

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. 1(2026)

1   **IN THE MATTER OF** the **Electrical Power**  
2   **Control Act, 1994**, SNL 1994, Chapter E-5.1  
3   (the “**EPCA**”) and the **Public Utilities Act**, RSNL  
4   1990, Chapter P-47 (the “**Act**”), as amended, and  
5   regulations thereunder; and  
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7   **IN THE MATTER OF** an application by  
8   Newfoundland and Labrador Hydro for the  
9   approval of the transfer of 2025 Information  
10   Systems project implementation costs to the  
11   Cloud Cost Deferral Account, pursuant to  
12   section 80 of the **Act**.  
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15   **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing  
16   under the **Hydro Corporation Act, 2024**, SNL 2024, Chapter H-18, is a public utility within the  
17   meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and  
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19   **WHEREAS** the amalgamation of Nalcor Energy (“Nalcor”) and Hydro, effective January 1, 2025,  
20   combined Nalcor’s assets, liabilities, and subsidiaries into the single entity of Hydro; and  
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22   **WHEREAS** in Order No. P.U. 35(2025), the Board approved  
23       (i)    the creation of a Cloud Cost Deferral Account to hold one-time upfront  
24           implementation costs and other directly attributable costs for cloud-based  
25           arrangements that would have been capitalized had the implementation model  
26           been a traditional on-premises solution; and  
27       (ii)    the inclusion of the Cloud Cost Deferral Account in rate base; and  
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29   **WHEREAS** on December 11, 2025 Hydro filed an application requesting approval to transfer the  
30   2025 Information System Project implementation costs to the Cloud Cost Deferral Account and  
31   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

11  
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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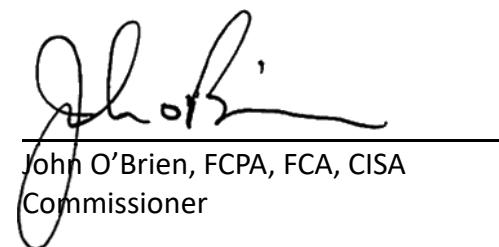
36   **IT IS THEREFORE ORDERED THAT:**

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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 14<sup>th</sup> day of January 2026.



Kevin Fagan  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



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Colleen Jones

Colleen Jones  
Assistant Board Secretary