Undertaking # 39

MPI to use best efforts to expand on MPI Exhibit 27 and prepare two (2) schedules, the first tied to the GRA as originally submitted, the second tied to the GRA as amended on October 7, 2016, both schedules to include forecast and actual, where available, information at successive quarter ends from February 2016 to February 2017 with respect to Government of Canada 10-year bond yield, marketable bond portfolio duration, yield to maturity, assumed spread, non-marketable bond yield to maturity, total bond portfolio yield to maturity, and valuation discount rate.

RESPONSE:

Please see attached. Schedule 1 provides the requested data for the 2017 GRA as originally submitted, which is based on the March 2016 Standard interest rate forecast. Schedule 2 provides the requested data for the Revised 2017 GRA, amended on October 7, 2016, which is based on the August 50 50 interest rate forecast.

November 1, 2016 2017 RATE APPLICATION
Undertaking # 39 Attachment

Original 2017 GRA based on March 2016 Standard Interest Rate Forecast

GoC 10 Year Bond Yield

	Actual	Original	Variance
Q1 2016/17	1.32%	1.33%	-0.01%
Q2 2016/17	1.02%	1.42%	-0.40%
Q3 2016/17		1.58%	
Q4 2016/17		1.76%	

Marketable Bond Duration (Years)

	Actual	Original	Variance
Q1 2016/17	12.2	12.5	(0.3)
Q2 2016/17	12.3	12.5	(0.2)
Q3 2016/17		12.2	
Q4 2016/17		12.1	

Marketable Bond Yield to Maturity

	Actual	Original	Variance
Q1 2016/17	2.63%	2.99%	-0.36%
Q2 2016/17	2.31%	3.08%	-0.77%
Q3 2016/17		3.21%	
Q4 2016/17		3.38%	

Marketable Bond Duration Yield Spread

	Actual	Original	Variance
Q1 2016/17	1.31%	1.66%	-0.35%
Q2 2016/17	1.29%	1.66%	-0.37%
Q3 2016/17		1.63%	
Q4 2016/17		1.62%	

MUSH Yield

	Actual	Original*	Variance
Q1 2016/17	4.76%	4.72%	0.04%
Q2 2016/17	4.75%	4.68%	0.07%
Q3 2016/17		4.65%	
Q4 2016/17		4.62%	

*differs from Undertaking #12 due to copy and paste error

Total Fixed Income Portfolio Yield (Market Weighted)

	Actual	Original	Variance
Q1 2016/17	3.41%	3.61%	-0.20%
Q2 2016/17	3.15%	3.66%	-0.51%
Q3 2016/17		3.73%	
Q4 2016/17		3.84%	

Claims Discount Rate (Duration Weighted Fixed Income Yield)

	Actual	Original	Variance
Q1 2016/17	3.19%	3.48%	-0.29%
Q2 2016/17	2.87%	3.55%	-0.68%
Q3 2016/17		3.66%	
Q4 2016/17		3.79%	

Revised 2017 GRA based on August 2016 50 50 Interest Rate Forecast

GoC 10 Year Bond Yield

	Actual	August 50 50	Variance
Q1 2016/17	1.32%	1.32%	0.00%
Q2 2016/17	1.02%	1.03%	-0.01%
Q3 2016/17		1.05%	
Q4 2016/17		1.11%	

Marketable Bond Duration (Years)

	Actual	August 50 50	Variance
Q1 2016/17	12.2	12.5	(0.3)
Q2 2016/17	12.3	12.5	(0.2)
Q3 2016/17		12.7	
Q4 2016/17		12.6	

Marketable Bond Yield to Maturity

	Actual	August 50 50	Variance
Q1 2016/17	2.63%	2.98%	-0.36%
Q2 2016/17	2.31%	2.69%	-0.77%
Q3 2016/17		2.73%	
Q4 2016/17		2.78%	

Marketable Bond Duration Yield Spread

	Actual	August 50 50	Variance
Q1 2016/17	1.31%	1.66%	-0.35%
Q2 2016/17	1.29%	1.66%	-0.37%
Q3 2016/17		1.68%	
Q4 2016/17		1.67%	

MUSH Yield

	Actual	August 50 50	Variance
Q1 2016/17	4.76%	4.72%	0.04%
Q2 2016/17	4.75%	4.68%	0.07%
Q3 2016/17		4.64%	
Q4 2016/17		4.59%	

Total Fixed Income Portfolio Yield (Market Weighted)

	Actual	August 50 50	Variance
Q1 2016/17	3.41%	3.60%	-0.19%
Q2 2016/17	3.15%	3.38%	-0.23%
Q3 2016/17		3.40%	
Q4 2016/17		3.42%	

Claims Discount Rate (Duration Weighted Fixed Income Yield)

	Actual	August 50 50	Variance
Q1 2016/17	3.19%	3.47%	-0.28%
Q2 2016/17	2.87%	3.23%	-0.36%
Q3 2016/17		3.25%	
Q4 2016/17		3.29%	