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January 30, 2008

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 second Report of Security Transactions, for the year ended December 31, 2007.

Sincerely,



Richelle T. Luther

RTL:kva  
Encl.

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SECURITY MANAGEMENT  
2008 FEB -4 AM 8:44  
STATE OF WASH.  
UTILITY AND TRANSP.  
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of )	
NORTHWEST NATURAL GAS COMPANY )	Docket UG-061700
for an Order Establishing Compliance with RCW 80.08.040 )	Second 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-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 2007, 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, 2007 and the accumulative total in this Docket, were as follows:

	<u>Estimated</u> <sup>(1)</sup>	<u>Actual</u> <u>Amount</u> <u>2007</u>	<u>Accumulative</u> <u>Total</u>
Gross Proceeds	\$6,800,000 <sup>(2)</sup>	\$0	\$0
Underwriter's Commissions	None	-	-
Securities & Exchange Commission registration fee	750	-	743
State Mortgage Registration Tax	None	-	-
New York Stock Exchange fee	1,000	-	5,000
State Commission fee	None	-	-
Fees for recording indenture	None	-	-
Printing and engraving expenses	900	-	834 <sup>3</sup>
Trustee's or Registrar's fees	None	-	-
Counsel's fees	3,000	-	19,400
Accountants' fees	1,500	-	0
Bond Rating Agency fee	None	-	0
Miscellaneous expenses	<u>2,000</u>	<u>-</u>	<u>20</u>
Total estimated expenses	<u>9,150</u>	<u>-</u>	<u>25,997</u>
Net amount realized	<u>\$6,790,850</u>	<u>-</u>	<u>(\$25,997)</u>

<sup>1</sup> Estimated expenses expected to be incurred over a five-year period.

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

<sup>3</sup> Corrected from \$743 amount previously reported in 2006 report.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30<sup>th</sup> day of January 2008.

*Richelle Luther*

(S E A L)

Richelle T. Luther  
Secretary of Northwest Natural Gas Company

Subscribed and sworn to before me this 30<sup>th</sup> day of January 2008.

*Linda M. Warren*

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

