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January 30, 2008

Oregon Public Utility Commission
550 Capitol Street N. E., Suite 215
Salem, Oregon 97301-2551

Ladies and Gentlemen:

Re: Docket UF 4235

Pursuant to the Commission's Order No. 07-032, in Docket No. UF 4235, authorizing the Company to enter into interest rate swaps, caps, floors, collars and other derivative products with financial institutions to manage exposure to interest rate fluctuations. We enclose herewith the first Report of Interest Rate Hedge Products for the year ended December 31, 2007.

Sincerely,

/s/ Richelle T. Luther

Richelle T. Luther

RTL:kva

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

_____)	
In the Matter of the Application of)	
)	
NORTHWEST NATURAL GAS COMPANY)	Docket UF 4235
)	
for Authorizing Various)	Report of Securities Issued, and
Arrangements with Financial Institutions to)	Disposition of Net Proceeds Statement
Manage Exposure to Interest Rate)	
Fluctuations)	
_____)	

This Report is filed pursuant to the Commission's Order No. 07-032 dated January 29, 2007, in which the Company was authorized to enter into interest rate swaps, caps, floors, collars and other derivative products with financial institutions to manage exposure to interest rate fluctuations. These products are hereinafter referred to as "Interest Rate Hedge Products." The notional principal amount outstanding of Interest Rate Hedge Products entered into pursuant to such authorization does not exceed \$200,000,000 or more than 30 percent of the total debt outstanding, whichever is less. The authority will remain effective so long as the Company's senior secured debt has investment grade ratings from two nationally recognized rating agencies.

On October 24, 2007, the Company entered into a Forward Starting Interest Rate Swap, as approved in Order No. 07-032 in Docket UF 4235. The swap was executed between UBS Securities LLC and the Company. The terms of the Forward Swap is a notional amount of \$50,000,000 senior secured notes, effective date of September 30, 2008 and a maturity date of September 30, 2018. The Company will pay a fixed rate of 5.083, (30/360 semi-annually and unadjusted). UBS Securities LLC will pay 3 month LIBOR (London Inter-Bank Offered Rate), (actual/360 quarterly). The trade included a mandatory cash settlement clause coincident with the effective date of September 30, 2008. The Company will use the proceeds of the senior secured notes to fund the acquisition and construction of property, the improvement or maintenance of service and the refinancing of maturing long-term debt.

Fees for services, if any, are negotiated on a case-by-case basis at the time the Company enters into an Interest Rate Hedge Product. There were no fees and expenses related to the Forward Starting Interest Rate Swap dated October 24, 2007.

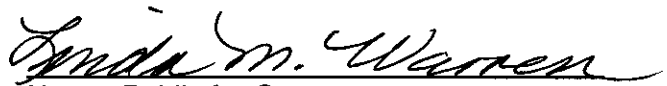
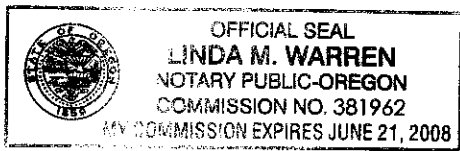
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30th day of January 2008.



Richelle T. Luther
Secretary of Northwest Natural Gas Company

(SEAL)

Subscribed and sworn to before me this 30th day of January 2008.



Notary Public for Oregon
My Commission Expires 6/21/08