

TC (MPI) Pre-Ask 4

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

Preamble to IR:

Question:

Referencing Figure 1 (Appendix 1), please explain how the 29.2% for VFH Major class was calculated (line 23), and what the 'change' is being evaluated against. Please also comment on the credibility of 28.2% for the VFH major class, and its impact on the applied for change (identified in part b)

Rationale for Question:

RESPONSE:

Referencing *TC (MPI) 2-7 Appendix 1, Figure 1*, for the VFH major class, the full credibility required change of 29.2% (line 23) was calculated by comparing the balanced required rate of \$5,307.22 (line 18) to the 2022/23 average rate without rate change of \$4,109.03 (line 21). The 29.2% reflects the required change to the current average rate to cover all costs for rating year 2022/23 for the VFH major class.

Please see *Ratemaking Chapter, page 42* for a discussion of how the major classes' credibilities are determined and applied.