

MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
GENERAL RATE APPLICATION FOR
2016-2017 INSURANCE YEAR
PRE-HEARING CONFERENCE

Before Board Panel:

Karen Botting	- Board Chairperson
Regis Gosselin	- Board Member
Anita Neville	- Board Member
Susan Proven	- Board Member
Allan Morin	- Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba

June 24, 2015

Pages 1 to 96



“When You Talk - We Listen!”



1 APPEARANCES

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4

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7

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13 Liz Kulyk) CAA (Manitoba)

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15

16 Christian Monnin (np)) Bike Winnipeg

17 Jason Carter)

18 Michael Weinstein)

19

20 Dave Schioler (np)) IBAM

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

2

3 THE CHAIRPERSON: Good morning, ladies
4 and gentlemen, and welcome to the pre-hearing
5 conference for MPI's 2016/'17 General Rate Application,
6 filed June 12th, 2015. We just missed all the rain and
7 now we've got the sun out while we're inside.

8 I'm Karen Botting, vice chair of the
9 Public Utilities Board. Joining me today is our Board
10 Chair on my left, Regis Gosselin, and Board member
11 Anita Neville, Susan Proven on my far right, and Al
12 Morin on my immediate right.

13 Manitoba Public Insurance is applying to
14 the Board for approval of its premiums charged with
15 respect to compulsive -- compulsory driver and vehicle
16 insurance.

17 This general rate application will be
18 conducted in accordance with the provisions of the
19 Crown Corporations Public Review and Accountability Act
20 and the Public Utilities Board Act.

21 We will employ throughout the process
22 the Board's rules of practice and procedure, which can
23 be viewed on the Board's website. Any questions in
24 terms of locating the rules can be posed to the Board
25 office.

1 In its application, MPI proposes new
2 premium rates to take effect on March 1st, 2016, which,
3 if granted, would represent no overall rate change over
4 the current insurance year.

5 As always, MPI bears the onus in this
6 proceeding of satisfying the Board that its application
7 should be granted on the whole of the evidence that it
8 provides.

9 Our objectives for today's pre-hearing
10 conference are to identify prospective Intervenors, to
11 learn the reasons for their intervention, to hear
12 submissions on the issues to be included in the scope
13 of the general rate application, to gain an
14 appreciation of any costs awards that be sought by
15 Intervenors and the approximate quantum of any such
16 cost orders, and to discuss and arrive at a timetable
17 for the orderly exchange of evidence and information
18 throughout this GRA process.

19 I will now call on Board counsel for
20 introductions, followed by MPI's counsel, Ms.
21 Kalinowsky, to introduce the representatives of MPI
22 that are present, after which I will call on the
23 prospective Intervenors that are present to introduce
24 themselves. Once we have heard all introductions, I
25 will call on Board counsel to make opening comments.

1 Ms. Grammond, you'll introduce for the
2 Board?

3 MS. CANDACE GRAMMOND: Yes. Thank you,
4 Madam Chair. So I'm Candace Grammond of Piblado Law.
5 I represent the Board in these proceedings. With me is
6 Kathleen McCandless, also of Piblado Law. She'll be
7 working with me on this GRA going forward, so if you
8 haven't met her yet, please come and introduce yourself
9 when you have an opportunity.

10 Also with us is the accounting advisor
11 to the Board, Roger Cathcart on my far left of Cathcart
12 Advisors. And although I don't think we have the voice
13 from above with us at the moment as we did last week,
14 Brian Pelly of Eckler Partners, the actuarial advisor
15 to the Board, will be involved in the process going
16 forward.

17 Those are the introductions for the
18 Board, Madam Chair.

19 THE CHAIRPERSON: Thank you, Ms.
20 Grammond.

21 Ms. Kalinowsky...?

22 MS. KATHY KALINOWSKY: Good morning to
23 everybody. I'm Kathy Kalinowsky, Board -- or, sorry,
24 counsel to the -- general counsel to Manitoba Public
25 Insurance and the corporate secretary. I have with me

1 on my right Ms. Heather Reichert, who is the chief
2 financial officer of Manitoba Public Insurance.

3 And also we have as a new individual
4 here who is Dana Frazer, who is the new rate
5 application coordinator of Manitoba Public Insurance.
6 And she is tasked with the incredible task of putting
7 together the rate application and coordinating it. And
8 that is a massive amount of work. It's her first time
9 doing this. And we're very pleased with the product.
10 And I believe that all people can see the great
11 improvements in the filing. Thank you.

12 THE CHAIRPERSON: Thank you, Ms.
13 Kalinowsky. Now I'll ask from the Intervenors. Mr.
14 Williams...?

15 MR. BYRON WILLIAMS: Good morning,
16 members of the panel, faces that I've seen very much
17 recently and others that I have not seen for far too
18 long. Byron Williams, Public Interest Law Centre. And
19 I'm representing the Consumers' Association of Canada
20 Manitoba branch. Ms. Desorcy sends her -- her regrets.

21 THE CHAIRPERSON: Okay, thank you very
22 much. Mr. Oakes is not here this morning from the
23 CMMG. Ms. Peters, from CAA.

24 MS. LIZ KULYK: Yeah, it's actually --
25 I'm now Liz Kulyk, from CAA (Manitoba). With the birth

1 of my child I changed my last name. And I'll also be -
2 - Angele Young, from CAA (Manitoba), will be
3 representing us for the -- the duration of the -- the
4 hearing. Thank you.

5 THE CHAIRPERSON: Thank you very much,
6 Ms. Kulyk. Now, Mr. -- oh, I'm sorry, in terms of
7 IBAM, I'm going to refer that to Candace -- Ms.
8 Grammond.

9 MS. CANDACE GRAMMOND: Thank you, Madam
10 Chair. I did get a call from Dave Schioler this
11 morning advising that while IBAM's application for
12 Intervenor status is filed, he unfortunately had
13 another commitment this morning that could not be
14 changed, so he will not be joining us this morning.
15 But IBAM is asking that it have Intervenor status on
16 the strength of the application as filed.

17 And I'm sure we'll hear from Ms.
18 Kalinowsky later as to MPI's position, but I just
19 wanted to make everyone aware of that. That although
20 Mr. Schioler's not here, IBAM does wish to have
21 Intervenor status.

22 THE CHAIRPERSON: Thank you, Ms.
23 Grammond. Mr. Weinstein, welcome to this hearing. I
24 think -- I believe you're taking over for Chris Monnin.

25 MR. MICHAEL WEINSTEIN: Thank you,

1 Madam Chair, members of the panel. Yes, I'm here on
2 behalf of Mr. Monnin, although I will be involved in
3 the process as well, but Mr. Monnin's lead counsel. We
4 act for Bike Winnipeg. And I'm here with Jason Carter,
5 who's the representative of Bike Winnipeg today.

6 THE CHAIRPERSON: Okay, thank you very
7 much. I'm going to now call upon Ms. Grammond to give
8 opening comments for the Board.

9

10 OPENING COMMENTS BY BOARD COUNSEL:

11 MS. CANDACE GRAMMOND: Thank you, Madam
12 Chair. My comments this morning will be procedural in
13 nature as opposed to substantive. I have three (3)
14 exhibits that I'd like to enter that Ms. Dubois is
15 aware of. So the first exhibit in this proceeding on
16 behalf of the Board would be the notice of public
17 hearing and pre-hearing conference. That was issued by
18 the Board and dated June 12th, 2015. So that would be
19 Exhibit PUB-1.

20

21 --- EXHIBIT NO. PUB-1: Notice of public hearing
22 and pre-hearing conference
23 issued by the Board and
24 dated June 12th, 2015

25

1 MS. CANDACE GRAMMOND: Exhibit PUB-2
2 would be the Board's rules of practice and procedure
3 which are, of course, available on the Board's website.

4

5 --- EXHIBIT NO. PUB-2: Board's rules of practice
6 and procedure

7

8 MS. CANDACE GRAMMOND: And the third
9 exhibit, PUB-3, would be the proposed hearing timetable
10 which has been distributed via email in advance of
11 today. And there are hard -- hard copies in the room,
12 as well. We'll be speaking about the content of that
13 timetable today.

14

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

16

17 MS. CANDACE GRAMMOND: So those are the
18 three exhibits at the moment. And, as well, prior to
19 hearing from the prospective Intervenors, I confirm
20 that each of them should provide the following
21 information to the Board, in order that it can
22 deliberate on and decide intervention.

23 Number 1, an indication of the
24 prospective Intervenor's constituency and interests.

25 Number 2, an outline of the areas of

1 MPI's application that they intend to test.

2 Number 3, the prospective Intervenor's
3 reasons for requesting Intervenor status.

4 Number 4, the prospective Intervenor's
5 plans to call evidence at the hearing, 'yes' or 'no' or
6 'maybe'.

7 And number 5, an indication of the
8 prospective Intervenor's interest with respect to
9 seeking costs. And if interest and cost is expressed,
10 a draft budget, of course, the Board will apply the
11 criteria set out in its rules with respect to awarding
12 costs, and those decisions being made at the sole
13 discretion of the Board once the hearing process is
14 completed.

15 Those are my comments, Madam Chair.
16 Thank you.

17 THE CHAIRPERSON: Thank you very much.
18 Now I'd like to call upon Ms. Kalinowsky for MPI.

19

20 OPENING COMMENTS BY MPI:

21 MS. KATHY KALINOWSKY: Yes, Ms. Everard
22 (sic), I was just wondering if -- or sorry, Ms.
23 Grammond, I was just wondering if the letter from June
24 10th from the Public Utilities Board should be entered
25 as an exhibit? I had planned to enter as an exhibit

1 the MPI response to that of June 19th.

2 So I'd maybe make the suggestion that
3 that be filed as PUB Exhibit number 4.

4 MS. CANDACE GRAMMOND: I'll take that
5 suggestion. I don't disagree with that approach. So
6 that was the letter from, I believe, Mr. Christle,
7 under Mr. Christle's signature dated June 10th, 2015,
8 addressed to the parties that dealt with the workshop
9 that took place last week and a variety of other
10 procedural matters.

11 So there -- yeah, there's no difficulty
12 entering that as PUB-4. Thank you.

13

14 --- EXHIBIT NO. PUB-4: Letter from Mr. Christle,
15 dated June 10th, 2015

16

17 MS. KATHY KALINOWSKY: In which case,
18 I'll just move to the exhibit numbers that MPI proposed
19 filing, and of course, the rate application, three (3)
20 volumes, should be filed as MPI Exhibits -- Exhibit
21 number 1.

22

23 --- EXHIBIT NO. MPI-1: Rate application, three (3)
24 volumes

25

1 MS. KATHY KALINOWSKY: And the second
2 MPI exhibit should be marked as the June 19th
3 correspondence from myself to Mr. Christle of the
4 Public Utilities Board.

5

6 --- EXHIBIT NO. MPI-2: June 19th correspondence
7 from Kathy Kalinowsky to
8 Mr. Christle of the Public
9 Utilities Board

10

11 THE CHAIRPERSON: Okay. Thank you very
12 much. I would ask that the Int -- Intervenors include
13 in their opening comments your views -- views on the
14 issues to be included in the scope of the GRA, as well
15 as each of the five (5) subject areas that Ms. Grammond
16 has referred to in her opening comments, together with
17 any other issues you wish to comment on.

18 So I'll begin with Mr. Williams.

19

20 OPENING COMMENTS BY CAC (MANITOBA):

21 MR. BYRON WILLIAMS: Thank you. Just
22 in terms of the constituency that our -- our client
23 seeks, our client CAC (Manitoba) has been before the
24 Public Utilities Board on MPI issues dating back a bit
25 over twenty (20) years, and certainly seeks to

1 represent the interests of private passenger vehicle
2 owners and drivers in terms of seeking just and
3 reasonable rates.

4 Just -- CAC (Manitoba), which is
5 familiar to the Board, so I -- I won't dwell on it
6 except for to say it's a -- a non-profit organization.
7 It's been in existence since 1947. It benefits from
8 thousands of consumer contacts each year through its
9 working with new Canadians and with many Manitobans in
10 -- in terms of a variety of rate issues. And it also -
11 - it has a non -- a board, which is volunteer, which
12 provides guidance to it based upon the eight (8)
13 consumer rights that are generally well accepted in --
14 in International Consumer Principles.

15 So that's essentially who our -- our
16 client is. I'm happy to provide more information.
17 I'll just say a -- a little bit about the process that
18 they undergo. They work off of the evidence that's
19 provided and -- and are guided by the eight (8)
20 consumer rights that in -- which include affordability,
21 sustainability, transparency, and providing a voice for
22 consumers and government decision-making.

