



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)

2021/2022 GENERAL RATE APPLICATION

PRE-HEARING

Before Board Panel:

Irene Hamilton - Board Chairperson

Robert Gabor, Q.C. - Board Chair

Robert Vandewater - Board Member

(by phone)

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

June 30, 2020

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APPEARANCES

Kathleen McCandless ) Board Counsel  
Robert Watchman ) Board Counsel  
Steven Scarfone ) Manitoba Public  
Anthony Guerra ) Insurance  
Byron Williams ) CAC (Manitoba)  
Charlotte Meek ) CMMG  
Jennifer Sokal ) IBAM  
Antoine Hacault ) Taxicab Coalition

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1 --- Upon commencing at 9:04 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,  
4 ladies and gentlemen, and welcome to the pre-hearing  
5 conference for MPI's 2021/'22 General Rate Application  
6 that was filed June 17th, 2020. I am Irene Hamilton,  
7 the Chair of the panel of the Public Utilities Board.  
8 Joining me today in the hearing room is the Board  
9 Chair Robert Gabor and Board member Robert Vandewater  
10 is joining us by teleconference.

11 The panel is assisted in this General  
12 Rate Application by assistant -- Associate Secretary  
13 Jennifer Dubois, Judicial Hearing Assistant Kristen  
14 Schubert, Kathleen McCandless, and Robert Watchman  
15 will act as the Board counsel.

16 As in prior hearings, the Board is also  
17 assisted by technical advisors from Cathcart Advisors  
18 and Eckler Partners. Donna Whitehouse is our court  
19 reporter today.

20 The Public Utilities Board mandate is  
21 to set just and reasonable rates that are in the  
22 public interest. The public interest has been defined  
23 by the Manitoba Court of Appeal as balancing the  
24 impact of rate increases on consumers with the fiscal  
25 health of the Utility. In order to set just and

1 reasonable rates that are in the public interest, the  
2 Board will need to hear and consider all of the  
3 evidence that is adduced on the record of -- of this  
4 proceeding, and hear submissions from Manitoba Public  
5 Insurance and all approved Interveners.

6                   Manitoba Public Insurance is applying  
7 to the Board for approval of its premiums charged with  
8 respect to compulsory driver and vehicle insurance.  
9 This General Rate Application will be conducted in  
10 accordance with the provisions of the Crown  
11 Corporation's Governance and Accountability Act and  
12 the Public Utilities Board Act.

13                   We will employ throughout the process  
14 the Board's rules of practice and procedure, which can  
15 be viewed on the Board's website. Any questions in  
16 terms of locating the rules can be posed to the Board  
17 office.

18                   In its application, MPI proposes new  
19 premium rates to take effect on April 1st, 2021,  
20 which, if granted, would represent a 10.5 percent  
21 overall rate decrease over the current insurance year.  
22 This rate is based provisionally on the naive interest  
23 rate forecast as at March 30th, 2020, and is to be  
24 updated to a final rate indication -- or final rate  
25 indication in October prior to the commencement of the



1 public hearings.

2                   The overall 10.5 percent decrease is  
3 comprised of a 3 percent decrease resulting from  
4 changes to the automobile insurance coverage  
5 regulation for Basic insurance coverage, a 2.5 percent  
6 decrease on a provisional basis in the breakeven cost  
7 of Basic vehicle premiums, calculated in accordance  
8 with accepted actuarial practice, and based on a naive  
9 interest rate forecast as at March 31st, 2020, and a 5  
10 percent capital release on a provisional basis in  
11 accordance with MPI's Capital Management Plan.

12                   MPI is not seeking any changes to  
13 miscellaneous permits and certificates, driver  
14 premiums and vehicle premium discounts, Basic service  
15 and transaction fees, or fleet rebates and surcharges.

16                   As always, MPI bears the onus in this  
17 proceeding of satisfying the Board that its  
18 application should be granted on the whole of the  
19 evidence that it provides.

20                   Our objectives for today's pre-hearing  
21 conference are to identify prospective Interveners; to  
22 learn the reasons for their intervention; to hear  
23 submissions on the issues to be included in the scope  
24 of the General Rate Application, more particularly,  
25 any variations from the preliminary issues list, which

1 was approved by the Board on June 2nd, 2020, in its  
2 interim procedural Order number 79-'20; to hear  
3 requests from MPI or any proposed Interveners for pre-  
4 qualifications of -- qualification of expert witnesses  
5 they intend to call at the public hearing; to hear  
6 submissions on the process for the treatment of  
7 commercially sensitive information and the documents  
8 to be filed in support of MPI's final rate indication  
9 in October; to gain an appreciation of any cost awards  
10 that may be sought by Interveners; and to discuss and  
11 arrive at a timetable for the orderly exchange of  
12 evidence and information throughout this GRA process.

13                   The Board welcomes public  
14 participation. Individuals or groups may submit  
15 written comments to be made to the Board, as some have  
16 already done on the Board's webpage.

17                   In previous rate -- General Rate  
18 Applications, the Board has invited members of the  
19 public to appear in person to provide oral  
20 presentations. Due to the exceptional circumstances  
21 in this GRA as a result of COVID-19, public access to  
22 the Board's hearing room may be limited, but the Board  
23 will continue to welcome writ -- written comments on  
24 its webpage.

25                   As the public hearings approach in

1 October, the Board will have further direction on how  
2 the public may participate. The Board will consider  
3 what weight, if any, should be attached to information  
4 received from members of the public, which is not  
5 sworn or subject to cross-examination.

6 All parties and their representatives  
7 and consultants should be aware that the Board intends  
8 to live stream the public hearing proceedings through  
9 a link accessible on the Board's website.

10 As such, the use of acronyms is  
11 discouraged. This would be not only for the benefit  
12 of persons watching the live streaming of the  
13 proceedings, but also for the benefit of Board  
14 members. It will assist in the Panel's and public's  
15 understanding of the issues and evidence if acronyms  
16 are avoided.

17 The Board appreciates that some  
18 potential Interveners who will be seeking costs awards  
19 as this time may not have provided detailed budgets,  
20 as the approval of Intervener status and the approval  
21 of issues for each Intervener have not been given.

22 After the Board has issued its  
23 procedural Order, approving Intervener status and  
24 issues, approved Interveners will be required to file  
25 their detailed budgets within the time prescribed by

1 the Board.

2                   Perspective Interveners should  
3 familiarize themselves with the Board's Intervener  
4 cost policy, which is available on the Board's website  
5 and which has previously been circulated to  
6 Interveners of record.

7                   The Board is continuing with its pre-  
8 qualification process for expert witnesses this year.  
9 Experts may no longer need to be qualified in the same  
10 manner as in previous MPI GRA hearings.

11                   In her opening remarks, PUB counsel Ms.  
12 McCandless will read the process into the record,  
13 ultimately the Board will determine what weight, if  
14 any, to attach to each expert's testimony.

15                   The Manitoba Ombudsman has issued  
16 privacy guidelines for administrative tribunals. The  
17 PUB is mindful of its obligations under those  
18 guidelines. Its decisions in respect of the  
19 application being considered will be sensitive to  
20 them.

21                   Personal information will not be  
22 disclosed unless it is appropriate and necessary to do  
23 so. However, the PUB advises participants that these  
24 proceedings are public and that as a result, personal  
25 information protections are reduced.

1 I will now call on Board counsel for  
2 introductions, followed by MPI's counsel, Mr.  
3 Scarfone, to introduce representatives of MPI who are  
4 present, after which I will call upon perspective  
5 Interveners who are present to introduce themselves.

6 Once we have heard all introductions, I  
7 will call on Board counsel to make opening comments

8 Ms. McCandless...?

9 MS. KATHLEEN MCCANDLESS: Thank you,  
10 Madam Chair. Good morning to members of the panel.

11 Kathleen McCandless and Robert  
12 Watchman, Board counsel. To our left are Roger  
13 Cathcart and Kevin Yang, accounting advisors to the  
14 Board.

15 MR. STEVEN SCARFONE: Good morning,  
16 Madam Chairperson and panel members. Steve Scarfone,  
17 counsel for MPIC. And to my right is my co-counsel,  
18 Anthony Guerra, and behind me is Luke Johnston, MPIC's  
19 chief actuary and vice-president, and alongside him is  
20 Ted Meira, who is from the Regulatory Affairs  
21 Department, an analyst in that department.

22 THE PANEL CHAIRPERSON: Thank you.  
23 Mr. Williams...?

24 MR. BYRON WILLIAMS: Good morning,  
25 Madam Chair. Byron Williams, Director of Public

1 Interest Law Centre, appearing on behalf of the  
2 Consumer's Association of Canada at the Manitoba  
3 Branch.

4 In the back row, my large back row  
5 today is Ms. Gloria Desorcy, Executive Director of the  
6 Consumer's Association. And to her right is articling  
7 student-at-law, Max Griffin-Rill. G-R-I-F-F-I-N-R-I-  
8 L-L. I hope I've spelled it right. Good morning.

9 THE PANEL CHAIRPERSON: Thank you.

10 Ms. Meek...?

11 MS. CHARLOTTE MEEK: Good morning,  
12 Madam Chair. Charlotte Meek on behalf of Coalition of  
13 Manitoba Motorcycle Group. Thank you.

14 THE PANEL CHAIRPERSON: Thank you.

15 Ms. Sokal...?

16 MS. JENNIFER SOKAL: Good morning.  
17 Jennifer Sokal, representing the Insurance Brokers  
18 Association of Manitoba.

19 THE PANEL CHAIRPERSON: Thank you.

20 Mr. Hacault...

21 MR. ANTOINE HACAULT: Bonjour, Madam  
22 Chair. Antoine Hacault of Thompson Dorfman Sweatman,  
23 representing the Taxi Coalition.

24 THE PANEL CHAIRPERSON: Thank you.

25 We will now proceed with opening comments. Ms.

1 McCandless...?

2

3 OPENING COMMENTS BY BOARD COUNSEL:

4 MS. KATHLEEN MCCANDLESS: Thank you.

5 First I would just point out, Madam Chair and members  
6 of the Panel, that the agenda for today is pre-hearing  
7 conferences before everyone on the screen, and we have  
8 seven (7) items to address, as you pointed out in your  
9 opening remarks, Madam Chair.

10 At this time I would like to enter  
11 exhibits for the record. The first exhibit will be  
12 PUB-1, that's the Notice of Public Hearing and Pre-  
13 hearing Conference, dated June 20th, 2020.

14

15 --- EXHIBIT NO. PUB-1: Notice of Public Hearing and  
16 Pre-hearing Conference - June  
17 20th, 2020.

18

19 MS. KATHLEEN MCCANDLESS: PUB-2 is the  
20 Board's Rules of Practice and Procedure.

21

22 --- EXHIBIT NO. PUB-2: The Public Utilities Board's  
23 Rules of Practice and  
24 Procedure.

25

1 MS. KATHLEEN MCCANDLESS: PUB-3 is the  
2 proposed hearing timetable.

3

4 --- EXHIBIT NO. PUB-3: MPI 2021 - Proposed  
5 timetable.

6

7 MS. KATHLEEN MCCANDLESS: PUB-4 is a  
8 letter from the Board Secretary, Mr. Christle, to MPI  
9 and all prospective Interveners, dated June 17th,  
10 2020. And that contains attachments addressing issues  
11 such as MFR's pre-hearing workshop, formats to be used  
12 for information requests, et cetera.

13

14 --- EXHIBIT NO. PUB-4: PUB Letter to all Parties re:  
15 Pre Qualifications - MPI  
16 2021/22 GRA - June 17, 2020.

17

18 MS. KATHLEEN MCCANDLESS: PUB-5 is the  
19 process for the pre-qualification for expert  
20 witnesses, which was a letter from Mr. Christle to MPI  
21 and Interveners of record, and that is dated June  
22 17th, 2020.

23

24 --- EXHIBIT NO. PUB-5: PUB letter to all Parties re:  
25 MPI 2021/22 GRA - Interveners



1 - Timetable, MFRs and IR  
2 template - June 17, 2020.

3

4 MS. KATHLEEN MCCANDLESS: At this time  
5 I will read the process into the record.

6 "A party intending to call expert  
7 witness or witnesses in the GRA  
8 hearings shall give notice to the  
9 Board of its intention to have the  
10 witnesses pre-qualified at the pre-  
11 hearing conference, and provide the  
12 CV of the witness to the Board,  
13 along with the proposed areas of  
14 qualifications for the witness or  
15 witnesses.

16 At today's conference, the party  
17 shall make submissions to the Board  
18 as to the qualifications of the  
19 witness or witnesses and request  
20 pre-qualification of the Board.

21 The witness need not be called to  
22 give viva voce evidence at today's  
23 conference.

24 Other parties may make submissions  
25 to the Board regarding the request

1 for pre-qualification. If there are  
2 no objections from other parties to  
3 the request for pre-qualification,  
4 then the Board will issue its  
5 decision on pre-qualification in the  
6 procedural Order which follows  
7 today's conference.

8 If the Board grants the request for  
9 pre-qualification, there will be no  
10 need to qualify the expert when  
11 called to testify in the public  
12 hearings.

13 If there are objections to pre-  
14 qualification, or if the Board  
15 declines the request for pre-  
16 qualification, then the witness will  
17 need to be examined on his or her  
18 qualifications at the public  
19 hearings."

20 Thank you. And the last PUB exhibit is  
21 PUB-6, which is Board Order 7920, dated June 2nd,  
22 2020, which set out the preliminary issues lists for  
23 this GRA.

24

25 --- EXHIBIT NO. PUB-6: Board Order 79-20 re: MPI -

1 Interim Procedural Order  
2 respecting preliminary issues  
3 list for 2021 GRA for  
4 compulsory 2021/22 driver and  
5 vehicle insurance premiums  
6 and other matters - June 2,  
7 2020.

8  
9 MS. KATHLEEN MCCANDLESS: Prior to  
10 hearing from perspective Interveners, I confirmed that  
11 each should provide the following information to the  
12 Board in order that it can deliberate and -- on and  
13 decide intervention.

14 First, an indication of their  
15 constituency and interests; an outline of the areas  
16 that MPI's application that they intend to test; the  
17 reasons for requesting Intervener status; their plans  
18 to call evidence in this hearing, if any; and whether  
19 they intend to seek an award of costs bearing in mind  
20 that the proposed budget is to be provided to the  
21 Board in accordance with the direction provided by  
22 Madam Chair in her opening comments.

23 As always, the Board will apply the  
24 criteria set out in the Board's rules and in the  
25 Intervener Cost Policy with respect to the awarding of

1 costs, and such decisions are within the sole  
2 discretion of the Board.

3 Finally, at the workshop on Thursday,  
4 June 25th, the preliminary issues list was discussed,  
5 and you will hear further comments on the issues list  
6 this morning.

7 The Panel will be asked to issue, as  
8 part of the order following this pre-hearing  
9 conference, a final issues list for this GRA.

10 Thank you, Madam Chair, those are my  
11 submissions.

12 THE PANEL CHAIRPERSON: Thank you, Ms.  
13 McCandless.

14 Mr. Scarfone...?

15

16 OPENING COMMENTS BY MPI:

17 MR. STEVEN SCARFONE: Thank you, Madam  
18 Chair. Perhaps I should begin where Ms. McCandless  
19 did and go through the exhibits with MPIC, we'll mark  
20 here today.

21 The first of which is the 2021 General  
22 Rate Application.

23

24 --- EXHIBIT NO. MPI-1: Manitoba Public Insurance

25 2021 General Rate Application

1 - June 17, 2020

2

3 MR. STEVE SCARFONE: Exhibit Number 2  
4 is a letter that Mr. Triggs sent to Mr. Christle,  
5 dated June 22nd, 2020, with various attachments on the  
6 minimum filing requirement.

7

8 --- EXHIBIT NO. MPI-2: MPI letter with attachments -  
9 supplemental filing revenue  
10 appendix 3 and 4, claims  
11 incurred appendix 13 - June  
12 22, 2020

13

14 MR. STEVE SCARFONE: Number 3 is the  
15 pre-hearing conference, a slide deck that MPIC will  
16 present here this morning to address some of the  
17 issues that are of interest to the Board and  
18 Interveners.

19

20 --- EXHIBIT NO. MPI-3: Pre-hearing conference slide  
21 deck - June 30, 2020.

22

23 MR. STEVE SCARFONE: Number 4 is  
24 MPIC's proposed process under the commercially  
25 sensitive information aspect of the hearing.

1 --- EXHIBIT NO. MPI-4: Proposed commercially  
2 sensitive information process  
3 - June 30, 2020.  
4

5 MR. STEVE SCARFONE: Exhibit number 5  
6 is the proposed undertaking that the parties will sign  
7 to participate in the CSI process.  
8

9 --- EXHIBIT NO. MPI-5: Undertaking of  
10 confidentiality - June 30,  
11 2020  
12

13 MR. STEVE SCARFONE: Exhibit number 6  
14 is the proposed confidentiality agreement that forms  
15 part of that same process.  
16

17 --- EXHIBIT NO. MPI-6: Confidentiality agreement -  
18 June 30, 2020.  
19

20 MR. STEVE SCARFONE: And lastly,  
21 Exhibit number 7 is the proposed confidenti --  
22 proposed confidentiality agreement for third parties  
23 to sign before the disclosure of commercially  
24 sensitive information.  
25

1 --- EXHIBIT NO. MPI-7: Confidentiality agreement  
2 Third party vendor - June 30,  
3 2020.  
4

5 MR. STEVE SCARFONE: And just before  
6 MPI begins with its slide presentation, I just wanted  
7 to make a remark with Ms. Sokal sitting there. MPIC  
8 wasn't served with an application for intervention  
9 from the Insurance Brokers Association. So I'm  
10 wondering if that -- if we've missed that or if that's  
11 been -- been filed?

