

CMMG (MPI)

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Part and Chapter:		Page No.:	
PUB Approved Issue No.			
Topic:			
Sub Topic:			

Preamble to IR (If Any):

Motorcyclists are being asked for a larger increase than private passenger insured.

Question:

What changes in the recent loss experience for motorcycles caused this increase? Please identify the factors giving rise to this larger required rate. What is the amount of the increase attributable to premiums rather than CMP?

Rationale for Question:

Determining the components driving the need for the increase.

RESPONSE:

The difference between the required rate increases for the Private Passenger and the Motorcycle major classes results from a decrease in Comprehensive claims costs.

As indicated in *Part V, Ratemaking, Appendix 10*, Comprehensive claims costs, as a component of the required rate, decreased by \$8.23, thereby lowering the required rate increase for the Private Passenger major class. This decrease in claims costs does not affect the Motorcycle major class, as Comprehensive coverage is not available to the Motorcycle major class under Basic. Had this \$8.23 decrease not occurred, the required rate increase for both of these major classes would have been approximately equal.

The amount of the increase attributable to premiums (i.e. excluding the Capital Maintenance Provision) is 1.1% as indicated in *Part V, Ratemaking, page 40*.

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Preamble to IR (If Any):

Nil

Question:

Are there any program changes or rate - making methodology changes affecting the applied for rate for motorcycles?

Rationale for Question:

Determining the components driving the need for the increase.

RESPONSE:

There are no coverage/benefit changes or ratemaking changes that affect the rates for motorcycles.

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Preamble to IR (If Any):

The Corporation reported an increase of \$65 million dollars in revenue this year.

Question:

Please provide a breakdown of the revenue, with an explanation as to whether this was anticipated at the time of last year's GRA, or whether there are unique components of this revenue.

Rationale for Question:

RESPONSE:

Basic's share of the \$65 million dollar increase in revenue from last year is approximately \$55 million. Please refer to *Part V Pro Formas page 7* for a breakdown of the revenue and a comparison of the anticipated forecast from the prior year's GRA. The forecast provided in last year's GRA is within approximately \$3.1 million of actual results.

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Part and Chapter:		Page No.:	
PUB Approved Issue No.	2		
Topic:	Forecast Accuracy		
Sub Topic:			

Preamble to IR (If Any):

Forecasting.

Question:

Please update last year's CMMG (PPI) 1-1 to show comparison of projected v. actual losses 2007 to 2017.

Rationale for Question:

Reviewing accuracy of forecasts.

RESPONSE:

Please see Figure 1 below.

Figure 1: Comparison of Projected vs Actual for Motorcycle Major Class

Line No.	Loss Ins Year	Projected Losses [a]		Projected Total Premium [b]	Actual Losses		Actual Total Premium [e]	Actual Loss Ratio	
		Excluding "Pool" Loss	Including "Pool" Loss		Excluding "Pool" Loss [c]	Including "Pool" Loss [d]		Excluding "Pool" Loss	Including "Pool" Loss
1	2007	10,390,631	10,952,927	9,343,600	8,328,469	9,002,242	9,474,661	87.90%	95.01%
2	2008	12,106,150	12,761,721	10,994,400	9,492,758	10,260,723	10,686,013	88.83%	96.02%
3	2009	12,050,545	12,775,440	12,238,200	7,077,447	7,650,012	11,474,147	61.68%	66.67%
4	2010	12,072,057	12,825,747	13,576,300	14,143,121	15,287,299	12,156,455	116.34%	125.75%
5	2011	12,245,914	13,018,014	13,131,800	5,959,639	6,441,774	12,817,434	46.50%	50.26%
6	2012	9,347,361	10,054,858	11,687,400	7,218,043	7,801,983	12,986,962	55.58%	60.08%
7	2013	9,991,774	10,729,886	12,523,900	10,343,079	11,179,834	12,851,434	80.48%	86.99%
8	2014	9,209,789	9,859,082	12,594,800	6,151,268	6,648,905	12,845,431	47.89%	51.76%
9	2015	9,031,739	9,734,074	12,210,000	9,711,882	10,497,573	12,810,342	75.81%	81.95%
10	2016	8,226,228	8,815,160	11,673,200	11,415,545	12,339,062	12,748,322	89.55%	96.79%
11	2017	9,129,732	9,890,060	12,538,800	10,004,678	10,814,057	12,865,906	77.76%	84.05%
12	2018	10,258,926	11,054,969	13,498,000					
13	2019	10,768,703	11,640,354	14,467,200					
14	TOTAL	134,829,549	144,112,293	160,477,600	99,845,928	107,923,464	133,717,106	74.67%	80.71%

