

Docket No. 20000-633-ER-23  
Witness: Mariya V. Coleman

BEFORE THE WYOMING PUBLIC SERVICE  
COMMISSION

ROCKY MOUNTAIN POWER

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Rebuttal Testimony of Mariya V. Coleman

September 2023

1                   **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

2   **Q. Please state your name, business address, and present position with PacifiCorp**  
3   **d/b/a Rocky Mountain Power (“PacifiCorp” or the “Company”).**

4   A. My name is Mariya V. Coleman. My business address is 2755 E Cottonwood Parkway,  
5   Salt Lake City, Utah 84121. I am currently the Vice President of Corporate Insurance  
6   and Claims for Berkshire Hathaway Energy Company (“BHE”), PacifiCorp’s parent  
7   company.

8   **Q. Please describe your education and professional experience.**

9   A. I joined NV Energy as a Risk Analyst in 2010 and worked in roles of increasing  
10   responsibility in corporate insurance through 2017. Since 2015, I have managed  
11   PacifiCorp’s insurance costs and insurance personnel. In 2017, I was named the  
12   Director of Corporate Insurance for BHE and its subsidiaries including PacifiCorp. I  
13   assumed my current role as Vice President of Corporate Insurance and Claims in May,  
14   2023. I have a Bachelor of Science in Finance from University of Nevada, Las Vegas  
15   and a Master of Business Administration from the University of Nevada, Las Vegas.

16   **Q. What are your primary responsibilities as Vice President of Corporate Insurance**  
17   **and Claims for the Company?**

18   A. As Vice President of Corporate Insurance and Claims, I am responsible for the  
19   corporate insurance function for BHE and the Company, including the acquisition and  
20   management of all corporate insurance programs covering \$132 billion in assets.

21   **Q. Have you testified in previous regulatory proceedings?**

22   A. Yes. I have testified in regulatory proceedings in Nevada. This is my first time  
23   testifying in front of the Wyoming Public Service Commission (“Commission”).

## II. PURPOSE AND SUMMARY OF TESTIMONY

1  
2 **Q. What is the purpose of your rebuttal testimony in this case?**

3 A. The purpose of my rebuttal testimony is to support and explain the Company's request  
4 to include the updated costs associated with renewed and incremental insurance  
5 premiums in the revenue requirement for this case.

6 **Q. Please summarize your rebuttal testimony.**

7 A. My testimony provides an overview of the treatment of insurance costs in Wyoming  
8 revenue requirement and how wildfire liability risk has impacted the commercial  
9 insurance markets causing a recent increase in the premiums for available excess  
10 liability insurance coverage. The Company has included the impact of the increased  
11 premiums in the rebuttal revenue requirement presented by Company witness  
12 Mr. Nicholas L. Highsmith in Exhibit 11.6.

## III. OVERVIEW OF INSURANCE PROGRAMS

13  
14 **Q. What types of commercial insurance does PacifiCorp maintain?**

15 A. PacifiCorp maintains a number of types of insurances, including, but not limited to the  
16 following categories:

17 Excess Liability

18 A claims-made policy form that provides coverage for legal liability to third parties  
19 arising out of bodily injury and property damage losses suffered by those third parties.

20 Punitive Damages

21 Provides indemnity-only excess liability coverage for punitive damages imposed or  
22 awarded against the insured under certain circumstances specified in the policy.

23 Onshore Property

24 Covers all risks of physical loss or damage to operating locations (i.e., fire,  
25 earthquake, flood, theft, boiler and machinery breakdown, turbine generator  
26 breakdown). This coverage includes peripheral coverages such as business  
27 interruption at select BHE Renewables sites, increased cost of construction, incidental  
28 transit, service interruption, debris removal, accounts receivable, and firefighting

1 equipment.

2 Terrorism

3 Provides sabotage and terrorism coverage with respect to property insured under  
4 BHE's onshore property program. Terrorism coverage applies to certified and  
5 non-certified acts.

6 Inland Transit and Storage

7 Coverage is included for BHE transits of turbine rotors, generators, combustion  
8 components, exciters, and similar machinery and equipment. Allocation is based on  
9 the values of the property shipped.

10 Wind and Solar Equipment Storage

11 Provides property coverage for wind and solar equipment in storage for MidAmerican  
12 Energy, BHE Renewables, and PacifiCorp projects. Allocation is based on the values  
13 of the property in storage.

14 Large-Deductible Worker's Compensation

15 Provides statutory coverage once the deductible is met for employees injured  
16 directly as a result of their employment with the company.

17 Excess Workers Compensation

18 Provides statutory coverage in excess of self-insured retention for employees injured  
19 directly as a result of their employment with the company.

