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April 17, 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: Amalgamation Report of Newfoundland and Labrador Hydro and Nalcor Energy – Revision 1

Please find enclosed Revision 1 of Newfoundland and Labrador Hydro's ("Hydro") report on amalgamation activities for Hydro and Nalcor Energy.

Subsequent to the filing of the amalgamation report, Hydro has determined that the Consolidate Geospatial Datasets (2025) project is an operational expense, not capital. As a result, Hydro has removed the project from the 2025 Information Systems capital projects and programs under $750,000, noted in Appendix A of the report.

For convenience, Hydro has included a Revision History indicating the location and reason for the revision, which has also been shaded grey, for ease of reference.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

SWalsh

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

Encl.

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Revision History

Revision No.	Revision Date	Location	Reason
1	17-Apr-2025	Appendix A	Correction of the list of capital expenditures by removing a project that is more accurately classified as an operational expenditure.

Report on Amalgamation Activities

Original Submission: April 15, 2025

Revision 1: April 17, 2025

A report to the Board of Commissioners of Public Utilities

Executive Summary

On June 23, 2021, the Government of Newfoundland and Labrador ("Government") announced that the operations of Nalcor Energy ("Nalcor") would be moved to Newfoundland and Labrador Hydro ("Hydro").[1]

In December 2024, the *Hydro Corporation Act, 2007,* was repealed and replaced by the *Hydro Corporation Act, 2024,* which served to finalize the legal merger of Nalcor into Hydro.

As a result of the amalgamation, Nalcor's and Hydro's assets, liabilities, obligations and agreements continue under the new Hydro, and all Nalcor subsidiaries are now Hydro subsidiaries. These subsidiaries will continue to operate as they did prior to amalgamation.

Hydro is considered a utility as defined in the *Public Utilities Act* ("*Act*") and, as such, is subject to the provisions of the *Act* and regulation by the Board of Commissioners of Public Utilities of Newfoundland and Labrador ("Board"). As Nalcor did not meet this same definition, it was not subject to the *Act* or regulation by the Board.

The legal amalgamation does not result in a substantial change to Hydro's regulated operations; its impacts are administrative in nature. There were no transfers of full-time equivalents ("FTE") from the non-regulated business segment to the regulated business segment; and, while Hydro is subject to the *Act* as a regulated utility, the majority of the assets previously held by Nalcor and related activities, including future sustaining capital expenditures, will continue to be exempt from the *Act* as a result of Orders made by the Lieutenant-Governor in Council.[2] One exception to this is assets and related activities associated with Information Systems ("IS").

In this report, Hydro provides details around ongoing and future IS expenditures. Hydro has outlined plans and assumptions for 2025 capital projects, expenditures for 2026 and beyond, discussions on cloud-based expenditures within capital approvals, and the treatment of the existing IS assets which were in service prior to amalgamation.

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[1] "Premier Furey and Minister Parsons Announce Nalcor Operations Moving Under Newfoundland and Labrador Hydro," Government of Newfoundland and Labrador – Executive Council – Industry, Energy and Technology, June 23, 2021. https://www.gov.nl.ca/releases/2021/exec/0623n04/.

[2] Please refer to Orders in Council OC2024-217, OC2022-031, OC2013-342, OC2000-206, and OC2000-20.

IS is considered to be a shared service department, and the allocation of costs will continue to be governed by the Intercompany Transactions Costing Guidelines (“Intercompany Guidelines”), as was the case prior to amalgamation. Customers will continue to pay for only those costs related to providing regulated service.

Hydro has considered the effects amalgamation will have on the operations and cost recovery of assets previously owned by Nalcor and has determined that the regulatory and organizational changes required with respect to amalgamation are minimal. The management of IS software and infrastructure will continue in the same manner; however, with increased regulatory oversight and approvals than were previously required prior to amalgamation.

Contents

List of Appendices

1.0 Background

Hydro is a public utility as defined by the *Act,* and a crown corporation that had been continued and existing under the *Hydro Corporation Act, 2007*. Nalcor was created in 2007 under the *Energy Corporation Act*; pursuant to section 17(2) of that legislation, the *Act* did not apply.

