS |
| 2011 Oregon Earnings Review |
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| Operating Revenues2WARM Revenue3Revenue & Technical Adjustments4Transportation5Miscellaneous Revenues6SB408 Deferrals | | | | | | | | | |
|--|--|-----|-----|-----|-----|-----|-----|-----|--|
| 7 Total Operating Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Operating Revenue Deductions 8 Gas Purchased 9 Uncollectible Accrual 10 Other Operating & Maintenance Expenses | 0 | | | | | | | | |
| 11 Total Operating & Maintenance Exp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 12 Federal Income Tax 13 State Excise 14 Pronenty Taxes | 00 | 00 | 00 | 00 | 0 0 | 00 | 00 | 00 | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 00 | 000 | |
| 17 Total Operating Revenue Deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 18 Net Operating Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Average Rate Base 19 Utility Plant in Service 20 Accumulated Depreciation | | | | | | | | 0 | |
| 21 Net Utility Plant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 22 Aid in Advance of Construction 23 Materials & Supplies 24 Water Heater Program 25 Leasehold Improvements 26 Accumulated Deferred Income Taxes | | | | | | | | | |
| 27 Total Rate Base | ************************************** | 0\$ | \$0 | 0\$ | 0\$ | 0\$ | 0\$ | 95 | |
| 28 Interest Coordination | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

Northwest Natural Gas Company Test year Normalizing Adjustments: TYPE II ADJI Income Tax Calculations 2011 Oregon Earnings Review (\$000)

| Line No T | Line No Trrome Tax Calculations | No Adjustments | djustments No A | djustments No Ac | ljustments No Ad | justments No Ad | justments No Ad | justments No Ad | | Total |
|---|--|---|--|---|--|-----------------|-----------------|--|------------|-------------|
| | | NY VE PROVIDENCE CONTRACTOR CONTRACTOR AND | والمستعرفيات المعار سماده ومستعمر والمعاصر والمعارف والمعاولة فعووله | r valimir concerns combine prove a sum arms desired wat | Anna (Antonian Sangaring)a nyayiyo a poo p | | a sub- | ontropy of the second and subsymmetry of the second second | a | Adjustments |
| 1 | Book Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Book Expenses before Deprec. & Int. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | State Tax Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Interest Expense (Income) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| в ∽ | Book/Tax Differences (Sched. M) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 9 | State Taxable Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | State Excise Tax [1] | 0 | 0 | C | C | C | C | C | c | c |
| | State Tax Credit | 0 | 0 | 0 | 0 | 0 | , o | , o | , 0 | 0 |
| N 6 | Net State Income Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Excess Book(Tax) Deprec. | 0 | 0 | 0 | 0 | 0 | 0 | C | C | C |
| 11 | Other Sched. M Differences | 0 | 0 | 0 | 0 | 0 | 0 | , 0 | 0 | , o |
| 12 Fe | Federal Taxable Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Federal Income Tax [2] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | ITC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 C | Current Federal Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Deferred Income Tax - Federal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 1 18 18 | Deferred Income Tax - State ITC Restored (Deferred) | 00 | 00 | 00 | 00 | 00 | 00 | 00 | 00 | 00 |
| 19 T C | Total Federal Tax | 0 | 0 | 0 | 0 | Õ | 0 | 0 | 0 | 0 |
| 20 T | 20 Total State Tax | 0 | 0 | 0 | O | 0 | 0 | 0 | 0 | 0 |
| [1] Stal[2] Stal | Statutory State Excise Tax Rate: Statutory Federal Income Tax Rate: | 7.60% 35.00% | | | | | | | | |

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| 2011 Oregon Earnings Review | | |
|--|---|---|
| <u>Oregon Total Revenues</u> | | Revenue |
| Calae Davanues | | |
| Jubiled Revenues | | /23,110,468 (3,681,370) |
| | | |
| Total Sales Revenues | | 719,429,098 |
| Transportation Revenues | | 14,595,604 |
| Grand Total Revenues | | 734,024,702 |
| Gas Costs | | • |
| Demand Charges | | 82,158,862 |
| Commodity Charges | | 326,751,435 |
| Oregon Deferral Activities | | 7.402.237 |
| Grand Total Gas Costs | | 416,312,533 |
| | | |
| Normalization Adjustments | | |
| Revenue Adiustment | Therms | Revenue |
| <u>WARM Adjustment</u> WARM Revenues WARM Revenues - Unbilled | | 10,781,463 2,883,576 13,665,039 |
| <u>Weather Normalization Adjustment</u> Residential Commercial | 3,707,650 (5,840,724) (2,133,074) | 3,751,299 (5,568,573) (1,817,274) |
| TOTAL NORMALIZING MARGIN ADJUSTMENT | (2,133,074) | 11,847,765 |
| Gas Cost Adjustment | | Cost of Gas |
| WACOG equalization | | 0 |
| Weather Normalization Gas Costs | | (1,713,359) |
| TOTAL GAS COST ADJUSTMENT | TVT | |

