1.0 Aggregated List of Cloud Computing (SaaS) Capital Expenditures

EPCOR Water Services (EWS) capital expenditure forecast includes the cost of various small and discrete Software as a Service (SaaS) projects, which are expected over the 2025-2027 period. EWS is requesting capitalization of these SaaS costs with an estimated useful life of 10 years, consistent with the useful life of software intangible assets owned by EWS. This treatment would ensure that the expenses incurred to deliver the required functionality are recovered from customers over time. The 2025-2027 capital expenditure forecast includes SaaS costs of $11.1 million for Wastewater Collection and $2.2 million for Wastewater Treatment.

An aggregated list of cloud computing or Software as a Service (SaaS) projects along with a brief description for each project included in the 2025-2027 PBR Application is provided in the following sections. Capital expenditures associated with the various discrete SaaS projects are summarized in Table 1.0-1 below, which demonstrates that none of the individual projects meet the materiality threshold for a business case, consistent with the approved PBR framework and minimum filing requirements (i.e. $5 million for Wastewater Treatment projects and $10 million for Wastewater Collection projects). Approximately 70% of these projects will be supporting or enhancing an existing cloud-based solution currently in use or transitioning to a cloud-based solution where the existing system vendor is no longer providing support for an on-premises solution. For the remaining 30% of the projects, a cloud-based solution has been identified as a potential solution based on an initial assessment; however, an on-premises solution could be selected as the final solution based on detailed design and results of the procurement process. It is worth noting that there would be no impact on rates from selecting an on-premises or cloud-based solution as EWS has proposed capitalization of cloud costs based on an estimated useful life of 10 years, consistent with the useful life of software intangible assets for on-premises solutions owned by EWS. Furthermore, some of the projects such as the ERP replacement and SOA Suite upgrade are not expected to go into service until a future PBR term and therefore do not impact the rate base or customer rates during the 2025-2027 PBR term.

Table 1.0-1
2025-2027 SaaS Project Capital Expenditures
($ millions)

	Project Name	Wastewater Collection				Wastewater Treatment			
		2025	2026	2027	Total	2025	2026	2027	Total
1	Corporate Driven Projects								
2	ERP Replacement	0.14	0.29	4.11	4.54	0.04	0.08	1.07	1.19
3	SharePoint Migration	0.27	0.64	-	0.91	0.07	0.17	-	0.24
4	SOA Suite Tech Upgrade	-	-	0.89	0.89	-	-	0.23	0.23
5	Security Tools	0.18	0.20	0.20	0.58	0.04	0.04	0.05	0.13
6	Website Enhancements	0.04	0.04	0.04	0.12	0.01	0.01	0.01	0.03
7	Budget Tool Enhancements	0.05	0.06	-	0.11	0.01	0.02	-	0.03
8	Central Outage Map	-	0.10	-	0.10	-	0.03	-	0.03

	Project Name	Wastewater Collection				Wastewater Treatment			
		2025	2026	2027	Total	2025	2026	2027	Total
9	OPM Risk Management	0.10	-	-	0.10	0.03	-	-	0.03
10	Replace Intranet Tools	-	0.07	-	0.07	-	0.01	-	0.01
11	EWS Share of Corporate Driven Projects	0.78	1.40	5.24	7.41	0.20	0.35	1.36	1.91
12	EWS Driven Projects								
13	Situational Awareness	0.90	0.90	0.90	2.70	0.10	0.10	0.10	0.30
14	Granite Replacement	0.58	-	-	0.58	-	-	-	-
15	Info Asset Replacement	0.45	-	-	0.45	-	-	-	-
16	Customer Experience Enhancements	0.05	0.05	0.05	0.15	-	-	-	-
17	EWS Driven Projects	1.98	0.95	0.95	3.88	0.10	0.10	0.10	0.30
18	Total SaaS Capital Expenditures	2.76	2.35	6.19	11.29	0.30	0.45	1.46	2.21

1.1   ERP Replacement

This project is to consolidate and replace a number of applications for EPCOR's Enterprise Resource Planning (ERP) systems. Many of these legacy systems are either technically or functionally obsolete and require regular and extensive upgrades to maintain basic support. This is a Corporate driven project, and costs included in the 2025-2027 application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the preliminary project costs. This project will not increase the rate base during the 2025-2027 application period as the project is currently in its initial assessment phase with full implementation estimated to be completed by 2033. Due to the complexity and scale of this project, implementation of a new solution will be phased in over time. A business case will be completed and provided in future PBR applications based on detailed assessment and system requirements.

