Q. According to Table 1, on page 4 of Schedule 1, the forecast information systems project costs for 2025 are $1.971 million.

a) Please provide the details of the cloud deferral arrangements, including the dollar value, in 2025. Also indicate whether each of the cloud deferral arrangements have received Board approval.

b) Please indicate which arrangements, if any, were included in Nalcor Energy prior to amalgamation, and how were they treated for accounting purposes.

A. **a)** The forecasted information systems project costs for 2025 of $1.971 million include five capital projects. The included projects are as follows:

1) Implement SCADA[1] Points Application (2025–2026);

2) Upgrade Energy Management System (2025–2026);

3) Upgrade Work Protection Code Application (2025–2026);

4) Replace Reporting Management Tools (2025–2026); and

5) Microsoft Enterprise Agreement (2025–2027).

Projects Implement SCADA Points Application (2025–2026), Upgrade Energy Management System (2025–2026), and Upgrade Work Protection Code Application (2025–2026) were approved under the 2025 Capital Budget Application (“CBA”)[2] and have been determined not to contain any cloud deferral arrangements.

The Replace Reporting Management Tools (2025–2026) Project was approved by the Board as a Supplemental CBA in Board Order No. P.U. 11(2025). As of the date of this response, the reporting tool solution under this project has yet to be awarded, as proposed solutions

[1] Supervisory Control and Data Acquisition (“SCADA”).
[2] Board of Commissioners of Public Utilities (“Board”) Order No. P.U. 28(2024).

are currently under evaluation. As a result, Newfoundland and Labrador Hydro ("Hydro") is unable to confirm whether a cloud deferral arrangement will exist for this solution at this time.

The Microsoft Enterprise Agreement (2025–2027) Project was originally budgeted under Nalcor Energy for 2025, prior to the amalgamation, and it has been determined that this project does not include a cloud deferral arrangement.

In addition to these capital projects, the Lotus Notes Migration Project, which began in 2024 in Nalcor Energy, is a cloud-based project which is continuing and was budgeted by Hydro in 2025. Hydro will file an application for the transfer of these costs, forecasted to be approximately $2 million in 2025, to the Cloud Cost Deferral Account pending approval of the deferral account by the Board.

b) Please refer to part a) of this response.