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November 6, 2006

Michael Grant
Administrative Hearings
Public Utility Commission of Oregon
P.O. Box 2148
Salem, Oregon 97301-2148

Re: Docket No. UF _____ (Issuance and Sale of Up to an additional 200,000
Shares of Common Stock)

Dear Mr. Grant:


Transmitted herewith for filing is an Application of Northwest Natural Gas Company for an Order of the Commission authorizing the Company to issue and sell up to an additional 200,000 shares of its Common Stock pursuant to the terms of its Employee Stock Purchase Plan.

Also submitted herewith is a draft recommended order of the Commission for use in connection with the processing of the Company's Application, together with a diskette containing this draft Order. The form of order was also submitted electronically.

Please forward to me ten certified copies of the Order of the Commission in this Docket.

Please call if you have any questions regarding this matter.

Very truly yours,


C. J. Rue

CJR:lmw
Encl.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UF _____

_____)	
In the Matter of the Application of)	
NORTHWEST NATURAL GAS COMPANY)	A P P L I C A T I O N
)	
for an Order Authorizing the Issuance and)	Docket No. UF _____
Sale of up to an Additional 200,000)	
shares of its Common Stock Through its)	
Employee Stock Purchase Plan)	
_____)	

Northwest Natural Gas Company (the "Company") hereby applies to the Public Utility Commission of Oregon (the "Commission"), pursuant to the provisions of ORS 757.415, for an Order authorizing the Company to offer, issue and sell, through its Employee Stock Purchase Plan, as amended, an additional 200,000 shares of its authorized but unissued Common Stock, no par value (the "Common Stock").

The Company requests authority to sell up to an additional 200,000 shares of the Common Stock as described herein, without further order of the Commission. The Company will advise the Commission of the terms of each offering of the Common Stock in a verified statement showing the disposition of the proceeds of such sales.

The following information and required exhibits are furnished in the manner, form and order prescribed by OAR 860-027-0030.

(a) The exact name of the Applicant and the address of its principal business office are as follows:

Northwest Natural Gas Company
220 N. W. Second Avenue
Portland, Oregon 97209

(b) The Company is a corporation duly organized and validly existing under the laws of the State of Oregon. The Company was incorporated January 10, 1910 and its duration is perpetual. It has duly qualified and is authorized to transact its business in the State of Washington and is in good standing as a foreign corporation under the laws of Washington.

(c) The name and address of the person authorized on behalf of the Company, to receive notices and communications in respect to this Application is:

C. J. Rue, Secretary
Northwest Natural Gas Company
220 N. W. Second Avenue
Portland, Oregon 97209

The Company respectfully requests that the Commission send copies of all such notices and communications to:

Richelle T. Luther, Assistant Secretary
Northwest Natural Gas Company
220 N. W. Second Avenue
Portland, Oregon 97209

(d) The names, titles and addresses of the principal officers of the Company are:

Mark S. Dodson	President and Chief Executive Officer	220 N. W. Second Avenue Portland, Oregon 97209
Michael S. McCoy	Executive Vice President	" " "

David H. Anderson	Senior Vice President and Chief Financial Officer	220 N. W. Second Avenue Portland, Oregon 97209
Gregg S. Kantor	Senior Vice President	" " "
Margaret D. Kirkpatrick	Vice President and General Counsel	" " "
Lea Anne Doolittle	Vice President	" " "
C. J. Rue	Secretary and Assistant Treasurer	" " "
Stephen P. Feltz	Treasurer and Controller	" " "
Richelle T. Luther	Assistant Secretary	" " "

(e) The Company is engaged principally in the business of distributing and selling natural gas to residential, commercial, institutional and industrial customers in various cities and unincorporated areas in 15 counties in the State of Oregon and three counties in the State of Washington.

(f) As of September 30, 2006, the date of the balance sheet submitted herewith, the authorized and outstanding capital stock of the Company was as follows:

Preferred Capital Stock: authorized, 3,500,000 shares, without par value; none outstanding.

Common Capital Stock: authorized, 60,000,000 shares, no par value; issued and outstanding, 27,566,496 shares; reserved for future issue to employees under the Company's Employee Stock Purchase Plan, 275,803 shares (including the 200,000 shares which are the subject of this Application); reserved for future issuance to common shareholders under the Company's Dividend Reinvestment and Direct Stock Purchase Plan, 778,835 shares; and reserved to accommodate the Restated Stock Option Plan, 1,501,600 shares.

The Common Stock is entitled to dividends when and as declared by the Board of Directors subject to the preferences of any outstanding Preferred Stock, and subject to the restrictions, if any, of the Company's Mortgage.

Generally, only the Common Stock has voting rights, subject to any special voting rights of the Preferred Stock. Holders of Common Stock are entitled to cumulative voting for the election of directors.

None of the Common Stock is held in the treasury or as reacquired securities; none is pledged by the Company; none is held by affiliated interests; and none is held in any fund owned or controlled by the Company.

(g) As of September 30, 2006, the date of the balance sheet submitted herewith, the classes and series of long-term debt or notes of the Company were as follows (the principal amount includes sinking fund requirements and maturities due within one year, shown as current liabilities on the balance sheet):

Authorized First Mortgage Bonds (including Secured Medium-Term Notes) secured by a first mortgage lien on substantially all of the utility property now owned or hereafter acquired by the Company were outstanding in the amounts shown below, the interest rate and maturity being shown in the title of each series.

<u>FIRST MORTGAGE BONDS</u>	<u>ORIGINALLY AUTHORIZED</u>	<u>OUTSTANDING</u>
<u>Medium-Term Notes</u>		
First Mortgage Bonds:		
6.310% Series B due 2007	20,000	20,000
6.800% Series B due 2007	9,500	9,500
6.500% Series B due 2008	5,000	5,000
4.110% Series B due 2010	10,000	10,000
7.450% Series B due 2010	25,000	25,000
6.665% Series B due 2011	10,000	10,000
7.130% Series B due 2012	40,000	40,000
8.260% Series B due 2014	10,000	10,000
4.700% Series B due 2015	40,000	40,000
7.000% Series B due 2017	40,000	40,000
6.600% Series B due 2018	22,000	22,000
8.310% Series B due 2019	10,000	10,000
7.630% Series B due 2019	20,000	20,000
9.050% Series A due 2021	10,000	10,000
5.620% Series B due 2023	40,000	40,000
7.720% Series B due 2025	20,000	20,000
6.520% Series B due 2025	10,000	10,000
7.050% Series B due 2026	20,000	20,000
7.000% Series B due 2027	20,000	20,000
6.650% Series B due 2027	20,000	20,000
6.650% Series B due 2028	10,000	10,000
7.740% Series B due 2030	20,000	20,000
7.850% Series B due 2030	10,000	10,000
5.820% Series B due 2032	30,000	30,000
5.660% Series B due 2033	40,000	40,000
5.250% Series B due 2035	10,000	10,000

None of the securities described above is held in treasury, or held as reacquired securities, and none is held by affiliated interests.

(h) The Company requests authorization to offer, issue and sell, pursuant to the terms of its Employee Stock Purchase Plan, as amended (the "Plan"), up to an additional 200,000 shares of its Common Stock which is part of that class of stock described as "Common Capital Stock" under (f) above. The current indicated annual dividend rate on the Common Stock is \$1.42 per share. Future dividends will be dependent upon the Company's earnings, its financial condition and other factors. Each share of the Common Stock proposed to be sold will be entitled to one vote, consistent with all of the Company's Common Stock presently outstanding.

(i) The Company requests that it be authorized to issue and sell up to an additional 200,000 shares of its Common Stock pursuant to the terms of the Plan. The Plan, which originally was adopted by the Board of Directors and approved by the shareholders in 1967, was amended in 1968, 1976, 1980, 1996, 2000, 2003 and 2006. A total of 1,000,000 shares of the Company's Common Stock (including the 200,000 shares which are the subject of this Application) have been reserved for issuance under the Plan. At September 30, 2006, 275,803 shares were available for future issuance under the Plan.

On February 23, 2006, the Board adopted, subject to shareholder approval, amendments to the Plan that would: (1) increase the number of shares authorized to be issued under the Plan from 800,000 to 1,000,000 shares; and (2) facilitate the administration of the Plan by providing (a) that employees who work less than 20 hours per week, as opposed to 20 hours or less, are excluded from participating and (b) that the purchase price for shares be rounded up to a full penny rather than to

the nearest one-tenth of a dollar. These amendments were approved by the shareholders at the Annual Meeting of Shareholders held on May 25, 2006.

The purposes of the Plan are to encourage employees to become shareholders in the Company, to stimulate increased interest on their part in the affairs of the Company, to afford them the opportunity to share in the earnings and growth of the Company and to promote systematic savings by them.

The material terms of the Plan are described below, and a complete copy of the Plan, as amended, is filed herewith as an attachment to Exhibit C(2).

The Plan provides for future offerings of the Company's Common Stock to eligible employees at such times and in such amounts, up to the total shares authorized for the Plan, as may be determined by the Board. The Board intends to continue its current practice of making annual offerings under the Plan. The price of each future offering will equal 85 percent of the fair market value of the Common Stock on the initial date of that offering.

All regular full-time employees (including officers and directors who are full-time employees) are eligible to participate in the Plan. However, no employee may participate if he or she owns, or through any subscription will acquire, sufficient Common Stock to give him or her 5 percent or more of the total combined voting power or value of all classes of stock of the Company. At the date hereof, approximately 1,245 employees were eligible to participate in the Plan.

An eligible employee may participate by subscribing for shares within a prescribed period, normally 30 days, after the commencement of each offering. Subject to the dollar limits prescribed by the Internal Revenue Code Section 423, each

participant may subscribe for a maximum of 900 shares per year. If any offering is oversubscribed, the shares offered will be allocated among the participants.

Payment for shares subscribed will be made through payroll deductions within a period of not less than six months from the offering date. The maximum period under the Plan for payment for shares is 27 months, although the Board historically has limited the maximum period to 12 months consistent with its practice of making annual offerings. At any time prior to the twentieth day before the end of the offering period, a participant may cancel his subscription and accumulated cash contributions in the employee's account will be returned to the employee without interest.

Common shares will be purchased automatically with the employee's contributed payroll and bonus deductions on the last day of the offering period and a transaction statement confirming the issuance in uncertificated form of the shares purchased by the participant shall be delivered to the participant. There are no restrictions upon the disposition of shares purchased through the Plan.

None of the participants' rights under the Plan are assignable or transferable. The right to participate in, and any subscription under the Plan, terminates upon the termination of employment.

The Board of Directors, without shareholder approval, may amend, modify, suspend or terminate the Plan at any time without notice, but it may not, without the affected employee's written consent, adversely affect any existing subscription or offering, and it may not amend the Plan, without shareholder approval, to change the number of shares authorized to be offered (otherwise than to reflect a change in capitalization, such as a stock dividend or stock split), decrease the offering price below 85 percent of fair market value or change the eligibility requirements.

(A) The Common Stock will be offered pursuant to the terms of the Company's Employee Stock Purchase Plan, as described above.

(B) The Common Stock as proposed to be issued herein will not be issued pro rata to existing holders of securities of the Company or be issued pursuant to any preemptive right or in connection with any liquidation or reorganization.

(C) The advantages of issuing the Common Stock as proposed herein are outlined above.

(D) No exemption from the competitive bidding requirements of any federal or other state regulatory body has been requested.

(j) Because the Common Stock will be issued and sold through the Employee Stock Purchase Plan, no person (other than attorneys, accountants and similar technical services) will receive or be entitled to receive a fee for services in connection with the issuance and sale of the additional 200,000 shares of the Common Stock. There are no other contracts or agreements related to the issuance of the shares.

(k) The total gross proceeds, the expenses and the net proceeds to the Company from the sale of the additional 200,000 shares of Common Stock are estimated as follows:

Estimated Fees and Expenses

<u>Item</u>	<u>Amount</u>
1. Gross proceeds estimated	\$ 6,800,000 ¹
2. Underwriter's Commissions	None
3. Securities & Exchange Commission registration fee	750
4. State mortgage registration tax	None
5. New York Stock Exchange fee	1,000
6. State Commission fee	None
7. Fees for recording indenture	None
8. Printing and engraving expenses	900
9. Trustee's or Registrar's fees	None
10. Counsel's fees	3,000
11. Accountants' fees	1,500
12. Bond Rating Agency fee	None
13. Miscellaneous Expenses	<u>2,000</u>
14. Total estimated expenses	<u>9,150</u> ²
15. Net estimated amount to be realized	<u>\$ 6,790,850</u>

¹ Based on 85 percent of the market value of \$40.00 per share.

² Estimated expenses expected to be incurred over a five-year period.

(l) The purpose for which the proceeds from the sale of the Common Stock will be used is to finance, in part, the construction, completion, extension or improvement of the Company's facilities, pursuant to ORS 757.415(1)(a). The Company expects its utility construction and equipment expenditures in 2006 to aggregate \$104 million and expects such expenditures in the five-year period 2006-2010 to aggregate between \$500 and \$600 million.

(m) An application concurrently is being made to the Washington Utilities and Transportation Commission for an Order establishing compliance with the applicable statutory requirements in connection with the transaction proposed herein. A Registration Statement on Form S-8 pursuant to the Securities Act of 1933 has been

filed with the Securities and Exchange Commission and a copy thereof, together with any amendments thereto, is filed as Exhibit I to this Application.

(n) The Company believes that the facts set forth herein show that the sale of the additional 200,000 shares of the Common Stock pursuant to the terms of the Employee Stock Purchase Plan is for a lawful object within the corporate purposes of the Company; is compatible with the public interest; that said object is necessary or appropriate for or consistent with the proper performance by the Company of service as a public utility; will not impair its ability to perform such service; and is reasonably appropriate for such purposes in that it is essential that the Company obtain funds to finance its continuing construction program.

This Application is not filed under ORS 757.495.

(o) The requirements of OAR 860-027-0030(1)(o) are not applicable.

REQUIRED EXHIBITS

Filed with this Application, as part hereof, are the following Exhibits:

- Exhibit A Company's Restated Articles of Incorporation, as amended.
<http://phx.corporate-ir.net/phoenix.zhtml?c=90366&p=irol-SECText&TEXT=aHR0cDovL2NjYm4uMTBrd2l6YXJkLmNvbS94bWwvZmlsaW5nLnhtbD9yZXBvPXRlbmsmaXBhZ2U9NDlyMjk3NyZkb2M9MiZudW09MQ==>
- Exhibit B Company's Bylaws, with all amendments to date.
<http://phx.corporate-ir.net/phoenix.zhtml?c=90366&p=irol-SECText&TEXT=aHR0cDovL2NjYm4uMTBrd2l6YXJkLmNvbS94bWwvZmlsaW5nLnhtbD9yZXBvPXRlbmsmaXBhZ2U9MjkyNjk1OSZkb2M9MiZudW09Mw==>
- Exhibit C(1) Certified excerpt of minutes of the Board of Directors meeting held February 23, 2006 relating to the amendment of the Employee Stock Purchase Plan, the reservation of additional shares for sale under the Plan, and the filing of this Application.
- Exhibit C(2) Certified excerpt of minutes of the Annual Meeting of Shareholders held May 25, 2006 pertaining to the approval of the amendments to the Employee Stock Purchase Plan. The Employee Stock Purchase

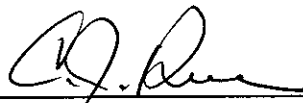
Plan, as amended May 25, 2006, is provided as an attachment to this excerpt.

- Exhibit D Not Applicable.
- Exhibit E(1) Balance Sheets of the Company at June 30, 2006, including a copy of Note 4 to the financial statements as filed with the Securities and Exchange commission on the Company's Form 10-Q for the period ended June 30, 2006, as Exhibit E(1). Pro Forma Balance Sheets showing the effect of the proposed sale of Common Stock are not submitted herewith since the effect of the proposed sale will be de minimus.
- Exhibit F Excerpt from the Company's 2005 Annual Report, pp. 99-103 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, pp. 13-17, describing all known contingencies.
- Exhibits G&H(1) Comparative Income Statement for the twelve months ended June 30, 2006 with analysis of surplus for the period covered by the income statement. A Pro Forma Income Statement with analysis of surplus showing the effect of the sale of the Common Stock is not submitted since the effect of the proposed sale on income will be de minimus.
- Exhibit I Registration Statement on Form S-8 pursuant to the Securities Act of 1933.
- Exhibit J Not applicable.
- Exhibit K Form of Common Stock certificate.
- Exhibit L Not applicable.
- Exhibit M Not Applicable.

WHEREFORE, the Applicant respectfully requests that the Public Utility Commission of Oregon enter an appropriate Order granting the within Application.

Dated at Portland, Oregon this 6th day of November 2006.

