



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2024/2025 GENERAL RATE APPLICATION
HEARING

Before Board Panel:

Irene Hamilton, K.C.- Panel Chairperson
Robert Gabor, K.C. - Board Chair
Susan Nemec - Board Member
George Bass, K.C. - Board Member
Susan Boulter - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
Oct 17, 2023

Pages 1238 to 1434

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LIST OF UNDERTAKINGS		
NO.	DESCRIPTION	PAGE NO.
24	MPI to provide an integrated project plan that shows the direct relationship of dependent projects to Project NOVA.	1300
25	MPI to provide further information as to who the five hundred (500) resources dedicated to Project NOVA are, including whether they are internal to MPI, consultants, system integrator, and, as far as MPI's able to, how they relate to projects, specific projects	1383
26	MPI to confirm what costs at the end of the project would be deferred development costs and what costs would be going through an income statement or a profit and loss statement	1423

1 --- Upon commencing at 8:58 a.m.

2

3 PANEL CHAIRPERSON: Good morning,
4 everyone. As we discussed on Monday, we reserved this
5 time for the hearing of the CSI motion that MPI has
6 made. So, Mr. Guerra, would you please proceed?

7 MR. ANTHONY GUERRA: So we did have
8 some developments late in the day yesterday, and we
9 had anticipated that we'd be proceeding on the
10 confidential record this morning.

11 That has since changed, so we discussed
12 yesterday that MPI would be not withdrawing its
13 motion, however, would be asking that the motion be
14 heard in writing based upon the materials previously
15 filed by MPI, and that a decision be made in due
16 course.

17 That is the position of MPI in this
18 matter. We can advise that Deloitte advised us late
19 yesterday that they would be taking no position in
20 respect of our motion, and so that is the -- the
21 response from Deloitte we received.

22

23 (BRIEF PAUSE)

24

25 PANEL CHAIRPERSON: Just to be clear,

1 Mr. Guerra, is there anything in addition to the
2 initial affidavit with the two (2) reports attached
3 that MPI will be filing in this matter?

4 MR. ANTHONY GUERRA: No, Madam Chair.

5 PANEL CHAIRPERSON: Okay. Thank you.

6 And, Ms. Dilay, may I have your comments, please?

7 MR. CHRIS KLASSEN: Thank you, Madam
8 Chair. We're not opposed to MPI's proposal. CAC has
9 provided written submissions. They're on the record
10 as Exhibit CAC-9, and if it's the Board's preference
11 to consider MPI's request based on the written
12 materials, that's fine with CAC (Manitoba).

13 PANEL CHAIRPERSON: Thank you, Mr.
14 Klassen. Ms. McCandless, do you have any comments?

15 MS. KATHLEEN MCCANDLESS: None at this
16 time. We have the positions in writing from those who
17 were taking a position, so my suggestion would be that
18 the Board deliberate and decide on the motion at its
19 convenience.

20 PANEL CHAIRPERSON: Thank you. We
21 will do exactly that. We will deliberate. We may
22 provide you with a decision with written reasons to
23 follow. Certainly, those reasons will be provided
24 before the end of this hearing.

25 Thank you. That takes care of the CSI

1 motion, so now we have the Project NOVA Panel. Would
2 you please introduce your panel and we'll have those
3 people who have not yet been sworn in this proceeding
4 sworn. Thank you.

5 MR. ANTHONY GUERRA: Yes. Thank you,
6 Madam Chair. Just a couple of exhibits to read into
7 the record before we do that.

8 MPI Exhibit number 84 is the NOVA
9 presentation we received this morning, and MPI Exhibit
10 number 85 is its response to Undertaking number 6.

11

12 --- EXHIBIT NO. MPI-84: NOVA Presentation

13

14 --- EXHIBIT NO. MPI-85: Response to Undertaking 6

15

16 MR. ANTHONY GUERRA: With that, I'll
17 introduce the NOVA Panel. The front row members are
18 Alex Ramirez, our program director, NOVA Program
19 Delivery; Shayon Mitra, our vice-president and chief
20 transformation officer; Gary Dessler, our director of
21 NOVA Technical Solutions; and Shawn Campbell, our
22 vice-president and chief inform -- excuse me, chief
23 information technology officer in an interim position.

24 In the back row we have Jim Humble, our
25 financial forecasting specialist; John Bowering, our

1 director of Product Management; Shanne Kernested, our
2 consultant; Odette Cruz, our consultant; Marnie
3 Kacher, obviously our interim president and chief
4 executive officer; Lynne Onofreychuk, our assistant
5 manager, Project Accounting; Jeff Sass, our interim
6 vice-president and of chief -- excuse me, vice-
7 president and chief operations officer; and -- and,
8 yes, that should be all of them.

9 So I'll ask this time that the
10 witnesses -- I believe it is Mr. Dessler and Mr.
11 Ramirez -- be sworn in.

12

13 MPI NOVA PANEL:

14 ALEX RAMIREZ, Sworn

15 SHAYON MITRA, Resumed

16 GARY DESSLER, Sworn

17 SHAWN CAMPBELL, Resumed

18

19 EXAMINATION-IN-CHIEF BY MR. ANTHONY GUERRA:

20 MR. ANTHONY GUERRA: Thank you,
21 members. Mr. Campbell, this is a presentation I
22 understand filed as Exhibit MPI-84 of the NOVA
23 presentation.

24 Is that correct?

25 MR. SHAWN CAMPBELL: Yes, that is

1 correct.

2 MR. ANTHONY GUERRA: Is this a
3 presentation that you prepared with your team members?

4 MR. SHAWN CAMPBELL: Correct.

5 MR. ANTHONY GUERRA: And this will
6 form the basis of the direct evidence you'll provide
7 to the PUB this morning?

8 MR. SHAWN CAMPBELL: Yes, it will.

9 MR. ANTHONY GUERRA: Okay. I may have
10 some questions for you throughout the presentation,
11 but I'll turn it over to you now. Please deliver the
12 presentation with your team members.

13 MR. SHAWN CAMPBELL: Thank you. Thank
14 you, everyone. This morning we are going to give you
15 a brief presentation on Program NOVA, a brief agenda.
16 I'll give a -- a background of the objectives and what
17 brought about NOVA.

18 I'll then turn it over to my colleague,
19 Mr. Ramirez, who will talk about project status, the
20 impacts of our labour interruption, give a financial
21 update and a brief discussion about our new program --
22 our program governance vendor. Could we move to the
23 next slide, please.

24 So why Project NOVA? Well, the
25 challenges that we have within the Corporation is our

1 technology is aging out. As has been noted in
2 previous PUB hearings, the technology that we use to
3 sell products to Manitobans was built in the '80s and
4 '90s. This is using technology that was not taught
5 and -- or is not taught in schools anymore. We're
6 talking about COBOL, PowerBuilder.

7 We're talking about technology where if
8 we need to fix something, we have to bring individuals
9 out of retirement because we do not have the skill set
10 available to us in the new generation to support that
11 software.

12 This initiated the program called
13 Legacy Modernization Assessment, Legacy modernization,
14 and now Project NOVA. It's been a journey. We have
15 been at this for quite a number of years, and it is a
16 very key objective for MPI to achieve as it will help
17 us to move forward with cost savings, address an ever
18 increasing technology debt, technology risk.

19 It'll also enable us to start to bring
20 forward the abilities to enable business features or
21 services for the customer that currently are not
22 available online, rather they have to do it in person.
23 It'll also make things easier for our partners in the
24 ecosystem that we use for selling the products. Move
25 to the next slide, please.

1 So what is NOVA? There's been lots of
2 discussion around what is the objectives of NOVA and
3 whether or not they have changed. Here we present the
4 initial objectives of NOVA, and that, we believe,
5 stays the same. It is to replace that Legacy
6 technology. We are talking about our Autopac online
7 system, our driver licencing system, our claims
8 management system for physical damage.

9 These systems themselves were built in
10 the '80s and '90s, and some of them were converted
11 from a mainframe, and so are very long in tooth from a
12 technology point of view. They are expensive to
13 maintain and they are ever increasingly challenging
14 when it comes to managing from a security point of
15 view.

16 Through this, we've built out the
17 business case to allocate funds to bring about change.
18 The maturity of our organization at the time believed
19 that we had the services available to do this
20 delivery, but through the life of the program we have
21 understood that MPI was not as mature as we wanted it
22 to be when it came to doing this type of delivery.

23 So, as part of the program, we brought
24 on services to help address that maturity or those
25 capacity misses. This is around things like

1 organizational change management, integration
2 services, things around the customer experience in
3 ensuring that we have an understanding of how our
4 customers want to interact with MPI, as well as
5 managing data. Next slide, please.

6 Now, you can imagine and appreciate
7 that this is a large program, so in order to do that,
8 you have to make sure you have strong controls in
9 place. Like any good program, you have to have the
10 controls around the three (3) corners of what is
11 typically referred to as the iron triangle when it
12 comes to scope, time line, and budget.

13 Within that triangle is a
14 representation of quality. If you want to manage a
15 program appropriately, your key objective is ensure --
16 is to ensure that you have high quality while you are
17 looking to manage the budget, manage the -- the
18 schedule, as well as manage the scope.

19 For MPI, when we look at this program,
20 we typically refer to it as the key objectives of
21 replacing the Legacy technology as our driver for the
22 scope.

23 Within that, we make sure that we have
24 good governance, including vendor oversights; we have
25 financial controls in place so that we are ensuring

1 that we are trying -- or meeting our budgetary
2 objectives; that we are making sure that we have
3 strong technical delivery in place so that the -- the
4 software that we roll out with the features are
5 meeting the business needs; and that we do appropriate
6 risk action issues and decision management, or RAID
7 management is the vernacular.

8 Along the way though, you can imagine
9 that there is continuous learning improvements that
10 are happening. As part of this, we are looking to
11 implement better solution management so that we
12 understand how this change, or these sets of changes,
13 are integrated and mitigate impacts into the rest of
14 the organization.

15 We look to improve on our requirements
16 as our requirements gathering we found is not as
17 mature as we would like it to be.

18 And the last one has to do with
19 operational readiness, making sure that the
20 organization is ready to receive this software when it
21 -- it comes out, and that runs the gamut of supporting
22 the software as well as making sure that the end users
23 are properly trained and have the supports that they
24 need to be successful. Next slide.

25 As we go through this presentation

1 there'll be some key messages that we're trying to
2 deliver to you here, so I'm just going to highlight
3 them to you so that when we get into the details later
4 on, we can bring that back.

5 So at the beginning of this year, we
6 did roll out our release 1, or our commercial
7 insurance product. However, we have noticed that once
8 the business starting using it, that there was either
9 missed or misunderstood requirements that were
10 developed with that product. That has led to some
11 complications with the business and, as such, we are
12 looking to address those complications right now.

13 For release 2, this was scheduled to go
14 live this fall. Unfortunately, due to labour
15 interruptions, as well as due to some key financial
16 requirements that were identified very late in the
17 testing process, that has been delayed.

18 Release 3 itself has not started with
19 regards to actual discovery and development. Rather,
20 there are a set of dependencies that we have put
21 forward as part of our lessons learned from the
22 previous releases to make sure that we are ready to
23 action that book of work in an appropriate time.

24 As part of that, we recognize that
25 release 2 has to be completed because our resources,

1 our subject matter experts, can only focus on one (1)
2 area at a time.

3 If you have them doing too many
4 different tasks at the same time, they are not
5 focused, which will result in missed requirements or
6 missed specifications.

7 We have six (6) critical -- six (6)
8 critical prerequisites, which I mentioned that have to
9 do with ensuring that we have a proper software
10 delivery life cycle in place, that we have proper
11 requirements gathering in place, as well as others
12 that will be covered later on.

13 To roll onto that, we have labour
14 interruption impacts. In order for us to be able to
15 do a program, we have to have subject matter experts.
16 But those same subject matter experts are what are
17 needed to address the backlogs that we have
18 accumulated during this labour interruption. So now
19 we have a challenge.

20 The last part is the ability -- or, as
21 I addressed, the availability with the required
22 business use.

23 Overall, Program NOVA, we have
24 communicated a December 2025 time frame. However,
25 given all of these complications, we may need to look

1 at extending that time frame. Next slide, please.

2 Mr. Ramirez, I'll pass it over to you.

3 MR. ALEX RAMIREZ: Thank you for that,
4 Mr. Campbell. And members of the Board, I'm here to
5 present status of the program, where we're at, some of
6 the challenges that we've run into, next steps, and
7 how we're going to manage and mitigate some of the
8 risks that have come about.

9 From a program delivery perspective,
10 Mr. Campbell alluded to the three (3) pillars of any
11 project: schedule, scope, budget. And so, here, we're
12 going to present the state of that.

13 From a scope perspective, necessary
14 scope controls and guardrails are in place. As Mr.
15 Campbell mentioned, scope has not changed. We do have
16 those guardrails in place around change requests,
17 decision requests that are utilized any time there's
18 any change to the program.

19 From a continuous improvement
20 perspective, we continue to evolve, apply lessons
21 learned. You mentioned -- you heard Mr. Campbell
22 mention challenges with the requirements post go live
23 for the first release, challenges with the
24 requirements for release 2 in order to meet our go
25 live date.

1 And therefore, for the upcoming release
2 3 and then, afterwards, release 4, there is a
3 continuous improvement effort on requirements and
4 gathering that is underway.

5 To date, there is no change request to
6 the business case scope.

7 From a budget perspective, post re-
8 baseline -- so re-baseline 2022, which set out the
9 number that we're all familiar with, which is \$290
10 million, including contingency, the necessary
11 financial governance and controls are in place.

12 The primary budget drivers for this
13 initiative and -- and most projects, revolve around
14 the resourcing required to develop on -- on the
15 effort, to deliver on that scope; the IT products --
16 whether it's cloud, whether it's infrastructure,
17 whether it's software; and the system integrator
18 effort. Those three (3) are the primary drivers to
19 the budget. Those are well understood.

20 Currently, we are trending within the
21 overall \$290 million budget. In upcoming slides,
22 we'll get into more detail as to how that is breaking
23 down.

24 From a schedule perspective, you've
25 heard the slippage in -- in release 1 and release 2.

1 Obviously, we have labour interruption impacting us
2 right now for release 2 go live and release 3. That
3 schedule, we have it as red. From a red, amber, green
4 perspective.

5 We do have entry and exit criteria
6 controls that are in place. What do we mean by that?
7 We have introduced entry criteria that we must meet in
8 order to enter the next phase.

9 So as an example, upcoming next phase
10 is release 3 Discovery. We have documented roughly
11 over a hundred (100) criteria; not all critical. As
12 you heard from Mr. Campbell, there are six (6)
13 critical prerequisites. Others are high priority,
14 medium, and low.

15 We measure that entry criteria in order
16 to enter that next phase, with an understanding of our
17 ability to successfully deliver. And so, that
18 criteria will be measured throughout the program and
19 the remaining pieces that remain.

20 Planning adjustments are required due
21 to labour interruption. The full impact is still to
22 be determined, but we continue to manage throughout.
23 We have some slides coming up specifically on labour
24 interruption impacts; the steps we're taking to
25 manage; and then finally, the -- the Discovery that's

1 coming up for Release 3 and Release 4, that's going to
2 determine the final schedule that we were able to
3 communicate at this point in time.

4 Everything that we mentioned, requires
5 to be completed, that being, understanding the impacts
6 from labour interruption and then completing Discovery
7 phase for Release 3. Those are drivers to help us
8 solidify our schedule. Next slide, please.

9 Sticking with schedule view, from a
10 progress to date, you'll notice the milestone items
11 that are highlighted in green -- or not highlighted,
12 but they're green dots. Those have been completed
13 from the onset of this program from the business case
14 all the way to the final milestone -- or the last
15 milestone, being the governance and risk adviser
16 vendor that was on boarded, that's MNP. They were on
17 boarded in mid-September.

18 Our next milestone is to be determined.
19 The reason for that is the labour interruption and
20 that is the Release 2 go-live date.

21 We had previously allocated a January
22 go-live pre-labour interruption. Labour interruption
23 will drive finalizing what that date looks like. And
24 then we'll proceed with Release 3 Discovery, on
25 boarding of system integrators, getting going with

1 Discovery, once we understand that updated schedule
2 post labour interruption impacts.

3 We're going to maybe mention here, from
4 a re-baseline perspective, if you recall, one (1) of
5 the objectives was to flatten the schedule, if you
6 recall that term. And the reason for that was to be
7 risk or reduce the risk from overlapping priorities,
8 divided focus, so we don't want to take that approach
9 again where we're overlapping work.

10 So, a lot of this work has to be
11 sequential for the purpose of avoiding introducing
12 risk that we already ran into. Next slide, please.

13 From a Release 1 perspective, this is
14 our commercial insurance, also known as SRE, Special
15 Risk Extension.

16 The goal here was to modernize the
17 management of that line of business with new digital
18 technologies, primarily Duck Creek on demand, moving
19 from a manual paper based process to this online
20 technology.

21 The challenges we ran into, some of
22 them have been alluded to already, post release.
23 There were gaps identified with requirements that
24 require software enhancements, some defect
25 remediation. As well as, from a support perspective,

1 the proficiency needed, the capacity to support the
2 new technology for this line of business requires
3 additional focus.

4 We have determined to pause migrations.
5 Migrations were expected -- expected to take twelve
6 (12) months, we are 50 percent complete.

7 This will allow the support teams to
8 focus on the enhancements and the defects that remain
9 but we do have, like we mentioned, impacts from labour
10 interruption. So, that will impact how quickly we can
11 get those enhancements addressed and released into
12 production.

13 Post labour interruption, we will
14 assess and determine what that schedule looks like for
15 this release. The schedule remains red.

16 From a Release 2 perspective, scope, as
17 you can see here, is yellow. Why is scope yellow for
18 this release, but for the whole program is it green?

19 The reason for that is the program
20 scope has not changed. For this release we moved or
21 deferred some of the online transaction scope from
22 Release 2 over to Release 3. It made more sense to do
23 the online transaction all as Part 1 Release, and so
24 the deferral of scope is the reason why it's yellow.
25 The original scope for this release, like I mentioned,

1 has been deferred to Release 3, some portions, that
2 is.

3 The goal I've -- for this, like I
4 mentioned, was planned for January of next year. It
5 has -- it currently it's to be determined. That
6 schedule is red.

7 Labour interruption is one (1) of the
8 primary drivers for that, but prior to that we had
9 some challenges around new requirements that needed to
10 be addressed that were showstoppers for this release.

11 Labour interruption, at the point it
12 happened, were in the final phases of completing that
13 software development, testing it and starting to get
14 our people ready, through training and validation of
15 process.

16 And so that work is still to be
17 concluded. It -- it can be considered the final phase
18 of this release, but it is super important from a
19 people readiness perspective, getting our folks ready,
20 trained, validating the software, and getting that
21 rolled out. So, a go live date for this, currently,
22 is to be determined. Go to the next slide, please.

23 Release 3, we have two (2) slides here.
24 This first slide is showing the phases that are
25 expected to be completed for this release to continue

1 and, also, to deliver. The first phrase is the pre-
2 Discovery phase; that was completed earlier this
3 calendar year. It concluded on April 21st, 2023 and
4 it is -- it is what we reported during the GRA filing,
5 as well as part of our -- our Information Requests
6 responses and, current state, obviously, it's still
7 completed.

8 From a deliv -- Discovery Phrase 1
9 perspective, that is internal readiness, in -- during
10 the GRA filing, we had mentioned we wanted to start in
11 May 2023.

12 During the Information Requests
13 responses, that had pivoted to trying to get this
14 completed between May to December 2023.

15 And current state, that -- the
16 completion date is TBD, based on labour interruption.
17 You can image that getting ready for this Discovery
18 phase requires a lot of business input and during the
19 labour interruption our business folks are not
20 available to us.

21 The second phase of Discovery is with
22 our system integrators; that is planned to be four
23 months. Originally, during the GRA filing, we planned
24 to start that in the summer, anywhere between end of
25 June, July, August time-frame.

1 During the Information Requests
2 responses, we had moved that to January 2024 and,
3 obviously, during the labour interruption, that is to
4 be determined, taking into account operational
5 backlog.

6 Obviously, Phase 2 is dependent on the
7 completion of Phase 1 and, in the final step, is
8 starting that implementation phase. At this point in
9 time, implementation dates are to be determined.
10 Nothing is solidified and dependent on conclusion of
11 labour interruption impacts and then, obviously, a
12 conclusion of the previous phases, as mentioned in
13 this slide.

14 From a further update for Release 3,
15 this update -- or, sorry, this release is obviously
16 the largest impact to Manitobans. This focusses on
17 Basic insurance, Extension products, vehicle
18 registration, driver licensing, and some of the
19 challenges and decisions that we made.

20 Obviously, I mentioned there are three
21 (3) Discovery entry criteria that those pre-requisites
22 are critical, which are six (6). Mr. Campbell alluded
23 to a few of them, one of them being you've heard the
24 term RFSO, which states for Request for Standing
25 Offer. We went to market to select vendors across

1 multiple vertical streams and a few of them being for
2 NOVA, one of them for Duck Creek System Integrator,
3 one of them for our Dynamics -- Microsoft Dynamics
4 365, which I believe everybody here has heard the term
5 "digital stream" for our system integrator for that.

6 Also, our requirements process,
7 requirements gathering process and validation --
8 that's a critical item -- software development, life
9 cycle management, which manages how we manage code,
10 how we manage releases and, at the same time, you
11 know, be -- be -- we -- we are executing a billing
12 architecture review, just to ensure that we're
13 proceeding on the -- on the right path.

14 On top of those six (6) critical
15 activities, we have 90 plus other activities around
16 people, process, and technology to make sure that our
17 criteria is mature enough, healthy enough to enter
18 that next phase.

19 The LI impacts, or Labour Interruption
20 impacts, also, obviously, impact the -- this -- this
21 activity, and we will be coming back, once all that is
22 understood with an updated schedule.

23 Release 4 has not started. This
24 focusses on physical -- physical damage claims. We
25 will not start until we understand the full Release 3

1 scheduled approach, how we will deliver, and that will
2 come out of our Discovery phase. Next slide, please.

3 Some key dependencies, just for a
4 recap, R-3 discovery is dependent -- is a critical
5 phase, but is dependent on everything that I
6 mentioned, from labour interruption to our readiness.

7 The Discovery phase is meant to
8 validate how we'll deliver on -- on the scope that
9 we're committing to, the budget needed to deliver on
10 that scope, and the schedule that we can successfully
11 deliver all of the activities needed to successfully
12 go live with this release.

13 From an executive perspective, you've
14 heard from other panels including Ms. Kacher that
15 there is a process, a recruitment process, for chief
16 executive officer, as well as a chief information and
17 technology officer, two (2) critical roles in
18 supporting this program and decisions that are made
19 throughout the program. And so that's upcoming.

20 From a researching perspective, once
21 again, the labour interruption has had impacts on the
22 program, and we will need to assess the overall impact
23 on the operational backlog, how that will impact the
24 Organization, and then how we can get the program back
25 on track, the right velocity, right capacity needed to

1 continue to deliver.

2 Now just a brief update on labour
3 interruption. I think we have some good slides here
4 just to explain the impacts across each release. I
5 won't stay too long on this one (1) slide.

6 From a Release 1 perspective, the team
7 there, the operational support team, is focussed on
8 continuing to work with our partners on items that
9 don't require business subject matter expert
10 participation.

11 Obviously, those business members are
12 not with us right now during the labour interruption,
13 but they continue to work on what we call non-
14 functional requirements to continue to evolve this --
15 this platform for this line of business.

16 For Release 2, we've been able to
17 continue software development. Good news there is
18 that we were in the final phases of that release, and
19 so our system integrator partners, Infosys and KPMG,
20 have supported us in continuing to develop that work.

21 But we have paused all activities as
22 relating to people readiness. Our folks are -- like I
23 said, are not with us during the labour interruption,
24 so the training of people, the validation of process,
25 the validation of software is on hold at this point.

1 We did cancel a pilot that we had
2 planned, and that -- reason for that is assessing
3 risk, impact, and benefits. And the risks and impacts
4 during a labour interruption outweighed the benefits.
5 Therefore, we're focussed on one (1) full go-live for
6 this release. A final schedule is to be determined.

7 And Release 3, I won't go into much
8 detail here. I just mentioned all of the impacts from
9 labour interruption. Next slide, please.

