

1 **Q.** **(Brockman June 4, 2015 Pre-filed Evidence, page 16, lines 4 to 6) Mr. Brockman**
2 **states “the Labrador Interconnected Customers have enjoyed rates nearly half of those**
3 **paid by Newfoundland Power, because their power supply was isolated from the Island**
4 **system, and it was largely hydraulic”. Does Mr. Brockman agree that the rates**
5 **charged Labrador Interconnected Customers are based on the cost of supply**
6 **determined by cost of service principles approved for use in this jurisdiction, and if**
7 **not, what modifications to the cost of service study does Mr. Brockman recommend**
8 **for the Board’s consideration?**

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10 **A.** Mr. Brockman agrees that, apart from the fact that marginal cost considerations do not
11 appear to be reflected in the rates, the current rates charged to Labrador Interconnected
12 Customers are based on the cost of supply determined by cost of service principles
13 approved for use in this jurisdiction.