***Q.* Mr. Brockman stated on page 12 of his evidence: "The Unit Cost Method is consistent with the allocation of costs within a system which are typically shared equally depending on the customer use of peak demand (i.e. $/kW), the customer use of energy (i.e. $/kWh) and equal allocation of customer related costs to customers (i.e. $/customer)." Does Mr. Bowman have any concerns with Mr. Brockman's characterization of the Unit Cost Method? If so, please explain your concerns.**

A. Mr. Doug Bowman does not believe the unit cost allocation methodology is any less arbitrary than the other allocation methodologies presented at the 1992 COS hearing, including the methodology proposed by Mr. Brockman himself which was 50% on the basis of energy and 50% on the basis of revenue requirement (PUB-NLH-113, Attachment 1, page 56). The Board states "*There does not appear to be any competency constraint in the methodology chosen to allocate the rural deficit either by revenue to cost ratio of one, energy allocation or some combination of energy or demand*" (PUB-NLH-113, Attachment 1, page 55). Mr. Baker, the author of the unit cost method, said "*I am not aware of any generally accepted cost of service methodology for dealing with this particular situation. In finding the best solution, judgment must play a part*" (IN-PUB-2, page 28, lines 2 to 4). The unit cost methodology supported by Mr. Brockman in this GRA results in a revenue to cost ratio of 142% for Labrador Interconnected Customers and 112% for NP, and a customer impact of $653.15 for each Labrador Interconnected Customer and $216.54 for each Newfoundland Power Customer. In Mr. Doug Bowman's view, while the current methodology may have satisfied the fairness objective in 1992, it does not meet the fairness objective in 2015. As stated by Mr. Baker, "*judgment must play a part*".