23 They use focus groups extensively to --
24 to meet with consumers. They also engage with other
25 participants. Our client will be sitting down with our

1 friends from CAA, for example, next week to identify
2 areas of -- of mutual interest as -- and -- and that's
3 part of an ongoing deliberation. So our client tries
4 to develop its policy based upon interactions with
5 consumers as well as interactions with other
6 stakeholders, and we certainly -- that's a long-
7 standing process.

8 I can indicate just in preparing for our
9 client's intervention in this hearing, they have spoken
10 with our friends from MIPUG, from Bike Winnipeg, and
11 CAA. We've had deliberations with -- with all of --
12 all of them and certainly have discussed ways that we
13 can collaborate and/or minimize duplication.

14 MS. CANDACE GRAMMOND: Mr. Williams,
15 sorry to interrupt. Can you just indicate who MIPUG
16 is, for the record, because I don't think we're all
17 familiar with that wording.

18 MR. BYRON WILLIAMS: Oh, I'm sorry. I
19 -- I totally mis -- misspoke. I don't think the
20 Manitoba Industrial Power Users Group will have that
21 much to say on motorcycle rates. I meant to say CMMG.
22 I -- I may have -- just been left a hearing last week
23 where I've got my acronyms a little confused. I
24 apologize for that.

25 In terms for application, I think the

1 Board has a paper copy. Before we go to it, I wonder,
2 just because this is relevant to the issues list, if I
3 could ask Diana to pull up Board Order 98/'14. And
4 there's just a few references I want to bring to your
5 attention. And down to the bottom of this page, Diana.
6 That's perfect. Thank you.

7 This is just guidance from the Board,
8 and I think it informs our commentary on the issues
9 list and that's why I'm -- I'm bringing it to your
10 attention. In the second last paragraph on the -- on
11 the page, here's the Board just commenting about the
12 centrality of looking at whether costs and expenditures
13 are prudent and reasonable or unnecessary and imprudent
14 and -- and how that is central to its deliberations.

15 And if we could just switch to page 46,
16 the second -- that's perfect there, Diana. And here
17 again in this paragraph, the Board is talking about:

18 "The appropriateness and importance
19 of looking at the necessity and
20 prudence of costs embedded within the
21 rates."

22 And again, these are the Board's words.
23 It's always good to quote your words back to you, but
24 it -- they certainly have guided us in -- in our
25 intervention.

1 Page 48, Diana. That page talks about
2 road safety, which based upon our conversations with
3 CMMG, CAA, and Bikes Winnipeg is an issue for all of
4 us. And here's the Board talking about -- in the last
5 two (2) sentences:

6 "Road safety has impacts not only as
7 expenditures, but as a potential
8 saving mechanism."

9 And really, from our client's
10 perspective, a risk avoidance tool. And that -- that's
11 why I think it's important to our client as well and
12 all in this hearing as well as the social good, the
13 societal good that can -- perhaps can come from these
14 investments.

15 Page 49, just for a second. This
16 relates to information technology expenditures. And
17 again, the first paragraph, the Board talking about the
18 importance of looking to the necessity and prudence of
19 those expenditures and savings as part of its
20 determination of just and reasonable rates.

21 And finally on page 52, second paragraph
22 from the top. Thank you, Diana. This is the Board's
23 advice or direction in terms of investment income. And
24 again, saying how it's -- it's part of how we look at
25 risk. It's part of how we look at the reasonableness

1 of forecasts and why that is -- is relevant. So when
2 our client has approached the issues list, we've taken
3 guidance from the Board as well as long-standing case
4 law or jurisprudence. And -- and that's how we've
5 approached these issues.

6 If the panel members do have the -- the
7 application for intervention of our clients, if you
8 could go to Attachment A, which is about eight (8)
9 pages in? Thank you, Diana. And in terms of our
10 client's reasons for seeking to participate in this
11 hearing, it all comes down to an issue of fairness to
12 the util -- or to the -- to the monopoly as well as
13 fairness to ratepayers.

14 And our client wishes to examine a
15 number of issues related to the question of just and
16 reasonable rates. The first major subcategory is the
17 reasonableness of the revenue requirement. And a big
18 part of that is, do the forecasts make sense? Are they
19 reasonably reliable? And the first bullet is kind of
20 my motherhood statement in terms of all the issues
21 we'll be looking at. But certainly, one (1) that's
22 caught our attention is investment income, how
23 reasonably reliable is that?

24 Certainly, we wish to look at the
25 forecasts relating to -- to the physical and PIPP, and

1 comprehensive damage side. We note -- we'll try to
2 bring this out in Information Requests that Quebec has
3 recently had a -- released some new information in
4 terms of how they're looking at tail factors, and
5 certainly that's something that we wish to follow-up in
6 terms of this subject. Mortality assumptions, which is
7 something MPI does. We -- we're anxious to look at
8 when they most recently revisited their mortality
9 tables, and that is of interest to our clients.

10 A big theme from last year related to
11 collision and -- and the implications, if any, of new
12 vehicles and new technology. And certainly, our client
13 is interested in that. And as the Board Chair will
14 know from the Hydro GRA, interest rate forecasts are --
15 of late, I think both MPI and our clients have
16 identified them as notoriously unreliable. And -- and
17 we certainly want, with no -- and -- and so we're all
18 struggling with what we do with interest rate
19 forecasts. So that's of concern in terms of forecasts
20 for our clients.

21 In terms of the second subheading -- in
22 ter -- relating to the revenue requirement, it goes to
23 the prudence and reasonableness of current expenditures
24 and forecasts for projected expenditures.

25 We certainly review -- look at with

1 interest the -- the recommendations or the -- from the
2 cost containment committee, and our client wishes to
3 follow up -- follow up on those issues.

4 There are some issues flowing from last
5 year relating to the status of repair industry
6 agreements and the physical damage re-engineering
7 project, which we think are important to cost control
8 today and in the future.

9 The third bullet relates to an issue
10 that came up in the Hydro hearing related to how
11 management performance and pay is structured. And we
12 certainly just want to explore that to a small degree.

13 The last bullet on this page relates to
14 the -- the BI3 initiative, and -- and we had some
15 discussion of that. And -- and our client certainly
16 wants to follow up on that and -- and be in a position
17 to have a -- a more informed opinion on whether -- how
18 those investments have -- have played out and how
19 they're playing out in terms of good outcomes for the -
20 - the victims of automobile accidents as well as the
21 cost control.

22 Here are some other issues that our
23 client has identified. I -- I won't go through them
24 except for to say these are an -- an indication of some
25 of -- of the other ones. I've already talked about

1 road safety.

2 Under the overall financial health of
3 the Corporation, our client is very interested in the
4 terms of the implications of the asset liability
5 management study and the investment policy statement in
6 terms of what they say about the risks faced by the
7 Corporation, and what they tell us about the reserve
8 levels or the rate -- rate stabilization reserve levels
9 that -- that the Corporation requires, and what
10 implications they have, is any -- if any, in terms of
11 the DCAT analysis.

12 So that is certainly of interest to our
13 client. We certainly -- when the full DCAT analysis is
14 filed in July, our client will look at that with
15 interest.

16 I will say that our -- our client
17 appreciates the openness that -- and the discussion
18 we've had with MPI and certainly with Board advisors
19 over the last few months on -- on the -- the DCAT. I
20 think it's -- we -- our client feels that they've
21 learned a lot.

22 They hope that they've contributed
23 something to that process, and they think that that is
24 -- the openness that MPI has shown is much appreciated
25 by our client and -- and should be acknowledged.

1 Sub-category B relates to the fair
2 allocation of reasonable costs among ratepayers. After
3 we get to the overall revenue requirement, then how do
4 we share that among ratepayers? And -- and certainly,
5 we'll look at that perhaps in less detail than we will
6 on the revenue requirement, but there are some issues
7 related to that.

8 And the ultimate question, of course,
9 is: Are the proposed rates just and reasonable? And
10 our -- our client continues to be interested in that
11 issue. It's the ultimate issue.

12 If you go to Attachment B -- so that --
13 that is generally our client's take on the key issues
14 based upon their preliminary analysis. So the -- the --
15 - that's -- they think that the Public Utilities Board
16 set out a initial list of issues which Manitoba Public
17 Insurance, in its correspondence of June 19th,
18 responded to.

19 And, generally, our client is of the
20 view that the issues I just outlined from Attachment A
21 fit within that scope.

22 We did want to kind of follow up on --
23 on the commentary of Manitoba Public Insurance. And
24 just so you know what you're looking for, MPI provided
25 a -- a quite helpful table which -- which indicated

1 issue.

2 If they felt it was totally in scope,
3 they put a little checkmark bes -- beside it. If they
4 thought it should be qualified in scope, they put a
5 checkmark in that column. And I think in one (1) case,
6 there was one (1) category that they felt was out of
7 scope.

8 What we have done is used the same MPI
9 table. If we agree with their characterization, we've
10 just left the checkmark unblemished and in the same
11 column. If we disagreed with their categorization,
12 we've underlined that checkmark and then put a brief
13 explanation.

14 And so the first one on this table
15 relates to the asset liability management study. MPI
16 thought that should be qualified in scope. Our client
17 believes that is imp -- central -- should be directly
18 in scope. And certainly because drawing from decision
19 Order 98/'14, but also because this study is important
20 to our understanding of the risk faced by the
21 Corporation to our DCAT analysis.

22 And for that reason, our client thinks
23 it's quite an important study that goes directly to a
24 central issue before the Board, which is the health of
25 the Corporation and the risks faced by the Corporation

1 and the reasonable reserves, because the asset
2 liability management study may be a mechanism to
3 mitigate the risks faced by the Corporation.

4 Likewise, on the performance of the
5 investment portfolio and the investment policy
6 statement, for very similar reasons, our client
7 believes that those are central to the determinations
8 of the Board, especially as they relate to the risk of
9 Basic, to the reasonable reserves, and the DCAT study.

10 Going down the costs of Basic operations
11 and cost containment, the Board, in our client's view,
12 has made it clear, and I -- I cited to you from pages
13 45 and 46 of Order 98/'14 that that is central to its
14 direction. And just going up one (1) line, road safety
15 and loss prevention, again, the Board has made its
16 position clear on that, in our view, our respectful
17 view, in Order 98/'14.

18 Diana, if we could go to the -- the
19 second page? Thank you. The one (1) issue which
20 Manitoba Public Insurance took issue with being either
21 in scope or qualified in scope related to the
22 disposition of excess reserves in the Extension and SRE
23 line of business.

24 And to a certain degree, our client
25 recognizes the statutory limits of this Board, and so

1 certainly wouldn't say that that's central to the
2 Board's determinations. We would say that it should be
3 qualified in scope. But from our client's perspective,
4 that information is relevant, especially as we seek to
5 finalize some of our deliberations relating to the RSR
6 and the rebuilding scheme.

7 I think it's open to the Board, if it --
8 if we're looking at, should there be an RSR rebuilding
9 fee, for example, to look at whether there are other
10 resources again in the case of Extension obtained
11 primarily from a -- a defacto monopoly that -- that
12 might be there as a resource.

13 So we certainly agree with MPI that it's
14 not central to the scope and the -- but we would say
15 that it should be qualified in scope. And that's where
16 we -- we bring it in, but we -- we're -- we're kind of
17 straddling the middle ground, there.

18 Newer enhanced Basic services being
19 developed or examined by MPI. Our client thinks that
20 may be relevant to the risk for ratepayers and
21 potential future costs. So they do believe that should
22 be in scope -- found to be in scope.

23 Going down to IT strategy, the Board's
24 language on this from Order 98/'14, in our client's
25 view, page 49, makes it quite clear that this is

1 central to the determination.

2 In ter -- in terms of the wise choice of
3 Public Utility Board's advisors to put in the catch-all
4 a variety of other issues, our client has put the big
5 'maybe' there. It depends on the issues. We're not
6 able to go much farther than that on that -- that
7 specific matter.

8 Diana, if I could just go back to page 2
9 of our application for Intervenor status, please?

10

11 (BRIEF PAUSE)

12

13 MR. BYRON WILLIAMS: Our client
14 certainly intends to appear throughout the hearing to
15 participate in the production of evidence, testing of
16 evidence, and final argument. I've put a big question
17 mark beside calling witnesses. And if we can scroll up
18 just for a minute, Diana, that's -- that would be
19 helpful.

