Office of the Secretary
Service Date
April 27, 2004

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION FILED BY IDAHO POWER COMPANY FOR APPROVAL OF MODIFICATIONS TO THE SECURITY PROVISIONS REQUIRED TO BE INCLUDED IN POWER PURCHASE AGREEMENTS BETWEEN ELECTRIC UTILITIES (IDAHO POWER, AVISTA CORPORATION DBA AVISTA UTILITIES, AND PACIFICORP DBA UTAH POWER & LIGHT COMPANY) AND PURPA QUALIFYING FACILITIES (QFs)	**CASE NOS. IPC-E-03-16 AVU-E-03-9 PAC-E-03-13** **ORDER NO. 29482**

On November 5, 2003, Idaho Power Company (Idaho Power; Company) filed a Petition with the Idaho Public Utilities Commission (Commission) for authority to accept modified insurance and lien rights as satisfactory risk mitigation measures in PURPA[1] Power Purchase Agreements that contain levelized avoided cost rates. Without risk mitigation, PURPA Qualifying Facilities (QFs or CSPPs) desiring levelized rates must post liquid funds as security for the overpayment that results from the front-end loading that occurs with a levelized rate structure. Two of the mitigation methods authorized by the Commission in Case No. U-1006-292 (-292 Case), Order No. 21690 are (1) the purchase of certain basic insurance policies and (2) the establishment of certain lien rights. Petition Exhibit 1 lists the type of insurance and levels of coverages and deductibles deemed acceptable in Order No. 21690, as amended by Order No. 25240, Case No. IPC-E-93-22. Petition Exhibit 2 describes the lien rights of Idaho Power on QF projects that receive levelized purchase rates.

Idaho Power reports that in its most recent audit of QF projects to assess whether those projects continue to conform with the risk mitigation requirements of their specific Power Purchase Agreements with the Company, the Company identified numerous projects that were in non-compliance. Some projects carried no insurance while numerous others had insurance that were products standard in the insurance industry but which, in many circumstances, did not conform with the insurance requirements of the projects' agreements. Idaho Power states that

[1] Public Utility Regulatory Policies Act of 1978, Section 292.

notices were sent to the various projects which were non-compliant with respect to the insurance requirements and three common responses were received by Idaho Power from those projects: (1) the specific insurance required within the Power Purchase Agreement is not currently available from the insurance industry; (2) because the insurance is not available, as a matter of law (the Doctrine of Impossibility), Idaho Power cannot enforce these requirements or require alternative security; and (3) the financing structures of existing projects do not allow Idaho Power to place a second lien on the project as required in the -292 case.

Regarding insurance, Idaho Power states it has contacted various insurance providers and verified the unavailability of the specified insurance. Idaho Power states that it has also reviewed the potential application of the – Doctrine of Impossibility – and recognizes that it may be a legitimate claim that may be upheld in legal proceedings.

Regarding liens, the Company reports that the financing arrangements of some projects preclude a subsequent lien position by Idaho Power or any other party without the consent of the primary lender. Where such restrictions do not exist, the Company either places a second lien on the project at the time a levelized rate agreement is executed or at the time a project is amended to conform to the risk mitigation requirements of Order No. 21690, as amended. Realistically, however, the Company contends that the value of security obtained by placement of a second lien on a project is tenuous. Either the value of equipment, particularly on less sophisticated projects, is negligible since used or rebuilt equipment is utilized (often non-standard utility equipment, pump motors running in reverse, etc.) or the value of that equipment is highly financed and the financial institution has the first lien on those assets making the value of the second lien marginal. As the project ages and the financing is either paid or at least reduced, the value of the assets depreciate over the same time frame. Thus, the Company contends, were a project to default, the value of the assets remaining for the second lien would be minor due to removal and other costs. Furthermore, the Company states that the value of a project is generally not the actual value of the physical equipment; instead, the marketable and bankable value of a project is the value of the projected revenues of the energy delivered to Idaho Power under the levelized rate agreement.

In response to the requirements of the insurance industry and either the negligible value of second liens on QF projects or the Company's inability to obtain a second lien on a QF project, Idaho Power proposes to conform its QF contract requirements to contemporary insurance industry standards and realistic lien rights. Due to what the Company contends is the marginal value of the secondary lien position and the inability of the Company, in some circumstances, to obtain security in the form of a second lien, Idaho Power proposes to delete the secondary lien rights as a risk mitigation measure in levelized rate arrangements with QFs.

