

C. J. Rue
Secretary
Tel: 503.220.2411
Fax: 503.220.2584
Toll Free: 1.800.422.4012
e-mail: cjr@nwnatural.com



February 1, 2006

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 No. UG-030290

Pursuant to paragraph 4 of the Commission's Order dated March 26, 2003 in the above-referenced Cause, I enclose the Company's Report of the Restated Stock Option Plan (formerly known as the 1985 Stock Option Plan) for the year ended December 31, 2005. Copies of the Company's 2005 Annual Report to Shareholders and its 2006 Notice of Annual Meeting and Proxy Statement will be forwarded to you as soon as they are available.

Sincerely,


C. J. Rue

CJR:lmw
Encl.

RECEIVED
RECORDS MANAGEMENT
06 FEB -6 AM 8:07
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RECEIVED
RECORDS MANAGEMENT
06 FEB -6 AM 8:07
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

In the Matter of the Application of)
)
NORTHWEST NATURAL GAS COMPANY)
)
for an Order Establishing Compliance with)
RCW 80.08.040 with Respect to the Issuance)
and Sale of Common Stock Pursuant to its)
Restated Stock Option Plan)
)

Cause No. UG-030290

Report of Restated Stock Option Plan
(formerly known as the 1985 Stock
Option Plan)

On February 28, 2003, Northwest Natural Gas Company (the Company) filed a statement of a planned securities issuance with the Washington Utilities and Transportation Commission (the Commission) under the provisions of RCW Chapter 80.08 for an order authorizing the Company to issue and sell, from time to time, an additional 1,200,000 shares of its Common Stock, \$3 1/6 par value per share, pursuant to options granted or to be granted to officers and other key employees under the Restated Stock Option Plan, formerly known as the 1985 Stock Option Plan (the Plan).

On March 26, 2003, the Commission entered its Order Establishing Compliance with RCW 80.08.040 in the above-entitled Docket authorizing the Company to issue and sell an additional 1,200,000 shares of Common Stock pursuant to the Plan.


On July 27, 2005, non-statutory options to purchase 6,000 shares were granted to one executive at a price of \$38.30; and on December 14, 2005, 3,000 shares were granted to one employee at a price of \$34.95. In each case, the option price was 100% of the fair market value of the Common Stock on the date preceding the grant. No additional options have been granted.

The attachments, including a summary of stock option activity in 2005 and details of stock option grants and exercises, are submitted pursuant to Paragraph 8 of the Commission's Order dated March 26, 2003.

No SARs were exercised by employees during 2005.

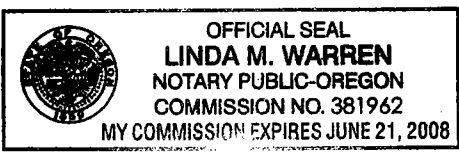
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 1st day of February 2006.

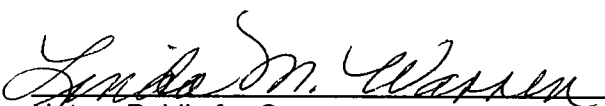
(S E A L)



C. J. Rue
Secretary of Northwest Natural Gas Company

Subscribed to and sworn to before me this 1st day of February 2006.





Linda M. Warren
Notary Public for Oregon
My Commission Expires: 6/21/08

Stock Option Activity: NW Natural

12/31/2005

	Stock Options	Weighted Average Exercise Price
Outstanding as of 1/1/2005	431,470	\$28.38
Issued	9,000	\$37.18
Exercised	121,170	\$26.59
Forfeited	10,800	\$30.79
Expired	0	
Outstanding as of 12/31/2005	308,500	\$29.26
Shares exercisable as of 12/31/2005	189,500	\$27.63

Outstanding:

Range of Exercise Prices	Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
\$20.25 - \$38.30	308,500	\$29.26	6.80
	308,500	\$29.26	6.80

Exercisable:

Range of Exercise Prices	Stock Options Exercisable	Weighted Average Exercise Price
\$20.25 - \$38.30	189,500	\$27.63
	189,500	\$27.63

The weighted-average fair value for options issued during period specified was \$14.57 and was estimated using the Black-Scholes option valuation model with the following weighted-average assumptions:

	2005
Expected Life in Years	7.03
Volatility	27.04%
Interest Rate	4.22%
Yield Rate	0.00%

NW Natural - Transaction Report

Stock Option - Grant Transactions

Employee		Grant				Transaction			
<u>Number</u>	<u>Name</u>	<u>Number</u>	<u>Grant Date</u>	<u>Grant Price</u>	<u>Exercise Price</u>	<u>Type</u>	<u>Tran Date</u>	<u>Options</u>	<u>Stock Price</u>
105	Kirkpatrick, Margaret D.	272005shares6000MI	07/26/2005	\$ 38.3000	\$ 38.3000	G	07/27/2005	6,000.00	\$ 38.3000
106	Hess, Robert S.	:142005shares3000RS	12/14/2005	\$ 34.9500	\$ 34.9500	G	12/14/2005	3,000.00	\$ 34.9500
								9,000.00	

NW Natural - Transaction Report

Stock Option - Exercise Transactions

Employee		Grant				Transaction				
Number	Name	Number	Grant Date	Grant Price	Exercise Price	Type	Tran Date	Options	Stock Price	
35	Jensen, Jordis I.	02272002	share1800	02/27/2002	\$ 25.3800	\$ 26.3000	E	01/18/2005	300.00	\$ 33.4200
30	Henderson, Dennis L.	02272002	share17500	02/27/2002	\$ 25.3800	\$ 26.3000	E	01/14/2005	1,200.00	\$ 33.2500
23	Griffin, Philip J.	02272002	share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	01/27/2005	400.00	\$ 33.2900
23	Griffin, Philip J.	02272002	share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	01/27/2005	600.00	\$ 33.3000
44	Miller, C. Alex	11222002	share5000	11/22/2002	\$ 25.3800	\$ 26.0700	E	02/14/2005	4,800.00	\$ 35.9000
44	Miller, C. Alex	11222002	share5000	11/22/2002	\$ 25.3800	\$ 26.0700	E	02/14/2005	200.00	\$ 35.9900
82	White, J. Keith	02212001	share1600	02/21/2001	\$ 24.9100	\$ 24.9100	E	02/14/2005	100.00	\$ 35.8600
82	White, J. Keith	02212001	share1600	02/21/2001	\$ 24.9100	\$ 24.9100	E	02/14/2005	700.00	\$ 35.7700
82	White, J. Keith	02272002	share17500	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/14/2005	800.00	\$ 35.7700
39	Krebs, Richard L.	02272002	share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	100.00	\$ 35.8700
39	Krebs, Richard L.	02272002	share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	4,900.00	\$ 35.7800
86	McVay, Kevin S.	02272002	share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	200.00	\$ 36.6900
86	McVay, Kevin S.	02272002	share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	300.00	\$ 36.6800
53	Phillips, Wayne F.	02251998	share3500	02/25/1998	\$ 27.8750	\$ 27.8750	E	02/15/2005	500.00	\$ 36.5500
53	Phillips, Wayne F.	02272002	share1800	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	200.00	\$ 36.5500
