

Order No. 82/18

MANITOBA PUBLIC INSURANCE CORPORATION (MPI OR THE CORPORATION):

**PROCEDURAL ORDER
(2019/20 RATES AND PREMIUMS FOR COMPULSORY DRIVER
AND VEHICLE INSURANCE)
TIMETABLE FOR A PUBLIC HEARING, APPROVAL OF INTERVENERS
and APPROVAL OF ISSUES**

June 29, 2018

**BEFORE: Robert Gabor, Q.C., Chair
Irene A. Hamilton, Member
Robert Vandewater, Member
Carol Hainsworth, Member**

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Summary

By this Order, the Public Utilities Board of Manitoba (Board) accepts Interveners to the Board's public hearing of the General Rate Application (GRA) of Manitoba Public Insurance Corporation (MPI or Corporation), for the review and approval of base rates and premiums for universal compulsory driver and vehicle insurance to take effect March 1, 2019. The Board also provides Interveners with direction, establishes the Final Issues List, approves the pre-qualification of certain expert witnesses, and establishes a timetable pertaining to the proceeding.

1.0 Introduction

The Board held a Pre-Hearing Conference (PHC) at its offices in Winnipeg on Wednesday, June 25, 2018, for the purposes of:

- Considering applications from prospective interveners ("Interveners") and matters related thereto;
- Considering procedural matters and the issues to be decided by the Board in the GRA, and more particularly, any variations to the Preliminary Issues List approved in Board Order 61/18;
- Hearing requests from MPI and prospective Interveners for pre-qualification of expert witnesses; and
- Establishing a timetable for the hearing.

This Order arises from the PHC.

At the PHC, the following exhibits were entered into the record of this proceeding by Board counsel:

1. Notice of Public Hearing and PHC, dated June 15, 2018;
2. The Board's Rules of Practice and Procedure;
3. Proposed hearing timetable, circulated June 18, 2018;
4. Letter issued by the Board Secretary to MPI and prospective Interveners dated June 18, 2018, with attachments;
5. Letter issued by the Board Secretary to MPI and prospective Interveners dated June 22, 2018, in respect of the process for pre-qualification of expert witnesses; and
6. Interim Procedural Order 61/18, which established a Preliminary Issues List for the GRA.

At the PHC, the following exhibits were entered into the record of this proceeding by MPI:

1. GRA (two volumes);
2. MPI Customer Self Service Business Case;
3. Blackline version of IT Appendix 1 of the GRA;
4. *Curriculum vitae* of Charles E. (Chuck) Henry;
5. *Curriculum vitae* of Dave Makarchuk; and
6. Proposed hearing timetable, circulated June 25, 2018.

The parties seeking Intervener status were asked to:

1. Indicate their constituency and interests;
2. Outline the areas of the GRA that they intended to test;
3. Provide their reasons for requesting Intervener status;
4. Specify their plans to call evidence/witnesses; and
5. Indicate their interest with respect to seeking an award of costs, and, if interest was expressed, to provide a draft budget.

The Board advised prospective Interveners that it intends to apply the criteria set out in the Board's Rules in determining the awarding of costs, such decisions being at the sole discretion of the Board. In reviewing applications for costs awards, the Board will consider a number of different factors including, without limitation, whether the Intervener participated in the hearing process in a responsible manner and whether the Intervener made a significant contribution that assisted the Board in achieving a better understanding of the issues before it.

The following parties applied for Intervener status within the GRA proceeding:

- (a) Consumers' Association of Canada (Manitoba) Inc. (CAC), represented in person at the PHC by counsel, Mr. Byron Williams and Ms. Katrine Dilay;
- (b) Coalition of Manitoba Motorcycle Groups (CMMG), represented in person at the PHC by counsel, Mr. Raymond Oakes, and Articling Student, Ms. Charlotte Meek;
- (c) Canadian Automobile Association Manitoba (CAA), represented in person at the PHC by Ms. Erika Miller;

- (d) Uber Canada Inc. (Uber), represented at the PHC by teleconference by counsel Ms. Diane Rodgers and Mr. Joe Messina, and by Mr. Chris Schafer; and
- (e) The Manitoba Used Car Dealers Association, with no one appearing on its behalf at the PHC.