NORTHWEST NATURAL GAS COMPANY

By 
C. J. Rue
Secretary and Assistant Treasurer


Attorney for Northwest Natural Gas Company

STATE OF OREGON)
) ss
County of Multnomah)

C. J. Rue, being first duly sworn, deposes and says that he is Secretary and Assistant Treasurer of Northwest Natural Gas Company, the Applicant in the foregoing Application, that he has read said Application, including all exhibits thereto, knows the content thereof, and that the same are true to the best of his knowledge and belief.



C. J. Rue

Subscribed and sworn to before me this 6th day of November 2006.



Notary Public for Oregon

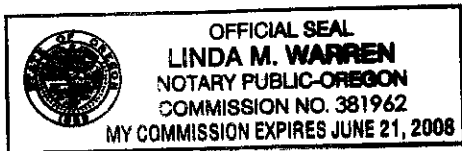


Exhibit A

RESTATED ARTICLES OF INCORPORATION
of
NORTHWEST NATURAL GAS COMPANY

as Filed and Amended May 31, 2006

**RESTATED ARTICLES OF INCORPORATION
OF
NORTHWEST NATURAL GAS COMPANY**

(These Restated Articles of Incorporation of Northwest Natural Gas Company supersede its theretofore existing Restated Articles of Incorporation and all amendments thereto.)

ARTICLE I

The name of this corporation is NORTHWEST NATURAL GAS COMPANY, and its duration shall be perpetual.

ARTICLE II

The purposes of the corporation are to engage in any lawful activity for which corporations may be organized under the Oregon Business Corporation Act.

ARTICLE III

- A. The aggregate number of shares of capital stock which the corporation shall have authority to issue is 63,500,000 shares, divided into 3,500,000 shares of Preferred Stock, issuable in series as hereinafter provided, and 60,000,000 shares of Common Stock.
- B. A statement of the preferences, limitations and relative rights of each class of capital stock of the corporation, namely, the Preferred Stock and the Common Stock, of the variations in the relative rights and preferences as between series of the Preferred Stock, insofar as the same are fixed by these Restated Articles of Incorporation, and of the authority vested in the board of directors of the corporation to establish series of Preferred Stock and to fix and determine the variations in the relative rights and preferences as between series insofar as the same are not fixed by these Restated Articles of Incorporation, is as follows:

Preferred Stock

1. The shares of the Preferred Stock may be divided into and issued in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series of the Preferred Stock and all other classes of capital stock of the corporation. To the extent that these Restated Articles of Incorporation shall not have established series of the Preferred Stock and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority, and is hereby expressly vested with authority, to divide the Preferred Stock into series and, within the limitations set forth in these Restated Articles of Incorporation and such limitations as may be provided by law, to fix and determine the relative rights and preferences of any series of the Preferred Stock so established. Such action by the board of directors shall be expressed in a resolution or resolutions adopted by it prior to the issuance of shares of each series, which resolution or resolutions shall also set forth the distinguishing designation of the particular series of the Preferred Stock established thereby. Without limiting the generality of the foregoing, authority is hereby expressly vested in the board of directors so to fix and determine with respect to any series of the Preferred Stock:
 - (a) The rate of dividend and the relative preference of each series in the payment of dividends;
 - (b) The price at which and the terms and conditions on which shares may be redeemed;
 - (c) The amount payable upon shares in the event of voluntary and involuntary liquidation and the relative preference of each series on liquidation;
 - (d) Sinking fund provisions, if any, for the redemption or purchase of shares;
 - (e) The terms and conditions, if any, on which shares may be converted if the shares of any series are issued with the privilege of conversion; and

(f) Any other relative right or preference as permitted by law.

All shares of the Preferred Stock of the same series shall be identical except that shares of the same series issued at different times may vary as to the dates from which dividends thereon shall be cumulative; and all shares of the Preferred Stock, irrespective of series, shall constitute one and the same class of stock and shall be identical except as to the designation thereof, the date or dates from which dividends on shares thereof shall be cumulative, and the relative rights and preferences set forth above in clauses (a) through (f) of this subdivision, as to which there may be variations between different series. Except as otherwise may be provided by law or by the resolutions establishing any series of Preferred Stock in accordance with the foregoing provisions of this subdivision, whenever the written consent, affirmative vote, or other action on the part of the holders of the Preferred Stock may be required for any purpose, such consent, vote or other action shall be taken by the holders of the Preferred Stock as a single class irrespective of series and not by different series.

2. The holders of shares of the Preferred Stock of each series shall be entitled to receive dividends, when and as declared by the board of directors, out of any funds legally available for the payment of dividends, at the annual rate fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more, payable quarterly on the 15th day of February, May, August and November in each year or on such other date or dates as the board of directors shall determine in the resolutions establishing such series. Such dividends shall be cumulative in the case of shares of each series either from the date of issuance of shares of such series or from the first day of the current dividend period within which shares of such series shall be issued, as the board of directors shall determine, so that if dividends on all outstanding shares of each particular series of the Preferred Stock, at the annual dividend rates fixed and determined either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., shall not have been paid or declared and set apart for payment for all past dividend periods and for the then current dividend periods, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment at said rates before any dividends on the Common Stock shall be paid or declared and set apart for payment. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears.
3. In the event of any dissolution, liquidation or winding up of the corporation, before any distribution or payment shall be made to the holders of the Common Stock, the holders of the Preferred Stock of each series then outstanding shall be entitled to be paid out of the net assets of the corporation available for distribution to its shareholders the respective amounts per share fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more. If upon dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation available for distribution to its shareholders shall be insufficient to pay the holders of all outstanding shares of Preferred Stock of all series the full amounts to which they shall be respectively entitled as aforesaid, the net assets of the corporation so available for distribution shall be distributed to the holders of Preferred Stock in accordance with the relative preferences of each series of Preferred Stock established either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1. For the purposes of this subdivision, any dissolution, liquidation or winding up which may arise out of or result from the condemnation or purchase of all or a major portion of the properties of the corporation by (i) the United States Government or any authority, agency or instrumentality thereof (ii) a State of the United States or any political subdivision, authority, agency or instrumentality thereof, or (iii) a district, cooperative or other association or entity not organized for profit, shall be deemed to be an involuntary dissolution, liquidation or winding up; and a consolidation, merger or amalgamation of the corporation with or into any other corporation or corporations shall not be deemed to be a dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary.
4. The holders of shares of the Preferred Stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1. Holders of Preferred Stock shall be entitled to notice of each meeting of shareholders at which they shall have any right to vote, but shall not be entitled to notice of any other meeting of shareholders.

Common Stock

5. Subject to the limitations set forth in subdivisions III. B. 2. (and subject to the rights of any class of stock hereafter authorized), dividends may be paid upon the Common Stock when and as declared by the board of directors of the corporation out of any funds legally available for the payment of dividends.
6. Subject to the limitations set forth in subdivisions III. B. 3. (and subject to the rights of any other class of stock hereafter authorized), upon any dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation shall be distributed ratably to the holders of the Common Stock.
7. Except as may be otherwise provided by law or by the resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1., the holders of the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. In the election of directors of the corporation, every holder of record of any share or shares of the Common Stock of the corporation shall have the right to cast as many votes for one candidate as shall equal the number of such shares multiplied by the number of directors to be elected, or to distribute such number of votes among any two or more candidates for such election.
8. Upon the issuance for money or other consideration of any shares of capital stock of the corporation, or of any security convertible into capital stock of the corporation, no holder of shares of the capital stock, irrespective of the class or kind thereof, shall have any preemptive or other right to subscribe for, purchase or receive any proportionate or other amount of such shares of capital stock, or such security convertible into capital stock, proposed to be issued; and the board of directors may cause the corporation to dispose of all or any of such shares of capital stock, or of any such security convertible into capital stock, as and when said board may determine, free of any such right, either by offering the same to the corporation's then shareholders or by otherwise selling or disposing of such shares of other securities, as the board of directors may deem advisable.

ARTICLE IV

- A. The business and affairs of the corporation shall be managed by a board of directors. Except as provided in subdivision B. below, the number of members of the board, their classifications and terms of office, and the manner of their election and removal shall be as follows:
 1. The number of directors shall be that number, not less than nine or more than thirteen, determined from time to time by resolution adopted by affirmative vote of a majority of the entire board of directors. The directors shall be divided into three classes, designated Class I, Class II, and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of directors. At the 1984 annual meeting of shareholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term, and Class III directors for a three-year term. At each succeeding annual meeting of shareholders, successors to directors whose terms expire at that annual meeting shall be of the same class as the directors they succeed, and shall be elected for three-year terms. If the number of directors should be changed by resolution of the board of directors, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.
 2. A director shall hold office until the annual meeting for the year in which his or her term shall expire and until his or her successor shall have been elected and qualified, subject, however, to prior death, resignation, retirement or removal from office. Any newly created directorship resulting from an increase in the number of directors and any other vacancy on the board of directors, however caused, may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director.
 3. One or more of the directors may be removed with or without cause by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon at a meeting of the shareholders called

expressly for that purpose; provided, however, that for as long as the corporation shall have cumulative voting, if fewer than all the directors should be candidates for removal, no one of them shall be removed if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the class of directors of which he or she shall be a part.

4. No person, except those persons nominated by the board, shall be eligible for election as a director at any annual or special meeting of shareholders unless a written request that his or her name be placed in nomination shall be received from a shareholder of record entitled to vote at such election by the secretary of the corporation not later than the latter of (a) the thirtieth day prior to the date fixed for the meeting, or (b) the tenth day after the mailing of notice of that meeting, together with the written consent of the nominee to serve as a director.
- B. Notwithstanding the provisions of subdivision A. above, whenever the holders of any one or more classes of the capital stock of the corporation shall have the right, voting separately as a class or classes, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the provisions of these Restated Articles of Incorporation applicable thereto. Directors so elected shall not be divided into classes unless expressly provided by such provisions, and during their prescribed terms of office, the board of directors shall consist of such directors in addition to the directors determined as provided in subdivision A. above.
- C. This Article IV may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors determined as provided in subdivision A. above, at a meeting of the shareholders called expressly for that purpose.

ARTICLE V

A. For purposes of this Article V:

1. The term "Affiliate", as used to indicate a relationship with a specified "Persons" (as hereinafter defined), shall mean a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.
2. The term "Associate", as used to indicate a relationship with a specified Person, shall mean (a) any Person (other than the corporation) of which such specified Person is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest, (b) any Person who is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest of or in such specified Person (other than the corporation), and (c) any relative or spouse of such specified Person, or any relative of such spouse who has the same home as such specified Person.
3. The term "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on April 9, 1984; provided, however, that, notwithstanding the provisions of such Rule, a Person shall be deemed to be the Beneficial Owner of any share of the capital stock of the corporation that such Person shall have the right to acquire at any time pursuant to any agreement, contract, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, and any such share of capital stock shall be deemed to be outstanding for purposes of subdivision V.A.9.
4. The term "Business Transaction" shall include, without limitation, (a) any merger, consolidation or plan of exchange of the corporation, or any Person controlled by or under common control with the corporation, with or into any "Related Person" (as hereinafter defined), (b) any merger, consolidation or plan of exchange of a Related Person with or into the corporation or any Person controlled by or under common control with the corporation, (c) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions) including without limitation a mortgage or any other security device, of all or

any "Substantial Part" (as hereinafter defined) of the property and assets of the corporation, or any Person controlled by or under common control with the corporation, to or with a Related Person, (d) any purchase, lease, exchange, transfer or other acquisition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any Substantial Part of the property and assets of a Related Person, by or with the corporation or any Person controlled by or under common control with the corporation, (e) any recapitalization of the corporation that would have the effect of increasing the voting power of a Related Person, (f) the issuance, sale, exchange or other disposition of any securities of the corporation, or of any Person controlled by or under common control with the corporation, by the corporation or by any Person controlled by or under common control with the corporation, (g) any liquidation, spinoff, splitoff, splitup or dissolution of the corporation, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this subdivision.

5. The term "Continuing Director" shall mean a director who was a director of the corporation on April 9, 1984 and a director who shall become a director subsequent thereto whose election, or whose nomination for election by the shareholders, shall have been approved by a vote of a majority of the then Continuing Directors.
 6. The term "Highest Purchase Price" shall mean, with respect to the shares of any class or series of the capital stock of the corporation, the highest amount of consideration paid by a Related Person for a share of the same class and series at any time regardless of whether the share was acquired before or after such Related Person became a Related Person; provided, however, that the Highest Purchase Price shall be appropriately adjusted to reflect the occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding shares of that class or series, or the declaration of a stock dividend thereon. The Highest Purchase Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by such Related Person with respect to any shares of the capital stock acquired by such Related Person.
 7. The term "Other Consideration" shall include, without limitation, capital stock to be retained by the shareholders of the corporation in a Business Transaction in which the corporation shall be the survivor.
 8. The term "Person" shall mean any natural person, corporation, partnership, trust, firm, association, government, governmental agency or any other entity whether acting in an individual, fiduciary or other capacity.
 9. The term "Related Person" shall mean (a) any Person which, together with its Affiliates and Associates, shall be the Beneficial Owner in the aggregate of 10 percent or more of the capital stock of the corporation, and (b) any Affiliate or Associate (other than the corporation or a wholly owned subsidiary of the corporation) of any such Person. Two or more Persons acting in concert for the purpose of acquiring, holding or disposing of the capital stock of the corporation shall be deemed to be a "Related Person". A Related Person shall be deemed to have acquired a share of capital stock at the time when such Related Person became the Beneficial Owner thereof. With respect to the shares of the capital stock of the corporation owned by any Related Person, if the price paid for such shares cannot be determined by a majority of the Continuing Directors, the price so paid shall be deemed to be the market price of the shares in question at the time when such Related Person became the Beneficial Owner thereof.
 10. The term "Substantial Part" shall mean 10% or more of the fair market value of the total assets of a Person, as reflected on the most recent balance sheet of such Person available to the Continuing Directors on the date of mailing of the notice of the meeting of shareholders called for the purpose of voting with respect to a Business Transaction involving the assets constituting any such Substantial Part.
- B. The corporation shall not enter into any Business Transaction with a Related Person or in which a Related Person shall have an interest (except proportionately as a shareholder of the corporation) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of the corporation not held by such Related Person, and (2) the determination of a majority of the Continuing Directors that the cash or fair market value of the property, securities or Other Consideration to be received per share by the holders, other than such Related Person, of the shares of each class or series of the

capital stock of the corporation in such Business Transaction shall not be less than the Highest Purchase Price paid by such Related Person in acquiring any of its holdings of shares of the same class or series, unless the Continuing Directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of the corporation that caused such Related Person to become a Related Person, or (b) have expressly approved such Business Transaction.

- C. For the purposes of this Article V, a majority of the Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (1) the number of shares of capital stock of the corporation of which any Person shall be the Beneficial Owner, (2) whether a Person is an Affiliate or Associate of another Person, (3) whether a Person has an agreement, contract, arrangement or understanding with another Person as to the matters referred to in subdivision V.A.3. or clause (h) of subdivision V.A.4., (4) the Highest Purchase Price paid by a Related Person for shares of any class or series of the capital stock, (5) whether the assets subject to any Business Transaction constitute a Substantial Part, (6) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a shareholder of the corporation), and (7) such other matters with respect to which a determination may be required under this Article V.
- D. In determining whether to give their approval as provided in subdivision V.B., the Continuing Directors shall give due consideration to all relevant factors involved, including, without limitation, (1) the value of the corporation in a freely negotiated transaction and its future value as an independent entity, (2) the recognition of gain or loss to the corporation for tax purposes or the postponement of such recognition in a tax-free transaction, (3) the anticipated developments of the business of the corporation not yet reflected in the price of its shares, and (4) the impact on employees, customers, suppliers and the public generally within the geographical area it serves.
- E. This Article V may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the capital stock of the corporation not held by a Related Person at a meeting of the shareholders called expressly for that purpose.

ARTICLE VI

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for conduct as a director; provided that this Article VI shall not eliminate the liability of a director for any act or omission for which such elimination of liability is not permitted under the Oregon Business Corporation Act. No amendment to the Oregon Business Corporation Act that further limits the acts or omissions for which elimination of liability is permitted shall affect the liability of a director for any act or omission which occurs prior to the effective date of such amendment.

ARTICLE VII

The corporation shall indemnify to the fullest extent then permitted by law any person who is made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against all judgments, amounts paid in settlement, fines and such expenses (including attorneys' fees), actually and reasonably incurred in connection therewith. This Article shall not be deemed exclusive of any other provisions for indemnification of directors and officers that may be included in any statute, bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office.

As amended May 31, 2006.

BYLAWS
of
NORTHWEST
NATURAL
GAS
COMPANY

As Adopted by the Board of Directors

July 17, 1975

As Amended through July 22, 2004

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The following Bylaws were adopted by Northwest Natural Gas Company on July 17, 1975 superseding amended Bylaws originally adopted in conformity with an order of the District Court of the United States for the District of Oregon enforcing a plan for rearrangement of the Company's capital structure effective December 31, 1951, and subsequently amended by the stockholders on May 17, 1954, May 20, 1957, May 21, 1973, and May 20, 1974.

