



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2022/2023 GENERAL RATE APPLICATION
HEARING

Before Board Panel:

Irene Hamilton - Board Chairperson
Robert Gabor, Q.C. - Board Chair
Michael Watson - Board Member

HELD AT:

Public Utilities Board
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Pages 554 to 821

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1 --- Upon commencing at 9:04 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,
4 everyone. Mr. Hacault, are you on the line? There
5 you are. Good morning.

6

7 (BRIEF PAUSE)

8

9 THE PANEL CHAIRPERSON: Can you hear
10 us? Could you unmute, please, just to confirm?

11

12 (BRIEF PAUSE)

13

14 MR. ANTOINE HACAULT (by Teams) Yes, I
15 can. Thank you very much, Madam Chair.

16 THE PANEL CHAIRPERSON: Okay. Thank
17 you. So, the first issue we'll deal with this morning
18 is the objection that MPI raised to Mr. Hacault's
19 question, which, as the transcript shows, was:

20 "Is MPI able to provide what DVA
21 fees taxis avoid or avoided by MPI
22 putting \$60 million into the DVA
23 pot."

24 And the Board finds that this is an
25 appropriate question and should be answered by MPI.

1 MR. ANTHONY GUERRA: Thank you, Madam
2 Chair. I do have a follow-up, or a clarifying
3 question then because I -- I don't want to be seen as
4 -- as being smart or trying to -- to avoid the answer
5 itself.

6 But to that specific question, MPI
7 would answer I don't know. And I don't think that's a
8 very appropriate answer for the question that I think
9 My Learned Friend would like to actually ask, which is
10 to get a number.

11 And so, the -- the reality is that we
12 would have to have a scenario built so that we would
13 know where to go back to, right.

14 So, the evidence that was before the
15 panel through Mr. Herbelin was that there were a
16 number of scenarios that were considered by government
17 and MPI that were ultimately rejected or -- or not
18 considered through its -- its full completion.

19 So, it would be helpful for MPI to be
20 able to come back with a number to understand the
21 hypothetical scenario that Mr. Hacault and his client
22 envision.

23 So, for example, we know that there are
24 quite a number of different fees under the DVA Act. I
25 believe it's in excess of eighty (80). We would like

1 to know the individual fees that Mr. Hacault and his
2 client would like MPI to -- to consider in that
3 scenario.

4 Also, the increase, would it be to cost
5 of living or to the amount that would be required to
6 cover the -- the amounts that were required for
7 Project Nova so that we have an understanding of
8 exactly the parameters of the exercise.

9 THE PANEL CHAIRPERSON: Well, I'll
10 certainly ask Mr. Hacault for a response to that, but
11 I believe that the -- the number is \$60 million.

12 Mr. Hacault...?

13 MR. ANTOINE HACAULT (by Teams): Yes.
14 And with respect to the additional questions of
15 clarification that were asked by Mr. Guerra, I would
16 perhaps suggest that we have a discussion offline.

17 Conceptually, I would think taxis would
18 have used certain DVA services. And we can identify
19 those and make assumptions that the -- each driver or
20 taxi owner would have had to pay them.

21 It seems to me there's reasonable
22 assumptions that can be made in order to give this
23 Board an idea of what the taxis would have had to pay
24 if the \$60 million hadn't been put into that pot.
25 There would have had to have been some kind of

1 recovery of that amount.

2 So, my suggestion to the Board and to
3 Mr. Guerra, if it's acceptable, is that, after I
4 finish my cross-examination and between panels, I can
5 either have an online, or I can come down to the PUB
6 offices to have a discussion with Mr. Guerra and
7 perhaps give more detail on it rather than take up a
8 lot of time on the transcript.

9 THE PANEL CHAIRPERSON: Thank you.
10 Mr. Guerra...?

11 MR. ANTHONY GUERRA: Obviously,
12 there's a lot of concerns that we have here with that.
13 We do want to make sure that the -- the hypothetical
14 scenario is -- is absolutely clear so that everyone
15 understands that, a) we are dealing with a
16 hypothetical scenario and, b) what the parameters are.

17 So, I would -- I would certainly invite
18 discussion with My Friend about -- about what that
19 hypothetical scenario would look like; however, it
20 does have to be concrete -- concrete.

21 And so, I would suggest that My Friend,
22 when he does come to speak with us, have in mind
23 exactly what the parameters of that hypothetical
24 scenario would be.

25 THE PANEL CHAIRPERSON: All right.

1 Thank you very much. Mr. Hacault, would you please
2 continue with your cross-examination?

3 MR. ANTOINE HACAULT (by Teams): Sure.

4

5 CONTINUED CROSS-EXAMINATION BY MR. ANTOINE HACAULT:

6 MR. ANTOINE HACAULT (by Teams): Along
7 those lines, is anyone on this panel able to identify
8 which services would fall in the DVA category for
9 private Vehicles for Hire?

10 UNIDENTIFIED SPEAKER: Oh, you want to
11 get a driving test?

12 MR. ANTOINE HACAULT (by Teams):

13 Driving test?

14 MR. MICHAEL GANDHI: No, not on this
15 panel. We'd have to defer that to another panel.

16 MR. ANTOINE HACAULT (by Teams): Okay.

17 Which panel?

18

19 (BRIEF PAUSE)

20

21 THE PANEL CHAIRPERSON: Mr. Scarfone,
22 can you turn off your video? Because you're occupying
23 half of the screen that we're seeing in the hearing
24 room. Thank you very much.

25

1 (BRIEF PAUSE)

2

3 MR. MICHAEL GANDHI: Yes. That would
4 be the Vehicle for Hire panel.

5 MR. ANTOINE HACAULT (by Teams): Okay.
6 I'll ask the same questions for taxi Vehicle for Hire.
7 Which services would -- would fall in the DVA category
8 and be used by taxi Vehicles for Hire in MPI's view?

9 MR. MICHAEL GANDHI: Okay. Yes.

10 MR. ANTOINE HACAULT (by Teams): And
11 that would also be the Vehicle for Hire panel?

12 MR. MICHAEL GANDHI: That's right.

13 MR. ANTOINE HACAULT (by Teams): Okay.
14 Thank you. I'll move on with my questions and defer
15 those to the discussion I'll have with you, and also
16 to any further questions I may have of the Vehicle for
17 Hire panel then.

18 MR. ANTOINE HACAULT (by Teams): I'm
19 going to have a couple of questions on available
20 options for MPI on the issue of transferring surplus
21 funds from the Extension line to DVA.

22 Firstly, for the record, can we put on
23 the approximate annual consolidated revenue of MPI?

24 MR. DEAN DUNSTONE: Subject to check,
25 1.5 billion.

1 MR. ANTOINE HACAULT (by Teams): And
2 so approximately what percentage of that consolidated
3 revenue does \$60 million represent? It's a pretty
4 small number, isn't it?

5

6 (BRIEF PAUSE)

7

8 MR. DEAN DUNSTONE: Yeah. It's --
9 it's a small percentage. I can get that for you
10 shortly here.

11

12 (BRIEF PAUSE)

13

14 MR. DEAN DUNSTONE: That is 4 percent.

15 MR. ANTOINE HACAULT (by Teams): Okay.
16 And MPI, according to the evidence that's been
17 adduced, has met and is expected to meet all MCT
18 requirements for the next three (3) or four (4) years,
19 correct?

20 MR. DEAN DUNSTONE: For the -- yes,
21 for the -- for all lines of business essentially,
22 yeah. For Basic and Extension, yes.

23 MR. ANTOINE HACAULT (by Teams): Okay.
24 And MPI has no long-term or short-term debt to be
25 concerned about, correct?

1 MR. MICHAEL GANDHI: We do not use
2 debt financing.

3 MR. ANTOINE HACAULT (by Teams): And
4 as I understand it, Basic and DVA are treated as
5 separate business units, correct?

6 MR. MICHAEL GANDHI: That is correct.

7 MR. ANTOINE HACAULT (by Teams): And
8 if this Board were to make a ruling on the use of
9 surplus funds requiring an accounting transaction
10 correction, what would the option be? For example,
11 would it be one (1) possibility to show it as an
12 inter-business unit short-term loan, as a receivable?
13 How would you deal with an Order of the
14 PUB saying, if it should so decide, that the surplus
15 funds and excess should have been put to Basic and not
16 DVA? How would you deal with that from an accounting
17 perspective?

18 MR. MICHAEL GANDHI: We would need to
19 take that away, consult with internally and with our
20 auditors on any possible adjustments.

21 MR. ANTOINE HACAULT (by Teams): But
22 it would be possible it's an accounting entry,
23 correct?

24 MR. MICHAEL GANDHI: That is something
25 we would need to take away and discuss with our

1 auditors.

2 MR. ANTOINE HACAULT (by Teams):

3 You're not able to provide any insight on that today
4 as people who are responsible for the finances of MPI?

5 MR. MICHAEL GANDHI: We would need to
6 review through and confirm with our auditors what the
7 adjustments would look like, if possible, and that is
8 something that we are not able to answer at this time.

9 MR. ANTOINE HACAULT (by Teams): Okay.
10 Is that something that you'd be able to undertake to
11 respond to?

12 MR. MICHAEL GANDHI: I think that --
13 bear with me.

14

15 (BRIEF PAUSE)

16

17 MR. ANTHONY GUERRA: So, Mr. Hacault,
18 just to confirm for the record.

19 So the undertaking is to make inquiries
20 of MPI's auditors to determine what they would --
21 might recommend in this hypothetical scenario that you
22 proposed, which is, if the PUB were to order MPI to --
23 to account for its version of the excess Extension
24 surplus from Basic to the DVA line of business, how
25 might that be reflected in MPI's accounting.

1 Is that correct?

2 MR. ANTOINE HACAULT (by Teams):

3 Except for you've added the word what the auditors
4 would recommend. I had asked for the options that are
5 available to MPI.

6 MR. ANTHONY GUERRA: Sorry, then I
7 don't understand your question, Counsel.

8 MR. ANTOINE HACAULT (by Teams): Well,
9 there may be more than one (1) option. There may be
10 option -- three (3) options to deal with any order
11 that the PUB gives. The way you've framed the
12 undertaking -- I agree with the way it's framed,
13 except you've narrowed it to what the recommended
14 option would be, as opposed to what are the options.

15 MR. ANTHONY GUERRA: I see. So --

16 MR. ANTOINE HACAULT (by Teams): If --

17 MR. ANTHONY GUERRA: Sorry, just to
18 confirm then. The -- the request would be to go back
19 to the auditors and find out what options would be
20 discussed in terms of how to reflect that accounting.

21 Is that correct?

22 MR. ANTOINE HACAULT (by Teams): Yes,
23 what options are available. That's correct. That's
24 provided MPI can't -- doesn't have the internal
25 resources to also respond to that question.

1 I'm, quite frankly, surprised that with
2 the competent people there, that they can't give an
3 answer. But if it can only be given through the
4 auditors, then the undertaking accurately reflects
5 what I'm looking for.

6 MR. ANTHONY GUERRA: Oh, sorry. With
7 -- with respect, the answer was provided, which was
8 that MPI would have to go back to its auditors. So,
9 to -- to that extent, the -- the undertaking would be
10 to make inquiries. We can only make inquiries. I --
11 I cannot compel the auditors to actually respond
12 within the time frame of the Hearing.

13 So, those inquiries will be made. That
14 undertaking can be provided.

15

16 --- UNDERTAKING NO. 11: MPI to ask the auditors
17 what options are available
18 if PUB were to order MPI
19 to account for its version
20 of the excess Extension
21 surplus from Basic to the
22 DVA line of business

23

24 CONTINUED BY MR. ANTOINE HACAULT (by Teams):

25 MR. ANTOINE HACAULT (by Teams): Okay.

1 Thank you very much. I'll move on to a different
2 subject matter now.

3 It's -- the issue I'll be discussing,
4 Messrs. Gandhi and -- and Dunstone, is COVID
5 assumptions. And to start the discussion, perhaps we
6 can go back to MPI Exhibit 41, slide 5, which shows
7 the updated assumptions.

8 Now, to clarify, these are collision
9 frequency assumptions, correct?

10 MR. DEAN DUNSTONE: That's correct.

11 MR. ANTOINE HACAULT (by Teams): And
12 did MPI, for its financial reporting or forecasting
13 purposes apply these collision frequency assumptions
14 to each major class?

15 MR. DEAN DUNSTONE: Yes, I believe so.
16 Yes. It would -- it would cover all the classes, yes.

17 MR. ANTOINE HACAULT (by Teams): So,
18 it would cover specifically the public vehicle class
19 in which the taxis are now part of, correct?

20 MR. DEAN DUNSTONE: Yes. It was -- it
21 was, you know, done at a high level. So, we just
22 assumed that all, you know, collision claims
23 forecasting, Personal Injury Protection Plan claims
24 forecasting were all the same bucket.

25 So, it's -- it's basically taking

1 claims incurred at a high level and reduced the claims
2 incurred totals that MPI has by these percentages that
3 you see here.

4 MR. ANTOINE HACAULT (by Teams): Okay.
5 And, as I understood the evidence thus far, part of
6 the reasoning, if not the substantial region, was that
7 there's a co-relation assumed between the vehicles on
8 the road and the collision frequency.

9 Is that correct?

10 MR. DEAN DUNSTONE: Yes, that's fair.
11 Yeah, just basically, you know, more people staying at
12 home, less vehicles on the road. So, we're seeing a
13 lot less collision counts now.

14 MR. ANTOINE HACAULT (by Teams): Yes.
15 And I can understand that approach. And I would
16 suggest that it would be unfair to have inconsistent
17 COVID assumptions for collision frequency levels for
18 forecasting purposes.

19 Would you agree with that?

20 MR. DEAN DUNSTONE: I would -- it --
21 it would -- it's very difficult to obviously forecast
22 collision frequency levels. We do our best. We -- we
23 kind of keep our finger on the pulse at all times to
24 ensure that, you know, we stay in touch with the
25 current case counts, current experience. And, yeah,

1 certainly, we're -- we're likely not going to get it
2 right, but we're going to be -- you know, our best
3 estimate and get it as close as we can.

4 MR. ANTOINE HACAULT (by Teams): Would
5 you agree then that, if you've drawn a correlation
6 between the number of vehicles on the road and the
7 collision frequency, there should be some consistency
8 between those two (2) assumptions, the vehicles on the
9 road and the collision frequency?

10 MR. DEAN DUNSTONE: I would agree with
11 that.

12 MR. ANTOINE HACAULT (by Teams): Okay.
13 Now, I just want to dig in a little bit deeper on what
14 these assumptions mean by returning to normal by April
15 1, 2020.

16 For example, would it assume that
17 pleasure travel would return back to pre-COVID levels?

18 MR. MICHAEL GANDHI: This year just
19 really assumes that we expect, you know, claims
20 frequency counts to return back to -- to normal. In
21 terms of insurance use, you know, we're not sure yet
22 what the impacts of -- of the driving behaviour are
23 that -- that are going to be going forward.

24 But really, this -- this here just
25 really just says our -- our claims frequency, our --

1 our claims counts, we expect to return back to normal
2 standing in '22/'23.

3 MR. ANTOINE HACAULT (by Teams): So,
4 I'll explain the reason I'm trying to get a little bit
5 better understanding on these assumptions, is because
6 -- I'll go back -- you agreed with me, as I understood
7 it, that there's a correlation between the number of
8 vehicles on the road and the collision frequency
9 levels. So people would be on the road for pleasure
10 travel, for example.

11 So, are we assuming that that goes back
12 to normal by April 1 of 2022?

13 MR. DEAN DUNSTONE: I think that's a
14 fair assumption at this point, that, yeah, insurance
15 use and -- and everything could go back to normal, but
16 really difficult, right.

17 Like, in '22/'23, we really don't know
18 what the new normal's going to be. I -- I can
19 probably guess, if I had to guess, that there is going
20 to be some permanent changes going forward due to this
21 pandemic, but -- and -- and that could be one (1) of
22 them; insurance use, as -- as you say, from -- from
23 all-purpose to pleasure could happen, but at this
24 point it's very uncertain.

25 MR. ANTOINE HACAULT (by Teams): Okay.

1 So, again, I'll -- I'll go through a couple. Though -
2 - although it's uncertain this assumption of use would
3 also include, for example, people like me starting to
4 go back more regularly at their offices to pre-COVID
5 levels. That would be an assumption, correct?

6 MR. DEAN DUNSTONE: Correct.

7 MR. ANTOINE HACAULT (by Teams): And
8 the assumption would also imply, subject to the
9 uncertainties that you have said, that people will
10 start to do business travel again, correct?

11 MR. DEAN DUNSTONE: Yes, that's --
12 that's a fair assumption. Yes.

13 MR. ANTOINE HACAULT (by Teams): Yeah.
14 And we've just heard the good news of borders between
15 the US and Canada being open for border travel. This
16 assumption of return to pre-COVID levels by April 1,
17 '22 would assume that -- that there are people that
18 would travel between the US and Canadian borders,
19 which are supposed to be opened in November, correct?

20 MR. DEAN DUNSTONE: Yes, that's a fair
21 assumption.

22 MR. ANTOINE HACAULT (by Teams): And
23 would it also assume that there would be inter-
24 provincial travel, correct?

25 MR. DEAN DUNSTONE: Yes. Pretty much,

1 really assuming that, you know, mostly everything
2 would turn back to normal, pre-pandemic. So we'd just
3 go -- we'd just go back to pre-pandemic kind of
4 behaviours is what we're, kind of, assuming at this
5 point. But that's with a lot of uncertainty, of
6 course.

7 MR. ANTOINE HACAULT (by Teams): Okay.
8 And do financial assumptions also assume people would
9 be renting trucks, for example, to move?

10 MR. DEAN DUNSTONE: That's a fair
11 assumption.

12 MR. ANTOINE HACAULT (by Teams): Okay.
13 And the last of the types of assumptions I'll put to
14 you: Would your financial assumption assume that
15 people in-province and out-of-province would be
16 renting vehicles at pre-COVID levels?

17 MR. DEAN DUNSTONE: Yes, that would be
18 a fair assumption.

19 MR. ANTOINE HACAULT (by Teams): Okay.
20 Thank you.

21

22 (BRIEF PAUSE)

23

24 MR. ANTOINE HACAULT (by Teams): I'll
25 take you now to Exhibit 30 only to put some numbers on

1 the record: Appendix 2, page 2 of 3.

2 Now, it may be the wrong panel to ask,
3 and if so, you'll let me know. Do you understand what
4 historical earned units means in the top left-hand
5 corner on this page?

6 MR. DEAN DUNSTONE: I have a fairly
7 good understanding, yes.

8 MR. ANTOINE HACAULT (by Teams): And
9 what's your understanding, sir?

10 MR. DEAN DUNSTONE: Earned units
11 meaning just, basically, you know, the number of
12 vehicles on the road. So, essentially, you know, if
13 you're -- if you have a vehicle that's insured for,
14 you know, three (3) months of the year, well, that
15 would be, you know, point-two-five (.25) of an earned
16 unit. So -- but if you're insured for the full year,
17 that would be a -- a full earned unit.

18 MR. ANTOINE HACAULT (by Teams): So if
19 we go down on this chart that's in front of us, the
20 last couple of entries prior to gross vehicle weight,
21 we see you drive passenger vehicle and the number
22 twenty-eight thousand two hundred and thirty-five
23 (28,235) appears there. That would be an indication,
24 over a series of years, what the historical earned
25 units for that category was, correct?

1 MR. DEAN DUNSTONE: Correct.

2 MR. ANTOINE HACAULT (by Teams): And
3 the same thing for the U-Drive truck. At seven
4 thousand four hundred and seventy-seven (7,477), that
5 would be an indication of the units on the road over a
6 defined time period. It's not only one (1) year.
7 Correct?

8 MR. DEAN DUNSTONE: That's correct.

9 MR. ANTOINE HACAULT (by Teams): Can
10 you explain, for the record, whether you know how many
11 years are included in the historical earned units
12 calculation?

13 MR. DEAN DUNSTONE: I do not know what
14 the -- yeah, what the time frame is for the
15 historical.

16 MR. ANTOINE HACAULT (by Teams): Okay.

17 MR. DEAN DUNSTONE: Excuse me. One
18 (1) second. Sorry.

19

20 (BRIEF PAUSE)

21

22 MR. DEAN DUNSTONE: I just got a
23 response from our back row and it is a five (5) year
24 period.

25 MR. ANTOINE HACAULT (by Teams): Yes.

1 Okay. That's what I thought, but I didn't want to
2 suggest that if you didn't know.

3 Now, I'll turn to Appendix 3, page 6.
4 And on that page, about say nine (9) lines down,
5 there's a category called 'U-Drive Passenger Vehicle'.

6 Do you see that, sir?

7 MR. DEAN DUNSTONE: I see that.

8 MR. ANTOINE HACAULT (by Teams): Okay.
9 And if we go to the right of that line, in the third
10 column, there's a heading 'Rate, Model, Number of
11 Vehicles'.

12 Do you see that, sir?

13 MR. DEAN DUNSTONE: I see that.

14 MR. ANTOINE HACAULT (by Teams): So if
15 we go across the line from U-Drive Passenger Vehicle
16 up to that third column, we see there's an assumption
17 of three thousand four hundred and forty-four (3,444)
18 units being shown in that category, correct?

19 MR. DEAN DUNSTONE: I see that, yes.
20 Correct.

21 MR. ANTOINE HACAULT (by Teams): And
22 that's for Territory 1. And then there's the number
23 of vehicles and U-Drive passenger vehicle for Terri --
24 Territory 2 at seven hundred and seventy (770).
25 Correct?

1 MR. DEAN DUNSTONE: I see that, yes.

2 MR. ANTOINE HACAULT (by Teams): And
3 then, continuing down the line to Territories 3 and 4.
4 In Territory 3, there are seventy-six (76) U-Drive
5 passenger vehicles, and in Territory 4, forty (40)
6 passenger vehicles, correct?

7 MR. DEAN DUNSTONE: Correct.

8 MR. ANTOINE HACAULT (by Teams): Now,
9 if we flip back to Appendix 2, on page 2, back to the
10 U-Drive passenger vehicle, we see that the total
11 number over a five (5) year period would have been
12 closer to twenty-eight thousand two hundred and
13 thirty-five (28,235).

14 Mathematically, that brings you close
15 to seven thousand (7,000) -- or sorry, divide by five
16 (5), it's close to six thousand (6,000) dollar -- six
17 thousand (6,000) vehicles on average over the last
18 five (5) years? It'll be lower than six thousand
19 (6,000), but rounding off.

20 MR. DEAN DUNSTONE: I believe so. I'm
21 just not sure if this is an average. I'm not -- I
22 haven't seen these documents very much. But I'm not
23 sure --

24 MR. ANTOINE HACAULT (by Teams): Fair
25 enough.

1 MR. DEAN DUNSTONE: -- if that's an
2 average. It's twenty eight point two (28.2), or
3 historical. I'll just have to check with my back row
4 quickly for you.

5 MR. ANTOINE HACAULT (by Teams): Okay.

6

7 (BRIEF PAUSE)

8

9 MR. DEAN DUNSTONE: Yes. I got a
10 response. And six (6) -- six thousand (6,000), as you
11 -- as you mentioned, is -- is reasonable, yes.

12 MR. ANTOINE HACAULT (by Teams): Okay.

13 If we flip back to the other line that we had on
14 Appendix 3, page 6 of the PDF, if we do a quick
15 addition to those numbers, where we've got the thirty-
16 four hundred (3,400), the seven hundred and seventy
17 (770), plus the seventy-six (76) and the forty (40),
18 that puts us in the -- let's say, around the forty-
19 four hundred (4,400) range.

20 It's less than the simple mathematical
21 calculation than we had done just moments ago,
22 correct?

23 MR. DEAN DUNSTONE: Yes, it's -- it's
24 definitely less than the six thousand (6,000). Yes.

25 MR. ANTOINE HACAULT (by Teams):

1 Okay. I just want to keep those numbers in mind
2 because I'm going to take you to one (1) more area of
3 data.

4 Firstly, with respect to this data on
5 the U-Drives passenger vehicles, it was stated that
6 they're a fairly significant portion of the public
7 vehicles' category. If we go back to Appendix 2, page
8 2, would looking at that page assist in indicating
9 whether that would be a reasonable suggestion, that U-
10 Drive passenger vehicles are fairly significant
11 portion of major class 3 public?

12 MR. DEAN DUNSTONE: I -- I don't mean
13 to pass this off, but I think this kind of questioning
14 -- I've tried to do my best here -- but I think
15 probably the rate-making panel would be probably your
16 best panel to ask these further questions.

17 MR. ANTOINE HACAULT (by Teams): Okay.
18 Thank you. I'll now go to page 3 of 3 on this
19 Appendix 2, so the next page, specifically to the line
20 of -- the second last line where it says, "Taxi Livery
21 Passenger Vehicle."

22 Are able to follow under the heading,
23 'Historical Earned Units' and see the number three
24 thousand three hundred and forty-five (3,435)? Do you
25 see that?

1 MR. DEAN DUNSTONE: I see that.

2 MR. ANTOINE HACAULT (by Teams): Okay.

3 My point was inproportionate (sic), and I know you
4 said you can't answer it, in proportion to the U-
5 Drives, they're quite a bit less. Taxi's number 1,
6 and in relation to the tax class as a whole, their
7 numbers are quite significant. But I know you've said
8 that you can't answer that, so I'll move on.

9 At Appendix 3, page 11, we'll see at
10 the bottom of that particular page of Appendix 3, the
11 heading 'Taxi-Cab Vehicle For Hire'.

12 Do you see that, sir?

13 MR. DEAN DUNSTONE: I see that.

14 MR. ANTOINE HACAULT (by Teams): Okay.

15 And if we did the same exercise as the U-Drives and go
16 under the heading 'Rate Model Number of Vehicles',
17 we'll see that for Territory 1 there were four hundred
18 and fifty-eight (458) vehicles, correct?

19 MR. DEAN DUNSTONE: Correct.

20 MR. ANTOINE HACAULT (by Teams): At
21 Territory 2, at one-o-five (105) vehicles; Territory 3
22 at forty-one (41) vehicles; and, finally, Territory 4
23 at five (5) vehicles, correct?

24 MR. DEAN DUNSTONE: Correct.

25 MR. ANTOINE HACAULT (by Teams): Okay.

1 From an accounting perspective, if you keep the
2 collision assumptions and expenses the same, but lower
3 the number of units which for -- that need to pay for
4 those collision expenses -- I don't know if you're
5 following me so far because you've answered: we've
6 kept the assumption as of April 1, 2022, the collision
7 expenses will go back to pre-COVID.

8 Are we in agreement on that?

9 MR. DEAN DUNSTONE: That's our
10 assumption that --

11 MR. ANTOINE HACAULT (by Teams): Yeah.

12 MR. DEAN DUNSTONE: -- yeah, collision
13 frequency levels will return to normal, yes.

14 MR. ANTOINE HACAULT (by Teams): And
15 I'm going to suggest to you that if the number of
16 units assumed to be in the public category do not also
17 return to pre-COVID level, but are reduced in the
18 assumptions, that would mean that the reduced number
19 of vehicles have to pay a greater amount per unit to
20 pay for the collision expenses which remain constant.

21 Do you agree? At a high level.

22 MR. DEAN DUNSTONE: I think I'm
23 following you. You're just, yeah, basically saying if
24 these units don't return to pre-pandemic levels, but
25 the collision costs do, then these units will end up

1 paying a -- a little more in -- in the collision
2 costs.

3 MR. ANTOINE HACAULT (by Teams): Yes.

4 MR. DEAN DUNSTONE: Is that what
5 you're suggesting?

6 MR. ANTOINE HACAULT (by Teams): Yes.

7 Do you agree with that suggestion, sir?

8 MR. DEAN DUNSTONE: If that assumption
9 became reality, then that's possible. I'd -- I'd have
10 to -- I'd have to -- again, probably best to -- to
11 defer to our rate-making panel just to confirm, you
12 know, if that's how the calculations work. I'm not
13 exactly sure if that's how it works, but I would
14 imagine it is. But I would probably defer this to the
15 rate-making panel.

16 MR. ANTOINE HACAULT (by Teams): Okay.

17 So, you don't know for financial reporting purposes
18 what level of units was assumed as far as COVID
19 assumptions for the public category?

20 MR. DEAN DUNSTONE: I do not --

21 MR. ANTOINE HACAULT (by Teams): Do you
22 -- okay. So, although your slide dealt with the COVID
23 assumptions for collision, you don't know whether or
24 not for financial reporting purposes if those same
25 assumptions that we saw on slide number 5 also applied

1 to units on the road?

2 MR. DEAN DUNSTONE: It's fair to
3 suggest that -- you know, the COVID assumptions would
4 assume that the same number of units pre-pandemic
5 would be back post-pandemic. That's a fair
6 assumption, that the units would be similar.

7 MR. ANTOINE HACAULT (by Teams): Okay.
8 I may have some further questions then of the rate-
9 making panel on this particular area, but at least I
10 thank you for doing every attempt to be helpful, at
11 least from the financial reporting aspect, which I
12 understand forms the basis of the data used by the
13 rate-making people.

14 Is -- is that correct; the assumptions
15 that are put in in the financial purposes also form
16 the basis for all the calculations which are then done
17 for rate-making purposes?

18 MR. DEAN DUNSTONE: Yes, I can confirm
19 that. Yeah, generally financials are a large part of
20 the rate-making component in determining the rate
21 requirement, yes.

22 MR. ANTOINE HACAULT (by Teams): Okay.
23 Thank you very much. Those are my questions, and have
24 a great day. And, Mr. Guerra, I guess we can speak
25 off-line, either by email or otherwise, to decide when

1 I can come down and have that chat with you.

2 MR. ANTHONY GUERRA: Yes, thank you,
3 counsel.

4 MR. ANTOINE HACAULT (by Teams): Okay.

5 THE PANEL CHAIRPERSON: Thank you, Mr.
6 Hacaault. Mr. Gabor?

7 THE CHAIRPERSON: Thank you. Mr.
8 Gandhi, I've got sort of two (2) areas of questions,
9 and I would just preface if -- that if they should go
10 to a different panel, please, let me know.

11 The first one is in relation to DVA
12 costs for Project Nova. And I've got in my notes that
13 45 percent of the costs of Project Nova relate to DVA.

14 Is that correct?

15 MR. MICHAEL GANDHI: Overall, we have
16 49 percent related to DVA.

17 THE CHAIRPERSON: 49 percent, okay.
18 And later on I believe you said there was a -- a
19 licensing fee increase of \$12 million for DVA that
20 related -- sorry, for Project Nova that related to
21 DVA.

22 Is that correct?

23 MR. MICHAEL GANDHI: That is correct.

24 THE CHAIRPERSON: Okay. Can you
25 explain to me, are there specific licenses in Project

1 Nova just for DVA or is that amount the amount
2 allocated for licenses to DVA?

3 MR. MICHAEL GANDHI: Mr. Gabor, those
4 are direct costs for DVA, for Celtic (phonetic) and
5 Infosys, so those relate directly to our driver
6 vehicle licenses.

7 THE CHAIRPERSON: Okay. So, they
8 would be licenses that MPI has paid for that relates
9 just to DVA and not for any other part of the program?

10 MR. MICHAEL GANDHI: Correct.

11 THE CHAIRPERSON: Okay. Can you --
12 sorry. And I believe that a response to Mr. Hacault's
13 question was that your consolidated revenues are
14 approximately \$1.5 billion. In the four (4) lines of
15 business, can you advise -- can you do the breakdown
16 of the four (4) lines again?

17 I know there was a -- there's an
18 exhibit that -- that shows that.

19 MR. DEAN DUNSTONE: The -- the
20 breakdown of the revenues?

21 THE CHAIRPERSON: Revenues.

22 MR. DEAN DUNSTONE: Yes, two (2) sec -
23 - I'll just need one (1) second here.

24 THE CHAIRPERSON: Yeah, that's fine.
25 Sure.

1 (BRIEF PAUSE)

2

3 MR. MICHAEL GANDHI: Bear with us, Mr.
4 Gabor.

5 THE CHAIRPERSON: No, that's fine.
6 That's fine.

7

8 (BRIEF PAUSE)

9

10 MR. MICHAEL GANDHI: Okay, so, here for
11 -- for just, into, you know, these are estimates for
12 2022/23 --

13 THE CHAIRPERSON: Yeah.

14 MR. DEAN DUNSTONE: Basic's,
15 obviously, are -- are our primary contributor. It's
16 about \$1.1 billion. And then we have Extension
17 contributing approximately \$190 million dollars.

18 THE CHAIRPERSON: Okay.

19 MR. DEAN DUNSTONE: And then we would
20 have our commercial side or SRE side about \$130
21 million.

22 And then from a revenue perspective the
23 -- the DVA would be the, you know, we consider the --
24 the DVA recovery from the government about \$30
25 million.

1 THE CHAIRPERSON: Yes. So, can you
2 also, Mr. Dunstone, advise how much money is generated
3 in the licensing fees that ends up with the Government
4 of Manitoba?

5 MR. MICHAEL GANDHI: That is
6 approximately \$230 million. And Mr. Dunstone provided
7 the '21/'22 results. Our budget -- or our forecast,
8 for our 2021 results, Basic was \$1.146 billion,
9 Extension on the revenue lines, was at \$165.8 million,
10 SRE is at \$131.7 million and DVA is at \$31.6 million.

11 THE CHAIRPERSON: Yeah. How is -- how
12 is it determined that 45 percent of Project Nova --
13 sorry 49 percent of Project Nova is allocated to DVA?
14 How did you come up with that percentage?

15 MR. MICHAEL GANDHI: So we look at
16 costs related directly to Project Nova and this is
17 based on our allocation methodology which is approved
18 by PUB. So we look at costs directly attributable to
19 DVA, such as the licencing fees.

