

MANITOBA) Order No. 85/07
)
THE PUBLIC UTILITIES BOARD ACT) July 3, 2007

BEFORE: Graham F. J. Lane, C.A., Chairman
Alain Molgat, BComm., C.M.A., Member
Eric Jorgensen, Member

**PROCEDURAL ORDER - MANITOBA PUBLIC INSURANCE
CORPORATION: TIMETABLE FOR A PUBLIC HEARING
REGARDING 2008/09 RATES AND PREMIUMS FOR
COMPULSORY DRIVER AND VEHICLE INSURANCE; AND
APPROVAL OF INTERVENERS**

SUMMARY

By this Order, the Public Utilities Board of Manitoba (Board) establishes a timetable for the Board's public hearing of Manitoba Public Insurance Corporation's (MPI) application for approval of its base rates and premiums to be charged on compulsory driver and vehicle insurance commencing March 1, 2008.

And by this Order, the Board accepts interveners to the hearing process and provides such interveners with direction and suggestions pertaining to the proceeding.

INTRODUCTION

The Board held a Pre-Hearing Conference (PHC) at its offices in Winnipeg, Manitoba on Friday, June 22, 2007, for the purposes of:

- a) establishing a timetable for the hearing; and
- b) considering applications from prospective interveners and matters related thereto.

This Procedural Order arises from the PHC.

The following exhibits were entered into the record of the proceeding at the PHC:

- a) Notice of Public Hearing and PHC dated June 7, 2007 - Exhibit #1;
- b) the Board's Rules of Practice and Procedure - Exhibit #2; and

c) a proposed timetable - Exhibit #3.

Parties seeking Intervener status were asked to:

- i) indicate their constituency and interests;
- ii) outline the areas of MPI's application that they intended to test;
- iii) provide reasons for requesting Intervener status;
- iv) specify any plans to call evidence/witnesses; and
- v) indicate any interest with respect to seeking an award of costs.

The Board advised prospective interveners that in awarding costs the Board will employ its published criteria. The Board noted that regulatory costs are reflected in premium rates, and indicated a continued focus on ensuring a cost-effective proceeding.

The Board suggested that an effective hearing would be best ensured through the co-operation of interveners with other parties to the hearing, and by the avoidance of duplication of effort.

The following parties have applied for Intervener status:

1. Consumers' Association of Canada (Manitoba) Inc./Manitoba Society of Seniors (CAC/MSOS), represented in person at the PHC by its counsel, Ms. Myfanwy Bowman;
2. Coalition of Manitoba Motorcycle Groups (CMMG), represented in person at the PHC by its counsel, Mr. Raymond Oakes;
3. Manitoba Bar Association (MBA) represented in person at the PHC by its counsel, Mr. Robert Dawson;

4. Manitoba Used Car Dealers Association (MUCDA) represented in person at the PHC by Mr. Nick Roberts;
5. Canadian Automobile Association Manitoba (CAA), represented in person at the PHC by Mr. Michael Mager and Ms. Jeanie Dalman, and
6. Resource Conservation Manitoba/Time to Respect Earth's Ecosystem (RCM/TREE), represented in person at the PHC by Professor Peter Miller.

MPI was represented by Ms. Marilyn McLaren (President and Chief Executive Officer), Mr. Kevin McCulloch (Counsel), Ms. Kathy Kalinowsky (Co-Counsel), and Mr. Don Palmer (Director of Actuarial Services).

APPLICATIONS FOR INTERVENER STATUS

1. CAC/MSOS

CAC/MSOS reported its intentions as an intervener to be:

- a) to test the reasonableness of MPI's cost and revenue forecasting and requirements;
- b) to review MPI's investment strategy;
- c) to review the Immobilizer Incentive Fund;
- d) to assess the Personal Injury Protection Program;
- e) to consider MPI's forecast of operating, management and administration costs;
- f) MPI's 2008/09 business plan; and
- g) to consider road safety, loss prevention and environmental issues.

CAC/MSOS indicated that it intended to appear throughout the hearing, participate in the testing of evidence, and present final argument. CAC/MSOS advised it had yet to determine if it will call a witness, though stated that it will engage expert consultation for preparation of interrogatories and cross-examination.

CAC/MSOS advised that it will seek a cost award, and estimated its intervention to cost in the range of \$51,460 to \$72,160.

2. MBA

MBA indicated that it will test the evidence, participate throughout the hearing, and make submissions and argument.

MBA's indicated its areas of interest to be:

- a) scrutiny of the manner in which MPI handles claims for personal injury;
- b) public policy and legal issues as may arise out of MPI's operations, including the multi-year rate application;
- c) subrogation issues;
- d) plans for a Driver Safety Rating Program; and
- e) MPI's methodology for the assignment of collision costs to motorcycles.