**BYLAWS
OF
NORTHWEST NATURAL GAS COMPANY**

ARTICLE I.

OFFICES

Section 1. Office. The principal office of the company shall be located in the City of Portland, Oregon. The company also may have offices at such other places both within and without the State of Oregon as the board of directors from time to time may determine.

Section 2. Registered Office. The registered office of the company required by law to be maintained in the state shall be at the same location as the principal office unless otherwise designated by resolution of the board of directors.

ARTICLE II.

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of shareholders of the company for the election of directors and for the transaction of other business shall be held at the company's office in the City of Portland, Oregon, or such other place in that City as shall be determined by the board of directors, on the fourth Thursday of May in each year, unless such day shall be a legal holiday, in which event such meeting shall be held on the next business day. If such meeting shall not be held on such day in any year, it shall be held within 60 days thereafter on such day as shall be fixed by the board of directors and be specified in the notice of the meeting. Every such meeting shall be held at the hour of two o'clock p.m., or at such other hour as shall be fixed by the board and specified in such notice.

Amended 1/1/85

Section 2. Special Meetings. Special meetings of the shareholders of the company may be called by the board of directors or the holders of not less than one-tenth of all shares entitled to vote at the meeting. Each special meeting shall be held for such purposes, at such place in the City of Portland, Oregon, and at such time as shall be specified in the notice thereof.

Section 3. Notice. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the board of directors or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 50 days and, in the case of a meeting of shareholders, not less than 10 days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 5. Record of Shareholders. The officer or agent having charge of the transfer books for shares of the company shall make, at least 10 days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each, which record, for a period of 10 days prior to such meeting, shall be kept on file at the registered office of the company and shall be subject to inspection by any shareholder at any time during usual business hours. Such record also shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original transfer books for shares shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of the shareholders.

Section 6. Quorum. A majority of the shares of the company entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of shareholders. If a quorum is present, in person or by proxy, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number, or voting by classes, is required by law or the Restated Articles of Incorporation.

If a quorum shall not be represented at any meeting of shareholders, the shareholders represented may adjourn the meeting from time to time without further notice. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders represented at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Amended 12/13/01

Section 7. Voting. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by law or the Restated Articles of Incorporation. At each election of directors holders of shares of common stock have the right to cumulative voting as provided for in the Restated Articles of Incorporation. A shareholder may vote either in person or by proxy. A shareholder may authorize a person or persons to act for the shareholder as proxy in any manner permitted by law. An authorization of a proxy is effective when received by the secretary of the company or other officer or agent authorized to tabulate votes.

Amended 5/23/02

Section 8. Conduct of Meetings. Every meeting of shareholders shall be presided over by the chairman of the board, in his or her absence by the president, in their absence by a vice president or, if none be present, by a chairman appointed by the shareholders present at the meeting. The minutes of such meeting shall be recorded by the secretary or an assistant secretary but, if neither be present, by a secretary appointed for that purpose by the chairman of the meeting. The board of directors may adopt by resolution such rules and regulations for the conduct of meetings of shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the board of directors, the chairman of any meeting of shareholders shall have the exclusive right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the board of directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to shareholders of record of the company, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the board of directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Amended 5/23/02

Section 9. Proper Business for Meetings. (a) No business shall be conducted at any meeting of shareholders that has not been properly brought before the meeting. To be properly brought before a special meeting of shareholders, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors or the persons calling the meeting. To be properly brought before an annual meeting of shareholders, business must be either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (ii) otherwise brought before the meeting by or at the direction of the board of directors or

the chairman of the board, or (iii) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the company. To be timely, a shareholder's notice must be delivered to the secretary at the principal executive office of the company not less than 90 days prior to the first anniversary of the previous year's annual meeting of shareholders; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed (other than as a result of adjournment) by more than 30 days from the anniversary of the previous year's annual meeting, notice by a shareholder to be timely must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. For purposes of this section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the company with the Securities and Exchange Commission; (b) A shareholder's notice to the secretary shall set forth (i) one or more matters appropriate for shareholder action that the shareholder proposes to bring before the meeting, (ii) a brief description of the matters desired to be brought before the meeting and the reasons for conducting such business at the meeting, (iii) the name and record address of the shareholder, (iv) the class and number of shares of the company that the shareholder owns or is entitled to vote and (v) any material interest of the shareholder in such matters; and (c) The chairman of the meeting shall have the power and duty (i) to determine whether any proposed business was properly brought before the meeting in accordance with the procedures set forth in this Section 9, and (ii) if the chairman determines that any proposed business was not brought before the meeting in compliance with this Section 9, to declare that such proposed business shall not be transacted.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. Directors. The business and affairs of the company shall be managed by its board of directors. The number of members of the board, their classification and terms of office, and the manner of their election and removal shall be determined as provided by the Restated Articles of Incorporation. Directors need not be residents of the State of Oregon or shareholders of the company. Effective July 1, 2002, no person who has reached the age of 70 years shall be eligible to be elected a director.

Amended 5/17/84
Amended 5/23/02
Amended 12/18/03

Section 2. Chairman of the Board. The board of directors may elect one of its members as chairman of the board. The chairman of the board, if that position be filled, shall preside at all meetings of the shareholders and the board of directors and shall have such other duties and responsibilities as may be prescribed by the board of directors. If there shall be no chairman of the board, or in his or her absence or disability, the president also shall exercise the duties and responsibilities of that position.

Amended 1/1/85

Section 3. Compensation. Directors shall receive such reasonable compensation for their services as may be fixed from time to time by resolution of the board of directors, and shall be reimbursed for their expenses properly incurred in the performance of their duties as directors. No such payment shall preclude any director from serving the company in any other capacity and receiving such reasonable compensation for such services as may be fixed by resolution of the board.

Amended 5/17/84

ARTICLE IV.

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held in the company's offices at two o'clock p.m., Pacific Time, on the fourth Thursday of February, April, May, July and September, and on the third Thursday of December, or on such other date or at such other hour and place as shall be specified in the notice of meeting. The date, time and place for holding regular meetings of the board of directors may be changed upon the giving of notice to all directors by or at the request of the chairman of the board or the president. The board may provide by resolution the time and place either within or without the State of Oregon for holding of meetings or may omit the holding of any meeting without other notice than such resolution.

Amended 5/26/88
Amended 5/23/91
Amended 12/16/93
Amended 7/25/96
Amended 5/28/98

Amended 1/1/85
Amended 2/24/95
Amended 5/23/02

Section 2. Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the chairman of the governance committee, the president or any two directors. The person or persons authorized to call special meetings of the board may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the board called by them. Notice of the time and place of special meetings shall be given to each director at least one day in advance by the secretary or other officer performing his or her duties.

Section 3. Waiver of Notice. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise provided by law or the Restated Articles of Incorporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Amended 5/17/84

Section 4. Quorum. A majority of the number of directors at any time fixed by resolution adopted by the affirmative vote of a majority of the entire board of directors shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time without further notice until a quorum shall be present.

Section 5. Manner of Acting. Except as otherwise provided by law or the Restated Articles of Incorporation, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 6. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

ARTICLE V.

COMMITTEES OF THE BOARD

Amended 5/17/84
Amended 1/1/85
Amended 11/21/91
Amended 2/24/95
Amended 5/23/96
Amended 5/23/02

Section 1. Governance Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint a governance committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The committee shall have and may exercise all of the authority of the board of directors in the management of the company, except with respect to matters upon which by law only the board of directors may act. The committee's responsibilities shall include serving as the nominating committee of the board; making recommendations to the board on board and board committee composition and structure, including recommendations with respect to committee and committee chairmanship assignments; and conducting periodic board self-assessments, peer reviews of individual directors and evaluations of committee effectiveness. The committee shall also perform such other functions as the board by resolution from time to time may direct.

Amended 2/24/95
Amended 5/23/02

Section 2. Audit Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint an audit committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The duties of the committee shall be to discuss and review with the company's independent auditors the annual audit of the company, including the scope of the audit, and report the results of this review to the board; to meet with the independent auditors at such other times as the committee shall deem to be advisable; and to perform such other functions as the board by resolution from time to time may direct.

Amended 2/22/90
Amended 2/24/95
Amended 5/23/02

Section 3. Organization and Executive Compensation Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint an organization and executive compensation committee composed of three or more independent directors. The board shall designate one member of the committee as chairman. The duties of the committee shall be to discuss and review the management of the affairs of the company relating to its organization and to executive personnel and their compensation, and to perform such other functions as the board by resolution from time to time may direct.

Section 4. Strategic Planning Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint from among its members a strategic planning committee composed of three or more directors, a majority of whom shall not be officers or retired officers of the company. The board shall designate one member of the committee who is not an officer or retired officer of the company as chairman. The duties of the committee shall be to review and make recommendations to the board with respect to the company's long-term strategic goals, objectives and plans. The committee shall also perform such other functions as the board by resolution from time to time may direct.

Amended 7/24/03
Amended 9/25/03

Section 5. Finance Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint a finance committee composed of three or more directors, a majority of whom shall not be officers or retired officers of the company. The board shall designate one member of the committee who is not an officer or retired officer of the company as chairman. The duties of the committee shall be to discuss and review the management of the affairs of the company relating to financing, including the development of financial planning goals and financial policy, and to perform such other functions as the board by resolution from time to time may direct.

Amended 2/24/95
Amended 2/25/99
Amended 9/25/03

Section 6. Public Affairs and Environmental Policy Committee. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint from among its members a public affairs and environmental policy committee composed of three or more directors, a majority of whom shall not be officers or retired officers of the company. The board shall designate one member of the committee who is not an officer or retired officer of the company as chairman. The duties of the committee shall be (i) to consider, review and monitor significant matters of public interest and societal trends, and the company's community affairs, charitable contributions, diversity and equal employment opportunity compliance programs, and (ii) to monitor significant environmental issues affecting the company and to recommend to the board appropriate environmental policies. The committee shall also perform such other functions as the board by resolution from time to time may direct.

Amended 5/22/03
Amended 9/25/03

Section 7. Other Committees. The board of directors at any time, by resolution adopted by a majority of the board of directors, may appoint from among its members such other committees and the chairmen thereof as it may deem to be advisable. Each such committee shall have such powers and authority as are set forth in the resolutions pertaining thereto from time to time adopted by the board.

Amended 2/24/95

Section 8. Changes of Size and Function. Subject to the provisions of law, the board of directors shall have the power at any time to increase or decrease the number of members of any committee, to fill vacancies thereon, to change any members thereof and to change the functions and terminate the existence thereof.

Section 9. Conduct of Meetings. Each committee shall conduct its meetings in accordance with the applicable provisions of these bylaws relating to the conduct of meetings of the board of directors. Each committee shall adopt such further rules and regulations regarding its conduct, keep such minutes and other records and appoint such subcommittees and assistants as it shall deem to be appropriate.

Section 10. Compensation. Persons serving on any committee shall receive such reasonable compensation for their services on such committee as may be fixed by resolution of the board of directors, provided that no person shall receive compensation for his or her services on any committee while serving as an officer of the company.

ARTICLE VI.

NOTICES

Section 1. Form and Manner. Whenever, under the provisions of law or the Restated Articles of Incorporation, notice is required to be given to any director or shareholder, unless otherwise specified, it shall be given in writing by mail addressed to such director or shareholder at his or her address as it appears on the stock transfer books or other records of the company, with postage thereon prepaid, and such notice shall be deemed to be delivered when deposited in the United States Mail. Notice to directors also may be given by telephone or in any other manner which is reasonably

calculated to give adequate notice.

Section 2. Waiver. Whenever any notice whatever is required to be given under the provisions of law, the Restated Articles of Incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE VII.

OFFICERS

Amended 1/1/85

Section 1. Election. The board of directors, at its first meeting following the annual meeting of shareholders each year, shall elect one of its members as president and shall elect a secretary. At such meeting, or at any other time it shall deem appropriate, the board may elect one or more vice presidents and a treasurer. The board also may elect or appoint such other officers and agents as it may deem necessary. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Compensation. The officers of the company shall receive such reasonable compensation for their services as from time to time may be fixed by resolution of the board of directors.

Amended 5/17/84

Section 3. Term. The term of office of all officers shall commence upon their election or appointment and shall continue until the first meeting of the board of directors following the annual meeting of shareholders and thereafter until their successors shall be elected or until their resignation or removal. A vacancy occurring in any office of the company for whatever reason may be filled by the board.

Section 4. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the company will be served thereby but such removal shall be without prejudice to the contract rights, if any, of the officer or agent so removed.

Amended 10/18/84
Amended 3/1/96

Section 5. President. Unless otherwise determined by the board of directors, the president shall be the chief executive officer of the company and, subject to the control of the board of directors, shall be responsible for the general administration and operation of the company. He shall have such other duties and responsibilities as may pertain to such office or be prescribed by the board of directors. In the absence or disability of the president, an officer designated by the board shall exercise the duties and responsibilities of the president.

Section 6. Vice Presidents. Each vice president shall have such duties and responsibilities as may be prescribed by the board of directors and the president. The board or the president may confer a special title upon a vice president.

Section 7. Secretary. The secretary shall record and keep the minutes of the shareholders in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; and perform such other duties as may be prescribed by the board or the president. The secretary shall have custody of the corporate seal of the company and shall affix the seal to any instrument requiring it and attest the same by his or her signature.

The assistant secretaries shall have such duties as may be prescribed from time to time by the board, the president or the secretary. In the absence or disability of the secretary, his or her duties shall be performed by an assistant secretary.

Amended 1/1/85

Section 8. Treasurer. The treasurer shall have charge and custody and be responsible for all funds and securities of the company; deposit all moneys and other valuable effects in the name and to the credit of the company in such depositories as may be designated by the board of directors; and disburse the funds of the company as may be authorized by the board and take proper vouchers for such disbursements. The treasurer shall have such other duties as may be prescribed from time to time by the board or the president. In the absence or disability of the treasurer, his or her duties shall be performed by an assistant treasurer.

ARTICLE VIII.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board of directors by resolution may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the company shall be signed by such officer or officers, agent or agents of the company and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 4. Deposits. All funds of the company not otherwise employed shall be deposited from time to time to the credit of the company in such banks, trust companies or other depositories as the board of directors or officers of the company designated by the board may select, or be invested as authorized by the board.

ARTICLE IX.

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The shares of the company shall be represented by certificates; provided, however, the board of directors may provide by resolution or resolutions that some or all of any or all classes or series of the company's shares shall be uncertificated shares. When shares are not represented by certificates then within a reasonable time after the issuance or transfer of such shares, the company shall send or cause to be sent to the shareholder to whom such shares have been issued or transferred a written statement of the information required by the laws of the State of Oregon to be on certificates.

Amended 1/1/93
Amended 7/22/04

Certificates representing shares of the company shall be issued only for whole numbers of shares and shall be in such form as the board of directors may, from time to time, prescribe in accordance with the laws of the State of Oregon. Such certificates shall be signed by the president or a vice president and by the secretary or an assistant secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles thereof. In case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the company as the board may authorize.

Section 2. Transfer. Shares of stock of the company shall be transferable on the books of the company by the holder of record thereof, or by his or her legal representative who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by duly executed power of attorney, and on surrender for cancellation of the certificates, if any, for such shares. The board of directors may appoint one or more transfer agents and registrars of stock of the company.

Amended 7/22/04

Section 3. Owner of Record. The company shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE X.

INDEMNIFICATION AND INSURANCE

Section 1. Indemnification. The company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the company, or is or was serving at the request of the

company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise or any employee benefit plan, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding to the fullest extent permissible under the Oregon Business Corporation Act or the indemnification provisions of any successor Act. The foregoing rights of indemnification shall not be exclusive of any other rights to which any such person so indemnified may be entitled, under any agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office; shall continue as to a person who has ceased to be a director, officer, employee or agent; and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 2. Insurance. The company may purchase and maintain insurance (and pay the entire premium therefor) on behalf of any person who is or was a director, officer, employee or agent of the company, or is or was serving at the request of the company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the company would have the power to indemnify him or her against such liability under the provisions of the Oregon Business Corporation Act or any successor Act; and on behalf of any person who is or was a fiduciary under the Employee Retirement Income Security Act of 1974 with regard to an employee benefit plan of the company against any liability asserted against him or her and incurred by him or her in his or her fiduciary capacity.

ARTICLE XI.

SEAL

The corporate seal of the company shall be circular in form and shall bear an inscription containing the name of the company, the year of its organization, the state of its incorporation and the words "Corporate Seal."

ARTICLE XII.

AMENDMENTS

These bylaws, or any of them, may be altered, amended or repealed, or new bylaws adopted, by resolution of a majority of the board of directors, subject to repeal or change by action of the shareholders.

CERTIFICATE

I, C. J. Rue, Secretary of Northwest Natural Gas Company, a corporation organized and existing under the laws of the State of Oregon, HEREBY CERTIFY that the foregoing eight printed pages entitled "Bylaws of Northwest Natural Gas Company" constitute a full and true copy of the Bylaws of said corporation as of the date hereof.