12 MS. JENNIFER SOKAL: We filed it with  
13 the secretary of the Board. I apologize if it should  
14 have been sent to you. I can send it to you right  
15 away.

16 MR. STEVEN SCARFONE: Okay, yes. So,  
17 we weren't aware. We haven't had a chance to review  
18 that intervention application this morning. So we --  
19 normally we would like to take a position on whether  
20 we're opposing or -- or consenting to that.

21 So other than that, perhaps, Kristen,  
22 could you pull up MPIC's Exhibit Number 3, please?  
23

24 (BRIEF PAUSE)

25

1 MR. STEVEN SCARFONE: So the title of  
2 our presentation is "A Focussed General Rate  
3 Application," and Madam Chairperson and the panel  
4 members may have picked up on what MPIC would describe  
5 as a leaner application this year that's before the  
6 Board. And that -- that is by design and I want to --

7 THE PANEL CHAIRPERSON: Sorry, Mr.  
8 Scarfone.

9 MR. STEVEN SCARFONE: That's all  
10 right.

11 THE PANEL CHAIRPERSON: Just one (1)  
12 moment.

13 Mr. Vandewater, are you still with us?

14 MR. ROBERT VANDEWATER (BY PHONE):  
15 Yes, indeed.

16 THE PANEL CHAIRPERSON: Okay, thank  
17 you.

18 MR. STEVEN SCARFONE: And can you hear  
19 me, Mr. Vandewater? Can you hear me all right, sir?

20

21 (BRIEF PAUSE)

22

23 THE PANEL CHAIRPERSON: Mr.  
24 Vandewater, do you have your phone on mute? If so,  
25 could you take it off and confirm with Mr. Scarfone



1 that you can hear him?

2

3 (BRIEF PAUSE)

4

5 THE PANEL CHAIRPERSON: Is there  
6 someone on the teleconference line?

7

8 (BRIEF PAUSE)

9

10 THE PANEL CHAIRPERSON: Yeah. I am  
11 very sorry to interrupt you, Mr. Scarfone. Perhaps  
12 what we could do is just break for five (5) minutes  
13 until we can confirm whether Mr. Vandewater is  
14 available or not. And if Ms. Sokal can provide you  
15 with the notice of application for intervention, that  
16 -- this would be maybe a good time to --

17 MR. STEVEN SCARFONE: Okay.

18 THE PANEL CHAIRPERSON: -- give it to  
19 you.

20 Mr. Vandewater, are you back on the  
21 line?

22 MR. ROBERT VANDEWATER (BY PHONE):

23 Yes, I'm back. I had a little problem with -- I was  
24 trying a different line to -- to get a little louder -  
25 - louder audio, but it -- it failed, and so I'm back.

1 I'll be here.

2 THE PANEL CHAIRPERSON: Okay, that's  
3 fine.

4 MR. ROBERT VANDEWATER (BY PHONE):  
5 Thank you. Sorry for the interruption.

6 THE PANEL CHAIRPERSON: Mr. Scarfone  
7 is going to ask you whether you can hear him or not  
8 right now just to make sure that all of these mics are  
9 connecting with you properly.

10 Mr. Scarfone...?

11 MR. STEVEN SCARFONE: Yes, good  
12 morning, Mr. Vandewater. Can you hear me okay?

13 MR. ROBERT VANDEWATER (BY PHONE):  
14 Yes, I can.

15 MR. STEVEN SCARFONE: Okay.

16 MR. ROBERT VANDEWATER (BY PHONE):  
17 Thank you very much, Mr. Scarfone.

18

19 PRESENTATION BY MPI:

20 MR. STEVEN SCARFONE: Okay, thank you.

21 So I was just indicating that we're  
22 going through the slide deck that MPIC wants to  
23 present to the Board this morning, and the first slide  
24 indicates that MPIC has filed what we've described as  
25 a focussed General Rate Application this year, which

1 the Board members and Interveners will have noted is  
2 leaner than it has been in previous years. But the  
3 Corporation is confident that it reflects the  
4 expectations and addresses the issues that are of most  
5 concern to Manitobans.

6 And unique, of course, this year is the  
7 impact of the pandemic and COVID-19 on the General  
8 Rate Application and the rebate application that was  
9 brought just last month.

10 The second part of that would be, of  
11 course, the modernization of the products to the Basic  
12 component of MPIC, and the impact that that has on the  
13 General Rate Application.

14 And lastly, MPIC's application and the  
15 evidence that you will hear will focus largely on  
16 MPIC's progression toward providing online service to  
17 its customers and how Project NOVA impacts upon that  
18 goal.

19 So as Madam Chair indicated, this does,  
20 in fact, represent the largest overall rate decrease  
21 that MPIC has brought before this Board in thirty (30)  
22 years, and some of you may have heard Mr. Graham speak  
23 to that at his media conference when the application  
24 was filed on June 17th.

25 But it does comprise a 3 percent

1 decrease for the modernization of the Basic product,  
2 which, of course, will increase the deductible,  
3 increase everybody's maximum insured value and their  
4 third-party liability for when they're travelling  
5 outside the province. The breakeven cost that forms  
6 part of that 10 1/2 percent is 2 1/2, as you can see  
7 there.

8                   And lastly, and I'll touch upon this in  
9 a bit, the 5 percent reduction under the newly  
10 approved Capital Management Plan from last year's  
11 General Rate Application -- that particular number is  
12 actually in excess of the 5 percent, but Mr. Johnston  
13 and his team would have applied the capping rules to  
14 lower it to a 5 percent reduction after the transfer -  
15 - the expected transfer of the funds from the  
16 Extension line of business.

17                   And there below that is a chart that  
18 indicates how each of the major classes will be  
19 impacted, and so you will see that everybody is  
20 getting a very favourable rate decrease if the  
21 application as submitted is approved.

22                   And I know Ms. Meek is over there  
23 saying, What about me? What about me? And we will  
24 hear, I'm sure, from her client about how -- if  
25 anything can be done to, perhaps, include her client

1 in these -- these rate decreases that are happening as  
2 we progress. Next slide, please.

3 Now, the final issues list that the  
4 Board will issue as part of its procedural order  
5 largely will look like the preliminary issues list  
6 that was discussed at last week's issues workshop.

7 Madam Chair, I'm, you know, a little --  
8 I suppose you won't be surprised to learn that last  
9 week, we didn't agree on much in terms of the issues  
10 and MPI's suggestion that some of them be removed.  
11 But I am going to suggest that some of them might be  
12 removed under the procedural Order, and I -- I'll  
13 touch upon those briefly, the first of which is the  
14 Capital Management Plan that I believe is at number  
15 seven (7) on the preliminary issues list.

16 So MPIC's position on the CMP is that  
17 the mechanics of the Capital Management Plan for  
18 certain should not be the subject of any discussion  
19 this year. It was approved last year. I -- I -- it --  
20 - it appears again in the rate application, but I  
21 don't envision any questions about the mechanics of  
22 the -- of the Capital Management Plan and how the  
23 transfers of money from Extension work to reduce, at  
24 least this year, the rate indication for Basic  
25 customers.

1                   Why I say it was largely settled during  
2 the course of the 2020 GRA is not only for the  
3 mechanics component of it, but more importantly, as  
4 we've just seen, it works to reduce the rate  
5 indication by 5 percent, which is the maximum amount  
6 that it can reduce the rate indication in any one (1)  
7 year.

8                   And so it would seem that the  
9 Interveners here might expect -- we might expect from  
10 them, if it was something less than 5 percent, for  
11 them to advocate that it should be more. But we don't  
12 expect that any of the Interveners here today would be  
13 advocating that it should be less than the 5 percent  
14 that's now proposed in this year's General Rate  
15 Application.

16                   I could be wrong about that, but that's  
17 our expectation, is that everybody is -- is going to  
18 be happy with MPIC having proposed a 5 percent  
19 reduction, as it has.

20                   And in terms of the -- the Special Rate  
21 Application that was before this Board in May, one (1)  
22 of the issues, as I understand it, that the Board is  
23 interested to know is -- is why the Corporation  
24 departed from the Capital Management Plan and rebated  
25 Extension monies directly to Manitobans before

1 transferring to Basic and perhaps rebating the entire  
2 amount from Basic.

3                   That particular issue, I -- I would  
4 suggest to the Board, is also largely settled by  
5 virtue of the evidence that was provided by Mr.  
6 Giesbrecht and Mr. Johnston and subject to cross-  
7 examination at the rebate application.

8                   So the reasons for the departure from  
9 the Capital Management Plan were set out under oath by  
10 those two (2) gentlemen back in May, and -- and those  
11 reasons are on the record and available for the -- for  
12 the panel to review.

13                   So if those are the two (2) main issues  
14 of -- number 7 on the preliminary issues list, that  
15 is, the Capital Management Plan and the transfer of  
16 monies to -- to reduce the rate indication, and the  
17 departure of the Capital -- the workings of the  
18 Capital Management Plan for the rebate application.

19                   I think both of those issues are fully  
20 settled, and so I'd ask the Board to consider what  
21 else is -- is available for the Interveners to  
22 question witnesses on as it concerns the Capital  
23 Management Plan.

24                   And we might expect a couple questions  
25 in the Information Request process on that, but as it

1 concerns having the Capital Manage -- Management Plan  
2 as an issue, MPIC, as you'll hear from Mr. Guerra,  
3 doesn't expect to call anybody to speak to that  
4 particular issue at the hearing in October. And that  
5 applies equally -- equally to the Rate Stabilization  
6 Reserve.

7                   We think that that particular issue, at  
8 least for this year, given the Board's finding last  
9 year that we're on a two (2) year trial period for the  
10 Capital Management Plan, which of course, has a  
11 hundred percent MCT target, and is the anchor to the  
12 Capital Management Plan, we think that partic -- those  
13 two (2) particular issues can be deferred until after  
14 the two (2) year trial period is over.

15                   On the driver safety rating, the DSR is  
16 -- is a matter that was first brought up, I believe,  
17 in the 2018 GRA, and there were some -- some  
18 admissions by MPIC at the time that the DSR, although  
19 it was working well, wasn't entirely actuarially  
20 sound, and as a result, the Corporation is proposing  
21 that there be some tweaks, perhaps, that are made to  
22 that -- to the existing model.

23                   The difficulty that the Corporation  
24 finds itself in as it concerns the DSR are twofold.  
25 One is that the -- any changes to the driver safety



1 rating system requires regulatory change, which is a  
2 complex process and a lengthy process that is  
3 estimated to take about twelve (12) to eighteen (18)  
4 months.

5 More importantly, consideration has to  
6 be given to Project NOVA and the impact that the  
7 Project will have on the DSR. So it would require --  
8 any changes to the existing model would require  
9 modification of the DVL system that the Corporation is  
10 now using, but intends to decommission when Project  
11 is fully implemented.

12 And so those monies in this -- in  
13 essence, if -- if modifications are made at this point  
14 in time, would -- would be throwaway costs, if I  
15 could, because there will be, as the application  
16 indicates, a -- a new DVL information technology  
17 system implemented with Project .

18 And -- and so DSR, we say -- and I know  
19 it's of particular interest -- interest this year to  
20 Mr. Hacault's client -- DSR, we say, should be a  
21 limited issue to the existing model and -- and how  
22 driver premiums and driver -- driver discounts may  
23 impact upon some of the Interveners and -- and  
24 Manitobans generally.

25 But to the extent that it's going to go

1 into what the new model looks like, where MPIC is  
2 moving, as -- as it might concern a new model, we say  
3 those particular questions are -- are premature  
4 because no -- there -- as of right now, and -- and Mr.  
5 Johnston can correct me if I'm wrong -- there's no  
6 plans to change the existing model in -- in the near  
7 term.

8 I just wanted to touch quickly upon  
9 interest rate forecasting, because that too is -- is  
10 an issue that's on the preliminary issues list.

11

12 (BRIEF PAUSE)

13

14 MR. STEVEN SCARFONE: So part of that  
15 particular issue has been deferred under 19, other  
16 than the update referred to in items 4c and 4d. And  
17 so what MPIC is proposing this year is that the update  
18 that will come in October be based solely on the naive  
19 interest rate forecast methodology.

20 And that is that there be no analysis  
21 done of what the standard interest rate forecast  
22 methodology might result in, and -- and the same would  
23 apply to the 50/50. And the basis for that position,  
24 Madam Chair, is that two (2) years ago, in the 2019  
25 General Rate Application, things changed, and the --

1 the Board recognized, as MPIC had advocated, that --  
2 that there is inherent uncertainty in forecasting  
3 interest rates. Essentially, nobody can do it. And  
4 MPIC wanted to base its rate application on the best  
5 estimate.

6                   And MPIC management and the board of  
7 directors thought that the nai -- naive forecast  
8 methodology was the best estimate, and this Board  
9 agreed. Two (2) years ago, this Board agreed, and  
10 moved from its position a year earlier, and ordered  
11 the use of the naive interest rate forecast, for one  
12 (1) year only, to report back to the Board last year  
13 on how that played out.

14                   And last year again, the naive was  
15 ordered, largely based because the Corporation's  
16 financial position would have been considerably worse  
17 if forecasting using something other than the naive  
18 forecasting methodology.

19                   And so Kristen, if you can pull up last  
20 year's Order for me, please. I just want to remind  
21 the Board of its finding at page 32 of that Order.

22

23   (BRIEF PAUSE)

24

25                   MR. STEVEN SCARFONE:    Thank you.

1                   So right there in the second full  
2 paragraph, Madam Chair, is the approval of the use of  
3 the naive interest rate forecast on a go-forward  
4 basis. And it goes on to say that:

5                   "Until such time as compelling  
6 evidence is led indicating new  
7 circumstances necessitating the  
8 change in practice."

9                   And so my understanding is that -- and  
10 Mr. Johnston, again, can speak to this if necessary --  
11 that the October update would include -- all the  
12 schedules would include not only the naive forecasting  
13 methodology for rate setting and for investments, but  
14 also the SIRF and 50/50.

15                   And MPIC's understanding of the Order  
16 from last year is that there is now in place a  
17 presumption in favour of the naive forecasting  
18 methodology, and it would be incumbent upon another  
19 party to rebut that presumption, if you will, by  
20 presenting some compelling evidence, as the Board  
21 indicates, that would suggest that the 50/50, or  
22 perhaps the SIRF is a better forecasting methodology.

23                   And so the Corporation's position on  
24 that is, you know, at this point at least, why would  
25 the Corporation include all of that additional

1 information and -- and tax the resources of the  
2 Corporation to provide that information in the update,  
3 given what the Board found last year?

4 And -- and MPIC would also suggest that  
5 if there some sensitive -- sensitivity analysis that  
6 has to be performed by way of an Information Request,  
7 for example, MPIC could do it there, but we propose  
8 that the update only be based on the naive forecast  
9 methodology.

10

11 (BRIEF PAUSE)

12

13 MR. STEVEN SCARFONE: And then back to  
14 the presentation. Thank you, Kristen.

15 So here's the October update, and what  
16 MPIC -- MPIC expects to provide in October. My Friend  
17 Mr. Williams has a suggestion that MPIC is agreeable  
18 to on some additional schedules that aren't in there,  
19 but it -- but essentially, they are all the same as  
20 the ones pro -- provided last year.

21 And you'll see at the bottom is the  
22 update would be based on the naive interest rate  
23 forecast without the Capital Management Plan, as -- as  
24 indicated there, investments number 13.

25 So that is what the Corporation

1 proposes to provide to -- to the Board following its  
2 provisional application.

3                   And next up, next slide please,  
4 Kristen, thank you.

5                   And so I'm going to let Mr. Guerra take  
6 over and speak to the CSI process and some other  
7 slides, including MPI's position on the Intervener  
8 applications.

9                   As I've indicated, we don't have here  
10 today a position on the Insurance Broker's Association  
11 of Manitoba application. Mr. Guerra will speak to the  
12 costs that are estimated and MPI's position on that.

13                   But I can tell you that MPIC is not  
14 opposed to any of the Intervener applications for  
15 consenting to the CAC, the CMMG, and the Taxi Board  
16 Coalition.

17                   MR. ANTHONY GUERRA: Thank you, Mr.  
18 Scarfone.

19                   Before I begin, Ms. McCandless perhaps  
20 -- I -- I don't want to interfere too much with the --  
21 the agenda that's been set out.

22                   The issues that I want to talk to are -  
23 - are all identified in further issues and further  
24 aspects of the agenda. So we could either handle it  
25 one (1) of two (2) ways. I can continue the

1 presentation, or we can break at this time, have the  
2 opening statements from the other Interveners,  
3 proposed Interveners, and then I can go back and  
4 address each of the other agenda items at that time.

5 MS. KATHLEEN MCCANDLESS: I think if -  
6 - if what remains on the slide deck addresses other  
7 items on the agenda, then probably best that we follow  
8 the -- the process and hear from the Interveners with  
9 respect to the issues lists, their opening remarks.

10 MR. ANTHONY GUERRA: Very well. Thank  
11 you.

12 THE BOARD CHAIRPERSON: Mr. Scarfone,  
13 how long would you need to review the Intervener  
14 request of the Insurance Brokers in order to take a  
15 position?

16 I mean, if we have a morning break --

17 MR. STEVEN SCARFONE: Well -- and I  
18 would need to get instructions. So I don't know if I  
19 can get those, it's from either Mr. Triggs or Mr.  
20 Graham. So I'm not making that decision here today.

21 THE BOARD CHAIRPERSON: No, I  
22 appreciate that. I mean we're in a -- we're in a  
23 difficult position because -- are you suggesting we  
24 would close or adjourn this morning's hearing or  
25 today's hearing and then have your position at a later

1 time?

