

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)	
)	
NORTHWEST NATURAL GAS)	Docket No. UG-25 _____
COMPANY DBA NW NATURAL)	
)	
For an Accounting Order Authorizing)	PETITION OF NW NATURAL
Deferral of Tariffs Imposed on Imports of)	
Energy Resources from Canada not otherwise)	
Tracked in Existing Deferral Mechanisms)	
_____)	

I. INTRODUCTION

I Pursuant to WAC 480-07-370(3)(b), Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “the Company”), petitions the Washington Utilities and Transportation Commission (“Commission”) for an order authorizing it to utilize deferred accounting for the potential impact to expenses due to the levying of tariffs by the United States on natural gas imported from Canada. As discussed below, the impact of such tariffs, and how they will be paid for is unclear. As of now the Company does not know whether such tariffs would be reflected in the embedded cost of the Canadian natural gas (and therefore flow through the Company’s natural gas Purchased Gas Cost Adjustment Mechanism (“PGA”)). Instead, the cost of tariffs may be considered something more akin to an excise tax (such taxes are not tracked in the PGA deferrals). Therefore, the Company is seeking deferral treatment of any imposed tariff (tax), which aligns the cost of providing service to customers with the benefits customers receive from the Company’s delivered natural gas.¹

¹ Given the uncertainty that exists around the imposition of tariffs, and the accounting thereof, NW Natural will update this request as necessary if it learns more during the processing of this Application. Further, it is our understanding that Avista has already made a similar filing, and other utilities may also file similar accounting petitions.

II. NAME OF PETITIONER

2 NW Natural is in the business of furnishing natural gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission as to its rates, service, facilities, and practices. Its full name and mailing address for the purposes of this proceeding are:

Northwest Natural Gas Company
c/o Kyle Walker
Senior Manager, Rates and Regulatory Affairs
250 SW Taylor Street
Portland, OR 97204-3038

3 The name and address of the Company's attorney for purposes of this proceeding are:

Ryan Sigurdson
Regulatory Attorney (WSBA #39733)
250 SW Taylor Street
Portland, OR 97204-3038

4 Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(1)(b).

III. BACKGROUND

5 On February 1, 2025, President Trump announced his intention to impose tariffs on Canadian energy imports. The proposed tariffs, which include a 25% tariff on all imports from Canada and a 10% tariff specifically on energy resources. These energy imports include natural gas. While the tariffs were suspended for a period of time, on February 27, 2025, the President announced that “the proposed tariffs scheduled to go into effect on March 4th will, indeed, go into effect, as scheduled.”² On March 4, 2025, the tariffs went into effect for several days,

² <https://www.msn.com/en-us/money/markets/trump-plans-tariffs-on-mexico-and-canada-for-march-4-while-doubling-existing-10-tariffs-on-china/ar-AA1zUCDl>

ending on March 7th. As of the date of this filing, it appears that tariffs will be re-imposed on April 2, 2025.

6 To reliably meet its customers' energy needs, NW Natural must purchase natural gas from upstream markets, including those in Canada. In a typical year, over half of NW Natural's natural gas purchases are sourced from the Canadian provinces of Alberta and British Columbia.

7 The Company employs Commission-approved mechanisms for tracking actual natural gas as compared to that authorized by the Commission. The specific FERC accounts (and various subaccounts) that are tracked in the PGA are as follows:

PGA Accounts include:

- Account 483: Sales for Resale
- Account 801: Natural Gas Field Line Purchases
- Account 804: Natural Gas City Gate Purchases
- Account 495: Other Gas Revenues
- Account 805: Other Gas Purchases
- Account 807: Purchased Gas Expenses
- Account 808: Gas Delivered/Withdrawn from Storage
- Account 811: Gas Used for Compression Station Fuel
- Account 813: Other Gas Supply Expenses

8 It is unclear at this point as to how those costs will appear and if they would flow through the PGA, or not. It is possible that some costs may not flow through the PGA. If, for example, NW Natural is considered the importer, and therefore responsible for paying the tariff (the excise tax), such an expense may be posted to FERC Account 408 (Taxes Other Than Income

Taxes). These accounts are not included in the accounts tracked in the PGA, as shown above. NW Natural does not believe that it should absorb such unexpected expenses/taxes that are beyond its control. Further, while NW Natural will seek to procure commodity resources at the lowest reasonable cost and within the constraints of current capacity contracts, such natural gas may still be Canadian natural gas, even with the recent tariffs. As such, it is reasonable that the costs associated with the tariffs be deferred and recovered from customers just like any other cost that is directly related to the underlying commodity which customers benefit from.

IV. PROPOSED ACCOUNTING TREATMENT

9 To the extent any costs associated with tariffs imposed on Canadian imports do not otherwise flow through the various FERC accounts tracked in the PGA, NW Natural proposes to defer them for future recovery. As stated above, this may include 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. As more information becomes known, other FERC accounts may be implicated as well. NW Natural proposes to defer those amounts to FERC Account 182.3 (Regulatory Asset).

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

V. REQUEST FOR RELIEF

11 NW Natural respectfully requests that the Commission issue an Order approving the deferred accounting treatment proposed above. NW Natural will address the prudence and recovery of these costs in future PGA filings, as appropriate.

Dated this 1st day of April 2025.

Respectfully Submitted,

NORTHWEST NATURAL GAS COMPANY

/s/ Kyle Walker

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