

PC Data Request 112

Re: Insurance Expense Adjustment.

Please refer to the Rebuttal Testimony of Natasha C. Siores at page 7, lines 14 through 19. Public Counsel removed two incidents from the 2012 insurance expense for purposes of determining the six-year average. Each of these incidents resulted in amounts not covered by insurance of \$10 million. For each incident, please explain, in detail, why it is appropriate to include the \$10 million cost in determining the amount of expense to include in rates to be charged to Washington ratepayers. Please respond separately for each incident and explain why costs associated with each of those incidents should be included.

Response to PC Data Request 112

The Company's general liability insurance policy includes a deductible of \$10 million. Therefore, the Company is responsible for the first \$10 million in costs related to these two incidents. Both incidents are representative of the types of events that inherently occur in the normal ongoing operations of an electric utility and are appropriately included in customer rates.

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