WITNESS my hand and seal of said corporation this 6th day of November 2006.



C. J. Rue
Secretary



CERTIFIED COPY OF EXCERPT

I, C. J. Rue, the duly elected and acting secretary of Northwest Natural Gas Company, a corporation organized and existing under the laws of the State of Oregon, HEREBY CERTIFY that the following is a true and complete copy of all that part of the minutes of the meeting of the Board of Directors of said Corporation duly convened and held on the 23rd day of February 2006, relating to the amendment of the Company's Employee Stock Purchase Plan, including the reservation of an additional 200,000 shares of the Company's Common Stock for sale under the Plan; and that the resolutions contained in said excerpt are in full force and effect as of the date of this certificate, namely:

Mr. Tromley reported that the Compensation Committee is recommending that the Employee Stock Purchase Plan (the "Plan") be submitted to the shareholders at the 2006 Annual Meeting for the purpose of obtaining authorization to issue and sell an additional 200,000 shares of the Company's Common Stock under the Plan and to make certain other amendments. He recalled that the Plan is designed to encourage employees to become stockholders in the Company, to afford them an opportunity to share in the profits and growth of the Company and to promote systematic savings by them. The Plan is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986. He pointed out that, since the Plan's inception, the Company has reserved a total of 800,000 shares of Common Stock for issuance under the Plan of which about 75,800 shares remain available. Typically, about 30,000 shares are issued to employees annually, with the most recent issuance in November 2005 totaling about 30,900 shares. He said that management had recommended and the Compensation Committee had endorsed the proposal to reserve an additional 200,000 shares for the Plan and to submit the proposal to the shareholders for approval at the 2006 Annual Meeting of Shareholders. He said that the proposed amendments to the Plan are intended to simplify its administration and to change the payroll deduction period from December 1 to November 30 to January 1 to December 31, to add the ability to use payroll deductions from bonus checks and to align the Plan's eligibility requirements with other benefits to include part-time employees working 20 hours or more. A marked copy of the Plan was presented to the meeting, showing the proposed amendments to the Plan.

After discussion, and upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

WHEREAS, the Organization and Executive Compensation Committee has recommended that the Board approve certain amendments to the Company's Employee Stock Purchase Plan (the "Plan"); now be it

RESOLVED, that the amendments to the Plan reflected on the copy of the Plan submitted to this meeting and attached to the minutes as **Attachment A** are hereby adopted; and further

RESOLVED, that the amendment to the Plan increasing the number of shares available for issuance under the Plan be submitted to the holders of Common Stock for their approval at the 2006 Annual Meeting of Shareholders and shall not be effective unless such approval is obtained; and further

RESOLVED, that the amendment to the Plan excluding from participation in the Plan all employees who work fewer than 20 hours per week, as opposed to 20 hours or fewer per week, be submitted to the holders of Common Stock for their approval at the 2006 Annual Meeting of Shareholders and shall not be effective unless such approval is obtained; and further

RESOLVED, that the amendment to the Plan providing that the purchase price of shares under the Plan be rounded up to a full penny be submitted to the holders of Common Stock for their approval at the 2006 Annual Meeting of Shareholders and shall not be effective unless such approval is obtained; and further

RESOLVED, that all other amendments to the Plan be effective immediately; and further

RESOLVED, that the Company reserve an additional 200,000 shares of Common Stock for issuance pursuant to the Plan.


Form S-8 Registration Statement

RESOLVED, that, subject to shareholder approval of the amendment to the Plan, the Company register with the Securities and Exchange Commission of the United States pursuant to the Securities Act of 1933, the 200,000 additional shares of Common Stock to be authorized for issuance under the Plan; and further

RESOLVED, that the officers of the Company are authorized to execute and file with the Securities and Exchange Commission on behalf of the Company a Registration Statement on Form S-8 relating to such shares in such form as they or any of them shall approve, to file one or more amendments to such Registration Statement and to do any and all such further acts and things which may be necessary or desirable in connection with the registration of such shares pursuant to the Securities Act of 1933; and further

RESOLVED, that C.J. Rue is appointed as the agent for service named in the Registration Statement with all powers incident to such appointment.

WITNESS my hand and the seal of Northwest Natural Gas Company this 6th day of November 2006.



Secretary

(S E A L)



CERTIFIED COPY OF EXCERPT

I, C. J. Rue, the duly elected and acting secretary of Northwest Natural Gas Company, a corporation organized and existing under the laws of the State of Oregon, HEREBY CERTIFY that the following is a true and complete copy of all that part of the minutes of the annual meeting of the shareholders of said Corporation duly convened and held on the 25th day of May 2006, relating to the amendment of the Company’s Employee Stock Purchase Plan, including the reservation of an additional 200,000 shares of the Company’s Common Stock for sale under the Plan, namely:

Mr. Woolworth next reported that the amendments to the Employee Stock Purchase Plan, including the reservation of an additional 200,000 shares of the Company’s Common Stock for sale under the Plan, which required that the shares voted in favor of the amendments exceed those voted against them, have been approved by the following vote:

For	Against	Abstain	Broker Non-Votes
16,846,839	709,245	356,490	5,786,668

WITNESS my hand and the seal of Northwest Natural Gas Company this 6th day of November 2006.



 Secretary

(S E A L)

**NORTHWEST NATURAL GAS COMPANY
EMPLOYEE STOCK PURCHASE PLAN
As Amended as of May 25, 2006**

1. Purposes of the Plan

The purposes of this Employee Stock Purchase Plan are to encourage employees to become stockholders in the Company, to stimulate increased interest on their part in the affairs of the Company, to afford them an opportunity to share in the profits and growth of the Company, and to promote systematic savings by them. These purposes are sought to be accomplished under the Plan by enabling employees to subscribe for and purchase directly from the Company a limited number of the authorized and unissued shares of its Common Stock at a discount from the market price at the time offerings are made, with an opportunity to pay the purchase price in installments, by payroll deductions (including bonus deductions) over a period of not more than 27 months from the offering date. The Plan has been found desirable by the Board of Directors and is believed by management to be advantageous to employees desiring to become holders of Common Stock and in the best interests of the Company. Participation in the Plan is entirely voluntary. Each employee must decide whether it is in his or her best interests to purchase shares of Common Stock under the Plan.

2. Administration

The Plan shall be administered for the Company by the Employee Stock Purchase Plan Committee (the Committee), the membership of which shall be designated from time to time by the President of the Company. The Secretary or an Assistant Secretary of the Company shall serve as a member of the Committee and shall be responsible for recording and maintaining the Committee's records. The Company will pay all expenses incident to operation of the Plan, including costs of recordkeeping, accounting fees and legal fees.

3. Employees Eligible to Participate

Regular full-time employees of the Company are eligible to participate in the Plan, including officers but excluding directors not otherwise employed by the Company, and also excluding any employee who, after an offering under the Plan, would own or be deemed (under Section 424(d) of the Internal Revenue Code) to own stock (including stock which may be purchased under outstanding options, if any, or offerings and subscriptions under the Plan) possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or its parent or subsidiaries.

A regular full-time employee is one who has been in the employ of the Company for at least six months and who is in the active service of the Company on the date an offering is made under the Plan, excluding, however, any employee whose customary employment is less than 20 hours per week or whose customary employment is for not more than five months per calendar year.

4. Method of Participation

Until the number of shares authorized under the Plan is exhausted, there may be an offering or offerings under the Plan each year on a date or dates to be determined beforehand by the Board of Directors. An eligible employee may participate in the Plan by completing a subscription and payroll deduction authorization pursuant to instructions provided by the Company within a number of days after the offering date, not to exceed 90, prescribed by the Board of Directors. The payroll deduction authorization will authorize the Company, or a parent or subsidiary of the Company, to deduct a specific amount from the participating employee's regular paychecks during the period specified by the Board of Directors and/or a specific amount from any bonus paid to the employee during such period. The participating employee may not specify a regular payroll deduction amount that is less than \$20 per month, and the aggregate of the regular deductions and the bonus deduction in any 12-month period must be no more than \$21,250. The amount specified by the participating employee will only be deducted from a particular pay or bonus check if the employee has sufficient earnings available. All deductions from regular pay or bonus pay for a participating employee will be credited to the employee's account under the Plan. An employee may terminate participation in an offering as provided in Section 8, but may not otherwise change or modify the payroll or bonus deduction amount previously specified except in circumstances specified by the Committee. No interest will be paid on the amounts accumulated by the Company or the amounts held in the employee's account under the Plan.

No employee may purchase more than 900 shares in any offering. No employee will be allowed to subscribe for any shares under the Plan that would permit the employee's rights to purchase shares under all stock purchase plans (described in Internal Revenue Code Section 423) of the Company and its parent or subsidiaries, to accrue at a rate that exceeds \$25,000 of fair market value of the shares (determined at the time such shares are offered) for each calendar year in which the right to subscribe or a subscription is outstanding.

Correspondence relating to the Plan should be forwarded by regular or Company mail to Employee Stock Purchase Plan Committee, Northwest Natural Gas Company, One Pacific Square, Portland, Oregon 97209.

5. Purchase Price

The purchase price of shares of Common Stock offered to employees under the Plan shall be 85% (rounded up to a full penny) of the fair market value of the Company's shares of such Common Stock on the date the offering is made. The fair market value of the shares will be the closing price quoted for the Common Stock on the exchange on the trading day immediately before the offering date.

6. Source of Stock and Allocation in Event of Oversubscription

All Common Stock issued under the Plan will come from authorized but unissued shares of Common Stock. A total of 1,000,000 shares of Common Stock has been reserved for this purpose (or such number of shares of the 1,000,000 shares or any unissued portion thereof into which such reserved shares may be changed as a result of split-ups or reclassifications of the

Common Stock). If any offering is oversubscribed, each employee will be allotted the lesser of (a) the number of shares purchasable by the employee or (b) the number of shares obtained by multiplying the total number of shares available under the Plan by a fraction, the numerator of which is the employee's account balance and the denominator of which is the sum of all participating employee's account balances.

7. Purchase of Stock and Delivery

Unless a participant withdraws from an offering under the Plan as provided in Section 8 or unless limited by the second paragraph of Section 4, shares of Common Stock will be purchased automatically with the employee's contributed payroll and bonus deductions on the last day of the offering period. A transaction statement confirming the issuance in uncertificated form of the shares purchased by the participant shall be delivered to the participant as promptly as practicable after the purchase date. No fractional shares will be issued. Any payroll and bonus deductions accumulated in a participant's account that are not applied toward the purchase of shares on the purchase date shall be returned to the employee without interest.

8. Termination of Participation

(a) **Voluntary Termination of Participation.** After an employee has begun participating in an offering under the Plan by initiating payroll deductions, the employee may terminate participation in the offering by delivering written notice to the Company in the form specified by the Company any time before the twentieth day before the end of the offering period. If the employee terminates participation in an offering, accumulated cash contributions in the employee's account will be returned to the employee without interest. An employee may not reinstate participation in the Plan with respect to a particular offering after terminating participation in the Plan with respect to that offering.

(b) **Termination of Employment.** If an employee's employment is terminated for any reason including death, retirement or disability, accumulated cash contributions in the employee's account will be returned to the employee without interest.

9. Excused Absence

If an employee is granted a leave of absence of 90 days or less, or if an absence of 90 days or less is excused on account of illness, disability, or entering the armed forces, the employee's participation in an on-going offering will continue for the offering period and deductions will continue to be made from the employee's pay in each payroll period to the extent there are sufficient funds available in that period. Any absence (including an approved leave of absence or an excused absence) of more than 90 days will be treated as a termination of employment under Section 8(b) unless otherwise determined by the Committee.

10. Rights Not Transferable

The right to purchase shares under the Plan is not assignable or transferable to any person.

11. No Company Repurchases

The Company will not buy back shares that have been purchased by a participating employee under the Plan.

12. Termination or Amendment of Plan

No subscription application will be accepted after all of the shares reserved for purposes of the Plan have been purchased. The Company reserves the right to reject any subscription application not meeting the requirements of this Plan, and the right to abandon, amend, modify, or suspend the Plan at any time without notice, and to revoke or terminate it at any time; provided, however, that no such amendment, revocation, or termination shall, without the employee's written consent, adversely affect any existing subscription or offering; and provided further that no such amendment of the Plan by the Board of Directors shall change the number of shares authorized to be offered under the Plan as stated in Section 6 hereof (other than a change merely reflecting a change in capitalization such as a stock dividend or stock split up), change the price at which the shares shall be offered under the Plan to a price below that specified in Section 5 hereof, or change or modify the eligibility requirements contained in Section 3 hereof.

No shares may be purchased hereunder if such purchase would constitute a violation of the Securities Act of 1933, as amended, or the regulations promulgated thereunder, or of any other applicable law or regulation. The Company reserves the right to amend any offer made hereunder in any manner which may be necessary to cause the offer to conform with any law applicable thereto or any valid regulation promulgated under any such law, and any such required amendments may be made effective either before or after subscriptions have been received by the Company hereunder. If the terms of the offer shall be amended, however, after a subscription has been received, any employee who does not agree to the amendment may, if so desired, cancel the subscription and the Company thereupon will refund any payment made by the employee thereunder.

Exhibit E(1)

**Northwest Natural Gas Company
FERC BALANCE SHEET
Sept. 30, 2006**

UTILITY PLANT

Utility Plant (101-106, 114)	\$ 1,902,860,140
Construction Work in Progress (107)	23,909,277
TOTAL Utility Plant (Total of lines 2 and 3)	<u>1,926,769,417</u>
(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	<u>(749,697,658)</u>
Net Utility Plant	<u>1,177,071,759</u>
Gas Stored-Base Gas (117.1)	12,903,743

OTHER PROPERTY AND INVESTMENTS

Nonutility Property (121)	41,661,637
(Less) Accum. Prov. for Depr. and Amort. (122)	(6,683,847)
Investment in Subsidiary Companies (123.1)	(6,193,410)
Other Investments (124)	<u>53,210,373</u>
TOTAL Other Property and Investments	<u>81,994,753</u>

CURRENT AND ACCRUED ASSETS

Cash (131)	1,324,373
Special Deposits (132-134)	4,068,614
Working Funds (135)	129,754
Temporary Cash Investments (136)	4,470,706
Customer Accounts Receivable (142)	28,649,849
Other Accounts Receivable (143)	4,189,933
(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	(2,060,243)
Accounts Receivable from Assoc. Companies (146)	8,482,685
Plant Material and Operating Supplies (154)	8,891,152
Stores Expenses Undistributed (163)	831,935
Gas Stored Underground - Current (164.1)	80,232,422
Liq. Natural Gas Stored and Held for Processing (164.2-164.3)	14,575,354
Prepayments (165)	36,272,318
Rents Receivable (172)	26,959
Accrued Utility Revenues (173)	19,315,745
Miscellaneous Current and Accrued Assets (174)	<u>3,362,179</u>
TOTAL Current and Accrued Assets	<u>212,763,736</u>

DEFERRED DEBITS

Unamortized Debt Expense (181)	3,162,133
Other Regulatory Assets (182.3)	66,757,000
Prelim. Survey and Invest. Charges (Gas) (183.1, 183.2)	285,276
Miscellaneous Deferred Debits (186)	21,902,165
Unamortized Loss on Reacquired Debt (189)	6,563,780
Unrecovered Purchased Gas Costs (191)	<u>6,195,234</u>
Total Deferred Debits	<u>104,865,588</u>
Total Assets and Other Debits	<u>\$ 1,589,599,579</u>

Northwest Natural Gas Company
FERC BALANCE SHEET
Sept. 30, 2006

PROPRIETARY CAPITAL	
Common Stock Issued (201)	\$ 381,406,939
Premium on Capital Stock (207)	293,620,970
Other Paid-In Capital (208-211)	(291,911,541)
Installments Received on Capital Stock (212)	781,172
Retained Earnings (215, 215.1, 216)	217,280,439
Unappropriated Undistributed Subsidiary Earnings (216.1)	(8,734,724)
TOTAL Proprietary Capital	<u>592,443,255</u>
Bonds (221)	<u>492,000,000</u>
TOTAL Long-Term Debt	<u>492,000,000</u>
OTHER NONCURRENT LIABILITIES	
Obligations Under Capital Leases - Noncurrent (227)	321,294
Accumulated Provision for Property Insurance (228.1)	49,366
Accumulated Provision for Injuries and Damages (228.2)	11,799,010
Accumulated Provision for Pensions and Benefits (228.3)	20,815,462
TOTAL Other Noncurrent Liabilities	<u>32,985,133</u>
CURRENT AND ACCRUED LIABILITIES	
Current Portion of Long-term Debt	29,500,000
Notes Payable (231)	103,300,000
Accounts Payable (232)	63,768,080
Customer Deposits (235)	3,994,698
Taxes Accrued (236)	18,764
Interest Accrued (237)	11,454,000
Tax Collections Payable (241)	3,320,903
Miscellaneous Current and Accrued Liabilities (242)	28,188,222
Obligations Under Capital Leases-Current (243)	272,219
TOTAL Current and Accrued Liabilities	<u>243,816,887</u>
DEFERRED CREDITS	
Customer Advances for Construction (252)	2,244,618
Accumulated Deferred Investment Tax Credits (255)	4,526,782
Deferred Gains from Disposition of Utility Plant (256)	495,818
Other Deferred Credits (253)	168,798
Accumulated Deferred Income Taxes (281-283)	220,918,288
TOTAL Deferred Credits	<u>228,354,304</u>
TOTAL Liabilities and Other Credits	<u>\$ 1,589,599,579</u>

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Exhibit F

FORM 10-K

(Check One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-15973



NW Natural

NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

Oregon

(State or other jurisdiction of
incorporation or organization)

93-0256722

(I.R.S. Employer
Identification No.)