1.2   SharePoint Migration

This project reflects the cost associated with migrating from an on-premises version of SharePoint to a cloud based SharePoint online service.   This project is being executed as Microsoft (the sole vendor) will no longer support EPCOR's on-premise SharePoint after July 2026. This is a Corporate driven project, and the costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total cloud related project costs.

1.3   SOA Suite Tech Upgrade

This project is required to migrate the existing Oracle integration tool to a new platform due to an increase in the Oracle Service Oriented Architecture (SOA) licensing costs. SOA is Oracle's integration and workflow engine which facilitates the transfer of data across systems. The current potential solution is to replace SOA with cloud-based integration tools. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.4   Security Tools

This annual program will configure and implement Microsoft security tools that provide email security and data loss prevention capabilities. Costs are for design, implementation, testing, and project management. These costs have been considered cloud costs based on the solution delivered by the vendor which aligns with the Microsoft platform used within EPCOR. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.5   Website Enhancements

This annual program of work aims to deliver enhancements required to EPCOR's website. EPCOR's website was re-platformed onto a cloud-based solution and therefore these ongoing enhancement initiatives will be additions to that underlying cloud platform. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.6   Budget Tool Enhancements

This annual program of work aims to deliver enhancements required to EPCOR's Budgeting tool (Adaptive). Adaptive is a cloud-based solution and therefore these ongoing enhancement initiatives will be additions to that underlying cloud platform. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.7   Central Outage Map

This project is to optimize the various outage maps across the different businesses to provide a more consistent look and feel in terms of navigation and headings to provide an enhanced customer experience. This was identified as a cloud based initiative as the project involves enhancement and development on the user interfaces on the EPCOR website pages, which are now on a cloud-based platform. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.8   Organizational Project Management (OPM) Risk Management

The aim of this project is to deploy a new risk management tool to assess project risks and mitigations as part of the initiatives identified from EPCOR's Organizational Project Management (OPM) group. The available solution is through a cloud-based solution. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.9   Replace Intranet Tools

This project is linked to the SharePoint Migration project as it will convert EPCOR's internal intranet site and news channels to SharePoint online. This is a Corporate driven project, and costs included in the application reflect EPCOR Wastewater Treatment and Wastewater Collection's share of the total project costs.

1.10   Situational Awareness

This three-year program will assist EWS in moving towards a more efficient integrated utility by providing integrated data to work safely, optimize performance, effectively plan capital expenditures, aid in resiliency and affordability and ensure positive customer experiences across all its operations (Water, Wastewater Collection and Wastewater Treatment). The program will identify key data and then implement processes to extract, load and transform data into a single Integrated Data Analytic Repository. The program has been identified as being delivered by a cloud-based solution based on initial assessment of the potential solutions but may convert to an on-premise solution as detailed design and procurement progresses. This is a EWS driven project.

1.11   Granite Replacement

GraniteNet is the CCTV and asset assessment software used by Wastewater Collection. This project is to replace GraniteNet with another CCTV software due to compatibility limitations with GraniteNet across equipment types and with contractors working for EPCOR. Both on premise and cloud-based solutions have been identified as solutions with initial assessment based on a cloud-based product being selected. However, based on detailed design and results of the procurement process this may result in a on premise solution. This is a EWS driven project.

1.12   Info Asset Replacement

Currently there are various asset management applications in use by teams across EWS which offer some overlapping and complementing capabilities to support Asset Performance Management. Two of these tools will reach the end of support by 2025-2026. One of these tools will no longer be supported by the vendor while the other is being replaced by a cloud-based solution. This project aims to either replace the current tools with a new solution or to upgrade to the latest versions of the new tools. Both on premise and cloud-based solutions have been identified as solutions with initial assessment based on a cloud-based product being selected. However, based on detailed design and results of the procurement process this may result in a on premise solution. This is a EWS driven project.

1.13   Customer Experience Enhancements

This project aims to build data enhancements leveraging the metering data available with the implementation of the AMI project to identify water events in real time (e.g. high consumption and leaks), automated notifications to customers in real time and access to metering data through creation of a secured web portal and internal dashboard. As these enhancements are web-based developments, the project has been identified as a cloud-based project. This is a EWS driven project.