

- 1 **Q. Midgard, at page 85, recommended “that Capital Leases be evaluated not on**
2 **an annual payment basis but rather on the full lifecycle of the lease (i.e., over**
3 **a term that is comparable to the term that the asset was purchased or**
4 **constructed). This approach was recommended because it more accurately**
5 **reflects the total lease commitment cost on a comparable basis to purchasing**
6 **or constructing an asset. Simply put, it is not the annual payment that matters,**
7 **but rather the total financial commitment that is being made to acquire the**
8 **asset rights over the leased term (i.e., on a similar basis as purchasing an asset**
9 **with an expected lifetime). As a result, the recommended thresholds enable a**
10 **reasonable balance of discreet projects/programs within each segmented**
11 **materiality bin and the treatment of capital leases has changed to make it**
12 **similar to the commitment required to purchase or construction [sic] an asset.”**
13 **a) Please advise what leases Newfoundland Power is proposing in this Capital**
14 **Budget.**
15 **b) Please advise as to research undertaken by Newfoundland Power to**
16 **compare the cost of leasing versus proposed Capital Budget expenditures.**
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18 **A. a) Newfoundland Power is not proposing any leases in the 2024 Capital Budget**
19 **Application.**
20
21 **b) Newfoundland Power periodically completes lease/purchase analysis for equipment**
22 **that can be acquired through both options. Typical equipment available through**
23 **either lease or purchase include high volume printers and vehicles.**
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25 **In Newfoundland Power’s 2024 Capital Budget Application, the Company included**
26 **replacement of multi-function printers and plotters in its Shared Server**
27 **Infrastructure project under Enterprise Printing Upgrades.¹ Forecast costs are based**
28 **on pricing quotes from the existing provider. Newfoundland Power will evaluate the**
29 **lease/purchase analysis during the request for proposals process, when actual**
30 **vendor proposals are received, to determine which option is least cost to customers.**

¹ See Newfoundland Power’s 2024 Capital Budget Application, Schedule B, page 110.