



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE COMPANY
PRE-HEARING CONFERENCE
RE. GENERAL RATE APPLICATION
2015-2016

Before Board Panel:

- Karen Botting - Board Chairman
- Régis Gosselin - Board Member
- Anita Neville - Board Member
- Susan Proven - Board Member
- Allan Morin - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba

July 9, 2014

Pages 1 to 149

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1 --- Upon commencing at 9:38 a.m.

2

3 THE CHAIRPERSON: We're ready. Good
4 morning, ladies and gentlemen, and welcome to the pre-
5 hearing conference for MPI's 2015/'16 General Rate
6 Application filed June 16th, 2014. I'm Karen Botting,
7 vice chair of the Public Utilities Board.

8 Joining me here today is, on my far
9 left, Board Chairman Reg Goss -- Regis Gosselin, Board
10 member Anita -- Anita Neville. Next to me on my right
11 is Al Morin. And at the far end is Susan Proven.

12 Manitoba Public Insurance is applying to
13 the Board for approval of its premiums charged with
14 respect to compulsory driver and vehicle insurance.
15 This general rate application will be conducted in
16 accordance with the provisions of the Crown
17 Corporations Public Review and Accountability Act, and
18 the Public Utilities Board Act. We will employ,
19 throughout the process, the Board's rules of practice
20 and procedure, which can be viewed on the Board's
21 website. Any questions in terms of locating the rules
22 can be posed to the Board office.

23 In its application, MPI proposes new
24 premium rates -- excuse me -- to take effect on March
25 1st, 2015, which, if granted, will represent an overall

1 2.4 percent rate increase over the current insurance
2 year. In addition, MPI is requesting a rate
3 stabilization reserve, or RSR, rebuilding fee of 1
4 percent on each Basic Autopac premium effective March
5 1st, 2015.

6 There are a number of issues that the
7 Board will be considering this year's GRA, including
8 the Dynamic Capital Adequacy Test, which we warmly
9 refer to as the DCAT; the target rate stabilization
10 reserve level; and total equity level. Roads --
11 second, road safety and a review of related
12 expenditures, including efforts regarding vulnerable
13 road users; the cost of operations; benchmarking,
14 including with respect to other provinces; interest
15 rate forecasting methodology; the disposition of excess
16 reserves in the extension and SRE lines of business;
17 the value proposition for drivers for the rate increase
18 being requested; new or enhanced services being
19 developed or examined by MPI; alternate rate
20 indications based on accepted actuarial practice;
21 unfavourable run-off of prior year claims during
22 2013/'14; IT projects, including the Physical Damage
23 Re-engineering Project; the performance of the
24 investment portfolio and the content of the portfolio;
25 and the investment policy statement.

1 The Board will also consider a variety
2 of other issues as they may arise. As always, MPI
3 bears the onus in this proceeding of satisfying the
4 Board that its application should be granted on the
5 whole of the evidence that it provides.

6 Our objectives for today's pre-hearing
7 conference are: to identify prospective Intervenors; to
8 learn the reasons for their intervention; to gain an
9 appreciation of any costs awards that may be sought by
10 Intervenors and the approximate quantum of any such
11 costs orders; and to discuss and arrive at a timetable
12 for the orderly exchange of evidence and information
13 throughout this GRA process.

14 And I will now call on Board counsel for
15 introductions, followed by MPI's counsel, Ms.
16 Kalinowsky, to introduce the representatives of MPI
17 that are present, after which I will call on the
18 prospective Intervenors that are present to introduce
19 themselves. Once we've heard all introductions, I will
20 call on the Board counsel to make opening comments.

21 MS. CANDACE GRAMMOND: Thank you, Madam
22 Chair. For those of you that don't know me, my name is
23 Candace Grammond. I'm with Pitblado Law, and I am
24 Board counsel for the Public Utilities Board with
25 respect to this proceeding. The Board's accounting

1 advisor is with me this morning, Roger Cathcart of
2 Cathcart Advisors. The Board also has an actuarial
3 advisor in this proceeding, Brian Pelly of Eckler
4 Partners. Brian's not here today, as he works out of a
5 Toronto office, but he will join us in the fall at the
6 hearing of this matter.

7 THE CHAIRPERSON: Thank you, Ms.
8 Grammond. Good morning, Ms. Kalinowsky. Would you
9 like to introduce MPI?

10 MS. KATHY KALINOWSKY: Good morning.
11 I'm Kathy Kalinowsky. I'm Board counsel and gen -- and
12 -- sorry, I'm not Board counsel any more. I used to be
13 Board counsel many, many years ago when I sat over
14 there. But I'm general counsel now at MPI and have
15 been for a number of years, of course. And I'm also
16 the corporate secretary at Manitoba Public Insurance.
17 I am here with Heather Reichert, who is the chief
18 financial officer and vice president of Finance for
19 Manitoba Public Insurance.

20 Welcome back to the three (3) Board
21 members that has been her -- have been hearing the
22 application over the last number of years. Welcome
23 back, Ms. Proven, after a sabbatical from MPI for a few
24 years. And welcome to you, Mr. Morin, on your first
25 general rate application with Manitoba Public

1 Insurance.

2 THE CHAIRPERSON: Thank you, Ms.
3 Kalinowsky. Now for the Intervenors, I'd like Meghan
4 Menzies to introduce from CAC.

5 MS. MEGHAN MENZIES: Good morning, Ms.
6 Chairperson and Board members. Yes, I am Meghan
7 Menzies. And I'm from the Public Interest Law Centre.
8 And I will be representing the Consumers' Association
9 of Canada, Manitoba branch. And Byron Williams will
10 also be representing them. However, he sends his
11 regrets but assures you that you will be seeing a lot
12 of him come this fall, so there will be no -- no need
13 to worry about missing him today.

14 In addition, I have with me Gloria
15 Desorcy, who's the executive director of the Consumers'
16 Association of Canada, Manitoba branch just behind me,
17 and Will Steinburg, who is an articling student with
18 the Public Interest Law Centre also coming today.
19 Thank you.

20 THE CHAIRPERSON: Thank you and
21 welcome. Ray Oakes, from CMMG.

22 MR. RAYMOND OAKES: Good morning, Madam
23 Chair. Raymond Oakes, the law firm Booth Dennehy, on
24 behalf of the Coalition of Manitoba Motorcycle Groups,
25 known as the CMMG. We've been coming to these hearings

1 since 1992. And again, this year I'm very pleased to
2 appear before the Board and see all of my friends that
3 I see annually.

4 I'm especially pleased to have this huge
5 posse on this side of the table outnumbering both Board
6 counsel and the MPI representatives. Thank you.

7 THE CHAIRPERSON: Thank you, Mr. Oakes.

8 Angele Young...? By the way,
9 congratulations. I had a different name. And I
10 understand you're newly married.

11 MS. ANGELE YOUNG: So, yes, I'm Angele
12 Young, from CAA (Manitoba). For the past few years, my
13 colleague, Liz Peters, has been in attendance for the
14 Public Utilities Board, but she's actually on maternity
15 leave until next April. You probably didn't know that
16 she was pregnant here during the Public Utilities Board
17 last year.

18 So she'll still be involved in helping
19 me prepare for these proceedings, as this will be my
20 first time representing CAA (Manitoba) at the PUB.
21 Usually I'm at the chairs behind. I do expect my CEO
22 and president, Mike Mager, to be in attendance for some
23 of these proceedings, but he sends his regrets for
24 today. So that's it.

25 THE CHAIRPERSON: Thank you, Ms. Young.

1 Irvin Frost, from Automobile -- Automotive Recyclers of
2 Manitoba.

3 MR. IRVIN FROST: Thank you, Madam
4 Chair, members of the Board. I guess I'm the new guy
5 on the block. Oh, mic. Okay, that's a good start. Am
6 I on?

7 THE COURT REPORTER: Yes.

8 MR. IRVIN FROST: Thank you. Madam
9 Chair, members of the Board, I'm the new guy on the
10 block, although I've had a career with the government
11 in -- for roughly thirty-eight (38) years in the civil
12 practice. I have appeared. I've actually been
13 seconded to Manitoba Hydro in the mid-'80s, in which
14 case I've done CEC work, and I've done -- Clean
15 Environment Commission work, and I've done PUB work
16 over the course of that secondment. At that point, I
17 was special counsel to the vice president of Corporate
18 Relations.

19 During the course of my career, which I
20 retired to this exercise of private practice, which I
21 wonder sometimes, but anyway, the long and the short of
22 it is I've spent many years in the courtrooms before
23 various tribunals, boards, and commissions. I've
24 appeared in the Supreme Court of Canada and pretty much
25 every board and commission in Manitoba, and some

1 federal ones, as well.

2 I am representing this morning the
3 Automotive Recyclers of Manitoba, referenced as ARM.
4 And we expect to make our presentation. I'm not sure,
5 Madam Chair, if you actually have our presentation. I
6 have a written -- a written piece that I'm assuming the
7 Board has. Great.

8 So having said that, we will be making
9 our application for intervention this morning with your
10 permission.

11 THE CHAIRPERSON: Thank you, Mr. Frost.
12 And now I'd like to call upon Charles Feaver, of Bike
13 Winnipeg.

14 MR. JASON CARTER: Ah, thank you. I'm
15 Jason Carter. I'm here on behalf of Bike Winnipeg.
16 With me is Mr. Charles Feaver, who's the chair of the
17 Government Relations Committee of Bike Winnipeg. I am
18 a volunteer with Bike Winnipeg.

19 At the moment, Bike Winnipeg does not
20 have retained legal counsel, and we have -- we were in
21 joint intervention here with the gracious cooperation
22 of -- of CAC, Manitoba branch last year. And we have
23 made presentations to the PUB in the pre -- previous
24 two (2) years -- the prior two (2) years to that.

25 THE CHAIRPERSON: Okay, thank you, Mr.

1 Carter. And now I'd like to call upon Dave Schioler
2 from Insurance Brokers Association of Manitoba.

3 MR. DAVE SCHIOLER: Thank you, Madam
4 Chair. It's a pleasure to be here. The Insurance
5 Brokers Association of Manitoba acts for two thousand
6 (2,000) insurance brokers in Manitoba, and as such
7 being the primary distribution vehicle for Manitoba
8 insurance products, there's an obvious interest in
9 ensuring that MPI is in an appropriate place
10 financially, healthy otherwise so that it can provide
11 the best services and products to Manitobans.

12 Insofar as being an Intervenor, we have
13 been in the past. We intend to make presentation. My
14 understanding from the past, my last time here maybe a
15 year or two (2) ago, we sort of had a -- like a sort of
16 ongoing standing with -- with the Board. If that's not
17 right then -- I mean, we'll get papers in anyways but
18 that was kind of my understanding that unless we backed
19 out we -- we had standing.

20 It's neither here nor there in a sense
21 'cause we'll get the papers but...

22 THE CHAIRPERSON: Thank you, Mr.
23 Schioler. Now I'd like to have our counsel, Ms.
24 Grammond, give open -- her opening comments.

25

1 OPENING COMMENTS BY BOARD COUNSEL:

2 MS. CANDACE GRAMMOND: Thank you, madam
3 chair. I just have a few comments this morning.

4 Firstly there are three (3) exhibits that I'd like to
5 enter on the record on behalf of the Board. The first
6 is the Notice of Public Hearing and Pre-hearing
7 Conference, which was signed by the Board secretary and
8 dated June 18th, 2014. So that would be Board Exhibit
9 1.

10

11 --- EXHIBIT NO. PUB-1: Notice of Public Hearing
12 and Pre-hearing Conference,
13 dated June 18, 2014

14

15 MS. CANDACE GRAMMOND: Board Exhibit 2
16 for this proceeding would be the Board's Rules of
17 Practice and Procedure, which are of course on the
18 Board's website.

19

20 --- EXHIBIT NO. PUB-2: Rules of Practice and
21 Procedure

22

23 MS. CANDACE GRAMMOND: And the third
24 exhibit would be the proposed hearing timetable that
25 was circulated by me in the mid to late part of June,

1 and is available in the room, as well. Of course we'll
2 be having some discussion today about the details of
3 some of what's shown there at the moment, but that
4 would be Exhibit 3.

5

6 --- EXHIBIT NO. PUB-3: Timetable

7

8 MS. CANDACE GRAMMOND: Prior to hearing
9 from the prospective Intervenors this morning, I do
10 confirm that each of them should provide the following
11 information to the Board in order that it can
12 deliberate on and decide the intervention of each
13 party.

14 Number 1) an indication of the
15 Intervenor's constituency in interests.

16 Number 2) an outline of the areas of
17 MPI's application that the Intervenor intends to test.

18 Number 3) the reasons for requesting
19 Intervenor status.

20 Number 4) any plans to call evidence at
21 the hearing.

22 And number 5) an indication of any
23 interest with respect to asking for costs, and if
24 interest in costs is expressed a draft budget. As
25 always, the Board will apply -- apply the criteria set

1 out in its Rules of Procedure with respect to awarding
2 costs, and that decision is obviously in the sole
3 discretion of the Board.

4 So those five (5) criteria are in the
5 Board's rules. I know that you're familiar with them,
6 but that's just a reminder of the items that the Board
7 is looking to hear from you on this morning. So those
8 are my comments at this stage, Madam Chair. Thank you.

9 THE CHAIRPERSON: Thank you, Ms.
10 Grammond. Now I'll call upon Ms. Kalinowsky to make
11 her opening remarks.

12

13 SUBMISSIONS BY MPI:

14 MS. KATHY KALINOWSKY: With respect to
15 opening remarks, I do have comments not so much about
16 the timetable, not so much about the Intervenors. I
17 will respond to the Intervenors. I did want to take
18 the opportunity to spend some time walking through the
19 Application with the Board members and the Intervenors,
20 and Board advisors, Board counsel.

21 I could do that now, or could do that
22 afterwards, whatever is your pleasure.

23 THE CHAIRPERSON: That would be very
24 appropriate to do it now. Thank you very much.

25 MS. KATHY KALINOWSKY: So this is

1 something that's a little bit different for us at the
2 pre-hearing conference this year. It's also different
3 to have the screens in front of us. We did come and
4 attend part of the PUB's NFAT hearing to see how the
5 screens operated, how counsel, how Intervenors, and how
6 the witnesses use the screen.

7 And I have to say I was very, very, very
8 impressed. I actually sent all of the lawyers from the
9 legal department over to watch the -- how a hearing
10 takes place because something like this, of course,
11 does not exist in other tribunals and certainly does
12 not exist in the court system. So everybody was very
13 suitably impressed.

14 But I want to spend a few moments this
15 morning talking about the application. And we've spent
16 time reflecting over the past year on what is important
17 to the PUB to approve Basic rates. So we've looked at
18 some of the orders from the past years. We've also
19 looked at the inter -- Information Requests from the
20 different parties, and we've looked at some of the
21 cross-examination to try and discern what it is the PUB
22 really latches onto in making its decision, what
23 information they believe that they need.

24 So you can see an application that, if
25 you've looked at it so far in advance of the pre-

1 hearing conference, it's quite different from previous
2 applications. Last year the application was revamped,
3 revised very significantly under Ms. Reichert's
4 direction. And we learned a lot of some of the things
5 that were important to the Board, what worked, what
6 didn't.

7 And we've done a -- a second revamping
8 of the application. It's organized very thematically
9 now and we're very pleased with it. So we've tried to
10 very much modify the general rate application filing to
11 the best of our abilities and to respond to what's
12 important to the PUB.

13 And at the same time, we know that the
14 MPI's actuary has met with the PUB's actuary to discuss
15 what is required. There's emails that have been
16 exchanged back and forth and meetings. And that's to
17 figure out what the filing requirements are. And I'll
18 get through some of those filing requirements that Mr.
19 Pelly has requested.

20 The CFO, Ms. Reichert, has met with Mr.
21 Cathcart, the accounting advisor, some time over the
22 winter after the last Board order was delivered to try
23 and figure out exactly what it is that the accounting
24 advisors need. So this was for the purposes of
25 determining the detail and the information that the

1 advisors need in terms of them being able to provide
2 accurate and applicable advice to the Public Utilities
3 Board when it sets the Basic rates.

4 So we really think that this application
5 has responded to the concerns of the PUB, both for the
6 Board's questions and also through the -- its advisor's
7 questions. We've also -- I know that the MPI actuary
8 has sent out information to the CAC's actuarial advisor
9 offering further information, offering explanations,
10 and some exchange has taken place there. And, of
11 course, over the last two (2) years there have been two
12 (2) technical conferences.

13 So I'd like to do a walkthrough of the
14 application with the proviso that I'm not here giving
15 evidence. And, of course, I don't want to be giving
16 evidence. It's merely to point out where the
17 information is located. When we get to the hearing in
18 October, Ms. Reichert and Mr. Johnston -- Mr.
19 Johnston's not here, but he's the chief actuary and
20 director of Pricing and -- and Economics. They'll be
21 the two (2) main witnesses. And, of course, Mr.
22 Guimond, the new CEO and president, will also be here.

23 But we also want to test out this
24 document management system for our purposes and see how
25 that works. So with that, I'd like you to look at

1 Volume I of the application, under "Application," and
2 particularly page 2 and 3. So I'm not sure if the
3 members have their volumes with them or they're just
4 looking at their screens or not.

5 But if you do have the volumes, there's
6 parts that you could, if you have a highlighter, you
7 could circle it or something. Or if -- if it's on a
8 computer screen, you might want to flag it or
9 something. But the six (6) bullet points there, if you
10 just scroll up -- down -- or scroll down to line 12.
11 That is what the PUB is applying for.

12 So it's premiums charged -- or, sorry,
13 that's what MPI is applying to the PUB for for their
14 approval of is premiums effective March 1st, 2015, 2.4
15 percent overall basic rate increase, rate stabilization
16 reserve rebuilding fee of 1 percent. And can you move
17 to the next page, please?

18 And then you have the three (3) elements
19 about the RSR target of the \$194 million, the lower RSR
20 target of 213 million in total equity, and of course, a
21 range above the recommended minimum RSR target, the
22 upper range bash -- based on the hundred percent MCT
23 value. So at the end of the day, that's what MPI is
24 applying for.

25 I'd like to move forward to the pre-

1 filed testimony now. And that is the pre-filed
2 testimony of Mr. Dan Guimond. Mr. Guimond is the new
3 president and CEO. And he will be taking a different
4 approach from the previous president and CEO. And Mr.
5 Guimond will testify for the first day of the hearing,
6 and which would -- I -- according to the timetable,
7 would be October 7th, and will also be providing a
8 PowerPoint presentation.

9 His testimony will be different than
10 that of the previous president's, and his will be at a
11 high level. And he will be dealing with policy
12 questions from an overall corporate direction. What
13 we're modelling it after is the testimony that Mr.
14 Scott Thomson, the president and CEO at Manitoba Hydro,
15 gave on the first day in the NFAT hearing.

16 So I've looked at that level. And so if
17 Mr. Guimond is asked questions about actuarial design,
18 he will simply be saying, Well, mis -- he will defer
19 those types of questions to the -- the chief actuary,
20 who will be testifying. If Mr. Guimond is asked
21 questions about accounting policies or details of
22 expenses, he will defer that to later on when Ms.
23 Reichert will be on the stand.

