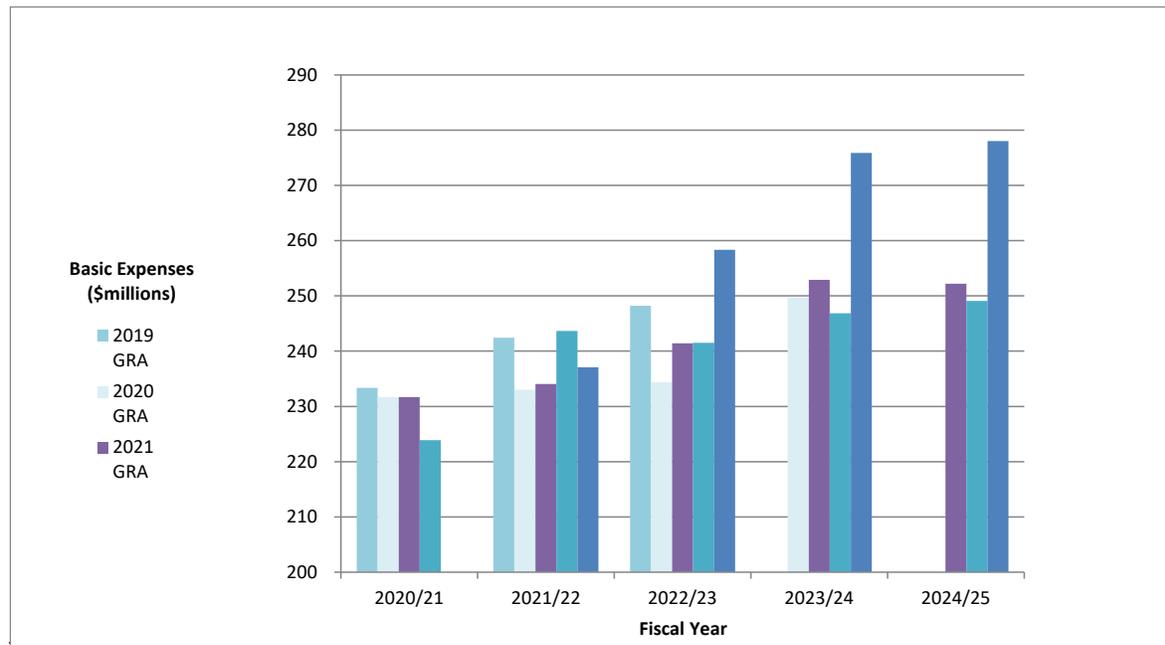


Figure EXP-31 Total Basic Expense 5-Year GRA Comparison



1 The preceding chart compares forecasted total Basic expenses (Normal Operations and
 2 Improvement Initiatives) in the 2023 GRA to the last four GRAs. During 2021/22
 3 expenses are lower than expected primarily due to COVID impacts on cost categories
 4 such as travel, driver education, and loss prevention. In the years following (2022/23
 5 to 2024/25) expenses are expected to be higher in the 2023 GRA versus prior years
 6 due primarily to inflationary growth on many cost categories, higher FTE counts, and
 7 improvement initiative expenses.

8 To clearly illustrate the PUB-approved expense allocation methodology (see Order
 9 157/12¹), the following chart is provided for the 2022/23 FB year:

¹ In Board Order 157/12, pages 31 and 32, the PUB authorized the use of Deloitte Allocation Methodology for rate setting purposes. <http://www.pub.gov.mb.ca/pdf/mpio7/157-12.pdf>

Figure EXP-35 APMO/BTO Variance

Line No.	Fiscal Year	2023 GRA Forecast	2022 GRA Forecast	Variance 2023 vs 2022
1	2022/23FB	76.0%	79.3%	-3.3%
2	2023/24F	76.2%	79.3%	-3.1%
3	2024/25F	76.2%	79.3%	-3.1%

1 The variance reflected in the 2022/23 FB year and throughout the forecast indicates
2 that a lower amount of Basic expenses will be allocated from the APMO department as
3 compared to the 2022 GRA. The greater the percentage, the greater the amount of
4 expenses assigned to Basic.

EXP.4.1.4 FTE Proportions Between Claims and Operating Allocator**5 Description**