10 So financial controls -- and we alluded
11 to -- when we talked about the three (3) pillars of
12 program delivery: budget, schedule, scope, from a
13 financial perspective, Release 1 from a program cost
14 perspective, those costs have stopped.

15 So once go-live -- once we went live
16 and warranty concluded, the program costs stopped. So
17 there are no costs to the program right now for
18 Release 1.

19 From a project perspective, there are
20 bubble staff -- I think you've heard that term --
21 budgets, but that sits outside program delivery costs.
22 That is outside the two ninety (290).

23 From a Release 2 perspective, costs are
24 measured against deliverables, ensuring forward
25 progress on activities that need to be delivered for

1 this release, therefore, ensuring value for dollars
2 spent.

3 And so what we mean by that is all the
4 effort that we able to continue with is directly
5 correlated to the spend. And so we don't have folks
6 just standing around waiting and we continue to spend.
7 Those controls are in place to mitigate that.

8 The resources that might not have, you
9 know, work on this release based on the labour
10 interruption have been redeployed to support
11 operations.

12 From a Release 3 perspective, we
13 stopped all work on that release. At this point in
14 time, there are no dollars flowing into that release.
15 All work has stopped as it is heavily dependent on
16 business subject matter experts. Next slide.

17 Just for further detail on the
18 financials, I think it's important for us to
19 understand our average monthly spend. The first year
20 of the program, the first year of the implementation
21 activity on the program, we averaged 4.5 million per
22 month.

23 That year, we were implementing a lot
24 of foundational elements of the program. We had both
25 Release 1 and Release 2 in flight in parallel. In the

1 second year, 2022/'23, our monthly average was 4.4
2 million. Once again, both Release 1 and Release 2
3 were in flight.

4 As of July 2023, that month we were
5 down to 1.5 million on a monthly basis. The reason
6 for that is Release 1 had concluded from a program
7 perspective, and the focus was on finalizing Release
8 2.

9 During the labour interruption,
10 utilizing the controls and the governance we have in
11 place, we have reduced those costs to eight hundred
12 and fifty thousand dollars (\$850,000) per month,
13 focussed on only the activities that we can
14 successfully deliver on.

15 And from a one (1) time cost
16 perspective -- so this will give a walk-through, and
17 if we can focus on the column titled 'Approved
18 Budget'. So Approved Budget has a total of 224.1
19 million. That is what we consider our base budget.

20 If we can then move our focus to the
21 column titled 'Contingency', Contingency at 40 percent
22 is 65.9 million. At the time of re-baseline,
23 contingency was allocated to the unspent dollars. So
24 if dollars were already spent, we did not allocate
25 contingencies. That's why the math doesn't add up to

1 40 percent.

2 The sum of two twenty-four point one
3 (224.1) and sixty-five point nine (65.9) is the 290
4 million that we're all familiar with, okay?

5 If we now focus on the column titled
6 'Re-forecast', that is sitting currently at \$240.7
7 million. What is re-forecast? Re-forecast is actual
8 spend to date, plus what we are forecasting to spend.

9 And so spent to date, if -- we now
10 focus on the column to the far right titled 'Life to
11 Date Actuals', we have spent 137.2 million. And so
12 what we are saying is we are estimating an additional,
13 you know, hundred plus million to take us to two forty
14 point seven (240.7), and that is our current estimate
15 based on what we know.

16 We have not started or completed R-3
17 discovery which is a critical phase, and because we
18 have paused and we are late on that Discovery
19 activity, we are also under budget for the time of the
20 schedule.

21 You can see -- and I know it's hard to
22 see on the screen -- a total of \$16.8 million under
23 budget in the far right column titled 'Deviation:
24 Actuals versus Budgeted'. And the reason for that is
25 in unspent dollars for Release 3.

1 This is based on the controls that we
2 have. We don't just spend if there is no valid
3 activity that we can actually receive validated
4 deliverables and outcomes, and so at this point in
5 time, this is our budget outlook.

6 It will be updated during each phase or
7 gate within the program, and what I mean by that is
8 our next significant gate or phase is Discovery for
9 Release 3; that will validate our -- our numbers and
10 be updated.

11 At this point in time, we continue to
12 manage this obviously on a daily basis, but it gets
13 validated and audited through our project accounting
14 team on a monthly basis.

15 And then final slide here on program
16 governance of inner update, we have concluded that
17 contract. It did take a bit -- a little longer than
18 expected.

19 Obviously, very important engagement,
20 not just for the program, but for the enterprise and
21 so completing that request for proposal, that RFP
22 process, the contract itself, ensuring that the
23 deliverables and services align to what is needed and
24 expected by MPI.

25 So that contract was signed. Service

1 commenced September 11th of this year. We have been
2 engaged with MNP for roughly a month. They have full
3 access to all our process, governance, artifacts
4 including PUB submissions and Information Requests so
5 that they can fully assess and -- and give us an
6 initial assessment that is planned to be communicated
7 to our technical committee of the board of directors
8 in early November.

9 And that is my presentation for today.
10 Thank you.

11 MR. ANTHONY GUERRA: Thank you, Mr.
12 Ramirez. A few questions.

13 PANEL CHAIRPERSON: Excuse me. Mr.
14 Guerra...?

15 MR. ANTHONY GUERRA: Oh, yes.

16 PANEL CHAIRPERSON: Mr. Gabor has a
17 question.

18 BOARD CHAIR GABOR: Yes. Sorry --
19 sorry to interrupt. I just want one (1) -- I have a
20 bunch of questions, but I just have one (1) as -- as
21 terms of an explanation.

22 Can you go back to -- to screen 7, Ms.
23 Schubert. Thanks. And I believe Mr. Campbell was
24 talking to this.

25 The overall NOVA Program, you've got

1 December 20, 2025, time frame may need to be extended.
2 MPI hired McKinsey. They recommended, instead of it
3 being a three (3) year program, it be a five (5) year
4 program.

5 Is December 2025 the three (3) year
6 time frame or the five (5) year time frame?

7 MR. ALEX RAMIREZ: Alex Ramirez here.
8 That is the five (5) year time frame.

9 BOARD CHAIR GABOR: Thank you.

10 PANEL CHAIRPERSON: Thank you, Mr.
11 Guerra.

12

13 CONTINUED BY MR. ANTHONY GUERRA:

14 MR. ANTHONY GUERRA: A few questions.
15 And actually, this -- this will dovetail nicely with
16 the question asked by Mr. Gabor.

17 We -- we heard evidence in this -- in
18 this Panel so far that the -- the two ninety (290)
19 budget for NOVA has not changed. Is that correct?

20 MR. ALEX RAMIREZ: Alex speaking.
21 Yes, that is correct.

22 MR. ANTHONY GUERRA: And if we -- if
23 we go back to prior GRAs, most recent, the -- the GRA
24 from last year, you recall that there was evidence
25 presented that flattening the schedule for NOVA, i.e.,

1 increasing the length of time and -- and making sure
2 there were as little overlaps between the releases as
3 possible had an impact on the overall program budget.

4 Is that correct?

5 MR. ALEX RAMIREZ: Yes, that's
6 correct.

7 MR. ANTHONY GUERRA: Can you help us
8 reconcile then what we've heard today about the
9 December 2025 date being at risk or -- or perhaps
10 being adjusted with this idea that the budget remains
11 within the current -- the current budget amount?

12 MR. ALEX RAMIREZ: Alex Ramirez here.
13 One (1) of the primary drivers when we re-baselined
14 the program in early 2022 was the fact that we had in-
15 flight contracts, in-flight releases. And so that
16 meant that we had locked in fixed price contract with
17 our system integrator for Release 1, system integrator
18 for Release 2.

19 The challenges that we ran into were
20 all, for the most part, internal, and so RSIs were not
21 the challenge. We needed to extent system integrators
22 longer. And so -- and we were mid-flight on both
23 releases.

24 At this point in time, we have not
25 started Release 3. The controls that are in place are

1 significant around -- contracts are not signed, so
2 there's not one (1) system integrator contract, or
3 P&C, as an example, for digital. They will not be
4 signed until we can sign off on our entry criteria to
5 enter that phase, and so that is critical.

6 Discovery also will play a big part.
7 And so those are the big differences. So when we
8 flattened the schedule, once again, we were mid-
9 flight, which forced us to also extend across resource
10 costs and SI costs.

11 And, also, the third part is product
12 costs. So we heard yesterday with the Financial Panel
13 that the Project covers the capital expenses of
14 products; that is true as long as the product does not
15 have production data flowing through it.

16 So for a program that is multi year, if
17 it's in build mode and has -- does not have production
18 data, it carries those costs longer. So when we
19 flatten a schedule -- as an example, Duck Creek was
20 meant to fall off the program books in -- into
21 operational expenses, and we extended Release 1, that
22 extended Duck Creek costs; that alone is multiple
23 millions of dollars right there. And that was the
24 case for all products on this program. So those
25 drivers do not -- no longer exist.

1 The first release and the second
2 release also took care of standing up foundational
3 elements for this program, meaning that we no longer
4 have to stand up Duck Creek again, Celtic for DVA,
5 MuleSoft for integrations, MicroSoft Dynamics for
6 digital. Those have already been stood up. They are
7 in production, for the most part, and that effort and
8 activity will not need to take place again.

9 MR. ANTHONY GUERRA: Thank you. Ms.
10 Schubert, can you pull up slide number 12, please. I
11 believe this is also referenced in another slide as
12 well, but the last bullet point on slide number 12
13 says:

14 "A pilot was considered for R-2,
15 Release 2, but has been removed due
16 to labour interruption to minimize
17 schedule impacts."

18 Do you see that, Mr. Ramirez?

19 MR. ALEX RAMIREZ: I do.

20 MR. ANTHONY GUERRA: And can you help
21 the Board understand. Was the pilot originally part
22 of the -- or I guess part of the original vision for
23 how Release 2 would be rolled out?

24 MR. SHAWN CAMPBELL: Mr. Campbell
25 speaking. Originally, it was not.

1 MR. ANTHONY GUERRA: And so can you
2 help the Board understand why a pilot was envisioned
3 and the impact of removing the pilot from the rollout
4 of Release 2?

5 MR. SHAWN CAMPBELL: So the idea of
6 bringing the pilot forward was to understand what are
7 the impacts to the end customer with this new product
8 with regards to how our service organizational unit's
9 operating. This would have given us a little bit of
10 insight into what we could expect when this product go
11 live -- or was going to live, as well as alleviate any
12 of the concerns with the business.

13 Due to labour interruptions, some of
14 the additional research done on this approach and the
15 understanding of the fears that were presented to the
16 team -- or the Project team, it was determined that
17 the pilot was not an appropriate approach and that
18 rather we should take the -- the concerns in-house and
19 address them through internal testing and different
20 style of customer -- or end-user acceptance and, as
21 such, we've since decided to cancel the pilot.

22 MR. ANTHONY GUERRA: Thank you. For
23 Release 3, you'll have received information in the
24 context of this rate application that suggests, or at
25 least some advocacy, that MPI should -- should push

1 pause on its -- its work on Release 3.

2 How do you respond to -- to that type
3 of sentiment or advocacy?

4 MR. SHAWN CAMPBELL: Mr. Campbell
5 responding. So when any large program comes about
6 when there's a large dollar spend and there is
7 challenges been seen, the natural reaction is to pause
8 and to re-evaluate what's going on.

9 MPI continuously reevaluates what's
10 going on and trying to learn from its mistakes, learn
11 from its findings to see how it can improve going
12 forward.

13 So while the sentiment to pause is
14 there, the reality is, is that it -- an actual pause
15 itself doesn't necessarily bring value or improve the
16 delivery of a program.

17 What does is taking those lessons
18 learned from your missed steps, taking information
19 learned from others that are providing good guidance,
20 such as listening to our MNP governance advisor on
21 what to do, engaging with our SIs, learning from them
22 and taking under advisement their best practices.
23 Those are the success criteria that we would want to
24 implement going forward in order to ensure that the
25 Program itself is successfully delivered.

1 MR. ANTHONY GUERRA: Thank you. And
2 in terms of the results of the Release 3 Discovery, we
3 heard evidence this morning that that will help
4 determine how best to move forward with Release 3, and
5 it may in fact also provide more guidance and
6 confirmation on the -- the budget for that release.

7 Do you recall that?

8 MR. SHAWN CAMPBELL: Mr. Campbell
9 responding. Yes, I do.

10 MR. ANTHONY GUERRA: And in terms of
11 the time line for Release 3 Discovery, we -- we don't
12 currently know when that will be completed, correct?

13 MR. SHAWN CAMPBELL: Correct.

14 MR. ANTHONY GUERRA: Can this Board
15 receive assurances from MPI that there will be a
16 mechanism to keep the Board apprised of the outcome of
17 the Discovery and any changes to the budget and to the
18 scope perhaps?

19 MR. SHAWN CAMPBELL: Definitely.

20 MR. ANTHONY GUERRA: And one (1) final
21 question. In terms of some of the key resources, we
22 heard that MPI is currently in the process of
23 recruiting a new CEO and CITO.

24 Can this Board help the -- sorry -- can
25 this Panel help the Board understand whether or not

1 those -- those -- any candidates for those two (2)
2 positions will be made aware of the NOVA, its current
3 status, and expected delivery in the future.

4 MR. SHAWN CAMPBELL: Mr. Campbell
5 responding. They will be definitely made aware as
6 part of their on-boarding process to understand what
7 position that we're in, what the objectives are, what
8 we're trying to achieve, and what are the challenges
9 that we've been seeing.

10 And we will take their guidance to
11 ensure that we do have a successful delivery of this
12 program.

13 MR. ANTHONY GUERRA: Thank you. I
14 have no further questions.

15 PANEL CHAIRPERSON: Thank you, Mr.
16 Guerra. Ms. McCandless...?

17

18 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

19 MS. KATHLEEN MCCANDLESS: Thank you.
20 Good morning, everyone. Nice to see all of you again.
21 Just some introductions for this morning, to my
22 immediate left is Sunil Bridgelall and to my far left
23 is Marc Caron, both of whom are IT advisors to the
24 Board.

25 And so, I -- when I ask my questions, I

1 may direct a question to a particular member of the
2 panel. But if not, please feel free to speak up,
3 whoever is most appropriate to answer the question.

4 I'm going to start with some questions
5 about the scope of Project NOVA. And Kristen, could
6 you please pull up PUB/MPI-1-81, page 1. Thank you.

7 Scrolling down to the question at 'A',
8 here, MPI was asked to indicate whether the original
9 scope -- not business objectives -- of the original
10 Legacy Modernization Assessment expanded once Project
11 NOVA was initiated.

12 And then, if we go to the answer, MPI
13 has stated that:

14 "The original scope from the Legacy
15 Modernization Assessment has
16 remained intact and did not expand
17 when re-branded from Legacy System
18 Modernization to Project NOVA.
19 Changing the program name from
20 Legacy Systems Modernization to
21 Project NOVA was simply a re-
22 branding to emphasize that the
23 program was more than just a
24 technology replacement project."

25 And then:

1 "The following appendix provides
2 scope guidelines that were adhered
3 to by the program and the
4 organization."

5 MR. SHAWN CAMPBELL: Mr. Campbell
6 responding. Correct.

7 MS. KATHLEEN MCCANDLESS: And if we go
8 back to the question at 'C', MPI was asked to indicate
9 its definition of scope and note the source reference
10 used for the provided definition.

11 And the response was:

12 "For Project NOVA, scope is defined
13 as our ability to deliver working
14 software that enables our existing
15 lines of business to fully deliver
16 existing services utilizing the new
17 technical solutions. Delivering
18 this scope will allow us to
19 completely de-commission our
20 existing Legacy systems."

21 Yes?

22 MR. SHAWN CAMPBELL: Correct.

23 MS. KATHLEEN MCCANDLESS: So in the
24 first statement at 'A', MPI indicated that Project
25 NOVA is more than a technology replacement project.

1 But in the second statement, the elements noted are
2 technical in nature, focused on de-commissioning
3 Legacy systems.

4 There seems to be some inconsistency
5 there. So can you clarify, which is the scope of
6 NOVA?

7 MR. SHAWN CAMPBELL: Mr. Campbell
8 responding. So it actually builds on itself. So in
9 order to replace technology, you have a choice that
10 you can make. You can customize -- so take a step
11 back.

12 We chose to go build commercial off-
13 the-shelf products in order to best leverage what
14 everyone in the industry uses. That is seen by
15 products like Duck Creek On Demand.

16 When you purchase these products, they
17 come with the ability to customize the work flows, the
18 screens, how data gets processed because they're
19 enterprise grade products.

20 If you go too far down that
21 customization path, you actually hinder yourself from
22 accepting upgrades of the product later on.

23 So you have a choice to make. You can
24 either customize the product to align to how your
25 business operates, or you could look to leverage the

1 product the way it comes, following guidance of your
2 systems integrators, to take the best advantage of the
3 technology, and then you have to take a look at your
4 business processes themselves and make adjustments in
5 order to make sure that those business processes align
6 to what the technology provides.

7 When we talk about what we did within
8 Program NOVA, the objectives talked to, first, the
9 technology, about what is the technology that we're
10 trying to replace as we want to replace how we do sale
11 of Basic insurance, how we do the processing of
12 physical damage claims, et cetera.

13 When we receive these products, these
14 custom off-the-shelf -- or commercial off-the-shelf
15 products, what we have to do is we have to take a look
16 at how does it process first notice of loss, how does
17 it process the binding and issuance of a policy.

18 And then, we have to take a look at our
19 business processes, and those business processes have
20 to be adjusted to accommodate the work flow that comes
21 with that product.

22 So that's how -- when you talk about
23 the difference between 'A' and 'C', 'A' is talking
24 about the technology. And we look at the technology,
25 saying, Well, this technology represents this scope of

1 business and so, therefore, will impact all of these
2 business processes.

3 And when you get to 'C', it evolves
4 that to say, Yes, when you replace the technology, you
5 almost need to take a look at your business processes
6 and make sure that when you onboard your staff that
7 you have addressed those business processes to align
8 to what the technology offers.

9 MS. KATHLEEN MCCANDLESS: Thank you
10 for that. Now, moving on to the release updates. We
11 heard a significant bit about that in the
12 presentation. I'm going to go back first to the
13 filing though.

14 So if we could go to part 5 NOVA, page
15 16. And here, MPI explains the objectives for release
16 2:

17 "The objectives for release 2 will
18 focus on deployment of Celtic for
19 IRP and integrated through the
20 MuleSoft platform to Microsoft
21 Dynamics for the portal and to the
22 existing applications. The
23 following release 2 scope has been
24 deferred to release 3 time lines as
25 per a decision request approved in

1 the fall of 2022. In the meantime,
2 the deferred scope will continue to
3 leverage existing processes until
4 the functionality is developed and
5 enabled in R-3."

6 Yes?

7 MR. SHAWN CAMPBELL: Yes.

8 MS. KATHLEEN MCCANDLESS: As a result
9 of the scope deferral, does this mean that the release
10 -- that release 2 will not be completed until release
11 3 is completed?

12 MR. ALEX RAMIREZ: Alex Ramirez
13 responding. No, that's not the case.

14 What was deferred primarily was for
15 online transactions. And so, the base product for IRP
16 line of business will go live. The online customer
17 portal was deferred to R-3. And there was also some
18 deferral of integrations that would enable automation
19 and improved efficiencies; that's also been deferred.

20 So consider the current R-2 more of a
21 like for like with what we do today, just with the new
22 technology.

23 MS. KATHLEEN MCCANDLESS: Thank you.
24 Is the re-baseline budget affected by the release 2
25 deferral?

1 MR. ALEX RAMIREZ: When we -- that
2 decision request was executed. As part of our
3 process, we also analyze and assess financial impacts.
4 We determined, throughout the program and through all
5 the stakeholders, what the effort and dollars for that
6 deferral of scope was and those funds were allocated
7 and moved to the right.

8 So it's not lost funds. They've been
9 identified and set aside for when it's time to execute
10 on this work.

11 MS. KATHLEEN MCCANDLESS: Okay. So
12 when you say they've been put to the right, does that
13 just mean delayed for use later in the project?

14 MR. ALEX RAMIREZ: So the -- so as an
15 example, if it was, say, \$1.6 million for this effort
16 that's in front of us, that one-point-six (1.6) was
17 set aside to be utilized in -- in the future when
18 we're ready.

19 MS. KATHLEEN MCCANDLESS: And is the
20 resource plan affected as a result of the Release 2
21 extension?

22

23 (BRIEF PAUSE)

24

25 MR. ALEX RAMIREZ: Alex Ramirez

1 responding. We shifted the resources in parallel with
2 the funding. So that funding takes into account
3 resource effort as well.

4 MS. KATHLEEN MCCANDLESS: Thank you.
5 Mr. Mitra, I have a question for you because it's
6 based on some testimony that you gave last year on
7 October 31st, transcript page 1790.

8 And just for your reference, if you
9 want, we can scroll to see that it was you speaking.
10 But you may have a recollection of giving this
11 evidence to -- I believe it was from your
12 presentation.

13 Do you recall this evidence?

14 MR. SHAYON MITRA: I do.

15 MS. KATHLEEN MCCANDLESS: Okay. Thank
16 you. So if we go to page 1790 then. And I'm looking
17 at line 10.

18 You had mentioned that, in parallel,
19 MPI would start the pre-Discovery and Discovery work
20 for Releases 3 and 4 in January.

21 MR. SHAYON MITRA: That's correct.

22 MS. KATHLEEN MCCANDLESS: And that was
23 January of 2023.

24 MR. SHAYON MITRA: Yes.

25 MS. KATHLEEN MCCANDLESS: And then if

1 we go to slide 13 from the presentation this morning,
2 thank you, just trying to reconcile then what we see
3 here with the Release 3 schedule and how that has
4 deviated from what was anticipated when you gave your
5 testimony last year.

6 MR. SHAYON MITRA: Yes, that's
7 correct.

8 MS. KATHLEEN MCCANDLESS: So, can you
9 just expand on -- on what's changed and if there's
10 other members of the panel who are able to illuminate,
11 that's -- that's helpful as well. Thank you.

12 MR. SHAYON MITRA: Shayon here. Could
13 we go back to my testimony again, please?

14 MS. KATHLEEN MCCANDLESS: Sure.

15 MR. SHAYON MITRA: So, I think in line
16 10, I'm talking about the start of Pre-Discovery and
17 Discovery work for Releases 3 and 4.

18 The work associated with Pre-Discovery
19 was completed for Release 3, but the Discovery for
20 Release 3 has not started yet.

21 It was through this effort on the Pre-
22 Discovery, for R-3, that we established the -- the
23 qualification or, I think the acceptance criteria,
24 before going into Discovery and I think Mr. Ramirez
25 covered that in his presentation.

1 MS. KATHLEEN MCCANDLESS: If we could
2 just jump back to the presentation then, just to
3 clarify.

4 I take it from this, although Pre-
5 Discovery had started for Release 3, it had not
6 started for Release 4, in accordance with --

7 MR. SHAYON MITRA: Shayon here. That
8 is correct. We haven't started any work associated
9 with Release 4, but the Pre-Discovery happened between
10 Jan and April of -- of this year.

11 And, as stated, we -- we are still
12 finishing off -- of bringing Release 1 to fruition,
13 Release 2 is still outstanding and then once that's
14 done, we'll start Discovery for Release 3.

15 MS. KATHLEEN MCCANDLESS: And so this
16 is the status of Release 3 as -- as best as MPI can
17 possibly estimate at this time?

18 MR. SHAYON MITRA: Shayon again.
19 That's correct. In light of the labour interruptions,
20 I think we've got some due diligence to be done. Once
21 we assess when delivery interruption will be completed
22 and we'll be in a better position to respond after
23 that.

24 MS. KATHLEEN MCCANDLESS: Is Release 3
25 simpler or more complex than Releases 1 or 2?

1 MR. SHAYON MITRA: Release 3 -- Shayon
2 again. Release 3 is our largest release, so the short
3 answer would be more complex.

4 MS. KATHLEEN MCCANDLESS: And, I
5 guess, the longer answer would be, in what way is it
6 more complex?

7 MR. GARY DESSLER: Yeah, Gary Dessler,
8 responding. So what makes R-3 much more complex is
9 it's covering our Autopac insurance. It's covering
10 our driver license issuing. It's what impacts the
11 majority of our customers.

12 So, in R-1, this is really about our
13 commercial insurance. So, the number of customers
14 we're impacting was much smaller.

15 In Release 2, it was about IRP, again,
16 commercial, much smaller footprint. So, when you look
17 at the volume of customers, the impact that business
18 processes are impacted, that leads to the increase in
19 complexity for R-3.

