

- 1 **Q. Further to PUB-NP-040, explain what is meant by the statement in reference to**
2 **operating costs associated with severe weather events that “because these costs are**
3 **not included in the rate making process, they are not recovered from customers in any**
4 **formal sense”. Are the costs recovered in any way, and if yes, how?**
5
- 6 A. Newfoundland Power does not forecast operating expenditures for *potential* future severe
7 weather events for test year purposes.
8
- 9 In the years following a general rate application the recovery of operating costs
10 associated with severe weather events might practically result from (i) higher revenues
11 than forecast in the test year, (ii) lower costs than those estimated for the test year, or (iii)
12 some combination of the two.