At the PHC, MPI was represented by Mr. Michael Triggs, General Counsel and Corporate Secretary, Mr. Anthony Lafontaine Guerra, MPI Legal Counsel, Mr. Mark Giesbrecht, Vice-President, Finance and Chief Financial Officer, and Mr. Jeff Crozier, Director of Regulatory Affairs.

Prior to the filing of the GRA, on May 7, 2018, the Board issued Interim Procedural Order 61/18. The purpose of Order 61/18 was to establish a Preliminary Issues List for the GRA. By letter to MPI dated April 11, 2018, copied to interested parties and prospective interveners, the Board advised that it was seeking to streamline its procedure for the 2019 GRA. The Board invited MPI and the interested parties and prospective interveners to provide their comments on the scope of the issues, following which Order 61/18 issued. In addition, the Minimum Filing Requirements (MFRs) for the 2019 GRA were provided to MPI following the issuance of Order 61/18. Of those invited to comment on the scope of the issues, the Board heard from MPI and CAC. The Board held in Order 61/18 that a Final Issues List would be approved by the Board in this Procedural Order.

The Preliminary Issues List approved by the Board in Order 61/18 was as follows:

The following issues will be considered within the scope of the 2019 GRA in the normal course:

1. Requested vehicle rate and any changes to other fees and discounts;
2. Rate indication based on accepted actuarial practice in Canada;

3. Compliance with Board Orders 130/17, 11/18 and 29/18;
4. Financial forecast:
 - a. financial forecast accuracy (2017/18 forecast versus actual results);
 - b. changes in projected financial results; and
 - c. update of the Interest Rate Forecast based upon methodology approved in Board Order 130/17;
5. Corporate Strategic Plan;
6. Changes, if any, to integrated cost allocation methodology;
7. Update of DCAT, target capital analysis and the target Basic total equity threshold levels based upon methodology approved in Board Order 130/17;
8. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix);
9. Cost of operations and cost containment measures;
10. Claims forecasting (including PIPP);
11. Operational benchmarking, including with comparison to other provinces;
12. Run-off of prior year claims during 2017/18;
13. Long tail experience from other jurisdictions;
14. Risk Assessment and Risk Management;
15. Results of the Service Fees review; and

16. Other issues that may arise (depending upon the nature and scope of the issue) based on a review of the application.

The following issues will require more detailed consideration at the 2019 GRA:

17. Driver Safety Rating (“DSR”) with further assessment on having “*driver premiums more statistically consistent with the average claims cost per driver for each level on the demerit side of the DSR scale, and vehicle premium discounts that are fully supported by actuarial indications based on principal driver performance evaluation*” [Board Order 29/18].
18. Final rates for service for Vehicles for Hire (VFH) for the 2017/2018 and 2018/2019 insurance years and the directives from Board Order 11/18.
19. Current IT Strategic Plan and IT Expenses and Projects, including the Physical Damage Re-engineering Project, Distributed Estimating Technology Modernization, the Value Management Process and other initiatives planned for or ongoing in the rating years.
20. Capital Maintenance Provision with further assessment of developing a pricing approach which accounts for the natural growth of Basic’s risk profile and protects against the natural depletion of Basic Total Equity.
21. Asset Liability Management Study, including review of all aspects of the Study recommendations and implementation thereof, the basis for and evaluation of risk and return, alternative portfolio compositions, proposed portfolio segregation and recommended composition of the investment portfolio(s), forecast investment performance and changes to the Investment Policy Statement.

The following issues will be deferred from the 2019 to future applications, or will be the subject of a technical conference or another process:

22. Road Safety (other than costs and budget of Road Safety programs);
23. Interest Rate Forecast (other than update referred to in item 4c above);
24. Target Capital Methodology (other than update referred to in item 7 above);
25. Integrated Cost Allocation Methodology (other than changes referred to in item 6 above).

Prior to the PHC, on June 18, 2018, the Board issued a letter with respect to both the GRA and processes implemented by the Board, including Minimum Filing Requirements to be followed by MPI, and the scheduling of an Application Overview Workshop. ("the Workshop"). At the Workshop, any variations from the Preliminary Issues List to the Final Issues List proposed by the parties were to be discussed and identified.

2.0 Applications for Intervener Status

2.1 CAC

CAC is a volunteer, non-profit independent organization, which represents the interests of consumers and aims to protect and reconcile the interests of all MPI consumers with a particular emphasis on the private passenger class. CAC intends to present an evidence-based intervention guided by a principled consideration of the consumer interest.

The areas in which CAC advised it intends to test the evidence of MPI include, among others:

- The appropriateness of the 2.2% requested overall rate increase;

- Ratemaking in accordance with accepted actuarial practice;
- The overall health of MPI, including reserves;
- The various operating, capital, revenue, claims and investment income forecasts;
- Cost control, operating and claims expenses, staffing and cost containment;
- The Information Technology direction to be taken by MPI in 2019 and beyond;
- The methodology and appropriateness of the proposed Rate Stabilization Reserve (RSR);
- Issues related to MPI's investment portfolio;
- The proposed rates for Vehicles for Hire; and
- Issues related to the Driver Safety Rating.

CAC advised that it intends to appear throughout the hearing, to participate in the production of evidence, to participate in the testing of evidence, and to present final argument. CAC advised that it intends to call Valter Viola to present evidence with reference to investment related issues, including the Asset Liability Management Study conducted by Mercer Canada for MPI, changes to MPI's asset mix and MPI's overall investment portfolio.

CAC indicated that it may also call expert witnesses with respect to actuarial issues including the Capital Maintenance Provision proposed by MPI, as well as evidence related to the implications for the reliability of the GRA forecast and Dynamic Capital Adequacy Testing (DCAT) modelling of MPI's reliance on the naïve interest rate forecast.

CAC advised that it will seek a costs award, and provided an intervention budget in the amount of \$219,166.75 – \$219,666.75, including legal fees, accounting consulting fees, actuarial consulting fees, expert witness consulting fees and disbursements.

2.2 CMMG

CMMG is a volunteer, non-profit organization that was formed in 1992 in response to motorcycle rate increases. It is comprised of several hundred paid members along with a larger social media and other community of approximately 2000.

CMMG stated that it will seek to assist the Board in critically evaluating the GRA, testing the evidence and raising issues of concern and interest to the motorcycling public specifically and Manitoba ratepayers generally. CMMG indicated that it intends to examine the following issues:

- Rate methodology;
- Loss experience;
- Investment returns;
- Road safety; and
- New initiatives for motorcycle insurance.

CMMG advised that it intends to appear throughout the hearing, to participate in the testing of evidence and to present final argument. CMMG will seek a costs award, and provided an intervention budget of \$54,314.40 inclusive of tax, fees and disbursements. CMMG will not be producing any witnesses in connection with its intervention.

2.3 CAA

CAA represents over 200,000 Manitobans. CAA advised that it intends to intervene in the GRA as its members expect it to advocate on their behalf with respect to fair insurance rates, as well as on road safety issues.

CAA advised that it does not intend to call any witnesses or present evidence at the GRA, nor will it seek an award of costs.

2.4 Uber Canada Inc.

Uber and its affiliates leverage a proprietary digital platform to connect ride-sharing drivers with individuals requesting transportation services. Uber sought intervention in the GRA to address the insurance product developed by MPI for ride-sharing, or Vehicles for Hire. Uber commented as follows:

- That MPI's Vehicles for Hire insurance product would make it difficult for ride-sharing companies to assess compliance by its drivers with the product; and
- The product will create friction for drivers by requiring them to make changes to their personal insurance.

Uber advised that it intends to appear throughout the hearing and present final argument, and would not be seeking costs. Uber also indicated that it would be prepared to call a witness to speak to a comparison of Vehicles for Hire insurance products available in other jurisdictions.

2.5 Manitoba Used Car Dealers Association

The Manitoba Used Car Dealers Association seeks to protect the interests of automobile dealers in Manitoba by ensuring that forecasts are reasonably reliable, and ensuring that actual and projected costs incurred are necessary and prudent.

The Association indicated that it does not intend to appear throughout the hearing, participate in the production or testing of evidence or present final argument, nor would it be seeking costs.

2.6 MPI

MPI did not take issue with the applications for intervention of CAC, CMMG, or CAA.

MPI opposed the application for intervention of Uber. MPI commented that the issues raised by Uber were with respect to the structure of the Vehicles for Hire insurance product, which is a policy issue, not a rating issue. MPI argued that the structure of its insurance product is not something to be addressed in the GRA.

MPI also opposed the application for intervention of the Manitoba Used Car Dealers' Association, on the basis that the Association was not proposing any participation in the hearing by the calling of evidence or participation in the hearing.

3.0 Preliminary Issues List and Procedural Matters

MPI and the prospective Interveners provided comment on the Preliminary Issues List.

MPI did not suggest any changes to the Preliminary Issues List, but did suggest that a Pre-Hearing Conference take place in September of 2018, with a view to further narrowing the issues to be addressed in the public hearings. MPI's proposal was that a "Hearing Issues List" be developed, to be approved by the Board, which would list those issues that could be spoken to or challenged in the public hearings. MPI commented that

there would be merit in conducting a further review of the issues once Information Request responses and Intervener evidence was filed. In MPI's view, it would be clear to the parties which issues have been adequately addressed by that stage of the proceedings.

CAC's position was that as a result of the Application that has been filed by MPI, certain issues which had been determined by the Board to be deferred to other proceedings are now required to be included within the Final Issues List. In particular, CAC's position was that:

1. Issue 23 on the Preliminary Issues List, the Interest Rate Forecast, should be before the Board in this GRA. In Board Order 130/17, the Board required that MPI use the 50/50 interest rate forecast for target capital and rate setting purposes. In this Application, MPI has applied for rates on the basis of a Naïve interest rate forecast.
2. Issue 24, Target Capital Methodology, would also be before the Board, for three reasons. First, the upper target for the Rate Stabilization Reserve (RSR) based on the Dynamic Capital Adequacy Testing (DCAT) proposed no management action. CAC's position is this is not in keeping with Order 130/17, which required an upper target for the DCAT taking management action into account. Second, with respect to the lower target for the RSR, CAC would seek to understand whether the target, based on a Minimum Capital Test (MCT) of 34%, is consistent with the Board's approved methodology in Order 130/17. Lastly, given MPI's use of the Naïve interest rate forecast, there would be an issue as to the implications of the interest rate forecast on the DCAT.

CAC was in general agreement with the objective of making the public hearings more efficient but was of the view that an additional Pre-Hearing Conference would not be efficient. CAC suggested that a meeting of legal counsel to discuss intended areas of cross-examination would suffice to serve the purpose of making the hearing more efficient.

CMMG did not propose any variations from the Preliminary Issues List to the Final Issues List, although the focus of its intervention would not cover all of the issues. CMMG took the position that there should not be a further narrowing of the issues prior to the public hearings to restrict areas of cross-examination, as the principles of fundamental justice require a full hearing.

CAA did not propose any variations from the Preliminary Issues List to the Final Issues List. Uber proposed that an additional issue be added, namely, the structure of the Vehicles for Hire insurance product and alternate insurance models.

4.0 Pre-Qualification of Expert Witnesses

In the 2018 GRA, the Board instituted a new process for the pre-qualification of expert witnesses at the PHC. This process was employed again at the PHC, which was as follows:

1. MPI or a prospective Intervener intending to call an expert witness in the GRA hearings provided notice to the Board of the intention to have the witness qualified, and provided the *curriculum vitae* of the witness to the Board, along with the proposed area(s) of qualification.
2. At the PHC, the party seeking pre-qualification made submissions to the Board as to the qualifications of the witness and made the request for pre-

qualification. The witness was not called to be examined on his or her qualifications.

3. The other parties were canvassed as to their positions on the request for pre-qualification.

4.1 MPI

MPI requested pre-qualification of two expert witnesses it is prepared to produce to testify at the public hearings:

- Charles E. (Chuck) Henry: Mr. Henry is Vice President, Solutions and Pricing with Gartner Group and has over 40 years of executive and consulting experience with public and private sector organizations. MPI requested that he be pre-qualified as an expert in the area of the use and planning of information technology, and information technology governance.
- Dave Makarchuk: Mr. Makarchuk is a partner with Mercer Investments, and is Sales and Strategic Growth Leader with the Canada's National Wealth Leadership Team. Mr. Makarchuk is a Fellow of the Canadian Institute of Actuaries. MPI requested that he be pre-qualified as an expert in the area of institutional investment planning and asset and liability matching.

4.2 CAC

CAC requested pre-qualification of three expert witnesses:

- Dr. Wayne Simpson: Dr. Simpson is a Professor of Economics at the University of Manitoba. CAC requested that he be pre-qualified as an expert in applied econometrics, applied microeconomics, and quantitative methods.

Dr. Simpson has been qualified as an expert witness in previous hearings before the Board.