20 Automobile Liability

21 Coverage for third-party bodily injury and property damage liability arising out of  
22 automobile accidents that are BHE's fault. This covers liability arising out of the use  
23 of owned, non-owned, and hired automobiles. Coverage does not include physical  
24 damage.

25 Aviation and Unmanned Aircraft Systems

26 Provides liability for bodily injury and property damage to third parties arising out  
27 of the use of owned and non-owned aircraft. The policy also includes physical  
28 damage loss to aircraft as well as war and terrorism and sabotage buyback purchases  
29 for both liability and physical damage. Each aircraft is individually rated, and  
30 charges are sent to the business which owns the aircraft.

31 Occurrence Liability Fronting Policy

32 Allows BHE to have insurance certificates issued for contracts that require an  
33 occurrence-based commercial general liability policy form.

34 Surety Bonds

35 Used for contractual obligations of BHE businesses where that business is required to  
36 have a surety company financially guarantee to an Obligee that the BHE business will

1 act in accordance with the terms established in the bond. All businesses pay their own  
2 individual bond premium.

3 **Q. Please explain how PacifiCorp's liability insurance is structured.**

4 A. PacifiCorp's currently approved rates include premiums for commercial insurance  
5 covering third-party liability for claims in excess of \$10 million (the Company self-  
6 insures for small claims under \$10 million).

7 **Q. What insurance premium costs are being updated in the Company's rebuttal  
8 filing?**

9 A. The Company has updated insurance premium costs for excess liability insurance. The  
10 Company's excess liability insurance policies expire every August. As such, the  
11 Company has updated the cost of these premiums in this proceeding based on the most  
12 recent premiums from August 2023.

13 **Q. Please describe PacifiCorp's excess liability insurance programs.**

14 A. PacifiCorp's excess liability insurance is purchased as part of BHE's aggregated  
15 insurance purchase, which allows PacifiCorp to leverage BHE's size and expertise.  
16 Excess liability insurance includes the following major areas of coverage: general  
17 liability, wildfire liability, auto liability and employer's liability. Claims for damages  
18 to third-parties are included within excess liability coverage.

19 **Q. How are the excess liability premiums allocated to PacifiCorp?**

20 A. PacifiCorp's premiums are allocated through BHE's corporate allocation. BHE's  
21 corporate allocation calculates an average percentage of property, plant and equipment;  
22 employee count; loss history; overhead electric transmission and distribution lines; and  
23 transmission and distribution pipeline miles.

1 **Q. How have the costs associated with the insurance programs been treated for**  
2 **ratemaking purposes in Wyoming?**

3 A. The Company has included insurance premium cost in the revenue requirement of this  
4 case similar to the ratemaking treatment used in the prior Wyoming general rate cases.  
5 Further details are provided in Ms. Joelle R. Steward's and Mr. Highsmith's rebuttal  
6 testimony.

7 **Q. What was reflected in the direct filing for excess liability coverage for third-party**  
8 **claims?**

9 A. The Company included the best available information at the time of the direct filing,  
10 which was approximately \$32.2 million, total-Company, for the liability insurance  
11 premiums paid in August 2022. During the preparation of the Company's rebuttal,  
12 renewed and incremental liability insurance premiums were paid in August 2023 for  
13 coverage that better aligns with the 12-month ending December 2024 test period.

14 **IV. EXCESS LIABILITY INSURANCE PREMIUM INCREASE**

15 **Q. What has caused the excess liability premium increase?**

16 A. Wildfires across the western United States ("U.S.") have resulted in significantly  
17 increasing wildfire costs and an inability to acquire insurance at rates and coverage  
18 levels that have been consistent with past premiums. Insurers have increased the price  
19 at which they will consider selling insurance covering claims from wildfire liability.  
20 Additionally, insurers who historically would consider selling wildfire liability will no  
21 longer do so. The increase in excess liability insurance premium costs from the 2022  
22 policy year to the 2023 insurance policy year is 234 percent and the increase in costs  
23 from 2019 to 2023 is 1,764 percent. Excess liability insurance, including wildfire

1 liability insurance, is a prudent business expense that protects the Company and  
2 customers against financial losses from third-party claims.

3 **Q. What are the impacts to the excess liability premiums?**

4 A. Rocky Mountain Power's revenue requirement in the direct case included  
5 approximately \$32.2 million in premiums for commercial insurance covering third-  
6 party liability for claims in excess of \$10 million. However, because the wildfire risk  
7 for utilities in the western U.S. has radically changed in the past few years, the  
8 premiums for available commercial liability insurance have significantly increased.