20 At thi -- this point in time, our client
21 is -- we're taking a bit of closer look at the asset
22 liability study. At this point in time, I don't know
23 if we would even be seeking to call a witness, but we
24 didn't feel we had time prior to today to make a final
25 call on that. I should be able to provide the

1 recommendation of CAC (Manitoba) by early next week
2 whether we even think it would be prudent to call a
3 witness. Right now, I'll just say our client is, at
4 best, on the fence on that.

5 In terms of the DCAT, our client does
6 not currently intend to file evidence on the DCAT. We
7 called evidence last year and would seek through
8 Information Request to at least put that on the record.
9 But we are reserving that final decision until we
10 actually see the completed study.

11 And as I said, I don't expect we would
12 call evidence on it, but we do -- we would like to take
13 a -- our client would like to take a look at the final
14 study just to -- to make a determination. I apologize
15 for being a bit indefinite on that. Our client spent a
16 lot of time in this file already, but on asset
17 liability we want to take a bit of a closer look, and
18 the DCAT, I think it just depends. We have to look at
19 the final study before we form an opinion.

20 Other comments, just in terms of the
21 filing of Information Requests, we actually will be
22 able to file about sixteen (16) already this week on --
23 on actuarial issues. And -- and so we're hoping that
24 will assist in the timing of Manitoba Public Insurance.

25 We expect to have most, and perhaps all

1 of the remaining Information Requests available by July
2 6th, and ideally by July 3rd. I'm not requesting an
3 extension for a few IRs until July 8th, but I am a
4 little worried that we may have trouble completing all
5 the IRs by July 8th. We'll -- we'll do our very best.
6 I think we'll likely make the July 6th date for all of
7 them, and we're trying to get in as many as we can
8 early, but there's a small risk that we -- we may be
9 seeking an extension beyond July 8th. So I'm not
10 requesting a change in the schedule. I'm just trying
11 to give notice to the parties and to MPI that this may
12 be an issue.

13 The only other suggestion we had in
14 terms of process, and this may or may not be acceptable
15 to the Board, or MPI, or other Intervenors, if we are
16 getting the DCAT study in July, one (1) thing that
17 might reduce the number of Information Requests in the
18 Second Round might be a workshop on the -- on the DCAT
19 in -- in August at some point in time.

20 I would hate to interfere with people's
21 holidays, but it might be a good learning opportunity.
22 And so we just throw that out there as a suggestion and
23 would appreciate comments from the Board and others on
24 that idea.

25 We will be seeking costs on behalf of

1 our client. We've put in a budget. I guess it appears
2 on -- on or about the 13th page of our application in
3 Attachment C. I'll just indicate that the only legal
4 counsel listed here is yours truly, Byron Williams.
5 We've been very fortunate to retain a -- a bright young
6 lawyer from the United States who has a lot of
7 expertise in -- in regulatory matters. His name is
8 Alex Nisbett, and he will be joining us in July, and I
9 expect him to be quite involved in this hearing.

10 Ms. Menzies has other obligations, but
11 Mr. Nisbett will be joining us. We -- so while his
12 name's not here, this -- this estimate is entitled to
13 encompass all legal hours. So I don't -- assuming the
14 hearing last ten (10) or eleven (11) days, I believe
15 that this is a robust estimate of all legal costs
16 incurred. If Mr. Nisbett is able to take without
17 duplicating some of my duties, that may reduce the
18 overall costs, because we would charge them at a lower
19 rate, but this is reasonably reflective of our time.

20 We've also, on the next page, brought in
21 Ms. Andrea Sherry, who's an actuary. She's been
22 certainly of value to this Board's deliberations, in
23 our view, in the past. And this is an estimate similar
24 to what she had done in prior hearings.

25 And on the last page we've put in a

1 proposed budget for Mr. Peter Dyck, which is consistent
2 with his -- his past budgets that -- that we've
3 presented. So that's the global budget that we're
4 looking at. And I believe that the budget is
5 consistent with -- with what our client has done in the
6 past. If we do not call expert witness then the -- the
7 total costs will be lower than the last GRA.

8 That -- that is -- our time estimate is
9 based on ten (10) to eleven (11) -- excuse me, ten (10)
10 to twelve (12) days. We picked eleven (11). I think
11 the better view is that the hearing will be ten (10) to
12 eleven (11) days. It might be nine (9). It might be
13 twelve (12), but somewhere in that range. So that's
14 what our estimates are based upon.

15 The last thing I did want to speak about
16 is in terms of our friends from Bike Winnipeg, and I --
17 I do want to -- I have some commentary that -- that our
18 client has asked me to share. And -- and I want to say
19 that on road safety issues I think we've always tried
20 to collaborate, not with MIPUG, but with CMMG, with
21 CAA, and with Bike -- Bike Winnipeg.

22 CAA, CAC (Manitoba), and Bike Winnipeg
23 have a relationship within the hearing room in that
24 we've tried to collaborate. We also have a
25 relationship outside the hearing room in terms of the

1 representations that we've -- we've made to -- to
2 government. So there is some common ground, but there
3 are also distinctions of perspectives.

4 Our client understands that Bike
5 Winnipeg has a particular focus on vulnerable road-
6 users which include, but are not limited to cyclists.
7 And certainly our client has said for a number of years
8 that they believe Bike Winnipeg presents an important
9 and distinctive voice on road safety issues that is
10 relevant to the PUB deliberations. Our client's
11 particular focus on road safety issues will relate to
12 issues relevant to the just and reasonable rates for
13 service for private passenger vehicles. Mr. Oakes
14 obviously will be addressing those issues in terms of
15 Manitoba motorcyclists.

16 And our client is -- is certainly
17 wanting to understand if -- if MPI is prudently and
18 reasonably addressing risks related to the tragic
19 social and economic costs of accidents by investing in
20 road safety programs that are evidence-based, cost-
21 effective, within the jurisdiction of MPI and which
22 make a meaningful contribution to the reduction of
23 injuries and accidents. CAC (Manitoba) also wishes to
24 ensure that the investments of MPI are optimized and
25 integrated within a broader or whole system approach.

1 While there is substantial common ground
2 between Bike Winnipeg and CAC (Manitoba) on a number of
3 issues there is also the potential for a conflict of
4 positions on questions such as the appropriate role of
5 government versus MPI, and the criteria for cost
6 effectiveness evaluation including the relative weight
7 to be given to the impact on rates and the impacts on
8 reducing societal effects.

9 So those are based on our client's
10 interaction with Bike Winnipeg, two (2) areas where
11 there is most likely to be a very distinct position
12 undertaken by the two (2) organizations. Our client,
13 CAC (Manitoba), and Bike Winnipeg have collaborated
14 closely in the past two (2) GRAs. Two (2) years ago I
15 was honoured to be able to directly assist Bike
16 Winnipeg in presenting in -- important information
17 regarding road safety for vulnerable road-users while
18 still taking overall instructions from CAC (Manitoba).

19 This was a very positive collaboration.
20 But it did not allow for a full articulation of the
21 Bike Winnipeg position. Necessarily, because my
22 clients were coming from CAC (Manitoba), my -- the
23 ultimate position taken was -- was that of CAC
24 (Manitoba). And in -- in my view it didn't allow me to
25 devote the amount of time that I would have liked to

1 specific issues related to vulnerable road-users.

2 It was very positive. Our client
3 learned a lot, but I didn't feel that I was able to
4 fully present the positions of Bike Winnipeg and/or
5 devote the amount of time that -- that their very
6 valuable perspective deserved. Last year, with the
7 support of CAC (Manitoba) Bike Winnipeg -- I might say
8 the advice of CAC (Manitoba) -- Bike Winnipeg
9 approached Mr. Monnin and Mr. Weinstein. And certainly
10 in our client's respectful view this was a -- a good
11 vehicle to more fully present the distinct and valuable
12 perspective of Bike Winnipeg.

13 So I hope that's helpful in
14 understanding where our client's coming from. Our
15 client is a -- a long-time Intervenor before the PUB.
16 We -- we treasure that honour and -- and hope to be
17 able to continue it in -- in this proceeding and -- and
18 in hearings in the future. Subject to questions of the
19 Board and any issues that arise in terms of reply those
20 are my comments.

21 THE CHAIRPERSON: Mr. Gosselin has a
22 question for you, Mr. Williams.

23 MR. REGIS GOSSELIN: Thank you, Mr.
24 Williams, for addressing the issue of road safety
25 because you anticipated my question. But the other --

1 the other issue that I'd like you to comment on is the
2 issue of interest rate forecasting. And perhaps you
3 could tell the other participants about the
4 recommendation, or at least the -- the position that
5 CAC has taken in the other hearing -- other rate
6 hearing that's going on.

7 MR. BYRON WILLIAMS: Yes. And -- and
8 thank you. And it's interesting because these are
9 uncertain times for interest rate forecasters. And --
10 and certainly with the panel's invitation, in -- in the
11 Hydro general rate application, we did go through
12 evidence that addressed how interest rate forecasts
13 have consistently overstated the interest rate
14 expectations as compo -- as -- as compared to -- as
15 compared to actual interest rate costs.

16 And it's important both to Manitoba
17 Hydro, because it goes to their debt, and it's
18 important to MPI, obviously, both on the -- the revenue
19 side and on the cost side. It's -- it's a little more
20 complex in -- in terms of how it affects MPI. For
21 Manitoba Hydro, lower interest rates are inevitably
22 good news. For MPI, it's a bit of a -- a bit more of a
23 mixed message.

24 So our client has been articulating
25 those concerns. And -- and that's not to suggest that

1 Hydro, for example, has been doing anything biased.
2 They've been relying on the banks and kind of a -- a
3 consensus forecast and similar to what MPI has done.

4 So that's on the Hydro side. And
5 certainly, our friends from MPI have -- or have been
6 articulating a parallel concern on -- on the MPI side,
7 as -- as well.

8 In -- in the Hydro hearing, our client
9 identified our concerns with -- with the -- the
10 longstanding pattern of overestimating interest rate
11 costs. We noted that in January of 2015, the overnight
12 rate for the Bank of Canada went down for the first
13 time in five (5) years. And so even when interest rate
14 forecasters actually made a very substantial correction
15 to their approach over the past year, they're --
16 they're also still on the path of overestimating
17 interest -- interest rates, at least, it looks like,
18 for 2015/'16.

19 One (1) of the recommendations our
20 client made in the Hydro GRA was that there might be
21 value -- because it's an issue that historically has
22 affected both of our -- our major Crowns, that there
23 might be some value in -- in having some sort of
24 technical conference or dialogue in terms of trying to
25 have a -- a common approach to interest rate

1 forecasting and an exchange of views.

2 And so that was something that -- Mr.
3 (sic) Chair, if that helps, I -- I'm assuming that's
4 the insight. And so it's one (1) of the lessons we've
5 -- we've learned on the Hydro side. And -- and we've
6 shared this concern on the MPI side, as well. We just
7 haven't been satisfied to date with MPI's proposals to
8 -- to address it. So that's where we're -- we're -- we
9 -- why we think it's -- it's an issue now.

10 Whether the asset -- whether the new
11 proposed investment strategy obliterates that risk, you
12 know, we'll -- we'll form an opinion, but that -- that
13 is the position we took in the Hydro GRA. Thank you
14 for that opportunity.

15 THE CHAIRPERSON: Thank you, Mr.
16 Williams. Now I'd like to welcome Mr. Raymond Oak --
17 Oakes. Mr. Oakes, would you like to introduce yourself
18 and your organization, and then give your opening
19 comments?

20

21 OPENING COMMENTS BY CMMG:

22 MR. RAYMOND OAKES: I'd be happy to,
23 Madam Chairperson. Members of the Board, ladies and
24 gentlemen this morning, my name is Raymond Oakes. I'm
25 an attorney at Booth Dennehy. I've been representing

1 the CMMG before this Board since 1992, which was the
2 year that CMMG was formed.

3 CMMG is an umbrella motorcycle group
4 that assists with working for the concerns of
5 motorcyclists in the Manitoba environment, both in
6 terms of legislative reform, applications before this
7 Board dealing with MPI, and various safety initiatives
8 that they've been involved in since that time.

9 The organization is nondenominational,
10 if I can describe it in that sense. It doesn't matter
11 what type of motorcycle you ride, or how you -- what
12 type of riding you enjoy. The groups that make it up
13 are very diverse, from Harley owner groups, to sport
14 bike groups, to Gold Wing touring groups, Christian
15 biker associations. At one point, we even had a
16 dancing men's scooter association. I don't know what
17 kind of dancing it was, but it must have been tiring,
18 because they only lasted a year.

