

1 Q. **Reference: 4.**

2 Please provide all portions of the applications by or on behalf of Hydro, and any
3 other documentation provided by or on behalf of Hydro to their insurers,
4 prospective insurers or brokers, and any requests for any documentation by Hydro's
5 insurers, prospective insurers or brokers, relating to the Failure to Supply Service
6 coverage in place from 2002 to July 1, 2013 including without limiting the foregoing
7 any representations made by or on behalf of Hydro or information sought from
8 Hydro on any limitations of liability (or lack thereof) imposed on any industrial
9 customer.

10

11

12 A. There were no requests, enquiries or comments of any kind from insurers between
13 2002-2013. The first enquiry was from insurers in relation to preparing defense of
14 the NARL claim in late April/early May 2013. See NA-NLH-002 Attachments 1
15 through 3.



John,

Just met with our lawyer and advised him of attached . He will provide info. late this afternoon or early am. Hopefully, that will give Northbridge a clearer picture of the exposure under current terms and conditions for provision of power interruption coverage . Worse case scenario would Northbridge provide quote without this coverage to industrial customers . I mean as a last resort if they decided to walk on umbrella .

Thanks,
Marilyn



Marilyn Leonard

Manager, Corporate Risk & Insurance

Treasury, Risk & Insurance

Nalcor Energy

t. 709 737-1370 c. 709 682-3170 f. 709-737-1800

e. mleonard@nalcorenergy.com

w. nalcorenergy.com

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From: <john.bate@aon.ca>

To: Marilyn Leonard <MLeonard@nalcorenergy.com>

Cc: <darren.marsh@aon.ca>, <terry.dodsworth@aon.ca>, <brennan.ford@aon.ca>, Gail Cullen
<GailCullen@nalcorenergy.com>

Date: 05/16/2013 01:32 PM

Subject: Northbridge & Failure to Supply risks

Not that we need another crisis on our hands, but we need to advise you that Northbridge is 'hinting' that we might want to remarket your Umbrella due to their perception of unlimited liability to one or more industrial customers.

They interpret the struck out passages in the NA contract as possibly meaning the PUB wishes Nalcor to have unlimited liability including consequential/loss of revenue.

I'm sure that's not the intent but I can see why they are so concerned, as there is nothing yet provided to them that says anything different.

Can you have your legal folks address this ASAP as respects go-forward risks?

As to the recent claim, that will have to take its own course towards resolution and will no doubt drag on for quite some time. But we can't wait for that, we need something to calm Northbridge now as respects the go-forward situation.

John S Bate
Senior Vice President
Aon Risk Solutions
Tel: 416-868-5828
Mobile: 709-691-5696

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RE: Insurance and Narl

John S Bate to: 'RobHull@nalcoreenergy.com',
'CarlaRussell@nalcoreenergy.com'

10/03/2013 10:47 AM

Cc: "GYoung@nlh.nl.ca", "ADunphy@nlh.nl.ca", Darren W Marsh

History: This message has been forwarded.

1 attachment



Nalcor CGL Failure to Supply Endt S-1.pdf

resent with attachment.

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john.bate@aon.ca | aon.ca
Aon Reed Stenhouse Inc.

-----Original Message-----

From: John S Bate
Sent: Thursday, October 03, 2013 9:13 AM
To: 'RobHull@nalcoreenergy.com'; 'CarlaRussell@nalcoreenergy.com'
Cc: 'GYoung@nlh.nl.ca'; 'ADunphy@nlh.nl.ca'; Darren W Marsh
Subject: RE: Insurance and Narl

Further to the note below, attached is the applicable endorsement from Nalcor's General Liability policy.

John

John S. Bate | Senior Vice President
Aon Risk Solutions | Specialty | Power
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+1.709.739.1000 | m +1.709.691.5696 | f +1.709.739.1001 john.bate@aon.ca
| aon.ca Aon Reed Stenhouse Inc.

-----Original Message-----

From: John S Bate
Sent: Wednesday, October 02, 2013 5:27 PM
To: 'RobHull@nalcoreenergy.com'; 'CarlaRussell@nalcoreenergy.com'
Cc: 'GYoung@nlh.nl.ca'; 'ADunphy@nlh.nl.ca'; Darren W Marsh
Subject: Re: Insurance and Narl

Hi Rob and Carla. In the morning I will send you the exact wording of the Failure to Supply Liability coverage in Hydro's General Liability policy.

