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January 30, 2007

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

Ladies and Gentlemen:

Re: Docket No. UF-3279

Please refer to your file in Docket No. UF-3279 regarding the Company's issuance and sale of 5,550,000 shares of its Common Stock under the terms of the Dividend Reinvestment and Stock Purchase Plan.

Enclosed for filing in this Docket is the Company's 2006 Report of Proceeds Received, Expenses Incurred and Disposition of Proceeds prepared pursuant to the Commission's Order and Supplemental Orders in this Docket.

Sincerely,

  
C. J. Rue

CJR:lmw  
Encl.

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the Matter of the Application and Supplemental Applications of	)	
NORTHWEST NATURAL GAS COMPANY	)	
for Orders Authorizing the Issuance and Sale of not to exceed 5,550,000 Shares of its Common Stock	)	
	)	

Docket No. UF-3279

Report of Proceeds Received, Expenses Incurred and Disposition of Proceeds

On October 1, 1976, Northwest Natural Gas Company (the Company) filed an Application with the Oregon Public Utility Commission (the Commission) under the provisions of ORS Chapter 757 for an Order authorizing the Company to issue and sell pursuant to the terms of its Dividend Reinvestment and Stock Purchase Plan (the Plan) not to exceed 300,000 shares of its authorized but unissued Common Stock. On November 4, 1976, the Commission issued its Order in the above-entitled matter granting the Company's Application and authorizing it to issue and sell to holders of record of its Common Stock not more than 300,000 shares of its Common Stock pursuant to the Plan.

On March 27, 1980, January 11, 1983, September 28, 1984, April 25, 1986, January 12, 1989, December 31, 1991, December 3, 1993, July 1, 1997, August 22, 2001 and June 9, 2005, the Company filed Supplemental Applications with the Commission under the provisions of ORS Chapter 757 for supplemental orders authorizing the Company to issue and sell, pursuant to the Plan, a total of 5,250,000 additional shares of its authorized but unissued Common Stock. On April 16, 1980, January 24, 1983, October 31, 1984, May 27, 1986, February 17, 1989, January 31, 1992, January 3, 1994, August 1, 1997, September 28, 2001 and July 6, 2005, respectively, the Commission issued its Supplemental Orders, Nos. 80-289, 83-036, 84-868, 86-518, 89-176, 92-181, 94-002, 97-286, 01-840 and 05-825 in the above-entitled matter, granting the Company's Supplemental Applications, and authorizing it to issue and sell an additional 5,250,000 shares of its Common Stock pursuant to the terms of the Plan. On September 6, 1996, the Company's Common Stock was split three-for-two, effected by means of a 50% stock dividend. Pursuant to the Company's request, the Commission, in its Order No. 96-165, dated June 23, 1996, authorized an adjustment to be made to reflect this stock split by increasing by 50% the number of shares remaining authorized to be issued under the Plan on the effective date of the stock split. An additional 87,263 shares were reserved for issuance under the Plan pursuant to this authorization. Therefore, at the date hereof the Company was authorized to issue and sell, pursuant to the Plan, an aggregate of 5,637,263 shares of its authorized but unissued common stock.

Since February 1977, the Company has made monthly offerings under the Plan to common shareholders who elected to participate. For years 1977 through 1983, shares of Common Stock purchased by participants in the Plan with reinvested dividends were priced at 95% of the average of the bid and asked prices of the Common Stock, as quoted by the National Association of Securities Dealers Automated Quotation system, over the five-day period ending on the Investment Date, as defined in the Plan. Beginning in 1984, shares purchased under the Plan with reinvested dividends and with optional cash payments were priced at 100% of the average of the closing sales prices over this five-day period. Effective January 1, 1994, shares purchased with reinvested dividends and with optional cash payments were priced at the average of the high and low trading prices, as reported on the Nasdaq Stock

Market, on the Investment Date. Effective July 27, 2000, the Company's Common Stock was listed and commenced trading on the New York Stock Exchange. For purposes of the Plan, the purchase price for original issue shares is the average of the high and low trading prices on the New York Stock Exchange on the Investment Date. Beginning on December 15, 2005, the Company began purchasing shares on the open market for purchase under the Plan. The price for shares purchased on the open market is the average price (including brokerage fees) paid by the Purchasing Representative to obtain them.

During 2006, the Company purchased on the open market an aggregate of 113,138 shares of its Common Stock pursuant to the Plan at various prices as more fully set forth herein. Of such shares, 90,561 were sold through reinvestment by participants of their dividends, while the remaining 22,577 shares were sold to participants who elected to make optional cash payments. Book entries for the 113,138 shares were issued at various times to American Stock Transfer & Trust Company, custodial agent. Such fully paid shares are held by the transfer agent in individual participants' Plan Accounts until such participants request that certificates be issued or that the shares be sold.

Through December 31, 2006, the Company has sold since the inception of the Plan 4,883,329 shares of its Common Stock, has received aggregate cash proceeds in the amount of \$106,954,337.41 from the issuance and sale of 4,768,361 shares, and has issued certificates for 4,768,361 shares to its agent. In addition, a total of 114,968 shares were purchased in the open market to meet the requirements of the Plan.

Pursuant to the Commission's Order No. 76-780 and its Supplemental Order Nos. 80-289, 83-036, 84-868, 86-518, 89-176, 92-181, 94-002, 97-286, 01-840 and 05-825 in this Docket, the following detailed information is filed for the year 2006.