19 But in any event, it's a very diverse
20 group. I understand the paid membership is several
21 hundred persons. They have quarterly periodicals,
22 newsletters, that kind of thing that go out to more
23 than that. And they certainly welcome opportunities to
24 network outside of this hearing with the Applicant and
25 with the government.

1 So that's the background. It is a non-
2 profit. It -- all of its directors and officers are
3 not paid for their efforts. You've met a number of
4 them over the last twenty (20) some years, and they'll
5 be attending of course this hearing in October.

6 With respect to the application of CMMG,
7 the Board has the Intervenor request form that provides
8 the information with respect to our proposed
9 intervention. We are intending on appearing throughout
10 the hearing. We will not be providing a witness, and
11 the intervention will follow generally the type of
12 cross-examination that the Board has seen from CMMG
13 over the past.

14 Where the rubber hits the road obviously
15 is the proposed rates, whether they're just and
16 reasonable. The CMMG has had quite a critical job to
17 do in that respect in the last two (2) decades.

18 We've seen tremendous variability in
19 rates, we've seen what CMMG would call bloated rates
20 applied for before this Board, and we've seen the
21 Corporation back-pedal like crazy since 2012 in terms
22 of rebating or providing rate decreases to address the
23 fact that the rates skyrocketed 227 percent in a
24 decade.

25 So reasonableness then obviously is

1 quite a live area for CMMG to review. Reliability as
2 well. If the Corporation's answer to this yo-yo effect
3 of rates that's motorcycles have been exposed to has
4 been because of the remnant -- randomness of a small
5 population, then obviously the Corporation is not doing
6 enough in terms of capping of losses and smoothing of
7 rates.

8 So those are all areas. The rate-making
9 methodology, the conservatism that's been inherent in
10 MPI's treatment of motorcycle losses and the rate
11 requirements, with a view to providing a more stable
12 rate for motorcyclists in this province.

13 Road safety of course has been one (1)
14 of the primary concerns of CMMG since it was founded.
15 It over the years has worked with MPI. It's funded a
16 number of road signs around the province. It works
17 with MPI on MPI's funding of spring safety campaigns.

18 It certainly thinks the Corporation can
19 do a better job. It thinks that more funds should be
20 attributed to road safety initiatives, and the
21 Corporation needs to take a leading-edge view in terms
22 of insurers across the country in adopting the latest
23 research and the latest initiatives.

24 We've looked at the loss prevention
25 review. Obviously this is in infancy. We're looking

1 for more concrete initiatives to flow from the
2 Corporation's reviews in this area, and we're on a
3 wait-and-see mandate at this point with respect to road
4 safety.

5 I can't see that the Corporation will
6 take a standpoint adverse to this Board's examination
7 of road safety in the fullest. I -- obviously, it
8 affects rates. Basic ratepayers are paying for the
9 road safety initiatives. Basic ratepayers are hoping
10 to save some money on the claims costs as a result of
11 effective road safety programs.

12 And so, frankly, I don't see a
13 jurisdictional restriction of that. But greater minds
14 than I, I'm sure, will bear down on that issue
15 throughout the course of this hearing.

16 With respect to Ms. -- Mr. Williams's
17 comments this morning, certainly we've seen an
18 opportunity to work together with CM -- CAC. Mr.
19 Williams and I have already had a conversation this
20 year. With respect to the other Intervenors, we
21 certainly support the long-term intervention of -- of
22 CAA. And with respect to Bike Winnipeg, we were very
23 proud as well to work with them the first year when
24 their request for Intervenor status was not granted.

25 I met with their executive twice. I

1 asked a lot of questions on their behalf, and we see
2 them as a partner with the motorcyclists in the
3 vulnerable road user category. So I think that we're
4 here to assist the Board in critically evaluating the
5 GRA and testing the evidence. And really, that's the
6 focus and summary of our intervention this morning.
7 Thank you.

8 THE CHAIRPERSON: Thank you, Mr. Oakes.
9 Now, I'd like to call upon Ms. Kulyk from CAA to give
10 her opening comments.

11

12 OPENING COMMENTS BY CAA (MANITOBA):

13 MS. LIZ KULYK: Thank you, Madam
14 Chairperson. CAA (Manitoba), we've been representing
15 ourselves at these hearings for more than twenty (20)
16 years now, and we have always just represented
17 ourselves. We don't bring legal counsel, but our two
18 hundred thousand (200,000) plus members in Manitoba do
19 expect that we are here in the role that we continue to
20 play in a watching brief. That allows us the
21 opportunity to hear all the information that's
22 presented by the other Intervenors, by the Board
23 counsel, and also to hear the perspectives of MPI so
24 that we can then pass along that information to our
25 membership.

1 They are vocal. They are engaged. And
2 they come to us for advice on issues further than just
3 pertaining to transportation and cars and whatnot, but
4 our perspective is with government in terms of advocacy
5 on those issues. Also, you're familiar that we do have
6 a full-service travel agency and insurance agency.

7 We do a whole host of things that people
8 are interested in, and that's why they do come to us
9 for that information and that's why we continue to
10 present ourselves at these hearings year after year.

11 In terms of the areas that we would
12 test, as you know, like I mentioned, we will be doing a
13 watching brief, but we have always asked for leeway to
14 ask questions as they feel appropriate. I know last
15 year, we did -- I did -- we did submit some IRs and --
16 working with the other Intervenors. We do our -- our
17 best to make sure there's not duplication.

18 I know that road safety is something
19 that will be of particular interest to us this year, as
20 it always is. We have not quite yet decided whether or
21 not we will be submitting IRs for your information, but
22 we will be presenting ourselves during that section of
23 the hearings every day. The rest of the time we may be
24 in and out of the hearings as the other issues are
25 discussed. Also, the -- the loss prevention side, of

1 course, and then also just looking at cost containment
2 of some of the programs within MPI are interesting to
3 us.

4 In terms of the scope, the issues that
5 were presented at the workshop last week, I -- the one
6 (1) I wanted to call out -- I -- I do agree with all of
7 them, but the one (1) I wanted to call out was the one
8 (1) that Mr. Williams raised about the -- the
9 disposition of excess reserves.

10 We agree that there's limitations to the
11 role that the Public Utilities Board has when it comes
12 to that line in particular, but we do agree that
13 there's some questions that should be asked and
14 hopefully we will be able to get a wholesome discussion
15 on that topic in particular.

16 Yeah, and I -- I think I explained the
17 reasons why we do plan to -- to be here, so that we can
18 be that conduit for our membership and provide them
19 with the information as it arises. We won't be
20 applying for costs, of course, but like I mentioned, we
21 do plan to be here.

22 In terms of the other Intervenors, we
23 have had the conversations that we generally have with
24 CAC, and we do have a meeting next week to talk about
25 those road safety topics that will be of interest to

1 both of us so that we don't have that overlap.

2 We regularly talk with CMMG on the same
3 topics. And I have had a conversation, as well, with
4 Bike Winnipeg. And I just wanted to put on the record
5 in terms of their intervention that we -- we do support
6 them being here, because road safety is not a -- a
7 static topic. It's fluid. It's changing all the time.

8 And, I mean, for an example, myself
9 personally last week, I had a chance to participate in
10 bike to work day, and I was just chatting with my
11 counterparts before the meeting started this morning,
12 and I said personally I was shocked to see how many
13 cyclists are taking to the roads in a very different
14 way than they ever have before.

15 And I know that MPI sees the same -- the
16 same trends, and that just tells me, from a very
17 simplistic point of view, that we do need to be
18 including them in these processes, because it is an
19 element of road safety. It does affect rates. And it
20 will affect Manitobans as a whole as we are changing
21 and as road safety continues to change in the years
22 ahead. And it gets very important that they're here to
23 bring their perspective. And we do support them. Of
24 course, CAC and CMMG, we support them being here as
25 well.

1 So with that, if you have any questions
2 please let me know, but thank you very much for
3 listening to my comments.

4 MR. REGIS GOSSELIN: Ms. Kulyk, I'm --
5 I'm interested in knowing to what extent your
6 intervention in the area of road safety is informed by
7 the membership of CAA.

8 MS. LIZ KULYK: On, I believe it's a
9 quarterly basis now, we survey our membership. I'd say
10 that's probably the most holistic snapshot we have of
11 what our membership wants to hear from us about. It
12 actually -- and you'll see that we're -- you know,
13 we're in the media from time to time. We're meeting
14 with government on more than a quarterly basis from the
15 justice perspective, from the Department of
16 Infrastructure and Transportation on different issues.

17 And the surveys that we ask our
18 memberships guide those meetings, guides those -- those
19 decisions and those policy platforms that we do push
20 with government. So when we do those surveys, we're
21 asking questions, particularly on issues in recent
22 years of distracted driving, the new program with
23 Manitoba Public Insurance on winter tires, school
24 safety patrol. That one in very -- in particular is
25 very important to us, and in and around school zones.

1 The decision last year with them
2 reducing speed limits in school zones was one (1) that
3 our membership had told us in years past they
4 supported, and that was why we had continued to talk to
5 government about that. And we are very happy with that
6 decision.

7 In particular, on -- another example the
8 demerits that were recently added to the distracted
9 driving legislation. Since the beginning of that
10 legislation about four and a half (4 1/2) years ago
11 when I was brought in in Manitoba, we've been talking
12 to the government, also to Manitoba Public Insurance,
13 and saying, You can't close the door. You need to
14 continue to make sure that that legislation can be
15 strengthened. And that was something that our
16 membership continued to say, It's not strong enough.

17 And we always went back and asked the
18 same questions to see how the trend was changing. And
19 the move that the government made a few weeks ago, I
20 think it's now four (4) demerits and about two hundred
21 dollars (\$200) that that fine is that you -- that you
22 get if you're caught. That's something that our
23 membership supported.

24 And we really look to them for
25 information because we're just -- like I mentioned,

1 we're a conduit. We're not -- we're not making the
2 policies at a -- in silo. We're looking for a holistic
3 perspective from our membership. And I think we do get
4 a really good snapshot of all Manitobans, two hundred
5 thousand (200,000) drivers out of about eight hundred
6 thousand (800,000) in Manitoba is a pretty good -- a
7 pretty good perspective.

8 So we do do that. We do focus group
9 testing. We actually just went through a -- a big
10 session about three (3) weeks ago where we did similar
11 questioning, asking where they want us to be, what they
12 want us to be saying, what topics they think are of
13 most importance. We do it at a national level as well.
14 As you're familiar, we're an organization that's
15 represented by nine (9) clubs cross Manitoba -- or
16 across Canada with 6 million members.

17 Our sister organization in the States,
18 AAA, has 65 million members, and we work very closely
19 with them on topics pertaining to road safety as well.
20 We actually do get a lot of research, and I know
21 Manitoba Public Insurance has worked with AAA on
22 research in the past, as well. So we do do quite a bit
23 of that on a very regular basis.

24 THE CHAIRPERSON: Just a follow-up to
25 that.

1 What kind of response do you get from
2 your membership in terms of the surveys? Like, is it -
3 - what percentage respond to those surveys?

4 MS. LIZ KULYK: It's interesting,
5 because we do go to our membership on things other than
6 road safety as well, but I find that we do it on an
7 email basis, and we do phone basis from the national
8 level. But email for us in Manitoba works the best.
9 And the topics -- or the -- the surveys we send out on
10 road safety get a -- a higher open rate and click rate
11 on those emails than any other thing.

12 So if you're sending a seven hundred
13 dollar (\$700) special trip to Hawaii email, we get
14 about 4 or 5 percent of people opening those emails and
15 probably about 2 or 3 percent clicking through to look
16 at it. But on road safety, it's generally about 15 to
17 30 percent of people are opening, and then usually
18 about 10 to 15 percent of people are responding to that
19 survey. So if we send to about ten thousand (10,000),
20 we're getting about a thousand responses.

21 THE CHAIRPERSON: Thank you. Okay.
22 Thank you, Ms. Kulyk. Now, I'd ask Mr. Weinstein to
23 give his opening comments for Bike Winnipeg.