MBA advised that it will collaborate and co-operate fully with CAC/MSOS, with a view to minimizing duplication and regulatory costs. MBA indicated an intention to seek a cost award, and provided an intervention budget of \$21,978.50.

3. CMMG

CMMG reported that its focus would be:

- a) the multi-year rate application;
- b) replacement of the bonus malus system;
- c) MPI's various financial reserves;
- d) loss transfer issues, including consistency of data and allocation of single versus multi-vehicle claims;
- e) rate groups;
- f) safety issues, especially those related to motorcycles; and
- g) The proposed rate increase for motorcycles.

CMMG reported that it will appear throughout the hearing, test the evidence and present final argument. CMMG indicated that while it will not call a witness, it will employ a consultant.

CMMG advised it will seek an award of costs, and submitted a budget of \$25,513.00, inclusive of expert advisory services of \$7,400.00.

4. MUCDA

MUCDA reported an intention to appear throughout the hearing, test the evidence and make final argument. MUCDA advised that it will neither call a witness nor apply for costs.

5. CAA

CAA reported its intention to maintain a "watching brief" throughout the hearing, reserving the ability to make closing argument. CAA advised that it will not apply for a cost award.

6. RCM/TREE

RCM/TREE indicated its interests to be sustainability and, in particular, the relation of sustainability to the "pay as you drive" (PAYD) insurance concept.

RCM/TREE expressed concern over the proposed timetable with respect to MPI's expected submission of a research report related to PAYD, indicating that the proposed September 1 date for the submission of the report was unacceptable. RCM/TREE noted the timeframes indicated for information requests, and the need to consider whether it would require a witness depended on its assessment of the report.

Subsequent to the PHC, RCM/TREE filed an application, with an indication it would seek a cost award. RCM/TREE proposed potential costs of \$66,915.00, including potential legal and

expert support costs. RCM/ TREE advised its estimate was subject to revision once the level of its involvement is confirmed, this to follow discussions with MPI to occur before the October hearing.

SCOOTERING MANITOBA

Scotering Manitoba, which has participated as an intervener in several past and recent MPI hearings, indicated to the Board prior to the PHC that it will not intervene in this year's proceedings, but intends to make a presentation at the hearing.

MPI POSITION

MPI accepted the granting of Intervener status to the applicants, but reserved the right to comment on cost award submissions following the hearing and its observations as to intervener effectiveness.

BOARD COMMENTS

The Board will grant intervener status to all the parties applying, while noting MPI's reservation with respect to assessing the reasonability of costs following the hearing.

While RCM/ TREE confirmed its planned intervention following the PHC, the Board being cognizant of Board and MPI obligations under the Sustainable Development Act and aware of the contributions of RCM/TREE at other Board proceedings,

including MPI hearings, accepts that RCM/ TREE's participation as desirable.

Regulatory efficiency is a continuing objective for the Board, and all reasonable efforts should be made by parties to restrain costs to reasonable levels. Cost awards form a cost component in rates.

While the awarding of costs is a post-hearing consideration and is at the discretion of the Board, the Board prefers that interveners seek guidance from Board staff with respect to intended major areas of investigation, time allotments and professional rates prior to engaging expert witnesses and consultant advisors.

And, as in the past, the Board will expect a high degree of co-operation amongst interveners and with Board Counsel to avoid duplication.

Two schedules are attached:

- a) Schedule A, being the established timetable; and
- b) Schedule B, being the procedures to be followed.

TIMETABLE

A proposed timetable was submitted by MPI for review at the PHC. There was agreement on the part of all present that the proposed schedule was generally acceptable. MBA requested that the actual sitting days for the hearing be set out in the

timetable, and that the Board not schedule a sitting day on October 11, 2007.

While the Board sets out a schedule of intended sitting days, attached, it is unable to avoid the October 11, 2007 hearing date due to the limited number of days available in October; in short, MBA's request with respect to October 11 cannot be accommodated.

IT IS THEREFORE ORDERED THAT:

1. Schedule A, as attached, shall be the timetable for the orderly exchange of information by the participating parties.
2. Schedule B, as attached, shall apply with respect to the hearing of the MPI Application.
3. Interveners to the hearing, subject to the filing of undertakings requested by the Board in the body of this Order, shall be:
 - a) Canadian Automobile Association;
 - b) Coalition of Manitoba Motorcycles Groups Inc.;
 - c) Consumers' Association of Canada (Manitoba) Inc./Manitoba Society of Seniors;
 - d) Manitoba Bar Association;
 - e) Manitoba Used Car Dealers Association; and
 - f) Resource Conservation Manitoba/Time to Respect Earth's Ecosystem.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, C.A."

Chairman

"G. GAUDREAU, C.M.A."