On June 23, 2021, the Government announced that the operations of Nalcor would be moved to Hydro. In support of that announcement, the streamlining of the executive structure was completed in November 2021.[3] The changes were operational in nature and intended to reduce costs and remove duplication; however, the Nalcor legal entity structure and its subsidiaries remained unchanged at that time.

On December 4, 2024, Bill 33, an Act Respecting the Amalgamation of Newfoundland and Labrador Hydro-Electric Corporation and Nalcor Energy, received Royal Assent. This legislation, cited as the *Hydro Corporation Act, 2024*, came into force on January 1, 2025, per Order in Council OC2024-210. The *Energy Corporation Act* and the *Hydro Corporation Act, 2007,* were repealed and replaced by the *Hydro Corporation Act, 2024.*

As a result of the amalgamation, Nalcor's and Hydro's assets, liabilities, obligations and agreements continue under the new Hydro, and all Nalcor subsidiaries are now subsidiaries of Hydro. These subsidiaries will continue to operate as they did previously.

Figure 1 and Figure 2 display the corporate structure, including Hydro's position in the structure, pre- and post-amalgamation, respectively.

The corporate services and other functions held within the former Nalcor entity and utilized throughout the corporate group of companies are now part of the new Hydro entity, such as IS, Human Resources, Finance, Safety, Health and Environment, and Public Affairs and Stakeholder Relations. With specific exceptions detailed within this report, the functions that were previously considered non-regulated and housed within the former Nalcor entity are now recorded and presented within Hydro's non-regulated

[3] "Newfoundland and Labrador Hydro Streamlines Executive Structure to Reduce Costs and Focus on Better Serving the Province," Newfoundland and Labrador Hydro, November 2, 2021. https://nlhydro.com/newfoundland-and-labrador-hydro-streamlines-executive-structure-to-reduce-costs-and-focus-on-better-serving-the-province/.

business segment and excluded from Hydro's rate base, revenue requirement and regulated business segment results.

