e-FILING REPORT COVER SHEET

REPORT NAME: Report of Resta	ted Stock Option Plan
COMPANY NAME: Northwest Na	atural Gas Company dba NW Natural
If yes, please submit only the	DENTIAL INFORMATION? No Yes cover letter electronically. Submit confidential information e terms of an applicable protective order.
If known, please select designation:	☐ RE (Electric) ■ RG (Gas) ☐ RW (Water) ☐ RO (Other)
Report is required by: OAR Statute Order Other	Enter Rule number; e.g., 860-039-0070 Enter Statute; e.g., ORS 757.135 Enter Commission Order No.; e.g., 95-1335 Order #03-206 Enter reason; e.g., at Request of Lee Sparling
Is this report associated with a specifif Yes, enter docket number:	
Key words: Stock Option Plan Co	mpliance Filing
If known, please select the PUC Sect	ion to which the report should be directed:
Corporate Analysis and W	Vater Regulation
☐ Economic and Policy Ana	ılysis
☐ Electric and Natural Gas l	Revenue Requirements
☐ Electric Rates and Plannin	ng
Natural Gas Rates and Pla	nnning
Utility Safety, Reliability	& Security
Administrative Hearings 1	Division
Consumer Services Section	on

PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715.

Shawn M. Filippi Associate Legal Counsel and Assistant Corporate Secretary

Tel: 503.220.2410 Fax: 503.721.2516 Toll Free: 1.800.422.4012

e-mail: shawn.filippi@nwnatural.com



January 31, 2012

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

Ladies and Gentlemen:

Re: Docket No. UF-3988

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

Sincerely,

/s/ Shawn M. Filippi

Shawn M. Filippi

SMF:nkb Encl.

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

In the matter of the Application and Supplemental Application of

NORTHWEST NATURAL GAS COMPANY

for Orders Authorizing it to issue and sell up to 2,250,000 Shares of its Common Stock Pursuant to its 1985 Stock Option Plan Docket No. UF-3988 Report of Restated Stock Option Plan (formerly known as the 1985 Stock Option Plan)

On September 15, 1986, Northwest Natural Gas Company (the Company) filed an Application with the Oregon Public Utility Commission (the Commission) under the provisions of ORS 757 for an order authorizing the Company to issue and sell, from time to time, not to exceed in the aggregate 300,000 shares of its Common Stock, pursuant to options granted or to be granted to officers and other key employees under the 1985 Stock Option Plan (the Plan). The Plan was adopted by the Company's Board of Directors on March 28, 1985 and approved by its shareholders at the Annual Meeting on May 23, 1985. On March 31, 1987, the Commission entered its Order No. 87-398 granting the Company's Application for authority to issue not more than 300,000 shares of Common Stock pursuant to the Plan.

In November 1996, the Company filed a Supplemental Application with the Commission under ORS 757 for an order authorizing the Company to issue and sell an additional 750,000 shares of its Common Stock pursuant to options to be granted under the Plan. These additional shares were reserved for the Plan through a Plan amendment which was approved by the Board of Directors on February 23, 1995 and by the shareholders on May 25, 1995. On December 2, 1996, the Commission entered its Supplemental Order in this Docket granting the Company's Supplemental Application.

In February 2003, the Company filed a Supplemental Application with the Commission under ORS 757 for an order authorizing the Company to issue and sell an additional 1,200,000 shares of its Common Stock pursuant to options to be granted under the Plan. These additional shares were reserved for the Plan through a Plan amendment which was approved by the Board of Directors on February 28, 2002 and by the shareholders on May 23, 2002. On April 7, 2003, the Commission entered its Supplemental Order in this Docket granting the Company's Supplemental Application.

On February 23, 2011, non-statutory options to purchase 122,700 shares were granted to 72 employees at a price of \$45.74 per share. The option price was 100% of the fair market value of the Common Stock on the date of grant. No additional options have been granted.

Information on options granted under this Docket prior to 2011 is available in reports previously filed with the Commission.

REPORT OF SECURITIES ISSUED UNDER PLAN, 2011

Options Granted

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

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

Options Exercised

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

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

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

DISPOSITION OF NET PROCEEDS:

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

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

	/s/ Shawn Filippi
(SEAL)	Shawn Filippi Associate Legal Counsel and Assistant Corporate Secretary Northwest Natural Gas Company
	Subscribed to and sworn to before me this 31st day of January, 2012.
	Notary Public for Oregon My Commission Expires: