

Exhibit No.      (JLB-3)  
Docket UE-140762, et al.  
Witness: Jason L. Ball

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PACIFIC POWER & LIGHT  
COMPANY,**

**Respondent.**

**UE-140762 and UE-140617  
(consolidated)**

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**In the Matter of the Petition of**

**PACIFIC POWER & LIGHT  
COMPANY,**

**For an Order Approving Deferral of  
Costs Related to Colstrip Outage.**

**DOCKET UE-131384 (consolidated)**

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**In the Matter of the Petition of**

**PACIFIC POWER & LIGHT  
COMPANY,**

**For an Order Approving Deferral of  
Costs Related to Declining Hydro  
Generation.**

**DOCKET UE-140094 (consolidated)**

**EXHIBIT TESTIMONY OF**

**Jason L. Ball**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Adjustment 4.7 Insurance Expense*

**October 10, 2014**

**PacifiCorp General Rate Case UE-140617**  
**For The Twelve Months Ended December 2013 - Staff Revenue Requirement**  
**Insurance Expense**  
**Adjustment 4.7**

**Detail of six-year average of liability expense net of commercial reimbursements**

Year	Accrual	Amount Not Requested	Commercial Reimbursement	Net Expense
<b>2007</b>	<b>10,087,289</b>		-	<b>10,087,289</b>
2008	8,469,504		-	8,469,504
2009	4,487,483		-	4,487,483
2010	4,831,787		-	4,831,787
2011	2,901,323		-	2,901,323
2012	47,059,248	(16,200,000)		30,859,248
2013	32,552,817	(27,688,053)		4,864,764
Six-year average				5,940,358
Amount in base period				32,135,013
<b>Adjustment</b>				<b><u>(26,194,654)</u></b>

See Page 2 (Staff DR. No. 42)

**Adjustment to allocate to Washington**

	ACCOUNT	TYPE	TOTAL COMPANY	FACTOR	FACTOR %	WASHINGTON ALLOCATED
<b>Adjustment to Expense:</b>						
Adj. Liability Ins. expense to 6-year avg.	925	RES	<b>(26,194,654)</b>	SO	6.8539%	<b>(1,795,365)</b>
Adjust Liability Ins. Prem. to expected level	925	PRO	463,011	SO	6.8539%	31,734
Adjust Property Ins. Prem. to expected level	924	PRO	(145,885)	SO	6.8539%	(9,999)
			<u>(22,415,535)</u>			<u>(1,773,629)</u>
<b><u>Adjust Property Damage expense to six year average:</u></b>						9,402,352
Property Insurance - Transmission	571	RES	512,827	CAGW	23.0849%	118,385
Property Insurance - WA Distribution	593	RES	(313,797)	WA	100.0000%	(313,797)
Property Insurance - Non-T&D	553	RES	(170,326)	CAGW	23.0849%	(39,319)
			<u>28,704</u>			<u>(234,731)</u>
<b>Adjustment to Tax:</b>						
Schedule M Adjustment	SCHMDP	RES	129,380	SO	6.8539%	8,868
Schedule M Adjustment - Injuries & Damages	SCHMDT	RES	18,188,871	SO	6.8539%	1,246,653
			<u>18,318,251</u>			<u>1,255,521</u>

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket No. UE-140762  
Pacific Power General Rate Case**

**STAFF DATA REQUEST NO. 042**

**WUTC Data Request 42**

**REQUESTED BY: Joanna Huang**

**Re: Insurance Expense – Liability Expense.**

Please refer to Exhibit No.\_\_(NCS-3), p. 4.7.1, as it pertains to the calculation of the six-year average of liability expense. Please provide the liability insurance expense and its calculation for years 2006 and 2007, using the format used in p. 4.7.1.

**Response to WUTC Data Request 42**

The requested information is provided below. There are no calculations to show.

	<u>Accrual</u>
2006	2,450,505.50
2007	10,087,288.97

PREPARER: James Nelson

SPONSOR: Natasha Siores