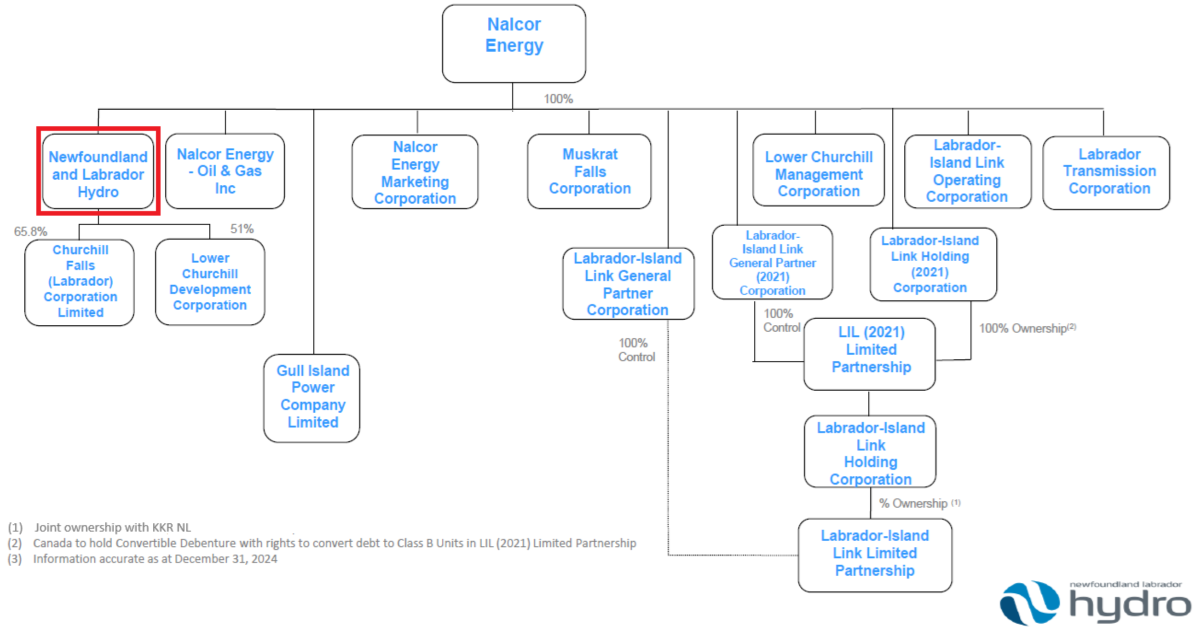

Figure 1: Corporate Structure Pre-Amalgamation

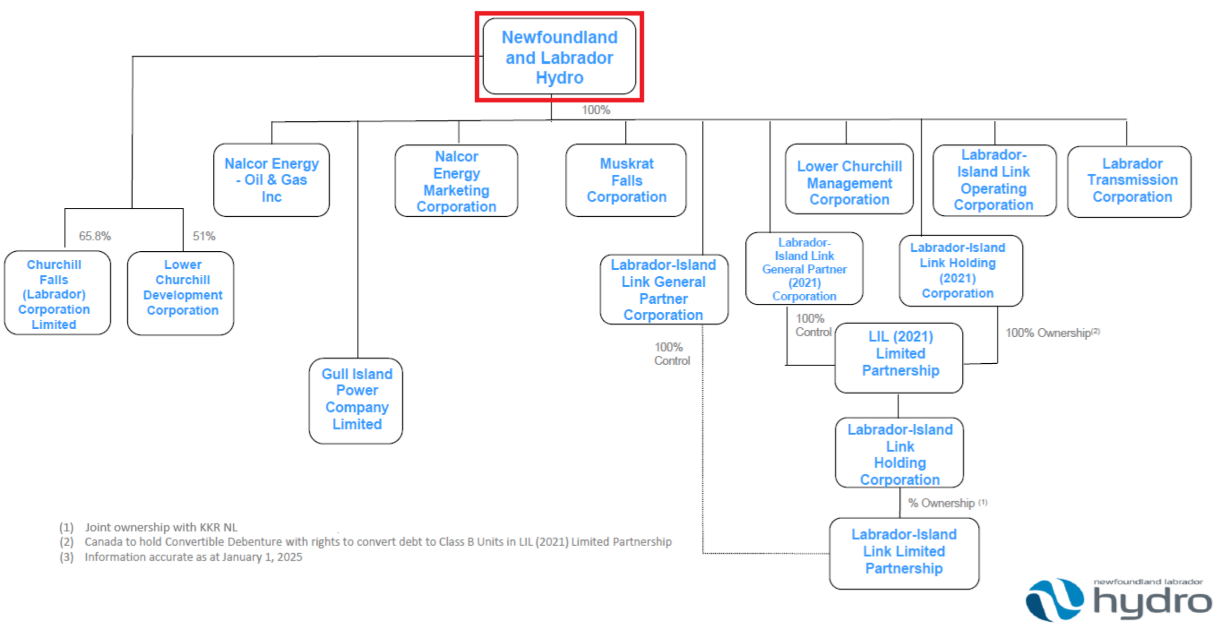

Figure 2: Corporate Structure Post-Amalgamation

The *Hydro Corporation Act, 2024,* had no impact on any of the subsidiary companies as shown in Figure 1 and Figure 2, including those which hold the Muskrat Falls Project assets: Muskrat Falls Corporation, Labrador-Island Link Limited Partnership, and Labrador Transmission Corporation. These companies will continue to exist as they had as subsidiaries of Nalcor. Their associated assets and activities are not subject to the *Act.*

Throughout this report, Hydro has outlined the impact that the *Hydro Corporation Act, 2024,* has on Hydro's regulated operations and the interface with the Board.

2.0 Amalgamation Legislation and Impacts

Once in effect, the *Hydro Corporation Act, 2024,* formalized the legal requirements for amalgamation and, specifically, the legislation finalized the legal merger of Nalcor and Hydro into a new Hydro legal entity. Post-amalgamation, Hydro is bound by any and all agreements and contracts entered into by Nalcor and Hydro as the predecessor companies; however, this legal merger does not materially change the operations of the organization.

The *Act* requires regulatory approval of all capital expenditures. As Hydro is a regulated utility that is subject to the provisions within the *Act*, Hydro has assessed the treatment of existing capital and intangible assets previously owned by Nalcor, and the sustaining capital related to the same, along with new capital projects that were planned or under procurement by Nalcor prior to the amalgamation.

Below, Hydro further outlines the key impact areas associated with amalgamation with respect to operations and capital work.

