

In reference to Schedule “B”, page 70 of 82, Customer Service System Study:

Q. Please provide the rationale used for the Customer Service System (C.S.S.) when the same was purchased ten years ago.

A. The capital expenditures incurred by Newfoundland Power in the development of the Customer Service System (CSS) were approved by the Board in Order No. P.U. 7 (1996 - 97) arising out of the Company’s 1996 General Rate Proceeding.

Attachment A is a copy of the Company’s justification of the CSS, which was filed as Exhibit MJE-3 in that proceeding.