20 And then we look at costs related to
21 leadership, et cetera, that need to be allocated and
22 that's allocated over the total dollars spent of DVA
23 over the overall Project Nova cost so, that -- that is
24 how we allocate some of the shared allocation items.

25 But the methodology we use is

1 consistent with how we have done that in the past.

2 THE CHAIRPERSON: Okay. I'm just
3 wondering when was DVA transferred to MPI, the -- the
4 responsibility for DVA transfer to MPI?

5 MR. MICHAEL GANDHI: I'd like to say
6 early 2000, so subject to check.

7 THE CHAIRPERSON: Yes.

8 MR. DEAN DUNSTONE: Yeah. 2004, I
9 believe.

10 THE CHAIRPERSON: Four, that's what I
11 -- I was going to suggest to 2004 but I -- I would
12 rather have you suggest it.

13 MR. MICHAEL GANDHI: And -- and our
14 back row just confirmed it is October of 2004.

15 THE CHAIRPERSON: Okay. And when did
16 Project Nova start?

17 MR. MICHAEL GANDHI: Project Nova has
18 been on-going from planning for a -- a few years now
19 and it's really ramped up in the current year for 2021
20 and...

21 THE CHAIRPERSON: Was there an
22 anticipation with -- when Project Nova started, that
23 approximately 50 percent of it would relate to DVA?

24 MR. MICHAEL GANDHI: We did know that
25 when we did the initial pricing, that a large

1 component would be DVA related.

2 THE CHAIRPERSON: Well -- but -- there
3 is a large component. I -- I mean you -- you --
4 almost half of Project Nova is allocated to an item
5 where you are -- get reimbursed 30 million with
6 expenses over a billion.

7 I -- I'm just -- I'm just questioning
8 whether, at the time it started, the pro -- the
9 province was notified that, in fact, your costs were
10 going to be so much higher for DVA than the -- than
11 the reimbursement coming in.

12 MR. ANTHONY GUERRA: Thank you for
13 that question, Mr. Gabor, and it is an appropriate
14 question to be asked.

15 I'm just concerned that perhaps this
16 panel is not the best panel because these people work
17 --

18 THE CHAIRPERSON: That's fine. Yeah.
19 No, that's fine, I'll -- so the best panel would be
20 the --

21 MR. ANTHONY GUERRA: The -- the Nova
22 Panel.

23 THE CHAIRPERSON: Okay.

24 MR. ANTHONY GUERRA: And -- and I'll
25 alert them to the fact that this is a question that's

1 outstanding.

2 THE CHAIRPERSON: Yeah. If you could
3 alert them, I'm -- I mean -- you know we've heard
4 evidence that you have these costs of I guess -- yeah,
5 \$128 million. You've got revenues and your
6 reimbursement is stuck at \$30 million.

7 And what struck me, and I need them to
8 address is, how the allocation occurred, like, based
9 on what?

10 And the second question, you can ask
11 them is, whether government has agreed that
12 approximately 50 percent of Project Nova would relate
13 to DVA. Okay? So if you could notify them of that.

14 Mr. Gandhi, the other -- the other area
15 that I wanted to ask you about, and I apologize I need
16 to find my notes. Yeah. Was a comment, and I just
17 want to make sure that I took this down properly, that
18 you said that there's no system infrastructure in
19 place to do credits, rather than a rebate.

20 Is that -- was that -- did I write it
21 down properly?

22 MR. MICHAEL GANDHI: In -- in -- I
23 think this is in relation to how we can cut down on
24 the costs for the rebate cheques.

25 Currently we don't have the

1 infrastructure to do it at a mass basis. And that is
2 what Nova will help to align for the customer aspects
3 to return rebates and not have to have that additional
4 cost. Is that in line with --

5 THE CHAIRPERSON: Okay. I -- I just
6 want to take you through and I had asked Mr. Guerra,
7 and I know Mr. Scarfone's there, they -- they have
8 sort of the corporate memory, I just want to go back
9 to some previous hearings.

10 And I'm going by my memory, so Mr.
11 Guerra has a younger memory than I do and -- anyways
12 two (2) years ago, I believe, that Mr. Graham was the
13 CEO and he testified at the hearing that, and this is
14 pre-pandemic, so -- so the situation has changed.

15 Pre-pandemic I believe the question was
16 put to him about rebates and he indicated that he --
17 he didn't like rebates and preferred credits, because
18 rebates cost too much money, in postage and
19 administration, and I believe he used the figure of
20 about \$900 thousand.

21 Are you aware of that at all, Mr.
22 Gandhi?

23 MR. MICHAEL GANDHI: I am not privy to
24 that.

25 THE CHAIRPERSON: Okay. And, this is

1 subject to check by counsel, they can raise it if I'm
2 -- if I'm mistaken, they can raise it later on.

3 The pandemic started and we had an
4 emergency application for a rebate in -- in March of
5 2020, with a hearing in April, which was done by
6 emergency where the government, I believe, had
7 directed a rebate on Extension and MPI came into the
8 hearing and requested a rebate on Basic.

9 Do you know about that application at
10 all, Mr. Gandhi?

11 MR. DEAN DUNSTONE: I -- I'm familiar
12 with that.

13 THE CHAIRPERSON: Okay. Mr. Dunstone.
14 And at the time, the Board was told this was an
15 emergency rebate. This would be the only time there
16 would be a request for a rebate because, I believe,
17 the cost at that point was put at \$930 thousand for
18 mailing and administration and the Public Utilities
19 Board was concerned about the additional costs.

20 Am -- am I, to your knowledge, am I
21 correct in that, Mr. Dunstone?

22 MR. DEAN DUNSTONE: Yeah. That figure
23 sounds -- sounds familiar, yes, nine hundred and
24 thirty-seven (937).

25 THE CHAIRPERSON: Yeah. And at the

1 time, I believe, that the Board was told that anybody
2 who would be getting a -- a minimum amount of 10
3 percent or less, it would simply done -- be done by
4 credit, rather than issuing a cheque in order to -- to
5 save money.

6 Are you aware -- or do you remember
7 that?

8 MR. DEAN DUNSTONE: I do not recall
9 that --

10 THE CHAIRPERSON: Okay.

11 MR. DEAN DUNSTONE: -- that
12 conversation, no.

13 THE CHAIRPERSON: Okay. Later in the
14 year we had the -- the -- the GRA. Mr. Guerra was
15 there and Mr. Scarfone was there. There was no
16 request made at the time of the General Rate
17 Application but, in fact, two (2) weeks after the
18 hearing, there was another emergency rate application
19 put in for a rebate on the basis that the -- the
20 circumstances and -- that in fact -- and I believe the
21 -- the -- there was a statement that the -- the public
22 was in need of money because of the difficulties
23 caused by the pandemic.

24 Are you aware of that, Mr. Dunstone?

25 MR. DEAN DUNSTONE: Yes, I am.

1 THE CHAIRPERSON: So at that point,
2 there was a -- the Board issued an Order I believe
3 early January -- I'm trying to remember which was the
4 rate and which was the rebate -- where it granted the
5 rebate again.

6 MR. DEAN DUNSTONE: I'm aware of that,
7 yeah.

8 THE CHAIRPERSON: But throughout, I --
9 I think the position of MPI was, you know, special
10 circumstances. We don't like spending approximately a
11 million dollars after we have to do a rebate.

12 So the question I have is -- after that
13 long-winded preamble: You seem to have the
14 infrastructure to do credits. Why are we getting
15 rebates again?

16 And -- and what -- to your question, I
17 understand that MPI does not have the ability to
18 credit people through their credit cards because you
19 don't keep that information to -- to protect those
20 people.

21 But why -- why is it always rebates at
22 a million dollars a shot versus credit? Because I --
23 you know, from the evidence, I think -- I mean, let me
24 just preface it. At no time since Mr. Graham
25 testified two (2) years ago has this Board ever heard

1 that there's a problem with infrastructure.

2 The reason for rebates is because
3 there's a problem with infrastructure. It was, we
4 can't give money back on credit cards. We need to get
5 money out quickly.

6 So that's my question, Mr. Gandhi.
7 This is the first time we've heard all of a sudden
8 there's an infrastructure problem in giving credits.
9 And if there is an infrastructure problem, I think the
10 Board needs to understand why we haven't heard about
11 it in two (2) years.

12 And secondly, what's the problem?

13

14 (BRIEF PAUSE)

15

16 MR. ANTHONY GUERRA: Mr. Gabor, I -- I
17 admit my memory is probably not much better than
18 yours. I -- I do recall at some point there being a
19 discussion about the limitations on our systems that
20 we hoped to correct with Nova.

21 Now, I'm not here to give evidence
22 today, but I can certainly take your question back to
23 see if there is a -- a point in -- in previous GRAs
24 where we can point to a specific piece of evidence
25 that -- that touched upon that. However, if there

1 isn't, then certainly that -- that question is a fair
2 one.

3 I would suggest that perhaps that
4 either be addressed later today by our -- our IT and -
5 - and Nova panel or perhaps even next week by Mr.
6 Giesbrecht on the rebate panel.

7 THE CHAIRPERSON: Yeah, that's fine.
8 I -- I just wanted to put it out there and didn't want
9 to put Mr. Gandhi in a tough position if he's not the
10 right person. It's just that he was the one who
11 raised it.

12 MR. ANTHONY GUERRA: Yes.

13 THE CHAIRPERSON: So, you know,
14 whatever panel or whatever person you think is -- is
15 appropriate to respond, Mr. Guerra, I would appreciate
16 that.

17 MR. ANTHONY GUERRA: Yes. Thank you.

18 THE CHAIRPERSON: Thank you.

19 THE PANEL CHAIRPERSON: Mr. Watson...?

20 BOARD MEMBER WATSON: Thank you.

21 BOARD MEMBER WATSON: First couple of
22 questions to Mr. Gandhi. Yesterday in your evidence
23 in regards to the data processing, data processing was
24 pretty I would say flat for a number of years, five
25 (5) years, very close to the same number.

1 And then the forecast that was
2 submitted after -- or in the last GRA to the one that
3 was submitted this time, it jumped up about \$21
4 million for '21/'22. And I believe your answer
5 yesterday was 13 million of that is software
6 licensing.

7 What are the other parts to that 21
8 million increase?

9 MR. MICHAEL GANDHI: Sure. So we have
10 shared allocation costs for licensing fees, Other, of
11 approximately \$2 million. External labour also -- and
12 that is to service the additional projects -- that is
13 3.8 million. And for our PNC, for the Property
14 Casualties stream for Nova, that is 4.3 million, and
15 that would be the majority of the additional cost for
16 our overall data processing, Mr. Watson.

17 BOARD MEMBER WATSON: Okay. Also in
18 your answer yesterday, you had stated that it was
19 prior in capital, and it was moved over to data
20 processing. Is that correct?

21 MR. MICHAEL GANDHI: That is correct.
22 A lot of the cost now, because some of the data
23 processing costs relate to servicing on the cloud, and
24 accounting guidelines now dictate that since we don't
25 have control of those infrastructure and servers on

1 the cloud, that we cannot capitalize those costs.

2 So -- and that is something that is not
3 just an MPI-specific aspect, that is something that we
4 are seeing across industry, that more costs are being
5 expensed as incurred as opposed to being capitalized,
6 deferred, and then amortized into our income
7 statements.

8 BOARD MEMBER WATSON: Okay. Where was
9 the transfer from capital to data processing? Where
10 did it come from, the other side of the entry?

11 MR. MICHAEL GANDHI: Sorry, can you
12 repeat that question?

13 BOARD MEMBER WATSON: I believe your
14 answer yesterday was the increase came from capital.
15 Was --

16 MR. MICHAEL GANDHI: I'm saying it's -
17 - it's the difference between those two (2)
18 categories. So if we looked at just the accounting
19 piece of that, so less of it would be capitalized,
20 right?

21 BOARD MEMBER WATSON: Correct.

22 MR. MICHAEL GANDHI: And then seen as
23 a debit into our -- or debit from amortization
24 expense, it'll be directly in -- in our data
25 processing line items.

1 BOARD MEMBER WATSON: So was it in --
2 was it in Project Nova before?

3 MR. MICHAEL GANDHI: Project Nova has
4 breakouts, Mr. Watson, so it has both the items that
5 will be deferred and it has items that are expensed.
6 So they sit within that bucket until they're actually
7 fully implemented. So we -- we see that part in
8 Project Nova.

9 When we see such as licensing fees for
10 DVA, et cetera, that are operationalized, we do see
11 those on our data processing line.

12 BOARD MEMBER WATSON: Okay.

13 MR. MICHAEL GANDHI: I -- is that
14 answering the question, sir?

15 BOARD MEMBER WATSON: Well, I believe
16 after the -- you know, we had the forecast in the last
17 year's DVA, and this year it changed by \$21 million.
18 I believe your answer yesterday was it came from
19 capital.

20 So did it come from Project Nova or
21 other lines in the capital budget that was priorly
22 submitted?

23 MR. MICHAEL GANDHI: Gotcha. So in
24 terms of our increase in our projections, those relate
25 to our Lean Portfolio Management. So that's that

1 increased cost for data -- data processing, for cloud
2 infrastructure, and -- and those pieces as we
3 discussed yesterday, so two (2) -- two (2) separate
4 items.

5 I guess what the overall is that data
6 processing costs will increase because more of it is
7 expensed as incurred.

8 BOARD MEMBER WATSON: Okay. So
9 earlier today we also heard the answers that Project
10 Nova has been around for a couple of years. Those
11 costs weren't highlighted in the forecasting either on
12 the Project Nova side or on the operational side. Is
13 that your answer?

14 MR. MICHAEL GANDHI: The Project Nova
15 costs have stayed relatively aligned with our
16 projections. Our '22/'23 projections and our rate
17 indication up -- I'm sorry, our GRA update as we've
18 highlighted yesterday are related to our LPM projects.

19 So those are Lean Portfolio Management
20 projects, so that's what's causing the majority of the
21 rate indication, not so much on Project Nova, but the
22 additional projects that we're putting in, sir, our
23 costs, are causing that.

24 And those projects are mainly expensed
25 as incurred, so that's what shows up in our data

1 processing line.

2 BOARD MEMBER WATSON: Okay. In the
3 data processing line, your answer was \$13 million was
4 the licensing fees for software. You just answered a
5 question just now for Mr. Gabor that 12 million is
6 DVA.

7 Are they one and the same, or are they
8 in addition?

9 MR. MICHAEL GANDHI: Those \$12 million
10 Project Nova is separate. The LPM, that is separate.
11 So those are two (2) separate streams.

12 BOARD MEMBER WATSON: Okay. What's
13 your total licensing fees for DVA for Basic? And
14 where had it -- has it shown on your computer or your
15 capital budgets over the last couple of years?

16 Where -- where does -- where did those
17 numbers come from in your forecasting?

18 MR. MICHAEL GANDHI: I'm just going to
19 confirm with the back row. Bear with me.

20

21 (BRIEF PAUSE)

22

23 MR. MICHAEL GANDHI: Checking in with
24 my back row, we'll have to take that as an
25 undertaking, Mr. Watson, if that is fair?

1 THE PANEL CHAIRPERSON: Okay.

2 MR. MICHAEL GANDHI: I'll refer that
3 to Anthony.

4 MR. ANTHONY GUERRA: Sorry, Mr.
5 Watson, can -- can we just clarify for the record
6 exactly what the undertaking would be?

7 BOARD MEMBER WATSON: The licensing
8 fees that are in data processing, which I believe is
9 \$13 million, the 12 million that the answer was to Mr.
10 Gabor, which is now 25 million, what are the total
11 licensing fees and where did they show up in your
12 forecasting over the last two (2) years in either your
13 capital or your Project Nova submissions.

14 MR. ANTHONY GUERRA: Thank you, Mr.
15 Watson. We'll give the undertaking.

16 BOARD MEMBER WATSON: Okay. Thank
17 you.

18

19 --- UNDERTAKING NO. 12: MPI to indicate, re:
20 licensing fees that are in
21 data processing, what are
22 the total licensing fees
23 and where did they show up
24 in your forecasting over
25 the last two (2) years in

1 either your capital or
2 your Project Nova
3 submissions
4

5 BOARD MEMBER WATSON: The next
6 question. I know we talked about reinsurance
7 yesterday, Mr. Dunstone. And there was -- a couple
8 years ago when I was on the panel, we talked about the
9 reinsurance and the changes that were taking place
10 back in, I believe, 2019. In the spreadsheet that
11 came up yesterday -- I'm not sure if Kristen has that
12 handy -- it showed about the last twenty-five (25)
13 years of hail claims and all the claims that were paid
14 out over the number of years.

15 Where do most of the hail claims come
16 from? Which side of the prov -- which part of the
17 province, is it western province, southern Manitoba,
18 is sort of the gist of the question.

19 MR. DEAN DUNSTONE: That's a good
20 question. Southwestern Manitoba pops to my heard
21 right away. I -- I would obviously have to check back
22 to confirm where all the -- the big events occurred.

23 But I know -- I know Dauphin had the
24 big event in 2007 and '08. And then I know, you know,
25 Brandon-Souris area and that area had -- had some

1 large events. Winnipeg, of course, has had their
2 share, too.

3 But, yeah, if you want some detail, I
4 can get you further detail on that. But that -- that
5 would be off the top of my head.

6 BOARD MEMBER WATSON: No. I was under
7 the same understanding that it's western and southern
8 Manitoba that probably has the bulk of the hail
9 claims. That's good enough.

10 In regards to increasing the
11 reinsurance number from 300 to 400 million, the
12 increases in the premiums, I believe one (1) of your
13 answers that came back was that there's a possibility
14 that a Calgary hailstorm could hit Winnipeg.

15 And I just want to know, on the risk-
16 management side of it, what type of questions would
17 you have asked in regards to: Hail generally happens
18 on the western side of the province or the southern
19 part of the province; the population between Winnipeg
20 and Calgary versus the average price of vehicles
21 between Winnipeg and Calgary; and all the type of risk
22 assessments.

23 Would that have been all completed to
24 make that decision to increase the reinsurance number?

25 MR. DEAN DUNSTONE: Yeah, that was all

1 part of it. So, you -- with our internal modelling,
2 you know, we took a look at the Calgary storm, the --
3 the severity of -- of each claim that was there, which
4 was a very high severity for that event and,
5 obviously, severities impacted by the size of the hail
6 or -- or whatever. So, we -- we took a look at all of
7 that to help assess with a decision to increasing our
8 limits from 300 to 400 million.

9 Another factor is, you know, some of
10 our external modelling shows that, if we ever had,
11 like, you know, a black swan event or something that's
12 really unique and -- and, you know -- we could -- we
13 can incur costs, you know, between 500 to \$700 million
14 in one (1) -- one (1) event, if -- you know, if it
15 tracked through Winnipeg during rush hour on a -- on a
16 Thursday or -- or some type of situation. So, we're
17 really protecting ourselves against something like
18 that.

19 BOARD MEMBER WATSON: Okay. And what
20 was the word you used, sorry, black...?

21 MR. DEAN DUNSTONE: Black swan event,
22 so just unique.

23 BOARD MEMBER WATSON: Oh.

24 MR. DEAN DUNSTONE: Black swan, sorry.

25 BOARD MEMBER WATSON: Sorry, I didn't

1 hear that.

2 I had a couple of questions on DVL, but
3 I -- Mr. Gabor beat me to it. And I believe we're
4 waiting for the next panel, so that's it. Thank you.

5 THE PANEL CHAIRPERSON: Mr. Gabor?

6 THE CHAIRPERSON: Yeah. Sorry, Mr.
7 Guerra, further -- further to the questions and the
8 discussion, I would appreciate if the panel that is
9 going to deal with this would put together some
10 information, and may not be enough time for them. But
11 what I -- what I'm interested in is sort of historic
12 information on DVA. And I don't know how far back you
13 can go through in the books. And I don't want this
14 as, you know, a PhD exercise.

15 But it'd like to get a table that has
16 the actual cost to MPI for managing DVA, the
17 percentage of their costs related to DVA, and then the
18 third one is revenues generated for DVA that went to
19 the Government of Manitoba.

20 I know your fixed reimbursement is
21 approximately \$30 million, but I'd like to see if
22 there's -- you know, if the amount is sort of flat on
23 revenues going to Manitoba or if the revenues are
24 going up or something like that.

25 And, you know, for whatever time frame

1 you could -- you could get that information would be
2 helpful; either if it's the next panel, which may be a
3 little quicker, or later on or file it later at some
4 point.

5 MR. ANTHONY GUERRA: I'm just going to
6 make some inquiries to see how easy it would be to get
7 that information.

8

9 (BRIEF PAUSE)

10

11 THE PANEL CHAIRPERSON: Sorry, Mr.
12 Guerra? Oh, okay. Thank you.

13

14 (BRIEF PAUSE)

15

16 MR. ANTHONY GUERRA: Mr. Gabor, so it
17 does sound like we can get that information to you
18 today, which would be good news. We will -- we will
19 do our best to go back as far as we -- we can. But I
20 think we can provide at least five (5) years
21 relatively quickly, if that's okay?

22 THE CHAIRPERSON: Yes, that's fine.
23 Thank you, Mr. Guerra.

24 MR. ANTHONY GUERRA: Okay. Thank you.

25 THE PANEL CHAIRPERSON: I have one (1)

1 question for Mr. Gandhi.

2 Can you please tell me whether MPI is
3 subject to a directive from central government that a
4 certain vacancy allowance must be maintained?

5 MR. MICHAEL GANDHI: I believe not.

6 THE PANEL CHAIRPERSON: Thank you.

7 Any re-direct, Mr. Guerra?

8

9 RE-DIRECT-EXAMINATION BY MR. ANTHONY GUERRA:

10 MR. ANTHONY GUERRA: Thank you, Madam
11 Chair. I do have one (1) question for the panel.

12 And, in fact, this is actually directed
13 to Mr. Dunstone; however, Mr. Gandhi, do feel free to
14 respond, as well, if you deem it necessary.

15 Mr. Dunstone, I'm going to take you
16 back to early yesterday when you were examined by my
17 friend, Ms. McCandless, on behalf of the PUB. Do you
18 recall in that discussion with Ms. McCandless that she
19 was asking you about the updated rate indication and,
20 specifically, the 1.2 percent rate decrease?

21 MR. DEAN DUNSTONE: I recall that.

22 MR. ANTHONY GUERRA: And do you
23 further recall that during this line of questioning,
24 she -- she suggested to you that when you remove the 5
25 percent capital release provision and factor that in,

1 the amount of the rate indication is actually a 3.8
2 percent rate increase?

3 MR. DEAN DUNSTONE: I recall that
4 discussion.

5 MR. ANTHONY GUERRA: And that 3.8
6 percent rate increase, does that represent an AAP, or
7 actuarially accepted practice, amount for a capital
8 adjusted amount?

9 MR. DEAN DUNSTONE: No, that would not
10 be the AAP adjusted amount. What we're applying for
11 for AAP is the 1.2 percent this year. And -- and the
12 -- the 5 percent would be part of the capital release
13 of the discounts that we provide. So, that would be
14 more in line -- or should -- should align more with
15 the rebate that we're offering.

16 So, it's just the capital release and
17 the rebate should be on the capital piece of the
18 equation.

19 MR. ANTHONY GUERRA: Thank you, Mr.
20 Dunstone. No further questions.

21 THE PANEL CHAIRPERSON: Thank you,
22 Guerra.

23 We will adjourn now for the morning
24 break and give you the opportunity to get your next
25 panel and their colleagues to MPI ready for the

1 benchmarking panel. Thank you.

2

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

4 --- Upon resuming at 10:35 a.m.

5

6 THE PANEL CHAIRPERSON: Thank you.

7 Welcome back, Mr. Gandhi. Mr. Guerra, do you want to
8 introduce your colleagues and panel.

9 MR. ANTHONY GUERRA: Yes. Thank you,
10 Madam Chair. And just before we begin, I do have a
11 few exhibits I'd like to read into the record, if I
12 may?

13 So MPI Exhibit number 43 is its
14 response to PUB-MPI Pre-ask number 2, with Appendices
15 number 1 and 2.

16 MPI Exhibit number 44 is its response
17 to TC-MPI Pre-ask number 2.

18 MPI Exhibit number 45 is its response
19 to TC-MPI Pre-ask number 3, with Appendix number 1

20 MPI Exhibit number 46 is its response
21 to TC-MPI Pre-ask number 4.

22 MPI Exhibit number 47 is its response
23 to TC-MPI Pre-ask number 5.

24 MPI Exhibit number 48 is the
25 Information and Technology and Value Management

1 presentation, which we'll receive evidence on later on
2 this afternoon or morning, depending on how this panel
3 unfolds.

4 And then, finally for today -- or for
5 this moment, rather -- is MPI Exhibit number 49, which
6 is the Nova presentation.

7 THE PANEL CHAIRPERSON: Thank you.

8

9 --- EXHIBIT NO. MPI-43: MPI's response to PUB-MPI
10 Pre-ask number 2, with Appendices
11 number 1 and 2.

12

13 --- EXHIBIT NO. MPI-44: MPI's response to TC-MPI
14 Pre-ask number 2.

15

16 --- EXHIBIT NO. MPI-45: MPI's response to TC-MPI
17 Pre-ask number 3, with Appendix
18 number 1.

19

20 --- EXHIBIT NO. MPI-46: MPI's response to TC-MPI
21 Pre-ask number 4.

22

23 --- EXHIBIT NO. MPI-47: MPI's response to TC-MPI
24 Pre-ask number 5.

25

1 --- EXHIBIT NO. MPI-48: Information and Technology
2 and Value Management
3 presentation.
4

5 --- EXHIBIT NO. MPI-49: Nova presentation.
6

7 MR. ANTHONY GUERRA: So Madam Chair
8 and panel, at the moment, I present to you our
9 benchmarking panel, which is comprised, again, of Mr.
10 Gandhi, our corporate controller; Mr. Curtis Prystupa,
11 who is the manager of product and development and
12 management; Mr. Scott Patton, who is the manager of
13 Customer Insight and Analytics.

14 And in back row support, we have Sameen
15 Mann (phonetic), who is a product specialist; and
16 Diane Hopkins (phonetic), who is Manager Financial
17 Reporting.

18 At this point, I'll ask that the
19 witnesses be sworn in, please, or affirmed.

20 THE PANEL CHAIRPERSON: Thank you.
21

22 MPI BENCHMARKING PANEL:

23 CURTIS PRYSTUPA, Affirmed

24 SCOTT PATTON, Affirmed

25 MICHAEL GANDHI, Resumed

1 EXAMINATION-IN-CHIEF BY MR. ANTHONY GUERRA:

2 MR. ANTHONY GUERRA: Thank you, Mr.
3 Secretary. And to begin, I'd just like to identify
4 that on the screen, we should have MPI Exhibit number
5 42, which is the benchmarking presentation. And if I
6 can ask any of the panel members to confirm that this
7 is the benchmarking presentation that you wish to
8 present to the PUB today.

9

10 (BRIEF PAUSE)

11

12 MR. MICHAEL GANDHI: That is
13 confirmed.

14 MR. ANTHONY GUERRA: Thank you. And
15 also, just to confirm, that the presentation
16 benchmarking you shall give, that shall be contained
17 within this presentation, shall form the part --
18 excuse me, shall form the part of your evidence.

19 Is that correct?

20 MR. MICHAEL GANDHI: That is correct.

21 MR. ANTHONY GUERRA: Thank you. Now,
22 for the benefit of the transcript, I'm told that when
23 speaking to the microphone, it's probably a good idea
24 to first introduce yourself, again, for the benefit of
25 the -- of the court reporter. So if you can please

1 try to remember to do that as much as possible, that
2 would be very helpful. Thank you.

3 And for the benefit of the panel
4 members, if -- those who are new to this panel -- so
5 in this case, it would be Mr. Prystupa and Mr. Patton
6 -- if you could just, each of you, provide background
7 information and what led you to MPI. So that you can
8 formally introduce yourselves to the PUB panel.

9 MR. SCOTT PATTON: Thank you. As
10 before, my name is Scott Patton. I'm a Manager of
11 Customer Insights and Analytics.

12 I have been involved in market research
13 and customer insights for twenty-five (25) years. The
14 last thirteen (13) of those working with MPI.

15 Primary responsibilities that I hold
16 are around our Voice of the Customer program, our
17 customer feedback, public opinion polling, and our
18 customer experience program.

19 MR. CURTIS PRYSTUPA: Good morning,
20 all. My name is Curtis Prystupa. I joined MPI this
21 past February, after a twenty (20) year career in the
22 private sector. I've been involved in all forms of
23 product development, product marketing, and sales over
24 that period of time.

25 And I joined MPI to lead the product --

1 Product Management and Development Team to refine our
2 product roadmap and provide good quality products and
3 services to Manitobans.

4 MR. ANTHONY GUERRA: Thank you very
5 much. I'll ask now that you can, please, present you
6 presentation to the panel.

7 MR. MICHAEL GANDHI: Good morning. My
8 name is Michael Gandhi. I'm the Corporate Controller.

9 We'll begin the agenda today by looking
10 at our current state for our benchmarking. We'll
11 review our vehicle rates comparison and average
12 premium growth rates across Canada. We'll look at how
13 we're servicing Manitobans and our polling around
14 those aspects. We'll look at our Crown benchmarking,
15 which is new for the year. And we'll cover off our
16 operational efficiencies. And our next steps in
17 maturing the benchmarking approach and methodologies.

18 So overall, our benchmarking is focused
19 on ensuring that Manitoba Public Insurance continues
20 to provide a culture of continuous improvement and
21 accountability. We aim to provide value to Manitobans
22 by containing costs, seeking increased efficiencies
23 through innovation, process improvements, and
24 leveraging technology.

25 MPI continually reassesses its current

1 practices and looks for the future needs for
2 Manitobans.

3 Currently, MPI uses a hybrid approach
4 to benchmarking. And we use the Canadian Vehicle
5 Rate Comparison average. This is an internal process
6 that we use to look at our overall growth in our
7 premiums, based on a consistent basket of policies.
8 And we compare that against other insurers.

9 You will note, in slides to come, that
10 MPI has some of the lowest rates in Canada. If not
11 the lowest rates.

12 We'll look at how we service
13 Manitobans. How we do this is we look for customer
14 feedback and we use our Annual Forrester CX Survey
15 Index, which tells us how are we doing and understand
16 our customer experience aspects, and how does that
17 relate back to the PNC industry.

18 We'll also look at our public opinion
19 surveys, and that tells us how Manitobans support our
20 core mandates and mission.

21 We've introduced, as I've mentioned,
22 Crown benchmarking. And that is a comparative against
23 Saskatchewan Auto Fund and ICBC. Relatively, a start,
24 but a good one. And we hope to build on that piece.

25 During the IT panel, we will get into

1 the Gartner IT surveys, and we'll look at best advice
2 from a public company standpoint from IT costs and
3 process management.

4 Though there is not one source for
5 benchmarking, we find this hybrid model as a start and
6 something that we will evolve. Next slide, please.

7 So here, we look at a rate comparison
8 based on consistent demographics and consistent basket
9 of -- of policies.

10 So we can see that our rates across
11 Canada for the three (3) driver profiles presented
12 here are the lowest in Canada.

13 This speaks to our core mandate for
14 providing affordable rates to Manitobans and servicing
15 accordingly. We do not have the Vancouver
16 comparatives as Vancouver did not make this -- sorry,
17 BC did not make the information available. Next
18 slide, please.

19 So here are the specific profiles for
20 motorcycles as compared across Canada. We've added
21 significant additional motorcycle classes and types to
22 show the varied risk and rating perspectives across
23 Canada.

24 You will note here that Manitoba is
25 consistently among the lowest motorcycle insurance

1 rates in Canada. And that, once again, speaks to our
2 rate and servicing an affordable rate overall. Next
3 slide, please.

4 Here, we go through the taxi rates in
5 Manitoba, compared to Western Canada. We will look to
6 grow our comparisons and add more of the eastern part
7 of Canada.

8 We see generally that we are inline or
9 better than most jurisdictions for our rates. We do
10 see an increase in Winnipeg and that is mainly driven
11 to a higher claims involvements. The next slide,
12 please.

13 So, here we look at a thirty (30) --
14 third-party rate validation. So, this is using
15 Statistic Canada's rates. So, this is over twenty-two
16 (22) years. We can see that Manitoba has grown their
17 -- our rates at the lowest throughout Canada.

18 So, that really speaks to -- it further
19 shows that Manitobans have fair rates and stable rates
20 over a long period of time and that we continue to
21 provide service to Manitobans. The next slide,
22 please.

23 So, now we look at how are we servicing
24 Manitobans. Here our aim is to make sure that we
25 service Manitobans to the highest quality and that we

1 engage with our general customers and attain their
2 feedback. The feedback here has been extremely
3 positive.

4 So, on the first part: Is MPI
5 accessible? 79 percent agree or strongly agree that
6 we are accessible. 69 percent agree or strongly agree
7 that our rates are affordable. And 75 -- 74 percent
8 agree that we are providing value to Manitobans
9 overall. This highlights and affirms our value
10 proposition. The next slide.

11 Crown benchmarking is new to the year.
12 We had previously used the Ward Group and we found
13 that public company comparatives for this piece
14 provided good value and we were looking for more of a
15 -- a comparison that -- for like apple-to-apple
16 comparison. So, we have engaged with SGI and ICBC to
17 work with them on this.

18 Key factors of MPI's business model
19 that impact operating expenses, staffing levels, and
20 related benchmarking include:

21 We have a comprehensive customer
22 service mandate. This type of service mandate, and it
23 shows in our customer service experience results, does
24 increase cost elements.

25 The service centre model and the

1 concept of providing convenient access to services
2 province-wide. Due to the geographical and
3 demographic realities in Manitoba, MPI requires
4 strategically located service centres throughout the
5 province that service low-population density areas.
6 Each service centre also requires a sufficient number
7 of employees to staff.