2.1 Exemptions of Non-Regulated Assets

As the *Act* did not apply to Nalcor,[4] the assets and operations of the company were not subject to regulatory oversight. However, post-amalgamation, all assets that were previously held by Nalcor are held by Hydro, a regulated utility subject to the provisions of the *Act*.

In preparation for amalgamation, a review of all assets held by Nalcor was performed. With the exception of corporate IS assets, all assets and associated activities will continue to be exempt from the

[4] Pursuant to *Energy Corporation Act*, SNL 2007, c. E-11.01, s. 17(2).

provisions of the *Act* as a result of orders made by the Lieutenant-Governor in Council. There will be no operational changes in relation to these exempted assets.

Section 2.2 contains further information regarding the corporate IS assets that are now held by Hydro and are subject to the *Act*.

2.2 Information Systems Assets

IS assets consist of technical infrastructure used by the organization that is not directly utilized for the operation of the province's electrical power grid. The assets which comprise this category include both physical and non-physical assets that enable employees to perform a wide array of work to support various activities. Examples of this infrastructure would include hardware and software for the purposes of health and safety, finance, human resources, customer service, communications, administration, and other such functions.

Post-amalgamation, these assets are now owned by Hydro, a regulated utility, and not exempt from the *Act*. Therefore, any IS expenditures for new assets, as well as sustaining capital on existing assets, will now be subject to application to the Board for related expenditures pursuant to the *Act.*

There are a number of determinations Hydro has made in order to integrate the costs of IS assets into the regulated segment of the business, which are outlined in the sections below. Further information on 2025 capital expenditures is included in Section 3.1, with information on capital expenditures for 2026 and beyond provided in Section 3.2. Further information on existing IS assets for which the in-service date occurred prior to amalgamation on January 1, 2025, is provided in Section 4.1.

2.3 Intercompany Transactions Costing Guidelines

Hydro employs a shared services approach, utilizing the Intercompany Guidelines, a costing framework to charge costs among the lines of business. During Hydro's 2013 General Rate Application ("GRA"), the allocation methods for common services were reviewed by the Board's Expert, Mr. Brad Rolph from Grant Thornton, and Nalcor's expert, Deloitte, who both found the methods reasonable:

> The shared service model supports Hydro's mandate of providing reliable service at the lowest possible cost, as it reduces duplication of effort within the organization, reducing

Hydro's cost to customers when compared to undertaking services or projects on its own.[5]

The Board has previously accepted this approach for sharing costs amongst entities in Board Order No. P.U. 27(2022), indicating that where information sharing is required in the context of the corporate structure, the shared-services approach is preferable to a stand-alone model. There is no change to this approach as a result of amalgamation.

Post-amalgamation, new IS assets and capital expenditures, as well as sustaining capital for existing assets, are subject to regulation under the *Act* and, pending Board approval, will be recorded and reflected in the regulated line of business and included in Hydro's regulated rate base. This will result in a change in the flow of direction of the IS administration fee which recovers the capital cost and will not result in any change to the allocation methodology, with the exception of the return that will be charged on Hydro's regulated assets and recovered from the lines of business, as appropriate. Once the capital expenditure is approved, Hydro's regulated line of business will finance the capital costs and recover applicable costs from the non-regulated lines of business over the life of the assets. The associated IS administration fee will then be administered by Hydro's regulated business to facilitate the recovery of capital cost and return incurred by the regulated business associated with these assets.

Hydro is cognizant of the importance of ensuring that non-regulated and regulated costs are allocated to individual lines of business appropriately and that customers are not inappropriately incurring costs related to the capital expenditures of non-regulated assets or non-regulated operating costs. Through the administration of its Intercompany Guidelines, Hydro will continue to ensure that customers will only be charged for the recovery of the portion of costs related to the provision of service to the regulated business.

To ensure this continues to be the case, Hydro is currently reviewing its Intercompany Guidelines in consideration of the corporate structure changes as a result of amalgamation and in advance of the next GRA. In 2025, Hydro has engaged a third party to review its guidelines with respect to the appropriateness of allocators for intercompany charges and administrative fees, appropriateness of guidelines in light of organizational changes due to amalgamation, appropriateness of new

[5] Board Order No. P.U. 49(2016), Board of Commissioners of Public Utilities, December 1, 2016, pp. 37–38/45–1.

administration fees/allocators proposed by Hydro, and consistency with industry practice. Hydro will provide a copy of the report to the Board once finalized.

