

Exhibit C: Draft Prospectus Supplement Related to the Medium-Term Notes, which will be filed immediately prior to the Company's issuance of Medium-Term Notes. Any additional Prospectus Supplements issued in connection with the Company's Medium-Term Note Program will be filed with the Commission upon issuance under such Prospectus Supplement

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You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents that have been incorporated by reference. NW Natural has not authorized anyone to provide you with different information. NW Natural is not making an offer of the Medium-Term Notes in any state which does not permit their offer or sale. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus, as well as the information NW Natural has previously filed with the Securities and Exchange Commission that NW Natural incorporates by reference, is accurate as of any date other than the date thereof. If information in this prospectus supplement updates information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the prospectus.

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NW NATURAL

Northwest Natural Gas Company was incorporated under the laws of Oregon in 1910. The company and its predecessors have supplied gas service to the public since 1859 and since September 1997, it has been doing business as NW Natural. NW Natural's executive offices are located at One Pacific Square, 220 N.W. Second Avenue, Portland, Oregon 97209. Its telephone number is 503-226-4211.

NW Natural is principally engaged in the distribution of natural gas in Oregon and southwest Washington. The Public Utility Commission of Oregon (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three southern Washington counties bordering the Columbia River. Gas service is provided in 122 cities and neighboring communities, in 15 Oregon counties, as well as in 14 cities and neighboring communities in three Washington counties.

NW Natural also is engaged in providing services to large intrastate and interstate customers using NW Natural's storage and related transportation capacity that is in excess of the utility's core (residential, commercial and industrial firm) customer requirements. The interstate storage services and maximum rates are authorized by the Federal Energy Regulatory Commission. Additionally, NW Natural has a contract with an independent energy marketing company to optimize the value of NW Natural's assets, primarily through the use of commodity transactions and capacity release transactions.

[USE OF PROCEEDS – REVISE/UPDATE]

The net proceeds to be received by NW Natural from the sale of the Medium-Term Notes will be added to the general funds of NW Natural and used for corporate purposes, primarily to fund, in part, NW Natural's ongoing utility construction program. A portion of the net proceeds may be used to reduce NW Natural's short-term indebtedness (commercial paper), which was generally incurred to fund the utility construction program. As of [], 2008, NW Natural had approximately \$[] million of short-term indebtedness outstanding, with a weighted average maturity of approximately [] days] and bearing a weighted average interest rate of approximately []%.

RATIO OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges, calculated according to the rules set forth under the Securities Act, for the following periods were:

	Twelve Months Ended				
	December 31,				
June 30, 2008	2007	2006	2005	2004	2003
[TO COME]	3.92	3.40	3.32	3.02	2.84

* A significant part of the businesses of NW Natural is seasonal in nature; therefore, the ratio of earnings to fixed charges for the interim period is not necessarily indicative of the results for a full year.

For the purpose of calculating these ratios, earnings consist of net income before taxes plus fixed charges. Fixed charges consist of interest on all indebtedness, the amortization of debt expense and discount or premium and the estimated interest portion of rentals charged to income.

DESCRIPTION OF THE SECURED NOTES

General

The secured notes, which are a series of NW Natural's First Mortgage Bonds (First Mortgage Bonds), are to be issued under NW Natural's Mortgage and Deed of Trust, dated as of July 1, 1946, to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company)(the Corporate Trustee) and Stanley Burg (successor to R.G. Page and J.C. Kennedy), as trustees (together, Mortgage Trustees), as supplemented by twenty supplemental indentures, all of which are collectively referred to as the "Mortgage".

Material terms of the secured notes and the First Mortgage Bonds are summarized below and in "Description of the Bonds" in the accompanying prospectus. The Mortgage was filed with the SEC and you should read the Mortgage for provisions that may be important to you. The statements concerning the secured notes, First Mortgage Bonds and the Mortgage in this "Description of the Secured Notes" and the "Description of the Bonds" in the accompanying prospectus make use of terms defined in the Mortgage and are qualified in their entirety by express reference to the cited sections and articles. They may be changed with respect to any secured note by the applicable pricing supplement, which should be read in conjunction with this description.

The secured notes will be offered on a continuing basis and each secured note will mature on such date, not less than nine months or more than 30 years from its date of issue, as selected by the purchaser and agreed to by NW Natural.

The pricing supplement relating to each secured note will set forth the principal amount, interest rate, interest payment dates, record dates, issue price and agent's commission or discount, original issue and maturity dates, redemption or repayment provisions, if any, and other material terms of such secured note.