The Company's proposed changes to the basic business insurance requirements that are now deemed by the insurance industry to be reasonably available to QFs are shown below in legislative format:

INSURANCE

TYPE	**LIMITS**	**MAXIMUM DEDUCTIBLE**
Commercial General Liability	~~The greater of 15% of plant cost or~~ $1 Million/incident	~~0.5% of Plant Cost~~ Consistent with current Insurance Industry Utility practices for a similar property
All Risk Property	Not less than ~~90%~~ 80% of Plant Cost	~~0.5% of Plant Cost or $25,000, whichever is greater~~ Consistent with current insurance Industry Utility practices for a similar property.
Catastrophic Perils (Earthquake and Flood)	Not less than ~~60%~~ 80% of equipment cost	~~5% of Plant Cost~~ Consistent with current Insurance Industry Utility practices for a similar property.
Boiler/Machinery	Not less than ~~90%~~ 80% of equipment cost	~~5.0% of equipment cost or $25,000, whichever is greater~~ Consistent with current Insurance Utility practices for a similar property.
Loss of Income (Business Interruption)	Not less than 75% of estimated daily income; not less than 20% of estimated annual income	~~30 days of income~~ Consistent with current Insurance Industry Utility practices for a similar property.

All of the above insurance coverages shall be placed with insurance companies with an A.M Best rating of A- or better. Idaho Power contends that changes to the required basic business insurance coverages can be made by a QF without imposing substantial additional risk in the event of a default. In addition, the Company contends that by better aligning these requirements with current insurance industry standards and business practices, enforcement and compliance with these requirements will be reasonably attainable.

The Company proposes that the modified insurance requirements be accepted as basic business insurance coverages for purposes of risk mitigation as established in Order No. 21690, as amended, for future QF agreements and for pre-existing QF projects as their current insurance is renewed. The Company also proposes that the requirement for the establishment of secondary lien rights in favor of Idaho Power as established in Order No. 21690, as amended, for future QF agreements and for pre-existing QF projects as their agreements are amended be rescinded.

On December 5, 2003, the Commission issued Notices of Application and Modified Procedure in Case Nos. IPC-E-03-16, AVU-E-03-9 and PAC-E-03-13. The deadline for filing written comments was January 15, 2004. Timely and out-of-time comments were filed by Commission Staff, PacifiCorp, Avista and Vern Ravenscroft, a QF developer. On February 13, 2004, Idaho Power filed Reply Comments. The filed comments can be summarized as followed:

Commission Staff

Insurance Requirements

Staff in its comments states that it has contacted insurance providers for many Idaho QFs and confirms the unavailability or extreme high cost of insurance products specified under the current security requirements for levelized rates.

Staff notes that in its –292 security case the Commission in Order No. 21446 made the following statement regarding insurance:

> The feasibility of insurance as security against overpayment liability is dependent upon the willingness of the industry to ensure against economic abandonment for a 35-year period with limited rights of cancellation (nonpayment of premium). It was the expressed concern of some that insurance companies rarely make an unconditional commitment to cover all amounts of risk; that a residual risk, the risk above policy limits, remains with the policyholder.

Order No. 21446

Staff recognizes that Idaho Power's proposed changes to the required basic business insurance coverage will provide slightly less security in the event of a default. However, Staff believes that a slightly lower security requirement is better than having numerous QF projects with no insurance at all because of changing insurance industry standards that make current insurance requirements unobtainable or economically impracticable. Current security requirements, Staff contends, are ineffective if enforcement and compliance are not reasonably possible.

Staff has reviewed Idaho Power's proposed changes to the insurance requirements and suggests adding some clarifying language. Idaho Power has verbally concurred with Staff's proposed modifications. Staff's proposed insurance requirements are attached.

