

December 11, 2025

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau  
"Executive Director and Board Secretary

**Re: Application for Approval of the Transfer to the Cloud Cost Deferral Account of the 2025 Implementation Costs of Certain Information Systems Projects**

Enclosed is Newfoundland and Labrador Hydro's ("Hydro") application for approval of the transfer of the 2025 implementation costs of certain Information Systems projects ("IS Projects") to the Cloud Cost Deferral Account approved by the Board of Commissioners of Public Utilities ("Board") in Order No. P.U. 35(2025).

As detailed in Schedules 1 and 2 of Hydro's application, Hydro seeks approval to transfer 2025 expenditures associated with cloud-based projects to the Cloud Cost Deferral Account. The costs for 2025 are currently estimated at \$2.3 million and arise from the implementation of four particular IS Projects that had been approved, initiated, and the procurement completed by Nalcor Energy ("Nalcor") prior to the amalgamation of Nalcor and Hydro effective January 1, 2025. As a result of amalgamation, Hydro was bound to any contractual agreements of Nalcor and continued the execution of any applicable capital work.

Three of the projects are below the capital budget threshold set out in the *Public Utilities Regulations* and were described in Appendix A to Hydro's Report on Amalgamation Activities.<sup>1</sup> The Lotus Notes Migration Project, necessary to address critical cybersecurity risks and operational inefficiencies, is more fully described in Schedule 1 hereto. These projects were prudently incurred and align with Hydro's commitment to maintaining reliable and secure systems for its regulated operations. Approval of this request will enable Hydro to recover these costs over a period that better reflects the benefits of the projects to customers.

While Hydro does not require approval of this application prior to the end of 2025, Hydro does request that the Board issue an expedited schedule that would allow for approval by early to mid-January to support accurate year-end accounting.

Should you have any questions, please contact the undersigned.

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<sup>1</sup> "Report on Amalgamation Activities," Newfoundland and Labrador Hydro, rev. April 17, 2025 (originally filed April 15, 2025), app. A.

Jo-Anne Galarneau  
Board of Commissioners of Public Utilities

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Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/mc

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Ryan Oake  
Board General

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, KC, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Labrador Interconnected Group**

Senwung F. Luk, Olthuis Kleer Townshend LLP  
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

**Linde Canada Inc.**

Sheryl E. Nisenbaum  
Peter Strong

**Newfoundland Power Inc.**

Dominic J. Foley  
Douglas W. Wright  
Regulatory Email

**Teck Resources Limited**

Darren Hennessey

**Island Industrial Customer Group**

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Glen G. Seaborn, Poole Althouse

# 2025 Implementation Costs to the Cloud Cost Deferral Account

December 11, 2025

An application to the Board of Commissioners of Public Utilities



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (“Act”), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for an Order pursuant to Section 80 of the *Act* approving the transfer to the Cloud Cost Deferral Account of the costs incurred in 2025 for the implementation of certain Information Systems projects (“IS Projects”).

**To:     The Board of Commissioners of Public Utilities (“Board”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A.     Background**

1.     Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2024*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2.     The legal merger of Nalcor Energy (“Nalcor”) and Hydro was effective January 1, 2025, pursuant to the *Hydro Corporation Act, 2024*. This amalgamation combined Nalcor's assets, liabilities, and subsidiaries into the single entity of Hydro.
3.     Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
4.     Section 80 of the *Act* requires that a public utility be entitled to earn annually a just and reasonable return as determined by the Board on the rate base as fixed and determined by the Board for each type or kind of service supplied by the public utility.
5.     In Order No. P.U. 35(2025), the Board approved the creation of a Cloud Cost Deferral Account effective January 1, 2025 (“Deferral Account”).