15 Notes:

16 "Pool" Loss as defined in Part V, Ratemaking, pages 32 & 33

17 [a] From the respective GRA; Pure Premium * Projected Units

18 [b] From the respective GRA; PUB Approved Average Rate * Projected Units; 2019 based on Applied for Average Rate * Projected Units

19 [c] Part V, Ratemaking, Appendix 9, Table 9; Pure Premium No Trend * Number of Units; Sum over all coverages

20 [d] Actual Losses Excluding "Pool" Loss * 1.0809; 1.0809 = 11,640,354 / 10,768,703

21 [e] Earned premium from the Corporation's Data Warehouse; does not account for premium rebates

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Part and Chapter:		Page No.:	
PUB Approved Issue No.	2 and 10		
Topic:	Loss Data		
Sub Topic:			

Preamble to IR (If Any):

Loss Data

Question:

Please update last year's CMMG (MPI) 1-2.

Rationale for Question:

Reviewing loss distributions for anomalies and trends.

RESPONSE:

Please refer to [Appendix 1](#). The data provided is as of July 10, 2018.

**Motorcycle Claims Loss Data
By Insurance Year
All Physical Damage and Injuries, All Heads of Coverage**

Collision - Incurred

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount
< 0	3	(1,156)	2	(490)	3	(556)	1	(10)	1	(290)
0	52	-	31	-	19	-	25	-	33	-
0.01 to 25000	267	1,364,454	327	1,562,848	284	1,345,809	265	1,137,756	258	1,112,856
25001 to 50000	2	70,778			1	25,388			1	25,756
50001 to 75000							1	50,385		
Grand Total	324	1,434,075	360	1,562,358	307	1,370,641	292	1,188,131	293	1,138,322

Collision - Paid

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount
< 0	3	(1,156)	2	(490)	3	(556)	1	(10)	1	(290)
0	62	-	33	-	19	-	25	-	33	-
0.01 to 25000	257	1,294,519	325	1,549,081	284	1,345,809	265	1,137,756	258	1,112,856
25001 to 50000	2	70,778			1	25,388			1	25,756
50001 to 75000							1	50,385		
Grand Total	324	1,364,140	360	1,548,591	307	1,370,641	292	1,188,131	293	1,138,322

**Motorcycle Claims Loss Data
By Insurance Year
All Physical Damage and Injuries, All Heads of Coverage**

Public Liability - Incurred

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount
0							1	-	1	-
0.01 to 25000	1	5,000								
25001 to 50000			1	25,587						
Grand Total	1	5,000	1	25,587	0	-	1	-	1	-

Public Liability - Paid

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount
0	1	-					1	-	1	-
0.01 to 25000			1	587						
25001 to 50000										
Grand Total	1	-	1	587	0	-	1	-	1	-

**Motorcycle Claims Loss Data
By Insurance Year
All Physical Damage and Injuries, All Heads of Coverage**

Property Damage - Incurred

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount
0	18	-	16	-	18	-	14	-	12	-
0.01 to 25000	37	40,236	38	53,290	44	88,187	24	19,275	37	54,586
Grand Total	55	40,236	54	53,290	62	88,187	38	19,275	49	54,586