Second Lien

Idaho Power recommends that the second lien requirement for QF projects be eliminated. Staff objects to this proposed modification. In providing background for its objection, Staff cites the following Commission findings in the –292 security requirements case:

> 1. That levelized rates are an incentive to the development of the CSPP industry;
>
> 2. That CSPPs receiving levelized avoided cost payments will be overpaid if they substantially reduce generation or if they discontinue generation (i.e., default) prior to the end of their contract term …
>
> 4. That the burden of said overpayment falls on the ratepayers unless they are reimbursed by the defaulting CSPP;…
>
> 7. That CSPPs may be unable to provide said reimbursement unless they are required to establish and maintain some form of liquid security; …
>
> 10. That it is just and reasonable to require CSPPs to maintain a form of liquid security equal to 100% of the estimated cumulative overpayment (estimate) throughout the life of each QF Power Purchase Agreement;
>
> 11. That it is just and reasonable to reduce the amount of the required liquid security (required amount) by 25% of the estimate for each QF protected by adequate **basic business insurance** as described herein;
>
> 12. That it is just and reasonable to reduce the required amount by an additional 20% of the estimate for each QF meeting the requirements of subparagraph 11, above, and also providing full **engineering certification** as described herein;
>
> 13. That it is just and reasonable to reduce the required amount by an additional 10% of the estimate for each QF meeting the requirements of

subparagraph 11, above, and also maintaining a **maintenance escrow** as described herein;

14. That it is just and reasonable to reduce the required amount by an additional 35% of the estimate for each QF meeting the requirements of subparagraphs 11, 12, and 13, above, and also providing the energy purchasing utility with **adequate lien rights** as described herein. …

In Order No. 21446 in the -292 case the Commission made the following findings regarding lien rights:

> We believe that some form of security and/or risk mitigation is necessary to achieve an optimum level of ratepayer indifference. …
>
> The lien rights available to secure ratepayer interests in CSPP projects are usually subordinate to the first lien of the project financier. The value of a second lien position in all the QF property and facilities is the measure or degree of control over the project that it imparts with respect to its continued financing, operations and maintenance. Although it provides no liquid fund for satisfaction of overpayment obligation, we nevertheless recognize it as a valuable tool in safeguarding the interests of the ratepayer. To be acceptable a lien should be subordinate only to the first lien of the project financier and the FERC license, as evidenced by an appropriate policy of title insurance.

In Commission Order No. 21690 the Commission stated:

> The value to the utility and the ratepayer of a lien is directly related to the quality of the underlying QF. Hence, the 35% reduction in liquid security requirement for this risk mitigation item shall remain in effect only so long as the QF fulfills all requirements of Sections G. (Basic Insurance), H. (Engineering Certification), I. (Maintenance Escrow) and J. (Lien Rights).
>
> Failure to maintain these terms and conditions at any time during the life of the power sales agreement shall result in the 35% reduction being revoked. Failure to establish and maintain the appropriate new level of liquid overpayment security shall constitute breach of contract.

The risk to Idaho Power if a QF defaults is non-recovery of overpayment liability and replacement of QF power. Overpayment liability is the difference between the levelized rate paid to the QF and the non-levelized rate that would have otherwise been paid. However, because the majority of QF contracts were signed in the 1980s and have levelized rates still far above today's prices, the value to Idaho Power of being relieved by purchasing at high levelized rates may outweigh any accumulated overpayment liability. Ideally in the event of a contract default, Idaho Power would be able to recover the QF's overpayment liability <u>and</u> be relieved of further purchases under the contract. Unfortunately, Staff sees no good alternative to second liens as a security measure. Because elimination of the second lien requirement lessens Idaho Power's security position, Staff opposes the Company's request to eliminate it. Staff notes that without a lien, a QF with a levelized contract is required to post as liquid security 35% of the estimated overpayment liability amount. It is the Company's obligation to monitor and maintain appropriate security requirements for its QF contract portfolio in accordance with Commission Orders.

PacifiCorp

PacifiCorp in its comments states that it is under contract with some 13 separate co-generators and small power producers (CSPPs) in Idaho. Although only one of the contracts is subject to the Commission's -292 security Order No. 21690, the Company states that as its contracts expire it will be faced with many of the same issues addressed by Idaho Power in its Petition.

PacifiCorp notes that the focus of Idaho Power's Petition is narrow. As such it does not address all of the myriad issues that must be dealt with in the context of analyzing whether a contract with a particular CSPP adequately protects the interests of the utility and of its ratepayers. PacifiCorp expresses its general support for the position taken by Idaho Power in its Petition. The utility feels, however, that in order to adequately protect PacifiCorp's interest and those of its shareholders without unduly burdening QFs desiring to enter into contracts for the sale of power, it is important to add the following classes of insurance coverage to those set out in Idaho Power's Petition and exhibits: (1) automotive liability coverage with limits of $1 million/incident; and (2) worker's compensation coverage with limits of $1 million/incident.

