

August 23, 2022

Manitoba Public Insurance Corporation
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Winnipeg, MB R3C 4A4

Via Email: sscarfone@mpi.mb.ca
aguerra@mpi.mb.ca

Attention: Steve Scarfone/Anthony Guerra

Dear Messrs. Scarfone and Guerra,

Re: ALM Study Phases & Stakeholder Engagement

Pursuant to Board Order 134/21 Manitoba Public Insurance (MPI) was required to “file its ALM study to be undertaken in 2022 with the 2023 GRA”. On July 12, 2022 MPI filed the 2023 General Rate Application (GRA) which included Phase One and Two of Mercer’s Asset Liability Study as well as various other Reports from Mercer on investment strategy.

MPI invited stakeholders to attend a presentation on the ALM Study Update on July 29, 2022. Counsel and advisors for the Coalition of Manitoba Motorcycle Groups (CMMG) and Consumers’ Association Canada (Manitoba) (CAC), as well as advisors from the Public Utilities Board attended the meeting. During the presentation MPI provided a slide outlining the various stages of the ALM Study as follows:

- Phase One: IFRS, new asset classes, risk mgmt.. strategy, forecasting of CMAs
- Phase Two: create efficient frontiers & identify optimal asset mixes
- Phase Three: develop motorcycle specific asset mix

MPI advised stakeholders that Phase One had been completed and that Phase Two required a decision to be made by MPI Board of Directors regarding the selected asset mixes before completion. In that regard, MPI indicated that an Investment Committee Working Group meeting was scheduled to take place on October 13, 2022 and an Investment Committee meeting was scheduled for November 10, 2022, after which MPI’s asset mixes would be determined. Given the foregoing, it appears that the ALM Study has not been completed, as Phase Two and Three of the Study remain incomplete.

CMMG asked for further information regarding the motorcycle specific asset mix. MPI advised that the Corporation was awaiting Mercer's recommendations in that regard, but could not provide any further information on what that material would be provided to Stakeholders or a timeline for same.

The Corporation expressed their interest in receiving feedback from Stakeholders regarding the ALM Study. Advisors for PUB noted that feedback from the Board could not be provided at the meeting as the Board provided their input through PUB Orders. CMMG and CAC both expressed their appreciation for the meeting which provided important information but expressed concerns with the timelines provided for Phase Two and Three. Unfortunately, given that MPI has not made any selections of asset mixes, and did not provide any proposed selections at the July 29th meeting, the opportunity for Stakeholders to provide feedback or input was very limited.

CMMG would like the opportunity to provide feedback and input on the recommended asset mixes that will be presented to the Investment Committee Working Group and the Investment Committee. Of course, of specific interest for CMMG is the potential motorcycle specific asset mix being considered by MPI. CMMG believes it would be beneficial for the GRA process for the recommendations being made to each the Investment Committee Working Group, and the Investment Committee to be filed within the GRA process. Unfortunately based on the current schedule provided by MPI both rounds of Information Requests and Intervener Evidence will have been filed before the scheduled meeting on October 13, 2022. As a result, it is the position of CMMG that the opportunity to provide meaningful feedback, including commentary on the proposed asset mixes is not possible with the proposed schedule.

To allow meaningful stakeholder engagement, CMMG suggests that the recommendations being made to both MPI panels be done so within the confines of the GRA schedule and be filed as Exhibits in the 2023 GRA. To this end, and to allow for responses and feedback, CMMG suggests that recommendations being made to the Investment Committee Working Group be filed on August 30th, 2022 and that recommendations being made to the Investment Committee be filed by September 27, 2022. These dates align with MPI's filing dates for Round 1 and Round 2 IR responses. Receipt of information by these dates will allow stakeholders to review the proposed asset mixes and provide feedback to MPI and the Board. It will ensure that the ALM study and its process, aligns with the GRA process, promoting transparency and information sharing. Further these proposed deadlines will allow Interveners in the GRA an opportunity to file evidence addressing the ALM study and proposed asset mixes should they feel it necessary to do so.

We acknowledge that the schedule proposed above would require the Investment Committee Working Group to reschedule their meeting to sometime between August 30th and September 27th. Given the importance of the ALM Study and the impact that MPI's investment decisions have on the rate indication, we are hopeful that MPI can

accommodate this proposal or some other schedule which will allow Stakeholders to have legitimate and meaningful engagement with this process. We look forward to your feedback on the above.

Sincerely,

BD OAKES JARDINE KANESKI UNRUH LLP

PER:



CHARLOTTE MEEK

**cc: Kathleen McCandless, Board Counsel
2023 Interveners**