Property Damage - Paid

Ranges	2017		2016		2015		2014		2013	
	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount
0	21	-	16	-	18	-	14	-	12	-
0.01 to 25000	34	36,211	38	53,290	44	88,187	24	19,275	37	54,586
Grand Total	55	36,211	54	53,290	62	88,187	38	19,275	49	54,586

**Motorcycle Claims Loss Data
By Insurance Year
All Physical Damage and Injuries, All Heads of Coverage**

Accident Benefits - Incurred Ranges	2017		2016		2015		2014		2013	
	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount	Claim Count	Incurred Amount
< 0			3	(1,682)						
0	28	-	32	-	27	-	31	-	34	-
0.01 to 25000	113	840,666	121	911,523	106	794,823	101	682,538	78	591,473
25001 to 50000	29	1,086,838	23	825,018	21	709,945	14	507,282	21	745,571
50001 to 75000	9	531,400	12	716,704	9	544,067	13	761,300	8	487,592
75001 to 100000	4	334,937	9	779,405	5	427,227	3	254,462	4	352,461
100001 to 125000	3	331,990	6	678,499	9	1,021,032	3	334,924	4	453,673
125001 to 150000	2	288,249	4	532,212	1	143,843	4	535,560	2	277,275
150001 to 175000			2	328,799			3	487,214	2	310,065
175001 to 200000	2	363,025			1	198,714	1	178,323	1	199,452
200001 to 225000							1	212,143	1	217,399
225001 to 250000			2	481,623	1	247,056			1	226,802
250001 to 275000					1	259,351			1	259,951
300001 to 325000	1	311,559							2	625,628
325001 to 350000	1	348,432	1	328,752			1	336,955		
350001 to 375000	1	350,183								
375001 to 400000					1	391,581	1	381,294	1	388,169
400001 to 425000			1	401,874						
425001 to 450000					3	1,299,282			1	427,292
475001 to 500000			1	491,770						
500001 to 525000					2	1,034,579				
525001 to 550000							1	546,098		
550001 to 575000	1	573,869							1	550,761
650001 to 675000					1	657,166			1	665,290
675001 to 700000					1	691,237			1	680,875
725001 to 750000			1	744,226	1	731,012				
925001 to 950000									1	928,554
950001 to 975000					1	969,900				
1075001 to 1100000									1	1,099,454
1550001 to 1575000									1	1,573,417
Grand Total	194	5,361,147	218	7,218,723	191	10,120,814	177	5,218,094	167	11,061,153

**Motorcycle Claims Loss Data
By Insurance Year
All Physical Damage and Injuries, All Heads of Coverage**

Accident Benefits - Paid Ranges	2017		2016		2015		2014		2013	
	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount	Claim Count	Paid Amount
0	49	-	39	-	27	-	31	-	34	-
0.01 to 25000	123	778,119	135	766,708	112	563,043	101	666,428	79	620,490
25001 to 50000	12	417,972	14	513,038	18	630,068	15	545,148	20	707,754
50001 to 75000	2	121,178	11	680,658	10	591,656	12	703,952	9	563,183
75001 to 100000	4	331,605	8	657,824	4	348,808	3	253,249	3	272,855
100001 to 125000			4	450,245	10	1,143,468	4	436,549	4	453,453
125001 to 150000			2	265,329	2	278,342	5	668,337	4	547,040
150001 to 175000			1	170,976	2	322,262	3	481,171	2	310,678
175001 to 200000	1	183,296	1	184,601					5	952,753
200001 to 225000					1	219,937	1	211,514	1	223,736
225001 to 250000			1	243,391	4	946,610	1	232,117	2	476,448
250001 to 275000			1	272,517			1	253,114		
275001 to 300000	1	275,022								
300001 to 325000	1	310,809							1	310,073
325001 to 350000	1	348,432								
375001 to 400000									2	766,747
450001 to 475000					1	453,270				
475001 to 500000			1	491,770						
500001 to 525000									1	509,817
Grand Total	194	2,766,432	218	4,697,058	191	5,497,464	177	4,451,578	167	6,715,027

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PUB Approved Issue No.	2 and 10		
Topic:	Loss Trends		
Sub Topic:			

Preamble to IR (If Any):

Rates

Question:

Please update last year's CMMG (MPI) 1-3 for applied v. rates approved.

