Exhibit No. TMH-25
Puget Sound Energy
2010 General Rate Case
WUTC Docket Nos. UE-090704 and UG-090705

FEA Cross Examination Exhibit

PSE Response to FEA DR 03.04
(same as PSE Response to PC DR 082)

Witness: Thomas Hunt (PSE)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case

FEA DATA REQUEST NO. 03.04

FEA DATA REQUEST NO. 03.04:

Please provide PSE's response to Public Counsel data request 082.

Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s ("PSE") Response to FEA Data Request No. 03.04, please find PSE's Response to Public Counsel Data Request No. 082.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case

PUBLIC COUNSEL DATA REQUEST NO. 082

PUBLIC COUNSEL DATA REQUEST NO. 082:

Please provide a detailed description of PSE's funding and accounting for FAS 106 costs. Discuss/describe all income statement and balance sheet accounts utilized and tie test year actual expense and balance sheet numbers to actuarial reports as appropriate and applicable.

Response:

FAS 106 Funding and Accounting Process

Funding
In order to comply with Commission and FERC accounting requirements, Puget Sound Energy, Inc. ("PSE") pays out of general corporate assets an amount annually at least equal to the FAS 106 "ratemaking" accounting expense, which is charged "above the line" and partially allocated to construction for accounting purposes. PSE's actuary firm Milliman determines the FAS 106 accounting expense amounts which vary each year.

Any post-retirement medical and life insurance employer benefit plan costs incurred above the FAS 106 "ratemaking" accounting expense are paid by the benefit plan funding trusts (the VEBA and 401H trusts) and the Aetna X-Fund (retiree life insurance). By action taken January 2005, the PSE Board established that the 401H trust should be used to fund employer benefit plan costs only to the extent total cash outlays by PSE out of general corporate assets, the X-Fund and VEBA draw downs exceed $2.2 million. If there is no "ratemaking" expense in a year, retiree medical employer costs should be paid by the trusts rather than out of PSE corporate assets.

Accounting
PSE relies on its actuary firm Milliman to provide periodic valuations and estimates for its Post-Retirement Medical and Life Insurance Benefit Plan. When these reports are received, the General Accounting Manager determines the necessary changes to Expense Accruals and Other Comprehensive Income ("OCI") amortization and issues a Memorandum to one of the General Accountants with instructions.

Net Periodic Benefit Cost ("NPBC") for the Post-Retirement Plan consists of two components: Ratemaking and Disallowed.

Ratemaking NPBC is included in the labor benefit overhead rate and allocated, based on labor charges, to various FERC accounts which include capital, O&M and non-utility accounts, with an offset to the FAS 106 Liability in Account 228.3. The O&M labor benefits component is then reallocated to FERC 926 for Ratemaking.

The disallowed NPBC is charged directly to Other Deduction account 426.5.

The FAS 106 Benefit Plan Liability is recorded to 228.3. This account reports the Funded Status of the Plan, which is defined as: Plan Assets less Plan Accumulated Projected Benefit Obligation.

The unrecognized expense is recorded in OCI which is reported in account 219 and is not included for Ratemaking. Amortization of OCI is offset to 228.3 throughout the year.

Attached as Attachment A to PSE's Response to Public Counsel Data Request No. 082, please find the report of post-retirement benefits for 2008 with reconciliation to the actuarial reports.

Attached as Attachment B to PSE's Response to Public Counsel Data Request No. 082, please find the Order from UE-921262 regarding the ratemaking treatment of FAS 106 .