Worksheet 2a Page 2 of 2

NW Natural Test year Normalizing Adjustments Revenues and Deliveries 2011 Oregon Earnings Review

| Volumes Revenues Gas Costs Volumes Revenues G 9,797,212 10,635,657 6,427,265 3,042,043 2,877,073 6,77,073 (1,788,300) (1,941,343) (1,173,178) (1,956,518) (1,850,416) 2,877,073 (1,788,300) (1,941,343) (1,173,178) (1,956,518) (1,850,416) 2,877,073 (2,549,781) (2,751,802) (6,211,474) (3,753,674) (3,951,007) (3,736,744) (5,721,802) (6,211,474) (3,755,733) (2,395,115) (1,001,679) (3,778,243) (1,1855) (1,718,715) (1,059,115) (1,001,679) (1,290,602) (1,401,052) (846,674) 2,955,115 (1,001,679) (1,290,602) (1,401,052) (846,674) 2,955,51 279,561 (1,290,602) (1,412,555) 83,338 78,819 269,129 (1,290,602) (1,01,859) (61,555) 284,561 269,129 (1,290,613) 2,833,305 1,712,324 476,988 269,129 2,610, | | | Residential | | | Commercial | |
|--|----------------------|-------------|---------------|-------------|-------------|-------------|-------------|
| 9,797,21210,635,6576,427,2653,042,043 $2,877,073$ $(1,789,300)$ $(1,941,343)$ $(1,173,178)$ $(1,956,518)$ $(1,850,416)$ $(2,5921)$ $(2,5721,802)$ $(6,211,474)$ $(3,575,733)$ $(2,307,942)$ $(2,182,782)$ $(5,721,802)$ $(6,211,474)$ $(3,755,674)$ $(3,951,007)$ $(3,736,744)$ $(5,721,802)$ $(6,11,678)$ $(1,787,513)$ $(2,307,942)$ $(2,485,539)$ $(2,512,873)$ $(2,410,1585)$ $(2,485,539)$ $(2,512,82)$ $(2,485,539)$ $(2,519,873)$ $(2,944,082)$ $(1,118,715)$ $(1,059,115)$ $(1,001,679)$ $(1,290,602)$ $(1,401,052)$ $(846,674)$ $295,591$ $279,561$ $(2,519,829)$ $(101,859)$ $(61,555)$ $283,333$ $283,561$ $78,819$ $(3,322,829)$ $(101,839)$ $(61,555)$ $283,561$ $279,561$ $78,819$ $(3,322,820)$ $(101,839)$ $(61,555)$ $283,333$ $283,561$ $279,561$ $(1,290,916)$ $2,106,418$ $1,712,324$ $475,366$ $449,322$ $(1,998,916)$ $2,106,418$ $1,226,813$ $1,404,090$ $1,283,493$ $(5,606,494)$ $6,961,791$ $4,126,813$ $1,404,090$ $1,283,493$ $(5,066,494)$ $6,961,791$ $2,162,378$ $(5,840,724)$ $(5,568,573)$ $(1,817,724)$ $(5,840,724)$ $(5,568,573)$ $(1,817,724)$ $(5,840,724)$ $(5,568,573)$ | | Volumes | Revenues | Gas Costs | Volumes | Revenues | Gas Costs |
| $ \begin{array}{llllllllllllllllllllllllllllllllllll$ | January | 9,797,212 | 10.635.657 | 6.427.265 | 3.047.043 | 5 877 778 5 | 1 995 671 |
| $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$ | February | (1,788,300) | (1,941,343) | (1.173.178) | (1.956.518) | (1.850.416) | (1 283 535) |
| (5,721,802) (6,211,474) (3,753,674) (3,951,007) (3,736,744) (3,778,243) (4,101,585) (2,485,539) (2,485,539) (2,619,873) (2,844,082) (1,718,715) (1,001,679) (1,290,602) (1,401,052) (846,674) 295,591 279,561 (1,290,602) (1,401,052) (846,674) 295,591 279,561 (93,829) (101,859) (61,555) 83,338 78,819 533,3205 1,712,324 476,988 451,121 1,989,916 2,106,418 1,248,643 1,740,990 1,283,493 2,610,130 2,833,305 1,712,324 475,988 451,121 1,989,916 2,106,418 1,248,643 1,740,990 1,283,493 2,600,499 6,961,791 4,126,813 1,404,990 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | March | (2,549,781) | (2,767,991) | (1,672,733) | (2,307,942) | (2,182,782) | (1.514.079) |