24

25 OPENING COMMENTS BY BIKE WINNIPEG:

1 MR. MICHAEL WEINSTEIN: Thank you,
2 Madam Chair. Bike Winnipeg is a volunteer organization
3 that was incorporated as a not-for-profit in 2007. And
4 the organization seeks to make cycling in -- in
5 Winnipeg a safe, enjoyable, accessible, and convenient
6 choice throughout the year. There are currently eight
7 hundred and then (810) registered members, but there
8 are eight hundred (800) -- eighteen hundred (1,800),
9 pardon me, members who are affiliated online.

10 The organization represents, on one
11 hand, the interests of between thirteen thousand five-
12 hundred (13,500) and fourteen thousand (14,000)
13 commuting cyclists in Manitoba as well as two hundred
14 thousand (200,000) occasional cyclists. The statistics
15 that Bike Winnipeg has show that there are between four
16 hundred thousand (400,000) and six hundred thousand
17 (600,000) bikes owned in this province.

18 But in addition to those parts of the
19 organization, one (1) thing that the panel has asked
20 that we speak to today is the constituency that's
21 represented by Bike Winnipeg at this Hearing. And as
22 was pointed out by Mr. Williams, not only are cyclists
23 being represented in what Bike Winnipeg seeks to
24 intervene to speak to, but it's also vulnerable road
25 users, which includes but is not limited to cyclists,

1 but also includes Manitobans generally, such as
2 pedestrians and motorcyclists.

3 Bike Winnipeg seeks to intervene in this
4 GRA to build upon its contribution from the previous
5 year's GRA, and to do that, in order to assist the
6 Board in critically evaluating the loss prevention and
7 road safety section of MPI's filing.

8 Bike Winnipeg seeks to do that by
9 testing the evidence and raising issues of concern and
10 interest to vulnerable road users. The specific issues
11 on which Bike Winnipeg seeks to intervene are the
12 optimum size of MPI's road safety budget and whether it
13 is sufficient to enable a significant reduction in the
14 cost to MPI of injuries to vulnerable road users.

15 Secondly, the adequacy of MPI's road
16 safety program is with respect to the fatal and severe
17 injury of vulnerable road users.

18 And thirdly, the quality and clarity of
19 MPI's data collection, analysis, and accessibility
20 regarding collisions involving vulnerable road users.
21 This is particularly in comparison to transportation
22 safety programs from local, national, and international
23 entities and jurisdictions.

24 Mr. Williams pointed out that Bike
25 Winnipeg has a history from two (2) years ago working

1 with CAC, and then last year, as an independent
2 Intervenor in this process. And in considering Bike
3 Winnipeg's request to intervene this time we would ask
4 that the Board consider its own comments in Order
5 number 7/15 dealing with an award of costs.

6 And I just want to highlight for you
7 some of the things that the Board said with respect to
8 Bike Winnipeg's involvement. The Board said that a
9 significant contribution was made to the GRA process
10 that was relevant to the decision making of the Board
11 and that contributed to a better understanding of all
12 parties of the issues before the Board, and this was
13 particularly so relative to matters of road safety.

14 The Board also pointed out that MPI
15 would be making in this GRA additional filings
16 regarding road safety and loss prevention framework and
17 that MPI would be providing an independent review of
18 the optimal size of the road safety budget for the
19 Corporation with a view to minimizing the economic and
20 societal cost of collisions together with an
21 independent review of the current road safety portfolio
22 with a view to optimizing it relative to cost
23 effectiveness and setting goals for outcomes and
24 minimizing the economic and social cost of collisions.

25 And the Board found that Bike Winnipeg

1 participated in the GRA process in the past in a
2 responsible manner, that it had a substantial interest
3 in the outcome of the GRA process, and that it
4 represented the interests of a substantial number of
5 ratepayers.

6 The Board also accepted Bike Winnipeg's
7 submission, that in presenting the perspective of
8 cyclists, Bike Winnipeg provided a broader perspective
9 of vulnerable road users and Manitobans generally.

10 And finally, the Board did not find that
11 these broader perspectives detracted from the unique
12 contribution to be made by Bike Winnipeg in the context
13 of its specific intervention. Instead, the Board found
14 value in the contributions of Bike Winnipeg, including
15 the extent to which those contributions related to all
16 vulnerable road users and Manitobans generally in the
17 area of road safety.

18 I don't want to duplicate what was said
19 by Mr. Williams in the spirit of how we are to proceed
20 in -- in this matter, but I would echo his comments as
21 well as the comments of CAA, about Bike Winnipeg's
22 unique role in this process and the concern of
23 potential conflicts arising were Bike Winnipeg to be
24 working hand in hand with CAC.

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(BRIEF PAUSE)

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MR. MICHAEL WEINSTEIN: Bike Winnipeg

doesn't intend to call any witnesses, though it

continues to speak with experts in the field, at this

point, it will simply be intending to test the evidence

that is put forward in this process, including

exercising the right to cross-examine.

This would be particularly so with the

Appendix 10 of the -- the Corporation's filings, the

review of MPI's Road Safety Program model.

In terms of the costs that Bike Winnipeg

has submitted as part of its filing, that is before

you, Madam Chair and members of the panel, I don't have

much to take you through specifically on the individual

items within that schedule of costs, other than to say

that there is a slight increase from the costs sought

by Bike Winnipeg last year.

And that can be explained by the fact

that MPI's filings this year are more robust, and

particularly with respect to the expert's report that

bears directly on Bike Winnipeg's intervention and the

review that will have to be done of that expert's

report.

1 (BRIEF PAUSE)

2

3 MR. MICHAEL WEINSTEIN: I'd just like
4 to close by saying that Bike Winnipeg offers a unique
5 perspective, with value that has been identified by
6 this Board on a previous occasions. And subject to any
7 questions that the panel has, those are my submissions.

8 THE CHAIRPERSON: Ms. Neville has a
9 question for you.

10 MS. ANITA NEVILLE: Mr. Weinstein, do
11 you have any information on the demographic breakdown
12 of the membership of Bike Winnipeg?

13 MR. MICHAEL WEINSTEIN: Mr. Carter's
14 going to speak to that directly, Ms. Neville, if that's
15 all right.

16 MR. JASON CARTER: Jason Carter, for
17 Bike Winnipeg. No, we don't have a demographic
18 breakdown in terms of gender, age, or income. Bike
19 Winnipeg is certainly a -- a grassroots organization
20 that encompasses anybody, really.

21 We have people that are definitely
22 marginal income people, but we also have former
23 engineers and experts at that level of -- of capability
24 as well.

25 And as a grassroots organization, I'd

1 point out that we had memberships that were for
2 lifetime. In other words, when they joined, they had a
3 membership that continued for the -- for life. Only
4 this year, as in -- in -- for 2015 and going forward,
5 has that changed now to an annual membership situation.

6 So that's why you'll find a discrepancy
7 in our numbers between formal membership of eight
8 hundred and ten (810) and then an online membership
9 through various -- Twitter and Facebook and -- and
10 those kind of things, around eighteen hundred (1,800).
11 That -- so it's pretty hard to find a definite number.

12 MS. ANITA NEVILLE: Thank you.

13 MR. REGIS GOSSELIN: I have two (2)
14 areas of questioning that I'd like to -- to start on.
15 And I guess the first one is, you know, the -- there
16 are issues that you've raised -- Bike Winnipeg has
17 raised in the past that are probably not issues that
18 should be addressed by this panel unless you've
19 exhausted the opportunities for discussion with MPI.

20 And I'm thinking for example of
21 advertising, you know, advertising that MPI does with
22 respect to cyclists. And I am not sure that the --
23 addressing advertising by MPI to the level of the
24 actual messaging on the sign is something that belongs
25 in a hearing room unless it has been addressed on a

1 prior basis with MPI.

2 So I guess the question is: The issues
3 of concern you intend to raise, have they already been
4 addressed by MPI? And have they -- are you wishing to
5 address those issues because you have not received
6 satisfaction from MPI?

7

8 (BRIEF PAUSE)

9

10 MR. JASON CARTER: Thank you, M.
11 Gosselin. Certainly, on a -- on a case-by-case basis,
12 we have discussions with MPI on various advertisements
13 or interventions, for instance, bike valet services at
14 the stadium, or signs or different campaigns of sort.

15 I think there's a difference here in the
16 level of intervention that, when we talk with MPI,
17 we're talking about specifics. However, we're here
18 because we're talking at the 30,000-foot level, the --
19 overseeing the whole scheme and attempting to persuade
20 MPI to take a -- a more dominant and effective approach
21 to road safety for vulnerable users.

22 The examples on particular signs and the
23 -- the discussion on particular signs would be for
24 examples. However, one (1) of our views is that MPI
25 needs to take a more imaginative and more effective

1 structure to it, as in speaking to drivers on how they
2 interact with cyclists instead of speak -- speaking to
3 cyclists about how they ought to behave all the time.

4 That's generally the theme that we -- we
5 take when it comes to advertising. A good example, and
6 one (1) that I've -- I've brought up before, I think,
7 is the advertisements for the motorcycle people, where
8 a bus ad or a TV ad speaks to drivers to look twice for
9 a motorcycle.

10 So the target audience is the driver.
11 The type -- target audience is not the motorcycle
12 driver. However, in advertisements for cycling, the
13 target audience is the cyclist. So we don't believe
14 that that is always effective.

15 We know that many cyclists are poor
16 cyclists. They do not obey the laws. But we know that
17 the -- the level of impact from any kind of a contact
18 is necessarily not in favour of the cyclist. They will
19 be injured. So we have to intervene and try and
20 intervene as much as we can about addressing the
21 behaviour of drivers towards the more vulnerable user.

22 MR. REGIS GOSSELIN: But it seems to me
23 that a discussion around issues relating to the
24 behaviour of drivers relative to motorcyclists should
25 have been addressed directly with MPI before you seek

1 to appear in the hearing room.

2 And -- and I -- I, you know, I -- I --
3 have you had -- have you had discussions of that nature
4 with MPI?

5 MR. JASON CARTER: Yes, we have had
6 those discussions with MPI. We continue to have those
7 discussions on -- with MPI on a regular basis with
8 different members of -- of our group before we even --
9 at -- at the same time, and before we've began the
10 intervention process here.

11 MR. REGIS GOSSELIN: Now, you seek to
12 represent the vulnerable users. And I -- I guess the
13 question I have is: To what extent is your intention
14 going to be informed by vulnerable users that you
15 describe who are not cyclists?

16 MR. JASON CARTER: Well, we have -- I
17 think there's two (2) -- two (2) parts to that. First
18 of all, why we are talking about all vulnerable users
19 is because we make a distinction about those that are
20 inside a vehicle and within the exoskeleton of a -- of
21 a vehicle and having the safety features within -- in
22 the vehicle and those who are outside of the vehicle.

23 That's a basic distinction when we're
24 talking about the impact from -- or the outcomes from
25 collisions. Those who do not have that safety

1 structures will necessarily bear the -- a -- a
2 disproportion of burden of injury on that part of it.

3 And from our point of view, you know,
4 and I'm sure Mr. Oakes can -- can speak to the
5 motorcycles here, but from our point of view,
6 pedestrians and cyclists are very often equally exposed
7 to -- to severe injury.

8 At times, to get around in this city,
9 cyclists must act like cyclists. They must act like
10 cars, car drivers, and they must act like pedestrians.
11 They will cross at pedestrian crossings, they will
12 cross at lights, for instance.

13 Although it's contrary to the law, most
14 -- many cyclists -- or I should say people on bikes, do
15 not have the confidence to ride on -- on roads, so they
16 will ride on sidewalks and effectively be a pedestrian.
17 We don't like that. We think that's -- that's not the
18 way it should be, but that's what happens.

19 If -- as they act like pedestrians, they
20 are exposed like pedestrians to any type of impact.
21 They will save the -- have the same -- same sort of
22 injuries. So absence -- absence another group that
23 represents the interests of pedestrians, we are the --
24 the closest aligned to their interests.

25 MR. REGIS GOSSELIN: I guess the

1 concern I have is the extent to which you're able to
2 reach out to individuals who are not cyclists who are
3 part of the class of vulnerable users. And -- and I
4 guess I heard from -- we heard from Mr. Williams that
5 he puts together focus groups in his attempt to get
6 people's views about issues, that's -- which I think
7 informs his intervention -- or the intervention of CAC
8 before this panel.

9 So I guess the question is, of interest
10 to me, is to what extent are you in a position to
11 address all vulnerable road users?

12 MR. JASON CARTER: And -- and I -- I
13 would suggest two (2) things. First of all, certainly,
14 we're -- we're very prepared to collaborate with CAC on
15 any type of focus group situation to talk about
16 vulnerable users, particularly pedestrians, and -- and
17 that would be fine with us.

