

APPENDIX A

Assurances (463-42-075 WAC)

A.1 463-42-075 WAC General—Assurances

The application shall set forth insurance, bonding, or other arrangements proposed in order to mitigate for damage or loss to the physical or human environment caused by project construction, operation, abandonment, termination, or when operations cease at the completion of a project's life.

Starbuck Power Company, L.L.C. (the Applicant), will establish and maintain several forms of insurance to mitigate for potential damage or loss to the physical or human environment during construction and operation of the Starbuck Power Project (SPP). Insurance will be maintained as required by law, customary business practice, and third-party participants and lenders. The coverages described below will be included.

A.1.1 Commercial General Liability Insurance

The construction contractor and subcontractors will be required to carry commercial general liability insurance, including products and completed operations in specified amounts to respond to liability and property damage claims arising during the construction and startup phase of the generation plant.

The Applicant will obtain and maintain in full force and effect commercial general liability insurance against claims for liability and property damage arising out of the use and occupancy of the premises.

A.1.2 Property Insurance

The Applicant will obtain, and maintain at all times during the term of construction and operation of the generation plant, physical damage insurance on the buildings and all improvements that are to be erected on the premises on an "all risk" basis, including, to the extent feasible, coverage against damage or loss caused by earth movement and flood.

The Applicant will purchase insurance policies to cover damages arising from environmental, casualty, and other major incident.

The Applicant will obtain and maintain boiler and machinery insurance at all times during the term of construction, including testing and operation of the generation plant. Coverage will be written on a comprehensive form for all insurable objects, including all production machinery located on or adjacent to the site in a minimum amount equal to the maximum foreseeable loss.

A.1.3 Environmental Impairment Liability Insurance

The Applicant will be responsible, as required by law, for acts of environmental impairment related to the ownership and operation of the generation plant. Such losses may be covered, in some circumstances, by general liability insurance that the Applicant and the construction

contractor will carry. In addition, the Applicant and/or its contracted operator will obtain environmental impairment liability insurance to the extent such coverage is available on a commercially viable basis. This insurance will cover the acts of the Applicant and its operators at the site, consistent with or in excess of then-prevailing industry standards for such insurance on the fossil fuel power generating industry. Commercial viability will be determined by reference to the norm of the industry.

A.1.4 Automobile Insurance

The construction contractor and subcontractors will be required to carry automobile liability insurance covering all owned, leased, non-owned, and hired automobiles used during the construction and startup phase of the generation plant.

The Applicant will obtain and maintain in full force and effect automobile liability insurance covering owned, non-owned, and hired autos.

A.1.5 Worker's Compensation and Unemployment

The Applicant will fully comply with Washington State worker's compensation and unemployment laws with respect to any employees performing work on the site. The Applicant will require of the construction contractor and subcontractors working on the site similar compliance with Washington State worker's compensation and unemployment laws with respect to their employees performing work on the site.

The Applicant will maintain ongoing responsibility for site facilities and site integrity as the site owner. The Applicant will provide security for its site restoration obligations as required by the proposed Initial Site Restoration Plan (see Appendix K).