

MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)

2019/2020 GENERAL RATE APPLICATION

PRE-HEARING

Before Board Panel:

Robert Gabor, Q.C. - Board Chairperson

Irene Hamilton - Board Member

Carol Hainsworth - Board Member

Robert Vandewater - Board Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

June 25, 2018

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“When You Talk - We Listen!”



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APPEARANCES

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 Joe Messina (by phone))
 Chris Schafer (by phone))

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1 --- Upon commencing at 9:13 a.m.

2

3 THE CHAIRPERSON: Good morning, ladies
4 and gentlemen. Welcome to the pre-hearing conference
5 for MPI's 2019/2020 General Rate Application, which
6 was June 15, 2018. My name is Robert Gabor, I'm the
7 chair of the Public Utilities Board. Joining me today
8 are Board members Irene Hamilton, Robert Vandewater
9 and Carol Hainsworth.

10 The panel is assisted in this hearing
11 by today secretary Rachel McMillin, hearing assistant
12 Kristen Schubert, our legal counsel Kathleen
13 McCandless and Robert Watchmen. As in prior hearings,
14 the Board is also assisted by technical advisors from
15 Cathcart Advisors and Brian Pelly of Ekler Partners.

16 The Public Utilities Board's mandate is
17 to set just and reasonable rates that are in the
18 public interest. The public interest has been defined
19 by the Manitoba Court of Appeal as balancing the
20 impacts of rate increases on consumers with the fiscal
21 health of the Utility. In order to set just and
22 reasonable rates that are in the public interest, the
23 Board will need to hear and consider all of the
24 evidence that is adduced on the record of this
25 proceeding and hear submissions from Manitoba Public

1 Insurance and all approved Intervenors.

2 Manitoba Public Insurance is applying
3 to the Board for approval of its premiums charged with
4 respect to compulsory driver and vehicle insurance.
5 The General Rate Application will be conducted in
6 accordance with the provisions of the Crown
7 Corporations Governance and Accountability Act and the
8 Public Utilities Board Act. We will employ throughout
9 the process the Board's Rules of Practice and
10 Procedure, which can be viewed on the Board's website.
11 Any questions in terms of locating the rules can be
12 posed to the Board office.

13 In its application MPI proposes new
14 premium rates to take effect on March 1, 2019, which,
15 if granted, would represent a 2.2 percent overall rate
16 increase over the current insurance year. MPI is also
17 seeking the continued eligibility of vehicles for
18 higher or VFH for vehicle premium discounts and the
19 waiving of service fees for change of insurance for
20 VFH, consistent with its 2018 VFH interim application.

21 MPI is also seeking final approval of
22 its VFH rates for service, effective March 1, 2018,
23 which were approved on an interim basis by the Board
24 on January 15, 2018 in Order 11/'18.

25 As always, MPI bears the onus in this

1 proceeding of satisfying the Board that its
2 application should be granted on the whole of the
3 evidence that it provides. Our objectives for today's
4 pre-hearing conference are: To identify prospective
5 Intervenors; to learn the reasons for their
6 intervention; to hear submissions on the issues to be
7 included in the scope of the General Rate Application,
8 more particularly, any variations from the preliminary
9 issues list, which was approved by the Board on May 7,
10 2018 in its interim procedural Order Number 61/'18;
11 to hear requests from MPI or any proposed Intervenors
12 for pre-qualification of expert witnesses they intend
13 to call at the public hearings; to gain an
14 appreciation of any costs awards that may be sought by
15 Intervenors and the approximate quantum of any such
16 cost orders; and to discuss and arrive at a timetable
17 for the orderly exchange of evidence and information
18 throughout this GRA process.

19 The Board welcomes participation and
20 there are several ways for the public to participate
21 and to communicate with the Board. Individuals or
22 groups may provide written comments to the Board
23 through the Board's website. Another method of
24 communicating comments to the Board would be by
25 attending before the Board to provide an oral

1 presentation. As part of that process, the Board will
2 also consider what weight, if any, should be attached
3 to information received from members of the public,
4 which is not sworn or subject to cross-examination.

5 All parties and their representatives
6 and consultants should be aware that the Board intends
7 to live stream the public hearing proceedings through
8 a link accessible on the Board's website; as such, the
9 use of acronyms is to be discouraged. This would be
10 not only for the benefit of persons watching the live
11 streaming of the proceedings, but also for the benefit
12 of Board members. It will assist in the Panel's and
13 the public's understanding of the issues and evidence
14 if acronyms are avoided.

15 The Board appreciates that some
16 potential Intervenors, which will be seeking cost
17 awards at this time, may not have provided detailed
18 budgets as the approval of Intervenor status and
19 approval of the issues for each Intervenor have not
20 been given. After the Board issues its procedural
21 Order approving Intervenor status and issues, approved
22 Intervenors will be required to file their detailed
23 budgets. The date for filing will be discussed when
24 we talk about schedule.

25 The Board will review the detailed

1 budget and provide preliminary approval. Final
2 approval will only be granted with the Board
3 determination of the cost awards application after the
4 hearing. In reviewing the cost awards application,
5 the Board will consider a number of different factors
6 including, without limitation, whether the Intervenor
7 participated in the hearing process in a responsible
8 manner and whether the Intervenor made a significant
9 contribution that assisted the Board in achieving a
10 better understanding of the issues before it.

11 Intervenors should review Part IV awarding costs of
12 the Board under the Board's Rules of Practice and
13 Procedures that can be found on the Board website.

14 Should any approved Intervenors seeking
15 an award of costs determine that their approved
16 preliminary budget will be exceeded by 10 percent or
17 more, that Intervenor is to immediately notify the
18 Board before exceeding the preliminary budget; explain
19 the reason for the need to revise the budget and also
20 propose the amount of additional funding being sought.
21 The Board has the discretion to approve or reject all
22 additional costs above the preliminary budget where
23 prior approval is not first obtained.

24 For Intervenors seeking an award of
25 costs, please undertake to file with the Board within

1 two (2) business days from today demonstration of the
2 Intervenor's financial need for assistance to
3 Intervenor, including filing the Intervenor's most
4 recent financial statements.

5 Last year's GRA the Board instituted
6 for the first time a pre-qualification process for
7 expert witnesses. The Board is continuing with this
8 process again this year. Experts may no longer need
9 to be qualified in the same manner as previous MPI GRA
10 hearings. In her opening remarks, PUB counsel Ms.
11 McCandless will read the process into the record.
12 Ultimately, the Board will determine what weight, if
13 any, to attach to each expert's testimony.

14 Likewise, members of the public who
15 appear before the Board as presenters will be afforded
16 the opportunity to speak to the Board as to the facts
17 of their specific circumstances and issues related to
18 MPI's General Rate Application. The information
19 received from presenters that is sworn and subject to
20 questions will be considered as evidence in the
21 proceedings. The Board will determine what weight, if
22 any, to attach to the presentation from members of the
23 public. Parties can expect more direction from the
24 Board on this topic in the near future. And as
25 always, you're welcome -- your comments are welcome.

1 The Manitoba Ombudsman has issued
2 privacy guidelines for administrative tribunal --
3 tribunals. The PUB is mindful of its obligations
4 under those guidelines. Its decisions in respect of
5 the application being considered will be sensitive to
6 the guidelines. Personal information will not be
7 disclosed until -- unless it is appropriate and
8 necessary to do so. However, the PUB advises
9 participants that these proceedings are public and
10 that as a result, personal information protections are
11 reduced.

12 I will now call on Board counsel for
13 introductions, followed by MPI's counsel. I believe
14 Mr. Triggs will be speaking -- pardon me, to introduce
15 the representatives of MPI that are present after
16 which I will call on the prospective Intervenors that
17 are present to introduce themselves.

18 Once we have heard all introductions, I
19 will call on Board counsel to make opening comments.
20 Ms. McCandless...?

21 MS. KATHLEEN MCCANDLESS: Thank you,
22 Mr. Chair, members of the panel. Good morning.
23 Kathleen McCandless and Robert Watchmen, PUB counsel.
24 To my left is Roger Cathcart and Candace Martyszenko
25 with Cathcart Advisors.

1 MR. ANTHONY GUERRA: Good morning, Mr.
2 Chair and Panel. It's Anthony Guerra for MPI, legal
3 counsel. Mr. Steve Scarfone, who's also jointly legal
4 counsel is unfortunately not present today and sends
5 his regards, but I can indicate to my right we have
6 Mark Giesbrecht, who is our vice-president of Finance
7 and our Chief Financial Officer; Mr. Michael Triggs,
8 who is our General Counsel and corporate secretary;
9 Mr. Jeff Crozier, who is our Director of Regulatory
10 Affairs. Behind me, we have Tadeu Meira, who is a
11 regulatory analyst; beside him is Bunthan Prak, who is
12 also a regulatory analyst; and also Daniela Esquivel,
13 who is our rate application clerk. Thank you.

14 THE CHAIRPERSON: Thank you, sir. For
15 the record can you spell your last name?

16 MR. ANTHONY GUERRA: Yes, of course.
17 G-U-E-R-R-A.

18 THE CHAIRPERSON: Thank you, sir.

19 MR. ANTHONY GUERRA: Thank you.

20 THE CHAIRPERSON: Ms. Dilay...?

21 MS. KATRINE DILAY: Good morning.

22 Katrine Dilay, from the Public Interest Law Centre and
23 to my left, Byron Williams, also from the Public
24 Interest Law Centre and we represent the Manitoba
25 branch of the Consumers Association of Canada.

1 I can note that Ms. Gloria DeSorcy will
2 be here shortly and she's the Executive Director of
3 CAC Manitoba.

4

5 (BRIEF PAUSE)

6

7 MS. DIANE RODGERS (by phone): Good
8 Morning, it's one (1) of the Intervenors, Uber, Diane
9 Rodgers. Just to let you know, the sound is fading in
10 and out a little bit so I'm not sure if you asked the
11 -- the Intervenors to identify ourselves and we just
12 didn't hear that.

13 THE CHAIRPERSON: Well, we're in --
14 sorry, we're in the process right now of doing that.

15 MS. DIANE RODGERS: Okay.

16 THE CHAIRPERSON: Okay. We will get
17 to you in a moment. We apologize, we had some
18 technical problems this morning. We had power surges
19 in the building apparently over the weekend so we're
20 having some technical --

21 MS. DIANE RODGERS: Okay.

22 THE CHAIRPERSON: -- technical
23 difficulty with the -- with our sound and video.

24 MS. DIANE RODGERS: Okay.

25 THE CHAIRPERSON: Mr. Oakes...?

1 MR. RAYMOND OAKES: Good morning, Mr.
2 Chairman, members of the board, ladies and gentlemen.
3 My name is Raymond Oakes of the law firm Booth
4 Dennehy. I'm here representing the Coalition of
5 Manitoba Motorcycle Groups. I'm assisted this morning
6 by our firm's articling student Charlotte Meek.

7 THE COURT REPORTER: Speak up please,
8 you faded out.

9 MR. RAYMOND OAKES: Certainly.
10 Raymond Oakes, on behalf of the CMMG, assisted this
11 morning by Ms. Charlotte Meek, our articling student.
12 Thank you.

13 THE CHAIRPERSON: Ms. Miller...?

14 MS. ERIKA MILLER: Good morning,
15 everybody. I'm Erika Miller, public and media
16 relations specialist with CAA Manitoba and we're
17 applying for Intervenor status, again, on behalf of
18 our 200,000 plus members in Manitoba.

19 THE CHAIRPERSON: Thank you.

20 MS. DIANE RODGERS (by phone): Good,
21 morning, it's Diane Rodgers from Uber. We're also
22 applying for Intervenor status and I'm joined this
23 morning by my colleagues Joe Messina and Chris
24 Schafer.