18 In preparation for these hearings, we
19 did reach out to other groups that could potentially
20 represent pedestrians, contacted the University of
21 Winnipeg, a students' association, and -- and the
22 University of Manitoba Students' Association, which is
23 somewhat like herding cats.

24 And we also reached out to charitable
25 organizations like Parachute Canada, who is very

1 involved in the social impact, the social costs of
2 severe injuries. However, charitable organizations are
3 restricted by the amount of time they can devote to
4 political nonpartisan activities under the CRA -- Cana
5 -- Canada Revenue Assoc -- CRA rules.

6 We have also reached out to WRHA and
7 Manitoba Health, who are particularly interested in the
8 public health for pedestrians and that kind of cohort.
9 They're operating around in the streets. However, they
10 feel that this forum is a -- a bit adversarial and not
11 appropriate for them since they are members of
12 government to become involved, either as experts or as
13 -- as Intervenors.

14 And hopefully, I'll eventually be able
15 to persuade them to become here -- come here as
16 presenters. So we are attempting to make some
17 collaboration with pedestrians. We would certainly be
18 welcome to collaborate with other -- other Intervenors
19 in any type of focus group about their situation.

20 MR. REGIS GOSSELIN: And I guess the --
21 you know, you've heard the other Intervenors and -- and
22 they've described their interest in road safety. So
23 here we have a set of Intervenors who -- all of whom
24 want to, you know, tug at that -- at that string, and I
25 guess the question I have is: To what extent is the

1 intervention by Bike Winnipeg going to be different
2 than what we hear from what the other Intervenors have
3 indicated they will be looking -- examining?

4

5 (BRIEF PAUSE)

6

7 MR. JASON CARTER: The -- the
8 difference here is that we're certainly concerned with
9 vulnerable road users specifically. We do not have a
10 double role of also thinking about the rates that are
11 associated with insuring the vehicles that they're
12 talking about, but we're worried about the -- the human
13 and social impacts of individuals, and that we
14 prioritize life over -- over -- and the preservation of
15 a life as -- over the -- the property.

16 So I think that's a -- a basic
17 distinction between these two (2) -- two (2) sets of
18 Intervenors. I -- I'm not sure if that ansh -- answers
19 your question, though. Is that all right? Is that all
20 right?

21

22 (BRIEF PAUSE)

23

24 THE CHAIRPERSON: That answers his
25 question. Thank you.

1 (BRIEF PAUSE)

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3 MR. MICHAEL WEINSTEIN: Subject to any
4 further questions, those are our comments.

5 THE CHAIRPERSON: Okay. Thank you very
6 much. I think at this point we're going to take a
7 short break and then we'll come back and have Ms.
8 Kalinowsky make her responses.

9

10 --- Upon recessing at 10:23 a.m.

11 --- Upon resuming at 10:42 a.m.

12

13 THE CHAIRPERSON: We'll return --
14 welcome back. Just before we go on to Ms. Kalinowsky's
15 responses to the Intervenors, I just want to -- we
16 wanted to ask one (1) question again of Mr. Williams,
17 just for clarification. It's -- we just didn't get it
18 quite clear.

19 There were two (2) conflicts you
20 mentioned that you had with Bike Winnipeg. One (1), in
21 regard to the role of government and MPI, I believe.

22 And the other was -- was it cost effectiveness or we --
23 we -- it wasn't quite clear and we just wanted to be --

24 MR. BYRON WILLIAMS: Yeah, and -- and I
25 apologize if I -- I was unclear. I -- I wouldn't say

1 those were the only potential conflicts, but these were
2 the -- the most prominent. The other one (1) related
3 to in terms of evaluating the cost effectiveness of
4 road safety investment. The relative weight do you --
5 you do to -- because there's a -- a financial
6 investment that presumably has a return in lower rates
7 which is clearly a long-standing concern of our
8 client's.

9 There's also a -- a financial investment
10 that -- that may have a -- a return in terms of
11 societal costs in terms of reducing both the -- the
12 emotional and physical trauma, but also the overall
13 societal investment. And that is something that CAC
14 (Manitoba) would take into account, but I -- I would --
15 I think is something that from the Bike Winnipeg
16 perspective would be a -- a predominant issue. And so
17 that -- that would be an -- an area where there's a --
18 a potential conflict.

19 And -- and just to draw on our Hydro
20 experience for a moment. When we invest in energy
21 efficiency we look at a saving to ratepayers. We also
22 are increasingly looking at a societal cost analysis.
23 But when you look at -- at the two (2) potential
24 organizations -- and I don't think I'm sharing anything
25 untowards -- but the balance that they might draw might

1 be different. So that -- that was the second point I
2 was -- I was trying to make.

3 THE CHAIRPERSON: Okay. Thank you, Mr.
4 Williams. Oh, and -- yeah, sorry. And just before we
5 go to Ms. Kalinowsky we're going to ask Bike Winnipeg
6 if they wanted to comment on those distinctions.

7

8 (BRIEF PAUSE)

9

10 MR. JASON CARTER: Thank you. I'm --
11 I'm not sure if I understand the second point Mr.
12 Williams has made. Yeah, but just a moment on -- on
13 the cost effectiveness and the return on investment
14 here. Particularly that in our view life is most
15 important, right? So a dominant factor here is that --
16 that preservation of life is -- is -- makes the most
17 sense for all entities here.

18 And our view also is that MPI has a role
19 in that because it is already involved in our public
20 health network. MPI provides tertiary prevention. In
21 other words, it -- it provides an -- an avoidance of
22 destitution, which is the same thing as -- the same
23 role as WCB does. In other words, provides income to -
24 - and -- and wage loss benefits to people who are
25 already injured.

1 So it is already involved and already
2 has a role to play in our public health and our social
3 services network in -- in that. So it is already, in
4 our view, a public health entity of sorts. Maybe at
5 arm's length. It may not be its -- its direct focus,
6 but it's already there. And so it naturally follows in
7 tertiary prevention it has something to say about
8 secondary prevention, seatbelts, and those things that,
9 you know, lessen the impact from injury and also previ
10 -- primary prevention, stopping the impact from
11 happening right off the start.

12 And in that sense it has a happy, dual
13 function of also being effective in primary prevention,
14 also means that it will reduce rates at the same time
15 on a -- on a demand-side management perspective here.

16 So that is -- that is our view of MPI as
17 a whole. It has something to say and it needs to take
18 a dominant role in -- in primary prevention. And that
19 role, in our view, can simply be -- or not simply,
20 actually could be as an overview entity looking at the
21 coordination of all other entities that have some
22 effect or touch upon road safety in the province,
23 including Manitoba Health, including WCB and the work
24 safe programs, including the police, including the city
25 and that sort of thing.

1 MPI is the only entity that will have a
2 direct financial benefit from the effectiveness of
3 those programs, so why is it not, or is it, doing a
4 good job of coordinating all those -- those parts of
5 it?

6 When we come to the rates themselves and -
7 - and the return on investment we have a lot of
8 concerns about talking about the prioritization of
9 programs based on the financial amounts, either the --
10 the yearly amounts that are paid out, and also the
11 ultimate costs. Well, those costs are income
12 dependent. And so then you necessarily have a
13 subordination of vulnerable road users, cyclists, for
14 instance, if they are, most of them are, of a lower-
15 income or pedestrians who are lower-income, whereas --
16 and that doesn't make sense to us when we're talking
17 about prioritization of programs to have the pre --
18 pres -- the preservation of life instead.

19 Similarly, in societal costs, Mr.
20 Williams talked about the emotional and social effects
21 of these injuries. However, if you're talking about
22 the prioritization of programs and what do you do, it
23 can also be financial. There is -- is concepts
24 of the statistical value of life, which would put --
25 which would iron out those income gradients between

1 them.

2 And so we're not talking about an
3 ultimate value of eighty thousand dollars (\$80,000) for
4 a fatality or four hundred thousand dollars (\$400,000)
5 for a fatality (sic), but we're talking about 9, 10, \$13
6 million. And now we evaluate different types of -- of
7 pro -- programs in terms of what that means for society
8 in general in cost.

9 So those -- those differences of
10 approach and thought are different from what CAC has,
11 so we could be in conflict on those parts. I think Mr.
12 Weinstein had some comments about the government side.

13 MR. MICHAEL WEINSTEIN: I think Mr.
14 Carter has covered it mostly, particularly with respect
15 to the social costs. But because of the differing
16 primary interests of Bike Winnipeg being primarily road
17 safe in the protection of VRUs, we do see very clearly,
18 as Mr. Williams has pointed out, a potential conflict
19 on questions that include what the appropriate role is
20 for say government versus the role of MPI.

21 THE CHAIRPERSON: Mr. Williams...?

22 MR. BYRON WILLIAMS: I won't go on with
23 this. I think Bike Winnipeg has captured -- I just --
24 I don't want to leave the impression that our -- our
25 client is certainly very interested in the societal

1 costs, but I -- I think their balancing objective, you
2 know, they -- they look at MPI as a social in --
3 insurance agency. And -- and I think you -- you've a
4 description almost as a primary -- you know, from more
5 of a health perspective. So I think that's captured
6 the -- the distinction.

7 I don't want to leave the impression
8 that our -- our client isn't concerned about these
9 issues, but the relative weight, I think, is -- is in
10 play.

11 THE CHAIRPERSON: Okay. Thank you, Mr.
12 Williams. Ms. Kalinowsky, would you like to do your
13 responding comments, please?

14

15 REPLY BY MPI:

16 MS. KATHY KALINOWSKY: Thank you. As
17 always, MPI acknowledges the importance and the many
18 benefits derived from the public rate setting process.
19 We can say that basic rates today are more fair,
20 they're more equitable, and rate making at MPI has --
21 has improved greatly as a result of the PUB process
22 over the last twenty (20) some years.

23 With respect to the issues that have
24 been raised both today and the pro -- new process
25 identified by the issues overview workshop, pleased to

1 say that MPI always wants to work and tries to deal
2 with different parties in a spirit of fairness. We're
3 always trying to reach out in a collaborative manner
4 with different parties, whether it's the Board, whether
5 it's the Intervenors, whether it's different types of
6 ratepayers and stakeholders.

7 The Public Utilities Board process
8 always assists in the transparency of this Corporation,
9 and also assists in the accountability of MPI.

10 We're also looking for productivity
11 enhancements to this process, and some efficiency
12 enhancements to this process. So we were pleased when
13 we got the initial letter from the Board about the
14 issues overview workshop and the identification of some
15 of the issues.

16 We understand, and as explained from
17 Board counsel, that the purpose of the issues list that
18 was attached to Mr. -- to the June 10th letter is to
19 improve efficiencies in both the Information Request
20 process and also at the hearing.

21 Board counsel at the issues overview
22 workshop articulated the premise of this initiative to
23 be that, if at the outset parties understand what the
24 issues are and what are the issues of material concern
25 to the Board members, then both the Information

1 Requests and later on the cross-examination can be
2 focussed on those relevant issues.

3 This would then improve the GRA process
4 by reducing the number of Information Requests and also
5 focusing the cross-examination questions that are
6 necessary for the der -- determination of the Basic
7 rates. So we welcome that.

8 We also welcome that, in terms of last
9 year in which there were quite an enormous number of
10 Information Requests in the First Round when it's
11 broken down into the different parts of the Information
12 Requests, there were eight hundred and twenty (820)
13 Information Requests posed to the Corporation. So
14 we're looking at that.

15 There was a motion from last year.
16 We're looking at this process right now to be a bit of
17 a response to both the number of Information Requests
18 that arose last year and also the motion that
19 transpired.

20 So we're looking at this to focus the
21 parties very much so, and appreciate that, and to
22 introduce some greater efficiencies and productivity
23 into the hearing process, both the written component up
24 to the hearing and actually at the oral hearing.

25 We're also pleased at the issues

1 overview workshop to hear from Board counsel that this
2 initiative is not related to jurisdictional issues as
3 to what's within scope of the Board's jurisdiction
4 under Section 26 of the Crown Corporations Public
5 Review and Accountability Act, but rather it is, as I
6 mentioned earlier, to focus the parties on the issues
7 that will assist the Board in their determination of
8 fair and equitable Basic rates.

9 So we look at the next step of the
10 process which is the template that the Board provided
11 for the Information Requests. And there is in that
12 template a new section or provision, rationale for
13 request.

14 Board counsel then clarified that the
15 party that is to be asking the Information Request is
16 required to explain how that Information Request fits
17 into one (1) of those identified in-scope issues.