2 Because it freezes the Board --

3 MR. STEVEN SCARFONE: No, I appreciate

4 --

5 THE BOARD CHAIRPERSON: I have to make  
6 a decision.

7 MR. STEVEN SCARFONE: Yes, I  
8 appreciate that, Mr. Gabor.

9 I think your suggestion that we take a  
10 short break and let me make a telephone call and --  
11 and have a quick review of the application, and then I  
12 can't promise that we'll have our position when we  
13 come back, but I will find out.

14 THE PANEL CHAIRPERSON: Thank you.

15 We'll proceed then to hear from Mr.  
16 Williams with regards to the issues list.

17 DR. BYRON WILLIAMS: Madam Chair, I  
18 presume we're can -- we're conflating opening comments  
19 and the issues list. Is that your preference?

20 THE PANEL CHAIRPERSON: Opening  
21 comments, my apologies.

22

23 OPENING COMMENTS BY CAC (MANITOBA)

24 DR. BYRON WILLIAMS: Just in -- in  
25 terms of the backdrop that is palpable in this room,



1 for this hearing we can see it in -- in the face masks  
2 that are on -- on different people here.

3           We're at a -- at a time of acute  
4 financial distress in this province, which is material  
5 to the rate application, and that is certainly a -- an  
6 important backdrop to our clients.

7           It affects risk and uncertainty in this  
8 current year and going forward. It affects business  
9 behaviour and driving behaviour. And these are  
10 material issues as a backdrop and important context to  
11 this hearing.

12           If Kristen can pull up Attachment A,  
13 page 1 of the CAC Manitoba application to intervene.  
14 In response to the Board's questions, our client (sic)  
15 certainly tries to keep an eye on all ratepayers, but  
16 with the particular focus in paragraph 3 on the -- on  
17 the interests of the private passenger class.

18           And consistent with its past behaviour  
19 in proceedings before the Public Utilities Board, and  
20 mindful of Board Order 9814, it -- it will be alive to  
21 all elements of the test of just and reasonable rates,  
22 including the reliability of MPI forecasts; the  
23 reasonableness and prudence of MPI operations and  
24 expenditures; the overall health of the corporation,  
25 including material risks and opportunities; whether

1 expected costs are reasonably allocated among  
2 different classes of consumers; and whether the  
3 proposed rates are just and reasonable.

4                   And obviously it is neither endorsing  
5 or rejecting the proposed 10.5 percent overall rate  
6 decrease at this point in time, or directionally  
7 whether it's just right, too high or too low.

8                   Five (5) of the key issues that our  
9 client will focus on in this hearing, if leave to  
10 intervene is granted.

11                   One is the relia -- reliability of the  
12 claims incurred forecast, in light of a couple of key  
13 factors.

14                   One is the COVID-19 effects, and we saw  
15 some of those in the emergency rate rebate  
16 application, but we know those are ongoing beyond May  
17 15th, but also the claims by MPI that it is materially  
18 improving claims handling processes.

19                   One of the focuses of our clients in  
20 this hearing will be to understand and try and  
21 reconcile the language of increased efficiency with  
22 the treatment of claims incurred forecasts, including  
23 collision severity in the application.

24                   And that certainly goes to the  
25 reasonableness and reliability of forecasts.

1                   The next couple of issues go to the  
2 prudence and reasonableness of MPI operations and  
3 expenditures.

4                   One relates to the risks and  
5 opportunities with regard to Project Nova. Is it  
6 credible that the project's budget has not been  
7 revised, even though much of the budget appears  
8 committed to only part of the projects, two (2) of the  
9 four (4) key elements of the project.

10                   And is the business case even viable,  
11 given uncertainty around major benefit streams,  
12 including full-time equivalents and broker commission  
13 savings.

14                   Our client (sic) also notes some  
15 concern in terms of the trend for overall corp --  
16 basic expenditures over the next three (3) years,  
17 being the current year, the test year, and the year  
18 following.

19                   And certainly that -- that appear to be  
20 above inflation. And certainly our clients want to  
21 dig a little deeper into the analysis underlying  
22 developments in the claims expense forecasts, which  
23 based upon the relatively -- the filing to date are --  
24 have attracted our client's extension.

25                   Similar to MPI, our clients believe

1 that there are important issues related to the rollout  
2 of the new coverage.

3 Obviously part of that new coverage was  
4 a significant reduction in -- in coverage in terms of  
5 the deductible program.

6 So our client will seek to understand  
7 in terms of the increase in deductibles the impact of  
8 these changes on the basic financial program and  
9 whether they're credible.

10 They'll also try to understand, because  
11 in essence what MPI has done with the change in  
12 deductibles is transfer re -- transfer risk to the  
13 Extension side of the business. And that, clearly,  
14 has ramifications for the Capital Management Plan.

15 Our expectations and forecasts, in  
16 terms of the transfer of risk from basic ratepayers  
17 through that reduction of coverage reflected in the  
18 reliability of forecasts related to Extension as they  
19 may affect the Capital Management Plan.

20 Again, as I started in our submissions,  
21 and going to the top of page 2, if Mr. Vandewater is  
22 able to follow along in terms of Attachment A, there  
23 were profound implications of COVID-19 on the short-  
24 term and long-term circumstances of our province, of  
25 rate payers, and of MPI, including rates, claims

1 incurred, and potentially the Capital Management Plan  
2 -- Plan. And our client (sic) is seeking to  
3 understand those.

4 In terms of the preliminary issues  
5 list, items 1 through 19 with -- you don't need --  
6 Kristen, you can just stay on the first page of that.

7 But including the issues that the Board  
8 has articulated as requiring more detailed  
9 consideration. Our Board -- our client is in general  
10 agreement with the preliminary issues list.

11 We will indicate that in terms of -- in  
12 terms of the discussion last week, MPI did share its  
13 perspective on the Capital Management Plan and the RS  
14 -- or the DSR.

15 It did not share its perspective, to  
16 our client's recollection, in terms of the Vehicle For  
17 Hire or the interest rate forecasting.

18 If it's of any assistance to the Board  
19 and MPI, our client will not be addressing Issue 4(d),  
20 support for the use of the interest rate forecast  
21 proposed. From our clients' perspective, the Board  
22 spoke authoritatively on that last year, and nothing  
23 in the current circumstances have -- suggest to our  
24 client that there's been compelling evidence to the  
25 contrary of the Board's deliberations last year.

1                   In terms of the Capital Management  
2 Plan, our -- our client is, quite frankly, puzzled by  
3 the position of MPI, and as a starting point, we  
4 simply have to go to Issue 18(c) and (d) up -- oh,  
5 sorry, under two (2) -- yes, sorry. My apologies,  
6 I'm... Just one -- one (1) second to -- in -- if you  
7 go to the issues list in the matters for more detailed  
8 consideration, and I may have my numbers wrong. This  
9 is the -- is not the -- I don't think the current  
10 issues list. Just one (1) second, please.

11

12   (BRIEF PAUSE)

13

14                   DR. BYRON WILLIAMS:    I can do this  
15 verbally, Madam Chair.

16                   THE PANEL CHAIRPERSON:    Thank you.

17                   DR. BYRON WILLIAMS:    In -- in -- at  
18 least in our clients' understanding of the -- the  
19 issues list, issues arising from the '20/'21 Special  
20 Rate Application and Board Orders 67/'20 and 71/'20  
21 were flagged by the Board for -- as requiring more  
22 detailed -- here it is before you now -- more detailed  
23 consideration. And included there are 18(c),  
24 implementation of and deviation from the Capital  
25 Management Plan; and 18(d), operational and financial

1 impacts of COVID-19 on MPI financial results and the  
2 Capital Management Plan for the 20'/21' and '21/'22  
3 rating years and beyond.

4                   Obviously, the Board, in its  
5 preliminary judgment, has -- has seen these issues  
6 related to the Capital Management Plan as central, and  
7 our client concurs. Even if we go back to Issues 7 --  
8 Issue list 7, there you see the Capital Management  
9 Plan is set out more generally, and you've heard our  
10 clients talking, for example, this morning in terms of  
11 just what are the implications to the Capital  
12 Management Plan of the reduction in coverage for Basic  
13 and the transfer of risk to Extension; that may have  
14 implications for the Capital Management Plan.

15                   Another example of why our clients  
16 recommend that the Capital Management Plan be regarded  
17 as relevant to the Board is given the 5 percent rate  
18 reduction associated with the Capital Management Plan,  
19 what are the implications, if any, for driver  
20 behaviour and how, if at all, was that reflected in  
21 the Corporation's forecast for claims incurred for the  
22 test year?

23                   In terms for the Capital Management  
24 Plan Issue 7 as well, our clients look again to the  
25 backdrop of COVID-19, the material change in

1 circumstances that the Board found in its order with  
2 regard to the special rebate, which appear to be  
3 ongoing in terms of driver behaviour, and the acute  
4 recession that Manitobans are in.

5                   That raises the question for our client  
6 whether or not the material change in circumstances  
7 and the needs for further emergency action still  
8 exist. Our clients have no opinion on that issue,  
9 Madam Chair, but that is, certainly from our clients'  
10 perspective, highly relevant.

11                   MPI has taken issue as well with the  
12 presence of Issue 13, the driver safety rating. And  
13 our client is aware of some of the administrative  
14 challenges MPI has identified in -- and -- including  
15 related to NOVA, Project NOVA, including driver safety  
16 rating. But from our clients' perspective, this is an  
17 issue that is very important to keep on the list  
18 because it's a fundamental issue of fairness between  
19 Manitoba drivers.

20                   And one can look at this issue from a  
21 couple of perspectives. One is whether or not those  
22 at the low end of the driver safety rating spectrum  
23 are -- are experiencing costs that are too punitive  
24 from a public-policy perspective.

25                   But also if we go to the higher end of



1 the driver sas -- safety record, the evidence before  
2 this Board in the last couple of hearings has been  
3 uncontroverted, in -- in our clients' view, that those  
4 towards the high end of the DSR scale, driver safety  
5 rating scale, it would appear may be paying more than  
6 the risk that they bring to the system. So from our  
7 clients' perspective, that is an acute issue of  
8 fairness that needs to be monitored by this Board.

9           Our clients would also think it  
10 important for MPI to articulate, as it starts to  
11 address driver safety rating with Manitobans, how the  
12 expect to engage with Manitobans, and that is an  
13 important matter in the public interest and, certainly  
14 from our clients' perspective, relevant to this  
15 proceeding.

16           In terms of Vehicle For Hire, which is  
17 another issue that MPI raised, our clients have spoken  
18 on vehicles for hire in -- in this hearing -- oh,  
19 sorry, in prior hearings. They don't expect to have  
20 much to contribute on their own perspective, but they  
21 would note that organizations such as the Taxi Cab  
22 Coalition, who will have something far more articulate  
23 than I have to say on this issue, raise it as a matter  
24 of concern, so our clients certainly are supportive of  
25 keeping Vehicles For Hire on the issues list.

1                   Again, in terms of interest rate  
2 forecasting, our client doesn't object to 4(d) being  
3 on the list for this issue for this hearing, but we  
4 can indicate that our clients do not expect to pursue  
5 that, for the Board's information.

6                   Madam Chair, members of the panel, in  
7 terms of how CAC (Manitoba) intends to participate in  
8 this hearing, our clients hope to canvass the issues  
9 list robustly. They expect to make an opening  
10 statement to file Information Requests and to test the  
11 application via cross-examination. At this point in  
12 time, they do not expect to call expert evidence and  
13 so have not pre-qualified a witness or sought to pre-  
14 qualify a witness.

15                   One (1) caveat to that -- as Mr.  
16 Scarfone, My Learned Friend, adverted to in his  
17 submissions -- in MPI's perspective, this is a  
18 streamlined application. Some might call it somewhat  
19 impoverished.

20                   So from our clients' perspective in  
21 terms of -- although it's unlikely that they would  
22 call or seek to call expert evidence, a review of the  
23 first round Information Requests may be necessary in  
24 par -- to -- to just close that loop conclusively,  
25 particularly with regard to the five (5) issues that

1 are focussed and identified on pages 1 and 2 of our  
2 attachment.

3                   We certainly don't expect to call an  
4 expert, but we didn't want to close that door, just  
5 because of the relative sparseness of the -- the  
6 application this year as compared to other years --  
7 recent years.

8                   Finally, our clients do intend to seek  
9 to recover costs. They -- they have prepared a -- a  
10 proposed budget, which is significant, although --  
11 although less than in recent years, reflecting the  
12 fact that no expert evidence is called.

13                   There are three (3) consultants our  
14 client intends to rely upon: a regulatory accountant,  
15 Mr. Dyck; a regulatory economist, Mr. Crozier; and a  
16 more limited role currently for the actuary, Ms.  
17 Andrea Sherry.

18                   In terms of efficiency of the  
19 application, Madam Chair and members of the panel, I  
20 can indicate that our clients have certainly had  
21 discussion over the phone -- I can't remember if it  
22 was GoToMeeting or not, or maybe it was by some visual  
23 where -- but anyways, with the Taxi Cab Coalition and  
24 also exchanged correspondence with CMMG in terms of  
25 opportunities to minimize duplication, and that will

1 be ongoing.

2                   And in terms of our team of experts,  
3 which we think is highly skilled, we have had a  
4 discussion in terms of who will have preliminary --  
5 or, primary responsibility for different areas in  
6 order to reduce duplication.

7                   Madam Chair, subject to any questions  
8 of the panel, those are the comments on Issues 2 and  
9 Issues 3 on the -- on the agenda for this morning of  
10 CAC (Manitoba).

11                   THE PANEL CHAIRPERSON:    Thank you, Mr.  
12 Williams. Any questions? Mr. Vandewater, do you have  
13 any questions?

14                   MR. ROBERT VANDEWATER (by phone):    No,  
15 thank you.

16                   THE PANEL CHAIRPERSON:    Okay, thank  
17 you. Ms. Meek, your opening comments, please.

18

19 OPENING COMMENTS BY CMMG:

20                   MS. CHARLOTTE MEEK:    Thank you. CMMG  
21 would like to thank MPI for their filing this year,  
22 and also thanks the Board for the opportunity to file  
23 an application for Intervener status.

24                   As addressed by Mr. Scar -- Scarfone,  
25 MPI is proposing the largest overall rate decrease

1 brought by MPI in thirty (30) years, but again this  
2 year, we see that the motorcycle class is excluded,  
3 despite improvements in collision claims each year.

4 In MPI's application -- if we could  
5 maybe bring that up before the Board, please, Kristen.  
6 Part 1, the overview, page 7.

7

8 (BRIEF PAUSE)

9

10 MS. CHARLOTTE MEEK: Thank you. We  
11 see here that MPI suggests that the motorcycle class  
12 is excluded from product modernization and improved  
13 collisions. CMMG seeks an opportunity at this year's  
14 GRA to understand the particular circumstances which  
15 allow the motorcycle class to continue to be excluded  
16 from the proposed rate reduction.

17 CMMG acknowledges the significant  
18 impacts that COVID-19 has had and will continue to  
19 have on the current GRA and future GRAs. As we saw in  
20 MPI's Special Rebate Application, MPI similarly sought  
21 to exclude the motorcycle class from the proposed  
22 rebate for the period from March 15th to May 15th.  
23 CMMG was pleased with the Board's decision to include  
24 the motorcycle class.

25 Overall at this time, I can advise that

1 my client is supportive generally of the preliminary  
2 issues list as proposed. I would like to take an  
3 opportunity to provide some comment on some of the  
4 issues that MPI has brought up, particularly the DSR,  
5 the driver safety rating.

6                   The issue of the DSR has been raised by  
7 CMMG as a concern for a number of years now. MPI has  
8 suggested that the issue of the DSR may be a subject  
9 that can be removed from the issues list for this  
10 year's GRA.

11                   While CMMG acknowledges MPI's comments  
12 regarding Project Nova, and the challenges of  
13 implementing any changes to the DSR prior to Project  
14 NOVA being in full swing, CMMG maintains that the  
15 issues pertaining to the DSR system continue to be  
16 relevant to this year's GRA.

17                   CMMG has concerns about the fairness of  
18 the DSR system, which CMMG has raised in previous  
19 years. MPI has provided in comparison to other  
20 jurisdictions, which CMMG hopes to have the  
21 opportunity to examine, as well as the opportunity to  
22 further critically examine the current DSR system and  
23 its potential inadequacies.

24                   While it may be prudent and financially  
25 responsible to delay implementation of any changes

1 until after the implementation of Project NOVA, as we  
2 have seen, this issue has been raised in a number of  
3 years, and changes may require examination over a  
4 number of GRAs. It is, therefore, CMMG's position  
5 that the DSR be a valid issue in this year's GRA to  
6 allow the Board to be prepared for implementation of a  
7 new system at the time that Project NOVA -- NOVA is  
8 implemented, if that is the Board's decision.

9 In relation to the CMP, CMMG has raised  
10 concerns with the CMP in past years prior to its  
11 implementation. CMMG seeks to have the opportunity to  
12 explore the impacts that the CMP release has on the  
13 motorcycle class, which may have differing effects  
14 than other major vehicle classes, which thereby  
15 results in the motorcycle class continuing to  
16 experience a rate increase, which other -- while other  
17 classes experience rate decreases.

18 CMMG provide -- intends to provide  
19 opening statements to the Board this year, and to be  
20 involved in the IR process. CMMG does not intend to  
21 call any expert witnesses at this year's GRA, and CMMG  
22 is in the process of hir -- of retaining a consultant,  
23 and -- and will advise the Board when that process is  
24 confirmed.

25 CMMG is planning to seek costs in

1 relation to this intervention this year.

2 Subject to any questions, those are my  
3 opening statements.

4 THE PANEL CHAIRPERSON: Thank you.

5 Ms. Meek. Any questions? Mr. Vandewater, any  
6 questions?

7 MR. ROBERT VANDEWATER (by phone): No,  
8 I'm fine. Thank you.

9 THE PANEL CHAIRPERSON: Okay, thank  
10 you. I will now call on Ms. Sokal, noting Mr.  
11 Scarfone's information that MPI has not been yet  
12 served with the application of the Insurance Brokers  
13 Association of Manitoba, but please proceed to make  
14 your opening comments.