25 THE CHAIRPERSON: Thank you very much,

1 Ms. Rodgers.

2 We'll proceed to opening comments at
3 this time. We'll start with Ms. McCandless and then
4 go in the same order as we followed for the
5 introductions. Ms. McCandless...?

6

7 OPENING COMMENTS BY BOARD COUNSEL

8 MS. KATHLEEN MCCANDLESS: Thank you.
9 Good morning. And just before my opening comments, I
10 would point out that on the screens before you is the
11 agenda for this morning's pre-hearing conference. And
12 just one (1) comment on that, within item number 3,
13 opening comments, we would ask that the Intervenors at
14 that point make their submissions on their
15 applications for intervention.

16 At item 4, we will have a discussion on
17 the issues for the GRA. So if there's a discussion of
18 the preliminary issues list that's been approved by
19 the Board, I would recommend that the parties then
20 direct their submissions on those issues to item
21 number 4 on the agenda. Thank you.

22 First, I would like to enter exhibits
23 for the record. As PUB Exhibit Number 1, the Notice
24 of public hearing and pre-hearing conference dated
25 June 15, 2018.

1 As Exhibit Number 2, the Board's Rules
2 of Practice and Procedure.

3 As PUB Exhibit Number 3, the proposed
4 hearing timetable.

5 As PUB Exhibit Number 4, a letter from
6 the Board secretary Mr. Christle to MPI and all
7 prospective Intervenors dated June 18, 2018, with
8 attachments. And those attachments addressed such
9 issues as Intervenor -- or the letter addresses
10 issues such as Intervenor responsibilities and it
11 contained attachments with the MFRs, the minimum
12 filing requirements, information about the pre-hearing
13 workshop, today's pre-hearing conference and there are
14 also a format to be used for the Information Requests
15 and the proposed hearing timetable.

16 As PUB Exhibit Number 5, a letter dated
17 June 22, 2018 from Mr. Christle to MPI and all
18 prospective Intervenors. And this letter related to
19 the pre-qualification request for expert witnesses.
20 And I will read the process into the record for the
21 parties here today.

22 The process is as follows: Any party
23 intending to call an expert witness in the GRA
24 hearings shall give notice to the Board of its
25 intention to have the witnesses or witness pre-

1 qualified at the pre-hearing conference and provide
2 the curriculum vitae of the witness to the Board,
3 along with the proposed areas of qualification for the
4 witnesses.

5 At the pre-hearing conference, the
6 parties shall make submissions to the Board as to the
7 qualifications of the witnesses and request pre-
8 qualification of the Board. The expert witness that's
9 proposed need not be called to give viva voce evidence
10 at the pre-hearing conference. The other parties
11 present may make submissions to the Board regarding
12 the request for pre-qualification. If there are no
13 objections from any of the parties regarding the
14 request for pre-qualification, the Board will issue
15 its decision on pre-qualification in the procedural
16 Order following today's pre-hearing conference.

17 If the Board grants the request for
18 pre-qualification, there will be no need to qualify
19 the expert when the expert testifies in the public
20 hearings. If there are objections to pre-
21 qualification or if the Board declines the request for
22 pre-qualification, the witness will need to be
23 examined on his or her qualifications at the public
24 hearings. That is the process to be employed.

25 And then I expect you will hear today,

1 members of the Panel, submissions regarding the
2 preliminary issues list and that was found and
3 approved at Board Order 61/'18 which I would ask be
4 entered as PUB Exhibit Number 6.

5 Those are the exhibits to be entered
6 today on behalf of the PUB.

7

8 --- EXHIBIT NO. PUB-1: Notice of public hearing
9 and pre-hearing conference
10 dated June 15, 2018.

11

12 --- EXHIBIT NO. PUB-2: Board's Rules of Practice
13 and Procedure.

14

15 --- EXHIBIT NO. PUB-3: Proposed hearing
16 timetable.

17

18 --- EXHIBIT NO. PUB-4: Letter from the Board
19 secretary Mr. Christle to
20 MPI and all prospective
21 Intervenors dated June 18,
22 2018, with attachments.

23

24 --- EXHIBIT NO. PUB-5: Letter dated June 22, 2018
25 from Mr. Christle to MPI

1 and all prospective
2 Intervenors.

3

4 --- EXHIBIT NO. PUB-6: Preliminary issues list
5 that was found and
6 approved at Board Order
7 61/'18

8

9 MS. KATHLEEN MCCANDLESS: Now, prior
10 to hearing from prospective Intervenors this morning,
11 I confirmed that each should provide the following
12 information to the Board in order that the Board can
13 deliberate on and decide inter -- intervention.

14 First, an indication of their
15 constituency and interests.

16 Second, an outline of the areas of
17 MPI's application that they intend to test.

18 Third, their reasons for requesting
19 Intervenor status.

20 Fourth, their plans to call evidence at
21 the hearing.

22 And fifth, whether they intend to seek
23 an award of costs, of course, bearing in mind that the
24 proposed budget is to be provided to the Board in
25 accordance with the direction provided by the Chair in

1 his opening comments.

2 As always, the Board will apply the
3 criteria set out in the Board's rules with respect to
4 the awarding of costs, such decisions being at the
5 sole discretion of the Board.

6 Now lastly, as I mentioned, there is a
7 preliminary issues list that the Board has approved
8 already at the pre-hearing workshop which took place
9 on Friday, June 22. The issues list was discussed and
10 I expect you will hear further comments on that issues
11 list today.

12 The Panel will be asked following
13 today's pre-hearing conference, and as part of the
14 Order following the pre-hearing conference, to approve
15 a final issues list for the GRA.

16 Those are my submissions. Thank you.

17 THE CHAIRPERSON: Thank you. Mr.
18 Guerra...?

19

20 OPENING COMMENTS BY MPI:

21 MR. ANTHONY GUERRA: Thank you, Mr.
22 Chair. To begin, MPI requests that the 2019/2020
23 General Rate Application be filed as Exhibit 1.

24

25 --- EXHIBIT NO. MPI-1: 2019/2020 General Rate

1 Application

2

3 MR. ANTHONY GUERRA: There are key
4 themes from the -- the General Rate Application that
5 I'd like to highlight for -- for consideration today,
6 including the themes of change, transparency and
7 prudent fiscal management. While these themes provide
8 guidance to MPI, the hope is that they will similarly
9 influence the application in the hearing process in
10 this and in future years.

11 Change, in this context, means
12 improving -- improving by evaluating prior rate
13 applications and by changing aspects of the process
14 which either did not work or did not work or could
15 have -- sorry, could have been better. For example,
16 for the first time this year MPI will employ the use
17 of witness panels. These groups of witnesses will
18 have direct knowledge of the material and will be able
19 to provide more detailed and accurate answers
20 improving the overall experience.

21 Transparency, has and will always be an
22 important element of this process. The Board is open
23 and a transparent body. It encourages public
24 participation in the process. Indeed, the prospective
25 intervenors present today represent different cross-

1 sections of the public interest. However, the Board
2 also understands the balance that must be struck
3 between maintaining open hearings and protecting
4 commercially sensitive information. To maintain this
5 balance, the Board has developed a special process to
6 determine which documents claimed as 'confidential'
7 will be so protected.

8 MPI also values transparency, and is
9 increasing its efforts to improve the public's
10 understanding of its operations and its justification
11 for rate -- the rates it seeks. With its 2019/2020
12 General Rate Application, MPI has adopted or
13 maintained a number of specific practices designed to
14 foster transparency. For example, an FTP site.

15 This year, MPI provided access to
16 application materials to interested persons,
17 prospective Intervenor, consultants, legal counsel,
18 and to the Board through a file transfer protocol, and
19 will ensure that its Excel workbooks are available and
20 made through this process. The process -- sorry, the
21 move increases access to materials and makes it easier
22 for parties to scrutinize MPI's data.

23 Business cases. MPI has or will file
24 seven (7) business cases prepared through a more
25 robust value management process. The provision of

1 these business cases gives parties greater access to
2 information and to the rationales behind some of MPI's
3 biggest decisions.

4 Confidential material. Although MPI
5 seeks to increase the amount of information it shares
6 publicly, there exists, and as always, some
7 information that is too commercially sensitive to
8 share in an open forum. MPI will seek confidential
9 status on only those documents which absolutely
10 require this designation, and will further seek
11 restrictions on those documents which are necessary to
12 preserve their confidential status. The customer
13 self-service business case provides a prime example of
14 MPI's approach -- excuse me -- MPI's approach to
15 confidentiality.

16 Initially, MPI reviewed the business
17 case and determined that it contained potentially
18 confidential information. However, MPI conducted a
19 further review to be sure that this was the case.
20 Upon further review, and desirous of being as
21 transparent as possible, MPI determined that the
22 business case should be made available and non-
23 redacted. Therefore, MPI will not seek leave to file
24 this business case confidential -- excuse me --
25 confidentially. MPI now seeks to file the customer

1 service business case as Exhibit 2.

2

3 --- EXHIBIT NO. MPI-2: Customer Service Business
4 case.

5

6 MR. ANTHONY GUERRA: Witness panels.

7 This year, MPI will seek to change the way in which
8 its witnesses testify before the Board. Groups of
9 witnesses will testify on specific topics and will be
10 available for cross-examination. One (1) of the goals
11 of the witness panel system is to increase
12 transparency by increasing the number of questions
13 answered by -- excuse me -- by decreasing the number
14 of questions answered by undertaking and increasing
15 the number of answers provided orally and tested
16 through cross-examination.

17 Prudent fiscal management. With the
18 2019/2020 GRA, MPI builds on its efforts to prudently
19 manage its finances through the use of premiums based
20 on actual -- actuarial -- excuse me -- actuarially
21 accepted practices, effective and efficient
22 operations, and adequately maintained capital
23 reserves. To improve the efficacy and efficiency of
24 the application and hearing process, MPI will bring a
25 -- a motion under rule 13(2) of the Board's Rules of

1 Practice and Procedure to seek confidential receipt by
2 the Board of certain information documents that must
3 remain confidential.

4 Unfortunately, the mod -- excuse me.
5 Unfortunately, the module was not used as it should
6 have in prior years, and MPI appreciates the Board's
7 desire that the process be utilized as designed.
8 Doing so will require an overlay on the proposed
9 timetable, which we'll speak about further in our
10 discussion. That is a parallel timetable to minimize
11 disruption and allow full discovery on confidential
12 materials.

13 As discussed, MPI will use witness
14 panels. One (1) of the advantages of using these
15 panels is that because the panels are -- are organized
16 by topic, attentions are focused, which should result
17 in a more efficient use of hearing time, reduce the
18 amount of hearing time required that might otherwise
19 be required, and hopefully reduce costs.

20 Pre-qualifying experts. Last year, the
21 Board introduced a process that allows some expert
22 witnesses to be pre-qualified at a pre-hearing
23 conference -- that would be today -- the intention
24 being to increase the efficiency of the hearing
25 process by dispensing with the need to examine certain

1 experts -- witnesses on their qualifications at the
2 public hearings. As it did last year, MPI will seek
3 to have two (2) of its expert witnesses qualified in
4 advance of the oral hearing.

5 Is there anything else that can be done
6 to increase the efficiency of the application and
7 hearing processes? MPI submits that there are
8 specific things the Board can do immediately to
9 further this goal.

10 One (1), develop a hearing issues list.
11 Simply, a hearing issues list is a list of the issues
12 that may be spoken to or questioned on at the oral
13 hearing. The list defines the scope of the hearing
14 and provides direction to the parties. Although the
15 Board will approve a final issues list when it issues
16 its procedural Order, MPI believes that there is merit
17 in conducting a further review once the Information
18 Requests have been made and answered, and once
19 Intervenor rebuttal evidence has been submitted. This
20 review would be conducted by way of a second pre-
21 conference -- sorry, pre-hearing conference, orally or
22 in writing, and the res -- and the results would be a
23 second procedural Order, focusing the oral hearing on
24 the matters of most importance and the matters
25 outstanding to the determination of just and

1 reasonable rates for service.