PUGET SOUND ENERGY
POST RETIREMENT BENEFITS OTHER THAN PENSIONS
2008

MONTH	NOTE	REG. ASSET POST RET. 18230131	POSTRETIREMENT BENEFIT PLAN LIABILITY 22830013	RETIREE MED AND LIFE 60260060 CST CTR 280 & 1412 Orders 19900115,19900121 & 92606024	OTHER COMPREHENSIVE INCOME 21900183	OTHER INCOME Order 42650272	CASH PAYMENTS FAS 106 POST RETIREMENT BENEFITS Acct 22830013
BAL. FWD.	(A)	$ 1,110,056.00	$ (2,921,521.29)	$ -	$ (6,995,000.00)	$ -	$ -
JAN	(B)		478.71	(478.71)			
	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		3,742.25				3,742.25
FEB	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		3,742.25				3,742.25
MAR	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		7,484.50				7,484.50
APR	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
MAY	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		3,742.25				3,742.25
JUN	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		9,693.00				9,693.00
JUL	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(H)		(399,455.58)				
AUG	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		4,675.25				4,675.25
SEP	(C)	(18,500.00)		18,500.00			
	(D)		17,416.67	(17,416.67)			
	(E)		(56,166.67)		56,166.67		
	(F)		9,333.33			(9,333.33)	
	(G)		3,440.25				3,440.25
	(I)		(127,500.00)	127,500.00			
	(I)		107,250.00			(107,250.00)	
	(I)		(270,499.97)		270,499.97		
	(J)		(957.42)	957.42			

5
A1

PUGET SOUND ENERGY
POST RETIREMENT BENEFITS OTHER THAN PENSIONS
2008

MONTH	NOTE	REG. ASSET POST RET. 18230131	POSTRETIREMENT BENEFIT PLAN LIABILITY 22830013	RETIREE MED AND LIFE 60260060 CST CTR 280 & 1412 Orders 19900115,19900121 & 92606024	OTHER COMPREHENSIVE INCOME 21900183	Disallowed Expense OTHER INCOME Order 42650272	CASH PAYMENTS FAS 106 POST RETIREMENT BENEFITS Acct 22830013
OCT	(C)	(18,500.00)		18,500.00			
	(D)		3,250.00	(3,250.00)			
	(E)		(86,222.22)		86,222.22		
	(F)		21,250.00			(21,250.00)	
	(G)		4,057.75				4,057.75
NOV	(C)	(18,500.00)		18,500.00			
	(D)		3,250.00	(3,250.00)			
	(E)		(86,222.22)		86,222.22		
	(F)		21,250.00			(21,250.00)	
	(G)		8,115.50				8,115.50
DEC	(C)	(18,500.00)		18,500.00			
	(D)		3,250.00	(3,250.00)			
	(E)		(86,222.22)		86,222.22		
	(F)		21,250.00			(21,250.00)	
	(K)		97,666.66		(97,666.66)		
	(L)		4,057.75				4,057.75
	(M)		(4,776,000.00) ②		C2 4,776,000.00	①	
TOTAL		$ 888,056.00	$ (8,687,704.83) ②	$ 183,478.68	$ (1,282,000.00)	$ B (254,999.97)	$ 52,750.75

(A) Accrue income of $321,000 for calendar year 2008. $209,000 of that total is allowed for ratemaking purposes. The portion classified as "disallowed," totals $112,000. Forecasted change to Other Comprehensive Income is $674,000 for 2008.
(B) True-up FAS 106 to Milliman 2007 final report.
(C) Monthly amortization of deferral (from January, 1998 to December, 2012).
(D) Monthly accrual of post retirement "ratemaking" income.
(E) Monthly accrual of Other Comprehensive Income (OCI).
(F) Monthly accrual of disallowed FAS 106 income.
(G) Executive medical payments. These payments cannot be part of the VEBA Trust Payment. Excludes premiums paid by VEBA or 401H Trusts.
(H) Medicare Part D Subsidy Payment for 2006 Retiree Medical Plan
(I) True-up FAS 106 to Milliman Q3 valuation report. The revised income for ratemaking purposes is $39,000 for 2008. The portion classified as "disallowed," totals $255,000. True up OCI to ($6,219,000). Q4 OCI accrual calculated using straight line amortization = $86,222.22/mo.
(J) Correct January True up (footnote B). Entry posted backwards.
(K) True up Post Retirement OCI to ($6,058,000) per Milliman.
(L) Medical Payment for January 2009 Premium
(M) True up to Final 2008 Milliman Report.
(N) Details of Retiree Medical and Life as of December 2008