15

16 OPENING COMMENTS BY IBAM:

17 MS. JENNIFER SOKAL: Good morning.  
18 Jennifer Sokal, representing the Insurance Brokers  
19 Association of Manitoba. For the sake of brevity, I  
20 will refer to the Insurance Brokers Association of  
21 Manitoba as IBAM.

22 First of all, I'd like to apologize  
23 regarding the service issue raised this morning. As  
24 you may recall, IBAM did not seek intervention status  
25 in the normal course last year, and this is our first



1 time doing so. I have now served Mr. Scarfone with  
2 our Intervener request application. Going forward, we  
3 will ensure that MPI is properly served with any other  
4 filings required to be served on MPI by IBAM.

5 IBAM appeared as an Intervener at last  
6 year's General Rate Application, and participated in a  
7 significant manner, as a service delivery model of MPI  
8 and broker commissions were a major focus of last  
9 year's General Rate Application. As you will recall,  
10 IBAM represents the interests of brokers and private  
11 insurance agents, and the consumers of property and  
12 casualty insurance throughout the Province of  
13 Manitoba.

14 IBAM currently has over two thousand  
15 (2,000) broker members. Property and casualty  
16 brokerages employ over twenty-six hundred (2,600)  
17 people, and over three hundred (300) storefronts in  
18 the Province of Manitoba.

19 IBAM's members are qualified  
20 professionals who provide professional advice to the  
21 customers, and freedom of choice in their the  
22 selection of property and casualty insurance  
23 coverages. Brokers' professional obligations promote  
24 consumer protection by ensuring that customers receive  
25 professional advice, and are advised of their

1 insurance options.

2                   As the Board may recall, brokers sell  
3 Manitoba Public Insurance Basic and Extension products  
4 to customers in Manitoba in exchange for -- in  
5 exchange for commissions and fees. The vast majority  
6 of MPI's Basic and Extension revenue is brought in  
7 through the broker channel.

8                   IBAM intends to address and test the  
9 evidence of MPI with respect to Issue number 9, cost  
10 of operations and cost containment measures, as  
11 necessary in light of the attention that broker  
12 commissions and fees received at the 2020 GRA and the  
13 potential for the same at this General Rate  
14 Application.

15                   We understand that the service delivery  
16 model of MPI is not at issue in this General Rate  
17 Application. We further recall that the Board held at  
18 the end of the 2020 General Rate Application that it  
19 did not have jurisdiction to issue directives with  
20 respect to Manitoba Public Insurance's provision of  
21 services to the public, including with respect to any  
22 agreement it enters -- any agreements it enters into with  
23 service providers such as IBAM.

24                   If service delivery issues respecting  
25 bro -- brokers that were raised last year, such as

1 direct to consumer online sales, are raised again,  
2 IBAM intends to address these matters. However, IBAM  
3 does not intend to raise these matters itself.

4           The Board did, however, find that it  
5 has jurisdiction to review the expenditures of MPI  
6 through the lens of a prudence review, including as it  
7 relates to broker commissions and fees. When  
8 submissions are made by MPI or other Interveners  
9 regarding broker commission fees, and/or any service  
10 delivery issues, IBAM will address, clarify, and add  
11 significant value to the dialogue as the customer  
12 facing sales force of MPI.

13           For these reasons, IBAM should be  
14 granted Intervener status so that the full and proper  
15 information in these important areas will be fully and  
16 properly before the Board.

17           IBAM currently does not intend to call  
18 any witnesses or participate in the production of  
19 evidence. It intends to provide the Board with brief  
20 opening and closing statements, and may test the  
21 evidence of MPI as it relates to Issue number 9. It  
22 intends to participate in the information request  
23 process.

24           Although IBAM intends for its petition  
25 -- participation in the 2021 General Rate Application

1 to be reduced as compared to its participation in the  
2 2020 General -- General Rate Application, IBAM's  
3 participation will make a significant contribution to  
4 the proceedings and lead to a better understanding by  
5 all parties of the issues before the Board.

6 IBAM will participate in this GRA in a  
7 reasonable manner, cooperate with other Interveners  
8 who have common objectives, and make reasonable  
9 efforts to ensure that its participation is not unduly  
10 brought -- repetitive of other Interveners.

11 If granted Intervener status by the  
12 Board, IBAM will seek an award of costs for its  
13 participation in the application, and will file the  
14 detailed cost estimate with the Board in the time  
15 prescribed by it.

16 IBAM does not take any partic -- any  
17 position as to the issues list. And subject to any  
18 questions that the panel may have, that concludes  
19 IBAM's introductory comments.

20 THE PANEL CHAIRPERSON: Thank you, Ms.  
21 Sokal. Any questions? Mr. Vandewater...?

22 MR. ROBERT VANDEWATER (by phone): No,  
23 thank you.

24 THE PANEL CHAIRPERSON: Thank you.  
25 Mr. Hacault...?

1

2 OPENING COMMENTS BY MR. ANTOINE HACAULT:

3

MR. ANTOINE HACAULT: Yes. Good

4

morning, all. Ms. Schubert, if you could bring up the

5

sched -- Attachment A to our Intervener application,

6

that would be useful, I think, for the Board members

7

and all present. It is fairly detailed.

8

I'll start by saying that Duffy's Taxi

9

and Unicity are independently own -- owned and

10

operated dispatch companies providing services in

11

Winnipeg and surrounding area, and represent about 80

12

percent of the taxicab vehicle for hire, and 22

13

percent of the accessible vehicles for hire.

14

The Coalition anticipates consulting

15

the smaller taxi dispatch companies to ensure a broad

16

representation of the taxi vehicle for hire interest,

17

both in the city of Winnipeg and other municipalities

18

like Brandon and Thompson.

19

The next paragraph deals with the

20

general reasons for intervening in this proceeding. I

21

don't intend to go through all of the reasons.

22

There is a significant difference

23

between the taxi vehicle for hire rates on insurance

24

and other passenger Vehicles For Hire that are coming

25

into the market, you know, there's a lot of people who

1 do the Skip The Dishes, they're getting hired to do  
2 all these deliveries, especially in this COVID time.

3           And they're essentially doing  
4 deliveries and -- and being hired and -- but have a  
5 significant difference in -- in how they're paying  
6 insurance premiums.

7           So that the Taxi Coalition intends to  
8 examine experienced forecasting rate making approaches  
9 and rating assumptions that generate differences in  
10 the insurance premiums between those two (2) uses.

11           We also may examine the reasonableness  
12 forecasting and rate make -- making approaches for  
13 accessible vehicles for hire and limousine vehicle for  
14 hire insurance purposes.

15           With respect to the issues generally,  
16 I'm turning to page 3 of our application, not to  
17 minimize the other things that are set out. I -- I  
18 leave those for reading later.

19           Generally we're trying to focus our  
20 application on certain issues with affect those  
21 classes which I've identified.

22           And we've tried to provide as much  
23 detail as to the types of issues, sub-issues, and the  
24 main issues that have been identified in the  
25 preliminary issues list that we'll be dealing with.

1                   So firstly, dealing with issues 1, 2,  
2 11, and 12. We've set out a number of different  
3 things that we'd like to explore.

4                   MPI this morning took the position on  
5 slide 4 that it did not intend to get into the  
6 fairness of the rates being paid for Vehicle For Hire.

7                   We say that that's critical, that it be  
8 properly reviewed. It'll be the first time it's  
9 tested. It's a new reality in Manitoba and it  
10 warrants consideration now.

11                   Depending on the vehicles I've seen  
12 that -- that -- vehicles for hire and the taxi cab are  
13 paying nearly 10 times what other vehicles for hire,  
14 with the same type of service, are paying.

15                   So fairness is definitely a huge issue  
16 when you have that much discrepancy between similar  
17 uses for the vehicles.

18                   The other item that we will wish or we  
19 would like to deal with in a more limited area is also  
20 the driver's safety record. In number 3 in the slide  
21 in front of you, you'll see that we've identified  
22 Vehicle For Hire rating assumptions, related to  
23 competition within the personal transportation  
24 services industry. Vehicle For Hire rating  
25 assumptions related to the -- the DSR discount

1 availability.

2                   The DSR issue also specifically comes  
3 up in the next page of our intervener application  
4 under issues 4 and 13, it's number 14 on that fourth  
5 page and number 15 on that fourth page.

6                   Again, we would be interested in  
7 looking at the impact of the taxi vehicle for hire DSR  
8 upgrade factor on the Basic revenue forecast.

9                   The implications in fairness of the DSR  
10 system on vehicle premium discounts for good driving  
11 records, including DSR discounts applicable to taxi  
12 vehicle for hire vehicles.

13                   The other issues that are more  
14 particularly detailed have some overlap with what was  
15 identified by other Interveners, including the impact  
16 of COVID and the implication of the provisional and  
17 final rate indications on taxi -- for vehicle hire  
18 premiums.

19                   As Mr. Williams has indicated, we have  
20 reached out to the Consumer's Association to see to  
21 what extent we can collaborate on issues and avoid  
22 duplication.

23                   With respect to our participation in  
24 the process, as you can see from the fairly detailed  
25 questions that we have listed under the preliminary



1 lists of issues identified, we would intend to make an  
2 opening statement. We intend to participate in the IR  
3 process.

4 We have distributed the CVs of two (2)  
5 consultants: Mr. Jeff Crozier and Mr. Patrick Bowman.  
6 No decision has been made yet as to whether or not we  
7 will call those experts for evidence for sure.

8 We would like to see what comes out of  
9 the IR process to see whether or not we need the  
10 evidence. And I guess I'll be dealing with those  
11 witnesses later, it's later in the agenda set out by  
12 Board Counsel.

13 As far as costs, we have provided as  
14 part of our application and distributed to all a  
15 preliminary budget based on the issues that we've  
16 identified in the application, should we be approved  
17 for Intervener status on dealing with all the main  
18 issues as further detailed in our Intervener  
19 application.

20

21 (BRIEF PAUSE)

22

23 MR. ANTOINE HACAULT: Subject to any  
24 questions which the Board may have, again without  
25 wanting to repeat the fair amount of detail that we've

1 provided to MPI and to all around on what we intend to  
2 explore, that would be my opening remarks.

3 THE PANEL CHAIRPERSON: Thank you, Mr.  
4 Hacault.

5 Any questions? Mr. Vandewater...?

6 MR. ROBERT VANDEWATER (by phone):

7 None, no. Thank you.

8 THE PANEL CHAIRPERSON: Okay, thank  
9 you very much.

10 Mr. Scarfone, any response?

11

12 REPLY BY MPI:

13 MR. STEVEN SCARFONE: Just a quick  
14 comment to clarify one (1) particular issue at 17 on  
15 the -- on the driver safety rating.

16 So the -- just to -- to be certain, the  
17 Corporation isn't suggesting that the driver safety  
18 rating be removed entirely from this application.

19 We -- we appreciated the Order that was  
20 made by the Board when the Corporation made a request  
21 for a variance. And what appears there for a detailed  
22 review is something that the Corporation is agreeable  
23 to.

24 What the Corporation doesn't want to  
25 get into at the hearing is the fairness aspect of the

1 driver safety rating, because that's just another way  
2 of -- of saying is it actuarial sound.

3           The Corporation has acknowledged that  
4 it could do a better job of -- of tweaking it to make  
5 it more actuarially sound, but that -- that  
6 essentially is tantamount to saying is it fair, and we  
7 don't think that's a -- a subject that should be given  
8 detailed review for the reasons that we set out in our  
9 application for review and variance.

10           I would say, just on that, that  
11 actuarially soundness, as we set out in our  
12 application, is independent of the public policy  
13 considerations that are baked into the existing model.

14           So the -- we have to remember that and  
15 -- and we also have indicated that there won't be a  
16 pricing examination provided to the Board, as -- as  
17 set out in 17. And -- and we'll have a witness,  
18 probably Mr. Johnston or someone else, to answer  
19 questions about the price in examination.

20           And I'm going to ask Mr. Johnston right  
21 now to explain what also appears in the application is  
22 there's going to be an actuarial examination provided  
23 to the Board in the fall of 2020. And I asked him  
24 what that meant, and maybe it's just easier if he  
25 explains what that will be. But again, I don't

1 believe it's going to go to the fairness or to the  
2 actuarial soundness of the existing model.

3 THE PANEL CHAIRPERSON: Mr.  
4 Johnston...?

5 MR. LUKE JOHNSTON: Good morning. So,  
6 yeah, what we're doing for DSR is really just taking  
7 the -- the rating factors that are there and running  
8 it through our models as if they're running other  
9 rating factor of territory or -- or insurance use or -  
10 - and -- and showing the actuarial indicators on that  
11 basis.

12 So that -- that's -- that's been the  
13 request from -- from Mr. Pelly for a while just to see  
14 what that -- what that is. That, of course, won't  
15 show us whether there's a better model outside of --  
16 like, we use registered-owner model right now.  
17 There's very likely a better model than that one, but  
18 at least we'll have actuarial indicators of what the  
19 current model would indicate.

20 So, you know, if we have 33 percent  
21 discount at the highest level, maybe our model  
22 indicates it's 50 percent or 20 percent, but the Board  
23 will be able to see that information.

24 THE PANEL CHAIRPERSON: Thank you.  
25 Anything further, Mr. Scarfone?

1 MR. STEVEN SCARFONE: No, nothing  
2 further on the -- on the preliminary issues list.

3 THE BOARD CHAIRPERSON: Sorry.

4 THE PANEL CHAIRPERSON: Thank you.  
5 Mr. Gabor...?

6 THE BOARD CHAIRPERSON: Mr. Johnson  
7 (sic), as I understand it from Mr. Scarfone, MPI  
8 doesn't want to look at the different models, and one  
9 (1) of the rea -- one (1) of the reasons given is  
10 Project NOVA, because you're starting into Project  
11 NOVA.

12 The Board -- the Board has, as you  
13 know, for a number hearings wanted to look at the  
14 different models, and MPI has come back with different  
15 reasons as to why it wouldn't be the appropriate time.  
16 Project NOVA is a large undertaking, costing a lot of  
17 money, and taking quite a number of years. Isn't that  
18 the case?

19 I'm just -- you know, I'm going to sort  
20 of just ask you this, and I -- I guess I can't tie you  
21 to it, but are we going to face an argument after  
22 Project NOVA's implemented that we can't look at  
23 different models now because we've implemented it and  
24 to change it now would cost so much money to undo it?

25 Because, you know, this Board ran into

1 a situation with Manitoba Hydro where we requested a  
2 certain report, you know, and it took ten (10) years  
3 to get it. And I'm just wondering if we're looking at  
4 the same sort of time frame from MPI before we  
5 actually get an examination on which models, from a  
6 public-policy perspective or an operational  
7 perspective, worked the best.

8 I don't -- I don't want to -- I don't  
9 want to be here five (5) years from now saying, We  
10 finished Project NOVA, it cost us a hundred plus  
11 million dollars, and boy, if we change it now, we're  
12 going to have to go back and undo Project NOVA, which  
13 is going to cost us, you know, 15 percent or whatever.  
14 At some point, we're going to have to look at this, so  
15 I -- I'd like your comment on that.

16 MR. LUKE JOHNSTON: Yes, thanks for  
17 the -- thanks for the comments. So, as you know, I've  
18 been at MPI for almost twenty (20) years now.  
19 Bringing forward changes to our products has been  
20 extremely difficult.

21 DSR -- I was involved in the design.  
22 It took us twenty-eight (28) versions before  
23 government would approve our structure, and that  
24 structure was only approved because no driver  
25 experienced any form of increase at all, and we lost

1 \$8 million to implement it that way. That's one (1)  
2 of the reasons why the current scale looks a lot like  
3 what we used to charge before.

4                   So our -- our kind of win, from -- from  
5 MPI's perspective, was to get a better risk prediction  
6 model, which we got out of it, but the rates were not  
7 actuarially sound, as -- as you know.

8                   Similar with the -- the CERP (phonetic)  
9 or the product changes in this application, very  
10 difficult to bring those forward. They've been in the  
11 works for years. They are, in general, net positive  
12 and minimal rate impact to customers. That's often  
13 the concern. So just -- that's just some context on  
14 the difficulties. We've had recent talks with  
15 motorcycles, we've tried to bring business cases  
16 forward, and they've been often rejected on an IT cost  
17 reasons, and that's very frustrating on my end too.

18                   So what -- what's happening on Project  
19 NOVA is we're designing future state for really just  
20 rate making in general, but some other examples would  
21 be motorcycles, Vehicle For Hire, DSR. And the reason  
22 for that, obviously, is why design a expensive new  
23 system without the future in mind? You're wasting  
24 your time. If we implement it, and it's not ready to  
25 -- to implement the models we're proposing, that'd

1 just be silly.

2                   So what you'll see from us a lot in the  
3 next couple years is these future-state ideas. You're  
4 seeing some of them. There -- there's, I believe,  
5 three (3) or four (4) motorcycle ideas submitted in  
6 the application, and we just admit we -- we weren't  
7 able to implement them. But definitely understand  
8 your point, and part of Project NOVA is, again, to  
9 prepare us for that -- for that future state. That --  
10 that's all I can really offer you, yeah.

11                   MR. STEVEN SCARFONE:    So, Mr. Gabor, I  
12 might just only add that I guess the -- the answer to  
13 your question is -- is you need not have that concern.  
14 I would feel more comfortable if Mr. Bunko was here,  
15 but that same question can be put to him.

16                   But my understanding is on NOVA,  
17 there's two (2) main vendors -- one (1) of which is  
18 the P&C vendor; the other one (1) is the DVL vendor --  
19 and that NOVA will be designed to accommodate changes  
20 to the driver safety rating model.

