

1 **Q. In reference to footnote 24, page 14, of your prefiled evidence regarding the**
2 **allocation of the rural deficit, you state that "Notwithstanding Hydro's proposed**
3 **methodology appears based upon the cost borne per customer, Hydro does not**
4 **propose to allocate the deficit on a per customer basis." Please explain in detail**
5 **whether you would support an allocation of the rural deficit on the basis of number**
6 **of customers, taking in to consideration that under the existing methodology the**
7 **allocation of the rural deficit per customer is about three times higher for customers**
8 **on the Labrador Interconnected System than for customers of NP.**

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10 A. Mr. Brockman would not support an allocation of the rural deficit on the basis of number
11 of customers. In Mr. Brockman's opinion, any methodology to allocate the Rural Deficit
12 between Newfoundland Power's customers and the Labrador Interconnected customers
13 that is based on a single criterion would not appropriately account for differences in the
14 circumstances of the customers on the two systems.¹

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16 For this reason, among others, it is Mr. Brockman's opinion that the Board should defer
17 consideration of the Rural Deficit allocation methodology to a later time, and address any
18 immediate rate impact concerns by means of a rate design solution.²

¹ See, for example, the responses to Requests for Information NLH-NP-016, NLH-NP-031 and CA-NP-010.

² See the response to Request for Information PUB-NP-009.