2 MPI expects that it will become clear
3 to the parties involved which issues have been
4 adequately addressed through the General Rate
5 Application itself and through the two (2) rounds of
6 Information Requests. MPI's goal would be to present
7 a unified position to the Board at the second pre-
8 hearing conference. However, if unity cannot be
9 achieved, MPI anticipates that it will be necessary
10 for the Board to make a determination as to whether
11 any of those issues should be further addressed at ora
12 -- at an oral hearing.

13 The necessity for a further pre-
14 conference hearing and an order setting out the final
15 issues list is simple. It reduces the number of
16 issues for the oral hearing, which could reduce the
17 number of hearing days ultimately required. The
18 process also places emphasis on and, therefore,
19 increases the importance of the Information Request
20 process, as it would be hard to justify maintaining an
21 issue on the list if no questions were asked in
22 respect of it during the second round of Information
23 Requests. Pressure is placed on MPI to provide open,
24 direct, and thorough answers on its Information
25 Requests.

1 MPI looks forward to working with the
2 Board and the Intervenors to implement a process that
3 is considerate of the need for change, transparency,
4 and prudal -- prud -- excuse me -- prudent fish --
5 prudent fiscal management. With that, I would like to
6 thank the Board and yield my time.

7 THE CHAIRPERSON: Thank you. We'll go
8 to the Intervenors, and as Ms. McCandless indicated in
9 her opening comments, if you could comment on the
10 subject matters that were raised in her opening
11 comments. Mr. Williams...?

12

13 OPENING COMMENTS BY CAC (Manitoba):

14 DR. BYRON WILLIAMS: Yes, and good
15 morning, members of the Board, Chairperson Gabor.
16 Welcome back, members Hainsworth and Vandewater, and
17 welcome new member Hamilton.

18 My name is Byron Williams. I'm
19 appearing on behalf of the Public Interest Law Centre
20 and -- on behalf of CAC (Manitoba). And if I could
21 have pulled up the revised Attachment A to our
22 Intervenor application, which was filed -- the revised
23 version was filed this morning.

24 And just by -- in terms of intro --
25 introducing our clients -- just one second, please.

1 (BRIEF PAUSE)

2

3 DR. BYRON WILLIAMS: Just while we're
4 waiting for Attachment A to be pulled up, I'll -- I'll
5 indicate that our clients, the Consumers' Association
6 of Canada, seek to represent the interests of the
7 private passenger class, and they've been intervening
8 at regulatory proceedings. If we go -- thank you,
9 Kristen -- just a bit farther down this page, under
10 who is the Manitoba branch of the Consumers'
11 Association, our clients have been around since 1947.
12 I want to assure you I have not been around that long,
13 but our clients, in terms of Manitoba Public Insurance
14 rate applications, been here since the -- the late
15 '80s, early '90s.

16 And if you look at the third paragraph
17 before you, under 2 on page 1 of Attachment A, you'll
18 see how our client develops its position for these
19 hearings. They deal extensively with consumers. They
20 use focus group style discussions with specific
21 hearing topics in order to -- to develop their
22 positions, and they also meet with other stakeholders.

23 And I can indicate to the Board, in
24 preparing for this hearing, our client has had
25 conversations with our friends from the Motorcycle

1 Coalition, brief conversations with CAA, and also with
2 our friends from Bike Winnipeg, who we understand will
3 be focused -- will not be seeking Intervenor status in
4 this hearing, but will be focused on a pending
5 technical conference.

6 If we go to page 3 of this, and towards
7 the bottom, Kristen -- thank you -- right there's...
8 You'll see some of the issues that our client has been
9 involved with over the long term in rate applications,
10 making sure that rates were in accordance with
11 accepted actuarial prin -- principles, that we're do -
12 - taking an evidence-based approach to interest rate
13 forecasting, that information technology expenditures
14 prudently deliver value for consumers and don't simply
15 run up costs. And as we flip to the next page at the
16 top, you'll see as well a long-standing focus, the
17 third bullet on that page, in terms of Manitoba Public
18 Insurance investment portfolio, the better balance is
19 risk and reward as well as an evidence-based approach
20 to setting reserves for the Corporation.

21 In terms of our clients reasons for
22 intervening, a 2.2 percent rate application is
23 obviously of significant concern for the residential
24 class, as are issues related to vehicles for hire, the
25 methodology for setting a capital maintenance

1 provision, and certainly the asset liability
2 management study.

3 Turning to page 5, and towards the
4 middle of the page, this panel will be aware that the
5 Board, in looking at whether rates proposed are just
6 and reasonable, looks at five (5) key criteria. The
7 first key criteria is -- relates to the reasonableness
8 of the forecasts.

9 And we put in extensive discussion of
10 it, but if we go towards the bottom of the page,
11 Kristen, and then onto the top of the next page, we
12 thought this issue might have been put to bed last
13 year in terms of interest rate forecasts, and
14 certainly the Board, for the purposes of that General
15 Rate Application, focused on a 50/50 approach to
16 interest rate forecasts. But we note that underlying
17 Manitoba Public Insurance's application is a -- a
18 naive forecast, both in terms of the overall rate
19 forecast, as well as -- as we understand it, the
20 dynamic capital adequacy testing.

21 This is -- I note that this is not a
22 revised application to intervene. This is the one
23 that we filed on Friday. So I'll just indicate that
24 our client is contemplating calling evidence related
25 to forecasting issues, and whether, given the Board's

1 Order last year, as well as changes in the North
2 American marketplace, both in Canada and the United
3 States, whether it is appropriate or overly
4 conservative to use the naive forecast.

5 And certainly, our client would be
6 likely to call Dr. Wayne Simpson, who's been qualified
7 by this Board on numerous occasions as an expert in
8 applied econometrics and microeconomics, with some
9 support from Ms. -- Ms. Sherry, who is a well-
10 recognized and qualified actuary.

11 In terms of the reasonableness and
12 justifications for the Corporation's -- just go down
13 on this page, page 6, Kristen, just -- thank you. The
14 second key criteria that this Board looks at is the
15 reasonableness and justifications for operating,
16 maintenance, and administration costs. And we put a
17 detailed explanation on this page, but if Kristen
18 could move to page 7, and towards the top of page 7,
19 you'll see the -- the second and third paragraphs, our
20 clients particular interest relates to the
21 Corporation's value managed report, as well as
22 changes, significant changes included in some of the
23 information technology portfolio and expenditures.

24 And we note that there's been a
25 significant write-off in expenditures related to the

1 customer claims reporting system, and our client is
2 certainly interested in understanding the role of the
3 value management report, as well as what went wrong in
4 terms of the Corporation's significant expenditures in
5 this regard.

6 Towards the bottom of page 7 is what
7 may be from the bottom line, the most important issues
8 for the -- for ratepayers in this hearing, and that's
9 the overall health of the Corporation, including
10 reserves. And our client will have two (2) areas of
11 particular interest in this regard. The first will be
12 with regard to the Corporation's asset liability
13 matching of its investment portfolio.

14 And fundamental questions our client
15 will ask in that regard is whether the Corporation is
16 accepting undue risk for future ratepayers, with the
17 trade-off being undue or a lack of appropriate
18 reasonable benefits for today's ratepayers. So our
19 client has significant concerns in this regard that
20 we'll be proposing to pre-qualify as an expert witness
21 Mr. Valter Viola, who spoke to these issues during the
22 course of the two (2) general rate applications
23 previously, and who Mercers has been retained to
24 respond to his recommendations.

25 Going to the -- onto this page as well,

1 towards the top of page 9 -- keep going, please.
2 Thank you. The other key issue, from our client's
3 perspective, is the proposed capital maintenance
4 provision, or as our client would term it, the
5 surcharge of 2.2 percent, and which the Corporation
6 purports to tie to a -- a target of 70 percent of the
7 minimum capital test. And our client does intend,
8 with the Board's permission, to vigorously explore the
9 merits of this proposal, both in terms of why that
10 particular target, but as well, its intergenerational
11 implications, and whether it is fair to current
12 ratepayers as proposed or not. And again, our client
13 looks to a team of Ms. Sherry, who is -- has well-
14 recognized expertise in the actuarial sciences or art,
15 and Dr. Wayne Simpson.

16 In terms of -- going down on page 9, in
17 terms of the appropriate allocation of costs between
18 and within classes, our main focus here will be on the
19 vehicles for higher application, and most of our
20 client's concerns are self-evident on this page. Mr.
21 Chair and members of the panel, the third last bullet,
22 as I look at it, speaks to road safety and loss
23 prevention, and it may be that that is not an
24 appropriate consideration for this hearing, but more
25 appropriately moved to the technical conferences. So

1 I'll -- I'll flag that for the Board's consideration,
2 and we will certainly be open to the guidance of the
3 Board in that regard.

4 Finally, in terms of rate making, our
5 client, as we go to the bottom of the page, will take
6 an overall look at the application in terms of the
7 Board's criteria of whether these are just and
8 reasonable rates, both in terms of their balance
9 between ratepayers and the Corporation, as well as the
10 relationship between various classes of ratepayers.

11 In terms of our costs and as the Board
12 Chairperson has noted, this is a preliminary budget.
13 I can take you to revised Appendix B to our
14 application to give the Board a high level look --
15 thank you -- of our proposed budget. And I would note
16 that you see a number of hours at the top for -- for
17 Mr. Williams. That would be me talking in the third
18 person.

19 I -- I would suggest that this is quite
20 consistent with what we've done in the past. The one
21 (1) difference from last year's rate application is
22 that I omitted to put in time for the technical
23 conferences, which didn't leave my boss very happy.
24 So we've included the time that we've expended.

25 I'll also note that you -- you'll see a

1 -- a modest contribution for Ms. Dilay. If you go to
2 the next page -- we don't need to go there now, that's
3 okay, Kristen, just leave it here -- you'll see that
4 the she actually will be spending over two hundred
5 (200) hours on this hearing, but part of that -- the
6 time expended is in -- in learning about the
7 application so that you get to listen to me less in
8 future hearings and more to her.

9 We put in the estimate of Ms. Sherry,
10 which is consistent with, and actually lower than what
11 she presented in last year's General Rate Application,
12 as well as the application of Mr. Dyck, which is
13 consistent with last year's application, and actually
14 lower than what he billed. And finally, the estimate
15 of Mr. Viola, which, given his expertise and what the
16 Board would have seen of his quality two (2) year --
17 two (2) years ago, we think is tremendous value.

18 As -- as we scroll down this page,
19 you'll see that we've also put in some modest
20 contingencies in terms of our overall application.
21 We're mindful that the Board says 10 percent. We are
22 -- from our client, we will hold ourselves, assuming
23 we have the same number of hearing days, to a
24 contingency of 2.5 percent.

25 Our client did not originally retain a

1 Mr. Simps -- Dr. Simpson or Mr. Pitt for this hearing,
2 but -- and we only did receive Manitoba Public
3 Insurance's full application a little over a week ago.
4 But in looking at the Corporation's forecast, we have
5 added time for -- potential time for Dr. Simpson
6 related to both the capital asset maintenance
7 provision, as -- as well as the interest rate
8 forecasting. I will note that the hours here are
9 simply a -- a placeholder from what he did in last
10 year's rate application, so they're not an -- an
11 actual estimate.

12 And we also note, Wallace Pitt, who's
13 done tremendous work for our clients on information
14 technology we put in some potential time for him as
15 well. He's been very valuable in assisting our
16 corporate -- our clients to look at the Corporation's
17 approach to physical damage re-engineering. Many of
18 the concerns our clients have raised have come from
19 Mr. Pitt, as well as the Corporation's overall
20 approach to value management. Again, we've simply put
21 in a placeholder budget, pending a retainer of those
22 witnesses.