20 Now, and to offset that a bit, we're
21 not standing up new technology. So, the new
22 technology that was stood up, the foundational work
23 that was stood up in R-1 and R-2, is -- already been
24 done, so that, in some regards, makes R-3 simpler, but
25 from a business process point of view, it's our

1 largest release. It's going to impact our customers
2 the most. It's going to impact our staff and brokers
3 the most.

4 MS. KATHLEEN MCCANDLESS: Thank you.
5 Again, I'm going to go to something that you had
6 mentioned last year, Mr. Mitra, and that was at the
7 transcript from page 1795. Thank you.

8 And so, at line 4 here you mention that
9 before you finished your presentation there was one
10 (1) item that you wanted to acknowledge and that was
11 the presentation from the previous GRA.

12 If we jump down to line 13. So, you
13 say, so at this point in time last year, we were going
14 through our internal assessment and with McKinsey's
15 help, we were going through the diagnostic assessment.

16 But, it was not until late December
17 when we truly understood the magnitude of impact from
18 a dollar perspective, that -- that needed approval to
19 the new re-baseline number of \$290 million.

20 MR. SHAYON MITRA: Shayon here.
21 That's correct.

22 MS. KATHLEEN MCCANDLESS: And, so,
23 just to -- to clarify for the record, late December,
24 when you're referring to it there, you meant late
25 December of 2021?

1 MR. SHAYON MITRA: That's correct.

2 MS. KATHLEEN MCCANDLESS: And, then if
3 we scroll down to line 25, you say:

4 "At this point in time, there is no
5 additional exercise happening where
6 -- where we're looking at re-
7 baselining the already approved \$290
8 million. Our focus is really to get
9 our first release out of the gate in
10 R-1. Continue to work towards the
11 success of R-2 and finish Pre-
12 Discovery and Discovery for Release
13 3 and Release 4."

14 MR. SHAYON MITRA: That's correct.

15 MS. KATHLEEN MCCANDLESS: Thank you.

16 And then if we go to the -- the budget update that we
17 saw this morning at MPI-84, slide 22. Thank you.

18 So, now we see on the left-hand side a
19 reforecast. NOVA total of 240.7 million.

20 MR. SHAYON MITRA: Yes.

21 MS. KATHLEEN MCCANDLESS: And we have
22 a -- obviously heard about some further delays in the
23 project plan.

24 MR. SHAYON MITRA: Delays in the
25 project plan and due to the labour interruption as

1 well. Yes.

2 MS. KATHLEEN MCCANDLESS: And, I
3 appreciate that last year the focus was really on --
4 on moving ahead with the project and so, MPI's
5 position was that it was not looking at a -- a re-
6 baseline -- a further re-baseline.

7 Now that we've seen again a delay in
8 the schedule for NOVA, will there be another re-
9 baseline? Is -- has the budget been affected by the
10 delay of Release 3?

11

12 (BRIEF PAUSE)

13

14 MR. SHAYON MITRA: Shayon here. So,
15 at this point, we don't have any re-baseline
16 activities happening.

17 That said, I want to acknowledge that
18 we are aware that the schedule is under strain. We
19 know that there will be delays coming out of the
20 labour interruption. And we have some uncertainty
21 around when we can start Discovery for R-3.

22 So, with all of that factored in, I
23 think MPI will be better positioned to comment once we
24 get to that crossroad which is complete the Discovery
25 for R-3 to truly be able to comment on any impacts to

1 the budget.

2 MS. KATHLEEN MCCANDLESS: Thank you.
3 And further to the labour interruption, was the fact
4 that the -- the contract for the in-scope staff
5 something that would need to be renegotiated during
6 the term of -- of NOVA, something that was considered
7 as a risk during the re-baseline exercise in 2022?

8

9 (BRIEF PAUSE)

10

11 MR. SHAYON MITRA: Subject to check, I
12 don't think we considered that. That said, this is
13 MPI's first labour interruption. So, for those
14 reasons it was -- it was not something that was front
15 and center.

16 MS. KATHLEEN MCCANDLESS: Thank you.
17 Now, I want to ask some questions about dependent
18 projects.

19 And, so, if we look at EXP Appendix 20,
20 here MPI provided the IT expenses for each IT project,
21 non-NOVA, but that's dependent -- or -- or they have a
22 relationship to Project NOVA. Yes?

23 MR. SHAWN CAMPBELL: Mr. Campbell
24 responding. Yes, I see that.

25 MS. KATHLEEN MCCANDLESS: And so we

1 have three (3) categories there. At the top of the
2 page category 1, projects that MPI would not undertake
3 if it wasn't for NOVA.

4 Category 2, projects that contained
5 deliverables and scope that can be leveraged by NOVA,
6 but would be undertaken by MPI regardless of NOVA.

7 And category 3, projects that don't
8 involve NOVA. Yes?

9 MR. SHAWN CAMPBELL: Correct.

10 MS. KATHLEEN MCCANDLESS: And category
11 2 projects, there are thirteen (13) of them?

12 MR. SHAWN CAMPBELL: Correct.

13 MS. KATHLEEN MCCANDLESS: And with
14 respect to category 2, can you explain what it means
15 for projects and deliverables and scope that can be
16 leveraged by NOVA?

17 MR. SHAWN CAMPBELL: Yes. I can. So,
18 to take a simple example of one of the projects in
19 here, E-signature. It's the ability to sign contracts
20 without actually having to print out a -- a contract,
21 itself, and collect a physical signature.

22 If you visit a broker today, what you
23 will get is a stack of paper, and we would collect
24 your signature multiple times and, then, we'd capture
25 that back into the system.

1 E-signature, itself, allows us to not
2 have to do that. NOVA can build upon that or take
3 that -- that capability in-house or in -- as part of
4 it that its program so that, in the future, we don't
5 have to print out that piece of paper for you to sign.
6 Rather, we can put on screen an E-signature capability
7 to collect your acknowledgment of the policy that
8 you're entered into.

9 In order for us to actually take that
10 type of advantage, though, with the example that I
11 gave, we need the technology that we had purchased
12 through Duck Creek On Demand to support that E-
13 signature. In the meantime, E-signature, itself, is
14 vital for the organization, so that we can enter into
15 contracts with vendors; so that we can enter into
16 agreements around payments for any -- any type of
17 expense accrument that is approved by the
18 Corporation, itself.

19 So, multiple avenues that we can
20 utilize that. That also applies to all of the other
21 items that are listed there.

22 MS. KATHLEEN MCCANDLESS: Thank you.
23 If we go to part 5, NOVA, page 23. Thank you,
24 Kristen.

25 So, here, this table was the

1 initiatives tracked by the capital master summary of
2 MPI, how they relate to Program NOVA, and their
3 status?

4 MR. GARY DESSLER: Gary here. That's
5 correct.

6 MS. KATHLEEN MCCANDLESS: And MPI has
7 indicated that the projects listed are required to
8 deliver Project NOVA?

9 MR. GARY DESSLER: I would -- not
10 necessary require. Like as Mr. Campbell said,
11 something like E-signature, if -- if that project
12 wasn't delivered, then, we would continue to do like a
13 print, sign, scan.

14 So, you know, if those projects are
15 completed, Project NOVA will utilize those
16 capabilities that are being delivered.

17 MS. KATHLEEN MCCANDLESS: Okay. So,
18 and E-signature is a good example. So, we see that as
19 the second project in this table?

20 MR. GARY DESSLER: Correct.

21 MS. KATHLEEN MCCANDLESS: And it does
22 note that it's required for Release 3A?

23 MR. GARY DESSLER: Maybe -- well, kind
24 of what we're implying here is that, if that project
25 has been completed, before we start R-3, we'll utilize

1 that service. If that service, you know, was not
2 readily available to us, we would continue with the
3 services that are available inside of the
4 organization.

5 So, that's really what we said is
6 required for R -- for 3A. So, it's the -- if it was
7 completed, we would consume it. If it's not
8 completed, then, we would use the other services that
9 are available to us.

10 MS. KATHLEEN MCCANDLESS: So, if we
11 look at the -- the heading above 'required', there's a
12 column that has required either for Release 3A, all
13 NOVA, or 1A. It's described as one or more aspects of
14 Program NOVA cannot be completed until project
15 finishes.

16 So, would -- would it not be fair,
17 then, to say that E-signature is...

18

19 (BRIEF PAUSE)

20

21 MR. ALEX RAMIREZ: Alex Ramirez
22 responding to that. The reason why we used the term
23 "required" is because if that initiative completed
24 before we started R-3, we would utilize it, but, if
25 the organization did not complete that until we're in

1 the middle of R-3, it would be a challenge for us,
2 because we would have gone down one path, then have to
3 pivot to the new technology that's being enabled.

4 So, in order for us to successfully
5 start R-3, if this is being implemented, it would have
6 needed to be completed -- or it needs to be completed
7 before we start Discovery, so we can plan for that.

8 MS. KATHLEEN MCCANDLESS: Are any of
9 the dependent projects affected by the labour
10 interruptions?

11 MR. SHAWN CAMPBELL: Mr. Campbell
12 responding. The majority of these projects are
13 impacted by the labour interruption.

14 MS. KATHLEEN MCCANDLESS: And, if any
15 of these projects are behind schedule, would this
16 affect the delivery schedule for Project NOVA?

17 MR. SHAWN CAMPBELL: Mr. Campbell
18 responding. The -- the unfortunate answer is it
19 depends. There are multiple avenues that we can take.
20 So, the E-signature was the example given. We have a
21 choice of leveraging a new technology to embrace a
22 paperless approach. If that is available, then, we
23 can go down that -- that path of not needing
24 additional -- or the print, sign, scan, which requires
25 paper.

1 These are all dependencies that will
2 have to be evaluated when we start Release 3. What we
3 have to understand is it worth the wait or do -- is it
4 better to proceed because of the -- the need.

5 MS. KATHLEEN MCCANDLESS: Thank you.
6 Is there an integrated project plan that shows the
7 direct relationship of dependent projects to Project
8 NOVA?

9 MR. ALEX RAMIREZ: Alex Ramirez
10 responding. Yes, there is.

11 MS. KATHLEEN MCCANDLESS: Could MPI
12 undertake to provide that project plan?

13 MR. ANTHONY GUERRA: Yes. Counsel
14 could provide the Undertaking.

15 MS. KATHLEEN MCCANDLESS: Thank you.

16

17 --- UNDERTAKING NUMBER 24: MPI to provide an
18 integrated project
19 plan that shows the
20 direct relationship
21 of dependent
22 projects to Project
23 NOVA.

24

25 CONTINUED BY MS. KATHLEEN MCCANDLESS:

1 MS. KATHLEEN MCCANDLESS: Given the
2 dependency of NOVA on additional IT projects, would it
3 be correct to assume that the budget impact of Project
4 NOVA to MPI is the re-baseline budget from 2022, plus
5 at least a portion of the budget of the dependent IT
6 projects?

7 MR. SHAWN CAMPBELL: Mr. Campbell
8 responding. No, I wouldn't agree that that is
9 correct.

10 These projects, themselves, have their
11 own business case and budget. So, they stand on their
12 own and they are capabilities that the organization
13 deems necessary for the organization to operate. So,
14 the short answer is no.

15 MS. KATHLEEN MCCANDLESS: Thank you.
16 Just, briefly, on the NOVA amort -- amortization
17 period, we heard that MPI changed its amortization
18 period for NOVA development costs from five (5) years
19 to 10 years?

20 MR. SHAYON MITRA: Shayon here. Yes.

21 MS. KATHLEEN MCCANDLESS: And why did
22 the Corporation make this change for financial
23 forecasting purposes?

24

25 (BRIEF PAUSE)

1

2 MR. SHAYON MITRA: Shayon here. So,
3 based on industry review for policy systems, and in
4 concurrence with PricewaterhouseCoopers, their advice
5 on policy systems, the recommendation was to move from
6 five (5) to 10 years, for an initiative specific to
7 the size of NOVA. So, for all other projects, we
8 still use five (5) years.

9 MS. KATHLEEN MCCANDLESS: Kristen,
10 could we go to MPI Exhibit 24? Thank you.

11 Mr. Mitra, I'm not sure if you're
12 familiar with this schedule, but it shows Basic
13 implementation expenses deferred for rate-setting
14 purposes and the recovery schedule.

15 And, if we scroll down to the next
16 page, I understand that this shows -- or has an
17 illustrative amortization period of five (5) years.

18

19 (BRIEF PAUSE)

20

21 MR. ANTHONY GUERRA: So, Counsel, I am
22 advised that there is an error on this -- this chart -
23 - this table rather.

24 We are already in the process of
25 updating it in response to Undertaking number 17, and

1 we can add to that, as part of the response, the
2 corrections required to this table.

3

4 CONTINUED BY MS. KATHLEEN MCCANDLESS:

5 MS. KATHLEEN MCCANDLESS: Thank you.

6 And so when you say the corrections -- corrections,
7 does that include a change to the amortization period?

8 MR. SHAYON MITRA: Shayon here. Yes.

9 MS. KATHLEEN MCCANDLESS: Thank you.

10 Now some questions about the contingency in the NOVA
11 budget.

12 I'm looking at NOVA, page 26 from the
13 filing, and lines 12 and 13. Here, MPI states that:

14 "For reference, Program NOVA
15 approved contingency was arranged
16 between 20 percent and 40 percent,
17 but 30 percent is used for financial
18 reporting and budgets."

19 Correct?

20 MR. ALEX RAMIREZ: Alex Ramirez. Yes,
21 correct.

22 MS. KATHLEEN MCCANDLESS: And then
23 moving to page 27 at the top of the page, lines 1 to
24 4, MPI states that:

25 "Current re-forecasts on audited

1 actual live-to-date plus forecasts
2 as of March 31, 2023, estimate an
3 overall spend of \$233.1 million.
4 This forecasted total will be
5 validated at the completion of
6 Release 3 Discovery phase. At this
7 point of time, contingency has not
8 been required."

9 Yes?

10 MR. ALEX RAMIREZ: Yes, correct.

11 MS. KATHLEEN MCCANDLESS: And then if
12 we can go to page 34 from the same section of the
13 filing, here just under the table for program cost
14 review, MPI states:

15 "The additional \$9 million in
16 spending above the 2022 re-baseline
17 would be funded by contingency and
18 is based on -- "

19 I think this might be the old one.

20 Yes, thank you. Okay.

21 "The additional \$9 million in
22 spending is above the base
23 implementation budget but within
24 contingency and within the 2022 re-
25 baseline."

1 MR. ALEX RAMIREZ: That's correct.

2 MS. KATHLEEN MCCANDLESS: And then if
3 we could go to the presentation from this morning and
4 slide 22.

5 Here I'm looking at the deviation
6 column, 'Reforecast versus Budget', and the NOVA total
7 at the bottom of \$16.6 million over target?

8 MR. ALEX RAMIREZ: Yes, that's
9 correct.

10 MS. KATHLEEN MCCANDLESS: So now it's
11 -- it's obviously a change from the 9 million we just
12 saw.

13 MR. ALEX RAMIREZ: Correct.

14 MR. ANTHONY GUERRA: And can MPI
15 reconcile the differences in the statements in terms
16 of whether contingency is required or not required for
17 Project NOVA?

18 MR. ALEX RAMIREZ: Yes. So based on
19 our reforecasts, you're seeing 16.6 million as at July
20 31st, 2023. In the filing, you saw an end-of-March
21 number, and that's based on a re-forecast. That takes
22 into account forecasted numbers which require, in some
23 instances, renegotiation of contracts.

24 At the time of filing, our August 2023
25 go-live for R-2 remained intact. At the time of this

1 presentation, we have moved that go-live date to next
2 year, and the reason for the differences in the
3 numbers, because contracts need to be renegotiated,
4 the final number to request contingency has not been
5 finalized at this point.

6 MS. KATHLEEN MCCANDLESS: So is
7 contingency being used for Project NOVA at this time?

8 MR. ALEX RAMIREZ: A contingency
9 decision request has not been executed at this time.

10 MS. KATHLEEN MCCANDLESS: Will a
11 decision request for contingency be raised?

12 MR. ALEX RAMIREZ: Based on what you
13 see on the screen and the completion of Discovery, we
14 will raise the contingency at that point.

15 Labour interruption is also impacting
16 us at this point as we are under-spending, and so that
17 will need to be evaluated completely as a whole,
18 taking into account both what you see on the screen,
19 labour interruption, delay in Release 3 Discovery, and
20 completion of Discovery.

21 That will make a complete decision
22 request for contingency at that time.

23 MS. KATHLEEN MCCANDLESS: At this
24 time, given the assistance that MPI has had with
25 subject matter experts such as McKinsey, increased

1 analysis of the overall project and work completed,
2 what prevents MPI from allocating a firm contingency
3 amount for NOVA at this time?

4 MR. SHAYON MITRA: This is Shayon
5 here. I think the only thing preventing us is the
6 completion of Release 3 Discovery and factoring in --
7 factoring in the unknowns with the labour
8 interruption. Those are the two (2) components that
9 prevent us from allocating Release 3 contingency.

10 MS. KATHLEEN MCCANDLESS: Okay. So
11 those are two (2) milestones: at the end of the
12 labour interruption and completion of Release 3 that
13 are required in order for contingency usage to be
14 crystallised?

15 MR. SHAYON MITRA: That's correct.

16

17 (BRIEF PAUSE)

18

19 MS. KATHLEEN MCCANDLESS: Moving on to
20 the topic of 'bubble budgets', and NOVA, page 29 from
21 the filing. Thank you.

22 Looking to lines 1-4 -- 1 to 4 under
23 Figure NOVA 10, MPI states that:

24 "The bubble budget represents what
25 is required to support the

1 Organization during the technology
2 transition period with temporary-
3 term internal employees, external
4 consultants, or vendor services are
5 captured within the table below.

6 There are no permanent FTE
7 positions."

8 And then the table is just below lines
9 1 to 4. Are bubble budget estimates already included
10 in the 2022 rebaseline?

11 MR. ALEX RAMIREZ: Alex Ramirez
12 responding. Bubble budget sits outside of the \$290
13 million. It is part of the expenses that were
14 discussed yesterday.

15 MS. KATHLEEN MCCANDLESS: At what
16 point during the release time line does a bubble
17 budget start and finish?

18 MR. ALEX RAMIREZ: So for clarity, the
19 bubble budget is meant to support the organization
20 during a very complex initiative while Legacy systems
21 remain up and operational. The new technologies have
22 been implemented, and the Organization is on the
23 upward curve when it comes to proficiency and
24 supporting the new systems.

25 The duration of that is not firm. It's

1 based on organizational capabilities, but at this
2 point in time it is meant to last at a minimum the
3 duration of the program itself until the organization
4 is fully proficient in supporting and decommissioning
5 those systems.

6 So the decommissioning of the systems
7 is a critical milestone for the conclusion of budgets
8 -- or bubble budget support.

9 MS. KATHLEEN MCCANDLESS: Thank you.
10 Kristen, can we just scroll down so we can see the
11 table here for the bubble budget. Thank you.

12 And so if we're looking at term
13 internal staff for 2022/'23, the -- yeah. We've got
14 eight point one seven (8.17), yes?

15 MR. ALEX RAMIREZ: That's correct.

16 MS. KATHLEEN MCCANDLESS: And then
17 external consultant or vendor services for the same
18 year, eleven point eight four (11.84) for --

19 MR. ALEX RAMIREZ: Correct.

20 MS. KATHLEEN MCCANDLESS: And that's
21 for a total of twenty point one (20.1) full-time
22 equivalents?

23 MR. ALEX RAMIREZ: That's correct.

24 MS. KATHLEEN MCCANDLESS: Which
25 releases were these full-time equivalents to support?

1 MR. ALEX RAMIREZ: So this -- those
2 numbers are in preparation for Release 1.

3 MS. KATHLEEN MCCANDLESS: What is the
4 current status of these full-time equivalents?

5

6 (BRIEF PAUSE)

7

8 MR. ALEX RAMIREZ: So our current
9 numbers are on bubble budget. And I -- I say that
10 because they're -- they are not full-time FTEs. The
11 head count is forty-two (42).

12 Equivalent to a full-time employee is
13 thirty-nine (39) as not all bubble budget resources
14 are a hundred percent allocated.

15 MS. KATHLEEN MCCANDLESS: But
16 specifically with respect to the twenty point-o-one
17 (20.01) that were allocated for 2022/'23, are they
18 still -- are they part of that overall number?

19 MR. ALEX RAMIREZ: They are.

20 MS. KATHLEEN MCCANDLESS: So they --
21 they've stayed working with the organization either as
22 employees or consultants?

23 MR. ALEX RAMIREZ: Either as a
24 consultant, a term employee, or a service.

25 MS. KATHLEEN MCCANDLESS: And then in

1 2023/'24 there was a forecast of internal staff at
2 twenty-five point six five (25.65) FTEs and external
3 consultant or vendor services seventeen point five
4 (17.5), for an actual plus forecast of forty-three
5 point one five (43.15) FTEs?

6 MR. ALEX RAMIREZ: Yes, that's
7 correct. To add to that, that includes both Release 1
8 and Release 2. It is not cumulative, so that forty-
9 three point one five (43.15) includes the original
10 twenty point-o-one (20.01).

11 MS. KATHLEEN MCCANDLESS: Okay. So
12 you -- I think you said it's not cumulative, but it
13 actually is cumulative?

14 MR. ALEX RAMIREZ: Oh, sorry, it is
15 cumulative.

16 MS. KATHLEEN MCCANDLESS: Okay.

17 MR. ALEX RAMIREZ: Yeah.

18 MS. KATHLEEN MCCANDLESS: And sorry,
19 the number you just mentioned was some -- somewhat
20 different than the forty-three point one five (43.15),
21 so can you remind me what that number was?

22

23 (BRIEF PAUSE)

24

25 MR. ALEX RAMIREZ: Subject to check,

1 currently, it's 42.

2 MS. KATHLEEN MCCANDLESS: Thank you.
3 Madam Chair, I'm moving into a different area now, so
4 this might be a good time for the midmorning break.

5 PANEL CHAIRPERSON: Yes. Thank you.
6 We'll break now and come back at quarter to 11:00,
7 please.

8

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

10 --- Upon resuming at 10:46 a.m.

11

12 PANEL CHAIRPERSON: Ms. McCandless...?

13 MS. KATHLEEN MCCANDLESS: Thank you.

14

15 CONTINUED BY MS. KATHLEEN MCCANDLESS:

16 MS. KATHLEEN MCCANDLESS: Just for the
17 Panel, one (1) question of clarification following on
18 our discussion about the bubble budget before the
19 break. Kristen, can we go back to the table at page
20 29. And I'm looking at the narrative just below the
21 table, lines 5, 6, and 7.

22 MPI had stated here that the -- the
23 detailed estimates associated with the bubble budget
24 were included in the re-baseline in 2022, but I think
25 I understood the evidence this morning being that they

1 were outside of the re-baseline, so can MPI clarify,
2 please?

3 MR. ALEX RAMIREZ: Alex Ramirez
4 responding. For clarification, were they included in
5 the re-baseline, yes. The re-baseline includes both
6 project costs, the 290 million, base, plus
7 contingency, operational expenses, benefits, and so
8 all of that was part of the re-baseline. Bubble
9 budget specifically is allocated to the operational
10 expenses.

11 MS. KATHLEEN MCCANDLESS: Thank you.
12 And then just some follow-up with respect to the
13 dependent projects.

14 First of all, using as an example E-
15 signature -- and as I understand MPI's evidence, E-
16 signature is something that MPI is undertaking
17 regardless of NOVA, but that if it's completed before
18 R-3 Discovery, then it will be part of NOVA, but it's
19 not, then Release 3 will use some other mechanism, but
20 E-signature will still be an initiative that MPI is
21 pursuing.

22 Is that accurate?

23 MR. SHAWN CAMPBELL: Correct. Shawn
24 Campbell speaking.

25 MS. KATHLEEN MCCANDLESS: So if E-

1 signature was not ready for R-3, then how does that --
2 so if we take E-signature out or in, how does that
3 affect discovery for R-3?

4 MR. SHAWN CAMPBELL: So E-signature,
5 as an example, right, so it will change how we look to
6 do the -- the process from a business point of view.

7 So if we have E-signature available,
8 the -- the process, the way it's documented, the way
9 we interact with customers will take into account a
10 tablet for -- or a phone mechanism for collecting that
11 e-signature versus a print, scan -- or print, sign,
12 scan type solution that we do today.

