Just four days later, on January 9, 2007, the "Northern Exposure Storm" disrupted service to over 56,000 customers in Whatcom, Skagit, Island, Kitsap and King counties. Total restoration and final repairs took three days and costs exceeded $4 million. During this storm, wind and trees knocked out seven transmission lines and five substations. See Exhibit No. ___(GJZ -4) for a summary of all test year qualified and non-qualified storm events.

**Q. Please describe the total storm event restoration costs associated with the 13 test year weather events?**

A. The total storm event restoration costs associated with the 13 weather-related events that impacted PSE customers during the 12-month test year totaled over $119 million. The O&M costs of these events totaled ~~$112~~ 109 million. PSE deferred ~~$101~~ 98 million of IEEE 1366-2003 qualified expenses that met the definition of a qualifying event, which left $11 million recorded in expense. Capital costs totaled ~~$7.0~~11 million. Capital storm costs represent storm restoration costs that are associated with the replacement of a damaged capital assets such as pole~~, or~~ transformer, conductor, switch, service, vault and street light replacements. Capital amounts are accounted for in accordance with PSE capital accounting practices.

/////

/////

/////

**Q. Please describe the total operations and maintenance and capital costs required to restore PSE customers and make needed electric system transmission and distribution repairs caused by the Hanukkah Eve Storm?**

A. Overall, the storm repair costs totaled over $90 million. Storm repair labor costs (including overheads and assessments) totaled nearly $11 million, material costs totaled nearly $4 million, contractor costs totaled nearly $73 million and other miscellaneous expenses totaled over $3 million. Included in these amounts are post-storm repair costs of $2.5 million. Such post-storm repairs are discussed later in this testimony. The O&M portion of the $90 million total repair cost totaled nearly $~~85~~ 81.3 million. Of this, $~~83.6~~79.9 million was deferrable and $1.4 million was non-deferrable. Capital repair costs totaled over $~~5~~ 9 million. Please refer to page 9 of Exhibit No. ___(GJZ-6), which provides a summary of these restoration costs.

**Q. Why did this storm cost so much?**

A. Costs of restoration and repair were high because of several factors, some of which I discussed above. The damage was widespread throughout PSE's service territory; damage was significant, in that many transmission and distribution lines were damaged and most had multiple damage locations; access was impaired due to the number of downed trees; and repairs required an enormous workforce. I will provide further information on workforce later in my testimony.