6. The operating costs incurred in the implementation of cloud-based software solutions will be charged to the Deferral Account; specifically, the costs that would have been capitalized had the solution been on-premises.<sup>1</sup> The amount charged to this account will include up-front payments for implementation costs and other directly attributable costs for cloud-based solutions, and capitalized interest as calculated in accordance with Hydro's Capitalization Guidelines.
7. The Board's Order also approved the inclusion of the Deferral Account in Hydro's regulated rate base.
8. Certain information systems are common and will be used by all lines of business within the Hydro group of companies. For those systems, costs that are determined to be applicable to other lines of business will be recovered in accordance with Hydro's Intercompany Transactions Costing Guidelines. The cost recovery will include the implementation costs applicable to serving non-regulated lines of business, plus return on rate base earned on those costs, and will be included in Hydro's revenue requirement as a credit to ensure only the costs applicable to servicing Hydro's regulated business are recovered from customers.
9. The Lotus Notes Migration Project, which began in 2024, is a cloud-based project intended to migrate the systems from the Lotus Notes email platform to the Microsoft email platform to address the issues with the Lotus Notes program. The Lotus Notes program had reached the end of its service life, was inadequately supported, and lacked compatibility with key applications. Upgrades to the platform to ensure its stability and reliability to mitigate cybersecurity risks were no longer possible, and the technology was at risk of asset stranding. Further details regarding the project and its justification are included in Schedule 1 to this application.
10. While the contractual agreements for the projects were entered into by Nalcor, the project scope continued into 2025, subsequent to the January 1, 2025 amalgamation. Hydro was bound by the contractual obligations of Nalcor and continued the project to completion in 2025.
11. In Hydro's response to request for information PUB-NLH-003 of Hydro's application for approval of a proposed Cloud Cost Deferral Account, Hydro noted that if the Deferral Account were

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<sup>1</sup> Under International Financial Reporting Standards, implementation costs of traditional on-premises applications are considered long-term assets and capitalized on a company's Statement of Financial Position, in accordance with International Accounting Standard 38 Intangible Assets.

approved, Hydro would file an application for the transfer of the costs related to 2025 cloud-based projects to the Deferral Account.

12. Hydro's Report on Amalgamation Activities included a description of the 2025 IS Projects with estimated capital expenditures under \$750,000.<sup>2</sup> The execution of the Implement Document Control Software for Major Projects and aspects of the Migrate Legacy Applications Project<sup>3</sup> resulted in the implementation of cloud-based software solutions provided to Hydro as a subscription-based on a SaaS<sup>4</sup> model, whereby Hydro is provided access to the software in exchange for monthly user access or license payments throughout the contract term. These projects and the costs related to them, as well as the costs associated with the Lotus Notes Migration Project, are listed in Schedule 2 to this application.

**B. Application**

13. Hydro proposes the transfer of the cloud-based implementation operating costs incurred in 2025 for the IS Projects described in this application to the Deferral Account. At this time, those costs are estimated to be approximately \$2.3 million, as outlined in Schedule 2 to this application.
14. Costs will be amortized as set out in the Deferral Account definition.
15. As noted in Schedule 1 to this application, the Lotus Notes Migration project was necessary for the overall organization, but importantly, it addresses many critical issues for Hydro. The lack of future supportability of Lotus Notes increased Hydro's security risks, as email is a common target of cybersecurity threats. Also, without a guarantee of future support, the asset was far more likely to become stranded, resulting in the loss of critical communications functions. These issues also resulted in higher administrative and support activities, impacting day-to-day operations. The risks associated with staying on the platform were expected to increase over time. Migration to Microsoft will mitigate these risks for Hydro.

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<sup>2</sup> "Report on Amalgamation Activities," Newfoundland and Labrador Hydro, rev. April 17, 2025 (originally filed April 15, 2025).

<sup>3</sup> Hydro has legacy custom-built applications that require replacement due to supportability and compatibility issues with new technologies, and the potential for security risks. In 2025, Hydro replaced a number of its custom-built applications with newer standard and custom technology solutions through the Migrate Legacy Applications Project.

<sup>4</sup> Software as a Service ("SaaS").

16. Approval of the transfer of the 2025 IS Project cloud-based implementation operating costs to the Deferral Account would enable Hydro to capture the prudently incurred implementation costs associated with cloud-based computing arrangements and ensure recovery from customers over a period better representing the transfer of benefit.

**C. Newfoundland and Labrador Hydro's Request**

17. Hydro requests that the Board make an Order approving the transfer of 2025 IS Project cloud-based implementation operating costs to the Deferral Account to be treated as defined in that account and included in the rate base.