23 The last thing in terms of our clients
24 budget, Mr. Chair, if I could go to page 3, just to
25 direct the panel's attention to the substantial amount

1 of hours not billed, and scroll down a little bit,
2 from the legal team. And again, as I explained
3 previously, this is part of the learning curve for Ms.
4 Sherry and for Mr. -- Mr. Williams.

5 Members of the panel, that's a -- our
6 overview. I'm happy to answer any questions the Board
7 may have at this time. At some point in time our
8 client would appreciate the opportunity to talk about
9 the second proposed pre-hearing conference, but I'll
10 leave that to the Board whether that's more
11 appropriate for the schedule, or whether it's more
12 appropriate now. And subject to that, I'm happy to
13 answer any questions.

14 THE CHAIRPERSON: Thank you. I think
15 we'll -- we'll deal with it as part of -- as part of
16 number 4. Thank you. Mr. Oakes...?

17

18 OPENING COMMENTS BY CMMG:

19 MR. RAYMOND OAKES: Thank you, Mr.
20 Chairman. With respect to the background of the CMMG,
21 the CMMG was formed in 1992 in response to massive MPI
22 insurance increases. It was -- one (1) of the
23 founders was Robyn Gray, who tragically passed on May
24 24th of this year in a motorcycle accident. And
25 perhaps at an appropriate time, such as the portion of

1 the hearing dealing with presenters, we could make a
2 small presentation at that point with respect to the
3 loss of Mr. Gray.

4 The CMMG comprises itself of several
5 hundred paid members, and a larger Facebook and other
6 supportive community in the low two thousand (2,000)
7 member range. With respect to its efforts, it is one
8 (1) of the stakeholders that's involved with MPI
9 providing information and input as to its constituency
10 and community support. It is a nonprofit voluntary
11 organization. At some early point to this week I'll
12 be sending the financial statements of CMMG as they
13 become available. It does not have the resources to
14 present the case adequately and I'll speak to that in
15 terms of costs.

16 In terms of the areas of inquiry, I'm
17 having a bit of a deja vu, we see a 2.2 percent
18 general increase sought, which is similar to last
19 year. But I'm more mindful of the fact that
20 motorcyclists are being asked to pay an increase of
21 3.1 percent, so approximately 50 percent more than the
22 overall rate indication.

23 We see this in the context of a net
24 income of the Corporation of over \$91 million. We see
25 increases in their revenues of over 65 million. We

1 see an increase in investment income of over \$38
2 million, and we see overall claims costs decreasing by
3 over \$72 million.

4 So obviously, the intervention of the
5 CMMG would be along the lines of issues 1 and 2 on the
6 requested vehicle rates and the rate indication for
7 those classes. In addition to the items number 4, 7,
8 and 8 will necessarily be involved. The majority of
9 the rate increase, of course, is the CMP related to
10 the reserve stabilization reserves, and that would
11 account for 2.1 percent of the increase.

12 There will be questions relative to the
13 reasonability of those forecasts and also, as
14 indicated by Mr. Williams, we're quite concerned with
15 the intergenerational inequity that results from these
16 massive reserves being garnered by the Corporation.
17 Investment returns, again, will be a serious area of
18 inquiry, given that they are a massive part of the
19 Corporation's revenues each year.

20 With respect to the evidence, the CMMG
21 has filed its application before this Board and will
22 be seeking to assist the Board in critically
23 evaluating the GRA, as we have done for the past
24 twenty-five (25), years testing the evidence, and
25 raising issues of concern and interest of the

1 motorcycle public specifically, and Manitoba
2 ratepayers generally.

3 The CMMG will not be providing expert
4 evidence and we'll be seeking costs. We have filed a
5 budget with this Board going forward, although we have
6 approximated something for the technical conferences
7 that were attended by the CMMG earlier this year, and
8 also Friday's conference. And there is talk going
9 forward of another type of mini-conference in late
10 September. If that's the case, there might be some
11 upward movement in the Intervenor budget, but likely
12 within the 10 percent increase that's anticipated or
13 contemplated in the rules of the Board. We look
14 forward to testing the evidence before this Board, and
15 those are my comments this morning, Mr. Chairman.

16 THE CHAIRPERSON: Thank you. Ms.
17 Miller...?

18

19 OPENING COMMENTS BY CAA MANITOBA:

20 MS. ERIKA MILLER: Thank you. Good
21 morning. On behalf of CAA Manitoba, we're interested
22 in proceeding again this year with a watching brief.
23 We represent over two hundred thousand (200,000)
24 Manitobans, the large majority being motorists, of
25 course. And we have undertaken Intervenor status in

1 this hearing for the last over twenty (20) years, and
2 we continue to do so because our members expect us to
3 advocate on their behalf.

4 We do not plan on calling any expert
5 witnesses and we do not -- we are not applying for --
6 for costs either. So the only caveat I would add
7 would be that we would ask for leeway to ask questions
8 during the hearings.

9

10 (BRIEF PAUSE)

11

12 THE CHAIRPERSON: Thank you. Ms.
13 Rodgers...?

14

15 OPENING COMMENTS BY UBER CANADA:

16 MS. DIANE RODGERS (BY PHONE): Good
17 morning. So I'm calling on behalf of Uber Canada.
18 And going down the list of items that the Board asked
19 us to address, our constituency and interest is that
20 Uber is not presently operating in Manitoba. And the
21 reason we're not presently operating in Manitoba is
22 that we are not of the view that the structure of the
23 private hire vehicle insurance policy that MPI has put
24 together works for our business model. And so we
25 would like to make submissions about alternate models

1 that we think would work better, so that we would be
2 able to enter the province.

3 In terms of areas that we would like to
4 rest, you know, I think our -- our submissions differ
5 a little bit in that we're not actually looking to,
6 you know, test rates or the rationale behind the
7 rates, but rather to discuss the structure of the
8 product more generally.

9 In terms of evidence, I don't think we
10 need to lead any evidence. We'd be happy to make
11 submissions on the structure of products in other
12 markets across North America, rather than leading
13 evidence. And we will not be seeking costs.

14 THE CHAIRPERSON: Sorry, Ms. Rodgers,
15 can I just ask you a question? How do -- how do you
16 not lead evidence but get in evidence about structures
17 in other jurisdictions?

18 MS. DIANE RODGERS (BY PHONE): At the
19 interim hearing I think we did that, just by way of
20 written submissions. But if it's preferable to do
21 that by way of evidence, then we can actually put in
22 an affidavit or have a witness attend to talk about
23 those structures.

24 THE CHAIRPERSON: Okay. Thank you.
25 Thank you very much. I'm just wondering, Mr. Guerra,

1 if you have any comments in relation to the
2 submissions of the Intervenors?

3 MR. ANTHONY GUERRA: Yes, thank you,
4 Mr. Chair. We do, with respect to the submissions --

5 MS. KATHLEEN MCCANDLESS: Sorry, if I
6 wouldn't mind just interrupting one (1) second. We
7 did receive --

8 THE CHAIRPERSON: Sorry. Yes?

9 MS. KATHLEEN MCCANDLESS: I'm over
10 here. It's -- it's McCandless, speaking. Yes. Just
11 to point out to the Board that this morning the Board
12 did receive a further Intervenor request form from the
13 Manitoba Used Car Dealers Association.

14 THE CHAIRPERSON: Okay.

15 MS. KATHLEEN MCCANDLESS: I just
16 wanted to confirm that there was no one here on their
17 behalf to make any submissions this morning. Appears
18 not. Okay. Thank you.

19 THE CHAIRPERSON: Thank you, Ms.
20 McCandless. Your voice is amazingly similar to Ms.
21 Schubert's voice, so. Sorry, Mr. Guerra, back to you.

22

23 REPLY BY MPI:

24 MR. ANTHONY GUERRA: Thank you, Mr.
25 Chair. And -- and appreciate the -- the highlight of

1 that as well. We -- we did receive that this morning,
2 and I can comment on our position with respect to that
3 application as well. But to begin, I'd like to
4 address the application filed by the Canadian
5 Association of Consumers on behalf -- by the Public
6 Interest Law Centre.

7 MPI does not oppose the application.
8 The only comments that we'd like to make with respect
9 to the application are in relation to the proposed
10 budget. And I appreciate that some of the information
11 provided by My Friend this morning was of a
12 placeholder nature. But, nonetheless, MPI's position
13 with respect to the budget is important to set out.

14 I would note that the anticipated time
15 for Mr. Viola is approximately half the time for Mr.
16 Williams. And Mr. Viola is -- is only slated for a --
17 slated, rather, for a single narrow issue. So
18 obviously MPI has some concerns with respect to the --
19 the allotment of time to Mr. Viola.

20 With respect to the time allotted for
21 Mr. Simpson and Ms. Sherry, the -- the issues we'd
22 note have been dealt with many times in the past. So
23 at this point we would expect to have some
24 efficiencies with -- with respect to the use of their
25 time and the proposed budgets don't necessarily

1 reflect that. So we would want to make sure that that
2 is -- is raised as well. And with res -- so other
3 than that there is -- there's no opposition to the
4 application.

5 With respect application raised -- or
6 filed, rather, by the Coalition of Manitoba Motorcycle
7 Groups, or CMMG, again, there is -- there's no
8 opposition the application or to the budget on --
9 sorry, by MPI. With respect to the application filed
10 by CAA, no -- no opposition, no objections there.

11 Now, with respect to the two (2)
12 applications that were received relatively recently,
13 that being from Uber and from Manitoba Used Car
14 Dealers Association, I'll address those in turn. On -
15 - on the application filed by Uber, we note that the
16 issues raised by Uber are with respect to the
17 structure of the -- the vehicle for hire insurance
18 product. That is a -- more of a legislative issue
19 rather than a specific rate issue, in the -- in the
20 view of MPI and therefore MPI's position is that this
21 is not an issue that should be dealt with at this --
22 this rate application. And, therefore, we would
23 oppose the -- the application filed by -- by Uber in
24 that regard.

25 With respect to the final application

1 by the Manitoba Used Car Dealers Association, we note
2 that the application states that there -- there would
3 be virtually no participation by the Association in
4 the -- in the hearing, no evidence to be called. And
5 -- and it seems to me that the request is more of a --
6 of an interest-based request, that being interest in -
7 - in the -- in the nature of the proceedings generally
8 and -- and -- but without any specific intent to -- to
9 raise any concerns or issues or challenge any
10 evidence. So with that, it's difficult for MPI to see
11 any real benefits for the Association to be involved
12 as an Intervenor. And on that basis we would oppose
13 the application.

14 THE CHAIRPERSON: Thank you. I just
15 want to apologize to the party for that -- this noise.
16 I'm going to see at the break if we can do something
17 about it. They're doing renovations on the floor
18 immediately below us.

19 I'd ask any of the Intervenors -- I
20 apologize to the people in San Francisco, since you're
21 not in the room, but I asked if any of the Intervenors
22 have a response to any of the new matters raised by
23 MPI. And I'll -- I'll start with Mr. Williams.

24

25 REPLY BY CAC (MANITOBA)

1 DR. BYRON WILLIAMS: Thank you, Mr.
2 Chair. And in terms of the -- we will, when we
3 provide a final budget, certainly provide insight into
4 the time required of Mr. Viola. But if -- just -- the
5 Board which would have looked at -- at expert witness
6 budgets for Manitoba Hydro would note that a cost in
7 the range of thirty-five (35) -- to thirty (30) to
8 forty thousand (40,000) are very modest compared to
9 what you might see in a Hydro hearing.

10 If -- if one goes to the big picture,
11 this is a \$2 billion portfolio. There is a detailed
12 asset liability matching study. More importantly,
13 there are detailed preliminary works by Mercers, which
14 are frankly more interesting than the final report.
15 And this is an ambitious endeavour. And so from our
16 client's perspective in -- in this -- in this price
17 range is very good value for the Board's money,
18 especially someone who brings the experience as Mr.
19 Viola does, whether from Ontario teachers, or the
20 Canada pension plan.