Secretary

Certified a true copy of
Order No. 85/07 issued by
The Public Utilities Board

Secretary

SCHEDULE "A"

MANITOBA PUBLIC INSURANCE

**TIMETABLE
2008 RATE APPLICATION**

	ITEM	2007 DATES	DAY OF WEEK	ELAPSED WORKING DAYS
1.	Application filed and served	June 13	Wednesday	0
2.	Notice of Public hearing to be published	June 16	Saturday	2
3.	Pre-hearing Conference	June 22	Friday	6
4.	Last day to file as an Intervener	June 28	Thursday	10
5.	Board to circulate list of Interveners, complete timetable to Interveners and applicant	June 29	Friday	11
6.	MPI to be in receipt of first round information requests	July 4	Wednesday	14
7.	MPI to provide response to first round information requests	July 31	Tuesday	33
8.	MPI to be in receipt of second round information requests	August 10	Friday	40

9.	MPI to publish reminder notice and any amendments to application	August 25	Saturday	50
10. a)	MPI to file responses to second round information requests	August 31	Friday	55
b)	MPI to file and serve any further amendments to application, if required	August 31	Friday	
11. a)	Interveners to file pre-filed testimony to all parties	September 7	Friday	59
b)	Parties to file any motions	September 7	Friday	61
12.	Interveners to be in receipt of information requests from all parties	September 14	Friday	64
13.	Board to hear all motions	September 17	Monday	65
14.	Board decision on motions, meeting among Counsel, if required	September 24	Monday	70
15. a)	MPI to file rebuttal evidence	September 24	Monday	
b)	Interveners to provide responses to all information requests	September 24	Monday	
16.	Hearing	October 3, 4, 5, 9, 10, 11 (16, 17 if necessary)	Wednesday	77

SCHEDULE "B"

**PROCEDURES TO BE FOLLOWED AT THE
MANITOBA PUBLIC INSURANCE CORPORATION
2008 INSURANCE RATE HEARING**

1. Hearing and Rural Meetings:
 - a) Winnipeg hearing will be held at the Board's office, 4th floor, 330 Portage Avenue, Winnipeg, commencing on October 3, at 9:00 a.m. and continuing thereafter as necessary.
 - b) Rural Meetings (if necessary) - time, location and place to be identified.
2. Hearing Times Each Day: 9:00 a.m. to 12:00 Noon
1:15 p.m. to 4:00 p.m.
(amendments may be made by the Board at the hearing)
3. Assigned Sittings: Presenters will be heard commencing at 1:15 p.m., Wednesday, October 3, 2007, and at 7:00 p.m. if necessary.
4. Opening Statements by Board Counsel, by Counsel for MPI and other Counsel or representatives of registered interveners.
5. (a) MPI to file their application and supporting evidence.

(b) MPI to introduce witnesses. Board Counsel and interveners to cross-examine the Corporation's witnesses (order to be determined).

6. (a) Leading of testimony by witnesses for interveners, if any, will be in alphabetical order by name of interveners and updated as necessary.
- (b) Witnesses to be available for cross-examination by all parties following each presentation.
7. All interrogatories are to be filed and responded to using the prefixes as assigned by the Board when interveners are registered (set out in the body of the Order). The party requesting information is to use firstly their prefix followed by the prefix of the party being asked e.g. PUB(MPI), etc. Interrogatories are to be numbered sequentially through 1st and 2nd rounds, e.g. PUB(MPI) 1-3, PUB(MPI) 2-7.
8. All pre-filed evidentiary material to be filed at the commencement of the hearing by Board Counsel using assigned prefixes.
9. All witnesses to highlight their evidence.
10. All witnesses to be sworn or affirmed.
11. Daily transcripts will be available. Parties to make arrangements with the Reporter. Transcripts can be found at www.pub.gov.mb.ca at no charge.
12. It is the Board's request that all motions be dealt with pursuant to the Board's Timetable.
13. The Board's Rules of Practice and Procedure (available on the Board's website) dealing with the Awarding of Costs will apply to all matters before the Board.
14. The Board indicates its willingness to be available for any problems that may arise during the exchange of information at any time, such time to be arranged through Board Counsel.
15. Seven (7) copies of material are to be submitted to the Board's offices and three (3) copies are to be submitted to Board Counsel at the following address: Attention:

Walter Saranchuk, Q.C., Pitblado, 2500 - 360 Main Street,
Winnipeg, MB R3C 4H6

16. Except for all material required to be filed by MPI as previously arranged by MPI electronic copies of all material including the evidence of parties, are required to be submitted to the Board's e-mail address: publicutilities@gov.mb.ca. Where schedules accompany an electronic file, that filing must be discrete and include only the item and schedules to which each refers. The electronic files shall be named in accordance with their parties prefix as per #7. All electronic filings shall be in Adobe Acrobat format, without protection securities that might preclude them from being included in one Multiple Files Document.