

## Attachment A – Preliminary Issues List of CAC Manitoba

### Are proposed rates just and reasonable?

#### a) Reasonableness of Revenue Requirement

##### Reasonableness of forecasts

- reasonableness of forecast accuracy - are the various operating, capital, revenue, claims and investment income forecasts reasonable, justifiable and supported statistically?
- is the forecast of investment income reasonably reliable?
- reasonableness of forecast relating to physical, PIPP and comprehensive damage (assumptions and methodology including consideration of alternative tail factors (see recent Quebec developments) and reliability of mortality assumptions related to PIPP)
- developments in collision including development, if any, in IBNR
- reliability of interest rate forecasts as they relate to revenues, claims and the ALM study
- update on implications of vehicle design and technology including the effects, if any, of intelligent vehicle technology

##### Prudence and reasonableness of current and projected costs and revenues

- reasonableness and sustainability of O, M and A cost including consideration of recommendations of cost containment committee, wage settlements and consideration of staffing levels including external consultants
- status of service provider agreements including status of repair industry agreements
- relation of pay to performance including performance bonuses, if any, for management and external consultants
- implications of the Physical Damage Re-engineering project (PDR) for Basic costs and revenues including reasonableness and prudence of PDR, appropriate cost controls and appropriate metrics
- implications of PDR and evolving Basic operations for the Corporation's physical plant
- status of BI3 including identified challenges

- reasonableness and prudence of other ongoing IT projects and expenditures including consideration of IT strategic plan
- reasonableness of benchmarking framework
- implications, if any, of the absence of the Gartner CIO Scorecard
- road safety - implications of the Loss Prevention Review for just and reasonable rates for service including value for ratepayers and the implications for the economic and social costs of accidents
- have costs been fairly allocated among basic, extension and SRE
- implications of new and enhanced services, if any, for current and future ratepayer costs and risks

#### Overall financial health of the Corporation including reasonable reserves

- what are the implications of the new Asset Liability Management Study for risk to the Corporation and to the DCAT analysis? Does the alleged reduction of risk outweigh the foregone opportunity cost?
- what are the implications of the new IPS and investment mix for risk to the Corporation and to the DCAT analysis? Does the alleged reduction of risk outweigh the foregone opportunity cost?
- issues, if any, related to the reliability of the DCAT analysis to be filed in July
- policy considerations relating to the RSR including: purpose of the RSR, appropriate target range of the RSR, appropriate policy for RSR rebuilding or rebating including the role, if any, to be played by excess reserves on Extension and SRE side (ie should RSR rebuilding fees be sought in circumstances where ratepayers already have contributed to excess reserves in Extension and SRE)
- overall health of the Corporation

## **b) Fair Allocation of reasonable costs among ratepayers**

### Fair allocation of reasonable costs among groups and classes of ratepayers

- overall consideration of reasonableness of methodology – are the proposed rates by class and group reasonable and prudent
- ratemaking – calendar year versus accident year approach – what is the status of this and how do they differ?

## **c) Are proposed rates just and reasonable?**

### Rates – Just and Reasonable

- do proposed rates appropriately reflect overall revenue requirement and appropriate allocation of costs between lines of business and between classes and groups of ratepayers