

- 1 Q. **Volume 1 (1st Revision), Chapter 3: Operations**
2 Insurance costs have increased from \$2.5 million in 2016 to \$3.4 million in the 2019
3 test year, or approximately 35%. Please fully explain the reasons for this increase.
4 (Volume I (1st Revision), Chapter 3: Operations, Schedule 3-IX)
5
6 A. For the period from 2016 to 2019, insurance costs increased by \$0.9 million. The
7 primary reasons for the increase are provided in Table 1.

Table 1 Causes of Insurance Cost Increases (\$)

Retail Sales Tax ¹	0.5
Membership credit received ²	0.2
Forecast premium increases over three years	0.2
	<u>\$0.9</u>

¹ Effective July 1, 2016 retail sales tax required to be paid on insurance premiums.

² The membership credit is not guaranteed from year to year and therefore was excluded from the 2017 Forecast and the 2018 and 2019 Test Years.