

CMMG (MPI) Pre-Ask 5

Question:

PWC wrote of annual variances causing a possible RSR draw down. What is the amount of the draw down of the RSR related to the biggest annual variance experience to date?

RESPONSE:

The two largest reductions to RSR were from back to back fiscal losses for 2012/13 and 2013/14 of \$63,103,000 and \$69,162,000 respectively.

As noted in CAC 3-3 b) the 2012/13 fiscal loss was due to increased volume experienced from severe winter conditions, and the 2013/14 fiscal loss was due to increased severity experienced from rising costs.

The expected variability to RSR and Total Equity on a go forward basis is as described in the 2015 DCAT report. The DCAT represents a current assessment of the Corporation's risk level relative to the base forecasts utilized in the 2016 GRA. The Corporation has made significant changes to its forecasting methodology in recent years which makes the RSR variability from prior years of little relevance to the current DCAT-based risk assessment.