Rationale for Question:

Reviewing increases sought and approved.

RESPONSE:

The Corporation objects to the question on the basis that the information sought is not relevant to the matters at issue in this GRA. The Corporation respectfully submits that the rate changes it sought in prior years are not among the factors considered in approving the rates sought for the 2019/2010 rate year. Despite this and, without prejudice to its right to further object to the use of the evidence, the Corporation provides the requested information in Figure 1 below.

Figure 1: History of Rates and Rate Changes for Motorcycle Major Class

Line No.	Loss Ins Year	Actual Loss Ratio [a]	Average Rate	Approved Avg Rate Change	Sought for Avg Rate Change
1	2004	79.32%	846	14.82%	19.93%
2	2005	93.58%	942	13.86%	15.01%
3	2006	165.35%	952	5.00%	12.70%
4	2007	95.01%	994	5.00%	8.36%
5	2008	96.02%	1,018	9.16%	9.16%
6	2009	66.67%	1,046	7.21%	7.21%
7	2010	125.75%	1,069	5.67%	5.67%
8	2011	50.26%	1,034	-2.50%	1.62%
9	2012	60.08%	906	-10.79%	-10.33%
10	2013	86.99%	901	-0.22%	-0.22%
11	2014	51.76%	851	-6.07%	-6.02%
12	2015	81.95%	814	-5.79%	-6.55%
13	2016	96.79%	758	-7.63%	-7.63%
14	2017 [b]	84.05%	774	2.25%	-1.65%
15	2018		794	2.48%	2.70%
16	2019 [c]		822		3.06%

17 Notes:

18 [a] Per CMMG (MPI) 1-4

19 [b] Based on the initial 2017 GRA filing on Jun 17, 2016; MPI did not rerun the rate
20 model based on the revised filing per PUB (MPI) 2-25

21 [c] Based on proposed average rate per Part V, Ratemaking, Page 54

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Part and Chapter:		Page No.:	
PUB Approved Issue No.	2 and 10		
Topic:	Loss Trends		
Sub Topic:			

Preamble to IR (If Any):

Loss Data

Question:

Please provide a comparison of A) actual loss ratios; B) claims frequency for both private passenger and motorcycle use groups.

Rationale for Question:

Reviewing loss trends.

RESPONSE:

Please refer to the figures below which compare the loss experience as of February 28, 2018 for the Motorcycle major class and the Private Passenger major class. The comparison is done separately for Collision and PIPP.

Figure 1: Loss Comparison Between Motorcycle and Private Passenger Major Classes - Collision

