

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 1(2026)

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

IN THE MATTER OF an application by
Newfoundland and Labrador Hydro for the
approval of the transfer of 2025 Information
Systems project implementation costs to the
Cloud Cost Deferral Account, pursuant to
section 80 of the **Act**.

WHEREAS Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
under the **Hydro Corporation Act, 2024**, SNL 2024, Chapter H-18, is a public utility within the
meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and

WHEREAS the amalgamation of Nalcor Energy (“Nalcor”) and Hydro, effective January 1, 2025,
combined Nalcor’s assets, liabilities, and subsidiaries into the single entity of Hydro; and

WHEREAS in Order No. P.U. 35(2025), the Board approved

- (i) the creation of a Cloud Cost Deferral Account to hold one-time upfront
implementation costs and other directly attributable costs for cloud-based
arrangements that would have been capitalized had the implementation model
been a traditional on-premises solution; and
- (ii) the inclusion of the Cloud Cost Deferral Account in rate base; and

WHEREAS on December 11, 2025 Hydro filed an application requesting approval to transfer the
2025 Information System Project implementation costs to the Cloud Cost Deferral Account and
be included in rate base (the “Application”); and

1 **WHEREAS** the forecast 2025 implementation costs proposed to be transferred to the deferral
2 account include:

- 3 (i) \$2,042,500 for the migration of email system;
- 4 (ii) \$120,200 to implement document control software for Major Projects;
- 5 (iii) \$104,000 for Microsoft Power Apps; and
- 6 (iv) \$20,500 for emergency response application; and

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8 **WHEREAS** the Application states that the costs are one-time operating costs associated with
9 implementation of the programs and does not include monthly or annual license or subscription
10 fees; and

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12 **WHEREAS** the Application states that that the portion of the implementation costs which are
13 applicable to serving Hydro's non-regulated lines of business will be recovered in accordance with
14 Hydro's Intercompany Transactions Costing Guidelines as the deferral account is amortized; and

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16 **WHEREAS** the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power");
17 the Consumer Advocate, Mr. Dennis Browne, KC; a group of Island Industrial Customers: Corner
18 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale
19 Newfoundland and Labrador Limited; the communities of Sheshatshiu, Happy Valley-Goose Bay,
20 Wabush, and Labrador City; Teck Resources Limited; and Linde Canada Inc.; and

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22 **WHEREAS** on December 18, 2025 Newfoundland Power advised that it did not have any
23 comment and no other comments were received by the Board; and

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25 **WHEREAS** on December 19, 2025 Hydro filed its reply requesting that the Board approve the
26 Application; and

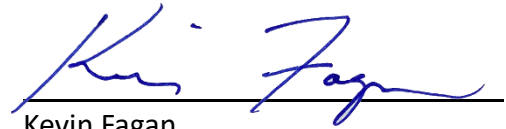
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28 **WHEREAS** the Board is satisfied that the 2025 Information System Project implementation costs
29 proposed to be transferred are in accordance with the definition of the approved deferral account
30 and should be transferred to the Cloud Cost Deferral Account; and

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32 **WHEREAS** Board approval for the costs to be included in rate base is not required as the Cloud
33 Cost Deferral Account has already been approved to be included in rate base.

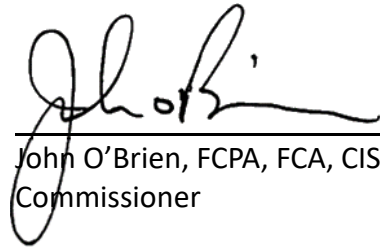
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36 **IT IS THEREFORE ORDERED THAT:**

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38 1. The proposed transfer of the 2025 Information System Project implementation costs to
39 the Cloud Cost Deferral Account is approved.
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41 2. Newfoundland and Labrador Hydro shall pay the expenses of the Board arising from this
42 application.

DATED at St. John's, Newfoundland and Labrador, this 14th day of January 2026.



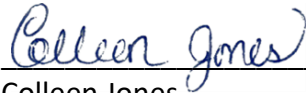
Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Colleen Jones
Assistant Board Secretary