**D. Communications**

18. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

**DATED** at St. John's in the province of Newfoundland and Labrador on this 8th day of December 2025.

**NEWFOUNDLAND AND LABRADOR HYDRO**



Shirley A. Walsh  
Counsel for the Applicant  
Newfoundland and Labrador Hydro  
500 Columbus Drive, P.O. Box 12400  
St. John's, NL A1B 4K7  
Telephone: (709) 685-4973

# Schedule 1

## Email Migration Project





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## 1.0 Introduction

Newfoundland and Labrador Hydro (“Hydro”) utilizes email systems and applications to support its business needs. Software applications and functional requirements are diverse and quickly evolve, as do the technology platforms that the software applications use.

Email is one of Hydro’s critical communication mediums for its employees and external stakeholders, helping Hydro conduct supporting operations to meet its mandate to deliver safe, reliable, environmentally responsible power. To mitigate risks of cybersecurity, asset stranding, and loss of compatibility with other business-critical tools, Hydro’s email platform must be stable, reliable, and supported. Loss of email communication could adversely impact Hydro’s ability to deliver communications and conduct critical business operations in a timely fashion.

In June 2021, the Government of Newfoundland and Labrador made an announcement to move Nalcor Energy’s (“Nalcor”) operations under Hydro.<sup>1</sup> At that time, the changes were operational in nature; however, the companies began to operate as an integrated organization (“Organization”).<sup>2</sup> The legal entity structure of Nalcor and its subsidiaries remained unchanged until January 1, 2025, when the *Hydro Corporation Act, 2024*, served to finalize the legal amalgamation of Nalcor and Hydro. As a result of the amalgamation, Nalcor and Hydro’s assets, liabilities, obligations, and agreements continue under the amalgamated Hydro.

While Hydro is subject to the *Public Utilities Act*, its actions with respect to the majority of the assets previously held by Nalcor, including future sustaining capital expenditures, continue to be exempt from the *Act* as a result of Orders made by the Lieutenant-Governor in Council. One exception to these activities is those associated with Information Systems (“IS”). Any future capital expenditures related to Hydro’s IS assets are subject to review and approval by the Board of Commissioners of Public Utilities (“Board”).

As at January 1, 2025, the date of amalgamation, certain IS projects were ongoing that had been approved and initiated by Nalcor for which procurement commitments had been made. Hydro is bound by contractual agreements made by Nalcor prior to January 1, 2025, as a result of amalgamation, and

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<sup>1</sup> Please refer to “Premier Furey and Minister Parsons Announce Nalcor Operations Moving Under Newfoundland and Labrador Hydro,” Government of Newfoundland and Labrador, June 23, 2021, <https://www.gov.nl.ca/releases/2021/exec/0623n04/>.

<sup>2</sup> For clarity, within this evidence, the use of Nalcor is in reference to the Nalcor legal entity.

proceeded with the execution of capital work related to these projects. Hydro noted in its Report on Amalgamation Activities,<sup>3</sup> that it would provide the Board with the scope of this work and the justification of each project with external procurement commitments, in the form of capital proposals for these projects, as part of a future application. One of those projects is Hydro's Email Migration Project. In 2024, the Organization began a multi-year project to replace the existing Lotus Notes email platform with a functionally equivalent, more commonly-used and supported solution to replace the Lotus Notes email, calendar, contacts, and instant messaging.

## **2.0 Project Description and Justification**

Hydro must keep software applications current to ensure reliability, security, and continued vendor support. Hydro experienced increasing difficulty with successfully executing upgrades and obtaining support for Lotus Notes, with the developer advising that they can no longer provide a list of vendors who support the product.

The market share of the Lotus Notes email product has diminished over time, and discussions with utilities across Canada and with Lotus Notes Developer HCL Tech ("HCL") confirmed that Hydro was the only Canadian utility using the Lotus Notes email platform. This lack of available support weakened Hydro's ability to maintain the platform, leading to increased risk of cybersecurity threats, asset stranding, and costs relating to specialized technical solutions.