21 In terms of Dr. Simpson in and Ms.
22 Sherry, I would note that from our clients'
23 perspective, our Learned Friend has made one (1)
24 factual error. The issues of capital -- the capital
25 management provision or surcharge have really barely

1 been canvassed before this -- this Board. There was a
2 bit of a cross-examination by Board counsel in last
3 year's General Rate Application. It has not been the
4 subject of evidence either by Ms. Sherry or Dr.
5 Simpson.

6 In terms of issues relating to interest
7 rate forecast, our client certainly agrees that
8 they've been canvassed, and is somewhat troubled that
9 the issue is coming up again by Manitoba Public
10 Insurance. That being said, there have been
11 substantial changes in the marketplace in terms of
12 both the Government of Canada, in terms of what
13 they've done with interest rates, the overnight rate,
14 as well as with the United States Government that
15 certainly will require some -- some work. There has
16 been a material change in the mer -- cir -- in the
17 marketplace, which certainly will require attention.

18 And similarly, if you look at the total
19 draft budget of doc -- of Ms. Sherry, coupled with the
20 placeholder of Dr. Simpson, less than four (4) weeks
21 work on some very weighty issues, noting as well that
22 Ms. Sherry is also providing insight to the Corp -- to
23 Ma -- to CAC (Manitoba) on novel issues such as
24 vehicles for hire.

25 Finally, Mr. Chair, and if -- if -- I'm

1 -- I'm going to ask the Board's permission to comment
2 on the Uber application, if -- if you will grant it.
3 But if -- that's up to the Board whether it's
4 appropriate for an Intervenor to -- to comment on
5 another one (1) or not on the vehicles for hire issue.

6 THE CHAIRPERSON: Go ahead.

7 DR. BYRON WILLIAMS: Mr. Chair, just -
8 - and if -- if Kristen has it nearby, Appendix 8 again
9 of our clients' intervention. The vehicles for hire
10 issue is -- is of significant importance to Manitoba
11 ratepayers. And certainly, as our client -- page 9 --
12 as our client understands the Board's jurisdiction, it
13 is rates for service. And so while this is ultimately
14 a rate approval function by the Board, the underlying
15 type of service is also of -- of relevance to the
16 Board.

17 And certainly our client is -- while we
18 may not be supportive of the position of Uber,
19 certainly think that the issues that they bring to the
20 table are important to the Board as it adjudicates
21 upon rates for service, and would -- would consider it
22 a prudent use of ratepayers' money in terms of the
23 hearing time associated with it. Thank you.

24 THE CHAIRPERSON: Thank you. Mr.
25 Oakes, any further comments?

1 MR. RAYMOND OAKES: I have none, Mr.
2 Chairman.

3 THE CHAIRPERSON: Ms. Miller...?

4 MS. ERIKA MILLER: None.

5 THE CHAIRPERSON: Ms. Rodgers, any
6 comments to the issues -- any new issues raised by
7 MPI?

8

9 REPLY BY UBER CANADA:

10 MS. DIANE RODGERS (BY PHONE): I do.
11 I would echo the comments of my fellow Intervenor.
12 And so, you know, I think we're -- we're quite
13 transparent by the fact that we're not challenging the
14 rates themselves, but we are interested in ensuring
15 that the Board has a full view of the different
16 options for services that could potentially be in
17 play.

18 So I think it's accurate to say that in
19 MPI's view, they are limited in the product structure
20 that they can put in place. That's a view with which
21 we respectfully disagree, and we think there are
22 alternate structures that could be used that would be
23 better for Manitoba ratepayers and would more
24 accurately reflect and spread the risk of ridesharing
25 in the province.

1 And as a result, while we're not
2 directly challenging the rates, I do think we have
3 some important views to put forth on the structure of
4 the product that -- and up, perhaps, impacting rate
5 and ensuring that the risk is probably -- properly
6 spread out amongst the stakeholders in the province.

7 THE CHAIRPERSON: Thank you. We're
8 moving to item 4 on the agenda, but I don't want to
9 have a break when we get into it. So I'm going to
10 suggest that we take a fifteen (15) minute break right
11 now and I'm going to see if we can talk to the people
12 on the third floor. So we'll take fifteen (15)
13 minutes right now. Thank you.

14

15 --- Upon recessing at 10:14 a.m.

16 --- Upon resuming at 10:31 a.m.

17

18 THE CHAIRPERSON: Okay, we'll proceed
19 to number 4 on the agenda. I understand the drilling
20 is done, but I have a feeling we may hear some other
21 noise from below. Hopefully, it won't be as bad as
22 the drilling.

23 So, Mr. Guerra, if you want to start
24 with your submission on item number 4.

25

1 MPI'S COMMENTS ON REMAINING ISSUES:

2 MR. ANTHONY GUERRA: Thank you very
3 much, Mr. Chair. So the -- the first order of
4 business with respect to procedural matters, there are
5 -- there are two (2) appendices that MPI will be
6 seeking to file -- sorry, corrected appendices,
7 expense appendix number 19 and IT appendix number 1.
8 We will be asking that these be filed as MPI Exhibit
9 Number 3, and they're presented in a clean and black-
10 lined versions. This is simply an error or an
11 omission on the appendices so we wanted to correct the
12 record on that.

13

14 -- EXHIBIT NO. MPI-3: Two (2) corrected
15 appendices, Expense
16 Appendix Number 19 and IT
17 Appendix Number 1.

18

19 MR. ANTHONY GUERRA: The next item is
20 the pre-qualification of expert witnesses -- sorry,
21 with respect to the -- the hearing issues, MPI
22 discussed the issues' list -- the preliminary issues'
23 list with the Intervenors -- sorry, with some of the
24 Intervenors at the workshop that was held on Friday
25 morning and from MPI's perspective, there -- there

1 aren't any issues on the preliminary list that -- that
2 cannot be on the final issues list. This is obviously
3 subject to our submissions on the availability or the
4 appropriateness of a hearing issues list and,
5 therefore, we -- we would reserve the right to make
6 comments on what should be part of that list.

7 THE CHAIRPERSON: Well, my standing is
8 now is the time for you to make those comments.

9 MR. ANTHONY GUERRA: Well, sorry,
10 with respect, Mr. Chair, the -- the issue of a hearing
11 list -- issue list, rather, would be a list of those
12 issues which should be at the -- the hearing. After -
13 - after the two (2) rounds of informal -- Information
14 Requests have been made and after the parties have
15 exchanged the rebuttal evidence.

16 THE CHAIRPERSON: We'll deal with that
17 but we have a preliminary list now.

18 MR. ANTHONY GUERRA: Right.

19 THE CHAIRPERSON: We will -- you know,
20 just hold on for a second.

21 MR. ANTHONY GUERRA: Sure.

22

23 (BRIEF PAUSE)

24

25 THE CHAIRPERSON: We'll deal with that

1 but the problem is, I believe, the Interveners may
2 make comments about the list that's before us now. We
3 don't have your comments on it. What we have is your
4 comments that you want a later either pre-hearing
5 conference or some other process. I don't want to
6 wait until -- we're going to make a decision. I don't
7 want to be in a position where we make a decision and
8 you then say, we didn't have an opportunity to talk
9 about the list because we thought there was going to
10 be a later pre-hearing conference. There is no
11 decision there.

12 So in terms of the list that's before
13 you now, I think we need to hear your comments on that
14 list and we'll deal with the other matter as part of
15 our decision in terms of whether there's a second pre-
16 hearing conference or -- or whatever, but, you know,
17 I'd like to hear your comments on -- on the list as it
18 is before -- before you now.

19 MR. ANTHONY GUERRA: Absolutely, Mr.
20 chair, and my apologies if I was not as clear as I
21 should've been in my -- my initial remarks.

22 MPI's position is that the preliminary
23 issues list need not change.

24 THE CHAIRPERSON: That's fine.

25 MR. ANTHONY GUERRA: Thank you.

1 THE CHAIRPERSON: Thank -- thank you.
2 I may have misunderstood but -- and in relation to --
3 to procedural matters, any comments there or in
4 relation to the schedule that's been proposed.

5 MR. ANTHONY GUERRA: Yes. So
6 obviously --

7 THE CHAIRPERSON: You know what, I
8 apologize. I see at the -- I apologize, I see number
9 6 is a separate issue on the time table.

10 MR. ANTHONY GUERRA: Yes.

11 THE CHAIRPERSON: So we'll deal with
12 that at that time.

13 MR. ANTHONY GUERRA: Thank you.

14 THE CHAIRPERSON: Thank you. Mr.
15 Williams...?

16

17 CAC (MANITOBA) COMMENTS ON REMAINING ISSUES:

18 DR. BYRON WILLIAMS: Thank you. In
19 terms of the issues list, our client is in agreement
20 with issues --

21 THE CHAIRPERSON: We're going to take
22 a break. Just hold on for five (5) minutes.

23

24 --- Upon recessing at 10:37 a.m.

25 --- Upon resuming at 10:39 a.m.

1 THE CHAIRPERSON: My apologies again.
2 Sorry, to Uber in San Francisco, we've had some
3 problems here because they're renovating the floor
4 below us. We may have a little noise -- they're
5 actually outside working on the exterior of the
6 building. The people below us, we've been told have
7 stopped. Are now stopped.

8 So, Mr. Williams...?

9 DR. BYRON WILLIAMS: Yes and I'll note
10 that Ms. DeSorcy from the Consumers Association of
11 Canada, the Manitoba branch is here and in the -- my
12 second row.

13 And just in terms of the issues list,
14 our client -- in terms of the issues list, our client
15 accepts issues 1 to 21. I'll just direct your
16 attention on this first page. Stay here for a minute,
17 please, of item 4c which is update of the interest
18 rate forecast based upon methodology approved in Board
19 Order 130/'17. And, of course, this could be a matter
20 for debate, but looking to Order 130/'17 and, in
21 particular, page 8, our client notes that it appears,
22 or at least it's strongly arguable, that in that Order
23 the Board adopted a 50/50 interest rate forecast not a
24 naive forecast.

25 If we could go back to the issues list

1 now. Down to item number 7, which is an update of the
2 Dynamic Capital Adequacy Testing, or DCAT, based upon
3 a methodology approved in Board Order 130/'17, I will
4 come back to that in just one second.

5 And then the item 21, which includes a
6 -- a look at the asset liability management study,
7 including the proposed portfolio segregation. And
8 again, our clients will come back to that.

9 So as we look to the issues list in
10 terms of the suggestion that the primary issues list
11 suggests four (4) matters might be dete -- deferred to
12 future applications, item 22 being road safety other
13 than costs and budgets, our client does not object to
14 the deferral of road safety to future proceedings,
15 recognizing that costs and budgets will be in play in
16 this hearing. Recognizing as well, a technical
17 conference is proposed for the first quarter of 20 --
18 of the next year.

19 In terms of the interest rate forecast,
20 though, our clients' concern and we -- we would
21 suggest that the interest rate forecast has to be
22 squarely within the issues list because, once again,
23 we have the issue of whether we should be relying upon
24 the naive forecast as proposed by the Corporation or
25 what our client would suggest is the Board approved

1 methodology of the 50/50 approach.

2 So from our clients' perspective, this
3 issue is fully in play, we would suggest to the Board,
4 and not in the limited manner proposed in item 4c.

5 In terms of target capital methodology,
6 our client agrees that many of the issues related to
7 Dynamic Capital Adequacy Testing have been addressed,
8 but they would note three -- three (3) matters of
9 concern for the Board. One (1) is that the upper
10 target for the Dynamic Capital Adequacy Testing, which
11 our client understands to be proposed by the Board, at
12 least as we understand it, was proposed with no
13 management action and from our clients' perspective,
14 last year's Board Order provided at -- certainly at
15 page 79 and 80 of 104 that the upper threshold should
16 be after routine management regulatory rate change
17 action.

