

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MANITOBA PUBLIC UTILITIES BOARD

RE :

MANITOBA PUBLIC INSURANCE  
DRIVER SAFETY RATING

Before Board Panel:

Graham Lane (np) - Board Chairman  
Alain Molgat - Board Member (Acting Chair)  
Len Evans (np) - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
February 13, 2009

Pages 1 to 17

APPEARANCES

1  
2 Candace Everard ) Board Counsel  
3  
4 Kevin McCulloch ) MPI  
5  
6 Myfanwy Bowman ) CAC/MSOS  
7 Byron Williams )  
8  
9 Raymond Oakes ) CMMG  
10  
11 Donna Wankling ) CAA Manitoba  
12 Jerry Kruk )  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

TABLE OF CONTENTS

1		
2		Page No.
3	Exhibit List	4
4		
5	Opening Remarks	5
6		
7	Submissions by CAC/MSOS	10
8	Submissions by CMMG	13
9	Submissions by CAA Manitoba	13
10	Submissions by MPI	14
11		
12	Certificate of Transcript	17
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1		LIST OF EXHIBIT	
2	PUB-1	Notice of Public Hearing and	
3		Pre-hearing Conference, dated	
4		January 21st, 2009	8
5	PUB-2	Board's rules of practice and	
6		procedures	8
7	PUB-3	Revised timetable	9
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 --- Upon commencing at 9:03 a.m.

2

3 THE CHAIRPERSON: Good morning everyone.

4 If I can have your attention, I will call this Pre-

5 hearing Conference to order.

6 My name is Alain Molgat, and I will be

7 chairing this Pre-hearing Conference for the Manitoba

8 Public Insurance Application for the 2009 Driver Safety

9 Rating. The full panel for the Hearing will consist of

10 Board Chairman, Graham Lane, along with myself, and Len

11 Evans. Both Mr. Lane and Mr. Evans are out of town at

12 the moment and unable to join us today.

13 The Board will be assisted by Candace

14 Everard as Board counsel, along with advisors, which Ms.

15 Everard will introduce later. The Hearing will be

16 assisted by Board Secretary, Gerry Gaudreau.

17 On January 30th, 2009, MPI filed its

18 complete application with the Board, in respect of the

19 proposed Driver Safety Rating System. The hearing

20 process with respect to the application will be conducted

21 in accordance with the Crown's -- Crown Corporation's

22 Public Review and Accountability Act and pursuant to the

23 Board's rules of practice and procedure. A Notice of

24 Public Hearing and Pre-hearing Conference was published

25 in accordance with Board direction, leading to this Pre-

1 hearing Conference.

2 The Application requests approval for a  
3 revised methodology to determine driver premium discounts  
4 or surcharge amounts, as well as vehicle insurance  
5 premium merit discount percentages.

6 MPI advises that the driver safety rating,  
7 referred to as DSR, is expected to establish a clearer  
8 link between safe driving and insurance premiums. It  
9 proposes to buy greater rewards to good drivers and  
10 greater penalties to poor drivers.

11 According to the Application,  
12 approximately 85 percent of drivers will receive lower  
13 premiums at the outset. MPI also advises that the  
14 supporting regulations will provide transition rules that  
15 will create as little financial disruption for individual  
16 motorists as possible.

17 The overall goals of the new DSR system  
18 are to strengthen the ability the reward the safest  
19 drivers and better encourage poor drivers to improve  
20 their driving behaviour. DSR is also expected to enhance  
21 understanding of how driver behaviour can affect the cost  
22 of auto insurance.

23 At this Pre-hearing Conference, the Board  
24 expects to hear from interested parties requesting to be  
25 approved as Intervenors in the process, including the

1 areas of interest that they will address during the  
2 course of their intervention. The Board will then  
3 entertain discussion concerning the process and issues  
4 related to the DSR matter, including the timetable for  
5 the proceedings, a draft of which was filed with the  
6 Application.

7 I will now call on MPI's counsel, Mr.  
8 Kevin McCulloch, to introduce the MPI representatives.

9 MR. KEVIN MCCULLOCH: Thank you, Mr.  
10 Molgat. I first want to apologize, I seem to have been  
11 struck with the same fit of coughing that hit me in -- in  
12 the middle of closing argument. I -- I hope it's not a  
13 sign of an allergy to the proceedings, but if I can  
14 struggle through.