- Andrea Sherry: Ms. Sherry is Vice-President, Insurance Solutions with The Wawanesa Mutual Insurance Company. CAC requested that she be pre-qualified as an expert in actuarial analysis with a particular focus on pricing, rate-making, and risk related to automobile insurers generally, including Crown-owned automobile insurers. Ms. Sherry has been qualified as an expert witness in previous GRA hearings.
- Valter Viola: Mr. Viola is a Chartered Financial Analyst and has 25 years of institutional portfolio management, investment research and risk management experience. CAC requested that he be pre-qualified as an expert in investment portfolio management, investment portfolio research economics and risk management, and quantitative asset liability modelling. Mr. Viola was previously qualified as an expert witness before the Board in the 2017 GRA.

Consensus was reached among MPI and the prospective Interveners with respect to each of the requests for pre-qualification, and no objections were noted.

5.0 Board Comments and Decisions

After considering all of the submissions with respect to Intervener applications, the Board grants Intervener status to each of CAC, CMMG and CAA.

The Board declines to grant intervener status to Uber and the Manitoba Used Car Dealers' Association.

With respect to the application for intervention of Uber, the Board notes that in its submissions Uber acknowledged that it was not intending to test the rate applied for by

MPI or the rationale behind the rates, but rather to discuss the structure of the Vehicles for Hire insurance product more generally. On this basis, the Board finds that the area of intervention proposed by Uber would be of limited assistance to it in its determination of just and reasonable rates. While the Board has a broad jurisdiction to examine policy issues affecting rates, the Board does not view its role as regulator to include directing MPI's business practices. The Board reminds Uber, however, of its ability to appear as a presenter in the public hearings should it wish to make submissions.

With respect to the application of the Manitoba Used Car Dealers Association, the Board points out that it did not request that it appear at the public hearings, nor to present evidence or final argument. Further, no one from the Association appeared at the Pre-Hearing Conference. Accordingly, the Board finds that the Association would more appropriately participate in the GRA as a presenter in the public hearings, should it wish to do so.

As always, the Board expects a high degree of co-operation among all Interveners and with Board counsel to avoid duplication and restrain regulatory costs.

Attached to this Order as **Schedule "A"** is the rate sheet by which Board counsel and counsel for the Interveners shall have their rates set, according to years of seniority at the Bar.

With respect to applications for costs by approved Interveners, the Board will review the detailed budgets and provide preliminary approval. Final approval will only be granted with the Board determination of the cost awards application after the hearing. In reviewing the cost awards application the Board will consider a number of different factors including, without limitation, whether the Intervener participated in the hearing process in a responsible manner and whether the Intervener made a significant contribution that assisted the Board in achieving a better understanding of the issues before it. Interveners

should review Part IV - Awarding Costs of the Board under the Board's Rules of Practice and Procedures that can be found on the Board web site.

Should any approved Intervener seeking an award of costs determine that their approved preliminary budget will be exceeded by 10% or more, that Intervener is to immediately notify the Board before exceeding the preliminary budget, explain the reason for the need to revise the budget and also propose the amount of additional funding being sought. The Board has the discretion to reject all additional costs above the preliminary budget where prior approval is not first obtained.

With respect to the Final Issues List, the Board has taken into consideration the submissions made by MPI and the Interveners. The purpose of the Preliminary Issues List was to streamline the GRA process, with a view to making it more efficient. The Board remains of the view that the parties should work to create efficiencies within the hearing process, but also recognizes that by virtue of the GRA filed by MPI, certain areas which were not to be a focus of this hearing are again in issue. Although MPI did not propose any variations from the Preliminary Issues List to the Final Issues List, the Board accepts the position of CAC, that the issues of the Interest Rate Forecast and the DCAT Methodology be examined in this GRA. The Board orders, however, that the focus of these issues be limited, given the repeated examination these issues have undergone in prior GRAs. Accordingly, the Board orders that (1) the justification for the use of the Naïve interest rate forecast, and (2) the justification for changes to the DCAT methodology from that approved in Order 130/17 be added to the Final Issues List, which is set out in Directive 3 of this Order.

Both CMMG and CAA in their applications for intervention indicated that they would be focusing on the issue of Road Safety; however, the examination of that issue is to be limited to costs and budget of Road Safety programs.

