

e-FILING REPORT COVER SHEET

REPORT NAME: Report of Restated Stock Option Plan

COMPANY NAME: Northwest Natural Gas Company dba NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation:  RE (Electric)  RG (Gas)  RW (Water)  
 RO (Other)

Report is required by:  OAR Enter Rule number; e.g., 860-039-0070  
 Statute Enter Statute; e.g., ORS 757.135  
 Order Enter Commission Order No.; e.g., 95-1335 Order #03-206  
 Other Enter reason; e.g., at Request of Lee Sparling

Is this report associated with a specific docket/case?  No  Yes

If Yes, enter docket number: UF-3988

Key words: Stock Option Plan Compliance Filing

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

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- **Any other Telecommunications Reporting or**
- **Any daily safety or safety incident reports or**
- **Accident reports required by ORS 654.715.**

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January 31, 2012

Oregon Public Utility Commission  
550 Capitol Street N. E. #215  
Salem, Oregon 97310-1380

Ladies and Gentlemen:

Re: Docket No. UF-3988

Pursuant to the Commission's Supplemental Order entered December 2, 1996 and its Supplemental Order entered April 7, 2003 in the above-referenced Docket, I enclose the Company's Report of the Restated Stock Option Plan (formerly known as the 1985 Stock Option Plan) for the year ended December 31, 2011.

Sincerely,

/s/ Shawn M. Filippi

Shawn M. Filippi

SMF:nkb  
Encl.



REPORT OF SECURITIES ISSUED UNDER PLAN, 2011

Options Granted

	Amount
Total Fair Value of Options Granted	\$825,795.54 <sup>1</sup>
Plus premium or less discount	\$0
Gross proceeds	\$0
Underwriter's spread or commission	-
Securities and Exchange Commission registration fee	-
State mortgage registration tax	-
State commission fee	-
Fee for recording indenture	-
United States document tax	-
Printing and engraving expenses	-
Trustee's charges	-
Counsel fees	-
Accountant's fees	-
Cost of listing	-
Miscellaneous expense of issue (describe large items)	-
Total Deductions	\$0
Net Amount Realized	\$0

<sup>1</sup> Options to purchase 122,700 shares were granted, with a grant date fair value of \$6.7302 per share based on the Black-Scholes option pricing model.

Options Exercised

	Amount
Total Value of Common Stock Issued	\$1,136,237.64 <sup>1</sup>
Less spread	(\$316,825.99) <sup>2</sup>
Gross proceeds	\$819,411.65
Underwriter's spread or commission	-
Securities and Exchange Commission registration fee	-
State mortgage registration tax	-
State commission fee	-
Fee for recording indenture	-
United States document tax	-
Printing and engraving expenses	-
Trustee's charges	-
Counsel fees	-
Accountant's fees	-
Cost of listing	-
Miscellaneous expense of issue (describe large items)	-
Total Deductions	\$0
Net Amount Realized	\$819,411.65

<sup>1</sup> Par value eliminated in May 2006. Total value based on the number of shares and the price the shares were sold for on the open market. 24,185 shares were exercised pursuant to the Plan in 2011. At the employees' request, with the exception of two transactions, the employees elected to conduct a "cashless exercise," whereby the shares subject to the option were sold on the open market and the employees collected the spread between the sale price and exercise price of the shares subject to applicable fees and withholdings. Two employees engaged in "sale to cover transactions," whereby the employees engaged in a cashless exercise with respect to a portion of the shares under their option to generate sufficient funds to exercise and retain the remaining shares subject to the option, and pay applicable fees and withholding. With respect to those shares that were sold, the weighted average sale price of the stock was \$47.02 per share.

<sup>2</sup> The weighted average employee purchase price for the 24,185 shares exercised was \$33.88 per share.

DISPOSITION OF NET PROCEEDS:

In 2011, the Company issued 24,185 shares of its Common Stock under the Plan. The weighted average employee purchase price per share was \$33.88, with net proceeds of \$819,411.65. There were no expenses associated with the Plan in 2011. The net proceeds were applied towards the acquisition of property, the construction, completion, extension or improvement of the Company's facilities, the improvement or maintenance of the Company's service, or the discharge or lawful refunding of the Company's obligations, pursuant to ORS 757.415(1).

IN WITNESS WHEREOF, I have hereunto affixed my hand and the corporate seal of Northwest Natural Gas Company this 31st day of January, 2012.

/s/ Shawn Filippi

(S E A L)

\_\_\_\_\_  
Shawn Filippi  
Associate Legal Counsel and Assistant Corporate Secretary  
Northwest Natural Gas Company

Subscribed to and sworn to before me this 31st day of January, 2012.

\_\_\_\_\_  
Notary Public for Oregon  
My Commission Expires: