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MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE
2009/'10 RATE APPLICATION
PRE-HEARING

Before Board Panel:

Graham Lane	- Board Chairman
Eric Jorgensen	- Board Member
Alain Molgat	- Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
June 26th, 2008
Pre-Hearing
Pages 1 to 21

APPEARANCES

1
2
3 Walter Saranchuk, QC) Board Counsel
4 Candice Everard)
5
6 Kevin McCulloch) MPI
7 Kathy Kalinowsky)
8
9 Bryon Williams (np)) CAC/MSOS
10 Beverly Froese)
11
12 Robert Dawson) CBA/MBA
13
14 Nick Roberts (np)) MUCDA
15
16 Raymond Oakes) CMMG
17
18 Donna Wankling (np)) CAA Manitoba
19 Jerry Kruk (np)
20
21 Claudio Sousa (np)) Scootering Manitoba
22
23
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1	LIST OF EXHIBITS		
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3	PUB-1	Notice of public hearing and pre-hearing	
4		conference, dated May 30th, 2008	8
5	PUB-2	The Board's rules of practice and	
6		procedures, originally adopted June	
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1 --- Upon commencing at 9:10 a.m.

2

3 THE CHAIRPERSON: Good morning, everyone,
4 and welcome to the pre-hearing conference for the fall
5 hearing of MPI's 2009/'10 rate application. I am Graham
6 Lane, Chairman of the Public Utilities Board. And
7 joining me today are Board members, Mr. Alain Molgat on
8 my right and Mr. Eric Jorgensen on the left, both
9 experienced with the file as I am.

10 Also with us are Mr. Walter Saranchuk,
11 Board counsel, Ms. Candace Everard, co-counsel, Gerry
12 Gaudreau, Board Secretary, Roger Cathcart, Board Advisor,
13 and Mr. Singh, of course, who is also doubling as a sound
14 technician, which is good.

15 Manitoba Public Insurance is applying to
16 the Board for approval of 2009/'10 premiums and fees.
17 This Hearing and the process will be conducted in
18 accordance with the provisions of the Crown Corporations
19 Public Review and Accountability Act and the Public
20 Utilities Board Act.

21 We employ the Board's rules of practice
22 and procedure. Any of you that have not yet done so
23 should pay a visit to the Board's website to review the
24 rules. Please contact Mr. Gaudreau if you have any
25 questions.

1 In its application MPI proposes new
2 premium rates to take effect March the 1st, 2009, with
3 those premiums to represent an overall decrease of 1
4 percent with respect to vehicles also insured this year.

5 The Corporation's application includes
6 references to various reports requested by the Board,
7 including reports pertaining to MPI government auto theft
8 initiatives, investment strategies, the business process
9 review, and the Planned Personal Injury Protection Plan,
10 Queen's management.

11 MPI has indicated that while it continues
12 work on the driver safety rating program, which is
13 expected to replace the current Bonus/Malus System. The
14 new program is not quite ready yet for review.

15 Scheduling is currently underway for a
16 special hearing on this most important matter to be held
17 in the spring of 2009. And we may have a draft of that
18 schedule for that that could be circulated later.

19 Our objectives for this particular pre-
20 hearing conferences are limited to: a) identifying
21 Intervenors and learning the reasons for their
22 intervention, b) gaining an appreciation of any cost
23 awards that may be sought, and if so, the approximate
24 quantum of such, and c) to arrive and confirm a time
25 table for the orderly exchange of evidence and

1 information through the proceeding.

2 I will now call on MPI's co-counsel, Mr.
3 Kevin McCulloch and Ms. Kalinowsky, to introduce the
4 MPI's representatives. I do recognize, of course, Ms.
5 McLaren and Mr. Palmer.

6

7 OPENING COMMENTS BY MPI:

8 MR. KEVIN MCCULLOCH: Yes, good morning,
9 Mr. Chairman, members of the Board. My name is Kevin
10 McCulloch. I'm appearing as counsel for the applicant,
11 Manitoba Public Insurance Corporation.

12 And as noted, with me this morning on my
13 right we have Marilyn McLaren, who is the President and
14 CEO of Manitoba Public Insurance; to my immediate left,
15 Mr. Don Palmer, who is the Vice-President of Finance and
16 Chief Financial Officer; and to my far left Kathy
17 Kalinowsky, Senior Solicitor in the legal department at
18 MPI.

19 THE CHAIRPERSON: Thank you. Now I will
20 call on Board co-counsel, Mr. Saranchuk and Ms. Everard,
21 to report on the documents to be filed and the processes
22 to be agreed upon.

23 Ms. Everard...?

24

25 OPENING COMMENTS BY BOARD COUNSEL:

1 MS. CANDACE EVERARD: Thank you, Mr.
2 Chairman. At this stage we are seeking to mark a number
3 of exhibits, the first being the notice of public hearing
4 and pre-hearing conference, dated May 30th, 2008 as
5 Exhibit 1.

