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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: In the Matter of Utility Wildfire Preparedness, Docket U-210254
Puget Sound Energy's Recessed Open Meeting Presentation**

Dear Director Killip,

Puget Sound Energy (PSE) hereby submits the attached presentation for the Washington Utilities and Transportation Commission's (Commission) July 22, 2024 recessed open meeting regarding utility wildfire preparedness. As requested in the Notice issued in this docket on July 8, 2024 (Notice), PSE's narrative response to question 12 in the Notice is set forth below. All other questions will be addressed in PSE's presentation.

Question 12: Please provide a narrative response on whether the utility currently has adequate insurance coverage for potential liability associated with wildfires. In this narrative, please provide information on changes in the cost of coverage and how your insurance provider is calculating risk. Note: The current litigated cases pertaining to wildfire do not allow for discussions on specific insurance costs or the effect of wildfire risk on borrowing costs.

PSE takes the risk of wildfires very seriously and recognizes the importance of having adequate insurance coverage to protect our customers, employees, and the company as a whole. While we cannot discuss specific insurance costs or the impact of wildfire risk on borrowing costs due to ongoing cases before the Commission, below is a general overview of our approach to managing wildfire liability risk.

PSE maintains a comprehensive insurance program that includes coverage for wildfire-related liability. Our insurance providers use a variety of risk assessment models to calculate our premium rates, taking into account several factors including multiple weather data sources, transmission and distribution system proximity to wildland areas, proximity to and density of structures in high fire risk areas, maturity of our wildfire management plan including vegetation management practices, and our overall wildfire mitigation efforts.

In recent years, the cost of insurance coverage for wildfire liability has substantially increased industry-wide, driven by the growing frequency and severity of wildfires across the

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western United States. This trend is largely attributed to climate change, urbanization, and other environmental factors. As a result, insurance providers have become more cautious in their underwriting practices, leading to sharply higher premium rates for utilities like PSE. Despite the market constriction, PSE has been successful at maintaining the same limits for wildfire liability historically carried by the utility.

To mitigate these increasing costs, PSE has implemented various risk reduction measures, such as enhancing our vegetation management practices, investing in advanced weather monitoring systems, and conducting pre-season supplemental inspections and maintenance of our infrastructure in elevated fire-risk areas. We also engage in proactive wildfire prevention and education efforts, working closely with local authorities, emergency responders, and the community to prevent wildfires and minimize their impact.

PSE is committed to maintaining adequate insurance coverage to address potential liability associated with wildfires. We continuously monitor and assess our risk profile, working closely with our insurance providers to ensure that our coverage remains relevant and effective in the face of evolving wildfire risks.

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Please contact Brett Rendina, Regulatory Affairs Initiatives Manager, at 360-294-9558 or brett.rendina@pse.com for additional information about this filing. If you have any other questions, please contact me.

Sincerely,

/s/ Wendy Gerlitz

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Attachment:

PSE Wildfire Mitigation and Response Program