24 It's a different approach that MPI
25 hasn't taken before. But the different utilities that

1 appear in front of the PUB do take that approach, where
2 they have different panels of witnesses. So it's going
3 to be a learning experience for all, but we think it's
4 certainly valuable.

5 What I would like to draw your attention
6 to in Mr. Guimond's testimony is page 3. And we often
7 at the PUB spend a lot of time arguing, and whether
8 it's MPI, whether it's the Intervenors, sometimes with
9 Board counsel. And it looks like it's almost, at
10 times, a bit of an adversarial position. And it's
11 certainly not intended to be adversarial. And we
12 thought that what we could do is look at some of the
13 mutual objectives.

14 So on this screen, you think about the
15 mutual objectives that the PUB has; that MPI, as the
16 Crown corporation, has; and that the different
17 ratepayer groups and Intervenors have, and that's to
18 provide Basic ratepayers with rate predictability and
19 stability, just and reasonable rates, offer amongst the
20 lowest rates in Canada, ensure the sustainability and
21 financial soundness of the Basic program, achieve an
22 actuarial opinion of being in a satisfactory financial
23 condition, and provide the ratepayers value for their
24 money paid in rates. I think there's one (1) more if
25 you go -- and have a clearly defined process for

1 setting rates publically. I thought that that's really
2 important for the Board members to understand, that
3 parties here do have a commonality of mutual objectives
4 that we want to achieve throughout the hearing process.

5 Look -- move to page 14 of Mr. Guimond's
6 evidence. And that is entitled, "The culture of cost
7 containment and continuous improvement." In Board
8 Order 151/'13, the Board provided a very strong
9 direction on operating expenses. There was some strong
10 wording in that order. And Mr. Guimond wants to make
11 sure that MPI has heard your direction.

12 So there have been a number of
13 initiatives that MPI has launched over the years, and
14 that's mentioned in various parts throughout the -- the
15 -- his testimony and other parts of the hearing.

16 What I would like to draw your attention
17 to is page 7 to 8 of Mr. Guimond's evidence. And it
18 talks about the RSR. And if you go down to the very
19 bottom, I'm not going to read this in, but there's a
20 very small paragraph there that I would invite you to
21 read there; it's two (2) lines. And then once you're
22 finished that, if you could move to the next paragraph
23 and read that sentence. And I'll just pause here for a
24 moment.

25

1 (BRIEF PAUSE)

2

3 MS. KATHY KALINOWSKY: So having read
4 that, that is an item that Madam Chair Botting refer --
5 referred to in her issues that the PUB will be
6 discussing. This is the only place that the transfer
7 is mentioned. It's -- there's no section on the
8 transfer. There's no further details, et cetera.

9 This is the one place where it is
10 mentioned in the Application, so you might want to flag
11 that where that is, and we are anticipating that the
12 questions will be forthcoming to Mr. Guimond on that.

13 But we have very much lined this up
14 sequentially, as we just want to figure out the
15 amounts, et cetera, and there will be transfers. Of
16 course that will be something that no doubt the PUB
17 will have questions of, and of course the Intervenors
18 will have questions of, too.

19 I'd like you to look at the overview
20 section, and particularly the table of contents.

21

22 (BRIEF PAUSE)

23

24 MS. KATHY KALINOWSKY: The overview
25 section was something new that was added last year, and

1 again it has been revised, and it provides a summary of
2 the entire -- entire application. So it's forty-two
3 (42) pages long, and it summarizes -- you can see each
4 of the different sections there. And pretty much each
5 of those sections has a tab in the filing where a whole
6 chapter is.

7 So there's a couple of pages about each
8 section here, and then it's followed by an entire
9 chapter later on in the application. So that's how --
10 if you want a little snippet of what we're doing in
11 road safety or what's happening in the financial
12 results, you can simply look at that, and then there's
13 a whole bunch of detail provided later on.

14 One thing I would like to draw your
15 attention to is page 4 of the overview. And it's a
16 graph that shows the historical changes in rates as
17 compared to the average annual growth of collision
18 costs over the past ten (10) years. So the collision
19 costs are the green line, and you can see those going
20 up. And collision costs are just costs of repairing
21 and replacing vehicles. It's not bodily injury.

22 That's the collision cost, and the
23 orange line is the rates. So in the past number of
24 years they've -- the -- a decade ago, and for the first
25 five (5) years of this chart, are fairly close

1 together. And what you're seeing is a widening of that
2 gap. And the -- there's lots of information about the
3 collision cost increase in the application. I'm not
4 going to go through it, of course. But that will, I
5 think, be one of the key issues of this app -- of this
6 hearing.

7 Please turn to page 7. So the
8 Corporation ended last year with a net loss of \$69.2
9 million in the Basic program, caused mainly by net
10 claims incurred. And I can explain this chart to you
11 because it's a synopsis of what's occurred over the
12 past year since we sat down here.

13 The first column is the different
14 categories of revenues, expenses, claims. And the
15 second column says, "2014 GRA." So that was last
16 year's General Rate Application, because remember we're
17 always doing it for the upcoming year. That's why
18 there's this kind of -- even though we're in 2014 -- we
19 were in 2013 last year, it was the 2014 GRA because
20 it's for rates effective March 1st, 2014.

21 So the 2013/'14 'F', that means
22 forecasts. So last year we sat here and we said, To
23 the best of our abilities, we did the forecast and
24 earned premiums. We estimated the forecast at \$786
25 million.

1 And the next column is the 20 -- at the
2 2015 GRA. So here we are today. What was the 2013/'14
3 'A'? 'A' is actual. It's \$785 million. So remarkably
4 dead on there.

5 The next line is claims costs, and
6 that's going to be one of the big items for this
7 hearing, no doubt. A \$770 million forecast, claims
8 costs came in at \$874 million. That's \$104 million
9 increase in net claims incurred.

10 Expenses. Again pretty much dead bang
11 on there, with one twenty-five (125) versus a 127
12 million.

13 Investment income. That's a good --
14 good-news story there. Estimate forecast was a hundred
15 and fourteen (114), came in at one-forty-seven (147).
16 So at the end of the day we were forecasting net income
17 of \$5.5 million last year and that's what the rates
18 were set at. And instead, the actuals came in at a
19 almost \$70 million loss, so it's a \$75 million
20 difference.

21 The next two (2) pages simply have a
22 high level summary of the reasons for the negative
23 variance. And I'm not going to go through that, but
24 there's two (2) pages there which explain each category
25 for the difference.

1 I'd like to draw your attention to page
2 12. And it -- we talk about predictable and stable
3 rates -- stable, predictable rates. And particularly
4 to this chart here. So this is the -- the synopsis of
5 what's happened over the past ten (10) years in rate
6 changes. So it's the applied for and in the final --
7 the final column which is the two point four (2.4).

8 But it's interesting when you look at
9 the ten (10) years, and in particular the years --
10 every -- every year up to last year was zero or a
11 decrease. So during that period of time there was
12 actually a 14.9 percent decrease in rates. That's
13 quite remarkable. Up until this -- this year where
14 it's a 2.4 percent increase.

15 So Manitobans have -- and this is one
16 (1) of the success stories of public auto insurance in
17 Manitoba. What this chart also doesn't show is the
18 rebates that were given out during this period of time.
19 So not only were they experiencing zero percents or
20 decreases, but there were an awful lot of money handed
21 back to the ratepayers in the form of those rebate
22 cheques. So that's an important chart to kind of have
23 at your -- the back of your mind throughout this
24 hearing.

25 I'd like to take a look at the next

1 chart on the next page. And this is a synopsis on the
2 often asked question, What's happening elsewhere in
3 Canada? And Alberta is the top, the teal coloured
4 line. That's the increases there if you start at the
5 common point in 2001 up to 2013. And the darker blue
6 line is Manitoba right at the bottom. And the green
7 line is Saskatchewan.

8 So you look at those two (2), and I
9 think this is a really compelling argument for the case
10 of public auto insurance within Canada. And Saska --
11 or, sorry, BC is the orange line, so the three (3) big
12 auto insurers and that are public. It's a strong --
13 strong arguments for that ideology aside. But that's
14 something interesting that you can take a look at at
15 your pleasure.

16 I would like you to look at the next
17 page, which is page 14. And last year the -- the Chair
18 asked a very good question. I think it was the first
19 question right at the -- actually the -- the Chairman
20 of the hearing, Mr. Gosselin, asked a question and I
21 think it was right -- the first question of the
22 hearing.

23 And it was, Well, what value do
24 Manitobans get from MPI? If you're asking a rate inc -
25 - a -- what rate increase -- what is the value that

1 Manitobans are going to get from that? So we just did
2 a snapshot there. And there's five (5) points, and I'd
3 like you to just take a look at them.

4

5

(BRIEF PAUSE)

6

7 MS. KATHY KALINOWSKY: Thank you. And
8 the last item I'd like to draw your attention to in the
9 overview is the investment income which is -- look at a
10 chart on page 30. And that's a chart that we spent an
11 awful lot of time discussing last year. And, of
12 course, there will be a -- an awful lot of discussion
13 about it this year again.

14 Last year, of course, you recall that
15 MPI added a -- a risk tolerance to the -- the chart.
16 And the PUB and Intervenors met it with some
17 skepticism, so this year it has been taken out. And we
18 are using the average of the five (5) major banks and
19 global insight to use their interest rate forecast.

20 So that's back to what we're using
21 again, what we'd always used in previous years other
22 than last year. So I'll just leave it that that's
23 where that is.

24 I'll be moving an awful lot faster now
25 throughout the application. But there is a section on

1 value to Manitobans. And if you could move to that
2 table of contents. So in its last order, 151/'13, the
3 PUB ordered that MPI shall file at the next GRA details
4 of what steps it has taken or intends to take to
5 improve or enhance the services and products being
6 offered to Basic ratepayers.

7 And so if you look at the -- the value
8 to Manitobans section, that's where we have included
9 that. So there's public insurance, listening to
10 Manitobans, how we deliver value. And go down,
11 preparing for a changing auto repair industry. If you
12 go down a little bit down to the end there, there's sum
13 of impact on the economy and commitment to long-term
14 value.

15 So that's how we're trying to respond to
16 the best of our abilities to satisfy what we're -- good
17 question -- a very good question from the chair of the
18 -- of the Public Utilities Board, but also some of the
19 questions that keep on appearing different ways
20 throughout the hearing.

21 The following section, if you could move
22 to that, is the benchmarking section. Move to that
23 table of contents, also. And again, we've heeded the
24 orders of the PUB in providing a benchmarking framework
25 there. So we talk about the value equation, the

1 service delivery model, what's happening with claims
2 that are different in MPI than perhaps other auto
3 insurers, and performance measurements and results,
4 and, finally, that benchmarking framework last year.
5 The Board said, We want a benchmarking framework.

6 So we thought about, okay, what is
7 benchmarking framework. Had a lot of discussions about
8 it, and came up with those four (4) items there. So
9 there's over thirty (30) pages of benchmarking
10 information here. Plus, later on in the filing,
11 there's an appeni -- appendix -- or has multiple
12 appendices of benchmarking information, so lots of
13 benchmarking there. We think we've got it right. But
14 we'll see what happens throughout the hearing, of
15 course.

16 Road safety, if you look at the road
17 safety table of contents.

18

19 (BRIEF PAUSE)

20

21 MS. KATHY KALINOWSKY: Just take a
22 quick glance, scan that.

23

24 (BRIEF PAUSE)

25

1 MS. KATHY KALINOWSKY: So that's the
2 kind of information that we're providing on road
3 safety. A number of parties ask about road safety.
4 Last year, we almost had a hearing within the hearing
5 about road safety and had different evidence brought in
6 by Ms. John -- Johnson, I believe, CAC's witness. And
7 we had the two (2) Mr. Robinsons that came in from MPI
8 and talked about different aspects, about road safety
9 programming. So there's a lot of information there.

10 The next section is the projected
11 financial results. And not...

12

13 (BRIEF PAUSE)

14

15 MS. KATHY KALINOWSKY: I don't think
16 that's -- that's not the section. The section was --
17 it's not the pro formas; it's the financials.
18 Projected financial results should be right after road
19 safety in -- if you go back to the bookmarks. It's in
20 Volume I of the application.

21

22 (BRIEF PAUSE)

23

24 MS. KATHY KALINOWSKY: There we go.
25 Thanks. It's interesting to see how this works and how

1 I can communicate better in the -- in the hearing than
2 perhaps today. If you move to page 3.

3

4

(BRIEF PAUSE)

5

6 MS. KATHY KALINOWSKY: Explains that we
7 have the income statement, the balance sheet, and the
8 statement of retained earnings for what we're applying
9 for. And then the next pages are with the 2.4 percent
10 rate increase only. So the first one has the two point
11 four (2.4) plus the 1 percent.

12 So if you look at page 5 -- I'm
13 interested to see how this works out with a complicated
14 table on the screens. Okay. It's nice. It's really
15 blown up really -- really well. You can see it a lot
16 better than in the paper. This is excellent. Thanks.

17 This is the income statement. So in --
18 you can see in the blue there, it's the GRA 2.4 percent
19 at -- that is applied for, plus the 1 percent RSR
20 rebuilding. So you basically look at this income
21 statement. So it has the -- the premiums. So those
22 are the first few lines there.

23 The shaded areas of course are the two
24 (s) -- 2016 projected and 2017 projected. Those are
25 the years of the Application. And revenues, they're

1 lines there, the eight hundred (800) -- \$900 million
2 categories. If you go up a little -- keep going -- or
3 going down, I suppose.

4 Total claims costs. You see the line
5 there. You see what the expense is, the break down.
6 If you can continue scrolling, please. And so you look
7 at what occurs there is -- you look at what the
8 expenses are, what the claims costs are, what the
9 revenues are. You subtract those from the revenues, of
10 course, and we're at an underwriting income which is an
11 underwriting loss. Every year we have an underwriting
12 loss, but lo and behold the investment income, of
13 course takes care of that.

14 And we've got projections of the
15 investment income there. And so the year of the
16 application, which is the two (2) shaded columns, \$6
17 million net loss the first year, and seventeen point
18 nine (17.9) -- almost \$18 million. And of course I
19 mentioned that those include the RSR, so it's not
20 exactly at a break even because it has that 1 percent
21 RSR load there. So that's what we'll be dealing with
22 over the application, and that's one (1) of the key
23 documents -- one (1) of the key charts that we'll be
24 spending some time on.

25 I'd like to direct your attention just

1 very quickly to the next section, which is the rate
2 setting framework. And if you look at page 3 of that,
3 please.

4

5 (BRIEF PAUSE)

6

7 MS. KATHY KALINOWSKY: So the following
8 two (2) Corporate goals provide the framework which --
9 with which Basic Autopac rates are established.
10 There's two (2) bullet points there. If you just take
11 a glance at those, please.

12

13 (BRIEF PAUSE)

14

15 MS. KATHY KALINOWSKY: That's the
16 overall goals. Moving onto the next page. Here we
17 find the actuarial principles, and you can scroll down
18 those, please.

19

20 (BRIEF PAUSE)

21

22 MS. KATHY KALINOWSKY: And onto the
23 next page is the risk classification. They are fairly
24 consistent with normal industry practices. So it's the
25 location or the territory, you know, the type of use,

1 are you pleasure purpose, commercial, et cetera; type
2 of vehicle, is it SUV, is it a motorcycle, is it a
3 passenger car; and the driving record, of course that's
4 your DSR rating on the scale.

5 What you will notice there, and again
6 this is one of the -- the benefits of public auto
7 insurance, is that there's no classification for risk
8 based on age, based on gender, nothing about marital
9 status, nothing about educational level, nothing about
10 income, et cetera.

11 Those are things that private insurers
12 often use to set the risks for their insured, and the
13 Corporation does not use any of those risk
14 classifications.

15 What I would like to draw your attention
16 to is a chart on page 9. It's a flow chart. And that
17 is the rate setting framework. And it's our attempt to
18 look at the four (4) different elements of rate -- rate
19 setting. So there's four (4) sideways bars. The top
20 one (1) is forecasting. And the next one is financial
21 model, and then the next one (1) below that is rate
22 setting. And the next one (1) below that is the rate
23 model.

24 But at the end of the day, this is how
25 rates are -- are set. So we go through and we spend a

1 whole bunch of time talking about different things, you
2 know, pro forma financial statements. We'll talk about
3 the revenue. We'll talk about the allocation between
4 the different classes. Up at the top the financial
5 model, and if you go up to the top of the forecast we
6 spend an enormous amount of time at this hearing
7 talking about the forecast. And all those different
8 elements, we spend a massive amount of time in.

9 This is how it all works together, and
10 it's the first time we've come up with this kind of a
11 chart. But it's how does the actual application all
12 get pulled together, all these different elements.

13 So you might be sitting here at times
14 going, Okay, spending an awful lot of time thinking
15 about investment income and the investment forecast.
16 Okay, well, where is that in here? Oh, okay, that's
17 only one (1) thing here. Oh, okay, well what about
18 projected claims severity? What's going to happen next
19 year with claims? That's where it is in the forecast.
20 This is where it fits in with the rate setting
21 framework.

22 So I would encourage you at just
23 different times throughout the hearing, just to come
24 back to this -- this chart setting out the rate setting
25 process and the framework that we have, because that's

1 really what -- how rates are actually set. And, of
2 course, that is the mandate of the PUB is to approve
3 Basic rates.

4 I wanted to bring your attention to the
5 rate application -- the application rate tables, which
6 is several tabs down in Volume I.

7

8 (BRIEF PAUSE)

9

10 MS. KATHY KALINOWSKY: That's fine to -
11 - just, yeah, look at that. This is a rate table, of
12 which there's sixty (60) pages like this. And at the
13 end of the day, this is what the PUB is approving.
14 These are the calculations, the rating groups, for the
15 different types of insurance. So it's an enormous
16 table. We spend absolutely no time at it in the
17 hearings, not a lot of questions on this. But at the
18 end of the day, these are the rates.

19 I'd like you to take a look at Volume II
20 of the application, and particularly the revenue
21 section. As I mentioned earlier on, if you look at the
22 table of contents, I'd mentioned earlier on that in the
23 overview we've provided a snapshot of section on, let's
24 say, revenues. Well, here's the whole section on
25 revenues.

1 You can see from the table of contents
2 the different items that are explored in the table of
3 contents. Pretty much for each of the chapters, if you
4 look at the third page, so the -- right after the table
5 of contents there's a chart. I'm interested to see how
6 this works, because it's side -- oh, it's sideways so
7 it works really well here. This is great.

8 This is the revenue chart. So it's the
9 overall chart. So you can see from the year of the
10 application, the first line is motor vehicles. Well,
11 how much net premiums written do we get from motor
12 vehicles? It's \$859 million in the forecast. From
13 drivers, well, there's the driver's licence component.
14 That's insurance; it's not the registration component.
15 But there's actually an insurance component on driver's
16 licenses. That's \$51 million minus reinsurance needed
17 -- excuse me -- so that's just under \$900 million in
18 the first year and over \$900 million. So that's
19 premiums written. Premiums earned is the next line.

20 So that's how revenues are organized.
21 And there's an entire section on revenues which
22 provides a lot of detail. The next section I'd like
23 you to look at is claims incurred.