2.4 Full-Time Equivalents

No FTEs were transferred into Hydro's regulated business segment as a result of the implementation of the *Hydro Corporation Act, 2024*. FTEs that had been employed by Nalcor or in the non-regulated Hydro business segment pre-amalgamation will continue to be included in the non-regulated business segment post-amalgamation, with charges among the lines of business subject to the Intercompany Guidelines, as outlined in Section 2.3.

2.5 Debt Limits

In the previous iteration of the *Hydro Corporations Act*, the total amount of loans permitted by the corporation, as defined by the act, was limited to $2.6 billion. Legislation also prescribed that short-term borrowings could make up no more than $700 million of this limit. Pre-amalgamation, legislation also restricted Nalcor and its subsidiaries, excluding Hydro, Churchill Falls and the Muskrat Falls Project, to $600 million of total loans, with no more than $300 million of short-term borrowings making up this limit. The *Hydro Corporations Act, 2024*, now prescribes a total debt limit of $3.2 billion, which is equal to that of the pre-amalgamation limits for both organizations, with short-term borrowings making up no more than $1.0 billion of this limit.[6] Hydro is in compliance with both limits.

3.0 Information Systems Capital Projects

3.1 2025 Projects

The 2025 capital expenditures planned and approved by Nalcor for which procurement activities have not been completed are discussed in Section 3.1.1.

Section 3.1.2 contains information on IS capital projects which are below the threshold required for advance regulatory approval, as currently outlined in the Board's Provisional Capital Budget Guidelines ("Provisional Guidelines").[7]

Hydro is bound by legal agreements made by Nalcor prior to amalgamation. Hydro is not submitting an application to the Board for review and approval of IS procurement that had been effected prior to

[6] As of January 1, 2026, the short-term borrowings limit will decline to $800 million.
[7] "Capital Budget Application Guidelines (Provisional)," Board of Commissioners of Public Utilities, January 2022.

amalgamation. Information on 2025 capital expenditures planned and approved by Nalcor, and for which Nalcor had initiated and completed procurement prior to amalgamation, is included in Section 3.1.3.

3.1.1 2025 Projects with No Prior Procurement Commitments

In February 2025, Hydro submitted a supplemental capital budget application ("CBA") for a project to implement replacements for both Hydro's Learning Management Software and its Reporting Tools Software.[8] The Board approved these expenditures in Board Order No. P.U. 11(2025). These capital expenditures will be recorded in the regulated operating segment of Hydro.

3.1.2 2025 Projects and Programs Under $750,000

Per the Provisional Guidelines, projects and programs with scopes less than $750,000 are internally approved by Hydro and do not require advance approval of the Board pursuant to the *Act* and *Public Utilities Regulations*. Appendix A contains further information on those applicable capital expenditures with respect to IS assets for 2025. Future internal approvals for projects under $750,000 that occur outside of the CBA process will be reported in the Quarterly Regulatory reports provided to the Board, consistent with current practice. These capital expenditures will be recorded in the regulated operating segment of Hydro.

3.1.3 2025 Projects with External Procurement Commitments

There are certain 2025 capital expenditures for which Nalcor had approved, initiated and completed the procurement required for the project prior to amalgamation. As a result of amalgamation, Hydro is now bound to any contractual agreements of Nalcor and will proceed with the execution of any applicable capital work. Some of these projects are below the capital budget threshold set out in the *Public Utilities Regulations* and would not require an application in any event, as discussed in Section 3.1.2, while others are above the threshold. Those below the $750,000 threshold are included in Appendix A. Those above the $750,000 threshold are further described below.

Hydro intends to make a future application to the Board with respect to existing IS assets currently in service as of January 1, 2025 ("Existing IS Assets Application"), as further described in Section 4.1. To inform the Board on the scope of this work and the justification of each project with external

[8] "Replacement of Information Systems," Newfoundland and Labrador Hydro, February 7, 2025.

procurement commitments, Hydro will provide further detail in the form of capital proposals for these projects as part of that future application. These assets will continue to be recorded in Hydro's non-regulated operating segment, pending approval of Hydro's Existing IS Assets Application. If this application is approved, these assets will move to Hydro's regulated operating segment.

