

1 **Q. Tab 5.3: 2018 Shared Server Infrastructure**

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3 **Did Newfoundland Power compare the requested \$225,000 purchase with the option**
4 **of entering into a new lease, similar to existing, for replacement of high-volume**
5 **printing equipment in the production centre? If yes, please provide details? If no,**
6 **why not?**

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8 A. When the option to either purchase or lease a piece of equipment is available, it is
9 Newfoundland Power's practice to conduct a lease/purchase analysis before making an
10 acquisition.

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12 In the preparation of its 2018 Capital Budget Application, Newfoundland Power
13 conducted a lease/purchase analysis using budgetary costs from the existing provider for
14 both the lease and purchase of replacement high-volume printing equipment in the
15 production centre.¹ The analysis showed no appreciable difference between leasing or
16 purchasing the equipment. Given the potential for changes in technology and financing
17 terms between the capital budget preparation and undertaking the purchasing process,
18 Newfoundland Power will conduct another lease/purchase analysis when the actual
19 vendor proposals are received. If, at that time, the lease option is least cost,
20 Newfoundland Power will submit a supplemental application to lease the high-volume
21 printing equipment.²

¹ Budgetary pricing was also sought from a second supplier to confirm the reasonableness of the budgetary costs from the existing provider.

² In Order No. P.U. 24 (2008) the Board approved the supplemental application to purchase 17 photocopiers after previously approving the 36-month lease of these photocopiers in the 2008 Capital Budget Order P.U. 21 (2008). At that time, after examining the proposals submitted by prospective suppliers, the Company determined that it was least cost to purchase the 17 photocopiers, and subsequently sought Board approval to change from a capital lease to an outright purchase.