18 So, to the extent that the proposed
19 upper limit of Manitoba Public Insurance may be
20 inconsistent with last year's Board Order, our client
21 believes it is appropriate to examine the issue.

22 Secondly, when one looks to the lower
23 target capital methodology of MPI, the -- our clients'
24 understanding is that it's -- or what our client seeks
25 to understand is the -- the lower target is based on a

1 minimum RSR target of 34 percent of the minimum
2 capital test, purporting to be based on a 1:40 DCAT
3 scenario.

4 And our client simply wishes to
5 understand, in that regard, whether the 143 million
6 is, indeed, consistent with the Dynamic Capital
7 Adequacy Testing results, or whether the results yield
8 a different figure.

9 And finally, on dynamic -- or target
10 capital methodology, there is the underlying issue of
11 what interest rate forecast underlies the target
12 capital methodology; whether it should be a 50/50
13 approach consistent with last year's Board Order or a
14 naive forecast consistent with what appears to be
15 Manitoba Public Insurance application or -- or some
16 other approach.

17 So from our clients' perspective, our
18 client is not suggesting that we re-open the DCAT
19 analysis in its totality, but we are suggesting that
20 there are three (3) specific issues; (a) whether -- or
21 1, whether Manitoba Public Insurance is actually in
22 compliance with the Board Order in terms of the upper
23 limit; (b) or 2, whether the lower limit is consistent
24 with the results flowing from the DCAT; and 3, the
25 implications, if any, of using a naive forecast as

1 opposed to a 50/50 forecast.

2 In terms of item number 25, integrated
3 cost allocation methodology, our clients do not see
4 any issues relevant and -- and necessary on the cost
5 side. The one issue from the revenue side is how the
6 proposed investment portfolio, including the
7 segregation of the investment returns is treated.

8 So generally, we're in agreement with
9 the Board that there is a -- no need in this hearing
10 to re-visit the cost allocation methodology other than
11 what we do with investment revenues.

12 Mr. Chair, if it is appropriate in
13 terms of the second pre-hearing conference, I can
14 speak to it -- no, we're going to leave that to
15 schedule. So I'll defer my comments until then.

16 THE CHAIRPERSON: I think you might
17 speak to it now because the problem is we're going to
18 be dealing with a schedule --

19 DR. BYRON WILLIAMS: Okay.

20 THE CHAIRPERSON: -- before we
21 actually make a determination on the request so. So
22 if you want to talk about the second pre-hearing
23 conference.

24 DR. BYRON WILLIAMS: Our clients'
25 views on the second pre-hearing conference are mixed.

1 Certainly, our client would have had no objection if
2 Manitoba Public Insurance was proposing a -- a casual
3 conversation among legal counsel aimed at narrowing
4 the issues for the hearing.

5 And our client is in general agreement
6 with the objective of looking at our hearing processes
7 and making sure that they're efficient. Our client
8 does not have a lot of confidence in the second pre-
9 hearing conference as a tool for efficiency. We think
10 that we've already had thoughtful deliberations on --
11 on an issues list. By the very active narrowing the
12 scope of our Information Requests and -- and preparing
13 for cross-examination, there is a natural winnowing of
14 issues from our clients' perspective in any event, and
15 I can ensure the Board that our client does not
16 appreciate us any more than this Board does asking
17 questions that are irrelevant or unnecessary.

18 So from our clients' perspective, the
19 second pre-hearing conference is a useful thought
20 experiment but unlikely to add significantly to
21 hearing efficiency. We have not adjusted our budgets
22 downward. In fact, we've added extra hours because I
23 fear, from our client's perspective, that we may get
24 into an epic battle on scope at the second pre-hearing
25 conference and no member of the Board was part of

1 this, but in -- in the proceedings leading up to
2 hearing, the 2014 hearing, we had a major battle on
3 Information Requests, leading to Order 98/'14. And so
4 from our clients' perspective, we may end up in
5 another major battle on scope, and frankly, our
6 clients think that that time would be better spent
7 fine-tuning our -- our cross examinations.

8 Again, a useful thought experiment by
9 Manitoba Public Insurance. Our clients are not of the
10 view that it will add materially to the hearing value.
11 As an alternative, we would certainly be open to a
12 meeting between legal -- legal counsel, which would
13 notify Manitoba Public Insurance of our intended
14 cross-examination hearing issues, assist them in
15 preparing their witness panels and also in, hopefully,
16 addressing some of those efficiency issues.

17 Thank you for the opportunity to make
18 comments, Mr. Chair and members of the Panel.

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

21

22 CMMG'S COMMENTS ON REMAINING ISSUES:

23 MR. RAYMOND OAKES: Thank you, Mr.
24 Chairman. In my opening comments I did address the
25 issues list and indicated that issues 1 and 2, 4, 7

1 and 8 would bear the majority of our inquiry.

2 With respect to the issue 22, road
3 safety, I do understand the benefit to having a
4 technical conference specifically dealing with road
5 safety. There is one (1) filing relative to the
6 wildlife collision study of MPI that's in the
7 application. So, I will be having discussions with
8 Board counsel and MPI counsel as well to determine
9 whether that's still fair game for inquiry during the
10 hearing, or whether that too should be put over to the
11 technical conference.

12 Generally, I would propose cautionary
13 wording in terms of proceeding with a very strict
14 issues list, to echo the comments of My Learned Friend
15 Mr. Williams, that sometimes in this restriction of
16 issues, gives rise to more time spent administratively
17 rather than less time.

18 THE CHAIRPERSON: Thank you. Ms.
19 Miller...?

20 MR. RAYMOND OAKES: Just one (1)
21 further --

22 THE CHAIRPERSON: Oh, sorry, I thought
23 you were done, Mr. Oakes. Go ahead.

24 MR. RAYMOND OAKES: One (1) further
25 comment, Mr. Chairman, would be that certainly in this

1 room we're mindful of the requirements of
2 administrative law, and that requires a full hearing
3 of the issues and adherence to fundamental justice and
4 I think that it behooves the parties to have some
5 flexibility with respect to areas of inquiry instead,
6 of merely concentrating on the objections. Thank you.

7 THE CHAIRPERSON: Thank you. Ms.
8 Miller...?

9

10 CAA MANITOBA'S COMMENTS ON REMAINING ISSUES:

11 MS. ERIKA MILLER: I would echo the
12 same thing is as -- as our Learned Friends and I would
13 note that in terms of the issues list, we're -- we're
14 fine with everything up to number 22, where we would
15 add that we are okay with the road safety issue being
16 moved to a technical conference, provided the
17 technical conference goes forward.

18 THE CHAIRPERSON: Thank you. Ms.
19 Rodgers, any comments?

20

21 UBER CANADA'S COMMENTS ON REMAINING ISSUES:

22 MS. DIANE RODGERS (by phone): I think
23 our only comment on the issues list -- and -- and I,
24 you know, I think it sort of comes out generally
25 through the issues, but if it, you know, if it needs

1 to get added on to discuss the -- the structure of the
2 product and options for the structuring of the
3 product, that may produce more accurate rating.

4 THE CHAIRPERSON: Thank you. Mr.
5 Guerra, any comments on their comment?

6

7 REPLY BY MPI:

8 MR. ANTHONY GUERRA: Yes, thank you,
9 Mr. Chair. With respect to the -- MPI's position is
10 clear on -- with respect to the issues list, the
11 prelim -- preliminary issues list. I'd -- I'd need
12 not go further on that. But where I will go further
13 is with respect to the -- the need for a -- a second
14 pre-hearing conference.

15 And I would just elaborate what I had
16 mentioned earlier, which is the benefits of -- of what
17 we say is a potentially useful procedure that could be
18 used this year and -- and in the future. It may not.
19 It may be that the parties, you know, are -- are not
20 able to come to an arrangement on -- on the hearing
21 issues, and -- but what -- what it does provide is it
22 provides a -- a mechanism to -- to require parties to
23 turn their minds to -- to that, and -- and then maybe
24 then it can be resolved very easily, that the parties,
25 after having reviewed the second round of IRs, and the

1 -- the provision of new rebuttal evidence, are -- are
2 on the same page, and -- and that this second
3 procedural hearing can -- can be conducted very easily
4 and maybe by consent. That would be the hope.

5 But certainly what it does is it
6 provides a mechanism to -- to turn the parties to the
7 importance of -- of making the requests for
8 information fully and early, and for MPI to answer
9 questions through the information process as
10 completely as possible, because if -- if it doesn't,
11 then what we're going to run into is a situation where
12 issues are still live for an oral hearing.

13 So we'd like to use the -- the process
14 -- we'd like to make the process as efficient as
15 possible. We see this as a potential tool for doing
16 that. And, you know, with respect to the issue of
17 whether or not this can be dealt with by way of an
18 informal meeting of -- of counsel, I think that --
19 that -- what that does, is it -- it stresses the
20 importance of having some type of discussion with
21 respect to which issues really are live. It's
22 important for MPI to be able to -- to know what the --
23 those live issues are so it can prep its witnesses
24 accordingly.

25 And, you know, a discussion about what

1 -- what may or may not become a focus area at the
2 hearing in an informal basis doesn't provide any real
3 comfort or guidance to -- to the parties, or at least
4 to MPI on that. So there -- there are many reasons
5 why we see the second pre-hearing conference as -- as
6 a -- as an important tool, and we -- we would stress
7 that efforts should be made to at least see if this
8 year, we -- we can make advan -- we can take advantage
9 of that. So those are my submissions on that issue.

10

11 DISCUSSION

12 THE CHAIRPERSON: Does the panel have
13 any questions?

14 I'd just -- I'd just like to ask a -- a
15 few questions in relation to this specific topic.
16 There was a meeting of counsel on Friday. The Board
17 isn't present because we wanted a -- a frank
18 discussion among counsel.

19 As I see it, there are essentially two
20 (2) options that you're looking at. One (1) is after
21 the IR process is complete, have a similar meeting
22 with counsel, where you discuss -- discuss are there
23 issues we can take off the table? Are we narrowing
24 that?

25 The whole reason we went this way is

1 because we were trying to remove issues that we
2 thought were not required to be dealt with every
3 single year, or issues similar to the safety issue
4 which the Board views as a very serious matter, which,
5 quite frankly, the Board is concerned that it's not
6 getting the level of attention at a General Rate
7 Application that it deserves. And from the last
8 hearing, we heard that there were a lot of efforts
9 because of the new marijuana legislation. And at the
10 time, we thought there's a lot of focus on this. The
11 legislation we thought would be coming into effect.
12 Interestingly, it will -- it appears to come into
13 effect at the time that we're having the conference.
14 So we thought it would be done that way. But
15 efficiencies were there -- were the driving force.

16 If we have an actual pre-hearing
17 conference after the IRs, is the Board not put in the
18 position that we have to start making decisions based
19 on materials before us that isn't sworn evidence at
20 the hearing? There has been no opportunity for cross-
21 examination.

22 If you -- I mean, it sounds like what
23 you're contemplating is, We think these issues should
24 be off because we've answered them in the IRs, so
25 there shouldn't be cross-examination. That will

1 shorten the process. But at that point, as I see it,
2 we're going to have to get submissions from you as to
3 why issues should be off, and the Board's going to be
4 asked to prejudge evidence for which there has not
5 been cross-examination.

6 Now, I'd like your comment on that,
7 because in my mind, that is -- that is a concern. The
8 informal process, I understand, and if the parties
9 can, you know, narrow the issues down, the Board would
10 certainly like to -- to hear that.

