

1 **Q. On page 84 of the COS Methodology Report, the Board provided guidance on**  
2 **assessing fairness of the allocation of the Rural Deficit when it stated: "Fairness**  
3 **cannot be assessed as due to the method used but instead we must assess fairness on**  
4 **the basis of the result, a shared burden among the classes of customers that is fair to**  
5 **all and not discriminatory."**

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7 **Does Mr. Brockman believe a Rural Deficit allocation methodology creates fairness**  
8 **concerns when it results in, on average, approximately \$650 per customer per year**  
9 **being recovered from Hydro Rural Customers on the Labrador Interconnected**  
10 **System and approximately \$215 per customer per year being recovered from the**  
11 **customers of Newfoundland Power? Please explain your response.**

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13 **A.** Mr. Brockman would consider the fact that one group of customers pays more per  
14 customer, or more per kWh, than another group of customers to be a matter of concern if  
15 there were no other differences between the customer groups. However, in light of the  
16 differences in the circumstances of, and the rates charged to, Newfoundland Power's  
17 customers and the Labrador Interconnected customers, it is Mr. Brockman's opinion that  
18 evaluating the fairness of an allocation methodology on the basis of a single aspect, such  
19 as the average per customer share, in isolation is not appropriate.<sup>1</sup>

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<sup>1</sup> See Brockman evidence, page 14, line 4 to page 16, line 1.