21                   THE BOARD CHAIRPERSON:   That's very  
22 helpful, Mr. Scarfone. I -- I look forward to Mr.  
23 Bunko's evidence.

24                   THE PANEL CHAIRPERSON:   Mr.  
25 Vandewater, do you have any questions?



1 (BRIEF PAUSE)

2

3 THE PANEL CHAIRPERSON: I'll assume  
4 that's a no. Thank you. We'll take the morning break  
5 now, please, and be back at quarter to 11:00. Thank  
6 you.

7

8 --- Upon recessing at 10:27 a.m.

9 --- Upon resuming at 10:43 a.m.

10

11 THE PANEL CHAIRPERSON: Yes,  
12 everyone's back. Thank you.

13 We will now address the preliminary  
14 issues list, and any procedural matters. Mr.  
15 Scarfone...?

16

17 PRELIMINARY ISSUES LIST - MPI

18 MR. STEVEN SCARFONE: Yes. So Mr.  
19 Guerra will carry on with some comments regarding the  
20 CSI process and -- and the timetable, which I think  
21 the Board will be interested to hear about what MPIC  
22 is proposing this year for the October hearing.

23 Again, I advise the Board that I have  
24 received instructions for MPIC to oppose the  
25 intervention application of the Insurance Brokerage

1 Association of Manitoba, primarily on the basis that  
2 it appears as though IBAM is -- is seeking  
3 intervention based on commissions and fees, which will  
4 not change as an expense for the corporation in this  
5 years General Rate Application.

6                   So yes, commission and broker fees do  
7 fall under item number 7 on the preliminary issues  
8 list, but those, as I've said, are not changing.  
9 There is, as the Board heard last year, an existing  
10 broker accord that is still in place and does not  
11 expire until 2021.

12                   And so for those reasons, and quite  
13 frankly in -- with apologies to Ms. Sokal, it would  
14 appear that the brokers are -- are here in their own  
15 business interests to make some comments about or  
16 clarify, as she said, any issues that might arise as  
17 to the commissions and fees paid to brokers, and we  
18 don't expect that there will be any such questions  
19 given, as I've said, that there is an existing accord  
20 and that they're subject to regulation as well.

21                   THE PANEL CHAIRPERSON:    Thank you, Mr.  
22 Scarfone.

23                   Ms. Sokal?   Yes, sorry, Mr. Gabor?

24                   THE BOARD CHAIRPERSON:    Sorry, Mr.  
25 Scarfone, you're saying the -- the existing broker

1 accord is in place until 2021.

2 Are you -- are you suggesting that if  
3 there is a change in the broker accord that it will  
4 occur before or after the next hearing?

5 MR. STEVEN SCARFONE: Well, and --  
6 that's -- as Mr. Gabor, you might appreciate that  
7 remains very much in flux, because there was a  
8 conciliation that recently concluded that may touch  
9 upon that when the report comes out.

10 But it's -- it hasn't yet been provided  
11 by the conciliator, as I understand it.

12 THE BOARD CHAIRPERSON: Yeah, no. I  
13 was just trying to figure out the -- you -- you  
14 pointedly went towards the agreements in place til  
15 2021.

16 MR. STEVEN SCARFONE: Yes.

17 THE BOARD CHAIRPERSON: Then I guess  
18 the issue is there may be another agreement or there  
19 may be ongoing discussions between the parties.

20 MR. STEVEN SCARFONE: Yes. And -- and  
21 it's important to note as -- as -- and I appreciate  
22 that Ms. Sokal did this, that last year the Board did  
23 find that it didn't have jurisdiction on the  
24 agreements entered into with MPI's service providers.

25 THE BOARD CHAIRPERSON: Yes, I was

1 more concerned about the date. Thank you.

2 MR. STEVEN SCARFONE: Yes.

3 THE PANEL CHAIRPERSON: Ms. Sokal, do  
4 you have a response?

5 MS. JENNIFER SOKAL: IBAM would simply  
6 say that at this time where the issues have not yet  
7 been narrowed in scope and -- and it's not quite clear  
8 as to all of the evidence that will be put forward and  
9 based on the inform -- Information Requests over the  
10 summer that it is still appropriate for IBAM to be  
11 granted intervention status in order to address any  
12 evidence that may arise from the Information Requests.

13 THE PANEL CHAIRPERSON: Thank you.  
14 Mr. Guerra...?

15 MS. KATHLEEN MCCANDLESS: If I might  
16 just interject, Madam Chair.

17 Kristen, would you mind just pulling up  
18 the agenda. I -- I believe when it comes to issue 3  
19 that the parties did address the issues list in the  
20 course of their opening submissions.

21 If there are other procedural matters  
22 that are not pre-qualification of expert witnesses or  
23 CSI or October rate updates, I would suggest that's  
24 what be addressed now, otherwise we can likely just  
25 move on to pre-qualification of expert witnesses,

1 which I -- I believe MPI may not have anything on that  
2 at this time, but Mr. Hacault may.

3 MR. ANTHONY GUERRA: Thank you, Ms.  
4 McCandless. That was my observation as well.

5 The issue of intervention, would that  
6 be dealt with under section 3?

7 MS. KATHLEEN MCCANDLESS: Yes.

8 MR. ANTHONY GUERRA: Okay. So that  
9 would be where I'd want to go next, if I may.

10 And Ms. Schubert, that would -- my --  
11 unfortunately, our presentation is a little bit out of  
12 order there, but we can correct that.

13 If we can go to page 10 or slide 10 of  
14 the application. You'll -- you'll see there that we  
15 deal with two (2) of the now four (4) Interveners,  
16 next slide we'll deal with a third one.

17 But before we move on to that, I'd like  
18 to address the intervention applications by both the  
19 Consumer's Association of Canada and the Coalition of  
20 Manitoba Motorcycle Groups.

21 With respect to the first, the CAC, as  
22 we've mentioned, we've taken no objection to the  
23 request for intervener status. As always, they are  
24 very welcome to -- party to this proceeding and I have  
25 no doubt that Mr. Williams will -- will ably advocate

1 for his client this year as well.

2                   With respect to the issue of costs, a  
3 couple of things that we've noticed, obviously, is  
4 that there is a recognition on the part of the CAC, as  
5 would be expected in this case. But this -- this GRA  
6 is a different GRA than it -- it has been in previous  
7 years, and certainly from last year.

8                   So comparing the -- the time commitment  
9 from last year, we see that it's down 42 percent, at  
10 least it's estimated to be down 42 percent from last  
11 year.

12                   So we also, though, see despite  
13 suggesting a -- a reduction in total hours required  
14 for this application, the CAC is estimating a required  
15 twelve (12) days of hearing; that would be one (1)  
16 less than what we had last year.

17                   And I will reserve some comments on  
18 whether or not that's appropriate, but it's important  
19 to at least address that in the context of their  
20 application for intervener status.

21                   Also, I would reference the fact that  
22 the application only allocates twenty (20) hours to  
23 discovery, and I appreciate that Mr. Williams will --  
24 will say that there are many more hours that go into  
25 the discovery process that may not be billed.

1                   But I do think it's important to  
2 highlight that the position of MPI is that there  
3 should always be more hours allocated to discovery  
4 than to the hearing process.

5                   And I will -- I will make some further  
6 comments on the importance of discovery, but I would  
7 encourage all Interveners to -- to really -- to really  
8 make sure that the -- the hours that they are  
9 allocating to this whole process are -- are allocated  
10 in as wise a fashion as possible.

11                   And I would suggest in that case this  
12 requires the parties to take a -- a stronger look at -  
13 - at the amounts that they've allocated to the  
14 discovery process.

15                   And then I'd also mention the fact that  
16 their budget is \$51,000 less estimated last year -- or  
17 sorry, this year, rather, than the actuals from last  
18 year. Again, recognition that this is a different GRA  
19 from -- from the previous year.

20                   With respect to the application by the  
21 Coalition of Manitoba Motorcycle Groups, or the CMMG,  
22 again, no objection to their Intervener status.

23                   But again, I'd also mention that their  
24 cost estimates are down from -- or down from last year  
25 in terms of both their hours and the costs, 18 percent

1 down for hours -- sorry.

2 Up from last year, and -- and maybe --  
3 and I would invite My Friend to -- to clarify the  
4 reasons why they would feel that their hourly rate or  
5 their hours would be higher this year than last year,  
6 and -- and it may just be a -- by the fact that senior  
7 counsel is no longer heading up the application  
8 portion and -- and there may be some more time that  
9 way, but I -- I would strongly encourage CMMG to take  
10 a look at the time that was required last year versus  
11 this year.

12 And certainly the observations being  
13 made by the CAC in terms of their hourly allocation  
14 and, you know, to -- to take a look at what is -- is  
15 reasonable in the circumstances.

16 And obviously the budget would be less  
17 this year if it was less senior counsel who would be  
18 advocating on behalf of the CMMG.

19 Ms. Schubert, if you could go to slide  
20 11, please.

21 With respect to the Taxi Coalition, as  
22 mentioned, MPI does not object to its request for  
23 Intervener status. But there are some issues with  
24 respect to the costs -- costs requests or estimated  
25 and requested that MPI would like to address at this



1 point.

2 First of all, there is a difference  
3 between seeking Intervener status and then seeking  
4 funding from MPI for its Intervener status.

5 And neither are -- are right, and  
6 certainly being a -- an Intervener or successfully  
7 applying for Intervener status does not guarantee a  
8 party to recovery of their costs.

9 They have to demonstrate some  
10 particular reason why they are deserving of -- of that  
11 funding. And MPI would submit in this case that the  
12 Taxi Coalition application doesn't satisfy that mark.

13 And that's because what we see from the  
14 Taxi Coalition is advocating something that is not  
15 beyond their own personal or sole business interest.

16 This is -- this is two (2) taxi  
17 companies representing a number of taxi drivers in the  
18 city and -- and other cities in Manitoba who are  
19 advocating for what they believe are fair rates for  
20 their members, not necessarily for the -- the public.

21 And I appreciate that although they may  
22 bring a fresh or a different analysis to the table  
23 than some of the other Interveners and certainly from  
24 -- from MPI, that doesn't necessarily guarantee that  
25 that -- that that analysis or that -- that position is

1 deserving of funding from MPI.

2 I'd also note that the estimated legal  
3 hours are comparable to C -- CAC and the CMMG, two  
4 hundred and ten (210) compared to two hundred and  
5 forty (240). But I think the Taxi Coalition would  
6 agree that their proposed -- their proposed  
7 intervention in this application is not nearly to the  
8 same extent that we would see from either the CAC or  
9 the CMMG.

10 And therefore, we would again encourage  
11 the -- the Board to take a look at whether or not that  
12 estimate is reasonable, especially when we consider  
13 that the estimate discusses a four (4) day  
14 participation in the hearing, as opposed to the CAC's  
15 counsel suggesting a twelve (12) day participation in  
16 the hearing. And as we know, those hearing days can  
17 quickly add up the hours and, ultimately, the fees  
18 that are -- that are incurred as a result of that.

19 And then I'd also encourage the -- the  
20 Board to take a look at the estimated legal fees.  
21 They are comparable from the -- to the CAC, and again,  
22 I would note that the CAC's intervention in -- in the  
23 applications is typically much more robust and  
24 certainly would appear to be more -- more robust in  
25 this situation -- in this case, rather, than what

1 would be proposed by the Taxi Coalition. The total  
2 budget is 81 percent of the budget being proposed by  
3 CAC, and -- and MPI simply suggested that's not  
4 reasonable.

5 And then -- sorry.

6 THE BOARD CHAIRPERSON: -- Mr. Guerra,  
7 I'm --

8 MR. ANTHONY GUERRA: Yes.

9 THE BOARD CHAIRPERSON: -- sorry to  
10 interrupt. Under the policy, we don't approve  
11 budgets. We approve a cost award application after  
12 the hearing. Budgets are reviewed under the policy by  
13 staff, who has discussion with Interveners as to  
14 issues of scope and reasonableness of the budget.

15 So I -- I don't have a problem with you  
16 putting this in, but if you're suggesting that we're  
17 approving budgets or looking at budgets now, we only  
18 look at it -- we only look at a cost application award  
19 after the hearing, and we determine whether the --  
20 among other things, whether the intervention assisted  
21 the Board in coming to its decisions.

22 So you can bring this forward, but if -  
23 - if you think that we're approving the budget now, I  
24 just want to make it very clear to MPI, we're not  
25 approving the budget. We're not looking at the

1 budget.

2                   The Board decisions in relation to the  
3 application -- the -- the Interveners submit an  
4 application for cost awards on the spreadsheet. MPI  
5 sees them, comments on them. We've had comments  
6 before in terms of the appropriateness of the -- of  
7 the level. So I just want to point that out to you,  
8 because I'm getting the feeling that you're  
9 anticipating that as part of our Order, we're going to  
10 approve some budgets. We're not.

11                   MR. ANTHONY GUERRA: Thank you, Mr.  
12 Chair. I -- I don't -- I don't see that as being a  
13 part of the Order, and it certainly isn't the reason  
14 why we're having this discussion today. But I -- I do  
15 appreciate that at some point, there will be an Order  
16 with respect to costs.

17                   And so we see this as the opportune  
18 time to have a discussion about what the intervention  
19 will look like. And Interveners who are applying for  
20 Intervener status ought to know that it is not  
21 necessarily guaranteed that they will be able to  
22 recover their costs.

23                   And so what we see from these  
24 Interveners are budgets that are, in some cases,  
25 remaining the same or are growing or appear to be

1 inconsistent with what their suggested level of  
2 intervention will be. And this is more of a caution  
3 to those Interveners that MPI does not see this as a  
4 normal GRA. This is a focussed GRA, to borrow the  
5 term from My Friend, Mr. Williams, this is an  
6 impoverish GR -- GRA because we are at a very, very  
7 difficult time.

8           And so what we are suggesting is that  
9 those who -- who apply for Intervener status, even if  
10 MPI does not oppose their intervention, is not  
11 necessarily agreeable with the budgets and not  
12 necessarily agreeable with their entitlement to any  
13 funding whatsoever, especially in the case of  
14 Interveners like the Taxi Coalition and, as I will  
15 mention in a few moments, with IBAM as well.

16           Although MPI is opposing the  
17 application for interven -- inter -- excuse me,  
18 intervention status by IBAM, it notes that in the  
19 event that the Board does approve its application,  
20 there still is the issue about funding. And MPI would  
21 suggest, like the Taxi Coalition, that IBAM is a party  
22 that represents a sole business interest, and  
23 therefore, it should not be entitled to that funding.

24           So this is more of a -- a warning to  
25 those Inter -- proposed Interveners that this is what

1 would be expected from MPI going forward and that they  
2 may want to either rethink their -- their plans going  
3 forward in terms for their particin -- participation  
4 levels in the -- the GRA, or, you know, their -- their  
5 entitlement to funding because it's -- it's not going  
6 to be a blank cheque. At least that's not the  
7 position from MPI.

8

9

(BRIEF PAUSE)

10

11

MR. ANTHONY GUERRA: The -- the  
12 balance of the presentation deals with other issues,  
13 so at this point, what I'll do is I will -- I'll turn  
14 it back to Ms. McCandless, and she can go from there.  
15 Thank you.

16

MS. KATHLEEN MCCANDLESS: I believe  
17 this is just -- I would refer to it as a procedural  
18 issue, I suppose, under I think it was Item 3 on the  
19 agenda, so if the Interveners have any comments in  
20 reply --

21

DR. BYRON WILLIAMS: On behalf of CAC  
22 Manitoba, we'll seek direction from the Board. We  
23 would be happy to reply, but given that it's not a  
24 subject for the Board Order, and mindful of the time  
25 that's already been spent on this issue, we -- we're

1 happy to offer some comment. But if the Board feels  
2 our time would be used more efficiently on matters  
3 within the scope of its Order, we would be happy just  
4 to dispense with this and lead it -- leave it to the  
5 PUB process as -- as anticipated by the PUB's rules.

6 THE PANEL CHAIRPERSON: Thank you, Mr.  
7 Williams. Yes, I don't think that there should be a  
8 response. I think that the information back and forth  
9 with regard to the application for costs as set out in  
10 the policy should be between the Interveners and the  
11 Board staff.

12 As the Board Chair has pointed out,  
13 we're not going to make a decision with regard to this  
14 until following the conclusion of the General Rate  
15 Application.

16 So are there any other procedural  
17 matters upon which any of the Interveners would like  
18 to comment?

19 Mr. Williams, no?

20 Ms. Meek...?

21 Ms. Sokal...?

22 Mr. Hacault...?

23 Thank you.

24

25 (BRIEF PAUSE)

1 THE PANEL CHAIRPERSON: Then with  
2 regard to the next item on the agenda -- I believe  
3 it's the pre-qualification of any witnesses -- or, any  
4 experts, excuse me -- and I have heard that Mr.  
5 Hacault may be asking for experts to be called.

6 Would you please address this matter?  
7

8 PRELIMINARY ISSUES LIST - TAXI CAB COALITION:

9 MR. ANTOINE HACAULT: Thank you, Madam  
10 Chair. As set out in Mr. Christle's letter to all  
11 parties -- we identified in our June 25, 2020, letter  
12 sent to the PUB with copy to all parties the CVs of  
13 two (2) experts which may be called to testify. We  
14 haven't made that decision yet.

15 Mr. Bowman area -- Bowman's area of  
16 expertise includes the application of regulatory  
17 principles and concepts appropriate for regulated  
18 Crown utilities, and with respect to MPI's  
19 application, it is anticipated this may include  
20 reviewing financial forecasts, revenue requirements,  
21 cost allocation principles, and rate design.

22 The second person -- again, we don't  
23 need to call evidence; we won't necessarily, but --  
24 who's helping us is Mr. Crozier. He was the director  
25 of regulatory affairs at MPI from 2016 to 2020. In



1 this capacity, he was accountable for and oversaw the  
2 development of MPI's annual General Rate Application  
3 and the regulatory process.

