

1 **Q. Exhibit 2: Why are Computing Equipment costs increasing from \$1.45 million in**  
2 **2017 to \$2.1 million in 2020F?**

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4 A. Newfoundland Power uses technology in the day-to-day operation of the electrical  
5 system and in the provision of customer service. Such technology supports the  
6 Company’s ability to balance cost management, system reliability and responsiveness to  
7 customers’ expectations.

8  
9 Operating costs for Computing Equipment & Software are forecast to increase by  
10 \$600,000 from 2017 to 2020.<sup>1</sup> This increase is attributable to higher costs for third-party  
11 software licensing and support.

12  
13 Table 1 provides a summary of this increase by software category.  
14

**Table 1:**  
**Computing Equipment and Software**  
**2017 to 2020F**  
**(\$000s)**

<b>Software Category</b>	<b>Increase</b>
Operations and Engineering	261
Customer Service	137
Cybersecurity	77
Other	125
	<u>600</u>

15  
16 Forecast increases in Operations and Engineering software over the 2017 to 2020 period  
17 include licensing and support for software used in the day-to-day operation and  
18 maintenance of the electrical system. This includes licensing and support for the  
19 Company’s new Outage Management System to be implemented in 2019.<sup>2</sup> It also  
20 includes licensing and support for expanded use of the Workforce Management System  
21 used to dispatch field crews to respond to customer outages and customer-driven work  
22 requests.

23  
24 Forecast increases in Customer Service software over the 2017 to 2020 period include  
25 licensing and support for customer communication tools, such as the Company’s  
26 multichannel Contact Management System and the customer app for mobile devices  
27 implemented in 2016.

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<sup>1</sup> \$2,051,000 – \$1,451,000 = \$600,000.

<sup>2</sup> The Company’s plan for replacing its Outage Management System is described in its *2018 Capital Budget Application, Report 5.5: Outage Management System Replacement and Enhancement*.

1 Forecast increases in Cybersecurity software reflect increasing requirements to protect  
2 customer and Company information from cybersecurity threats.  
3  
4 Other software includes back office software, such as the Company’s new Human  
5 Resource Management System to be implemented in 2019.<sup>3</sup>  
6  
7 Overall, these technologies have supported Newfoundland Power in achieving operating  
8 efficiencies without compromising the level of service experienced by customers. For  
9 more information, see the Company’s *2019/2020 General Rate Application, Volume 1,*  
10 *Application, Company Evidence and Exhibits, Section 2.2.2 Balancing Costs and Service*  
11 *and Section 2.3.3 Field Responsiveness,* as well as response to Request for Information  
12 PUB-NP-002.

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<sup>3</sup> The Company’s plan for replacing its Human Resource Management System is described in its *2018 Capital Budget Application, Report 5.4: Human Resource Management System Replacement.*