

1 **Q. Reference: Page 71 of 85 - Application Enhancements (Pooled) - \$1,372,000**

2
3 **In updating Newfoundland Power's 20-year-old spreadsheet system for financial**
4 **forecasting, at a cost of \$183,000, Newfoundland Power, in its justification, has**
5 **stated that "The Company has identified 2014 as an appropriate time for this**
6 **transition." Please explain why it is appropriate to make this change at this time.**
7

8 A. The purpose of the Financial Planning and Forecasting item of the Application
9 Enhancements project is to replace Newfoundland Power's existing 20-year old
10 spreadsheet-based system for financial forecasting. This system supports forecasting of
11 the Company's financial performance and analysis of possible future scenarios or policy
12 proposals. This functionality is critical to regulatory planning and preparation of
13 applications to the Board, particularly general rate applications.
14

15 In Order No. P.U. 13 (2013) the Board ordered that Newfoundland Power shall, unless
16 otherwise directed by the Board, file its next general rate application with a 2016 test year
17 on or before June 1, 2015.
18

19 The Company has identified 2014 as the appropriate time to replace the 20-year old
20 spreadsheet-based system for financial forecasting. This reflects the constraint on timing
21 of the transition to a new system to a year when no major regulatory planning events,
22 such as a general rate application, are anticipated. Implementation in 2014 meets this
23 constraint.
24

25 The proposed 2014 implementation also reflects the Company's consideration of the
26 benefits of having a new financial forecasting system in place in advance of its
27 preparation of the required June 1, 2015 general rate application filing. These benefits
28 primarily include knowledge transfer in its workforce, improved analysis capability, and
29 enhanced reliability, security and quality of financial planning data.