

1 Q. **Reference: Evidence, page 10, Table 2**

2 The 2019 Information Systems Fee in Table 2 is not included in the Annual Business
3 Systems Fee in Table 1 on page 9 or in the Costs in Appendix D. Please explain the purpose
4 of the Information Systems Fee and how it is related to the Business Systems
5 Transformation Project.

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8 A. The Information Systems department in Nalcor is designated as a common service
9 department. It provides shared services for common application and technology
10 deployments to all lines of business. The following services are covered under the
11 Information Systems Fee:

- 12 • Workstation setup and management;
- 13 • Infrastructure;
- 14 • Corporate applications;
- 15 • Service desk;
- 16 • Security;
- 17 • Inventory management;
- 18 • Software distribution; and
- 19 • IT project management and planning.

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21 Charges are determined based upon an average users model, which is computed based on
22 the number of full-time equivalents and contractors, Lotus Notes mailboxes, computers,
23 and JDE users within each line of business.

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25 It was determined that a distinct and separate administration fee – the Annual Business
26 Systems Fee – would be calculated for the Business Systems Transformation Program to
27 ensure transparency and visibility of the Business Systems Transformation Program costs.
28 This provides a better understanding of the costs associated with the Business Systems
29 Transformation Program. In addition, it was determined that the following two factors used

1 in the average users calculation for the Information Systems Fee were not relevant to the
2 Business Systems Transformation Program: (1) the allocation of computers (the Business
3 Systems Transformation Program did not distribute computers to users); and (2) the
4 allocation of Lotus Notes accounts (there were no services being provided for Lotus Notes).
5 These items were removed from the cost allocation of the Business Systems Fee to align
6 with Intercompany Transaction Costing Guidelines.¹

¹ Intercompany Transactions Costing Guidelines were filed as Exhibit 5 to Newfoundland and Labrador Hydro's "2017 General Rate Application."