13 And just for an example, E-signature
14 itself has already been delivered, so it is one of the
15 ones that are ready to go; the same with e-transfer.
16 So there are a number of initiatives in there that are
17 already completed, but there are a couple, such as
18 ECM, which are still outstanding.

19 MS. KATHLEEN MCCANDLESS: So, Kristen,
20 could we please go back to page 23 from NOVA. So, Mr.
21 Campbell, for all of the items listed here as required
22 for R-3...

23

24 (BRIEF PAUSE)

25

1 MS. KATHLEEN MCCANDLESS: So for all
2 of these projects, will the scope be determined to
3 understand the impact prior to R-3?

4 MR. SHAWN CAMPBELL: Sorry, Ms.
5 McCandless, can you repeat your question.

6 MS. KATHLEEN MCCANDLESS: So E-
7 signature; MPI will know whether it's in or out prior
8 to Discovery for R-3, for example?

9 MR. SHAWN CAMPBELL: Yes.

10 MS. KATHLEEN MCCANDLESS: Okay. And
11 does that -- that process apply to all other business
12 cases that are required for Release 3 according to the
13 table?

14 MR. SHAWN CAMPBELL: According to the
15 table, we would take a look at the -- the state of
16 that business case to understand whether or not the
17 delivery is anticipated to coincide where it would be
18 available for us to leverage it.

19 So, for example, if the data
20 warehousing technologies was at a state where we knew
21 in a month's time that we could leverage it for the
22 data management solution, then we would build into as
23 part of that Discovery the capabilities because they
24 would be well understood at that point in time as part
25 of the Release 3 and Discovery.

1 If, however, we took a look at that,
2 that it was numerous months out, we would look for
3 alternative paths leveraging what we currently do
4 today to try and build into what that looks like and
5 understand does -- how can the data warehouse -- or
6 the IT transformation data warehouse technology
7 project, as an example, take into account what NOVA
8 will be delivering because now it falls on that
9 business case to -- to make sure that it is aligning
10 with the delivery of NOVA.

11 MS. KATHLEEN MCCANDLESS: Thank you.
12 Now just some follow-up on releases. So for Release
13 1, I understand it's operational but some challenges
14 have been discovered. Is that fair?

15 MR. SHAWN CAMPBELL: That is fair.

16 MS. KATHLEEN MCCANDLESS: And how has
17 this affected resources for R-2?

18

19 (BRIEF PAUSE)

20

21 MR. SHAWN CAMPBELL: Perhaps at a
22 leadership the individuals that are responsible for
23 addressing the -- the backlog, they are -- they are
24 separate delivery units, or individuals, so there's
25 little impact.

1 MS. KATHLEEN MCCANDLESS: Did the
2 release for -- or did Release 1 have an impact on
3 brokers?

4 MR. SHAWN CAMPBELL: Yes, it did.

5 MS. KATHLEEN MCCANDLESS: And what has
6 been the feedback from brokers on Release 1?

7

8 (BRIEF PAUSE)

9

10 MR. SHAWN CAMPBELL: Mr. Campbell
11 responding. So the -- the feedback from the brokers
12 has been -- it's been challenging to leverage the new
13 technology, so we've been working with working groups
14 to understand what are those challenges, help us
15 prioritize the -- the defects so that we are
16 addressing the pain points for our end users
17 appropriately.

18 MS. KATHLEEN MCCANDLESS: What are the
19 pain points?

20

21 (BRIEF PAUSE)

22

23 MR. SHAWN CAMPBELL: Those pain points
24 themselves reflect to just understanding how to
25 complete transactions and how to implement a

1 workaround to address any defects that have been
2 uncovered inside of the system.

3 MS. KATHLEEN MCCANDLESS: So what
4 parts of R-1 are operational?

5

6 (BRIEF PAUSE)

7

8 MR. SHAWN CAMPBELL: So the scope that
9 was laid out for Release 1 is operational. We paused
10 the renewal cycle from the policies from the Legacy
11 system into the new system. All new policies are
12 being input into the new system.

13 MS. KATHLEEN MCCANDLESS: The costs
14 for R-1, are they in operations now?

15 MR. SHAWN CAMPBELL: When you mean
16 "costs," do you mean the software licencing costs, or
17 do you mean the costs for bring about the change to
18 support the defects?

19 MS. KATHLEEN MCCANDLESS: The latter,
20 please.

21 MR. SHAWN CAMPBELL: Yes, it's in
22 operations, supported by NOVA's bubble budgets
23 funding.

24 MS. KATHLEEN MCCANDLESS: And what's
25 the estimated cost?

1 (BRIEF PAUSE)

2

3 MR. SHAWN CAMPBELL: Mr. Campbell
4 responding. So the estimate is \$7.6 million that is
5 meant to not only address the defects, but it is also
6 there for on boarding, operational support, all of the
7 aspects that come about when you need to support a
8 brand new product.

9 MS. KATHLEEN MCCANDLESS: So that 7.6
10 million, is that for fiscal '22/'23?

11 MR. SHAWN CAMPBELL: That's for this
12 fiscal year, '23/'24.

13 MS. KATHLEEN MCCANDLESS: And is there
14 any forecast amount that's expected for the following
15 fiscal year?

16 MR. SHAWN CAMPBELL: Yes, there is an
17 estimate for next year as well. It is the same amount
18 as this year.

19 MS. KATHLEEN MCCANDLESS: And those
20 are operations expenses?

21 MR. SHAWN CAMPBELL: These expenses
22 are part of the NOVA business case, but are in the
23 operational expenses.

24 MS. KATHLEEN MCCANDLESS: Thank you.
25 Now with respect to releases 2 and 3, in the

1 presentation this morning, there was mention of six
2 (6) dependancies for R-2 and R-3.

3 Can you just re-state those
4 dependancies, please?

5 MR. GARY DESSLER: Yeah. Gary Dessler
6 responding. So we've defined six (6) sets of
7 dependancies. One is, basically, defining a
8 requirements process.

9 You noticed, we saw in R-1 and R-2, we
10 had some challenges around requirements. So one of
11 those dependancies was making sure we're improving our
12 requirements management process. So that was one of
13 our, you know, key prerequisites.

14 And we also wanted to make sure that we
15 had good requirements for R-3 going forward. So those
16 are kind of, you know, two (2) sides of the same coin.

17 The requirements -- requirements are a
18 broad statement, right? Like, you know, the detail --
19 you've heard us talk about Agile, we talk about epics,
20 and features, and user stories.

21 So what level of detail do we need in
22 order to start the Discovery phase. And so, that's
23 what we're really working on as a prerequisite to
24 start our Discovery phase.

25 The pre-Discovery activity that we

1 completed in January was about understanding that
2 scope, making sure that was defined, right?

3 And what we want to make sure is when
4 we start Discovery, the SI, system integrators, really
5 have a good understanding of what we want to build.
6 So we really want to make sure our prerequisite is
7 having that well documented.

8 So we've got a process and then the
9 actual requirements for R-3 are kind of, you know, two
10 (2) critical items.

11 Third on our list of prerequisites are
12 our vendor contracts. Our Request For Service
13 standing offer, this is our vendors that we want to do
14 for the Discovery phase, for Duck Creek, for the
15 digital piece.

16 We've got a number of contracts in
17 place. So making sure that's all established, make
18 sure that we know how we're going to go through
19 Discovery, and then how does that forecast into the
20 implementation.

21 Our fourth item is making sure we have
22 a very well-defined software development life cycle.
23 So we're moving from a model where we're doing all
24 custom code, we're using COBOL and PowerBuilder.

25 Our new environment are these COTS

1 package. So how we build, test, deploy, manage code,
2 we want to make sure we had a rock solid process for
3 that. So that was one of the -- another one of the
4 prerequisites that we defined as getting into R-3.

5 Because those were challenges that we
6 saw in R-1 and R-2, so we want to make sure that,
7 before we start R-3, we really got a good handle on
8 how we're going to manage the development of that.

9 Our fifth item is around understanding
10 our enterprise domain models. So a model -- think of
11 the model is -- what data do we have, how the data is
12 moving around the organization.

13 One of the things that we learned out
14 of R-1 and R-2 is we didn't really have a -- a well
15 enough defined model that told us all the different
16 types of data we're using.

17 So if we're using registration data in
18 one context, we wrote an interface for that. And
19 then, if we needed data again, we wrote another
20 interface for it.

21 Well, when we build Release 3, we want
22 to make sure we understand all of our data
23 requirements, how our data is going flow, so we can
24 build it once and not have to build multiple versions
25 of it. Right?

1 So that's another key element of this.

2 And that's where we talk about our domain models.

3 And our last item is we want to do a
4 billing architecture assessment. So as part of pre-
5 Discovery, this is an activity we ran in January, we
6 looked at all of our financial requirements that are
7 encapsulated inside of IWS today.

8 And we want to make sure our plans for
9 R-3 take that all into account. So it's not a change
10 in scope, right, because we always knew we had to
11 handle of the financials that are inside of our
12 insurance workstation today. But we want to make sure
13 that our plans for implementing those requirements
14 fits the software that we have today.

15 So before we start-- sorry, before we
16 start Discovery, we want to bring in an expert in this
17 area and just make sure that our plans are still
18 solid. And then, that gives us time to pivot if -- if
19 we need to make any changes, it gives us time to pivot
20 before we actually start the implementation phase.

21 As Mr. Ramirez had said, if we start
22 changing once we're already in flight, it becomes more
23 expensive, right? So we want to make sure we've got a
24 good foundation, we know what we want to build, we
25 have the architecture in place, and that will be used

1 as input into the Discovery phase.

2 So those are the six (6) prerequisites
3 we defined.

4 MS. KATHLEEN MCCANDLESS: Just now you
5 mentioned bringing in an expert for the sixth
6 dependency. And who's that expert? And when will
7 they be brought on board?

8 MR. GARY DESSLER: So we've gone
9 through a -- through the Request For Standings
10 offering process. We've selected a vendor to do that.
11 The vendor has not started. We're just in the
12 contract negotiations at this point.

13 The plan is for them to start once we
14 have our subject matter experts back from labour
15 interruption. So we don't yet know when they're going
16 to start because it -- in order to assess how finance
17 is working, we need the finance SMEs. So once -- once
18 we understand the labour interruption resumption of
19 work, we'll schedule that work in with that vendor.

20 The output of that -- we expect that to
21 be a two (2) month engagement. And we want that to
22 then, you know, finish before we start the discovery
23 phase.

24 MS. KATHLEEN MCCANDLESS: Are you able
25 to disclose the name of the vendor at this time, or is

1 it...

2 MR. GARY DESSLER: Just a sec.

3

4 (BRIEF PAUSE)

5

6 MR. GARY DESSLER: Through the
7 procurement process, we've narrowed down to our top
8 rank vendor, but we're still negotiating with that
9 vendor. So it would be premature to announce them.

10 MS. KATHLEEN MCCANDLESS: Thank you.
11 Lastly, with respect to Release 3, there was mention
12 of mechanisms to keep the Board apprised of budget,
13 schedule, and outcomes for R-3.

14 So what mechanisms did MPI have in mind
15 in that regard?

16

17 (BRIEF PAUSE)

18

19 MR. SHAWN CAMPBELL: Mr. Campbell
20 responding. So, the -- based on our -- what we were
21 seeing or forecasting from timelines, we won't have a
22 -- an update or a finalized review of this by the time
23 we do our annual IT conference with PUB. But we will
24 definitely provide an update at that time.

25 We can -- as we finalize what that

1 outcome of the Discovery phase looks like, we can do
2 an ad hoc meeting with the -- the Public Utility Board
3 if that so -- they so desire.

4 And we'll just continue down that path
5 and make sure that we have accurate information for
6 when we do the filing next year as well.

7 MS. KATHLEEN MCCANDLESS: Thank you.
8 I'm now going to move into the area of MPI 2.0. And,
9 in that regard, I'd like to go to PUB/MPI-1-110, and
10 page 1, please. Thank you. Just down to question
11 'B'.

12 MPI was asked whether the road map
13 towards MPI 2.0 has been established. And then if we
14 go to the response, thank you, and I'll read this into
15 the record:

16 "MPI 2.0 represented the achievement
17 of modernizing MPI's core services
18 and was created to act as a north
19 star to guide decision making in
20 corporate prioritization.

21 Mr. Herbelin tasked an internal team
22 that lacked mature corporate
23 strategic planning capabilities to
24 support divisional road mapping to
25 achieve MPI 2.0 in the summer of

1 2022.

2 Without adequate support or guidance
3 to ensure that their plans aligned
4 their efforts, resulted in siloed
5 plans with individual
6 interpretations of MPI 2.0 and, as a
7 result, no enterprise wide road map
8 exists.

9 The target enterprise architecture
10 overview attempted to integrate the
11 individual divisional road maps, but
12 did not include key components of a
13 road map, including a timeline,
14 resource requirements, stakeholder
15 approval, given it was only endorsed
16 by the previous CITO and Mr.
17 Herbelin."

18 Yes?

19 MR. SHAYON MITRA: Shayon here. Yes.

20 MS. KATHLEEN MCCANDLESS: Thank you.

21 And then, if we go back to the question 'E' on page 1
22 -- oh, page 2, pardon me.

23 Here, MPI was asked to indicate the
24 amount of progress towards MPI 2.0 achieved by the
25 delivery of Project NOVA. And the response at 'E' was

1 that:

2 "Historical public and internally
3 referenced materials illustrated the
4 completion of Project NOVA as the
5 mid-point between initial efforts to
6 modernize the business in MPI 2.0,
7 however, this milestone was not
8 clearly communicated and the
9 association between MPI 2.0 and NOVA
10 was commonly misunderstood, both
11 internally and externally."

12 Yes?

13 MR. SHAYON MITRA: Shayon again. Yes.

14 MS. KATHLEEN MCCANDLESS: So, now that
15 there has been a -- a change of leadership both at the
16 CEO level and the previous CITO is no longer with the
17 organization, does MPI have a new concept or vision
18 for MPI 2.0?

19 MR. SHAYON MITRA: So, MPI 2.0 was led
20 by -- strategic aspiration led by Mr. Herbelin. Since
21 then, led by our current Board and our Board Chair,
22 Mr. Ward Keith (phonetic), our focus is on business
23 objectives and they are centered around continuing to
24 deliver services to Manitobans, financial or fiscal
25 responsibility and progress on Project NOVA.

1 That was announced to the Enterprise,
2 subject to check, in the summer of this year when
3 there were changes at the executive and the Board
4 level.

5 And MPI is moving away from the concept
6 of 2.0, mainly because it's often been misunderstood
7 that NOVA is becoming 2.0.

8 As stated earlier, the scope for NOVA
9 has not changed and our intention is not to change
10 that. And it's often intertwined or mixed up that MPI
11 2.0, which was our strategic aspiration or ambition.

12 MS. KATHLEEN MCCANDLESS: Thank you.
13 So, is it fair to say that there are not any current
14 plans or road maps or analysis underway to achieve the
15 vision of MPI 2.0?

16 MR. SHAYON MITRA: At this point,
17 there are none.

18 MS. KATHLEEN MCCANDLESS: So, that
19 means that there are zero (0) dollars being expended
20 to achieve MPI 2.0?

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Shayon here. My
25 apologies. Could you repeat that question please?

1 MS. KATHLEEN MCCANDLESS: The question
2 was whether, right now, there are no dollars being
3 expended on any achievement towards MPI 2.0.

4 MR. SHAYON MITRA: As stated earlier,
5 MPI 2.0 did not have a road map. It was an
6 aspirational statement, hence, we did not have
7 initiatives that were associated with MPI 2.0 road
8 map.

9 MS. KATHLEEN MCCANDLESS: Thank you.
10 During the development of the 2022 re-baseline which
11 was supported by McKinsey, was the concept of MPI 2.0
12 discussed prior to the additional \$200,000 in
13 consulting that was focused on MPI 2.0?

14 MR. SHAYON MITRA: Shayon again. If,
15 sorry, I'm trying to understand your question.

16 Was the concept of MPI 2.0 discussed
17 before the General Rate Application last year?

18 MS. KATHLEEN MCCANDLESS: No, before
19 the expenditure of the additional \$200,000 on McKinsey
20 for consulting that was related to MPI 2.0.

21 MR. SHAYON MITRA: As stated, in -- in
22 the summer of 2020 -- subject to check, summer of
23 2021, was when the concept of 2.0 was developed by --
24 led by Mr. Herbelin and it was centered around being
25 customer centric, data driven, having empowered

1 employees.

2 And in March of this year, being
3 financially feasible was added. So, that strategic
4 aspiration was shared at the enterprise and at the
5 executive and leadership level.

6 Since then, I think in summer of -- or
7 fall of last year is when McKinsey was asked to do a
8 MPI 2.0 assessment, upon the request of Mr. Herbelin,
9 and that assessment was really focused on functional
10 capabilities and looked at thirteen (13) areas and
11 McKinsey made a recommendation and since then, that's
12 where -- that effort with McKinsey halted with regards
13 to 2.0.

14 MS. KATHLEEN MCCANDLESS: Thank you.
15 Now, moving on to the topic of governance.

16 So, in the last GRA we heard about the
17 work on NOVA governance that was done by PwC. When
18 was the PwC contract concluded?

19 MR. SHAYON MITRA: Shayon again.
20 October of 2022, subject to check.

21 MS. KATHLEEN MCCANDLESS: Why was it
22 not renewed?

23 MR. SHAYON MITRA: Shayon again. So,
24 at the onset of Project NOVA, it was envisioned to be
25 a three (3) year program/project, and then we

1 flattened the delivery.

2 So, the original engagement with
3 PricewaterhouseCooper, or the governance vendor, was
4 for the three (3) year period. So their contract
5 expired, which meant we had to go back and -- and --
6 and go through a Request For Proposal process.

7 Based on learnings from the McKinsey
8 contracts and the government direction, obviously, it
9 took a little longer, 'cause our vendor management
10 team was going through a number of such proposals and
11 so the cycle time to get the RFP finalized took longer
12 than anticipated and MNP came on board as of September
13 of this year.

14 MS. KATHLEEN MCCANDLESS: Was PwC
15 invited to respond to the request for proposals, for
16 the new NOVA governance work?

17 MR. SHAYON MITRA: We -- we didn't
18 send out an invite, but they had the option to respond
19 to the RFP. And, subject to check, I don't think they
20 responded.

21 MS. KATHLEEN MCCANDLESS: Thank you.
22 What is the current state of the final recommendations
23 that PwC provided to MPI?

24

25 (BRIEF PAUSE)

1 MR. SHAYON MITRA: Shayon again. So,
2 PricewaterhouseCoopers reported to the technical
3 committee of the Board. The -- the program team or
4 the Project team for NOVA has -- has considered all of
5 them as lessons learned, through R-1 and R-2 and -- as
6 Release 1 and Release 2, and Mr. Dessler had already
7 covered, those are being considered, as we move
8 forward into Discovery for Release 3.

9 Further to that, we are also waiting to
10 hear back from Meyers Norris Penny, who is our new
11 risk and governance vendor, and they are slated to
12 provide their initial finding, subject to check, early
13 November.

14 MS. KATHLEEN MCCANDLESS: Okay. Thank
15 you. So just then, to clarify, with the PwC contract
16 ending October of 2022 and MNP being selected, as of
17 September 2023.

18 So, was there a -- then, an 11-month
19 period, roughly, where there was no governance
20 provider overseeing Project NOVA?

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Shayon again. So,
25 PricewaterCoopers were done in October 2022, McKinsey

1 was -- was still with us, all the way, until March of
2 this year, 2023. So, they were providing value
3 assurance services to us and, then, MNP, as I stated
4 earlier, has come on board, as of September.

5 MS. KATHLEEN MCCANDLESS: Okay. Thank
6 you. What is the length of the contract for MNP?

7

8 (BRIEF PAUSE)

9

10 MR. SHAYON MITRA: Shayon here. Just
11 confirming the length of the contract.

12

13 (BRIEF PAUSE)

14

15 MR. SHAYON MITRA: December 2025.

16 MS. KATHLEEN MCCANDLESS: So, then, it
17 -- it is intended to align with the completion of
18 Project NOVA. Is that accurate?

19 MR. SHAYON MITRA: Accurate, without
20 factoring in the impacts of the labour interruption.

21 MS. KATHLEEN MCCANDLESS: Right. So,
22 if Project NOVA was delayed, would that have an impact
23 on the contract for MNP? Would there be an extension,
24 potentially?

25 MR. SHAYON MITRA: Potentially, yes.

1 MS. KATHLEEN MCCANDLESS: Is MNP
2 providing other services to MPI IT at this time?

3 MR. SHAYON MITRA: Shayon again.
4 Subject to check, they do provide some internal audit
5 services to MPI.

6 MS. KATHLEEN MCCANDLESS: Is that IT
7 or financial?

8 PANEL CHAIRPERSON: It's more
9 financial.

10 MS. KATHLEEN MCCANDLESS: Oh. Okay.
11 Thank you. Thank you. Those are all my questions for
12 you.

13 PANEL CHAIRPERSON: Thank you, Ms.
14 McCandless. Ms. Dilay...?

15 MS. KATRINE DILAY: Thank you, Madam
16 Chair.

17

18 CROSS-EXAMINATION BY MS. KATRINE DILAY:

19 MS. KATRINE DILAY: Good morning. My
20 name is Katrine Dilay. I am co-Counsel to the
21 Manitoba Branch of the Consumers' Association of
22 Canada. I've met some of you before and my colleague,
23 Chris Klassen, is to my right.

24 I'll ask my questions, generally, of
25 the Panel this morning, and I'll invite whoever is

1 best suited to respond. Of course, I was listening to
2 Ms. McCandless' questions. So, to the extent that I
3 can, I've -- I've eliminated some questions that were
4 duplicative, but you may have to bear with me, if I'm
5 confirming a few points that were already confirmed on
6 the record.

7 At a high level, you'll agree that, in
8 last year's GRA, which was the 2023 GRA, MPI filed
9 evidence that the budget for NOVA had gone up, as part
10 of the 2022 re-baseline. Correct?

11 MR. ALEX RAMIREZ: Alex Ramirez
12 responding. That's correct.

13 MS. KATRINE DILAY: Thank you. And if
14 we could go through some of those numbers, just to
15 refresh our memories. Ms. Schubert, could we turn to
16 the GRA, Part 5, which is the NOVA chapter, at page 7.

17 And, so, we see there the evolution of
18 the NOVA business case since 2019. Correct?

19 MR. ALEX RAMIREZ: That is correct.

20 MS. KATRINE DILAY: And, so, if we
21 look at the -- and, Ms. Schubert, if we could go to
22 the top -- no, actually, sorry, you were at -- you
23 were at the right spot.

24 So, if we look at the sort of greenish-
25 yellow line at the top of this table -- or this chart,

1 the original total budget was 106.8 million, including
2 contingency?

3 MR. ALEX RAMIREZ: That is correct and
4 that was the -- the -- as you mentioned, the original,
5 prior to any RFPs being released or any contracts
6 being signed and negotiated.

7 MS. KATRINE DILAY: Thank you for that
8 clarification. And, then, if we look at the re-
9 baseline 2021 line and, if we look at the right-hand
10 side, the budget went up to 128.5 million, including
11 contingency?

12 MR. ALEX RAMIREZ: Yes, that's
13 correct.

14 MS. KATRINE DILAY: And, at that time,
15 the net present value in the budget was 18.4 million.

16 Correct?

17 MR. ALEX RAMIREZ: That is correct.

18 MS. KATRINE DILAY: And, then, if we
19 look at the re-baseline 2022 budget, that went up to
20 224.1 million, without the contingency. Correct?

21 MR. ALEX RAMIREZ: That's correct.

22 MS. KATRINE DILAY: And, if we look at
23 the bottom, right of this graph, with the contingency,
24 the range is from 257 to 289.9 million. Correct?

25 MR. ALEX RAMIREZ: That's correct.

1 MS. KATRINE DILAY: So, it's fair to
2 say that, from 2019 to 2022, the estimated budget for
3 NOVA more than doubled. Correct?

4 MR. ALEX RAMIREZ: That's correct.

5 MS. KATRINE DILAY: And I can take you
6 to a reference, if you need, but part of the
7 information that MPI shared with this Board last year,
8 in addition to the re-baseline budget, was that the
9 NPV of the Project NOVA business case had been re --
10 revised to negative 188.9 million. Correct?

