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January 29, 2010

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 fourth Report of Security Transactions, for the year ended December 31, 2009.

Sincerely,

MardiLyn Saathoff

MLS:nkb Encl.

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of NORTHWEST NATURAL GAS COMPANY	) ) Docket UG-061700 ) Fourth Report of		2010 FEB	
for an Order Establishing Compliance with RCW 80.08.040 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	) Security Transactions ) )		-	
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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. In 2009, 5,537 shares were issued under the Order in this Docket, while 3,078 shares were issued under the Order in Docket No. UG-001244.

The Company made its tenth offering to its employees under the terms and conditions set forth in the Plan. During 2009, the Company completed an offering to its employees that was made during the period November 1, 2008 through November 30, 2008 (the 2008 Offering) and made a new offering under the Plan during the period November 1, 2009 through November 30, 2009 (the 2009 Offering). Certain administrative terms of the Plan were amended in 2003. The 2008 and 2009 offerings were made at a price determined to be 85% (to the next full penny) 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 2008 Offering, the Company offered to its employees not to exceed 203,078 shares of its Common Stock, at a price of \$43.25 per share. The Company received subscriptions for 15,268 shares, of which subscriptions for 6,653 shares were cancelled. During the 2009 Offering, the Company offered to its employees not to exceed 190,345 shares of its Common Stock, at a price of \$35.54 per share. The Company received subscriptions for 24,530 shares, with no cancellations as of December 31, 2009. 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 2010.

Pursuant to the Commission's authorization in this Docket UG-061700, at December 31, 2009, the Company had received from the offerings subscriptions totaling 34,343 shares, cancellations totaling 4,276 shares of such subscribed shares and cash in the amount of \$239,475.25 in full payment for 5,537 of the shares, and had issued certificates or authorized book-entry positions for the 5,537 shares to the respective employee purchasers as follows:

		SI	Shares Subscribed		Shares Issued		Balance
Offering Period	<u>Price</u>	<u>Initial</u>	Canceled	<u>Total</u>	Number	Amount	<u>Subscribed</u>
11/1/08 - 11/30/08 <sup>1</sup>	\$43.25	9,813	4,276	5,537	5,537	239,475.25	0
11/1/09 - 11/30/09	\$35.54	24,530	0	24,530	0	0	24,530
Total		34,343	4,276	30,067	5,537	\$239,475.25	24,530

<sup>&</sup>lt;sup>1</sup> 3,078 of the 8,615 shares issued under the Plan in 2009 were issued under the authorization of Docket No. UG-001244. The subscriptions and cancellations are prorated between the two Dockets.

## REPORT OF SECURITIES AND EXPENSES ISSUED UNDER PLAN, 2009

	Amount
Total Value of Common Stock Issues <sup>1</sup>	\$281,722.56
Plus premium or less discount <sup>2</sup>	(42,247.31)
Gross proceed	239,475.25
Underwriter's spread or commission	-
Securities and Exchange Commission registration fee	-
State mortgage registration tax	-
State commission fee	-
Fee for recording indenture	-
United States document tax	<u>-</u>
Printing and engraving expenses <sup>3</sup>	11.25
Trustee's charges	<u>-</u>
Counsel fees	<del>-</del>
Accountant's fees	<u>-</u>
Cost of listing	-
Miscellaneous expense of issue (describe large items)	
New York Stock Exchange fee	-
Postage, etc. <sup>2</sup>	176.57
Total Deductions	187.81
Net Amount Realized	\$239,287.44

<sup>&</sup>lt;sup>1</sup> Based on a fair market value of \$50.88, based on the closing price of the shares as reported on the New York Stock Exchange on October 31, 2008.

<sup>&</sup>lt;sup>2</sup> Employees purchased stock at \$43.25, reflecting a 15% discount off of the fair market value.

<sup>&</sup>lt;sup>3</sup> Expenses under this plan are prorated between the shares allocated to this Docket and the shares allocated to Docket No. UG-061700.

In 2009, the Company issued 5,537 shares of its Common Stock under this Docket. The employee purchase price per share was \$43.25, with gross proceeds of \$239,475.25. There were \$292.22 in expenses associated with the Plan in 2009, of which \$187.81 is allocated to the shares in this Docket. The net proceeds of \$239,287.44 were applied towards the acquisition of property, the construction, completion, extension, or improvement of its facilities, the improvement or maintenance of its service, or the discharge or refunding of its obligations, pursuant to RCW 80.08.030. No securities were retired, refunded, repurchased, or otherwise removed from the utility's capitalization under this Plan in 2009.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 29th day of January 2010.

(SEAL)

MardiLyn Saathoff

Chief Governance Officer and Corporate Secretary

Subscribed and sworn to before me this 29th day of January 2010.

Notary Public for Oregon

My Commission Expires 126, 23, 2010

PAMELA L. VILLALOSO2
NOTARY PUBLIC-CREGON
COMMISSION NO. 411111
MY COMMISSION EXPIRES DEC. 23, 2010