

October 22, 2020

2021 GENERAL RATE APPLICATION
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MPI to provide an exhibit providing details on the assumed Government of Canada ten (10) year bond yield, as well as spreads for both provincial and Corporate bonds in the October 9th update, based on August 31, 2020 market yields. Also to provide the cash flow discount rate used in the October 9th update for each fiscal year end.

RESPONSE:

Figure 1 below provides the yield to maturity and weights for corporate and provincial bonds at August 31, 2020 that were used to calculate the New Money Yield.

Figure 1 New Money Yield Calculation - August 31, 2020 (October Update)

Line No.	Provincial Bond Exposure (%)	Corporate Bond Exposure (%)	Provincial Bond YTM	Corporate Bond YTM	New Money Yield
1	72.76%	27.24%	1.66%	2.69%	1.94%

The cash flow discount rate used in the October 9th update for each fiscal year end was 1.94%.