53	Phillips, Wayne F.	02272002	share1800	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/15/2005	400.00	\$ 36.6000
20	Friedman, Randolph S.	02232000	share7000	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	1,000.00	\$ 37.1100
19	Feltz, Stephen P.	02211996	share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	02/16/2005	500.00	\$ 37.0800
19	Feltz, Stephen P.	02211996	share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	02/16/2005	100.00	\$ 36.7900
19	Feltz, Stephen P.	02211996	share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	02/16/2005	900.00	\$ 36.6900
19	Feltz, Stephen P.	02232000	share3000	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	1,000.00	\$ 36.6900
28	Heimer, David D.	02232000	share12500	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	1,600.00	\$ 36.7000
28	Heimer, David D.	02232000	share12500	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	900.00	\$ 36.6600
17	Dodson, Mark S.	02232000	share5373	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	129.00	\$ 37.0800
17	Dodson, Mark S.	02272002	share12500	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/16/2005	6,537.00	\$ 37.0800
17	Dodson, Mark S.	02272002	share12500	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/16/2005	950.00	\$ 36.8100
38	King, Onita R.	02251998	share3500	02/25/1998	\$ 27.8750	\$ 27.8750	E	02/16/2005	500.00	\$ 36.8300
38	King, Onita R.	02272002	share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/16/2005	500.00	\$ 36.8300
41	Luther, Michelle T.	09232002	share2000	09/23/2002	\$ 25.3800	\$ 27.8500	E	02/17/2005	2,000.00	\$ 36.5200
42	McCoy, Michael S.	02272002	share13000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/16/2005	11,100.00	\$ 37.0800
42	McCoy, Michael S.	02272002	share13000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/16/2005	1,900.00	\$ 36.8100
76	Volk, Barbara L.	02251998	share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	02/18/2005	800.00	\$ 36.2400
76	Volk, Barbara L.	02251998	share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	02/18/2005	200.00	\$ 36.1600
76	Volk, Barbara L.	02272002	share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/18/2005	1,000.00	\$ 36.1600
74	Ugoretz, Beth A.	12182002	share5000	12/18/2002	\$ 25.3800	\$ 27.6000	E	02/18/2005	100.00	\$ 36.4400
74	Ugoretz, Beth A.	12182002	share5000	12/18/2002	\$ 25.3800	\$ 27.6000	E	02/18/2005	800.00	\$ 36.3800
74	Ugoretz, Beth A.	12182002	share5000	12/18/2002	\$ 25.3800	\$ 27.6000	E	02/18/2005	800.00	\$ 36.3500
69	Stewart, Barry C.	02272002	share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/28/2005	235.00	\$ 36.3300
69	Stewart, Barry C.	02272002	share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/28/2005	765.00	\$ 36.4000