18 So implicit in that clarification is
19 that it's not just sufficient for the Intervenor to mer
20 -- or Intervenor or the Board coun -- Board itself to
21 merely say that the Information Request is related to
22 that subject.

23 But instead there has to be an actual
24 explanation on how that Information Request is related
25 to the issue and is required for the Board to approve

1 its Basic rates.

2 At the workshop, the Corporation
3 emphasized that the level of detail on an issue may
4 affect in some ways, whether it's in scope or not.

5 Although a particular matter might be
6 characterized at a very high level as of course falling
7 within the definition of an in-scope issue, sometimes
8 the Information Request can be so granular or
9 microscopic in nature that it almost falls out of
10 scope. And it doesn't really assist the Board in
11 determining if the rates indeed are to be approved.

12 An example of this situation last year
13 was when the Board concluded in its Order 98/'14 that
14 the CAC question on reviewing job descriptions for
15 customer service employees was not within relevance and
16 did not have to be answered.

17 And the Board at that said -- at that
18 time said, This request does not appear to assist the
19 Board relative to implications for Basic rates. It
20 doesn't assist to enable the Board to consider whether
21 operations are being conducted with a view to obtaining
22 savings for Basic. The Board does not require that a
23 response to that Information Request be provided.

24 At the hearing we spent -- or, sorry, at
25 the issues overview workshop we spent a lot of time

1 looking at the issues and through the different parties
2 that were participating we kind of analyzed the issues
3 and said, Well, yes, some of these are in-scope
4 absolutely. And some of them kind of fall into this
5 gray area which we called 'qualified in scope'. So it
6 means that, yes, on an overall level it does fall in-
7 scope, but then it can fall out of scope.

8 So an example for that can be any of the
9 investment questions for instance. Absolutely. The
10 asset liability management study is extremely
11 important. We filed it. We've explained how it's
12 being implemented. The Board has to understand the
13 implications of that for rate-setting. But at some
14 point it's already been adopted. It was -- it's
15 already being put into effect right now. And it was
16 the Minister of Finance and Department of Finance that
17 made that decision.

18 So it becomes a bit of a gray area, but
19 it's very difficult to discuss this in an abstract
20 setting right now in the absence of Information
21 Requests. So we are looking forward, very much, to the
22 different parties' explanations and with -- that has to
23 -- that has to accompany each of the Information
24 Requests to understanding. And maybe that will assist
25 MPI also in trying to understand why Intervenors or why

1 the Board are seeking certain questions. Because that
2 will assist us in achieving a -- a process that's -- as
3 I mentioned before it's more fair. It has
4 accountability. It has transparency. It also is pro -
5 - productive and also efficient that way.

6 With regards to the different Intervenor
7 applications that have come in we have no comments on
8 an overall basis. They're the -- the usual same
9 parties so we do not oppose the applications for
10 Intervenor status of the Consumers' Association, of the
11 Coalition for Manitoba Motorcycle Groups, for Bike
12 Winnipeg, for the Insurance Brokers of Manitoba, and
13 also for CAA. So on an overall level -- level we agree
14 with the findings that the Board has made in the past
15 in terms of those parties being granted Intervenor
16 status.

17 I did want to drill down a little bit at
18 a different level with respect to a few of the comments
19 that have been made by the Inter -- some of the
20 Intervenors today in their support of their Intervenor
21 request form. So for instance when CAC, for instance,
22 asked for perhaps a half day or a whole day technical
23 conference on the DCAT and the model in order to reduce
24 the number of Information Requests and cross-
25 examination time during the hearing and that perhaps

1 this could be scheduled in August.

2 Perhaps what might be of more
3 assistance, rather than a technical conference, would
4 have -- which is transcribed and which has legal
5 counsel and others added is if the actuaries got
6 together of CAC, of the Board, and of MPI and continued
7 that dialogue that they've had amongst themselves
8 through email. So that might be a more efficient and
9 productive use of everybody's time and they can
10 probably proceed a lot better without legal counsel and
11 perhaps others involved in that way.

12 So something like that. Although Mr.
13 Johnston is not here right now. We are going to
14 volunteer him to attend that very much and hope that
15 that could have -- could be of some assistance. I'm
16 not sure about the timing. The timing might change
17 whether that date's appropriate or not depending on
18 when the DCAT is filed. We're going through kind of
19 phase 2 of the DCAT input on -- in that regard and
20 what's happening in terms of the Information Requests
21 at that point. So we leave that up -- up to -- I think
22 -- determine the process at a future time, but that can
23 be fine with us.

24 With respect to the fees and
25 disbursements by Mr. Williams and the Intervenors each,

1 we have not comment on those. They seem to be
2 approximately within the same realm and amounts as
3 previously, and those have been authorized by the Board
4 in past orders. So I'll leave it at that.

5 There's a couple of items that I wanted
6 to just address in Attachment A of Mr. Williams's
7 preliminary issues list of the Consumer's Association
8 of Manitoba, and that's about seven (7) or eight (8)
9 pages in, I guess.

10 So in terms of the reasonableness of
11 forecasts, absolutely every one (1) of those, I -- the
12 Corporation considers to be applicable, and would
13 expect the Intervenors to be -- and the Board to be
14 asking those types of questions. That's what is the --
15 the real essence of the general rate application.

16 When you get down into the second
17 section, prudence and reasonableness of current and
18 protected costs and revenues, reasona -- the first two
19 (2) items there, the reasonableness and susta --
20 sustainability of the operating maintenance and admin -
21 - admin costs, fine. Status of service provider
22 agreements, fine. Put a checkmark by that. Relation
23 of pay to performance, including performance bonuses.
24 If there's any discussion on that, that's going to be
25 extremely limited, because there is no performance

1 bonuses whatsoever at MPI. So other than asking one
2 (1) question in which we say, No, there's isn't any, I
3 don't really know where we'd go on that. My personal
4 views on that don't matter, obviously, but there -- it
5 does -- doesn't exist.

6 With respect to the physical damage re-
7 engineering, we've filed that, obviously, a lot of
8 information on that. So there is some substantial
9 information there.

10 The next item, I was kind of perplexed
11 about that, so implications of PDR and evolving Basic
12 operations for the Corporation's physical plant.

13 Assuming -- there's, I believe, nothing
14 in the forecast that relates to PDR and a -- and a
15 shrinking foot -- footprint for the Corporation's
16 physical plant. So indeed, that might be a -- a
17 simple, No, to that.

18 Status of BI3, there's a section in the
19 filing on BI3 already, so we believe that that's been
20 satisfied and there'll likely be a few questions
21 related on that.

22 Of course, we've said we'll be doing the
23 big post-implementation review at year seven (7), so
24 that's forthcoming in a -- a couple years on it.

25 IT projects on the next page, there --

1 there it is, expenditures. We filed the IT strategic
2 plan.

3 Bef -- the next item, benchmarking
4 framework. We filed the benchmarking framework. You
5 can ask questions on the absence of the Gartner CIO
6 scar -- scorecard. We expected that there will be
7 questions on that. We provided a brief explanation as
8 to why it's not here this year, changing things to make
9 it inline with year-end and other items. So it will
10 appear, of course, next year, but there is a -- a year
11 where there's -- it is not in the application.

12 Road safety. The Board has made clear
13 in the past its views on road safety and loss
14 prevention review. So considering that it's a -- a \$14
15 million expenditure out of an \$800 million revenue
16 requirement, we know that there will be a -- a lot of
17 questions and of -- of course, the Corporation
18 absolutely realizes that it's fundamental to protect --
19 you know, our mission statement is reducing risk on the
20 road. That's how fundamental we believe -- and I think
21 I can lead it at -- leave it at -- at that point there.

22 Costs and the allocations of costs
23 amongst Basic, Extension, and SRE, absolutely. There
24 are, I believe, no changes to the cost allocation this
25 year, so we can move on that. Enhanced services, the

1 only qualification I would put in there is Basic
2 services. And I see Mr. Williams responding in regards
3 to that.

4 The next item there, overall financial
5 health of the Corporation, including reasonable
6 reserves. Corporation and the Board have had a long-
7 standing difference in that regard. The Corporation's
8 perspective is that you can ask all the questions about
9 the overall financial health of Basic. And the Board
10 has differed in that regard for twenty (20) some years.
11 And notwithstanding that, the Board has always managed
12 to set just and reasonable rates, so I think we can
13 leave it at that.

14 But in terms of the next question, too -
15 - in terms of the next point there about the asset
16 liability management study and risk for it, perhaps
17 instead of Corporation, be Basic, because that's what
18 we're dealing with there, and that's fine.

19 The same thing for the next question.
20 Instead of risk for the Corporation, for Basic DCAT.
21 Of course, we'll expect a number of questions on that.
22 Then we get to the -- although we're hoping there won't
23 be so many questions on that after the incredibly
24 detailed collaboration that's been occurring between
25 the different parties over the past number of months,

1 to -- nevertheless, the policy considerations of the
2 RSR.

3 And the Corporation would likely have
4 preferred and would argue that there can be a full stop
5 halfway through that sentence there. And so it should
6 probably read, Policy considerations relating to the
7 RSR, including purpose of the RSR, appropriate target
8 range of the RSR, appropriate policy for RSR rebuilding
9 or rebating, and -- and then probably a full stop at
10 that period, there.

11 There -- the Corporation has made clear
12 in its filing its position on that, and I'll leave it
13 at that. And the same thing. I already commented on
14 the overall health.

15 With respect to the next page, fair
16 allocation of reasonable costs, I've mentioned those
17 rates. That would, of course, be in scope and rate
18 making. Yes, we -- and finally, are proposed rates
19 just and reasonable? That is what we're all here for.
20 And that is the crux of the actual hearing, there.

21 Is -- those are my comments, then, on
22 Mr. Williams's and the CAC application, there. I think
23 it's a difficult job for the Board to determine at a
24 high level in scope, out of scope, without going
25 through a lot of the questions. And I don't know if

1 there's any value to be served of us going through
2 endless examples here. We kind of embarked upon that a
3 little bit at the issues overview workshop, and then
4 kind of said, You know, you could be here for -- for an
5 enormous amount of time doing that.

6 So we've put forward our positions.
7 Qualified in scope means absolutely -- to a certain
8 degree, yes, it's qualified. It -- it is in scope.
9 However, at some point -- and it's a grey area
10 depending on the question, depending on the subject
11 matter, depending on the implications. But we
12 understand, of course, that the Board's not intending
13 to increase its jurisdiction beyond what's already
14 granted in the legislature. So we ask that all the
15 parties indeed respect that, of course.

16 For -- Coalition for Manitoba Motorcycle
17 Groups have no comments directly on that intervention
18 from -- that -- as presented by Mr. Oakes. Insurance
19 Brokers Association of Manitoba, they filed something
20 but are not here today. We have no concerns with that.

21 CA -- CAA also was here and spoke to
22 some degree about their intervention, which is a
23 watching brief, although they perhaps will be seeking
24 some responses to Information Requests. We work very
25 significantly with CAA throughout the year on quite a

1 number of issues, so we find that to be a very
2 rewarding way to assist them in terms of advancing the
3 interests of their membership.

4 Which leads me, then, to Bike Winnipeg.
5 And the Corporation has, in the past, opposed the
6 intervention. The Board has provided -- granted
7 intervention status in the past, and we'll abide by
8 that again in this hearing, and will not oppose the
9 intervention on an overall basis.

10 I would like to say that the same sort
11 of element and issue arose with me when -- as it did
12 with Mr. Gosselin when I was looking at their
13 intervention. And intervention went from the three (3)
14 elements that the Board approved last year, and the
15 Board approved that with regards to cyclists. This
16 year it's not just cyclists. It's vulnerable road
17 users.

18 So I had the same sort of concerns and
19 questions as expressed by Mr. Gosselin in terms of,
20 Okay, how -- you're -- you're a group of cyclists. How
21 do you speak for pedestrians? How do you speak for
22 other parties, et cetera?

23 On one (1) note, as part of my duties as
24 general counsel is I look at every single serious loss
25 report. A serious loss report is for every loss that

1 exceeds or is expected to exceed five hundred thousand
2 dollars (\$500,000).

3 So almost all of them, of course, are
4 bodily injury. And I review every one of those. It's
5 a report that's perry -- prepared annually on the --
6 the date of loss for each of those losses.

7 And there's not that many that are
8 cyclists, for instance. There's an awful lot more that
9 are of cases of small children darting out into
10 traffic, and of course, you can imagine some of those
11 horrific costs.

