Q. "Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, System Upgrades, pp. 94-96.

a) Which of the system upgrades identified for 2026 are for cloud-based technologies? Do any of the proposed upgrades require systems to be transitioned to cloud-based technologies?

b) For any of the systems using cloud-based technology, has Newfoundland Power considered the long-term cost implications of using cloud-based technologies over on-premises solutions, including future update requirements and the balance between operational and capital expenses specific to cloud-based solutions?

c) How will the transition to cloud-based technologies affect the future cost structure of future system maintenance and upgrade activities?

A. a) None of the system upgrades identified for 2026 involve cloud-based technologies. All proposed upgrades will retain the existing on-premises architecture, with no transitions planned to cloud-based platforms.

b) The Company considers both short- and long-term costs of software as part of any system replacement or software acquisition, including capital and operating cost impacts.

Software evaluation includes many aspects including, but not limited to, functionality, vendor licensing and support, cybersecurity, upgrade cycles, and future vendor/software viability.

c) A transition to cloud-based technologies may impact the cost structure of future system maintenance and upgrade activities. Most cloud software products have more frequent upgrade cycles compared to traditional on-premise technology. The frequency of upgrade cycles varies and may result in numerous upgrades annually. This could result in incremental system upgrade projects that could occur multiple times in a calendar year as opposed to less frequent major on-premise upgrade projects.

Newfoundland Power utilizes shared infrastructure to run its many on-premise software applications. Transitioning to cloud technology could reduce the footprint for on-premise computing, storage, databases, backups and associated hardware system licensing costs and labour. Cloud software vendors include these costs as part of the overall annual software subscription licensing. Cloud software implementation could result in shifting capital costs from the Shared Server and Database Upgrade projects to operating expenditures.