24

25

(BRIEF PAUSE)

1 MS. KATHY KALINOWSKY: This is a
2 complicated section. It's an actuarial section. It's
3 also one of the meat and potatoes, so to speak, of the
4 -- of any insurance company. We take in money. We pay
5 out claims incurred. Claimed incurred is organized
6 through bodily injury, through public liability,
7 through collision, comprehensive property damage. So
8 we have a chapter for each one (1) of those types of
9 claims incurred. We go through the forecast
10 methodology and the general forecasting assumptions.

11 So this is -- I call it the -- an
12 actuary section, but we do spend a lot of time on it,
13 and it's -- it's complicated.

14 MS. CANDACE GRAMMOND: Ms. Kalinowsky,
15 I'm just going to interject for a minute. The -- the
16 process is going quite a bit longer than we expected.
17 And I -- I don't want to interrupt, and I apologize for
18 that, but I thought maybe we could just get a sense of
19 how much longer.

20 We're -- we're hearing some
21 interpretation of some of the filing. And I wanted to
22 give the panel an opportunity to -- to comment whether
23 we should continue or whether we should get on with
24 hearing from the Intervenors. I just -- I know you had
25 expected to be about fifteen (15) minutes, and you're -

1 - I think you're at about forty (40) or thirty-five
2 (35). So I'm just mindful of what else we need to
3 accomplish this morning.

4 So, again, I -- I apologize, Madam
5 Chair, for interrupting.

6 THE CHAIRPERSON: Thank you, Ms.
7 Grammond. Maybe we could, you know, cut it a little
8 short, please. But we appreciate what you're doing.
9 Thank you.

10 MS. KATHY KALINOWSKY: Okay. Sure. So
11 the next section would be expenses. And if you look at
12 the table of contents of the expenses there.

13

14 (BRIEF PAUSE)

15

16 MS. KATHY KALINOWSKY: We tried to heed
17 what the PUB and others have asked, for further details
18 on expenses. And we've provided seventy-five (75)
19 pages of expense information there, and it's broken
20 down by the various different categories there. You'll
21 find an awful lot of information in the application.

22 The next section would be table of
23 contents for investments.

24

25 (BRIEF PAUSE)

1 MS. KATHY KALINOWSKY: So the table of
2 contents, if you'd scroll down it quickly, there's each
3 category or in -- or asset class. So we provide a
4 summary table, definition and the accounting treatment
5 of each of these, and the return assumptions for each
6 of the various different categories there. And there's
7 -- there's seven (7) different asset classes that we
8 have provided that information for. So there's
9 approximately seven (7) -- there's more than a hundred
10 pages of information on investments provided. An awful
11 lot of detail there, of course.

12 The next section is the rate making.
13 And I'll just refer to the table of contents there.

14

15 (BRIEF PAUSE)

16

17 MS. KATHY KALINOWSKY: That's another
18 actuary section. But I would like to draw your
19 attention to pages 48 and 49 and 50. So we start at
20 48. And that's the chart that shows the actual rate
21 changes. So this is something that you'll -- different
22 classes, how many vehicles are in class, what the
23 average rate it, what the proposed, what the indicated
24 and experience rate change. So it's the right-hand
25 column that is in the application.

1 If you look at the dollar distribution
2 table on the next page. That shows, if you look in the
3 middle, the no change line, 11.7 per cent of the
4 customers will have no change in -- in their rates.
5 And the decreases are above it and the increases are
6 below it by certain bands. So that's dollar
7 distribution. And on the next page is the percent
8 distribution table. So that's the rates, so to speak,
9 what's happening with individuals' rates on a large --
10 large scale.

11 The next sections we simply have are the
12 rate stabilization reserve. And I do want to make sure
13 that individuals in their filings have inserted the new
14 section that was provided. There's the DCAT and the
15 MCT that was sent out on Monday at the end of the day.
16 It was late from the rest of the filing.

17 And it's the best that we are able to
18 do. But do want to make sure that people have this in
19 their filings, and -- because it's certainly one of the
20 major issues that the Chair this morning has
21 identified.

22 And there is no need to go through
23 Volume III, but I did want to make sure that people
24 under the benchmarking appendices section do have the
25 CIO score card attached. So I don't know if we could -

1 - perhaps as a test could we flip to that to see if it
2 is indeed in the materials, or not? It would be under
3 the benchmarking app -- appendices.

4

5 (BRIEF PAUSE)

6

7 MS. KATHY KALINOWSKY: Yeah, there it
8 is. Yeah. Yeah, so that's the analysis of it first
9 off, and then it's followed by the actual score card.
10 So if you scroll about just fifteen (15) pages down, or
11 something, ten (10) -- it would be a PowerPoint
12 presentation.

13

14 (BRIEF PAUSE)

15

16 MS. KATHY KALINOWSKY: There it is.
17 Okay. I wanted to do that as a test to make sure that
18 everything was integrated and with the late filing of
19 that and the -- so that concludes my kind of opening
20 comments on the nature of the application.

21 And as I mentioned at the beginning,
22 really trying hard to figure out what the PUB needs for
23 its purposes to approve rates but I did want to spend
24 some time with you, especially -- there's -- Ms. Proven
25 is back after some year -- a few years away, and Mr.

1 Morin, it's your first application, just to give you an
2 idea of where the information is found.

3 It's all in your binders. I encourage
4 you, of course, to read the materials in advance of the
5 hearing. There's -- an enormous amount of effort from
6 the Corporation went into this filing. We think it's
7 greatly improved. And I would certainly hope that the
8 Board, counsel, and advisors think so, and hopefully
9 also the Intervenors think so, too. So with that,
10 thank you very much.

11 THE CHAIRPERSON: Thank you very much
12 for your walkthrough, Ms. Kalinowsky. I think maybe
13 just before we start with the -- the Intervenors we
14 should maybe take about a seven (7) minute break, and
15 return at about quarter to 11:00, so we can get -- hear
16 your presentations. Thank you.

17

18 --- Upon recessing at 10:36 a.m.

19 --- Upon resuming at 10:49 a.m.

20

21 THE CHAIRPERSON: Welcome back,
22 everyone. We're -- we're ready now to hear the
23 Intervenors. And I'm going to please ask the Intervene
24 -- Intervenors to include in their submissions comments
25 on each of the five (5) subject areas that the Board

1 counsel ref -- referenced in her opening remarks,
2 together with any other issues that they wish to
3 comment on. And I'm going to be with CAC, Ms.
4 Menzies.

5

6 SUBMISSIONS BY CAC (MANITOBA):

7 MS. MEGHAN MENZIES: Good morning
8 again, madam chair person and Board members. To start
9 off today I just want to make sure that everybody has
10 CAC (Manitoba)'s Intervenor request form before them.
11 It was sent out yesterday afternoon -- late in the
12 afternoon, and I hope -- my understanding is that
13 everyone has a copy. If that's -- I'm seeing nods and
14 -- sorry? Oh, and it's on the screen. Oh, there we
15 go. Sorry. Thank you, Diana.

16 So to start off today, I would like to
17 give a brief introduction of our client, CAC
18 (Manitoba), or the Consumers' Association of Canada,
19 Manitoba branch. They have been longtime Intervenors
20 before this Board on a number of matters, including
21 Manitoba Public Insurance General Rate Applications, as
22 well as matters relating to payday lending, Manitoba
23 Hydro GRAs, Centra Gas mat -- matters, and the recent
24 Manitoba Hydro NFAT proceedings.

25 The long-standing role of CAC (Manitoba)

1 before this Board has to been to represent a broader
2 consumer interest with a particular focus on the
3 private passenger class. However, they aim to speak to
4 all consumer issues. CAC (Manitoba) does its best to
5 bring as broad a consumer perspective as possible
6 before the Board. This perspective used to be
7 facilitated through their partnership with the Manitoba
8 Society of Seniors.

9 The intention for this hearing, should
10 they be granted status, would be to broaden the
11 consumers' perspective that they bring through advisory
12 and focus groups, which in the past have consisted of
13 persons from various organizations and demographics.

14 It is innovative initiatives like focus
15 groups and CAC (Manitoba)'s consistent participation in
16 consumer-affecting regulatory proceedings which equips
17 CAC (Manitoba) to bring as true and as vast a consumer
18 perspective as possible, one which they hope to bring
19 to this year's GRA.

20 I would now like to draw the Board's
21 attention to the Intervenor request form which was
22 distributed yesterday electronically, as I've said.
23 And I would like to draw attention to point 8, which is
24 -- which begins on page 1. But if -- if we could
25 actually move to page 2, which Diana has already done.

1 Thank you very much.

2 As has been the case in past hearings,
3 CAC (Manitoba) intends to test all aspects of the rate
4 application with a view to determine whether the
5 proposed rates are just and reasonable.

6 Specifically, CAC (Manitoba) has
7 identified ten (10) questions which are of particular
8 interest to them. The first: Is a rate increase of
9 3.4 percent on overall Basic insurance just and
10 reasonable. Is this increase supported by the
11 evidence?

12 Secondly, are the forecasting
13 assumptions reasonable, justifiable, and statistically
14 supported? Can stakeholders have confidence in the
15 Corporation's forecast and forecasting procedures?

16 Third, are the assumptions in the
17 various operating capital, revenue claims, and
18 investment income forecasts reasonable and
19 statistically supported?

20 Fourth, have the accounting policy
21 changes impacted the 2015 GRA and will they impact
22 future GRAs? If so, are the accounting policy changes
23 prudent and consistent with pub -- with the public
24 interest?

25 The fifth point: Is the Corporation

1 adequately controlling its costs relating to operations
2 and staffing? Are expenditures prudent and necessary?
3 Has the Corporation heeded past advice of the PUB with
4 regard to controlling information technology and
5 staffing expenditures?

6 6. What is the cause of the significant
7 increases in claims incurred? Are these increases a
8 result of a systemic problem?

9 Seventh, what are the Corporation's most
10 serious risks and how can they be mitigated in a manner
11 which is consistent with the public interest?

12 8. What is the basis of the proposed
13 comprehensive loss prevention strategy? What changes
14 are taking place with regard to MPI's road safety
15 strategy, and are these changes prudent and consistent
16 with the public interest? Are consumers receiving
17 optimal payback on their road safety investments?

18 Ninth, is the proposed level of reserves
19 associated with the RSR appropriate? Is the direction
20 of 1 percent to the rebuilding of the RSR just and
21 reasonable? How is the 1 percent RSR rebuild going to
22 be accounted for, and when will it be returned to
23 ratepayers?

24 Tenth and last, is the development of
25 DCAT consistent with modern risk management practices

1 and the Corporation's status as a monopoly insurer?

2 Moving on to the ninth box in the
3 application form. Diana, if possible, I would get you
4 to move to the third page. Thank you very much.
5 That's perfect.

6 Our client intends to appear throughout
7 the hearing to test the evidence through Information
8 Requests and cross-examination and to present final
9 argument. In terms of bullet point 9C, interest rate
10 forecasting has been identified by both CAC (Manitoba)
11 and MPI itself as a significant risk.

12 To quote MPI's own filing at page 7 of -
13 - of the investment tabs in Volume II:

14 "There is significant forecasting
15 risk if the interest rate forecast
16 does not materialize. The proposed
17 premium rate increase would be
18 deficient by approximately 2
19 percent."

20 Given the importance of this issue, CAC
21 (Manitoba) expects to retain an expert with expertise
22 in interest rate forecasting. However, due to the
23 timing restrictions of our primary candidate, a former
24 retainer has yet to be confirmed. That said, this
25 expert has already begun assisting in the development

1 of First Round Information Requests. Once a retainer
2 has been finalized, CAC (Manitoba) will ensure that the
3 PUB, MPI, and all Intervenors are notified immediately.

4 In addition, CAC (Manitoba) is
5 considering bringing evidence on the DCAT. As the DCAT
6 filing has only just been circulated, CAC (Manitoba)
7 will -- will require some time to properly review the
8 filing in order to determine whether the calling of
9 expert evidence is necessary. As with the potential
10 evidence on interest rate forecasting, the PUB, MPI,
11 and all Intervenors will be notified the moment next
12 steps -- the next steps have been confirmed with regard
13 to the DCAT.

14 In terms of the role of the consultants
15 retained by CAC (Manitoba), we will be retaining two
16 (2) of the same consultants as in last year's hearing,
17 the first being Mr. Peter Dyck, a former MPI staff
18 member and an accountant of over thirty-five (35) year
19 -- with over thirty-five (35) years of experience. Mr.
20 Dyck will have overall carriage of the analysis on all
21 issues apart from claims liability, RSR, and investment
22 income.

23 Secondly, CAC (Manitoba) intends to
24 retain Ms. Andrea Sherry, a gifted actuary who has
25 assisted CAC (Manitoba) in the past number of GRAs and

1 has already attended the DCAT technical conference on
2 CAC (Manitoba)'s behalf. Ms. Sherry will focus
3 specifically on actuarial issues, especially as they
4 relate to claim liability and the DCAT.

5 In addition, a modest contingency has
6 been included, should there be a need for someone with
7 knowledge on econometrics and microeconomics on issues
8 relating to investment income forecasts or risk
9 analysis.

10 As has been the case in past hearings,
11 CAC (Manitoba) intends on participating in ongoing
12 discussions with other parties to the proceeding. We
13 have arranged a meeting with CAA and have touched base
14 with CMMG. We would be similarly happy to participate
15 in discussions with the Automotive Recyclers of
16 Manitoba and the representatives of insurers in
17 Manitoba, should they be granted Inter -- Intervenor
18 status.

19 In terms of Bike Winnipeg, CAC
20 (Manitoba) has recently met their representatives to
21 discuss the upcoming GRA. CAC (Manitoba) enjoyed the
22 opportunity to work with Bike Winnipeg in last year's
23 GRA, and we strongly believe that they have something
24 important to add to the proceeding.

25 However, with regard to a formal

1 collaboration, CAC (Manitoba) believes that this gives
2 rise to an acute risk of conflict of interest and does
3 not best serve Bike Winnipeg and their unique
4 perspective. We therefore feel that the interests of
5 the Board, Bike Winnipeg, and Manitobans generally
6 would be better served if Bike Winnipeg was granted
7 their -- their individual Intervenor status.

8 In terms of the cost application that
9 our client is seeking, I would ask the Board turn to
10 the last page of our submission, which provides an
11 overview of CAC (Manitoba)'s estimated budget.

12

13 (BRIEF PAUSE)

14

15 MS. MEGHAN MENZIES: On this last page,
16 there are a few items that I would like to draw to the
17 Board's attention. First of all, in terms of the hours
18 of the legal team, Mr. Williams is estimated to work
19 approximately one hundred and eighty-seven (187) to two
20 hundred and twenty-one (221) hours. This number is
21 based on an estimate of eleven (11) to thirteen (13)
22 hearing days, with approximately seventeen (17) hours
23 per hearing day, which is just below the average of
24 past proceedings.

25 This number is lower than last year's

1 estimate, where it was predicted that he would spend
2 approximately two hundred (200) to two hundred and
3 forty (240) hours on the file. This lower number is
4 due in part to increased assistance that Mr. Williams
5 will be receiving from an associate -- myself -- and
6 retained consultants.

7 Mr. Williams has also increased his
8 hourly rate to two hundred and seventeen dollars (\$217)
9 which, based on his twenty-two (22) years of
10 experience, conforms with the PUB tariff and is well
11 reflective of his skills and abilities.

12 In addition, we have provided two (2)
13 estimates for an associate, myself, whose role it will
14 be to assist Mr. Williams, given his commitment to
15 other proceedings and in order to prepare for an
16 orderly transition of responsibility of the file in
17 future years.

18 It is expected that the total number of
19 hours I will incur throughout the proceeding will range
20 between a hundred and fifty-nine (159) and one hundred
21 and sixty-four (164) hours. However, it is CAC
22 (Manitoba)'s intention to bill for only forty-seven
23 (47) of these hours at a rate of one hundred and thirty
24 dollars (\$130) an hour.

25 Mr. Dyck's hours are estimated at

1 approximately a hundred and ninety-five (195) hours.
2 This number is slightly higher than the estimate of
3 last year, however, significantly lower than the number
4 of hours billed in the 2013 GRA, which amounted to a
5 total of two hundred and thirty-seven (237) hours.

6 This slight increase is due primarily to
7 a need to -- to a need to focus on the sudden change in
8 severity trends in the filing, which has been
9 identified by MPI already this morning as a key issue
10 within this hearing. This year Mr. Dyck will be
11 charging two hundred and ten dollars (\$210) an hour, an
12 increase which is reflective of his over thirty-five
13 (35) years of experience, and which is still below the
14 PUB tariff.

15 Ms. Andrea Sherry, who as I've said has
16 already attended the DCAT technical conference this
17 fall, and has assisted CAC (Manitoba) during past GRAs,
18 is estimating that the GRA proceeding will require
19 approximately a hundred and twenty-five (125) hours in
20 addition to the forty-four point three-seven (44.37)
21 hours already incurred during the DCAT technical
22 conference.

23 This estimate is thoroughly documented
24 at pages 4 to 5 in the budget, and it is based on an
25 expectation that the GRA proceeding will require approx

1 -- sorry. This number represents an increase from the
2 last hearing, and is due in part to her preparation for
3 and participation in the DCAT technical conference, as
4 well as the additional attention that will be required
5 for matters such as the IBNR. As in past years, Ms.
6 Sherry is billing at two hundred and fifty dollars
7 (\$250) an hour, which is well below her market rate.

8 CAC (Manitoba) expects to retain an
9 expert with expertise in interest rate forecasting.
10 CAC (Manitoba) has provided two (2) potential time
11 estimates for this expert. One (1) based on the
12 assumption that no evidence will be provided, and a
13 second based on the provision of expert evidence and
14 testimony. It is expected that the hourly rate of this
15 expert will be two hundred and ten dollars (\$210) an
16 hour, a rate below the PUB tariff.

17 The first estimate of one hundred and
18 twenty (120) to one hundred and forty (140) hours will
19 allow for a full and ongoing review of the filing by
20 our expert, and will facilitate the briefing of legal
21 counsel allowing CAC (Manitoba) to fully test the
22 evidence through Information Requests and cross-
23 examination.

24 The second estimate of three hundred and
25 sixty (360) to four hundred (400) hours has been set as

1 a placeholder, should written and oral evidence be
2 required.

3 In order to determine whether expert
4 evidence is needed, CAC (Manitoba) and its proposed
5 expert must first review the First Round Information
6 Request responses in order to better understand the
7 level of detail of the filing, and the complexity of
8 the issues to be tested. The time estimate provided
9 has been derived from past experience with Hydro and
10 Centra Gas GRA -- GRAs, which were comparable.

11 Based on the significant risk associated
12 with the interest rate forecast, the potential
13 expertise to be provided by our expert is integral to
14 the proceeding, and cannot be discounted. It is
15 expected that, if retained, CAC (Manitoba)'s expert
16 would provide consultation or evidence which would
17 examine the variances between forecast and actual;
18 consider the optimal forecasting approaches including
19 data sources, weighting of data sources, and
20 adjustments to forecasts; consider the reliability of
21 the Corporation's expectations in terms of gains
22 realized; and speak to the mechanisms if any to
23 mitigate ratepayer risks relating to investment
24 forecasts, including deferral funds.

25 The estimates provided for this proposed

1 expert are reflective of the importance of the issues
2 at stake which, as according to the filing, could mean
3 an additional 2 percent on the 3.4 percent rate
4 increase that is already being sought by MPI.
5 Investment income forecasting is a key issue that must
6 be fully tested.

