

1 Q. **Reference: CA-NP-115**

2 With respect to the Allowance for Unforeseen Items, were all the “Actual Spend” amounts in
3 Table 1 included in Hydro’s rate base?

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6 A. The treatment of Allowance for Unforeseen projects is similar to Newfoundland and Labrador
7 Hydro’s (“Hydro”) other projects: a project is included in rate base if the asset is in service and it
8 is approved for recovery. An item is included in rate base once the project goes into service
9 rather than as the funds are spent.¹ Prior to the project going into service, the project spend is
10 included in Work in Progress which is excluded from rate base.² In the event that the project is
11 in service but there are recovery concerns identified by the Board of Commissioners of Public
12 Utilities or by Hydro then the project is excluded from rate base.³

¹ Please refer to CA-NLH-135 for further information.

² Please refer to the “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022, sch. 5 for the Work-in-Progress totaling \$9.164 million which was excluded from rate base.

³ Please refer to the “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022, sch. 5 for the Average Net Capital Assets Excluded from Rate Base totaling \$8.2 million which was excluded from rate base.