9 **Q. What is the timing for the increase in premiums?**

10 A. Typically, the Company executes renewals of insurance policies in August of each  
11 year. The costs identified in my testimony account for the incremental premium cost  
12 associated with acquiring coverage for the policy periods commencing August 15,  
13 2023, or later. As such, all costs are related to insurance premiums to provide coverage  
14 for third-party claims brought against Rocky Mountain Power resulting from providing  
15 service to its customers. The costs included in the Company's direct filing reflected the  
16 cost of insurance policies entered into in August 2022, which was the best information  
17 available at the time of filing.

18 **Q. How are liabilities associated with wildfires covered under the prior and current  
19 policies?**

20 A. The total amount of insurance per occurrence is \$448.25 million with varying sub-  
21 limits for occurrences between states. Claims in any state use up the total amount of  
22 the limit available for all states. This means that if there is a claim in one state, then  
23 there is less insurance available for the next claim in any other state. Liabilities prior to

1 this renewal were covered similarly to how they are after the August 15, 2023, renewal  
 2 with an increase in the amount of cumulative, shared insurance limit as reflected below:

August 15, 2022 – August 14, 2023		August 15, 2023 – August 14, 2024	
State	Shared Total Limit	State	Shared Total Limit
CA	\$110m	CA	\$334.75m
ID, UT, WY	\$232.5m	ID, UT, WY	\$448.25m
OR, WA	\$188m	WA	\$353.25m
		OR	\$338.25m

3 Most policies are issued with a single cost for all states, with just a few outliers insuring  
 4 just California. Without purchasing additional insurance products for each individual  
 5 state, at an incremental cost, insurers will not differentiate how much risk is allocated  
 6 by state any further than reflected in the statement above.

7 **Q. How do insurers handle coverage for PacifiCorp's multiple states?**

8 A. Insurers impose sub-limits within a policy to differentiate risks between various states.  
 9 These sub-limits allow PacifiCorp to insure the entire system at lower cost for our  
 10 customers.

11 **Q. How did the Company determine the level of reasonable liability insurance  
 12 coverage?**

13 A. The Company evaluated wildfire claims results from the western U.S. and purchased  
 14 available insurance limits that were offered by the market. Liabilities can exceed the  
 15 current insurance coverage limits that were purchased in the event of a catastrophic  
 16 wildfire.

17 **Q. Why is it reasonable and prudent for these insurance premium costs to be  
 18 included in Wyoming rates?**

19 A. Maintaining insurance is a necessary part of operating a utility and the risks associated  
 20 with that business. Utilities maintain insurance at different levels when compared to



1 other industries in order to avoid the volatility of claims on customer rates, especially  
2 in an environment when the utility does not directly control the pricing of the service  
3 it provides.

4 **Q. Please summarize the adjustment included in the revenue requirement.**

5 A. The rebuttal adjustment reflects PacifiCorp's premiums for excess liability insurance  
6 costs of approximately \$125 million (total-Company) for the policy period beginning  
7 August 15, 2023, or later.

8 **V. CONCLUSION**

9 **Q. What is your recommendation?**

10 A. I recommend the Commission approve as just and reasonable the Company's request  
11 to adjust the revenue requirement to include the revised insurance premiums.

12 **Q. Does this conclude your rebuttal testimony?**

13 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE )	
APPLICATION OF ROCKY )	DOCKET NO. 20000-633-ER-23
MOUNTAIN POWER FOR )	(RECORD NO. 17252)
AUTHORITY TO INCREASE ITS )	
RETAIL ELECTRIC SERVICE RATES )	
BY APPROXIMATELY \$140.2 )	
MILLION PER YEAR OR 21.6 )	
PERCENT AND TO REVISE THE )	
ENERGY COST ADJUSTMENT )	
MECHANISM )	

AFFIDAVIT, OATH AND VERIFICATION

Mariya Coleman (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the Vice President, Insurance and Claims for Berkshire Hathaway Energy Company and PacifiCorp, which is a party in this matter.

Affiant prepared and caused to be filed the foregoing testimony. Affiant has, by all necessary action, been duly authorized to file this testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant’s knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in their official capacity as Vice President, Insurance and Claims.

Further Affiant Sayeth Not.

Dated this 25th day of September, 2023

*Mariya Coleman*  
 Mariya Coleman  
 Vice President, Insurance and Claims

STATE OF Utah )  
 ) SS:  
 COUNTY OF Salt Lake )

The foregoing was acknowledged before me by Mariya Coleman on this 25th day of September, 2023. Witness my hand and official seal.

*Heather Joosten*  
 Notary Public

My Commission Expires: 11/2/2025