8

9

(BRIEF PAUSE)

10

11

MR. MICHAEL GANDHI: We are working
12 with the SGI and ICBC to dig into more granular data
13 to see where we have differences within both our
14 operating structure and how we are performing against
15 them to build on our overall benchmarking processes.

16

Internally within the Company we've
17 introduced balance score-carding. And this is
18 something that we review with the executive committee.
19 And we look at sixty (60) metrics overall. We are
20 refining some customer and learning and growth
21 metrics. But overall, that provides us a good basis
22 to measure our overall internal mandates. The next
23 slide.

24

So, this is a slide that I shared
25 during the expense panel. Overall, from 2017/'18 to

1 2021, we see our growth rate for our expenses at
2 negative .3 percent, relative to CPI a 2 percent
3 increasing, and we would expect to see a 6.1 percent
4 increase.

5 This highlights that we are fiscally
6 prudent and we're managing the growth of our expenses
7 accordingly. We do have some data processing costs as
8 we've highlighted, and Project Nova. But that really
9 speaks to helping us get to MPI 2.0 and driving value
10 and service to Manitobans through digital offerings.

11 Overall, on our operational efficiency
12 this chart shows our combined expense ratio relative
13 to our revenue. In this ratio for our operating
14 expenses we will have our claimed expenses, our
15 operating expenses, regulatory, and road and safety
16 divided over our revenue.

17 From 2014, this -- this slide shows it
18 to 2017, but we have been declining this consistently,
19 and we see that we're at -- in 2020/'21, we were at 20
20 percent. We do see an uptake as we implement Project
21 Nova, and we see those costs going down after that.
22 The next slide, please.

23 So, now we talk about how we are going
24 to mature this benchmarking process. There is a
25 string focus on our future state aspects, where we

1 look to gain better alignment in our crown
2 benchmarking. This was the first year and there's a
3 lot of areas where we need to align with SGI and ICBC
4 to understand their allocation drivers, how they break
5 out staff between different lines of business.

6 As you know, SGI has two (2) separate
7 entities. One is Saskatchewan Auto Fund and the other
8 being a for profit-centric model. And how FTEs are
9 allocated do impact that.

10 One (1) thing I will reference is our
11 overall expenses as related to gross premiums written
12 are lower than SGI by approximately 25 percent. So,
13 that tells us we are managing our expenses well
14 compared to them, but we do have some work here left.

15 That concludes the presentation and...

16

17 (BRIEF PAUSE)

18

19 THE PANEL CHAIRPERSON: Mr. Guerra...?

20 MR. ANTHONY GUERRA: Sorry, I was
21 unclear as to whether or not my friend was -- was
22 still going to be speaking.

23 MR. MICHAEL GANDHI: No, that
24 concludes the --

25 MR. ANTHONY GUERRA: Okay. Thank you.

1 Subject to any further comments the panellists may
2 have, those -- that's -- that's our presentation. I
3 have no further questions for the panel.

4 THE PANEL CHAIRPERSON: Thank you.
5 Ms. McCandless...?

6

7 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

8 MS. KATHLEEN MCCANDLESS: Thank you.
9 Good morning, everyone. My name is Kathleen
10 McCandless. I'm counsel to the Board, and I'm going
11 to have some questions of the panel. I won't
12 necessarily direct my question to a particular member
13 of the panel. Whoever feels most appropriate to
14 answer, please feel free to proceed. Just a reminder
15 for our transcription services, if you can remember to
16 just state your name before you provide the answer, it
17 makes their job easier. Thank you.

18 So I -- my questions are going to be
19 around the Crown benchmarking exercise. And I don't
20 expect to take too much of your time. Just with
21 respect to the methodology, was MPI the entity that
22 undertook the exercise or were there external parties
23 involved in the preparation of the Crown benchmarking?

24 MR. MICHAEL GANDHI: So, we engaged
25 with SGI and ICBC and we used a lot of the same

1 metrics that we have in the past, where you can see in
2 prior exhibits, using a lot of those same metrics.

3 MS. KATHLEEN MCCANDLESS: And if we go
4 to PUB-MPI-1-57... Thank you, Kristen.

5 Here the Board advisors had some
6 questions about methodology for the benchmarking
7 exercise. And there's information provided at Answers
8 A and B here.

9 Perhaps, just at a high level, you
10 could explain how -- how MPI worked with the other
11 Crowns to ensure that it was vetting its metrics for a
12 proper comparison?

13 MR. MICHAEL GANDHI: Unfortunately, I
14 was not there for those meetings, having joined a year
15 in. What I can provide is just -- just checking in
16 with my back row, if you can bear with me.

17

18 (BRIEF PAUSE)

19

20 MR. MICHAEL GANDHI: So, I can talk to
21 this at a high level. And Mr. Giesbrecht was involved
22 in the actual compilation and -- and discussions with
23 SGI and ICBC.

24 So we went with the -- the CFOs through
25 the different Crown entities and talked about these

1 specific metrics and how that we can gain information
2 and alignment. And that would -- that would be it.

3 MS. KATHLEEN MCCANDLESS: Do you know
4 if there were metrics that were eliminated because
5 they were deemed not comparable?

6 MR. MICHAEL GANDHI: I don't know
7 specifically if items were deleted, but we kept the
8 majority of the metrics aligned. And on the PNC side
9 we would have had relatively the same metrics, head
10 count items, span of control items, items related to
11 our loss ratios. So, those would be relatively
12 aligned.

13 MS. KATHLEEN MCCANDLESS: Can you
14 explain how MPI adjusted its benchmarking with ICBC,
15 in particular, given its size, in comparison to MPI.

16 MR. MICHAEL GANDHI: Yeah. That was -
17 - that's going to be part of the evolution, but what
18 we did, is we just compared against them on a raw
19 basis and provided qualitative discussions.

20 ICBC has three (3) times as much
21 revenue base as us. So they do have, generally,
22 higher economies of scale. So we were able to move
23 staff into different areas. So we didn't normalize
24 the revenue components, specifically, we looked at it
25 on a raw basis.

1 One of the metrics we used is dividing
2 it over our gross premiums written at \$100 million.
3 That doesn't speak to all of the economies of scale,
4 but that does allow for a -- a better -- a better
5 comparative.

6 MS. KATHLEEN MCCANDLESS: Is the best
7 comparative relative to MPI's operation, given its
8 size and scale, SGI or would it be SAF, or SGI as a
9 whole?

10 MR. MICHAEL GANDHI: SGI would be a
11 good comparison when we look at our basic line between
12 the auto fund. The revenues are pretty close, along
13 with the policies are relatively aligned also.

14 So SGI is -- is -- is a great -- a
15 great comparative. One thing we will take away from
16 our next evolution is to look for additional --
17 additional peers on the Crown side that -- that are
18 also applicable there.

19 MS. KATHLEEN MCCANDLESS: If we could
20 go to BMK4.1.3 please, Kristen.

21 So it's a narrative, I think it's page
22 27 of the benchmarking section. Yes. Thank you.
23 Sorry, if you could go back up a little bit. Yes.
24 Thank you.

25 So starting at line 5 here, the

1 Corporation comments that:

2 "While a lower number generally
3 means a more efficient organization
4 some companies out source more
5 insurance functions than others,
6 therefore, differences in business
7 models and the dependency on third
8 parties must be considered when
9 comparing organizations using this
10 metric across the other Crown
11 corporations."

12 And that's with respect to full-time
13 equivalents per 100 million of gross premium written.
14 Yes?

15 MR. MICHAEL GANDHI: Correct.

16 MS. KATHLEEN MCCANDLESS: And if we
17 have a look at the benchmarking appendix, so BMK
18 appendix 4-1. Thank you.

19 So, looking at the first metric there,
20 at line 2 at head count analysis, full time
21 equivalents per 100 million of gross premiums written.

22 So this -- this would relate to the
23 relative total Basic staffing to deliver services, as
24 compared to the other groups?

25 MR. MICHAEL GANDHI: That's correct.

1 Yeah.

2 MS. KATHLEEN MCCANDLESS: And, looking
3 to the far right-hand side of the schedule, MPI's full
4 time equivalence per gross premium written is the
5 highest among the -- the Crowns.

6 MR. MICHAEL GANDHI: That is correct.

7 MS. KATHLEEN MCCANDLESS: And then at
8 number 3, line 4, staff full-time equivalents per 100
9 million of gross premiums written.

10 This would represent non-management
11 full time equivalents?

12 MR. MICHAEL GANDHI: That is correct.

13 MS. KATHLEEN MCCANDLESS: And on this
14 -- on this basis, MPI is again significantly higher
15 than both SGI's auto fund and ICBC's.

16 MR. MICHAEL GANDHI: That is correct.

17 Yeah.

18 MS. KATHLEEN MCCANDLESS: Is MPI
19 developing any target full time equivalent or staff
20 full time equivalent per gross -- per 100 million of
21 gross premium written?

22 MR. MICHAEL GANDHI: We do have a --
23 through the budgeting process we review our head count
24 requirements. We have -- we do not have internal
25 target.

1 One of the things to look at, cause you
2 have to look at it from, really digging in, and this
3 will be part of the next year GRA filing. What are
4 the differences in the business?

5 For instance, if you see us in
6 comparison to SGI, it -- it looks -- it looks -- but
7 when you look at line number 8, here on the total of
8 gross expenses as a percentage of gross premium
9 written, it tells us that we basically are doing much
10 better than them.

11 And our overall operating expenses all
12 sum together. We have a lighter -- we do better than
13 them overall, so it's really digging into -- as part
14 of the next evolution in -- in -- in the benchmarking
15 to understand what is the differences.

16 MS. KATHLEEN MCCANDLESS: And I gather
17 that MPI has stated that its staffing is higher than
18 the other Crowns, because its business model is
19 different.

20 MR. MICHAEL GANDHI: We believe that
21 to be the case, subject to additional gathering of
22 information during the next round.

23 MS. KATHLEEN MCCANDLESS: Could you,
24 just at a high level, explain what those differences
25 are?

1 MR. MICHAEL GANDHI: At a high level
2 with SGI, how they allocate their FTE's, they do --
3 put in a indicator between the SGI -- SGI auto fund
4 and the -- the -- the for profit entity.

5 And that's based on a just a simple
6 calculation, so its really digging into how and why
7 those allocations are being done.

8 MS. KATHLEEN MCCANDLESS: And I think,
9 I understood your evidence is that by the next General
10 Rate Application MPI would be in a position to provide
11 further understanding or flush out this metric a -- a
12 bit more to understand the differences in business
13 models?

14 MR. MICHAEL GANDHI: That is the
15 intent. Yeah.

16 MS. KATHLEEN MCCANDLESS: So this is
17 an on-going benchmarking exercise?

18 MR. MICHAEL GANDHI: This is the first
19 year of us really digging into it, before my time. We
20 have a good start, but to your point we are -- will be
21 digging in further.

22 MS. KATHLEEN MCCANDLESS: Thank you.
23 Now if we have a look at the management metric. So,
24 line 3 at figure BMK appendix 4-1, it looks as though
25 the management full-time equivalents per 100 million

1 of gross premium written is -- MPI is favorable when
2 compared to the peers.

3 MR. MICHAEL GANDHI: That is correct.

4 MS. KATHLEEN MCCANDLESS: How did MPI
5 satisfy itself on the definition of 'manager' or
6 management position among Crowns?

7 MR. MICHAEL GANDHI: Those were based
8 on discussions for what would constitute management
9 and a regular FTE based on my understanding.

10 MS. KATHLEEN MCCANDLESS: The metric
11 of staff to management, that's at item number 4, under
12 Span of Control Analysis. There --

13 MR. MICHAEL GANDHI: Yeah. I see
14 that.

15 MS. KATHLEEN MCCANDLESS: Can you
16 explain what 'span of control' is first?

17 MR. MICHAEL GANDHI: Sure. So span of
18 control is looking at your management hierarchy and
19 how many staff report into one manager.

20 So when we take our overall corporation
21 we see that MPI for each manager equivalent, we -- it
22 has 14.3 staff.

23 MS. KATHLEEN MCCANDLESS: So the ratio
24 then, when we're looking at it, the ratio of staff to
25 management is significantly higher than peers.

1 MR. MICHAEL GANDHI: That is correct.
2 We also highlight in CAC 1-5, the rationale for our
3 span of control.

4 MS. KATHLEEN MCCANDLESS: I can take
5 you to the reference or if you -- if it would help
6 you, if you just want to sort of paraphrase what was
7 said there.

8 MR. MICHAEL GANDHI: Yeah.

9 MS. KATHLEEN MCCANDLESS: That would
10 be helpful.

11 MR. MICHAEL GANDHI: So just to
12 paraphrase, we believe that to operate on a flat
13 structure aligned with requirements of -- of --
14 internally to make sure that we can have a -- a good -
15 - a flat structure where we can have less managers, I
16 think that would be the way to paraphrase it.

17 Within our CAC response there, it
18 highlights more on a detailed basis what the company
19 does and how we go about doing that.

20 MS. KATHLEEN MCCANDLESS: Now, if
21 we're looking at metric 6, which is average gross
22 premiums written, we see that compared -- the relative
23 size of MPI's average gross premiums written is
24 relatively close to SGI, but slightly higher.

25 And then ICBC premium written is three

1 (3) times larger roughly. Yes?

2 MR. MICHAEL GANDHI: That is correct.

3 Yeah.

4 MS. KATHLEEN MCCANDLESS: At metric 7
5 gross premium is written per full-time equivalent. I
6 understand that MPI compares unfavorably with its
7 peers on that metric.

8 MR. MICHAEL GANDHI: That is correct.

9 MS. KATHLEEN MCCANDLESS: It appears
10 that when we look at the relative size of the book of
11 business, MPI has a more significant staff complement
12 than both of its peers relative to premiums written.

13 Is that fair?

14 MR. MICHAEL GANDHI: That is fair.

15 Once again, with line number -- my apologies, line
16 number 8 with total gross expenses, 'cause all of the
17 expenses are summated together, we do better than SGI
18 and slightly behind ICBC.

19 MS. KATHLEEN MCCANDLESS: And in the
20 benchmarking narrative that we were just looking at --
21 if we could scroll ahead a couple of pages, please,
22 Kristen, to page 29. Line 17, please. Yes.

23

24 (BRIEF PAUSE)

25

1 MS. KATHLEEN MCCANDLESS: So MPI is
2 increasing its gross premiums written for full-time
3 equivalent from 2017/'18 to eight hundred and fifty-
4 three thousand (855,000) in 2019/'20.

5 Can we see that reflected here?

6 MR. MICHAEL GANDHI: That is correct,
7 yeah.

8 MS. KATHLEEN MCCANDLESS: And that's
9 been mainly attributed to an increase in the gross
10 premium written?

11 MR. MICHAEL GANDHI: Overall, the
12 majority attributing for those specific years, yeah,
13 you are correct. We also -- when you look at the
14 historical averages though, the historical averages
15 when we look at FTE per \$100 million of gross written
16 premium from 2010 is at a hundred and fifty-four point
17 seven (154.7).

18 So that is trending. Coupled with the
19 rate indications showing over a twenty (20) year span
20 our rate indication -- our rate -- rates have been the
21 lowest even compared to SGI.

22 So it tells a wholesome story for these
23 years, but you need to -- looking at it broader, it
24 tells us that we're directionally going in the correct
25 way.

1 MS. KATHLEEN MCCANDLESS: Thank you.
2 Kristen, could we please now go to PUB-MPI-2-27.

3 And at this Information Request, MPI
4 was asked to provide the benchmark comparison of
5 administrative and operating expenses per policy with
6 SGI and ICBC, and then comment on MPI's results
7 relative to peers.

8 MR. MICHAEL GANDHI: That is correct,
9 yeah.

10 MS. KATHLEEN MCCANDLESS: And we have
11 the response here which I believe is also reflected in
12 the benchmarking appendix.

13 So when we have a look at this metric
14 of total expenses relative to policies in force, MPI
15 is favourable compared to SGI, yes?

16 MR. MICHAEL GANDHI: That is correct.

17 MS. KATHLEEN MCCANDLESS: MPI believes
18 that it's expense base is leaner than SGI?

19 MR. MICHAEL GANDHI: Without
20 understanding exactly the service offerings, but that
21 is correct, yeah --

22 MS. KATHLEEN MCCANDLESS: How does
23 this reconcile with the staffing metrics that we just
24 reviewed?

25 MR. MICHAEL GANDHI: These are two (2)

1 separate ratios, but what we see is SGI, ICBC, and
2 MPI, they all pool their compensation lines into their
3 gross expenses. And we see here that we have a leaner
4 cost structure than SGI and ICBC.

5 MS. KATHLEEN MCCANDLESS: Thank you.
6 Now, if we could go to PUB-MPI-2-28.

7 And here MPI was asked to elaborate on
8 how its end-to-end business differs from SGI, yes?

9 MR. MICHAEL GANDHI: Correct.

10 MS. KATHLEEN MCCANDLESS: And the
11 response is provided here. To paraphrase, MPI is one
12 (1) entity with one (1) mission and vision, but SGI,
13 as you mentioned before, is segregated. You have the
14 auto-fund and then for-profit side of things, yes?

15 MR. MICHAEL GANDHI: Correct.

16 MS. KATHLEEN MCCANDLESS: The Crown
17 comparison then was for the Basic MPI and excluded the
18 -- the staffing levels on the competitive side.

19 MR. MICHAEL GANDHI: Yes. That is
20 correct, yeah.

21 MS. KATHLEEN MCCANDLESS: So SGI's
22 Saskatchewan Auto Fund business is its Basic
23 compulsory plan?

24 MR. MICHAEL GANDHI: Correct.

25 MS. KATHLEEN MCCANDLESS: And so the

1 comparison that was made between SGI and MPI was an
2 apples-to-apples comparison?

3 MR. MICHAEL GANDHI: It needs work.
4 We need to dig in deeper to understand the differences
5 but, relatively, this is a start to this process, and
6 this is something we'll need to refine.

7 MS. KATHLEEN MCCANDLESS: Thank you.
8 And then if we could go to PUB-MPI-2-25, please.

9 Here MPI was asked essentially to
10 normalize or to ensure there was an apples-to-apples
11 comparison with peers, yes?

12 MR. MICHAEL GANDHI: Yes.

13 MS. KATHLEEN MCCANDLESS: And you've
14 mentioned a couple of times already that MPI intends
15 to continue to sort of refine this process to improve
16 its methodology?

17 MR. MICHAEL GANDHI: That's correct.

18 MS. KATHLEEN MCCANDLESS: And do you
19 have any specifics on any new normalization that MPI
20 proposes to its metrics or additional refinements at
21 this time?

22 MR. MICHAEL GANDHI: Not at the
23 current time. We will be engaging with SGI and ICBC.
24 We also are engaging with them for Infosys elements,
25 so this would be something that we would talk through

1 and really look at the core differences within our
2 business overall.

3 The \$100 million of gross premium
4 written is a good -- a good normalization as a
5 starting point.

6 MS. KATHLEEN MCCANDLESS: Thank you.
7 Is MPI intending to provide another Crown benchmarking
8 study in the next General Rate Application?

9 MR. MICHAEL GANDHI: That is in the
10 intent, yeah.

11 MS. KATHLEEN MCCANDLESS: And does MPI
12 intend to use an external service provider or are any
13 additional benchmarking services being considered
14 right now, or is it going to be an internal exercise?

15 MR. MICHAEL GANDHI: It'll be an
16 internal exercise.

17 MS. KATHLEEN MCCANDLESS: Has MPI had
18 any discussions with ICBC or SGI in terms of ongoing
19 participation or cooperation in this exercise?

20 MR. MICHAEL GANDHI: We continue to
21 discuss with them during finance group meetings, and
22 we will align with -- with the benchmarking in the
23 latter part of this year. So in the next few months
24 we'll align to get those aspects aligned.

25 MS. KATHLEEN MCCANDLESS: Just to

1 clarify, you said in finance committee meetings. Do
2 you mean intern -- there will be internal discussions
3 at MPI first, and then you will reach out to the --

4 MR. MICHAEL GANDHI: Yes.

5 MS. KATHLEEN MCCANDLESS: -- other --

6 MR. MICHAEL GANDHI: Yeah.

7 MS. KATHLEEN MCCANDLESS: -- Crown
8 insurers? Okay.

9 And how does MPI propose it's going to
10 address COVID-19 impacts in reporting its 2021
11 benchmarking results?

12 MR. MICHAEL GANDHI: We will report an
13 all-in number. And that's something that we can take
14 away 'cause that's a point of interest also is how is
15 -- how are they handling COVID items there. For now,
16 we will look at providing the same metrics and discuss
17 those items and in there.

18 MS. KATHLEEN MCCANDLESS: Thank you.
19 I don't have any further questions.

20 THE PANEL CHAIRPERSON: Thank you, Ms.
21 McCandless.

22 Ms. Dilay...?

23

24 (BRIEF PAUSE)

25

1 THE PANEL CHAIRPERSON: Good morning,
2 Ms. Dilay. We'll just wait for Ms. Schubert to
3 return.

4

5 (BRIEF PAUSE)

6

7 THE PANEL CHAIRPERSON: Thank you.
8 Please, proceed.

9

10 CROSS-EXAMINATION BY MS. KATRINE DILAY:

11 MS. KATRINE DILAY: Thank you, Madam
12 Chair, and my apologies for the delay.

13 Good morning, MPI witnesses. My name
14 is Katrine Dilay. I'm the legal counsel for the
15 Manitoba branch of the Consumers' Association of
16 Canada. Thank you for being with us this morning. I
17 don't expect to be very long with this panel. I -- I
18 would say about twenty (20) minutes or so. I have two
19 (2) general areas of questioning.

20 Ms. Schubert, could we please turn to
21 Part 2, benchmarking, at page 25. And I would like to
22 take a look at Figure Benchmarking 17.

23 And, of course, I -- I was listening
24 in. And I believe you touched upon this figure with
25 Ms. McCandless, so I won't go into the numbers in

1 detail, but just so we can situate ourselves before I
2 ask my -- my next questions.

3 You'll agree that this figure is the
4 comparative benchmark report for 2019/'20?

5 MR. MICHAEL GANDHI: That is correct.

6 MS. KATRINE DILAY: And this compared
7 various measures between MPI Basic Compulsory, SGI
8 Auto Fund, and ICBC, correct?

9 MR. MICHAEL GANDHI: That is correct.

10 MS. KATRINE DILAY: And these measures
11 are called performance measures -- or measurements?

12 MR. MICHAEL GANDHI: We call them
13 operational, but you're correct...

14 MS. KATRINE DILAY: And we see at the
15 top there that the line numbers refer to performance
16 measurement?

17 MR. MICHAEL GANDHI: Correct.

18 MS. KATRINE DILAY: Thank you. And
19 just so we can again situate ourselves, if we could
20 look at line -- I'll focus on lines 2, 10, and 15, and
21 it'll be the line -- when I refer to the line numbers,
22 I'm referring to the far left numbers.

23 So, you'll agree that on line 2, it
24 shows the FTEs, or full-time equivalence, per 100
25 million of gross premiums written, correct?

1 MR. MICHAEL GANDHI: That is correct.

2 MS. KATRINE DILAY: And moving to the
3 right of the table, MPI has the highest there with one
4 hundred and seventeen point one (117.1), correct?

5 MR. MICHAEL GANDHI: That is correct.

6 MS. KATRINE DILAY: And if we look
7 down to line 10, you'll agree this is the gross
8 premiums written for FTE?

9 MR. MICHAEL GANDHI: That is correct.

10 MS. KATRINE DILAY: And here MPI is
11 the lowest with eight hundred and fifty-three thousand
12 seven hundred and sixty-seven (853,767)?

13 MR. MICHAEL GANDHI: That is correct.

14 One (1) thing I will add is also to look at total
15 gross expenses as a percentage of gross premium
16 written. So that would be line 8. And here this
17 looks at overall cost structure.

18 MS. KATRINE DILAY: Thank you for --
19 for referring me to that line, as well.

20 And if we go to line 15, this is the
21 adjusted policies in force for FTE, correct?

22 MR. MICHAEL GANDHI: That is correct.

23 MS. KATRINE DILAY: And here MPI is
24 also the lowest with eight hundred and fifty-seven
25 point five (857.5)?

1 MR. MICHAEL GANDHI: That's correct.

2 MS. KATRINE DILAY: And we can go to a
3 reference if you'd like, but you'll agree that MPI has
4 indicated that it does not currently have a target for
5 FTEs for \$100 million of gross premiums written,
6 correct?

7 MR. MICHAEL GANDHI: That is correct.

8 MS. KATRINE DILAY: But MPI has
9 indicated it would explore the utility of using this
10 ratio and the development of a benchmark within its
11 operational performance tracking, correct?

12 MR. MICHAEL GANDHI: (NO AUDIBLE
13 RESPONSE).

14 MS. KATRINE DILAY: And at a high
15 level, you'll agree that economies of scale refer to
16 the cost advantages that enterprises obtain due to
17 their scale of operation?

18 MR. MICHAEL GANDHI: Yeah. I believe
19 that's correct, yeah.

20 MS. KATRINE DILAY: And economies of
21 scale are typically measured by the amount of output
22 produced, in the sense that an increase in scale
23 enables a decreased in -- decrease, pardon me, in cost
24 of unit of output -- cost per unit of output?

25 MR. MICHAEL GANDHI: That is one (1)

1 way; also the execution. But that is one (1) aspect
2 of it, correct, yeah.

3 MS. KATRINE DILAY: And by execution,
4 can you just clarify what you mean?

5 MR. MICHAEL GANDHI: Just you can have
6 significant economies of scale, right, but it's really
7 how you go through and execute it within the business
8 integrated to actually get that output, just for
9 clarification on --

10 MS. KATRINE DILAY: Thank you. And
11 another way of describing the economies of scale would
12 be a proportionate savings -- saving and costs gained
13 by an increased level of production?

14 MR. MICHAEL GANDHI: That's correct.

15 MS. KATRINE DILAY: And you'll agree
16 that economies of scope are efficiencies formed by
17 variety, not volume?

18 MR. MICHAEL GANDHI: I'm not familiar
19 with economies of scope. My apologies there.

20 MS. KATRINE DILAY: Thank you. You'll
21 agree that MPI provides Basic, Extension, and Special
22 Risk insurance to its customers?

23 MR. MICHAEL GANDHI: That is correct;
24 along with the DVA line of business.

25 MS. KATRINE DILAY: Thank you. And

1 the Basic, Extension, and Special Risk insurance are
2 three (3) different products, correct?

3 MR. MICHAEL GANDHI: Those are three
4 (3) separate lines of business, so they would have
5 separate product lines, correct.

6 MS. KATRINE DILAY: Thank you. And,
7 as you referred to, MPI also administers the driver
8 licensing and regis -- and vehicle registration on
9 behalf of the Provincial Government, correct?

10 MR. MICHAEL GANDHI: That is correct.

11 MS. KATRINE DILAY: And MPI also runs
12 the Personal Injury Protection Plan, correct?

13 MR. MICHAEL GANDHI: That is correct,
14 yeah.

15 MS. KATRINE DILAY: And just at a high
16 level, the Personal Injury Protection Plan provides
17 Manitoba residents who are involved in an automobile
18 accident with injury coverage whether they own a
19 vehicle or not, correct?

20 MR. MICHAEL GANDHI: Subject to check
21 with my back row, but I believe that to be -- that is
22 correct.

23 MS. KATRINE DILAY: Thank you. And is
24 it your understanding that ICBC started offering
25 personal injury protection through their enhanced

1 accident benefits on May 1st, 2021?

2 MR. MICHAEL GANDHI: I am not aware of
3 that piece yet. I know they're going through changes
4 through the -- from the tort system, but I'm not sure
5 of the exact dates. I apologize.

6 MS. KATRINE DILAY: Thank you. And
7 you'll agree that SGI's model is -- is that it's
8 segregated into two (2) different companies with
9 differing mission and vision?

10 MR. MICHAEL GANDHI: I believe that is
11 the fair to see them.

12 MS. KATRINE DILAY: With SGI Auto Fund
13 being akin to MPI's Basic line of business --

14 MR. MICHAEL GANDHI: That's correct.

15 MS. KATRINE DILAY: -- and SGI Canada,
16 which holds the profitable line of business?

17 MR. MICHAEL GANDHI: That is correct.

18 MS. KATRINE DILAY: And that is
19 different from MPI where all products and services are
20 within one (1) company, correct?

21 MR. MICHAEL GANDHI: That is correct,
22 at the corporate side, yeah.

23 MS. KATRINE DILAY: So, I'm moving on
24 to a slightly different topic. If we could turn, Ms.
25 Schubert, to Benchmarking, page 13.

1 (BRIEF PAUSE)

2

3 MS. KATRINE DILAY: Thank you, Mr.
4 Schubert. We can just go up the page just a little
5 bit. Thank you.

6 So, you'll agree that on this page we
7 have the overall satisfaction results based on
8 tracking surveys in 2021 done by MPI through customer
9 surveying?

10 MR. MICHAEL GANDHI: I will pass it to
11 the expert, Ms...

12 MS. KATRINE DILAY: Thank you.

13 MR. SCOTT PATTON: It's Scott Patton.
14 And that is correct.

15 MS. KATRINE DILAY: Thank you. And if
16 we go down the page a little bit, Ms. Schubert,
17 starting at -- at line 16...

18 So, based on a review of these numbers
19 here, you'll agree that out of these categories,
20 customers appear to be least satisfied with the
21 Personal Injury Plan, as compared with physical damage
22 policy only insurance transactions, driver's licence
23 only transactions, and combined transactions?

24 MR. SCOTT PATTON: That is correct,
25 yes.

1 MS. KATRINE DILAY: At 71 percent for
2 injury claims in terms of overall satisfaction result,
3 correct?

4 MR. SCOTT PATTON: Yes.

5 MS. KATRINE DILAY: And you'll agree
6 that there could be various reasons for why customers
7 are less satisfied with the Personal Injury Plan?

8 MR. SCOTT PATTON: Yes.

9 MS. KATRINE DILAY: Could one (1)
10 reason be that less people have experience with injury
11 claims through MPI, as compared to the other areas
12 that we see there?

13 MR. SCOTT PATTON: Certainly, if this
14 was a measure from the general population, that would
15 be correct. This measure is actually with people who
16 have experience within the injury claims process.

17 MS. KATRINE DILAY: Thank you for that
18 clarification. I appreciate it.

19 And, Ms. Schubert, if we could turn to
20 CAC-MPI 1-11. And we can look at page 5 of this IR
21 response.

22 And I'll pose my question, and if we
23 need to look back at the rest of the IR for context,
24 of course we can feel free to do so.

25

1 (BRIEF PAUSE)

2

3 MS. KATRINE DILAY: I'm sorry, Ms.
4 Schubert, I chose the one (1) page that doesn't want
5 to load.

6 Thank you very much. And we can look
7 at the bottom here where it says "analysis".

8 And so, if we look here at CAC-MPI-1-
9 11, page 5, you'll agree that MPI provided here an
10 analysis of the historical customer satisfaction
11 scores provided in response to this IR?

12 MR. SCOTT PATTON: I would agree, yes.

13 MS. KATRINE DILAY: And the first
14 bullet under Analysis, you'll confirm that it says
15 here the injury claimant overall satisfaction has been
16 relatively consistent since November 2018/'19,
17 correct?

18 MR. SCOTT PATTON: That is correct,
19 yes.

20 MS. KATRINE DILAY: And the analysis
21 also includes suggestions for improvement provided by
22 survey respondents.

23 MR. SCOTT PATTON: Yes.

24 MS. KATRINE DILAY: And the first one
25 being "to extend benefits/allow me to receive benefits

1 longer"?

2 MR. SCOTT PATTON: That is correct.
3 Just a clarification here. We -- we asked for
4 respondents or claimants who are less than fully
5 satisfied, what we could do to increase their
6 satisfaction to make it better for them. So these are
7 based on -- on the feedback received there.

8 MS. KATRINE DILAY: Thank you. And
9 so, to clarify, what you're -- what you're indicating
10 is that these responses are based on, sort of, follow-
11 up questions that MPI asked to those survey
12 respondents who were not fully satisfied?

13 MR. SCOTT PATTON: That is correct,
14 yes.

15 MS. KATRINE DILAY: So looking again
16 to that first sub-bullet, which is to "extend
17 benefits/allow me to receive benefits longer," you'll
18 agree that this is likely -- that it is likely these
19 customers are not satisfied with the benefits they are
20 receiving or have received for injury claims through
21 the Personal Injury Protection Plan?

22 MR. SCOTT PATTON: That is the
23 indication, yes.

24 MS. KATRINE DILAY: And the other two
25 (2) sub-bullets there are that "case managers keep in

1 regular contact/provide more -- more communication and
2 updates," and that "case managers return calls and
3 emails faster"?

4 MR. SCOTT PATTON: Yes, those -- that
5 is correct.

6 MS. KATRINE DILAY: And so, you'll
7 agree that these customers are referring to being
8 dissatisfied with the customer service they're
9 receiving when dealing with an injury claim, correct?

10 MR. SCOTT PATTON: Right. Just a
11 clarification. It's not necessarily dissatisfied.
12 It's not fully satisfied. And what they -- what
13 they're doing is -- is providing us the information
14 where we could make improvements.

15 So this is not to say that we are
16 falling, you know, below any specific threshold. But
17 these are areas that the claimants themselves would
18 identify as a: It would be better if this was
19 improved.

20 MS. KATRINE DILAY: Because they have
21 indicated they are not fully satisfied?

22 MR. SCOTT PATTON: Correct.

23 MS. KATRINE DILAY: And then, if we
24 look at the last bullet, MPI adds that there have been
25 recent improvement and that fewer customers suggested

1 case manager contact as a possible improvement.