6
7 --- EXHIBIT NO. 1: Notice of public hearing and
8 pre-hearing conference, dated
9 May 30th, 2008

10
11 MS. CANDACE EVERARD: Secondly, Mr.
12 Chairman, we would like to mark the Board's rules of
13 practice and procedures, originally adopted June 1st,
14 2006, and revised March 14th, 2007, as Exhibit 2.

15
16 --- EXHIBIT NO. 2: The Board's rules of practice
17 and procedures, originally
18 adopted June 1st, 2006, and
19 revised March 14th, 2007

20
21 MS. CANDACE EVERARD: And thirdly, we
22 would like to enter the proposed timetable as Exhibit 3.
23 And those are my comments at this stage, Mr. Chairman.

24
25 ---EXHIBIT NO. 3: The proposed timetable

1 THE CHAIRMAN: Thank you. So with these
2 matters out of the way, we will now hear from the
3 Intervenors. I do not believe everyone is here, but a
4 few are. For the Coalition, Ms. Froese...?

5

6 OPENING COMMENTS BY CAC/MSOS:

7 MS. BEVERLY FROESE: Good morning, Mr.
8 Chair -- Chair and members of the Board. For the record,
9 my name is Beverly Froese. I am here for the Public
10 Interest Law Centre on behalf of the Consumers
11 Association of Canada, Manitoba branch, and the Manitoba
12 Society of Seniors.

13 I'm here this morning on behalf of Byron
14 Williams. Mr. Williams was unable to attend today. He's
15 actually on his long-overdue honeymoon, so he sends his
16 regrets that he's not able to be here.

17 He was not able to review the completed
18 Intervenor form, and it's likely we will -- we will be
19 submitting an amended form and budget if that's
20 acceptable to the Board.

21 THE CHAIRPERSON: That is fine.

22 MS. BEVERLY FROESE: Thank you. As I
23 mentioned, we have filed the Intervenor request. I
24 apologize, it was only filed this morning.

25 I can tell you that CAC/MSOS would like to

1 intervene in a fairly comprehensive way to test the
2 reasonableness of the Corporation's application and the
3 rates sought.

4 We hope to review specific elements of the
5 application, including the PIPP infrastructure
6 initiative, cost control initiatives in claims
7 management, investment policy and portfolio, reinsurance
8 changes, business plans, immobilizer incentive fund and
9 ongoing funding of the program, auto theft initiatives,
10 forecasted and projected OM&A, and capital spending, road
11 safety and loss prevention, financial results achieved,
12 forecasted and projected and res -- or I'm sorry, and
13 responses to PUB orders and recommendations.

14 We do intend to appear throughout the
15 Hearing to participate in the production of evidence and
16 testing of the evidence and present final argument.

17 We've not yet determined whether we'll be
18 calling witness or not, but we expect to be able to get
19 back to the Board and the parties as soon as possible to
20 confirm that one way or the other, and also to provide a
21 revised budget if we do intend to call expert witnesses.

22 There was a budget attached to the
23 Intervenor form that estimates what we anticipate
24 spending, in terms of time and money. As I mentioned,
25 the budget will likely be amended and be much more

1 detailed once Mr. Williams has had an opportunity to more
2 thoroughly review the matter.

3 Thank you.

4 THE CHAIRPERSON: We'll have a look at it
5 and we'll circulate that too, as well, to MPI. Thank
6 you. It sounds like we'll be here for more than a few
7 days anyway.

8 For the Manitoba Bar Association, Mr.
9 Dawson. Welcome back, Mr. Dawson.

10

11 OPENING COMMENTS BY CBA/MBA:

12 MR. ROBERT DAWSON: Thank you, Mr.
13 Chairman, and good morning. My name, as indicated, is
14 Robert Dawson of Dawson Law Chambers here in Winnipeg,
15 and I appear on behalf of the Manitoba Bar Association
16 which seeks standing as an Intervenor in these
17 proceedings.

18 Unlike my colleague, as was earlier
19 mentioned, Mr. Williams, I am not planning any holidays
20 due to honeymoons because, as it is well established, I
21 am undatable and unloved.

22 The Bar Association has filed a request
23 for Intervenor status. And my client proposes to take an
24 active role in all stages of the proceedings, including
25 making Information Requests, attending throughout the

1 Hearing itself, and cross-examining the applicant's
2 witness panel and possibly any witnesses that other
3 Intervenors might introduce, and making closing
4 arguments.

5 It is not my client's intention to call
6 any witnesses or file any written evidence.

7 The Bar Association's Intervenor sta --
8 Intervenor request, which has already been filed as well
9 as served upon Mr. McCulloch, sets out four (4) broad
10 areas that interest my client.

