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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

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION


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 seventh Report of Security Transactions, for the year ended December 31, 2006.

Sincerely,


C. J. Rue

CJR:lmw
Encl.

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)	Seventh 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). Reference is also made to the Commission's Order in Docket UG-061700, which authorized the issuance of an additional 200,000 shares under the Plan. No shares were issued under Docket UG-061700 in 2006.

As previously reported, the Company made its sixth offering to its employees under the terms and conditions set forth in the Plan. During 2006, the Company completed an offering to its employees that was made during the period November 1, 2005 through November 30, 2005 (the 2005 Offering) and made a new offering under the Plan during the period November 1, 2006 through November 30, 2006 (the 2006 Offering). Certain administrative terms of the Plan were amended in 2003. The 2005 and 2006 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 2005 Offering, the Company offered to its employees not to exceed 75,774 shares of its Common Stock, at a price of \$29.40 per share. The Company received subscriptions for 33,688 shares, of which subscriptions for 2,291 shares were cancelled. During the 2006 Offering, the Company offered to its employees not to exceed 244,338 shares of its Common Stock, at a price of \$35.17 per share. The Company received subscriptions for 23,303 shares, of which 0 shares were cancelled as of December 31, 2006. 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 December 2007. The Company held a credit balance at December 31, 2006 of \$0 in its Account 89050 212001, Installments Received on Capital Stock, because the payment period for the shares began on January 1, 2007.

Pursuant to the Commission's authorization in this Docket UG-001244, at December 31, 2006, the Company had received from the seven offerings subscriptions totaling 190,146 shares, cancellations totaling 10,157 shares of such subscribed shares and cash in the amount of \$3,844,596.10 in full payment for 155,594 of shares, and had issued certificates or authorized book-entry positions for the 155,594 shares to the respective employee purchasers as follows:

<u>Offering Period</u>	<u>Price</u>	<u>Shares Subscribed</u>			<u>Shares Issued</u>		<u>Balance Subscribed</u>
		<u>Initial</u>	<u>Canceled</u>	<u>Total</u>	<u>Number</u>	<u>Amount</u>	
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	32,382	1,486	30,896	30,896	831,102.40	0
11/1/05 – 12/1/05	\$29.40	33,688	2,291	31,397	31,397	923,071.80	0
11/1/06 – 11/30/06	\$35.17	<u>23,303</u>	<u>0</u>	<u>23,303</u>	<u>0</u>	<u>0</u>	<u>23,303</u>
Total		190,146	10,157	179,989	155,594	\$3,844,596.10	23,303

The cash proceeds of \$3,844,596.10 received from the sale of said 155,594 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 2006 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	831,102.40
2005	<u>923,071.80</u>
Total	\$3,844,596.10


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, 2006 and the accumulative total in this Docket, were as follows:

	<u>Estimated</u>	<u>Actual Amount 2006</u>	<u>Accumulative Total</u>
Par Value of Common Stock Issues	\$ 633,332	\$923,072 ²	\$1,316,363
Plus Premium	<u>3,276,668</u>	0	<u>2,528,233</u>
Gross Proceeds	<u>\$3,910,000</u> ¹	<u>\$923,072</u>	<u>\$3,844,596</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			
Other	7,500	-	-
Counsel Fees			
Thelen Reid & Priest LLP	15,000	-	17,626
Stoel Rives LLP		-	21,296
Accountants' Fees			
PricewaterhouseCoopers LLP	10,000	-	-
Miscellaneous Expense			
Postage, etc.	6,240	-	1,328
Other	-	-	-
Total Deductions	<u>40,000</u>	<u>-</u>	<u>41,474</u>
Net Amount Realized	<u>\$3,870,000</u>	<u>\$923,072</u>	<u>\$3,803,122</u>

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

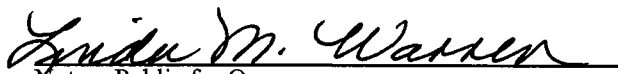
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30th day of January 2007.

(S E A L)



 C. J. Rue
 Secretary of Northwest Natural Gas Company

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



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