Interest

Unless otherwise specified in the pricing supplement relating to any secured note, interest on such secured note will be payable semi-annually in arrears on June 1 and December 1 of each year and at maturity.

Unless otherwise specified in the pricing supplement relating to any secured note, interest payable on any interest payment date for any secured note will be paid to the person in whose name such secured note is registered on the record date with respect to such interest payment date, which shall be the May 15 or November 15 (whether or not a business day), as the case may be, immediately preceding such interest payment date; provided that, (i) if the original issue date of any secured note is after a record date and before the corresponding interest payment date, such secured note shall bear interest from the original issue date, but payment of interest shall commence on the second interest payment date following the original issue date, and (ii) interest payable on the maturity date will be paid to the person to whom the principal thereof is paid.

Unless otherwise indicated in the applicable pricing supplement, interest on the secured notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Form, Exchange and Payment

The secured notes will be issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000. The secured notes will be exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto. Principal, premium, if any, and interest will be payable at such office. (See Twentieth Supplemental Indenture, Section 1.01.) However, if the secured notes are held by DTC or its nominee, owners of beneficial interests in the secured notes will not be entitled to have any individual secured notes registered in their names, and transfers of beneficial interests and payments of principal, premium, if any, and interest will be made as described herein under "Book-Entry System".

Redemption

Optional Redemption at Fixed Redemption Prices

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be redeemable, on 30 days' notice, in whole or in part, at any time on or after the initial redemption date, if any, fixed at the time of sale and set forth in the applicable pricing supplement. On or after the initial redemption date, such secured note will be redeemable in whole or in part, at the option of NW Natural, at a redemption price determined in accordance with the following paragraph or as described in the related pricing supplement, plus accrued interest to the redemption date.

Unless otherwise specified in the pricing supplement relating to any secured note, the redemption price for each secured note subject to redemption shall, for the twelve-month period commencing on the initial redemption date, be equal to a certain percentage of the principal amount of such secured note and thereafter, shall decline for the twelve-month period commencing on each anniversary of the initial redemption date by a percentage of the principal amount (Reduction Percentage) until the redemption price shall be 100% of the principal amount. The initial redemption date and price and any Reduction Percentage with respect to each secured note subject to redemption will be fixed at the time of sale and set forth in the applicable pricing supplement.

If so specified in the pricing supplement relating to any secured note, NW Natural may not, prior to the redemption limitation date, if any, set forth in such pricing supplement, redeem such secured note as described above as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an effective interest cost to NW Natural (calculated in accordance with generally accepted financial practice) of less than the effective interest cost to NW Natural (similarly calculated) of such secured note.

Optional Redemption at Make-Whole Redemption Price

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be redeemable, on 30 days' notice, in whole or in part, at the option of NW Natural, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the Make-Whole Spread, plus, in each case, accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated yield (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Make-Whole Spread" means the amount, expressed as a percentage, fixed at the time of sale and set forth in the applicable pricing supplement.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the secured notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such secured notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by NW Natural.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

“Reference Treasury Dealer” means each of the investment banking firms or their affiliates which are primary U.S. Government securities dealers and which are appointed by NW Natural as Reference Treasury Dealers, and their respective successors; provided, however, that NW Natural shall appoint at least five Reference Treasury Dealers, and if, at the time of any determination of the Treasury Rate, there shall be less than five Reference Treasury Dealers which are, or whose affiliates are, primary U.S. Government securities dealers in the United States (each a “Primary Treasury Dealer”), then NW Natural shall appoint one or more additional investment banking firms which are, or whose affiliates are, Primary Treasury Dealers as Reference Treasury Dealers.

Redemption - General

If, at the time the notice of redemption shall be given, the redemption money has not been deposited with the Corporate Trustee, the redemption may be made subject to the receipt of such money before the redemption date, and such notice shall be of no effect unless such money is so received.

Unless otherwise indicated in the applicable pricing supplement, the secured notes will not be subject to any sinking fund.

Provisions for Maintenance of Property

While the Mortgage contains provisions for the maintenance of the Mortgaged and Pledged Property, the Mortgage does not permit redemption of secured notes pursuant to these provisions.

Repayment at Option of Holder

To the extent, if any, provided in the pricing supplement relating to any secured note, such secured note will be repayable by NW Natural at the option of the registered holder thereof on the date specified in such pricing supplement (Repayment Date), at a price equal to a percentage of the principal amount of such secured note specified in such pricing supplement (Repayment Price), plus accrued interest to the date of repayment.