7 With regard to evidence on the DCAT, CAC
8 (Manitoba) will -- will require some time to properly
9 review the filing in order to determine whether the
10 calling of expert evidence is necessary. Given the
11 lower likelihood of evidence in this regard, no draft
12 budget has been provided. We merely included it in
13 order to give a bit of a heads up to the Board and to
14 other Intervenors that this might be something that
15 we're considering.

16 Lastly, as has been mentioned, CAC
17 (Manitoba) has included a modest contingency of thirty
18 (30) to fifty (50) hours should an expert in
19 microeconomics and econ -- econometrics be required.
20 We're estimating a fee of a hundred and fifty dollars
21 (\$150) an hour.

22 This upcoming GRA is an important
23 foundational proceeding that raises many key issues,
24 and poses significant risks to ratepayers. Ultimately
25 the proposed budget being sought is higher than that

1 requested in past MPI GRAs. However, CAC (Manitoba)
2 believes it necessary in order to best test the current
3 case and provide a full and informed record for the
4 PUB's ultimate decision making.

5 Subject to any questions by the Board,
6 those are our client's submissions.

7 MR. REGIS GOSSELIN: I guess the first
8 question I have is the expert that you're proposing to
9 include to address the microeconomics -- econ --
10 econometrics -- I'm sorry I can't pronounce it.

11 What do you want that expert to examine
12 specifically?

13 MS. MEGHAN MENZIES: It would be -- it
14 would be more something that, as I said, we'd -- we'd
15 keep as like on a contingency basis and would notify
16 the Board if we thought it necessary. But his
17 primarily -- primary role would probably be relating to
18 the rate stabilization reserve and risks associated
19 with the filing. And tha -- those would be his primary
20 -- that would be his primary role.

21 MR. REGIS GOSSELIN: I guess the other
22 question I have is, you know, in terms of the rationale
23 for more hours this year than last year, could you --
24 can you run by that -- that by us again?

25 MS. MEGHAN MENZIES: Most definitely.

1 So I think in some areas we see a decrease in hours, as
2 -- as for Mr. Williams. And for Mr. Dyck, his -- the
3 hours that he's proposing this year is almost exactly
4 in line with the hours that he proposed last year and
5 is less than the -- than the years before.

6 However, when it comes to Ms. Sherry and
7 when it comes to the hours expected for -- for an
8 expert on interest rate forecasting -- first of all,
9 when it comes to Ms. Sherry, she said that, Looking at
10 the filing, there -- there are bigger issues that have
11 come up, especially as -- as it relates to the IBNR.
12 And I think forty-five (45) of the hours that we were
13 requesting on her behalf are due to time that's been
14 put into the DCAT. And so we're hoping that when it
15 comes to her DCAT analysis, that will actually assist
16 in lowering the amount of time that she spends on that.

17 But when it comes to other analysis of
18 the file, although she did relay that she thought that
19 this filing by MPI was very well organized and -- and
20 thorough in many ways, there are a number of -- of
21 questions that came to mind that she -- she figured
22 would require additional time, and in particular being
23 incurred but not reported matters.

24 However, if I can direct you, in
25 particular with Ms. Sherry, because we're requesting an

1 addition -- additional hours on her behalf. If we turn
2 to -- I think it's the -- I should have numbered these,
3 one (1), two (2), three (3), the fourth and fifth page
4 on the budget. She has walked through very
5 specifically everything, every item that she expects to
6 -- to expend time on and the exact number of hours that
7 she expects to expend. And so she's tried to be as
8 accurate and as clear as possible in this budgeted
9 time.

10 And similarly, if you look at the -- the
11 budget that she's already expended on the DCAT
12 conference, she's been as exact as possible to ensure
13 that there's clear reporting and that the Board and MPI
14 and all parties will be quite clear on exactly how
15 she's using her time and whether it's as efficient as
16 possible.

17

18 (BRIEF PAUSE)

19

20 MR. REGIS GOSSELIN: I guess the other
21 question I have is in relation to the association you
22 had last year with Bike Winnipeg. And I'm not quite
23 sure.

24 Could you explain to me, is that because
25 you're -- you feel that CAC is not in a position to

1 represent Bike Winnipeg again this year?

2 MS. MEGHAN MENZIES: I -- as I've said
3 before, we -- we feel very strongly that Bike Winnipeg
4 has an important perspective to bring before these
5 hearings. However, CAC (Manitoba) is the Public Law
6 Centre's primary client. And so legal counsel has to
7 defer to the goals and objectives of CAC (Manitoba)
8 primarily.

9 And so collaboration with -- with Bike
10 Winnipeg, although it definitely -- it definitely added
11 -- added great -- added a great new perspective to --
12 to what we were able to provide last year, we weren't
13 able to bring -- to bring all the perspectives and --
14 and the arguments that Bike Winnipeg wanted to put
15 forward because our ultimate client is CAC (Manitoba).

16 And so it is our opinion that -- that
17 there exists a conflict of interest in there in that
18 the first person -- the first group that we are to go
19 to for -- for advice is CAC (Manitoba) and that there
20 could be a conflict of interest if there are -- if
21 there are competing interests between Bike Winnipeg and
22 CAC (Manitoba).

23 But secondly, that Bike Winnipeg isn't
24 able to get across all the perspectives or -- or all
25 the arguments or positions that they may want to bring

1 forward because our ultimate client is the Consumers'
2 Association of Canada.

3

4 (BRIEF PAUSE)

5

6 MS. SUSAN PROVEN: I'd like to know
7 what those competing interests might be. Can you
8 expand upon that?

9 MS. MEGHAN MENZIES: I -- I don't know
10 that I could without having a better understanding of -
11 - of the positions of both parties. It's hard for me
12 to say that. But -- but when it comes to a number of
13 things, allocation of rates, Bike Winnipeg, I -- I
14 don't want to speak for them, but they have a specific
15 stance.

16 And the Consumers' Association has a
17 specific stance when it comes to ratepayers generally
18 and broadly. And I hope I'm not speaking out of turn,
19 but Bike Winnipeg tends to represent cyclists
20 primarily. I -- I'm looking back for...

21 MR. JASON CARTER: Perhaps I might
22 comment on that -- on that. As -- it may be a narrow
23 interpretation of CAC's mandate, but in -- in -- the
24 bottom line is the best value for money for CAC and for
25 consumers and the lowest cost for consumers and the

1 ratepayers.

2 Bike Winnipeg's position is also very
3 concerned with value for money, or money for value, and
4 we equate that to rate for service. And we are very
5 concerned with primary prevention activities, the
6 activities that stop or can prevent an impact from
7 happening.

8 However, that is expensive. Primary
9 prevention is by no means a -- a minor activity of an
10 organization to do effectively. We are very concerned
11 with effective primary prevention, but we also are
12 aware that it may cost. And that may be, in the bottom
13 line, directly conflicting with CAC's mandate.

14 MS. MEGHAN MENZIES: And so that would
15 be just one (1) example, and -- yeah. So -- so issues
16 -- issues like that, that might arise.

17

18 (BRIEF PAUSE)

19

20 MS. MEGHAN MENZIES: And -- and I do
21 want to make sure that it's clear that CAC (Manitoba)
22 is most definitely concerned with road safety. And I -
23 - and I feel that that was presented clearly in last
24 year's GRA. But there are areas where -- where
25 conflicts can arise.

1 MR. JASON CARTER: If -- if I may --
2 may, I would reate -- reiterate that certainly there
3 are many common objectives between Bike Winnipeg and
4 CAC, but there is a potential for conflict of interest
5 at the -- the very -- 30,000 foot level.

6 THE CHAIRPERSON: Okay. Are you
7 finished, or...?

8 MS. MEGHAN MENZIES: Yes, thank you.

9 THE CHAIRPERSON: Thank you very much,
10 Ms. Menzies. Now I'd like to call upon Ray Oakes from
11 CMMG to make his Intervenor's comments.

12

13 SUBMISSIONS BY CMMG:

14 MR. RAYMOND OAKES: Thank you, Madam
15 co-Chair. The CMMG is the umbrella group for
16 motorcycle organizations in the province. It includes
17 representatives from various different motorcycle rider
18 groups. I could go into detail and name them. And
19 then it has a public membership as well. It's been in
20 existence since 1991.

21 It was formed in response to this
22 Corporation's application for double-digit rate
23 increases which continued over a period of almost
24 twenty (20) years. Despite Ms. Kalinowsky's comments
25 outlining the application today intending to give the

1 Board some comfort in the stability of the Corporations
2 and hopefully not resulting in complacency of this
3 Board, we can advise that our experience has been quite
4 different.

5 For the first decade of our involvement,
6 we saw 277 percent cumulative increases over that
7 decade. The CMMG campaigned vigorously against these
8 rate shocking 15 percent annual increases, indicating
9 that they were knee-jerk reactions to years in which
10 there were outliers of individual large losses. We
11 asked for a number of changes in the methodology, some
12 of which the current Boards provided relief from in the
13 way of a version of loss transfer and various other
14 initiatives.

15 We continue to be present at these
16 hearings. The last three (3) or four (4) years have
17 seen substantial reductions. The Board may think that
18 that would be satisfactory to the CMMG. But, of
19 course, what we've seen in this massive escalating rate
20 increase is that too much revenue was taken from the
21 motorcyclists in Manitoba, many of which who were
22 sidelined because they couldn't afford to ride. And
23 those people are lost to the ridership of this
24 province. The Corporation's been effectively
25 backpedalling ever since, but their reductions have not

1 reflected doing a justified and equitable rate for the
2 riders of this province.

3 And the Board should be concerned not
4 only with that yoyo-ing of rates and the conservatism
5 in the making of those rates, but also the other
6 experience as it relates to the padding of reserves
7 that the CMMG has been very vocal about over the last
8 ten (10), fifteen (15) years.

9 In fact, I think the previous Chairman,
10 Graham Lane, applauded the CMMG for being a voice in
11 the wilderness, and that was in the context of the 300
12 million surprise reserve that were flushed out to the
13 occupants of this province by way of a massive rebate.

14 So our intervention this year then is
15 going to concentrate on critiquing that conservatism
16 and the rate-making methodology in the concern over the
17 capping of what is now reductions instead of getting
18 the full amount of the decrease that the rate-making
19 methodology has demonstrated.

20 MPI in this application is capping those
21 decreases, and we're receiving less. We're being asked
22 to contribute to an RSR rebuilding even though the
23 reason for the decline in the RSR has been the massive
24 winter, of course, which was not contributed to by
25 motorcycle claims. So we're being asked to shave

1 another percent off the discount reduction that should
2 be due to us.

3 Road safety will continue to be a huge
4 source of inquiry for the CMMG. We've advocated in
5 past years on the wildlife collision area. There have
6 been some changes with respect to rate-making
7 methodology in spreading those wildlife claims across
8 spans of users, but much more has to be done. This
9 Corporation still fails to have a wildlife collision
10 initiative or plan, or anything to reduce the roughly
11 \$32 million that Manitobans sustain in wildlife
12 collisions each year.

13 We would submit that the CMMG represents
14 vulnerable road users which is supposedly a priority of
15 the Corporation, but we haven't seen the dollar
16 expenditure and the well-thought-out initiatives to
17 assist those vulnerable road users.

18 The cost of operations hasn't
19 historically been something the CMMG has cross-examined
20 on in great depth, leaving that to CAC and the Board
21 counsel. Our constituent members become increasingly
22 concerned about the cost of operations, and the
23 benchmarking. And of course benchmarking is very
24 difficult because we traditionally benchmark with other
25 government insurers that all have the same difficulties

1 in being efficient and in not accumulating reserves.

2 We're -- we're delighted to see the
3 Board is intending on reviewing the issue of extension
4 reserves, and today the call should go out, as it
5 should at all times, that the government of this
6 province needs to change the legislation so that the
7 Extension matters of insurance in this province come
8 within the purview of this Board.

9 It's ludicrous every year to be asking
10 questions only about the Basic, especially more so in
11 motorcycle insurance, where we don't get theft or fire
12 or any of those coverages that would be found within
13 the Basic insurance for cars, and we can't even ask
14 about any of that coverage. So the time is long past
15 for the government to enlarge the jurisdiction of this
16 Board, and to have the Corporation be transparent,
17 open, and accountable.

18 With respect to the commonality of
19 mutual objectives My Learned Friend pointed to, there
20 are certainly issues in which there are a commonality
21 of mutual objectives between the Board, the
22 Intervenors, this Corporation, but there's an inherent
23 conflict here. The conflict is the one I call the war
24 chest conflict. We've seen the RSR go from, when I
25 started, \$50 million being a huge sum, something the

1 Corporation was seeking to retain, to now, where
2 they're well -- asking for well over \$200 million, in
3 fact, would be more comfortable at 250 or \$260 million.

4 The insurance really hasn't changed.
5 The experience, the environment, the weather; all of
6 these things remain the same, but we've seen this
7 massive escalation in what this Corporation asked by
8 way of RSR. And I suggest to you that it's a conflict.
9 It's no different in our own households. It's much
10 less stressful to run our households if we have a
11 surplus of cash.

12 This Corporation would like to retain as
13 much as possible from the ratepayers of Manitoba. And
14 they do that boldly coming before this Board, asking
15 you to approve a RSR of some \$260 million. And they do
16 it in a number of other ways that the CMMG has pointed
17 to.

18 There was the padding of the reserves
19 that resulted in a unbelievable situation where all of
20 the sudden they had \$300 million that they didn't even
21 know about during the course of the previous GRA.
22 There's been an invention of all sorts of new Pfads,
23 the provisions for adverse deviation. We've seen them
24 on interest rates. We've seen them on bad debt
25 receivables. They add Pfads to all of that. And

1 again, that's some of the inquiry that the CMMG will be
2 bringing the spotlight to bear on.

3 With respect to our cooperation with
4 other Intervenors, I would ask this Board -- I'd submit
5 that it should favourably consider every application
6 that is received this year on this GRA. And the reason
7 for that is that each of those individuals or
8 organizations bring a fresh and critical perspective to
9 this Board.

10 This Board and the Corporation should be
11 concerned with providing a transparent, open,
12 responsive, and accountable process. It does that by
13 bringing those critical viewpoints and ensuring that
14 there is some substantial cross-examination of this
15 Applicant, not what often appears to be direct
16 examination.

17 I think it's disingenuous when the
18 Corporation comes, as they did last year, and says that
19 it doesn't want to hear from Bike Winnipeg. I think
20 it's disingenuous when it tries to limit critical
21 examination of its application.

22 Last year, we saw the CMMG and CAC
23 partnering with Bike Winnipeg to assist them when their
24 intervention was denied. It wasn't a -- the best type
25 of situations. We asked a number of questions on their

1 behalf. But our ridership is different in its persona
2 than the Bike Winnipeg executive.

3 We have some commonality of interests.
4 We are both very interested in road safety, want to see
5 the Corporation spend more on road safety. But they
6 come with a different perspective, and they should be
7 allowed to bring that perspective and develop it with
8 the personality that they have.

9 So in all of that, I'd ask for the
10 Board's favourable consideration with respect to the
11 CMMG. I think our invention -- intervention has been
12 demonstrated to be efficient each year and worthwhile
13 to this Board.

14 I've submitted the cost summary and the
15 usual form. The numbers aren't any different than last
16 year's experience. And in -- since Ms. Kalinowsky has
17 been involved in this, we've never had any objection to
18 our budget. In comparison to the other Intervenors, I
19 think it looks very efficient.

20 Those would be our comments. We look
21 forward to being a part of this process.

22 THE CHAIRPERSON: Thank you. Are there
23 any questions from the Board?

24

25 (BRIEF PAUSE)

1 THE CHAIRPERSON: Sorry. Our next
2 Intervenor will be Angele Young, from CAA.

3

4 SUBMISSIONS BY CAA (MANITOBA):

5 MS. ANGELE YOUNG: Thank you. CAA
6 (Manitoba) is the largest member-based organization in
7 our province, representing over two hundred thousand
8 (200,000) Manitobans and one (1) in four (4)
9 households. In Manitoba, we have been existence for a
10 hundred and ten years (110) years and in Canada for a
11 hundred and thirteen (113).

12 For over two (2) decades CAA (Manitoba)
13 has been participating as an Intervenor in these
14 hearings for MPI's General Rate Application. We
15 intend, as we have in the past, to participate with a
16 watching brief.

17 As mentioned earlier in my
18 introductions, my president and CEO does intend to
19 attend for the beginning and at the end, and has -- as
20 his schedule permits. We do ask for some leeway to ask
21 questions, particularly pertaining to road safety.

22 CAA (Manitoba) is applying for
23 Intervenor status to ensure the rate-setting process is
24 fair and accountable for Manitobans who are also in
25 large part our members.

1 As mentioned before, we represent over
2 two hundred thousand (200,000) members who come to us
3 for guidance and advice. Our presence at these
4 hearings allow us to provide information. We think it
5 is a great value for our membership and is some --
6 something we hope to continue.

7 We are looking closely at three (3)
8 things in this year's General Rate Application. These
9 are firstly, Manitoba Publics (sic) Insurance road
10 safety initiatives. We would like to thank MPI for all
11 the great information in this year's documents,
12 especially pertaining to distracted driving initiatives
13 and RoadWatch. Those alleviate a lot of IRs that I'm
14 pretty sure you knew were coming, so that helped a lot.

15 Secondly, the full extent of this past
16 winter and how it has contributed to the proposed rate
17 increase.

18 And lastly, we are also interested in
19 how the rate application will affect consumers.

20 We do not intend on calling on
21 witnesses, bringing in evidence, and we will not be
22 seeking costs. We do intend to appear for the majority
23 of the hearings. Thank you.

24 THE CHAIRPERSON: Thank you very much,
25 Ms. Young. Now, I'd like Irvin Frost from the

1 Automobile (sic) Recyclers of Manitoba.

2

3

(BRIEF PAUSE)

4

5

MR. IRVIN FROST: Am I on?

6

THE COURT REPORTER: Yes, you are.

7

8 SUBMISSIONS BY ARM:

9

MR. IRVIN FROST: Thank you. Thank
10 you, Madam Chair, members of the Board. I do represent
11 the Automotive Recyclers of Manitoba, known as ARM.
12 Thank you.

13

In my experience, the criteria for
14 granting standing at a -- a commission or tribunal, or
15 inquest for that matter, is really three-fold.

16

Firstly, there's the issue of no
17 duplication. You do not want to hear somebody and then
18 hear the same thing from that -- another person. So
19 the Intervenor must, at least in my submission, bring
20 fresh evidence that goes to the root of the application
21 and to assist the Board in coming to an informed and
22 rational decision.

23

The second criteria, as I understand it,
24 is that Intervenor or Applicant must be ready to
25 proceed, such as the process is not unduly delayed and

1 is moving efficiently and effectively.

2 The third criteria is, of course,
3 critical. And that is what as I refer to a cost-
4 benefit analysis. In granting standing, the Board is
5 charged with the responsibility of looking at the costs
6 of that Intervenor and weighing the benefit that that
7 Inter -- brings to the process.

8 In that venue, I have -- we have brought
9 to the Board a submission that I believe is before you.
10 I'm hoping it is. Thank you, Madam Chair. I propose
11 to review it with you. It's not unduly lengthy and,
12 I'm suggesting, captures the positions of ARM.