2 MR. SCOTT PATTON: That is correct.

3 MS. KATRINE DILAY: But to your
4 knowledge, customers are still suggesting that
5 extension of benefits or allowing them to receive
6 benefits longer would be an improvement?

7 MR. SCOTT PATTON: Yes, that is
8 correct.

9 MS. KATRINE DILAY: So MPI has not
10 seen that customers are indicating there's been
11 improvements with respect to that particular item?

12 MR. SCOTT PATTON: Not from this
13 qualitative sentiment analysis, correct.

14 MS. KATRINE DILAY: Thank you very
15 much. Those are my questions for this panel. Thank
16 you.

17 THE PANEL CHAIRPERSON: Thank you, Ms,
18 Dilay.

19 Excuse me. Ms. Meek...?

20 MS. CHARLOTTE MEEK (by Teams): Thank
21 you, Madam Chair. I don't have any questions for this
22 panel.

23 THE PANEL CHAIRPERSON: Thank you.
24 Mr. Hacault...?

25 MS. KRISTEN SCHUBERT: Mr. Hacault

1 emailed me, advising he has no questions for this
2 panel. And he had to step out for a moment.

3 THE PANEL CHAIRPERSON: Thank you, Ms.
4 Schubert.

5 Excuse me. Mr. Gabor...?

6

7 (BRIEF PAUSE)

8

9 THE CHAIRPERSON: Thank you. Mr.
10 Gandhi, when you're doing the benchmarking, as part of
11 the exercise do you benchmark things like expenses and
12 percentage of expenses across the other two (2) public
13 insurance companies?

14 MR. MICHAEL GANDHI: We do, Mr. Gabor.
15 And that is looking at our total expenses over our
16 gross premium written.

17 THE CHAIRPERSON: Right. So I saw
18 that chart. I guess, the question I have is: Do you
19 do a breakdown beyond that? And specifically, I'm
20 interested in a comparison of IT expenses between the
21 three (3) Crowns.

22 MR. MICHAEL GANDHI: Mr. Gabor, we
23 don't do that for this benchmarking exercise. There
24 will be some additional commentary on the IT
25 benchmarking to come on the IT Nova piece there.

1 THE CHAIRPERSON: Okay. Thank you.
2 Can I ask -- you made the comment that you're looking
3 for additional peers on the Crown side.

4 Are you talking about peers that --
5 maybe Crowns -- that are not automobile insurance? Or
6 what did you mean in relation to that?

7 MR. MICHAEL GANDHI: It would be
8 automobile insurance Crown peers. So there are --
9 looking at it at a very high level, out east, there
10 are additional comparatives. It's mainly just looking
11 at additional peers that are in the PNC industry and
12 that have a Crown mandate --

13 THE CHAIRPERSON: Okay. So these are
14 other Canadian jurisdictions that would have public
15 insurance. Okay.

16 I've got a question about public
17 consultation. And I don't know which gentleman I'm
18 doing this -- but what public consultation does MPI
19 do? I mean, I've heard you do surveys. But beyond
20 that, can you indicate what sort of consultation you
21 do?

22 MR. SCOTT PATTON: It's Scott Patton
23 responding.

24 So we have our Voice of the Customer
25 Program, which primarily focuses on survey feedback.

1 In terms of public consultations, you know, we -- we
2 perform them on an ad hoc, as required, or as needed
3 basis. For example, we did a public consultation
4 regarding the DSR model a couple of years ago, which
5 we actually then presented back to this -- this panel
6 at this -- this Board.

7 THE CHAIRPERSON: Okay. Do you do
8 focus groups?

9 MR. SCOTT PATTON: Yes, we do.

10 THE CHAIRPERSON: Do you do them
11 annually? Or --

12 MR. SCOTT PATTON: Again, we -- we do
13 focus groups depending on -- on the need in supporting
14 a program. So we regularly focus group with our --
15 our customers regarding our customer experience and
16 program evaluations.

17 THE CHAIRPERSON: Okay. Do you meet
18 the public at, you know, presentations, at events,
19 like malls -- locations like malls -- or anything like
20 that?

21 MR. SCOTT PATTON: Not recently.
22 Obviously, within the pandemic.

23 THE CHAIRPERSON: Yeah.

24 MR. SCOTT PATTON: But that has been a
25 part of public consultations in the past, yes.

1 THE CHAIRPERSON: Okay. Do you have
2 discussions with SGI and ICBC as to what consultation
3 they use?

4 MR. SCOTT PATTON: No.

5 THE CHAIRPERSON: Is there any reason
6 why not?

7 MR. SCOTT PATTON: Not particularly,
8 no.

9 THE CHAIRPERSON: Okay. Thank you.

10 THE PANEL CHAIRPERSON: Mr. Watson...?

11 BOARD MEMBER WATSON: A couple
12 questions for Mr. Gandhi on benchmarking.

13 The FTE full-time equivalents, is that
14 based on the budgeted number or on the actual, which
15 includes the vacancy?

16 MR. MICHAEL GANDHI: That would be
17 included for the actual for '19/'20.

18 BOARD MEMBER WATSON: So the actual
19 numbers. And moving forward to benchmarking for this
20 year, the realignment or the staff that were assisted
21 with the COVID with shared health and stuff, will that
22 be included in your FTEs or will they be withdrawn in
23 the future?

24 MR. MICHAEL GANDHI: I have not given
25 that thought. But we would exclude those because

1 those wouldn't be part of the actual -- the actual
2 Basic side. So those would be excluded.

3 BOARD MEMBER WATSON: Okay. Thank
4 you.

5 THE PANEL CHAIRPERSON: Mr. Gandhi, I
6 have a question, sort of, following up from what Ms.
7 McCandless asked about COVID impacts.

8 Do you have any information from either
9 SGI or ICBC with regard to whether they have reduced
10 rates or issued rebates as a result of -- of COVID,
11 assuming that the experience has been similar?

12 MR. MICHAEL GANDHI: Ms. Hamilton, I'm
13 just going to check in with my back row before I
14 respond.

15

16 (BRIEF PAUSE)

17

18 MR. MICHAEL GANDHI: We do not have
19 that information.

20 THE PANEL CHAIRPERSON: Is that
21 information that you are potentially going to look for
22 for your next benchmarking exercise?

23 MR. MICHAEL GANDHI: That is something
24 that we will incorporate in our benchmarking.

25 THE PANEL CHAIRPERSON: Thank you.

1 (BRIEF PAUSE)

2

3 THE PANEL CHAIRPERSON: And, Mr.
4 Gandhi, can you give an undertaking to obtain that
5 information and inform the Board with regard to the
6 experience of SGI and ICBC with regard to the impact
7 of COVID on their revenues?

8 MR. MICHAEL GANDHI: Let me just check
9 in with our legal counsel.

10

11 (BRIEF PAUSE)

12

13 MR. ANTHONY GUERRA: Madam Chair, I
14 can advise that, to the extent that the information is
15 available publicly and easily accessible, we can
16 provide that information at a high level, and we'll
17 undertake to do so as -- as soon as possible.

18

19 --- UNDERTAKING NO. 13: MPI to provide information
20 from either SGI or ICBC
21 with regard to whether
22 they have reduced rates or
23 issued rebates as a result
24 of COVID

25

1 THE PANEL CHAIRPERSON: Thank you, Mr.
2 Guerra. Mr. Guerra, any re-direct?

3

4 RE-DIRECT-EXAMINATION BY MR. ANTHONY GUERRA:

5 MR. ANTHONY GUERRA: Thank you, Madam
6 Chair. I do have just a couple of quick questions on
7 re-direct, and that pertains to the chart that we saw.
8 I believe it's in response to PUB-MPI-1-57, the
9 metrics from the Crown benchmarking exercise, Kristen.

10

11 (BRIEF PAUSE)

12

13 MR. ANTHONY GUERRA: Oh, I'm sorry,
14 no. If we can go further, the -- the actual chart.
15 Was that Appendix 4-1, Benchmarking? Yes.

16

17 (BRIEF PAUSE)

18

19 MR. ANTHONY GUERRA: Appen -- Appendix
20 4-1? It was the one that had the -- the different
21 lines comparing results of the benchmarking exer --
22 yes, that one. Yes, thank you.

23

24 And, Mr. Gandhi, we heard from you
25 earlier in your testimony that -- that it's most
important to look at line item number 8, which is

1 Performance Measurement 5, the total gross expenses as
2 a percentage of gross premiums written.

3 Is that correct?

4 MR. MICHAEL GANDHI: That is correct.

5 MR. ANTHONY GUERRA: And -- and I
6 think we also heard you say earlier that one (1) of
7 the areas that needs to be considered when looking at
8 the issue of full-time equivalents, or FTEs, per 100
9 million of gross premiums written is that there may be
10 reliance on things like consultants or other -- other
11 external factors that -- that might explain why it is
12 that other entities have lower FTEs.

13 Is that correct?

14 MR. MICHAEL GANDHI: That is correct,
15 'cause that would show up in your overall total
16 operating costs.

17 MR. ANTHONY GUERRA: So in this case,
18 was there any analysis undertaken in this exercise to
19 determine the ratio of -- of consultants used by any
20 of these Crown corporations?

21 MR. MICHAEL GANDHI: It was not during
22 this exercise.

23 MR. ANTHONY GUERRA: Is that something
24 that MPI is going to be considering in terms of its --
25 its future iterations of the Crown benchmarking?

1 MR. MICHAEL GANDHI: When we look
2 through the cost structure, that is something that we
3 will need to look through to make through -- to
4 understand on the total gross expenses why SGI is
5 higher. So that is something that we will look at.

6 MR. ANTHONY GUERRA: Thank you. I
7 have no further questions.

8

9 (PANEL STANDS DOWN)

10

11 THE PANEL CHAIRPERSON: Thank you, Mr.
12 Guerra. I think we should adjourn now for lunch.
13 What time would you be able to come -- excuse me, come
14 back with your IT panel?

15 MR. ANTHONY GUERRA: Madam Chair, I
16 can advise that our IT panel is actually downstairs
17 and ready to go. So, you know, whenever is convenient
18 for the Board and for the Intervener counsel.

19 THE CHAIRPERSON: Yeah, that's fine.

20 THE PANEL CHAIRPERSON: Thank you very
21 much for that. Let's adjourn until 12:45 then and
22 we'll start with the IT panel then. Thank you.

23 MR. ANTHONY GUERRA: Thank you.

24

25 --- Upon recessing at 11:38 a.m.

1 --- Upon resuming at 12:46 p.m.

2

3 THE PANEL CHAIRPERSON: Good
4 afternoon. Mr. Scarfone...?

5 MR. STEVE SCARFONE: Good afternoon,
6 Madam Chair. Firstly, let me apologize this morning,
7 Madam Chair, for having my video on. That's just a
8 newbie mistake.

9 THE PANEL CHAIRPERSON: That's okay.

10 MR. STEVE SCARFONE: My audio was also
11 on, if you didn't notice, so I turned them both off
12 immediately.

13 THE PANEL CHAIRPERSON: Thank you.

14 MR. STEVE SCARFONE: So this
15 afternoon, Madam Chair, Board members, we have for you
16 the Information Technology/Value Management/Nova Panel
17 -- Project Nova Panel. Included with that, which we
18 don't expect will happen perhaps until tomorrow, is
19 the commercially sensitive information aspect of this
20 particular panel.

21 So you'll see before you four (4)
22 witnesses that form this panel. The first gentleman
23 sitting to your far left is Sid Parti. He is MPIC's
24 new Vice President, Chief Information and Technology
25 Officer.

1 To his left, another new face: Alex
2 Ramirez. He is the Program Director for Nova Program
3 Delivery.

4 Beside him is Shayon Mitra -- you'll
5 recall Mr. Mitra from last year -- Vice President and
6 Chief Transformation Officer.

7 And then sitting beside me in the back
8 row, another face you'll recognize is Lawrence
9 Lazarko. He is the Director of Data Management and
10 Analytics.

11 And if you'll bear with me, as I
12 indicated in my opening on Tuesday, this particular
13 panel has a big component for back-row support. There
14 are ten (10) individuals. I'd like to recognize each
15 of them.

16 The first is Salman Ashraf (phonetic).
17 He is a cyber and information security officer; Rafiq
18 Valliani, he is an information security officer;
19 Jonathan Yakel, Director of Enterprise Application
20 Management.

21 Gary Dessler -- that name may be
22 familiar to you -- he is director of Nova Technical
23 Solutions; Joe Riel on the value management side, he's
24 our Senior Value Management Specialist; a colleague of
25 his, Jim Humble, Senior Business Analics -- Analytics

1 Analyst; Darryl Bucket -- or Darryl Beckett, excuse
2 me, manager of Nova Program Delivery; Chad Muir,
3 Director, Strategic Sourcing and Vendor Management;
4 Michael Gandhi, who you met this morning and
5 yesterday, our Corporate Controller; and Stephen
6 Ramchandar, Director, Strategy and Portfolio
7 Management.

8 And so I've canvassed with Ms.
9 McCandless what the intention here today is. If it
10 pleases the Panel, it's to have all the presentations
11 done first, and then have the witnesses field
12 questions from each of the lawyers rather than break
13 the presentations up. That's the strategy that we
14 suggest occur here today.

15 THE PANEL CHAIRPERSON: Sure. That's
16 just fine. Thank you, Mr. Scarfone.

17 MR. STEVE SCARFONE: Okay. And so if
18 we can have the witnesses sworn, please.

19

20 INFORMATION TECHNOLOGY VALUE MANAGEMENT PROJECT NOVA

21 PANEL:

22 SIDDHARTHA PARTI, Affirmed

23 ALEX RAMIREZ, Affirmed

24 SHAYON MITRA, Affirmed

25 LAWRENCE LAZARKO, Sworn

1

2 EXAMINATION-IN-CHIEF BY MR. STEVE SCARFONE:

3

MR. STEVE SCARFONE: Thank you, Dr. Christle. And so, Madam Chair, what I would suggest occur at the outset of each of the presentations being made by Mr. Parti and Mr. Ramirez, because they are new to this proceeding, that they provide a little bit of their background and the credentials that bring them into this role.

10

And then I'd have each of the gentlemen now, I think, rather than interrupt them later, each of them please confirm on the record that the presentations they're about to give this afternoon will form part of their direct evidence, and beginning maybe with Mr. Parti, if you can just confirm on the record.

17

MR. SIDDHARTHA PARTI: Yes, it is.

18

MR. STEVE SCARFONE: And, Mr. Ramirez, will the presentation you give today form part of your direct examination? One more. Yeah, there you go.

21

MR. ALEX RAMIREZ: Yes, it does.

22

MR. STEVE SCARFONE: Thank you. And, Mr. Mitra, same to you. Will the presentation that you're giving this afternoon form part of your direct examination?

25

1 MR. SHAYON MITRA: Yes, it will.

2 MR. STEVE SCARFONE: Thank you. And
3 if there's nothing further from the Board, I think we
4 can begin with Mr. Parti's presentation.

5 MR. SIDDHARTHA PARTI: Thank you, Mr.
6 Scarfone.

7 Before I start on my presentation, I
8 would like to acknowledge that we are located on
9 Treaty 1 lands, and that MPI locations operate on the
10 original lands of the Anishinaabe, Cree, Dakota, Dene,
11 and Oji-Cree peoples and homeland of the Metis.

12 As a corporation, we are educating
13 ourselves about Truth and Reconciliation to best serve
14 our employees and customers as we move towards a more
15 collaborative future.

16 Good morning to members of the Board,
17 counsels from both sides, MPI panel, and viewers who
18 are following the proceedings online. My name is
19 Siddhartha Parti. I'm the Vice President and Chief
20 Information and Technology Officer for Manitoba Public
21 Insurance.

22 The agenda for today will cover my
23 brief introduction, followed by areas of focus for
24 myself and IT division, the overall IT strategy,
25 updates for external labour strategy, IT benchmarking,

1 and then focus on some key items on value management.

2 Next slide, please. Thank you.

3 A little bit about myself. I've been
4 with MPI for just over four (4) months now. I'm an
5 electrical engineer by qualification with over twenty
6 (20) years of experience in IT industry, with my
7 career spanning across four (4) different countries,
8 many, many different cities.

9 I'm a new Manitoban as well, having
10 just moved here from Toronto just a month back.

11 Previous roles have been with major
12 banking, mining, construction and engineering, and
13 manufacturing organizations where I have been
14 responsible for managing global IT operations and
15 building and executing complex IT and business
16 transformations.

17 From an area-focussed standpoint, there
18 are three (3) major areas that me and my team are
19 focussing on.

20 First one is Program Nova. On the
21 opening day of the hearings, you would have heard
22 MPIC, or Mr. Herbelin, talk about building the
23 plumbing for the success of Nova. That's exactly what
24 my team is concentrating on today, to ensure that the
25 technical aspects of Program Nova are well taken care

1 of.

2 The second area of focus for the team
3 is to start building the foundational capabilities
4 that are necessary to support MPI 2.0, so building
5 capabilities in the areas of cloud, data, analytics,
6 automation. This is -- this feeds directly into our
7 future strategy and vision.

8 And the third area of focus is on risk
9 reduction, and this directly relates to our cyber
10 security position. We want to be -- we want to ensure
11 that we are mitigating our risks proactively rather
12 than reactively. These are the three (3) major areas
13 of focus that we've established over the last few
14 months.

15 My focus to date has also been an
16 understanding of the current state and building a
17 consolidated IT vision. And I talk more about it in
18 one (1) of the corresponding slides.

19 There is work in progress in the
20 roadmap. There's been feedback that's been sought
21 from various stakeholders in the organization, Board
22 members, executive committee, various divisions within
23 MPI, and those -- some of those final pieces will be
24 reviewed by the Board on 5th of November.

25 This slide shows the new IT

1 organization structure. And I wanted to take some
2 time to educate the Board on what these seven (7)
3 directorates look like, what is the function of these
4 directorates, and so on.

5 Our enterprise applications management
6 team, the directorate, is responsible for maintaining
7 our core business systems. They think about platforms
8 like our co-insurance platform, our DVA platform, our
9 ERP platform that does finance and HL, and various
10 other business applications that support MPI.

11 Our data management and analytics
12 directorate is a brand new directorate that has been
13 formed to build the data and analytics capabilities
14 for MPI.

15 It's very early days for this team, and
16 they're busy building the strategy and the execution
17 plan. But this team is dedicated in building our data
18 practice for MPI.

19 Our platform engineering and
20 infrastructure team is a directorate that focuses on
21 our core systems and networks. And they have now an
22 additional mandate to ensure that we on premise (sic)
23 IT ecosystem to the cloud in a safe and judicious way.

24 Our digital workplace and service
25 management directorate is responsible for ensuring

1 that the IT services being delivered to our customers
2 is done efficiently, it's done within acceptable
3 services levels, and also build digital capabilities
4 for the future. Now, whether it is to support our MPI
5 teammates or some of the customers that they support,
6 this is the team that ensures that they provide the
7 best technology from an end-user computing standpoint,
8 and also from a customer service standpoint.

9 Strategic sourcing and vendor
10 management directorate is responsible for managing all
11 the vendors, all the contracts, RFPs, and work very
12 closely with the finance team to ensure that the IT
13 finances and benefits are in line.

14 Enterprise architecture directorate is
15 responsible for building an enterprise view and vision
16 around technology to ensure that all the technologies
17 that we have today, as well as the technologies that
18 will be onboarding in the future, talk to each other
19 seamlessly without any points of friction and, also,
20 that these technologies are serving our business
21 requirements.

22 And, lastly, the cyber-information
23 security team that is responsible for managing the
24 cyber-health of the organization.

25 Continue on the theme of IT strategy,

1 for the -- for IT strategy, we are continuing to work
2 on building a comprehensive five (5) year roadmap that
3 covers all facets of information technology. So areas
4 like migrating to cloud, building data and analytics
5 that I just referred to, making necessary investments
6 on cyber-security, which is a big area of focus,
7 upscaling our teams, achieving operational excellence
8 and so on.

9 But this five (5) year roadmap that
10 we're working on today is going to cover every single
11 aspect from an information technology standpoint. The
12 finalized work will be ready by November of 2021, so
13 not too far off, which will be then shared by the
14 Board of Directors for a formal approval.

15 One (1) important note to share here at
16 this stage is that we are not seeing any variations on
17 expenses or initiatives for our 2022/'23 and '24/'25
18 budgets. And we will ensure that this strategy is
19 part of next year's submission.

20 Now, moving focus to external labour
21 and contingent built for strategy. On the external
22 labour side, happy to report that all activities have
23 been completed and benefits have been achieved. And
24 to summarize, we have twenty-seven (27) consultant
25 conversions that we've completed in Phase 1 of -- in -

1 - in Phase 1. And financially of 2020/'21, we have a
2 savings of \$3.8 million versus an original target of
3 2.4. And we have nine (9) additional conversation
4 replacements that we've completed in Phase 2, so total
5 of thirty-six (36) conversations.

6 For the financial year of 2020/'21, we
7 have a savings of \$1 million versus an expected target
8 of 1.08 million.

9 On the contingent workforce side we are
10 continuing to see those financial benefits. Our
11 strategy was to use thirty (30) providers for sourcing
12 of external labour. And for the financial year
13 2020/'21, we have a target of between 1.5 to \$2
14 million with the actuals sitting at 1.56 million.

15 We also added another fourteen (14)
16 rules to the list that were not part of that original
17 manifest when this was put together. If these
18 positions are part of the original manifest, we would
19 have been in a position to report significantly more
20 savings than what's been reported.

21 Continuing on external labour, we'll
22 continue -- obviously continue to report on key
23 measures and metrics in the future filings, and are
24 also managing our external labour counts which are
25 down to forty-eight (48) from -- from one fifty-five

1 (155) in previous years.

2 But most importantly, the message I
3 wanted to share today was that we are training our IT
4 team to ensure that they're providing long-term
5 support for new technologies that we're onboarding.
6 And we're also ensuring that we are self-sufficient
7 for when Nova transitions from projects to operations.

8 From an IT project standpoint, we are
9 maintaining the transparency and continue reporting on
10 the status of the various IT initiatives. Our value
11 management team is ensuring that our results align
12 with our original business case and we are continuing
13 to expand on adoption of scaled agile framework across
14 the organization.

15 Our intention is to continue to share
16 these reports with the Board in future filings.

17 Now, moving on to IT benchmarking.
18 Gartner's assessment earlier in the year has confirmed
19 that our investments and headcount levels are
20 comparable to peers and are all -- and from a process
21 maturity standpoint, we are actually higher than our
22 peers. So, no general concerns have been highlighted
23 as -- as part of the first assessment that Gartner did
24 earlier in the year.

25 Our next benchmarking activity will be

1 in Quarter 3 of '21/'22, results of which will also be
2 included in our GRA 2023. This will be our second
3 benchmarking activity of this year. And the reason we
4 are doing this is because our 2020/'21 financial year
5 data was not available earlier in the year when we
6 went through this exercise. We want to make sure that
7 we include that for any kind of benchmarking exercise.

8 Going forward, we will be conducting
9 this exercise in Quarter 3 of the fiscal to ensure
10 that the latest data is used for assessment and we
11 provide the best quality of results in our filings.

12 An important aspect I want to highlight
13 here is that our Gartner benchmarking is one of the
14 few efforts we will undertake to measure assets. We
15 will continue to explore other avenues to review our
16 performance and find cost-saving opportunities.

17 In other words, we will look at it from
18 various different angles, bottom up, top down, to
19 ensure that we are in the right space.

20

21 (BRIEF PAUSE)

22

23 MR. SIDDHARTHA PARTI: Now, shifting
24 focus to the last section of the presentation for
25 today: value management. Our value management team is

1 continuing to review all IT investments to ensure that
2 these investments are on track to achieve the benefits
3 that was articulated in the business case.

4 Some of the highlights of our 2022 GRA
5 submission demonstrates that our focus and validation
6 of project costs, ensuring proper analysis of any
7 variances that we have encountered, validating the
8 achievements of the project objectives and
9 deliverables, and compliance to MPI's governance
10 policies.

11 A quick note to highlight that, as you
12 move towards a more agile delivery model, our value
13 management will need to evolve -- continue to evolve
14 and mature. And some of those adjustments will be
15 shared with the Board on a go-forward basis.

16 And value management for the IT
17 transformation side, we are on track and on budget.
18 As far as submissions, we have proposed to
19 restructuring the IT and business transmission
20 division, which was achieved by moving the business
21 transmission division to under Mr. Mitra's leadership.
22 Also, the version 1 of the changes to the IT divisions
23 were completed in May of 2021.

24 From a hiring perspective, IT is
25 continuing to hire, that eight (8) out of the twenty

1 (20) positions being filled, eight (8) are in flight
2 today and four (4) are anticipated to be filled by end
3 of financial year.

4 And as of date of the filing, auto-
5 expenses were inline with the original business cases
6 and on track for completion of this financial year.

7 With that, I've come to the end of my
8 presentation for today. Thank you so much for
9 listening patiently. And I'll be happy to take any
10 questions further down in the session today.

11 THE PANEL CHAIRPERSON: Thank you, Mr.
12 Parti. Mr. Ramirez...?

13 MR. STEVE SCARFONE: Just before --
14 perhaps what I can do, Madam Chair, I know that
15 they're going to do their presentation success --
16 successively, I did have a couple questions before we
17 lose sight of Mr. Parti's presentation. And I'll ask
18 him a couple follow-up questions. And then we can
19 have Mr. Ramirez present, or Mr. Mitra, whose ever
20 going next.

21

22 CONTINUED BY MR. STEVE SCARFONE:

23 MR. STEVE SCARFONE: Mr. Parti, thank
24 you for that thoughtful presentation. I just want to
25 have Ms. Schubert bring up slide 4 of your

1 presentation. I had one (1) question for you
2 concerning that slide.

3 Sir, your title as Chief Information
4 and Technology Officer, you have there listed some of
5 what your duties will include. One of which is the
6 execution of technologies enabled by Nova. Correct?

7 MR. SIDDHARTHA PARTI: That is
8 correct.

9 MR. STEVE SCARFONE: Does that mean,
10 sir -- and I'm referencing now the interplay between
11 yourself and Mr. Mitra -- would it be fair to say
12 that, in your role, you would be taking more of a
13 hands-off approach to Nova until it's fully
14 implemented?

15 MR. SIDDHARTHA PARTI: No. The -- the
16 collaboration with Program Nova with Mr. Mitra is
17 going to be ongoing. The technology's piece of
18 Program Nova is, obviously, extremely important for
19 the organization and for the success of the program.

20 The intention there is to collaborate
21 with Mr. Mitra as much as I can.

22 MR. STEVE SCARFONE: Yes, very good.

23 And sorry, I didn't mean to throw you
24 by that question. But the reason I -- I asked --
25 because this Board will be aware that, last year, we

1 had information technology completely separate from
2 the Project Nova. And now, here you are, sitting
3 together.

4 And so, I wanted to followup on that --
5 that collaboration that you just spoke to.

6 Thank you. Those are all my questions
7 for you, sir. Thank you, Mr. Parti.

8 MR. SIDDHARTHA PARTI: Thank you, Mr.
9 Scarfone.

10

11 (BRIEF PAUSE)

12

13 MR. SHAYON MITRA: Good afternoon,
14 Madam Chair, members of the Board, Board counsel, and
15 the viewers online. I'm hear to present an update on
16 Project Nova and, alongside myself, I have Mr. Alex
17 Ramirez, who is the Director for Project Nova Program
18 Deliver.

19 So you must have seen this slide -- or
20 may have seen this slide last year. If you recall,
21 Project Nova started as a legacy system modernization
22 project. Then it got transformed into Project Nova.
23 And had five (5) aims for the project: technoloy risk,
24 customer service, cost savings and efficiency,
25 information security, and future business agility.

1 The purpose of this slide is to confirm
2 that that hasn't changed. It is still the intent to
3 drive towards achieving it. I'll quickly touch on two
4 (2) items here: technology risk and information
5 security.

6 If you recall, the platforms and
7 systems we use today are dated. They're from the
8 '90s. The cost associated with making changes are
9 significant. Hence, the drive towards using
10 commercially off-the-shelf platforms and softwares.
11 That is to mitigate the technology risk.

12 And on the information security side,
13 through Project Nova, our intent is to go online, give
14 Manitobans the option to use services online if they
15 choose to. But we continue to work and will continue
16 to work with our broker partners.

17 And in order to do that, information
18 security becomes front and centre. And without going
19 to these commercially off-the-shelf platforms, we
20 might not be in a position to deliver that.

21 So the purpose of this slide was to
22 just emphasize those components. Next slide, please.

23 Again, a repeat of a slide you might
24 have seen before. A few components of this I want to
25 highlight, going back to Mr. Scarfone's question and

1 the response from Mr. Parti.

2 There is a lot more collaboration
3 happening now with -- with Mr. Parti's team and
4 through the digital and transformation team that I'm
5 leading.

6 But from a governance structure, our
7 Board is directly involved through the technology
8 committee of the Board. We are meeting as often as
9 needed -- once a month up to once a quarter -- based
10 on where the program's at and important decisions or
11 information that needs to be shared.

12 Our CEO, Mr. Herbelin, is directly
13 involved in the program. PricewaterhouseCoopers,
14 that's the box on the right -- the governance vendor -
15 - continues to stay engaged in the program to provide
16 oversight and recommendations directly to the
17 technical committee of the Board.

18 And then, my role, along with our
19 system integrator partners -- so these are the ones
20 that are helping us with the platforms -- we are
21 working collectively with them.

22 And then, now the executive steering
23 committee includes our CEO, Mr. Herbelin, Mr. Parti,
24 myself, and members of the IT and Nova leadership
25 team.

1 And that is forming the executive
2 steering committee. And as and when needed, we are
3 taking it to the executive steering committee of -- of
4 MPI as well, on a frequent basis.

5 Now, if you go a little below, the Nova
6 steering committee has two (2) components to it.
7 There is a steering committee that is made up of Nova
8 leaders or MPI leaders. And there's also a -- a
9 committee that pulls in the system integrator partners
10 as and when needed.

11 And then, we've got the technical or
12 the architectural committee; that is where the
13 business architects, the solution and system
14 architects drive the configuration and the technical
15 components. So that's to the right.

16 And then, at the bottom, is the
17 delivery arm or how we're delivering Nova. And I want
18 to echo Mr. Parti's comment. We are leveraging agile
19 -- we are leveraging a scaled agile framework to
20 deliver that.

21 And in my subsequent slide, I'll speak
22 to the composition of the same.

23 So when you think of a program of this
24 magnitude and all its moving parts, it was important
25 for MPI to adopt and approach where we would be able

1 to highlight risks, issues, as earlier -- as early as
2 possible. So we are able to mitigate them and address
3 them.

4 And so, the adoption of SAFe became
5 front and centre and paramount. So the way it's set
6 up -- or we've been set up for more than a year now to
7 deliver this program -- is we've got the steering
8 committees that I referred to at the top.

9 So Mr. Ramirez as the program director
10 drives that, along with our program manager. NPMO
11 stands for Nova Program Management Office. So their
12 purpose is with resourcing, structure, information
13 sharing, and the list goes on -- from an
14 administrative standpoint.

15 And the three (3) streams that are key
16 to Nova are DVA, Driver Vehicle Administration -- so
17 licensing and registration component. Then you've got
18 PNC, so that is our commercial and personal insurance
19 stream. And then, we've got the digital stream. So
20 this is where the customer portal or the partner
21 portal are the interface into our cost platform will
22 happen.

23 And then the verticals that you see are
24 the moving parts. Are -- are the components that --
25 that are needed across all of these streams; whether

1 it's testing, whether it's our quality assurance,
2 whether it is integration.

3 So we have to integrate to our legacy
4 systems because the data resides there today. And
5 we're going to be moving them into our new platforms.
6 Then there's a data component and data conversion or
7 migration. It's analytics and reporting. And the
8 list goes on. Model office and readiness from an
9 operational lens.

10 So this how we're delivering Nova under
11 the governance structure.

12 And it hasn't changed since last year,
13 but it was important to emphasize that because in the
14 subsequent slides, we will speak to the challenges we
15 are having and -- and how we plan on mitigating it.

16 The transition from a legacy system
17 modernization to Nova, you know, at the core of that
18 was the customer experience. And it was important for
19 us to acknowledge and understand that earlier on.
20 Because, around that, are our people, Manitobans, our
21 partners, brokers, law enforcement, the products that
22 we are using -- so Duck Creek (phonetic), Celtic
23 (phonetic) for the DVA platform, you've got Microsoft
24 Dynamics for the customer portal, and then our
25 products and services that we continue to offer

1 Manitobans.

2 So on the customer experience side, our
3 focus continues to be leveraging Microsoft Dynamics on
4 the customer and partner portal to bring that to the
5 forefront.

6 We also leveraged KPMG to help us
7 understand our -- our customer journeys, their pain
8 points, and leveraging the understanding of those pain
9 points. How do we address them as we transition from
10 our legacy systems to these new platforms. Next
11 slide, please.

12 So associated -- and so, the function
13 of this slide is more for illustration. But
14 associated with customer experience are two (2)
15 components: one is user experience, the other one is
16 user interface.

17 So the most simplistic way of thinking
18 of user experience is end user experience.
19 Irrespective of what they're doing when they engage
20 with Manitoba Public Insurance, what does that
21 experience look like; whether it's a broker, whether
22 it's a law enforcement agent, whether it is a
23 Manitoban, whether it's a commercial customer -- we
24 want to bring that to forefront.

25 And in order to do that, what comes to

1 the -- what enables that is -- is the user interface.
2 The best way of thinking of user interface is -- I had
3 to write it down because I'm not an expert in this
4 area. But it's a visual representation of the
5 experience.

