

**Reconstruction (\$2,745,000)**

**Q. Provide an explanation as to why the projects included in this category on p. 43 of Schedule B do not fit within the category of Allowance for Unforeseen Items (\$750,000) on p. 60 of Schedule B.**

A. Projects included in this category are forecasted based on average historical expenditures and forecast number of customers. A number of repairs are anticipated annually due to deterioration and minor storm damage. There is a budgeting methodology based on forecasted units and a means to assess the actual costs relative to a historical pattern. This fundamentally differs from Allowance For Unforeseen Items in that the type of expense is known and there is a projected expenditure based on past experience.

Refer to CA-44(c) for an explanation of Allowance For Unforeseen Items.