

October 22, 2019

2020 GENERAL RATE APPLICATION
Undertaking on MPI Exhibit 66

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In the original GRA, the OCI for 2020FB was +19 million. In MPI Exhibit 42, the OCI for 2020P was -43 million.

In MPI Exhibit 66, the OCI at the end of Q2 was +8 million. Can MPI advise what caused the projected -51 million movement in OCI from Q2 to Q4? Mr Johnston had mentioned an accounting impact that would occur during 2020 that pertained to the pension plan, which might explain the movement in OCI, but we would like MPI to confirm (and advise if there is anything else contributing to the movement in OCI).

RESPONSE:

Movement in OCI is related to the liability valuation adjustment related to the drop in interest rates on Employee Future Benefits (EFB, commonly called pension). MPI estimated ~\$58M loss related to actuarial pension adjustment in 2019P. The pension adjustment is related to interest rate movements.

The reference to the Q2 report of +\$8 million is a corporate result. The Q2 equivalent actual result for Basic is \$14M. In MPI Exhibit 42, the -\$43M for 2020P is a Basic value. So, the full \$57M difference is solely attributable to the estimated ~\$58M loss related to actuarial pension liability valuation adjustment.