

1 **Q. Reference Tab 6.2 - 2010 System Upgrades - Has the Company reviewed whether**
2 **these annual system upgrades might be contracted out on a more cost-effective basis**
3 **than using internal labour?**
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5 A. Newfoundland Power assesses the use of external labour for information technology
6 projects as part of the annual capital budgeting process.
7

8 It is not practical to use external labour for all System Upgrades initiatives, due to the
9 requirement for Company specific knowledge regarding software products' configuration
10 within the Company's IT infrastructure. For example, the Business Applications
11 Development Tool Upgrade project proposed for 2010 is largely dependent on internal
12 labour familiar with the functionality and technical configuration of the Customer
13 Service System (CSS).
14

15 The use of external labour is included in the proposed 2010 System Upgrades project.
16 The estimated expenditures for external labour are included in the Other cost category for
17 Information Systems projects. The estimate for Information Technology Management
18 Upgrades includes \$15,000 for the use of external labour, and the estimate for Business
19 Applications Upgrades includes \$155,000 for the use of external labour. Please refer to
20 CA-NP-45 for further information.