Migration of Email System

Hydro has been using Lotus Notes for the delivery of its email, chat communication functions, and staff and resource calendar system for 25 years; however, vendor support for the platform has become limited, and the software is outdated and at risk of becoming incompatible with Hydro's other systems.

A two-year project to replace the email system began in 2024 and is currently underway. The email migration project is expected to cost an estimated $3,214,800.[9]

Accounts Payable Automation

Hydro's current Accounts Payable ("AP") activities rely significantly on manual processes with a high volume of invoices requiring approval from personnel geographically dispersed across the province to enter, review, approve, and validate invoices. The existing manual invoicing function exposes Hydro to risks and operational issues that would be mitigated with the implementation of automated AP software technology.

To mitigate Hydro's business risk, a two-year project to implement an automated AP system began in 2024 and is currently underway. The cost for the AP Automation project is an estimated $1,421,600.

Renew Microsoft Enterprise License

Microsoft Enterprise is a licensing program through which Hydro obtains use of an array of Microsoft software for employees. The license allows users to access all of Microsoft's office products, as well as security technology, and services and tools specific to various roles.

[9] Subsequent to Nalcor's approval of the project, a cloud-based solution was selected for the organization's email system. Hydro reviewed the project and the agreements and determined that it did not qualify for capitalization under International Financial Reporting Standards ("IFRS"). As such, Hydro will include 2025 expenditures for this project in its proposal for a Cloud Cost Deferral Account as discussed in Section 0.

Hydro pays a fee based on the number of users each year, in advance of the year of service it receives. Hydro entered into a three-year contract for its current license in 2024. The total cost of the contract is approximately $1.3 million.

Information Systems Software Upgrades and Minor Enhancements

This program involves upgrading and enhancing IS software systems and applications used by Hydro to maintain the physical and non-physical information systems assets that enable employees to perform a wide array of work to support various business and management activities.

This program supports Hydro's ability to respond to changing business needs and allows for the continual improvement of Hydro's systems and functionality for users. The estimated 2025 cost for IS software upgrades and the minor enhancements program is $1.2 million.

3.1.4 2025 Capital – Inclusion in Rate Base

Upon the in-service date of the projects discussed in Sections 3.1.1 to 3.1.3, Hydro intends to file an application to add these assets to its regulated rate base as contained within the applicable CBA, as per Hydro's regular process to update its rate base.

3.2 Future Information Systems Capital Proposals

Now that any IS capital projects and programs costs are subject to regulatory approval as of January 1, 2025, Hydro is integrating IS capital requirements into regulated budgeting plans and applications. Budgeted IS capital projects and programs for 2026 and beyond will be included in the applicable CBA.

4.0 Other Future Applications

There are key financial and accounting considerations that remain to be determined in relation to amalgamation and the migration of IS assets from non-regulated to regulated Hydro. Below, Hydro outlines the ongoing process related to the transfer of existing assets into the regulated business segment and the deferral and allocation of costs for cloud-based vendor-owned software in the regulated business segment.

4.1 Existing Information Systems Assets

Hydro intends to submit an Existing IS Assets Application to the Board for the approval of the transfer of IS assets which were in service prior to January 1, 2025, into the regulated business segment and the corresponding inclusion in the regulated rate base, if deemed appropriate, in the second quarter of 2025. Within this application, Hydro will also outline the mechanism for cost recovery from other lines of business, which will be in accordance with the Intercompany Guidelines. Existing IS assets will be recorded in the non-regulated segment of the Hydro entity at this time, pending Board approval of Hydro's Existing IS Assets Application.

4.2 Cloud-Based Information Systems Expenditures

Increasingly, information technology vendors are offering cloud-based software[10] and/or software-as-a-service-based solutions rather than a traditional on-premises application. Unlike on-premises applications, cloud-based solutions controlled by a service contract provider may not be eligible to be capitalized as assets under IFRS and, therefore, may be required to be recorded as operating expenditures in the year incurred.

Hydro intends to apply for a new deferral account for operating expenses associated with cloud-based software in the second quarter of 2025. Cloud costs that are considered operating costs could result in large up-front costs to the organization and customers; however, a deferral account would allow Hydro to treat the costs as if the software was on-premises and recover the costs from customers over a longer period equal to the useful life of the software.