Ratemaking expense

True up Liability account per Milliman report = Sum of footnote (B) & (J)	$	478.71
Reg. Asset amortization = Sum of footnote (C)		222,000.00
FAS 106 medical and life accrual = Sum of footnote (D) & (I)		B (39,000.03) ①
Year to Date Retiree Medical and Life - Account No. 60260060	$	183,478.68

② Funded Status

8,687,704.83-
D2 704.83+
- C2 8,687,000.00*

① Total Expense

39,000.03+
254,999.97+
B, C1 294,000.00*

⑥
A2

PUGET SOUND ENERGY, INC.
POSTRETIREMENT MEDICAL AND LIFE BENEFITS
ACTUARY'S REPORT

Executive Summary

Total assets, liabilities and net periodic postretirement cost under SFAS 106 and for Ratemaking purposes, measured as of January 1, 2008, for the current Puget Sound Energy, Inc. Retiree Medical and Retiree Life Insurance plans are estimated as follows:

	Medical and Life Insurance Benefits (in thousands)	
	SFAS 106	**Ratemaking**
January 1, 2008 Market Value of Assets	$ 14,700	$ 14,700
January 1, 2008 Accumulated Postretirement Benefit Obligation (APBO) (includes impact of Medicare Part D)	$ 17,915	$ 16,677
Net Periodic Benefit Expense/(Income) for 2008 (includes impact of Medicare Part D)	Total C,A2 $ (294)	,A2 $ (39)

,A2 (255) BTI

The 2008 expected employer-paid costs are $2,178,000. This does not reflect the estimated $434,000 Medicare Part D subsidy for 2008.

The maximum deductible contributions for 2008 are as follows. These amounts are in addition to the current year "pay-as-you-go" costs:

VEBA:	$1,135,000
401(h):	$ 243,000

Under SFAS 106, employer subsidies due to Medicare Part D are reflected as a decrease to APBO. As of January 2008, the estimated impact of the Medicare Part D subsidy is as follows:

Reduction in SFAS 106 APBO:	$ 3,442,000
Reduction in SFAS 106 Expense:	$ 400,000

Note: The reduction in SFAS 106 APBO due to the Medicare subsidy in 2007 was $5,349,000. Our 2008 estimate reflects updated projected claims, updated census information and is based in part on the actual subsidy payments received to date.

Exhibit 1

Puget Sound Energy, Inc.
Postretirement Medical & Life Plans

SFAS 158 Net Periodic Benefit Cost
Fiscal Year Ending December 31, 2008

		12/31/2008	12/31/2007
1.	**Assumptions for Net Periodic Benefit Cost (at BOY):**		
	Discount Rate	6.30%	5.80%
	Expected Return on Plan Assets	7.60% [(1)]	7.50% [(2)]
	Rate of Compensation Increase	N/A	N/A
	Medical trend rate	9.00% [(3)]	10.00% [(4)]
2.	**Net Periodic Benefit Cost under SFAS 87:**		
	Service Cost	66,000	142,000
	Interest Cost	1,073,000	1,157,000
	Expected (Return) on Plan Assets	(789,000)	(826,000)
	Amortization of Net Loss / (Gain)	(641,000)	(731,000)
	Amortization of Prior Service Cost / (Credit)	(53,000)	128,000
	Amortization of Transition Obligation / (Asset)	B 50,000	234,000
	Net Periodic Benefit Cost	$ (294,000) A2	$ 104,000
3.	**Curtailment / Settlement Cost under SFAS 88**	$ -	$ 708,000
4.	**Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (OCI):**		
	Net Loss / (Gain)	5,069,000	(3,101,000)
	Amortization of Net (Loss) / Gain	641,000	731,000
	Mergers, Sales, and Closures	0	(3,356,000)
	Prior Service Cost / (Credit)	0	0
	Amortization of Prior Service (Cost) / Credit	53,000	(128,000)
	Amortization of Transition (Obligation) / Asset	(50,000)	(234,000)
	Total Change in OCI for Year	$ 5,713,000	$ (6,088,000)
5.	**Total Amount Recognized in Net Periodic Benefit Cost, Curtailment / Settlement Cost and Other Comprehensive Income**	$ 5,419,000	$ (5,276,000)
6.	**Effect of a 1% Increase in Health Care Cost Trend on:**		
	Service cost plus interest cost	12,000	16,000
	Accumulated postretirement benefit obligation	184,000	216,000
7.	**Effect of a 1% Decrease in Health Care Cost Trend on:**		
	Service cost plus interest cost	(11,000)	(15,000)
	Accumulated postretirement benefit obligation	(171,000)	(189,000)

