

- 1 **Q. (Reference Application Schedule B, page 96 of 98) For the Allowance for Unforeseen**
2 **Items (Other) project, it is stated “If the balance in the Allowance for Unforeseen**
3 **Items is depleted in the year, the Company may be required to file an application for**
4 **approval of an additional amount in accordance with the Capital Budget Application**
5 **Guidelines.” What happens if approved funds are not spent? Could unforeseen**
6 **items be paid for with funds from approved projects that are deferred or delayed**
7 **rather than have the Board approve funding for the unknown?**
8
- 9 A. If the approved *Allowance for Unforeseen Items* project budget is not spent, the variance
10 will be reported in the Capital Expenditure Report filed with the Board on or before the
11 date prescribed in the Board Order approving the *2021 Capital Budget Application*.¹
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- 13 The *Capital Budget Application Guidelines* adopted in October 2007 established the
14 Allowance for Unforeseen Items account as a way to expeditiously deal with unforeseen
15 events.² The intent of the Allowance for Unforeseen Items account is to deal with
16 expenditures of an urgent nature where any delay would have serious negative
17 consequences.
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- 19 There is currently no mechanism under the existing *Capital Budget Application*
20 *Guidelines* to permit Newfoundland Power to use funds approved as part of one capital
21 project to address variances in another.

¹ Newfoundland Power is required to report any variance from approved amounts of more than 10% and \$100,000 or greater.

² Capital Budget Application Guidelines, Section 2, page 10 of 11, revised October 2007.