13 The Automotive Recyclers of Manitoba,
14 referenced as ARM, have a long and successful past
15 working with MPI in the use of automotive parts with a
16 view to reducing the claims expenses for MPI, resulting
17 in a benefit to its insured and Manitobans generally.

18 ARM -- by way of history, Madam Chair,
19 ARM was incorporated in May of 1967 as the Manitoba
20 Trucker's Sal -- Sal -- Salvagers Association Inc., and
21 then became the Automotive Dismantlers and Recyclers of
22 Manitoba Inc., continuing under that name until June
23 '96, when it was changed to the current Automotive
24 Recyclers of Manitoba.

25 In 1991, ARM developed the Recyclers

1 Centrals Office, RCO, with MPI, providing funding of
2 same after 1996. A significant change occurred when
3 the RCO was taken over by MPI in December 2012. The
4 RCO was the functional corporation that directed the
5 parts available in each of the salvage yards in
6 Manitoba and other jurisdictions to the body shops for
7 use on damaged vehicles in place of new and original
8 parts or after-market or alternative parts which are
9 built primarily offshore.

10 The savings initiative and the
11 enterprise as a whole was substantial from that
12 exercise. The ARM, through the Recyclers Central
13 Office supplied over \$170 million worth of parts over
14 the last eleven (11) years resulting in a saving of
15 \$113 million to MPI and ultimately to the insureds and
16 consumers over this period in Manitoba. These recycled
17 parts are reduced in price, and are 45 to 60 percent of
18 the OEM's new part process. And I'm referring to OEMs,
19 the original equipment manufacturers.

20 The RCO was -- operate extremely
21 efficiently with a total yearly operation cost of three
22 hundred and fifty thousand (350,000) per year, and had
23 the full support of the entire cross-section of salvage
24 operators, both large and small, in Manitoba. With the
25 active involvement each of the members of ARM who are

1 the primary salvage yard for automotive parts in
2 Manitoba, the network was able to quickly source and
3 deliver parts to the repair facilities.

4 As well, given their comprehensive
5 knowledge of the business, they were able not only to
6 quickly locate high quality salvage parts but also to
7 understand the complex -- complexities involved in
8 automotive systems and parts, and appreciate the safety
9 standards applicable to the various parts in the
10 automobiles which have been more complex over the last
11 decade or so. As opposed to the use of the offshore
12 sheet metal and other after market parts, the use of
13 recycled parts have the following benefits to Manitoba.

14 Firstly, reduction of carbon footprints
15 there was no -- since there was no recreation of these
16 parts in smelters and no transport of these parts from
17 Asia.

18 2. Supporting the Manitoba economy, the
19 Recyclers employed large numbers of Manitobans in
20 obtaining wrecked vehicles, dismantling them,
21 inventorying parts, selling the parts, delivering the
22 parts, and operating a vast network of supply.

23 And 3) ensuring responsible collection
24 and disposition of harmful fluids and gases, like
25 antifreeze, petroleum, oil, and air conditioning

1 refrigerants and other mercury -- in mercury switches.

2 The environmental is -- issue is a huge
3 focus for the Recyclers in Manitoba. The Recyclers of
4 Manitoba wish to bring to this Board information
5 relative to this unrel -- unregulated disposition of
6 toxic and dangerous fluids and chemicals from vehicles
7 that are sold through the MPI auction to the general
8 public. This is, members of the Board, an obvious
9 safety issue, and is of great concern to Manitobans, as
10 well as it should be to the PUB.

11 As well, the Board should be concerned
12 that MPI no longer has partners invested in
13 technological changes and practices that result from
14 the recycled industry products and industry stewardship
15 programs. Since MPI has taken over the RCO in December
16 2012, and the -- the ARM has noticed a significant
17 reduction in the volume used and recycled parts sold,
18 and the support for those recycled OM -- OEM parts and
19 delivered to repair facilities in Manitoba, resulting
20 in poor containment and reduced savings to MPI, and
21 ultimately the consumer.

22 This is something that should be of
23 great concern to the Public Utilities Board of Manitoba
24 as MPI is not containing its repair costs efficiently
25 and effectively, and this is certainly a matter that is

1 within the jurisdiction of the Board to investigate.
2 The ARM wishes to assist the Board in evaluating the
3 practices of MPI with respect to the use of recycled
4 parts, and the additional environment consideration
5 that we have previously referred to.

6 MPI has -- excuse me -- MPI has in most
7 of its recent GRA applications reported briefly on its
8 use of after market parts and recycled parts. It did
9 not bring to this Board's attention, to our knowledge,
10 its takeover of the Recyclers Central Office in
11 December 2012, nor has it been reporting
12 comprehensively on its performance vis-a-vis the
13 performance of the private industry management of the
14 Recyclers Central Office over the preceding eleven (11)
15 years.

16 Planned intervention by ARM is very
17 timely, given the Corporation's new physical damage PD
18 re-engineering program as referenced in the
19 application. You heard -- or the highlights of it
20 under AI.1. In fact, the application indicates that
21 the extent to which the amount of physical damage is
22 driving the increased application for -- for in the
23 GRA. We are talking about some pretty large numbers,
24 \$495.5 million of physical damage. Obviously, it
25 should be a corporate priority of the MPI and the

1 priority of the Board to address these increases in
2 physical damage claim costs.

3 Indeed, I'm just going to divert from my
4 applica -- from my comments. I just want to draw to
5 the Board's attention the graph that my friend showed
6 this morning, the massive increases, at least that I
7 saw quickly, in one (1) of the graphs that were
8 presented. It just seemed to me a stark increase in
9 those costs, and I thought that was fairly significant.

10 We are -- okay, I'm sorry. I'm off
11 my... The materials at SM1.3.6 talk about this
12 physical damage re-engineering as a multi-year project.
13 It talks about providing a new shared technology
14 platform with distributed -- with distributed
15 estimating to the body shops. It talks about
16 streamlining the part sourcing and using predictive and
17 analytics to assist this endeavour.

18 The Public Utilities Board will need an
19 industry partner with a technical ability to determine
20 if MPI is doing a good job in physical -- in physical
21 damage, re-engineering, and determine if there are
22 savings that are not being re -- are not being realized
23 in the after-market parts business.

24 To promote one (1) very simple example,
25 we can start with the premise that body shops make more

1 money based on the use of brand new more expensive
2 parts rather than using an inexpensive recycled part
3 because the body shops mark up the parts acquired. In
4 other words, the dollar amount of the markup is greater
5 when the part is more expensive.

6 Previously, while ARM was running the
7 Recyclers Central Office, RCO, MPI had staff members
8 who were responsible for policing the usage of body
9 shops of recycled and after-market parts and
10 investigating situations where the body shops refused
11 to use a recycle part. These "parts cops," and I say
12 that in quotation, are not operating any longer with
13 the result that body shops are obtaining new parts to
14 complete repairs or even recycled parts were available
15 and suitable for the purpose.

16 In moving to the planned new systems in
17 which the body shops will have greater independence,
18 such as distri -- such as distributing estimating, it
19 will be key to introduce controls and monitoring to
20 ensure that savings are realized, and this will require
21 supervision by MPI.

22 The Board needs an industry expert to
23 review the efficiencies of these new initiatives and
24 procedures and to suggest changes. Clearly a change in
25 the incentive and penalty system for body shops was not

1 -- was not using recycled parts needs to be
2 reintroduced.

3 It is important to understand that ARM
4 has critical information relative to other
5 jurisdictions, including British Columbia, that use
6 higher labour rates for repairs using recycled parts in
7 order to have a greater usage of recycled parts and
8 ultimately a saving to the consumer despite the higher
9 labour rates.

10 This Board should be comparing and
11 contrasting the performance of the private management
12 versus the management by -- by MPI to determine what
13 improvement should be ordered with respect to increase
14 uptake of salvaged parts to save Manitoba consumers the
15 additional expense in automotive parts.

16 If Intervenor status is granted to ARM
17 we can assist in cross-examination to review compliance
18 with the obligations in MPI in running the RCO and in
19 maximizing the use of recycled parts in order to reduce
20 claim costs. We can also check their compliance with
21 environmental best practices to ensure that ecological
22 impacts of -- of the automotive sector is reduced to
23 prevent or limit harm to Manitobans and the
24 environment, and to ensure safety in both of these
25 areas.

1 Our organization has made a presentation
2 previous to this Board in past years. However, a
3 presentation does not allow the organization to even
4 scratch the surface on practice, performance, and
5 examination in some of degree of scrutiny of MPI.

6 We require the use of the IR rounds to
7 obtains answers and to cross-examine to test these
8 answers. We require a seat at the table to deal with
9 the consultants and to question their assumptions and
10 their positions.

11 Given the many pronouncements of this
12 Board relative to cost control of the Applicant, the
13 Board should, in my respectful submission, eagerly
14 accept the assistance of ARM with respect to reviewing
15 claims costs, expenditures, and opportunities for
16 savings. We note many similar automotive organizations
17 have had Intervenor status, including the Automotive
18 Trades Association in the early '90s, the automotive
19 dealers, and MUCDA, and the used car dealers.

20 It is interesting to note that one of
21 the recommendations of the Kopstein Commission, which
22 led the way to the creation of this very Board, was to
23 focus on the most efficient delivery of recycled parts
24 to the repair facility with a view to saving ultimate
25 insurance costs to Manitoba.

1 In this year, Mr. Kopstein's death
2 sadly, it is proper and timely to revisit this area for
3 the Board to inquire into this area of endeavour of MPI
4 which has used cost controls consideration and can only
5 be properly examined with the assistance of industry
6 representatives who have the knowledge and the
7 expertise who -- and who have been involved in this
8 enterprise for decades.

9 We look forward to review of our
10 application and would hope if the application truly
11 would -- if the Applicant is truly interested in
12 transparent performance of this new endeavour and a
13 detailed reporting to the Board in this area involving
14 cost control, environmental considerations, and safety
15 of the public, they would support this application and
16 the -- and welcome the exchange of viewpoints and
17 information, all to the benefit of Manitoba, with a
18 view to maximizing the use of recycled parts and
19 ensuring that this new enterprise is efficiently
20 managed and operated to the benefit of all Manitobans.

21 Pardon me. That submission was
22 basically geared to the first arm of my -- of our
23 application. That is no duplication. It is submitted
24 that in the area of recycled parts and the management
25 of the recycled parts, and in view of the magnitude and

1 the increase of costs that these graphs -- the graph
2 that I saw this morning, I think the Board should
3 eagerly accept the ARM -- ARM's endeavour to
4 participate.

5 I suggest there will be no duplication,
6 in terms of evidence. We are -- ARM is the only
7 organization in the room that has the expertise, the
8 knowledge, and the basis from which to present
9 evidence, to cross-examine, to deal with the recy --
10 with the use of recycled parts and the efficient
11 exercise in that -- in that respect.

12 So I'm suggesting with respect that ARM
13 will bring fresh evidence to -- into this room and have
14 -- will have a position in terms of cross-examining and
15 examining, and developing interrogatories in that area,
16 which you've seen, in terms of the number, has
17 skyrocketed over the last decade or so.

18 With the -- with respect to the second
19 criteria, if I may, ARM is ready to proceed. We have
20 already, in the anticipation of receiving status,
21 started developing interrogatories. We will bring
22 information and evidence in the room to assist the
23 Board in the development of a practice and procedure,
24 together with MPI, in moving forward around recycled
25 parts.

1 A cost-benefit analysis, that's my third
2 criteria. The benefit, I think, will flow from the
3 month that comes, presuming that ARM is granted
4 standing, and I think I've highlighted that as best I
5 could. The cost, the other side of that exercise is,
6 of course, the cost which has been provided to PUB in
7 the application that has been sent on July 2nd, along
8 with a letter, in the Intervenor request form. I think
9 that lays out, fairly succinct -- succinctly, Madam
10 Chair, the hours, preparation, appearance, and quite
11 frankly is quite a modest and reasonable with --
12 respectfully modest and reasonable fee and disbursement
13 challenge.

14 I do want to bring something orthodox --
15 unorthodox into the room, if I might, because I think
16 at the end of the day this can be a win-win situation.
17 My own -- my own take on this is, when I say, "win-
18 win," I'm suggesting to you respectfully that ARM can
19 be granted status, Intervenor status, and you can defer
20 and you can make that decision at some time during the
21 process, has ARM brought value to this exercise?

22 If ARM, in your opinion, has brought
23 value to this exercise, you can defer, in my opinion,
24 the decision as to costs. We are not coming here
25 saying cost is the fundamental basis upon which we are

1 proceeding. We are proceeding in a bona fide way to --
2 in order to attempt to bring a -- a valued decision in
3 the area of recycled parts in order to reduce the costs
4 that you saw were climbing over the costs of the last
5 decade.

6 Having said that, we are prepared to
7 take the risk that we will bring that into the room.
8 And at the end of the day a cost order will be made
9 because of the value that you would see being brought
10 into this room by ARM. So we're suggesting to you this
11 could be a win-win situation. We can bring information
12 in the table into the room, and you can defer the --
13 you can defer an order of cost somewhere at the end of
14 the process. We're prepared to take that risk. Are
15 you?

16 MR. REGIS GOSSELIN: I guess I do have
17 some questions. And -- and it's in relation to the
18 topic you just addressed which is the issue of costs.
19 Assuming that, you know, if -- if PUB was to agree to
20 accept the Automotive Recyclers as Intervenor, it
21 strikes me that the members -- I don't know who they
22 are -- but it strikes me that the members that would
23 belong to AR -- ARM are pretty hard nosed business
24 people who know how to make a dollar.

25 And so I guess the question is: Why

1 would you expect ratepayers to pick up the costs of
2 supporting your intervention in this process, knowing
3 that you will be making money off this business?

4 MR. IRVIN FROST: It's not a question,
5 sir, of making money. It's a question of making how
6 much money. These -- we're talking about significant
7 dollars, many millions of dollars, that are in the
8 public's hands that are moving through the system. At
9 the end of the day, I suggest to you respectfully, that
10 my client is moving in the same direction as the Board
11 is. That is, to see the efficient, effective use of
12 after-market parts.

13 If that's the case, it's a win situation
14 for my client, and it's a win situation for the public.
15 Their primary interest is to provide effective,
16 efficient service in the interests of a public -- of a
17 public exercise such as these Board hearings. So it's
18 not just an ideological position around making money.
19 It's making money in the public, in the public domain.

20 And doing that can best be served by an
21 efficient use of after-market parts, as opposed to the
22 dealers which simply wish to use, in their -- in their
23 interest, new parts which have higher markups with
24 greater costs to Manitoba.

25 MR. REGIS GOSSELIN: You know, you've

1 been around the -- you've been around the hearing rooms
2 for a long time and you know the -- the strength and
3 weaknesses of this process.

4 And I guess the question I have to ask
5 is, you know, have you exhausted the opportunities you
6 have available to you as an association to deal
7 directly with MPI to address some of the concerns that
8 obviously are motivating your presence here today?

9 MR. IRVIN FROST: Well, we're not -- I
10 -- I can't honestly say that my client has exhausted.
11 There's always a venue. MPI is receptive to
12 discussions. I'm not being critical of that
13 organization in any way. But this is a public process
14 geared to determining rates.

15 One (1) of the issues of determining
16 rates that goes into that exercise is the costs
17 involved in rec -- in the use of recycled parts. Of
18 course, that's a cost to the system. It's a cost to
19 MPIC. It's a cost to the public. Having said that
20 this is, respectfully, the most efficient and effective
21 way of getting to a point that we're all trying to get
22 to. That is, to reduce the costs to Manitoba, the rate
23 costs to Manitoba.

24 It's not just a matter of what's in the
25 interest of my client vis-a-vis MPI. It's a matter of

1 a public airing and a transparent process in which my
2 client can proceed and provide benefit to this -- to
3 the Board.

4 MR. REGIS GOSSELIN: I guess the -- you
5 know, the -- I think you have a sense of the
6 jurisdictional limits of this Board. And I guess one
7 (1) of the areas that you addressed as part of your
8 submission was the issue of environmental impacts of
9 recycling and so on.

10 You -- you recognize that environmental
11 matters are not generally something that we would
12 address as part of these proceedings?

13 MR. IRVIN FROST: I -- I believe I do -
14 - well, I've -- I've got some history here. I do
15 understand that this is not the Clean Environment
16 Commission. This is not an exercise in which
17 environmental issues are foremost and before this.
18 Having said that, it is very much a live issue. It is
19 very much a live issue about -- let's talk about
20 safety. Safety is absolutely before this Board.

21 Dealing with environmental issues from a
22 safety perspective, the Board can make recommendations
23 in that regard. They can hear information relative to
24 -- to the use of the -- the use of -- and I'm trying to
25 find the words -- of environmentally unfriendly matters

1 that are escaping through the system.

2 Those are issues of safety. They're
3 issues of safety in a broad sense and, frankly, in a
4 narrow sense. And I think the Board has a
5 responsibility, a public responsibility, to deal with
6 those issues of safety. Can they directly provide an
7 order? No. I -- I hear you on that. But can they
8 hear and comment and make recommendations? Absolutely.

9 MS. SUSAN PROVEN: It is hard to see
10 that little red light. But --

11 MR. IRVIN FROST: I -- I'm having the
12 same issues.

13 MS. SUSAN PROVEN: Yeah, Mr. Frost, you
14 know that we do have interventions that don't receive
15 funding. And I hear that you are asking for funding.

16 MR. IRVIN FROST: Yes.

17 MS. SUSAN PROVEN: But I suppose we
18 have never really funded business people, people who
19 are obviously making -- we usually fund people that
20 don't have the money to make an intervention. But that
21 doesn't stop you from making an intervention.

22 So what about your group? Would you
23 still make the intervention? Do you still want to do
24 that if you didn't have funding, like if you didn't
25 qualify under our existing guidelines for the funding?

1 How do you feel about that?

2 MR. IRVIN FROST: Actually, that's the
3 reason I kind of went -- I'm sorry, I have a tendency
4 to move around a lot. That -- I actually thought about
5 that a little bit. And that's why I said, Will you
6 take a risk? I understand this is somewhat unorthodox.
7 And I understand that the Board does not generally fund
8 a private enterprise and -- and enterprise that
9 generates their own income and expenses and so on and
10 so forth. And this is generally a public utilities
11 exercise, and that's basically where we are.

12 And that's why I said, Give us standing,
13 consider our application for funding. I say it's rel -
14 - relatively modest in the scheme of this, but weigh
15 and measure. I'm not -- we're not saying here and now,
16 Yes, give us twenty-five thousand dollars (\$25,000),
17 give or take. We're saying let us come to the table.
18 Give us an opportunity to cross-examine. Give us an
19 opportunity to bring evidence in this room, and you
20 will, at the end of the day, hopefully, see the value
21 of ARM in the room.

22 And with that behind you, you're free to
23 say 'yes' or 'no'. We're prepared to take the risk.
24 And as I ended my last submission, are you? And that's
25 why we don't live and die on the financial piece.

1 THE CHAIRPERSON: Thank you very much,
2 Mr. Frost. Now would Jason Carter, from Bike Winnipeg,
3 like to make his presentation?

4

5 SUBMISSIONS BY BIKE WINNIPEG:

6 MR. JASON CARTER: I found the red
7 light. Thank you very much, Madam Chair. I would also
8 like to thank Ms. Kalinowsky for that review of the
9 application, and particularly with this new fancy
10 gadget that we find in front of us.