11 First, and this is one of the major ones,
12 is the applicant's PIPP infrastructure initiative. And
13 that project arises out of an order made after my
14 client's appearance before this Board some four (4) years
15 ago.

16 The Bar Association also proposes to
17 continue its scrutiny of the way in which the applicant
18 handles claims for personal injury arising out of the
19 operation of motor vehicles. And for as long as I've had
20 conduct of this matter, my client has been asking if
21 persons entitled to benefits, whether under the laws of
22 Manitoba or pursuant to insurance contracts with MPI,
23 should they be receiving -- well, do they receive what
24 they should, when they should, and in the way that they
25 should?

1 As I have before reformulated that
2 question to make the subject relevant to oversight by a
3 Public Utility Commission, the question is really: Is
4 the applicant expending its revenues relating to personal
5 injury claims in a cost-effective way?

6 The Bar Association also sets out two (2)
7 minor lesser grounds of intervention, and these touch on
8 very specific and narrow issues of public policy concern
9 that arise either out of past hearing issues that remain
10 unresolved or that will emerge from this year's specific
11 application.

12 As it's done in the past, the Manitoba Bar
13 Association intends to cooperate with other Intervenors
14 to avoid duplication of effort. And to that end I have
15 already been in contact with My Learned Friends at the
16 Public Interest Law Centre which, of course, acts on
17 behalf of the Consumers' Association and the Manitoba
18 Society of Seniors.

19 The Intervenor requests that -- that I
20 have filed on behalf of my client includes a budget for
21 costs. As that document shows, the budget is in line
22 with budgets from past years. In preparing that budget,
23 I proceeded upon the assumptions that are set out in
24 writing on that budget itself. And barring an unusually
25 long Hearing or extensive evidence from other

1 Intervenor, it's safe to characterize the filed budget
2 as a maximum cost as might be foreseen.

3 It's in my -- it is my intention to be
4 present throughout the Hearing instead of relying upon
5 the reading of transcripts, and because that, in my past
6 experience, suggests to me that it introduces both delay
7 from my client's perspective as well as an unhelpful
8 distance for me from the Hearing itself and the budget
9 reflects that cost.

10 On the subject of the proposed timetable,
11 which is Exhibit 3, it would be most helpful if, as in
12 past years, the Board could publish not only the starting
13 date of the Hearing, but the actual Hearing dates to the
14 extent that this is possible and as early as possible.
15 It would be very helpful, especially for the lawyers who
16 are trying to schedule their late September, early
17 October.

18 I will also encourage the Board to repeat
19 in its preliminary order the requirement that all
20 electronically filed evidence take the form of PDF files
21 that are not secured against the addition of comments and
22 notes or combining several files into a single document.

23 And failing any questions, Mr. Chairman,
24 that concludes my remarks. Thank you.

25 THE CHAIRPERSON: Thank you, Mr. Dawson.

1 We'll see if we can accommodate the points that you've
2 raised.

3 I'm not quite sure, we usually have the
4 Manitoba Used Car Dealers Association representative, Mr.
5 Roberts present. Are we aware, have they filed a request
6 for intervention?

7 MS. CANDACE EVERARD: Yes, Mr. Chairman.
8 To my knowledge Mr. Roberts did file an Intervention
9 Request indicating, I believe, that no costs were being
10 requested and that he did not anticipate filing evidence.

11

12 (BRIEF PAUSE)

13

14 THE CHAIRPERSON: Very good. Yes, they
15 have made an application. It's been shared with all
16 parties, Mr. Gaudreau? So Mr. Roberts must be detained
17 for some reason or other.

18 We also were expecting to have Resource
19 Conservation Manitoba and Time to Respect Earth's
20 Ecosystems present. Have they filed an Intervention
21 Request, Mr. Gaudreau? They haven't as yet. Okay, we'll
22 hold that one in abeyance.

23 Coalition of Manitoba Motorcycle Groups --
24 and right on time, as if had scripted this, Mr. Oakes has
25 arrived.

1 Mr. Oakes, you'd be happy to know the
2 sound system works. Earlier it didn't, but I guess
3 knowing that you were coming, it is now working.

4 So do you want to introduce yourself, who
5 you're representing, and give us some indication of your
6 intentions as to the intervention this year?

7

8 OPENING COMMENTS BY CMMG:

9 MR. RAYMOND OAKES: Certainly, Mr.
10 Chairman. Further to our application delivered to the
11 Board for Intervenor status is Raymond Oakes, law firm
12 Booth Dennehy, representing again the Coalition of
13 Manitoba Motorcycle Groups.

14 Our intervention is -- is planned to
15 follow similar applications for intervention in the past.
16 There's a number of issues behind the scenes this year.
17 MPI, I understand, is evaluating some of the coverages to
18 be included in basic for motorcycle. That may or may not
19 be an issue that is appropriate to this forum, and as the
20 Hearing proceeds we'll evaluate that issue.