15 With me this morning on my left, we have  
16 Marilyn McLaren, President and CEO of Manitoba Public  
17 Insurance. And to my right, we have Mr. Palmer, and to  
18 get everything right for the record, I have his business  
19 card with me; he's the Vice President, Finance, and Chief  
20 Financial Officer, also, the Chief Actuary for the  
21 organization.

22 THE CHAIRPERSON: Thank you, Mr.  
23 McCulloch.

24 Now I will call on Board counsel, Ms.  
25 Everard, to report on the documents to be filed and the

1 process to be agreed upon.

2 MS. CANDACE EVERARD: Thank you, sir.  
3 With me this morning is Roger Cathcart, Board advisor  
4 from Cathcart Advisors, and it is anticipated that at the  
5 Hearing of this matter, I will be joined by Walter  
6 Saranchuk, my colleague, as well as Brian Pelly from  
7 Eckler Partners in Toronto.

8 There are three (3) exhibits that I'm  
9 seeking to enter this morning. The first being the  
10 Notice of Hearing -- or Notice of Public Hearing and Pre-  
11 hearing Conference, which was dated January 21st, 2009.  
12 So that would be Exhibit 1, with the Board's permission.

13

14 --- EXHIBIT NO. PUB-1: Notice of Public Hearing and  
15 Pre-hearing Conference, dated  
16 January 21st, 2009

17

18 MS. CANDACE EVERARD: Secondly, Exhibit  
19 2, please, I'm asking to mark the Board's rules of  
20 practice and procedures, originally adopted June 1st,  
21 2006, and revised March 14th, 2007.

22

23 --- EXHIBIT NO. PUB-2: Board's rules of practice and  
24 procedures

25



1 MS. CANDACE EVERARD: Lastly, I'm asking  
2 to enter as Exhibit 3, the proposed timetable in this  
3 matter, subject to one (1) small change, and that relates  
4 to the provision or the date by which the Board is to  
5 circulate the list of Intervenor, which was originally  
6 proposed to be February 18th.

7 The -- the aim is now to switch that  
8 deadline to February 23rd, which is a -- a Monday. The  
9 reason being that the deadline to file as an Intervenor  
10 is the previous Friday, February 20th, so Mr. Gaudreau  
11 has circulated a revised timetable, I believe, to all  
12 present that reflects that change.

13 So with the Board's permission, we'd be  
14 seeking to enter that revised timetable as Exhibit 3.

15

16 --- EXHIBIT NO. PUB-3: Revised timetable

17

18 MS. CANDACE EVERARD: Subject to any  
19 questions, those are my comments at this stage. Thank  
20 you.

21

22 (BRIEF PAUSE)

23

24 THE CHAIRPERSON: Thank you, Ms. Everard.  
25 I will now call on each perspective

1 Intervenor to introduce themselves, indicate who they  
2 represent, and whether or not they are seeking costs,  
3 along with some indication of a preliminary budget.

4 And then once that phase is complete,  
5 we'll move on to discuss the Application, and any  
6 comments that you might have on the proposed proceedings  
7 or timetable. We will then conclude with Mr. McCulloch  
8 and MPI's comments.

9 So let's begin with Ms. Myfanwy from  
10 CAC/MSOS.

11

12 SUBMISSIONS BY CAC/MSOS:

13 MS. MYFANWY BOWMAN: Thank you, sir.  
14 Good morning to everyone. My name is Myfanwy Bowman.  
15 I'm here on behalf of CAC/MSOS.

16 We have filed an Intervenor request form  
17 and I hope that everybody has received it by now. I've  
18 tried to circulate it. We are hoping to participate on  
19 behalf of CAC/MSOS and -- and do several things in terms  
20 of testing the application.

21 We're hoping to look, first of all, for --  
22 whether the Application is transparent, and -- and  
23 understandable to consumers. Second of all, whether it's  
24 going to send the appropriate signals in terms of  
25 accident prevention and road safety. And finally whether

1 it's fiscally prudent and fair to ratepayers as a whole.