11 And do we have the Intervenor request
12 form available? I must apologize for the format of
13 this document. It's not the usual requested form. I
14 couldn't get the -- the machine to work; another
15 evidence of my Luddite tendencies.

16 Cycling has been around in Winnipeg
17 since 1883, one (1) year after the first firefighters
18 were formed in this province. I promise not to take
19 that long in this -- in this review.

20 We begin by -- by noting that -- that
21 cyclists -- that -- that there is a prima facie
22 entitlement to MPI benefits for bodily injuries
23 pursuant to Section 74(1) of the Act for Manitoba
24 residents. A contract, despite popular belief, is not
25 required for MPI to provide benefits to Manitoba

1 residents, regardless of their mode of -- mode of
2 transport.

3 MPI has been providing tertiary benefits
4 -- tertiary prevention benefits -- namely, the PIPP
5 benefits and schedulized format of benefits -- for
6 quite some time and is already engaged in primary
7 prevention activities; namely, the -- the activities
8 related to avoiding the impact of a collision in the
9 first place. And they've been engaged in primary
10 prevention activities through enforcement, education,
11 advertisement.

12 So regardless of the chosen
13 transportation mode, Manitoban residents are potential
14 victims, and therefore they have a substantial interest
15 in both the long-term financial stability of the MPI
16 program, the sustainability of the MPI program, and the
17 effectiveness of its prevention programs that are aimed
18 to reduce morbidity and mortality as long -- as well as
19 the financial impact of those accidents.

20 Now, Bike Winnipeg is here not to assign
21 fault to motorists. We are not here to blame
22 motorists. We understand that all humans are fallible
23 and make mistakes. Fault is arguably not even a proper
24 concept in -- in this vernacular anymore. And we are
25 not here to argue about the -- the quantum and

1 sufficiency of -- of the PIPP benefits scheme.

2 We are here really to emphasize the need
3 for MPI to take an immediate, active, and effective
4 role in preventing the quantity of collisions involving
5 vulnerable road users, and the related expenditures.

6 We also note that -- that setting just
7 and reasonable rates is well within the PUB's
8 jurisdiction. One element -- element of their -- of
9 the PUB's determination is the consideration of whether
10 expenditures on road safety are reasonable and prudent.

11 So our intention is to retain counsel to
12 intervene regarding a few matters. I'm sorry to end
13 this -- what you see on the screen here does not have
14 bullet points. The word 'the' is the start of the --
15 the list. We are interested in -- in intervening
16 regarding the opti -- optimum size of MPI's road safety
17 budget to enable a significant reduction of the costs
18 of injuries to MPI in the short and long terms. We are
19 interested in the adequacy of MPI's road safety
20 programs.

21 We are asking -- we intend to retain
22 counsel to represent the interests of Manitoba
23 pedestrians as insured vulnerable road users. We are
24 doing this in the absence of other pedestrian
25 organizations that present themselves in this -- this

1 forum, or appointed counsel to represent their
2 interests. And we are also doing this on the basis
3 that pedestrians -- both pedestrians and cyclists are
4 similarly vulnerable to injury from motor vehicles.

5 The extent -- we are also interested in
6 the extent of MPI's ability to carry out and promote
7 programs, or conduct programs related to the reduction
8 of risk in light of the amendments to the Act under
9 Bill 49, and particularly Section 6(2)(h). And we are
10 interested in the quality and clarity of MPI's data
11 collection. If it cannot be measured properly, then we
12 cannot hope for improvements in the situation.

13 Turning now -- just going down now to
14 the comments and other information, I think it's item
15 11 in the Application. Now our Application this year
16 differs from the Application last year in that we are
17 requesting support -- standing and support for costs
18 prior to formal engagement of legal counsel with
19 regulatory experience.

20 We're doing this because, frankly, as a
21 grassroots, volunteer based, not for profit
22 organization, we rely on donations and occasion grants
23 to operate, and we're virtually impecunious. It has --
24 Bike Winnipeg has a membership of twelve hundred
25 (1,200) people. That is a lifetime measure -- mem --

1 membership based on a nominal fee at the beginning.

2 And we represent the interests of
3 thirteen thousand five hundred (13,500) commuting
4 cyclists, and that's a hard number that we're -- we're
5 quite satisfied with based on surveys, and we estimate
6 two thou -- hundred thousand (200,000) occasional
7 cyclists who are around doing -- riding around for
8 fitness and for recreation, and an estimated six
9 hundred thousand (600,000) bike owners in Manitoba. We
10 believe about 68 percent of Winnipeggers own a bicycle
11 in -- in this town.

12 However, with our position we're unable
13 to contract in good faith with legal counsel when even
14 a minor disbursement, such as photocopying and basic
15 labour costs, cannot be met. We -- we simply cannot
16 guarantee that -- that our funds will be sufficient to
17 meet -- meet counsel's costs. So a prior assurance
18 that Intervenor status and coverage of reasonable costs
19 is therefore requested.

20 As we've discussed, last year we
21 collaborated with CAC in accordance with Board Order
22 77/'13, a collaboration we feel proved beneficial for
23 both Bike Winnipeg and CAC (Manitoba) division.
24 However, counsel for CAC devoted at least fourteen (14)
25 hours to development of the Information Requests alone.

1 Frankly that -- I think that a -- a low estimate. It -
2 - it -- Mr. Williams was extremely gracious with his
3 time in assisting us.

4 And although we would be very pleased to
5 continue this cl -- collaboration, imposing such extra
6 responsibilities and costs on CAC again may create an
7 unfair burden. And as we've discussed, may lead to a
8 conflict of interest. We have no intention to call
9 witnesses, however, we would like to be able to lead
10 documentary evidence. I'm not quite sure of whether
11 that's in accordance with the rules of procedure at
12 this hearing.

13 The budget that we have outlined in the
14 appendix, I think scroll down a bit, is under the
15 costs. It is obviously rudimentary. Seven (7) days at
16 eight (8) hours a day at a hundred and ninety dollars
17 (\$190) for -- for some regulatory expenses, plus nine
18 (9) days at eight (8) hours for appearance at all the
19 hearings.

20 I would point out that we do have a
21 interest in observing and -- and perhaps participating,
22 subject to counsel's discretion, in the RSR process.
23 We are concerned with the quantity of claims and --
24 that are forecasted, as well as the severity of claims
25 that are forecasted, particularly with vulnerable road

1 users. So it's not the case that we are not -- we do
2 not have an interest in participating in the financial
3 aspects of this -- this hearing process. Sorry.

4 That is the essence of our -- our
5 request. However, in the alternative we submit that
6 the collective interests of Manitobans, who are
7 potential victims of motor vehicle accidents, deserve
8 independent representation at these hearings. Last
9 year was the first time that cyclists have been
10 represented, in collaboration with CAC.

11 To my knowledge, pedestrians have never
12 been represented, nor wheelchair bound persons, nor any
13 other type of person who is on our roads. So it is
14 common knowledge, however, that no asset, no rate, no
15 expenditure has the same importance as human life.

16 So it is submitted that to examine and
17 test the evidence that MPI will meet its economic and
18 social responsibilities, independent legal counsel
19 should be appointed at the PUB to represent the class
20 of Manitoba residents who are non-motorized victims.
21 And subject to your questions, that is our application.

22 MR. REGIS GOSSELIN: I guess I have a
23 question. I couldn't help observing you here last year
24 at the hearings. You were an attentive and a regular
25 participant, or at least attendee, rather, let's

1 just...

2 And I guess the question is: Why do you
3 need counsel? Why don't you -- if -- if we agree to
4 accept Bike Winnipeg as an Intervener, why wouldn't you
5 come in and do your own work? I mean, you're a smart,
6 well-spoken individual and you could probably...

7 MR. JASON CARTER: Well, thank you very
8 much for those compliments. I appreciate that. It was
9 nine (9) days of my vacation time at my day job to be
10 here last year. I'm sure that my family will have some
11 objections if I spend that amount of time. And -- and
12 as I pointed out, too, and in this I'm not familiar
13 with the evidentiary processes and the evidentiary
14 rules or the -- the manner of -- of presenting things
15 as well.

16 I'm certainly better at the back row of
17 providing ideas. And secondly, this process in my view
18 requires a -- a fair bit of office structure. You
19 know, for instance, and even in this form that we see
20 before us, that was submitted to the PUB via an iPhone.
21 That's no way to run a proper intervention, in my view.

22 THE CHAIRPERSON: Well, thank you very
23 much, Mr. Carter. And now I'll ask for our last
24 Intervenor request from Dave Schioler, Insurance
25 Brokers Association of Manitoba.

1 SUBMISSIONS BY IBAM:

2 MR. DAVE SCHIOLER: Thank you, Madam
3 Chair. In terms of the constituency, I spoke a bit to
4 that earlier. We have two thousand (2,000) insurance
5 brokers, property and casual insurance brokers in
6 Manitoba, that our association acts for. We have about
7 98 percent of the brokers in Manitoba that are -- are
8 members of our association.

9 We think that we can help the Board's
10 considerations and deliberations in this process by
11 giving some evidence and making some presentation. We
12 work very closely with MPI on many issues, operational
13 and financial and so on, to get the right results for
14 Manitobans. So we hope that in the process, should we
15 be granted the status, that we can help you with your -
16 - with your thoughts and -- and again deliberations and
17 -- and results.

18 As Ms. Neville knows from a previous
19 arena, we -- we are part of a network of thirty-six
20 thousand (36,000) insurance brokers across Canada with
21 our sister associations and our national association.
22 And we would intend to, you know, challenge and test
23 MPI's Application in all respects in a general sense.

24 There will be some -- probably some
25 areas where we can help you with respect to

1 benchmarking, and that's why I mention the national
2 scope that we are a part of because it matters what's
3 happening in other jurisdictions. It gives you a sense
4 of, you know, why there might this Application for a
5 rate increase, and for the reserves and capital
6 requirements to be proper.

7 MPI does a lot of things right, in my
8 opinion. I've worked with them for ten (10) years.
9 Like anybody, they -- the -- as a Corporation, they
10 make mistakes, so do we; but we've seen them do a lot
11 of things right. And there's a lot of evidence that's
12 been put forward so far that indicates that there is a
13 need for this kind of increase. And when you see the
14 kinds of applications and approvals for rate decreases
15 in the past, maybe it's time for a rate increase.

16 But in any event, let's see if they have
17 it right. And we can help you challenge the
18 application and -- and see if -- if that is in fact the
19 case. So we will bring some evidence. It'll likely be
20 me that gives most of it in the presentation and
21 evidence. We may call one of our executives who are
22 volunteer insurance brokers, but we will not be seeking
23 costs.

24 Again in your comments with respect, we
25 are a trade association. We're -- we're funded and

1 well funded, and -- and we're here to try and help the
2 process. At the end of the day, we're here, as you
3 are, to try and find the best results for Manitobans.
4 And so we think it's necessary for us to be a part of
5 the process. The insurance brokers touch Manitobans on
6 a daily basis. They're the ones that are the primary
7 distribution vehicle for MPI's products.

8 So they're the ones that are in the
9 communities delivering the insurance products with
10 their services, and -- and acting in the communities in
11 all kinds of way in getting to know the people. So I
12 think we'll have some good things to say that hopefully
13 will help you make your decisions. Thank you.

14 THE CHAIRPERSON: Okay. Thank -- thank
15 you very much, Mr. Schioler. Now I'd like to go back
16 to Ms. Kalinowsky for any responding comments to what
17 the Intervenors have said.

18

19 REPLY BY MPI:

20 MS. KATHY KALINOWSKY: Yes, thank you
21 very much for allowing me the opportunity. With
22 respect to CAC's application for costs, in terms of the
23 dozen points, or ten (10) or dozen points that they
24 have stated that they will be pursuing, those of course
25 are standard from a number of previous years, and we

1 have absolutely no issue with their -- scope of their
2 intervention this year.

3 I did want to have -- raise one issue
4 with respect to their potential draft budget under
5 'Interest rate forecasting'. If you could bring that
6 page forward, please?

7

8 (BRIEF PAUSE)

9

10 MS. KATHY KALINOWSKY: And so I note
11 that -- and maybe I just -- I think I understand now,
12 is that the interest rate forecasting CAC might be
13 bringing -- or will be -- will be engaging somebody to
14 assist in IRs and preparing them for their position
15 with respect to interest rate forecasting, which is
16 indeed the hundred and twenty (120) to a hundred and
17 forty (140) hours.

18 If you'd just scroll down a little bit
19 more. Then there's this placeholder fees for expert
20 evidence. And I had some concerns about those combined
21 together in the sense that it's the hundred and twenty
22 (120) hours plus the four hundred (400) hours.

23 So that's -- if you look at the average
24 work week and divide that out, that's fifteen (15)
25 weeks of work full time, all out. And I don't -- I

1 haven't done the math here, but I don't even think we
2 have fifteen (15) weeks leading up to the hearing. I
3 find that to be an extremely large amount of time. And
4 I would have some cautions and some concerns that maybe
5 the Board would like to ask some questions on that.

6 Don't have an issue with respect to MPI
7 bringing forward a interest rate forecasting expert --
8 or CAC bringing forward an interest rate forecasting
9 expert, but indeed I'm just concerned how this was
10 derived given that it's fifteen (15) hours full-time
11 work -- fifte -- fifteen (15) weeks of full-time work.
12 And, you know, that -- we don't believe -- we don't
13 have fifteen (15) weeks leading up to the hearing. So
14 we do have some concerns on that.

15 I don't have any other concerns with
16 respect to the rest of the -- the application by CAC.
17 So I didn't know whether you wanted me to proceed onto
18 the next party or not.

19 THE CHAIRPERSON: Maybe I'll just let
20 Ms. Menzies --

21 MS. MEGHAN MENZIES: And I can -- I can
22 clarify that. And I -- I apologize. I should have
23 made this budget more clear. The one hundred and
24 twenty (120) to one hundred and forty (140) hours is
25 not an addition to the -- the three hundred and sixty

1 (360) to four hundred (400) hours, so I should have
2 made that more clear. It's the placeholder fees are
3 for expert evidence, including the review, the First
4 Round IRs, Second Round IRs, and preparation of exhibit
5 -- of -- of memos.

6 And so within that is contained the one
7 hundred and twenty (120) to one hundred and forty (140)
8 hours within the three hundred and sixty (360) to four
9 hundred (400) hours. So those are two (2) separate
10 estimates that we're putting forward. And that should
11 have been more clear in the budget. My apologies.

12 MS. KATHY KALINOWSKY: Okay, thanks.
13 That clarifies part of it. I still do think it's
14 rather high given the -- the narrowness of the interest
15 rate forecasting issue, although, of course, it is very
16 important, so I would have some concerns there. That
17 might, of course, be expressed later on when we do get
18 the costs application, but I did want to be upfront
19 about it and not raise these concerns in, let's say,
20 March or April or something of that nature, after the
21 horse is out of the barn, so to speak, so I did want to
22 mention that.

23 With respect to CMMG, notwithstanding
24 the litany of things that MPI does wrong, according to
25 My Friend, Mr. Oakes, we have no concerns with the

1 intervention of CMMG.

2 With respect to CAA (Manitoba), again,
3 no concerns whatsoever with respect to CAA (Manitoba).
4 With respect to ARM, or the Automotive Recyclers of
5 Manitoba, I did want to mention -- I know that Mr.
6 Frost gave a three (3) pronged approach to the test for
7 granting Intervenor status.

8 I think it's actually four (4) pronged
9 approach. And it's the one that he didn't articulate,
10 although his presentation does, of course, talk about
11 it, and it's the substantial interest. You have to
12 have a substantial interest in the actual filing in the
13 application to be granted standus -- sta -- or to be
14 granted Intervenor status. It's something that is just
15 so obvious that perhaps it was overlooked.

16 But, of course, I believe that his
17 application and his presentation, of course, his
18 argument dealt with that. In some ways, it's difficult
19 to consider how the Automotive Recyclers would satisfy
20 the test of substantial interest in being an Intervenor
21 since they are a service provider. And, of course, as
22 Mr. Goesselin asked some questions about, Well, don't
23 they -- and I believe Ms. Proven did too, Aren't these
24 business entities and don't they make a profit and why
25 should the ratepayers be funding this.

1 Having said all this, I would like to
2 say that the PUB could -- should consider whether the
3 ratepayers should fund this cost of this business
4 organization. I understand that that will be
5 determined later on, so to speak, after the hearing,
6 based on the criteria that the PUB always uses with
7 respect to their costs.

8 And, ultimately, MPI as it works with
9 automotive recyclers throughout the province, we take
10 no position on their application for Intervener status,
11 recognizing the value that they have provided as
12 business partners with Manitoba Public Insurance in the
13 past.

14 With respect to Bike Winnipeg I did have
15 some materials that I would like to distribute at this
16 point relating to their intervention, if...

17

18 (BRIEF PAUSE)

19

20 MS. KATHY KALINOWSKY: If I could
21 proceed and work our way through this document. I
22 don't believe it needs to be marked as an exhibit,
23 though I have no objections if Board counsel does want
24 it marked as an exhibit. But it authorities of the
25 Board, and of -- of an administrative law text and some

1 other -- and rules, practice, and procedure, et cetera.

2 But I'll go through it.

3 And what I'll start at is what the PUB
4 did last year. And I've put in several pages from
5 their -- their order with respect to the procedural
6 order for the timetable of the public hearing and the
7 interven -- and approval of Intervenors. So last year
8 on page 6, the -- which is the second page of this
9 package, CAC asked -- or -- or, sorry, Bike Winnipeg,
10 which is 'BW' there -- Bike Winnipeg, the PUB gave a
11 summary there of what Bike Winnipeg was seeking last
12 year.

13 The next page of the order which is page
14 7, it's MPI's positions. And MPI's position was -- and
15 most of these remain absolutely the same for this year
16 that -- there it is on the screen, even better. This
17 is -- I can't believe it appears so fast. This is
18 really impressive. But Bike Winnipeg's request for
19 Intervenor status is very broad and it's difficult to
20 relate to the Board's mandate of setting rates.

21 Of course, the Board has section 27 of
22 the Crown Corporation -- 26 and 27 of the Crown
23 Corporations Public Review and Accountability Act,
24 mandate of the Board approve basic rates. Nothing else
25 is there, just approve basic rates. So how does this

1 relate to basic rates, is a fair bit of a stretch
2 there. The app -- application for intervention really
3 doesn't reference rates. It's pretty much the same
4 thing again this year.

5 MPI doesn't insure bicycles for physical
6 damage, or cyclists on their own for bodily injury
7 unless a cyclist is involved in a collision with a
8 motor vehicle which is an insured motor vehicle, in
9 which case the cyclist would be eligible for PIPP, the
10 Personal Injury Protection Plan or bodily injury
11 benefits. So cyclists achieve and cyclists and all
12 vulnerable road users do get PIPP benefits, which is
13 their bodily injury benefits which is very
14 comprehensive with respect to PIPP.

15 A very, very small number of PIPP claims
16 involve cyclists. I can give you the -- a little bit
17 of the scope in terms of some numbers. There's
18 approximately every year a hundred and seventy-five
19 (175) collisions -- a hundred and seventy-five thousand
20 (175,000) collisions, sorry. So a hundred and seventy-
21 five thousand (175,000) collisions every year.