As Hydro continues to invest in newer technologies for organizational efficiencies, and as technologies continue to evolve, deficiencies of the Lotus Notes platform would continue to create compatibility issues, leading to the loss of key functions.

In 2023, the Organization determined that the Lotus Notes email platform should be replaced with a solution that was adequately supported in the market. The solution would be a like-for-like replacement that would maintain the functionality required for staff operations, while ensuring the Organization was sufficiently protected from risks relating to cybersecurity and compatibility. The Organization began the replacement of its Lotus Notes email platform through a project commencing in 2024 to be completed in 2025.

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<sup>3</sup> "Report on Amalgamation Activities," Newfoundland and Labrador Hydro, rev. April 17, 2025 (originally filed April 15, 2025).

## **3.0 Asset Overview**

### **3.1 Asset Background**

The Lotus Notes email platform was implemented in 1997 with an expected service life of ten years; however, it continued to be used for over 25 years by the time it was internally approved for replacement in 2023.

The Lotus Notes email platform was the primary technology for the delivery of email, calendar, contact, and instant messaging services for all of Hydro, but had reached the end of its service life at the time of replacement.

Lotus Notes was initially developed for use by IBM in the early 1990s, and in December 2018, IBM sold the Lotus Notes platform to HCL. Since that time, the market share for Lotus Notes is estimated to have declined to approximately 0.08%, with HCL estimating about 60 customers in North America using Lotus Notes for email.

The lack of market share is impacting Lotus Notes' compatibility with common operating systems such as Microsoft Windows, as Microsoft recently ended support for newer versions of Lotus Notes applications, such as its SameTime instant messaging application. Continued utilization of these tools requires maintaining the legacy versions, which will impact the future supportability of the product.

### **3.2 Historical Reliability**

Before being selected for replacement, the product continued to be upgraded every five to seven years to ensure supportability of the email platform and custom applications; however, the Organization experienced increasing difficulty with successfully executing upgrades and obtaining support from the developer.

In 2023, an attempt by the Organization to upgrade the Lotus Notes email system was unsuccessful. While upgrades to the platform could be performed for custom-developed applications, it was determined that the email system could not be updated, as core functionality, such as single sign-on and numerous system integrations, did not work. The developer was not able to resolve the issues, and the documentation provided for completing the upgrade was not up-to-date or accurate. The inability of the developer to upgrade its email platform placed the Organization at increased risk of cybersecurity attacks, and/or loss of its email communications medium.

### **3.3 Asset Condition**

Lotus Notes became inadequate in its effectiveness in providing service and is incompatible and unable to integrate with a number of technologies, presenting a cybersecurity risk. The issues lead to higher administrative needs and support activities, resulting in impacts on day-to-day operations. This was further exacerbated by a lack of expertise in the market, as vendors charge increased rates due to the specialized nature of the work. The risks associated with the use of the platform were expected to continue to increase over time.

Further, the Lotus Notes platform was no longer compatible with several of the Organization's existing applications and key productivity tools, resulting in lost productivity and additional costs incurred for customized solutions. For example, Fetch Pursuit is used to conduct searches to meet Hydro's legal obligations under the *Access to Information and Protection of Privacy* ("ATIPP") Act. This tool is no longer compatible with Lotus Notes, and as a result, the effort required to conduct email searches required by ATIPP requests has significantly increased from about a half day to multiple weeks to complete. This lack of functionality impacted Hydro's ability to meet its legislative obligations to respond to an ATIPP request in a timely manner and conduct a thorough search to return as complete a set of records as possible.

## **4.0 Analysis**

The Organization conducted market research to determine the alternatives for evaluation, held numerous discussions with HCL, and surveyed other utilities across Canada.

### **4.1 Evaluation of Alternatives**

The following alternatives were evaluated:

- Deferral; and
- Like-for-Like Replacement.

#### **4.1.1 Deferral**

Deferring the replacement of the Lotus Notes email platform was not a viable option, as the technology can no longer be upgraded and is presenting risks of losing compatibility with other software. As investment continued in newer technologies for organizational efficiencies, and technologies continued to evolve, there was no guarantee that new technologies would integrate with Lotus Notes.

