

Northwest Natural Gas Company
Historical Capital Market Costs

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Prime Rate	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	8.1%
Consumer Price Index	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.3%	2.9%
Long-Term Treasuries	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%	5.1%	4.7%	5.0%	4.9%
Moody's Avg Utility Debt	7.0%	7.6%	8.1%	7.7%	7.5%	6.6%	6.2%	5.7%	6.1%	6.1%
Moody's A Utility Debt	7.0%	7.6%	8.2%	7.8%	7.4%	6.6%	6.2%	5.7%	6.1%	6.1%

SOURCES:

Prime Interest Rate - Federal Reserve Bank of St. Louis website
Consumer Price Index - Federal Reserve Bank of St. Louis website
Long-Term Treasuries - Federal Reserve Bank of St. Louis website
Moody's Average Utility Debt - Moody's (Mergent) Bond Record
Moody's A Utility Debt - Moody's (Mergent) Bond Record

Northwest Natural Gas Company Long-Term Interest Rate Trends

Month	Single-A Utility Rates	Average Utility Rates	Long-Term Treasury Rates	Single-A Utility to L-T Treasury Spreads
Jun-05	5.40%	5.39%	4.35%	1.05%
Jul-05	5.51%	5.50%	4.48%	1.03%
Aug-05	5.50%	5.51%	4.53%	0.97%
Sep-05	5.52%	5.54%	4.51%	1.01%
Oct-05	5.79%	5.79%	4.74%	1.05%
Nov-05	5.88%	5.88%	4.83%	1.05%
Dec-05	5.80%	5.83%	4.73%	1.07%
Jan-06	5.75%	5.77%	4.65%	1.10%
Feb-06	5.82%	5.83%	4.73%	1.09%
Mar-06	5.98%	5.98%	4.91%	1.07%
Apr-06	6.29%	6.28%	5.22%	1.07%
May-06	6.42%	6.39%	5.35%	1.07%
Jun-06	6.43%	6.41%	5.29%	1.14%
Jul-06	6.39%	6.39%	5.25%	1.14%
Aug-06	6.20%	6.20%	5.08%	1.12%
Sep-06	6.00%	6.02%	4.93%	1.07%
Oct-06	5.98%	6.01%	4.94%	1.04%
Nov-06	5.80%	5.82%	4.78%	1.02%
Dec-06	5.81%	5.83%	4.78%	1.03%
Jan-07	5.96%	5.97%	4.95%	1.01%
Feb-07	5.90%	5.91%	4.93%	0.97%
Mar-07	5.85%	5.87%	4.81%	1.04%
Apr-07	5.97%	6.01%	4.95%	1.02%
May-07	5.99%	6.03%	4.98%	1.01%
Jun-07	6.30%	6.34%	5.29%	1.01%
Jul-07	6.25%	6.28%	5.19%	1.06%
Aug-07	6.24%	6.29%	5.00%	1.24%
Sep-07	6.18%	6.24%	4.84%	1.34%
Oct-07	6.11%	6.17%	4.83%	1.28%
Nov-07	5.97%	6.04%	4.56%	1.41%
Dec-07	6.16%	6.23%	4.57%	1.59%
Jan-08	6.02%	6.08%	4.35%	1.67%
Feb-08	6.22%	6.29%	4.37%	1.85%

Sources: Mergent Bond Record (Utility Rates);
www.federalreserve.gov (Treasury Rates).

Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

	Annual % Change				2007				E2008				E2009						
	A2007	E2008	E2009	A2007	E2008	E2009	3Q	A4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
Gross Domestic Product																			
GDP (current dollars)	\$13,843.0	\$14,309.0	\$14,822.0	4.9	3.4	3.6	\$13,971.0	\$14,081.0	\$14,153.0	\$14,201.0	\$14,376.0	\$14,507.0	\$14,588.0	\$14,732.0					
Annual rate of increase (%)	4.9	3.4	3.6	-	-	-	6.0	3.2	2.1	1.3	5.0	3.7	2.3	4.0					
Annual rate of increase—real GDP (%)	2.2	1.2	1.9	-	-	-	4.9	0.6	(0.7)	(0.7)	3.2	2.4	0.3	2.3					
Annual rate of increase—GDP deflator (%)	2.7	2.2	1.7	-	-	-	1.0	2.6	2.8	2.1	1.8	1.3	1.9	1.7					
* Components of Real GDP																			
Personal consumption expenditures	\$8,276.0	\$8,405.0	\$8,563.0	2.9	1.6	1.9	\$8,302.0	\$8,343.0	\$8,347.0	\$8,342.0	\$8,437.0	\$8,493.0	\$8,502.0	\$8,533.0					
% change	2.9	1.6	1.9	-	-	-	2.8	2.0	0.2	(0.3)	4.7	2.7	0.4	1.5					
Durable goods	1,237.0	1,229.9	1,255.4	4.8	(0.6)	2.1	1,241.9	1,254.7	1,231.9	1,208.5	1,236.2	1,243.1	1,230.5	1,243.6					
Nondurable goods	2,393.8	2,424.8	2,471.8	2.4	1.3	1.9	2,396.8	2,408.0	2,403.8	2,406.9	2,436.2	2,452.2	2,457.9	2,465.9					
Services	4,671.3	4,767.6	4,854.6	2.8	2.1	1.8	4,689.5	4,708.2	4,732.0	4,739.6	4,782.9	4,815.8	4,826.6	4,840.0					
Nonresidential fixed investment	1,369.6	1,380.1	1,370.9	4.8	0.8	(0.7)	1,387.3	1,412.7	1,398.1	1,377.8	1,371.1	1,373.3	1,356.3	1,364.3					
% change	4.8	0.8	(0.7)	-	-	-	9.4	7.5	(4.1)	(5.7)	(1.9)	0.6	(4.9)	2.4					
Producers durable equipment	1,064.9	1,074.6	1,106.5	1.4	0.9	3.0	1,073.5	1,083.4	1,074.1	1,067.2	1,068.4	1,088.6	1,082.5	1,101.7					
Residential fixed investment	464.2	354.0	351.7	(17.1)	(23.8)	(0.6)	454.3	423.8	384.1	355.7	341.8	334.3	335.8	346.1					
% change	(17.1)	(23.8)	(0.6)	-	-	-	(20.8)	(24.2)	(32.6)	(26.4)	(14.8)	(8.5)	1.8	13.0					
Net change in business inventories	8.3	(12.2)	5.4	2.1	2.1	0.5	30.6	(3.4)	(10.1)	(16.0)	(19.8)	(3.0)	(3.8)	(1.9)					
Gov't purchases of goods & services	2,022.5	2,065.3	2,074.8	2.1	2.1	0.5	2,033.6	2,046.7	2,059.5	2,064.5	2,067.2	2,070.0	2,071.5	2,073.9					
Federal	754.9	785.8	795.8	1.7	4.1	1.3	764.0	764.5	776.0	783.3	789.2	794.4	797.1	796.5					
State & local	1,267.3	1,280.1	1,280.0	2.3	1.0	(0.0)	1,269.6	1,282.0	1,283.6	1,281.7	1,278.7	1,276.6	1,275.5	1,278.4					
Net exports	(560.0)	(458.9)	(412.7)	-	-	-	(533.1)	(521.0)	(495.3)	(460.4)	(441.0)	(439.1)	(424.6)	(410.3)					
Exports	1,407.6	1,518.2	1,633.1	7.9	7.9	7.6	1,441.2	1,455.0	1,478.2	1,503.6	1,530.0	1,561.0	1,589.3	1,620.4					
Imports	1,967.6	1,977.1	2,045.8	2.0	0.5	3.5	1,974.3	1,975.9	1,973.5	1,963.9	1,971.0	2,000.1	2,013.9	2,030.6					
** Income & Profits																			
Personal income	\$11,667.0	\$12,139.0	\$12,645.0	6.2	4.1	4.2	\$11,747.0	\$11,876.0	\$11,991.0	\$12,067.0	\$12,181.0	\$12,319.0	\$12,457.0	\$12,573.0					
Disposable personal income	10,184.0	10,723.0	11,056.0	5.8	5.3	3.1	10,258.0	10,364.0	10,471.0	10,552.0	11,099.0	10,770.0	10,895.0	10,995.0					
Savings rate (%)	0.5	1.7	1.2	-	-	-	0.5	0.2	0.6	1.0	4.5	0.6	1.2	1.2					
Corporate profits before taxes	1,881.9	1,574.0	1,893.6	4.2	(16.4)	20.3	1,879.7	1,900.4	1,604.3	1,529.0	1,585.1	1,577.4	1,869.3	1,890.4					
Corporate profits after taxes	1,411.5	1,189.5	1,420.0	4.4	(15.7)	19.4	1,410.2	1,430.9	1,213.4	1,154.9	1,196.8	1,192.9	1,404.1	1,419.1					
‡ Earnings per share (S&P 500)	76.80	71.20	71.20	(5.8)	(7.3)	0.0	78.70	76.80	75.10	70.40	73.10	71.20	69.10	70.20					
† Prices & Interest Rates																			
Consumer price index	2.9	2.5	1.6	-	-	-	1.9	4.3	2.8	0.9	1.5	0.8	1.9	2.0					
Treasury bills	4.4	2.0	2.6	-	-	-	4.4	3.4	2.3	1.9	2.0	2.1	2.2	2.3					
10-yr notes	4.6	4.0	4.9	-	-	-	4.7	4.3	3.7	3.8	4.2	4.4	4.6	4.7					
30-yr bonds	4.8	4.5	5.1	-	-	-	4.9	4.6	4.3	4.3	4.6	4.7	4.8	4.9					
New issue rate—corporate bonds	5.6	5.7	6.4	-	-	-	5.8	5.5	5.4	5.5	5.9	6.0	6.1	6.2					
Other Key Indicators																			
Housing starts (1,000 units SAAR)	1,340.0	870.0	1,110.0	(25.8)	(35.4)	28.2	1,300.0	1,150.0	950.0	830.0	820.0	870.0	970.0	1,070.0					
Auto & truck sales (1,000,000 units)	16.1	15.0	15.3	(2.3)	(6.8)	1.7	15.9	16.1	15.3	14.7	14.9	15.2	14.8	15.1					
Unemployment rate (%)	4.6	5.4	5.8	-	-	-	4.7	4.8	5.0	5.4	5.6	5.6	5.8	5.8					
\$ U.S. dollar	(5.6)	(7.6)	2.5	-	-	-	(11.4)	(17.9)	(5.1)	(5.2)	1.0	5.0	4.5	2.1					

Note: Annual changes are from prior year and quarterly changes are from prior quarter. Figures may not add to totals because of rounding. A—Advance data. P—Preliminary. E—Estimated. R—Revised. *1996 Chain-weighted dollars. **Current dollars. †Trailing 4 quarters. ‡Average for period. §Quarterly % changes at quarterly rates. This forecast prepared by Standard & Poor's.