

**In Schedule “B” at page 79 of 82 it is stated: “The Company annually reviews its personal computing requirements in detail as part of its capital budgeting process.”**

**Q. Please provide a copy of those reviews.**

A. Newfoundland Power purchases personal computers (PCs) that are designed specifically for a networked business environment. The Company’s policy is to purchase PCs with optimal size and power specifications to maximize the useful life of the equipment and minimize total cost.

The first step in the determination of the Company’s PC requirements for the following year is an overall review of business needs. Regional and departmental managers and advanced information technology users throughout the Company are interviewed with respect to specific technology requirements in their areas or departments. An assessment is then made of the Company’s existing PC inventory, including a reconciliation of the inventory and an assessment of PC performance and of remaining warranty coverage. On the basis of this information, an estimate is made for budget purposes of the number of PCs that will be retired and the number of new PCs that will be purchased.

Specific product standards are then established by reviewing the new product offerings of Tier 1 PC vendors, and the overall performance of software applications operating on the Company’s current inventory of PCs. Also taken into account are the processing requirements for new applications being implemented in the coming year.

The final step in the process takes place early in the following year with the assignment of the new PCs to employees with the most demanding computing requirements and the redistribution, or “cascading”, of older PCs to persons with lesser computing requirements. This involves detailed assessments of individual PC requirements through discussions with supervisors, advanced users and individual employees.

These reviews and assessments are not in writing, and the process is not formally documented.