4 Mr. Crozier's area of expertise  
5 includes the regulated auto insurance, generally, and  
6 we expect that he will complement and bridge Mr.  
7 Bowman's experience to MPI's '20/'21 GRA. He has not  
8 testified before a regulatory tribunal before, but he  
9 does, as his CV indicates, have extensive and -- in  
10 this automobile insurance regulatory area.

11 So unfortunately, I'm not much help for  
12 MPI in saying, are we going to call them for sure?  
13 Are we going to have evidence for sure? We have to  
14 see what's going to come out of the IR process in  
15 order to make that decision as to if we're going to  
16 call them. But if we were going to call them, I've  
17 set out the areas that they have expertise in, and we  
18 have attached their CVs for the Board's information.

19 THE PANEL CHAIRPERSON: Thank you.  
20 Mr. Guerra, any comments specifically related to the  
21 qualification as opposed to the earlier discussion on  
22 cost?

23 MR. STEVEN SCARFONE: Thank you, Madam  
24 Chair. I just -- I told Mr. Guerra that perhaps it's  
25 easier that -- if I respond, because I did share an

1 email yesterday with My Friends about the  
2 prequalification.

3                   So MPIC is agreeable to qualifying at  
4 this time Mr. Bowman to the extent that he will  
5 provide evidence -- or may provide evidence to the  
6 Board, as indicated by Mr. Hacault.

7                   MPIC would, however, defer at this  
8 point on the pre-qualification of Mr. Crozier, perhaps  
9 primarily because we don't know if he's going to  
10 testify in October. If he is, you know, there may be  
11 a report that is generated that we could look at, and  
12 decide what -- what he might be providing to the  
13 Board.

14                   But a secondary reason is -- is the  
15 Board might anticipate is MPIC might have expected a -  
16 - a cooling-off period of sorts. Mr. Crozier, as you  
17 know, was just recently employed by MPIC, and in fact,  
18 helped prepare, and work on, and strategize for this  
19 application.

20                   So we want to take that away, quite  
21 frankly, and just think about the impact of that, and  
22 then the propriety of that before we make any decision  
23 on pre-qualifying him, and -- especially in light of  
24 the fact that Mr. Hacault isn't certain at this point  
25 if he's going -- even going to be a witness.

1 THE PANEL CHAIRPERSON: Thank you, Mr.  
2 Scarfone. We'll now move to --

3 DR. BYRON WILLIAMS: Madam Chair...?

4 THE PANEL CHAIRPERSON: I'm sorry.  
5 Mr. Williams...?

6 DR. BYRON WILLIAMS: Just from the  
7 perspective of CAC (Manitoba), we agree with the  
8 Taxicab Coalition that -- that both these individuals  
9 are -- are well qualified as -- as experts.

10 So I can just indicate from our  
11 clients' perspective that we would be supportive of  
12 their qualification; whether or not we agree with  
13 their conclusions, our client believes that they're --  
14 they're well-qualified.

15 THE PANEL CHAIRPERSON: Thank you, Mr.  
16 Williams. Mr. Guerra, we will proceed with the  
17 process for the treatment of commercially sensitive  
18 information.

19

20 PRELIMINARY ISSUES LIST - MPI

21 MR. ANTHONY GUERRA: Thank you. Ms.  
22 Schubert, if you can go to slide number 6 from our  
23 presentation, please.

24

25 (BRIEF PAUSE)

1 MR. ANTHONY GUERRA: Thank you. So as  
2 indicated previously, the -- the process that MPI  
3 proposes for this year is very similar to the process  
4 that was proposed last year, which was the -- the  
5 first year in which that CSI process was -- was  
6 proposed and was approved for use by -- by this Board.

7 By all accounts, it appears that the  
8 process was well received. It did appear to result in  
9 a -- in a more streamlined process, and ultimately, it  
10 allowed parties to have access to confidential  
11 material at a sooner point in the GRA that allowed  
12 them to then ask questions upon that information and -  
13 - and ultimately determine whether or not the  
14 information was, from their perspective, information  
15 that ought not to be placed on the public record.

16 So MPI does request that the same  
17 process be adopted and used for this year. We have  
18 circulated the proposed process. It's one (1) of our  
19 undertakings from this morning, as well as the  
20 proposed undertaking form, and the two (2)  
21 confidentiality agreements, one (1) being an agreement  
22 that pertains to MPI owned information, and one (1)  
23 that pertains to confidentiality -- excuse me --  
24 confidential information belonging to third parties.

25 Ms. Schubert has quite helpfully put up

1 on to the screen the proposed process. And this was  
2 taken from -- largely from the June 25th, 2019 letter  
3 from the last GRA that approved that process. And so  
4 what the Board will see from there is -- is almost an  
5 identical process from -- from that.

6                   The forms were tweaked a little bit  
7 because there isn't a similar letter that was in place  
8 this year from last year. So what MPI would envision  
9 is that the -- the Board would approve the process,  
10 set it out in its Order, and then those forms and  
11 undertakings would -- would simply reference the Order  
12 that approves the -- the process.

13                   And then with respect to the Omnibus  
14 Motion that is contemplated in the process, MPI would  
15 propose to file that on September 18th, 2020, and that  
16 is the date that is currently reserved in the  
17 timetable as the date being for all parties to file  
18 any -- any motions that they -- they wish to file.

19                   Subject to any questions, those are --  
20 those are our views on the proposed CSI process.

21                   THE PANEL CHAIRPERSON: Thank you, Mr.  
22 Guerra. Mr. Williams...?

23

24 PRELIMINARY ISSUES LIST - CAC (MANITOBA)

25                   DR. BYRON WILLIAMS: I'll just

1 indicate for -- on behalf of CAC (Manitoba), this  
2 process, from their perspective, was led by -- by very  
3 capable colleague, Ms. Dilay, last year with the  
4 instruction of CAC (Manitoba), and they advised me  
5 that it worked well, and we do express our  
6 appreciation for Manitoba Public Insurance for their  
7 approach.

8 I note My -- My Learned Friend Mr.  
9 Hacault may have some modest comments about it, but  
10 from our clients' perspective, it -- it's a process  
11 that has served ratepayers and the process well.

12 THE PANEL CHAIRPERSON: Thank you, Mr.  
13 Williams. Ms. Meek...?

14 MS. CHARLOTTE MEEK: CMMG has no issue  
15 with the process as proposed.

16 THE CHAIRPERSON: Thank you. Ms.  
17 Sokal...?

18 MS. JENNIFER SOKAL: IBAM echoes Ms.  
19 Meek's comments.

20 THE CHAIRPERSON: Mr. Hacault...?

21

22 PRELIMINARY ISSUES LIST - TAXI CAB COALITION

23 MR. ANTOINE HACAULT: Yes. There --  
24 more questions, I think, than concerns. With respect  
25 to the undertaking of confidentiality, I had written

1 yesterday, after having received the forms, to Mr.  
2 Scarfone, and -- just to ask some questions.

3                   We've had a discussion, but it hasn't  
4 really led to more clarification at this point. The  
5 one (1) thing I asked for clarification with respect  
6 to the undertaking, I indicated I would appreciate  
7 some clarification on the destruction instructions.  
8 Paragraph 5 ties that descri -- destruction to a  
9 request, and only for purposes of paragraph 5 to a  
10 date after which all review and appeal periods have  
11 expired.

12                   Paragraph 6 appears to overlap by  
13 dealing with documents in electronic media format, and  
14 those are subject to an automatic deletion. So I  
15 asked the question, all CSI will be in electronic  
16 media, and we'll probably have a printed version. Is  
17 it the intention that the electronic version needs to  
18 be destroyed?

19                   The reason I asked that is one (1) of  
20 the last judicial reviews I did, we had to do all  
21 electronic filings. So if I had all the paper  
22 version, I would have to scan them all to the extent  
23 it was in CSI, et cetera, and I -- I just wasn't sure  
24 why the destruction wasn't a -- a uniform process,  
25 both for the paper and electronic versions.

1                   And the -- and these are just practical  
2 matters. It says -- and any form that it was saved,  
3 and there's normal backups for stuff in our office, in  
4 any event. I don't know how we go into backup  
5 formation and destroy backup information. It's not  
6 available to anybody, but -- so I ask clarifications  
7 on that.

8                   With respect to the agreements  
9 themselves, because it's -- it's a two-pronged  
10 process, that they're asking us to sign both the  
11 undertaking and the agreements, my assistance may be  
12 asked to perform administrative tasks in creating  
13 redacted and clean versions of our evidence and  
14 responses to IRs which deal with CSI. We had to do  
15 that at Centra Gas.

16                   Is it the expectation that there's a  
17 specific undertaking or agreement that's required to  
18 be signed by them? The reason I ask that is the  
19 agreement asks for personal liability. And as  
20 lawyers, insurance would cover it, but our staff -- we  
21 -- I don't think it would be the first time that our  
22 staff would be asked to sign kind of a personal  
23 liability to do an administrative task related to CSI.

24                   We usually -- I mean, I'll have  
25 information, I'll say well this needs to be done in a



1 -- a redacted form, please password protect it, send  
2 it to MPI for review to see if we redacted enough or -  
3 - you know, further -- so there's a lot of adminis --  
4 well, there wasn't a lot, but there was administrative  
5 tasks which my assistant performed which, I mean, I  
6 could, I guess, perform, but which helped be more  
7 efficient in dealing with the process, and I wasn't  
8 too sure whether it was the expectation that even our  
9 assistants would have to sign undertakings and  
10 agreements of confidentiality. They're bound by that  
11 in our office anyways.

12                   The last question I had in article 6  
13 was more a question of clarification again.

14                   Article 6 in the agreement says that we  
15 are not to contest or challenge any of the rights in  
16 or to any confidential information.

17                   However, as I understood the CSI  
18 process, it contemplated Interveners having access to  
19 CSI in advance of a PS -- PUB ruling on the  
20 appropriateness of CSI, so that we could comment.

21                   So, I wasn't -- I was seeking some  
22 clarification. Then is it the expectation of MPI that  
23 we not be allowed to provide any comments on whether  
24 some parts should be redacted or not?

25                   I thought that we were supposed to have

1 that role, but the agreement appears to suggest  
2 otherwise.

3                   So those were the -- the questions that  
4 I had. They're not concerns, and it may be that we  
5 can deal with them after the fact. But I at least  
6 wanted to put them on the record so that the Board was  
7 aware that we were having those discussions and I was  
8 seeking those clarifications.

9                   THE PANEL CHAIRPERSON: Thank you, Mr.  
10 Hacault.

11                   Mr. Guerra, do you have response at  
12 this point?

13

14 REPLY BY MPI:

15                   MR. ANTHONY GUERRA: I do. And I --  
16 welcome Mr. Hacault's comments and -- and fresh view  
17 on the process as -- as I mentioned this is now the --  
18 the second year that we've been using this process and  
19 certainly although we've had some success in using it,  
20 it's -- every process is capable of becoming better.

21                   With respect to his questions though, I  
22 -- I would say a couple of things.

23                   So first of all, with respect to the  
24 issue of whether or not his assistant should be  
25 signing any documents before handling the CSI

1 material, MPI's position is that there -- there should  
2 be something to provide an acknowledgement that the  
3 material is confidential and will be treated  
4 accordingly.

5                   We do have an undertaking and we do  
6 have confidentiality agreements. These are -- these  
7 are documents that MPI, in coordination with PUB  
8 counsel, the Interveners who are presently here and  
9 have participated in the past, and with respect to  
10 it's -- MPI's third-party vendors, have -- have  
11 circulated and have worked on over some time to -- to  
12 make sure that they -- they meet everyone's standards.

13                   Because the last thing we want is for  
14 confidential information, for example, belonging to a  
15 third-party vendor to be up for distribution and --  
16 and all of a sudden a third-party vendor takes the  
17 position that this is unreasonable because there isn't  
18 enough protections available to -- to them in this  
19 process and to their confidential information.

20                   So we -- we have to be mindful of the  
21 competing interests at play here in trying to strike  
22 the right balance. But I would suggest that in this  
23 case what might be a reasonable way to deal with this  
24 would be to have a -- the undertaking signed by the  
25 assistant to acknowledge the fact that the material is

1 confidential and be treated in a confidential manner.

2                   And certainly if that's a direction  
3 from the Board in its procedural Order, MPI will --  
4 will not oppose that.

5                   With respect to the -- the other  
6 question with -- which was whether or not section  
7 article 6 of the Confidentiality Agreement precluded  
8 someone from then being able to challenge whether or  
9 not a document was confidential at a later stage of  
10 the proceedings, we don't interpret that provision to  
11 mean that.

12                   What that article talks about is  
13 ownership, for proprietary interests in the -- the  
14 information itself.

15                   And so what it's designed to do is to  
16 say we're providing you with the confidential  
17 information and you will receive that in the course of  
18 the proceedings and you'll be allowed to use it in  
19 terms of making arguments and things like that.

20                   But that doesn't -- because you've  
21 received it in that format or that process, that  
22 doesn't become your own information. You don't have  
23 any proprietary or -- or ownership right of that  
24 interest.

25                   And so that allows MPI to be able to

1 recall that information at a later date if it needs  
2 to.

3                   We don't see that -- that article  
4 specifically as pro -- precluding the party from being  
5 able to then challenge MPI when it brings its motion  
6 in September seeking confidential treatment of that  
7 information at that later time.

8                   And -- and quite frankly, the order  
9 that we have proposed or the process that we proposed  
10 be placed in the Order does specifically contemplate  
11 the right of parties to then challenge MPI's motion at  
12 that later time.

13                   So we certainly don't want to derogate  
14 the rights of -- of the Taxi Coalition, or any other  
15 Interveners, to be able to challenge the confidential  
16 status of the information. But we don't see that  
17 particular article as being a barrier to doing that.

18                   And so I don't believe that there is  
19 any requirement for that article to be amended to --  
20 to address any of the concerns raised by my friend in  
21 that -- in that regard.

22                   And then the -- the final issue was  
23 with respect to the destruction of electronic  
24 information versus paper information.

25                   If I recall correctly, last year what

1 we did was the CSI information was largely provided in  
2 paper format. So any electronic versions of documents  
3 would have been documents that were -- were copied or  
4 scanned or -- or made by the Interveners.

5                   So it didn't -- it should not have been  
6 an issue that came into play. It was more of a  
7 contemplation that the parties may have made  
8 electronic copies of documents in the ordinary course  
9 of the proceedings, and therefore would have been at  
10 that point in time required to destroy that  
11 information.

12                   However, MPI doesn't oppose a process  
13 whereby paper documents and electronic documents are  
14 treated in the same fashion. The reality is that we -  
15 - we may see a different process come into place in  
16 the way we handle paper documents, going forward.

17                   So we certainly don't want to create  
18 any issues for -- for counsel or for any of the  
19 parties with respect to how they treat paper documents  
20 and electronic documents.

21                   I -- I can't say at this point in time  
22 that all documents will be provided solely in paper or  
23 electronically, it's too early to say. But we  
24 wouldn't oppose a process that would create a -- a  
25 consistent process to treat those documents.

1 THE PANEL CHAIRPERSON: Thank you, Mr.  
2 Guerra.

3 Mr. Gabor, any questions?

4 THE BOARD CHAIRPERSON: I haven't  
5 looked at the undertakings this year, Mr. Guerra.

6 Is the undertaking with Mr. Hacault, or  
7 is the undertaking with Thompson Dorfman?

8 MR. ANTHONY GUERRA: It would be with  
9 the individuals themselves.

10 THE BOARD CHAIRPERSON: Okay, thank  
11 you.

12 THE PANEL CHAIRPERSON: Mr.  
13 Vandewater, any questions?

14 MR. ROBERT VANDEWATER (by phone): No,  
15 thank you.

16 THE PANEL CHAIRPERSON: Thank you.

17 Okay, thank you. We'll now proceed to  
18 the next item, which is the update to the rate  
19 indication to be filed in October.

20 Ms. McCandless, would you please speak  
21 to this?

22

23 PRELIMINARY ISSUES LIST - BOARD COUNSEL:

24 MS. KATHLEEN MCCANDLESS: Yes, thank  
25 you Madam Chair.

1                   Kristen, could you pull up slide 5 from  
2 MPI's Exhibit 3 from this morning?

3                   So just by way of background for the  
4 Board's understanding. At the workshop last week  
5 there was some discussion in terms of what MPI  
6 proposed to file for its October final rate  
7 indication, and what had been included in the  
8 application, and there was some discussion following  
9 the workshop about what, from the Board advisors'  
10 perspective, they would recommend be filed.

11                   And for the most part, that has been  
12 recognized by MPI in slide 5, so thank you, MPI for  
13 that.

14                   In terms of the update, there had been  
15 some discussion as well about providing updates based  
16 on the standard interest rate forecast and the 50/50.

17                   Appreciating MPI's comments and the  
18 comments from CAC, the Board advisors are comfortable  
19 at this point with what's been proposed.

20                   The -- the only remaining issue would  
21 be, I would suggest, that perhaps there be simply a --  
22 a catch-all added to this list at slide 5, which would  
23 be, essentially, the extent to which there are any  
24 sections of the General Rate Application that would be  
25 materially affected by the update, that those



1 documents also be provided with the filing in October.

2 MR. STEVEN SCARFONE: Yeah, that seems  
3 agreeable.

4 And -- and this, I suppose, is an  
5 opportunity to ask Mr. Johnston any questions as it  
6 concerns the update in -- and I know Roger had some  
7 questions about that -- that catch-all that Board  
8 counsel is proposing.

9 I think the example he cited at the  
10 workshop was, you know, for investments, if there was  
11 a material change in the return on -- on the  
12 investment fund, how that would impact upon the  
13 update.

