

Exhibit No. ___ (BAE-4C)
Docket No. UT-040788
Witness: Betty A. Erdahl
REDACTED VERSION

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

DOCKET NO. UT-040788

EXHIBIT TO TESTIMONY
OF
BETTY A. ERDAHL

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Calculation of Staff's Restating Adjustment SR20, Insurance expense

November 22, 2004

REDACTED VERSION

VERIZON NORTHWEST INC. - WASHINGTON OPERATIONS
 2004 Washington General Rate Case
 Restating Adjustment
 (Thousands of Dollars)

Calculation of Staff's Restating Adjustment SR20
 Confidential

Staff Adjustment:

This restating adjustment is to adjust insurance expense to a current level. Insurance expense appears to be unusually high during the test year.

Line No.	Description	Account Code	CAM Factor	Intrastate Factor	Amount Inc (Dec)	Intrastate Amount Inc (Dec)
1	To decrease insurance expense	672840	12.9961%	77.6897%	(4,354)	(2,943)

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Staff DR response attachment #334e - amount booked to expense during the test year
 Staff DR response attachment #514 - premium amount relating to 2004
 Difference - decrease to expense

7,956,755
3,602,549
 (4,354,206)

Analyze insurance expense from 1998 - 2003 in Staff DR #334 attachments a-g.
 It appears that insurance expense is extraordinarily high during the test year, staff used the most current year of expense.

Year	Amount Booked Year to year	Percent Change
1998	583,145	
1999	425,775	(157,370)
2000	668,254	242,479
2001	1,813,590	1,145,336
2002	5,874,188	4,060,598
Test Yr	7,956,755	2,082,567
2003	<u>3,602,549</u>	(4,354,206)
2004		

Premium amounts as of Aug. 2004