| (3,778,243) (4,101,585) (2,485,539) (2,619,873) (2,844,082) (1,718,715) (1,001,679) (1,290,602) (1,401,052) (846,674) 295,591 279,561 (1,290,602) (1,401,052) (846,674) 295,591 279,561 (93,829) (101,859) (61,555) 83,338 78,819 537,328 583,313 332,503 1,712,324 476,988 451,121 1,998,916 2,106,418 1,248,643 475,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | April | (5,721,802) | (6,211,474) | (3,753,674) | (3,951,007) | (3,736,744) | (2.591.979) |
| (2,619,873) (2,844,082) (1,718,715) (1,001,679) (1,290,602) (1,401,052) (846,674) 295,591 279,561 (93,829) (101,859) (61,555) 83,338 78,819 537,328 583,313 352,503 284,561 269,129 2,610,130 2,833,505 1,712,324 4,76,988 451,121 1,998,916 2,106,418 1,248,643 4,75,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | May | (3,778,243) | (4, 101, 585) | (2,478,641) | (2,628,059) | (2,485,539) | (1,724,086) |
| (1,290,602) (1,401,052) (846,674) 295,591 279,561 (93,829) (101,859) (61,555) 83,338 78,819 537,328 583,313 352,503 284,561 269,129 2,610,130 2,833,505 1,712,324 475,968 451,121 1,998,916 2,106,418 1,248,643 4,75,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | June | (2,619,873) | (2,844,082) | (1,718,715) | (1,059,115) | (1,001,679) | (694,811) |
| (93,829) (101,859) (61,555) 83,338 78,819 537,328 583,313 352,503 284,561 269,129 2,610,130 2,833,505 1,712,324 476,988 451,121 1,998,916 2,106,418 1,248,643 475,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | July | (1,290,602) | (1,401,052) | (846,674) | 295,591 | 279.561 | 193.917 |
| 537,328 583,313 352,503 284,561 269,129 2,610,130 2,833,505 1,712,324 476,988 451,121 1,998,916 2,106,418 1,248,643 475,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | August | (93,829) | (101, 859) | (61,555) | 83,338 | 78,819 | 54,672 |
| 2,610,130 2,833,505 1,712,324 476,988 451,121 1,998,916 2,106,418 1,248,643 475,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | September | 537,328 | 583,313 | 352,503 | 284,561 | 269,129 | 186,681 |
| 1,998,916 2,106,418 1,248,643 475,306 449,392 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | October | 2,610,130 | 2,833,505 | 1,712,324 | 476,988 | 451,121 | 312,918 |
| 6,606,494 6,961,791 4,126,813 1,404,090 1,283,493 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | November | 1,998,916 | 2,106,418 | 1,248,643 | 475,306 | 449,392 | 311,815 |
| 3,707,650 3,751,299 2,162,378 (5,840,724) (5,568,573) | December | 6,606,494 | 6,961,791 | 4,126,813 | 1,404,090 | 1,283,493 | 877,079 |
| (1817,777,181) | Total | 3,707,650 | 3,751,299 | 2,162,378 | (5,840,724) | (5,568,573) | (3,875,736) |
| | | | | | | | |
| | Total Revenue Change | نە | (1,817,274) | | | | |