The Board has also considered the proposal put forward by MPI for a second Pre-Hearing Conference to take place, and for the Board to approve a Hearing Issues List. The Board is of the view that a second Pre-Hearing Conference is not warranted. The Board is concerned that reducing the issues to be examined in the public hearings by way of a Pre-Hearing Conference and a Hearing Issues List would require the Board to pre-judge the evidence in the GRA without the benefit of the public hearing. The Board does expect, however, that the Information Request process will be thorough, resulting in efficient cross-examination in the public hearings. The Board will also require that legal counsel for the Board, MPI and the Interveners meet following completion of the Information Request process to discuss areas for cross-examination in the public hearings, thereby ensuring that the hearings are conducted as efficiently as possible.

The Board has reviewed and considered the qualifications of the proposed expert witnesses put forward by MPI and CAC, and accepts that they are qualified as experts on the terms as proposed by MPI and CAC respectively. Therefore, the Board will not require that they be examined on their expertise should they be called to testify in the public hearings.

5.1 Timetable

At the PHC, MPI put forward a proposed timetable which incorporated a second PHC to take place on September 21, 2018, along with other changes to the proposed timetable circulated by the Board on June 18, 2018. Given the Board's findings as above, the Board declines to order that a second PHC take place. Instead, as part of the timetable, the Board will require a meeting of all counsel on September 21, 2018 to discuss areas for cross-examination in the public hearings, in order to ensure that the hearings are conducted as efficiently as possible.

The Board has adopted some of the changes to the proposed timetable, and the timetable approved by the Board is attached hereto as **Schedule "B"**.

Also at the PHC, MPI indicated its intent to file a motion for certain information to be filed confidentially pursuant to Rule 13 of the Rules. The Board will determine the process and timetable for the motion once it is filed, and accordingly, this information is not contained within **Schedule "B"**.

The Board has set as hearing dates with respect to the GRA the following: October 15 - 19, 2018, October 22 - 26, 2018, and October 29 - November 2, 2018 (a total of 15 hearing days). It is the Board's expectation that some of these hearing dates will not be utilized, but all days were reserved to permit flexibility in scheduling.

Attached hereto as **Schedule "C"** are the procedures to be followed over the course of the GRA process, and attached hereto as **Schedule "D"** is the Information Request template to be utilized by all parties to the GRA. As provided for within the template, the party submitting an Information Request must reflect the rationale for the question. Similarly, and as also provided for within the template, should a full or partial answer be refused, the party refusing to answer or fully answer the question must reflect the rationale for the refusal.

IT IS THEREFORE ORDERED THAT:

1. Interveners to the hearing shall be:
 - (a) Consumers' Association of Canada (Manitoba) Inc.;
 - (b) Coalition of Manitoba Motorcycles Groups Inc.; and
 - (c) Canadian Automobile Association (Manitoba).

2. The applications for Intervener Status of Uber Canada Inc. and the Manitoba Used Car Dealers Association are hereby dismissed.
3. The Final Issues List for the GRA shall be as follows:

The following issues will be considered within the scope of the 2019 GRA in the normal course:

1. Requested vehicle rate and any changes to other fees and discounts;
2. Rate indication based on accepted actuarial practice in Canada;
3. Compliance with Board Orders 130/17, 11/18 and 29/18;
4. Financial forecast:
 - a. financial forecast accuracy (2017/18 forecast versus actual results);
 - b. changes in projected financial results;
 - c. update of the Interest Rate Forecast based upon methodology approved in Board Order 130/17; and
 - d. justification for the use of the Naïve interest rate forecast for rate-setting and target capital purposes; in particular, any change of circumstances since the issuance of Order 130/17 that would warrant the use of the Naïve interest rate forecast.
5. Corporate Strategic Plan
6. Changes, if any, to integrated cost allocation methodology;

7. Update of DCAT, target capital analysis and the target Basic total equity threshold levels based upon methodology approved in Board Order 130/17;
 - 7.1 Any change in circumstances since the issuance of Order 130/17 that would justify changes to the DCAT methodology from that approved by the Board in Order 130/17;
8. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix);
9. Cost of operations and cost containment measures;
10. Claims forecasting (including PIPP);
11. Operational benchmarking, including with comparison to other provinces;
12. Run-off of prior year claims during 2017/18;
13. Long tail experience from other jurisdictions;
14. Risk Assessment and Risk Management;
15. Results of the Service Fees review; and
16. Other issues that may arise (depending upon the nature and scope of the issue) based on a review of the application.