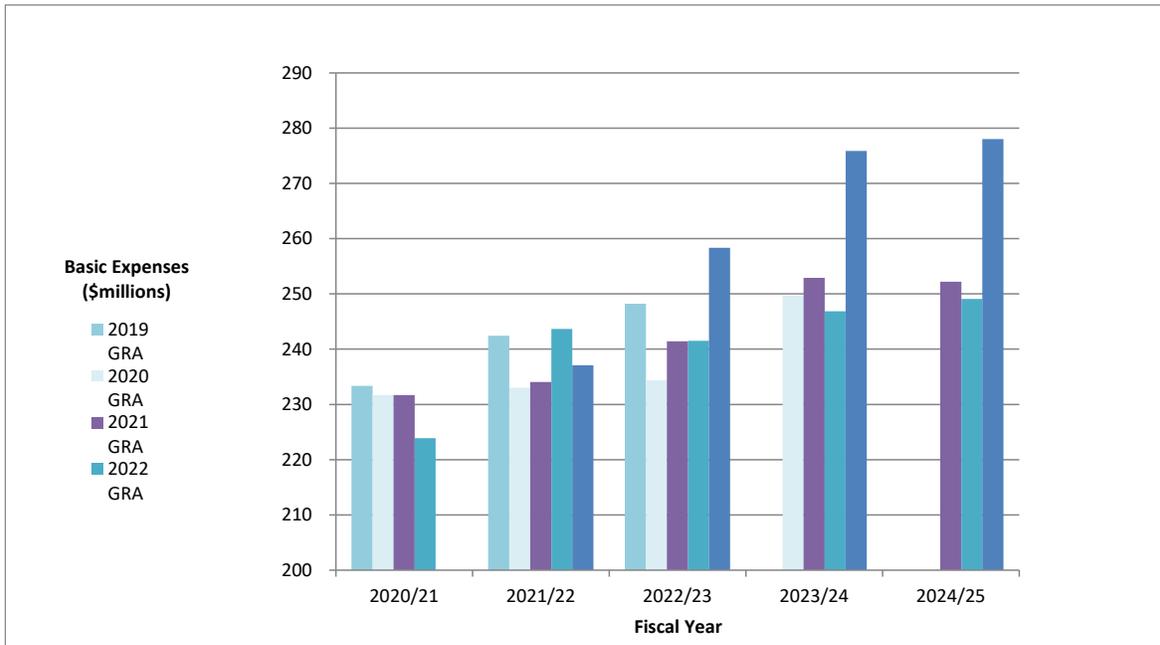
6 At Level E, the primary allocator used to split expenses into the Statement of
7 Operations categories (claims or operating expense) is FTE proportions. MPI
8 establishes these proportions based on an assessment of FTE staff for all allocation
9 groupings deemed as a shared cost for claims and operating staff. Examples for claims
10 staff include bodily injury and physical damage staff, whereas examples for operating
11 staff include the accounting and finance allocation grouping, Contact Centre, and the
12 Fair Practices Office. The 2022/23 FB year and subsequent forecast assumes no
13 change to the prior year forecast.

Figure EXP- 36 FTE Proportions between Claims and Operating Allocator Variance

Line No.	Fiscal Year	2023-GRA Forecast	2022-GRA Forecast	Variance 2023 vs 2022
1	2022/23F - Claims	67.95%	64.55%	3.40%
2	2022/23F - Operating	32.05%	35.45%	-3.40%
3	2023/24F - Claims	67.95%	64.55%	3.40%
4	2023/24F - Operating	32.05%	35.45%	-3.40%
5	2024/25F - Claims	67.95%	64.55%	3.40%
6	2024/25F - Operating	32.05%	35.45%	-3.40%

The variance reflected in the 2022/23 FB year and throughout the forecast indicates that a lower amount of Basic expenses will be allocated to claims expenses and a higher amount of Basic expenses will be allocated to operating expenses throughout the forecast versus the 2022 GRA.

Figure EXP-31 Total Basic Expense 5-Year GRA Comparison



1 The preceding chart compares forecasted total Basic expenses (Normal Operations and
 2 Improvement Initiatives) in the 2023 GRA to the last four GRAs. During 2021/22
 3 expenses are lower than expected primarily due to COVID impacts on cost categories
 4 such as travel, driver education, and loss prevention. In the years following (2022/23
 5 to 2024/25) expenses are expected to be higher in the 2023 GRA versus prior years
 6 due primarily to inflationary growth on many cost categories, higher FTE counts, and
 7 improvement initiative expenses.

8 To clearly illustrate the PUB-approved expense allocation methodology (see Order
 9 157/12¹), the following chart is provided for the 2022/23 FB year:

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Figure EXP-35 APMO/BTO Variance

Line No.	Fiscal Year	2023 GRA Forecast	2022 GRA Forecast	Variance 2023 vs 2022
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2	2023/24F	76.2%	79.3%	-3.1%
3	2024/25F	76.2%	79.3%	-3.1%

1 The variance reflected in the 2022/23 FB year and throughout the forecast indicates
2 that a lower amount of Basic expenses will be allocated from the APMO department as
3 compared to the 2022 GRA. The greater the percentage, the greater the amount of
4 expenses assigned to Basic.

EXP.4.1.4 FTE Proportions Between Claims and Operating Allocator**5 Description**

6 At Level E, the primary allocator used to split expenses into the Statement of
7 Operations categories (claims or operating expense) is FTE proportions. MPI
8 establishes these proportions based on an assessment of FTE staff for all allocation
9 groupings deemed as a shared cost for claims and operating staff. Examples for claims
10 staff include bodily injury and physical damage staff, whereas examples for operating
11 staff include the accounting and finance allocation grouping, Contact Centre, and the
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13 change to the prior year forecast.

Figure EXP- 36 FTE Proportions between Claims and Operating Allocator Variance

Line No.	Fiscal Year	2022 GRA Forecast	2023 GRA Forecast	Variance 2023 vs 2022
1	2022/23F - Claims	67.95%	64.55%	3.40%
2	2022/23F - Operating	32.05%	35.45%	-3.40%
3	2023/24F - Claims	67.95%	64.55%	3.40%
4	2023/24F - Operating	32.05%	35.45%	-3.40%
5	2024/25F - Claims	67.95%	64.55%	3.40%
6	2024/25F - Operating	32.05%	35.45%	-3.40%

The variance reflected in the 2022/23 FB year and throughout the forecast indicates that a lower amount of Basic expenses will be allocated to claims expenses and a higher amount of Basic expenses will be allocated to operating expenses throughout the forecast versus the 2022 GRA.