

**M A N I T O B A** ) **Order No. 19/14**  
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**THE PUBLIC UTILITIES BOARD ACT** ) **February 12, 2014**

**BEFORE:** Régis Gosselin, B ès Arts, MBA, CGA, Chair  
The Hon. Anita Neville, P.C., BA Hons., Member  
Karen Botting, BA, B.Ed, M.Ed, Member

**MANITOBA PUBLIC INSURANCE: VARIATION OF ORDER 151/13**

### **Background**

On December 16, 2013 the Public Utilities Board (Board) issued Order No. 151/13 (Order) with respect to Manitoba Public Insurance Corporation's (Corporation or MPI) General Rate Application (GRA) for rates and premiums for compulsory vehicle insurance, driver insurance premiums and vehicle premium discounts effective March 1, 2014.

In the Order, the Board expressed concern about MPI's new interest rate forecasting methodology which utilized, in part, an in-house adjustment for estimating rates when MPI did not have any particular expertise in interest rate forecasting. The Board also expressed the view that it had insufficient evidence upon which to make a decision regarding the interest rate forecasting methodology to be used by MPI. The Board noted that while it had reviewed the option that MPI put forward, the Board heard no expert evidence with respect to interest rate forecasts as it has done in other hearings prior to making a decision with respect to an appropriate interest rate forecasting methodology.

The Board concluded that there should be more discussion and analysis with respect to interest rate forecasting, which could be accomplished in the context of a Technical Conference. The Board directed that MPI conduct a Technical Conference to take place on or before February 28, 2014. The Board directed the parties to the GRA, and any experts that they may wish to engage, to discuss interest rate forecasting methodology alternatives for the Corporation at the Technical Conference.

The Board's decision was summarized in Directive 11.10 of the Order as follows:

*There shall be more discussion and analysis with respect to the Corporation's proposed interest rate forecasting methodology, to be accomplished at a Technical Conference to be conducted by MPI on or before February 28, 2014.*

### **MPI's Position**

MPI has advised the Board through counsel that it will participate in the Technical Conference as ordered, but that it would not engage an expert to attend the Technical Conference.

### ***CAC's Position***

CAC has advised the Board through counsel that it will participate in the Technical Conference, and that it would consult an expert, who may or may not attend the Technical Conference.

### ***Board Findings***

Pursuant to the Board's Rules of Practice and Procedure, and in particular subsections 36(1) and 40(2) thereof the Board may, on its own initiative, review, rescind, change, alter or vary any decision or Order that it has made. The Board's jurisdiction in this regard flows from section 44(3) of *The Public Utilities Board Act*.

Board decisions may be appealed in accordance with the provisions of section 58 of *The Public Utilities Board Act*. The procedural rules applicable to the Board's review of its decisions are reflected in the Board's Rules of Practice and Procedure, which may be viewed on the Board's website, [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca).

The Board's goal of facilitating a discussion as between MPI, the parties to the GRA and various third parties regarding interest rate forecasting methodology can be accomplished in a variety of ways, one of which is holding a Technical Conference, and another of which is asking that evidence be filed in the context of a GRA. The Board continues to believe that a Technical Conference, with experts in attendance, would be of assistance in developing an interest rate forecasting methodology for MPI, given that it is a less formal format than a GRA hearing, facilitating an exchange of ideas, and is a proven tool for achieving consensus among parties. The Board is prepared, however, to vary the Order and rescind the requirement that a Technical Conference with respect to interest rate forecasting methodology take place on or before February 28, 2014.

The Board hereby varies the Order, and rescinds Directive 11.10 of the Order on the basis that the following items will be filed in evidence at the 2015 General Rate Application hearing, to take place in the fall of 2014:

- The particulars of the interest rate forecasting methodology preferred by MPI and relied upon in the rate application;
- The particulars of the research, review and analysis conducted by MPI in ascertaining the details of its preferred interest rate forecasting methodology; and
- Expert evidence regarding a reasonable and appropriate interest rate forecasting methodology to be used by MPI.

If none of MPI or the Interveners file any expert evidence with respect to interest rate forecasting methodology, the Board may do so, as it will be seeking to make a decision on this issue.

**IT IS THEREFORE ORDERED THAT:**

1. Directive 11.10 of Order 151/13 is hereby rescinded and deleted from the Board Directives section of that Order.

THE PUBLIC UTILITIES BOARD

"Régis Gosselin, B ès Arts, MBA, CGA"  
Chair

"Hollis Singh"  
Secretary