(1,817,274) (1,713,359)

| Volumes | rnings lest | | | Baseline | |
|--------------|-------------|---------------|---------------------|-------------|-------------|
| | Actual | | Total Actual | Normal | Normalizing |
| | Usage | Unbilled | Usage | Usage | Therm Adj |
| | (a) | (q) | (c) | (p) | (e) |
| Kesidential | | | | | |
| 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 Normal Use Calculations 2011 Oregon Earnings Test NCS normalization 2011.xlsx 5/1/2012

Worksheet 2b

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(19,296.8)

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Adjustments to Miscellaneous Revenues 2011 Oregon Earnings Review **NW Natural**

Normalized Adjustment (\$79.0) (4,530.6) 0.0 (10, 103.3)156.5 2,621.8 290.8 (0.1) 0.5 12,306.8 0.0 17,800.4) 0.0 0.0 \$631.0 186.5 439.5 0.0 118.9 \$0.0 0.0 4,445.4 e (\$79.0) 12,306.8 (4,530.6) (91.4)(11, 267.3)(1, 164.0)0.0 17,800.4) 2,621.8 260.1 190.0 0.0 459.3 19,296.8 655.7 232.6 0.0 110.8 0.0 0.5 4,530.6 (\$7,161.6) Actual ø **Reconnection / Field Collection Charges Curtailment Unauthorized Take Charge** Oregon Other Revenues-AR write in **Revenue & Technical Adjustments** Intervenor Funding Amortization Multnomah County Tax Collected **Oregon Regulatory Adjustment Other Miscellaneous Revenues Automated Payment Charge** Washington Amortizations Interstate Storage Credit **Decoupling Amortization Oregon Other Revenues Returned Check Charge Oregon Amortizations** Water Heater Program **Decoupling Deferral Gas Property Rental** Late Payment Fee **WARM Deferrals** WARM Deferrals SB 408 Deferrals SB 408 Deferrals Meter Rental Subtotal 20 Subtotal (000\$) Line No. 8 91 13 15 15 16 17 19 18 4 in o ~ 51 -N m 6

ΞΞ

(\$24.7) (76.1)

Ξ

0.0

Ξ

30.7 (3.5) 0.0

Ξ

(19.7)

0.0

ΞΞ

8.1

(0.1) 0.0

(85.2)

(\$10,965.0)

(\$5,657.8)

\$5,307.1

\$7,161.6

2011 Oregon Earnings Test Report model - FINAL.xlsx 5/1/2012 10:34 AM

[1] Normalized to 3-year average

Notes:

22 Total

Worksheet 2c

NW Natural 2011 Oregon Earnings Review Advertising and Promotional Adjustment

| Line 5 4 3 2 1 | Advertising Expense - Test Period Category A Category B Category C Category E Total Advertising Expense Category A Threshold | Amount (a) \$999,638 410,058 657,151 0 \$2,066,847 |
|-------------------|--|--|
| 9 2 | Total Oregon Customers - 2010-2011 average UG 152 allowed \$2.19 per customer | 606,988 \$2.19 |
| 8 | Category A Allowable | \$1,329,303 |
| 6 | 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) | 89.52% |
| 12 | 12 Advertising Disallowance Allocated to Oregon | (\$588,282) |

| Line No. | | Amount | Oper Dercent | Operating of Amount | Non-Of Percent | Non-Operating |
|-------------|---|-------------------|-----------------|------------------------|-------------------|---------------|
| | | (a) | (q) | (c) | (p) | (e) |
| - | IGT / GRI / NW Biogas | \$373,000 | 100% | \$373,000 | %0 | 0\$ |
| 7 | AGA | 394,493 | 75% | 295,870 | 25% | 98,623 |
| m | Western Energy Institute | 23,629 | 75% | 17,722 | 25% | 5,907 |
| 4 | Other | 48,094 | 50% | 24,047 | 50% | 24,047 |
| Ŋ | Total | \$839,216 | | \$710,639 | | \$128,578 |
| 9 | Allocation Factor (3-Factor) | | | | | 90.14% |
| 2 | Non-Operating Dues/Memberships Adjustment Allocated to Oregon | nt Allocated to C | lregon | | | 115,900 |
| ø | Oregon Promotional and Other Expense | | | | | 95,489 |

(\$211,389)

9 Dues/Memberships and Other Promotional Adjustment to Oregon

NW Natural 2011 Oregon Earnings Review Dues/Memberships and Other Promotional Adjustment 2011 Oregon Earnings Test Report model - FINAL.xlsx 5/1/2012 10:34 AM

