

1 Q. Reference: Install Fire Protection Upgrades, Volume I, Section D, Page D-76 to
2 D-77
3 *“FM Global, Hydro’s insurer, has noted their concern with risk associated with the*
4 *No. 6 fuel oil systems at Holyrood in their report FM Global Risk Report, Fire and*
5 *Natural Hazards Special Risk Evaluation, Holyrood Thermal Plant, Aug 24, 2011*
6 *(see Appendix A, pages A-7 and A-8 (target 08-10-001)). Due to the large*
7 *quantities of No. 6 fuel oil that is present inside the plant, FM Global has*
8 *recommended a number of measures that if installed, will reduce the likelihood*
9 *that the fuel system will feed an existing fire.*

10 Are Hydro’s insurance premiums contingent on meeting the recommendations in
11 the report *FM Global Risk Report, Fire and Natural Hazards Special Risk Evaluation,*
12 *Holyrood Thermal Plant, Aug 24, 2011?*
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15 A. Insurance premiums are not contingent on meeting the recommendations.
16 Premiums are calculated using a number of criteria such as location, loss history
17 and age. The completion of the recommended activities would assist in the
18 prevention of future losses. Such losses would likely increase Hydro’s insurance
19 premiums. Hydro’s adoption of the recommendations shows the insurer that Hydro
20 is proactive in its maintenance programs resulting in less down time and more
21 reliability therefore reducing the risk of future claims.