Q. Further to PUB-NP-040, what percentage of capital costs associated with severe weather events has been recovered each year through the Unforeseen Allowance in the period 2010 to 2015?

A. Table 1 shows total unforeseen capital expenditures related to severe weather events and the percentage recovered *through customer rates* for the years 2010 to 2015.[1]

Table 1
Allowance for Unforeseen Items[2]
Severe Weather Events[3]
2010 to 2015
($000s)

Year	Annual Amount[3]	Average Annual Amount[4]	Cumulative Balance[5]	Recovered Balance[1]	Recovered Percentage
2010 TY	-	-	-	750	N/A
2010	5,899	2,950	2,950	750	25%
2011	-	-	5,899	750	13%
2012	635	318	6,217	750	12%
2013/14 TY	-	-	-	750	N/A
2013	498	249	249	750	100%
2014	-	-	498	750	100%
2015	-	-	498	750	100%

[1] Newfoundland Power's 2010 and 2013/2014 test year average rate base included $750,000 for the Allowance for Unforeseen Items, which is approved as part of the Company's annual capital budget application. Any capital costs related to severe weather events above this amount would be recovered from customers once customer rates are reset.
[2] The following figures are capital expenditures only and do not include depreciation effects.
[3] The amounts shown are capital costs associated with severe weather events that were included in the Allowance for Unforeseen Items. They do not include other amounts recoverable through the Allowance for Unforeseen Items such as costs associated with equipment failures. Further, not all severe weather event costs are recovered through the unforeseen allowance. For example, capital expenditure of approximately $1.6 million to repair Newfoundland Power's generation facilities at Port Union and Lawn as a result of Hurricane Igor were applied for recovery through a supplemental capital budget application. The application was approved by the Board in Order No. P.U. 11 (2011).
[4] For rate base purposes, costs are recovered based on an average balance.
[5] The cumulative balance represents the average rate base balance not recovered through customer rates as a result of unforeseen capital expenditures associated with severe weather events. For example, the 2012 average rate base balance included unforeseen amounts of $6,217,000 compared to the $750,000 allowance included in the 2010 test year average rate base. Similarly, the 2015 average rate base balance included unforeseen amounts of $498,000 compared to the $750,000 allowance included in the 2010 test year average rate base.

The range of recovery through customer rates provided by the Allowance for Unforeseen Items ranged from 12% in 2012 to 100% in 2013 to 2015.[6]

[6] Although actual unforeseen expenditures were lower than the test year forecast for 2013 to 2015, total capital expenditures in all 3 years were greater than the capital expenditure forecast used in 2013/2014 General Rate Application. For a comparison of forecast and actual expenditures from 2009 to 2014 please see the response to Request for Information CA-NP-231.