NW Natural - Transaction Report

Stock Option - Exercise Transactions

Employee		Grant				Transaction			
Number	Name	Number	Grant Date	Grant Price	Exercise Price	Type	Tran Date	Options	Stock Price
69	Stewart, Barry C.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	02/28/2005	500.00	\$ 36.3200
47	Nelson, Steven E.	02211996share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	03/01/2005	500.00	\$ 36.4300
60	Richardson Jr, George E.	02251998share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	03/01/2005	1,000.00	\$ 36.3500
60	Richardson Jr, George E.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/01/2005	300.00	\$ 36.3500
60	Richardson Jr, George E.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/01/2005	700.00	\$ 36.4200
72	Thayer, Mindi E.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/03/2005	1,000.00	\$ 36.3200
26	Gulberg, Ronald W.	02251998share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	03/02/2005	1,000.00	\$ 36.4500
26	Gulberg, Ronald W.	02272002share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/02/2005	200.00	\$ 36.4500
26	Gulberg, Ronald W.	02272002share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/02/2005	300.00	\$ 36.6000
61	Rue, Conrad J.	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/07/2005	300.00	\$ 37.0100
61	Rue, Conrad J.	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	03/07/2005	1,300.00	\$ 37.0000
2	Aimone, David W.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	04/01/2005	100.00	\$ 36.5000
2	Aimone, David W.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	04/04/2005	1,400.00	\$ 36.0000
84	Wilson, James R.	02232000share7000	02/23/2000	\$ 20.2500	\$ 20.2500	E	05/12/2005	1,000.00	\$ 36.2400
85	Yoshihara, Grant M.	02211996share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	06/03/2005	100.00	\$ 36.9200
85	Yoshihara, Grant M.	02211996share13821	02/21/1996	\$ 20.9200	\$ 20.9200	E	06/03/2005	1,400.00	\$ 36.8500
45	Miller, Donald J.	02251998share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	06/03/2005	1,000.00	\$ 36.7106
45	Miller, Donald J.	02232000share1300	02/23/2000	\$ 20.2500	\$ 20.2500	E	06/03/2005	300.00	\$ 36.7106
45	Miller, Donald J.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/03/2005	1,100.00	\$ 36.7100
45	Miller, Donald J.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/03/2005	300.00	\$ 36.7800
45	Miller, Donald J.	02272002share6000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/03/2005	100.00	\$ 36.7801
89	Almaguer, Pamela M.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/03/2005	200.00	\$ 36.7905
89	Almaguer, Pamela M.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/03/2005	200.00	\$ 36.8300
17	Dodson, Mark S.	02272002share12500	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/06/2005	2,801.00	\$ 36.8400
17	Dodson, Mark S.	02272002share12500	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/06/2005	199.00	\$ 36.8400
37	Kantor, Gregg S.	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/08/2005	100.00	\$ 37.2600
37	Kantor, Gregg S.	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/08/2005	2,900.00	\$ 37.2000
8	Byerley, David L.	02251998share2000	02/25/1998	\$ 27.8750	\$ 27.8750	E	06/09/2005	1,000.00	\$ 37.7450
8	Byerley, David L.	02272002share500A	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/09/2005	500.00	\$ 37.7450
43	Milam, Scott A.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/10/2005	1,000.00	\$ 36.5800
43	Milam, Scott A.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/10/2005	300.00	\$ 36.5800
43	Milam, Scott A.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/10/2005	100.00	\$ 36.6100
34	Jacobsen, Deborah L.	02232000share7000	02/23/2000	\$ 20.2500	\$ 20.2500	E	06/13/2005	900.00	\$ 37.0000
34	Jacobsen, Deborah L.	02232000share7000	02/23/2000	\$ 20.2500	\$ 20.2500	E	06/13/2005	100.00	\$ 37.3000
18	Doolittle, Lea Anne	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/16/2005	3,000.00	\$ 37.3500
82	White, J. Keith	02252004share30000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/14/2005	900.00	\$ 36.9700
82	White, J. Keith	02252004share30000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/14/2005	100.00	\$ 37.0100
51	Paskett, Bruce L.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/17/2005	300.00	\$ 37.6500
51	Paskett, Bruce L.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	06/16/2005	400.00	\$ 37.6500

