

1 **Q. (Brockman June 4, 2015 Pre-filed Evidence, page 16, lines 4 to 11) Mr. Brockman**  
 2 **states that following completion of the Labrador interconnection, “it is conceivable**  
 3 **that all interconnected customers would pay uniform rates”. Does Mr. Brockman**  
 4 **have any prior knowledge of the results and recommendations that will come out of**  
 5 **Hydro’s cost of service study proposed for 2016 (see CA-NLH-340) or of any**  
 6 **Government policy initiative or directive that will result in Labrador**  
 7 **Interconnected customers and Island Interconnected customers paying uniform**  
 8 **rates following completion of the Labrador interconnection?**

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 10 A. No. Mr. Brockman does not have any prior knowledge of the results and  
 11 recommendations that will come out of Hydro’s cost of service study proposed for 2016,  
 12 or of any Government policy initiative or directive that will result in Labrador  
 13 Interconnected customers and Island Interconnected customers paying uniform rates  
 14 following completion of the Labrador interconnection.

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 16 Mr. Brockman’s statement regarding the possibility that all interconnected customers  
 17 may pay uniform rates is based on his experience in Newfoundland and Labrador, and in  
 18 other regulatory jurisdictions in North America. In Mr. Brockman’s experience, uniform  
 19 electricity rates are not uncommon for electric utilities serving different systems within  
 20 US state jurisdictions.

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 22 Mr. Brockman observes that many of the larger power systems in North America have  
 23 grown through the merger of smaller systems. These smaller systems may initially have  
 24 had different rates, often based on the type of generation serving them. However, as  
 25 these smaller systems merged, the supply sources of individual systems have become less  
 26 of a consideration in rate-setting, and uniform rates have often been implemented across  
 27 the merged systems.

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 29 Similar developments have occurred within Newfoundland and Labrador.<sup>1</sup>

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<sup>1</sup> In Order No P.U. 7 (2002-2003), the Board approved the implementation of uniform rates on the Labrador interconnected System. As a result of Order in Council 184-74, Hydro’s customers on the Island Interconnected System pay the same rates as Newfoundland Power’s customers on the Island Interconnected System.