C. J. Rue Secretary

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January 30, 2007

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-061700

Pursuant to the Commission's Order Establishing Compliance with RCW 80.08.040 in Docket UG-061700, 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 first Report of Security Transactions, for the year ended December 31, 2006.

Sincerely,

CJR:lmw Encl.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of

NORTHWEST NATURAL GAS COMPANY

Pirst Report of

Security Transactions

With Respect to the Proposed Issuance and Sale of

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-061700 dated November 13, 2006, 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). Reference is also made to the Commission's Order in Docket UG-001244 for which a separate report has been filed. During 2006, the Company incurred expenses related to amendments to increase shares available under the Plan as authorized under Docket UG-061700, but no shares were subscribed or issued under the new Docket UG-061700.

No proceeds have been received from the sale of Common Stock authorized in this Docket UG-061700.

Expenses incurred in connection with the registration of the Common Stock reported herein during the year ended December 31, 2006 and the accumulative total in this Docket, were as follows:

		Actual		
		Amount	Accumulative	
	Estimated (1)	<u>2006</u>	<u>Total</u>	
Gross Proceeds	\$6,800,000 ⁽²⁾	\$0	\$0	
Underwriter's Commissions	None	~	· <u>-</u>	
Securities & Exchange Commission registration fee	750	743	743	
State Mortgage Registration Tax	None	-	•	
New York Stock Exchange fee	1,000	5,000	5,000	
State Commission fee	None	-	-	
Fees for recording indenture	None	-	_	
Printing and engraving expenses	900	743	743	
Trustee's or Registrar's fees	None	_	-	
Counsel's fees	3,000	19,400	19,400	
Accountants' fees	1,500	, <u>-</u>	0	
Bond Rating Agency fee	None	-	0	
Miscellaneous expenses	2,000	20	20	
Total estimated expenses	9,150	25,997	25,997	
Net amount realized	<u>\$6,790,850</u>	(<u>\$25,997)</u>	(<u>\$25,997)</u>	

¹ Estimated expenses expected to be incurred over a five-year period.

² Based on 85 percent of the estimated market value of \$40.00 per share.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30th day of January 2007.

OFFICIAL SEAL LINDA M. WARREN NOTARY PUBLIC-OREGON UCOMMISSION NO. 381962

MY COMMISSION EXPIRES JUNE 21, 2008

(SEAL)

C. J. Rue

Secretary of Northwest Natural Gas Company

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Subscribed and sworn to before me this 30th day of January 2007.

My Commission Expires 6/21/08

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