220 N.W. Second Avenue, Portland, Oregon 97209

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(503) 226-4211**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, \$3 1/6 par value,
and Common Share Purchase Rights

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act). Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2005, the registrant had 27,553,685 shares of its Common Stock, \$3 1/6 par value, outstanding. The aggregate market value of these shares of Common Stock (based upon the closing price of these shares on the New York Stock Exchange on that date) held by non-affiliates was \$1,044,468,263.

Indicate number of shares outstanding of each of registrant's classes of common stock as of February 23, 2006:
Common Stock, \$3 1/6 par value, and Common Share Purchase Rights 27,582,296

DOCUMENTS INCORPORATED BY REFERENCE

List documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated. Portions of the Proxy Statement of Company, to be filed in connection with the 2006 Annual Meeting of Shareholders, are incorporated by reference in Part III.

12. COMMITMENTS AND CONTINGENCIES:

Lease Commitments

The Company leases land, buildings and equipment under agreements that expire in various years through 2045. Rental expense under operating leases was \$4.1 million, \$4.5 million and \$4.9 million for the years ended Dec. 31, 2005, 2004 and 2003, respectively. The table below reflects the future minimum lease payments due under non-cancelable leases at Dec. 31, 2005. Such payments total \$61.0 million for operating leases. The net present value of payments on capital leases less imputed interest was \$0.3 million. These commitments principally relate to the lease of our office headquarters, underground gas storage facilities, vehicles and computer equipment.

Millions	2006	2007	2008	2009	2010	Later years
Operating leases	\$4.4	\$4.2	\$4.1	\$4.1	\$4.1	\$40.1
Capital leases	0.2	0.1	-	-	-	-
Minimum lease payments	<u>\$4.6</u>	<u>\$4.3</u>	<u>\$4.1</u>	<u>\$4.1</u>	<u>\$4.1</u>	<u>\$40.1</u>

Pipeline Capacity Purchase and Release Commitments

NW Natural has signed agreements providing for the reservation of firm pipeline capacity under which it must make fixed monthly payments for contracted capacity. The pricing component of the monthly payment is established, subject to change, by U.S. or Canadian regulatory bodies. In addition, NW Natural has entered into long-term sale agreements to release firm pipeline capacity. The aggregate amounts of these agreements were as follows at Dec. 31, 2005:

Thousands	Pipeline Capacity Purchase Agreements	Pipeline Capacity Release Agreements
2006	\$ 69,482	\$ 3,725
2007	64,831	3,725
2008	63,147	3,725
2009	56,970	3,725
2010	57,167	3,104
2011 through 2025	233,549	-
Total	545,146	18,004
Less: Amount representing interest	101,720	1,762
Total at present value	<u>\$443,426</u>	<u>\$16,242</u>

NW Natural's total payments of fixed charges under capacity purchase agreements in 2005, 2004 and 2003 were \$83.1 million, \$89.3 million and \$86.7 million, respectively. Included in the amounts for 2005, 2004 and 2003 were reductions for capacity release sales of \$3.7 million in each year. In addition, per-unit charges are required to be paid based on the actual quantities shipped under the agreements. In certain take-or-pay purchase commitments, annual deficiencies may be offset by prepayments subject to recovery over a longer term if future purchases exceed the minimum annual requirements.

Environmental Matters

NW Natural owns, or has previously owned, properties that may require environmental remediation or action. NW Natural accrues all material loss contingencies relating to these properties that it believes to be probable of assertion and reasonably estimable. The Company continues to study the extent of its potential environmental liabilities, but due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several environmental site investigations, the range of potential loss beyond the amounts currently accrued, and the probabilities thereof, cannot be reasonably estimated. NW Natural regularly reviews its remediation liability for each site where it may be exposed to remediation responsibilities. The costs of environmental remediation are difficult to estimate. A number of steps are involved in each environmental remediation effort, including site investigations, remediation, operations and maintenance, monitoring and site closure. Each of these steps may, over time, involve a number of alternative actions, each of which can change the course of the effort. In certain cases, in addition to NW Natural, there are a number of other potentially responsible parties, each of which, in proceedings and negotiations with other potentially responsible parties and regulators, may influence the course of the remediation effort. The allocation of liabilities among the potentially responsible parties is often subject to dispute and highly uncertain. The events giving rise to environmental liabilities often occurred many decades ago, which complicates the determination of allocating liabilities among potentially responsible parties. Site investigations and remediation efforts often develop slowly over many years. To the extent reasonably estimable, NW Natural estimates the costs of environmental liabilities using current technology, enacted laws and regulations, industry experience gained at similar sites and an assessment of the probable level of involvement and financial condition of other potentially responsible parties. Unless there is a better estimate within this range of probable cost, NW Natural records the liability at the lower end of this range. It is likely that changes in these estimates will occur throughout the remediation process for each of these sites due to uncertainty concerning NW Natural's responsibility, the complexity of environmental laws and regulations and the selection of compliance alternatives. The status of each of the sites currently under investigation is provided below.

Gasco site. NW Natural owns property in Multnomah County, Oregon that is the site of a former gas manufacturing plant that was closed in 1956 (the Gasco site). The Gasco site has been under investigation by NW Natural for environmental contamination under the Oregon Department of Environmental Quality's (ODEQ) Voluntary Clean-Up Program. In June 2003, the Company filed a Feasibility Scoping Plan and an Ecological and Human Health Risk Assessment with the ODEQ, which outlined a range of remedial alternatives for the most contaminated portion of the Gasco site. NW Natural has accrued a liability of \$1.4 million for the Gasco site, which is at the low end of the range because no amount within the range is considered to be more likely than another and the high end of the range cannot be estimated.

Siltronic (formerly Wacker) site. NW Natural previously owned property adjacent to the Gasco site that now is the location of a manufacturing plant owned by Siltronic Corporation (formerly Wacker Siltronic Corporation) (the Siltronic site). In 2005, the estimated liability for this site increased due to new information regarding required additional storm-water pollution work and indoor air quality studies, resulting in an additional accrual of less than \$0.1 million. The amount of the additional accrual was deferred to a regulatory asset account pursuant to an order of the OPUC (see "Regulatory and Insurance Recovery for Environmental Matters," below).

Portland Harbor site. In 1998, the ODEQ and the U.S. Environmental Protection Agency (EPA) completed a study of sediments in a 5.5-mile segment of the Willamette River (the Portland Harbor) that includes the area adjacent to the Gasco site and the Siltronic site. The Portland Harbor was listed by the EPA as a Superfund site in 2000 and the Company was notified that it is a potentially responsible party. Subsequently, the EPA approved a Programmatic Work Plan, Field Sampling Plan and Quality Assurance Project Plan for the Portland Harbor Remedial Investigation/Feasibility Study (RI/FS). NW Natural's share of the original cost estimate for the RI/FS work, which was expected to be completed in 2007, was \$1.6 million. However, as a result of the EPA's indication that further study will be required, an additional accrual of \$2.3 million was recorded in 2005 for the additional studies, regulatory oversight and related legal costs. Current information is not sufficient to reasonably estimate additional liabilities, if any, or the range of potential liabilities, for environmental remediation and monitoring after the RI/FS work plan is completed, except for the early action removal of a tar deposit in the river sediments discussed below.

In April 2004 the Company entered into an Administrative Order on Consent providing for early action removal of a deposit of tar in the river sediments adjacent to the Gasco site. NW Natural completed the removal of the tar deposit in the Portland Harbor in October 2005 and on Nov. 5, 2005 the EPA approved the completed project. The estimated cost for the removal, including technical work, oversight, consultants, legal fees and ongoing monitoring is \$10 million. To date NW Natural has spent \$7.3 million on work related to the removal of the tar deposit with a remaining liability of \$2.7 million.

Oregon Steel Mills site. See "Legal Proceedings," below.

Regulatory and Insurance Recovery for Environmental Matters. In May 2003, the OPUC approved NW Natural's request for deferral of environmental costs associated with specific sites, including the Gasco, Siltronic, and Portland Harbor sites. The authorization, which was extended through January 2006 and expanded to include the Oregon Steel Mills site, allows NW Natural to defer and seek recovery of unreimbursed environmental costs in a future general rate case. An application for extension of the regulatory approval to defer environmental costs is pending. As of Dec. 31, 2005, the Company has paid a cumulative total of \$12.4 million relating to the named sites since the effective date of the deferral authorization.

On a cumulative basis, NW Natural has recognized a total of \$23.7 million for environmental costs, including legal, investigation, monitoring and remediation costs. Of this total, \$17.3 million has been spent to-date and \$6.4 million is reported as an outstanding liability. At Dec. 31, 2005, the Company had a regulatory asset of \$18.8 million which includes \$12.4 million of total expenditures to date and accruals for an additional estimated cost of \$6.4 million. The Company believes the recovery of these costs is probable through the regulatory process. The Company also has an insurance receivable of \$1.1 million, which is not included in the regulatory asset amount. The Company intends to pursue recovery of these environmental costs from its general liability insurance policies, and the regulatory asset will be reduced by the amount of any corresponding insurance recoveries. The Company considers insurance recovery of some portion of its environmental costs probable based on a combination of factors, including a review of the terms of its insurance policies, the financial condition of the insurance companies providing coverage, a review of successful claims filed by other utilities with similar gas manufacturing facilities, and recent Oregon legislation that allows an insured party to seek recovery of "all sums" from one insurance company. The Company has not filed claims for insurance recovery nor have the insurance companies approved or denied coverage of these claims.

The following table summarizes the regulatory asset and accrued liabilities relating to environmental matters at Dec. 31, 2005 and 2004.

(Millions)	Regulatory Asset		Accrued Liability	
	2005	2004	2005	2004
Gasco site	\$ 3.2	\$2.1	\$1.4	\$1.3
Siltronic site	0.3	0.2	-	0.1
Portland Harbor site	15.1	3.8	4.9	3.4
Oregon Steel Mills site	0.2	0.2	0.1	0.2
Total	<u>\$18.8</u>	<u>\$6.3</u>	<u>\$6.4</u>	<u>\$5.0</u>

Legal Proceedings

The Company is subject to claims and litigation arising in the ordinary course of business. Although the final outcome of any of these legal proceedings, including the matters described below, cannot be predicted with certainty, the Company does not expect that the ultimate disposition of these matters will have a materially adverse effect on the Company's financial condition, results of operations or cash flows.

Independent Backhoe Operator Action. Since May 2004 five lawsuits have been filed against NW Natural by 11 independent backhoe operators who performed backhoe services for the Company under contract. These five lawsuits have been consolidated into one consolidated case, Law and Zuehlke, et. al. v. Northwest Natural Gas Co., CV-04-728-KI. The consolidated case consolidates the following cases previously reported: *Kerry Law and Arnold Zuehlke, on behalf of themselves and all other similarly situated v. Northwest Natural Gas Company* (Filed May 28, 2004 U.S. Dist. Ct. D. Or. Case No. CV-04-728-KI), *Ike Whittlesey, C.G. Nick Courtney, Mark Parrish, John J. Shooter, Roger Whittlesey and Philip Courtney v. Northwest Natural* (Filed February 18, 2005 U.S. Dist. Ct. D. Or. Case No. CV-05-241-KI), *Phillip Courtney v. Northwest Natural* (Filed April 12, 2005 U.S. Dist. Ct. D. Or., Case No. CV-05-507-BR), and *Kenneth Holtmann et. al. v. Northwest Natural* (Filed May 20, 2005 U.S. Dist. Ct. D. Or. Case No. 05-CV-00724-BR). The consolidated case also includes a fifth lawsuit filed on January 23, 2006, *Larry L. Lueth v. Northwest Natural* (U.S. Dist. Ct. D. Or. Case No. CV-06-098-MO).

Plaintiffs in the consolidated case are or have been independent backhoe operators who performed services for the Company under contract. Plaintiffs allege violation of the Fair Labor Standards Act for failure to pay overtime and also assert state wage and hour claims. Plaintiffs claim that they should have been considered "employees," and seek overtime wages and interest in amounts to be determined, liquidated damages equal to the overtime award, civil penalties and attorneys' fees and costs. Additionally, with the exception of the plaintiff in *Larry L. Lueth v. Northwest Natural*, plaintiffs allege that the failure to classify them as employees constituted a breach of contract and a tort under and with respect to certain unspecified employee benefits plans, programs and agreements. With the exception of the plaintiff in *Larry L. Lueth v. Northwest Natural*, plaintiffs seek an unspecified amount of damages for the value of what they would have received under these employee benefit plans if they had been classified as employees. The Company expects that the plaintiff in *Larry L. Lueth v. Northwest Natural* will amend his complaint to include these breach of contract and tort claims for unspecified damages.

In October 2005, the court granted the Company's motion to stay plaintiffs' claims pending exhaustion of the administrative review process with regard to each of the plans under which

plaintiffs allege that they would have been eligible to receive benefits. The litigation is still stayed pending plaintiffs' exhaustion of the administrative review process. There is insufficient information at this time to reasonably estimate the range of liability, if any, from these claims. NW Natural will vigorously contest these claims and does not expect the outcome of this litigation to have a material effect on its results of operations or financial condition.

Oregon Steel Mills site. In 2004, NW Natural was served with a third-party complaint by the Port of Portland (Port) in a Multnomah County Circuit Court case, *Oregon Steel Mills, Inc. v. The Port of Portland*. The Port alleges that in the 1940s and 1950s petroleum wastes generated by the Company's predecessor, Portland Gas & Coke Company, and ten other third-party defendants were disposed of in a waste oil disposal facility operated by the United States or Shaver Transportation Company on property then owned by the Port and now owned by Oregon Steel Mills. The Port's complaint seeks contribution for unspecified past remedial action costs incurred by the Port regarding the former waste oil disposal facility as well as a declaratory judgment allocating liability for future remedial action costs. In March 2005, motions to dismiss by the Company and other third-party defendants were denied on the basis that the failure of the Port to plead and prove that the Company was in violation of law was an affirmative defense that may be asserted at trial, but did not provide a sufficient basis for dismissal of the Port's claim. No date has been set for trial and discovery is ongoing. The Company has requested and received regulatory approval from the OPUC to defer and seek recovery of environmental costs related to the Oregon Steel Mills site, if any.

Industrial Customer Litigation. On Feb. 3, 2006, Georgia-Pacific Corporation filed suit against NW Natural (Georgia-Pacific Corporation v. Northwest Natural Gas Company, Case No. CV06-151-PK, United States District Court, District of Oregon), alleging that NW Natural offered to sell natural gas to Georgia-Pacific under the interruptible sales service provisions of the Company's Rate Schedule 32 at a commodity rate set at the Company's Weighted Average Cost of Gas (WACOG). Georgia-Pacific further alleged that it accepted this offer and that the Company failed to perform as promised when, in October 2005, NW Natural notified Georgia-Pacific that it would have to charge Georgia-Pacific the incremental costs of acquiring gas on the open market. Georgia-Pacific also alleges breach of contract, promissory estoppel, fraudulent misrepresentation and breach of the duty of good faith and fair dealing. As a result, Georgia-Pacific is seeking damages in an amount to be determined at trial but which they expect to be at least \$235,000, plus consequential damages in an amount to be determined at trial. Georgia-Pacific further alleges that by failing to sell gas to Georgia-Pacific at the agreed upon price, NW Natural violated Oregon state laws that regulate utility operations, thereby entitling Georgia-Pacific to treble damages and attorney fees.

Prior to the Georgia-Pacific federal lawsuit being filed, on Jan. 5, 2006, NW Natural sought a declaratory judgment in the Circuit Court for the State of Oregon (NW Natural Gas Company v. Georgia-Pacific Corporation, Case No. 0601-00116, Multnomah County) declaring that, due to the rapid rise in the cost of natural gas after hurricanes Katrina and Rita, the Company acted in accordance with its tariffs and all applicable laws when it informed Georgia-Pacific that it would not sell Georgia-Pacific natural gas at its WACOG price. When Georgia-Pacific responded by filing the federal lawsuit described above, and removing the declaratory judgment action to the federal court on Feb. 2, 2006, NW Natural voluntarily dismissed its suit for declaratory relief, and now all matters between the parties are before the federal court. NW Natural will vigorously contest the claims of Georgia-Pacific.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File No. 1-15973



NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

93-0256722
(I.R.S. Employer
Identification No.)

