

Network Infrastructure (\$542,000)

Q. To what standard does Newfoundland Power build its network infrastructure from an availability and maintainability perspective?

A. To ensure that Newfoundland Power's investments in information technology, including network infrastructure, are effective and consistent with the Company's obligation to provide reliable service at reasonable cost, the Company has adopted certain standard practices that guide its information technology investment decisions. These practices contribute to the availability and maintainability of the Company's network infrastructure.

The Company's overriding approach to the selection of its information technology assets is one of conservatism. Focusing on proven technology solutions reduces the risks and costs often associated with leading edge technology.

A key element of the Company's technology selection strategy is reliance upon the experiences of other companies. Being aware of both the positive and negative experiences of other organizations is invaluable in making good technology decisions and avoiding the pitfalls encountered by others.

Another key element of Newfoundland Power's technology management strategy is the adoption of industry-proven best practices. Industry analyst organizations monitor developments in information technology management, and advise clients on best practices. Best practices employed by Newfoundland Power may be summarized as follows:

- Buy from leading vendors;
- Minimize the diversity;
- Buy rather than build; and,
- Consideration for total life cycle costs.

Buy from Leading Vendors

Buying from leading information technology vendors helps to ensure ongoing industry support and reduces the risk of premature obsolescence.

Minimize Diversity

By minimizing the diversity of installed technology, Newfoundland Power can reduce spare parts inventories and minimize staff retraining requirements.

Buy Rather than Build

Newfoundland Power prefers to buy rather than custom build technology applications. A custom-built application must be designed, developed, implemented, and supported over its entire life by internal staff resources. With purchased applications, the vendor takes on these responsibilities, allowing the Company to allocate its information technology staff to more cost effective activities.

1 *Consideration for Total Life Cycle Costs*

2 Newfoundland Power also considers the cost of a technology product over its entire
3 lifespan when making purchase decisions. The initial cost of purchasing a technology is
4 but one component of the total cost. When Newfoundland Power evaluates technology
5 solutions, the cost of implementing the technology and the cost of supporting the
6 technology over its entire life are evaluated and taken into account before making an
7 investment decision.

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9 **Availability and Maintainability**

10 The Company's information systems must be available during business hours to ensure
11 employee productivity and the Company's ability to provide quality customer service.
12 The Company invests in tools which monitor key applications and technology
13 infrastructure, and respond to potential problems. In addition, implementing security
14 measures which prevent failures caused by unauthorized access and establishing
15 procedures for the timely restoration of critical applications in the event of a disaster are
16 important facets of technology management.

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18 The full benefits of information technology can only be realized if it is used effectively.
19 In addition to providing employees with training as required, the Company maintains a
20 quality support organization to guide employees' use of information technology and to
21 quickly provide solutions as questions or problems arise.