

- 1 Q. Further to response to Request for Information NP-NLH-035:
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 3 To permit reasonable comparison, please restate *Table 1 – Information and*
 4 *Operations Technology Operating Costs* to include: (i) Energy Control Center costs
 5 allocated to Hydro in 2016 through the Nalcor Administration Fee; and (ii) Network
 6 Services department fees incurred in 2016 in Transmission and Rural Operations.
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 8 A. Please refer to Table 1 for details regarding the restated 2016 Information &
 9 Operations Technology Operating Costs.

Table 1 Information & Operations Technology Operating Costs (\$000s)

	2016 Actual	2019 Test Year	Variance
Energy Control Center (ECC) ¹	779	1,536	757
Network Services	3,228	4,102	874
Additional Information Technology (IT) Support Costs ²	2,392	5,602	3,210
Subtotal operating costs	6,399	11,240	4,841
Network Services Employees in TRO ³	255		
Total operating costs⁴	6,654	11,240	4,586

- 10 **Energy Control Centre (ECC) variance explanation:**
 11 The \$757,000 variance is primarily due to ECC Salaries and Fringe Benefits and
 12 Professional Services (Software Maintenance Contracts).

¹ For comparison purposes, staff supporting the ECC residing in Nalcor have been included at the 2016 cost recovery rate of 46.68%, along with ECC specific software costs.

² For comparison purposes, ECC costs for 2016 have been reallocated from the Nalcor Administration Fee to the Energy Control Center line above.

³ Salary information for three FTEs from TRO in 2016 as referenced in Hydro’s Response to NLH-NP-035.

⁴ Total 2016 operating cost increased by \$255,000 due to the inclusion of three Network Service FTEs from TRO.

1 In 2016, the Salaries and Fringe Benefits for the ECC resided in Nalcor Energy and
2 were charged back to Hydro through the Information Systems Administration Fee at
3 46.68%. As a result of Hydro's organizational restructuring, all Salaries and Fringe
4 Benefits are incurred directly by Hydro in 2019 and removed from the Information
5 Systems Administration Fee. An additional FTE was added for ECC application
6 support in 2017. As a result of these two items, Salaries and Fringe Benefits
7 increased by \$378,000 from 2016 to the 2019 Test Year.

8

9 Software costs increased by \$347,000 from 2016 to the 2019 Test Year. Please
10 refer to Hydro's response to NP-NLH-195 for details on ECC and Non ECC Software.

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12 The remaining variance of \$8,000 is for sundry, cell phones, books, and
13 subscriptions, which vary slightly from year to year.

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15 **Network Services variance explanation:**

16 The \$874,000 variance is primarily due to Salaries and Fringe Benefits and System
17 Equipment Maintenance.

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19 In 2017, three employees located in Transmission and Rural Operations (TRO) were
20 relocated to Hydro Network Services resulting in an increase of \$255,000 from 2016
21 to the 2019 Test Year. For comparison purposes, Hydro has added a line to Table 1
22 reflecting Salaries and Fringe Benefits in 2016 recorded outside of the Information
23 & Operations Technology costs. From 2016 to the 2019 Test Year, there was also a
24 decrease in labour credits for the Business Unit of \$332,000 for a reduction in
25 capital work. As a result of these two items Salaries and Fringe Benefits increased
26 by \$587,000 from 2016 to the 2019 Test Year.

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1 As outlined in Hydro’s response to NP-NLH-180, System Equipment Maintenance
2 increased by \$372,000 from 2016 to the 2018 Test Year. \$287,000 of this increase
3 is related to Network Services contract labour.

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5 **Additional Information Technology (IT) Support Costs:**

6 The variance is primarily due to Salaries and Fringe Benefits, Professional Services
7 and an increase in the Information Systems Administration Fee.

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9 Salaries and Fringe Benefits increased within Hydro due to the addition of the
10 Manager, Information and Operations Technology position as a part of the
11 organizational restructuring within Hydro, resulting in an increase of \$187,000 from
12 2016 to the 2019 Test Year.

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14 Software increase of \$134,000 from 2016 to the 2019 Test Year is due to additional
15 software for customer billing and GIS and the removal of Hydro specific software
16 from the Information Systems Administration Fee.

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18 The Information Systems Administration Fee increased from 2016 to the 2019 Test
19 Year. Please refer to Hydro’s responses to NP-NLH-028, NP-NLH-176, and NP-NLH-
20 177 for more information.