4.3 Deviation from International Financial Reporting Standards

As a result of the amalgamation of Nalcor and Hydro, there were some changes required to the accounting for rate mitigation funding under the IFRS. Pre-amalgamation, rate mitigation funding transferred from Nalcor to Hydro was recorded as revenue by Hydro. Post amalgamation, there is no physical transfer of funds between two legal entities and therefore no revenue recorded under IFRS. Hydro plans to submit an application for an accounting deviation to allow for the reporting of rate mitigation funding as revenue in its regulatory financial reporting to prevent losses on Hydro's regulated

[10] Cloud-based deployment is the delivery of software applications and services over the internet, hosted on remote servers rather than being installed in on-premises infrastructure.

financial reporting subsequent to its next GRA. The request for approval will be included in Hydro's Long-term Supply Cost Variance Deferral Account application, to be submitted on April 16, 2025.

5.0 Capital and Financial Reporting

5.1 Capital Expenditure and Carryover Report

Hydro's key capital report, the Capital Expenditure and Carryover Report, which is submitted to the Board in April and July each year, will outline the progress of IS capital expenditures and project scope. Hydro will incorporate approved IS capital projects into this report, beginning with the first report post-amalgamation, to be included as a schedule of the 2026 CBA in July 2025.

5.2 Quarterly Regulatory Reports

The Quarterly Regulatory reports Hydro provides to the Board include FTE information, financial statements for both the regulated and non-regulated business segments, as well as information on capital budgets and expenditures, including actual versus planned expenditures, internally-approved projects and programs under the $750,000 threshold, and progress reporting on key capital work for the regulated business segment. Beginning with the Quarterly Summary report for the quarter ended March 31, 2025, Hydro will ensure the impact of amalgamation is reflected in this reporting.

IS capital projects will be included in Hydro's information presented on capital budgets and expenditures for both regulated and non-regulated business segments, and Hydro's total FTEs will include those in the non-regulated business segment who were previously FTEs of Nalcor.

There will be substantial changes to the non-regulated operating segment financials in the Quarterly Regulatory Report for the Quarter Ended March 31, 2025, as non-regulated liabilities, assets, revenue and expenditures previously held and incurred by Nalcor will now be included. Hydro will keep the Board informed of any other material changes to the financial reporting in the Quarterly Regulatory Report for the Quarter Ended March 31, 2025.

These reports also include information on statistics and key performance indicators that may be affected by amalgamation activities.

6.0 Conclusion

Hydro has comprehensively considered the impacts and necessary business adjustments required resulting from amalgamation.

While the assets and activities of Nalcor now belong to a regulated utility as a result of the amalgamation, there is no resulting substantial change to Hydro's regulated operations. The majority of the assets and activities previously held by Nalcor will continue to be exempt from the *Act* as a result of orders made by the Lieutenant-Governor in Council, with the exception of assets and activities relating to IS.

There were no transfers of FTEs from non-regulated operations to regulated operations, and the corporate services functions that are now part of the Hydro legal entity versus Nalcor will continue as a non-regulated business activity and will charge costs in accordance with the Intercompany Guidelines as they had previously.

New and sustaining capital expenditures for IS projects planned post-amalgamation will be subject to approval and oversight by the Board pursuant to the *Act*. The management of IS software and infrastructure will continue in the same manner; however, with increased regulatory oversight and approvals than were previously required prior to amalgamation.

IS is considered to be a shared service department, and the allocation of costs will continue to be governed by the Intercompany Guidelines, as was the case prior to amalgamation. Customers will continue to pay for only those costs related to serving the regulated business.