220 N.W. Second Avenue, Portland, Oregon 97209
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, including area code: (503) 226-4211

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At July 31, 2006, 27,548,346 shares of the registrant's Common Stock (the only class of Common Stock) were outstanding.

8. Pension and Other Postretirement Benefits

Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the qualified and non-qualified pension plans and other postretirement benefit plans. See Part II, Item 8., Note 7, in the 2005 Form 10-K for a discussion of the assumptions used in measuring these costs and benefit obligations.

Thousands	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended June 30,			
	2006	2005	2006	2005
Service cost	\$ 1,961	\$ 1,589	\$ 138	\$ 114
Interest cost	3,758	3,263	283	308
Special termination benefits	—	63	—	—
Expected return on plan assets	(4,403)	(3,531)	—	—
Amortization of transition obligation	—	—	103	103
Amortization of prior service cost	245	223	49	—
Recognized actuarial loss	916	481	—	72
Net periodic benefit cost	<u>\$ 2,477</u>	<u>\$ 2,088</u>	<u>\$ 573</u>	<u>\$ 597</u>

Thousands	Pension Benefits		Other Postretirement Benefits	
	Six Months Ended June 30,			
	2006	2005	2006	2005
Service cost	\$ 3,922	\$ 3,177	\$ 275	\$ 228
Interest cost	7,516	6,526	566	616
Special termination benefits	—	126	—	—
Expected return on plan assets	(8,807)	(7,061)	—	—
Amortization of transition obligation	—	—	206	206
Amortization of prior service cost	490	446	98	—
Recognized actuarial loss	1,833	963	—	144
Net periodic benefit cost	<u>\$ 4,954</u>	<u>\$ 4,177</u>	<u>\$ 1,145</u>	<u>\$ 1,194</u>

Employer Contributions

We are not required to make cash contributions to our qualified non-contributory defined benefit plans in 2006, but cash contributions in the form of ongoing benefit payments will be required for the unfunded non-qualified supplemental pension plans and other postretirement benefit plans in 2006. See Part II, Item 8., Note 7, in the 2005 Form 10-K for a discussion of future payments.

9. Commitments and Contingencies

Environmental Matters

We own, or have previously owned, properties that may require environmental remediation or action. We accrue all material loss contingencies relating to these properties that we believe to be probable of assertion and reasonably estimable. We continue to study the extent of potential environmental liabilities, but due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several environmental site investigations, the range of potential loss beyond the amounts currently accrued, and the

probabilities thereof, cannot be reasonably estimated. We regularly review our remediation liability for each site where we may be exposed to remediation responsibilities. The costs of environmental remediation are difficult to estimate. A number of steps are involved in each environmental remediation effort, including site investigations, remediation, operations and maintenance, monitoring and site closure. Each of these steps may, over time, involve a number of alternative actions, each of which can change the course of the effort. In certain cases, in addition to NW Natural, there are a number of other potentially responsible parties, each of which, in proceedings and negotiations with other potentially responsible parties and regulators, may influence the course of the remediation effort. The allocation of liabilities among the potentially responsible parties is often subject to dispute and highly uncertain. The events giving rise to environmental liabilities often occurred many decades ago, which complicates the determination of allocating liabilities among potentially responsible parties. Site investigations and remediation efforts often develop slowly over many years. To the extent reasonably estimable, we estimate the costs of environmental liabilities using current technology, enacted laws and regulations, industry experience gained at similar sites and an assessment of the probable level of involvement and financial condition of other potentially responsible parties. Unless there is a more likely estimate within this range of probable cost, we record the liability at the lower end of this range. It is likely that changes in these estimates will occur throughout the remediation process for each of these sites due to uncertainty concerning our responsibility, the complexity of environmental laws and regulations and the selection of compliance alternatives. The status of each of the sites currently under investigation is provided below. Also, see Part II, Item 8., Note 12, in the 2005 Form 10-K for a description of these properties and further discussion.

Gasco site. We own property in Multnomah County, Oregon that is the site of a former gas manufacturing plant that was closed in 1956 (the Gasco site). We have been investigating the Gasco site for environmental contamination under the Oregon Department of Environmental Quality's (ODEQ) Voluntary Clean-Up Program. In June 2003, we filed a Feasibility Scoping Plan and an Ecological and Human Health Risk Assessment with the ODEQ, which outlined a range of remedial alternatives for the most contaminated portion of the Gasco site. In the second quarter of 2006, we accrued an additional \$2.1 million to be used for the upgrade of the water treatment system in conjunction with source control, replacement of a well, ongoing consultant and investigation fees for in-river groundwater and source control studies and to cover cost estimates of remedial alternatives identified in the Feasibility Scoping Plan and Ecological and Human Health risk assessment for the most contaminated portion of the site. The liability balance at June 30, 2006 is \$2.6 million, which is at the low end of the probable and reasonably estimable liability range. We are not able to estimate the high end of a liability range.

Siltronic site. We previously owned property adjacent to the Gasco site that now is the location of a manufacturing plant owned by Siltronic Corporation (the Siltronic site). We have agreed to an addendum to the Voluntary Clean-up Agreement with the ODEQ, which will require additional investigation of manufactured gas plant waste on the Siltronic site. Since the scope of work is unknown, there is not enough information to reasonably estimate the additional liabilities.

Portland Harbor site. In 1998, the ODEQ and the U.S. Environmental Protection Agency (EPA) completed a study of sediments in a 5.5-mile segment of the Willamette River (the Portland Harbor) that includes the area adjacent to the Gasco site and the Siltronic site. The Portland Harbor was listed by the EPA as a Superfund site in 2000 and we were notified that we are a potentially responsible party. Subsequently, the EPA approved a Programmatic Work Plan, Field Sampling Plan and Quality Assurance Project Plan for the Portland Harbor Remedial Investigation/Feasibility Study (RI/FS). In the second quarter of 2006, we increased the liability by \$0.2 million to \$1.6 million in total for our current estimate of liability related to the RI/FS, consultant fees, technical work, and state settlement agreement. Information is not sufficient to

reasonably estimate additional liabilities, if any, or the range of potential liabilities, for environmental remediation and monitoring after the RI/FS work plan is completed, except for the early action removal of a tar deposit in the river sediments discussed below.

In April 2004, we entered into an Administrative Order on Consent providing for early action removal of a deposit of tar in the Willamette River sediments adjacent to the Gasco site. The removal of the tar deposit in the Portland Harbor was completed in October 2005, and in November 2005, the EPA approved the completed project. In the second quarter of 2006, we increased the liability by \$0.2 million to \$1.4 million for our current remaining cost estimate related to the tar deposit, including oversight, consultant and legal fees and ongoing monitoring. To date, \$8.8 million has been spent for work related to the removal of the tar deposit.

Oregon Steel Mills site. See “Legal Proceedings,” below.

Regulatory and Insurance Recovery for Environmental Matters. In May 2003, the Oregon Public Utility Commission (OPUC) approved our request for deferral of environmental costs associated with specific sites. The authorization, which has been extended through January 2007, allows us to defer and seek recovery of unreimbursed environmental costs in a future general rate case. In April 2006, the OPUC authorized us to accrue interest on deferred balances effective Jan. 27, 2006, subject to an annual demonstration to the OPUC that we have maximized our insurance recovery or made substantial progress in securing insurance recovery for unrecovered environmental expenses. As of June 30, 2006, we have paid a cumulative total of \$16.0 million relating to the named sites since the effective date of the deferral authorization.

On a cumulative basis, we have recognized a total of \$26.6 million for environmental costs, including legal, investigation, monitoring and remediation costs. Of this total, \$20.9 million has been spent to-date and \$5.7 million is reported as an outstanding liability. During the second quarter of 2006, we increased regulatory assets by \$2.6 million for additional environmental cost estimates related to authorized sites, and at June 30, 2006, we had a total environmental regulatory asset of \$21.7 million, which includes \$16.0 million of total expenditures to date and accruals for additional estimated costs of \$5.7 million. We believe the recovery of these costs is probable through the regulatory process after first pursuing recovery of costs from insurance. We also have an insurance receivable of \$1.1 million, which is not included in the regulatory asset amount. We intend to pursue recovery of these environmental costs from our general liability insurance policies, and the regulatory asset will be reduced by the amount of any corresponding insurance recoveries. We consider insurance recovery probable based on a combination of factors, including a review of the terms of our insurance policies, the financial condition of the insurance companies providing coverage, a review of successful claims filed by other utilities with similar gas manufacturing facilities, and recent Oregon legislation that allows an insured party to seek recovery of “all sums” from one insurance company. We have notified the insurance companies but have not yet filed claims for recovery nor have the insurance companies approved or denied coverage of these claims.

Legal Proceedings

We are subject to claims and litigation arising in the ordinary course of business. Although the final outcome of any of these legal proceedings, including the matters described below and in Part II, Item 8., Note 12, in the 2005 Form 10-K, cannot be predicted with certainty, we do not expect that the ultimate disposition of these matters will have a materially adverse effect on our financial condition, results of operations or cash flows.

Georgia-Pacific Corporation vs. Northwest Natural Gas Company. On Feb. 3, 2006, Georgia-Pacific Corporation filed suit against NW Natural (*Georgia-Pacific Corporation v. Northwest Natural Gas Company*, Case No. CV06-151-PK, United States District Court, District of

Oregon), alleging that we offered to sell natural gas to Georgia-Pacific under the interruptible sales service provisions of Rate Schedule 32 at a commodity rate set at our Weighted Average Cost of Gas (WACOG). Georgia-Pacific further alleged that we accepted this offer and that we failed to perform as promised when, in October 2005, we notified Georgia-Pacific that we would have to charge Georgia-Pacific the incremental costs of acquiring gas on the open market. Georgia-Pacific also alleged breach of contract, promissory estoppel, fraudulent misrepresentation and breach of the duty of good faith and fair dealing.

On Feb. 23, 2006, we filed a motion for summary judgment on all claims. On June 30, 2006, an order was issued by the U.S. District Court for the District of Oregon dismissing the lawsuit with prejudice and denying all pending motions, if any, as moot. On July 27, 2006, Georgia-Pacific appealed this ruling to the Ninth Circuit Court of Appeals. We do not expect the outcome of this appeal to have a material effect on our financial condition or results of operations.

Independent Backhoe Operator Action. Since May 2004 five lawsuits have been filed against the Company by 11 independent backhoe operators who performed backhoe services for the Company under contract. These five lawsuits have been consolidated into one consolidated case, *Law and Zuehlke, et. al. v. Northwest Natural Gas Co.*, CV-04-728-KI. The consolidated case consolidates the following cases previously reported: *Kerry Law and Arnold Zuehlke, on behalf of themselves and all others similarly situated v. Northwest Natural Gas Company* (filed May 28, 2004 U.S. Dist. Ct. D. Or. Case No. CV-04-728-KI), *Ike Whittlesey, C.G. Nick Courtney, Mark Parrish, John J. Shooter, Roger Whittlesey and Philip Courtney v. Northwest Natural* (filed February 18, 2005 U.S. Dist. Ct. D. Or. Case No. CV-05-241-KI), *Phillip Courtney v. Northwest Natural* (filed April 12, 2005 U.S. Dist. Ct. D. Or., Case No. CV-05-507-BR), and *Kenneth Holtmann et. al. v. Northwest Natural* (filed May 20, 2005 U.S. Dist. Ct. D. Or. Case No. 05-CV-00724-BR). The consolidated case also includes a fifth lawsuit filed on January 23, 2006, *Larry L. Luethe v. Northwest Natural* (U.S. Dist. Ct. D. Or. Case No. CV-06-098-MO).

Plaintiffs in the consolidated case are or have been independent backhoe operators who performed services for the Company under contract. Plaintiffs allege violation of the Fair Labor Standards Act for failure to pay overtime and also assert state wage and hour claims. Plaintiffs claim that they should have been considered "employees," and seek overtime wages and interest in amounts to be determined, liquidated damages equal to the overtime award, civil penalties and attorneys' fees and costs. Additionally, with the exception of the plaintiff in *Larry L. Luethe v. Northwest Natural*, plaintiffs allege that the failure to classify them as employees constituted a breach of contract and a tort under and with respect to certain unspecified employee benefits plans, programs and agreements. With the exception of the plaintiff in *Larry L. Luethe v. Northwest Natural*, plaintiffs seek an unspecified amount of damages for the value of what they would have received under these employee benefit plans if they had been classified as employees. We expect that the plaintiff in *Larry L. Luethe v. Northwest Natural* will amend his complaint to include this breach of contract and tort claims for unspecified damages.

In October 2005, the court granted the Company's motion to stay plaintiffs' claims pending exhaustion of the administrative review process with regard to each of the plans under which plaintiffs allege that they would have been eligible to receive benefits. The litigation is still stayed pending plaintiffs' exhaustion of the administrative review process. There is insufficient information at this time to reasonably estimate the range of liability, if any, from these claims. We will vigorously contest these claims and do not expect the outcome of this litigation to have a material effect on our results of operations or financial condition.

Oregon Steel Mills site. In 2004, we were served with a third-party complaint by the Port of Portland (Port) in a Multnomah County Circuit Court case, *Oregon Steel Mills, Inc. v. The Port of Portland*. The Port alleges that in the 1940s and 1950s petroleum wastes generated by NW Natural's predecessor, Portland Gas & Coke Company, and ten other third-party defendants

disposed of waste oil in a disposal facility operated by the United States or Shaver Transportation Company on property then owned by the Port and now owned by Oregon Steel Mills. The Port's complaint seeks contribution for unspecified past remedial action costs incurred by the Port regarding the former waste oil disposal facility as well as a declaratory judgment allocating liability for future remedial action costs. In March 2005, motions to dismiss by NW Natural and other third-party defendants were denied on the basis that the failure of the Port to plead and prove that we were in violation of law was an affirmative defense that may be asserted at trial, but did not provide a sufficient basis for dismissal of the Port's claim. No date has been set for trial and discovery is ongoing. We do not expect that the ultimate disposition of this matter will have a materially adverse effect on our financial condition, results of operations or cash flows.

10. Comprehensive Income

For the three and six months ended June 30, 2006 and 2005, reported net income was equivalent to total comprehensive income. Items that are excluded from net income and charged directly to common stock equity are accumulated in other comprehensive income (loss), net of tax. The amount of accumulated other comprehensive loss included in total common stock equity is \$1.9 million at June 30, 2006, which is related to our minimum pension liability (see "Consolidated Statements of Capitalization," above).

11. Subsequent Event

On July 26, 2006, we granted a restricted stock award under our LTIP consisting of 6,500 shares, which will vest ratably on March 1, 2007, 2008 and 2009 (see Note 4).

Northwest Natural Gas Company
FERC INCOME STATEMENT
 Sept. 30, 2006

Exhibits G&H(1)

Description	<u>CURRENT 12-MONTHS</u>	<u>PRIOR 12-MONTHS</u>
Operating Revenues (400)	1,004,969,462	822,113,881
Operating Expenses		
Operation Expenses (401)	758,610,848	589,007,316
Maintenance Expenses (402)	14,609,411	11,343,168
Depreciation Expense (403)	62,792,594	60,683,865
Taxes Other Than Income Taxes (408)	49,213,915	42,489,400
Income Taxes (409)	23,906,463	5,028,757
Deferred Income Taxes / ITC (410 / 411)	5,838,054	27,524,301
TOTAL Utility Operating Expenses	<u>914,971,286</u>	<u>736,076,807</u>
Net Utility Operating Income	89,998,176	86,037,074
Other Income		
Nonutility Operating Income		
Revenues From Merchandising, Net (415 / 416)	(50,405)	(141,989)
Revenues From Nonutility Operations , Net (417)	10,965,085	7,786,420
Nonoperating Rental Income (418 & 412)	445,724	434,300
Equity in Earnings of Subsidiary Companies (418.1)	301,980	(123,478)
Interest and Dividend Income (419)	(46,238)	979,776
Miscellaneous Nonoperating Income (421)	401,592	365,870
TOTAL Other Income	<u>12,017,738</u>	<u>9,300,898</u>
Other Income Deductions		
Miscellaneous Income Deductions (426)	221,714	(568,117)
TOTAL Other Income Deductions	<u>221,714</u>	<u>(568,117)</u>
Taxes Applic. to Other Income and Deductions		
Taxes Other Than Income Taxes (408)	334,004	234,146
Income Taxes (409)	3,421,935	1,326,449
Provision for Deferred Inc. Taxes (410)	186,504	(1,502,019)
TOTAL Taxes on Other Income and Deductions	<u>3,942,443</u>	<u>58,576</u>
Net Other Income and Deductions	7,853,581	9,810,439
Interest Charges		
Interest on Long-Term Debt (427)	34,718,278	34,045,487
Amortization of Debt Disc. and Expense (428)	717,042	829,202
Other Interest Expense (431)	4,035,676	2,192,146
(Less) Allow. for Borrowed Funds Used During Const.-Cr. (432)	716,079	536,273
Net Interest Charges	<u>38,754,917</u>	<u>36,530,563</u>
Net Income	<u>59,096,840</u>	<u>59,316,950</u>

Northwest Natural Gas Company
STATEMENT OF RETAINED EARNINGS

	<u>CURRENT 12-MONTHS</u>	<u>PRIOR 12-MONTHS</u>
Balance - Beginning of Period	196,915,160	173,822,760
Other Comprehensive Income	(93,170)	0
TOTAL Credits to Retained Earnings	<u>(93,170)</u>	<u>0</u>
Capital Stock Expense	18,282	9,419
Unearned Compensation	279,341	554,876
TOTAL Debits to Retained Earnings	<u>297,623</u>	<u>564,295</u>
Dividends Declared - Common Stock (Account 438)	38,038,787	35,783,733
Balance Transferred from Income (Account 433 less Account 418.1)	58,794,860 (1)	59,440,428 (1)
Balance - End of Period	<u>217,280,439</u>	<u>196,915,160</u>

(1) Excludes Equity in Earnings of Subsidiary Companies

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

NORTHWEST NATURAL GAS COMPANY
 (Exact name of registrant as specified in its charter)

OREGON
 (State or other jurisdiction of
 incorporation or organization)

93-0256722
 (IRS Employer
 Identification No.)