Line No.	Loss Yr	Units	Premium	Count	Incurred	Frequency	Severity	Loss Ratio
1	Motorcycle							
2	2007	10,742	9,474,661	314	1,201,867	2.92%	3,828	12.69%
3	2008	11,688	10,686,013	344	1,335,127	2.94%	3,881	12.49%
4	2009	11,758	11,474,147	326	1,234,356	2.77%	3,786	10.76%
5	2010	11,860	12,156,455	313	1,371,792	2.64%	4,383	11.28%
6	2011	12,542	12,817,434	321	1,154,322	2.56%	3,596	9.01%
7	2012	13,559	12,986,962	320	1,092,818	2.36%	3,415	8.41%
8	2013	13,927	12,851,434	287	1,155,979	2.06%	4,028	8.99%
9	2014	14,285	12,845,431	281	1,195,473	1.97%	4,254	9.31%
10	2015	15,088	12,810,342	306	1,382,955	2.03%	4,519	10.80%
11	2016	16,103	12,748,322	344	1,562,130	2.14%	4,541	12.25%
12	2017	16,758	12,865,906	284	1,420,392	1.69%	5,001	11.04%
13	Private Passenger							
14	2007	673,707	592,904,534	92,609	216,094,750	13.75%	2,333	36.45%
15	2008	689,022	620,602,184	94,682	224,410,884	13.74%	2,370	36.16%
16	2009	700,521	648,298,934	92,286	226,045,918	13.17%	2,449	34.87%
17	2010	711,929	671,010,213	101,730	253,144,169	14.29%	2,488	37.73%
18	2011	726,645	690,284,214	96,704	254,697,948	13.31%	2,634	36.90%
19	2012	744,066	680,305,745	105,606	290,148,771	14.19%	2,747	42.65%
20	2013	754,058	682,187,895	111,898	326,660,427	14.84%	2,919	47.88%
21	2014	763,887	713,763,727	97,088	296,920,932	12.71%	3,058	41.60%
22	2015	775,395	763,568,847	96,676	328,784,818	12.47%	3,401	43.06%
23	2016	787,943	802,758,074	100,331	356,877,856	12.73%	3,557	44.46%
24	2017	798,642	849,010,549	95,339	368,846,689	11.94%	3,869	43.44%

Figure 2: Loss Comparison Between Motorcycle and Private Passenger Major Classes - PIPP

Line No.	Loss Yr	Units	Premium	Count	Incurred	Frequency	Severity	Loss Ratio
1	Motorcycle							
2	2007	10,742	9,474,661	161	9,594,636	1.50%	59,594	101.27%
3	2008	11,688	10,686,013	186	9,119,528	1.59%	49,030	85.34%
4	2009	11,758	11,474,147	165	7,208,160	1.40%	43,686	62.82%
5	2010	11,860	12,156,455	168	16,072,984	1.42%	95,673	132.22%
6	2011	12,542	12,817,434	166	8,886,027	1.32%	53,530	69.33%
7	2012	13,559	12,986,962	169	7,830,141	1.25%	46,332	60.29%
8	2013	13,927	12,851,434	154	11,469,762	1.11%	74,479	89.25%
9	2014	14,285	12,845,431	153	5,322,924	1.07%	34,790	41.44%
10	2015	15,088	12,810,342	177	10,624,539	1.17%	60,026	82.94%
11	2016	16,103	12,748,322	196	7,297,705	1.22%	37,233	57.24%
12	2017	16,758	12,865,906	172	5,623,016	1.03%	32,692	43.70%
13	Private Passenger							
14	2007	673,707	592,904,534	10,944	133,472,802	1.62%	12,196	22.51%
15	2008	689,022	620,602,184	10,467	119,083,792	1.52%	11,377	19.19%
16	2009	700,521	648,298,934	10,273	108,101,356	1.47%	10,523	16.67%
17	2010	711,929	671,010,213	10,886	120,800,510	1.53%	11,097	18.00%
18	2011	726,645	690,284,214	10,271	120,706,077	1.41%	11,752	17.49%
19	2012	744,066	680,305,745	11,102	133,681,300	1.49%	12,041	19.65%
20	2013	754,058	682,187,895	11,499	103,753,773	1.52%	9,023	15.21%
21	2014	763,887	713,763,727	9,893	104,746,527	1.30%	10,588	14.68%
22	2015	775,395	763,568,847	10,862	131,579,862	1.40%	12,114	17.23%
23	2016	787,943	802,758,074	11,006	100,144,976	1.40%	9,099	12.48%
24	2017	798,642	849,010,549	12,941	80,009,123	1.62%	6,183	9.42%

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Part and Chapter:		Page No.:	
PUB Approved Issue No.	22		
Topic:	Investment in Motorcycle road Safety		
Sub Topic:			

Preamble to IR (If Any):

Road safety

Question:

Please indicate the amount spent by MPI last year on exclusively motorcycle road safety programs and initiatives. What percentage of the road safety budget was this? What percentage of the road safety budget is allocated to passenger car initiatives?

