

**In reference to Schedule “B”, page 65 (sic) of 82, Application Environment project cost \$755,000:**

**Q. If there is to be a competitive bidding process, please explain how a dollar value can be placed on these acquisitions in this proposal.**

A. The cost of this project was estimated by Company personnel using a variety of information gathered by the Company from external sources such as technology vendors and industry experts, and applying their own judgment using their experience in implementing other technology projects.

When considering a technology requirement, the Company will query potential suppliers for general product and pricing information. Once the project scope is more fully developed, such information can be used to estimate the cost of the technology products that will be purchased. Implementation costs are estimated by Company personnel on the basis of their experience in implementing similar projects and in light of relevant benchmarks identified by industry experts.

When the approved capital project moves to the implementation stage, suppliers and prices are finalized through a competitive tendering process.