

C. J. Rue
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February 1, 2005

Carole J. Washburn, Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P. O. Box 47250
Olympia, WA 98504-7250


Attention: Supervisor of Utility Finance

Ladies and Gentlemen:

Re: Docket UG-001244

Pursuant to the Commission's Order Establishing Compliance with RCW 80.08.040 in Docket UG-001244, in connection with the issuance and sale of the Company's Common Stock to its employees under the Employee Stock Purchase Plan, we enclose herewith the fifth Report of Security Transactions, for the year ended December 31, 2004.

Sincerely,


C. J. Rue

CJR:lmw
Encl.

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COMMISSIONER

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of)	
NORTHWEST NATURAL GAS COMPANY)	Docket UG-001244
for an Order Establishing Compliance with RCW 80.08.040)	Fifth Report of
With Respect to the Proposed Issuance and Sale of)	Security Transactions
up to an Additional 200,000 Shares of its Common Stock)	
Pursuant to the Employee Stock Purchase Plan)	

This Report is filed pursuant to the Commission's Order Establishing Compliance with RCW 80.08.040 in Docket UG-001244 dated August 30, 2000, in which the Commission determined that the Company had complied with the requirements of RCW 80.08.040 in connection with the issuance and sale of up to 200,000 shares of its Common Stock pursuant to the terms of its Employee Stock Purchase Plan, as amended (the Plan).

As previously reported, the Company made its fourth offering to its employees under the terms and conditions set forth in the Plan. During 2004, the Company completed an offering to its employees that was made during the period November 3, 2003 through December 3, 2003 (the 2003 Offering) and made a new offering under the Plan during the period November 1, 2004 through November 30, 2004 (the 2004 Offering). Certain administrative terms of the Plan were amended in 2003. The 2003 and 2004 offerings were made at a price determined to be 85% (to the nearest full one-tenth of one dollar) of the closing price quoted for the Common Stock on the New York Stock Exchange on the business day before the initial date of the offering.

During the 2003 Offering, the Company offered to its employees not to exceed 134,181 shares of its Common Stock, \$3-1/6 par value, at a price of \$24.70 per share. The Company received subscriptions for 31,150 shares, of which 3,609 shares were cancelled.

During the 2004 Offering, the Company offered to its employees not to exceed 106,128 shares of its Common Stock, \$3-1/6 par value, at a price of \$26.90 per share. The Company received subscriptions for 32,382 shares, of which subscriptions for 376 shares were cancelled as of December 31, 2004. Payroll deductions taken by the Company in payment of the subscribed shares are held on behalf of the employee until the shares are to be purchased on the purchase date in November 2005. The Company held a credit balance at December 31, 2004 of \$76,222.21 in its Account 89050 212001, Installments Received on Capital Stock, in part payment of the remaining 32,006 shares subscribed.

Pursuant to the Commission's authorization in this Docket UG-001244, at December 31, 2004, the Company had received from the five offerings subscriptions totaling 133,155 shares, cancellations totaling 7,848 shares of such subscribed shares and cash in the amount of \$2,090,421.90 in full payment for 93,301 of said shares, and had issued certificates for such 93,301 shares to the respective employee purchasers as follows:

Offering Period	Price	Shares Subscribed			Shares Issued		Balance Subscribed
		Initial	Canceled	Total	Number	Amount	
10/2/00 – 10/31/00	\$19.50	562	0	562	562	\$ 10,959.00	0
10/1/01 – 10/31/01	\$19.90	45,553	707	44,846	44,846	892,435.40	0
10/1/02 – 10/31/02	\$24.90	23,508	3,156	20,352	20,352	506,764.80	0
11/3/03 – 12/3/03	\$24.70	31,150	3,609	27,541	27,541	680,262.70	0
11/1/04 – 12/1/04	\$26.90	<u>32,382</u>	<u>376</u>	<u>32,006</u>	<u>0</u>	<u>0</u>	<u>32,006</u>
Total		133,155	7,848	125,307	93,301	\$2,090,421.90	32,006

The cash proceeds of \$2,090,421.90 received from the sale of said 93,301 shares of Common Stock authorized in this Docket UG-001244 were applied toward the Company's construction program for the construction, completion, extension or improvement of its facilities (Utility Plant in Service) as will be further detailed in the Company's Annual Report to the Commission for the year 2004 to be filed in due course, as follows:

2000	\$ 10,959.00
2001	892,435.40
2002	506,764.80
2003	680,262.70
2004	<u>0</u>
Total	\$2,090,421.90


Expenses incurred in connection with the registration of the Common Stock and the issuance and sale of the shares reported herein during the year ended December 31, 2004 and the accumulative total in this Docket, were as follows:

	<u>Estimated</u>	Actual Amount <u>2004</u>	Accumulative <u>Total</u>
Par Value of Common Stock Issued	\$ 633,332	\$ 87,213	\$295,454
Plus Premium	<u>3,276,668</u>	<u>593,049</u>	<u>1,794,968</u>
Gross Proceeds	<u>\$3,910,000</u> ¹	<u>\$680,262</u>	<u>\$2,090,422</u>
Registration Fee			
Securities and Exchange Commission	1,260	-	1,224
Fees of State Regulatory Authorities	None		
Oregon Public Utility Commission		-	-
Washington Utilities and Transportation Commission		-	-
Printing and Engraving Expenses	7,500		
Other		-	-
Counsel Fees	15,000		
Thelen Reid & Priest LLP		-	17,626
Stoel Rives LLP		709	18,423
Accountants' Fees	10,000		
PricewaterhouseCoopers LLP		-	-
Miscellaneous Expense	6,240		
Postage, etc.		80	1,328
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>40,000</u>	<u>789</u>	<u>38,601</u>
Net Amount Realized	<u>\$3,870,000</u>	<u>\$679,473</u>	<u>\$2,051,821</u>

¹ Based on 85 percent of the estimated market value of \$23.00 per share.

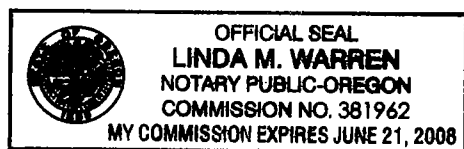
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 1st day of February 2005.

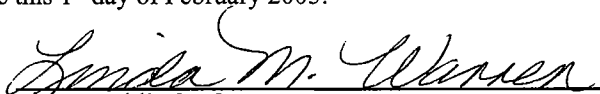
(S E A L)



 C. J. Rue
 Secretary of Northwest Natural Gas Company

Subscribed and sworn to before me this 1st day of February 2005.





 Notary Public for Oregon
 My Commission Expires 6/21/08