6 So the example I've used is think of
7 Spotify. A lot of us like to listen to music online.
8 If you think of Spotify, Spotify -- the user
9 experience is about having music, the play lists, and
10 the pieces that -- that you want to leverage. The
11 user interface is the components that you use in there
12 to stop, to rewind, to fast forward.

13 And so, we are bringing that to the
14 forefront as we think about our partner portal for
15 release 1A, which is the first out of the gate. And
16 that impacts our brokers and commercial customers, and
17 then how we're going to leverage Duck Creek in order
18 to make that happen. The next slide, please.

19 So, this -- this slide is a summary
20 slide of -- of the platforms, or the softwares, that
21 are in play as we -- as we think of -- of Project
22 Nova.

23 So, on the left, or my left, you've got
24 Microsoft Dynamics, which is our application platform.
25 So, we're going to leverage Microsoft for the partner

1 portal and the customer port -- portals.

2 So think of that as the gateway. If
3 I'm a Manitoban, if I'm a broker, that's where my --
4 my journey starts.

5 KPMG is the system integrator, so we're
6 leveraging their expertise and experience to help us
7 get onto this platform. And through that, we'll be
8 able to access the product and services that MPI
9 offers.

10 So, Celtic is -- is our platform for
11 driver vehicle licensing. They're using Infosys which
12 is our system integrator for their professional
13 services, because they have expertise in Celtic to
14 help us get there.

15 And then Duck Creek is -- is the
16 platform we're using for our property and casualty, or
17 insurance components. And Exencher (phonetic) is the
18 system integrator whose professional services we are
19 leveraging.

20 And then to pull it all together is an
21 integration platform, and that's MuleSoft. And again,
22 leveraging Exencher's expertise around there.

23 So, if you were to mirror that against
24 where we are today or where -- where MPI is at, today
25 our legacy systems include IWS. It's an acronym for

1 Insurance Work Station. Sometime it makes a good
2 AutoPAC online. So, that's where our current vehicle
3 registration and auto -- and AutoPac products reside.
4 Then you've got DLS. Again, our legacy system for
5 driver -- driver licensing information. On the
6 commercial side we've got SIS, Specialty Insurance
7 Service. That's the special risk Extension policy
8 component. And then how we leverage cars, which is
9 our claims administration and reporting system for our
10 physical damage claims.

11 And -- and so, those would go away or
12 eventually would be decommissioned and then the -- the
13 components on top would be the platforms that we would
14 be leveraging going ahead.

15 So, Mr. Parti touched on it. I briefly
16 mentioned agile approach. This is a -- an important
17 component for -- for the success of the program
18 because what it enables us to do is understand our --
19 our risks or issues earlier on and then take the
20 necessary steps to address them or plan accordingly.

21 So, agile delivery at the most
22 simplistic -- in it's most simplistic form consists of
23 what we call an 'epic' (phonetic). So, and epic would
24 be if I'm looking at getting a commercial policy, that
25 agile term -- terminology would call that as an epic.

1 Then you have features underneath them.
2 So, in order for us to deliver a commercial policy, we
3 would have underwriting components, pricing
4 components, vehicle mix, et cetera, et cetera. Those
5 become the features.

6 And then you go into what we call
7 program backlogs the story points. And these are the
8 effort needed in order to deliver that. And so, that
9 comprises how you deliver in an agile paradigm. And
10 the cycles we use are sprints (phonetic) and program
11 increments. A sprint that we are using -- or the
12 duration of a sprint is four week and three (3)
13 sprints comprise a program increment.

14 So, if the question is where is Project
15 Nova right now, we are in program increment number 3,
16 getting ready for program increment number 4.

17 And that helps us understand that
18 within that window, how are we progressing in the
19 project. So, any -- mirror the agile approach to
20 waterfall, you would be -- you would be continuing and
21 you would hope that at the end of the effort, you
22 would start aligning the components that I spoke from,
23 a delivery line which is integration, testing, data
24 migration.

25 Here we are doing that in smaller

1 increments and that helps us understand what our risks
2 are, our -- our -- what actions are needed to mitigate
3 them, the issues and key decisions.

4 So, what we have going on in Nova is
5 what we call -- the acronym we use is RAID, but it
6 stands for Risk Action Issues and Decisions. And --
7 and that's leverage across the program. It's not
8 happening at the highest level or just at the steering
9 committee. It happens at the stream levels.

10 So, think of DVA or Driver Vehicle
11 Administration stream, the PNC stream, or the digital,
12 or within these streams we have pods and they can
13 leverage the -- the rate process to -- to surface a
14 risk, to surface and issue, and then we work towards
15 actions and decisions to mitigate that.

16 So, that comprises what we are calling
17 an integrated solution. So, before each program
18 increment we -- we -- what we do is known as Program
19 Increment Planning. So, this is planning that only
20 goes as far as that program increment. So, it goes
21 three (3) sprints out and -- and looks at the volumes
22 of work or tasks that need to be completed as a
23 function of the PBI Program (phonetic) backlog, or --
24 or a -- a feature, and then we map it out.

25 So, at the program increment planning

1 stage is where we know how things are happening with
2 all the moving parts in their respective streams and
3 the -- the dependencies associated with that. So,
4 further on, the -- the example of getting a commercial
5 policy, just to elaborate on that, through Duck Creek
6 we would deliver that. But, in order for that to come
7 to fruition for an existing customer, we would have to
8 integrate with the data that resides in -- in the SIS,
9 which is the Special Insurance Service database, pull
10 that data migration component, test it through an
11 integrated testing approach, and then say that the
12 feature is complete.

13 So, this is why the complexity is
14 amplified when you think of a program of the size of -
15 - of the size of Nova. The next slide, please.

16 So, this speaks to what we call agile
17 delivery ceremony. So, in other words, the simplest
18 way of looking at this is huddles, meetings, touch
19 points, and they happen at -- at a daily level. So,
20 they are either stand ups, so quick meetings that the
21 program streams and the respective leads have going
22 on.

23 And -- and they look at understanding
24 road blocks, or blockers, the time to -- that's
25 committed, and how they'll achieve them. And then we

1 have daily scrums that are also happening parallel to
2 that, which is at a pod level. So, pod would be an
3 example of a billing pod or a policy pod, which is
4 again, embedded under a stream.

5 Then you have the next layer above that
6 which is scrum of scrums, so this would be at a stream
7 level. Then you have the scrum of scrum of scrums
8 which is at a higher level, which is led by the
9 program manager, which pulls in the stream leads from
10 the three (3) streams. And those happen, I believe,
11 twice a week.

12 Above that is the architecture
13 committee that meets anywhere from one (1) to two (2)
14 times a week. Then you've got the program director,
15 Mr. Ramirez, led the joint and internal steering
16 committees. So, this has the system integrated
17 partners as well as the MPI leadership.

18 Just to go back to scrum of scrum of
19 scrums, we also have our system integrators and their
20 teams participating there. And then right on top is
21 the executive meetings, whether it is with the
22 executive steering committee or the MPI executes --
23 executives, or at that technical committee of the
24 Board level, those meetings continue to happen.

25 And that's how a program of this size

1 stays integrated, connected, and we are able to make
2 quick decisions, or address risks and issues and
3 continue to marching forward.

4 So, with that said, I'll turn it over
5 to Mr. Ramirez, who will walk you through where the
6 program is at this point in time, and then some of the
7 challenges we're up against, and how we plan on
8 addressing them.

9 MR. ALEX RAMIREZ: Thank you for that,
10 Mr. Mitra. Good afternoon, Madam Chair, Board
11 counsel, and those joining us online. My name is Alex
12 Ramirez. I'm Program Director on Project Nova.

13 Before I get started, I will make
14 mention that there is a slide in this deck that is
15 part of the confidential filing, and that is slide 29.
16 So, we will end the deck at slide 28.

17 So, the slide that we're sharing here;
18 Mr. Mitra alluded to the program increments. Based on
19 the schedule that is in front of us, there are
20 thirteen (13) program increments to deliver Project
21 Nova at this -- at this time.

22 This shows all of the deliverables from
23 a release perspective. And so, you'll notice the
24 complexities, a lot of parallels, a lot of activities,
25 at the same time, a lot of goal lives within the same

1 year.

2 And so, I'm not going to go into detail
3 into everything on this slide, but it's an
4 illustration of our current schedule based on a re-
5 baseline that we shared with Board members back in
6 February 2021 at the IT Summit. Next slide, please.

7 This is our standard dashboard for
8 Program Health. And so what you're seeing here is our
9 ability, from a program perspective, leveraging the
10 tools that we use on a program to manage day to day
11 activities, all the way from the pod level, as Mr.
12 Mitra alluded to, all the way to the program, the
13 highest level. From risk to issues that are in
14 flight.

15 We have a saying on the program that
16 risk is not a bad thing, so we try to identify as many
17 risks as possible to be proactive and allow ourselves
18 to mitigate and -- and create actions.

19 What you're seeing here is --
20 obviously, we're focussed on Release 1A and Release
21 2A. Those are the active activities that the teams
22 are focussed on. And that is the commercial release
23 which is Release 1A, and the IRP release which is
24 Release 2A.

25 We track the defects, we also track the

1 velocity. Velocity is important for us and in an
2 agile methodology and so we continue to improve
3 throughout every increment and that's the whole
4 approach and foundation to Agile.

5 And so as you can see, we try to,
6 obviously improve that velocity. We're in PI at 3, as
7 Ms. Mitra had mentioned. It is currently in flight
8 and does not conclude until early November.

9 From a program status perspective,
10 we're reporting the program as yellow currently. From
11 a, you know, red, yellow, green perspective and that's
12 based on some issues and risks that have materialized
13 and we will get more into detail in the -- in
14 subsequent slides.

15 From a resourcing perspective obviously
16 we track external, internal, incremental -- on
17 incremental as that -- it can influence the budget
18 significantly.

19 THE CHAIRPERSON: Sorry, if I could
20 and just to interrupt, Mr. Ramirez, can you go back.
21 The program stream status, are the colors there
22 related to the same -- same colors in terms of their
23 risk colors?

24 MR. ALEX RAMIREZ: So the program
25 stream status, yeah, it -- it's based on risks or

1 issues within those specific areas, like --

2 THE CHAIRPERSON: Right. But it's the
3 same thing, so that red would be high.

4 MR. ALEX RAMIREZ: That is correct.

5 THE CHAIRPERSON: -- moderate -- okay.

6 MR. ALEX RAMIREZ: Yes.

7 THE CHAIRPERSON: Thanks.

8 MR. ALEX RAMIREZ: From our financial
9 summary perspective, it -- if the Board recalls our --
10 our baseline budget is a \$100 -- \$111.7 million with
11 contingency taking the overall program budget to
12 \$128.5 million.

13 This is broken down by stream and this
14 is current state, so this is trending including
15 forecasting and worse-case scenario, based on our
16 current trends.

17 And so currently we're trending actuals
18 plus forecast to be at \$114.9 million, compared to the
19 \$128.5 million budget. And this is at -- as at end of
20 July. Next slide please.

21 My resource type breakdown, like I
22 mentioned earlier, we focus heavily on how we source
23 the staff on this program as relying heavily on
24 external resources can obviously influence our
25 consumption of the budget.

1 And so, we partnering with the rest of
2 the organization, including Mr. Parti, as he
3 mentioned, with our partnership and collaboration with
4 IT, are leveraging a significant amount of non-
5 incremental IT resources to help deliver this pro --
6 program.

7 From a program status perspective, if
8 you want to -- if we're looking at progress versus
9 complete and what remains, this slide shows, you know,
10 obviously what's been completed to date.

11 Now the complexity of the program,
12 there's a lot of interdependencies, a lot of
13 integrations, and so saying you're 44 percent
14 complete, can -- it's not always 100 percent accurate,
15 right, cause there's a lot of, you know, what we call
16 the definition of done when it comes to agile.

17 It might not be 100 percent complete
18 until we've fully complete that final test. The user
19 acceptance testing as an example. So this shows a
20 picture of current state and where we're tracking.

21 From a more detailed perspective, this
22 is for the first release, which is the Commercial
23 Insurance Release. These are from a feature
24 perspective, so these are the features that were
25 needing to be delivered to successfully deliver

1 Release 1A.

2 And you'll notice the legend, we take
3 into account what's done or completed, what's in
4 progress, what remains and any technical debt.

5 Now 'technical debt' refers to features
6 that were planned in a certain program increment that
7 weren't able to be delivered for whatever reason and
8 need to move on to the -- the next program increment
9 or a future program increment.

10 So we have incurred some technical debt
11 as part of this release. We have steps in place to
12 mitigate, but there are some, obviously risks and
13 issues that have popped up that are greater than our
14 ability to mitigate everything at this point.

15 From an R2A that -- that is the next
16 release that follows, obviously, the 1A Release focus
17 on DVA and the IRP Commercial Registration Services.
18 Same approach here.

19 Some of these activities have not
20 started, obviously, because we are focused heavily on
21 that first release and being successful with that
22 first release, but there are parallel activities and
23 features being delivered for this DVA release.

24 Now I -- I mentioned technical debt.
25 It is extremely important for us to measure technical

1 debt and to ensure whether we're on track or whether
2 we're running into potential schedule slippage and so
3 for the first PI, it was a foundational program
4 increment.

5 And what -- what I mean by that is not
6 a lot of interdependencies across the program were
7 outside of the program. Foundational and standing up
8 technology and standing up infrastructure, getting the
9 teams ready to start delivering and so this PI did
10 have some technical debt, but we were able to mitigate
11 and reduce 15 percent down to 3 and the reason for
12 that was based on the foundational aspect of that
13 program increment.

14 Program Increment Number 2. Now we
15 start getting into more complexity. Solution
16 alignment across multiple teams, you know, end-to-end
17 functionality, that whole experience that Mr. Mitra
18 eluded to, started to be a priority for us within the
19 program.

20 Some of this technical debt, obviously
21 at 16 percent needed to be mitigated in a different
22 manner, as opposed to the first program increment,
23 based on the complexity.

24 And so we had teams reduce their work
25 down to 80 percent capacity, leaving us 20 percent to

1 leverage that for defect or other unknowns that may
2 pop up, because of the complexity at this point is
3 getting significant and will only continue to grow as
4 we progress with the program.

5 And so based on what I just mentioned
6 with complexities, some risks and issues, we want to
7 get more into detail as to where we're at with some of
8 those risks and -- and some issues that have started
9 to materialize.

10 So, from a program perspective and even
11 beyond that from our Board, our Executive, we made a
12 decision to do program review.

13 And so that is a direct result of the
14 agile approach, the ability to leverage those
15 iterations, to check whether we're on the right path
16 to be successful as opposed to waterfall, where you
17 might be surprised at the end that you've missed a
18 schedule or you might be over budget.

19 This way leveraging agile and
20 iterations, we've said, look, we're program increment
21 planning number 3, which was back in August, let's
22 take an approach to do a program review to make sure
23 that we're on the path to success.

24 And so with that we have started an
25 internal review towards the end of August. Our

1 current plan, obviously, is very ambitious, right,
2 trying to deliver a -- a program of this size in just
3 over three (3) years.

4 There is no other use case in the world
5 that has done both PNC and DVA at the same time,
6 including a digital platform. And so the complexities
7 are -- are significant and so we are focused on
8 completing that internal review towards the beginning
9 of next calendar year, and prior to our -- the end of
10 our fiscal year.

11 The focus of that internal review is on
12 de-risking the program, and so whatever -- what
13 decisions we need to make to de-risk and set us up for
14 success.

15 Further progress, at this point, we
16 don't have any financial numbers to say, we need to
17 pivot and so that -- that's part of that assessment.

18 In parallel, we are engaged in an
19 external party to execute an external review and
20 validate that, what we found and the steps that we're
21 taking to mitigate or address the risks and issues
22 that we're having to deal with are sufficient.

23 And in some cases it's not just Nova
24 the program, but it might be broader to Nova and the
25 rest of the organization as well, as an example in

1 partnership with Mr. Mitra in his -- sorry, Mr. Parti
2 and his IT transformation activities that we'll refer
3 to as foundational. Some of those might be some
4 activities that are -- are brought forward as part of
5 that external review.

6 And that is, like I mentioned, targeted
7 towards the beginning of next calendar year.

8 Having said that, there are some
9 successes. So what -- what are our successes to date.
10 Obviously, the ability to leverage Agile, to identify
11 risks and issues early on because every program
12 increment is measured based on those objectives:
13 business objectives, financial objectives, other
14 deliverables that's part of that PI. We have the
15 ability to measure throughout each program increment.
16 So, as you saw in the first slide that I presented,
17 there are thirteen (13) program increments that we
18 have. Thirteen -- at the highest level thirteen (13)
19 iterations to check ourselves.

20 So that's successful. That's avoided
21 us from continuing down a path that might not be a --
22 the most optimal for us.

23 The adoption of Agile methodology has
24 also been a positive success. It continues to
25 increase within the organization. Project Nova has

1 been at the forefront of that, obviously needing to
2 get the agile methodology and capabilities ramped up
3 and mature quickly for the success of the program.

4 The agile ceremonies that you heard
5 from Mr. Mitra, all of the ceremonies that generally a
6 program or a project has not had historically, is now
7 in place.

8 RAID, I won't go through that again,
9 but obviously that is a very successful approach to
10 manage a program.

11 Increase in business ownership is a big
12 aspect as well. Agile obviously introduces the
13 ability for business ownership. It's no longer IT
14 delivering projects and, you know, sending them over
15 the fence. It is a partnership with the business, and
16 that's a part of our success so far.

17 And then our ability to plan in the
18 capacity, to identify capacity issues and concerns
19 proactively has been part of our success.

20 And then the last item, obviously the
21 iterative delivery approach that is an improvement to
22 how we (Audio issues).

23 Now, a lot of detail in these slides.
24 I'm not going to go through every bullet, but these
25 are some of the issues. And so we've broken them

1 down. We presented this to our technical committee at
2 the end of September, and so this is fresh, you know,
3 based on part of our assessment that we're doing
4 internally.

5 And so digital services, obviously we
6 have three (3) main streams which is digital services,
7 property and casualty, and DVA. And here are some of
8 the issues that we're running into that are causing
9 some concern and the reason why we're doing a review
10 at this point.

11 So obviously there is -- you know,
12 scope increased for digital. Why has scope increased
13 for digital? DVA, as an example, there's a product
14 called Celtic behind that DVA solution. That product
15 has some limitations.

16 The DVA market is a limited market.
17 It's not a very large market from a product
18 perspective, and we learned -- we knew that going in.
19 We learned that through the RFP process. The product
20 that we selected was the best out of what was --
21 what's in the market, but there are some limitations
22 that we've run into.

23 And so in -- one (1) of the objectives
24 for us as a program is not to customize because
25 customization leads us to technical debt, and you

1 don't want technology debt in your environment.

2 So with that, we've made decisions to
3 move some of that functionality into the digital
4 platform. That's what that platform is for. It -- it
5 is called a high-productivity application platform.

6 And so we built some of that
7 functionality that maybe the other products don't
8 fully deliver out of the box, and to avoid
9 customizations, we shifted. That's part of the scope
10 increase.

11 From a PNC perspective, there's limited
12 subject matter experts from the commercial insurance
13 team within MPI. So with all the activities going on,
14 there's a lot of demand for our subject matter
15 experts, and so that's caused, you know, some of the
16 parallel work that was planned to now turn into
17 sequential based on the limited capacity internally at
18 MPI. Next slide, please.

19 Integrations, quality assurance, and --
20 and organizational change management. So integrations
21 I think from an industry perspective, anybody who's
22 done a project of this size will tell you is one (1)
23 of the areas that needs to be managed and -- and have
24 significant oversight -- oversight to be successful.

25 And so integrations obviously was top

1 of mind for us going into this program. There's been,
2 you know, some capacity, some process improvements
3 that we've had to make, engaging obviously the product
4 vendor, as well as other support services from our
5 system integrator partners.

6 But integrations wasn't at the level
7 that we expected -- expected it to be, so it took a
8 while to ramp up and has caused us to slow down in
9 some areas that require integrations, whether to
10 legacy or to other systems within the Project Nova.

11 Quality assurance and, you know, the
12 ability to test the solutions that are being
13 delivered. At the end of the day, this project is all
14 about working software that will bring value to the
15 end users, whether it's customers, internal, or
16 partners.

17 And so quality assurance is that --
18 that gate that checks that what's being developed,
19 configured, is set up to be successful and deliver
20 that value that we're trying to achieve. And so that
21 is an item that, as you can see, we've said it's --
22 it's yellow.

23 There are some capacity concerns there,
24 but we have engaged through our early planning in RFP
25 to get testing services. That is expected to be

1 available as early as -- towards the end of this
2 month.

3 Organizational change management, once
4 again, an area that requires some maturity, some
5 services from some of our system integrators. The
6 ability for MPI to execute this successfully is -- is
7 paramount and really important for the success of
8 Nova.

9 This takes care of the people side of
10 the project, so when it comes to training, when it
11 comes to people readiness. We talk about self-
12 sufficiency, our ability to be fully trained up and
13 self-sufficient and not have to rely on system
14 integrators for the long term post-Project Nova.

15 Now the final -- I believe these are
16 the final three (3) items for these slides on the
17 issues that we're seeing. Technical shared service.
18 These are a lot of the enablers, what we call, you
19 know, enabling features and functionalities that are
20 required for the main core lines of business.

21 And so technical shared service takes
22 care of our infrastructure, our security, our identity
23 access management features that are required for this
24 program. And so there's been some, you know, issues
25 in identifying those early on or having enough runway

1 as some of these items are external to Nova and a
2 depend -- but a dependency to Nova.

3 So, as an example, there is an identity
4 in the access management project that is out --
5 outside of Nova but Nova's dependent on, so those
6 alignments are some issues that have popped up.

7 Analytics is another one we're keeping
8 an eye on that is led by Mr. Lazarko, and then data
9 conversion, and so our ability to align the need for
10 data to be present in order for us to execute certain
11 features that are required for us during particular
12 program increments. If the data's not available, you
13 cannot execute testing, as an example, or you cannot
14 deliver model office to have user experience examples.

15 And so those are items we're heavily
16 focussed on, but there are some risks that are present
17 right now.

18 And then a final to resourcing. So we
19 highlighted it as red. Key roles, there's been some
20 turnover. Retention, whether it's, you know,
21 promotions, retentions, succession planning.

22 And so key items that are broader than
23 Nova but at an organizational level that we're
24 highlighting here that we need to come up with a plan
25 on how we're going to management this in the long term

1 for the success of the program.

2 From a maturity perspective, we're
3 working with other leaders like Mr. Parti on centres
4 of excellence that are required as foundational
5 capabilities within MPI for us to be successful on
6 this program.

7 And a good example would be, you know,
8 cloud services, and so partnering with -- with Mr.
9 Parti on helping us get the right cloud services in
10 place for the DVA line of business or the DVA stream,
11 as an example.

12 And so also shifting a culture. As you
13 can imagine, doing a program of this size, but at the
14 same time shifting a culture to an agile approach is -
15 - is part of some of that maturity that's required
16 organizationally.

17 And then the responsibility that MPI
18 has. We have three (3) system integrators on the
19 program. We have three (3) product vendors on the
20 program -- pardon me, four (4) product vendors. But
21 MPI has the responsibility to bring all that together,
22 and so that responsibility requires significant
23 maturity for us to be successful.

24 And so, you know, PMO, as Shayon
25 alluded -- or, sorry, Mr. Mitra alluded to earlier,

1 we'd have to support the other streams in order to
2 mature some of those areas, and that's hampered some
3 of the velocity that comes to maturity.

4 Summary of issues. Just really
5 quickly, highlighting all of those issues that I
6 alluded to in the previous slides. There are nine (9)
7 key areas of concern here, so scope increase in the
8 digital area.

9 Teams have divided focus because we
10 have so much in parallel, and so having to work on the
11 first release and the second release in parallel, and
12 before that second release is over, starting with the
13 third release.

14 Limited organizational resources and
15 capabilities, and so having to go external if
16 required. There's been turnover that we've
17 experienced, so attrition, maturity of the centres of
18 excellence which we alluded to that are mainly from a
19 technical perspective.

20 The sequencing that is part of the
21 complexity, understanding what goes first, second,
22 third in such a complex program speaks to what we call
23 solution management, leadership consistency, and
24 ownership.

25 So, we have had quite a bit of turnover

1 organizationally. Architectural runway. That is more
2 of a technology, making sure that everything is lined
3 up and understood early on.

4 And the I alluded to earlier that
5 overarching system integrator, which is MPI, that
6 general contractor inexperience. And when we -- when
7 we say 'general contractor', that talks about program
8 management, but also the technical aspects, the people
9 side, the change, management aspects, so from a people
10 process technology perspective.

11 Elements required for program success.
12 And so, we've identified issues. We've said here are
13 the areas that are -- need to improve, mature, that we
14 need action plans for, and so what are the elements
15 that we require for -- for program success, and we
16 broke it down to five (5) main categories.

17 You'll notice solution management at
18 the top. Solution management is what connects all of
19 these activities end to end. It is not a once and
20 done. It is not just on its own. It is overarching
21 from a program perspective.

22 And then we have four (4) main -- under
23 that solution management, from the -- the standard
24 technology process people aspect. We've also added
25 the customer.

1 As Mr. Mitra alluded to in his slides,
2 customer is top of mind for us. And so, these are the
3 areas that we are, you know, focussed on maturing that
4 require -- and we call them 'elements required for
5 success'.

6 And so, identifying these has been
7 important for us. And then coming up with actions is
8 part of our internal review. And that is what we're
9 working on between now and early next year within the
10 internal and external program reviews. Next slide,
11 please.

12 Oh, sorry, that's -- no, sorry, this is
13 the -- this is Kay's (phonetic) program review. This
14 is -- should not be new information. This was
15 presented back at the IT summit back in February. And
16 so this is what has been approved as part of the re-
17 baseline business case.

18 So, 111.7, you'll see that highlighted
19 in green on the second row. That is our base budget
20 with contingency of 16.8, which brings us to 128.5
21 million. There is an NPV at this point of 18.4.

22

23 (BRIEF PAUSE)

24

25 MR. ALEX RAMIREZ: I believe that is

1 the last slide. The last slide, as I alluded to, is
2 part of the confident filing. Thank you.

3 THE PANEL CHAIRPERSON: Mr.
4 Scarfone...?

5 MR. STEVE SCARFONE: Thank you, Madam
6 Chair.

7

8 CONTINUED BY MR. STEVE SCARFONE:

9 MR. STEVE SCARFONE: Thank you very
10 much, Mr. Mitra and Mr. Ramirez. I think that
11 presentation gives good insight into the complexities
12 that your team is dealing with on an ongoing basis.

13 I do have some follow-up questions for
14 both you gentlemen. I'll let you decide who fields
15 the questions. They are primarily with respect to
16 progress of Project Nova and the review that's
17 currently underway concerning Project Nova.

18 I believe Mr. Ramirez indicated that
19 the -- the project is now moving into program
20 increment 4 and that there are three (3) sprints in
21 each program increment and thirteen (13) total program
22 increments, so if I'm understanding that correct, Mr.
23 Ramirez, about forty (40) sprints with approximately
24 ten (10) complete.

25 So, does that mean that the project is

1 about 25 percent complete?

2 MR. ALEX RAMIREZ: To answer that, Mr.
3 Scarfone, we can't look at it from that perspective.
4 You know, we started release 1(a), which is our
5 commercial insurance. There's been some work on
6 release 2(a).

7 Release 3(a), which is our personal
8 insurance and the more -- the most complex portion of
9 this program has not started. And then release 4(a),
10 which is claims, also has not started.

11 And so, we have not done discovery,
12 which is the -- the early discovery on those final two
13 (2) releases. So, stating that, a percentage
14 completion at this point, you know, it's too early to
15 say the percents were complete as we have not done the
16 full discovery on those final two (2).

17 MR. STEVE SCARFONE: Okay. Thank you
18 for that. And on that, you mentioned, as well, that,
19 if technical debt happened to be carried over from one
20 program increment to another, would that prevent the
21 Corporation from saying that that program increment is
22 complete?

23 MR. ALEX RAMIREZ: So, we take an
24 approach that a feature or an epic is not done or
25 complete until all the testing is -- is successfully

1 passed.

2 And so, the -- to answer that, I would
3 -- it would be, yes. If not all the features are
4 completed within that program increment, if there is
5 technical debt, it is -- it's potentially moved to
6 future PIs, or it can be addressed during a testing
7 period.

8 But if it is not completed, the answer
9 is, yes, it is not considered a full completed PI.

10 MR. STEVE SCARFONE: Okay. Thank you.
11 A further question on progress. Of course, you'll
12 recall having appeared here last year, the year prior,
13 the project, I believe, was still known as Legacy
14 Systems Modernization.

15 You mentioned, Mr. Ramirez, that the
16 complexities involved with the -- the private PNC,
17 DVA, and the digital platform in three (3) years I
18 think is what you said.

19 When is year 1 in that three (3) year
20 time frame?

21 MR. ALEX RAMIREZ: When I alluded to
22 three (3) years, year 1, Mr. Scarfone, started in the
23 end of 2020. So, we started discovery in December
24 2020.

25 MR. STEVE SCARFONE: Okay. Thank you.

1 And the last one on progress, in the application, I
2 think the Corporation has committed to providing
3 online services for its customers beginning April
4 2023.

5 Is that my understanding?

6 MR. ALEX RAMIREZ: That is correct.

7 MR. STEVE SCARFONE: And is that time
8 line still envisioned by the Corporation?

9 MR. ALEX RAMIREZ: At this point in
10 time, that is part of our program review and will be a
11 finding and recommendation that will be presented at
12 the end -- at the beginning of 2022.

13 MR. STEVE SCARFONE: Okay. Thank you.
14 The governance vendor, PricewaterhouseCoopers, has
15 that particular vendor been engaged throughout and
16 expected to be part of this until the end of Nova?

17 MR. SHAYON MITRA: I believe their
18 contract was for three (3) years. So, based on what
19 Mr. Ramirez presented, we will -- we will know by
20 early 2022 if there are any impacts to schedule with
21 regards to the releases.

22 And so, going back to your question,
23 Mr. Scarfone, on PWC, at that point in time, I think
24 the technical committee of the Board would assess
25 whether to extend their contract or let it terminate.

1 MR. STEVE SCARFONE: Okay. Thank you
2 for that. Last year at this time, Mr. Mitra, the
3 Corporation was busy preparing what it called a re-
4 baseline of Project Nova, which is, of course, an
5 updated business case.

6 Will another updated business case be
7 prepared following the review that's underway?

8 MR. SHAYON MITRA: I think the first
9 step would be to assess the impact of the issues that
10 we shared both internally and externally.

11 After that, if we -- if we conclude
12 that there -- there are no implications to the budget,
13 then we would assess that. But, as stated in the rate
14 application and in my opening remarks, the purpose of
15 Project Nova is not to return a positive NPV.

16 The reason why we're doing Nova is to
17 continue to deliver value-added services to
18 Manitobans. The risk of not doing Nova is letting our
19 legacy platforms continue, and that is a bigger risk
20 to Manitobans than -- that the NPV discussions.

21 So, in short, we would be as prudent as
22 we can be, as diligent as we can be, and as
23 transparent as we can be. That is our intent, and we
24 continue to do so.

25 But after the reviews are done, we will

1 be in a better position to speak to the fact that
2 whether a re-baselining component or initiative is
3 needed or the contingencies will suffice.

4 MR. STEVE SCARFONE: Okay. Thank you.
5 Perhaps you can't answer this now as -- but I do
6 recall an Information Request where the Corporation
7 said in Its application that it's confident that it
8 can stay within the budget of 128.5 million.

9 Mr. Mitra, does the Corporation still
10 feel that way about six (6) weeks later, I guess, now
11 with this review underway?

12 MR. SHAYON MITRA: Mr. Scarfone, just
13 to go back to what Mr. Ramirez presented. Our
14 learnings are from Program Increment Planning number
15 3, which is the most current program increment. We've
16 got another ten (10) program increments to go through.
17 And our intent is to take the learnings from the
18 program increment planning and then action them as --
19 as quickly as possible.

20 So based on the facts that were -- that
21 were in front of us at that point in time, we were
22 confident with 128.5 million with contingency. At
23 this point in time, I think we have some -- some
24 reservations around that number, but I think we need
25 to do our due diligence before I can comment if that

1 specific number is -- is going to move up or -- or get
2 significantly impacted.

3 MR. STEVE SCARFONE: And so, there's
4 no indication here today of the magnitude of any
5 change if the change is afoot?

6 MR. SHAYON MITRA: At this point, we
7 don't have all the details to speak to them with any
8 due diligence.

9 MR. STEVE SCARFONE: At page -- or
10 slide 26 of Mr. Ramirez's presentation there, he sets
11 out a summary of the issues. One (1) of which, Mr.
12 Ramirez, is limited resources.

13 Do you see that in the top right
14 corner?

15 MR. ALEX RAMIREZ: I do, Mr. Scarfone.

16 MR. STEVE SCARFONE: I'm wondering if
17 the IT transformation strategy that's -- that was made
18 reference to by Mr. Parti and the twenty (20) new
19 full-time equivalent, does the project look to access
20 those resources any -- in any way?

21 MR. ALEX RAMIREZ: That would require
22 further discussions in alignment with the strategy
23 that Mr. Parti presented. At this point, that is part
24 of the review. And any prioritization that's required
25 within the organizations, at this point in time, I

1 cannot answer that with certainty.

2 MR. STEVE SCARFONE: Okay. On that
3 same slide, have each of those nine (9) issues been
4 forwarded to the external review vendor?

5 MR. ALEX RAMIREZ: The external review
6 vendor activities commence on October 25th. At this
7 point in time, we are in discussions with logistics
8 and what that will look like. So we have not shared
9 any -- any documentation with them yet.