Appendix A

Information Systems Proposals Under $750,000

Description of Newfoundland and Labrador Hydro 2025 Information Systems
Programs and Projects
Under $750,000
($000)

Title	Total Spend[1]	Project/Program	Description
Upgrade Core IS Infrastructure (2024–2025)	579.9[2]	Program	To ensure the reliability of critical applications and services used to support the corporate and administrative work of Hydro's business operations, Hydro proposes the upgrade of hardware components, servers, and storage infrastructure to ensure that Hydro has a reliable and secure environment. These upgrades to core IS infrastructure will maintain hardware and software, will enable the secure storage and transfer of business-critical information, helping to prevent data loss while enabling new data to be recorded, stored and recovered. The infrastructure will maintain critical levels of security to ensure that Hydro protects its operations, employees, and partners.
Migrate Legacy Applications (2025)	479.3	Project	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 will replace 15 of its custom-built applications with newer standard and custom technology solutions.
Replace Corporate Peripheral Infrastructure (2025)	335.7	Program	Hydro maintains corporate peripheral equipment such as printers, scanners, AV equipment etc. The current peripheral hardware replacement lifecycle ranges from six to ten years, based on equipment type and support arrangements. Devices to be replaced under this project have been in service for a period beyond the expected service life. Replacement parts may not be available as maintenance agreements and warranties have expired. Failure of, and technological issues with, this equipment could result in loss of productivity and interrupt key activities. In 2025, the program will replace approximately 11 printing devices and one display unit. In addition, meeting room equipment will be updated for compatibility with the new Microsoft video conferencing platform.

[1] Unless otherwise noted, costs will be allocated by Hydro to each entity via the IS administration fee.
[2] Includes carryover from 2024.

Title	Total Spend	Project/Program	Description
[ ]	[ ]	[ ]	[ ]
Update IS Cybersecurity Infrastructure (2025)	319.5	Project	Hydro's corporate IS computer systems and network infrastructure require continuous protection from cyber threats, this project will refresh Hydro's cybersecurity infrastructure. Hydro proposes this program to ensure it has adequate cybersecurity tools to mitigate security threats to its IS infrastructure and software. A serious incident involving the loss of corporate data or access to critical business, plant, or energy control systems could result in significant unplanned costs and negatively affect financial results, reputation, and customers (i.e., reliability).
Implement Content Manager Rollouts (2025)	314.5	Project	Hydro uses Content Manager to house final versions of Hydro's documentation to ensure compliance with legislative requirements with regard to retention and privacy. This project will allow for the continued rollout of this toolset to various departments within Hydro which have not yet transitioned their electronic documents to the system.
Implement Automated Orchestrations (2025)	257.8	Project	JD Edwards Enterprise One is utilized by Hydro for administration, management, reporting, and financial functions. The project will enable automated workflows for Asset Management and other functional areas of the organization. This will allow for improved scheduling and monitoring of maintenance activities, improved data and reporting integrity, more efficient tracking and employee management of repair history, and enhanced real-time decision-making, improving the repair and replacement process of key infrastructure.

Title	Total Spend	Project/Program	Description
Implement Electronic Tailboard Technology (2025)	250.8	Project	As an employer within the province, Hydro is subject to the Occupational Health and Safety Act and, as a result, Hydro is required to provide the information, instruction, training and supervision and facilities that are necessary to ensure the health, safety and welfare of the employer's workers. Hydro currently uses a paper-based tailboard system. As such, Hydro is unable to quickly pool and analyze data, which hinders its ability to communicate the assessment and mitigation of risks to employees in a timely fashion. The current process also can lead to delays and errors in reporting, which increases the likelihood of missed or delayed communications to and from employees on potential and existing hazards. Hydro proposes implementing an electronic tailboard system which will enable employees to provide and access information in real-time, enabling efficient and fully-informed reporting. The solution will reduce the manual processes associated with tailboard reporting, thus providing the ability to mitigate risks and enhance employee safety in a more expedient manner. This helps to reduce the chance of an employee injury.
Purchase Personal Computers (2025)	179.3	Program	This program is proposed to replace personal computing devices and accessories assigned to Hydro's corporate groups, which are approaching end of life, following Hydro's established replacement criteria. Under this program, computers identified as being deployed and in service for over five years (for mobile laptop computers) and over six years (for desktop/workstation/thin-client computers) will be replaced throughout 2025 to maintain adequate service levels for business continuity and ensure electronic business data is secure.
Implement Document Control Software for Major Projects (2025)	170.0	Project	Hydro requires document control software with functionality to maintain version control and history for major projects and engineering. This functionality ensures control is maintained for critical project documentation, such as engineering drawings, as they evolve over the life of the project. Costs are specific to the Major Projects department and will be assigned to Hydro's regulated business segment per the Intercompany Guidelines.