21 Of course, investment in safety is a huge
22 consideration for Coalition of Manitoba Motorcycle
23 Groups. We'd like to see no adverse development in
24 claims. And we'll be evaluating the rate methodology and
25 the rate that's being sought by the Corporation.

1 There will be no witness produced on
2 behalf of the Coalition. And in terms of the team, it'll
3 be myself and Dr. Hickson, as in past years.

4 THE CHAIRPERSON: And you'll be seeking
5 a cost award? And you have some form of budget you'll
6 prepare?

7 MR. RAYMOND OAKES: That's correct, and
8 my understand is that budget's been provided already.

9 THE CHAIRPERSON: Very good. Thank you,
10 Mr. Oakes.

11 And for the CAA, Ms. Wankling or Mr. Kruk?

12

13 OPENING COMMENTS BY CAA MANITOBA:

14 MS. DONNA WANKLING: Good morning, Mr.
15 Chairman. My name is Donna Wankling, and I am
16 representing the CAA Manitoba on behalf of one hundred
17 and eighty-seven thousand (187,000) members in this
18 province.

19 Joining me at the Hearing, and who will be
20 with me at the Hearing throughout the -- the duration is
21 our advisor, Mr. Jerry Kruk. And the last name is
22 spelled, for the record, K-R-U-K.

23 MR. JERRY KRUK: The honest spelling.

24 MS. DONNA WANKLING: I apologise to the
25 Board. I am uncertain as to whether or not our office

1 has filed an Intervenor report. If that has not
2 occurred, it will occur. I'm -- I'm seeing the
3 indication that no, it has not been filed yet. We will
4 make certain that it is filed.

5 As in the past, we will be conducting a
6 watching brief. We will be listening to the Hearing as
7 it unfolds, asking questions if they should arise from
8 our perspective, participating in the closing argument.

9 And we will not -- as in the past, we will
10 not be filing for cost.

11 THE CHAIRPERSON: Thank you very much.
12 We also have received by email an application for
13 Intervenor status from Scootering Manitoba, Mr. Sousa.
14 In his email he indicates that it is their intention to
15 seek Intervenor status and that they will not be
16 providing any witnesses for evidence and will not be
17 seeking an award of costs.

18 They also have further suggested that
19 their intent is to examine rates and policies related to
20 motor scooters and mopeds. So we have that one as well.

21 Is there any other party present or
22 indicated that intends to seek Intervenor status?

23 Therefore, I'll turn it back now to MPI.
24 Mr. McCulloch or Ms. Kalinowsky, do you have any comments
25 to make on the applications you've made to date or the

1 budgets that have been presented as they have been to
2 this point?

3

4 RESPONSE BY MPI:

5 MR. KEVIN MCCULLOCH: Mr. Chairman, we've
6 had an opportunity, obviously, to review the applications
7 that have actually been filed. And -- and we're also
8 aware of the intentions of the various organizations --
9 organizations that have indicated that they will be
10 filing. And really no surprises. It -- it's the same
11 list of Intervenor applications that we've faced in the past.

12 And at this point, other than to note that
13 while Mr. Dawson indicated that he was undated, it
14 appears to me his application and his issues are somewhat
15 dated. But we'll still proceed, and there's no objection
16 to any of the Intervenor applications that have been put
17 forward this morning.

18 As for the costs, I -- I accept in Mr.
19 Dawson's application that he's indicated that that's sort
20 of the maximum, should he be in attendance the whole
21 time. And I imagine that to some extent it's the same
22 with CMMG. At this point they're only able to give us an
23 estimate, and once the actual hours are spent, we'll get
24 a more refined application for costs.

25 THE CHAIRPERSON: Thank you, sir. Are

1 there any other comments with respect to the proposed
2 schedule that the Board needs to consider? Anybody want
3 to speak on that particular issue?

4 Heard a few comments about suggesting that
5 in our order, with respect to accepting Intervenor
6 status, we could indicate the prospective Hearing dates;
7 that was one thing. Another matter with respect to
8 electronic filings.

9 Is there any other points that would like
10 to be raised by any party with respect to the whole
11 schedule?

12 Not hearing any, thank you all for your
13 cooperation. We're looking forward to the usual spirited
14 cooperation that's always been displayed at the hearings.

15 The Board will consider the matters that
16 it has heard this morning, and we will publish an order
17 granting Intervenor status as soon as possible and as
18 well, confirming the schedule and hopefully taking note
19 of some of the points that were raised today.

20 We look forward to seeing you all in the
21 fall. And this concludes this pre-hearing conference. We
22 stand adjourned. Thank you.

23

24 --- Upon adjourning at 9:27 a.m.

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Certified Correct,

Cheryl Lavigne, Ms.