

- 1 **Q. (Reference Application, 2023 Capital Expenditure Report, Appendix A:**  
2 **Variance Notes, page 12 of 12) It is stated “Actual capital expenditures were**  
3 **\$136,000, or 19% higher than the total budget estimate, largely due to**  
4 **increases in vendor pricing, as well as an increase in the number of licenses**  
5 **required.” Why was an increased number of licenses required?**  
6
- 7 A. The Microsoft Enterprise Agreement is a multi-year agreement that enables  
8 Newfoundland Power’s daily use of software necessary to provide service to customers.  
9 The agreement is reviewed every three years, incorporating changes such as increased  
10 licensing requirements, modifications in licensing rules and inflationary price increases. A  
11 change in Microsoft’s licensing for software products reduced Newfoundland Power’s  
12 flexibility to share licenses among employees. As a result, the Company was required to  
13 purchase an additional 80 licenses to maintain full compliance with Microsoft’s licensing  
14 rules. The increase in expenditure over the three-year agreement period is attributable  
15 to the increase in licensing count as well as inflationary price increases.