

In reference to Schedule “B”, page 68 of 82, Conservation and Environment (sic), project cost \$755,000:

Q. Please provide the precise pricing of the Microsoft Enterprise Agreement.

A. The Company’s 3-year Microsoft Enterprise Agreement entered into in 2002 spreads the cost of purchasing Microsoft software and applicable software upgrades over the 3-year period. Pricing under this agreement for 2003 is as follows:

- The base cost of the Microsoft Enterprise Agreement is \$171,936 annually over the 3-year period. This ensures the right to use and avail of all upgrades to Microsoft Office products covered under the Company’s previous Microsoft Enterprise Agreement, which expired in April 2002.
- The cost to purchase additional Microsoft applications, including those applications acquired by the Company in 2002, is \$23,618 annually over the 3-year period. These products were not available under the previous Microsoft Enterprise Agreement.
- The cost of Upgrade Advantage, which automatically entitles the Company to use and avail of upgrades to existing installed Microsoft applications not previously available under the Microsoft Enterprise Agreement, is \$21,311 annually over the remaining 2 years of the agreement.
- The estimated cost of additional Microsoft applications to be purchased in 2003 is \$42,637.

Newfoundland Power has the right to terminate this agreement upon 60 days written notice.

The cost of day-to-day Microsoft software maintenance and support is in addition to the above pricing, and is charged to the Company on a per incident basis. The Company’s cost of software maintenance and support is an operating expense.