2 We expect to participate in all aspects of  
3 the proceeding, with the exception that we do not  
4 anticipate at this time to be filing expert evidence. We  
5 do expect to retain some expert assistance, but that will  
6 be more as a consultant -- and to give advice. If -- if  
7 the contours of the Hearing change from what we expect  
8 then I guess we might change that position, but at this  
9 point that's -- that's our intention.

10 I have filed a draft budget. It is based  
11 on several assumptions: First of all, that the Hearing  
12 will last between five (5) and seven (7) days, so there's  
13 -- rather than simply one (1) number there's a bit of a  
14 range. We've made some assumptions in terms of the --  
15 the length of the Hearing days, and that there'll be no  
16 expert witnesses other than the MPI panel, and finally  
17 that there's only going to be one (1) round of  
18 Information Requests.

19 Given that there is anticipated to be only  
20 one (1) round of IRs, that's changes a little bit in  
21 terms of our -- the -- the budget that we've planned. We  
22 expect that that will mean a little bit less time in  
23 preparation of IRs for obvious reasons, and probably a  
24 little bit more time in terms of preparing and conducting  
25 cross-examination, because we'll have to do a little bit

1 more exploration than we might otherwise have to do.

2                   The -- in terms of our expert, we have not  
3 yet determined which expert we're going to retain, so we  
4 would hope to file a re -- a revised budget once we've --  
5 we've retained someone, and that will probably be next  
6 week or the week after.

7                   And I think the final point I wanted to  
8 make was that although the budget indicates that both Mr.  
9 Williams and I will be work -- appearing at the Hearing,  
10 and -- and working on this file, we won't be billing for  
11 two (2) lawyers. So we -- we won't duplicate that time  
12 in terms of the expense to -- to the ratepayers.

13                   We have -- we expected to be -- we're  
14 trying to cooperate with the other Intervenors to make  
15 sure that we're not duplicating issues and wasting  
16 hearing time.

17                   And I think that those are my comments.

18                   In terms of the proposed timetable, it  
19 works for us. The only comment I would make with respect  
20 to that is if we were planning to file expert evidence we  
21 would probably need a little bit more time between the  
22 date of receiving the responses to the First Round  
23 Information Requests and filing our report, but given  
24 that we're not I don't anticipate a problem in that  
25 regard.

1                   So subject to any questions, those are my  
2 comments. Thank you.

3                   THE CHAIRPERSON: Thank you, Ms. Bowman.  
4                   Mr. Oakes, of CMMG...?

5  
6 SUBMISSIONS BY CMMG:

7                   MR. RAYMOND OAKES: Thank you, Mr.  
8 Molgat. As the Board is aware, on February 10th we filed  
9 our Application for Intervenor status and Intervenor  
10 budget. I think those documents are self-explanatory.

11                   I might say that we're anticipating a  
12 shorter hearing than My Learned Friend has just  
13 indicated, and I would assume that it would be in the  
14 order of some three (3) days. But however it plays out,  
15 we're happy with the timetable, can certainly live --  
16 live with that, and in fact the Board has probably  
17 noticed we're pretty quick out of the gate this time  
18 around, but we'll certainly be here to test the evidence.

19                   THE CHAIRPERSON: Thank you, Mr. Oakes.  
20                   CAA...?

21  
22 SUBMISSIONS BY CAA MANITOBA:

23                   MS. DONNA WANKLING: Thank you, Mr.  
24 Molgat. My name is Donna Wankling with CAA Manitoba and  
25 I will be joined throughout this Application, or this

1 Hearing, by our consultant, Mr. Jerry Kruk. We intend to  
2 participate as a watching brief or as a -- as a watching  
3 Intervenor and we do not intend to file for cost.

4 THE CHAIRPERSON: Thank you, Ms.  
5 Wankling. We have previously heard from the Manitoba Bar  
6 Association and the Manitoba Used Car Dealers  
7 Association; neither have requested Intervenor status.  
8 We have not heard from RCM/TREE, I believe. No.

