

October 25, 2018

2019 GENERAL RATE APPLICATION  
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**Undertaking #16**

MPI to provide the amount of the offsetting provision for investment expenses in the discount rate used for ratesetting.

**RESPONSE:**

The New Money Yield (the discount rate used for ratesetting) using the February 28, 2018 Naïve interest rate forecast was 3.21%. This yield did not include an offsetting provision for investment expenses.

If the New Money Yield were to include an offsetting provision for investment expenses, the provision would be 0.07%, and the (net) New Money yield would be 3.15% (due to rounding).

The effect on the breakeven rate indication of including the provision for investment expenses is an increase of 0.12% from 0.13% to 0.25%. There is, however, no impact on the rate indication including net CMP, which remains at 2.20%.