

1 **Q. Further to the reply of CA-NP-142, please explain (a) why NP believes it is**
2 **appropriate to assume the value of the annual insurance services should be limited**
3 **by 1,400 billable hours per year whereas the services are actually available 1,950**
4 **hours per year? (b) If NP and its affiliates used the services of one of the three risk**
5 **management consulting firms contacted for 1,950 hours per year, would it be**
6 **reasonable to expect to pay for only 1,400 of these hours?**

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8 A. (a) Newfoundland Power did not assume the annual insurance services should be
9 limited to 1,400 billable hours per year.

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11 The 1,400 billable hours was one piece of information used by Newfoundland
12 Power to develop a market proxy charge out rate for insurance services. That
13 consultants will generally *bill* less hours than they actually *work* appears to
14 Newfoundland Power to be a reasonable observation.

15
16 (b) No. Newfoundland Power would expect to pay for services of a management
17 consulting firm based on an agreed charge out rate and the actual number of
18 billable hours of service provided. Please note that, as indicated in the report
19 found at Attachment A to response to Request for Information CA-NP-142, the
20 services provided by insurance consultants and brokers differ from the services
21 provided by the Director, Risk Management.