29

Worksheet 2d

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 885 | Cost Center 15100 | Cost Center Descr ENGINEERING SVCES OR | Order | Category | Overail Result | Washington | Oregon |
|-----------------|----------------------|---|------------------------|--------------|--------------------|------------------|------------------|
| 885 | 15506 | GAS OPS ORANGE | 885-02966 885-02966 | 2966 2966 | 3,525.08 | 347.93 | 3,177. |
| 908 | 11420 | CONVERSION | 908-02966 | 2966 | 1,076.00 | 106.20 | 969. |
| 908 | 11430 | NEW CONSTRUCTION | 908-02966 | 2966 | 181.00 430.00 | 18.57 | 162. |
| 908 | 11330 | ARCHITECTURE RELATIO | 908-02966 | 2966 | 1,273.31 | 44.12 | 385. |
| 908 | 11410 | RES CONSUMER SERVICE | 908-02966 | 2966 | 2,216.99 | 109.50 231.23 | 1,163. |
| 912 | 11330 | ARCHITECTURE RELATIO | 912-02966 | 2966 | 8,636.31 | 852.40 | 1,985. |
| 912 | 11420 | CONVERSION | 912-02966 | 2966 | 3,321.96 | 340.83 | 7,783. |
| 912 | 11430 | NEW CONSTRUCTION | 912-02966 | 2966 | 4,449.51 | 456.52 | 2,981. 3,992. |
| 912 | 11515 | MARKETING | 912-02966 | 2966 | 224.85 | 23.07 | 201. |
| 921 | 12012 | GENERAL MAINT | 921-02666 | 2666 | 6,201.90 | 612.13 | 5,589. |
| 921 | 12013 | TRANSPORTATION | 921-02666 | 2666 | 1,305.61 | 128.86 | 1,176. |
| 921 | 13100 | COMM & NETWORK SVC | 921-02666 | 2666 | 227.02 | 22.41 | 204. |
| 921 | 15100 | ENGINEERING SVCES OR | 921-02666 | 2666 | 2,519.13 | 248.64 | 2,270. |
| 921 | 15100 | ENGINEERING SVCES OR | 921-02667 | 2667 | 294.90 | 29.11 | 265. |
| 921 | 15491 | DIR, ACQUIRE CUSTOME | 921-02966 | 2966 | 3,411.63 | 336.73 | 3,074. |
| 921 | 15506 | GAS OPS ORANGE | 921-02666 | 2666 | 770.27 | 76.03 | 694. |
| 921 | 15508 | BUSINESS ANALYSIS | 921-02666 | 2666 | 150.00 | 14.81 | 135. |
| 921 | 15508 | BUSINESS ANALYSIS | 921-02667 | 2667 | 225.88 | 22.29 | 203. |
| 921 | 15509 | CONTRACT CNSTN | 921-02666 | 2666 | 300.64 | 29.67 | 270. |
| 921 | 15510 | OPS TECHNICAL SVCES | 921-02666 | 2666 | 512.86 | 50.62 | 462. |
| 921 | 15520 | COMPLIANCE SVCES OR | 921-02966 | 2966 | 260.00 | 25.66 | 234. |
| 921 | 16400 | OFFICE SERVICES | 921-02666 | 2666 | 85.03 | 8.39 | 76. |
| 921 | 41050 | IS GENERAL ADMIN | 921-02666 | 2666 | 403.18 | 39.79 | 363. |
| 921 | 41060 | IS CUSTOMER SERVICE | 921-02666 | 2666 | 295.0 9 | 29.13 | 265. |
| 921 | 42010 | ACCOUNTING | 921-02666 | 2666 | (64.00) | (6.32) | |
| 921 | 42010 | ACCOUNTING | 921-02966 | 2966 | 325.40 | 32.12 | 293. |
| 921 921 | 42020 | TAX | 921-02666 | 2666 | 167.00 | 16.48 | 150. |
| 921 | 46010 46020 | CORP SECRETARY | 921-02666 | 2666 | 61.20 | 6.04 | 55. |
| 921 | 51020 | SHAREHOLDER SVCS RISK & LAND | 921-02666 | 2666 | 23.35 | 2.30 | 21. |
| 921 | 51060 | PROJECT OFFICE | 921-02666 921-02666 | 2666 | 91.10 | 8.99 | 82. |
| 921 | 52020 | COMM & CIVIC AFFAIRS | 921-02666 | 2666 2666 | 824.57 | 81.39 | 743. |
| 921 | 52020 | COMM & CIVIC AFFAIRS | 921-02966 | 2000 | 1,306.00 | 128.90 | 1,177. |