10 MR. STEVE SCARFONE: And lastly, just
11 on the risk mitigation strategies for Project Nova.
12 Have some of those strategies identified the risks or
13 the issues that you've alluded to here today?

14 MR. ALEX RAMIREZ: Can you please
15 repeat that?

16 MR. STEVE SCARFONE: Yes. You
17 mentioned -- and I believe Mr. Mitra mentioned the
18 acronym SAFE (phonetic), and these are the risk
19 mitigation strategies that Nova has in place. And I'm
20 wondering now, with the review under way and the
21 issues that have been identified, have those risk
22 mitigation strategies helped the Corporation in
23 identifying these issues?

24 MR. ALEX RAMIREZ: That's correct, Mr.
25 Scarfone. So the correct acronym is RAID --

1 MR. STEVE SCARFONE: Sorry.

2 MR. ALEX RAMIREZ: -- Risk, Action,
3 Issues, and Decisions. And so that process is fully
4 embedded into the program. And so early
5 identification of risks, avoiding issues, making quick
6 actions and decisions is part of the fibre of the
7 program and being, obviously, spread out throughout
8 the organization. And so that has benefited us in
9 early identification.

10 MR. STEVE SCARFONE: And just one (1)
11 last question, Mr. Ramirez. In the application, the
12 Corporation has said that its most significant risk
13 for Project Nova is schedule slippage.

14 Does that remain so?

15 MR. ALEX RAMIREZ: That is correct.
16 We refer to that maybe in more detail. You know,
17 schedule slipping will require resources to be on the
18 program longer -- require system integrators to remain
19 working on Project Nova for MPI longer. And those two
20 (2) are the main cost drivers.

21 MR. STEVE SCARFONE: Thank you. Those
22 are all of my questions for the panel.

23 THE PANEL CHAIRPERSON: Thank you, Mr.
24 Scarfone.

25 Ms. McCandless...?

1 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

2 MS. KATHLEEN MCCANDLESS: Thank you,
3 Madam Chair. Good afternoon to members of the panel.
4 I'm Kathleen McCandless, Board counsel, and I'm going
5 to have some questions for you today. I may or may
6 not direct a particular question to a panel member, so
7 whoever is the most appropriate person to respond,
8 please, feel free to do so.

9 And just a reminder, it would be
10 helpful for the court reporter if you state your name
11 before you provide your answer, from time to time.

12 I just have a brief series of questions
13 on benchmarking and then the majority of my focus will
14 be on Project Nova.

15 And so first, Kristen, could we please
16 go to BMK-5 (phonetic), that's Part 30 of -- page 30
17 of Part 3 of the application.

18

19 (BRIEF PAUSE)

20

21 MS. KATHLEEN MCCANDLESS: Thank you.
22 Just looking at lines 16 down to 20, here, the
23 Corporation reported that it plans to shift the
24 benchmarking exercise from Q1 to Q3 -- and I believe,
25 Mr. Parti, you mentioned that earlier -- to reflect

1 financial results and to provide MPI with additional
2 time to review and action recommendations. And that
3 further adjustments to the benchmarking process are
4 being considered over the next twelve (12) months.

5 Those updates are going to be provided
6 in next year's General Rate Application?

7 MR. SIDDHARTHA PARTI: That is
8 correct.

9 MS. KATHLEEN MCCANDLESS: Is there any
10 risk, in terms of planning or monitoring, to the
11 Corporation not having filed a formal IT benchmarking
12 strategy at this point in time?

13 MR. SIDDHARTHA PARTI: At this stage,
14 we do not envision any risk to that.

15 MS. KATHLEEN MCCANDLESS: You did
16 mention in your direct evidence that there are some
17 benefits in shifting the benchmarking from Q1 to Q3.
18 I think you mentioned that that provides the best
19 quality of results?

20 MR. SIDDHARTHA PARTI: That is
21 correct.

22 MS. KATHLEEN MCCANDLESS: Can you
23 maybe just explain a little bit more why that's the
24 case?

25 MR. SIDDHARTHA PARTI: The financial

1 results for the previous year are available to MPI by
2 Quarter 3 of the -- of the fiscal year. We want to
3 ensure that that data is available when the external
4 benchmarking Corporation -- Gartner, in this case --
5 come in and review our IT financials.

6 MS. KATHLEEN MCCANDLESS: And in terms
7 of when the benchmarking results would be provided to
8 the Board, for the purposes of the General Rate
9 Application, how will that fit into the timing then?

10 MR. SIDDHARTHA PARTI: I will defer
11 this question to Mr. Lazarko, I think.

12 MR. LAWRENCE LAZARKO: Lawrence
13 Lazarko, responding.

14 We would file the benchmarking
15 completed in Q3 '21/'22 financial year in GRA 2023.
16 We would include it in the core application that would
17 be filed as part of the other documents.

18 MS. KATHLEEN MCCANDLESS: Thank you.
19 As Nova is transformational in nature, what does MPI
20 expect the relationship between the future IT
21 benchmarking strategy and Nova continued delivery to
22 be?

23 MR. SIDDHARTHA PARTI: Could you,
24 please, repeat the question?

25 MS. KATHLEEN MCCANDLESS: The -- in

1 terms of the relationship between the benchmarking
2 strategy and the delivery of Nova, how -- how --
3 what's the interplay between those? How is one going
4 to inform the other?

5 MR. SIDDHARTHA PARTI: The IT
6 benchmarking strategy is -- definitely going to
7 incorporate what has been delivered from Nova into IT
8 operations. So there's definitely going to be that
9 element of data that'll be taken into account.

10 But the benchmarking is way more than
11 just Nova. The IT benchmarking exercise is about
12 benchmarking every single aspect from a -- that's
13 running within the IT division.

14 So there's definitely going to be
15 interplay in terms of whatever hands -- gets handed
16 over from Nova to operations. And whatever those
17 financials are, those will get incorporated. But
18 whatever the process and surety is, from a Nova
19 perspective, that's been handed over to IT, that will
20 also get accounted for.

21 But the way I would like to explain IT
22 benchmarking is way more than just what Nova is going
23 to deliver to IT.

24 MS. KATHLEEN MCCANDLESS: Kristen,
25 could we please go to PUB-MPI 2-29?

1 (BRIEF PAUSE)

2

3 MS. KATHLEEN MCCANDLESS: Here, the
4 Corporation was asked to list KPIs -- that's Key
5 Performance Indicators -- to monitor accumulated costs
6 schedule, future burn down, and team velocity to
7 assist with and monitor ability to complete remaining
8 work, yes?

9 MR. SIDDHARTHA PARTI: That is
10 correct.

11 MS. KATHLEEN MCCANDLESS: And if we go
12 to the next page. Thank you.

13 MPI responds here that:

14 "The schedule KPI has used include a
15 baseline of features created from
16 the program Feature Roadmap, with
17 priority towards minimum -- minimal
18 viable product, updated to include
19 the result of the features committed
20 during program increment planning
21 compared with the actual completed
22 features.

23 MPI used this alongside a Release
24 Management Plan that outlines the
25 implementation tasks required to

1 complete the individual release."

2 Yes?

3 MR. SIDDHARTHA PARTI: Correct.

4 MS. KATHLEEN MCCANDLESS: Is Nova
5 delivery a realization of a minimum -- minimal viable
6 product solution?

7 MR. SIDDHARTHA PARTI: That is
8 correct, as per my understanding.

9 MS. KATHLEEN MCCANDLESS: Has MPI
10 estimated the costs and timing to achieve minimal
11 viable product features?

12 MR. ALEX RAMIREZ: The estimates that
13 are in place today take that into account. But as we
14 mentioned, each program increment goes through a
15 program increment planning, which validates MVP or
16 Minimum Viable Product.

17 As part of that there could be changes
18 in the scope. At this point there have not been. And
19 so the scope could increase budget or schedule, but we
20 do assess it during each PI planning session.

21 MS. KATHLEEN MCCANDLESS: Thank you.
22 Next, could we have a look at PUB-MPI-2-32?

23

24 (BRIEF PAUSE)

25

1 MS. KATHLEEN MCCANDLESS: Thanks.
2 Just at the question A there first. The Corporation
3 was asked to provide a summary project timeline, or a
4 Gantt chart for each of the eight (8) projects listed
5 as dependencies for Project Nova completion along with
6 a single-line timeline of Project Nova.

7 And if we flip to the next page we see
8 the response here at A?

9 MR. ALEX RAMIREZ: That's correct.

10 MS. KATHLEEN MCCANDLESS: And perhaps,
11 Mr. Ramirez, then at a high level you could just
12 explain what we're looking at here in the Gantt chart?

13 MR. ALEX RAMIREZ: So, what we're
14 looking at here are the four (4) major releases for
15 Project Nova at the top. And then the dependent, what
16 I'll call external, but I mean external to Nova, so,
17 within MPI, external projects that are required to be
18 delivered in order for Nova to leverage as part of
19 their MVP objective.

20 MS. KATHLEEN MCCANDLESS: And at B,
21 MPI was asked to provide the dependency relationship
22 to Nova, and we see their response there?

23 MR. ALEX RAMIREZ: That is correct.

24 MS. KATHLEEN MCCANDLESS: And if we go
25 to PUB-MPI 1-68, I believe that spells out in detail

1 the dependent projects. So, if we go to the next
2 page, please. This is the answer B, that actually
3 sets out the dependencies here.

4 So, with -- if we scrolled from page 2
5 to page 3, there are a total of eight (8) projects
6 here, and that's also reflected in the Gantt chart
7 that we just looked at?

8 MR. ALEX RAMIREZ: That is correct.

9 MS. KATHLEEN MCCANDLESS: And if Nova
10 timelines are not met, will that affect the costs on
11 any of these eight (8) dependent projects?

12 MR. ALEX RAMIREZ: It is not expected
13 to affect those dependent projects. The integrations
14 could still occur in existing systems.

15 MS. KATHLEEN MCCANDLESS: Has the
16 dependency risk of Project Nova to the eight (8) IT
17 projects been recorded as a Nova Project risk?

18 MR. ALEX RAMIREZ: They have.

19 MS. KATHLEEN MCCANDLESS: How has MPI
20 planned to mitigate this risk?

21 MR. ALEX RAMIREZ: You -- risk as
22 opposed to -- to Nova or to these projects?

23 MS. KATHLEEN MCCANDLESS: Either, I
24 would say.

25 MR. ALEX RAMIREZ: And so, they're

1 documented currently in our RAID as part of Nova. And
2 so, they are a critical path item. Logging a risk is
3 not where the risk stops for us. It's all about the
4 actions.

5 And so, we've logged the risk and we've
6 documented actions, assigned it to the right owner
7 within the organization to then execute on those
8 actions whether it's delivering on these dependent
9 projects or any other mitigation step that is required
10 to not allow the risk to materialize.

11 MS. KATHLEEN MCCANDLESS: Does the
12 risk level of an IT project that is dependent on Nova
13 differ from the risk level of an IT project that is
14 not dependent on Nova?

15 MR. ALEX RAMIREZ: I'll answer it from
16 a Nova perspective and then maybe turn it over to Mr.
17 Parti from an IT perspective.

18 From a Nova perspective, the risks of
19 the IT projects not delivering on time or the right
20 level of service are -- are significant. We alluded
21 to some of the IT strategy items that Mr. Parti and
22 his directorate are working on are foundational.

23 Nova might be renovating the first and
24 second floor. We have -- we need to make sure the
25 foundation and the plumbing like Mr. Herbelin referred

1 to earlier this week are properly in place or
2 upgraded, or retrofitted as required. And so, yes,
3 the risks are (AUDIO ISSUE).

4 MR. SHAYON MITRA: So, Ms. McCandless,
5 if I may add, so all the enterprise projects are --
6 are being monitored with flags on them as Nova
7 dependant or non-dependant.

8 Now, individually for each of the proj
9 -- projects, like Mr. Ramirez responded, we assess
10 risk, and that is done through an enterprise risk
11 management process with Nova being front and centre,
12 as you can relate to, because of its magnitude and all
13 the dependent projects.

14 Further to that, Mr. Parti and his
15 team, and myself and our -- and my team, we meet on a
16 weekly basis to ensure that we are not out of sync.
17 Just to confirm that if there is any lapses with,
18 let's say, one (1) of these dependent initiatives, or
19 if that is losing ground, what is the Nova impact and
20 vice versa.

21 So, there's a tactical level of
22 engagement, there's a program level visibility through
23 the rate process, there's an enterprise level and --
24 and then all of this is being tracked through what we
25 are calling our capital master summery, and

1 transitioning to a scale agile framework through lead
2 portfolio management.

3 MS. KATHLEEN MCCANDLESS: And just to
4 sort of circle back to what I was trying to get at
5 with my question.

6 Is there an inherent risk level that
7 differs for an IT project that is dependent on Nova
8 than another IT project that is not dependent on Nova?

9 MR. SIDDHARTHA PARTI: From a risk
10 perspective, we do not measure projects that are not
11 directly impacting Nova any differently.

12 The way I would express a response to
13 this question would be that any IT project that's got
14 a direct relationship with Nova and it's a cause of
15 concern or risk, will be addressed first compared to
16 any other project within the IT eco system.

17 The success of Project Nova is
18 paramount between the transmission office and IT, so
19 the concentration would definitely be in -- on the
20 projects that we see on the screen right now.

21 MS. KATHLEEN MCCANDLESS: Thank you.

22 THE CHAIRPERSON: I'm sorry. Ms.
23 McCandless, can I just interrupt for a sec. I -- I've
24 got a question which I'm going to ask later on.

25 What was the -- the previous IR that

1 you referred to that had the Gantt chart?

2 MS. KATHLEEN MCCANDLESS: 2-32. PUB-
3 MPI 2-32 has the --

4 THE CHAIRPERSON: Thank you.

5 MS. KATHLEEN MCCANDLESS: -- chart.

6 THE CHAIRPERSON: Yeah. Thanks.

7

8 (BRIEF PAUSE)

9

10 CONTINUED BY MS. KATHLEEN MCCANDLESS:

11 MS. KATHLEEN MCCANDLESS: Thank you.

12 Kristen, could we go to PUB-MPI 2-30. And this
13 relates to technical debt, which we did hear about a
14 few moments ago. Just at the preamble I'd like to
15 just bring your attention to that.

16 So, MPI stated in its IR Response --
17 its First Round IR Response, that:

18 "Project Nova has a threshold of 10
19 percent technical debt based on
20 feature count to be carried into the
21 next [and that was program
22 increment] the threshold is
23 accumulative measurement based on
24 functional delivery acr -- across
25 all completed PIs [or program

1 increments], and that Project Nova
2 completed one (1) PI to date and the
3 technical debt accumulated during
4 the PI increment -- PI is 6 percent.
5 MPI incorporated the 6 percent
6 technical debt into the feature
7 baseline capacity for the ensuing
8 PI."

9 Yes?

10 MR. ALEX RAMIREZ: That is correct.

11 MS. KATHLEEN MCCANDLESS: Is the 10
12 percent level, the threshold at the top of the page
13 here, is that considered a warning level or a critical
14 level of accumulation?

15 MR. ALEX RAMIREZ: That is considered
16 a high watermark. Beyond that, it would be concerning
17 to the program

18 MS. KATHLEEN MCCANDLESS: So is that
19 warning or critical?

20 MR. ALEX RAMIREZ: I would say
21 warning.

22 MS. KATHLEEN MCCANDLESS: And at what
23 level then would it be considered critical?

24 MR. ALEX RAMIREZ: That would be
25 dependent on what is included in that percentage and

1 so not all features are of the same scale or
2 complexity. And so, we would have to assess what that
3 10 percent or beyond encompasses.

4 You know, every PI would have to --
5 it's -- it's a different objective and, therefore,
6 difficult to answer that question, but I would say
7 it's a warning.

8 Anything beyond that, the approach we
9 take is we treat it as an issue. So I don't want to
10 say critical, but it would be treated as an issue.

11 MS. KATHLEEN MCCANDLESS: Thank you.
12 And then the question was asked at A, as MPI has
13 tracked 60 percent towards technical debt -- the
14 technical debt threshold in program increment, one (1)
15 of thirteen (13), the Corporation was asked to comment
16 on whether this indicates early risk concerns of
17 excess technical debt accumulation. Yes?

18 MR. ALEX RAMIREZ: That is correct.
19 We -- our response corrected that 60 percent, it was
20 actually 6 percent.

21 MS. KATHLEEN MCCANDLESS: Yes. And
22 if, so if we go to the next page here, it's the 6
23 percent. Yes?

24 MR. ALEX RAMIREZ: That's correct.

25 MS. KATHLEEN MCCANDLESS: Okay. But

1 if the technical debt threshold is 10 percent and Nova
2 has said -- hit 6 percent, is that not ultimately 60
3 percent of the threshold?

4 MR. ALEX RAMIREZ: That is -- so, Alex
5 Ramirez responding here --

6 MS. KATHLEEN MCCANDLESS: Yeah.

7 MR. ALEX RAMIREZ: -- that is not
8 correct -- way to look at it. The correct way to look
9 at it is -- is accumulative, so if that 6 percent is
10 able to then be moved to the next PI, would -- and if
11 there's enough capacity, it could be mitigated.

12 If that is not the case, then for the
13 next PI we only have 4 percent left. But it is an
14 assessment done at PI planning whether technical debt
15 can be consumed within the subsequent PI or a latter
16 PI within what remains.

17 MS. KATHLEEN MCCANDLESS: Thank you.
18 If the technical debt threshold is exceeded, will this
19 require use of the contingency?

20 MR. ALEX RAMIREZ: It would depend on
21 what that technical debt is. The system integrater
22 contracts, as an example, are a fixed price and we
23 have levers within the contracts to only pay based on
24 completed work, and so -- from that aspect, we have
25 retained full control from an MPI perspective to not

1 just simply add funds because things are late.

2 If the delay is due to MPI, there might
3 be a need to request for contingency due to needing
4 resources longer.

5 MS. KATHLEEN MCCANDLESS: Could too
6 much technical debt signal a further review of a Nova
7 business case and/or plans going forward?

8 MR. ALEX RAMIREZ: So, Alex Ramirez
9 responding. I would say that would depend. Technical
10 debt to us is a symptom of something that is a risk or
11 an issue earlier on.

12 And so, it -- it would probably be too
13 late if we're reacting to technical debt. We should
14 be reacting to risk that are materializing into issues
15 earlier on.

16 MS. KATHLEEN MCCANDLESS: Does
17 technical debt have an impact on the delivery of
18 future sprints or program increments?

19 MR. ALEX RAMIREZ: It can.

20 MS. KATHLEEN MCCANDLESS: And is
21 technical debt a metric that will be reported on for
22 other IT initiatives?

23 MR. ALEX RAMIREZ: That is correct.
24 It is a standard agile methodology metric.

25 MS. KATHLEEN MCCANDLESS: And is MPI

1 in a position to provide the risk assessment of
2 technical debt accumulated and the implications as an
3 outcome of their work on this topic that was scheduled
4 to have been completed in September 2021?

5 MR. ALEX RAMIREZ: At this point,
6 we've been able to address technical debt within the
7 existing PIs.

8 The issues we presented in the
9 presentation, that I walked through earlier, are a
10 proactive approach that would become technical debt if
11 we don't address.

12 And so, at this point, it's not about
13 saying those -- that's technical debt today. It's
14 things we need to correct today to avoid technical
15 debt.

16 MR. SHAYON MITRA: Ms. McCandless,
17 Shayon Mitra here, if I may add. The other way to
18 look at technical debt as -- is also a function of
19 capacity and velocity.

20 So, within a program increment we scope
21 out certain tasks and -- and deliverables and if -- if
22 they're not met then it becomes a debt, then at the
23 next PI planning increment, it's a tradeoff discussion
24 on can we add more capacity or increase the velocity
25 to reduce that.

1 So, it -- it's not necessarily a direct
2 correlation to how will that impact our -- our --
3 bottom line, or the -- the program budget, because
4 sometimes a feature or an -- an epic or a task can be
5 more complex. In other instances they might take a
6 shorter period of time.

7 I'll use the example of the digital
8 stream, which was highlighted as -- as a stream that
9 was feeling some strain. Their velocity, where they
10 were delivering about sixty seven (67) story points
11 through program increment number 3.

12 We realized that the -- their technical
13 debt is going to be significant. They found a way to
14 increase their -- their -- their capacity to ninety
15 nine (99) story points, thereby mitigating technical
16 debt within the program increment.

17 So, it's not directly a correlation in
18 every instance to, I guess, will it impact the program
19 budget, because in some instances it may have that
20 impact, in others it may not.

21 And then, there's also other -- other
22 discussions around, are we out of sync or misaligned
23 with how an epic or feature or story point is being
24 delivered? Hence, we couldn't test it to its
25 fruition, thereby accumulating technical debt.

1 So, I'm not -- I'm not sure if I'm
2 answering your question, but I made an attempt here to
3 do so.

4 MS. KATHLEEN MCCANDLESS: Thank you.
5 I -- I think that's all that we need for now.

6 I -- I'm going to move on to the budget
7 now for Project Nova. Kristen, could you pull up
8 appendix 1 from the filing. It's the Nova slide
9 presentation. I believe this -- these budget numbers
10 are also in MPI number 49. Thank you. Could we go to
11 page 11. Thank you.

12 So, here we see the original January
13 2019 budget for Project Nova on the -- in the first
14 column with numbers, then the middle column is the
15 January 2021 re-base line budget for Nova. Yes?

16 MR. ALEX RAMIREZ: That is correct.

17 MS. KATHLEEN MCCANDLESS: And right at
18 the bottom total one time costs, we see the original
19 budget was \$85.4 million with a \$21.4 million
20 contingency, for a total of \$106.8 million.

21 MR. ALEX RAMIREZ: That's correct.

22 MS. KATHLEEN MCCANDLESS: And now the
23 re-base line budget is \$114.7 million, with a
24 contingency of \$16.8 million for a total of \$131.5
25 million. Yes?

1 MR. ALEX RAMIREZ: At that point in
2 time, that's correct.

3 MS. KATHLEEN MCCANDLESS: Yes. And
4 then if we go to page 12.

5 This now has a March 2021 re-base line
6 budget.

7 MR. ALEX RAMIREZ: That's correct.

8 MS. KATHLEEN MCCANDLESS: And that's -
9 - total one time cost of \$111.7.

10 MR. ALEX RAMIREZ: That's correct.

11 MS. KATHLEEN MCCANDLESS: A
12 contingency of \$16.8 million for a total of \$128.5.
13 Yes?

14 MR. ALEX RAMIREZ: That's correct.

15 MS. KATHLEEN MCCANDLESS: And at page
16 29, this is the base line of -- the re-base line of
17 the business cases reflected here as well. Yes?

18 MR. ALEX RAMIREZ: That's correct.

19 MS. KATHLEEN MCCANDLESS: And so, it's
20 re-based lined over a fifteen (15) year ending 2020 --
21 2033/'34.

22 MR. ALEX RAMIREZ: Correct.

23 MS. KATHLEEN MCCANDLESS: Right in the
24 middle at on-going costs to operate, we see that per
25 the re-base line, there was a decrease of \$32 million?

1 MR. ALEX RAMIREZ: Correct.

2 MS. KATHLEEN MCCANDLESS: And the on-
3 going benefits, during the NPV period were increased
4 to \$25.4 million. Yes?

5 MR. ALEX RAMIREZ: Correct.

6 MS. KATHLEEN MCCANDLESS: Increased by
7 --

8 MR. ALEX RAMIREZ: -- by. That's
9 correct.

10 MS. KATHLEEN MCCANDLESS: -- by 25.4.
11 Pardon me. And so there's an increase to the net
12 present value to \$18.4 million, an increase from the
13 previous budget of \$5.7. Yes?

14 MR. ALEX RAMIREZ: Correct.

15 MS. KATHLEEN MCCANDLESS: And so, as
16 we earlier saw, the original budget had the 25 percent
17 contingency for a budget total of \$106.8 million.
18 Yes?

19 MR. ALEX RAMIREZ: Correct.

20 MS. KATHLEEN MCCANDLESS: And a 25
21 percent contingency is a high contingency. Yes?

22 MR. ALEX RAMIREZ: That is correct.

23 MS. KATHLEEN MCCANDLESS: I understand
24 that that contingency was used at the time because
25 project budgeting was not mature.

1 MR. ALEX RAMIREZ: That is correct.

2 MS. KATHLEEN MCCANDLESS: And then
3 ultimately MPI received cost estimates from proposals
4 for the project that firmed up the original cost
5 estimates?

6 MR. ALEX RAMIREZ: That is correct.

7 MS. KATHLEEN MCCANDLESS: And that's
8 what resulted in the re-base line. Yes?

9 MR. ALEX RAMIREZ: Beyond proposals,
10 it was fully a negotiated agreements at that point, so
11 firm costs.

12 MS. KATHLEEN MCCANDLESS: Now, if we
13 could go to page 25 of the Nova section of the filing.

14

15 (BRIEF PAUSE)

16

17 MS. KATHLEEN MCCANDLESS: Thank you.

18 Just scrolling down to lines 15 to 19, this -- this
19 increase here -- and then there's an increase of
20 vendor cost estimates of \$11.6 million?

21 MR. ALEX RAMIREZ: That is correct.

22 MS. KATHLEEN MCCANDLESS: And then we
23 see resource estimates of \$14.7 million?

24 MR. ALEX RAMIREZ: Correct.

25 MS. KATHLEEN MCCANDLESS: And then the

1 reduction in the contingency of the project budget --

2 MR. ALEX RAMIREZ: That's correct.

3 MS. KATHLEEN MCCANDLESS: -- by 4.6
4 million. Okay. And so that contingency was reduced
5 from 25 to 15 percent.

6 MR. ALEX RAMIREZ: That is correct.

7 MS. KATHLEEN MCCANDLESS: With respect
8 to the net present value of the project, it's over a
9 fifteen (15) year period. Is that length of time
10 considered long for an IT project?

11

12 (BRIEF PAUSE)

13

14 MR. STEVE SCARFONE: Just receiving
15 some support from the back row, Madam Chair, as you
16 might expect.

17

18 (BRIEF PAUSE)

19

20 MR. ALEX RAMIREZ: Alex Ramirez
21 responding. So initially, when Project Nova -- back
22 then it was called Legacy Systems Modernization -- was
23 first being developed, considered ten (10) or fifteen
24 (15) years as the period.

25 Because of the duration of the project

1 which at the time was slated to be around five (5)
2 years, it was decided that the best payback period
3 would be around -- over a fifty (50) year period based
4 on that five (5) year.

5 And it also made the most sense as our
6 engagements with those products and the product
7 vendors would be over multiple terms, you know, five
8 (5) plus five (5), as an example. So the costs with
9 those product vendors would be over ten (10) plus
10 years.

11 MS. KATHLEEN MCCANDLESS: Did MPI ever
12 do an NPV analysis based on other shorter time
13 periods?

14 MR. ALEX RAMIREZ: Yes, we did.

15 MS. KATHLEEN MCCANDLESS: And could
16 you elaborate on that, please?

17

18 (BRIEF PAUSE)

19

20 MR. SHAYON MITRA: Shayon here. Ms.
21 McCandless, can we take that as an undertaking?

22 MS. KATHLEEN MCCANDLESS: Absolutely,
23 yes. So if MPI could please undertake to provide any
24 alternative net present value analysis that was done
25 for Project Nova over a period of time shorter than

1 fifteen (15) years, provide details.

2 MR. STEVE SCARFONE: Yes, counsel.

3 We'll take that undertaking.

4 MS. KATHLEEN MCCANDLESS: Thank you.

5

6 --- UNDERTAKING NO. 14: MPI to provide any
7 alternative net present
8 value analysis that was
9 done for Project Nova over
10 a period of time shorter
11 than fifteen (15) years
12

13 CONTINUED BY MS. KATHLEEN MCCANDLESS:

14 MS. KATHLEEN MCCANDLESS: Now, if we
15 could jump back to the Business Case Program overview
16 which is at page 29 of Nova, Appendix 1. Thank you.

17 At the top of the table here, we see
18 the discount rate of 7.5 percent from January 2019
19 original budget, and it's remained consistent at 7.5
20 percent in the re-baseline budget, yes?

21 MR. SHAYON MITRA: That's -- it's
22 Shayon here. Yes.

23 MS. KATHLEEN MCCANDLESS: And a 7.5
24 percent discount rate would be considered medium to
25 high risk?

1 MR. SHAYON MITRA: That is correct.

2 MS. KATHLEEN MCCANDLESS: Can you
3 explain why MPI chose that particular discount risk --
4 or discount rate, pardon me?

5 MR. SHAYON MITRA: So at the onset,
6 the -- the inherent risk for Project Nova was deemed
7 as high risk, and then, once that happened, we
8 assessed the risk mitigation strategies and -- and
9 looked at the role of our governance vendor, the way
10 the program was going to be -- was to be set up with
11 the oversight from the technical committee of the
12 board and -- and the creation of the -- the steering
13 committees and the application of an agile
14 methodology.

15 And the assessment from the value
16 management team then was it was a medium-high risk
17 project, and hence, based on risk mitigation
18 strategies, the decision was to retain or leave it at
19 7.5 percent.

20 MS. KATHLEEN MCCANDLESS: You may
21 recall, Mr. Mitra, that in the '20/'21 GRA, MPI's
22 evidence was that the corresponding discount rate for
23 high-risk projects would be 8.5 percent. I can bring
24 you to a reference if that would help refresh your
25 memory.

1 MR. SHAYON MITRA: No. I'll -- I'll
2 take your word on it.

3 MS. KATHLEEN MCCANDLESS: Subject to
4 check, you would agree?

5 MR. SHAYON MITRA: Yes.

6 MS. KATHLEEN MCCANDLESS: And if we go
7 to page 39 of Nova, Appendix 1, we see that if -- if
8 MPI had used the high-risk rate of 8.5 percent on the
9 March 2021 re-baseline budget, that the net present
10 value calculation for Project Nova would be \$9.5
11 million, yes?

12 MR. SHAYON MITRA: Shayon here. Yes.

13 MS. KATHLEEN MCCANDLESS: And based on
14 what's been provided in the filing this year, so Value
15 Management, Appendix 11, we see here there are three
16 (3) bullets under the summary, and 9.0 percent is set
17 out for high-risk projects, yes?

18 MR. SHAYON MITRA: Yes.

19 MS. KATHLEEN MCCANDLESS: The March
20 2021 re-baseline business case, though, is using the
21 eight (8) point -- the 7.5 percent, yes?

22 MR. SHAYON MITRA: Yes.

23 MS. KATHLEEN MCCANDLESS: Has the
24 Corporation done a net present value analysis of Nova
25 using its current view of a high-risk project at 9

1 percent?

2

3

(BRIEF PAUSE)

4

5 MR. SHAYON MITRA: Shayon here. We
6 have not.

7

8 MS. KATHLEEN MCCANDLESS: Is that
9 something that you would be able to provide by way of
undertaking?

10

MR. SHAYON MITRA: Yes, we would.

11

12 MR. STEVE SCARFONE: If I could, Ms.
13 McCandless, can we take that particular request for an
14 undertaking under advisement? 'Cause I'd like to
15 first speak with our value management team about
16 whether that's something that could be provided before
the end of this hearing.

17

18 MS. KATHLEEN MCCANDLESS: We can have
19 offline discussions about what that might look like
then.

20

MR. STEVE SCARFONE: Okay. Thank you.

21

22 MS. KATHLEEN MCCANDLESS: Thank you.
23 Madam Chair, I know we've been going for almost two
24 (2) hours now. I think I have maybe twenty (20) more
25 minutes of questions, so this might be a good time to
take the afternoon break. Thank you.

1 THE PANEL CHAIRPERSON: Thank you.

2 Yes, let's take a break now, and we'll come back at
3 ten (10) to 3:00, please.

4

5 --- Upon recessing at 2:34 p.m.

6 --- Upon resuming at 2:55 p.m.

7

8 THE PANEL CHAIRPERSON: Thank you.

9 Ms. McCandless...?

10 MS. KATHLEEN MCCANDLESS: Thank you.

11 Just before I resume, I had a conversation with Mr.
12 Scarfone about the 9 percent discount rate analysis
13 for the net present value offline. And it's actually
14 been provided confidentially, so we don't need that by
15 way of undertaking. I'm going to withdraw that
16 undertaking.

17 THE PANEL CHAIRPERSON: Thank you.

18 MR. STEVE SCARFONE: And further to
19 that, Ms. McCandless, I think Mr. Mitra can provide a
20 response to the calculation that would have been
21 produced over a ten (10) period rather than the
22 fifteen (15) years.

23 MR. SHAYON MITRA: Shayon here. So,
24 the -- the NPV over a ten (10) year period would be a
25 negative \$48.2 million.

1

2 CONTINUED BY MS. KATHLEEN MCCANDLESS:

3 MS. KATHLEEN MCCANDLESS: Thank you.

4 Now, I just would like to go to CAC-1 -- CAC-MPI 1-33.

5 There's a comment at 'B'. If we could scroll down a

6 little bit more, please. Thank you.

7 So in this Information Request
8 response, about two-thirds of the way down the
9 paragraph, MPI has commented that, based on the work
10 to date and the governance process currently in place,
11 MPI is confident that it can meet the \$128.5 million
12 budget.

13 And we heard some of that again
14 reflected today, yes, from your testimony?

15 MR. ALEX RAMIREZ: Alex Ramirez
16 responding. That's correct.

17 MS. KATHLEEN MCCANDLESS: Were you
18 following along with testimony of MPI's CEO, Mr.
19 Herbelin, on Tuesday of this week?

20 MR. ALEX RAMIREZ: Not fully.

21 MS. KATHLEEN MCCANDLESS: Okay. Are
22 you aware that he discussed Project Nova in his
23 testimony?

24 MR. ALEX RAMIREZ: Yes, I am.

25 MS. KATHLEEN MCCANDLESS: And perhaps

1 we could just pull up page 216 of the transcript from
2 Tuesday.

