

1 Q. **Reference: Program 21 Perform Software Upgrades and Minor Enhancements (2025), page 7,**
2 **Chart 1.**

3 There is a significant increase in forecast program cost over the period from 2024 to 2029 when
4 compared with the period from 2019 to 2023. What factors are driving these cost increases?

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7 A. Newfoundland and Labrador Hydro's growing utilization of technology requires a higher
8 investment to improve and expand the functionality of existing applications across all areas of
9 the business,¹ the development or implementation of newer software that better fits the
10 business requirements, and the implementation of new systems to complement the existing
11 applications. In addition, the number of operational technology ("OT") assets has grown
12 significantly in recent years as a result of improvements to the security posture of the OT
13 applications, causing increased investment requirements. OT experienced some resource
14 constraints in previous years that limited the scope that could be accomplished for a number of
15 years. As a result, items were prioritized and some investments were deferred to recent and
16 upcoming years. Finally, the technology industry has experienced the same impact of inflation
17 that has been experienced in other industries since the COVID-19 pandemic.

¹ Prior to 2023, the software renewal expenses of other areas such as the Holyrood Thermal Generating Station and Customer Service were not included under the Perform Software Upgrades and Minor Enhancements Program.