14 So -- but I appreciate the comments of  
15 Mr. Williams and Ms. McCandless concerning the -- the  
16 update, not this year, at least, including the SIRF  
17 and the 50/50.

18 THE PANEL CHAIRPERSON: And would you  
19 like Mr. Johnston to comment on that, or are you  
20 finished your remarks?

21

22 (BRIEF PAUSE)

23

24 MR. LUKE JOHNSTON: Yeah, I don't have  
25 too much to add. This is going to be a very

1 interesting update, as you can imagine. Lots going to  
2 have changed. What we're trying to avoid is --  
3 obviously, there's some large chapters and sections in  
4 the GRA.

5                   Like, for -- for example, the claims-  
6 incurred book is probably a hundred (100) pages. Our  
7 intent isn't to update those types of items in their  
8 entirety, but when it comes to something like the  
9 collision forecast, obviously, we would update that  
10 thoroughly and compare it to what was previously  
11 submitted. That's a forecast that could be pretty  
12 dramatically impacted.

13                   Then, obviously, all the -- all the  
14 other items listed on here, we anticipated having to  
15 file those as part of evidence anyway, so we're  
16 prepared to do that.

17                   THE PANEL CHAIRPERSON:    Thank you, Mr.  
18 Johnston.

19                   Mr. Williams...?

20

21 PRELIMINARY ISSUES LIST - CAC (MANITOBA)

22                   DR. BYRON WILLIAMS:    Madam Chair --  
23 and if I could ask Ms. Schubert to pull up Pro Forma 5  
24 for one (1) second -- generally, our client is  
25 appreciative of the agreement by Manitoba Public

1 Insurance to provide the updates, and we think the  
2 spirit of it is to address matters that are -- may be  
3 materially impacted and also to effect documents that  
4 are in common use.

5                   And if you just -- our clients' primary  
6 recommendation is that Pro Formas 5 and 6 should be  
7 added to the list, and if you think of what Pro Forma  
8 5 demonstrates -- that's the statement of operations,  
9 the 2020, for the -- for the current year that we're  
10 in -- and that, of course, is material in -- in the --  
11 in the sense that that may affect the Capital  
12 Management -- the amount that is rem -- that flows  
13 from -- through the Capital Management Plan release.

14                   Our Learned Friends may say, Well, if  
15 you look at Pro Formas 1, 2, and 3, we kind of capture  
16 the whole year. Our clients' concern for Pro Forma 5  
17 -- and we'll turn to six (6) in a second -- is that  
18 this is a document that's pretty common and central to  
19 the rate application, and we would assume and expect  
20 that that update would already be done.

21                   So from our clients' perspective, there  
22 would be minimal burden on Manitoba Public Insurance  
23 to update a pro forma such as this, which is material  
24 to the application and, as this Board will know from  
25 many hearings, is commonly used.

1                   Perhaps we could turn up Pro Forma 6.

2                   And again, this is going to the test  
3 year, the '21/'22 comparative. And from our clients'  
4 perspective, an update on that is material, it's a  
5 document that's commony -- commonly used in the  
6 application, and that there would be minimal burden,  
7 if any, for Manitoba Public Insurance to update it.

8                   Those being our -- our two (2)  
9 comments, our suggestions to amend the -- the proposal  
10 to date, and subject to any questions, those are our  
11 comments.

12                   THE PANEL CHAIRPERSON:    Thank you, Mr.  
13 Williams.

14                   Ms. Meek...?

15                   MS. CHARLOTTE MEEK:    CMMG has no  
16 comment on the proposed update.

17                   THE PANEL CHAIRPERSON:    Thank you.

18                   Ms. Sokal...?

19                   MS. JENNIFER SOKAL:    IBAM also has no  
20 comments on the proposed update.

21                   THE PANEL CHAIRPERSON:    Thank you.

22                   Mr. Hacault...?

23                   MR. ANTOINE HACAULT:    No additional  
24 comments on the proposed update.

25                   THE PANEL CHAIRPERSON:    Thank you.

1 Any response, Mr. Scarfone?

2 MR. STEVEN SCARFONE: No response. I  
3 expect that my client, Mr. Johnston, has no objection  
4 to the inclusion of the two (2) pro formas that Mr.  
5 Williams has suggested be included.

6 THE PANEL CHAIRPERSON: Thank you.

7 Ms. McCandless, could we now deal with  
8 the timetable for the GRA?

9 MS. KATHLEEN MCCANDLESS: Yes, thank  
10 you. And so that's PUB Exhibit 3.

11

12 (BRIEF PAUSE)

13

14 PRELIMINARY ISSUES LIST - BOARD COUNSEL:

15 MS. KATHLEEN MCCANDLESS: Thank you,  
16 Ms. Schubert.

17 So now the proposed timetable is before  
18 everyone. It was discussed briefly at the workshop.  
19 I -- I don't believe there were any objections,  
20 generally, to the timetable, except MPI may have some  
21 comment on the length of the hearing.

22 So I will then just defer to MPI and  
23 the Inter -- the proposed Interveners in terms of  
24 comments on the timetable.

25 THE PANEL CHAIRPERSON: Thank you.

1 Mr. Scarfone...?

2 MR. STEVEN SCARFONE: Mr. Guerra's  
3 going to touch upon this issue because I -- I made no  
4 headway in that respect.

5 THE PANEL CHAIRPERSON: Thank you.

6

7 REPLY BY MPI:

8 MR. ANTHONY GUERRA: Thank you. And,  
9 yes, Ms. Schubert, perfect. That's exactly where I  
10 want to start.

11 So you may be asking why I'm starting  
12 my discussion about the timetable with a slide here  
13 showing a graph about information requests. But as  
14 you can see, the -- the title is -- is sub-captioned:

15 "Fewer information requests equal  
16 more hearing time."

17 And what this bar chart shows us is  
18 that issues that consumed three (3) of the twelve (12)  
19 hearing days lasted -- last year, rather -- the  
20 investments, the Capital Management Plan, and -- and  
21 the DCAT issues -- represented only 18 percent of the  
22 total volume of the information requests.

23 Conversely, IT had a similar percentage  
24 of IRs and even lower time dedicated to it at the oral  
25 hearings -- 15 percent. Sorry, so IT had a -- was the

1 number one (1) asked question but was -- was canvassed  
2 15 percent at the oral hearing.

3                   So MPI would submit that the PUB should  
4 assess and determine the need for an oral hearing  
5 based on the evidence and the extent of the record  
6 before it. In cases where the record is sufficiently  
7 complete, upon delivery of rebuttal evidence, the PUB  
8 should consider moving to argument and -- and reply.

9                   We -- we recognized that there -- there  
10 may be some instances where there is -- there's going  
11 to be new information. We talked about the October  
12 update and things like that. But -- but I would  
13 encourage the parties to utilize the Information  
14 Request phases. There's -- we have a very robust  
15 discovery process here, two (2) rounds of Information  
16 Requests, and certainly, it's -- it's a process that  
17 MPI takes very seriously.

18                   But we would encourage the -- the  
19 Interveners to utilize the Information Request rounds  
20 as -- as efficiently and as thoroughly as possible,  
21 because what we see is when -- and when it's -- when  
22 it happens, when it's done, those issues, hopefully,  
23 are canvassed enough that they don't become or they  
24 shouldn't become the focus of the I -- of the oral  
25 hearing unless it -- it's so material that we can't

1 avoid an oral hearing on it.

2                   And I would -- go to the next slide,  
3 please -- just discuss what the situation was with  
4 respect to the 2019 GRA. And so what we saw there was  
5 that 30 percent of the IRs dealt with investments,  
6 asset liability management, and the DCAT, but these  
7 consumed five (5) days of hearing, including CA -- CAC  
8 witnesses, so they were more than 50 percent of the  
9 actual oral -- oral hearing; whereas we saw that 20  
10 percent of the Information Requests were related to  
11 the issue of -- of IT, but only two (2) days of oral  
12 hearing were -- were actually dedicated to it.

13                   So again, when -- when information --  
14 when issues are canvassed thoroughly through the  
15 Information Request phase, they typically are not as  
16 big an issue at the oral hearing because, hopefully,  
17 the -- the evidence that is required to make the  
18 arguments is obtained in that process and -- and needs  
19 not be tested to the same degree.

20                   The oral hearing is a more efficient  
21 use -- sorry, the discovery process should be more  
22 efficient use of getting an information and then oral  
23 hearing left to just testing those issues that cannot  
24 be dealt with adequately in the discovery process.

25                   So I'd like to go to -- to move over



1 now to slide number 12, please.

2                   And what we see here is the timetable  
3 for each of the last three (3) GRAs. So 2018 GRA, we  
4 see what days it sat, what days it didn't sit. Same  
5 thing with the 2019 GRA and then last year's GRA. And  
6 what we see here is that in each of these instances,  
7 there was eleven (11) -- an average of eleven (11)  
8 sitting days per year and five (5) non-sitting days  
9 per year.

10                   And some of these are -- are easily  
11 explained. We have some holidays that fall within  
12 some of these dates, and other times, it's -- it's  
13 important for the parties to have a day off to be able  
14 to prepare for, let's say, a witness panel that might  
15 be extremely technical or very detailed, and -- and  
16 that makes complete sense.

17                   However, what we saw in 20 nine (9) --  
18 sorry, in the 2020 GRA, so the -- the calendar year  
19 2019 was a -- a -- total sitting days of -- of  
20 thirteen (13), with four (4) non-sitting days. And  
21 that certainly represents a -- a very significant time  
22 for an oral hearing, and -- and that's because there  
23 were a lot of issues at -- at play, and a lot more  
24 evidence being submitted, and certainly a big  
25 component that was -- was the issue of -- of IBAM and

1 -- and the service delivery model.

2                   So what I would -- and the reserves  
3 regulation as well, yes. And thank you for -- for  
4 noting that.

5                   So if I can go to the next slide,  
6 please. What I would suggest the Board consider is  
7 that this GRA is more focused than those last three  
8 (3) GRAs, certainly. We don't have a service delivery  
9 model or a loss prevention chapter. The revenues,  
10 DSR, investments, and IT chapters are going to be less  
11 urgent and less detailed as they were in previous  
12 years.

13                   We don't expect to be presenting any  
14 witnesses to be -- to -- speaking to the issues of  
15 loss prevention DSR, with the exception of the -- the  
16 information that Mr. Johnston mentioned, and we all  
17 know that Mr. Johnston will -- will be appearing as a  
18 witness in more than one (1) panel throughout this --  
19 throughout the oral hearings.

20                   The CMP and the RSR are -- are going to  
21 be of -- of limited time in terms of the evidence  
22 being provided on those road safety. We know it was a  
23 -- an issue that's being deferred completely.

24                   Shadow portfolios and benchmarking --  
25 these were all issues that were canvassed thoroughly

1 through the last GRA that we don't expect will be  
2 thoroughly -- or addressed at all in this GRA. And  
3 then also no anticipated external witnesses from MPI,  
4 as were done in previous years.

5                   Again, I mentioned the issue of  
6 holidays. We don't have Thanksgiving or Yom Kippur to  
7 -- to take up any of the days in October, meaning that  
8 all non-sitting days can be -- can be used and -- and  
9 be productive. There are no constitutional questions  
10 that MPI's aware of currently at this point in time.

11                   And, well, when I -- when I wrote this,  
12 this was before I was appreciative of IBAM's  
13 application for intervention status, but I do note  
14 that regardless of the application, which is opposed  
15 by MPI, but regardless of that application, it is  
16 admittedly an intervention on a very narrow issue.  
17 One (1) of the issues, Issue number 9.

18                   And we would submit that that's an  
19 issue that is not dedicated to a -- a very thorough  
20 review in this -- this GRA. It hasn't been assigned  
21 that -- that status, and certainly would not be  
22 something that we would require the num -- the number  
23 of days of intervention or the -- the type of  
24 intervention that we saw from -- from IBAM last year.

25                   Excuse me. As I mentioned previously,

1 the -- the CAC budget is 42 percent less in terms of  
2 legal -- legal counsel hours this year, which we would  
3 submit is -- is completely appropriate. This is a --  
4 this is going to be a more focused GRA than it has  
5 been in previous years, certainly from the last year.  
6 And then again, the request indication is a negative  
7 ten point five (-10.5).

8           And Mr. Gabor, you are -- you're going  
9 to ask me about our conversation, last year's GRA,  
10 where you -- you asked me about whether or not the --  
11 the GRA should automatically be more focused or more  
12 tapered down, simply because a negative rate  
13 indication is being requested.

14           And -- and I would suggest to you that,  
15 as I mentioned last year, not necessarily so, but it's  
16 one (1) of the contextual factors that the -- the  
17 Board should take into consideration. The Board  
18 should be aware of the fact that this is a -- this is  
19 a unique GRA in the sense that we are at an uncertain  
20 time. And we may be, in October, in a very different  
21 position than we are currently.

22           If you were to ask somebody who is a  
23 resident of Florida two (2) or three (3) weeks ago  
24 whether or not they saw COVID as being a problem, they  
25 probably would have said no. They would have a very

1 different answer today. We may be in a very different  
2 position in October than we are today as well. I hope  
3 not, but I can't say for sure that that's the case.

4           The -- the application and the hearing  
5 of the application should be focused only on what is  
6 absolutely necessary to -- to take care of, because  
7 this is an uncertain time, and resources are at a  
8 premium, and we may not be able to guarantee the  
9 ability to -- to be able to host a GRA that is as  
10 comprehensive as it has been in previous years.

11           And there certainly isn't the need to  
12 have a GRA hearing that is comprehensive as it was  
13 last year. By -- by no admission are the issues as  
14 robust this year as they were last year.

15           And so why are we suggesting as many  
16 dates for the GRA this year as we were of last year?  
17 I would suggest, and if we can move to the next slide,  
18 please, that presuming to schedule more time is -- is  
19 not wise because for -- for a variety of reasons.

20           First of all, it places less importance  
21 on the discovery phase. As I mentioned we have a very  
22 robust two (2) round phase of -- of Information  
23 Requests. And if parties are mindful of the fact that  
24 they have more time than necessary at the oral  
25 hearing, it encourages parties perhaps to -- to take

1 that process less seriously. I -- I would hope not,  
2 but I -- I think what we see is that the more time is  
3 dedicated towards that inf -- that Information Request  
4 process, the less time is actually needed for -- for  
5 oral testing of evidence.

6                   And it doesn't -- sorry. It does not  
7 encourage distillation of -- of issues. We've seen is  
8 that the last couple of years, the -- the Board has  
9 suggested that we participate in a meeting of counsel  
10 just before the hearing to try to see if we can  
11 whittle down the issues. That meeting has never been  
12 productive, and -- and we don't expect it will be  
13 productive this year as well.

14                   And certainly, it would not be  
15 productive if parties were aware that there were three  
16 (3) full weeks of hearing set aside. There's just no  
17 incentive to -- to try to distill the issues to what  
18 matters most to ratepayers at that point in time.  
19 There's -- there's just too much time available, and -  
20 - and no incentive to -- to do otherwise.

21                   And again, it diverts the attention  
22 away from the issues that matter most to ratepayers.  
23 We would submit that the issue about the fairness of  
24 the DSR is not at the top of mind of ratepayers this  
25 year. This is about COVID. We should be talking

1 about COVID. We should not be talking about the DSR,  
2 with respect.

3                   So those issues that require more  
4 hearing time ought to be required, so -- sorry. Those  
5 -- those Interveners, those parties who are requesting  
6 more hearing time, should be required to justify the  
7 need for that.

8                   And I would suggest that -- that the  
9 twelve (12) hearing days proposed by the CAC is -- is  
10 not reasonable, and ought be justified. And so what  
11 MPI has done -- and if you can go, Ms. Schubert, to  
12 tab -- sorry, slide number 16, please.

13                   This is not obviously set in stone, but  
14 this is a proposal for what a reasonable GRA might  
15 look like for an oral hearing this -- this year. And  
16 this is a two (2) week hearing, ten (10) -- ten (10)  
17 days, with two (2) non-sitting days, and eight (8)  
18 sitting days. And -- and what I think the Board  
19 members would find is that there is ample time to --  
20 to talk about the issues are -- are -- that matter  
21 most to the Interveners, as well as the -- the  
22 ratepayers, most importantly.

23                   And -- and so, again, this is not  
24 something that is incapable of changing, and -- and  
25 certainly, the parties will -- will have a better

1 understanding after the Information Request phase as -  
2 - as to what the hearing should look like.

3 But this is a -- I think a thoughtful  
4 way of proposing what would -- would be a reasonable  
5 application. And this would only require two (2) --  
6 two (2) weeks of hearing, and would also provide the  
7 parties with the -- the time off to be able to prepare  
8 for some of the -- the more pressing issues.

9 So for example, on the Thursday the  
10 22nd, we'd have a free day to be able to come back and  
11 talk about COVID-19 on the -- the next day, the  
12 Friday. And also, there would be some time between  
13 Thursday and Friday of the next week to talk about --  
14 or prepare for closing arguments and reply.

15 And Wednesday, as you would see, is  
16 dedicated to Intervener witnesses. And at this point  
17 in time, there may -- there may not be any Intervener  
18 witnesses, so we may even have a third free day.

19 So again, MPI would welcome input from  
20 the parties as to why this hearing -- or -- this  
21 hearing's schedule, or a type of hearing schedule like  
22 this would not be appropriate. And -- and, certainly,  
23 although I can appreciate that the desire might be to  
24 schedule more hearing time than is necessary, I would  
25 caution against it.



1                   And I would also say that the remarks  
2 that are being made today, I expect will be repeated  
3 throughout the hearing process, especially if the  
4 ultimate hearing schedule looks a lot like what is  
5 being proposed today.