3

4 (BRIEF PAUSE)

5

6 MS. KATHLEEN MCCANDLESS: Thank you.
7 If we go down to lines 10, to the bottom of the page,
8 here Mr. Herbelin says:

9 "But what I will say though is
10 Project Nova is not about replacing
11 systems only. You don't replace the
12 house on a land that does not have
13 modern plumbing."

14 And so he goes on to explain that other
15 things need to happen for Nova to be effective. And
16 that's part of the MPI 2.0 transformation, yes?

17 MR. ALEX RAMIREZ: Yes.

18 MS. KATHLEEN MCCANDLESS: And then if
19 we scroll down to page 217, the top of the page, Mr.
20 Herbelin also commented:

21 "They would most likely experience
22 delay in delivering Nova and, with
23 that, probably some deviations in
24 terms of its overall costs."

25 Yes?

1 MR. ALEX RAMIREZ: Yes.

2 MS. KATHLEEN MCCANDLESS: So at least
3 Mr. Herbelin seems to be indicating that there will be
4 increased costs and delay to Project Nova, agreed?

5 MR. ALEX RAMIREZ: Agreed.

6 MS. KATHLEEN MCCANDLESS: And so I
7 understand that MPI is saying today that it's
8 confident it can meet the \$128.5 million budget. But
9 perhaps if you could just explain how that's going to
10 get done, given what Mr. Herbelin has said?

11 MR. ALEX RAMIREZ: At the point in
12 time of the filing that was the correct with the
13 information we had. As stated in the earlier
14 presentation, we are undertaking an internal review,
15 as well as external.

16 Some of that risks and issues that were
17 identified are drivers to what Mr. Herbelin is
18 referring to. And some of the elements of success, as
19 you recall that slide, referred to those items that
20 are needed for program success that would potentially
21 increase the budget.

22 MS. KATHLEEN MCCANDLESS: Mr. Herbelin
23 also referred in his -- his evidence to a presentation
24 to the technology committee that took place. I think
25 it was September 28th or 29th.

1 MR. ALEX RAMIREZ: That's correct,
2 28th.

3 MS. KATHLEEN MCCANDLESS: Okay. And I
4 understand at that committee meeting there was a
5 decision made to change the scope of Nova?

6 MR. ALEX RAMIREZ: That is not
7 correct. To date, we have not spoken about scope.

8 MS. KATHLEEN MCCANDLESS: So there was
9 -- was there a decision to change the direction of
10 Nova, as a result of this meeting?

11 MR. SHAYON MITRA: What was presented
12 -- Shayon here. Ms. McCandless, what was presented
13 to the technical committee of the Board were the --
14 the slides that we shared with the Public Utility
15 Board, with regards to the issues we have and the due
16 diligence that we are conducting internally and
17 externally. And then the -- the commitment was to go
18 back to the technical committee of the Board in the
19 New Year once we had finished that due diligence.

20 MS. KATHLEEN MCCANDLESS: So I take it
21 then the -- the presentation that was made to the
22 technology committee is -- is the same presentation
23 that's been filed already with the Board.

24 Is that accurate?

25 MR. ALEX RAMIREZ: Alex Ramirez

1 responding. Some of the slides, not a complete
2 representation of what was presented.

3 MS. KATHLEEN MCCANDLESS: Is it
4 possible to provide a copy of what was presented to
5 the technology committee by way of undertaking?

6 MR. STEVE SCARFONE: Ms. McCandless, I
7 -- I expect that part of the reason some slides
8 weren't included is for confidentiality reasons, but
9 let me just confirm.

10

11 (BRIEF PAUSE)

12

13 MR. STEVE SCARFONE: That undertaking
14 is -- is fine, Mr. McCandless. What we'd like to do,
15 just out of an abundance of caution, is -- is have a
16 review of that full presentation that was made by the
17 technology committee and -- or to, and see if there's
18 any confidential material in there that shouldn't be
19 shared on the public record.

20 MS. KATHLEEN MCCANDLESS: And if there
21 is confidential material, you would just file it with
22 the Board as confidential?

23 MR. STEVE SCARFONE: Correct.

24 MS. KATHLEEN MCCANDLESS: Yes. Thank
25 you.

1 --- UNDERTAKING NO. 15: MPI to provide a copy of
2 what was presented to the
3 technology committee
4

5 CONTINUED BY MS. KATHLEEN MCCANDLESS:

6 MS. KATHLEEN MCCANDLESS: Now, we've
7 heard -- we heard a reference from Mr. Herbelin on
8 Tuesday to Supernova. And we heard from you this
9 morning MPI -- or this afternoon, pardon me, MPI 2.0.

10 Are those essentially the same things?

11 MR. SHAYON MITRA: Shayon here. Yes,
12 they are.

13 MS. KATHLEEN MCCANDLESS: Does the
14 current staffing compliment support delivery of MPI
15 2.0?

16 MR. SHAYON MITRA: Shayon again. At
17 this point, we haven't scoped out the initiatives
18 associated with MPI 2.0. It's part of our
19 transformation, roadmap, and journey, and our intent
20 is to scope that effort out. But in the absence of
21 that, we wouldn't be able to comment.

22 MS. KATHLEEN MCCANDLESS: Thank you.
23 Does the Corporation anticipate re-examining existing
24 contracts to determine their feasibility to deliver on
25 the broader vision of MPI 2.0?

1

2

(BRIEF PAUSE)

3

4

MR. SIDDHARTHA PARTI: Sid Parti here.

5

As part of our normal operational processes and

6

procedures, we review all the contracts on an ongoing

7

basis. So, to answer your question, yes, we would be

8

reviewing the contents.

9

MS. KATHLEEN MCCANDLESS: Thank you.

10

And I don't know who the appropriate person is to

11

answer this question so, please, feel free to jump in

12

whoever feels they're best equipped to answer it.

13

So a few moments ago I pointed to Mr.

14

Herbelin's testimony about some of the foundational

15

elements of Nova being lacking, yes?

16

MR. SIDDHARTHA PARTI: That is

17

correct, yes.

18

MS. KATHLEEN MCCANDLESS: Could you

19

perhaps enlighten the Board as to what those

20

foundational elements were that are missing?

21

22

(BRIEF PAUSE)

23

24

MR. SIDDHARTHA PARTI: Sid Parti here.

25

What Mr. Herbelin was referring to was some

1 fundamental pieces of technology that will -- that is
2 not present today within the Program Nova that we need
3 to built out or perhaps mature.

4 So, that would be a -- like Cloud,
5 building that data practice. Our integrations
6 maturity on how to actually integrate the products
7 together will -- Mr. Herbelin was referring to some of
8 those elements in his testimony.

9 MS. KATHLEEN MCCANDLESS: And I think
10 I understand the evidence from MPI is that there
11 hasn't been a new re-baseline for Nova at this point.

12 Is that going to occur after November
13 5th meeting? Or is the re-baseline part of the plans?

14 MR. SHAYON MITRA: Shayon here. So
15 the first step is to let the external consulting firm
16 finish its assessment. In parallel to that, we will
17 do our internal assessments. At that point in time,
18 if we are able to assess these -- the magnitude of
19 impact on the budget, then we'll be able to share
20 that.

21 I don't believe we will have that
22 effort completed by the 5th of November. I think
23 because of the complexities, Ms. McCandless, it'll
24 take us into the new year at a minimum.

25 MS. KATHLEEN MCCANDLESS: Okay. When

1 will the IT foundation for Project Nova stop
2 expanding?

3

4 (BRIEF PAUSE)

5

6 MR. SIDDHARTHA PARTI: Sid Parti here.

7 The app (phonetic) assessment and the foundational
8 elements that we need to establish for Project Nova,
9 that is -- investigative of that Mr. Mitra was
10 referring to earlier, that'll be completed by first
11 half of -- first quarter of next year.

12 We anticipate that -- that at that
13 stage we would know if there's any other foundational
14 elements that are missing, a part of the work that
15 will be done by this external agency and a full
16 architectural review.

17 So what we're anticipating and hoping
18 is that by then we'll have a complete picture on
19 whether we need to -- whether there are any other gaps
20 within program Nova from a technology...

21 MS. KATHLEEN MCCANDLESS: I think
22 MPI's acknowledged in your direct testimony that there
23 is a risk about time lines and scope for delivery of
24 Nova at this point, yes?

25 MR. SHAYON MITRA: Shayon here. Yes.

1 MS. KATHLEEN MCCANDLESS: And would it
2 be the case that adding foundational elements to Nova
3 three (3) years into the development cycle is creating
4 a risk for cost overruns?

5 MR. SHAYON MITRA: Shayon again. Ms.
6 McCandless, the intent is not to add that to the scope
7 of Project Nova. So these capabilities are --
8 foundational capabilities that are being worked on are
9 being delivered outside of Project Nova, either
10 through the dependent projects that we had shared or
11 with the intent of adding it to next year's capital
12 master summary or the -- the portfolio management, in
13 parallel to delivering Project Nova.

14 MS. KATHLEEN MCCANDLESS: So,
15 essentially, it's a new project and a new budget line
16 in addition to the Nova budget?

17 MR. SHAYON MITRA: Shayon again. It
18 would be individual initiatives of projects that would
19 stand on their own.

20 MS. KATHLEEN MCCANDLESS: Has MPI
21 considered breaking down the project -- so Project
22 Nova -- into project and do pilots with a fail fast
23 and not frequent approach?

24 MR. SHAYON MITRA: Shayon again. That
25 is our intent and that's why we're starting with our

1 Commercial or Special Risk Extension line. It's a
2 standalone line of -- for business. It's paper-based
3 today, so the risk is minimal. Hence, the approach to
4 start with that.

5 Further to that, I want to emphasize
6 that we are also working with our legacy platforms.
7 So when we think of Autopac online or, in my
8 presentation, I spoke to IWS, the insurance
9 workstation, the risk with decoupling a legacy system
10 and extending it for a long period of time with
11 backward integration actually amplifies the risk even
12 more.

13 So it's a trade-off that we have to
14 factor in when we make these decisions, and the best
15 approach, based on feedback received from our -- our
16 system integrated partners and in consultation with
17 other organizations that have done similar work, not
18 identical, this was the path of least resistance.

19 MS. KATHLEEN MCCANDLESS: MPI has
20 mentioned, with respect to IAT, expanding data
21 analytics?

22 MR. SIDDHARTHA PARTI: Sid Parti.
23 Yes.

24 MS. KATHLEEN MCCANDLESS: And would
25 you -- would you conceive of MPI as a data company or

1 a customer service company in insurance?

2 MR. SIDDHARTHA PARTI: In my opinion,
3 I would consider us that -- as a customer-centric
4 organization, yes.

5 MS. KATHLEEN MCCANDLESS: Given that
6 MPI is the only player in Manitoba with respect to
7 auto insurance, what value would the analytic's
8 solution provide to MPI and to Manitobans?

9

10 (BRIEF PAUSE)

11

12 MR. SIDDHARTHA PARTI: The premise --
13 Sid Parti here. The premise behind building a data
14 and analytics platform for MPI is not to increase
15 market share or drive revenue. And in those kind of
16 angles, that typically would explore when you talk
17 about a private insurer.

18 The fact of the matter is that we are -
19 - we don't have a choice. We have to build a strong
20 data capability within the organization for various
21 other aspects, and especially from the lens of the
22 customer experience.

23 As the -- as we go forward and we
24 mature towards MPI 2.0 and we try to move towards more
25 of an omnichannel experience for the customers, we

1 talk about automation and so on. All of those future
2 technologies and future aspirations heavily rely on
3 data and analytics. So there is no way to build those
4 advanced capabilities and improve our customer
5 experience without having a solid data and analytics
6 platform to support it.

7 MS. KATHLEEN MCCANDLESS: Will there
8 be a business case put in place or a financial review
9 or a net present value analysis for the data
10 analytics?

11 MR. SIDDHARTHA PARTI: Absolutely.
12 With anything that we do, it will be supported by a
13 business case.

14 MS. KATHLEEN MCCANDLESS: And do you
15 have a sense as to when that would be occurring?

16 MR. SIDDHARTHA PARTI: That is the
17 work -- that is -- Sid Parti -- and that is the work
18 that is progress right now. We should have a better
19 answer by next year's submission.

20 MS. KATHLEEN MCCANDLESS: Mr. Herbelin
21 spoke on Tuesday about an omnichannel approach, yes?

22 MR. SIDDHARTHA PARTI: Yes. Correct.

23 MS. KATHLEEN MCCANDLESS: And has MPI
24 considered the need for an omnichannel approach?

25

1 (BRIEF PAUSE)

2

3 MR. SHAYON MITRA: Shayon here. Ms.
4 McCandless, I'll attempt to answer that question.

5 So under the leadership of Mr.
6 Herbelin, MPI has made some changes in its
7 organization structure. And now we have a customer
8 and product division, led by Ms. Sackridge-Vatana
9 (phonetic).

10 The work that this division has already
11 undertaken is understanding customers or understanding
12 the needs and wants of Manitobans. We've leveraged
13 the expertise of KPMG to assist us with that, and what
14 we have embarked on is called 'customer journey
15 mapping'. What that entails is really understanding
16 the pain points from Manitobans when they come to us
17 to get a driver's licence or registration or policy.

18 And then, further to that, and to Mr.
19 Parti's comments, understanding the pieces of data
20 that we have today that can help us make informed
21 decisions, or the pieces that are needed going
22 forward.

23 If you also recall -- and -- or my
24 apologies, if Mr. Herbelin didn't speak to it -- but
25 MPI wants to be fast followers. We don't want to be

1 first out of the gate. We want to make sure that
2 Manitobans get established and tested practices. So
3 going back to your -- your question with omnichannel.
4 In the light of the pandemic and the light of how
5 customer preferences -- including Manitobans -- is
6 focusing more online, our thoughts are, after online,
7 the next component that we need to start assessing or
8 visiting would be omnichannel. And we would qualify
9 and warn that with due diligence and feedback from
10 customers and a business case to support that.

11 MS. KATHLEEN MCCANDLESS: Thank you.
12 I'm going to jump back now to some budget questions.

13 Could we go to PUB-MPI 2-34, please?

14

15 (BRIEF PAUSE)

16

17 MS. KATHLEEN MCCANDLESS: At 'B', the
18 Corporation was asked to indicate the impact on both
19 cost and scheduled completion of Project Nova if MPI's
20 assumed online adoption rate was at half the pace
21 contemplated in its plan, yes?

22 MR. SHAYON MITRA: Shayon here. Yes.

23 MS. KATHLEEN MCCANDLESS: And if we
24 scroll to the answer at B, please. Thank you.

25 So, there was a scenario one defined as

1 an online adoption rate that takes twice as long to
2 reach a 40 percent uptake, yes?

3 MR. SHAYON MITRA: Yes.

4 MS. KATHLEEN MCCANDLESS: And if -- if
5 that uptake was -- took twice as long, then the broker
6 commission savings achieved would be \$60.22 million
7 less than the re-base line business case, yes?

8 MR. SHAYON MITRA: Yes.

9 MS. KATHLEEN MCCANDLESS: So,
10 essentially, if MPI experiences a slower take of
11 online transactions, then the NPV calculation for
12 Project Nova would be materially affected, yes?

13 MR. SHAYON MITRA: Yes.

14 MS. KATHLEEN MCCANDLESS: Would that
15 also be the case, say, lower savings or delayed
16 savings realized if there are further delays in
17 delivering Nova?

18 MR. SHAYON MITRA: That would be
19 correct.

20 MS. KATHLEEN MCCANDLESS: Now lastly,
21 I just want to ask you some questions about the driver
22 and vehicle administration share of the Project Nova
23 budget.

24

25 (BRIEF PAUSE)

1 MS. KATHLEEN MCCANDLESS: So, this
2 morning we heard from the revenues and expenses panel
3 -- yesterday, I'm losing track of the days.

4 Anyway, the information that we had
5 from one (1) of the panels in this hearing is that 49
6 percent of the Project Nova budget relates to the
7 driver and vehicle administration piece of the
8 project.

9 Are you familiar with that?

10 MR. ALEX RAMIREZ: Alex Ramirez,
11 responding. Yes, correct.

12 MS. KATHLEEN MCCANDLESS: And if we go
13 to page 11 of Nova appendix 1, please. Thank you.
14 So, we see for the re-baseline budget, and if we maybe
15 go -- jump forward one (1) more page, please, to
16 March.

17 So, the driver and vehicle
18 administration, March 2021 re-baseline budget has the
19 estimated cost for DVA at \$35 million, yes?

20 MR. ALEX RAMIREZ: That is correct.
21 Although, it does not factor other costs like
22 leadership, or the digital screen that are supporting
23 the PNC and DVA.

24 MS. KATHLEEN MCCANDLESS: The evidence
25 I -- I -- that we heard, I believe, was that 49

1 percent of the overall budget, so of the \$111.7
2 million would be allocated to DVA?

3 MR. ALEX RAMIREZ: That is correct.

4 MS. KATHLEEN MCCANDLESS: Okay. So,
5 at that rate then, according to my math, it would be
6 approximately \$54 million of the \$111.7 million would
7 be allocated to DVA?

8 MR. ALEX RAMIREZ: That is correct.

9 MS. KATHLEEN MCCANDLESS: So, can you
10 explain why it's noted as 35 million here?

11 MR. ALEX RAMIREZ: That is due to the
12 fact that the leadership row that you see is -- is
13 broken down into the different lines of business, PNC
14 and DVA, as well as the digital costs. Digital is not
15 a line of business, as an example, and so we're
16 aligning to the core lines of business, whether it's
17 DVA or PNC.

18 And so, breaking down those costs
19 across the core lines of business increases that cost
20 of the DVA work to the number that you mentioned.

21 MS. KATHLEEN MCCANDLESS: So, as I
22 understand your evidence then, Mr. Ramirez, the DVA
23 piece of Nova includes the \$35 million costs allocated
24 here, as well as a portion of leadership, NPMO, and
25 quality assurance, and the digital stream?

1 MR. ALEX RAMIREZ: That is correct.

2 MS. KATHLEEN MCCANDLESS: And is that
3 broken down in detail anywhere?

4 MR. ALEX RAMIREZ: It is.

5

6 (BRIEF PAUSE)

7

8 MR. ALEX RAMIREZ: Okay, Ms.

9 McCandless, Alex Ramirez, responding. So, the direct
10 costs of the DVA work, which includes vendor costs,
11 researching costs for that DVA stream is 35 million.
12 We have allocated six-point-four (6.4) of the digital
13 screen. Governance vendor is one (1) million of that.

14 Leadership is an additional five (5)
15 and there's one (1) confidential item, as oppos -- it
16 relates to an item I cannot bring up here, but for a
17 total of 13.6 million, which brings the total to 50.1
18 million of the one-eleven (111), and contingency of
19 seven-point-four (7.4), for a total of 57.5 million of
20 the hundred and twenty-eight (128).

21 MS. KATHLEEN MCCANDLESS: I see you're
22 referring to a -- a document. Is that something
23 that's on the record that you could pull up on the
24 screen or is that --

25 MR. ALEX RAMIREZ: I am --

1 MS. KATHLEEN MCCANDLESS: --
2 additional information?

3 MR. ALEX RAMIREZ: I'm going to have
4 to check.

5
6 (BRIEF PAUSE)

7
8 MR. ALEX RAMIREZ: We can take that as
9 an undertaking.

10 MS. KATHLEEN MCCANDLESS: So then, I
11 think what the undertaking is is to provide a detailed
12 breakdown of the portion of the Project Nova budget
13 that is now being allocated to the driver and vehicle
14 administration aspect of the project, including -- and
15 then we would need a breakdown of the extent to which
16 those are costs associated with items such as
17 governance, vendor, leadership, et cetera.

18 MR. STEVE SCARFONE: Yes, we'll --
19 we'll make that undertaking counsel. And -- and it
20 could very well be that that document is somewhere on
21 the record, but we'll take that away.

22
23 --- UNDERTAKING NO. 16: MPI to provide a detailed
24 breakdown of the portion of the
25 Project Nova budget that is now

1 being allocated to the driver and
2 vehicle administration aspect of the
3 project, and then we would need a
4 breakdown of the extent to which
5 those are costs associated with
6 items such as governance, vendor,
7 leadership, et cetera

8

9 (BRIEF PAUSE)

10

11 MS. KATHLEEN MCCANDLESS: Thank you.

12 THE CHAIRPERSON: Sorry, if -- if I
13 could interrupt. If we could have the numbers, and
14 also if you could indicate how you came to those
15 numbers. Like, are -- are you doing a percentage or
16 how does it relate specifically to DVA versus just,
17 you know, deciding you're going to do a flat rate?

18 MR. STEVE SCARFONE: Thank you, Mr.
19 Gabor. I'm being told that it's in the allocation
20 model for the project implementation costs, so that
21 will be included then with the -- with the numbers.

22

23 CONTINUED BY MS. KATHLEEN MCCANDLESS:

24 MS. KATHLEEN MCCANDLESS: Does the
25 business case expect future savings from the DVA

1 project?

2

3

(BRIEF PAUSE)

4

5

MR. ALEX RAMIREZ: Ms. McCandless,
6 Alex Ramirez, responding. There are ongoing cost-
7 saving benefits as part of the business case allocated
8 to the DVA stream in relations to both technology,
9 internal labour, some -- some external labour, broker
10 compensation, IT security, as well as some -- some
11 postage, which is minimal.

12

MS. KATHLEEN MCCANDLESS: And again, I
13 think you're referring to a document. So, if that
14 could be provided by way of undertaking, and if it
15 contains confidential information, MPI can ask that it
16 be filed in confidence with the Board.

17

It may already be on the record. I'm
18 not familiar with that information though.

19

MR. STEVE SCARFONE: Yeah, that's
20 fine. We'll make that undertaking.

21

MS. KATHLEEN MCCANDLESS: Thank you.

22

23 --- UNDERTAKING NO. 17: MPI to provide the
24 document Mr. Ramirez was
25 referring to.

1 MS. KATHLEEN MCCANDLESS: Those are
2 all my questions for this panel. Thank you very much.

3 THE PANEL CHAIRPERSON: Thank you, Ms.
4 McCandless. Ms. Dilay, could you please rejoin us in
5 the hearing room?

6

7 (BRIEF PAUSE)

8

9 THE PANEL CHAIRPERSON: Thank you, Ms.
10 Dilay. We were wondering if you could give us an
11 estimate of how long you might be?

12 MS. KATRINE DILAY: Thank you, Madam
13 Chair, and apologies again for the delay.

14 Ms. McCandless did cover some areas so
15 I don't expect to be more than forty (40) minutes, and
16 it might be less than that.

17 THE PANEL CHAIRPERSON: Okay. Thank
18 you. Please proceed.

19

20 CROSS-EXAMINATION BY MS. KATRINE DILAY:

21 MS. KATRINE DILAY: Thank you. Good
22 afternoon, MPI witnesses. My name is Katrine Dilay.
23 I am the legal counsel for the Manitoba Branch of the
24 Consumers Association of Canada in these proceedings.
25 It's very nice to meet you.

1 I have five (5) general areas of
2 questioning today. Similarly to Ms. McCandless, I
3 would propose that I -- I pose the questions generally
4 to the panel and whoever is best suited to answer, can
5 feel free to jump in.

6 The next few questions will be pretty,
7 kind of, basic -- you'll -- from your perspective, but
8 hopefully they'll set the stage for my next questions.

9 Ms. Schubert, if we could turn to part
10 4, which is the Nova section of the General Rate
11 Application, page 24. Thank you.

12 So the bottom of page 24 and the -- the
13 top of page 25, you'll agree that MPI recently
14 conducted a re-base line of the business case for
15 Project Nova, including updates to the delivery road
16 map, project costs, on-going operating costs, and
17 benefit streams.

18 MR. ALEX RAMIREZ: Alex Ramirez
19 responding. That's correct.

20 MS. KATRINE DILAY: And this re-base
21 line was approved by MPI's Board of Directors in
22 February of 2021?

23 MR. ALEX RAMIREZ: That is correct.

24 MS. KATRINE DILAY: And the new
25 Project Nova budget is a \$111.7 million, plus the

1 \$16.8 million contingency for a total of \$128.5
2 million. Correct?

3 MR. ALEX RAMIREZ: That's correct.

4 MS. KATRINE DILAY: And this new
5 budget is an increase of \$21.7 million from the
6 original estimate?

7 MR. ALEX RAMIREZ: That's correct.

8 MS. KATRINE DILAY: And Kristen, if we
9 could go back to the top of page 23 in this document.
10 Right there is great. Thank you.

11 You'll agree that any spend above the
12 \$128.5 million must be referred to the Board of
13 Directors for review and approval.

14 MR. ALEX RAMIREZ: That's correct.

15 MS. KATRINE DILAY: So you'll agree
16 that it is still possible that Project Nova budget --
17 that the Project Nova budget could increase?

18 MR. ALEX RAMIREZ: That's correct.

19 MS. KATRINE DILAY: And, in fact, you
20 referred to this in your testimony to Ms. McCandless
21 that your -- and your CEO also referred to some fine -
22 - foundational elements of the project that need to be
23 addressed which are likely to result in delay in
24 delivering Nova and with that probably some deviations
25 in terms of the overall costs. Correct?

1 MR. ALEX RAMIREZ: It's still under
2 review, but some of the risks and issues could
3 potentially cause schedule and budget impacts.

4 MS. KATRINE DILAY: And you've --
5 you've already discussed this, but essentially these -
6 - these have not been quantified yet. Correct?

7 Ms. Schubert, if we could turn to part
8 7 which is the risk management framework of the
9 application, appendix 3.

10 And, just at a high level, you'll agree
11 that these are the top corporate -- corporate risks as
12 of April 2021 for MPI?

13 MR. ALEX RAMIREZ: That is correct.

14 MS. KATRINE DILAY: And around the
15 middle of the page there we see a risk name 'failure
16 of major project'. Correct?

17 MR. ALEX RAMIREZ: Correct.

18 MS. KATRINE DILAY: And if we move one
19 column over, that refers to significant Nova program
20 issues, which will result in business disruption and
21 failure to achieve MPI's strategic and other program
22 related objectives.

23 MR. ALEX RAMIREZ: Correct.

24 MS. KATRINE DILAY: And I believe you
25 discussed this earlier with my friend Mr. Scarfone,

1 but you'll agree that the greatest risk to achieving
2 the budget target is a slippage in the schedule.

3 MR. ALEX RAMIREZ: That's correct.

4 MS. KATRINE DILAY: And, looking again
5 to this document, if we move to the -- the right of
6 the page, you'll agree that the residual risk rating
7 is high. Correct?

8 MR. ALEX RAMIREZ: Correct.

9 MS. KATRINE DILAY: And if we look to
10 part 4 of the application, which is the value
11 management section of the application, appendix 11.
12 Thank you, Ms. Schubert.

13 You'll agree that these are the updated
14 discount rates for business case initiatives.

15 MR. ALEX RAMIREZ: That's correct.

16 MS. KATRINE DILAY: And 9 percent
17 being the discount rate for high risk projects.

18 MR. ALEX RAMIREZ: That's correct.

19 MS. KATRINE DILAY: And if we look
20 below the -- the bullets there, 7.5 would be the
21 discount rate for medium risk -- medium to high risk
22 projects where there are sufficient risk mitigation
23 strategies demonstrated in the business case?

24 MR. ALEX RAMIREZ: That's correct.

25 MS. KATRINE DILAY: And you'll confirm

1 that MPI currently applies a 7.5 percent discount rate
2 to the re-based lined Project Nova business case?

3 MR. ALEX RAMIREZ: That's correct.

4 MS. KATRINE DILAY: So, essentially,
5 what MPI is saying here, is that Project Nova is a
6 high risk project, but there are sufficient mitigation
7 strategies demonstrated in the business case.
8 Correct?

9 And, we can go to a reference if you'd
10 like, but you'll agree that the mitigation strategies
11 that MPI has put in place, include risk management,
12 integrations, organization change, management,
13 training and testing.

14 MR. ALEX RAMIREZ: Yes.

15 MS. KATRINE DILAY: And you'll agree
16 that it is despite these mitigation strategies that
17 the CEO and yourself indicated that there will likely
18 be a delay in delivering in Nova and probably
19 deviations in the budget. Correct?

20 MR. ALEX RAMIREZ: Correct.

21 MS. KATRINE DILAY: And, would it be
22 fair to say that for a period of time during the
23 transition from the Legacy System to Nova, MPI will
24 need both the Legacy system skills as well as the Nova
25 skills, at the same time?

1 MR. ALEX RAMIREZ: That's correct.

2 Not at the same scale, based on organizational
3 prioritization of where resources are allocated. But
4 yes, that's correct.

5 MS. KATRINE DILAY: So, to summarize
6 what -- what your answer is, so yes you will need the
7 same skills but not the same scale if you were
8 operating both at the same level.

9 MR. ALEX RAMIREZ: That's correct.

10 MS. KATRINE DILAY: And this is part
11 of change management.

12 MR. ALEX RAMIREZ: That's correct.

13 MS. KATRINE DILAY: And would it be
14 fair to say that keeping both sets of people motivated
15 for a relatively long period of time, knowing that one
16 set will have to be retrained or dismissed can have
17 some challenges associated with it.

18 MR. ALEX RAMIREZ: That's a potential.
19 It's part of our self-sufficiency and support model
20 strategy.

21 MS. KATRINE DILAY: So it is a
22 potential risk and you are aware of it.

23 MR. ALEX RAMIREZ: Yes.

24 MS. KATRINE DILAY: You'll agree at a
25 high level that MPI is moving from a customized IT

1 system to a commercially off-the-shelf system.

2 MR. ALEX RAMIREZ: For the PNC and DVA
3 audits, that's correct.

4 MS. KATRINE DILAY: Thank you. And,
5 commercially off-the-shelf systems require a robust
6 vendor management system. You'll agree with that?

7 MR. ALEX RAMIREZ: Yes.

8 MS. KATRINE DILAY: And would it be
9 fair to say that MPI will need to negotiate fair and
10 equitable costs for value received on behalf of its
11 customers?

12 MR. ALEX RAMIREZ: Absolutely. Yes.

13 MS. KATRINE DILAY: And it would be
14 fair to say that MPI researches and applies best
15 practice vendor relationship management?

16 MR. ALEX RAMIREZ: That is correct.

17 MS. KATRINE DILAY: And, I'll have
18 some more questions on this point later, but at a high
19 level you'll agree that a -- on-line adoption rates by
20 customers will have an impact on the net present value
21 of Project Nova?

22 MR. ALEX RAMIREZ: That's correct.

23 MS. KATRINE DILAY: And in the event
24 that on-line adoption rates are lower than expected,
25 that would -- negatively impact the net present value.

1 Correct?

2 MR. ALEX RAMIREZ: Correct.

3 MS. KATRINE DILAY: And I think you
4 indicated with Ms. McCandless, it could materially
5 impact the net present value.

6 MR. ALEX RAMIREZ: Depending on the
7 percentage of adoption. Yes.

8 MS. KATRINE DILAY: Thank you. So my
9 question was just about whether the on-line adoption
10 rates are lower, but if the on-line adoption rate is
11 slower than forecast, would it be fair to say that
12 would also impact the net present value?

13 MR. ALEX RAMIREZ: That is correct.
14 Yes.

15 MS. KATRINE DILAY: And you'll agree
16 that to the extent there are increases in the budget
17 for Project Nova, MPI will include those costs in its
18 overall revenue requirement in future rating years.
19 Correct?

20 MR. ALEX RAMIREZ: Correct.

21 MS. KATRINE DILAY: And so,
22 essentially, by including those costs in a future
23 revenue requirement, MPI will be asking the Public
24 Utilities Board to approve rates that reflect the
25 total costs of Project Nova, correct?

1 MR. ALEX RAMIREZ: Correct.

2 MS. KATRINE DILAY: And this means
3 that ratepayers will ultimately be paying for the cost
4 of Project Nova, including any increased costs
5 relating to a delay in schedule or relating to any
6 other issues that may come up, correct?

7 MR. ALEX RAMIREZ: That is correct.
8 That's just for that Basic portion of ratepayers.

9 MS. KATRINE DILAY: Thank you for that
10 clarification because Basic is the line of business
11 that is regulated by the Public Utilities Board,
12 correct?

13 MR. ALEX RAMIREZ: Correct.

14 MS. KATRINE DILAY: Moving on to a
15 different topic, I'd like to discuss the independent
16 program governance vendor. Ms. Schubert, if we could
17 turn to Part 4, which is Nova, at page 16.

18

19 (BRIEF PAUSE)

20

21 MS. KATRINE DILAY: And if we look at
22 lines 8 to 10, I'm not sure who will be the best
23 person for this, but you'll agree that MPI has entered
24 into a thirty-six (36) month agreement with
25 PricewaterhouseCooper to provide governance services

1 to the board of directors?

2 MR. ALEX RAMIREZ: That is correct.

3 MS. KATRINE DILAY: And, of course,
4 recognizing that some materials from
5 PricewaterhouseCooper have been filed on the
6 confidential record of this proceeding, are you able
7 to provide a high-level description of what
8 PricewaterhouseCooper is providing to MPI through its
9 governance services?

10 MR. ALEX RAMIREZ: So part of their
11 service is -- the contract is actually called an
12 advisory service agreement, so they're providing
13 advice, oversight of the program as a mitigation
14 strategy to identify risks and issues proactively so
15 that MPI -- so that the enterprise can react and --
16 and correct early.

17 MS. KATRINE DILAY: And by the
18 enterprise, you mean MPI?

19 MR. ALEX RAMIREZ: (NO AUDIBLE
20 RESPONSE)

21 MS. KATRINE DILAY: And again,
22 recognizing that some documents have been filed
23 confidentially, is it possible to file the service
24 agreement with PricewaterhouseCooper or their
25 statement of work on the public record of the

1 proceeding?