To paraphrase, this coverage indemnifies (and will defend) Hydro for its legal liability to 3rd parties for Property Damage or Bodily Injury caused by a failure to supply electricity when such failure is caused by an "occurrence".

Insurers offer the coverage to utilities, (and most utilities would have the coverage), but it is underwritten based on the belief that the utility's liability is limited under regulatory tariffs or by contract.

When the NARL claim arose and the NARL contract was reviewed by Hydro's insurers, they determined the exposure was such that they were no longer willing to offer the coverage going forward.

Effective July 1, 2013 the above referenced Failure to Supply coverage remains in force but with a specific exclusion removing all cover for any such claims brought by NARL.

Trust this will assist. Feel free to give me a call if further clarification is required.

Best regards,
John

John S Bate
Senior Vice President
Aon Risk Solutions
t: 416.868.5828
m: 709.691.5696

----- Original Message -----

From: RobHull@nalcoreenergy.com [mailto:RobHull@nalcoreenergy.com]
Sent: Wednesday, October 02, 2013 11:39 AM Eastern Standard Time
To: CarlaRussell@nalcoreenergy.com <CarlaRussell@nalcoreenergy.com>
Cc: GYoung@nlh.nl.ca <GYoung@nlh.nl.ca>; ADunphy@nlh.nl.ca
<ADunphy@nlh.nl.ca>; John S Bate
Subject: Re: Insurance and Narl

Hi John

Pls see below...can you pls provide this to Carla?

Thx Rob

Robert L. Hull, CA, CIRP

General Manager (Treasury and Risk Management) and Chief Risk Officer Nalcor Energy This Email was sent from a Blackberry wireless handheld. The Email, including attachments, is confidential and proprietary. If you are not the intended recipient, any redistribution or copying of this message is prohibited. If you have received this Email in error, please notify us immediately by return Email, and delete this Email message.

|----->
|From: |
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|Carla Russell
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|To: |
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|Rob Hull
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|----->
|Cc: |
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|Geoff Young; Angela Dunphy
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|----->
|Date: |
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|10/02/2013 01:07 PM NDT
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|----->
|Subject: |
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|Insurance and Narl
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Hi Rob,

We need to file the application to update Narl's contract. What we need from the insurance carrier is the documentation of what has changed or been cancelled relating to Narl and why. We are trying to file this as soon as possible.

Thanks
Carla

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file: pic28253.jpg)

Carla Russell, CA
Manager Rates and Regulatory Affairs
Nalcor Energy

709-570-5927

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You owe it to yourself, and your family, to make it home safely every day.
What have you done today so that nobody gets hurt?

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Endorsement S-1
Limited Failure To Supply Extension

IT IS HEREBY UNDERSTOOD AND AGREED that:-

The coverage afforded by this Policy DOES NOT apply to any liability for Personal Injury or Property Damage arising out of the failure to supply unless:

1. Such failure is caused by an Occurrence; and

The combined capacity of the Insureds installed production facilities and contractual supply arrangements is equal to or greater than one hundred and ten percent (110%) of the electricity demand or one hundred percent (100%) of the gas demand (whichever demand is applicable) immediately preceding such failure, on the Insured's electric or gas system.



RE: Fw: Terms of Service / Liability - other than industrial

John S Bate to: GYoung@nlh.nl.ca

06/13/2013 12:21 PM

Cc: Darren W Marsh, "Marilyn Leonard (MLeonard@nalcenergy.com)",
"Rob Hull (RobHull@nalcenergy.com)"

Thanks Geoff. That's what we were looking for.

John

-----Original Message-----

From: GYoung@nlh.nl.ca [mailto:GYoung@nlh.nl.ca]

Sent: Thursday, June 13, 2013 7:20 AM

To: John S Bate

Subject: Re: Fw: Terms of Service / Liability - other than industrial

John,

I appreciate your clarifying email and telephone call. These matters are governed by the PUB approved Rules and Regulations which pertain to the service provided to our residential, general service, and street light customers. The relevant provision is:

14. HYDRO LIABILITY:

Hydro shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond its reasonable control.

These Rules are essentially the same as those that apply to all customers in our province, the great majority of whom are served by the investor owned distribution utility, Newfoundland Power. This section, in particular, is identical for both electrical utilities in this jurisdiction.

