

1 Q. Please provide the 2007 forecast insurance cost using the assumption that
2 Hydro will be choosing the highest deductibles available to it under its
3 insurance policies.

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6 A. As discussed in CA 154 NLH, Hydro has the option to select deductible
7 levels without maximum restriction, however, cost savings for deductibles
8 higher than those currently in effect are difficult to justify due to loss history
9 and budgetary considerations for higher deductibles. Hydro is of the opinion
10 that the current deductible structure provides a reasonable level of risk, at the
11 least cost, to the Corporation. If the property/boiler insurance deductible was
12 increased to \$2 million, insurance cost would reduce by \$98,560 and with an
13 increase to a \$5 million deductible, a reduction in premium of \$262,830
14 would be applicable. An increase in deductibles on all other policies would
15 have no direct impact on premium cost.