

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 foreseeable Microsoft desktop and server software and 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 desktop and server 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 desktop and server applications not previously available under the Microsoft Enterprise Agreement, totals \$21,311 over the remaining 2 years of the agreement.
- The estimated cost of additional Microsoft desktop and server 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.