

1 **Q. Reference Brockman evidence, page 13, lines 8-20.**
2 **In likening a company's allocation of administrative and general expenses (A&G) to**
3 **the allocation of the Rural Deficit, to what extent does Mr. Brockman agree that**
4 **there are salient differences between the two, insofar as A&G expenses, although**
5 **not directly assignable to specific functions, are costs that are internal to a system**
6 **where there is an underlying relationship to cost of service, whereas the Rural**
7 **Deficit is external to the system that it is being assigned to, and that this is the**
8 **fundamental issue.**

9
10 A. Mr. Brockman agrees that there are differences between administrative and general
11 expenses and the Rural Deficit, including the difference noted in the question. However,
12 Mr. Brockman does not agree that the difference noted in the question is the fundamental
13 issue.

14
15 The fundamental issue raised in the referenced portion of Mr. Brockman's evidence is
16 the difficulty of assessing the "fairness" of any allocation methodology for the Rural
17 Deficit from a traditional cost-of-service perspective.¹

¹ See Brockman evidence, page 13, line 1 to page 14, line 2.