

Rates and Regulatory Affairs
Facsimile: 503.721.2532



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 STATE OF WASH.
 UTIL. AND TRANSP.
 COMMISSION

March 1, 2006

Carole J. Washburn, Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, S.W.
Post Office Box 47250
Olympia, Washington 98504-7250

Dear Ms. Washburn,

Pursuant to WAC 480-143-190, please consider this NW Natural's annual filing of Property Transferred without Authorization. An affidavit in support of this property transfer report is attached.

BACKGROUND

In 1992, NW Natural (NW Natural or Company) purchased a 9.42-acre vacant parcel of land located on NE 117th Avenue in Vancouver, Washington, with the intention of developing the property for Company offices and a service center. The property was recorded in "land held for future use" and was never included in rate base in Washington for ratemaking purposes.

Because of significant retail and commercial development, as well as increasing traffic congestion, the Company deemed the land parcel as no longer suitable for such development. On May 27, 2004, NW Natural filed an order with the WUTC, pursuant to provisions in RCW 80-12-020 and WAC 480-143-180, for Commission determination that this real property was not necessary or useful. The application for an order was docketed as UG-040975 and Order No. 01, dated July 16, 2004, granted NW Natural's request for determination.

This real property was sold by the Company December 15, 2004, at fair market value, and per WAC 480-143-190, an affidavit, signed by a responsible officer of the Company, is attached to this report, certifying that the property sold was not necessary or useful in performing the Company's public duties and, further, that the property was sold at fair market value.

NW Natural had no other activity, reportable under WAC 480-143-190, to inform the Commission of.

Please feel free to call me at 503-721-2452 if you have any questions.

Sincerely,



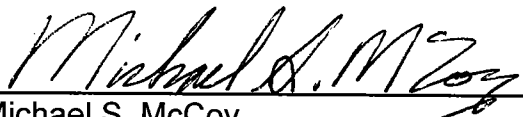
Onita R. King, Manager
Tariffs & Regulatory Compliance

ORK/cmt
attachments



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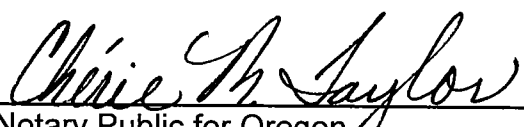
I, Michael S. McCoy, being first duly sworn on oath, depose and say that Northwest Natural Gas Company, dba NW Natural, sold a 9.42-acre land parcel located at NE 117th Avenue in Vancouver, Washington, in 2004, that this property was determined not to be necessary or useful to the performance of NW Natural's public duties by WUTC Order No. 1, dated July 16, 2004, in Docket No. UG-040975, and that this property was sold for fair market value. These statements are true and correct to the best of my knowledge and belief and I am authorized to present the same to the Washington Transportation and Utilities Commission.



Michael S. McCoy
Executive Vice President
Customer and Utility Operations

STATE OF OREGON)
) ss.
County of Multnomah)

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



Notary Public for Oregon



Cherie M. Taylor
Notary Public, State of Oregon
Commission No. 398910
My Commission expires November 4, 2009