(1) 7.60% return on 401(h), 4.95% after tax on VEBA, and 3.85% on X-Fund
(2) 7.50% return on 401(h), 4.85% after tax on VEBA, and 3.85% on X-Fund
(3) 9.0% in 2008, grading to 7.0% in 2010
(4) 10.0% in 2007, grading to 6.0% in 2011

(8)

C1

ALL AMOUNTS ARE SHOWN ON A PRE-TAX BASIS

Exhibit 2

Puget Sound Energy, Inc.
Postretirement Medical & Life Plans

SFAS 158 Disclosure Requirements
Fiscal Year Ending December 31, 2008

		12/31/2008	12/31/2007
1.	**Assumptions for Disclosure (at EOY):**		
	Measurement Date	12/31/2008	12/31/2007
	Discount Rate	6.20%	6.30%
	Rate of Compensation Increase	N/A	N/A
	Medical trend rate	8.00% (1)	9.00% (2)
2.	**Change in Benefit Obligation during Year:**		
	Accumulated Projected Benefit Obligation (APBO) at BOY	17,622,000	25,583,000
	Service Cost	66,000	142,000
	Interest Cost	1,073,000	1,157,000
	Mergers, Sales, and Closures	0	(2,648,000)
	Benefits (Paid)	(2,100,000)	(3,184,000)
	Medicare Part D Subsidy Received	399,000	0
	Actuarial Loss / (Gain) - other, including census	(751,000)	(1,851,000)
	Actuarial Loss / (Gain) - claims costs	(799,000)	(3,383,000)
	Actuarial Loss / (Gain) - Medicare Part D	1,843,000	1,918,000
	Actuarial Loss / (Gain) - Assumptions - EOY	(231,000)	(112,000)
	Accumulated Projected Benefit Obligation (APBO) at EOY	$ 17,122,000	$ 17,622,000
3.	**Change in Plan Assets during Year:**		
	Fair Value of Assets at BOY	14,700,000	15,847,000
	Actual Return on Plan Assets	(4,218,000)	499,000
	Employer Contributions	53,000	1,538,000
	Mergers, Sales, and Closures	0	0
	Benefits (Paid)	(2,100,000)	(3,184,000)
	Fair Value of Plan Assets at EOY	$ 8,435,000	$ 14,700,000
4.	**Funded Status at EOY: Assets - APBO**	$ (8,687,000) A2	$ (2,922,000)
5.	**SFAS 158 Amounts Recognized in Statement of Financial Position Consist of:**		
	Noncurrent Assets	0	0
	Current (Liabilities)	0	0
	Noncurrent (Liabilities)	(8,687,000)	(2,922,000)
	Total	$ (8,687,000)	$ (2,922,000)
6.	**SFAS 158 Amounts Recognized in Accumulated Other Comprehensive Income Consist of:**		
	Net Loss / (Gain)	(1,423,000)	(7,133,000)
	Prior Service Cost / (Credit)	(59,000)	(112,000)
	Transition Obligation / (Asset)	~~200,000~~	250,000
	Total	$ (1,282,000) A2	$ (6,995,000)

(1) 8.0% in 2009, grading to 7.0% in 2010
(2) 9.0% in 2008, grading to 7.0% in 2010

FEA characterized the 10% increase in costs as unsubstantiated and recommended the increase be rejected in its entirety.