| 921 | 52040 | COMMMUNICATION SERV | 921-02666 | 2966 | 17.25 38.74 | 1.70 | 15. |
| 921 | 72000 | CHIEF EXECUTIVE OFFI | 921-02966 | 2966 | 735.90 | 3.82 72.63 | 34. |
| 921 | 72700 | VP, UTILITY OPERATIO | 921-02966 | 2966 | 3,532.51 | 348.66 | 663. |
| 921 | 73100 | VP, UTILITY SERVICE | 921-02666 | 2666 | 17.16 | 1.69 | 3,183. 15. |
| 921 | 73100 | VP, UTILITY SERVICE | 921-02966 | 2966 | 3,075.86 | 303.59 | 2,772. |
| 921 | 74000 | SR VP FIN & ADMIN | 921-02966 | 2966 | 1,562.76 | 154.24 | 1,408. |
| 921 | 74100 | VP FINANCE & REGULAT | 921-02966 | 2966 | 1,020.00 | 100.67 | 919. |
| 921 | 74500 | TREASURER & CONTR | 921-02966 | 2966 | 585.17 | 57.76 | 527. |
| 921 | 74700 | VP, BUS DEVL & EGY S | 921-02966 | 2966 | 816.46 | 80.58 | 735. |
| 921 | 74900 | MANAGING DIR I/S | 921-02966 | 2966 | 3,500.00 | 345.45 | 3,154. |
| 921 | 75000 | SR VP & GEN COUNSEL | 921-02966 | 2966 | 209.00 | 20.63 | 188. |
| 21 | 79000 | GEN ADMIN STAFF | 921-02966 | 2966 | 10,010.90 | 988.08 | 9,022. |
| 21 | 11320 | FIELD SERVICES | 921-02666 | 2666 | 40.00 | 4.10 | 35. |
| 921 | 11420 | CONVERSION | 921-02666 | 2666 | 119.75 | 12.29 | 107. |
| 21 | 11430 | NEW CONSTRUCTION | 921-02666 | 2666 | 46.05 | 4.72 | 41. |
| 921 | 11430 | NEW CONSTRUCTION | 921-02667 | 2667 | 469.30 | 48.15 | 421. |
| 21 | 11515 | MARKETING | 921-02666 | 2666 | 13.50 | 1.39 | 12. |
| 21 | | CONSR RELATIONS-EVT | 921-02666 | 2666 | 490.29 | 50.30 | 439. |
| 21 | | METER SHOP | 921-02666 | 2666 | 5,915.40 | 606.92 | 5,308. |
| 21 | | AMR | 921-02666 | 2666 | 495.00 | 50.79 | 444. |
| 21 | | CUST FIELD SERVICES | 921-02666 | 2666 | 289.34 | 29.69 | 259. |
| 21 | | RESOURCE MGMT CTR | 921-02666 | 2666 | 251.01 | 25.75 | 225.3 |
| 21 | | ARCHITECTURE RELATIO | 921-02666 | 2666 | 22.25 | 1.91 | 20. |
| 21 | | CONSMR INFO-INTINT SR | 921-02666 | 2666 | 3,490.00 | 364.01 | 3,125. |
| 21 21 | | SERVICE SOLUTIONS | 921-02666 | 2666 | 129.86 | 0.00 | 129. |
| 21 | | GAS OPS BLACK - OR COMPLIANCE SVCES OR | 921-02666 | 2666 | 674.71 | 0.00 | 674. |
| 21 | | | 921-02666 | 2666 | 156.15 | 0.00 | 156. |
| 21 | | PUB POLICY & GVRM AF OD & TRAINING | 921-02666 | 2666 | 53.05 | 0.00 | 53. |
| 21 | | OD & TRAINING | 921-02666 | 2666 | 1,235.44 | 134.05 | 1,101. |
| 21 | | OCCUPATIONAL SAFETY | 921-02966 | 2966 | 14.50 | 1.57 | 12.9 |
| 21 | | GAS STORAGE OPS | 921-02666 921-02666 | 2666 | 620.12 | 67.28 | 552. |
| 21 | 11200 | SYSTEM OPS | | 2666 | 155.81 | 15.38 | 140.4 |
| 26 | | OD & TRAINING | 921-02666 926-02966 | 2666 | 3,398.96 | 260.70 | 3,138.2 |
| 26 | | ACCOUNTING | 926-02966 926-02966 | 2966 2966 | 1,000.00 | 108.50 | 891. |
| 30 | | CORP SECRETARY | 920-02966 | 2966 2966 | 65.97 16 572 27 | 7.16 | 58.8 |
| | | Som SECRETARY | 270-05200 | 2300 | 16,572.27 | 1,635.68 | 14,936.5 |
| OTAL | | | | | 105 070 04 | 10 00 | |
| | | | | | 105,873.21 | 10,384.38 | 95,488. |