22 Now, some of those collisions, of
23 course, are two (2) -- two (2) vehicles or, you know,
24 multi-vehicles. Some are single vehicles. Some are a
25 vehicle hitting, let's say a pole or a fence or

1 something like that. But a hundred and seventy-five
2 thousand (175,000) collisions.

3 Now, there are approximately every year
4 seventeen thousand (17,000) bodily injury claims. So
5 PIPP claims, seventeen thousand (17,000). So you'd
6 start off a hundred and seventy thousand (170,000) down
7 to seventeen thousand (17,000). The PIPP claims for
8 cyclists are approximately two hundred (200) -- two
9 hundred and fifty (250) per year. So it's a very,
10 very, very small number there.

11 If the cyclists are concerned about
12 their bodily injury benefits on an individual basis,
13 there is an entire dispute resolution mechanism to deal
14 with that. There is, first of all the case manager
15 writes a decision letter. There's an internal review
16 within MPI where a second set of eyes takes a look at
17 it outside of the claims division that's actually
18 housed in the legal department, and I oversee that
19 division.

20 And then if the individual is still in
21 disagreement with the -- with their benefits they can
22 then go to an external tribunal, an external agency
23 which is the Automobile Injury Compensation Appeals
24 Commission, and they have full complete hearings with
25 experts, et cetera. It's an administrative tribunal

1 like this one, and they can do a full and complete
2 hearing of that individual's claims file.

3 So -- and I can also state that the
4 benefits that are prescribed under the Personal Injury
5 Protection Plan are set out in the Act, and set out in
6 the regulations. So what MPI does is we look at
7 individuals, and we determine their entitlement to
8 benefits as prescribed in the legislation.

9 So in terms of vulnerable road users, or
10 in terms of cyclists on an individual level, they have
11 this -- this avenue as -- for appeals ultimately if
12 they wish to pursue that route on their own individual
13 benefits. The benefits overall are prescribed by
14 legislation, so that's not something that comes forward
15 in front of this Board.

16 MPI has collaborated last year with Bike
17 Winnipeg on recent advertising campaign, and I know the
18 past year they've continued to collaborate on various
19 types of ventures. And Bike Winnipeg's request for
20 costs again is significant to address, as I mentioned
21 earlier, this one small aspect of the GRA process when
22 compared with cost requests by other Intervenors.

23 So they're costs now are much more in
24 line -- in -- their -- their costs now are more -- more
25 in line with the others, although it's difficult to

1 figure out exactly how that is -- is derived other than
2 days of prep and days of appearance. That's it.

3 But I will go through what the Board
4 ultimately decided last year, and the legal test is
5 from -- one of the legal tests is from the Practice and
6 Procedure Before Administrative Tribunals by MacAulay
7 and Sprague. It's a large six (6) volume set of
8 binders which Mr. Frost, of course, probably has large
9 sections memorized. And there's the quote that I
10 provided last year, and it's on page 8 at the top.

11

12 (BRIEF PAUSE)

13

14 MS. KATHY KALINOWSKY: So rather than
15 me reading that in I'll just let you read that at -- by
16 yourself there, please.

17

18 (BRIEF PAUSE)

19

20 MS. KATHY KALINOWSKY: So indeed that's
21 the test that MacAulay has come up with, and is adopted
22 in numerous cases and by numerous tribunals across
23 Canada. So what the Board decided is just slightly
24 below there, starting at the next highlighted section
25 there:

1 "The Board will not grant Intervenor
2 status to Bike Winnipeg if Bike
3 Winnipeg seeks to address a very
4 narrow aspect of the overall GRA
5 process, namely cycling safety in the
6 context of the psychology of drivers
7 of motor vehicles. The Board
8 believes that cycling safety is an
9 issue of significant import, of
10 course, and does relate to rates but
11 as presented by Bike Winnipeg is too
12 narrow in scope to support an
13 Intervention application and the
14 associated costs. Further, it's the
15 Board's view that these issues
16 identified as being of interest to
17 Bike Winnipeg could be brought
18 forward and pursued with one of the
19 other Intervenor. Moreover, the GRA
20 hearing process is, as always, a
21 public forum and Bike Winnipeg is
22 welcome to attend throughout to
23 observe the proceedings, and is
24 encouraged to make a presentation to
25 the Board as was done last year."

1 So that's what happened last year and,
2 of course, you heard about the collaboration. So the
3 next thing that I've provided is from a different order
4 of the PUB, and this is from the order afterwards --
5 after the General Rate Application, so it was issued
6 December 16th, Order number 151/'13.

7 So at the end of the day, what did the
8 PUB have to say about cyclists? Intervenor status was
9 granted albeit on a limited basis, and -- in scope in
10 terms of representations and so on. So at the end of
11 the day, on the next page at the top, the issue there
12 is:

13 "The Board also recommends that MPI
14 reinforce the message of one metre
15 safe passing distance between motor
16 vehicles and cyclists."

17 So that's -- and then the other stuff is
18 just general road safety which a number of in --
19 brought forward different evidence on that. So you end
20 up, that's what the PUB said with respect to road -- to
21 the bike -- the cyclists intervention last year. They
22 did say one (1) other thing, and that's the next page
23 of my filing which is in the operative section of the
24 filing.

25 So the PUB said:

1 "MPI shall produce, for the next GRA,
2 an updated map of collisions and
3 fatalities related to cyclist/motor
4 vehicle accidents in Winnipeg and in
5 rural Manitoba and report on any
6 patterns."

7 And in the filing that is indeed
8 provided this year. So that's kind of the result of --
9 from our perspective from the -- from MPI's perspective
10 of what was provided in terms of the direction that the
11 PUB gave us with respect to cyclists. So pretty
12 narrow, I would -- I would say.

13 So the -- the rules which are the next
14 few section, doesn't really provide that much in terms
15 of what the criteria are for an intervention. But I've
16 simply set out Rule 27 which is the rule for costs, or
17 sorry, the rule for intervention and what the Board --
18 what the Intervenor is supposed to file and what the
19 Board can look at.

20 But it doesn't actually say what the
21 criteria is. But I would like to move to the next page
22 which has number 5. So number 27 -- or section 5 under
23 Rule number 27. And so here we get the Board saying in
24 its draft -- or, sorry, in its rule of practice and
25 procedure that:

1 "Intervenors are to avoid duplication
2 of evidence, and subject to Rule 4(2)
3 are to consider joint interventions
4 with other Intervenors."

5 So that's what, I think, the Board very
6 much relied on last year in its order. I did provide
7 something that's a little bit out of the realm of the
8 norm with respect to this proceeding. And it's the
9 Ontario Energy Board rules of practice and procedure.
10 And it -- it has Rule 22.02, which is the next page.
11 And it simply states:

12 "The person applying for Intervenor
13 status must satisfy the Board that he
14 or she has a substantial interest and
15 intends to participate actively and
16 responsibly in the proceeding by
17 submitting evidence, argument, or
18 interrogatories or by cross-examining
19 the witness."

20 And I highlighted quite substantially
21 the substantial interest component of the test there.
22 The PUB doesn't have that. I just generically randomly
23 looked for another Board that had one (1), that's a
24 regulatory tribunal. And there it is, substantial
25 interest. So that's something very key that you have

1 to look at indeed in Bike Winnipeg's application.

2 And I have included here a -- a section
3 from -- this is from MacAulay and Sprague, and I'll
4 just read in this top section there that I have
5 highlighted under 12.4 on the next page, or two (2)
6 pages later where it states:

7 "Intervenors are generally
8 individuals or groups who don't -- do
9 not meet the criteria to be a party,
10 but who still have a sufficient
11 interest or some expertise or view
12 which the agency feels will benefit
13 the proceeding to have represented."

14 So -- and then the next page is the
15 quote that is indeed provided earlier on that I
16 referenced. And finally, on the -- the final page.
17 Sorry. Move to the very final page of the footnotes
18 there. That's the Khadr -- one (1) of the many Khadr
19 decisions that's come out of appellate level courts as
20 they deal with that very unique situation of Mr. Khadr.

21 But there is the test that's been
22 followed a number of times. And it's six (6) -- six
23 (6) tests there for intervention. And, of course, that
24 intervention is for courts, but it can be tweaked for
25 administrative tribunals. And the first issue there,

1 the first criteria that has to be satisfied is:

2 "Is the proposed Intervenor directly
3 affected by the outcome?"

4 Hard to think how Bike Winnipeg, since
5 they're not insured, are indeed affected by the outcome
6 of an application for MPI's rates.

7 "Does there exist a justiciable issue
8 and a veritable public interest?"

9 Again, hard to think of how this -- when
10 it's a rate filing, when we're dealing with issues of,
11 let's say, dynamic capital adequacy test, when we're
12 dealing with the interest rate forecast, those are kind
13 of key issues, hard to think as to that in the
14 interest.

15 "Is there an apparent lack or any
16 other reasonable or efficient means
17 to submit the question of the court?"

18 And, you know, substitute regulatory
19 tribunal. And that's indeed the question that Mr.
20 Gosselin asked, I believe, of the Automotive Recyclers.
21 But again, I've said in the past -- and Manitoba Public
22 Insurance works with a number of different
23 organizations and agencies of the government with
24 respect to road safety and works with Bike Winnipeg on
25 road safety objects. And there's that venue in which

1 things can be proceeded and not appropriate within the
2 rate filing application.

3 And, of course, there are the other --
4 other things that are provided there in to -- in terms
5 of their -- their questions.

6 I would like to spend a moment talking
7 about the actual Bike Winnipeg application. But before
8 I did that, I wanted to talk about some of the
9 questions that -- and conversation that were given,
10 both of CAC and Bike Winnipeg, by CAC's counsel and by
11 Mr. Carter, from Bike Winnipeg.

12 But CAC brought up the issue as to --
13 and I'm going to quote, but they're -- and I just wrote
14 it down very quickly, and you can check the transcript
15 afterwards. I'm not trying to misquote Ms. Menji --
16 Ms. Menzies, but she did say that there is an acute
17 risk of conflict of interest, so it's a risk of
18 conflict of interest.

19 Later on, she said, There are areas of
20 conflicts that could arise; again, could, not will
21 arise, but arise. And we heard from the Carter at the
22 same time, There's a potential for conflict of interest
23 at the 30,000 foot level. And again, these are things
24 that I just wrote down myself, so subject to check in
25 the transcript. But it's this perhaps indeed, oh, one

1 day perhaps there might be a conflict or something of
2 that nature. That's why we can't do the same
3 arrangement last year.

4 And I just have some -- some concerns
5 about that because I'm not seeing those when you asked
6 a specific question, I can't remember who it was on the
7 panel, but what are the competing interests of Lake
8 Winnipeg and CAC, and nothing really came forward in
9 that response that was really tangible.

10 So it's this, you know, concern, well,
11 perhaps, you know, you'd think of -- there's a risk of
12 conflict of interest, it could arise, there's a
13 potential, those types of qualifications there.

14 But I would like to address the actual
15 intervention requ -- request form that Bike Winnipeg
16 prepared. And I do appreciate that it's written down
17 here, and certainly very impressed that it was sent on
18 an iPhone, so kudos to you, Mr. Carter.

19 But there is -- I've read this a number
20 of times. And I also listened very closely today to
21 what Mr. Carter has said because I'm confused as to who
22 Bike Winnipeg and he are alleging -- or are -- are
23 saying that they will participate on behalf of.

24 So the obvious is like the cyclists. So
25 you have the, what is it, a thou -- twelve hundred

1 (1,200) cyclists and -- that are actual members of Bike
2 Winnipeg. Then you have the, well, thirteen thousand
3 five hundred (13,500) commuting cyclists. And whether
4 those numbers are correct or not, it -- it doesn't
5 matter for my purposes. There's thirteen thousand
6 (13,000) commuting cyclists.

7 And then there's an estimated two
8 hundred thousand (200,000) occasional cyclists. So
9 those might be people that go out for, you know, a
10 cruise down Scotia Street or Wellington Crescent on the
11 Sunday afternoons or perhaps kids in -- on their bikes
12 and so on. But then there's six hundred thousand
13 (600,000) bike owners, which is remarkable when you
14 think that there's that many bikes in Manitoba. But --
15 so that's, okay, the bikes.

16 Then he's also said at times wheelchair
17 -- like wheelchair-bound persons. So are they
18 representing cyclists and people in wheelchairs? Are
19 they -- then he mentioned another time pedestrians. So
20 is Bike Winnipeg going to advocate on behalf of
21 pedestrians? And I'm just kind of perplexed about
22 that. And then it gets into vulnerable road users. So
23 that's a fairly broad categorization. And you also
24 heard Mr. Oakes talk about motorcyclists as vulnerable
25 road users, and of course they are by nature of the

1 machine that -- that they're on.

2 And then throughout his hearing -- or,
3 sorry, throughout his application Mr. Carter talks
4 about victims of motor vehicle accidents. And so
5 victims of motor vehicle accidents, when I talked about
6 the -- you know, hundred and seventy-five thousand
7 (175,000) collisions that occur every year, it's a
8 massive number of collisions. In every one of those
9 there's a car -- or, sorry, a passenger and -- and the
10 cars, sometimes multiple passengers. Like victims of
11 motor vehicle accidents. So I'm perplexed. Like, who
12 is Bike Winnipeg actually seeking to advocate for?

13 And then he also uses wording such as,
14 The collective interests of Manitoba residents who are
15 protect -- potential victims of motor vehicle
16 accidents, and they deserve independent representation.
17 I'm not quite sure -- like who indeed the -- the --
18 ostensibly this individual is, and why they need appli
19 -- why they need representation at this rate hearing.

20 Individuals can, if they're vulnerable
21 road users, whatever they may be, whether they're
22 insured or not, can be covered by PIPP, their property.
23 I mean, think about yourself, or an individual who
24 let's say doesn't have a vehicle but they own a house,
25 and car come and plows through their fence, et cetera.

1 Well, they're a victim of a motor vehicle accident in
2 some ways, too, because they can then file a clam and
3 MPI will pay for the repair of their fence, or a --
4 they could be a building owner and it plows -- the car
5 crashes into the building and we repair the -- the
6 building, or in -- in that sense.

7 So I'm very much struggling with this
8 intervention, and I would also like to say that with
9 respect to their actual points on the first page of the
10 intervention at the bottom their -- they want to retain
11 counsel to intervene regarding the following, there's a
12 number of points there.

13 You look at all those points, and you
14 have PUB, Board counsel will be pursuing questions
15 along that nature, CAC will be pursuing questions along
16 that nature, CMMG does this within the context of
17 motorcyclists, so all this type of information is
18 already going to come before the PUB.

19 So at the end of the day, what I would
20 like to say is that our position is that we oppose the
21 intervention of CAC -- or, sorry, of Bike Winnipeg on
22 its own, and as an alternative we would ask the PUB --
23 that it order the same type of intervention on the
24 conditions that it imposed last year.

25 Finally with respect to the Insurance

1 Brokers Association of Manitoba, Mr. Schioler indicated
2 that he will be providing a presentation later on at
3 the actual -- the -- the hearing, and we have of course
4 no concerns with the intervention of the Insurance
5 Brokers Association of Manitoba. They're valued
6 business partners of the Corporation.

7 One thing I did not mention with respect
8 to Bike Winnipeg that I do have to mention is this
9 concept of wanting to get support for costs in advance,
10 and that's certainly unique. The Board has set out
11 criteria for costs in -- and also I think -- was it
12 last year or the year before, they updated a generic
13 order on criteria for costs. That is something that is
14 -- can only be decided after the hearing.

15 And so at that time we will be
16 challenging the costs, if Bike Winnipeg does get -- get
17 intervention status and does put in costs. At this
18 point, we would say that we do not -- not only do we
19 not seek -- or support their application for
20 intervention but we do not support their seeking of
21 support for costs in advance.

22 Sorry if I've kind of garbled that a
23 little bit, but that's our position. And thank you
24 very much.

25 THE CHAIRPERSON: Thank you very much,

1 Ms. Kalinowsky. Now, what I'm going to do is, I'm
2 going to ask each of the Intervenors in the order which
3 I -- they spoke to give any reply to any new matters
4 that were raised by Ms. Kalinowsky, but only new
5 matters. So I'll go through -- Ms. Menzies, from CAC.

6 Did you have any other replies?

7

8 REPLY BY CAC (MANITOBA):

9 MS. MEGHAN MENZIES: I think that
10 primarily we spoke to the issue of the expert's
11 estimated budget. I -- I have one (1) comment on the
12 collaboration with Bike Winnipeg if -- if that's okay.
13 I know that's not a new matter. It would just be
14 another comment. I don't know if that's acceptable.

15 THE CHAIRPERSON: I think that -- I
16 think that'll be okay.

17 MS. MEGHAN MENZIES: I think -- I just
18 wanted to clarify one (1) piece and I definitely don't
19 want to make this sound as though CAC (Manitoba) is by
20 any means at odds with Bike Winnipeg because it's not
21 by any means. But I guess I wanted to give one (1)
22 small example to -- to better clarify this for the
23 Board.

24 And that would be -- and sorry, Mr.
25 Oakes, if I use -- if I use your client as this, but

1 CAC (Manitoba) has a lot of similar interests as -- in
2 common with CMMG. And I would say that that's -- that
3 those same interests are -- are quite similar to the
4 interests that we have in common with Bike Winnipeg.

5 However, I think it's clear to the Board
6 that -- that the interests of CMMG, although in many
7 ways at times are in line with the interests of CAC
8 (Manitoba), there are -- there are a number of slight
9 differences and a number of bigger differences when it
10 comes to -- to the rate application.

11 And I think that in many ways that --
12 that applies to Bike Winnipeg. They're -- it's a
13 different -- it's a different group. It's a different
14 interest. And although there are a lot of overlapping
15 interests and we definitely -- we definitely recognize
16 that, there are also a number of differences -- a
17 number of differences within the two (2) organizations.
18 And so that's just the one (1) small example I'd like
19 to provide for the Board.

20 THE CHAIRPERSON: Okay. Thank you, Ms.
21 Menzies. Mr. Oakes, for CMMG?

22 MR. RAY OAKES: I don't have any
23 additional comments to offer the Board.

24 THE CHAIRPERSON: Okay. Thank you.
25 Ms. Young for CAA?

1 MS. ANGELE YOUNG: I also don't have
2 any more comments for the Board.

3 THE CHAIRPERSON: Mr. Frost, for ARM?

4 MR. IRVIN FROST: No additional
5 comments, Madam Chair.

6 THE CHAIRPERSON: Okay. Thank you.
7 Mr. Carter for Bike Winnipeg?

8

9 REPLY BY BIKE WINNIPEG:

10 MR. JASON CARTER: Thank you, Madam
11 Chair. Thank you, Ms. Kaslowsky (sic) for a very
12 detailed review. I am sorry -- a insufficient mental
13 capacity to -- to deal with all of them at this point
14 in time. I think the first think I'd like to mention
15 is that Ms. Kal -- Kaslow -- I'm sorry -- Kalinowsky,
16 my apologies -- has demonstrated what a professional
17 counsel can do in a limited course of time, which is
18 one (1) of the reasons why we are requesting and making
19 this application.

20 I would like to point out initially that
21 we are here to represent cyclists in Manitoba and
22 pedestrians. That is mainly because there, as far as I
23 can tell, there is no pedestrian group here that is
24 representing them. We are not here to represent
25 motorists' victims. Perhaps they should be here, but

1 they are not.