The following issues will require more detailed consideration at the 2019 GRA:

17. Driver Safety Rating (“DSR”) with further assessment on having “*driver premiums more statistically consistent with the average claims cost per driver for each level on the demerit side of the DSR scale, and vehicle premium*”

discounts that are fully supported by actuarial indications based on principal driver performance evaluation” [Board Order 29/18].

18. Final rates for service for Vehicles for Hire (VFH) for the 2017/2018 and 2018/2019 insurance years and the directives from Board Order 11/18.
19. Current IT Strategic Plan and IT Expenses and Projects, including the Physical Damage Re-engineering Project, Distributed Estimating Technology Modernization, the Value Management Process and other initiatives planned for or ongoing in the rating years.
20. Capital Maintenance Provision with further assessment of developing a pricing approach which accounts for the natural growth of Basic’s risk profile and protects against the natural depletion of Basic Total Equity.
21. Asset Liability Management Study, including review of all aspects of the Study recommendations and implementation thereof, the basis for and evaluation of risk and return, alternative portfolio compositions, proposed portfolio segregation and recommended composition of the investment portfolio(s), forecast investment performance and changes to the Investment Policy Statement.

The following issues will be deferred from the 2019 to future applications, or will be the subject of a technical conference or another process:

22. Road Safety (other than costs and budget of Road Safety programs);
23. Interest Rate Forecast (other than areas referred to in items 4c and 4d above);

24. Target Capital Methodology (other than areas referred to in items 7 and 7.1 above);
25. Integrated Cost Allocation Methodology (other than changes referred to in item 6 above).
4. **Schedule "B"**, as attached, shall be the timetable for the orderly exchange of information by the participating parties.
5. **Schedule "C"**, as attached, shall apply with respect to the hearing of the GRA.

THE PUBLIC UTILITIES BOARD

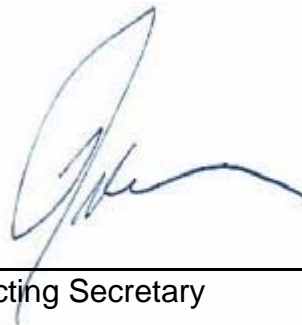
"Robert Gabor, Q.C."

Chair

"Kurt Simonsen"

Acting Secretary

Certified a true copy of Order No. 82/18
issued by The Public Utilities Board



Acting Secretary

SCHEDULE "A"**PUBLIC UTILITIES BOARD OF MANITOBA****RATE STRUCTURE****(Effective as of January 1, 2016)****LEGAL COUNSEL:**

20 or more years of relevant experience	\$285/hr
15-19 years	Up to \$240/hr
10-14 years	Up to \$190/hr
5-9 years	Up to \$140/hr
Base salary (new lawyer)	\$100/hr

ACCOUNTANTS:

20 or more years of relevant experience	\$240/hr
15-19 years	Up to \$205/hr

10-14 years	Up to \$170/hr
5-9 years	Up to \$135/hr
Base fee (new accountant)	\$100/hr

ENGINEERING SERVICES:

20 or more years of relevant experience	\$200/hr
15-19 years	Up to \$175/hr
10-14 years	Up to \$150/hr
5-9 years	Up to \$125/hr
Base fee	\$100/hr

SCHEDULE "B"

ITEM	2018 DATES	Day of the Week	2018 Elapsed Working Days
1. Application filed and served	June 15, 2018	Friday	0
2. Notice of Public hearing to be published	June 16, 2018	Saturday	0
3. PUB Workshop	June 22, 2018	Friday	5
4. Interveners complete Registration	June 22, 2018	Friday	5
5. Pre-hearing Conference	June 25, 2018	Monday	6
6. Procedural Order Issued	July 04, 2018	Wednesday	12
7. Round One Information Requests Filed	July 11, 2018	Wednesday	17
8. Round One Information Responses Filed	August 08, 2018	Wednesday	36
9. Parties to file motions on Round One IRs	August 09, 2018	Thursday	37
10. Board to hear motions	August 10, 2018	Friday	38
11. Round Two Information Requests Filed	August 20, 2018	Monday	44
12. Round Two Information Responses Filed	September 14, 2018	Friday	62