(A) The number of shares sold on each investment date, the prices at which such shares were sold, and the gross proceeds received by the Company from such sales during 2006:

<u>Date</u>	<u>Price</u>	<u>Shares Repurchased</u>	<u>Gross Proceeds</u>
February 15, 2006	\$34.48	24,269	\$0
May 15, 2006	\$34.33	24,119	\$0
August 15, 2006	\$38.05	21,642	\$0
November 15, 2006	\$40.99	20,531	\$0
<u>Optional Cash Payments</u>			
January 13, 2006	\$35.95	1,630	\$0
February 15, 2006	\$34.48	1,604	\$0
March 15, 2006	\$33.85	1,959	\$0
April 14, 2006	\$34.38	1,434	\$0
May 15, 2006	\$34.33	1,168	\$0
June 15, 2006	\$35.16	5,120	\$0
July 14, 2006	\$36.23	2,109	\$0
August 15, 2006	\$38.05	1,319	\$0
September 15, 2006	\$38.99	1,864	\$0
October 13, 2006	\$40.30	1,380	\$0
November 15, 2006	\$40.99	1,248	\$0
December 15, 2006	\$42.75	<u>1,742</u>	<u>\$0</u>
Grand Total		<u>113,138</u>	<u>\$0</u>

(B) Summary of the proceeds and expenses of the sales

Gross Proceeds Received:

113,138 repurchased at various prices (open market purchases)	\$0
Expenses actually and necessarily incurred as detailed in this Report	<u>4,638</u>
Net proceeds to be accounted for	<u>(\$4,638)</u>

(C) There were no net proceeds received from the sales of Common Stock during 2006.

(D) The expenses actually and necessarily incurred in connection with the Plan during 2006 and the accumulative total incurred in this Docket were as follows:

	Estimated(a)	Actual Amount	
		2006	Accumulative Total
Par Value of Common Stock Issued	\$15,199,310	\$ n/a <sup>(b)</sup>	\$ 15,099,783
Plus Premium	<u>87,281,940</u>	<u>0</u>	<u>91,854,555</u>
Gross Proceeds	\$102,481,250	- <sup>(c)</sup>	\$106,954,338
Securities and Exchange Commission Registration Fee	28,527	-	25,629
New York Stock Exchange Listing Fee	2,625	-	5,250
Fees to State Regulatory Authorities	451		
Washington Utilities and Transportation Commission		-	132
Oregon Public Utility Commission		-	316
Other		-	12
Printing and Engraving Expenses	157,000		
Platt Lithograph Company			
Registration Statements, Prospectuses, etc.		-	33,039
Computer Forms Imprinting, Inc.		-	2,808
Moore Business Forms		-	1,286
UARCO, Inc.		-	1,825
Colonial Business Forms, Inc.		-	7,970
Data Documents		-	2,050
American Mail-Well		-	3,099
Merrill Corp.		-	1,255
Digitype Imaging and Design		-	3,083
R. R. Donnelly		-	9,117
Miscellaneous		-	46,984
Administration Costs	173,000		
Bradford Trust Company (successor to Bankers Trust Company)		-	25,057
United States National Bank of Oregon		-	20,613
Bidwell & Company		-	3,000
Counsel Fees	129,000		
Thelen Reid & Priest LLP -- Fees and Expenses		-	178,476
Stoel Rives LLP		-	1,216
Accountants' Fees	56,500		
Deloitte & Touche		-	29,025
PricewaterhouseCoopers LLP		-	8,190
NASD Listing Fee	800	-	-
Miscellaneous Expense	170,148		
Miller and Lents Ltd. (formerly Brokaw, Dixon & McKee)		-	3,506
Freight and Postage		37	139,433
Admail, Inc.		-	56,139
American Stock Transfer & Trust (expenses)		4,601	27,515
Other	<u>-</u>	<u>-</u>	<u>5,686</u>
Total Deductions	<u>718,051</u>	<u>4,638</u>	<u>641,711</u>
Net Amount Realized	<u>\$101,763,199</u>	<u>(\$4,638)</u>	<u>\$106,312,627</u>

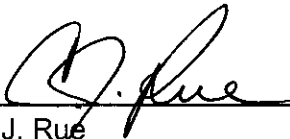
(a) Based upon sale of the common Stock over a 29-year period

(b) Par value eliminated May 2006

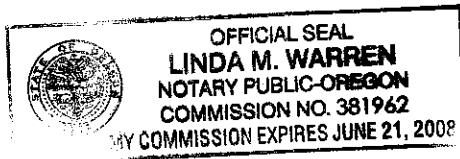
(c) Beginning December 2006, shares for the Plan were repurchased in the open market. No original issuances were made pursuant to the Plan in 2006.

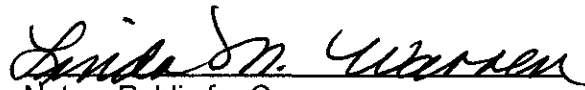
IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 30<sup>th</sup> day of January 2007.

(S E A L)

  
\_\_\_\_\_  
C. J. Rue  
Secretary of Northwest Natural Gas Company

Subscribed and sworn to before me this 30<sup>th</sup> day of January 2007.



  
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Linda M. Warren  
Notary Public for Oregon  
My Commission Expires 6/21/08