Rationale for Question:

Reviewing investment levels in road safety.

RESPONSE:

In 2017/18, the Corporation spent \$227,895 (Basic share) on motorcycle-specific road safety programs and initiatives. Total spending by the Corporation on overall road safety programs in 2017/18 was \$13,145,000 (Basic share). As a result, specific motorcycle safety programs represents 1.73% of total road safety expenditures in 2017/18. On a per-vehicle basis, total spending on road safety programming is forecasted at \$12.08/vehicle compared to \$14.84/motorcycle on motorcycle specific initiatives.

While the above information represents spending on motorcycle specific programs, this does not represent the totality of road safety spending that directly benefits motorcyclists. All

other road safety strategies, with the exception of auto crime and occupant restraints, apply equally to motorcyclists as they do to other road users.

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Part and Chapter:		Page No.:	
PUB Approved Issue No.	1		
Topic:	Comparison with other provinces		
Sub Topic:			

Preamble to IR (If Any):

N/A

Question:

Please provide a comparison of the premiums for a 50 year old male insured with two vehicles, being:

- A 2004 Harley FLHTC
- A 2004 GMC pick up truck

in the provinces of Manitoba, Alberta and Saskatchewan.

Rationale for Question:

Testing Corporation's claims regarding the affordability compared to other jurisdictions.

RESPONSE:

Please see the table below for the premium comparison requested.

Table CMMG (MPI) 1-9**50 Year old Male, claims and conviction free****2004 GMC Sierra 1500 Extended CAB**

Jurisdiction	
Winnipeg	\$769
Regina	\$1,067
Calgary	\$1,362

50 Year old Male, claims and conviction free**2004 Harley Davidson FLHTC ELECTRA GLIDE**

Jurisdiction	
Winnipeg	\$795
Regina	\$1,670
Calgary	\$713

In reviewing the above information, the reader should consider the following:

- the 50 year old male in the above request is assumed to be claims and conviction free;
- the specific vehicle models selected for the comparison are the most commonly registered model in Manitoba¹ for each vehicle (as no model was indicated in the request);
- the Corporation purchases proprietary private insurer automobile rate information from a third party;
- the Alberta rate used in the comparison for the 2004 GMC pick-up truck is based on the average of several private insurers;
- the Manitoba and Saskatchewan rates for the 2004 GMC pick-up truck are based on a single rate as provided by the respective public insurers in those jurisdictions;
- currently, there is no single third-party data service that provides comparative rates from private insurers for motorcycles in Canada, as exists for auto insurance rates;
- the Alberta rate used in the comparison for the 2004 Harley Davidson FLHTCC is a single rate quote, and is not based on an average; and
- the Manitoba and Saskatchewan rates for the 2004 Harley Davidson FLHTCC are based on a single rate as provided by the respective public insurers in those jurisdictions.

¹ The selections were based on the highest vehicle counts from the 2018 rate model. The 2018 rate model uses policy data pulled as of August 1, 2017 for motorcycles and November 1, 2017 for trucks

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Preamble to IR (If Any):

N/A

Question:

What progress has the Corporation made with respect to new initiatives on the Experienced Rider Program?

Rationale for Question:**RESPONSE:**

The Corporation plans to complete a business case in 2018/19, with stakeholder consultation, to determine the potential benefit and financial impact of subsidizing the Experienced Rider Program.

In Order 130/17, the PUB found that for “the purposes of future GRAs, road safety and loss prevention would be best addressed by devoting a Technical Conference to this area”. The PUB also directed that this Technical Conference “will cover such issues as the Corporation's road safety priorities, reports on the success of the Corporation's efforts to address speed, drug-impaired driving and distracted driving, the progress of Road to Zero, and road safety efforts in other jurisdictions, among others”.

Accordingly, the Corporation will share the contents of the business case as part of the Technical Conference ordered by the PUB for 2019.