For any secured note to be repaid, NW Natural must receive such secured note at its office or agency in the Borough of Manhattan, The City of New York (currently, the office of the Corporate Trustee), within the period (Election Period) commencing at the opening of business and ending at the close of business on the dates specified in the pricing supplement relating to such secured note (provided that, if the last day of the Election Period shall not be a business day, the Election Period shall end at the close of business on the next succeeding business day), together with the form entitled “Option to Elect Repayment” on the reverse of, or otherwise accompanying, such secured note duly completed. Any such election so received by NW Natural within such Election Period shall be irrevocable.

The repayment option may be exercised by the registered holder of a secured note for less than the entire principal amount of such secured note, provided that the principal amount to be repaid is equal to \$1,000 or an integral multiple of \$1,000. All questions as to the validity, eligibility (including time of receipt) and acceptance of any secured note for repayment will be determined by the Corporate Trustee, whose determination will be final and binding.

So long as DTC or DTC’s nominee is the registered holder of the secured notes, DTC or such nominee will be the only entity that can exercise the repayment option, and repayment will be made in accordance with DTC’s repayment procedures in effect at the time. See “Book-Entry System.” In order to ensure that DTC or its nominee will timely exercise a repayment option with respect to a particular beneficial interest in the secured notes, the beneficial owner of such interest must instruct the broker or other participant through which it holds such interest to

notify DTC of its election to exercise the repayment option. In addition, the beneficial owner must effect delivery of such interest at the time such notice of election is given to DTC by causing the broker or other participant through which it holds such interest to transfer such interest on DTC's records to the Corporate Trustee. Different firms have different deadlines for accepting instructions from their customers and, accordingly, each beneficial owner of secured notes should consult the broker or other participant through which it holds an interest in the secured notes in order to ascertain the deadline by which such instruction must be given in order for timely notice to be delivered to DTC.

For a description of additional terms of the First Mortgage Bonds and the Mortgage please refer to "Description of the Bonds" in the accompanying prospectus.

DESCRIPTION OF THE UNSECURED NOTES

General

The unsecured notes are to be issued under an Indenture, dated as of June 1, 1991 (Indenture), between NW Natural and Deutsche Bank Trust Company Americas, as trustee (Indenture Trustee) and are a series of "Indenture Securities" as described in the accompanying prospectus.

Material terms of the unsecured notes and the Indenture Securities are summarized below and in "Description of the Unsecured Debt Securities" in the accompanying prospectus. The Indenture was filed with the SEC and you should read the Indenture for provisions that may be important to you. The statements concerning the unsecured notes, the Indenture Securities and the Indenture in this "Description of the Unsecured Notes" and in the "Description of the Unsecured Debt Securities" in the accompanying prospectus make use of terms defined in the Indenture and are qualified in their entirety by express reference to the cited sections and articles. They may be changed with respect to any unsecured note by the applicable pricing supplement, which should be read in conjunction with this description.

The unsecured notes will be offered on a continuing basis, and each unsecured note will mature on such date, not less than nine months nor more than 30 years from its date of issue, as selected by the purchaser and agreed to by NW Natural.

The pricing supplement relating to any unsecured note will include the principal amount, interest rate, interest payment dates, regular record dates, issue price and agent's commission or discount, original issue and maturity dates, redemption or repayment provisions, if any, and other material terms of such unsecured note.

Interest

Unless otherwise specified in the pricing supplement relating to any unsecured note, interest on such unsecured note will be payable semi-annually in arrears on June 1 and December 1 of each year and at maturity.

Unless otherwise specified in the pricing supplement relating to any unsecured note, interest payable on any interest payment date for any unsecured note will be paid to the person in whose name such unsecured note is registered on the record date with respect to such interest payment date, which shall be the May 15 or November 15 (whether or not a business day), as the case may be, immediately before such interest payment date; provided that, (i) if the original issue date of any unsecured note is after a record date and before the corresponding interest payment date, such unsecured note will bear interest from the original issue date but payment of interest shall commence on the second interest payment date following the original issue date, and (ii) interest payable on the maturity date will be paid to the person to whom the principal thereof is paid.

Unless otherwise indicated in the applicable pricing supplement, interest on the unsecured notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. (See Indenture, Section 310).

