

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

**CROSS EXAMINATION EXHIBIT OF ROBERT E. BRANDKAMP
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT REB-__CX

Avista's Confidential Response to Public Counsel's Data Request No. 349C on Insurance
Expense

September 14, 2022

**Shaded Information is Designated as Confidential Per Protective Order
In Dockets UE-220053, UG-220054, and UE-210854 (Consolidated)**

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/07/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Bob Brandkamp
REQUESTER:	Public Counsel	RESPONDER:	Bob Brandkamp
TYPE:	Data Request	DEPT:	Risk Management
REQUEST NO.:	PC – 349	TELEPHONE:	(509) 495-4924
		EMAIL:	bob.brandkamp@avistacorp.com

SUBJECT: Insurance Expense

REQUEST:

Refer to Rebuttal Testimony of Robert E. Brandkamp, Exh. REB-1CT at 6:4-18.

- a. Confirm that the premium adjustments in this section of your testimony were included in the premium amounts provided in response to Public Counsel Data Request No. 103C and included in Coppola, Exhibit SC-6C. If you are not conforming, provide the additional amounts and the date when those amounts were communicated to the Company.
- b. Why do you believe that the insurance carriers have not yet fully reflected the claim risks from the August 2020 fire in the 2022 premiums billed to the Company and they will make additional adjustments to 2023 and 2024 premiums? Provide the basis for your answer.

RESPONSE:

Please see Avista's **CONFIDENTIAL** response to data request PC-DR-349C. Please note that Avista's response to PC-DR-349C is **Confidential per Protective Order in UTC Dockets UE-220053 and UG-220054**.

- a. Confirmed, with the exception as noted in Brandkamp's Rebuttal Testimony, Exh. REB-1CT at 6:14-18, that our general liability 2023 and 2024 pro forma premiums may be underestimated due to receiving numerous complaints for damages related to the 2020 Labor Day fire (Malden fire) after submission of the 3 30 2022 pro forma.
- b. AEGIS, our primary insurer, has charged annual additional premiums on claims they expect to pay that result in large losses. [REDACTED]

Annually, they decide on what the amount of additional premium should be based on what they believe will be their total loss payout, claims received since last renewal, and how they develop. AEGIS began charging additional premium related to the 2020 Labor Day fires at the 12/31/21 and 12/31/22 even though we had not yet received any claims related to the fire. This was based solely on their expectations that they would ultimately pay losses related to the fire. Given the five claims related to this fire were received in the Spring of 2022, we expect that additional premium will increase at the 12/31/22 renewal due to receipt of actual claims. See also response to PC-DR- 346b. Also, now that we have received claims, we will receive some amount of additional premium annually until litigation concludes on the claims, which could be another four or five years.

**Shaded Information is Designated as Confidential Per Protective Order In Dockets
UE-220053, UG-220054, and UE-210854 (Consolidated)**