These rules can be access from our webpage (www.nlh.nl.ca) under Customers ... then to ... Electricity Rates ... then to ... Complete Schedule of rates Rules and Regulations.

I hope this is helpful. Please give me a call if I can provide you with more information in this regard.

Thanks,

Geoff

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file: pic04734.jpg)

Energy company

Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro - a Nalcor

t. 709 737-1277 f. 709 737 1782
e. GYoung@nlh.nl.ca
w. www.nlh.nl.ca

From: <john.bate@aon.ca>
To: <GYoung@nlh.nl.ca>
Date: 06/12/2013 05:10 PM
Subject: Fw: Terms of Service / Liability - other than industrial

Hi Geoff and thank you for your voice message.

Just to be sure we are clear, we already have copies of 5 industrial contracts, 4 of which limit your liability to 1,000,000; the 5th being the North Atlantic contract.

The question is, what are your liability risks for all other customers?

Is this addressed in the Act or Regulations or in your rates? Is there any exclusion or limitation with respect to indirect/consequential/loss of revenue etc? Is there anything that limits your liability to damages arising out of gross negligence, or only for events "beyond your reasonable control", or due to 'failure to follow good duty practice'. These are typical of the terms of service we see in some other provinces.

Thanks
John

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| aon.ca Aon Reed Stenhouse Inc.

----- Forwarded by John S Bate/ARS/CA/AON on 12/06/2013 02:50 PM -----

<RobHull@nalcoreenergy.com>

Jun/12/2013 02:53 PM CDT

To
John S Bate/ARS/CA/AON
cc

Subject
Fw: Terms of Service /
Liability - other than
industrial

FYI

(Embedded image moved to file: pic00053.jpg) Robert L. Hull, CA, CIRP
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You owe it to yourself, and your family, to make it home safely every day.
What have you done today so that nobody gets hurt?

----- Forwarded by Rob Hull/NLHydro on 06/12/2013 02:53 PM -----

From: Geoff Young/NLHydro
To: Carla Russell/NLHydro@NLHYDRO
Cc: "Rob Hull" <RobHull@nalcorenergy.com>
Date: 06/12/2013 02:19 PM
Subject: Re: Terms of Service / Liability - other than industrial

I can answer this question later this afternoon but I am in a meeting at present.

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From: Carla Russell
To: Geoff Young
Cc:
Date: 06/12/2013 02:15 PM NDT
Subject: Fw: Terms of Service / Liability - other than industrial

Spoke to Glenn & he indicated this was more in your area. I'm over with Glenn for a while, can you pop down or I can pop up when you are around so that we can get back to Rob with an answer to this?

Thanks
Carla

(Embedded image moved to file: pic01999.jpg)

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You owe it to yourself, and your family, to make it home safely every day.
What have you done today so that nobody gets hurt?
----- Forwarded by Carla Russell/NLHydro on 12/06/2013 02:14 PM -----

From: Rob Hull/NLHydro
To: "Carla Russell" <CarlaRussell@nalcorenergy.com>
Cc: "John Bate" <john.bate@aon.ca>
Date: 12/06/2013 01:55 PM
Subject: Fw: Terms of Service / Liability - other than industrial

Hi Carla

Can you pls advise on this...for customers other than industrial. As you see below it is time sensitive.

Thx Rob
Robert L. Hull, CA, CIRP
General Manager (Commercial, Treasury and Risk Management) and Chief Risk Officer Nalcor Energy This Email was sent from a Blackberry wireless handheld. The Email, including attachments, is confidential and proprietary. If you are not the intended recipient, any redistribution or copying of this message is prohibited. If you have received this Email in error, please notify us immediately by return Email, and delete this Email message.

From: [john.bate@aon.ca]
Sent: 06/12/2013 11:50 AM AST
To: Rob Hull
Subject: Terms of Service / Liability - other than industrial

Rob, sorry to torment you with this request but its a question that has been asked a few times and we've not been able to track down the answer.

Can you advise the terms of service and/or liability for failure to supply to your customers, other than the 5 industrial customers that are on individual contracts?

I was told this was available off the PUB website but I have searched for quite some time and can't locate anything.

This issue is now holding up negotiations with Northbridge on the CGL insurance renewal.

Cheers,
John

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