220 N.W. Second Avenue Portland, Oregon
 (Address of Principal Executive Offices)

97209
 (Zip Code)

NORTHWEST NATURAL GAS COMPANY
EMPLOYEE STOCK PURCHASE PLAN
 (Full title of plan)

C. J. RUE
 Secretary
 Northwest Natural Gas Company
 220 N.W. Second Avenue
 Portland, Oregon 97209
 (Name and address of agent for service)

Telephone number, including area code, of agent for service: (503) 226-4211

Copy to:

STUART CHESTLER
 Stoel Rives LLP
 900 SW Fifth Avenue, Suite 2600
 Portland, Oregon 97204-1268

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock	200,000 shares \$	34.73 \$	6,946,000 \$	743.00

⁽¹⁾ The proposed maximum offering price per share and the proposed maximum aggregate offering price are estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h) under the Securities Act of 1933. The calculation of the registration fee for the shares to be registered is based on \$34.73, which was the average of the high and low prices of a share of the Common Stock on June 6, 2006 on the New York Stock Exchange.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents By Reference.

The following documents filed by Northwest Natural Gas Company (the "Company") with the Securities and Exchange Commission are incorporated herein by reference:

(a) The Company's latest annual report filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 or the latest prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933 that contains audited financial statements for the Company's latest fiscal year for which such statements have been filed.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Company's annual report or prospectus referred to in (a) above.

(c) The description of the Common Stock of the Company contained in the Company's registration statement filed under Section 12 of the Securities Exchange Act of 1934, including any amendments or reports filed for the purpose of updating the description.

All reports and other documents subsequently filed by the Company pursuant to Sections 13(a) and (c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of the filing of such reports and documents.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

The Oregon Business Corporation Act (the "Act") provides, in general, that a director or officer of a corporation who has been or is threatened to be made a defendant in a legal proceeding because that person is or was a director or officer of the corporation:

(1) shall be indemnified by the corporation for all expenses of such litigation when the director or officer is wholly successful on the merits or otherwise;

(2) may be indemnified by the corporation for the expenses, judgments, fines and amounts paid in settlement of such litigation (other than a derivative lawsuit) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation (and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful); and

(3) may be indemnified by the corporation for expenses of a derivative lawsuit (a suit by a shareholder alleging a breach by a director or officer of a duty owed to the corporation) if he or she acted in good faith and in a manner reasonably believed to be in, or at least not opposed to, the best interests of the corporation, provided the director or officer is not adjudged liable to the corporation.

The Act also authorizes the advancement of litigation expenses to a director or officer upon receipt of a written affirmation of the director's or officer's good faith belief that the standard of conduct in Section (2) or (3) above has been met and a written undertaking by such director or officer to repay such expenses if it is ultimately determined that he or she did not meet that standard and, therefore, is not entitled to be indemnified. The Act also provides that the indemnification provided thereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

The Company's Bylaws provide that the Company shall indemnify directors and officers to the fullest extent permitted under the Act, thus making mandatory the discretionary indemnification authorized by the Act.

The Company's Restated Articles of Incorporation provide that the Company shall indemnify its officers and directors to the fullest extent permitted by law, which may be broader than the indemnification authorized by the Act.

The Company's shareholders have approved and the Company has entered into indemnity agreements with its directors and officers which provide for indemnity to the fullest extent permitted by law and also alter or clarify the statutory indemnity in the following respects:

- (1) prompt advancement of litigation expenses is provided if the director or officer makes the required affirmation and undertaking;
- (2) the director or officer is permitted to enforce the indemnity obligation in court and the burden is on the Company to prove that the director or officer is not entitled to indemnification;
- (3) indemnity is explicitly provided for judgments and settlements in derivative actions;
- (4) prompt indemnification is provided unless a determination is made that the director or officer is not entitled to indemnification; and
- (5) partial indemnification is permitted if the director or officer is not entitled to full indemnification.

The Company maintains in effect a policy of insurance providing for reimbursement to the Company of payments made to directors and officers as indemnity for damages, judgments, settlements, costs and expenses incurred by them which the Company may be required or permitted to make according to applicable law, common or statutory, or under provisions of its Restated Articles of Incorporation, Bylaws or agreements effective under such laws.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

- 4.1 Restated Articles of Incorporation of the Company.
- 4.2 Bylaws of the Company, as amended. Incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 001-15973.
- 5.1 Opinion of Stoel Rives LLP.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of Stoel Rives LLP (included in Exhibit 5.1).
- 24.1 Power of Attorney (see page II-6).

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission

pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of

the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

<u>/S/ JOHN D. CARTER</u> John D. Carter	Director	June 1, 2006
<u>/S/ C. SCOTT GIBSON</u> C. Scott Gibson	Director	June 1, 2006
<u>/S/ TOD R. HAMACHEK</u> Tod R. Hamachek	Director	June 3, 2006
<u>/S/ RANDALL C. PAPÉ</u> Randall C. Papé	Director	June 5, 2006
<u>/S/ RICHARD G. REITEN</u> Richard G. Reiten	Director	June 2, 2006
<u>/S/ KENNETH THRASHER</u> Kenneth Thrasher	Director	June 1, 2006
<u>/S/ RUSSELL F. TROMLEY</u> Russell F. Tromley	Director	June 2, 2006
<u>Richard L. Woolworth</u>	Director	

EXHIBIT INDEX

Exhibit Number	Document Description
4.1	Restated Articles of Incorporation of the Company.
4.2	Bylaws of the Company, as amended. Incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 001-15973.
5.1	Opinion of Stoel Rives LLP.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Stoel Rives LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-6).

**RESTATED ARTICLES OF INCORPORATION
OF
NORTHWEST NATURAL GAS COMPANY**

(These Restated Articles of Incorporation of Northwest Natural Gas Company supersede its theretofore existing Restated Articles of Incorporation and all amendments thereto.)

ARTICLE I

The name of this corporation is NORTHWEST NATURAL GAS COMPANY, and its duration shall be perpetual.

ARTICLE II

The purposes of the corporation are to engage in any lawful activity for which corporations may be organized under the Oregon Business Corporation Act.

ARTICLE III

- A. The aggregate number of shares of capital stock which the corporation shall have authority to issue is 63,500,000 shares, divided into 3,500,000 shares of Preferred Stock, issuable in series as hereinafter provided, and 60,000,000 shares of Common Stock.
- B. A statement of the preferences, limitations and relative rights of each class of capital stock of the corporation, namely, the Preferred Stock and the Common Stock, of the variations in the relative rights and preferences as between series of the Preferred Stock, insofar as the same are fixed by these Restated Articles of Incorporation, and of the authority vested in the board of directors of the corporation to establish series of Preferred Stock and to fix and determine the variations in the relative rights and preferences as between series insofar as the same are not fixed by these Restated Articles of Incorporation, is as follows:

Preferred Stock

- 1. The shares of the Preferred Stock may be divided into and issued in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series of the Preferred Stock and all other classes of capital stock of the corporation. To the extent that these Restated Articles of Incorporation shall not have established series of the Preferred Stock and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority, and is hereby expressly vested with authority, to divide the Preferred Stock into series and, within the limitations set forth in these Restated Articles of Incorporation and such limitations as may be provided by law, to fix and determine the relative rights and preferences of any series of the Preferred Stock so established. Such action by the board of directors shall be expressed in a resolution or resolutions adopted by it prior to the issuance of shares of each series, which resolution or resolutions shall also set forth the distinguishing designation of the particular series of the Preferred Stock established thereby. Without limiting the generality of the foregoing, authority is hereby expressly vested in the board of directors so to fix and determine with respect to any series of the Preferred Stock:
 - (a) The rate of dividend and the relative preference of each series in the payment of dividends;
 - (b) The price at which and the terms and conditions on which shares may be redeemed;
 - (c) The amount payable upon shares in the event of voluntary and involuntary liquidation and the relative preference of each series on liquidation;
 - (d) Sinking fund provisions, if any, for the redemption or purchase of shares;
 - (e) The terms and conditions, if any, on which shares may be converted if the shares of any series are issued with the privilege of conversion; and
 - (f) Any other relative right or preference as permitted by law.

All shares of the Preferred Stock of the same series shall be identical except that shares of the same series issued at different times may vary as to the dates from which dividends thereon shall be cumulative; and all shares of the Preferred Stock, irrespective of series, shall constitute one and the same class of stock and shall be identical except as to the designation thereof, the date or dates from which dividends on shares thereof shall be cumulative, and the relative rights and preferences set forth above in clauses (a) through (f) of this subdivision, as to which there may be variations between different series. Except as otherwise may be provided by law or by the resolutions establishing any series of Preferred Stock in accordance with the foregoing provisions of this subdivision, whenever the written consent, affirmative vote, or other action on the part of the holders of the Preferred Stock may be required for any purpose, such consent, vote or other action shall be taken by the holders of the Preferred Stock as a single class irrespective of series and not by different series.

2. The holders of shares of the Preferred Stock of each series shall be entitled to receive dividends, when and as declared by the board of directors, out of any funds legally available for the payment of dividends, at the annual rate fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more, payable quarterly on the 15th day of February, May, August and November in each year or on such other date or dates as the board of directors shall determine in the resolutions establishing such series. Such dividends shall be cumulative in the case of shares of each series either from the date of issuance of shares of such series or from the first day of the current dividend period within which shares of such series shall be issued, as the board of directors shall determine, so that if dividends on all outstanding shares of each particular series of the Preferred Stock, at the annual dividend rates fixed and determined either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., shall not have been paid or declared and set apart for payment for all past dividend periods and for the then current dividend periods, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment at said rates before any dividends on the Common Stock shall be paid or declared and set apart for payment. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears.
3. In the event of any dissolution, liquidation or winding up of the corporation, before any distribution or payment shall be made to the holders of the Common Stock, the holders of the Preferred Stock of each series then outstanding shall be entitled to be paid out of the net assets of the corporation available for distribution to its shareholders the respective amounts per share fixed and determined with respect to each series either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1., and no more. If upon dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation available for distribution to its shareholders shall be insufficient to pay the holders of all outstanding shares of Preferred Stock of all series the full amounts to which they shall be respectively entitled as aforesaid, the net assets of the corporation so available for distribution shall be distributed to the holders of Preferred Stock in accordance with the relative preferences of each series of Preferred Stock established either by these Restated Articles of Incorporation or in accordance with subdivision III. B. 1. For the purposes of this subdivision, any dissolution, liquidation or winding up which may arise out of or result from the condemnation or purchase of all or a major portion of the properties of the corporation by (i) the United States Government or any authority, agency or instrumentality thereof (ii) a State of the United States or any political subdivision, authority, agency or instrumentality thereof, or (iii) a district, cooperative or other association or entity not organized for profit, shall be deemed to be an involuntary dissolution, liquidation or winding up; and a consolidation, merger or amalgamation of the corporation with or into any other corporation or corporations shall not be deemed to be a dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary.
4. The holders of shares of the Preferred Stock shall have no right to vote in the election of directors or for any other purpose, except as may be otherwise provided by law or by resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1. Holders of Preferred Stock shall be entitled to notice of each meeting of shareholders at which they shall have any right to vote, but shall not be entitled to notice of any other meeting of shareholders.

Common Stock

5. Subject to the limitations set forth in subdivisions III. B. 2. (and subject to the rights of any class of stock hereafter authorized), dividends may be paid upon the Common Stock when and as declared by the board of directors of the corporation out of any funds legally available for the payment of dividends.
6. Subject to the limitations set forth in subdivisions III. B. 3. (and subject to the rights of any other class of stock hereafter authorized), upon any dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the net assets of the corporation shall be distributed ratably to the holders of the Common Stock.
7. Except as may be otherwise provided by law or by the resolutions establishing any series of Preferred Stock in accordance with subdivision III. B. 1., the holders of the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. In the election of directors of the corporation, every holder of record of any share or shares of the Common Stock of the corporation shall have the right to cast as many votes for one candidate as shall equal the number of such shares multiplied by the number of directors to be elected, or to distribute such number of votes among any two or more candidates for such election.
8. Upon the issuance for money or other consideration of any shares of capital stock of the corporation, or of any security convertible into capital stock of the corporation, no holder of shares of the capital stock, irrespective of the class or kind thereof, shall have any preemptive or other right to subscribe for, purchase or receive any proportionate or other amount of such shares of capital stock, or such security convertible into capital stock, proposed to be issued; and the board of directors may cause the corporation to dispose of all or any of such shares of capital stock, or of any such security convertible into capital stock, as and when said board may determine, free of any such right, either by offering the same to the corporation's then shareholders or by otherwise selling or disposing of such shares of other securities, as the board of directors may deem advisable.

ARTICLE IV

- A. The business and affairs of the corporation shall be managed by a board of directors. Except as provided in subdivision B. below, the number of members of the board, their classifications and terms of office, and the manner of their election and removal shall be as follows:
1. The number of directors shall be that number, not less than nine or more than thirteen, determined from time to time by resolution adopted by affirmative vote of a majority of the entire board of directors. The directors shall be divided into three classes, designated Class I, Class II, and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of directors. At the 1984 annual meeting of shareholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term, and Class III directors for a three-year term. At each succeeding annual meeting of shareholders, successors to directors whose terms expire at that annual meeting shall be of the same class as the directors they succeed, and shall be elected for three-year terms. If the number of directors should be changed by resolution of the board of directors, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.
 2. A director shall hold office until the annual meeting for the year in which his or her term shall expire and until his or her successor shall have been elected and qualified, subject, however, to prior death, resignation, retirement or removal from office. Any newly created directorship resulting from an increase in the number of directors and any other vacancy on the board of directors, however caused, may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director.
 3. One or more of the directors may be removed with or without cause by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote thereon at a meeting of the shareholders called expressly for that purpose; provided, however, that for as long as the corporation shall have cumulative voting, if fewer than all the directors should be candidates for removal, no one of them shall be removed if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the class of directors of which he or she shall be a part.
 4. No person, except those persons nominated by the board, shall be eligible for election as a director at any annual or special meeting of shareholders unless a written request that his or her name be placed in nomination shall be received from a shareholder of record entitled to vote at such election by the secretary of the corporation not later than the latter of (a) the thirtieth day prior to the date fixed for the meeting, or (b) the tenth day after the mailing of notice of that meeting, together with the written consent of the nominee to serve as a director.
- B. Notwithstanding the provisions of subdivision A. above, whenever the holders of any one or more classes of the capital stock of the corporation shall have the right, voting separately as a class or classes, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the provisions of these Restated Articles of Incorporation applicable thereto. Directors so elected shall not be divided into classes unless expressly provided by such provisions, and during their prescribed terms of office, the board of directors shall consist of such directors in addition to the directors determined as provided in subdivision A. above.
- C. This Article IV may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the shares entitled to vote at an election of directors determined as provided in subdivision A. above, at a meeting of the shareholders called expressly for that purpose.