2 And we are, as vulnerable users,
3 pedestrians and cyclists -- I make up the majority of
4 that group, certainly wheelchair bound people can
5 either be considered a wheeled vulnerable road user
6 like a cyclist, or a pedestrian given the way they
7 operate on the roads and group that together.

8 Secondly, two hundred and fifty (250)
9 people, while it is now coming app -- becoming apparent
10 that the risk of fatality is -- by research is 50
11 percent at 50 kilometres per hour. So two hundred and
12 fifty (250) people hit at 50 kilometres per hour
13 certainly have a very good chance of fatality.

14 In the number for cyclists in injuries
15 it may be low, but the impact is very great and
16 serious. So I don't think we are into a position where
17 we'd like to minimize the importance of road safety for
18 even that group in our society.

19 As I mentioned in the application we are
20 not here to discuss the sufficiency of the PIPP program
21 and really I don't see how that's relevant to this
22 matter. As I mentioned, the -- the fact that the --
23 the -- we really don't know what the costs are to
24 vulnerable road users. And that's one (1) of the
25 matters that we would like to explore in this, is that

1 differentiating the approximately \$172 million of the
2 benefits that go -- that are paid out to victims, well,
3 how much of that is going to vulnerable road users as
4 compared to motorized road users.

5 And that certainly is an avenue of
6 inquiry for us and -- and I think I would suggest a
7 serious avenue of inquiry for a sophisticated road
8 safety program. Should the road safety program be
9 directed in different manners towards the potential
10 cause of accidents for motorists on car versus car
11 accidents or should it be a different program and what
12 kind of program should it be for accidents with people
13 who do not have the same exoskeletal protection.

14 The fact that we collaborate with MPI on
15 various programs and interventions and discussions, I
16 do not see that as any for estoppel here. I do not see
17 that as any form of reason why we should not be allowed
18 to intervene in this question.

19 We have serious questions about MPI's
20 road safety program as a key player in the road
21 environment in this province. That we cooperate on
22 detailed matters and documents does not preclude us
23 from coming to this -- I would suggest, in coming to
24 this hearing and presenting our concerns, nor the
25 concerns and the -- the other matters that have -- that

1 we are seeing now in the literature, and also in other
2 jurisdictions, which we have yet to see being led by --
3 even last year by MPI. We have serious concerns about
4 that.

5 Sorry, in my quick notes here. With
6 regard to -- with regard to the test for standing here,
7 on Intervenor standing, we addressed those in our
8 letter to the Board last year, dated, sorry, September
9 3rd, 2013, particularly pages 6 and 7.

10 The first test, is the proposed
11 Intervenor directly affected by the outcome. We noted
12 that Manitoba residents and -- have, as I mo -- noted
13 in the application, have a prima facie entitlement to
14 benefits here.

15 So the -- we have a substantial --
16 substantial interest in the -- the way in which MPI
17 operates and what it does to -- to prevent the
18 necessary delivery of those benefits.

19 We also note that the PUB has the
20 authority to issue orders to fix just and reasonable
21 individual rates and to fix just and reasonable
22 standards of service. The issue before, we would
23 suggest, the PUB is not rates alone. The issue is
24 rates for service under the action.

25 We note here:

1 "The Crown Corporations Public Review
2 and Accountability and Consequential
3 Amendments Act, section 26(1),
4 notwithstanding any other act or law,
5 rates for service provided by the
6 Manitoba Public Insurance Corporation
7 shall be reviewed by the Public
8 Utilities Board."

9 That's my redaction of -- of that
10 section, of course. Rates for service; money for
11 value. It's not rates alone. It is setting off an
12 appropriate amount of -- of funds to deliver a service,
13 a -- something of value. In this case, road safety is
14 something of value.

15 And we would suggest that road safety is
16 also a primary pre -- prevention activity which has a
17 co -- a significant cost benefit -- cost benefit to
18 MPIC. We have not seen yet any type of -- of
19 relationship between the -- the activities done by MPI
20 for road safety and their potential impact on neither
21 short-term frequency of claims, nor the significant
22 problem facing MPI and PUB of long-tail claims.

23 So our -- our view is that we have the
24 substantial interest in -- in that cost benefit ratio
25 and how that relates to the number and frequency of

1 collisions and severe accidents to Manitobans. We also
2 note Section 26(4) of the Crown Corporations Public
3 Review and Accountability Act. The PUB may take into
4 consideration not only reserves in Item IV, but also in
5 item -- I guess 7:

6 "Any other payments that are required
7 to be made out of the revenue of the
8 Corporation."

9 Num -- Item 8:

10 "Any compelling policy considerations
11 that the Board considers relevant to
12 the matter."

13 Any -- Item 9:

14 "Any other factors that the Board
15 conser -- considers relevant to the
16 matter."

17 The ability of MPI to prevent collisions
18 or to attempt to prede -- prevent collisions or to play
19 a part in those kind of activities are relevant matters
20 for the costs that MPI incurs. So we have a
21 substantial in -- we have a common interest in
22 preventing the frequency of claims, the fre --
23 frequency of injuries, and also the frequency of claims
24 as it will impact the overall costs to them. If you
25 will excuse me for a moment. Sorry.

1 (BRIEF PAUSE)

2

3 MR. JASON CARTER: I would note that
4 Ms. Kalinowsky -- I'm sorry, my apologies -- on page 6
5 pointed out the reasons for our interventions of last
6 year, that we sought to encourage MPI to effectively
7 measure the -- to drivers to change their behaviour so
8 as to make cycling safer on Manitoba roads. Our
9 interests are broader this year. Our interests are the
10 road safety budget and program, and the ability of its
11 programs and its intention -- intention to develop
12 programs given the changes to its jurisdiction under
13 Bill 49.

14 And -- and finally, we are certainly not
15 opposed to collaborating with CAC once again. We
16 enjoyed that collaboration. We benefited from their
17 experience. However, as I mentioned in the
18 application, we do not find it fair and reasonable that
19 CAC be foisted with the costs of our involvement in --
20 in their affairs.

21 And if they are willing to do so, and
22 have an ability to attain those costs, then fine we're
23 more than happy to collaborate with them. However, in
24 the interest of -- of clarity we came here and
25 presented an application, an independent application,

1 for Intervenor status.

2 As to the timing of -- of the
3 application and the request for status and costs, as I
4 mentioned grass roots organizations are messy. It's
5 very difficult to take a large number of people and put
6 them into one (1) bundle at one (1) point in time. So
7 we do not have a lot of costs, and we don't have a lot
8 of revenue, or basically none.

9 I don't see any coalition for pedestrian
10 safety here that has such a broad ability to bring the
11 revenue here and put together a -- an ability to make a
12 contract based on nothing. Pro bono counsel are few
13 and far -- and far in between to find, difficult to
14 find.

15 And I'm afraid that -- subject to -- I
16 think those are the -- my comments there and I can't
17 remember any other comments that we need to respond to.
18 Thank you very much.

19 THE CHAIRPERSON: Thank you very much,
20 Mr. Carter. Now I call upon Mr. Schioler from IBAM to
21 make his reply.

22 MS. CANDACE GRAMMOND: He's gone.

23 THE CHAIRPERSON: Oh, he's gone?

24 MS. CANDACE GRAMMOND: He's gone, Madam
25 Chair.

1 DISCUSSION:

2 THE CHAIRPERSON: Okay. Thank you.

3 Now that we've finished that, we -- one (1) of the
4 things that we didn't get a chance to address, and it
5 wasn't addressed through the -- any of the comments,
6 was our proposed timetable.

7 MS. CANDACE GRAMMOND: I have a couple
8 of comments on that --

9 THE CHAIRPERSON: Okay. Thank you.

10 MS. CANDACE GRAMMOND: -- Madam Chair.
11 Hopefully we can have a brief discussion about it and--

12 THE CHAIRPERSON: Sure. Do you want to
13 take that part, then?

14 MS. CANDACE GRAMMOND: Yes.

15 THE CHAIRPERSON: Thank you.

16 MS. CANDACE GRAMMOND: So there is a --
17 a timetable that is before us. This was circulated by
18 me certainly to MPI, CAC, CMMG, and CAA in mid-June.
19 Since this was distributed, we've had some subsequent
20 discussions, so I'll just read in what those
21 discussions are.

22 So we have two (2) columns here.
23 Actually, before I -- I get to that, there are two (2)
24 columns of dates. The first column of dates, which was
25 entitled '2014 Dates', was the original schedule. And

1 then the second column of dates entitled 'Proposed
2 Date' was a new potential set of dates that might be
3 implemented.

4 So here's where we stand at the moment.
5 Under the item that's called 'MPI to Be in Receipt of
6 First Round Information Requests' --

7 THE CHAIRPERSON: Excuse me, Ms.
8 Kalinow -- Ms. Grammond. We got a -- an updated
9 version. It's a little bit different. It's got 2014
10 dates, day of the week, and elapsed working days. Is
11 that --

12 MS. CANDACE GRAMMOND: You have
13 something I don't have. Maybe I can get a copy of
14 that. Oh, okay. Mr. Cathcart had one. Perfect.
15 Okay. This'll -- this'll make it easier. So this
16 then, just to review, item 6 is when MPI will receive
17 the First Round Information Requests from the Board as
18 well as the three (3) pre-existing Intervenors.

19 Item 6, MPI will receive First Round
20 Information Requests regarding the DCAT report on the
21 14th. And then any new Intervenors that may be granted
22 status arising from today's proceedings would serve
23 their questions by the 17th, as shown here at item 8.

24 MPI has advised that they will still
25 respond to the questions posed at number 6 by the 31st

1 of July, even though that was a bit of a shorter time
2 frame. They'll reply to any new Intervenors' IRs on
3 August 11th, and -- and then the Second Round questions
4 will be due on the 14th.

5 We did have some discussions about any
6 new Intervenors and their Second Round, so we may need
7 to add some other dates to this, again pending what the
8 Board decides after today in terms of who's involved.
9 But other than that, the balance of this schedule as
10 shown is what we are working with.

11 I don't know if any of the parties have
12 any comments, whether MPI or any of the Intervenors
13 have comments on what they see here. If they do, we
14 should hear them.

15 The other thing that we would ask for
16 comments on is item 20, which are the actual hearing
17 dates. So we know the hearing will start on October
18 the 7th. What has not yet been determined is how many
19 days per week we'll be sitting and which days we will
20 plan to sit.

21 There was some discussion among counsel
22 with respect to the number of days. Historically,
23 we've set twelve (12) days. We haven't necessarily
24 used all twelve (12) but we've set twelve (12).

25 Mr. Williams did indicate he thought

1 maybe fourteen (14) should be set this year, so there
2 may be some comments on that from some of the parties.
3 So maybe we can hear those and then the Board can, in
4 its deliberations, make any final decisions with
5 respect to the timetable, and off we go.

6 THE CHAIRPERSON: Does anybody have any
7 comments on -- Ms. Kalinowsky, do you have some
8 comments on the dates?

9 MS. KATHY KALINOWSKY: Yeah, a couple
10 of comments with respect to Ms. Grammond's comments.
11 With respect to the Second Round Information Requests,
12 given that MPI will do a massive, massive effort and
13 respond to all the Information Requests by July 31st,
14 whether they're from the traditional Intervenors or
15 some of the new Intervenors that might -- sorry, by
16 August 11th, sorry. They come in by the 31st.

17 I'm not quite sure whether there is a
18 need for a further round for Intervenors or not. I
19 don't know whether we'll do that now or come to that
20 later. We've discussed in the past -- we've got a
21 number of issues with individuals from MPI that are
22 booked on holidays.

23 We basically look at the time table
24 months and months in advance as per our collective
25 agreement, and people put down their vacation days, et

1 cetera. And different people are booked on vacation,
2 so we're rather reticent to be able to respond to any
3 Second Round Information Requests after the day that is
4 already listed there, which is the response date of
5 September 8th. Simply there won't be some individuals
6 that are key to the responses available after the dates
7 to respond to IRs. So that's one concern.

8 With respect to the days that we're
9 sitting, MPI always prefer we sit more days per week
10 rather than fewer days per week. Five (5) days or four
11 (4) days is our preference. I noticed in the past it's
12 been three (3) days. It's enormously difficult, and I
13 appreciate that individuals are here on their time
14 basically as Board members and the days can be long,
15 but it's enormously difficult for us as individuals to
16 juggle being senior managers and executives at a very
17 large insurance company and being here at the rate
18 filing at the same time. It puts a massive strain on
19 us, and it's easier for us to kind of pretend that
20 we're on holidays from our office and attend here, and
21 concentrate on the hearings and get through them.

22 It's also very, very difficult for the
23 witnesses to recall exactly what they have said when
24 the hearing is spread out, over times it's one month,
25 and they're trying to remember, Okay day two (2) I said

1 something about that. I want to use the same phrasing
2 because I don't want to look like I'm changing my mind,
3 or changing my evidence. And sometimes witnesses fall
4 in that, and that's not something that they're very
5 comfortable with.

6 So that's a problem that we have with
7 respect to spreading the hearing out over a number of
8 days. Of course, we recognize that different people
9 have different concerns, but it's extremely difficult
10 for the -- the witnesses to be under oath, so to speak,
11 for such a long period of time.

12 With respect to how many days the
13 hearing, I was shocked when I received the email from
14 Mr. Williams that he was thinking it would be more than
15 twelve (12) days. I naively thought, given the massive
16 amount of details we've provided in this -- in the
17 Application this year, that it would actually be less
18 days than previous years.

19 So I don't want people to get into the
20 habit of, Well, let's put down more days and then we
21 have to fill them, that kind of trap. So I've given
22 you a position with respect to -- we'd rather have
23 twelve (12) days, or even less scheduled and used
24 ultimately. Thank you very much.

25 THE CHAIRPERSON: Thank you, Ms.

1 Kalinowsky. Did any of the other Intervenors have
2 comments on the dates?

3 MR. RAYMOND OAKES: Just make a few,
4 Madam Chair. When I saw that July 11th was the date
5 for the First Round questions, I thought the CMMG could
6 meet that date. Now that it's two (2) days away and
7 we're still struggling with questions coming in from
8 our client, I'd like to see whether there's any
9 flexibility to go and have the weekend to revise them
10 one more time.

11 I can advise we don't have any DCAT
12 report questions. I don't know if that presents any
13 difficulty for the Corporation.

14 MS. KATHY KALINOWSKY: If I can respond
15 to that. As there is, there's ten (10) business days
16 for us to respond. We get probably three hundred (300)
17 Information Requests. And to ask a number of people
18 for ten (10) business days, and then basically end up
19 spending their weekends in the summer also doing that,
20 it's incredibly compressed already.

21 The application has been filed since
22 June 16th, so that's a large number of days already
23 that have passed that Mr. Oakes and his clients can get
24 the information, and should have been working on the
25 information.

1 And I'm -- it might seem like I'm being
2 very difficult but I'm going to dig my heels in on this
3 one. In the past we've been quite, Okay, you know a
4 couple days extra, we've been fine, we've been
5 accommodating. I have to dig my heels in on this one.
6 It's a massive task to get -- if we're going to get
7 those kind of number of IRs, to be able to respond to
8 them in those kinds of conditions and produce something
9 that is sent out to everybody on time.

10 THE CHAIRPERSON: Okay, any other
11 comments on the dates? We'll take all this into
12 consideration when we meet after.

13 MR. IRVIN FROST: Madam Chair, Frost,
14 for the record. I have not had an opportunity to look
15 at these timeframes. I'm not sure how relevant they
16 will be depending on the Board's decision around
17 Intervenor status.

18 My question is, and I'm sorry I don't
19 have the history here: How long would it be before the
20 Board advises those applicants requesting Intervenor
21 status, because that's in my opinion on the timeframes
22 for the IRs and the response to Irs?

23 So this is a more a question than it is
24 an observation.

25 MR. REGIS GOSSELIN: I'll look to Board

1 counsel here, but typically we try to get these out as
2 quickly as possible. And I think we usually get them
3 out the same week, don't we? Yes.

4 MS. CANDACE GRAMMOND: I can indicate
5 that there will be a procedural order that the Board
6 will issue flowing from today. This year though, given
7 that there are some new Intervenors that have requested
8 status, given that we've already had some shifts to the
9 timetable and we don't want time to become more tight
10 than it already is, what I can discuss with the panel
11 is, once the decision is made for ARM and for Bike
12 Winnipeg, and I suppose IBAM, as well, we can indicate
13 very quickly whether it's a 'yes' or a 'no' or whether
14 there are terms.

15 And then the procedural order that we'll
16 issue can come -- can follow that. I think, in the
17 interest of time, that would probably be a good
18 approach. It -- obviously, the Board will have to make
19 a decision with respect to CAA, CMMG, and CAC, but
20 given the history, probably won't -- won't be any
21 surprises there. So that would be my suggestion.

22 MR. IRVIN FROST: Madam -- Madam Chair,
23 I'm sorry to press this, but counsel said very quickly,
24 seeing that we're on the cusp of that very quickly
25 statement, I'm wondering if I can get some more

1 definition.

2 MS. CANDACE GRAMMOND: What I was
3 envisioning is, if the panel makes a decision today
4 with respect to whether it's a 'yes' or a 'no', that
5 can be communicated probably via email just because
6 it's fast. And then the parties on that side of the
7 room will know, and MPI will know, who's in and who's
8 out, as it were.

9 MR. IRVIN FROST: Thank you, Counsel.

10 THE CHAIRPERSON: Okay, thank you very
11 much. Is there any -- oh, sorry, CAC...?

12 MS. MEGHAN MENZIES: Sorry, I just want
13 to make one (1) -- one (1) quick comment as to the
14 schedule. First of all, so -- sorry, it's Meghan
15 Menzies, for the record. First of all, when it comes
16 to the number of days per week, we are -- I understand
17 entirely what -- what MPI is saying. And, of course,
18 CAC (Manitoba) is saying the opposite.

19 But not -- not to be argumentative, but
20 for us, the number of days when we're in the hearing
21 puts a lot more strain on our prep outside of the
22 hearing. And so our preference would be somewhere
23 between three (3) to four (4) days. But it seems like
24 there's some common ground there between MPI, perhaps
25 four (4) days being the common ground between both of

1 us, hopefully making it not too strenuous for either
2 party.

3 Second of all, when it comes to the
4 number of hearing days, I know Mr. Williams did send
5 out an email saying fourteen (14) days. When we
6 ultimately put together the budget we budgeted closer
7 to thirteen (13) days. And so I guess I -- I
8 understand that again we have maybe a bit of a
9 different perspective, but given the detail, there --
10 there are a number of things that we wanted to explore
11 further, and so we -- we weren't sure if that would
12 require additional days, but we are definitely not
13 trying to fill up -- fill up time that's not necessary.

14 But I think thirteen (13) days might --
15 might be more what we would put forward on that. And
16 that's all. Thank you very much, Madam Chair.

17 THE CHAIRPERSON: Thank you. I'm
18 sorry, was there anybody else that had questions on the
19 date? Hearing none, then I would like to thank
20 everybody for attending today and giving good input.
21 We will be back to you with various items that we've
22 talked about. And I would wish everybody a good day.
23 This will end the hearings for the pre-hearing at this
24 time.

25 So we'll see you in the fall, I guess.

1 --- Upon adjourning at 1:11 p.m.

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5 Certified Correct,

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8 _____

9 Cheryl Lavigne, Ms.

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