11 MR. ALEX RAMIREZ: Yes. That's
12 correct.

13 MS. KATRINE DILAY: And, Ms. Schubert,
14 could we turn to the PUB Order 4 of '23, specifically,
15 at page 110.

16 And, so, is it your understanding that
17 this is the Board Order flowing from the 2023 GRA last
18 year?

19 MR. ALEX RAMIREZ: Yes.

20 MS. KATRINE DILAY: And if we look to
21 the second paragraph on this page, in the last
22 sentence, you'll agree there that the PUB stated:

23 "The Board is also concerned with an
24 apparent lack of management control
25 over IT expenses."

1 You see that reference?

2 MR. SHAWN CAMPBELL: Mr. Campbell
3 responding. Yes.

4 MS. KATRINE DILAY: And, then, at the
5 beginning of the last paragraph on this page, you see
6 there that the PUB stated that:

7 "If MPI cannot demonstrate that it
8 has made prudent choices in its
9 plans for Project NOVA and is making
10 efforts to contain costs, there is a
11 significant risk that MPI's next
12 rate request will be found to not be
13 just and reasonable.

14 Correct?

15 MR. SHAWN CAMPBELL: Yes, I see that.

16 MS. KATRINE DILAY: And just to
17 confirm some of the costs for Project NOVA that were
18 filed as part of this rate application, Ms. Schubert,
19 could we turn to PUB/MPI 1-107 and page 2 of this
20 response. Thank you.

21 So if we look at the second column from
22 the right, you see there that that's the column
23 entitled 'Current Estimate as at March 2023'?

24 MR. SHAWN CAMPBELL: Yes, I see that.

25 MS. KATRINE DILAY: And if we look at

1 the one (1) time modernization costs at line 3, that's
2 projected to be 233.1 million, correct?

3 MR. SHAWN CAMPBELL: Correct.

4 MS. KATRINE DILAY: And is that the
5 number that this morning in the presentation has now
6 been revised to 240 million?

7 MR. SHAWN CAMPBELL: Yes, that is
8 correct.

9 MS. KATRINE DILAY: And then if we
10 look to the left of the column we were just looking
11 at, so the 2022 re-baseline business case, but the
12 same line, so line 3, one (1) time modernization cost,
13 that's approximately -- or it is 9 million less than
14 the current estimate as at March 2023, correct?

15 MR. SHAWN CAMPBELL: Correct.

16 MS. KATRINE DILAY: And that 9 million
17 difference, is that what we heard this morning has now
18 been revised to 16.6 million?

19 MR. SHAWN CAMPBELL: Correct.

20 MS. KATRINE DILAY: And if we look at
21 line 4, the one (1) time modernization contingency in
22 the current estimate as at March 2023, that's 40.4
23 million?

24

25

(BRIEF PAUSE)

1 MR. SHAWN CAMPBELL: Correct. It says
2 forty point four (40.4). That's at the 30 percent
3 contingency mark.

4 MS. KATRINE DILAY: And if we look
5 just to the left of that number in the '22 -- '22 re-
6 baseline business case, it was forty-nine point four
7 (49.4), correct? Do you see that?

8 MR. SHAWN CAMPBELL: I see that.

9 MS. KATRINE DILAY: And so can you
10 confirm that the 9 million difference here would be
11 because of the potential draw-down from contingency?

12 MR. SHAWN CAMPBELL: Yes.

13 MS. KATRINE DILAY: And so that 9
14 million difference would now be 16.6 million, correct?

15 MR. SHAWN CAMPBELL: Correct.

16 MS. KATRINE DILAY: And looking at
17 line 14 here, or the current estimate as at March
18 2023, so the net present value for Project NOVA
19 remains negative, correct?

20 MR. SHAWN CAMPBELL: Correct.

21 MS. KATRINE DILAY: With no payback
22 period, correct?

23 MR. SHAWN CAMPBELL: Correct.

24 MS. KATRINE DILAY: And I believe you
25 alluded to this this morning, but you'll agree that

1 one (1) of MPI's key business objectives, as defined
2 by its new board chair, is delivering on Project NOVA?

3 MR. SHAWN CAMPBELL: Yes, it is.

4 MS. KATRINE DILAY: So I have some
5 questions on Project NOVA releases, and of course I
6 was listening to cross-examination, so there might be
7 a little bit of duplication, as I indicated, but I did
8 eliminate a number of questions.

9 So at a high level, you'll agree that
10 Project NOVA is comprised of four (4) releases.

11 MR. SHAWN CAMPBELL: That is correct.

12 MS. KATRINE DILAY: And MPI has
13 essentially completed Release 2 with some items that
14 were originally part of Release 2 being deferred to
15 Release 3, correct?

16 MR. SHAWN CAMPBELL: Release 2 is in
17 its final stages as being completed. There are a
18 couple of features that we are currently working on,
19 and as part of that will be included with the release
20 once labour interruption's over.

21 MS. KATRINE DILAY: And it's correct
22 to say that some of the items that were originally
23 part of Release 2 have been deferred to Release 3?

24 MR. SHAWN CAMPBELL: Correct. Our
25 online self-service pieces have been deferred into

1 Release 3 as it made more sense to group those self-
2 service pieces with other self-service components.

3 MS. KATRINE DILAY: Thank you. And
4 I'd like to take you to a reference from the first day
5 of the hearing, specifically at pages 157 to 158 of
6 the transcript. And so I'll be focussing mostly on
7 lines 19 and -- and after.

8 You'll agree, generally, that Ms.
9 Kacher refers to a number of defects that emerge in
10 Release 1 for special risk -- risk Extension? And we
11 can maybe scroll up a little bit.

12 MR. SHAWN CAMPBELL: Yes, those are
13 the defects that I was referring to earlier.

14 MS. KATRINE DILAY: And then in lines
15 19 to 21, Ms. Kacher refers to the labour interruption
16 having an impact on NOVA, specifically the launch of
17 Release 2?

18 MR. SHAWN CAMPBELL: Correct.

19 MS. KATRINE DILAY: And in line 23,
20 she goes on to say that:

21 "The delay in the launch of Release
22 2 will also impact the start of
23 Release 3 discovery."

24 Would that be fair?

25 MR. SHAWN CAMPBELL: That is fair,

1 yes.

2 MS. KATRINE DILAY: And then if we go
3 to the next page, I believe -- thank you -- starting
4 around line 2, Ms. Kacher indicated that:

5 "The extent of these impacts will be
6 assessed once there is a clear
7 understanding of the operational
8 backlogs and resource availability."

9 Correct?

10 MR. SHAWN CAMPBELL: Correct.

11 MS. KATRINE DILAY: And you did
12 provide a response to Ms. McCandless on this, but I --
13 I'd just like to clarify for our under -- our clients'
14 understanding.

15 Are you able to say whether the defects
16 identified in the Release 1 have been remedied, or are
17 they ongoing?

18 MR. SHAWN CAMPBELL: It's an ongoing
19 effort. Some of the defects have been remedied. Some
20 of the defects remain as we work through the -- the
21 list of defects through a priority backlog.

22 MS. KATRINE DILAY: And are you able
23 to clarify whether Release 1 is in full use by the
24 business?

25 MR. SHAWN CAMPBELL: At this point in

1 time, it is in partial use. So our renewals of the
2 existing policies and the Legacy systems are paused
3 and will look to be used -- utilized in the Legacy
4 systems until we have reduced our backlog to a point
5 where that renewal process does not cause additional
6 grief.

7 Sorry, just to add to that, the -- when
8 we will turn that back on, that -- that additional
9 functionality that we paused, will depend on when we
10 have got to a sustainable viewpoint of the system.
11 And it will all be based also on the severity of the
12 defects.

13 So a severity 1 defect is an immediate
14 halt because you cannot work around it.

15 Severity 2 is there's a work-around but
16 it is a painful work-around.

17 Severity 3 is that there are ways to
18 deal with the business, and the majority of our
19 defects right now resolve (sic) around severity 3 in -
20 - in impact, but small work-arounds, if you have too
21 many of them, result in big pains.

22 MS. KATRINE DILAY: Thank you for
23 those additional informations.

24 And so you'll agree that Release 3
25 Discovery is currently planned to start in January of

1 2024?

2 MR. GARY DESSLER: Gary here.
3 Originally, we planned to start it in January, but
4 with the labour interruption, with the push of R-2
5 date, the start of our 3 Discovery is on hold until we
6 can assess what the labour interruption impacts will
7 be.

8 MS. KATRINE DILAY: And so these
9 delays represent a delay from the schedule that was
10 originally filed in this year Rate Application,
11 correct?

12 MR. GARY DESSLER: Correct, yes.

13 MS. KATRINE DILAY: And so would it be
14 fair to say that the primary drivers for the delay are
15 the delay with the Release 2 go-live, as well as the
16 labour interruption?

17 MR. GARY DESSLER: Yes, and I'd also
18 add we've identified those prerequisites, so we want
19 to make sure those prerequisites are met before we
20 kick off the Discovery phase.

21 We don't want to just start the
22 Discovery just because it -- we've hit a date on the
23 calendar. We want to make sure we've got all our
24 prerequisites in place and that we can be successful
25 in execution of the Discovery phase.

1 MS. KATRINE DILAY: And those
2 prerequisites were identified in pre-Discovery,
3 correct?

4 MR. GARY DESSLER: Yeah, and they've
5 come from lessons learned, come from, you know, input
6 from a number of different areas.

7 MS. KATRINE DILAY: And MPI has not
8 undertaken Discovery for Release 4 yet, correct?

9 MR. GARY DESSLER: That's correct. I
10 mean, as we go through the insurance side of it, we
11 will touch on claims, but we'll have a separate
12 Discovery phase for R-4 in the future.

13 MS. KATRINE DILAY: And at a high
14 level, the Discovery phase is meant to validate work
15 effort, assumptions, and schedule duration needed to
16 successfully deliver the releases?

17 MR. GARY DESSLER: Gary here. I would
18 say yes, but in addition to that, it -- it's also
19 quite a bit about how we're going to implement the
20 solution.

21 So if you look at pre-Discovery, this
22 is really defining what we want to build. So when we
23 do the Discovery phase, working with SIs who are
24 experts in their technology, so that Discovery phase
25 is about, okay, well, how are we going to implement

1 our requirements, how big are those requirements, how
2 much work are they going to be doing, and kind of the
3 order that we're going to do them in.

4 So it's not just a time line. It --
5 it's also what is that ultimate technical solution
6 going to be.

7 MS. KATRINE DILAY: So it'd be fair to
8 say that the Discovery phase is also meant to define
9 requirements?

10 MR. GARY DESSLER: I wouldn't say
11 define the requirements. It would be, you know,
12 determining how the requirements are going to be
13 implemented.

14 MS. KATRINE DILAY: And you'll agree
15 that the components of the Discovery phase, including
16 work effort assumptions and scheduled duration and
17 determining how the requirements will be meant, are
18 the primary drivers for the budget of Release 3?

19 MR. GARY DESSLER: Yes, I would say
20 that's the primary driver. I mean, so as part of
21 Discovery, the system integrators are a key
22 contributor. We're asking them to sign up to deliver
23 these requirements.

24 Our expectations is we're going to take
25 the output of Discovery and bake that into the

1 contracts. So now the vendors that actually, you
2 know, told us how long it was going to be to implement
3 a functionality will be written into the contract.
4 And so when we go to implement, we have some
5 accountability from what we asked for, how they said
6 it was going to implemented so we have that -- that
7 safety net so we can understand what our cost
8 constraints are going to be.

9 MS. KATRINE DILAY: Thank you for
10 that. And so at a high level, MPI has acknowledged
11 that there remain potential unknowns that could impact
12 the overall budget for Project NOVA, correct?

13

14 (BRIEF PAUSE)

15

16 MR. GARY DESSLER: Well, yes, there --
17 there is always unknowns until we actually get, you
18 know, a defined contract with the SIs.

19 But we've gone through a number of
20 procurement steps with Requests For Proposals where
21 the vendors outline what they feel are the indicative
22 prices of the scope of work that we're asking for.

23 So we have a column "rough estimates"
24 from vendors already that help us size and forecast
25 what the budget's going to be. So it's not like we're

1 going into the Discovery phase and we have no idea how
2 much something's going to cost. We have a range that
3 the vendors have already provided.

4 What we're doing through the Discovery
5 phase is figuring out the details of how, and then
6 making adjustments to those original estimates.

7 So could there be a surprise? Yes. We
8 think, you know, we've got a good handle, yes. The
9 vendors -- we've been, you know, trying to be very
10 transparent with the vendors all the way through this
11 process, so they have a lot of the information that we
12 -- where we think about today.

13 So we have some confidence that we --
14 we've got a good handle on it, but I can't be here
15 today and say there won't be any surprises because
16 there could always be something under -- uncovered
17 when we get into the very nitty-gritty details.

18 MS. KATRINE DILAY: Thank you for
19 that. And so part of the -- the potential unknowns,
20 or the uncertainty, is because the Discovery for
21 Release 3 and 4 has not begun yet, correct?

22 MR. GARY DESSLER: That's correct.

23 MS. KATRINE DILAY: And so you've
24 alluded to this this morning already, but MPI will
25 have more certainty about the budget for Project NOVA

1 after Release 3 Discovery than it does now, correct?

2 MR. GARY DESSLER: That's correct.

3 MS. KATRINE DILAY: And the present
4 uncertainty means that compared to the current
5 expectation, the budget that is developed through R-3
6 Discovery could potentially be lower than expected,
7 correct?

8 MR. GARY DESSLER: I would -- yes,
9 there could always be a potential it could be lower,
10 but I think, historically, budgets don't typically go
11 down. You know, we're naturally -- it's likely to go
12 up or likely to be within the range that we've
13 specified.

14 MS. KATRINE DILAY: So it -- so it'd
15 be fair to say it's unlikely that the budget will be
16 lower?

17 MR. GARY DESSLER: Yes, I would agree
18 with that.

19 MS. KATRINE DILAY: And so it would be
20 more likely that the budget would be higher, if there
21 are changes?

22 MR. GARY DESSLER: Yeah. I mean, I --
23 I wouldn't -- I don't -- we're not coming into this
24 expecting that we think the budget's going to be
25 higher. Like right now, we feel we have a good

1 understanding of what the costs are, what are the
2 drivers of those costs. We have input from the SIs,
3 from the system integrators, so we think we've got a
4 handle on that. Could there be surprises? Yes.
5 Would the surprises make it cheaper? Probably
6 unlikely, but there's always a chance.

7

8

(BRIEF PAUSE)

9

10 MS. KATRINE DILAY: Thank you, Mr.
11 Dessler. And I -- I think you might have referred to
12 this this morning, or someone on the Panel, but you'll
13 agree that Release 3 is the most complex of the four
14 (4) releases?

15 MR. GARY DESSLER: It's our biggest
16 release, yes.

17 MS. KATRINE DILAY: And the most
18 complex for that reason?

19 MR. GARY DESSLER: It impacts the most
20 business processes, so if that's a measure of --
21 that's one (1) measure of complexity, I would say yes.

22 As I said earlier, we don't have to
23 implement any of the technology because we already
24 stood up all the technology, so that complexity has
25 gone away, so there's a bit of a tradeoff.

1 MS. KATRINE DILAY: And would it be
2 fair to say that, given the size of Release 3, it is
3 the higher risk of the releases?

4 MR. GARY DESSLER: Yes, I would agree
5 with that.

6 MS. KATRINE DILAY: And, sir, I'd like
7 to refer to a CDC article from earlier this year. And
8 you see there the -- the date is from June 6, 2023?

9 MR. SHAWN CAMPBELL: Mr. Campbell
10 responding. Yes.

11 MS. KATRINE DILAY: And you see the
12 title there is:

13 "MPI loses another exec, but Board
14 chair insists Crown Corp. has handle
15 on spending, restructuring."

16 MR. SHAWN CAMPBELL: Yes.

17 MS. KATRINE DILAY: And, Ms. Schubert,
18 if we could go down, there's a picture of a building
19 with the MPI logo, and just a couple paragraphs under
20 that picture.

21 So if we look at the third paragraph
22 under this picture, you see there it says that:

23 "MPI is in the final stages of
24 contracting out the external review
25 ordered by government in April..."

1 MR. SHAWN CAMPBELL: Yes.

2 MS. KATRINE DILAY:

3 "...and it is to be completed by the
4 end of December."

5 MR. SHAWN CAMPBELL: Correct.

6 MS. KATRINE DILAY: Do you see that?

7 MR. SHAWN CAMPBELL: Yes.

8 MS. KATRINE DILAY: And the next
9 sentence after that refers to:

10 "The costs for the third-party
11 review and the NOVA oversight will
12 be covered by a pre-approved budget
13 for governance and advisory services
14 under Project NOVA."

15 MR. SHAWN CAMPBELL: That is what it
16 states. That's, however, not how we interpret that,
17 how the actions are being -- happening inside of MPI.

18 MS. KATRINE DILAY: And are you able
19 to clarify how that's happening within MPI?

20 MR. SHAWN CAMPBELL: So the article
21 itself appears to be combining the two (2) vendors
22 that are at play here. So Ernst & Young is the one
23 that is doing the review, whereas Meyers Norris Penny
24 is doing the governance, so separate contracts,
25 separate objectives.

1 MS. KATRINE DILAY: So here, when
2 there was reference to the third-party review being
3 covered by the Project NOVA budget, that's not your
4 understanding of how that's happening?

5 MR. SHAWN CAMPBELL: The third-party
6 review for the -- if you're talking about the -- the
7 external review ordered by the government, that is the
8 Ernst & Young contract. That is not covered by NOVA.

9 The Meyers Norris Penny contract for
10 our NOVA governance is part of NOVA's budget.

11 MS. KATRINE DILAY: Thank you for that
12 clarification. And just looking again just under
13 where we were looking at, Mr. Keith -- Mr. Ward Keith,
14 the Board chair, is quoted saying:

15 "So, in other words, no new money
16 will be required."

17 Correct?

18 MR. SHAWN CAMPBELL: For Project NOVA,
19 at this time, no, we do not believe no money -- new
20 money is needed subject to Discovery outcome.

21 MS. KATRINE DILAY: And then the
22 article goes on to say that:

23 "Keith is optimistic some of those
24 spending figures will actually
25 decrease. The 290 million cost of

1 Project NOVA includes 60 million for
2 contingencies of which virtually
3 none has been used."

4 Correct?

5 MR. SHAWN CAMPBELL: Correct.

6 MS. KATRINE DILAY: And he goes on --
7 or the article goes on to say:

8 "If that trend continues, he
9 believes NOVA will be completed
10 several million dollars below that
11 total."

12 You see that?

13 MR. SHAWN CAMPBELL: Correct.

14 MS. KATRINE DILAY: And Mr. Keith is
15 also quoted saying:

16 "From my perspective, at this point,
17 anyway, I can tell you that there
18 are absolutely no upward pressures
19 on the budget for this project."

20 Correct?

21 MR. SHAWN CAMPBELL: Correct. And, as
22 Mr. Dessler and Mr. Ramirez had commented earlier, we
23 have some financial controls in place to try and
24 manage what that budget looks like so that we mitigate
25 those upward pressures when they do appear. So, at

1 this point in time, we do not see that.

2 MS. KATRINE DILAY: Thank you, Mr.
3 Campbell. I have a few questions about governance.

4 At a high level, you'll agree that
5 Project NOVA is a very large and complex project?

6 MR. SHAWN CAMPBELL: Correct.

7 MS. KATRINE DILAY: Which encompasses
8 three (3) project streams, namely, DVA, PNC, and
9 digital?

10

11 (BRIEF PAUSE)

12

13 MR. SHAWN CAMPBELL: Correct.
14 There are three (3) primary and, I think it's, eight
15 (8) secondary services.

16 MS. KATRINE DILAY: And eight (8)
17 secondary services?

18 MR. SHAWN CAMPBELL: Correct.

19 MS. KATRINE DILAY: Thank you. Ms.
20 Schubert, could we go to PUB Order 4/'23, at page 99.
21 And we can go down a little bit on this page.

22 And so, at the bottom of this page
23 here, you see there that the Public Utilities Board is
24 quoting minutes from a February 2022 meeting of the
25 technology committee?

1 MR. SHAWN CAMPBELL: Yes, I see that.

2 MS. KATRINE DILAY: And just to look
3 at the two (2) excerpts from the minutes of that
4 technology committee meeting, you see there, at the
5 beginning of the excerpt, that:

6 "Throughout the history of Project
7 NOVA, MPI recognized that it did not
8 have the internal expertise and that
9 no single external consultant had
10 the expertise to successfully
11 implement a transformational project
12 of the complexity presented by this
13 project. And it has engaged the
14 services of industry experts to
15 assist in providing advice on how
16 best to carry out this project."

17 That's excerpted there?

18 MR. SHAYON MITRA: Shayon here.

19 That's correct.

20 MS. KATRINE DILAY: And then, on the
21 next page, at the very bottom of that -- of the quote
22 that's excerpted, so at the bottom of the excerpt, you
23 see there that the minutes state:

24 "The successful completion of the
25 project in accordance with re-

1 baseline 2022 budget requires MPI to
2 mature its capabilities as quickly
3 as possible with the assistance of a
4 highly qualified general
5 contractor."

6 MR. SHAYON MITRA: That's correct.

7 MS. KATRINE DILAY: And you'll agree
8 that MPI is currently acting as general contractor for
9 Project NOVA?

10

11 (BRIEF PAUSE)

12

13 MR. SHAYON MITRA: Shayon again. Yes,
14 we are, but we are also augmenting our capabilities as
15 a general contractor with assistance through the RFSO
16 process, which is Request For Standing Offers.

17 So we're bringing in expertise in
18 solution management, digital, Duck Creek, and other
19 areas to supplement our learnings from release 1 and
20 2, and getting ready for Discovery for release 3.

21

22 (BRIEF PAUSE)

23

24 MS. KATRINE DILAY: And you'll agree
25 that since the start of Project NOVA -- or at the

1 start of Project NOVA, rather, MPI retained a third
2 party governance vendor?

3 MR. SHAYON MITRA: That's correct.

4 MS. KATRINE DILAY: And at a high
5 level, you'll agree that a governance vendor is an
6 independent third party retained to provide MPI's
7 executive team and technology committee of the Board
8 of Directors an ongoing risks assessment of the
9 program?

10 MR. SHAYON MITRA: That is correct.

11 MS. KATRINE DILAY: And one of the
12 roles of the governance vendor is to recommend areas
13 of focus to proactively address risks and issues to
14 maintain program schedule and budget?

15 MR. SHAYON MITRA: That is correct.

16 MS. KATRINE DILAY: So another way of
17 saying it would be the job of a governance vendor is
18 to assist MPI in being proactive to address risks and
19 issues that could impact schedule and budget?

20 MR. SHAYON MITRA: That's correct.

21

22 (BRIEF PAUSE)

23

24 MS. KATRINE DILAY: And subject to
25 check, McKensy's contract with MPI ended in March of

1 2023?

2 MR. SHAYON MITRA: Shayon here.

3 That's correct. Subject to check.

4 MS. KATRINE DILAY: And you'll agree
5 that MPI has recently confirmed that it retained MNP
6 LLP as a governance vendor for Project NOVA?

7 MR. SHAYON MITRA: That's correct. As
8 of September of this year.

9 MS. KATRINE DILAY: And MNP LLP will
10 have essentially the same job as
11 PricewaterhouseCoopers did, correct?

12 MR. SHAYON MITRA: That is correct.

13 MS. KATRINE DILAY: You'll agree this
14 is the first time MNP LLP will be acting as MPI's
15 governance vendor on Project NOVA?

16 MR. SHAYON MITRA: That is correct.

17 MS. KATRINE DILAY: And as such, they
18 do not have experience with Project NOVA to date,
19 correct?

20

21 (BRIEF PAUSE)

22

23 MR. SHAYON MITRA: Shayon here. Short
24 answer is yes, but outside of PricewaterhouseCoopers,
25 no one else would have that kind of experience.

1 MS. KATRINE DILAY: So you'll agree
2 that in order to do their job effectively, MNP LLP
3 will need to familiarize themselves with the project
4 overall, as well as its progress to date?

5 MR. SHAYON MITRA: That is correct.
6 And that's part of their engagement, so they're
7 spending the first couple weeks in understanding and
8 reading all the artifacts and the progress with
9 regards to Project NOVA from its onset, original
10 business case, Release 1 and Release 2 progress.

11 MS. KATRINE DILAY: And you'll agree
12 they will also need to familiarize themselves with the
13 work that PricewaterhouseCoopers did as the previous
14 governance vendor?

15

16 (BRIEF PAUSE)

17

18 MR. SHAYON MITRA: Shayon again.
19 Short answer is yes.

20

21 (BRIEF PAUSE)

22

23 MS. KATRINE DILAY: I'll take you to a
24 reference shortly. But at a high level, you'll agree
25 that for past major projects, MPI has relied on

1 external service providers to assist with items such
2 as project planning, management, oversight, and
3 governance?

4 MR. SHAWN CAMPBELL: Mr. Campbell
5 responding. Not exactly. So typically when we do a
6 program or a project when we bring in a new
7 technology, we rely on the vendor to help onboard us
8 to understand what the technology is, how we can
9 support it, and how we can implement it to meet
10 business needs.

11 But if it is an internal program or
12 project where we're building software ourselves or
13 we're building off of something we've already been
14 trained on, we would do that ourselves.

15 MS. KATRINE DILAY: And Ms. Schubert,
16 could we turn -- could we please turn to CAC/MPI-2-35.

17

18 (BRIEF PAUSE)

19

20 MS. KATRINE DILAY: And if we could go
21 to response -- response 'B'. And so, you see there,
22 MPI indicated that past major projects at MPI were
23 implemented with the support of external service
24 providers and project planning management, oversight,
25 or governance?

1 MR. SHAWN CAMPBELL: Yes, I see that.
2 So to elaborate on my previous answer with regards to
3 this, some of our programs do bring in vendors and
4 their -- their project management skills.

5 So this is what this is referring to as
6 the -- we bring in that new technology, our typical
7 principle is to leverage commercial off-the-shelf
8 products as opposed to doing custom builds.

9 And as such, when you bring in a
10 commercial off-the-shelf product, you leverage the
11 product -- or project management experience from the
12 vendor you purchased that product from.

13 MS. KATRINE DILAY: Thank you for that
14 explanation. And I guess as a follow-up and -- and to
15 supplement your answer, MPI relied on some of these
16 external service providers because it lacked the
17 internal skills, expertise, and availability as the
18 project required specific skills and additional
19 resources to manage and deliver them successfully.

20 Correct?

21 MR. SHAWN CAMPBELL: Yes. And if you
22 look on the page here, it actually references a quite
23 lengthy software back in the day when we build out our
24 program for physical damage.

25 We leveraged our service to -- to build

1 that as it was a -- a large build. It helped us to
2 augment our capabilities for project management
3 delivery, as well as allowed us to learn and build
4 that technology -- or that -- that capability
5 internally.

6 MS. KATRINE DILAY: Thank you, Mr.
7 Campbell. I'd like to talk a little about the scope
8 of Project NOVA.

9 And at a high level, you'll agree that
10 Project NOVA started as a Legacy Modernization
11 Project? I should say like a systems modernization
12 project.

13 MR. SHAWN CAMPBELL: Correct.

14 MS. KATRINE DILAY: And, in fact, the
15 name of Project NOVA used to be Legacy System
16 Modernization. Correct?

17 MR. SHAWN CAMPBELL: That is correct.

18 MS. KATRINE DILAY: And that's when
19 the business case was first introduced in 2018/2019?

20 MR. SHAWN CAMPBELL: Yes.

21 MS. KATRINE DILAY: And I'd like to
22 take you to the Information Request PUB/CAC No. 20.

23 And if we go to the response for -- to
24 part A, so is it your understanding that this is a
25 response provided by CAC Manitoba to an Information

1 Request from the Public Utilities Board?

2 MR. SHAWN CAMPBELL: Yes.

3 MS. KATRINE DILAY: And just looking
4 at Part A, you'll agree here that this refers to --
5 this refers to a portion of MPI's rate application?

6 MR. SHAWN CAMPBELL: Yes, this would
7 have been a portion of the GRA.

8 MS. KATRINE DILAY: And just to
9 confirm, so this is intended to provide the items that
10 were included in the -- the scope of the Legacy
11 Systems Modernization.

12 And so, one of the items was Property
13 and Casualty Insurance System, correct?

14 MR. SHAWN CAMPBELL: Correct.

15 MS. KATRINE DILAY: And the Driver and
16 Vehicle System, or DVA used to manage vehicle
17 registrations and driver licensing?

18 MR. SHAWN CAMPBELL: Yes. Correct.

19 MS. KATRINE DILAY: As well as the
20 business application platform?

21 MR. SHAWN CAMPBELL: Yes, that was the
22 term that we used back then, yes.

23 MS. KATRINE DILAY: The Digital
24 Customer Self-Service options?

25 MR. SHAWN CAMPBELL: Correct.

1 MS. KATRINE DILAY: As well as
2 Business Application platforms for respective in-scope
3 core platform features. Correct?

4 MR. SHAWN CAMPBELL: Correct.

5 MS. KATRINE DILAY: And then, at lines
6 17 and 18, here, so this cites a portion of MPI's rate
7 application saying:

8 "Quickly after the project
9 implementation began missing
10 elements were discovered, including
11 Enterprise Architectural Maturity,
12 Cloud infrastructure and
13 capabilities, DVA Cloud hosting,
14 organization, capacity, billing
15 architecture/billing module for DVA
16 and several smaller items."

17 You see that?

18 MR. SHAWN CAMPBELL: Yes, I see that.

19 MS. KATRINE DILAY: And, are you aware
20 why the external experts working with MPI did not
21 bring this to MPI's attention prior to implementation
22 beginning?

23

24 (BRIEF PAUSE)

25

1 MR. GARY DESSLER: Gary responding
2 here. So, back in -- when this was written, we hadn't
3 picked products yet.

4 So, we were in the, you know, the
5 external vendors that we brought in, we had Deloitte
6 and Avasant, had come in and help us put together the
7 case for change around Legacy System Modernization.

8 So, you know, you can -- you can see
9 from some of the language, we talked about a business
10 application platform. Well, that's our dynamics
11 platform. Right? We don't have products that are
12 listed here because we didn't know how -- what
13 products we were going to be selecting.

14 So, when we, you know, once we had the
15 product selected, we started to see some gaps in what
16 that overall architecture was going to be.

17 One of the ones would be the billing
18 module for DVA. So, when we selected the product,
19 right, and we -- so we picked Celtic. And then we
20 started to understand what Celtic required; this tight
21 integration with our financial modules, things that we
22 didn't have in place. So we needed to have a -- kind
23 of an interim location for that.

24 So, once we got the specific
25 technologies, had to mesh everything together and then

1 you -- that's when you started to see, okay, hey these
2 things don't fit exactly the way we aligned. And
3 that's where we had to make adjustments.

4 MS. KATRINE DILAY: And it would --
5 would it be fair to say that the missing elements
6 referred to here and the gaps that I believe you just
7 referred to, led to an increase in scope for the
8 project to account for those missing items?

9

10 (BRIEF PAUSE)

11

12 MR. SHAWN CAMPBELL: Mr. Campbell
13 responding. I wouldn't say it's an increase in scope
14 or a change in scope, rather it -- it's an
15 understanding of what services that we needed to have
16 within the Corporation going forward.

17 So, for example, Duck Creek on Demand,
18 is a Cloud based service, same with Mule Soft.

19 At the time, MPI was not a -- a
20 Corporation that would -- had much experience with
21 Cloud deployments. As such, we would have to learn
22 how to manage Cloud deployments and roll out those
23 services.

24 So, these are enterprise services that,
25 if you look at the market trends, we would have to go

1 to anyways and, as such, we were forced to grow
2 ourselves quickly in order to -- or mature ourselves
3 quickly so that we could support, not only NOVA, but
4 the changing eco system with which we had to engage
5 with.

6 MS. KATRINE DILAY: Thank you for that
7 response. And I think you referred to it not being a
8 change in scope, but it would be fair to say that
9 addressing these -- the -- what is referred to as
10 missing elements or gaps, would have led to a -- an
11 increase in the budget?

12 MR. SHAWN CAMPBELL: That's a fair
13 comment. So, and with any new capability, it takes
14 longer to implement or do -- or -- or to understand
15 and -- and bring about that change.

16 So, there would be some increases in
17 budget to accommodate that, which would -- delivery of
18 service, which you would otherwise expect to be
19 quickly turned around when you have expertise in that
20 area.

21 MS. KATRINE DILAY: Thank you. And
22 addressing these missing elements or gaps, would have
23 also led to an increase in the projected timeline of
24 the project. Correct?

25 MR. SHAWN CAMPBELL: Yes.

1 MS. KATRINE DILAY: Madam Chair, just
2 noting the time, I do have -- I'm estimating
3 approximately half an hour left. So, I'm open to the
4 Board if the Board would like me to continue, or if
5 you'd like to take a -- a lunch break.

6 PANEL CHAIRPERSON: Thank you, Ms.
7 Dilay. I think we'll take a lunch break at this time.

8 It's 12:03. We'll come back at five
9 (5) after 1:00 and conclude your cross-examination,
10 then move into the CSI portion.

11 Thank you. Well, and the Board
12 questions.

13

14 --- Upon recessing at 12:03 p.m.

15 --- Upon resuming at 1:02 p.m.

16

17 PANEL CHAIRPERSON: Thank you,
18 everyone. Ms. Dilay...?

19 MS. KATRINE DILAY: Thank you, Madam
20 Chair.

21

22 CONTINUED BY MS. KATRINE DILAY:

23 MS. KATRINE DILAY: Good afternoon,
24 MPI panel. My next topic of questioning will be about
25 resourcing for Project NOVA.

1 Subject to check, you'll agree that
2 resourcing forms 53 percent of the NOVA budget?

3 MR. ALEX RAMIREZ: Alex responding.
4 Subject to check, correct.

5 MS. KATRINE DILAY: And you'll agree
6 that this is a significant portion of the budget?

7 MR. ALEX RAMIREZ: That's correct.

8 MS. KATRINE DILAY: Ms. Schubert, if
9 we could turn to the NOVA chapter of the GRA at page
10 28, and specifically looking at Figure NOVA 9. Thank
11 you.

12 So you'll agree this is the resource
13 type breakdown as at May 5th, 2023, for Project NOVA?

14 MR. ALEX RAMIREZ: Yes, that's
15 correct, with a combination of actuals and forecast.

16 MS. KATRINE DILAY: Thank you for that
17 clarification. And if we look at the 'Incremental
18 Resources' column -- so that first chunk of columns in
19 the table -- for 2023/'24, you'll agree that the
20 forecast is sixty-two (62), correct?

21 MR. ALEX RAMIREZ: Yes. At this point
22 -- at that point in time, that's correct.

23 MS. KATRINE DILAY: And that's sixty-
24 two (62) FTEs?

25

1 (BRIEF PAUSE)

2

3 MR. ALEX RAMIREZ: Yes, that's
4 correct. This is the average FTE over this fiscal
5 year.

6 MS. KATRINE DILAY: And then if we
7 look at the non-incremental chunk in this table, and
8 again, '23/'24 forecast, is a hundred and seven (107)?

9 MR. ALEX RAMIREZ: That's correct.

10 MS. KATRINE DILAY: And would we be
11 correct in assuming that the non-incremental FTEs
12 would be FTEs that are seconded from the staff
13 establishment but not backfilled to work on NOVA?

14 MR. ALEX RAMIREZ: Yes, that's
15 correct.

16 MS. KATRINE DILAY: And conversely,
17 the incremental resources would be additional FTEs
18 added to the staff establishment?

19 MR. ALEX RAMIREZ: They are allocated
20 to Project NOVA, and the home department is allowed to
21 backfill, therefore, funded by NOVA.

22 MS. KATRINE DILAY: Thank you. Now,
23 if we look to the column to the very right, you'll
24 agree that the total NOVA resource forecast for
25 '23/'24 shows a total FTE increase for the 2022 re-

1 baseline of one hundred and ninety (190) to the
2 actual/forecast of two hundred and thirty (230),
3 correct?

4 MR. ALEX RAMIREZ: That's correct.

5 MS. KATRINE DILAY: So that's an
6 increase of forty (40) FTEs?

7 MR. ALEX RAMIREZ: That's an increase
8 of forty (40) resources allocated to NOVA. I am
9 careful when mentioning FTE as resources allocated to
10 NOVA are not an increase to the operational FTE count.
11 They are loaned to NOVA, and if allowed to backfill,
12 that is a temporary backfill.

13 MS. KATRINE DILAY: Thank you for
14 that. And if we could turn to page 29 of this chap --
15 of this document, and My Friend Ms. McCandless did
16 refer to this page as well, but I don't have many
17 questions on this page.

18 So at line 1, just under the -- the
19 figure, MPI there explains what is meant by the bubble
20 budget, correct?

21 MR. ALEX RAMIREZ: Yes, that's
22 correct.

23 MS. KATRINE DILAY: And specifically,
24 the bubble budget represents what is required to
25 support the Organization during the technology

1 transition period with temporary, term, internal
2 employees, external consultants, or vendor services?

3 MR. ALEX RAMIREZ: That's correct.

4 MS. KATRINE DILAY: And then the table
5 that we see under that paragraph on page 29, we see
6 that the term internal staff bubble budget for '23/'24
7 is twenty-five point six five (25.65), correct?

8 MR. ALEX RAMIREZ: That's correct,
9 yeah.

10 MS. KATRINE DILAY: And could we turn
11 to CAC/MPI-1-37, please. And turning to page 2 of
12 this IR, you'll agree, in response to part A, here MPI
13 indicates that:

14 "As the Corporation has yet to begin
15 implementation of NOVA Release 3,
16 it's shifted its Release 3
17 implementation resources in fiscal
18 '22/'23 to fiscal '23/'24."

19 MR. ALEX RAMIREZ: Yes, that's
20 correct.

21 MS. KATRINE DILAY: And it refers
22 there to approximately thirty (30) full-time
23 equivalents?

24 MR. ALEX RAMIREZ: Correct.

25 MS. KATRINE DILAY: And MPI confirms

1 just under there that it also added resources as part
2 of its strategy to mitigate Release 2 issues in the
3 '23/'24 forecast, correct?

4 MR. ALEX RAMIREZ: That's correct.

5 MS. KATRINE DILAY: And that's
6 approximately ten (10) FTEs?

7 MR. ALEX RAMIREZ: Correct.

8 MS. KATRINE DILAY: So this thirty
9 (30) FTEs, plus ten (10) FTEs, would account for the
10 approximately forty (40) additional resources that we
11 previously identified for the '23/'24 fiscal year?

12

13 (BRIEF PAUSE)

14

15 MR. ALEX RAMIREZ: So that is correct
16 for the implementation resources as per the previous
17 slide that was referenced, not for bubble budget.

18 MS. KATRINE DILAY: Yes. Thank you
19 for -- for precising (sic) -- precising that.

20 And this IR in part B also clarifies
21 what MPI means by NOVA temporary staff bubble budget,
22 correct?

23 MR. ALEX RAMIREZ: That's correct.

24 MS. KATRINE DILAY: And so MPI uses
25 its NOVA temporary staff bubble for operational staff

1 to support NOVA products for a limited period post-go-
2 live while maintaining the legacy systems?

3 MR. ALEX RAMIREZ: That's correct.

4 MS. KATRINE DILAY: And so we touched
5 up on this -- or you touched upon this earlier with my
6 friend, Ms. McCandless, but you'll agree that costs
7 associated with NOVA temporary staff bubble are not
8 included in the NOVA one (1) time cost implementation
9 budget?

10 MR. ALEX RAMIREZ: That is correct.
11 They are included in the NOVA operating expense
12 budget.

13 MS. KATRINE DILAY: And -- and am I
14 correct in saying that that's also referred to the
15 ongoing costs budget in the 2022 re-baseline?

16 MR. ALEX RAMIREZ: That's correct.

17 MS. KATRINE DILAY: Which are expensed
18 in the current year to operations and not being
19 deferred?

20 MR. ALEX RAMIREZ: That is correct.

21 MS. KATRINE DILAY: And, Ms. Schubert,
22 if we could go back to figure NOVA 9, which is at page
23 28 of the chapter.

24 So you'll agree that the NOVA temporary
25 bubble staff are not included in the NOVA resource

1 breakdown that we see here?

2 MR. ALEX RAMIREZ: That is correct.
3 This resource breakdown is focussed on Project effort.

4 MS. KATRINE DILAY: Ms. Schubert, if
5 we could turn to the expenses chapter of the GRA at
6 page 21. So I'll have a few questions on the -- on
7 this, as well as the PUB IR. And we're trying to
8 reconcile some number with the NOVA numbers. So we'll
9 -- I'll ask some questions and we'll see how familiar
10 you are with this material.

11 So if we look at figure EXP11 at page
12 21 of the expenses chapter of the GRA, is it your
13 understanding that this table looks at normal
14 operations staffing?

15 MR. SHAYON MITRA: Shayon here. Yes.

16 MS. KATRINE DILAY: And if we look for
17 the '23/'24 year forecast budget, it's 2,055.8 FTEs?

18 MR. SHAYON MITRA: That's correct.

19 MS. KATRINE DILAY: And then, Ms.
20 Schubert, I don't know if we can have this on one side
21 of the screen and pull up PUB/MPI-1-47 at page 3.
22 Thank you.

23 And it might be too small to see, but
24 if we look on the right-hand side, which is PUB/MPI-1-
25 47, at page 3, the first table on that page is the

1 '23/'24 total staff budget, correct?

2 MR. SHAYON MITRA: That's correct.

3 MS. KATRINE DILAY: And at the bottom
4 right of that first table, total staff budget in terms
5 of FTEs is 2,150.8 FTEs?

6 MR. SHAYON MITRA: That is correct.

7 MS. KATRINE DILAY: And so just
8 comparing the number of '23/'24 forecast in figure
9 EXP11 on the left side of our screen to that 2,150.8
10 on the right side of our screen, the difference
11 between normal operations staffing and the total staff
12 budget is 95 FTEs?

13 MR. SHAYON MITRA: That's correct.

14 MS. KATRINE DILAY: And am I correct
15 in assuming these additional 95 FTEs in total staff
16 budget are for IT initiatives?

17

18 (BRIEF PAUSE)

19

20 MR. SHAWN CAMPBELL: Mr. Campbell
21 responding. We are not aware.

22

23 (BRIEF PAUSE)

24

25 MS. KATRINE DILAY: Thank you. My

1 apologies. Just one (1) last -- one (1) last area of
2 questioning on NOVA resources. Ms. Schubert, could we
3 turn to PUB-/MPI-2-23. And if we go to the response
4 here.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: And I'll find the
9 exact page number.

10

11 (BRIEF PAUSE)

12

13 MS. KATRINE DILAY: My apologies. It
14 is in the response to part B. And I'm just looking at
15 the last sentence -- or sorry -- the last two (2)
16 sentence -- sentences in this paragraph.

17 You'll agree that here MPI is
18 indicating that, including internal resources,
19 consultants, and system integrator resources, there
20 are over five hundred (500) resources in NOVA,
21 correct?

22 MR. ALEX RAMIREZ: Alex responding.
23 Yes, correct.

24 MS. KATRINE DILAY: And just to
25 clarify what MPI means by this response, internal

1 resources would be FTEs employed by MPI?

2 MR. ALEX RAMIREZ: Yes, that's
3 correct.

4 MS. KATRINE DILAY: And when MPI
5 refers to five hundred (500) resources, does that mean
6 that five hundred (500) people are working on Project
7 NOVA in one way or another?

8 MR. ALEX RAMIREZ: Yes, that's
9 correct, across, as it states in this response,
10 internal resources, consultants, and system
11 integrators. It does not reflect five hundred (500)
12 full-time employees; it is head count.

13 MS. KATRINE DILAY: Thank you. And is
14 it possible for MPI to provide more information about
15 who these five hundred (500) resources are in terms of
16 internal by project, external by project, et cetera?

17 MR. ALEX RAMIREZ: We can definitely
18 respond to the -- to the employees that are under MPI
19 management; that being, the internal resources and the
20 consultants, the system integrators. We generally
21 will contract a service. And whether they deliver
22 that service through 10 FTE or 15 or 5, that's up to
23 them.

24 We measure on deliverables, so we can
25 provide additional details on the resources that are

1 internal and consultants.

2 MS. KATRINE DILAY: That would be
3 helpful if MPI were able to provide that by way of
4 undertaking.

5 MR. ANTHONY GUERRA: Yes, Counsel,
6 we'll -- we'll provide the undertaking.

7 MS. KATRINE DILAY: And would it be
8 helpful if I sort of reclarify -- or confirm again
9 what we're looking for.

10 By way of undertaking, can MPI provide
11 further information as to who the five hundred (500)
12 resources dedicated to Project NOVA are, including
13 whether they are internal to MPI, consultants, system
14 integrator, and, as far as MPI's able to, how they
15 relate to projects, specific projects?

16 MR. ANTHONY GUERRA: Yes, subject to
17 the proviso though that my friend, Mr. Ramirez,
18 rather, spoke about in terms of our ability to provide
19 that granularity.

20 MS. KATRINE DILAY: Yes, to the extent
21 that MPI is able to provide that information.

22 MR. ANTHONY GUERRA: Yes. Thank you.
23 We will.

24 MS. KATRINE DILAY: Thank you.

25

1 --- UNDERTAKING NO. 25: MPI to provide further
2 information as to who the
3 five hundred (500)
4 resources dedicated to
5 Project NOVA are,
6 including whether they are
7 internal to MPI,
8 consultants, system
9 integrator, and, as far as
10 MPI's able to, how they
11 relate to projects,
12 specific projects

13

14 CONTINUED BY MS. KATRINE DILAY:

15 MS. KATRINE DILAY: Moving on to a
16 different topic. We can go to a reference if needed,
17 but you'll agree that in February of 2023, MPI was
18 issued a Directive by the Minister of Finance
19 regarding procurement policies and procedures?

20 MR. SHAWN CAMPBELL: Yes. Mr.
21 Campbell speaking. Yes.

22 MS. KATRINE DILAY: And in this
23 Directive the Corporation was directed to comply with
24 certain policies and procedures for procurement of
25 goods and services?

1 MR. SHAWN CAMPBELL: Correct.

2 MS. KATRINE DILAY: And, again, we can
3 go to this document if you'd like, but, subject to
4 check, the first policy or procedure listed in this
5 Directive was that a fair competitive process should
6 be used for all agreements for goods or services to
7 ensure that the best value is received and to provide
8 a fair and equal opportunity for vendors to present
9 their goods and services?

10 MR. SHAWN CAMPBELL: Correct.

11 MS. KATRINE DILAY: And at a high
12 level, you'll agree that a tendering process can
13 ensure accountability of vendors to specifications and
14 requirements from MPI?

15 MR. SHAWN CAMPBELL: Correct.

16 MS. KATRINE DILAY: And in terms of
17 the tendering process, that process should start with
18 MPI putting together a set of specifications and
19 requirements to meet their needs -- or to meet -- to
20 meet the Corporation's needs?

21 MR. SHAWN CAMPBELL: Yes, that is
22 correct.

23 MS. KATRINE DILAY: And you'll agree
24 that the nature of the tendering process means that
25 it's public and that multiple vendors can submit

1 proposals?

2 MR. SHAWN CAMPBELL: Yes, that is
3 correct.

4 MS. KATRINE DILAY: And the fact that
5 the tendering process is public introduces an element
6 of price competition, correct?

7 MR. SHAWN CAMPBELL: Yes, correct.

8 MS. KATRINE DILAY: And an element of
9 price competition can ensure goods and services are
10 bought at a fair price?

11 MR. SHAWN CAMPBELL: Yes.

12 MS. KATRINE DILAY: And the
13 competitive nature of a tendering process can also
14 give vendors an opportunity for innovation?

15

16 (BRIEF PAUSE)

17

18 MR. SHAWN CAMPBELL: It can, but it's
19 not guaranteed. It depends on the ask.

20 MS. KATRINE DILAY: Certainly. Thank
21 you. And an aspect of that potential innovation could
22 include potentially proposing alternative
23 specifications to meet the needs of the Corporation?

24 MR. SHAWN CAMPBELL: Yes.

25 MS. KATRINE DILAY: You will agree

1 that MPI receiving the best value in agreements for
2 goods or services is important?

3 MR. SHAWN CAMPBELL: Yes.

4 MS. KATRINE DILAY: And it's important
5 because the money that MPI spends on its goods or
6 services comes -- come from Manitoba ratepayers?

7 MR. SHAWN CAMPBELL: Yes. And it's
8 good practice.

9 MS. KATRINE DILAY: Good practice
10 generally?

11 MR. SHAWN CAMPBELL: Generally, yes.

12 MS. KATRINE DILAY: And you'll agree,
13 MPI must exercise prudence in how it spends
14 ratepayers' money?

15 MR. SHAWN CAMPBELL: Definitely.

16 MS. KATRINE DILAY: At a high level
17 and -- you'll agree that Project NOVA is requiring MPI
18 to engage a number of external vendors?

19 MR. SHAWN CAMPBELL: Yes.

20 MS. KATRINE DILAY: And this is a
21 large part of the budget associated with Project NOVA?

22 MR. SHAWN CAMPBELL: Essentially, yes.

23 MS. KATRINE DILAY: Pardon me?

24 MR. SHAWN CAMPBELL: Yes.

25 MS. KATRINE DILAY: And again, you'll

1 agree that, ultimately, the budget that MPI spends on
2 Project NOVA comes from MPI ratepayers?

3 MR. SHAWN CAMPBELL: Yes.

4 MS. KATRINE DILAY: And so, on behalf
5 of ratepayers, you'll agree that MPI should exercise
6 rigour around defining and monitoring the work of
7 vendors?

8 MR. SHAWN CAMPBELL: Yes.

9 MS. KATRINE DILAY: And you'll agree
10 that this rigour should include developing a statement
11 of work?

12 MR. SHAWN CAMPBELL: Correct.

13 MS. KATRINE DILAY: And that this
14 statement of work should be well defined?

15 MR. SHAWN CAMPBELL: Yes.

16 MS. KATRINE DILAY: And you'll agree
17 the statement of work should include a payment
18 schedule based on milestones?

19 MR. SHAWN CAMPBELL: Yes.

20 MS. KATRINE DILAY: And you'll agree
21 that MPI should then be measuring the work performed
22 by suppliers against the statement of work?

23 MR. SHAWN CAMPBELL: Yes.

24 MS. KATRINE DILAY: And this should
25 include regular accounting of the delivered work

1 against the statement of work?

2 MR. SHAWN CAMPBELL: Correct.

3 MS. KATRINE DILAY: Including
4 identification and deviations and measures to address
5 those?

6 MR. SHAWN CAMPBELL: Correct.

7 MS. KATRINE DILAY: And where there
8 are necessary deviations from the statement of work,
9 you'll agree that there may need to be adjustments to
10 the statement of work by MPI?

11 MR. SHAWN CAMPBELL: Yes. Correct.

12 MS. KATRINE DILAY: And you'll agree
13 that that -- at the end of the contract, MPI must
14 review the final work delivered against the statement
15 of work to ensure compliance?

16 MR. SHAWN CAMPBELL: Correct. With
17 all of the change requests that went against -- with
18 regards to your previous question.

19 MS. KATRINE DILAY: Thank you. And
20 you'll agree that MPI should be able to demonstrate
21 the compliance with the statement of work to its
22 regulator, the Public Utilities Board, to demonstrate
23 prudence of expenses?

24 MR. SHAWN CAMPBELL: Yes.

25 MS. KATRINE DILAY: And after the

1 delivery of the final product, there should be
2 tracking of any work quality deviations with
3 remediation requested of the vendor if necessary?

4 MR. SHAWN CAMPBELL: Yes.

5 MS. KATRINE DILAY: And I just have
6 one (1) last area of questioning, relating to the
7 amortization of Project NOVA costs that was discussed
8 a little bit this morning with Ms. McCandless.

9 Ms. Schubert, could we turn to the
10 Public Utilities Board website, and specifically under
11 the regulatory principles page.

12 Do you see that before you?

13 MR. SHAWN CAMPBELL: Yes.

14 MS. KATRINE DILAY: And I'd like to
15 bring your attention specifically to the matching
16 principle, which is just by Ms. Schubert's cursor
17 there.

18 So you'll agree you see there that:

19 "The matching principle requires
20 that a regulated entity's costs be
21 matched to the period that benefits
22 from the costs being incurred and
23 should be recovered from customers
24 in that period."

25 Correct?

1 (BRIEF PAUSE)

2

3 MR. SHAWN CAMPBELL: That is what I
4 see on the screen, yes.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: And we heard this
9 morning, if I'm not mistaken, that MPI is proposing a
10 ten (10) year amortization period for capital expenses
11 for NOVA?

12 MR. SHAWN CAMPBELL: That is correct.

13 MS. KATRINE DILAY: As well as for
14 initiative expenses related to NOVA?

15

16 (BRIEF PAUSE)

17

18 MR. SHAWN CAMPBELL: At this point,
19 NOVA is the only project that is being deferred. It
20 would be five (5) years typically.

21 Sorry, for clarity, it is ten (10)
22 years for NOVA, five (5) years for other initiatives.

23

24 (BRIEF PAUSE)

25

1 MS. KATRINE DILAY: Thank you. And
2 this morning, I believe the panel referred to
3 receiving advice from PricewaterhouseCoopers relating
4 to the amortization period for NOVA costs?

5 MR. SHAWN CAMPBELL: We received that
6 governance from our financial auditor, PwC.

7 MS. KATRINE DILAY: Sorry. So to
8 confirm, you received that guidance from PwC, your
9 financial auditor?

10 MR. SHAWN CAMPBELL: Yes. Not the PwC
11 from governance. So different engagements.

12 MS. KATRINE DILAY: Thank you. That
13 was my next question.

14

15 (BRIEF PAUSE)

16

17 MS. KATRINE DILAY: So it would be
18 fair to say that when MPI is proposing a ten (10) year
19 amortization period for NOVA costs, it's suggesting
20 that MPI customers will benefit from these assets for
21 a period of ten (10) years?

22 MR. SHAWN CAMPBELL: Yes.
23 Essentially, that's what we're saying.

24 MS. KATRINE DILAY: Thank you very
25 much for your attention this morning.

1 Madam Chair, those are our questions
2 for the NOVA Panel.

3 PANEL CHAIRPERSON: Thank you, Ms.
4 Dilay. Mr. Gabor...?

5 BOARD CHAIR GABOR: I want to pick up
6 on the questions of amortization.

7 When was there a decision to -- to
8 change the amortization for NOVA from five (5) years
9 to ten (10) years?

10 MR. SHAWN CAMPBELL: That decision was
11 made in February of this year.

12 BOARD CHAIR GABOR: Okay. And can you
13 say who proposed it?

14 MR. SHAWN CAMPBELL: It was proposed
15 by the previous controller -- financial controller of
16 the organization.

17 BOARD CHAIR GABOR: Okay. And -- and
18 it would go to the Board?

19

20 (BRIEF PAUSE)

21

22 MR. SHAWN CAMPBELL: It was Board
23 approved.

24 BOARD CHAIR GABOR: I'm sorry, I
25 missed that. It was...?

1 MR. SHAWN CAMPBELL: It was Board
2 approved. It was approved by our Board.

3 BOARD CHAIR GABOR: It was approved by
4 the Board. And was it -- was it put forward, because
5 of the size of the budget of NOVA?

6

7 (BRIEF PAUSE)

8

9 MR. SHAWN CAMPBELL: It would be going
10 to the Board, because -- yes, of the size of NOVA, the
11 costs, the -- the benefits, the complexity in making
12 sure that the Board is aware of anything that's
13 impacting NOVA.

14 BOARD CHAIR GABOR: Yeah, I guess,
15 NOVA started earlier on with the Legacy Project. It
16 went forward, through a number of phases. It was a
17 hundred and thirty (130) million. It wasn't -- it
18 wasn't a ten (10) year amortization at that point.

19 I -- I think, the person at the back
20 row is about to...

21

22 (BRIEF PAUSE)

23

24 MR. SHAWN CAMPBELL: Sorry for the
25 delay. As you can see, I'm not a financial expert

1 here.

2 BOARD CHAIR GABOR: Yeah.

3 MR. SHAWN CAMPBELL: So, at the
4 beginning of the program, those -- those costs were
5 expensed because they were activities that, according
6 to accounting rules, we could not defer.

7 It was when we started to do the
8 development later on in the program, that we started
9 to get into what I'm being told as of -- through
10 accounting rules, can be deferred.

11 And so, our later on costs have -- are
12 subject to deferrals but our initial costs that you
13 were talking about, are expensed right up front.

14 BOARD CHAIR GABOR: But in -- in 2021
15 the -- when the budget was 103 million, plus
16 contingency, they weren't -- were they expensed or was
17 it a five (5) year amortization?

18 MR. SHAWN CAMPBELL: So, those would
19 have been expensed 'cause they were research costs,
20 not actual items that we could defer later on.

21 BOARD CHAIR GABOR: Okay. So when it
22 went to the re-baseline in 2022, this is the first
23 time that you were looking at amortizing them?

24

25 (BRIEF PAUSE)

1 MR. GARY DESSLER: Gary here. I'll
2 try to answer the question.

3 So, we didn't change the rules, as we
4 went from the original hundred (100) million to the
5 290 million. So, what we're -- we're talking about
6 here is when R-1 went live, that's an asset balance in
7 production.

8 BOARD CHAIR GABOR: Yeah.

9 MR. GARY DESSLER: So, now we can, you
10 know, expense. We -- we have the -- the costs that
11 were deferred, can now start to be expensed.

12 Because of the magnitude of the
13 program, and the life-span of the technologies we're
14 putting in, it was a recommendation of our auditor, is
15 that we could expand that expense period over ten (10)
16 years, instead of over five (5) years.

17 BOARD CHAIR GABOR: Okay.

18 MR. GARY DESSLER: So, we -- we didn't
19 change the rules because the budget went up. Right?
20 The timing it is because we went live with R-1, so now
21 it's in production. So, now we can start expensing
22 those deferred costs.

23 BOARD CHAIR GABOR: Right. So, as I
24 understand it, the -- the -- the size and complexity
25 of project were one thing, but you couldn't have

1 triggered it until R-1 was actually live.

2 MR. GARY DESSLER: Correct.

3 BOARD CHAIR GABOR: Okay. Okay.

4 Appreciate that. MPI 2.0, which is referred to as the
5 strategic aspiration, was it endorsed by the MPI
6 Board?

7

8 (BRIEF PAUSE)

9

10 MR. SHAYON MITRA: Shayon here. So,
11 it was broadly communicated with leadership and staff
12 and the Board was made aware by Mr. Herbelin.

13 BOARD CHAIR GABOR: Okay. Did the
14 Board have any decision-making authority or was it
15 simply informed of it by Mr. Herbelin?

16 MR. SHAYON MITRA: Subject to check,
17 it would be the latter. From -- Mr. Herbelin made the
18 Board aware of the strategic direction, which was
19 centered around MPI 2.0. I don't think there was a
20 formal approval request to endorse that by the Board.

21 BOARD CHAIR GABOR: Okay. Thank you.
22 Project governance, as I understand it, Ernst and --
23 sorry, PwC, was providing service until October of
24 2022 and MNP only started September 11th of 2023.

25 Is that correct?

1 MR. SHAYON MITRA: That is correct.

2 BOARD CHAIR GABOR: Okay. In the --
3 so for eleven (11) months there really wasn't a third
4 party providing governance, except there was some
5 suggestion that McKinsey was performing that role.

6 Is that correct?

7 MR. SHAYON MITRA: Short answer is
8 that is correct. McKinsey was with MPI until end of
9 March 2023.

10 BOARD CHAIR GABOR: Right. But was it
11 a -- a term of its contract that it provide project
12 governance service?

13 MR. SHAYON MITRA: McKinsey was not
14 the governance vendor.

15 BOARD CHAIR GABOR: Right.

16 MR. SHAYON MITRA: And PwC's contract
17 ended in October. That support or oversight ended.
18 McKinsey was providing risk assessment to a certain
19 extent within its statement of work.

20 BOARD CHAIR GABOR: Right. But do you
21 view a risk assessed and the governance oversight as
22 complementary or parallel or --

23 MR. SHAYON MITRA: So, that final
24 decision was our -- our Technical Committee of the
25 Board's decision. The short answer is McKinsey was

1 not providing governance oversight, but there was some
2 complementary work they were doing with regards to
3 risk assessment, as it pertained to Release 1, Release
4 2, and pre-Discovery for Release 3.

5 BOARD CHAIR GABOR: Okay. Because if
6 McKinsey was looked at for governance service, they
7 would, in fact, be reviewing the work they were doing,
8 wouldn't they?

9 MR. SHAYON MITRA: That is correct.
10 So, they were not providing that. No.

11 BOARD CHAIR GABOR: Okay. I think Mr.
12 Dessler talked about unknowns, so, I -- I want to
13 divide unknowns into two (2) kinds of unknowns: known
14 unknowns and unknown unknowns.

15 Unknown unknowns, I'll put to Mr.
16 Dessler, would include, I think, you said, surprises.
17 Is that correct?

18 MR. GARY DESSLER: Yeah. I did use
19 that word. Yes.

20 BOARD CHAIR GABOR: Okay, and, from --
21 from one of the screen's, missing elements?

22 MR. GARY DESSLER: Yes. I mean, that
23 could be something -- I mean, like -- yes, I agree.

24 BOARD CHAIR GABOR: Okay. So, known
25 unknowns could include things like the time-frame to

1 complete the project. Is that correct?

2 MR. GARY DESSLER: Yes. I would agree
3 with that.

4 BOARD CHAIR GABOR: Okay. Can we go
5 to Screen 7, Ms. Schubert, of the presentation. Right
6 at the end, you said December 2025 time frame may need
7 to be extended.

8 Now, the 2020 time frame, I asked, at
9 the beginning, was the five-year time frame, not the
10 original three, but it moved to five year. So, what
11 time frame are we -- are we looking at? Is it '26,
12 '27, '28?

13 Is there a knowledge of what the time
14 frame will be now?

15 MR. GARY DESSLER: Just a sec.

16

17 (BRIEF PAUSE)

18

19 MR. GARY DESSLER: Gary here. So,
20 once the impacts of LI, the labour interruption, are
21 known, and we get into the Discovery phase, we expect
22 Discovery to last four (4) months.

23 And, then, coming out of the Discovery
24 phase, our current estimate for implementing R-3 is
25 about 24 months. So, depending on when we start

1 Discovery, the four-month Discovery, then, we have 24
2 months. Now, originally, we were planning to have
3 Discovery, you know, in January. We don't know when
4 that's going to start right now. We're going to start
5 after R-2 goes live. As we heard earlier today, we
6 don't know when that date's going to be.

7 So, once LI, labour interruption, is
8 resolved, and we get back into -- and the subject
9 matter experts are available, you know, we're looking
10 at 26, 28 months, subject to what comes out of
11 Discovery.

12 BOARD CHAIR GABOR: Right. Okay. So,
13 you're looking at, roughly, 2027/2028 for the
14 completion of the entire project, not R-3, but --
15 that's 24 months coming out of...

16

17 (BRIEF PAUSE)

18

19 MR. GARY DESSLER: Yep. Definitely,
20 there -- there is a bunch of unknowns that are driving
21 it, right, and that conversation with the System
22 Integrators through Discovery is kind of what we're
23 anchoring a lot of our decisions on.

24 We -- they're the experts at
25 implementing this. We've seen some early indications,

1 some indicative time lines from them. That's where
2 we're getting the 24 months. We need to understand
3 where claims fits in in this, you know, can -- can --
4 can we start claims Discovery, you know, as we're
5 starting to tail down some of the R-3 work, that will
6 give us what that overall end is -- end where the
7 program will be.

8 So, until we get through that Discovery
9 phase, we're -- we feel we're guessing too much, and
10 we don't want to put something in writing, say, oh, we
11 think it's going to be 2027 or 2028. We -- we want to
12 be -- we don't want to be overly optimistic and -- and
13 try to set a date and have wrong expectations.

14 BOARD CHAIR GABOR: Sorry. Would you
15 -- would you believe 2027 and 2028 as being overly
16 optimistic?

17 MR. GARY DESSLER: No.

18 BOARD CHAIR GABOR: Okay.

19 MR. GARY DESSLER: I -- I don't. I -
20 I -- what I'm just saying is, there's so many
21 unknowns.

22 BOARD CHAIR GABOR: Right.

23 MR. GARY DESSLER: We want to get the
24 SI, the System Integrators, to come to the table, help
25 us find ways. I mean, we want to deliver it as

1 quickly as we can, managing the risk. You know, we --
2 we -- in the very early days, we overlapped too many
3 things. We don't want to go back to that. We don't
4 want to have too many things stacked up and that we
5 introduce all these other risks again. So, we want to
6 make sure we've learned our lessons from that.

7 One of the other things that we really
8 want to be careful of is when we go into Discovery,
9 we've articulated very well what our requirements are.
10 We've seen, in R-1 and R-2, if we don't have a good
11 understanding of our requirements, then, we get into
12 trouble later on.

13 So, we feel, if we know it really well
14 up front, that'll serve us well, when we actually get
15 into the planning phase, with our System Integrators,
16 and have a much more accurate time line.

17 BOARD CHAIR GABOR: Right. So,
18 Kristen, can you go to page 22. So, for example, when
19 I'm looking at this budget, am I -- am I correct that
20 the Release 1 total was approximately 10 percent over?

21 MR. ALEX RAMIREZ: Alex responding.
22 That's correct.

23 BOARD CHAIR GABOR: Okay, and the
24 Release 2 budget is approximately 28 percent over,
25 12.7 of 45.8?

1 MR. ALEX RAMIREZ: Roughly. That's
2 correct. Yeah.

3 BOARD CHAIR GABOR: Yeah. So, we've
4 heard this year, and the last year, as well, that R-3
5 is the real big release. It's -- it's the most
6 complex and far-reaching, and your budget, overall
7 budget of 290 million is based on what you know on
8 Release 1 and 2 and, I assume, what you're hoping for
9 Release 3. Is that correct?

10 MR. GARY DESSLER: Yeah. Gary here.
11 I would -- I would say it's based a little bit more on
12 that --

13 BOARD CHAIR GABOR: Okay.

14 MR. GARY DESSLER: -- and, so, in --
15 we've defined high level scope. We know all the
16 processes that we need to implement in R-3, like all
17 the insurance work, all the driver licensing work, all
18 the vehicle registration and ownership.

19 We shared that with the vendors,
20 through the procurement processes that we've already
21 had, and they've come back and provided some
22 indicative pricing. They've provided time lines for
23 doing this.

24 So, it's not just our hope that we are
25 basing our forecasts on. We're basing a lot of this

1 on material that has been provided by the vendors.
2 Now, again, it's not the final detailed requirements.
3 That's with Discovery, but we have that indicative
4 pricing that we're using to help shape that forecast,
5 for as accurate as we think it can be, going into the
6 Discovery phase.

7 BOARD CHAIR GABOR: Okay, but the key
8 is -- is Discovery and, according to -- Kristen, page
9 13.

10 You -- you're just waiting to go into
11 Discovery and Discovery could result in having to make
12 changes that are going to cost more money?

13 MR. GARY DESSLER: Yes. There could -
14 - items could come up that we hadn't anticipated, kind
15 of those unknown unknowns, and, then, we'll have to --
16 you know, determine what our course of action is going
17 to be, you know, depending on what it is. It could be
18 -- if there -- it could be things that the vendors
19 have solutions for. So, it could be things that we
20 have to make accommodations for. So, we don't know
21 what that's going to be.

22 BOARD CHAIR GABOR: If -- if there are
23 major problems in -- in Release 3, is that your --
24 your sort of fall-back is to go to the -- to the
25 vendors and try and find specific solutions for

1 specific problems, or are there other contingencies
2 that are -- that could be considered?

3

4 (BRIEF PAUSE)

5

6 MR. GARY DESSLER: So, yes, I think we
7 definitely would rely on the system integrators to,
8 you know, help us, you know, look for, you know, some
9 solutions.

10 But we've also gone through the pre-
11 Discovery phase where we spent, you know, twelve (12)
12 weeks, you know, articulating, you know, our wants for
13 R-3. So we've gone through and we've started defining
14 that scope of work in more detail than we had for R-1
15 and R-2.

16 So we feel we're in a better position
17 going into R-3 because of that pre-Discovery work.
18 And that pre-Discovery phase is really a lesson
19 learned from what we did when we did R-1, when we --
20 you know, some of the feedback we had with Accenture
21 is when we started doing that Discovery phase for R-1,
22 we didn't have necessarily a good enough understanding
23 of what we wanted to do.

24 And that's what this pre-Discovery
25 phase that we ran in January was for, to make sure

1 that, as a -- as a corporation, we had a very good
2 handle on what we wanted to build going into R-3.

3 BOARD CHAIR GABOR: Okay. At last
4 year's hearing, Mr. Herbelin used the phrase 'dead
5 zone' to describe where MPI was in terms of this
6 project. It was a very colourful phrase.

7 I guess the question is: What comfort
8 can MPI provide the Board that Project NOVA's not
9 going to cost significantly more than the
10 approximately \$300 million that's been budgeted?

11

12 (BRIEF PAUSE)

13

14 MR. ALEX RAMIREZ: Alex responding. I
15 will provide some additional details, and then pass it
16 on to Mr. Campbell to complete the answer to this
17 question.

18 From a budget perspective, the program
19 entails three (3) primary drivers when it comes to the
20 budget itself: number 1 is product costs, number --
21 and that is the cloud services, the infrastructure,
22 the software itself; number 2 is the system integrator
23 cost, primarily fixed price based on deliverables; and
24 then the third one is the resourcing and then the
25 effort behind, and that one is the -- the one that's

1 driven by schedule for the most part.

2 I can state that, for Release 1 and 2,
3 the infrastructure costs for the products are
4 complete, and it's the same products that we will
5 leverage for Release 3 and 4. And so those
6 foundational costs which make up roughly 33 percent of
7 Release 1 and Release 2 costs are no longer costs that
8 we're planning to incur in the future.

9 It was a one (1) time stand-up of
10 technology, and so what remains for us is the system
11 integrator costs, which we will negotiate based on
12 scope, fixed price, and the schedule, and then the
13 resourcing required, whether it's incremental or
14 consultants required to deliver the program.

15 And so I just wanted to add that
16 context. When we're looking at the number -- at the
17 numbers, it's not a direct correlation between the
18 costs of Release 1 and 2 and then to 3. As I
19 mentioned, Release 1 and 2 has a third of the costs
20 being foundational costs that were one time.

21 MR. SHAWN CAMPBELL: Mr. Campbell here
22 just to add on to that. From a confidence point of
23 view, the teams themselves have now gained some
24 experience with the technology.

25 They gained critical -- critical

1 learnings from the past two (2) major releases that we
2 have undertaken and have increased our maturity with
3 regards to Discovery capabilities, understanding what
4 we're trying to do, and at every turn we look to
5 improve our ability to deliver effectively to the
6 Corpor -- or to our business objectives.

7 For this particular program, it's a
8 large, extremely important program for MPI. It is --
9 we have come forward to say that the budget is
10 critical and that we are going to hold to that. And
11 so if we understand and go forward that there is going
12 to be upward pressures on that budget, then we will
13 have to make decisions on that to maintain that budget
14 as that is critical to us completing NOVA.

15 So as for question on confidence, that
16 will continually change as we discover more. But at
17 this point in time, I believe that there is a moderate
18 to high degree of confidence that we will deliver
19 within budget.

20 BOARD CHAIR GABOR: Thank you. Those
21 are my questions.

22 PANEL CHAIRPERSON: Ms. Boulter...?

23 BOARD MEMBER BOULTER: Thank you.
24 This morning we were talking about Release 1, and you
25 alluded to pain points. And there was mention of

1 feedback and what you got, and you only mentioned
2 brokers.

3 So I'm wondering if you've received any
4 feedback from customers, specifically commercial,
5 trucking, transportation companies?

6

7 (BRIEF PAUSE)

8

9 MR. SHAWN CAMPBELL: Mr. Campbell here
10 to respond. So the customers -- customers themselves,
11 such as the trucking organizations, have not provided
12 that feedback as they work through the brokers in
13 order to gain those policies. So it's the brokers
14 that have to deal with the systems and with those pain
15 points, as well as our staff that have to look at
16 underwriting and binding those -- those policies
17 themselves.

18 So those are two (2) main parties that
19 we're receiving that feedback and guidance on what is
20 the priority for what needs to be fixed, and how do we
21 make life easier for them to address those pain
22 points.

23 BOARD MEMBER BOULTER: The reason I
24 ask is, being a former civil servant, they usually go
25 over your head if they're not happy.