11 If we're talking about another
12 conference like this, where we're going through the
13 list and MPI takes the position, We shouldn't have to
14 answer -- this issue shouldn't be on the list because
15 you've already -- you filed the IRs; we answered the
16 IRs, round 2 IRs; we answered the -- you know, you've
17 got -- you've got that information. But there's a
18 difference between the IR process and actually testing
19 it at a hearing. So if you could answer that
20 question, I would be -- I'd certainly appreciate it.

21 MR. ANTHONY GUERRA: Thank you, Mr.
22 Chair. Those -- those are excellent questions, and I
23 understand your concerns.

24 And what I would say to that is -- is
25 this. You -- you are right. If -- the -- the

1 Information Request process does not permit cross-
2 examination. So some of the evidence that is
3 presented to the Board through that process would be
4 unchallenged. However, it would be our expectation
5 that following two (2) rounds of Information Requests,
6 it should be fairly obvious to the parties as to what
7 issues should fall by the wayside.

8 We would expect that if a second pre-
9 hearing conference were to take place in late
10 September or early October, rather, that it would be
11 because the parties -- there is a fundamental
12 disagreement. We would expect that not to be the
13 case, because it should, like I said, be fairly
14 evident to the parties what issues are really at the
15 core of -- of this application after both IR rounds
16 have been completed.

17 For MPI and to maintain the position at
18 a pre-hearing conference that issues should be taken
19 off of the slate, it would have to present a -- a very
20 comprehensive argument to that effect. Similarly, if
21 -- if it had presented that type of evidence, the --
22 the responding Intervenors would have to satisfy the -
23 - the panel. We would submit that -- that these
24 issues are live, notwithstanding the fact that they
25 had been provided with two (2) opportunities to obtain

1 answers from -- from MPI, and -- and it -- believe
2 that those answers were insufficient.

3 So the value that we see here -- and
4 yes, there -- there would be a measure of prejudging,
5 but the value here is to place emphasis and the
6 importance of the Information Request rounds so that
7 parties are making the most use of that, including
8 MPI.

9 What we would not want to see is a
10 situation where a party Intervenor, for example, did
11 not make a significant request for information during
12 either of those two (2) rounds, and -- and then came
13 to the hearing expecting that to be the first instance
14 where they really get to -- to challenge the
15 information. That -- really, what that does is it --
16 it sends the message that the Information Request
17 rounds are -- are not of importance.

18 And they are. They certainly are to
19 MPI, because those Information Request rounds give MPI
20 an opportunity to consider those -- those questions in
21 -- in the most comprehensive way possible. It's --
22 it's difficult, as you know, for -- for witnesses to -
23 - to be able to recite off the top of their heads some
24 of this -- the detailed information that they would be
25 expected to.

1 We're hoping to adapt to that by having
2 the witness panels, but the Information Request stage
3 are very important for MPI as well. We think that
4 they provide the best clear answers. So we really
5 want to encourage the parties to take -- and to make
6 use of those -- those Information Request rounds.

7 And -- and so the -- the function of
8 the pre-hearing -- the second pre-hearing conference
9 is to really provide a -- a stage of the proceedings
10 where the parties can reassess. And if they -- and if
11 they cannot come to an agreement, then perhaps there -
12 - there is a -- a hearing like we have today. The
13 hope that -- is that we wouldn't have to go that
14 route, because it would be either apparent to MPI that
15 all the issues are alive, or it should be apparent to
16 the -- the Intervenors that some of the issues should
17 fall by the wayside and that this matter can be dealt
18 with rather informally or by consent. So that would
19 be MPI's submissions with respect to that.

20 THE CHAIRPERSON: To put it in simple
21 terms, I take it you don't want to be ambushed; that's
22 part of it?

23 MR. ANTHONY GUERRA: Speaking as a
24 litigator, in my private practice, yes.

25 THE CHAIRPERSON: Yeah.

1 MR. ANTHONY GUERRA: We don't want to
2 be ambushed.

3 THE CHAIRPERSON: Okay.

4

5 (BRIEF PAUSE)

6

7 MR. ANTHONY GUERRA: And right -- I
8 mean, ambushed, but also wanting to use the hearing
9 process as efficiently -- and -- and, you know, we
10 want to make most use of everyone's time.

11 THE CHAIRPERSON: If -- if we end up
12 with, effectively, a motion -- that's -- that's what
13 it would be, is motions day, dealing with the pre-
14 hearing list -- we may not have part of the
15 Intervenors' case, which is their expert evidence. So
16 once again, we'll have evidence simply for the IRs.
17 We won't have their expert evidence, and we won't have
18 cross-examination, even if you've done two (2) rounds
19 of IRs on yours.

20 MR. ANTHONY GUERRA: Absolutely, and
21 there -- there may be instances where that's the case.
22 MPI would take that information into consideration
23 when it deliberates and determines which issues it
24 should -- it would advocate be -- be not part of the
25 hearing issues list. Like I said, MPI would not

1 advocate for the removal of any issues that it -- it
2 didn't believe had a basis to argue for, so.

3 THE CHAIRPERSON: Okay. Sir, the
4 other question I have is your comment was that you
5 were in agreement -- agreement with the prindle --
6 preliminary list. Item 4c off the preliminary list
7 refers to an update of interest rate forecast based on
8 the methodology approved in Board Order 130/'17.
9 Board Order 130/'17 said the Board didn't accept the
10 naive forecast, but your application's based on nai --
11 naive forecast.

12 So the problem I'm having is with the
13 statement saying you agree with the list, but then
14 you're using the forecast that we didn't follow last
15 time. So it -- it appears to me that you either have
16 to say, we don't agree with this, we intend to
17 challenge the interest rate forecast basis, or -- or
18 decide that you're going to switch it. I mean, it's,
19 you know, the -- the -- it was done on the basis that
20 -- when the Board made the Order, it said we were
21 going to accept 50/50, but now you've come forward
22 with naive. I don't know how you can say at the same
23 time you agree with the pre -- the issues list, but
24 you're using a different way of -- of doing the
25 interest rate forecast.

1 MR. ANTHONY GUERRA: Mr. Chair, the --
2 the position that was advanced by My Friend from CAC
3 is that there has not been compliance with Board Order
4 130-'17. MPI's position is that there has been
5 compliance with that Order. So to the extent that the
6 issue is whether or not there has been compliance,
7 that would be the issue for debate, and MPI certainly
8 would be taking the position that there has been.

9 You know, to that -- to that extent, it
10 is a live issue. We recognize it's a live issue. We
11 -- we believe it can be dealt with by presenting the
12 Board with the reasons why we believe that we have
13 complied with the Order.

14 THE CHAIRPERSON: I appreciate you
15 doing it, but under 4c, as it was written, it was
16 simply an update on the forecast using the methodology
17 in the last Order, but the methodology in the last
18 Order was not naive forecast. And what the Board
19 wanted to do was to try and get to a situation where
20 we didn't re-argue the same arguments every single
21 year. Interestingly, sometimes with the parties
22 changing their position between year to year and
23 arguing the position that the other side said, because
24 we are trying to save time.

25 4c, as -- as I understand it, is you're

1 simply going to provide an update, but you're going to
2 do it based on 50/50. You're doing it on naive. So
3 is it that you don't agree with the list, or is it
4 that you're going to switch it from 50/50 to naive?
5 It's got to be one or the other.

6 MR. ANTHONY GUERRA: MPI's position
7 would be that it would provide a -- the interest rate
8 forecast update based upon the requirements as MPI
9 interprets it from Board Order number 130-'17. I
10 think the -- the position from MPI is going to be that
11 we are in compliance with that Order, notwithstanding
12 the fact that our update will be based on the naive
13 methodology.

14 THE CHAIRPERSON: Okay.

15

16 (BRIEF PAUSE)

17

18 THE CHAIRPERSON: Any questions...?

19

20 (BRIEF PAUSE)

21

22 THE CHAIRPERSON: Okay. Okay. If we
23 could go on to pre-qualification of expert witnesses.

24

25 (BRIEF PAUSE)

1 MR. ANTHONY GUERRA: Sorry, one
2 moment.

3

4 (BRIEF PAUSE)

5

6 MR. ANTHONY GUERRA: Thank you, Mr.
7 Chair. On the issue of pre-qualifying expert
8 witnesses, two (2) -- well, one (1) party and one (1)
9 prospective Intervenor have presented the Board today
10 with an indication that they -- they plan to have
11 expert witnesses qualified through this process.

12 MPI has two (2) witnesses that it
13 wishes to pre-qualify. The first is a Charles, also
14 known as Chuck, Henry, and his curriculum vitae is
15 Exhibit number 4.

16

17 --- EXHIBIT NO. MPI-4: Curriculum vitae of
18 Charles Henry

19

20 MR. ANTHONY GUERRA: I would note that
21 Mr. Henry is the vice-president of solutions and
22 pricing for Gartner Consulting. There are reports in
23 the General Rate Application from Gartner. It's an
24 integral part of -- of the application. And we'd be
25 asking that Mr. Henry be qualified as an expert in the

1 area of the use and planning of information technology
2 and information technology governance.

3 I'm not aware of any opposition to Mr.
4 Henry's quali -- being qualified as a -- pre-qualified
5 as an expert witness, but certainly, we would answer
6 any questions that may be asked on that issue.

7 The -- the second expert witness would
8 be a David Makarchuk, a partner at Mercer Investments.
9 His CV -- there actually are two (2) aspects of his
10 CV, one (1) a little more detailed than the -- the
11 first that we were provided. That will be filed as
12 MPI Exhibit number 5.

13

14 --- EXHIBIT NO. MPI-5: Curriculum vitae of David
15 Makarchuk

16

17 MR. ANTHONY GUERRA: And we would be
18 asked -- sorry, we would ask, rather, that Mr.
19 Makarchuk be pre-qualified as an expert in
20 institutional investment planning, and as well as
21 asset and liability matching. And I don't believe
22 there are any -- there's any opposition to that
23 request as well.

24

25 We -- we are not opposing the pre-qualified experts, sorry, the experts presented for

1 pre-qualification by the Canadian Association of
2 Consumers.

3 THE CHAIRPERSON: Thank you, sir.
4 Comments on the MPI experts, Mr. Williams?

5 DR. BYRON WILLIAMS: Our clients take
6 no issues with the pre-qualification scope of either
7 of the witnesses presented -- intended to be presented
8 by Manitoba Public Insurance.

9 THE CHAIRPERSON: Thank you. Mr.
10 Oakes...?

11 MR. RAYMOND OAKES: No objections at
12 all, Mr. Chairman.

13 THE CHAIRPERSON: Ms. Miller...?

14 MS. ERIKA MILLER: None from CAA.

15 THE CHAIRPERSON: Ms. Rodgers...?

16 MS. DIANE RODGERS (BY PHONE): None
17 from Uber.

18 THE CHAIRPERSON: Thank you. Mr.
19 Williams, do you want to go through your pre-
20 qualification?

21 DR. BYRON WILLIAMS: Yes. And I can
22 indicate at the outset, I haven't had a chance to chat
23 with Uber, but my understanding is that -- that
24 Manitoba Public Insurance or the CMMG or CAA do not
25 take issue with the proposed scope of our witnesses'

1 qualifications. And I'll just -- just for the Board's
2 information, if -- Kristen, if you can move down --
3 keep -- keep moving down, please. I'll just note that
4 kind of between pages 9 and 12, we have put kind of
5 short precis of our experts' qualifications. And we
6 have also pre-filed the curriculum vitae of these
7 witnesses.

8 I'd like to start with Mr. Viola, and
9 if we could go back to page -- I think it's 12. Page
10 13 actually, Kristen. Thank you. I'll note that Mr.
11 Viola has been pre-qualified by this Board in 2016,
12 and that we are asking that he be qualified as an
13 expert in investment portfolio management, investment
14 portfolio research economics and risk management, and
15 quantitative asset liability modelling. And again,
16 his work with the CPP and Ontario Teachers is -- is on
17 this -- this page. And there is a two (2) page
18 curriculum vitae filed as well.