Using the product without upgrading would impact the Organization's future supportability and ability to apply security patches, as future patches would not be released for the current version. This increased security risk, as email is a common target of cybersecurity threats. Further, without a guarantee of future support, the asset is far more likely to become stranded, resulting in the loss of critical communications functions across the organization.

These issues also result in higher administrative and support activities, resulting in increased costs and impacting day-to-day operations. The risks associated with staying on the platform were expected to increase over time.

#### **4.1.2 Like-for-Like Replacement**

This alternative allowed replacement of the existing Lotus Notes applications with an updated application that (i) addresses cybersecurity and compatibility risks; (ii) enables continued delivery of critical communications tools without threat of asset stranding, and (iii) ensures that system support is amply available in the market, allowing for competitive pricing options.

Three like-for-like alternatives were considered: Microsoft Cloud, Microsoft Exchange On Premises, and Google Workspace. Google Workspace was ruled out as it did not integrate with the Organization's core technologies. The Organization had an Enterprise Agreement<sup>4</sup> in place with Microsoft, and Microsoft has almost 40% of the market share, including most utilities in Canada. Additionally, the Organization was already using Microsoft desktop productivity tools (Microsoft Word, Excel, PowerPoint, etc.), and integration between these tools and Microsoft email would be seamless. Microsoft allows integration with existing Lotus applications, and the skills and knowledge for this suite of products are easily accessible in the marketplace.

In determining whether to choose a Cloud or an on-premises solution, the Organization considered that Microsoft was developing new features with a "cloud first" perspective and will eventually be discontinuing with on-premises solution offerings. Microsoft was also planning to increase the on-premises solution costs in 2025.<sup>5</sup> Cloud technology eliminates the need to acquire infrastructure and

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<sup>4</sup> An Enterprise Agreement is a commitment-based licensing program for large organizations to license Microsoft software and cloud services over a three-year period. It offers volume discounts, flexible payment options like annual payments, and benefits such as Software Assurance for new versions, deployment assistance, and training.

<sup>5</sup> The increases were eventually announced in early 2025. Microsoft. "Licensing and pricing updates for on-premises server products coming July 2025." Microsoft 365 Blog, April 3, 2025, [https://techcommunity.microsoft.com/blog/microsoft\\_365blog/licensing-and-pricing-updates-for-on-premises-server-products-coming-july-2025/4400174](https://techcommunity.microsoft.com/blog/microsoft_365blog/licensing-and-pricing-updates-for-on-premises-server-products-coming-july-2025/4400174).

perform on-premises email upgrades, and is scalable and flexible to meet needs. Hydro’s survey of Canadian utilities indicated that use of cloud technology is becoming increasingly prevalent.<sup>6</sup>

## 4.2 Least-Cost Evaluation

There were no viable alternatives to a like-for-like replacement identified to facilitate a least-cost evaluation.

## 4.3 Chosen Alternative

It was determined that the most prudent option was the replacement of the Lotus Notes email platform with a Microsoft cloud-based platform that was functionally equivalent, commonly-used, addressed the risks of cybersecurity vulnerabilities, loss of communications functions and compatibility with other software, and increased support costs.

The Request for Proposals (“RFP”) process began in the fourth quarter of 2023, seeking proposals for design and implementation, with a successful bid being awarded in the second quarter of 2024.<sup>7</sup>

### 4.3.1 Risk of Asset Stranding

As email communication is a key method of communication with employees, and there were no plans to change the functional requirements of the email platform, the risk of asset stranding was and is considered to be low.

### 4.3.2 Risk Mitigation

Hydro has assessed the pre- and post-implementation risk of this project in accordance with Hydro’s Capital Risk Assessment process as outlined in Section 7.0 of the Capital Budget Overview of the 2026 Capital Budget Application. The outcome of this assessment is provided in Table 1.