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

| | | | | | | Amount | | |
|----------|-------------|----------------------|-----------|----------|-------------|----------------|------------|-----------|
| Activity | Cost Center | Cost Center Descr | Order | Category | G/L Account | 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 | COMMMUNICATION 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 |

| NW Natural Worksheet 2e 2011 Oregon Earnings Review Property Tax Adjustment (\$000) | Amount (a) | Property Tax Accrual - Oregon | Property Taxes Paid - Oregon 18,676 | Property Tax Adjustment (\$33) |
|--|---------------|-------------------------------|-------------------------------------|--------------------------------|
| NW Natural 2011 Oregon Property Tax (\$000) | Line No. | 1 Property | 2 Property | 3 Prope |

NW Natural Oregon Property Tax 2011 Property Taxes Paid

| 2011 | 18,642,578.06 | perty tax 106,822.24 | rs (72,534.03) | 18,676,866.27 |
|------|---------------|--|-----------------------------------|------------------|
| | L Utility | 2 Real, personal, and other property tax | 3 Less amounts rebilled to others | 4 Total property |

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

| Interruptible Total \$2,5 Allocation Factor (Total Customers) 89.6 | Gas I Norm Write | 2009 - 2011 Total (a) (a) \$1,532,462 777,473 104,434 133,241 2,547,610 2,547,610 7,892 7,892 7,892 0.130% 0.130% 0.310% 0.310% 318 | 2011 Actual (b) (b) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c | 2010 Actual (c) \$461,892 31,046 36,164 759,706 1,608 1,608 195 70 1,873 1,873 1,873 0.348% 0.348% 0.348% 0.084% 0.226% | 2009 Actual (c) (c) \$575,974 301,428 42,800 62,116 982,318 7,216 594 194 4,004 0.197% 0.408% 0.408% |
|--|---|--|--|---|---|
| Allocation Factor (Total Customers) | | 67 (12) \$2,536 | | | |
| | | 90.69% | | | |
| 22 Oregon Normalized Amount 2,275 | | 2,275 | | | |
| 23 Oregon Allocation of Accrued Amount 1,718 24 Adjustment (Normalized less Accrued) \$556 | 23 Oregon Allocation of Accrued Amount 24 Adjustment (Normalized less Accrued) | 1,718 \$556 | | | |

0.3100% is used on page 1, column (b).

[1] Weighted uncollectible rate of :

| NORTHWEST NATURAL UNCOLLECTIBLE ACCOUNTS ANALYSIS | December-11 |
|--|-------------|
|--|-------------|

| | | And a second sec | AND THE REAL PROPERTY AND AND A REAL PROPERTY | A REAL PROPERTY AND A REAL | | | | | |
|-----------------------------|-------------|--|---|--|-------------|----------------------------|-------------|----------------------------|----------------------------|
| | CURRENT | PREVIOUS | INCREASE OVER LAST YEAR | CURRENT | PREVIOUS | INCREASE OVER LAST YEAR | CURRENT | PREVIOUS | INCREASE OVER LAST VEAR |
| GAS REVENUES | | | | | | | | | |
| Residential | 71,186,313 | 70,121,983 | 1.064.330 | 494,595,506 | 461 892 493 | 32 703 013 | ADA EDE EDE | 161 000 100 | |
| Commercial | 32,942,947 | 32,781,842 | 161,105 | 245,440,651 | 230.604.510 | 14 836 141 | 245 440 651 | 730 604 510 | 34,703,013 |
| Industrial - Firm | 3,093,713 | 3,011,812 | 81,901 | 30,587,945 | 31.045.628 | (457,683) | 30.587 945 | 31 045 628 | 1467 603 |
| Industrial - Interruptible | 3,431,069 | 3,528,118 | (61,049) | 34.961.340 | 36.163.852 | (1 202 512) | 34 061 340 | 36 163 553 | |
| Transportation | 1,397,656 | 1,360,221 | 37,435 | 16.021.228 | 14.237.958 | 1 783 270 | 16.021.228 | 30, 103, 032 14 227 050 | (210,202,1) |
| Sub-total | 112,051,698 | 110,803,976 | 1.247.722 | 821.606.670 | 773 944 441 | 47 662 220 | 034 EVE 670 | 1002 107 L | 11,103,210 |
| Unbilled | 6,561,272 | 6,028,313 | 532.959 | (3.360.371) | (8 949 628) | 5 580 257 | 13 260 271 | 1000000 | 41,004,24 |
| Interstate Storage (3) | 2,136,667 | 2,713,328 | (576,661) | 26.744.605 | 34.533.812 | 7789 2071 | 26 744 605 | (0,343,020) 34 533 013 | 107,800,0 |
| 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% | | | | | | | |