19 Going to page -- page 11 of these
20 materials, you'll see Ms. Sherry appearing on both
21 pages 11 and 12. And we are proposing that she be
22 qualified in the area of actuarial analysis with a
23 particular focus on pricing, rate-making, and risk
24 related to automobile insurance -- insurers generally,
25 including Crown-owned automobile insurers. That's

1 consistent with prior cases in 2016 in terms of where
2 Ms. Sherry was qualified. And we would ask that she
3 be accepted under -- on similar grounds as well.

4 And in terms of Dr. Simpson, who
5 appears on page 12, you can see that he is an award-
6 winning scholar who has appeared both before the PUB
7 on MPI matters as well as Hydro matters. Our client
8 is asking that for the purposes of his evidence his
9 expertise in applied econometrics, applied micro-
10 economics, and quantitative methods be recognized.
11 And for those of you who struggle like I do with what
12 applied econometrics mean, there's a handy definition
13 on it on the second last page of page 12.

14 Mr. Chair and members of the panel, we
15 are happy to go through the qualifications in further
16 degree, but I'm -- I'm at the direction of the Board
17 in that regard.

18 THE CHAIRPERSON: Thank you. I just
19 want to confirm, Mr. Guerra, do you have any problem
20 with the qualification of -- Mr. Williams indicated
21 that he had spoken to you. I actually would like on
22 the record the position of MPI.

23 MR. ANTHONY GUERRA: That's right. We
24 don't take any -- any position opposing that. I think
25 I did refer to Mr. -- sorry, to Dr. Simpson as Mr.

1 Simpson previously. So I apologize to that -- for
2 that. And, yes, we take no position against that.

3 THE CHAIRPERSON: Yes. I -- I realize
4 you -- you stated that before, but that was before he
5 indicated their area of expertise.

6 So, Mr. Oakes, you're fine? Is that
7 correct?

8 MR. RAYMOND OAKES: That's correct,
9 Mr. Chairman.

10 THE CHAIRPERSON: Okay. And, Ms.
11 Miller...?

12 MS. ERIKA MILLER: We have no
13 objections.

14 THE CHAIRPERSON: Okay. And Ms.
15 Rodgers...? Okay. Mr. Oakes, you're not call --

16 MS. DIANE RODGERS (BY PHONE): No
17 objection.

18 THE CHAIRPERSON: Thank you. Mr.
19 Oakes, you're not calling any expert evidence, any
20 expert witnesses?

21 MR. RAYMOND OAKES: That's correct,
22 Mr. Chairman.

23 THE CHAIRPERSON: Ms. Miller, you're
24 not calling any. And as I understand it, Ms. Sherry -
25 - sorry, Ms. Rodgers, you wouldn't call any expert

1 evidence?

2 MS. DIANE RODGERS (BY PHONE): No
3 experts. No.

4 THE CHAIRPERSON: Oh, oh, cer -- well,
5 my under -- well, you would provide -- I -- I
6 apologize. You would provide evidence of structures
7 in other jurisdictions. We would need to know who you
8 would call prior to the hearing, if you are approved -
9 -

10 MS. DIANE RODGERS (BY PHONE): Okay.

11 THE CHAIRPERSON: -- if you're
12 approved as an Intervenor. Okay. The last item is
13 the timetable that was produced. My understanding is
14 by -- by counsel, this is the timetable prior to
15 dealing with your issue, Mr. Guerra, of an additional
16 either meeting or pre-hearing conference. And the
17 Board would certainly have to deal with the matter if
18 there's a decision later to do it. But for the -- for
19 the purpose of what we have right now, prior to
20 dealing with that issue, I'd ask for comments on the -
21 - on the schedule.

22 DR. BYRON WILLIAMS: Mr. Chair, sorry
23 to interrupt. It's Byron Williams for the Consumers
24 Association of Canada, the Manitoba branch, or CAC
25 (Manitoba). Just in terms of the -- the proposed

1 witness from Uber, it would be helpful to us -- we're
2 not -- it's not clear to us whether they are seeking
3 this person to be recognized as an expert or not.

4 And it would be helpful, at least, for
5 our client to know in preparing for the hearing, the
6 qualifications of that -- that expert. We may -- or
7 that witness. we make our that witness. I'm not sure
8 if it's an expert. It's unclear to me. So just -- it
9 would be helpful from our client's perspective to have
10 some time frame in terms of when we can expect that
11 material.

12 THE CHAIRPERSON: If -- if -- we will
13 have to deal with the issue of who's accepted as
14 Intervenors. If Uber is accepted as an Intervenor, we
15 will request that they provide the name and the resume
16 or CV of that person within a specified period of time
17 so that all the parties have an opportunity to see it.

18 MS. DIANE RODGERS (BY PHONE): Which
19 we'll be happy to do. We'll be happy to comply with
20 that and provide the name and qualifications.

21 THE CHAIRPERSON: Thank you. Thank
22 you very much, Ms. Rodgers. Mr. Guerra, in terms of
23 the schedule?

24 MR. ANTHONY GUERRA: Thank you, Mr.
25 Chair. What should have been circulated earlier this

1 morning was a -- an updated proposed timetable, which
2 would include a -- a -- the procedure to be the second
3 pre-hearing conference for the hearing issues list.
4 I'd like to have that filed as MPI Exhibit Number 6,
5 if I may.

6

7 --- EXHIBIT NO. MPI-6: Proposed timetable
8 submitted by MPI

9

10 MR. ANTHONY GUERRA: There -- there
11 are two (2) issues that would -- would have an impact
12 on the -- the timetable had -- has been proposed
13 previously. The first is the motion that MPI intends
14 to file to seek confidential status of some documents.
15 We -- we would submit that that doesn't necessarily
16 change the -- the timetable as reflected presently.
17 It -- what it does, though, is it does create an
18 overlay, a -- a parallel timetable, if you will. What
19 we would envision is that that motion be filed by the
20 end of the week this week, so June 29th, with -- with
21 the matter being heard on or about July 6 of this
22 year.

23 What that would do is, it would create
24 a situation where IR or Information Requests could be
25 made on both the infor -- excuse me, both the

1 confidential and non-confidential information, meaning
2 that some information that is confidential may be
3 subject to a different series of requests and -- and
4 answers by MPI.

5 The goal would be to maintain the first
6 request for a con -- sorry, first Information Round
7 Requests by July 11th, with the first round for
8 confidential material on July 20th. The response from
9 MPI on both sets of Information Requests would still
10 be on the August 8th date that was previously
11 canvassed with -- with the Intervenor. And that
12 would allow the parties to be in sync once again after
13 -- after that time.

14 You'll see on our updated proposed
15 timetable that we are proposing that a second pre-
16 hearing conference take place on Friday, September
17 20th, with a finalized hearing issues list on
18 September 26th. And that would be the only other real
19 change to the proposed timetable, with the
20 exception...

21

22 (BRIEF PAUSE)

23

24 MR. ANTHONY GUERRA: Right. Sorry.
25 Number -- number 7, item number 7 on the -- the first

1 proposed timetable had round one Information Requests
2 filed by August 3rd, 2018. On the updated draft
3 number 7, we have it says August 8th, 2018. And so
4 that does -- that does change some of the dates.
5 Number 8 changes from August 7th to August 9th, but
6 that's to accommodate requests from -- from the
7 Intervenors.

8 THE CHAIRPERSON: Do we have the list?
9 I'm just wondering, we're looking at the old list.
10 Was it provided to the Board this morning?

11 MR. ANTHONY GUERRA: It should have
12 been. It -- it has the proposed timetable and then
13 right underneath it, it says "Draft includes hearing
14 issues list." If that is not before the panel, my
15 apologies. And we should to be able to circulate that
16 around.

17 THE CHAIRPERSON: Okay. Do you have -
18 - do we have copies for everybody? Yeah, go -- go
19 make copies. Do the Intervenors have copies as well?
20 Okay.

21 MR. ANTHONY GUERRA: Yes, they should.

22 THE CHAIRPERSON: We'll -- we'll make
23 copies right now. I believe -- I believe that you
24 referred to September 20th as a Friday. I think it's
25 actually a Thursday.

1 MR. ANTHONY GUERRA: September 21st.

2 THE CHAIRPERSON: 21st. Okay.

3 MR. ANTHONY GUERRA: Yes.

4 THE CHAIRPERSON: Okay.

5

6 (BRIEF PAUSE)

7

8 MR. ANTHONY GUERRA: My -- my

9 understanding was that there was a package that was
10 presented this morning. And it should be the top page
11 on that package.

12 THE CHAIRPERSON: Mr. Williams, any
13 comments on the schedule?

14 DR. BYRON WILLIAMS: Thank you. First
15 of all, we appreciate the consideration, Manitoba
16 Public Insurance. One (1) of the changes, moving from
17 July 9th to Wednesday, July 11th was at our request.
18 So we do appreciate their consideration.

19 I'll note that there is, from our
20 client's perspective, a risk that I will not be
21 available on October 17th and 18th due to a potential
22 commitment in another province for a judicial
23 proceeding. We don't see that as a -- it's just
24 something to be scheduled around, not a barrier to the
25 time frame.

1 And we would note the -- going to item
2 number 14, we could work with that schedule being the
3 pre-hearing conference. The issue, again, goes to
4 that -- that is prior to when our pre-filed testimony
5 would be available to the Board, and that might inform
6 the scope of the proceeding. So the problem I think
7 that both MPI and ourselves face in terms of timing is
8 if you move much beyond September 21st, it may pose
9 real challenges for witness preparation.

10 So our -- our client that is
11 uncomfortable with the pre-hearing conference concept,
12 including the need to weigh evidence. We could work
13 with this schedule, but we do maintain our -- our
14 resistance to the concept.

15 And finally, in terms of number of
16 hearing days, the Board is made provision for -- for
17 fifteen (15) days. From our client's perspective
18 that's enough. Our preliminary estimate was twelve
19 (12) with the contingency for one (1) more. That was
20 before we actually knew that Uber was coming, but I
21 think somewhere between ten (10) and thirteen (13)
22 days for the hearing is probably a reasonable
23 estimate. So I think there's enough time from our
24 client's perspective, but not a lot. Not -- not a lot
25 too much, inelegantly worded as that is.

1 THE CHAIRPERSON: Thank you, Mr.
2 Williams. Mr. Oakes...?

3 MR. RAYMOND OAKES: Thank you, Mr.
4 Chairman. Generally, the CMMG has no difficulty with
5 the schedule as it's been amended. With respect to
6 the date of September 21st, I do have pre-existing
7 plans to be swilling some beer in Munich for
8 Oktoberfest, which may be a conflict. But I'll send
9 my regards at that time if that's the case.

10 THE CHAIRPERSON: We'll send a camera.
11 Ms. Miller...?

12 MS. ERIKA MILLER: No objections from
13 CAA.

14 THE CHAIRPERSON: Ms. Rodgers...?

15 MS. DIANE RODGERS (BY PHONE): No
16 objection from Uber.

17 THE CHAIRPERSON: Okay. Okay. That
18 completes the schedule for today. Are there any other
19 matters to be brought forth by anyone today? If not,
20 we'll adjourn the hearing. I thank everybody for
21 their participation. Mr. Guerra, congratulations.
22 You did well the first time, so.

23 MR. ANTHONY GUERRA: Thank you, Mr.
24 Chair.

25 THE CHAIRPERSON: Thank you, all.

1 Thank you in San Francisco. We will -- we'll have our
2 decision out as soon as possible. Thank you.

3 MS. DIANE RODGERS (BY PHONE): Thank
4 you. that as soon as possible.

5 MS. ERIKA MILLER: Thank you.

6

7 --- Upon adjourning at 11:26 a.m.

8

9 Certified Correct,

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12 _____

13 Cheryl Lavigne, Ms.

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