1 **Q.** **In reference to Information Systems, please provide any survey or information the**
2   **Company has in reference to the operating expenses of other utilities for**
3   **information systems, as a percent of that utility's total budget for the year 1998 to**
4   **current and the table provided should commence with Newfoundland Power's**
5   **operating expenses for Information Systems as a percent of total budget.**
6
7 A.   Newfoundland Power has not conducted any surveys with respect to the operating
8   expenses of other utilities relative to information systems.
9
10   As a subscriber to an industry research service provided by information technology (IT)
11   consultant Gartner Group, the Company has access to Gartner's forecast 2003 survey
12   data for utilities. The Gartner data is based on the average of responses they received
13   from 18 participating utilities.
14
15   Table 1 below provides the revenue and IT operating budget statistics for the 18 utility
16   participants in comparison to Newfoundland Power's revenue and IT operating budget
17   statistics as determined by the Company based on its interpretation of how the Gartner
18   survey data was compiled.
19

Table 1 Comparative IT Operating Budget Statistics 2003 Forecast		
Measure	**Newfoundland Power**	**Gartner Survey Utility Participants[1]**
Revenue ($000s)[2]	387.60	335.28 [3]
IT Operating Budget as a Percentage of Revenue[4]	1.90	1.97

20
21   [1] Statistical information is taken from *Gartner 2002 IT Spending and Staffing Survey Results*
22   and is provided with the express permission of the copyright holder, Gartner, Inc.
23   [2] Revenue includes all 2003 proposed revenue from electricity sales, application of 2001 excess
24   revenue, other revenue and interest earned.
25   [3] The average revenue of the utility participants in the Gartner survey was stated in U.S. dollars.
26   The figure as used in Table 1 was converted to Canadian dollars using a conversion factor of
27   1.53379.
28   [4] IT operating expenses includes the operating expenses for enterprise IT and depreciation
29   expense related to computer hardware and software.