Commission Staff argued that use of end-of-period employees would be a violation of the matching principle and would not fit the definition of a pro forma adjustment. The company argued that the use of end-of-period employees more closely matches the expense to be incurred during the rate year.

The Commission adopts the Commission Staff's calculation. The use of end-of-period employees would be a mismatch with the number of customers, and level of sales, during the test period. The average number of test year employees should be used. The Commission rejects the FEA's position, finding the increase in costs to be sufficiently substantiated.

9. 2.12 SFAS 106, Post-retirement Benefits Other Than Pensions

The Financial Accounting Standards Board (FASB) adopted new Statement of Financial Accounting Standard 106 (SFAS 106). Effective January 1, 1993, this standard changes the way large companies account for the granting of post-retirement benefits other than pensions. Prior to SFAS 106, most companies (including Puget) expensed these benefits as they were paid. SFAS 106 requires the accrual of these costs during the period the employees earn them. Companies are not required to flash cut prior benefits earned by its employees. Instead, they generally are allowed 20 years to amortize this pre-existing liability.

The company calculated an adjustment to shift from a pay-as-you-go level of expense to an actuarially-determined expense. No one questioned the determination of the actuary. The company's adjustment included a five-year amortization of previously deferred amounts above the pay-as-you-go level, and rate base inclusion of the unamortized balance.

Commission Staff witness Thomas Schooley did not accept the company's adjustment. He argued that the company imprudently incurred pension expense prior to 1992 because the company had never evaluated the cost of these programs. He cited testimony and exhibits which indicate that the company, in its own evaluation of these plans, eventually realized that they were too costly to be continued, and that the use of cash basis accounting only made them appear to be affordable. The company subsequently limited its exposure to these costs, based on an actuarial analysis of its liability. Employees retiring after January 1, 1992, will receive a defined dollar plan rather than the previously-effective defined benefit plan. Mr. Schooley recommended treating benefits greater than the revised policy as

imprudent. He recommended basing the level of expense for ratemaking purposes on the defined dollar plan.

Commission Staff also rejected the company's proposal to include the deferred balances in rate base. Commission Staff contended the company does not have any investment in these plans that needs a return.

The company argued that Commission Staff treatment is unfair. The company contended that such disallowances for imprudence would discourage the company from reevaluating any of its costs, for fear of future disallowance. The company also argued that the exclusion from rate base proposed by Commission Staff would result in a write-off.

FEA witness Hugh Larkin proposed a comprehensive phase-in of SFAS 106 in compliance with current generally-accepted accounting practices (GAAP), as published by the Emerging Issues Task Force (EITF) of the FASB in EITF 92-12. Mr. Larkin's plan used the EITF statement as a guideline. Based on this statement, a company under regulatory authority can phase in the adoption of SFAS 106 over five years, with the deferrals amortized over the remaining portion of the phase-in for SFAS 106, in this case 20 years. Mr. Larkin stated that, while such a phase-in is not directly in compliance with Commission Staff's recommendations issued in a white paper in July 1992, at the time of the white paper EITF had not been issued and, thus, Commission Staff had to base its paper on assumptions about the EITF's conclusions. Mr Larkin also opposed the company's rate base treatment of the deferred amounts.

The company opposed Mr. Larkin's position, arguing that phase-in is unnecessary due to the size of the adjustment. The company also claimed that Mr. Larkin made a calculation error. The Commission Staff did not oppose FEA's proposal.

The Commission must first determine whether it will adopt SFAS 106 for ratemaking purposes. If it is adopted, the Commission must decide how to implement it. The company proposal fully adopts SFAS 106 as of October 1, 1993, using a five-year period to amortize the deferred amounts. Mr. Larkin recommended a five-year phase-in, with a 15-year amortization as allowed by GAAP and EITF.

