VIA EMAIL

February 24, 2023

The Public Utilities Board of Manitoba
400 – 300 Portage Avenue
Winnipeg, Manitoba R3C 0C4

Attention: Dr. Darren Christle, Executive Director and Board Secretary

Dear Dr. Christle:

Re: Manitoba Public Insurance – Order 4/23 - Substantial Change in Circumstance

Please accept this letter as the response of The Manitoba Public Insurance Corporation ("MPIC") to the request by the Consumers Association of Canada (Manitoba Branch) (the "CAC") for The Public Utilities Board (the "PUB") to exercise its authority under *The Crown Corporations Governance and Accountability Act* to review and vary and/or modify Order 4/23.

MPIC respectfully submits that the PUB should not exercise its authority to conduct the requested review of Order 4/23 for the procedural and substantive reasons set forth below.

Appropriateness of Combining CAC Request with MPI R&V Application

As noted in the February 24, 2023 Reply to its Review and Vary Application (the "R&V Application"), MPIC believes that any relief sought by any of the Interveners should not be intertwined with their respective responses to the R&V Application. By so doing, the CAC needlessly complicates these proceedings. MPIC respectfully submits that its R&V Application must be considered on its own merits. And, despite claims by the CAC that the PUB cannot consider this R&V Application in the absence of information clarifying the accuracy of the financial forecasts on which Order 4/23 is based, the CAC offers no explanation for why that is the case.

The PUB receives point-in-time forecasts when considering whether to approve rates for service. MPIC initially applied for provisional rates and then updated its rate request in October to ensure that it reflected its most current financial position. Further, MPIC

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already includes a set of schedules (e.g., Proformas 4 to 7) that highlights the differences between Forecast Based ("FB") scenarios and Actuals ("A"), or Forecasts ("F"), and explains those variances. MPIC respectfully submits that the PUB would set a dangerous precedent if it were to conclude that it must reconsider whether the approved rates remain just and reasonable simply because other aspects of the Order are under consideration.

Timeliness of CAC Request

The PUB issued Order 4/23 on January 11, 2023. Pursuant to Rule 36(3) of the PUB *Rules of Practice and Procedure*, "[a]n application for review must be filed and served on the parties to the proceeding for which the order or decision of the board was made within 30 days of the date of the order or decision." In this case, the referenced Winnipeg Free Press ("WFP") news article is dated January 28, 2023. The CAC could have filed its own application to the PUB seeking a review and variation of Order 4/23 but chose not to and did not explain why it missed the deadline. In fact, the WFP article confirms that the CAC was aware of the pertinent information that could have supported its own application, in advance of the date of its publishing, stating:

> *"The Consumers Coalition, an umbrella group of Manitoba organizations, said there may be a case to ask the PUB to take another look at whether a rate increase is warranted for next year."*

MPIC notes that the 30-day deadline for seeking a review of Order 4/23 is now expired.

By wording its request as it does (i.e., requesting that the PUB proceed to review and modify Order 4/23 on its own volition), the CAC attempts to obtain indirectly what it cannot now obtain directly. MPIC respectfully submits at the PUB must not condone or encourage this practice. Doing so would effectively negate the purpose of the 30-day deadline set out in Rule 36(3), which MPIC submits exists to ensure the finality of proceedings before the PUB. In such cases, MPIC respectfully submits that the PUB should decline any such request where the requestor does not also provide a reasonable explanation for why it could not have sought the relief directly and within the prescribed 30-day timeline. By requiring parties to justify its inaction, the PUB can ensure the efficacy of its procedures.

On that basis, MPIC respectfully submits that the PUB should decide, summarily, that it will not accede to the request by the CAC to conduct its own review of Order 4/23.

However, if the PUB is inclined to consider whether it should conduct its own separate review of Order 4/23, MPIC submits that it ought not to do so for three main reasons.

1. **Insufficient Time for PUB to Conduct own Review**

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MPIC submits that there is insufficient time to conduct a review of Order 4/23 to determine whether the rates for service approved thereby ought to be modified.

MPIC applied for approval of its rates for service effective April 1, 2023. And while Order 4/23 varies the overall applied-for rates for compulsory vehicle insurance premiums for the 2023/24 insurance year, it still provides that these rates are effective beginning on April 1, 2023. With only 26 working days until that date, there is simply not enough time to receive evidence and submissions, consider whether the rates should be modified in light of same, issue a modification order, afford MPIC the opportunity to update its Basic Rate Table and allow sufficient time for it to communicate the newly modified rates to its customers. Following the issuance of the Order 4/23, MPIC had to promptly prepare its compliance filing and include the approved rates in its system, as it was required to issue renewal notices to its customers at least 45-days in advance. MPIC notes that, in some cases, its customers have already received their renewal notices (which set out the premiums payable in the 2023/24 insurance year, which premiums MPIC calculated using the rates approved by the PUB in Orders 4/23 and 16/23).

2. Review of Financial Forecast in Isolation is not Appropriate

The PUB considers a host of factors when deciding whether requested rates for service are just and reasonable. The CAC asks that the PUB re-examine but one factor, namely, the forecasted expenses for full-time equivalents (FTEs), as there may be reason to believe that the forecast provided in October 2022 is no longer accurate. However, what the request fails to appreciate is that all forecasting is based upon the best available evidence *at the time*. To that end, MPIC submits that if one were to review its claims forecasts, one would find that they too may no longer be accurate. Specifically, MPIC believes that if the PUB reviewed its claims forecasts, it may find them to be too low (in terms of the number of claims and claims severity). Such a finding could support an argument that the overall rate indication should be significantly *increased* to remain just and reasonable. The same logic would naturally also apply to the investment forecast.

As a result, were the PUB to proceed as requested by the CAC, MPIC submits that a proper consideration would require examining a multitude of factors impacting the just and reasonableness of rates, including, but not limited to, updated claims and interest rate forecasts. As one would imagine, this would require a reconsideration of a sizable portion of the 2023 General Rate Application ("GRA"), a task that would be both significant and not appropriate at this late stage.

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MANITOBA PUBLIC INSURANCE SOCIÉTÉ D'ASSURANCE PUBLIQUE DU MANITOBA

MPIC repeats that the PUB will have the opportunity to assess and any updated figures in the 2024 General Rate Application. Certain pro formas (i.e., PF-4 and 5) will contain the most accurate scenario and explain any differences.

3. Final FTE Numbers not yet Approved by Treasury Board Secretariat

Despite the statement by the CAC that, "… the comments of the Minister provide a basis for reasonable confidence that such changes have been made…," MPIC submits that the cited WFP article does not establish the number of FTEs that it will include in its revised 2023/24 fiscal year budget. Indeed, if the PUB were to consider its own application to review and vary Order 4/23, MPIC says that it would receive evidence during that review indicating that the Treasury Board Secretariat has yet to inform MPIC as to the final approved FTE count for budgeting purposes. Without that confirmation, the process to revise the budget is incomplete, and any substantive consideration is premature.

MPIC reminds the PUB that it will have many opportunities within the 2024 GRA to review the forecasted, original and revised budgeted FTE counts for the 2023/24 fiscal year.

As a result of the above, MPIC submits that the PUB should decide against conducting its own review of Order 4/23, as requested by the CAC, or at all.

Respectfully submitted,

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