Vernon Ravenscroft

Mr. Ravenscroft compliments Idaho Power for recognizing and initiating corrective action in regard to the current insurance problems. Mr. Ravenscroft offers the final points for clarification and/or strengthening of the pending Petition:

No. 1. <u>Commercial General Liability</u>: No comment.

No. 2. <u>All Risk Property</u> – recommends that the Commission's final Order more specifically define "80% of cost." Does this category include the "soft costs" such as engineering, federal licensing, legal expense, contract negotiations, financing expense, finders fee, etc.? Also, does it include land purchases, long-term land rental contracts and rental rights?

No. 3. Catastrophic Perils (Earthquake and Flood) – "80% of equipment costs." Questions whether this is intended to be original cost, current replacement cost or current depreciated value?

No. 4. Boiler Machinery – Same questions as outlined in No. 3.

No. 5. Loss of Income (Business Interruption)

> a. "75% of estimated daily income" – suggests that this is meaningless when it is combined with "20% of estimated annual income." E.g., for the Ravenscroft project 75% of the estimated daily income would be $482 and 20% of the estimated average annual income would be $46,955. Mr. Ravenscroft does not understand the need for the daily figure.
>
> b. Mr. Ravenscroft contends that there is an extreme difference when you compare the "business interruption" risk between the various independent projects now operating in Idaho. There are some who have only one generation unit served by only one penstock and one control valve. Any major breakdown can cause a total loss of income for several weeks or even months. In comparison, the Ravenscroft project will soon have four generation units all under computer control and each with its own penstock and control valve. Interruption loss for the Ravenscroft project is confined to the 20% of the time (Idaho Department of Water Resource Flow Duration Data) when we have a flow that exceeds our plant capacity. Recommends that in the final Order there be some procedures and/or defined basis whereby this requirement can be adjusted to reflect the differing degrees of risk from one project to the other.
>
> Secondly, on the same subject, the Ravenscroft project has induction generators which can be quickly repaired in at least two shops in Twin Falls and vertical shaft turbines which can be quickly repaired at Yankee Machine Shop in Boise. The Ravenscroft project does not have a significant business interruption risk.

No. 6. Other than the identification of low-risk projects explained above, Mr. Ravenscroft agrees with the generalized deductible language which reads "consistent with current insurance industry utility practice for a similar property."

Avista

Avista in its comments notes that in PacifiCorp's comments, PacifiCorp recommends that classes of liability insurance coverage be added to those listed in Idaho Power's Petition and exhibits to wit: (1) automobile liability coverage and (2) worker's compensation coverage. While not disputing the prudence of coverage related to automobile liability and worker's compensation, Avista notes that the insurance requirements to which Idaho Power's Petition relate are those that secure the financial capacity of a PURPA project to discharge its contract obligations to the purchasing utility purchase contract, when the purchase contract provides for a levelized rate. Avista submits that it would be prudent for each utility to individually develop its requirements for personal injury and property damage, and individually negotiate such requirements with PURPA projects. The Commission has not, heretofore, required uniform and standardized liability insurance requirements for PURPA developers. Avista contends that it would not be appropriate to deal with personal injury and property damage liability insurance in the docket, which only addresses the security requirements for PURPA projects that receive payments at levelized avoided cost rates.

Other than the foregoing comments with respect to property and personal injury liability insurance requirements, Avista states that it has no objection to the comments of Staff, or PacifiCorp in this matter.

Idaho Power Reply Comments

Insurance Requirements

Idaho Power agrees with Avista's characterization of the limited purpose of Idaho Power's Petition and supports the comments set forth by Avista. Idaho Power only seeks to revise certain security components of its agreements with QFs who have levelized avoided cost contracts with the Company. Except to the extent that certain insurance is required by the QF to conform with Commission required risk mitigation provisions, Idaho Power is not seeking direction with respect to general insurance requirements for QF projects in this docket. Idaho Power concurs with the Commission Staff's recommended clarifications and modifications to the insurance requirements as proposed by the Company and respectfully requests that proposed insurance requirements as illustrated in Commission Staff Comments, Attachment 4, be approved.