1 So I'm wondering if MPI hasn't been
2 approached in any way about their concerns that
3 they're experiencing.

4 MR. SHAWN CAMPBELL: So at this point,
5 we have not received any feedback from any avenue from
6 the customers themselves. It is the brokers that do
7 provide that buffer right now.

8 BOARD MEMBER BOULTER: Thank you. And
9 when -- before the release was implemented, were --
10 did MPI consult the brokers and potential users for
11 their needs, and also to do any testing or trying
12 things out?

13 Were they consulted before or just
14 prior to implementation?

15

16 (BRIEF PAUSE)

17

18 MR. SHAWN CAMPBELL: So we did have a
19 liaison group with the brokers to understand what was
20 going on and make sure that they understood what we
21 were looking to do.

22 We also implemented something called
23 Model Office which was an opportunity for them to test
24 the system and provide some feedback.

25 BOARD MEMBER BOULTER: Okay. Thank

1 you very much. I'm having a little trouble
2 understanding the time frame. We heard that the five
3 (5) -- the -- the time span -- on the whole project.
4 We heard the time frame was expanded to December 2025.
5 We've now heard it's possibly '27/'28.

6 What's confusing is trying to figure
7 out what's happening next. I posed the question
8 yesterday: If the labour interruption stopped today,
9 and -- how long would it take to clean up the
10 operational backload? And I heard six (6) to twelve
11 (12) months.

12 Then I heard that there's six (6)
13 critical activities that have to be completed, and
14 then I look at the chart that we've got there and it
15 said Release 3 was supposed to be getting going May
16 2023.

17 And I'm wondering -- like, this seems
18 like it's years behind. So I'm wondering if you can
19 help me understand clearly what's -- what's happening
20 with all this time frame because 2027 will make this
21 an eight (8) year project. That's expensive and,
22 also, your technology's going to get outdated.

23 MR. SHAYON MITRA: This is Shayon
24 here. I'll attempt to answer your question.

25 So if the labour interruption ended

1 today, our first focus would be to bring back -- a)
2 reduce the backlog, and then get back to our service
3 delivery standards that Manitobans expect from us.

4 So if you take the example of Release
5 2, which is the International Registration Plan, this
6 is to do with vehicles or -- or commercial vehicles
7 that go across the border. We would first work
8 towards reducing the backlog of renewals of
9 international registration plans, and then work on
10 going live with Release 2.

11 So the short answer is we would then
12 work with the operation team to understand whether
13 it's a three (3) or six (6) month time line before the
14 backlogs can be reduced. And then we would turn on
15 Release 2 and go live with that.

16 So, tentatively, that's why we were
17 alluding to a six (6) month time frame as it pertains
18 to Release 2.

19 Based on learnings from Release 1 and
20 Release 2, we don't want to start R-3 Discoveries
21 simultaneously while we go live with R-2. That's an
22 area that a) drains the organization. And now with
23 labour interruption and the lessons learned, we have a
24 bunch of prerequisites, which we are calling six (6)
25 of them for -- for this presentation, we want achieve

1 that.

2 And so what we -- what we will work on
3 then is the drain we would have from other areas of
4 the business, like licencing, registration, and
5 personal insurance, and understand how quickly we
6 address those backlogs before we pull out subject
7 matter experts into the NOVA team to help with
8 Discovery. That might take up to nine (9) months.

9 Again, I'm being speculative because
10 there are a number of unknowns at this point in time.
11 That's why our reference has been loose in saying it's
12 three (3) to nine (9) months.

13 Once Discovery is done for R-3, then we
14 will be able to lock in our release objectives and the
15 time frames. And, as Mr. Dessler alluded to, that
16 means December 2025. Obviously, we'll be under strain
17 whether it's going to be twenty-four (24) months after
18 Discovery or more. I think we'll be better positioned
19 to respond to that as soon as October 17, 2023
20 Discovery's done.

21 BOARD MEMBER BOULTER: Okay. I'll try
22 to get my head around that. Thank you very much.

23 I was just wondering. I was looking at
24 -- where are my notes here -- MPI-1-120 -- sorry --
25 120, figure 1, and it was showing the NOVA costs. And

1 I was a little perplexed as to why DVA is almost a
2 hundred billion, more than Basic, more than Extension,
3 and more than SRE.

4

5 (BRIEF PAUSE)

6

7 BOARD MEMBER BOULTER: It was the one
8 we used yesterday, PUB/MPI-1-20. Oh, sorry.

9 BOARD CHAIR GABOR: Sorry, it's

10 PUB/MPI-1- --

11 BOARD MEMBER BOULTER: Twenty --

12 BOARD CHAIR GABOR: -- 1-20.

13 BOARD MEMBER BOULTER: -- figure 1.

14 There's a chart there. I think it's below.

15 BOARD CHAIR GABOR: Keep scrolling.

16 Is that it?

17 BOARD MEMBER BOULTER: Yeah, that
18 looks like -- yeah, I think that looks like it. It
19 looks like DVA is going to cost more than the other
20 two (2). Why is that?

21

22 (BRIEF PAUSE)

23

24 MR. ALEX RAMIREZ: Alex responding
25 here. So the costs that are broken down here year

1 over year by line of business are the project costs,
2 so the two ninety (290), as an example, broken down by
3 line of business.

4 The breakdown of those costs are based
5 on effort within the Project or, in other words, we
6 use the term 'story point', we measure our effort
7 based on story points.

8 DVA is one (1) line of business taken
9 into account, the product Celtic, the system
10 integrator Infosys in the effort internally by MPI
11 with our resources, and so that cost is allocated to
12 that line of business.

13 For Basic, Extension, and SRE, it takes
14 into account Duck Creek, but that's broken down into
15 three (3) different lines of business.

16 BOARD MEMBER BOULTER: Okay.

17 MR. ALEX RAMIREZ: And so for a better
18 comparison, it would be rolling up the three (3) P&C
19 line of businesses and comparing it to DVA from a
20 project cost perspective because it takes into account
21 one (1) product in each, one (1) system integrator in
22 each and then the effort behind that.

23 BOARD MEMBER BOULTER: Okay. Well,
24 that -- that really helps me understand that. I do
25 appreciate that. And my final question.

1 We -- we keep asking if anything's been
2 expanded for NOVA and anything added in. I'm
3 wondering if anything's been taken out or allocated
4 into one (1) of those three (3) lines that we saw that
5 were the non NOVA expenses.

6 So has anything been sort of taken out
7 to control the costs associated with NOVA?

8

9 (BRIEF PAUSE)

10

11 MR. ALEX RAMIREZ: The only item that
12 has been removed from Project NOVA, to this point, was
13 for the data analytics. As you've seen in other -- in
14 the submission and in other responses, there's a data
15 initiative.

16 And so \$3 million were allocated from
17 NOVA, and this was pre-2022 re-baseline, and allocated
18 to that data analytics program -- or project. To this
19 date, that's the only item that's been removed.

20 BOARD MEMBER BOULTER: Okay. Thank
21 you. And my final question is: IRP is reporting of
22 mileages and changes in jurisdictional rates.

23 Is that going to be done electronically
24 by the various jurisdictions and the various truckers,
25 or is it going to be your staff? Or is -- how is that

1 going to be managed? That's my final question.

2 MR. SHAYON MITRA: Shayon here. With
3 Release 3, it would be managed through the online
4 functionality that'll be available. So it's done
5 through staff today, but until we get to Release 3 --
6 because we had covered earlier we deferred the online
7 functionality for Release 2 and moved it to Release 3,
8 so it'll be at that point in time, and this will be
9 made available.

10 BOARD MEMBER BOULTER: That's what I
11 was kind of thinking when you say that stuff was
12 deferred, so I was just wondering. Thank you very
13 much. That's it.

14 PANEL CHAIRPERSON: Ms. Nemec...?

15 BOARD MEMBER NEMEC: I have a number
16 of questions, so whoever feels deemed they're the
17 correct person to answer, I appreciate that.

18 The first thing I wanted to look at was
19 NOVA 5.1. It's on page 23 of 43 of -- yeah.

20 So I just wanted -- this is effective
21 as of May 23rd. And you've already mentioned that
22 some of these are complete.

23 Can you just share with us which ones
24 are complete? And if I missed that, I apologize.
25 There's the e-transfer, the E-signature, the -- you

1 mentioned a few of them, and I just wondered because
2 this is to de-risk the Project, so I think that's
3 important.

4

5

(BRIEF PAUSE)

6

7

MR. SHAWN CAMPBELL: Mr. Campbell
8 responding. So e-transfer is not complete right now.
9 E-signature is complete. There is a sub-component for
10 E-signature that will need to be contemplated for how
11 do we leverage E-signature in a broker office.

12

Today, we do have our usage of it
13 internally. So this is in regards to do we provide
14 signature pads at a brokerage or how do we collect
15 that signature at a brokerage.

16

When it comes to e-cash payment, that
17 is complete. The enhanced driver licence and ID cards
18 is complete. The data -- IT transformation for data
19 warehouse technologies...

20

21

(BRIEF PAUSE)

22

23

MR. SHAWN CAMPBELL: So there's a -- a
24 couple of other projects here that we'll be able to
25 highlight as to whether or not they are completed as

1 part of our undertaking with regards to that
2 integrated project plan.

3 It would probably be best for us to
4 include that with the -- with the response, to make
5 sure that we give you accurate information.

6 There's a couple of projects there that
7 are in the -- the current status saying closed. The
8 only two (2) that we are not quite -- or can't give
9 you a clear answer on is the IT transformation data
10 warehouse technologies and the enterprise monitoring.

11 BOARD MEMBER NEMEC: Okay. Thank you.
12 Also on this NOVA 5.1, can you give me an estimate of
13 what the total budget is for these items?

14 And this is -- these dependant projects
15 or initiatives tracked by the capital master summary,
16 are these part of capital or are the costs for these
17 expensed, from an accounting perspective?

18 And these relate to Program NOVA, but
19 aren't in the Program NOVA budget, just to confirm
20 that. I think you said that.

21

22 (BRIEF PAUSE)

23

24 MR. SHAWN CAMPBELL: So the projects
25 that are listed here have been expensed because they

1 are under the limit for capitalization. As to getting
2 you the actual costs for the individual projects, we
3 would have to take that away.

4 BOARD MEMBER NEMEC: And when you say
5 under the limit, is that under -- what is the dollar
6 limit that they would be under before you would
7 capitalize them?

8 MR. SHAWN CAMPBELL: Five hundred
9 thousand (500,000).

10 BOARD MEMBER NEMEC: So they're all
11 under five hundred thousand (500,000). So eight (8)
12 times five hundred thousand (500,000), it has to be
13 under 4 million?

14

15 (BRIEF PAUSE)

16

17 MR. SHAWN CAMPBELL: So all of these
18 projects here are -- when they were initiated or under
19 five hundred thousand (500,000), the only one that has
20 grown in expense would be E-signature. And it has to
21 do with the understanding of what technology we need
22 in order to be able to collect a customer's signature
23 at an end point when we want to use E-signature at
24 that point.

25 So at this point in time, it is still

1 under five hundred thousand (500,000). So we cannot
2 expense those.

3 BOARD MEMBER NEMEC: You do expense
4 them. I wanted to understand -- if I have the -- you
5 talked about R-1 has been paused. But also R-1 is now
6 in use. And I'm thinking more on the accounting side,
7 so I apologize. I'm trying to not make it too
8 accounting-ish.

9 So R-1 is in use and, therefore, it's
10 already shown as, what's called on the financial
11 statements, I believe, as deferred development -- or
12 it was in the deferred development costs as those
13 costs are accumulating.

14 And then, those costs will be removed,
15 I'm assuming, and then go under property and
16 equipment. Correct?

17 What date did it become in use? And I
18 think I saw January 2023 somewhere. But in the
19 financial statements, I didn't notice anything being
20 removed from deferred development costs, so I'm
21 assuming it didn't get in by the year end.

22 MR. SHAWN CAMPBELL: So Release 1 went
23 live in January. We started to amortize the -- the
24 costs from Release 1 in February.

25 The portion that you're talking about

1 for pausing is only one (1) sub-component out of the
2 whole release. And that has to do with the data
3 migration of our Legacy policies out of the old system
4 into the new system. That's caused the issues that
5 are forefront that we need to deal with.

6 New policies are going into that new
7 system, and so it is transacting new business today.

8 BOARD MEMBER NEMEC: Right. So I'm --
9 I'm -- again, and maybe it's -- page 22 of your
10 presentation. And that just summarizes the different
11 areas of -- that have already -- spending has
12 occurred.

13 And I'm assuming when I look at the
14 entire NOVA budget, this includes items that will be
15 classified as deferred development costs and that will
16 also be classified as expenses. It's all costs
17 relating to NOVA.

18 Do I know -- or do you know, of that
19 two hundred and potential ninety million, what costs
20 would be -- at the end of the project would be
21 deferred development costs or going at least through
22 there, and what costs would be going through an income
23 statement or a profit and loss statement?

24 MR. SHAWN CAMPBELL: Yes. We know
25 those numbers.

1 BOARD MEMBER NEMEC: Can you share
2 them? Sorry. You thought you'd get away easy.

3 MR. SHAWN CAMPBELL: One second.

4 BOARD MEMBER NEMEC: Thank you.

5

6 (BRIEF PAUSE)

7

8 MR. ANTHONY GUERRA: Ms. Nemec, I'm
9 told that providing the information will take some
10 time. So rather than do that on the record, we would
11 be happy to provide that by way of a document, if
12 you'd like to ask for the undertaking.

13 BOARD MEMBER NEMEC: Yes, may I?

14 MR. ANTHONY GUERRA: Then we will do
15 that. Yes.

16

17 --- UNDERTAKING NO. 26: MPI to confirm what costs
18 at the end of the project
19 would be deferred
20 development costs and what
21 costs would be going
22 through an income
23 statement or a profit and
24 loss statement

25

1 BOARD MEMBER NEMEC: Okay. Thank you.
2 And so, where I was going with that too was to take a
3 look at to date -- life-to-date actuals for R-1, R-2,
4 R-3, and some of the shared costs is 137 million. And
5 this may be something that you might have to follow up
6 too.

7 And when I look on the -- the audited
8 financial statements, I see an amount -- and it's note
9 9 to the financial statements -- which just -- I'm
10 really just trying to see the deferred development
11 costs -- I wanted to see -- there was 47 million of
12 additions in the current year, but they didn't have
13 any removals.

14 And I'm assuming I would see a removal
15 for the R-1 if it was put into use during the year.

16 So I was just surprised on the date not
17 to see that, unless it's handled in some other way.
18 Because I'm assuming all of these costs that relate to
19 capital type costs will go into deferred development.
20 Once they are put in use, they are then -- should have
21 a line saying 'put in use'.

22 And so that -- add into that deferred
23 development cost is what I would assume to always see
24 as capital, but I would always expect to see that
25 being removed once it starts to be amortized.

1 MR. SHAWN CAMPBELL: So, two (2) parts
2 to this, Ms. Nemeč. There is one (1) general ledger
3 line for NOVA, so it doesn't break down the individual
4 releases. So, it's an accumulative thing that you are
5 seeing.

6 BOARD MEMBER NEMEC: I'm sorry, I
7 didn't hear it -- I can't hear --

8 MR. SHAWN CAMPBELL: Oh, sorry. I'll
9 lean into the mic. So, there is one (1) general
10 ledger entry for NOVA, so it doesn't break it down by
11 release, itself, so that's why what you're seeing is
12 the accumulative.

13 But as part of that Undertaking, we
14 will make sure that that information winds up in
15 there.

16 BOARD MEMBER NEMEC: Okay. Thank you.
17 Just checking my notes for next -- okay.

18 There's two (2) major aspects of
19 Release 2 that are being moved into Release 3, excuse
20 me. And I think it was mentioned that -- and
21 confirmed, self-service pieces and I'm assuming is
22 that self-service from brokers, self-service from
23 customers?

24 MR. GARY DESSLER: Gary here. That
25 would be for the commercial -- commercial trucking

1 organizations to be able to provide some information
2 directly themselves, so that's the self-service
3 component.

4 BOARD MEMBER NEMEC: Okay. And so if
5 it's specific to Release 2, how -- I -- I'm trying to
6 find -- I guess, my first question was going to be, if
7 there's no -- if you had no time pressures and issues,
8 would you choose to move the Release 2 -- those two
9 (2) -- release two (2) items to Release 3.

10 Because I -- I'm just thinking, you de-
11 risk -- Release 3 is so -- is the -- one of the
12 riskiest areas, I think has been said, and to de-risk
13 Release 3, would it have been as much of an advantage
14 to ensure those two (2) initiatives were done before
15 moving into Release 3.

16 MR. GARY DESSLER: So, there is --
17 Gary here. So there is really, I think there's two
18 (2) items that were predominantly deferred.

19 The self-service components, right,
20 that we talked about and the other component is, we'll
21 say some productivity enhancements, some automated
22 checks.

23 Today, the IRP officers would have to
24 go manually to look at another system, make sure some
25 data is in sync. Right?

1 We want to automate that to make their
2 job more streamlined. That work was deferred. So,
3 that work was definitely deferred because of time
4 pressure. Right?

5 So, the other work, let me just confirm
6 with the rest of my panel about the self-service
7 component.

8 BOARD MEMBER NEMEC: Okay.

9

10 (BRIEF PAUSE)

11

12 MR. GARY DESSLER: So, given no time
13 constraints, yes, our -- our preference would have
14 been to implement the customer portal, which is a
15 brand new service that we have to introduce and expose
16 that to a small number of Corporate customers.

17 But given the time constraints that
18 we're under, understanding that's not the core
19 business, it's new enhancements, we thought it was
20 more important to get the IRP functionality out into
21 the field and start realizing that benefit.

22 And then we could align that customer
23 portal work with the bigger customer portal work that
24 was coming in R-3.

25 BOARD MEMBER NEMEC: Okay.

1 MR. GARY DESSLER: Now the -- the
2 difference in the customer portal, we got citizens and
3 corporations.

4 We still have to handle that difference
5 in R-3, because we have Corporate customers and we
6 have -- or, of course, individuals. So, we still have
7 that -- plus we have to figure out in R-3.

8 So, that's why we thought there was
9 good alignment in why we could take the -- the self-
10 service capabilities that were in R-2 and merge that
11 in with R-3.

12 BOARD MEMBER NEMEC: Okay. Thank you.
13 Talked about ongoing costs, I think it was from R-1,
14 7.6 million in '23/'24 and 7.6 million budgeted for
15 '24/'25 and said that -- that those costs are budgeted
16 through the bubble budget.

17 Where is -- what -- what expense
18 categories would that be recorded in? Where do we see
19 that in the forecast?

20 MR. ALEX RAMIREZ: Alex responding.
21 So, it's broken down into two (2) categories within
22 our expenses, one of them being external resources
23 within data processing. And then the second one under
24 compensation.

25 BOARD MEMBER NEMEC: Okay. That's all

1 my questions. Thank you.

2 PANEL CHAIRPERSON: Mr. Bass...?

3 I have a couple of questions. First one relates to
4 the last slide in your presentation with regard to the
5 new governance member, MNP.

6 And I note that the objective of the
7 service is to provide continuous monitoring of Project
8 NOVA implementation, support project success by
9 providing a third party independent, continuous risk
10 assessment of the project, providing transparency --
11 which is my question, in supporting accountability.

12 So, with regard to the transparency
13 question, in light of your comments that you want to
14 have an ongoing dialogue with the PUB, will those
15 reports be made available on the public record?

16 MR. SHAYON MITRA: Shayon here. Yes.

17 PANEL CHAIRPERSON: Thank you. And
18 this question is for you, Mr. Mitra.

19 You referred to the governance, the --
20 the gap between PwC and MNP and talked about the
21 request for standing offers, opportunity to bring in
22 external resources. Are those budgeted for in NOVA?

23 MR. SHAYON MITRA: They are, yes.

24 PANEL CHAIRPERSON: Thanks very much.
25 Ms. Nemeč has one other question.

1 BOARD MEMBER NEMEC: Yes, sorry. I
2 meant to ask, and I know it was asked by CAC in a
3 certain format and I wanted to just expand on it.

4 The question was asked whether MNP as a
5 new governance consultant will be able to have access
6 to information from PwC.

7 And I just wanted to -- just confirm,
8 are they -- have access to the monthly or -- I don't
9 know if it triggers monthly or bi-monthly, PwC
10 reports? Do they actually -- those aren't
11 confidential and they do have access?

12 MR. SHAYON MITRA: Shayon again. So,
13 the straight answer is yes. And, during the course of
14 their engagement, PwC who were -- at one point, was
15 doing bi-monthly and then at one stage, monthly. But
16 MNP has access to all the reports.

17 PANEL CHAIRPERSON: Thank you very
18 much. It's almost 2:30. So, what I would like to do
19 right now is take the afternoon break. Allow Ms.
20 Schubert the opportunity to switch over so we will --
21 oh, I'm sorry, Mr. Guerra.

22 Do you have any re-directs?

23 MR. ANTHONY GUERRA: Thank you, Madam
24 Chair, I do actually.

25

1 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

2 MR. ANTHONY GUERRA: I don't have -- I
3 don't have much, but there -- there was a question
4 about the MNP governance vendor. So, maybe what we'll
5 do is we'll start there.

6 In terms of the -- the transparency
7 aspect of the governance vendor, this panel will --
8 will confirm that PwC reported directly to the Board
9 of Directors. Correct?

10 MR. SHAYON MITRA: Shayon here. Yes,
11 correct.

12 MR. ANTHONY GUERRA: And in -- is that
13 going to be a consistent practice that we should
14 expect from MNP as a governance vendor as well?

15 MR. SHAYON MITRA: That is correct.
16 To be precise, the governance vendor, both PwC and MNP
17 reported into the technical committee of the Board.

18 MR. ANTHONY GUERRA: Okay. And, the
19 other question I was going to ask is: In terms of the
20 -- the -- the title of the new governance vendor is
21 actually -- governance and -- sorry, risk and
22 governance vendor, is that correct?

23 MR. SHAYON MITRA: That is correct.

24 MR. ANTHONY GUERRA: Is that different
25 than the services provide -- that were being provided

1 by PwC?

2 MR. SHAYON MITRA: Shayon here.

3 Sorry, could you repeat that question please?

4 MR. ANTHONY GUERRA: The services
5 provided by MNP as a risk and governance vendor, are
6 they different than the services provided by PwC as a
7 governance vendor?

8 MR. SHAYON MITRA: So, they entail
9 what PwC was providing, but also we've added the risk
10 component to their engagement.

11 MR. ANTHONY GUERRA: And how does that
12 differentiate between just the -- the governance
13 services provided by PwC formerly?

14 MR. SHAYON MITRA: Shayon here. The -
15 - the critical difference would be we have
16 incorporated the risk components, as well, in their
17 statement of work and provide -- and requested that
18 they provide their services to cover that as well,
19 over and beyond what PwC did as the governance vendor.

20 MR. ANTHONY GUERRA: Okay. Thank you.
21 I have no further questions.

22 PANEL CHAIRPERSON: Thank you, Mr.
23 Guerra.

24 Sorry, and now it is 2:30. And so,
25 we'll take the afternoon break now and come back at

1 quarter to 3:00, or later, depending on whether Ms.
2 Schubert has an opportunity to get the -- the
3 transcript converted to the private session -- or
4 confidential session, rather than the public session.

5 Oh -- oh, thank you, yes. The Chair
6 reminds me that for anyone who is watching the live
7 streaming, the live stream will be discontinued for
8 the period of time that we are on the confidential
9 record.

10 Thank you and quarter to 3:00 or to be
11 announced.

12 MS. KATHLEEN MCCANDLESS: And, Madam
13 Chair, maybe just -- just one point.

14 So, this is -- the CSI session is the
15 last anticipated session for today. So, unless there
16 are any matters that need to be spoken to on the
17 public record, then I think we -- can expect that we
18 won't be back on the public record until tomorrow
19 morning, when the CMP panel comes back.

20 PANEL CHAIRPERSON: Yes, thank you,
21 Ms. McCandless. Does MPI have anything to file at
22 this point?

23 MR. ERIC WISHNOWSKI: No, Madam Chair.

24 PANEL CHAIRPERSON: CAC...?

25 MS. KATRINE DILAY: No, Madam Chair,

1 thank you.

2 PANEL CHAIRPERSON: Thanks very much.

3

4 (PANEL RETIRES)

5

6 --- Upon adjourning at 2:30 pm.

7

8

9 Certified Correct,

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12 _____

13 Wendy Woodworth, Ms.

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