9 Are there other interested parties that  
10 will be -- give presentation? No.

11 Mr. McCulloch, would you please, on behalf  
12 of MPI, comment on Intervenor applications?

13

14 SUBMISSIONS BY MPI:

15 MR. KEVIN MCCULLOCH: Yes, Mr. Chairman.  
16 A couple of comments. I think five (5) to seven (7) days  
17 from our point of view and our expectation, is certainly  
18 on the -- the high end. This is in many ways a rather  
19 limited issue that is before the Board. It's -- it's  
20 looking for seeking approval of premiums and surcharges  
21 to be levied in connection with the Driver Safety Rating  
22 System. We're certainly not dealing with the complex  
23 issues that appear at a general rate application, so it's  
24 certainly the Applicant's expectation that five (5) to  
25 seven (7) days in generous, and obviously if it takes

1 less than that, it'll take less.

2                   The other issue that the Corporation  
3 wishes to bring forward at this Pre-hearing Conference is  
4 the -- the question of Intervenors' cooperation and  
5 cooperating with each other. This is a system that will  
6 impact all Manitoba drivers and in our view there's --  
7 there's nothing that would differentiate the treatment  
8 for motorcycle drivers versus passenger-vehicle drivers.  
9 So it's a -- a system that -- that applies to all  
10 drivers, unlike the General Rate Application where there  
11 may be issues that are singular to the motorcycle  
12 community; that's not the -- the instance in this sort of  
13 a system.

14                   So in our approach to -- to the hearings  
15 and also certainly in our approach to commenting on the  
16 requests for costs, the Corporation is going to be urging  
17 the Board to ensure that there is as little duplication  
18 as possible, since, as I say, it -- it's somewhat  
19 difficult to distinguish an interest between the  
20 motorcyclists and -- and the other drivers. The -- the  
21 other Intervenor, CAA, has indicated that they won't be  
22 seeking costs, so that obviously isn't an issue there.

23                   Other than that, those are our comments.

24                   THE CHAIRPERSON: Thank you, Mr.  
25 McCulloch. Okay, so we have heard generally from the

1 Intervenor, in terms of their concerns with respect to  
2 the Application and the timetable.

3 Any issues with respect to rules of  
4 procedure or other items that you wish to raise at this  
5 time? Seeing none, I believe that covers it all.

6 So thank you for your participation.  
7 Thank you for your participation and comments. The Board  
8 will rely on counsel to work together to finalize any  
9 issues with respect to the timetable.

10 Yes...?

11 MR. KEVIN MCCULLOCH: There -- there was  
12 one (1) question on -- particularly on the timetable. At  
13 this point is -- the timetable calls for hearings to  
14 commence on April 6th.

15 I just wondered if -- if it was too early  
16 at this stage to get an indication as to how those  
17 hearing days might unfold? Are we sitting three (3) days  
18 in a row, four (4) days, that sort of thing?

19 MS. CANDACE EVERARD: Yes. The plan, I  
20 believe, from the Board's perspective, is to sit Monday,  
21 April 6th; Tuesday, April 7th; Wednesday, April 8th. And  
22 then in the following week the dates that have been set  
23 aside are Tuesday the 14th, Wednesday the 15th, and  
24 Thursday the 16th; that Monday the 13th being Easter  
25 Monday.



1                   So my understanding is that those six  
2     (6) days have been set aside; whether all of them will be  
3     needed or not will remain to be seen. In addition, I  
4     believe the Board has set aside three (3) dates the  
5     following week, which presumably will be used for closing  
6     argument, if that has not already occurred on one (1) of  
7     the earlier dates that I mentioned.

8                   So, in total, the Board has nine (9) days  
9     set aside.

10                  MR. KEVIN MCCULLOCH: Thank you. That's  
11     very helpful.

12                  THE CHAIRPERSON: Thank you, Ms. Everard.

13                  So accordingly, an Order arising from the  
14     Pre-hearing Conference will be issued, including a  
15     finalized timetable, which will be appended to that  
16     procedural order. And with that, we will bring the Pre-  
17     hearing Conference to a close. Thank you to everyone for  
18     attending this morning.

19

20     --- Upon adjourning at 9:19 a.m.

21

22     Certified correct,

23

24

-----

25     Cheryl Lavigne, Ms.