6                   So subject to any questions, those are  
7 our comments on that.

8                   MR. STEVEN SCARFONE:    I -- I might  
9 just add, if I -- if I could, for the benefit of  
10 everyone here, but especially the Board, I would be  
11 remiss and -- and possibly fired if I didn't relate  
12 the comments of Mr. Triggs, who wanted the Board aware  
13 that the General Rate Application is a very important  
14 piece of Manitoba's business, obviously, but also a  
15 very tremendous strain on resources.

16                   And so with that in mind, the executive  
17 and -- and bringing, for example, a panel to speak to  
18 information technology, preparing the panel for that  
19 we -- we conduct mock cross-examinations of Mr. Bunko  
20 and Mr. Lazarko, all of which pulls them away from  
21 another important project, which is Project NOVA.

22                   And so, I -- I want to impress upon the  
23 Board when deciding on the timetable to bear that in  
24 mind with the negative 10.5 percent rate indication,  
25 which is an important factor for this Board to

1 consider, because if not this year, then when? Because  
2 this is the first time in 30 years that we've been  
3 below 10 percent.

4                   Those are the only comments I'd make  
5 with respect to the timetable.

6                   THE PANEL CHAIRPERSON:    Thank you.

7                   Mr. Williams...?

8

9 PRELIMINARY ISSUES LIST - CAC (MANITOBA)

10                   DR. BYRON WILLIAMS:    Thank you.  We  
11 certainly thank counsel for MPI for their impassioned  
12 presentation.

13                   Just Madam Chair, you may not be able  
14 to draw upon your recollection, but from our clients'  
15 perspective it's important to go back in time and  
16 understand how the position of MPI has ping-ponged  
17 over the recent years when Chairperson Gabor may have  
18 started appearing at these hearings, the focus was cut  
19 down on the Information Requests, let's -- you know,  
20 let's focus on the oral hearing.

21                   In the last couple of years, there has  
22 been the ping-ponging, the focus on the discovery.

23                   Our clients' approach every hearing is  
24 the same.  They -- they look at the most efficient way  
25 to address an issue and -- and in estimating the time

1 of the hearing, they certainly think it would be  
2 imprudent for this Board, at this point in time, to  
3 give up that third week, and for three (3) primary  
4 reasons.

5                   First of all is learned counsel for MPI  
6 we think has conceded this is an impoverished  
7 application. The nature of the original filing by the  
8 choice of MPI raises the prospects that if you think  
9 of the discovery phase as threefold, the initial  
10 application, round one of IRs, round 2 of IRs, an  
11 important critical first step has been truncated.

12                   So that raises concerns right off --  
13 off the bat in terms of the process. It also leads  
14 our client to con -- to conclude that if any  
15 determination were to be made by the Board in terms of  
16 losing some hearing days, that would be better made in  
17 the fall after the meeting of counsel.

18                   And with respect, our clients disagree  
19 emphatically with the suggestion that those September  
20 meetings don't matter.

21                   In our clients' views, and we certainly  
22 take those proceedings seriously. They allow us to  
23 clarify and narrow the issues. They allow MPI to be  
24 better prepared in terms of the material. And it  
25 allows us to make a more informed judgment once the

1 discovery phase is completed.

2                   A second reason why our client (sic)  
3 believes that the -- it would be imprudent to give up  
4 that third week is that we have an Intervener, the --  
5 the Taxi Cab Coalition, and it simply takes a look at  
6 their detailed approach to the issues list.

7                   A thoughtful intervention, our clients  
8 may or may not agree with them, but that is not a  
9 lightweight or non-time intensive intervention.

10                   There is a lot of meat there, including  
11 most likely with the very thoughtful witness, Mr.  
12 Bowman, perhaps with Mr. Crozier, and we would expect  
13 that that -- that day would take at least a day as  
14 well.

15                   A third reason why I -- our client  
16 believes that it would be imprudent to give up that  
17 third week is the uncertainty around COVID-19 in our  
18 clients' view suggests that the issue of whether the  
19 emergent circumstances, the material change in  
20 circumstances that was found by this Board in April of  
21 or May of 2020 may still exist. And if there is  
22 circumstances similar to that, that may lead to a -- a  
23 longer hearing.

24                   Our clients would not put any weight on  
25 the fact that the estimate of time for CAC Manitoba

1 lawyers is lower in this hearing.

2                   This Board will know from many  
3 appearances by CAC Manitoba that we worked off of the  
4 number of hearing days and mathematically experience  
5 has shown us it's roughly -- for each hearing date  
6 there's about twenty (20) hours associated with it.  
7 That's where the two hundred and forty (240) hours  
8 come from.

9                   The CAC hours for lawyers are lower  
10 this year because there's not the underlying dilemma  
11 that we had last year of an unlawful regulation.

12                   And if the Board thinks of the pre-  
13 hearing application of last year, our clients sought  
14 special permission from this Board to increase our  
15 hours to do legal research related to the legislative  
16 history. So in -- in our clients' view, no weight  
17 should be given for that.

18                   It's hard to estimate what is the right  
19 amount of -- of days for this hearing. It would be  
20 very regretful though if we need eleven (11), or if we  
21 need twelve (12). Our clients' best estimate  
22 currently is twelve (12), given the factors that we've  
23 shared. Maybe it'll be ten (10), maybe it'll be  
24 eleven (11), maybe it'll be thirteen (13).

25                   That all, in our clients' view, is a --

1 an estimate that they feel is the current best  
2 estimate.

3 Subject to any questions, those are  
4 their comments.

5 THE PANEL CHAIRPERSON: Thank you, Mr.  
6 Williams.

7 Ms. Meek...?

8

9 PRELIMINARY ISSUES LIST - CMMG

10 MS. CHARLOTTE MEEK: Thank you, Madam  
11 Chair.

12 Mr. -- Mr. Guerra has put forward point  
13 blank that we should not be talking about the DSR this  
14 year.

15 As Mr. Gabor noted, MPI has found  
16 excuses in previous years to defer the DSR repeatedly.  
17 All parties this year have noted that the MPI  
18 application is condensed this year, and that there are  
19 a number of major issues that we will not be examining  
20 or spending so much time on. For example, the road  
21 safety is -- is a less major issue this year.

22 CMMG would then suggest that this year,  
23 which has less issues and therefore more availability  
24 for time, is therefore a perfect year to deal with  
25 issues that have been deferred over, and over, and

1 over again for other pressing matters.

2 CMMG would commit to do its best to  
3 focus our resources, to provide fulsome IRs to ensure  
4 that oral hearing time is used in an efficient way.

5 And while CMMG does not propose to be  
6 involved for the same period of time as CAC Manitoba,  
7 who provides a very comprehensive position on all  
8 issues in the GRA, CMMG would support CAC's  
9 proposition that at least 12 days would be required.

10 Further, CMMG supports CAC's  
11 proposition that determining closer to the hearing if  
12 the three weeks required is more appropriate. Thank  
13 you.

14 THE PANEL CHAIRPERSON: Thank you.

15 Ms. Sokal...?

16 MS. JENNIFER SOKAL: As noted by Mr.  
17 Guerra, IBAM's intervention -- or proposed  
18 intervention is quite narrow this year, and as such we  
19 have no position as to the timetable.

20 THE PANEL CHAIRPERSON: Thank you.

21 Mr. Hacault...?

22

23 PRELIMINARY ISSUES LIST - TAXI CAB COALITION:

24 MR. ANTOINE HACAULT: A couple things.

25 Firstly, I'm new to these hearings, so

1 I'm not too sure with respect to the October 6th  
2 update what we're going to see.

3                   But in some of the Hydro hearings or  
4 even Centra Gas, when there's information comes late  
5 in the day, we don't have an opportunity to do  
6 discovery on that, but there may be some very  
7 important questions to ask on that update to help the  
8 Board understand and help our clients better  
9 understand the material impacts, or not, of that  
10 update.

11                   So I, as Mr. Williams, have found over  
12 the last decade that when I do hearings roughly, it's  
13 not always the same, for every day of hearing, or  
14 appearance, I'm spending about 20 hours of  
15 preparation, some are in discovery, submissions, or  
16 something.

17                   So that's how I came up with my  
18 estimate, and unfortunately there is the version that  
19 ended up going to the parties in the PDF version had a  
20 -- two columns and it had 170 hours and 40 hours.

21                   I just want to clarify for the record,  
22 although it's not relevant for now, it's -- my  
23 estimate was a hundred and seventy (170) hours for  
24 time, not two hundred and ten (210).

25                   The one (1) issue I had raised with



1 counsel for MPI is the short time frame between the  
2 Board Order, on July 3, and the deadline to ask IRs,  
3 the first round on July 8.

4           If there's CSI, so assuming for  
5 argument's sake, our client gets Intervener status, we  
6 get those undertakings signed on the Friday and the  
7 information comes on Monday, by Wednesday, according  
8 to the current schedule, they have to have all our IRs  
9 asked on that CSI.

10           I would request that there be five (5)  
11 business days between the receipt of CSI and the first  
12 round of IRs on that CSI. It still gives plenty of  
13 time to MPI to answer those, but it gives us a little  
14 bit of time to digest that CSI and to ask questions.

15           In Centra Gas, unfortunately, I had the  
16 experience where there was a deadline, and the day of  
17 the deadline for CSI questions, I got the material. I  
18 couldn't do anything.

19           With respect to the hearing itself, at  
20 the end of the hearing -- and -- and this is largely  
21 what we -- the way I approach most hearings is my  
22 preference -- and I think it helps focus everybody --  
23 is that the applicant who has the onus provides its  
24 written or oral submission, and then other parties  
25 have a couple business days to digest that and provide

1 their submission to the Board.

2                   We always attempt -- and, hopefully, it  
3 is useful for the Board -- to provide issue briefs  
4 with thorough references to evidence. We hope that  
5 assists the Board in its determinations and in finding  
6 the evidence that we say is relevant to our  
7 submissions.

8                   But, quite frankly, we need two (2) or  
9 three (3) business days to put that together for the  
10 Board so that if we go through week 1, week 2, and --  
11 and we're finding just before the hearing that it does  
12 take twelve (12) days, but we can give one (1) or two  
13 (2) business days between the MPI submission and our  
14 closing submissions, that would be really appreciated,  
15 and we think we can better assist the Board in -- in  
16 coming to grips with the evidence in our submissions  
17 with that tweaking on the oral- and written-submission  
18 part.

19                   Those would be my comments with respect  
20 to the timelines that were provided.

21                   THE PANEL CHAIRPERSON:    Thank you.

22                   Mr. Gabor...?

23                   THE BOARD CHAIRPERSON:    Mr. Guerra,  
24 it's interesting. I note that -- I believe in the  
25 last two (2) years for sure, not -- maybe three (3)

1 years -- that the party that's requested the most time  
2 for a free day is MPI at the time of final submission.  
3 Wherever we were in the hearing, and the Interveners  
4 concluded their cases, MPI wanted the rest of the day  
5 off to prepare a final submission.

6                   And I see that in this case, in your  
7 proposal, that's the same case, that what you want is  
8 you want your free day on the 29th in order to give on  
9 the 30th, but you want everything done by the end of  
10 the 30th -- by the end of the 30th. Your closing  
11 submissions are usually half a day.

12                   So I've got -- I've got a problem with  
13 the idea of, Let's jam this all in, but we're going to  
14 have the same amount of time, the free day, so that we  
15 can prepare. But we don't have any flexibility for  
16 any other of the -- any other issues or any other  
17 parties that may arise.

18                   As I understand it, what you're  
19 proposing is, Let's set aside three (3) weeks; let's  
20 try and do the hearing in two (2) weeks. If we need a  
21 third week, we will use a third week. Is that  
22 correct?

23                   MR. ANTHONY GUERRA:    So -- so first  
24 off, this is -- this is one (1) proposal, and -- and  
25 it's not an official proposal. It's an idea of what a

1 two (2) week hearing might look like. And I -- I  
2 don't want to suggest that MPI is proposing more time  
3 for it to prepare than others. So, for example,  
4 perhaps one (1) of those free days might become a half  
5 free day, right, so that the free time is moved around  
6 so the parties do have some time there.

7                   So -- so -- and I also want to -- to  
8 say that the -- the addition of free time was as a  
9 result of discussion at the pre -- at the issues  
10 workshop, where the -- the parties all canvassed and -  
11 - and mentioned that they like the free time. They  
12 like those days off to be able to prepare.

13                   THE BOARD CHAIRPERSON: I'm talking  
14 about week 3.

15                   MR. ANTHONY GUERRA: Right, so -- so  
16 week 3 was -- was entered there just to show that  
17 there isn't -- there isn't necessarily a need for a  
18 week 3. However, if -- if we all want to have our  
19 cake and eat it too, for example, we can all schedule  
20 our -- our time -- our time so that we tentatively  
21 scheduled for a three (3) week hearing but do  
22 everything we possibly can to avoid that.

23                   And if a party comes to us and says, We  
24 need more time, then they should be able to justify  
25 why they need more time and -- and the -- what got

1 them to that point.

2                   So, you know, how -- how successful  
3 were they in uti -- utilizing the discovery process as  
4 well as it should have been? Was there anything done  
5 by MPI that may have thwarted their ability to be  
6 productive during the discovery phase? If that's the  
7 case, then, yeah, maybe we should be scheduling more  
8 time into week 3 because that would be something on  
9 MPI, for example.

10                   Did the party really sit down and --  
11 and discuss with counsel the ability of -- of removing  
12 some of the issue off of the list at the end of  
13 September or -- or whenever we're scheduling the --  
14 the meeting of counsel at this point? If they didn't,  
15 why not? And -- and really challenge the parties to -  
16 - to be able to justify the need for extra time.

17                   So we -- we've already -- in our  
18 calendars, we've already scheduled the -- the third  
19 week off, but what I think we will find is as we get  
20 closer to this date -- Monday, October 19th -- we --  
21 we should be in a position where if -- if one (1)  
22 party is of the view that the two (2) weeks is -- is  
23 not enough, that they should be asking the -- the  
24 Board to approve further sitting dates and be able to  
25 justify why that is, including MPI.

1 THE BOARD CHAIRPERSON: Previous  
2 hearings have already occur -- have always occurred  
3 earlier than that -- this. Is that correct? Usually  
4 the first week of October?

5 MR. ANTHONY GUERRA: Yes.

6 THE BOARD CHAIRPERSON: And this year,  
7 it's moving later out of a request from MPI.

8 MR. ANTHONY GUERRA: Yes. My  
9 understanding is that given some of the -- some of the  
10 dates for -- for counsel -- executive council sittings  
11 and things like that, this -- this was a more  
12 efficient use of time. And -- and, quite frankly, it  
13 doesn't -- it allows us to operate the hearing while  
14 avoiding some of the holidays that would also apply as  
15 well.

16 THE BOARD CHAIRPERSON: Right.

17 MR. STEVEN SCARFONE: Part of the  
18 reason for the -- the start date, Mr. Gabor, was there  
19 is, as Mr. Guerra indicated, a Board meeting which  
20 would have to approve the update, and then there was a  
21 -- I think a ten (10) day window that the advisors  
22 asked be provided to analyze the update. So after the  
23 update is provided, they wanted some -- they wanted  
24 sufficient time to look at it before the hearing  
25 started.

1 THE BOARD CHAIRPERSON: I -- I know.  
2 I guess -- I guess the concern I have is in having to  
3 determine things for all the parties, we're -- the  
4 Board's asked to be very flexible for MPI and change  
5 the dates. But now the position of MPI is in terms of  
6 the hearing, we actually don't want you to be very  
7 flexible. What we want you to do is very specific,  
8 make decisions now, having seen -- having just  
9 received the application, not reviewed it, not  
10 reviewed the IRs.

11 You know, the concerns I have is we're  
12 not a court in a -- if you're in a court and you miss  
13 a day, then you just get a new date. We don't have  
14 that luxury because you need a decision by a specific  
15 date. We -- it's not one of those, Gee, sorry, you  
16 know, we'll give you a date in January, because we've  
17 got to get six (6) lawyers together for -- for later  
18 hearing dates.

19 So, you know, I understand the -- I  
20 understand the proposal, and -- and we'll have to  
21 consider it.

22 MR. STEVEN SCARFONE: Thank you.

23 THE PANEL CHAIRPERSON: Mr.

24 Vandewater, do you have any questions?

25 MR. ROBERT VANDEWATER (BY PHONE): No,

1 thank you.

2 THE PANEL CHAIRPERSON: Thank you.

3 Any further comments, Mr. Scarfone?

4 MR. STEVEN SCARFONE: I don't believe  
5 so. Thank you, Madam Chair.

6 THE PANEL CHAIRPERSON: Ms.  
7 McCandless?

8 MS. KATHLEEN MCCANDLESS: Just  
9 following on Mr. Hacault's comments on the timetable,  
10 I would just mention in terms of management of IR  
11 deadlines, when there's been an issue with receipt of  
12 CSI documents in the past -- you know, it hasn't been  
13 timely in terms of the IR deadline -- that's typically  
14 something we've worked out amongst counsel without the  
15 involvement of the Board.

16 There can be an agreement -- I -- I  
17 would be surprised if MPI is not amenable to that  
18 again this year -- should the need arise for more  
19 time. If that does happen, then Board counsel would  
20 make the Board aware of -- of this proposed agreement  
21 and -- and seek the Board's approval.

22 But I -- in my view, it's not something  
23 that necessarily needs to be addressed in the  
24 procedural Order. I think it can be dealt with  
25 informally amongst counsel, and then the Board can be



1 notified.

2 THE PANEL CHAIRPERSON: Thank you, Ms.  
3 McCandless.

4 I believe that that concludes all of  
5 the issues that were before the Board this morning,  
6 and thank you for your attendance. We'll adjourn the  
7 meeting -- hearing.

8

9 --- Upon adjourning at 12:05 p.m.

10

11

12 Certified Correct,

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16 Donna Whitehouse, Ms.

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