12 It's one (1) of the sadder things I do
13 in my job, obviously, but it's also rewarding in some
14 ways, because the comprehensive nature of PIPP provides
15 remarkable coverage for those individuals that can be
16 catastrophically injured as a result of that. And
17 especially when there are small children, we realize
18 that we'll perhaps take care of those individuals for
19 the rest of their lives that way.

20 So getting back to the Bike Winnipeg
21 approval for -- or seeking approval for intervention,
22 we'd prefer it to be limited to cyclists, not overall
23 vulnerable road users. We're also concerned about, How
24 do they get that mandate from other road users?

25 And at times, there can be conflicting

1 interests between, let's say, cyclists and pedestrians
2 versus motorists and -- and so on. So I think that's
3 wide in scope, and we'd urge the Board to be more
4 limited in terms of its granting of Intervenor status
5 to Bike Winnipeg.

6 With respect to the timetable, there
7 were, I believe, no comments on the timetable. Mr.
8 Williams is going to try and ensure that all of his IRs
9 are in by the -- the date. Might be a few stragglers,
10 but there were no other comments. So with that, I
11 would urge the Board to accept this timetable. It was
12 circulated quite a while ago between all the different
13 parties, and that is, I think, something that reflects
14 pretty much what has occurred over the last number of
15 years in terms of the lead-up days to the actual
16 hearing and the time in between the different exchanges
17 of information.

18 With that, I'll just pause for one (1)
19 moment.

20

21 (BRIEF PAUSE)

22

23 MS. KATHY KALINOWSKY: So with that, I
24 have no further comments at this point.

25 THE CHAIRPERSON: Thank you very much,

1 Ms. Kalinowsky.

2 I'm going to give the mic over to Mr.
3 Gosselin. He has a couple of things to add.

4 MR. REGIS GOSSELIN: Just a couple of
5 observations, and I'll change hats now, because I'm
6 speaking as the Board Chair.

7 I guess, you know, the -- this year is
8 particularly challenging for the PUB. Last year was
9 challenging, too. This year is also challenging
10 because of the -- we -- we were in the midst of a
11 electricity hearing.

12 We're going to be doing a -- a gas
13 hearing, a -- an important gas hearing very shortly.
14 We're also going to be doing MPI hearing, and then
15 we're also expected to do a cost-of-service hearing for
16 Manitoba Hydro.

17 So we're very challenged. So I
18 particularly want to impress upon the participants in
19 this -- in this process that we need to keep to the
20 schedule. It's very important to us because our
21 resources at the PUB are -- are limited, and it's very
22 important that -- that we respect the timelines that
23 are in there.

24 And -- and, you know, my hope is that
25 what promises to be a nine (9) to eleven (11) day

1 hearing doesn't bloom into something much larger,
2 because our resources are very constrained at the PUB.

3 I guess one (1) oth -- other comment I'd
4 like to make and -- is in respect of the -- the
5 procedures that we have implemented this year, the new
6 procedures that we implemented, and the new changes
7 that we are -- have made.

8 You know, I would dearly like to receive
9 the feedback of the participants in the process to hear
10 what improvements can be made, additional improvements
11 can be made, how we can modify those changes that have
12 been implemented already.

13 Mr. Williams, for example, participated
14 in the electricity hearing, gave us a list of items
15 that he would recommend as changes to our PUB
16 procedures. And so we'll be looking at those as part
17 of that process.

18 But, you know, I think that it's
19 important to -- to the PUB to hear what lessons can be
20 learned from the processes and what changes can be made
21 to make the process more efficient so that we can get
22 to -- get to a decision more quickly and in a way that
23 minimizes the cost burden to ratepayers and the burden
24 that it imposes on the staff of the PUB and the
25 utilities, and also the Intervenors who are called upon

1 to participate in this process. So I think we all have
2 a vested interest in making sure that we make this --
3 make these processes as efficient as possible. So
4 thank you for that.

5 THE CHAIRPERSON: Okay. Thank you, Mr.
6 Gosselin. In regard to the timetable, I'm just going
7 to ask if the Intervenors had any other comments on the
8 time -- proposed timetable.

9 MR. BYRON WILLIAMS: CAC (Manitoba) has
10 no comments on the timetable. In terms of Ms.
11 Kalinowsky's comments at the appropriate time, I have
12 just a couple of brief comments that I'd like to -- to
13 feed into the process when -- when it's appropriate.

14 THE CHAIRPERSON: Okay. Thank you.
15 Anybody else have comments on the timetable? Mr. Weins
16 -- Mr. Weinstein?

17 MR. MICHAEL WEINSTEIN: Bike Winnipeg
18 has no comments on the timetable, and if the panel
19 would allow me, I have maybe one (1) or two (2)
20 comments to make also at the appropriate time with
21 respect to some other comments made. Thank you.

22 THE CHAIRPERSON: Mr. Oakes -- Mr.
23 Oakes -- Mr. Oakes...?

24 MR. RAYMOND OAKES: No, we don't have
25 any difficulties with the timetable. We think we can

1 comply.

2 THE CHAIRPERSON: And, Ms. Kulyk?

3 MS. LIZ KULYK: No comments on the
4 timetable.

5 THE CHAIRPERSON: Okay. Thank -- thank
6 you. I think it's appropriate now, then, Mr. Williams,
7 if you have some comments, if you go ahead.

8 MR. BYRON WILLIAMS: CAC (Manitoba)
9 thanks MPI for the comments, and I think you can see
10 MPI and Intervenors collectively learning how to -- to
11 do some things better. And we appreciate the spirit in
12 which their comments were offered. And on that point
13 on the -- I think MPI has improved on my suggestion for
14 the DCAT working process. I -- I think, from our
15 client's perspective, we certainly don't see a need for
16 a court reporter. Others may disagree.

17 I do want to offer a slight amended --
18 amendment. I -- I think the spirit of having the --
19 the Board advisors and the Intervenor advisors gather
20 is great. I -- I certainly have no objection to
21 lawyers agreeing to keep silent at such a process. I
22 think there's some value for lawyers attending. I -- I
23 think it would -- you know, especially if they're under
24 a vow of silence.

25 I think it's more efficient if we can

1 hear the interaction between the groups. And -- and so
2 I'd certainly like to be there if possible. We don't
3 want my presence to -- there to be scheduling
4 challenges. But I think there's value. It will make
5 my ability to -- to represent my clients and also be
6 more efficient if -- if we can at least observe those
7 deliberations if -- if possible. I -- I get the point
8 that it's not to be discovery. It's to be a frank
9 discussion, and I certainly have -- I -- I think Ms.
10 Kalinowsky and -- and the Corporation have a better
11 idea than I did. That's just my little tweak to it.

12 I -- I do want to, just in terms of
13 Attachment A, which is at page 8, Ms. Kalinowsky had
14 some thoughtful comments and I thank her for that.
15 Just to go to the -- the third-last -- or second-last
16 bullet, which was unclear to MPI and -- and I
17 understand that point. The -- the implications of PDR
18 and evolving Basic operations for the Corporation's
19 physical plant, very poorly worded by me and I
20 apologize for that.

21 What -- what we're trying to get at that
22 in terms of the discussion is our client is trying to
23 understand. We've -- a few years ago, there was a
24 significant investment in -- in regional community
25 infrastructure, where consumers could go both to

1 clarify questions about MPI, but, you know, you could
2 get your vehicle inspected there as well.

3 Our client doesn't expect this to be an
4 extensive discussion, but our client is -- does want to
5 understand if we're moving a lot of work out to the
6 body shops, what are the implications for that
7 infrastructure? And our client is also trying to get a
8 sense of the throughput in terms of consumers showing
9 up at -- at -- so get a sense of how well those -- and
10 how efficiently those centres are -- are operating.

11 I don't expect it to be a -- an
12 extensive part of the discussion, but our client has
13 some issues in terms of, you know, the number of desks
14 in service for consumers at -- in -- in those community
15 operations. So those are some of the issues that we're
16 -- we were hopeful to -- or wishing to discuss.

17 On the next page, the very last bullet
18 above "Overall Financials," so right where that is,
19 implication of new and enhanced services. Ms.
20 Kalinowsky has properly edited that to insert the word
21 'Basic', and I think that's -- that's fair.

22 The next two (2) bullets she also sou --
23 sought to substitute the word 'Basic'. Just scroll up
24 one (1) more. The -- the first two (2) under "Overall
25 Financials." She sought to substitute the word 'Basic'

1 for Corporation.

2 We understand her intent and are
3 respectful of that. Our sense of the investment
4 portfolio is that it's not divided in that -- in that
5 manner. So we weren't trying to backdoor corporate
6 practices, but I think if you're looking at these sorts
7 of issues you are actually looking at the overall -- I
8 -- I don't think you can slice Basic out, because the
9 investment portfolio isn't -- isn't divided that way.

10 That's -- so tho -- those are our simple
11 points on that. Apart from that, again, we appreciate
12 the spirit in which MPI offered its comments and look
13 forward to the proceeding.

14 MR. REGIS GOSSELIN: Ms. Kalinowsky, I
15 -- I realize that -- that this might have been sprung
16 on you, but the -- the issue of the -- the potential
17 discussion around investment rate forecasting --
18 interest rate forecasting rather. And so you didn't
19 comment on it, so -- and I -- I realize that it was --
20 it was kind of sprung on you.

21 So I would apprec -- I would appreciate
22 hearing from -- from MPI on that issue.

23

24 (BRIEF PAUSE)

25

1 MS. KATHY KALINOWSKY: With respect to
2 interest rate forecasting and some of Mr. Williams's
3 comments on it, we're unsure as to whether he was
4 actually seeking a technical conference or some kind of
5 meeting between the -- the parties on this.

6 Given that we've -- are in the process
7 of implementing the recommendations from the
8 Asset/Liability Management Study, that of course has a
9 tremendous effect in terms of dampening the impact of
10 interest rate volatility, because there will be
11 matching between the assets and liabilities. So we
12 were thinking that interest rate forecasting is not
13 going to be as important for rate setting as it was in
14 the past.

15 So we're not quite understanding as to
16 perhaps what his -- Mr. Williams's comments were on
17 interest rate forecasting for this year.

18 THE CHAIRPERSON: Okay. Thank you, Ms.
19 Kalinowsky. Mr. Oakes, did you have any comments?

20 MR. RAYMOND OAKES: None.

21 THE CHAIRPERSON: Ms. Kulyk...? Mr.
22 Weinstein...?

23 MR. MICHAEL WEINSTEIN: Just a couple
24 of comments. Like Mr. Williams, I appreciate the
25 spirit in which MPI's comments were brought and are

1 pleased that the intervention in general is not being
2 opposed by MPI.

3 I just wanted to bring one (1) or two
4 (2) points to the attention of the panel. On the issue
5 of limiting the scope of the intervention of Bike
6 Winnipeg, at the risk of repeating myself from earlier,
7 I just wanted to, number 1) point out that without a
8 spec -- a specific pedestrian, for example, Intervenor
9 at the table, there is an overlap as Mr. Carter pointed
10 out, between the experience of cyclists and pedestrians
11 as vulnerable road users.

12 And to the extent that there could be a
13 conflict with those vulnerable road users and say a
14 motorcyclist, we have a motorcyclist group present at
15 the table for this GRA. But in addition to that, I
16 would urge the Board to respectfully consider its
17 comments in Order 7/'15 where it recognized the broader
18 perspectives that were brought by Bike Winnipeg in the
19 previous GRA with respect to vulnerable road users, and
20 not only recognized those broader perspectives but
21 found value in those contributions.

22 And so for that reason, Bike Winnipeg
23 submits that there is value in not limiting that scope,
24 but rather welcoming those perspectives from Bike
25 Winnipeg.

1 THE CHAIRPERSON: Okay, thank you very
2 much, Mr. Weinstein. Well, I think that concludes our
3 hearing, the pre-hearing this morning. And I would
4 like to thank everybody for your participation. It was
5 really heartwarming to hear everybody be so cooperative
6 and collaborative.

7 I'd also like to thank Diana Villegas
8 for managing our electronics and Cheryl Lavigne for
9 being our court reporter today. We look forward to
10 seeing you in the near future, probably for some of us
11 not until October, but some of you may be meeting
12 earlier. So thank you very much.

13

14 --- Upon adjourning at 11:20 a.m.

15

16 Certified Correct,

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19 _____

20 Cheryl Lavigne, Ms.

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