

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

**Q. Please provide evidence that the system is more costly to maintain.**

**A.** Table 1 shows the operating costs associated with the maintenance of the Customer Service System (CSS) for the years 1999 to 2001.

<b>Table 1</b>	
<b>CSS Maintenance Costs</b>	
<b>1999</b>	\$219,000
<b>2000</b>	\$237,000
<b>2001</b>	\$282,000

There are a number of factors which are causing this increase.

First, employees with the technical skills and experience necessary to maintain the CSS are becoming more difficult to find. Educational institutions providing information technology training match their programs to current developments in the information technology industry. Consequently, many of the programming languages used to develop and maintain the CSS are no longer taught as part of the curriculum at such local institutions as Memorial University of Newfoundland and the College of the North Atlantic. In addition, several employees with the requisite skills and experience have left the Company in the past three years to pursue other opportunities.

Second, the Company's recent experience is that external assistance to resolve urgent technical issues is becoming more difficult and costly to acquire in a timely manner. In 2001, after experiencing several operational problems with CSS, external technical experts were required to help resolve the problem. During this time, the Company was unable to obtain service from the primary vendor, Oracle, in a timely manner because the sole technician in Canada with the necessary background was not immediately available. Consequently, in order to ensure the continued operation of CSS, it was necessary to acquire the services of a third party organization from the western United States.