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Preamble to IR (If Any):

N/A

Question:

Please provide the set RSR basic program amounts (both approved and realized) indicating any transfers from extension, over the last fifteen (15) years.

Rationale for Question:

RESPONSE:

Please see the attached [Appendix 1](#) for the requested information.

The PUB-approved RSR target range has dramatically shifted in recent years in response to orders issued by the PUB. Prior to 2015/2016, the PUB-approved RSR target range was, in most cases, based on a percentage of written premiums. The RSR target range was more stable during this period as written premiums are themselves stable. More recently, MPI proposed the use of risk-based RSR targets. These targets fluctuate in response to the underlying business risks as well as to the assumptions used (e.g. naïve versus increasing interest rates). MPI believes that future RSR targets will be stable (for a given risk profile) if it can agree with the PUB on the use of a consistent methodology.

Line No.	Fiscal Year	Beginning RSR Balance (a)	Net Income (b)	Transfer from Non-Basic (c)	Surplus Distribution (d)	Adjustments (e)	Transfer (to)/from Retained Earnings (f)	Transfer (to)/from IIF (g)	Transfer (to)/from ITOF (h)	Ending RSR (i)	Retained Earnings (j)	Immobilizer Incentive Fund (IIF) (k)	Information Technology Optimization Fund (ITOF) (l)	Total Retained Earnings (m)	Accumulated Other Comprehensive Income (n)	Total Equity (o)	PUB Approved RSR Range
1	<i>(C\$000s, except where noted)</i>																
2	2003/04	35,366	3,358	4,049	-					42,773				42,773	-	42,773	\$50-80M
3	2004/05*	42,773	59,943	33,907	-	(10,619)				126,004				126,004	-	126,004	\$50-80M
4	2005/06	126,004	85,703	19,427	(58,000)			(37,063)		136,071		37,063		173,134	-	173,134	\$50-80M
5	2006/07	136,071	47,783	-	(59,652)			3,920		128,122		33,143		161,265	-	161,265	\$69-105M
6	2007/08	128,122	69,040	-	(62,565)	(22,693)		15,218		127,122		17,925		145,047	20,012	165,059	\$69-106M
7	2008/09	127,122	(8,165)	-	54			15,904		134,915		2,021		136,936	(101,501)	35,435	\$72-109M
8	2009/10	134,915	87,773	-	-		(70,709)	2,021	-	154,000	70,709	-		224,709	34,645	259,354	\$77-154M
9	2010/11*	154,000	283,855	-	(321,678)	18,639	70,709	-	(65,000)	140,525	-	-	65,000	205,525	73,082	278,607	\$77-154M
10	2011/12	140,525	22,278	-	(14,120)		(57,983)	-	65,000	155,700	57,983	-	-	213,683	49,007	262,690	\$78-156M
11	2012/13 *	155,700	(63,103)	-	-		57,203	-	-	149,800	19,240	-	-	169,040	56,800	225,840	\$78-156M
12	2013/14	149,800	(69,162)	-	-		19,240	-	-	99,878	-	-	-	99,878	70,284	170,162	\$79-157M
13	2014/15	99,878	2,440	75,500	-		-	-	-	177,818	-	-	-	177,818	35,262	213,080	\$89-178M
14	2015/16	177,818	(56,050)	72,729	-		-	-	-	194,497	-	-	-	194,497	36,503	231,000	\$231-366M
15	2016/17	194,497	(123,070)	27,824	-		-	-	-	99,251	-	-	-	99,251	81,749	181,000	\$159M
18	2017/18	99,251	34,424	37,300	-		-	-	-	170,975	-	-	-	170,975	39,870	210,845	\$180-325M
19	* - Restated																

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Preamble to IR (If Any):

The Corporation is forecasting decreases in expenses in excess of \$5 million over the previous year's forecast.

Question:

What percentage of the expenses does this decrease represent?

