

1 Q. **2013 General Rate Application, Intercompany Charges and Shared Services**

2 Page 3.17, Table 3.3 - What is the industry standard for allocating insurance  
3 expenses amongst related entities within public utilities?  
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7 A. Based on Hydro's experience and discussions with the insurance companies,  
8 insurance expenses amongst related entities within public utilities are allocated  
9 according to policy type, and charged to the applicable entity as follows:

10 a. Property and Equipment: By location, occupancy, construction type,  
11 protection and claims history of each entity as taken from complete  
12 Statement of Values;

13 b. Casualty (General Liability, Umbrella and Excess Liability): By revenues,  
14 payroll, employee counts and claims history of each entity as taken from  
15 annual income statements;

16 c. Aviation: Non-Owned Aircraft-Number of hours flown on leased or  
17 chartered aircraft, fixed wing or rotary wing. Owned Aircraft - Age of  
18 aircraft, experience of pilots and claims history where applicable to each  
19 entity;

20 d. Crime: Number of employees who handle money on our behalf and security  
21 systems in place that protect physical transactions and computer  
22 transactions and claims experience where applicable to each entity;

23 e. Automobile: Vehicle types, location, radius of operation and claims history  
24 applicable to each entity;

25 f. Travel Accident: Classification of employee and number of hours traveled  
26 applicable to each entity;

27 g. Marine Liability: Number of dockings, number of vessels, number of barrels  
discharged and claims history applicable to each entity; and

- 1 h. Directors and Officers Liability: Indemnification provisions of the by-laws,
- 2 charters or articles of incorporation, financial statements and claims history
- 3 applicable to each entity.