13. Reminder Notice of Public Hearing Published	September 15, 2018	Saturday	62
14. Parties to File any Motions	September 17, 2018	Monday	63
15. Board to hear all Motions	September 19, 2018	Wednesday	65
16. Meeting of Legal Counsel	September 21, 2018	Friday	67
17. Interveners to file pre-filed testimony to all parties	September 24, 2018	Monday	68
18. Information Requests on Intervener Evidence	September 27, 2018	Thursday	71
19. Interveners Information Responses	October 3, 2018	Wednesday	75
20. MPI Rebuttal Evidence	October 9, 2018	Tuesday	78
21. Hearing commences	October 15 to 19	Monday to Friday	5 days
	October 22 to 26	Monday to Friday	5 days
	October 29 to November 2	Monday to Friday	5 days
Board Issues Order	December 3, 2018		

SCHEDULE "C"

**PROCEDURES TO BE FOLLOWED AT THE
MANITOBA PUBLIC INSURANCE CORPORATION**

2019 RATE APPLICATION

1. Hearing and Rural Meetings:
 - (a) Winnipeg hearing will be held at the Board's office, 4th Floor, 330 Portage Avenue, Winnipeg, commencing on October 15, 2018 at 9:00 a.m. and continuing thereafter as necessary.
 - (b) Rural Meetings (if necessary) – time, location and place to be identified.

2. Hearing Times Each Day:

9:00 a.m. to 12:00 Noon

1:15 p.m. to 4:00 p.m.

(amendments may be made by the Board at the hearing)

3. Assigned Sittings:

Presenters will be heard commencing at 1:15 p.m. on Monday, October 15, 2018 and continuing that day as necessary.

4. Opening Statements by Board Counsel, Counsel for MPI and Counsel or representatives of registered Interveners.

5. (a) MPI to file its application and supporting evidence.

(b) MPI to introduce witnesses. Board counsel and Interveners to cross-examine the Corporation's witnesses (order to be determined).
6. (a) Leading of testimony by witnesses for Interveners, if any, will be in alphabetical order by name of Interveners and updated as necessary.

(b) Witnesses to be available for cross-examination by all parties following each presentation.
7. All information requests are to be filed in the prescribed form (attached hereto as **Schedule "D"**) and responded to using the prefixes as assigned by the Board when Interveners are registered (set out in the body of the Order). The party requesting information is to use firstly their prefix followed by the prefix of the party being asked e.g. PUB/MPI, etc. Interrogatories are to be numbered sequentially through 1st and 2nd rounds, e.g. PUB/MPI 1-3, PUB/MPI 2-7.
8. All pre-filed evidentiary material to be filed at the commencement of the hearing by Board Counsel using assigned prefixes.
9. All witnesses to highlight their evidence.
10. All witnesses to be sworn or affirmed.
11. Daily transcripts will be available. Transcripts can be found at www.pub.gov.mb.ca at no charge.
12. It is the Board's request that all motions be dealt with pursuant to the Board's Timetable.

13. The Board's Rules of Practice and Procedure (available on the Board's website) dealing with the awarding of costs will apply to all matters before the Board.
14. The Board indicates its willingness to be available for any problems that may arise during the exchange of information at any time, such time to be arranged through Board Counsel.
15. Seven (7) paper copies of material are to be submitted to the Board's offices and three (3) copies are to be submitted to Board Counsel at the following address:

Attention:

Kathleen McCandless and Robert Watchman, Pitblado LLP, 2500 – 360 Main Street, Winnipeg, MB R3C 4H6.
16. Electronic copies of all material including the evidence of parties, are required to be submitted to the Board's e-mail address: publicutilities@gov.mb.ca. Where schedules or other attachments accompany an electronic file, that filing must be discrete and include only the item and schedules to which each refers. The electronic files shall be named in accordance with their parties prefix as per #7. All electronic filings shall be in Adobe Acrobat format, with protection securities allowing printing, content copying, content copying for accessibility and page extraction.

SCHEDULE "D"

INFORMATION REQUEST TEMPLATE

Manitoba Public Insurance 2019/20 General Rate Application

Optional Applicant Logo

XXX/XXX X-X

Part and Chapter:		Page No.:	
PUB Approved Issue No.:			
Topic:			
Subtopic:			

PREAMBLE TO IR (IF ANY):

QUESTION:

RATIONALE FOR QUESTION:

RESPONSE:

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION: