

1 **SECTION 2: CUSTOMER OPERATIONS/OPERATING COSTS**

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3 **Q. Reference: NLH-NP-037, Attachment A**  
4 **Why did the miscellaneous intercorporate charges from affiliates increase**  
5 **significantly in the 2025 Test Year and the 2026 Test Year from the 2023 Test Year?**  
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7 A. The miscellaneous intercorporate charges from affiliates increased in the 2025 and 2026  
8 test year forecasts as compared to the 2023 test year primarily due to annual fees related  
9 to the Microsoft Enterprise Agreement.

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11 In 2022, Fortis began to pay these fees on behalf of Newfoundland Power and other  
12 affiliate companies, and subsequently bill them through intercorporate charges.  
13 Previously, these charges were billed directly to Newfoundland Power.

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15 In 2024, a three-year agreement will be entered into to renew the Microsoft Enterprise  
16 Agreement.<sup>1</sup> The new multi-year project was approved as part of Newfoundland Power's  
17 *2024 Capital Budget Application*.<sup>2</sup>

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<sup>1</sup> The existing Microsoft Enterprise Agreement will conclude on May 31, 2024. The term of the next agreement will be from June 1, 2024 to May 31, 2027.

<sup>2</sup> Order No. P.U. 2 (2024).