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(U 902-M), (U 338-E), (U 904-G) and (U 39-M)

***TESTIMONY IN SUPPORT OF JOINT
APPLICATION FOR AUTHORITY TO ESTABLISH
A WILDFIRE EXPENSE BALANCING ACCOUNT
TO RECORD FOR FUTURE RECOVERY
WILDFIRE-RELATED COSTS***

Before the

Public Utilities Commission of the State of California

Rosemead, California

August 31, 2009

**TESTIMONY IN SUPPORT OF JOINT APPLICATION FOR
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ACCOUNT TO RECORD FOR FUTURE RECOVERY WILDFIRE-
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2 **D. Insurance Procurement Consultative Process**

3 In order to ensure that the Utilities have the input of customer representatives in the decisions to
4 procure insurance coverage, the Utilities propose to consult with customer representatives during the
5 annual procurement process. The Utilities ask the Commission to direct Division of Ratepayer
6 Advocates and Energy Division, and invite other stakeholder groups, to participate in this process.

7 Although meetings with liability insurance carriers span months, many of the insurance
8 companies do not quote binding offers until the end of the process. At that point, the Utilities must
9 decide quickly whether to purchase the insurance offered. To facilitate stakeholder input consistent with
10 the realities of the procurement of liability insurance, the Utilities propose the following process:

- 11 • Meeting with stakeholders at least two months prior to the renewal to review the procurement
12 strategy, including current market conditions and the utilities' insurance needs.
- 13 • Periodic updates as necessary.
- 14 • Shortly prior to renewal, inform status of procurement.

15 Within 30 days of the date on which a Utility makes final decisions with respect to wildfire
16 insurance, the Utility will file with the Commission a report describing the process and outcome of the
17 insurance procurement effort.