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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION
December 13, 2006

Carole J. Washburn
Washington Utilities and
Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, Washington 98504-7250

Re: Order No. 1 in Docket No. UG-061346

Dear Ms. Washburn:

In connection with the above-referenced docket, enclosed is a copy of the Company's Pricing Supplement No. 3, dated December 12, 2006, to the Prospectus dated February 18, 2004 and Prospectus Supplement dated September 28, 2004, relating to the Company's Medium-Term Notes, Series B. This Pricing Supplement defines the terms and conditions of up to \$50,000,000 aggregate principal amount of Secured Medium-Term Notes, Series B, authorized by the Commission in this docket.

Please call if you have any questions regarding this Pricing Supplement.

Very truly yours,

A handwritten signature in cursive script that reads "C. J. Rue".

C. J. Rue

CJR:lmw
Encl.

cc: John T. Hood, Esq.
David H. Anderson
Margaret D. Kirkpatrick, Esq.
Steve Feltz
Ken Elgin
C. Alex Miller
Onita R. King

bcc: Elaine Barsotti
Linda Deckard
Lori Yamada



1LB1BN76FXN4HMB

Pricing Supplement No. 3
 dated December 12, 2006
 (To prospectus dated February 18, 2004 and
 prospectus supplement dated September 28, 2004)

Filing under Rule 424(b)(3)
 Registration No. 333-112604

\$160,000,000
NORTHWEST NATURAL GAS COMPANY
Secured Medium-Term Notes, Series B
(A Series of First Mortgage Bonds)
and
Unsecured Medium-Term Notes, Series B
 Due from Nine Months to 30 Years from Date of Issue

CUSIP No.: 66765R BW5	Stated interest rate (%): 5.150%
Secured <u>X</u> Unsecured _____	Maturity date: December 15, 2016
Principal amount (\$): \$25,000,000	Original issue date: December 15, 2006
Issue price (%): 100.000%	Interest payment dates: June 1 and December 1, commencing June 1, 2007
Selling Agent's commission (%): .625%	Regular record dates: May 15 and November 15
Proceeds to Company (%): 99.375%	Redeemable: Yes <u>X</u> No _____
Repayable at the option of holder: Yes _____ No <u>X</u>	In whole _____
Repayment Date: Not Applicable	In whole or in part <u>X</u>
Repayment Price: Not Applicable	Fixed redemption price: Yes _____ No <u>X</u>
Election Period: Not Applicable	Initial redemption date: Not Applicable
Other Terms: Not Applicable	Initial redemption price: Not Applicable
Selling Agent(s):	Reduction Percentage: Not Applicable
Merrill Lynch, Pierce, Fenner & Smith Incorporated. _____	Redemption limitation date: Not Applicable
UBS Securities LLC <u>X</u>	Make-Whole Redemption Price: Yes <u>X</u> No _____
J.P. Morgan Securities Inc. _____	Make-Whole Spread: 0.15%
Piper Jaffray & Co. _____	
Agency Transaction <input type="checkbox"/> *	
or	
Principal Transaction <input checked="" type="checkbox"/> *	
Name of Principal(s): UBS Securities LLC	

*If the Agency Transaction box is checked, the notes are being offered directly by Northwest Natural Gas Company through any Agent, acting as agent for Northwest Natural Gas Company. If the Principal Transaction box is checked, however, the notes have been sold to the Agent(s), as principal, for resale to purchasers upon terms described in the prospectus, dated September 28, 2004 and this pricing supplement. If the Principal Transaction box is checked, the notes are being offered by the Agent(s), as principal, at a price to the public set forth above under "Issue price (%)"; the notes were purchased by the Agent(s), as principal, from Northwest Natural Gas Company at the price set forth above under "Proceeds to Company (%)"; and the Agent(s) received a fee equal to the difference, which is set forth above under "Selling Agent's commission (%)" as a percentage of the principal amount of the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying prospectus or prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.
