



September 12, 2022

**VIA E-MAIL**

BD Oakes Jardine Kaneshki Unruh LLP  
387 Broadway  
Winnipeg, MB R3C 0V5

**Attention: Charlotte Meek**

Dear Charlotte Meek:

**RE: ALM Study Phases & Stakeholder Engagement**

Thank you for your letter dated August 23, 2022. MPI reviewed same and appreciates the interest expressed by your client in its investment strategy and, in particular, the Asset-Liability Management (ALM) study. MPI responds with the following:

- MPI included all the reports it received from Mercer in the General Rate Application (GRA) it filed with the Public Utilities Board (PUB), on July 12, 2022.
- Mercer had already substantially completed the ALM study by the time MPI filed the GRA, including completing its analysis of the efficient frontiers, identification of potential asset mixes and the calculation of various risk and return metrics.
- The fact that MPI has yet to select its preferred asset mixes does not preclude GRA interveners (including your client), from reviewing the material filed in the GRA and providing MPI with its own critique/suggestions. The selection of preferred asset mixes is not dependent upon the GRA process.
- Through the GRA, Intervenor can provide MPI with input before its Investment Committee Working Group (ICWG) meets on October 13, 2022 through the discovery process (i.e., Information Requests (IRs)) and by way of submitting Intervenor evidence to the PUB on or before October 7, 2022.
- Should MPI receive a recommendation from an Intervenor regarding potential asset mixes prior to the ICWG meeting, it will consider same when formulating its recommendations to its Board of Directors (BoD).
- Having received a copy of the ALM study from Mercer in June 2022 and, given the need to urgently address the impact of inflation on its existing liabilities, MPI could have provided its recommendations to its BoD at the August 11, 2022 meeting. Doing so would have left Intervenor with limited opportunity to provide MPI with any feedback (and for the Investment Committee to incorporate same into its final BoD recommendation). By delaying its recommendation to the Investment Committee until November 10, 2022, MPI affords Intervenor a meaningful opportunity to review the ALM study and related material and provide MPI with feedback prior to the formulation of a final recommendation.

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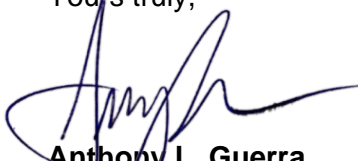
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- Mercer completed and MPI filed Phase Three of the ALM study (consisting of a review of the merits of developing a motorcycle specific asset mix) together with its responses to Round 1 IRs. Please see CMMG (MPI) 1-3(b) for more information.
- While PUB Order 134/21 required MPI to file the ALM study with the 2023 GRA, it did not require MPI to file the ICWG recommendations made to the Investment Committee. MPI remains in compliance with this Order.
- The ICWG and Investment Committee (BoD) meeting dates are set well in advance to ensure that MPI management has sufficient time to prepare materials and that BoD members can plan and co-ordinate their availability for quorum. Moving these dates forward, on short notice, is not feasible given the significant amount of time required to prepare meeting materials. Further, it fails to account for the other responsibilities of the members of the Investment department including, but not limited to, responding to IRs.
- MPI understood the purpose of its July 29, 2022 meeting with Interveners was to share information and foster open and transparent communication concerning its ALM study. While MPI welcomes all stakeholder recommendations, its BoD has sole discretion regarding the making of investment-related decisions.
- Even though the GRA and the input received from the PUB and Interveners is important to MPI, it did not commission the ALM Study for that reason.

In summary, MPI is not able to change the dates of its ICWG or Investment Committee meetings. The Interveners received the Mercer ALM study and related materials on July 12, 2022 and will have sufficient time to provide MPI with feedback before October 13, 2022 (the date of the ICWG meeting). The ability of Interveners to respond is not contingent upon the selection of recommended asset mixes by MPI. Indeed, MPI will use any such input provided when its ICWG formulates its recommendations.

Yours truly,



**Anthony L. Guerra**  
Legal Counsel

AG/gb

cc: Kathleen McCandless, and PUB Advisors  
2023 Interveners of Record