

Q. **INFORMATION SYSTEMS****APPLICATION ENHANCEMENTS (POOLED), p. 69 of 81, \$1,589,000****PUB 31.0**

The budgeted level of spending on this category, at \$1,589,000 is the highest that it has been over the period from 2001 to 2006F. Please provide a breakdown of the expenditures for each year and a comparison of the expenditures.

- A. Table 1 below provides a breakdown and relative comparison of the Company's expenditures on Application Enhancements for each year from 2001 to forecast 2006.

Table 1 Application Enhancements (000s)						
Budget Category	2001¹	2002¹	2003	2004	2005F	2006F
Customer Service System	\$ 352	\$ 381	\$ 341	\$ 273	\$ 377	\$ 479
Business Support Systems			170	108	115	-
Operations and Engineering Systems	77		93	614	388	667
Internet / Intranet			111	163	101	293
Various Minor Enhancements	190	345	205	155	151	150
Total	\$ 619	\$ 726	\$ 920	\$1,313	\$1,132	\$1,589

¹ Application Enhancement expenditures for 2001 and 2002 were not recorded on a basis consistent with the categories used in the 2006 Capital Budget Application.

During the period from 2001 to 2003, the Company invested in several new software applications, including Business Support Systems, the Hand Held Meter Reading System, Facilities Management and Operations Support Systems. The implementation of these major systems was budgeted as separate projects and not as Application Enhancements. Application Enhancements for this same period were lower, reflecting the Company's focus on investments in new applications.

Since these major systems were installed, expenditures for new software implementations have decreased and expenditures for Application Enhancements have increased. This is consistent with the Company's Information Technology Strategy 2004 – 2008 filed with the Company's 2004 Capital Budget Application where it stated that:

1 *Over the next five years, the Company's IT investments will be*
2 *focused more on getting further value out of its existing technology*
3 *investments, and less on the implementation of new applications as in*
4 *the past five years.*
5

6 The benefits to be derived from the Application Enhancements included in the 2004
7 Capital Budget are individually outlined in Volume II, Tab 6.1, *2006 Application*
8 *Enhancements*. As indicated there, Newfoundland Power operates and supports over
9 fifty computer applications. Identifying opportunities to improve these applications,
10 either through vendor supplied functionality enhancements or internal software
11 development, ensures the Company remains responsive to changing business
12 requirements.