Form, Exchange and Payment

The unsecured notes will be issued in fully registered form in denominations of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000. The unsecured notes will be exchangeable at the office of Deutsche Bank Trust Company Americas in New York City, without charge other than taxes or other governmental charges incident thereto. Principal, premium, if any, and interest will be payable at such office. Notwithstanding the foregoing, for so long as the unsecured notes shall be held by DTC or its nominee, owners of beneficial interests in the unsecured notes will not be entitled to have any individual unsecured notes registered in their names, and transfers of beneficial interests and payments of principal, premium, if any, and interest will be made as described herein under "Book-Entry System".

Redemption

Optional Redemption at Fixed Redemption Prices

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be redeemable, on not less than 30 days' notice, in whole or in part, at any time on or after the initial redemption date, if any, fixed at the time of sale and set forth in the applicable pricing supplement. On or after the initial redemption date, such unsecured note will be redeemable in whole or in part, at the option of NW Natural, at a redemption price determined in accordance with the following paragraph or as described in the related pricing supplement, plus accrued interest to the redemption date.

The redemption price for each unsecured note subject to redemption shall, for the twelve-month period commencing on the initial redemption date, be equal to a certain percentage of the principal amount of such unsecured note and, thereafter, shall decline for the twelve-month period commencing on each anniversary of the initial redemption date by a percentage of the principal amount (Reduction Percentage) until the redemption price shall be 100% of the principal amount. The initial redemption price and date and any Reduction Percentage with respect to each unsecured note subject to redemption will be fixed at the time of sale and set forth in the applicable pricing supplement.

If so specified in the pricing supplement relating to any unsecured note, NW Natural may not, prior to the redemption limitation date, if any, set forth in such pricing supplement, redeem such unsecured note as described above as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an effective interest cost to NW Natural (calculated in accordance with generally accepted financial practice) of less than the effective interest cost to NW Natural (similarly calculated) of such unsecured note.

Optional Redemption at Make-Whole Redemption Price

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be redeemable, on 30 days' notice, in whole or in part, at the option of NW Natural, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the Make-Whole Spread, plus, in each case, accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated yield (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Make-Whole Spread" means the amount, expressed as a percentage, fixed at the time of sale and set forth in the applicable pricing supplement.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the unsecured notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such unsecured notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by NW Natural.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Reference Treasury Dealer" means each of the investment banking firms or their affiliates which are primary U.S. Government securities dealers and which are appointed by NW Natural as Reference Treasury Dealers, and their respective successors; provided, however, that NW Natural shall appoint at least five Reference Treasury Dealers, and if, at the time of any determination of the Treasury Rate, there shall be less than five Reference Treasury Dealers which are, or whose affiliates are, primary U.S. Government securities dealers in the United States (each a "Primary Treasury Dealer"), then NW Natural shall appoint one or more additional investment banking firms which are, or whose affiliates are, Primary Treasury Dealers as Reference Treasury Dealers.

Redemption - General

If, at the time the notice of redemption shall be given, the redemption money has not been deposited with the Indenture Trustee, the redemption shall be made subject to the receipt of such money on or before the redemption date, and such notice shall be of no effect unless such money shall be so received. (See Indenture, Article Four.)

Unless otherwise indicated in the applicable pricing supplement, the unsecured notes will not be subject to any sinking fund.

Repayment at Option of Holder

To the extent, if any, provided in the pricing supplement relating to any unsecured note, such unsecured note will be repayable by NW Natural at the option of the registered holder thereof on the date of repayment specified in such pricing supplement at a repayment price equal to a percentage of the principal amount of such unsecured note specified in such pricing supplement, plus accrued interest to the date of repayment.

For any unsecured note to be repaid, NW Natural must receive such unsecured note at its office or agency in the Borough of Manhattan, The City of New York (currently, the office of the Indenture Trustee), within the period (Election Period) commencing at the opening of business and ending at the close of business on the dates specified in the pricing supplement relating to such unsecured note (provided that, if the last day of the Election Period shall not be a business day, the Election Period shall end at the close of business on the next succeeding business day), together with the form entitled "Option to Elect Repayment" on the reverse of, or otherwise accompanying, such unsecured note duly completed.

Any such election so received by NW Natural within such Election Period shall be irrevocable. The repayment option may be exercised by the registered holder of an unsecured note for less than the entire principal

amount of such unsecured note, provided that the principal amount to be repaid is equal to \$1,000 or an integral multiple of \$1,000. All questions as to the validity, eligibility (including time of receipt) and acceptance of any unsecured note for repayment will be determined by the Indenture Trustee, whose determination will be final and binding.

