**Q. Pages 99-102, Shared Server Infrastructure Project. On page 100 Newfoundland Power proposes a budget of $730,000 for Server Infrastructure Upgrades, reflecting a 53% increase over the budgeted amount for this project component in the 2025 Capital Budget Application. Please provide additional details with respect to the specific server infrastructure work that will be completed in 2026 and the rationale for the increase in the budgeted amount compared to last year.**

**A.** The work on the Shared Server Infrastructure Project (the "Project") that is planned for completion in 2026 consists of four primary initiatives: Virtual Environment Modernization, Data Center Operating System Modernization, an upgrade to the database host infrastructure, and expansion of storage capacity.

The Virtual Environment Modernization and Data Center Operating System Modernization requires software upgrades on ten servers. These two software upgrade initiatives account for approximately 67% of the $730,000 budgeted for the Project when software and associated labour costs are included.

Percentage allocations below are exclusive of Newfoundland Power's budgeted labour costs, which are 13% of the $730,000 budgeted.

1. **Virtual Environment Modernization** (Project Budget Allocation: 31%)
   Newfoundland Power uses virtual servers for improved server reliability, scalability and availability, and lower total operational cost through greater efficiency and reduced need for physical servers. Newfoundland Power's current virtual server environment software is near end of life and requires an upgrade to ensure continued vendor support and security patches, compatibility with newer hardware and software platforms and overall performance improvements for both operational and supportability of the platform.

2. **Data Center Operating System Modernization** (Project Budget Allocation: 30%)
   This software upgrade is essential to replace legacy server platforms nearing end-of-support, ensuring continued security and vendor backing. The software upgrade will also enable continued compatibility with modern applications used across Newfoundland Power's business, enhance the performance and resilience of the data center operating system through improved hardware and virtualization, and keep the data center operating system aligned with evolving security standards.

3. **Database Host Infrastructure Upgrade** (2026 Project Budget Allocation: 17%)
   Newfoundland Power hosts all the hardware and software necessary to store, manage, and control access to company data. The planned 2026 expenditures allocated to upgrading the database host infrastructure are intended to replace aging legacy hardware and maintain performance and reliability for important workloads. This investment will support compatibility with the updated virtualization environment described above and will provide scalability to meet the needs of future data and application growth.

4. **Storage Capacity Expansion** (2026 Project Budget Allocation: 9%)
   This component of the Project will support expanding storage capacity to accommodate growing data volumes across production and non-production environments. This investment will enhance performance and redundancy through improved data I/O throughput and high availability, while also providing the scalability of data storage that will be needed to support future services and applications.

Newfoundland Power assesses shared infrastructure annually to determine requirements for maintaining a secure, reliable, and future-ready IT infrastructure. As a result, annual allocations of budget to shared server infrastructure initiatives will vary accordingly.

In 2026, the capital budget for the Project is predominately related to software upgrades, which include increases in vendor costing, particularly for the Virtual Environment Modernization and Data Centre Operating System Modernization. In 2025, the capital budget for shared server infrastructure was predominantly related to the acquisition of processors, hard drives and other hardware.