ARTICLE V

A. For purposes of this Article V:

1. The term "Affiliate", as used to indicate a relationship with a specified "Persons" (as hereinafter defined), shall mean a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.
2. The term "Associate", as used to indicate a relationship with a specified Person, shall mean (a) any Person (other than the corporation) of which such specified Person is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest, (b) any Person who is a director, officer, partner, trustee, guardian, fiduciary or official or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities or any beneficial interest of or in such specified Person (other than the corporation), and (c) any relative or spouse of such specified Person, or any relative of such spouse who has the same home as such specified Person.
3. The term "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on April 9, 1984; provided, however, that, notwithstanding the provisions of such Rule, a Person shall be deemed to be the Beneficial Owner of any share of the capital stock of the corporation that such Person shall have the right to acquire at any time pursuant to any agreement, contract, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, and any such share of capital stock shall be deemed to be outstanding for purposes of subdivision V.A.9.
4. The term "Business Transaction" shall include, without limitation, (a) any merger, consolidation or plan of exchange of the corporation, or any Person controlled by or under common control with the corporation, with or into any "Related Person" (as hereinafter defined), (b) any merger, consolidation or plan of exchange of a Related Person with or into the corporation or any Person controlled by or under common control with the corporation, (c) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions) including without limitation a mortgage or any other security device, of all or any "Substantial Part" (as hereinafter defined) of the property and assets of the corporation, or any Person controlled by or under common control with the corporation, to or with a Related Person, (d) any purchase, lease, exchange, transfer or other acquisition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any Substantial Part of the property and assets of a Related Person, by or with the corporation or any Person controlled by or under common control with the corporation, (e) any recapitalization of the corporation that would have the effect of increasing the voting power of a Related Person, (f) the issuance, sale, exchange or other disposition of any securities of the corporation, or of any Person controlled by or under common control with the corporation, by the corporation or by any Person controlled by or under common control with the corporation, (g) any liquidation, spinoff, splitoff, splitup or dissolution of the corporation, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this subdivision.
5. The term "Continuing Director" shall mean a director who was a director of the corporation on April 9, 1984 and a director who shall become a director subsequent thereto whose election, or whose nomination for election by the shareholders, shall have been approved by a vote of a majority of the then Continuing Directors.
6. The term "Highest Purchase Price" shall mean, with respect to the shares of any class or series of the capital stock of the corporation, the highest amount of consideration paid by a Related Person for a share of the same class and series at any time regardless of whether the share was acquired before or after such Related Person became a Related Person; provided, however, that the Highest Purchase Price shall be appropriately adjusted to reflect the occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding shares of that class or series, or the declaration of a stock dividend thereon. The Highest Purchase Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by such Related Person with respect to any shares of the capital stock acquired by such Related Person.
7. The term "Other Consideration" shall include, without limitation, capital stock to be retained by the shareholders of the corporation in a Business Transaction in which the corporation shall be the survivor.
8. The term "Person" shall mean any natural person, corporation, partnership, trust, firm, association, government, governmental. agency or any other entity whether acting in an individual, fiduciary or other capacity.

9. The term "Related Person" shall mean (a) any Person which, together with its Affiliates and Associates, shall be the Beneficial Owner in the aggregate of 10 percent or more of the capital stock of the corporation, and (b) any Affiliate or Associate (other than the corporation or a wholly owned subsidiary of the corporation) of any such Person. Two or more Persons acting in concert for the purpose of acquiring, holding or disposing of the capital stock of the corporation shall be deemed to be a "Related Person". A Related Person shall be deemed to have acquired a share of capital stock at the time when such Related Person became the Beneficial Owner thereof. With respect to the shares of the capital stock of the corporation owned by any Related Person, if the price paid for such shares cannot be determined by a majority of the Continuing Directors, the price so paid shall be deemed to be the market price of the shares in question at the time when such Related Person became the Beneficial Owner thereof.
10. The term "Substantial Part" shall mean 10% or more of the fair market value of the total assets of a Person, as reflected on the most recent balance sheet of such Person available to the Continuing Directors on the date of mailing of the notice of the meeting of shareholders called for the purpose of voting with respect to a Business Transaction involving the assets constituting any such Substantial Part.
- B. The corporation shall not enter into any Business Transaction with a Related Person or in which a Related Person shall have an interest (except proportionately as a shareholder of the corporation) without first obtaining both (1) the affirmative vote of the holders of not less than two-thirds of the outstanding shares of the capital stock of the corporation not held by such Related Person, and (2) the determination of a majority of the Continuing Directors that the cash or fair market value of the property, securities or Other Consideration to be received per share by the holders, other than such Related Person, of the shares of each class or series of the capital stock of the corporation in such Business Transaction shall not be less than the Highest Purchase Price paid by such Related Person in acquiring any of its holdings of shares of the same class or series, unless the Continuing Directors by a majority vote shall either (a) have expressly approved the acquisition of the shares of the capital stock of the corporation that caused such Related Person to become a Related Person, or (b) have expressly approved such Business Transaction.
- C. For the purposes of this Article V, a majority of the Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (1) the number of shares of capital stock of the corporation of which any Person shall be the Beneficial Owner, (2) whether a Person is an Affiliate or Associate of another Person, (3) whether a Person has an agreement, contract, arrangement or understanding with another Person as to the matters referred to in subdivision V.A.3. or clause (h) of subdivision V.A.4., (4) the Highest Purchase Price paid by a Related Person for shares of any class or series of the capital stock, (5) whether the assets subject to any Business Transaction constitute a Substantial Part, (6) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a shareholder of the corporation), and (7) such other matters with respect to which a determination may be required under this Article V.
- D. In determining whether to give their approval as provided in subdivision V.B., the Continuing Directors shall give due consideration to all relevant factors involved, including, without limitation, (1) the value of the corporation in a freely negotiated transaction and its future value as an independent entity, (2) the recognition of gain or loss to the corporation for tax purposes or the postponement of such recognition in a tax-free transaction, (3) the anticipated developments of the business of the corporation not yet reflected in the price of its shares, and (4) the impact on employees, customers, suppliers and the public generally within the geographical area it serves.
- E. This Article V may not be repealed or amended in any respect unless such action shall be approved by the affirmative vote of the holders of not less than two-thirds of the capital stock of the corporation not held by a Related Person at a meeting of the shareholders called expressly for that purpose.

ARTICLE VI

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for conduct as a director; provided that this Article VI shall not eliminate the liability of a director for any act or omission for which such elimination of liability is not permitted under the Oregon Business Corporation Act. No amendment to the Oregon Business Corporation Act that further limits the acts or omissions for which elimination of liability is permitted shall affect the liability of a director for any act or omission which occurs prior to the effective date of such amendment.

ARTICLE VII

The corporation shall indemnify to the fullest extent then permitted by law any person who is made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against all judgments, amounts paid in settlement, fines and such expenses (including attorneys' fees), actually and reasonably incurred in connection therewith. This Article shall not be deemed exclusive of any other provisions for indemnification of directors and officers that may be included in any statute, bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office.

As amended May 31, 2006.

[STOEL RIVES LLP LETTERHEAD]

June 13, 2006

Board of Directors
Northwest Natural Gas Company
220 N.W. Second Avenue
Portland, Oregon 97209

We have acted as counsel for Northwest Natural Gas Company (the "Company") in connection with the filing with the Securities and Exchange Commission of a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended, covering 200,000 shares of Common Stock (the "Shares") issuable in connection with the Company's Employee Stock Purchase Plan (the "Plan"). We have reviewed the corporate actions of the Company in connection with this matter and have examined those documents, corporate records, and other instruments we deemed necessary for the purposes of this opinion.

Based on the foregoing, it is our opinion that all requisite action necessary to make the Shares validly issued, fully paid and non-assessable will have been taken when:

(1) the issuance of the Shares shall have been authorized by the Oregon Public Utility Commission, and the Washington Utilities and Transportation Commission shall have issued an order establishing compliance with applicable statutory provisions with respect to such issuance; and

(2) the Shares shall have been issued in accordance with the Plan.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ STOEL RIVES LLP
STOEL RIVES LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 28, 2006 relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the 2005 Annual Report to Shareholders of Northwest Natural Gas Company (the Company), on Form 10-K for the year ended December 31, 2005. We also consent to the incorporation by reference of our report dated February 28, 2006 relating to the financial statement schedule, which appears in such Annual Report on Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Portland, Oregon

June 13, 2006

Countersigned and Registered
AMERICAN STOCK TRANSFER & TRUST COMPANY
Transfer Agent and Registrar

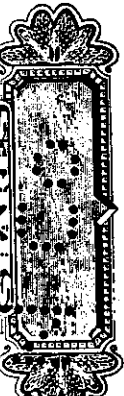
By:

Authorized Signature

COMMON STOCK

NORTHWEST NATURAL GAS COMPANY

INCORPORATED UNDER THE LAWS OF THE STATE OF OREGON



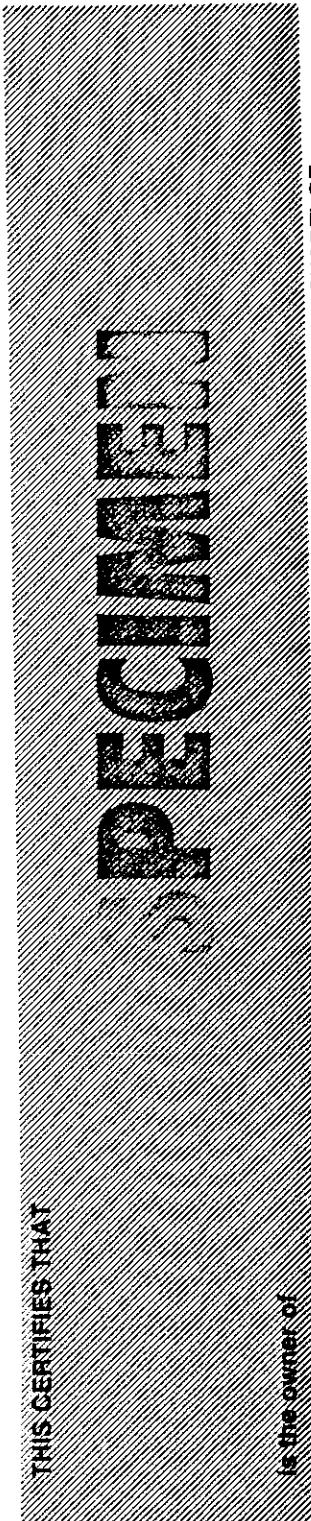
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COMMON STOCK



SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT



is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK (PAR VALUE \$3-1/8 PER SHARE) OF

NORTHWEST NATURAL GAS COMPANY transferable on the books of the Company upon surrender of this Certificate properly endorsed for transfer.

This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions, as now or hereafter amended, of the Restated Articles of Incorporation of the Company and its Bylaws, to all of which the holder by acceptance hereof, assents. This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.



Mark S. Johnson
PRESIDENT AND CHIEF EXECUTIVE OFFICER

C. J. Rice
SECRETARY

NORTHWEST NATURAL GAS COMPANY

The Company will furnish to any shareholder upon request and without charge a full statement of the designations, preferences, limitations and relative rights of the shares of each class of capital stock authorized to be issued, the variations in the relative rights and preferences between the shares of each series of each class of capital stock so far as the same have been fixed and determined and the authority of the board of directors of the Company to fix and determine the relative rights and preferences of subsequent series of each class of capital stock.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM- as tenants in common
TEN ENT- as tenants by the entireties
JOINT TEN- as joint tenants with right of survivorship and not as tenants in common
TOD- transfer on death to beneficiary subject to Stock Transfer Association transfer on death guidelines, as in:
 _____ (Shareowner(s)) _____ (Beneficiary)
TOD
 Custodians for other states use the following, as applicable:
 _____ CUST _____
 _____ (Name) _____ (Name)
 _____ (State)
UNIF GIFT MIN ACT- _____ Custodian for _____
 _____ (Cust) _____ (Minor)
 Under Uniform Gift to Minors Act _____
 _____ (State)

Oregon Custodians use the following:
 _____ CUST _____
 _____ (Name) _____ (Name)
OREG UNIF TRANSFER TO MIN ACT-
 _____ Custodian for _____
 _____ (Cust) _____ (Minor)
 Under the Oregon Uniform Transfer to Minors Act _____
 _____ (State)
 _____ CUST _____
 _____ (Name) _____ (Name)
 _____ (State)
OR UNIF TRANSFER MIN ACT-
 _____ Custodian for _____
 _____ (Cust) _____ (Minor)
 Under the Uniform Transfer to Minors Act _____
 _____ (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____ shares of the capital stock of NORTHWEST NATURAL GAS COMPANY represented by the within Certificate, and hereby irrevocably authorize

to transfer said shares of stock on the books of the Company.

Dated _____

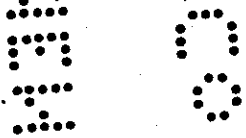
Signature _____

SIGNATURE GUARANTEED BY:

Signature _____

The signature on this assignment must correspond with the name as written upon the face of this Certificate. If assignment be executed by any person in a representative capacity, satisfactory evidence of such authority to execute this assignment should accompany certificate when presented for transfer.

Signature must be Medallion guaranteed (not notarized) by a representative of a financial institution that is a participant in one of the Medallion signature programs or by an authorized representative of the Company.



ORDER NO. _____
ENTERED _____

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UF _____

In the Matter of)	
)	
NORTHWEST NATURAL GAS COMPANY)	ORDER
)	
Application for an Order Authorizing the Issuance and Sale)	
of up to an Additional 200,000 Shares of Common Stock)	
Through the Employee Stock Purchase Plan.)	

**DISPOSITION: APPLICATION APPROVED WITH REPORTING
REQUIREMENTS**

On November __, 2006, Northwest Natural Gas Company (NW Natural) filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 757.400 through 757.450 and OAR 860-027-0030 for authority to issue an additional 200,000 shares of Common Stock (Stock) pursuant to the terms of its Employee Stock Purchase Plan, as amended. The price of the common stock purchased will be 85 percent of the closing market price quoted on the New York Stock Exchange (rounded up to a full penny) on the date preceding the initial offering date. Gross proceeds are expected to total \$6,800,000, assuming a sales price of \$34.00 (based on fair market value of \$40.00).

The Commission previously granted NW Natural authority to issue and sell common stock in connection with its Employee Stock Purchase Plan on September 15, 2000, in Docket UF-4172, Order No. 00-558, as amended by UF-4172(1) on October 22, 2003.

NW Natural represents that the proceeds from the sale will be used to fund construction, extension or improvement of the Company’s facilities consistent with ORS 757.415(1)(a). In addition, NW Natural represents that the expenses will not exceed one percent of the gross proceeds. The basis for the current request is further detailed in Staff’s recommendation memo, attached as Appendix A and incorporated by reference.

Based on a review of the application and the Commission’s records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its public meeting on _____, 2006, the Commission adopted Staff’s recommendation to approve the application.

ORDER

IT IS ORDERED that the application of Northwest Natural Gas Company requesting authorization to issue up to 200,000 additional shares under its Employee Stock Purchase Plan is approved, subject to the conditions and reporting requirements, if any, detailed in Appendix A.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky L. Meier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

**PUBLIC UTILITY COMMISSION OF
OREGON**

STAFF REPORT

PUBLIC MEETING DATE: _____, 2006

REGULAR AGENDA _____ CONSENT AGENDA X EFFECTIVE DATE _____

DATE: _____, 2006

TO: _____

FROM: _____

SUBJECT: NORTHWEST NATURAL GAS: (Docket No. UF____) Application for an Order Authorizing the Issuance and Sale of up to an additional 200,000 shares of Common Stock through the Employee Stock Purchase Plan.

STAFF RECOMMENDATION:

The Commission should approve Northwest Natural Gas Company's (NW Natural or Company) application subject to the following conditions and reporting requirements:

- 1) the Company shall file the usual Report of Securities Issued and Disposition of Net Proceeds statements annually, within 60 days of the end of each calendar year; and
- 2) The Commission reserves judgment on the reasonableness for ratemaking purposes of the Company's capital costs, capital structure and the commissions and expenses incurred for security issuances. In its next rate proceeding, the Company will be required to show that its capital costs, including imbedded expenses and capital structure, are just and reasonable.

DISCUSSION

On November __, 2006, Northwest Natural Gas Company (NW Natural) filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 757.400 through 757.450 and OAR 860-027-0030 for authority to issue an additional 200,000 shares of Common Stock (Stock) pursuant to the terms of its Employee Stock Purchase Plan, as amended. The price of the common stock purchased will be 85 percent of the closing market price quoted on the New York Stock Exchange (rounded up to a full penny) on the date preceding the initial offering date. Gross proceeds are expected to total \$6,800,000, assuming a sales price of \$34.00 (based on fair market value of \$40.00).

The Commission previously granted NW Natural authority to issue and sell common stock in connection with its Employee Stock Purchase Plan on September 15, 2000, in Docket UF-4172, Order No. 00-558, as amended by UF-4172(1) on October 22, 2003.

Use of Proceeds

NW Natural represents that the proceeds from the sale will be used to fund construction, extension or improvement of the Company's facilities consistent with ORS 757.415(1)(a). NW Natural's stated uses are consistent with ORS 757.415(1)(a).

Expenses

NW Natural expects expenses will not exceed one percent of the gross proceeds. These expenses appear reasonable.

PROPOSED COMMISSION MOTION:

NW Natural's application for the authority to issue up to an additional 200,000 shares of Stock under its Employee Stock Purchase Plan be approved with Staff's conditions and reporting requirements.