**Table 1: Risk Scoring Pre- and Post-Implementation**

|                     | Impact                         | Likelihood | Score |
|---------------------|--------------------------------|------------|-------|
| Pre-Implementation  | 4                              | 3          | 12    |
| Post-Implementation | 4                              | 1          | 4     |
|                     | Risk Mitigated                 |            | 8     |
|                     | Risk Mitigated per \$1 Million |            | 2.5   |

<sup>6</sup> Thirteen utilities were contacted, with seven utilities responding. Of those, five had already migrated to the cloud, and two were either planning or considering migration. Three of the five that had already migrated are Crown corporations.

<sup>7</sup> The RFP Contractual Agreements were entered into with the Nalcor legal entity.

## 5.0 Scope of Work

The project was to transition to a new email platform, including the migration of existing functionalities and capabilities such as email, calendaring, and contact management, to maintain operational continuity.

The project included procurement, implementation, testing and documentation of the cloud-based solution selected for the email migration project.<sup>8</sup>

### 5.1 Project Budget

The proposed budget of the project, at the time it was approved, is provided in Table 2.

**Table 2: Overall Project Estimate (\$000)<sup>9</sup>**

|                    | 2024           | 2025         | Beyond     | Total          |
|--------------------|----------------|--------------|------------|----------------|
| Material Supply    | 32.0           | 0.0          | 0.0        | 32.0           |
| Labour             | 252.1          | 232.1        | 0.0        | 484.2          |
| Consultant         | 2,140.3        | 22.5         | 0.0        | 2,162.8        |
| Contract Work      | 0.0            | 0.0          | 0.0        | 0.0            |
| Other Direct Costs | 0.0            | 0.0          | 0.0        | 0.0            |
| Contingency        | 484.9          | 50.9         | 0.0        | 535.8          |
| <b>Total</b>       | <b>2,909.3</b> | <b>305.5</b> | <b>0.0</b> | <b>3,214.8</b> |

The project estimate in Table 2 represents the planned project spend at the time of internal project approval. While the overall project estimate did not change, the actual spend during execution has differed. Hydro has spent \$ 2.8 million as of the end of November 30, 2025, \$1.0 million of which was incurred as operating costs in 2024. Hydro is proposing that only the 2025 cloud-based implementation operating costs be transferred to the Cloud Cost Deferral Account. Please refer to Schedule 2 for the forecast 2025 cloud-based implementation operating costs.

While Nalcor awarded the RFP for design and implementation and entered into the agreement with the successful proponent, as of January 1, 2025, the *Hydro Corporation Act, 2024*, finalized the legal amalgamation of Nalcor and Hydro. Hydro was bound by Nalcor's contractual obligations and responsible for the completion of any procurement or projects, such as this project.

<sup>8</sup> Unlike on-premises applications, cloud-based solutions may not be eligible to be capitalized as assets under International Financial Reporting Standards.

<sup>9</sup> Numbers may not add due to rounding.



Project costs will be allocated using Hydro's Intercompany Guidelines under the IS Administrative Fee based on the number of users. Hydro will be responsible for approximately 57% of the total cost, the entities related to the Muskrat Falls assets will be responsible for approximately 6% of the cost, with the other non-regulated lines of business responsible for the remainder.

## 5.2 Project Schedule

The initial schedule for the migration of Hydro's email platform is outlined in Table 3. The project schedule in Table 3 represents the planned project schedule at the time of internal project approval. While the project is generally complete as of the date of filing of this application and will be fully complete by the end of 2025, the actual schedule during execution has differed.

**Table 3: Project Schedule<sup>10</sup>**

| Activity                                       | Start Date    | End Date       |
|--|---------------|----------------|
| Procurement:                                   |               |                |
| Issue and award RFP                            | January 2024  | April 2024     |
| Planning and Design:                           |               |                |
| Confirm scope requirements, schedule, and plan | May 2024      | September 2024 |
| Build and Testing:                             |               |                |
| Configure software solution                    | October 2024  | November 2024  |
| Testing and training                           | December 2024 | January 2025   |
| Implementation: <sup>11</sup>                  |               |                |
| Pilot 1  | February 2025 | February 2025  |
| Pilot 2  | March 2025    | March 2025     |
| Go live with solution                          | April 2025    | June 2025      |
| Closeout:                                      |               |                |
| Complete closeout documentation                | July 2025     | October 2025   |

## 6.0 Conclusion

The Lotus Notes email platform had reached the end of its service life, was inadequately supported, and lacked compatibility with key applications. The Organization was no longer able to execute upgrades to the platform to ensure its stability and reliability to mitigate cybersecurity risks. The technology was at risk of asset stranding, as the software developer experienced a decline in its customer base and vendor support for its product.