| | ALL DATES | and the second s | the second secon | armine and an and a subsequence of a | The second secon | and in a second s | a sum as a sure de la s | | |
|---|-----------|--|--|--------------------------------------|--|---|---|-----------|----------------------------|
| | YEAR | YEAR | INCREASE OVER LAST YEAR | CURRENT | PREVIOUS | INCREASE OVER LAST YEAR | CURRENT | PREVIOUS | 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 | 150'144 683 86 |
| Industrial - Firm | (22,237) | 53,547 | (75,783) | (34,693) | 157,946 | (192,640) | (34,693) | 157 946 | 5 |
| Industrial - Interruptible | 4,226 | 5,127 | (101) | (46.706) | (17,404) | (26-302) | (46,706) | (17 404) | |
| Unbilled revenues | 16,288 | 12,618 | 3,670 | (96.270) | (44.042) | (52,228) | (05.970) | (AA (A2) | |
| Interstate Storage | • | 0 | 0 | 0 |) O | | | | _ |
| Miscellaneous (SAP) | 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 | 202.20 |
| % of Gas Revenues (4) | 0.46% | 0.46% | 0.00% | 0.23% | 0.21% | 0.02% | 0.23% | 0.21% | |
| NET WRITE OFF | | | | | | | | | |
| Residential | (68,304) | (36,504) | (31,800) | 1.641.251 | 1,608.394 | 32 857 | 1 641 261 | 1 600 301 | 10 CC |
| Commercial | 1,465 | 8,026 | (6,561) | 200,490 | 194.606 | 5.864 | 200 490 | 104 605 | 04,00/ F 92A |
| Industrial - Firm | (27,828) | 3,068 | (30,895) | 38.308 | 70.021 | (31 713) | 38 308 | 70.001 | 100'0 |
| Industrial - Interruptible | 26,000 | 0 | 26,000 | 26,000 | 0 | 26.000 | 26,000 | | 36.000 |
| Unbilled revenues | 0 | 0 | 0 | 0 | (14.116) | 14,116 | | /14 116/ | |
| Interstate Storage | • | • | 0 | 0 | 0 | c | | | |
| Miscellaneous (SAP) | (4,954) | 17,812 | (22.765) | 68.150 | 33 198 | 34 953 | 68 1EU | 0.100 | |
| TOTAL | (73,620) | (1,599) | (66,022) | 1,974,199 | 1.892.103 | 82.096 | 1 974 199 | 1 802 173 | 202,40 |
| % of Gas Revenues (2) (4) (5) | -0.06% | -0.02% | -0.04% | 0.22% | 0.23% | -0.01% | 0.22% | 0.23% | |
| 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 | | | | | | |
| Miscellaneous (SAP) | 147,637 | 215,788 | (68,151) | | | | | | |
| TOTAL | 2,894,878 | 2,949,963 | (55,084) | | | | | | |
| % of Accounts Receivable (1) (4) | 3 85% | 3 970 | 0.000 | | | | | | |

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 puplic purpose programs.

36

Worksheet 2g

NW Natural Company 2011 Oregon Earnings Review Common Stock Issuance expense

| | Amount (a) | \$29,234 0 0 | \$9,745 | 89.193% | \$8,692 |
|-------------------------------|---------------|--|----------------------|---------------------------------|-----------------------|
| Common Stock Issuance expense | Line No. | Capital Stock Expense - 2009 Capital Stock Expense - 2010 Capital Stock Expense - 2011 | 4 Three Year Average | 5 Allocation Factor (Rate Base) | 6 Allocated to Oregon |

607,146

504,141

I

Total Capital

| NW Natural 2011 Oregon Earnings Review Bonus Adjustment (\$000) | | | Worksheet 2h |
|--|---------------------------|------------------------------|----------------------------|
| Line No. | Key Goal Amount (a) | Performance Amount (b) | Total Amount (C) |
| Operating and Maintenance | C | | Ð |
| 1 Remove Accrued Amount | | | (\$4,903,112) |
| 2 UG 152 Allowed Amounts [1] | 687,792 | 1,642,319 | 2,330,111 |
| 3 Net Adjustment | 687,792 | 1,642,319 | (2,573,001) |
| 4 Allocation Factor (Payroll) | | · | 89.620% |
| 5 Allocated to Oregon | | 38 | (\$2,305,923) |
| Construction | | | |
| 6 Remove Accrued Amount 7 UG 152 Allowed Amounts [1] | 504,141 | 607,146 | (\$1,926,559) 1,111,287 |
| 8 Net Adjustment | 504,141 | 607,146 | (815,272) |
| 9 Allocation Factor (Rate Base) | | 1 | 89.193% |
| 10 Allocated to Oregon | | H | (\$727,165) |
| [1] Per Order 03-507 (Docket UG-152), Bonus allowed as follows: | nus allowed as | follows: | |
| | 1 1 | Key Goal | NBU |
| Potential | | 3,157,200 | 6,118,600 |
| Projected Award Expected Payout | I | 38.0% 1,200,336 | 38.0% 2,326,231 |
| O&M % Construction % | | 57.3% 42.0% | 70.6% 26.1% |
| Total O&M | I | 687,792 | 1,642,319 |