The Commission has determined it should adopt SFAS 106 for ratemaking purposes, and phase in the change as recommended by Mr. Larkin. Mr. Larkin's Exhibit 793, schedule 21, page 2, shows a comparison of his method to that of the company. The company's method yields its highest expense in the first year with declining amounts through the next 19 years. Mr. Larkin's method also results in a declining amount, although it is

somewhat flatter. Mr. Larkin's proposal results in lower expense in the early years, with slightly increasing amounts through year six. Mr. Larkin's method may also result in an increased rate base, topping out at just over $3 million in year four. This phase-in avoids any negative impact for financial reporting because amounts deferred for rate recognition would receive regulatory asset treatment. The phase-in would mitigate transitional costs associated with implementing the SFAS 106 accrual.

In addition to the method, the Commission must decide whether the costs of the benefits that the company has granted its employees have been prudently incurred. The Commission has never previously been asked to consider the appropriateness of these costs. The company nonetheless should have regularly and routinely evaluated the costs of providing these benefits. Company testimony indicates it changed the program in 1990 -- effective for those retiring in 1992 and after -- because of concern regarding escalating costs.

The Commission accepts the Commission Staff position that the company should have identified these costs earlier and acted to limit its exposure to prudent levels. Since the company apparently did not do so, the Commission Staff's proposal to base the expenses, for ratemaking purposes, for all employees and retirees on the level of the defined dollar plan should be accepted. The Towers Perrin study (Exhibit 688) commissioned by the company recommended a review of benefit costs, with a goal of reducing total costs for medical benefits for the company and its employees.

The Commission notes that three witnesses at the public hearings apparently felt the Commission Staff was requesting the Commission to direct Puget to reduce or eliminate benefits to older retirees. The determination made here is for ratemaking purposes only. Puget may determine that all plans should continue unchanged. It may decide to change payments under the plans. Those determinations will be made by management, not by the Commission.

Finally, the Commission must decide whether it is appropriate to make a pro forma adjustment to rate base for the deferred amounts previously accrued. So far, the company has not incurred a cost and has no investment. Once the company does make an investment, it will most likely affect the calculation of rate base. The Commission does not agree that refusal to allow the pro forma adjustment in this proceeding will necessarily result in any write-off, as suggested by the company.

The Commission therefore rejects the company's pro forma adjustment to rate base. In the future, the Commission expects that accruals and payments will affect working capital. To the extent that deferrals affect working capital, they will be included as incurred.

The adjustment therefore decreases net operating income by $69,000. The Commission calculates the adjustment by adjusting Mr. Larkin's calculation for the company fiscal actuarial study and Mr. Schooley's disallowance.

10. 2.13 Company Insurance

Puget and the Commission Staff agreed 3.07% of directors and officers (D&O) insurance should be allocated to subsidiaries. The remaining issue in this adjustment is the appropriate level of D&O insurance.

The company proposed to include coverage of up to $50 million for a total cost of approximately $694,000. Commission Staff proposed that only the first $25 million in coverage be allowed. This would allow approximately three-fifths of the expense, since the second $25 million of coverage is cheaper than the first $25 million. FEA witness Hugh Larkin recommended that half of the total cost be disallowed.

Commission Staff argued that the only support for the high level of coverage is the Wyatt report, provided to Commission Staff in response to a data request. Commission Staff claimed that the report indicated few successful claims against similar companies, and an average paid claim of only $3 million. Commission Staff noted that no claims have been made against Puget directors and officers. Commission Staff contended that the comparison offered by Mr. Olson only demonstrates that Puget has higher coverage on a revenue basis than the average company on the list. Commission Staff therefore recommended that the second $25 million be disallowed as excessive.

FEA argued that D&O insurance is a benefit for the shareholders, who should therefore be required to share in the expense.

The company claimed that Puget's coverage is in line with other utilities. Puget argued that it is necessary to maintain the coverage in order to retain qualified directors.

The Commission notes that the company doubled its coverage level. The issue is not whether the company should have additional insurance, but who should bear the cost of the additional insurance. The Commission does not find Puget's Exhibit 921 persuasive. The exhibit does not show what