<sup>10</sup> Project schedule represents the planned schedule at the time of project approval; however, actual execution differed.

<sup>11</sup> The amalgamation of Nalcor and Hydro was implemented as of January 1, 2025; Hydro was responsible for the completion of this project as of that date.

- 1 Based on the unacceptable level of risk with deferring the replacement of the email platform, the
- 2 Organization began a migration from the Lotus Notes email platform to the Microsoft email platform in
- 3 2024.

# Schedule 2

List of 2025 Expenditures for Inclusion in Cloud Cost  
Deferral Account



**Table 1: List of 2025 Cloud-Based Implementation Operating Expenditures (\$000)<sup>1</sup>**

| <b>Project<sup>2</sup></b>   | <b>2025 Expenditures</b>          |   |
|--|-----------------------------------|---|
|  | <b>Forecast 2025 Expenditures</b> | <b>Expenditures as at November 30, 2025</b> |
| Migration of Email System  | 2,042.5                           | 1,815.0                                     |
| Implement Document Control Software for Major Projects (2025) <sup>3</sup> | 120.2                             | 120.2                                       |
| Microsoft Power Apps   | 104.0                             | 104.0                                       |
| Emergency Response Application   | 20.5                              | 20.5  |
| <b>Total</b>   | <b>2,287.2</b>                    | <b>\$2,059.7</b>                            |

1 Each of the four projects in Table 1 incorporate a cloud-based software solution provided to  
2 Newfoundland and Labrador Hydro ("Hydro") as a subscription based on a SaaS<sup>4</sup> model, whereby Hydro  
3 is provided access to the software in exchange for monthly user access or license payments throughout  
4 the contract term.

5 The costs identified for each of the four projects in Table 1 are the one-time operating costs associated  
6 with implementation of these programs for Hydro's use. There are no monthly or annual license or  
7 subscriptions fees included in these implementation costs. The portion of these implementation costs  
8 which are applicable to serving Hydro's non-regulated lines of business will be recovered in accordance  
9 with Hydro's Intercompany Transactions Costing Guidelines as the deferral account is amortized.

<sup>1</sup> While costs will be incurred for these projects in December 2025, as forecast in Table 1, all applications have been implemented, and the projects and expenditures are expected to be complete by the end of the year.

<sup>2</sup> Hydro has legacy custom-built applications that require replacement due to supportability and compatibility issues with new technologies, and the potential for security risks. In 2025, Hydro replaced a number of its custom-built applications with newer standard and custom technology solutions through the Migrate Legacy Applications Project. The Microsoft Power Apps and Emergency Response Application projects were included within the Migrate Legacy Applications Project as reported in "Report on Amalgamation Activities," Newfoundland and Labrador Hydro, rev. April 17, 2025 (originally filed April 15, 2025), app. A.

<sup>3</sup> As reported in "Report on Amalgamation Activities," Newfoundland and Labrador Hydro, rev. April 17, 2025 (originally filed April 15, 2025), app. A.

<sup>4</sup> Software as a Service ("SaaS").

# Affidavit



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 ("*Act*"), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro ("*Hydro*") for an Order pursuant to Section 80 of the *Act* approving the transfer to the Cloud Cost Deferral Account of the costs incurred in 2025 for the implementation of certain Information Systems projects ("*IS Projects*").

#### **AFFIDAVIT**

I, Dana Pope, of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory Affairs and Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

**SWORN** at St. John's in the province of Newfoundland and Labrador this 11<sup>th</sup> day of December 2025, before me:



Commissioner for Oaths, Newfoundland and Labrador



Dana Pope, CPA (CA), MBA

**RENEE REARDON**

A Commissioner for Oaths in and for  
the Province of Newfoundland and Labrador.  
My commission expires on December 31, 2029.