2 MR. STEVE SCARFONE: Not without first
3 speaking with PricewaterhouseCooper.

4 MS. KATRINE DILAY: Is that something
5 that MPI would be willing to undertake to do?

6 MR. STEVE SCARFONE: We can undertake
7 to see if there's any concerns with respect to that
8 filing, yes.

9 MS. KATRINE DILAY: Thank you. So
10 just to repeat the undertaking, it would be for MPI to
11 inquire with PricewaterhouseCooper whether they would
12 be able to file the service agreement or statement of
13 work between MPI and PricewaterhouseCooper.

14 MR. STEVE SCARFONE: Yes, that's
15 correct. Thanks, Ms. Dilay.

16 MS. KATRINE DILAY: And I guess we
17 should just add, if -- if it is approved, to file such
18 statement of work or service agreement.

19 MR. STEVE SCARFONE: Yes.

20 MS. KATRINE DILAY: Thank you, Mr.
21 Scarfone.

22

23 --- UNDERTAKING NO. 18: MPI to inquire with
24 PricewaterhouseCooper
25 whether they would be able

1 to file the service
2 agreement or statement of
3 work between MPI and
4 PricewaterhouseCooper, and
5 if approved, to file such
6 statement of work or
7 service agreement.
8

9 CONTINUED BY MS. KATRINE DILAY:

10 MS. KATRINE DILAY: And given the
11 importance of PricewaterhouseCooper's work for the
12 timely execution of Project Nova and risk mitigation,
13 would MPI agree that it would be helpful for the
14 Public Utilities Board and Interveners if someone from
15 PricewaterhouseCooper were to testify in next year's
16 hearing?

17 MR. STEVE SCARFONE: Apologies. I
18 wasn't listening to that question. Could you just
19 repeat it?

20 MS. KATRINE DILAY: Yes, of course,
21 Mr. Scarfone.

22

23

24 CONTINUED BY MS. KATRINE DILAY:

25 MS. KATRINE DILAY: Given the

1 importance of PricewaterhouseCooper's work for the
2 timely execution and risk mitigation of Project Nova,
3 would MPI agree that it would be helpful for the
4 Public Utilities Board and Interveners if someone from
5 PricewaterhouseCooper testified in next year's
6 hearing?

7 MR. STEVE SCARFONE: I see. Not at
8 this time. My understanding is that the vendor is
9 providing regular reporting to MPIC, and those reports
10 we expect should be sufficient for the Board's
11 purposes.

12 So at this time, MPIC doesn't
13 anticipate calling anybody from PricewaterhouseCoopers
14 as -- as a witness, but things can change obviously
15 from -- till next year.

16 MS. KATRINE DILAY: And you'll agree -
17 - I'm not sure if this will be Mr. Scarfone or a
18 witness, but you'll agree that the reports by
19 PricewaterhouseCooper that have been filed in this
20 year's hearing are on the confidential record,
21 correct?

22 MR. STEVE SCARFONE: That's correct.

23 MS. KATRINE DILAY: Thank you.

24

25

1 CONTINUED BY MS. KATRINE DILAY:

2 MS. KATRINE DILAY: I'd like to turn
3 to the issue of customer engagement regarding Project
4 Nova. And Ms. McCandless did touch upon this -- this
5 topic, so it'll be -- it'll be relatively short.

6 Generally speaking, you'll agree that
7 customer engagement is important to understand how MPI
8 is doing as a business?

9 MR. SHAYON MITRA: Shayon here. The
10 answer's yes.

11 MS. KATRINE DILAY: And you'll agree
12 that customer engagement is especially important when
13 it relates to issues of how customers will interact
14 with MPI going forward?

15 MR. SHAYON MITRA: That is correct.

16 MS. KATRINE DILAY: And one of the
17 reasons why it is important is that MPI wants to
18 ensure that it meets customers' expectations in terms
19 of how they want to interact with the Corporation?

20 MR. SHAYON MITRA: Correct.

21 MS. KATRINE DILAY: And this could be
22 important to ensure that no customers are left behind
23 as MPI moves towards more of an online presence,
24 correct?

25 MR. SHAYON MITRA: I would agree, yes.

1 MS. KATRINE DILAY: Especially
2 customers who do not make use of or have reliable
3 access to technology, correct?

4 MR. SHAYON MITRA: Yes.

5 MS. KATRINE DILAY: And you discussed
6 this with Ms. McCandless earlier. Another reason that
7 customer engagement may be important would be to
8 ensure that MPI's assumptions in the Business Plan
9 reflect the reality of what customers want?

10 MR. SHAYON MITRA: Just for
11 clarification, are you referring to the assumptions
12 around the business case?

13 MS. KATRINE DILAY: Yes.

14 MR. SHAYON MITRA: So this would be
15 around the online services specifically?

16 MS. KATRINE DILAY: The -- yes. So --
17 so I guess I can rephrase the question a little bit if
18 that would be helpful.

19 You'll agree that a reason customer
20 engagement is important is to ensure that the online
21 adoption rate assumptions that MPI has included in the
22 business case reflect the reality of what consumers
23 want?

24 MR. SHAYON MITRA: That's correct.

25 MS. KATRINE DILAY: And this would be

1 -- this would be correct as well for Project Nova
2 specifically?

3 MR. SHAYON MITRA: Yes.

4 MS. KATRINE DILAY: And generally
5 speaking, you'll agree that MPI has taken steps and
6 has recognized the importance of customer engagement
7 as it relates to Project Nova? And we'll go into
8 detail on this a little bit, but you'll agree at a
9 general level?

10 MR. SHAYON MITRA: Yes.

11 MS. KATRINE DILAY: And MPI is going
12 to continue to engage with customers throughout
13 Project Nova's life cycle, correct?

14 MR. SHAYON MITRA: That's correct.

15 MS. KATRINE DILAY: And, Ms. Schubert,
16 if we could turn to CAC-MPI 1-38.

17

18 (BRIEF PAUSE)

19

20 MS. KATRINE DILAY: And if we could
21 look at page 2 at the bottom, so you'll agree that MPI
22 has engaged KPMG to assist it in delivering a more
23 detailed and comprehensive customer experience roadmap
24 and imple -- implementation plan for use by Project
25 Nova?

1 MR. SHAYON MITRA: That's correct.

2 MS. KATRINE DILAY: And similarly to
3 my question regarding PwC, are you able to file a
4 service agreement or statement of work with KPMG on
5 the public record?

6 MR. STEVE SCARFONE: So I think that
7 same concern that we raised earlier would apply, Ms.
8 Dilay, that is, that we would have to speak to the
9 vendor and -- and get their position with respect to
10 that.

11 MS. KATRINE DILAY: And -- and would
12 MPI be willing to undertake to do that?

13 MR. STEVE SCARFONE: Yes.

14 MS. KATRINE DILAY: Great. So the
15 undertaking would be for MPI to check with KPMG
16 whether they're able to file a service agreement or
17 statement of work, and, if approved, to file it on the
18 public record of the proceeding.

19 MR. STEVE SCARFONE: Yes, with the
20 proviso of course that it -- it may end up on the
21 confidential record if there's some material in there
22 that shouldn't be put on the public record, or a
23 redacted version. There's a number of options that we
24 could -- we could use.

25 MS. KATRINE DILAY: And if that were

1 the case, would MPI provide the rationale for why it
2 is pub -- only published on the --

3 MR. STEVE SCARFONE: Oh, of course.

4 MS. KATRINE DILAY: -- confidential
5 record?

6 MR. STEVE SCARFONE: Yes, yes, as we
7 must for all the materials filed on the -- on the CSI
8 module.

9 MS. KATRINE DILAY: Thank you, Mr.
10 Scarfone.

11

12 --- UNDERTAKING NO. 19: MPI to check with KPMG
13 whether they're able to
14 file a service agreement
15 or statement of work, and,
16 if approved, to file it on
17 the public record of the
18 proceeding or, if
19 confidential, to file a
20 redacted version or file
21 it on the CSI module.

22

23 CONTINUED BY MS. KATRINE DILAY:

24 MS. KATRINE DILAY: And, Ms. Schubert,
25 if we could turn to CAC-MPI 2-15, portion B of that

1 IR. And thank you, Ms. Schubert.

2 You'll confirm that MPI expects the
3 product of the KPMG engagement by the end of October,
4 2021?

5

6 (BRIEF PAUSE)

7

8 MR. SHAYON MITRA: Can I state subject
9 to check, the answer would be yes?

10 MS. KATRINE DILAY: So I think my --
11 the question I did ask was, just to confirm what the
12 answer was here. But I think you -- you probably are
13 moving ahead to my next question, which is the status
14 update regarding that report.

15 So -- so, maybe we could just do two
16 (2) steps. So, first of all, you'll confirm that the
17 IR response here indicated that MPI expected the
18 product of the engagement by end of October 2021,
19 correct?

20 MR. SHAYON MITRA: Yes.

21 MS. KATRINE DILAY: And recognizing
22 that some of the materials have been filed on the
23 confidential record, and we don't want to breach that,
24 given that we are now mid-October, can MPI provide any
25 updates with respect to the Customer Experience

1 Roadmap and Implementation Plan?

2

3 (BRIEF PAUSE)

4

5 MR. SHAYON MITRA: Shayon here. So
6 the -- the Roadmap and Implementation Plan has not yet
7 been delivered. KPMG is still engaged and the work is
8 still in progress.

9 MS. KATRINE DILAY: Thank you. And so
10 recognizing it's still in progress, but -- but MPI did
11 expect it to be completed by the end of October 2021,
12 would MPI be filing this product in the 2023 GRA?

13 MR. SHAYON MITRA: Shayon again. Yes.

14 MS. KATRINE DILAY: Thank you. And
15 given that it may have been a year already since the
16 completion of this product, given that it will be
17 October 2022, will MPI also provide KPMG's further
18 work on this topic in the 2023 GRA?

19 MR. SHAYON MITRA: Yes.

20 MR. STEVE SCARFONE: Just on the
21 assumption, of course, that there is any further work
22 aside from the report that we're expecting at the end
23 of October.

24

25 CONTINUED BY MS. KATRINE DILAY:

1 MS. KATRINE DILAY: Thank you. And
2 given the importance of customer engagement
3 relating...

4 MR. STEVE SCARFONE: My apologies.

5

6 CONTINUED BY MS. KATRINE DILAY:

7 MS. KATRINE DILAY: No, sorry, I did
8 not want to interrupt.

9 Given the importance of customer
10 engagement relating to Project Nova, would MPI agree
11 there would be value in a KPMG representative to
12 testify on next year's GRA?

13 MR. STEVE SCARFONE: So, Ms. Dilay,
14 you know, I, to be honest, haven't given much thought
15 to next year's General Rate Application, to be honest.

16 MS. KATRINE DILAY: You're busy enough
17 as it is?

18 MR. STEVE SCARFONE: Yeah. So -- but,
19 you know, I do think there's some merit in that, and
20 we would have those discussions with the Board. I do
21 recall from years past that the Gartner people were
22 here to talk about the Physical Damage Re-engineering
23 Project.

24 So, if that is something that Ms.
25 McCandless and yourself and others, you know, think

1 would be helpful, then we're prepared to consider that
2 for sure.

3 MS. KATRINE DILAY: So, you don't see
4 any particular barriers at this point in time?

5 MR. STEVE SCARFONE: Not that I can
6 think of right now, no.

7

8 CONTINUED BY MS. KATRINE DILAY:

9 MS. KATRINE DILAY: Thank you, Mr.
10 Scarfone.

11 Moving on to a different topic. I'd
12 like to go through some of the transactions that
13 customers have with MPI at a -- at a high level.

14 So in terms of those transactions,
15 you'd agree that they include getting a driver's
16 licence?

17 MR. SHAYON MITRA: Shayon here. Yes.

18 MS. KATRINE DILAY: Renewing a
19 driver's licence?

20 MR. SHAYON MITRA: Yes.

21 MS. KATRINE DILAY: Registering a new
22 vehicle?

23 MR. SHAYON MITRA: Yes.

24 MS. KATRINE DILAY: Paying the premium
25 on the insurance for a vehicle?

1 MR. SHAYON MITRA: Yes.

2 MS. KATRINE DILAY: And some people
3 choose to pay their premium in full annually, correct?

4 MR. SHAYON MITRA: Yes.

5 MS. KATRINE DILAY: And others choose
6 to pay quarterly? And others by twelve (12) pre-
7 authorized payments?

8 MR. SHAYON MITRA: Yes.

9 MS. KATRINE DILAY: And you'll agree
10 that, because the twelve (12) pre-authorized payments
11 are pre-authorized, the customer doesn't have -- does
12 not have to take any steps to submit the payment
13 because it is set up in advance, correct?

14 MR. SHAYON MITRA: Correct.

15 MS. KATRINE DILAY: And another
16 transaction that customers would do with MPI is, where
17 a policyholder's car becomes damaged, customers will
18 contact MPI to make a claim?

19 MR. SHAYON MITRA: Yes.

20 MS. KATRINE DILAY: And customers may
21 attend an MPI service centre for an assessment?

22 MR. SHAYON MITRA: Yes.

23 MS. KATRINE DILAY: Or they may attend
24 a direct repair shop?

25 MR. SHAYON MITRA: That's correct.

1 MS. KATRINE DILAY: So, based on what
2 we've reviewed and assuming I haven't forgotten any
3 transactions, you'll agree that most MPI customers do
4 not have to interact with MPI and in fact do not
5 interact with MPI every day, correct?

6 MR. SHAYON MITRA: Yes.

7 MS. KATRINE DILAY: And it would be --
8 would it be fair to say that most MPI customers do not
9 interact with MPI every week?

10 MR. SHAYON MITRA: Correct.

11 MS. KATRINE DILAY: And would it be
12 fair to say that most MPI customers do not interact
13 with MPI every month?

14 MR. SHAYON MITRA: Correct.

15 MS. KATRINE DILAY: And you'll agree
16 that, in terms of Basic insurance, customers have no
17 choice but to purchase from MPI, correct?

18 MR. SHAYON MITRA: Yes.

19 MS. KATRINE DILAY: And that's because
20 it is a monopoly?

21 MR. SHAYON MITRA: Correct.

22 MS. KATRINE DILAY: So, in other
23 words, MPI does not need to compete with other
24 companies in order to get customers, correct, for
25 Basic?

1 MR. SHAYON MITRA: Basic, yes.

2 MS. KATRINE DILAY: Because customers
3 do not have the choice to shop around and compare
4 products and services because there are no other
5 choices than Basic, correct?

6 MR. SHAYON MITRA: Correct.

7 MS. KATRINE DILAY: And you'll agree
8 that the vast majority of Basic customers also choose
9 Extension coverage, as well, correct?

10

11 (BRIEF PAUSE)

12

13 MR. STEVE SCARFONE: Yeah. So, the
14 reason that Mr. Mitra is turning to me, and I don't
15 know, is because it's not -- this isn't the -- I would
16 suggest, the proper panel to ask these questions of.
17 But I think that evidence has been on the record, that
18 a number of our Basic customers also elect the
19 Extension products that are made available to them.

20

21 CONTINUED BY MS. KATRINE DILAY:

22 MS. KATRINE DILAY: Thank you. And
23 that's fine. I think the next one -- the next
24 question is -- you can let me know if you're
25 comfortable answering it.

1 But when customers -- when Basic
2 customers choose to add an Extension option, it's as
3 simple as clicking that option, whether they're
4 interacting with MPI or with a broker, correct?

5

6 (BRIEF PAUSE)

7

8 MR. SHAYON MITRA: Shayon here. I
9 wouldn't be able to comment on that.

10 MS. KATRINE DILAY: Thank you. Fair
11 enough. I appreciate you letting me know.

12 If we could turn briefly to Appendix 1
13 of the IR CAC-MPI 1-2.

14

15 (BRIEF PAUSE)

16

17 MS. KATRINE DILAY: And I would just
18 like to turn -- Kristen, if we could flip -- I think
19 it is -- yes, this slide. Perfect. Thank you.

20 And I know that your CEO spoke about --
21 this was included in his presentation on the first day
22 of the Hearing, but -- and I apologize if you've
23 already given this information to Ms. McCandless, but
24 I'm just looking at the word 'omnichannel' on the far
25 right: "Flexible Products and Omnichannel Options."

1 Are you able to give a bit more detail
2 of what is meant by omnichannel?

3

4 (BRIEF PAUSE)

5

6 MR. SIDDHARTHA PARTI: Sid Parti. I
7 believe what Mr. Herbelin was referring to when --
8 when he spoke about the Omnichannel options was the
9 ability for our customers to be able to interact and
10 procure services at MPI through a few different ways.

11 So, it could be through online. It
12 could be through email. It could be through in
13 person. It could be through a phone call. But having
14 the singular experience where their data, their -- the
15 -- the status -- status of the progress that they've
16 made, it's transferable between these various mediums.

17 So, that would be a -- a general
18 explanation of what an omnichannel option would look
19 like.

20 MS. KATRINE DILAY: So, if I can just
21 summarize what I -- what I think I'm understanding,
22 and you can -- you can tell me if I'm wrong, so the
23 omnichannel would refer to the multiple ways that MPI
24 customers can interact with the Corporation?

25 MR. SIDDHARTHA PARTI: That's correct,

1 and having the singular experience. So it's not a
2 start and stop, but a continuity between the various
3 mediums of interaction with MPI.

4 MS. KATRINE DILAY: Thank you very
5 much for that.

6 We can go to a reference, if you'd
7 like, but you'll agree that MPI has identified the
8 need to transform its business to prepare for future
9 demands, including digital offerings and data
10 analytics, correct?

11 MR. SIDDHARTHA PARTI: Can you please
12 repeat the question?

13 MS. KATRINE DILAY: And we can go to -
14 - we'll go to a reference if you'd like. But you'll
15 agree that MPI has identified the need to transform
16 its business to prepare for future demands, including
17 digital offerings and data analytics, correct?

18 MR. SIDDHARTHA PARTI: That is
19 correct.

20 MS. KATRINE DILAY: This will be my
21 last areas of -- area of questioning. I just want to
22 touch upon the IT benchmarking. The first few
23 questions are kind of high level.

24 Generally, you'll agree that there are
25 benefits to benchmarking?

1 MR. SIDDHARTHA PARTI: Yes.

2 MS. KATRINE DILAY: One (1) benefit is
3 comparing how well MPI performs compared to other
4 similar organizations?

5 MR. SIDDHARTHA PARTI: That is
6 correct.

7 MS. KATRINE DILAY: Part of
8 benchmarking is ensuring that MPI uses leading
9 practices and industry standards?

10

11 (BRIEF PAUSE)

12

13 MR. SIDDHARTHA PARTI: That is
14 correct, yes.

15 MS. KATRINE DILAY: Thank you. And
16 another benefit is drilling down into performance gaps
17 to identify areas for improvement?

18 MR. SIDDHARTHA PARTI: That is
19 correct.

20 MS. KATRINE DILAY: As well as
21 developing a standard set of processes and metrics?

22 MR. SIDDHARTHA PARTI: In IT
23 benchmarking perhaps point to area where some of those
24 gaps exist, but I would not assume that the
25 benchmarking exercise in itself will do the work. It

1 will point us in the right direction to say our
2 maturity levels are, perhaps, low in these areas, and
3 then, there would be parallel work -- or corresponding
4 work that will need to be undertaken to fix those
5 gaps.

6 MS. KATRINE DILAY: Thank you. And
7 you'll agree that benchmarking could lead to -- or one
8 benefit of benchmarking, rather, would be enabling a
9 mind-set and culture of continuous improvement?

10 MR. SIDDHARTHA PARTI: Absolutely.

11 MS. KATRINE DILAY: As well as
12 assessing and enhancing performance expectations for
13 the Corporation?

14 MR. SIDDHARTHA PARTI: For the IT
15 division, for sure. I can talk about the IT division,
16 yes.

17 MS. KATRINE DILAY: Yes. Thank you
18 very much for that clarification.

19 And would it be fair to say That MPI
20 wants to provide value for ratepayers in terms of how
21 it conducts its benchmarking exercises, or the IT
22 benchmarking exercise in this case?

23 MR. SIDDHARTHA PARTI: Yes.

24 MS. KATRINE DILAY: So if we focus on
25 MPI's benchmarking practices, you'll agree that MPI is

1 moving away from third-party benchmarking exercise,
2 correct?

3

4 (BRIEF PAUSE)

5

6 MS. KATRINE DILAY: And we can turn to
7 a reference, if that would be helpful?

8

9 (BRIEF PAUSE)

10

11 MR. SIDDHARTHA PARTI: Could we,
12 please, refer to the document that you're referencing?

13 MS. KATRINE DILAY: Yes, absolutely.

14 MR. SIDDHARTHA PARTI: Thank you.

15 MS. KATRINE DILAY: Kristen, could we
16 turn to -- so we'll do a couple of different
17 references and we'll see if we can piece it together -
18 - Part 2, which is the benchmarking section, page 23.

19

20 (BRIEF PAUSE)

21

22 MS. KATRINE DILAY: And so I'm
23 pointing here to the methodology. And so you see in
24 line 12 there, MPI has discontinued the services
25 provided by Ward Group and Gartner, correct?

1 (BRIEF PAUSE)

2

3 MR. LAWRENCE LAZARKO: Can you show
4 which portion -- which document this is?

5

6 (BRIEF PAUSE)

7

8 MR. LAWRENCE LAZARKO: Lawrence
9 Lazarko here. Can you please repeat -- repeat the
10 question?

11 MS. KATRINE DILAY: Yes. So my very
12 last question was just to confirm that MPI has
13 discontinued the services provided by Ward Group and
14 Gartner?

15 MR. STEVE SCARFONE: And if I can, Ms.
16 Dilay, you also asked before that that you wanted
17 confirmation that the Corporation is moving away from
18 third-party vendors with respect to benchmarking?

19 MS. KATRINE DILAY: Yeah. And I'm
20 happy to -- to re-ask that question after -- once we -
21 - we can kind of move through the -- the steps.

22 MR. LAWRENCE LAZARKO: Lawrence
23 Lazarko here.

24 To clarify, MPI discontinued its
25 agreement with Ward Group. In October 2019, MPI

1 issued an RFP for IT benchmarking services, at which
2 point Gartner was the successful provider.

3

4 CONTINUED BY MS. KATRINE DILAY:

5 MS. KATRINE DILAY: And I'm sorry, I
6 just missed -- what was the date of the RFP?

7 MR. LAWRENCE LAZARKO: October --
8 subject to check, October 2019.

9

10 (BRIEF PAUSE)

11

12 MR. SIDDHARTHA PARTI: Just as a point
13 of clarification. Sid Parti again.

14 Ward was not IT benchmarking, but
15 Gartner is about IT benchmarking.

16 MS. KATRINE DILAY: Exactly. And I --
17 so I'm really trying to focus on Gartner and the IT
18 benchmarking, recognizing the subject matter of this -
19 - of this panel. Certainly not asking about Ward
20 Group or -- focusing on Gartner, rather.

21 So -- so MPI has not discontinued the
22 services provided by Gartner on IT benchmarking?

23 MR. LAWRENCE LAZARKO: Lawrence
24 Lazarko. To clarify, MPI took those services to
25 tender. The tender was released October 18, 2019, and

1 it was awarded April 6th, 2020.

2

3 (BRIEF PAUSE)

4

5 MS. KATRINE DILAY: And so -- so the
6 services have not been discontinued? Maybe I'm
7 misunderstanding.

8 THE CHAIRPERSON: Sorry, I'm
9 misunderstanding too.

10 This is your application. In your
11 application on line 12 it says it discontinued the
12 services provided by Ward Group and Gartner.

13 I guess the question -- I'm going to
14 put it in a simple way -- do you have a services
15 contract now with Gartner, contrary to your line 12?
16 Because your line 12 says it was discontinued. If you
17 have a new one, then just indicate that there is new
18 one and the date of it.

19 But as I read 12, I just thought, well,
20 there's -- there's no contract because you're --
21 that's what your application says.

22 MR. ALEX RAMIREZ: So for clarity --
23 Alex Ramirez responding. In my previous role as
24 Manager of Vendor Management, I can confirm that we
25 discontinued a portion of the Gartner agreement that

1 existed. That portion was benchmarking.

2 To Lawrence Lazarko's statement, we --
3 we issued an RFP, at which point we received bids, and
4 Gartner was the successful property that we entered
5 into agreement on as of April 2020.

6 THE CHAIRPERSON: Sorry, and is that
7 for benchmarking?

8 MR. ALEX RAMIREZ: That is correct.

9 THE CHAIRPERSON: Okay.

10

11 CONTINUED BY MS. KATRINE DILAY:

12 MS. KATRINE DILAY: Or IT
13 benchmarking?

14 MR. ALEX RAMIREZ: That is correct.

15 MS. KATRINE DILAY: Okay. So,
16 unfortunately, I'm still a bit confused, so I will
17 take you to a different reference and we can see if we
18 can keep sorting it out.

19 Could we go to page 7. Sorry, Kristen.
20 I'm wrong on this, I think. And we'll go back to page
21 23. And can you keep going.

22 So -- so if we -- if we look to the
23 next sentence, which reads:

24 "As a result, the benchmarking
25 results presented below will be the

1 final iteration of operational
2 efficiency in IT service delivery
3 areas."

4 So you're able to confirm that what is
5 presented in this application is the final iteration
6 of the IT service delivery benchmarking exercise?

7 MR. SIDDHARTHA PARTI: Sid Parti. As
8 indicated earlier in my presentation, I will continue
9 to do IT benchmarking in the future as well, so this
10 is not the final operational efficiency and IT service
11 delivery benchmarking exercise.

12

13 (BRIEF PAUSE)

14

15 MS. KATRINE DILAY: Thank you very
16 much. I'm just going to quickly review the rest of my
17 notes, given our -- the responses to these -- to these
18 questions.

19

20 (BRIEF PAUSE)

21

22 THE PANEL CHAIRPERSON: Ms. Dilay...?

23 MS. KATRINE DILAY: Thank you. I
24 think I just have two (2) or three (3) more
25 clarification questions on this topic, and then I will

1 be finished with this panel.

2 Could we go to CAC-MPI 1-18?

3

4 (BRIEF PAUSE)

5

6 MS. KATRINE DILAY: And, Kristen,
7 could you scroll down to the -- through the response.

8

9 (BRIEF PAUSE)

10

11 CONTINUED BY MS. KATRINE DILAY:

12 MS. KATRINE DILAY: And so I'm not
13 sure if you'll be familiar with this IR as it relates
14 to benchmarking, but you'll agree that -- or you can
15 confirm that this IR talks about the alternative
16 benchmarking exercise that MPI will be looking at in
17 the future?

18

19 (BRIEF PAUSE)

20

21 MR. SIDDHARTHA PARTI: Sorry. Would
22 you please repeat the question again?

23 MS. KATRINE DILAY: And we could maybe
24 go to -- maybe I'll give you a minute to review the
25 IR. We could start at the top and scroll through, but

1 essentially, you'll -- you'll agree that this IR
2 response provides the options that MPI is considering
3 in terms of its benchmarking exercises going forward?

4 MR. SIDDHARTHA PARTI: That is
5 correct, yes.

6 MS. KATRINE DILAY: And can we go to
7 the response, and specifically the bullet that talks
8 about third-party benchmarking?

9

10 (BRIEF PAUSE)

11

12 MS. KATRINE DILAY: And here, under
13 third-party benchmarking, you'll agree the Corporation
14 refers to the work that Gartner has done in the past?

15 MR. SIDDHARTHA PARTI: Yes, it does.

16 MS. KATRINE DILAY: And that the value
17 and comparatives that are used by Gartner provide
18 minimal value?

19 MR. SIDDHARTHA PARTI: I want to make
20 a point of clarification here, and perhaps this is a
21 re-direct or -- or an undertaking, I suppose, that we
22 can take.

23 This third-party benchmarking perhaps
24 is not linking it to our IT benchmarking, and perhaps
25 at an organizational level there's a clarification

1 that we need to undertake on our side to clarify that
2 point.

3 I also want to state my intention going
4 forward to the Board. From an IT perspective, it will
5 absolutely be benchmarking ourselves, whether it's
6 through internal practices or through some external
7 agency going forward.

8 Whether we do it every year or whether
9 we do it every two (2) to three (3) years is yet to be
10 established, but our intention is to benchmark
11 ourselves against our peers and industry to ensure
12 that we provide the best value for the money that
13 we're spending on products and technologies and
14 people. So I wanted that to be on the record.

15 MS. KATRINE DILAY: But not
16 necessarily through -- by retaining Gartner to do that
17 exercise?

18 MR. SIDDHARTHA PARTI: It could be
19 another RFP process. We could go to the market and
20 find someone else other than Gartner perhaps to do the
21 job, but holistically, the intention would be to
22 benchmark, whether it's through Gartner or -- or
23 through some other third party, and also supplement
24 that with our internal processes.

25

1 (BRIEF PAUSE)

2

3 MS. KATRINE DILAY: Sorry. I'm just
4 going to take, if it's okay with Madam Chair, just
5 thirty (30) seconds to collect my thoughts on these
6 questions.

7

8 (BRIEF PAUSE)

9

10 THE PANEL CHAIRPERSON: Ms. Dilay...?

11 MS. KATRINE DILAY: Thank you, Madam
12 Chair. I do want to just ask a few final questions
13 with your permission on this topic.

14

15 CONTINUED BY MS. KATRINE DILAY:

16 MS. KATRINE DILAY: Sir, you'll agree
17 that there are still recommendations made by Gartner
18 to MPI that are ongoing in the sense that MPI is still
19 working on them?

20 MR. SIDDHARTHA PARTI: Yes, that is
21 correct.

22 MS. KATRINE DILAY: And give -- and
23 MPI is still working on them, and so they are not
24 completed yet, correct?

25 MR. SIDDHARTHA PARTI: That would be

1 correct. They're in flight, yes.

2 MS. KATRINE DILAY: Sorry?

3 MR. SIDDHARTHA PARTI: That is
4 correct. They are the -- the remediations are in
5 flight, that is correct, yes.

6 MS. KATRINE DILAY: Thank you. And we
7 can go to a reference if you'd like, but you'll agree
8 that MPI continues to monitor and track progress on
9 all recommendations until completion and continues to
10 provide updates as part of the GRA process regarding
11 Gartner recommendations?

12 MR. SIDDHARTHA PARTI: Yes.

13 MS. KATRINE DILAY: And based upon
14 discussions with the Gartner benchmarking team, MPI
15 understands what is require to complete each
16 recommendation.

17 MR. SIDDHARTHA PARTI: That is
18 correct.

19 MS. KATRINE DILAY: And MPI also
20 retains access to Gartner research and analysts that
21 can provide additional clarification or insight if
22 required?

23 MR. SIDDHARTHA PARTI: That is
24 correct, yes.

25 MS. KATRINE DILAY: And so you'll

1 agree that, through its benchmarking exercise and
2 through its recommendations, Gartner has provided
3 value to MPI?

4 MR. SIDDHARTHA PARTI: In the context
5 of IT benchmarking, yes.

6 MS. KATRINE DILAY: Thank you. And at
7 a general level, you'll agree that MPI is undergoing
8 significant changes in its IT department?

9 MR. SIDDHARTHA PARTI: It is.

10 MS. KATRINE DILAY: Specifically
11 through Project Nova in the next few years.

12 MR. SIDDHARTHA PARTI: Through Project
13 Nova and through other initiatives.

14 MS. KATRINE DILAY: And MPI has said
15 specifically of Project Nova that it is transforming
16 the business of MPI, correct?

17 MR. SIDDHARTHA PARTI: That is
18 correct.

19 MS. KATRINE DILAY: So you'll agree
20 that MPI's information technology department and
21 strategy will look quite different in a few years.

22 MR. SIDDHARTHA PARTI: That is the
23 aspiration, yes.

24 MS. KATRINE DILAY: And in fact, MPI
25 has already started looking even beyond Project Nova

1 to Supernova, or MPI 2.0, correct?

2 MR. SIDDHARTHA PARTI: That is
3 correct.

4 MS. KATRINE DILAY: So it's fair to
5 say that MPI is in the early stages of planning for
6 further IT changes after Project Nova?

7 MR. SIDDHARTHA PARTI: I would balance
8 that comment by saying that MPI is looking at not only
9 the IT side of -- of MPI past Project Nova, but across
10 the board, across the entire business lines.

11 So beyond Project Nova, it's about
12 modernizing and enhancing and optimizing our -- the
13 business of MPI across the board, not only just for
14 IT. IT is an enabler. IT will support that
15 aspiration and that -- that business journey, but it's
16 not just IT. It's -- it's holistic.

17 MS. KATRINE DILAY: Thank you very
18 much for that. Those are all my questions. The --
19 the only I guess item I wanted to flag was just that
20 you referred to maybe MPI wanting to provide some kind
21 of undertaking regarding clarification of the IT
22 benchmarking.

23 I think I understood from your
24 questions (sic) what -- what MPI's plans are, so -- so
25 maybe I'll -- I'll leave that up to -- to you.

1 MR. STEVE SCARFONE: Well, if you're
2 happy with that response, Ms. Dilay, I think we've
3 fully clarified, and, you know, Mr. Gabor is right
4 that, you know, the application would seem to suggest
5 something different.

6 I think an easy -- I think an easy
7 explanation for that is at one (1) point the Gartner
8 services were discontinued, but then they were again
9 retained.

10 THE PANEL CHAIRPERSON: Thank you, Ms.
11 Dilay. We will resume tomorrow morning at nine
12 o'clock with this panel again, please. Good night.
13 Thank you.

14

15 --- Upon adjourning at 4:15 p.m.

16

17

18 Certified Correct,

19

20 _____

21 Wendy Woodworth, Ms.

22

23

24

25