

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

_____)	
In the Matter of the Request of)	
NORTHWEST NATURAL GAS COMPANY)	Docket UG-061346
for an Order Establishing Compliance)	First Report of
with RCW 80.08.040 With Respect to the)	Security Transactions
Proposed Issuance and Sale of up to)	
\$50,000,000 Principal Amount of)	
Medium-Term Notes, Series B)	
_____)	

On August 18, 2006, Northwest Natural Gas Company (the Company) filed a statement of planned securities issuance with the Washington Utilities and Transportation Commission (the Commission) seeking an order establishing compliance with chapter RCW 80.08.040 in connection with the Company's proposed offering, issuance and sale of up to \$50,000,000 aggregate principal amount of its Medium-Term Notes, Series B, consisting of Secured Notes and Unsecured Notes. The proposed offering related to the second issuance from the Company's Shelf Registration of \$160,000,000 aggregate principal amount of its Medium-Term Notes, Series B, consisting of Secured Notes and Unsecured Notes, filed with the Commission as an informational filing in Docket UG-040405.

On September 13, 2006, the Commission entered its Order in this Docket establishing compliance with the requirements of RCW 80.08.040. In its Order Granting Application in Docket UG-930502, dated May 12, 1993, the Commission authorized the Company to execute and deliver to Bankers Trust Company (now Deutsche Bank Trust Company Americas) and Stanley Burg, as Trustees for the Secured Notes, its Twentieth Supplemental Indenture to the Company's Mortgage and Deed of Trust dated as of July 1, 1946. In the Commission's Order Granting Application dated May 15, 1991, in Docket UG-910435, the Commission authorized the Company to execute and deliver its indenture with Bankers Trust Company, as Trustee for the Unsecured Notes.

Pursuant to the Commission's Order Granting Application in Docket UG-930502, on June 18, 1993, the Company executed and delivered to Bankers Trust Company and Stanley Burg, Trustees, its Twentieth Supplemental Indenture dated as of June 1, 1993. The Company's Indenture,

dated as of June 1, 1991, was executed and delivered to Bankers Trust on June 12, 1991, pursuant to the Commission's authorization in Docket UG-910435.

During 2006, the Company issued and sold through its agent, UBS Securities LLC, as principal, \$25,000,000 aggregate principal amount of its Medium-Term Notes in this Docket, as follows:

<u>Principal Amount Sold in this Docket</u>	<u>Interest Rate</u>	<u>Type of Note</u>	<u>Date of Issue</u>	<u>Maturity Date</u>
\$25,000,000	5.15%	Secured	December 15, 2006	December 15, 2016

The following statements are filed in compliance with the Commission's Order in this Docket.

(a)	Principal amount of Medium-Term Notes Sold during 2006 in this Docket	\$25,000,000
	Less: Discount	0
	Agent's commission	156,250
	Expenses actually and necessarily incurred and allocated to the MTNs in this Docket as detailed in this Report	<u>123,629</u>
	Net proceeds to be accounted for	<u>\$24,720,121</u>

(b) Disposition of Net Proceeds

The total net proceeds of \$24,720,121 received from the sale of Medium-Term Notes, Series B, in this Docket during 2006 were made part of the general treasury funds of the Company and were applied to reduce short-term debt that was issued to redeem maturing long-term debt, to provide cash for investments in utility plant and to reimburse the treasury.

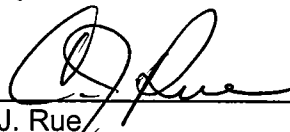
(c) Statement of Fees and Expenses

The expenses actually and necessarily incurred by the Company in 2006 in connection with the issuance and sale in this Docket of \$25,000,000 principal amount of its Medium-Term Notes, Series B, in direct comparison with the estimates thereof provided in the Company's informational filing Docket UG-040405, were as follows:

<u>Item</u>	<u>Estimate</u>	<u>Medium-Term Notes Sold in this Docket during 2006</u>	<u>Accumulative Total</u>
Principal Amount	\$160,000,000	\$25,000,000	\$75,000,000
Less Discount	<u>None</u>	<u>0</u>	<u>0</u>
Gross Proceeds	<u>160,000,000</u>	<u>\$25,000,000</u>	<u>\$75,000,000</u>
Securities & Exchange Commission registration fee	15,870	-	873
State Commission fee	800	-	-
Oregon Public Utility Commission Washington Utilities and Transportation Commission	-	-	5
Fee for recording indenture	None	-	-
Printing and engraving expenses	5,000	1,170	1,572
Trustee's or Registrar's fees	20,000	-	-
Counsel fees and expenses	75,000	79,553	94,716
Accountants' fees	40,000	23,900	25,095
Bond Rating Agency fee	105,000	11,600	16,815
Miscellaneous expense	7,380	-	-
Postage	-	416	501
Other	-	110	146
Allocation of Other Shelf Registration Expenses	<u> </u>	<u>6,880</u>	<u>6,880</u>
Subtotal	<u>269,050</u>	<u>123,629</u>	<u>146,603</u>
Agent's Commission	<u>1,200,000</u>	<u>156,250</u>	<u>481,250</u>
Net Amount Realized	<u>\$158,530,950</u>	<u>\$24,720,121</u>	<u>\$74,372,147</u>

* Note: The estimates of expenses in column (a) were for the issuance of the full \$160 million of notes under the program as filed with the Commission in the informational filing Docket UG-040405. The actual expenses shown in columns (b) and (c) as incurred for this report are total amounts expended for the Medium-Term Notes sold. It represents the amounts allocated to the notes in this Docket in proportion to the notes sold or to be sold under the entire offering and expenses incurred in connection with the specific issuance. For use in ratemaking proceedings, the Company routinely allocates a portion of all expenses to each issue when calculating an all-in cost of funds.

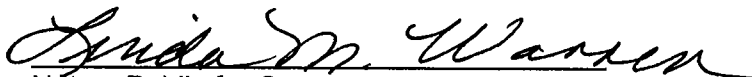
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30th day of January 2007.



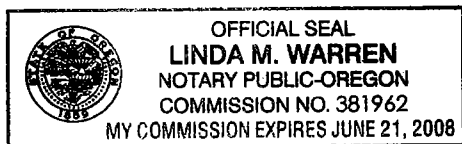
C. J. Rue
Secretary of Northwest Natural Gas Company

(S E A L)

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



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



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