So long as DTC or DTC's nominee is the registered holder of the unsecured notes, DTC or such nominee will be the only entity that can exercise the repayment option, and repayment will be made in accordance with DTC's repayment procedures in effect at the time. See "Book-Entry System." In order to ensure that DTC or its nominee will timely exercise a repayment option with respect to a particular beneficial interest in the unsecured notes, the beneficial owner of such interest must instruct the broker or other participant through which it holds such interest to notify DTC of its election to exercise the repayment option. In addition, the beneficial owner of unsecured notes must effect delivery of such interest at the time such notice of election is given to DTC by causing the broker or other participant through which it holds such interest to transfer such interest on DTC's records to the Indenture Trustee. Different firms have different deadlines for accepting instructions from their customers and, accordingly, each beneficial owner of unsecured notes should consult the broker or other participant through which it holds an interest in the unsecured notes in order to ascertain the deadline by which such instruction must be given in order for timely notice to be delivered to DTC.

For a description of additional terms of the unsecured notes and the Indenture Securities please refer to "Description of the Unsecured Debt Securities" in the accompanying prospectus.

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Medium-Term Notes. The Medium-Term Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds securities for its participants. DTC facilitates settlement of securities transactions among its participants through electronic computerized book-entry changes in the participants' accounts. This eliminates the need for physical movement of securities certificates. The participants include securities brokers and dealers, banks, trust companies and clearing corporations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of DTC participants, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Others who clear through or maintain a custodial relationship with a participant can use the DTC system. The rules that apply to DTC and those using its systems are on file with the SEC.

Purchases of the Medium-Term Notes within the DTC system must be made through participants, which will receive a credit for the Medium-Term Notes on DTC's records. The beneficial ownership interest of each purchaser will be recorded on the participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners should receive written confirmations of the transactions, as well as periodic statements of their holdings, from the participants through which they purchased the Medium-Term Notes. Beneficial owners will not receive certificates for their Medium-Term Notes, unless use of the book-entry system for the Medium-Term Notes is discontinued.

To facilitate subsequent transfers, all Medium-Term Notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representation of DTC. The deposit of the Medium-Term Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Medium-Term Notes. DTC's records reflect only the identity of the participants to whose accounts such Medium-Term Notes are credited. These participants may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, by participants to other participants and by participants to beneficial owners, will be governed by arrangements among them.

Redemption notices will be sent to DTC. If less than all of the Medium-Term Notes are being redeemed, DTC's practice is to determine by lot the amount of Medium-Term Notes of each participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will itself consent or vote with respect to Medium-Term Notes unless authorized by a participant in accordance with DTC's procedures. Under its usual procedures, DTC would mail an omnibus proxy to NW Natural as soon as possible after the record date. The omnibus proxy assigns the consenting or voting rights of Cede & Co. to those participants to whose accounts the Medium-Term Notes are credited on the record date. NW Natural believes that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered holder of the Medium-Term Notes.

Payments of redemption proceeds, principal of, and interest on the Medium-Term Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit participants' accounts upon DTC's receipt of funds and corresponding detail information from NW Natural, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices. Payments will be the responsibility of participants and not of DTC, the Corporate Trustee (as defined below), or NW Natural. Payment of redemption proceeds, principal and interest to DTC is the responsibility of NW Natural. Disbursement of payments to participants is the responsibility of DTC, and disbursement of payments to the beneficial owners is the responsibility of participants.

Except as provided in this prospectus supplement and the accompanying prospectus, a beneficial owner will not be entitled to receive physical delivery of the Medium-Term Notes. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Medium-Term Notes.

DTC may discontinue providing its services as securities depository with respect to the Medium-Term Notes at any time by giving reasonable notice to NW Natural. In the event no successor securities depository is obtained, certificates for the Medium-Term Notes will be printed and delivered to the beneficial owners. If NW Natural decides to discontinue use of the DTC system of book-entry transfers, certificates for the Medium-Term Notes will be printed and delivered to the beneficial owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that NW Natural believes to be reliable, but NW Natural does not take responsibility for the accuracy of this information.

