

1 **Q. Page 13 states "A difficulty with allocating the Rural Deficit is that the Rural Deficit**  
2 **is not causally related to the customers responsible for funding it. For that reason, it**  
3 **is difficult to assess the 'fairness' of any allocation methodology for the Rural Deficit**  
4 **from a traditional cost-of-service perspective." Does Mr. Brockman believe fairness**  
5 **should be ignored in evaluation of the allocation of the Rural Deficit?**

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7 A. No. Mr. Brockman does not believe fairness should be ignored in evaluating the  
8 allocation of the Rural Deficit. However, there are aspects of this problem that  
9 complicate evaluation of the fairness of an allocation methodology.

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11 Because the Rural Deficit is not causally related to the customers responsible for funding  
12 it, it is difficult to assess the fairness of any allocation methodology for the Rural Deficit  
13 from a traditional cost-of-service perspective.<sup>1</sup>

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15 In addition, the circumstances of the Newfoundland Power and Labrador Interconnected  
16 customers are dissimilar; as are the rates those customers are charged. For that reason, it  
17 is Mr. Brockman's opinion that evaluating the fairness of an allocation methodology on  
18 the basis of a single aspect in isolation is not appropriate.<sup>2</sup>

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<sup>1</sup> See Brockman evidence, page 12, line 19 to page 14, line 2.

<sup>2</sup> Ibid., page 14, line 4 to page 16, line 1.