Rationale for Question:**RESPONSE:**

The average decrease of \$5 million in Basic operating expenses for the rating years represents an approximate 2.2% decrease as compared to the 2018 GRA.

CMMG (MPI) 1-13

Part and Chapter:	OV 4.3, Page 18	Page No.:	
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Preamble to IR (If Any):

The Corporation has RSR of \$211 million. MPI is forecasting that as of February 28, 2020, it will have an RSR of 70% (\$280 million).

Question:

What factors would operate to raise the RSR by \$69 million over that time period? Please indicate the sources and relative accumulation of monies from each source.

Rationale for Question:**RESPONSE:**

A combined net comprehensive income of \$69 million for 2018/19 and 2019/20 would need to occur in order for the RSR to increase to \$280 million as of February 28, 2020. Please refer to *Volume V Proforma, PF.3* which provides the detail on the forecasted RSR increase.

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Part and Chapter:	RSR 4.5.1.1, Page 10	Page No.:	
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Preamble to IR (If Any):

N/A

Question:

Should not the introduction of a Capital Maintenance Provision (CMP) be delayed until the Corporation has completed its Capital Management Plan? If not, why not?

Rationale for Question:

RESPONSE:

MPI understands that the Capital Management Plan is an important part of managing an effective Rate Stabilization Reserve for the benefit of all rate payers. MPI will file the Capital Management Plan in the 2020/21 GRA.

MPI does not believe that the Capital Maintenance Provision should be delayed until the Capital Management Plan is completed because:

1. The RSR balance is within the RSR range, so a rebate or 'release' is not required.
2. If capital is not maintained in the 2019/20 GRA, then Basic capitalization (as measured by MCT) will decline over the forecast period. The PUB, in Order 130/17, recognized the need for MPI to protect against the depletion of Basic's capital position. Setting Basic

rates as proposed in this Application, without the Capital Maintenance Provision would be an intentional depletion of capital equivalent to a capital release as MPI would knowingly not be collecting enough premium to maintain capital.

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Preamble to IR (If Any):

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Question:

Please describe any new wildlife collision programs or initiatives for 2019/2020.

Rationale for Question:

RESPONSE:

The Corporation, in collaboration with Manitoba Infrastructure (MI), plans to conduct a one-year roadside animal carcass reporting pilot study on Manitoba highways in 2019. During the pilot, location tracking devices will be used to input detailed location information, in addition to, the recording species of large animal carcasses found roadside as a result of a collision with a motor vehicle. This information will help pinpoint vehicle/wildlife collision ‘hot spot’ locations and better identify causes for collision in order to determine whether more costly mitigation strategies, such as fencing with or without active detection warning systems, would be economically feasible in select locations in Manitoba.

Further, once true ‘hot spot’ locations are determined and roadside conditions examined closely, the Corporation and MI may consider other mitigation strategies, to determine whether they can have a positive impact on road safety.

The Corporation plans to raise public awareness on the benefits of newer and upcoming vehicle technologies, which help to minimize, and in some cases avoid, collisions with wildlife. Benefits associated with newer vehicle technology include better illumination of the road while driving at night, especially in rural locations, or maintaining control of a vehicle should a driver steer abruptly to avoid a large animal.

Though noted as an option in the *Proposed Strategy for Collisions with Animals: Programming and Research (2018-2019)*, the Corporation will not study the impact of LED-lit wildlife crossing signs in 2018. MI has determined these signs do not meet the requirements and guidelines set out in the Manual of Uniform Traffic Control Devices in Canada (MUTCDC) and follows these guidelines. Also, after consultation with MI, a brush clearing and grass mowing joint pilot study may be considered in the future, if improved 'hot spot' locations can be determined through the carcass pick-up pilot and favourable cost benefit analysis results, allowing for the necessary resources to be planned and budgeted for.

For details on additional efforts related to reducing wildlife collisions, please see [Part VII 02 LP Appendix 1 Wildlife Strategy 2018-2019 FINAL](#).