PLAN OF DISTRIBUTION

The Medium-Term Notes are being offered on a continuing basis for sale by NW Natural through the agents which have agreed to use their reasonable best efforts to solicit purchases of the Medium-Term Notes. The initial agents are Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC, J.P. Morgan Securities Inc., Piper Jaffray & Co. and Banc of America Securities LLC. Should NW Natural designate other persons to act as agents, the names of such persons will be disclosed in a pricing supplement. NW Natural will pay each agent a commission which, depending on the maturity of the Medium-Term Notes, will range from []% to []% of the principal amount of any Medium-Term Note sold through such agent.

NW Natural may also sell Medium-Term Notes to any agent, as principal, at a discount from the principal amount thereof, and the agent may later resell such Medium-Term Notes to investors and other purchasers at varying prices related to prevailing market prices at the time of resale as determined by such agent or, if so agreed, at a fixed public offering price. In the case of sales to any agent as principal, such agent may utilize a selling or dealer group in connection with resales. An agent may sell Medium-Term Notes it has purchased as principal to any dealer at a discount and, unless otherwise specified in the applicable pricing supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such agent from NW Natural.

After the initial public offering of Medium-Term Notes to be resold to investors and other purchasers, the public offering price (in the case of a fixed price public offering), concession and discount may be changed.

The Medium-Term Notes also may be sold by NW Natural directly to purchasers. No commission will be payable to the agents on Medium-Term Notes sold directly by NW Natural.

NW Natural reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject, in whole or in part, offers to purchase Medium-Term Notes whether placed directly with NW Natural or through one of the agents. Each agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Medium-Term Notes received by it, in whole or in part.

Payment of the purchase price of the Medium-Term Notes will be required to be made in immediately available funds in New York City on the date of settlement.

No Medium-Term Note will have an established trading market when issued. The Medium-Term Notes will not be listed on any securities exchange. Each of the agents may from time to time purchase and sell Medium-Term Notes in the secondary market, but is not obligated to do so. There can be no assurance that there will be a secondary market for the Medium-Term Notes or liquidity in the secondary market if one develops. From time to time, each of the agents may make a market in the Medium-Term Notes.

In connection with certain types of offers and sales of Medium-Term Notes, SEC rules permit the agents to engage in certain transactions that stabilize the price of such Medium-Term Notes. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Medium-Term Notes.

If the agents create a short position in any Medium-Term Notes in connection with certain types of offers and sales, *i.e.*, if they sell more Medium-Term Notes than are set forth in the applicable pricing supplement, the agents may reduce that short position by purchasing Medium-Term Notes in the open market.

In connection with certain types of offers and sales, the agents may also impose a penalty bid on certain agents and selling group members. This means that if the agents purchase Medium-Term Notes in the open market to reduce the agents' short position or to stabilize the price of the Medium-Term Notes, they may reclaim the amount of selling concession from the agents and selling group members who sold these Medium-Term Notes as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither NW Natural nor any agent makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Medium-Term Notes. In addition, neither NW Natural nor any agent makes any representation that the agents will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The agents may be deemed to be "underwriters" within the meaning of the Securities Act. NW Natural has agreed to indemnify each of the agents against, or to make contributions relating to, certain liabilities, including liabilities under such Act. NW Natural has agreed to reimburse each of the agents for certain expenses. Each of the agents may engage in transactions with, or perform services for, NW Natural in the ordinary course of business.

EXPERTS

The financial statements incorporated in this prospectus supplement and the accompanying prospectus by reference to NW Natural's Annual Report on Form 10-K for the year ended December 31, 2007 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

LEGALITY

The legality of the Medium-Term Notes will be passed upon for NW Natural by Margaret D. Kirkpatrick, Esquire, General Counsel of NW Natural, and by Thelen Reid Brown Raysman & Steiner LLP, New York, New York, and for the agents by Simpson Thacher & Bartlett LLP, New York, New York. Ms. Kirkpatrick may rely upon the opinion of Thelen Reid Brown Raysman & Steiner LLP as to certain legal matters arising under New York law. Thelen Reid Brown Raysman & Steiner LLP and Simpson Thacher & Bartlett LLP may rely upon the opinion of Ms. Kirkpatrick as to certain legal matters arising under Oregon law, and Ms. Kirkpatrick, Thelen Reid Brown Raysman & Steiner LLP and Simpson Thacher & Bartlett LLP may rely upon the opinion of Stoel Rives LLP, Portland, Oregon, as to certain legal matters arising under Washington law. However, all matters pertaining to titles, the lien and enforceability of the Mortgage and franchises, will be passed upon only by Ms. Kirkpatrick, who may rely on the opinion of Stoel Rives LLP as to certain legal matters arising under Washington law.