Second Lien Rights

Future QF Agreements:

Idaho Power admits to mixed feelings on the subject of second liens. On the one hand, the Company's experience in enforcing second liens has not been good. On the other hand, the prospect of "loaning" CSPP developers millions of dollars by levelized rates without any security is not consistent with good business practice.

Should the Commission accept Staff's recommendation and continue to require second lien security rights, Idaho Power informs the Commission that it will retain outside counsel to complete the paperwork required to establish those lien rights. The estimated legal fee for establishing a second lien on a QF project is $1,000 to $1,500. Idaho Power requests that the Commission permit the Company to collect its cost of establishing a second lien directly from QFs electing to be paid levelized rates. Alternatively, the Company requests that it be authorized to include those legal expenses as part of the cost of qualifying facility purchases in the Company's annual PCA.

Pre-existing QF Projects:

Should the Commission accept Staff's recommendation, the Company expects that pre-existing QF projects with levelized contracts that are currently required to meet the -292 case security requirement will continue to conform to those requirements. The only change in these requirements will be any Commission approved modifications to the -292 case "basic insurance" provisions. QF's with a levelized avoided cost rate contract who have not been able to obtain Commission-required valued loss of income insurance at commercially reasonable rates would be expected to comply with the –292 case "basic insurance" component as requested by the Company in its Petition and as adjusted by Staff but would not be obligated to either continue to seek valued loss of income insurance or to grant a second lien in favor of Idaho Power on their projects.

In conclusion, the Company requests that the Commission issue an Order:

1. Finding that the modified insurance requirement shown in the Attachment 4 to the Commission Staff Comments be accepted as the "basic business insurance" coverages for purposes of risk mitigation as established in Order No. 21690, as amended, for future CSPP agreements for pre-existing CSPP projects as their current insurance is renewed;

2. Finding, for pre-existing CSPP projects with levelized contracts who have not been able to obtain Commission-required valued loss of income insurance and who have not granted a second lien in favor of Idaho Power, that those projects be required to comply with the -292 case "basic insurance" component as shown in Attachment 4 to the Commission Staff comments but that those projects now be obligated to either continue to seek valued loss of income insurance or to grant a second lien in favor of the Company; and

3. Finding that, if the Commission determines if Idaho Power shall obtain a second lien on all new CSPP projects with whom it enters into levelized rate agreement, then the Company is authorized to collect the reasonable attorney's fees and cost of establishing the second lien directly from the CSPPs or, in the alternative, that the Company be authorized to include those legal expenses as a part of the cost of Qualifying Facility purchases in the Company's PCA.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case Nos. IPC-E-03-16, AVU-E-03-9 and PAC-E-03-13 including the comments and recommendations of PacifiCorp, Avista, Commission Staff and Vern Ravenscroft. Based on our review, we continue to find it reasonable to process this case pursuant to Modified Procedure. IDAPA 31.01.01.204.

Idaho Power in this case proposes modifications to the PURPA security provisions for contracts with levelized rates. The Company proposes changes to the insurance requirements to comport with what is presently available in the insurance industry. The Company also proposes to eliminate the second lien requirement. The Commission notes that PURPA QFs can request either levelized or non-levelized rates. With levelized rates there is a risk of overpayment should the contract terminate prior to its scheduled end. To mitigate that risk, the Commission has required both insurance and lien rights. Reference Case No. U-1006-292 (-292 Case), Order No. 21690, as amended.

Regarding insurance, Idaho Power in Reply Comments recommends that Staff's proposed modifications to the insurance requirements be accepted and that PacifiCorp's proposed expansion of insurance requirements to include automobile and workers' compensation coverage be denied. The Commission finds the proposed modifications to security provisions as recommended by Staff and agreed to by Idaho Power, PacifiCorp and Avista to be reasonable. We also find it reasonable to deny PacifiCorp's proposed expansion of the -292 insurance requirements. The -292 insurance requirements deal only with security requirements for PURPA QF projects that receive payments at levelized avoided cost rates.

