BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of CASCADE NATURAL GAS CORPORATION Petition for an Accounting Order Authorizing Accounting and Ratemaking Treatment for Tariffs on Canadian Energy Imports	PETITION OF CASCADE NATURAL GAS CORPORATION

I. INTRODUCTION

Pursuant to WAC 480-07-370(3)(b) and 480-90-203, Cascade Natural Gas Corporation ("Cascade" or the "Company") files this petition ("Petition") with the Washington Utilities and Transportation Commission ("Commission") seeking an order authorizing the Company to use deferred accounting for the additional expenses Cascade may incur due to the United States's levying of tariffs on the importation of Canadian energy resources.

II. CASCADE NATURAL GAS

Cascade is a natural gas utility and public service company doing business in the State of Washington and is subject to the jurisdiction of the Commission regarding rates, service, and accounting practices. The Company's principal place of business is 8113 W. Grandridge Blvd., Kennewick, Washington 99336.

III. COMMUNICATIONS

Communications regarding this Petition should be addressed to:

Cascade Natural Gas Regulatory Affairs

8113 W. Grandridge Blvd.
Kennewick, WA 99336
Telephone: (509) 734-4593
Email: cngcregulatory@cngc.com

IV. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

On February 1, 2025, President Trump announced his intention to impose tariffs on Canadian energy imports as part of a broader strategy to address national security concerns and trade imbalances. The proposed tariffs, which went into effect on March 4, 2025, include a 25% tariff on all imports from Canada and a 10% tariff on energy resources.

Cascade purchases natural gas for distribution customers in the wholesale markets at multiple supply basins in the western United States and western Canada. Cascade has the contractual firm distribution rights to transport its purchased natural gas using any of six interconnected pipelines. Approximately 10% is United States-sourced natural gas, primarily the Rocky Mountains basin. The remaining 90% is from Canadian-sourced natural gas, located in Alberta and British Columbia. The majority of natural gas is purchased at AECO, which has traditionally been one of the lowest priced natural gas trading hubs and is among the most liquid supply points, especially for longer-term transactions. Even with the proposed tariffs, natural gas prices at AECO are still well below any alternative and is the lowest cost resource for our customers.

Cascade uses its Commission-approved Purchased Gas Adjustment ("PGA") mechanisms for natural gas expenses. Cascade tracks the following FERC accounts into the PGA:

- Account 483: Sales for Resale
- Account 804: Natural Gas City Gate Purchases
- Account 495: Other Gas Purchases
- Account 808: Gas Delivered/Withdrawn from Storage

- Account 811: Gas Used for Compression Station Fuel
- Account 813: Other Gas Supply Expenses

It is unclear at this point as to how the tariff costs will appear and if they will flow through the PGA or not. It is possible that the costs associated with tariffs will be absorbed or paid by Canadian producers and included in the embedded cost of the natural gas billed to Cascade. In such an instance, the Company would report a higher price for that item and would have no special treatment for the excise tax that might be embedded in the cost of the item. Such expenses would continue to be deferred through the PGA FERC accounts noted above.

However, if Cascade is considered the importer and is responsible for paying the tariff (the excise tax), the Company believes the expense should be posted to FERC Account 408 (Taxes Other than Income Taxes) and the payable would be posted to a 236 account (Taxes Accrued). These accounts are not included in the accounts that track into the PGA, as shown above. Cascade does not believe that it should absorb the unexpected expenses (taxes) that are beyond its control. Further, while Cascade will seek to procure natural gas at the lowest reasonable costs from producers in the United States, Canadian natural gas, even with the levied tariffs, may continue to be the least cost resource in the region. As such, it is reasonable that the costs associated with the tariffs be deferred and recovered from customers just like any other cost related to the underlying commodity from which customers benefit. In the end, 100% of these tariff costs should be included in the PGA after having been deferred.

Cascade did not contemplate these tariffs when establishing costs in its last general rate case (UG-240008). As such, without regulatory relief, Cascade would have to absorb the tariff costs while fulfilling its duty to source natural gas at the lowest reasonable costs. It is still probable that the lowest reasonable cost for natural gas will be sourced from Canada.

Customers will experience the benefit of the low-cost natural gas, but it is not reasonable to have Cascade penalized for these tariffs which the Company could not have known about in advance.

V. PROPOSED ACCOUNTING TREATMENT

To the extent any costs associated with tariffs imposed on Canadian energy imports do not otherwise flow through the various FERC accounts tracked in the PGA, they will be charged to FERC Accounts 408.1 and 408.2, which reflect amounts of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes. These accounts are charged in each accounting period with the amounts of taxes which are applicable to each account, with concurrent credits to FERC Account 236, Taxes accrued, or FERC Account 165, Prepayment, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

For the reasons discussed above, Cascade proposes to defer those amounts to FERC Account 182.3 (Regulatory Asset). The monthly accounting entries would be as follows:

Accounting Entry to Record the Deferral of Tariffs - Recorded Monthly

Account Description	FERC Account	Debit	Credit
Regulatory Asset - Deferred Costs	182.3:XX	XXX	
Regulatory Credit - Deferred Costs	407.4:XX		XXX

Interest would accrue in the same manner as authorized for the PGA.

VI. ESTIMATED AMOUNTS SUBJECT TO DEFERRAL

As explained above, Cascade is not able to estimate the amount that may be subject to deferral if the Commission were to approve this petition.

VII. MODIFIED PROCEDURE

Cascade does not believe that a hearing is necessary to consider the issues presented herein, and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201, et seq.

VIII. REQUEST FOR RELIEF

WHEREFORE, Cascade respectfully requests that the Commission issue an Order approving the requested deferred accounting, as described above.

Dated this 7th day of March 2025.

Respectfully Submitted,

/s/ Lori A. Blattner

Lori A. Blattner
Director, Regulatory Affairs
Cascade Natural Gas
8113 W. Grandridge Blvd.
Kennewick, WA 99336
Phone: (208) 377-6015
Email: lori.blattner@intgas.com