
1 Q. **Reference: Appendix E**

2 Is Column F in Scenario 1 the “Annual Business Systems Fee”? If so, how does this reconcile
3 to the annual fees included in Table 1, page 9? What are the costs included in Column F in
4 Scenario 2?

5

6 A. No, the amount does not represent the Annual Business Systems Fee. However, the Annual
7 Business Systems Fee is included as a component of the amount in each line of Column F,
8 along with Newfoundland and Labrador Hydro’s share of depreciation costs related to
9 future upgrades. Please refer to Table 1 for a reconciliation of the amounts included in
10 Column F of Scenario 1.

11

12 The costs included in Column F in Scenario 2 include depreciation costs associated with
13 upgrades to the existing system projected to be incurred over the Systems Development
14 Life Cycle. These would be charged back to Newfoundland and Labrador Hydro as part of
15 the Information Systems Administration Fee.

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Table 1: Scenario 1: Other Costs Reconciliation

Year	Annual Business Systems Fee (per Pg. 9 Tbl 1)	Annual Business System Fee with 2016 & 2017 in 2018\$ ⁽¹⁾	Hydro's Share of Information Management with 2016 & 2017 in 2018\$ ⁽²⁾	Net Annual Business Systems Fee	Depreciation Costs ⁽³⁾	Total Other Costs	
2016	252,350	283,006	(19,993) ⁽¹⁾				
2017	339,019	359,021 ⁽¹⁾	(165,981) ⁽¹⁾				
2018	1,690,292	1,690,292	(309,287)				
0	Subtotal- Opening 2018	2,332,319	(495,261)	1,837,058	-	1,837,058	
1	2019	1,677,362	1,677,362	(46,533)	1,630,829	-	1,630,829
2	2020	2,087,966	2,087,966	(66,340)	2,021,626	-	2,021,626
3	2021	2,187,269	2,187,269	(83,591)	2,103,677	72,801	2,176,478
4	2022	2,187,269	2,187,269	(83,591)	2,103,677	206,027	2,309,705
5	2023	2,186,014	2,186,014	(82,336)	2,103,677	338,213	2,441,890
6	2024	2,172,213	2,172,213	(68,536)	2,103,677	416,124	2,519,801
7	2025	2,172,213	2,172,213	(68,536)	2,103,677	426,241	2,529,918
8	2026	2,158,423	2,158,423	(68,536)	2,089,887	443,298	2,533,185
9	2027	2,155,665	2,155,665	(68,536)	2,087,129	464,583	2,551,712
10	2028	1,318,260	1,318,260	(66,050)	1,252,209	480,421	1,732,630
11	2029	521,467	521,467	(37,056)	484,410	505,143	989,553
12	2030	110,644	110,644	(17,251)	93,393	529,453	622,846
Total	23,216,423	23,267,081	(1,252,153)	22,014,928	3,882,303	25,897,231	

¹ Escalated to 2018\$ for analysis purposes.

² Information Management costs were included in the Annual Business Systems Fee however costs were excluded from the cost benefit analysis as they were justified under legislative requirements. Costs associated with the Information Management program would be the same under both scenarios.

³ Depreciation Costs for upgrades incurred over the Systems Development Life Cycle which were not covered under the Business Systems Transformation program. These would then be charged back to Hydro as part of the Information Systems Administration fee.