The Commission finds that most of the clarification requested by Mr. Ravenscroft is addressed in the insurance modifications we are approving. Not specifically addressed is Mr. Ravenscroft's question as to whether in All Risk Property Insurance, "80% of cost" includes "soft costs" such as engineering, federal licensing, legal expense, contract negotiations, financing expense, finders fees, etc. Based on Staff's investigation, the Commission believes that such "soft costs" are not included in All Risk Property Insurance.

Regarding lien rights, Idaho Power recommends that the second lien requirement be eliminated. Staff objects to this proposed modification and notes that without a second lien the methodology for QFs requesting levelized rates requires the posting of liquid security, 35% of the estimated overpayment liability amount. Idaho Power admits mixed feelings and informs the Commission that should the second lien continue to be a security requirement, it is the Company's intention to outsource this legal work. Idaho Power requests Commission authority to collect the Company-estimated $1,000 to $1,500 cost of securing a lien from the QF or alternatively recover the lien expense as part of its annual Power Cost Adjustment (PCA) filing. Commission Staff contends that this is a contract administration cost and has never been a cost directly billed to QFs. It is also, Staff contends, not the type of power cost that is appropriate for recovery through a PCA.

The Commission continues to find value for ratepayers in the presence of a second lien to secure overpayment liability. We recognize that securing a lien may entail some expense. We assume the Company's decision to outsource is based on a determination that the utility has no in-house expertise or that the cost of outsourcing the task is less than performing the task itself. The Commission finds that it is inappropriate to recover this type of expense as part of the Company's PCA. We find it reasonable, however, for the Company to assess this cost to QFs. Alternatively, we find it reasonable that the QF be permitted to prepare the lien documentation and to file the lien itself. The procedure that we approve for recovery of lien expense is for new levelized PURPA contracts only. For existing levelized PURPA contracts, the Company is expected to administer its contracts in a responsible fashion and to require QF compliance with Commission -292 security requirements. For those levelized QF contracts without a second lien, the QF should be brought into compliance or the Company should require a posting of liquid security. The Commission expects the Company to follow Commission Orders. Reference *Idaho Code* § 61-706. If liquid security is required but not enforced, it is the Company and not its customers that are at risk for the foregone security.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, Avista Corporation, and PacifiCorp dba Utah Power & Light Company, electric utilities, pursuant to the authority granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has the authority under PURPA and implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from Qualified Facilities, and to implement FERC rules.

ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby approve those modifications to insurance requirements for PURPA power purchase agreements containing levelized avoided cost rates as set forth in the schedule attached to this Order.

IT IS FURTHER ORDERED and the Commission does hereby deny Idaho Power Company's request to eliminate the second lien requirement as a risk mitigation measure for PURPA power purchase agreements that contain levelized avoided cost rates. The Company is authorized for new levelized contracts to recover lien expense from the contracting QF; or alternatively, we permit the QF to prepare the lien documentation and file the lien itself.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of April 2004.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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INSURANCE

TYPE	LIMITS	MAXIMUM DEDUCTIBLE
Commercial General Liability	~~The greater of 15% of plant cost or~~ $1 Million per occurrence	~~0.5% of Plant Cost~~ Consistent with current Insurance Industry utility practices for a similar property
All Risk Property	Not less than ~~90%~~ 80% of ~~Plant Cost~~ the current replacement cost of plant buildings and/or equipment*	~~0.5% of Plant Cost or $25,000, whichever is greater~~ Consistent with current insurance Industry utility practices for a similar property.
Catastrophic Perils (Earthquake and Flood)	Not less than ~~60%~~ 80% of ~~equipment cost~~ the current replacement cost of plant buildings and/or equipment*	~~5% of Plant Cost~~ Consistent with current Insurance Industry utility practices for a similar property.
Boiler/Machinery	Not less than ~~90%~~ 80% of ~~equipment cost~~ the current replacement cost of plant buildings and/or equipment*	~~5.0% of equipment cost or $25,000, whichever is greater~~ Consistent with current Insurance utility practices for a similar property.
Loss of Income (Business Interruption)	Not less than 20% of estimated annual income	~~30 days of income~~ Consistent with current Insurance Industry utility practices for a similar property.

* Replacement shall be with property of like kind, age and quality.

All of the above insurance coverages shall be placed with insurance companies with an A.M Best rating of A- or better.

ATTACHMENT
ORDER NO. 29482
CASE NOS. IPC-E-03-16
AVU-E-03-9
PAC-E-03-13