NW Natural - Transaction Report

Stock Option - Exercise Transactions

Employee		Grant				Transaction			
Number	Name	Number	Grant Date	Grant Price	Exercise Price	Type	Tran Date	Options	Stock Price
20	Friedman, Randolph S.	02212001share10000	02/21/2001	\$ 24.9100	\$ 24.9100	E	06/20/2005	2,000.00	\$ 37.6500
4	Barton, Dennis L.	02272002share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	06/20/2005	100.00	\$ 37.6360
58	Reiten, Richard G.	02251998share10000	02/25/1998	\$ 27.8750	\$ 27.8750	E	06/29/2005	800.00	\$ 38.0000
58	Reiten, Richard G.	02251998share10000	02/25/1998	\$ 27.8750	\$ 27.8750	E	06/30/2005	9,200.00	\$ 38.0000
23	Griffin, Philip J.	02251998share23000	02/25/1998	\$ 27.8750	\$ 27.8750	E	07/01/2005	1,000.00	\$ 38.1200
68	Stewart, Alan D.	02272002share12000	02/27/2002	\$ 25.3800	\$ 26.3000	E	08/03/2005	500.00	\$ 39.4480
10	Corso, Paul S.	02251998share2000	02/25/1998	\$ 27.8750	\$ 27.8750	E	07/01/2005	600.00	\$ 38.3800
10	Corso, Paul S.	02251998share2000	02/25/1998	\$ 27.8750	\$ 27.8750	E	07/01/2005	400.00	\$ 38.4300
22	Gent, George J.	02251998share10500	02/25/1998	\$ 27.8750	\$ 27.8750	E	07/05/2005	1,400.00	\$ 38.4400
22	Gent, George J.	02251998share10500	02/25/1998	\$ 27.8750	\$ 27.8750	E	07/05/2005	100.00	\$ 38.5500
16	Dodge, Susan R.	02272002share21000	02/27/2002	\$ 25.3800	\$ 26.3000	E	07/13/2005	300.00	\$ 38.6800
16	Dodge, Susan R.	02252004share14000	02/25/2004	\$ 31.3400	\$ 31.3400	E	07/13/2005	700.00	\$ 38.6800
93	Chapman, Paul F.	02252004share11000	02/25/2004	\$ 31.3400	\$ 31.3400	E	03/04/2005	200.00	\$ 36.9500
29	Heiting, Kimberly A.	02272002share1800	02/27/2002	\$ 25.3800	\$ 26.3000	E	07/19/2005	600.00	\$ 38.6500
29	Heiting, Kimberly A.	02252004share75000	02/25/2004	\$ 31.3400	\$ 31.3400	E	07/19/2005	500.00	\$ 38.6400
79	Walker, William A.	02272002share300	02/27/2002	\$ 25.3800	\$ 26.3000	E	07/19/2005	100.00	\$ 38.6800
79	Walker, William A.	02252004share26000	02/25/2004	\$ 31.3400	\$ 31.3400	E	07/19/2005	400.00	\$ 38.6800
32	Howard, Ron L.	02251998share3500	02/25/1998	\$ 27.8750	\$ 27.8750	E	08/01/2005	500.00	\$ 39.0020
17	Dodson, Mark S.	02272002share15000	02/25/1998	\$ 27.8750	\$ 27.8750	E	09/02/2005	5,000.00	\$ 37.4100
17	Dodson, Mark S.	02272002share12500	02/27/2002	\$ 25.3800	\$ 26.3000	E	09/02/2005	2,013.00	\$ 37.4100
12	De Bolt, Bruce R.	02232000share7500	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	105.00	\$ 36.7400
12	De Bolt, Bruce R.	2252004shareBRD800	02/25/2004	\$ 31.3400	\$ 31.3400	E	02/16/2005	4,000.00	\$ 37.0800
12	De Bolt, Bruce R.	2252004shareBRD800	02/25/2004	\$ 31.3400	\$ 31.3400	E	02/16/2005	105.00	\$ 37.0800
12	De Bolt, Bruce R.	2252004shareBRD800	02/25/2004	\$ 31.3400	\$ 31.3400	E	02/16/2005	95.00	\$ 36.7400
12	De Bolt, Bruce R.	2252004shareBRD800	02/25/2004	\$ 31.3400	\$ 31.3400	E	02/16/2005	400.00	\$ 36.7000
12	De Bolt, Bruce R.	2252004shareBRD800	02/25/2004	\$ 31.3400	\$ 31.3400	E	02/16/2005	3,400.00	\$ 36.6600
12	De Bolt, Bruce R.	02232000share7500	02/23/2000	\$ 20.2500	\$ 20.2500	E	02/16/2005	736.00	\$ 37.2200
23	Griffin, Philip J.	252004share14000 P.	02/25/2004	\$ 31.3400	\$ 31.3400	E	10/03/2005	2,000.00	\$ 38.1700
81	Weber, David A.	05092000share2500	05/09/2000	\$ 21.6250	\$ 21.6250	E	11/09/2005	2,500.00	\$ 34.6500
18	Doolittle, Lea Anne	02272002share30000	02/27/2002	\$ 25.3800	\$ 26.3000	E	12/12/2005	2,000.00	\$ 34.7500
94	Clearwater, Robert T.	252004share11000 R.	02/25/2004	\$ 31.3400	\$ 31.3400	E	07/14/2005	500.00	\$ 38.8100
								121,170.00	