



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

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

Before Board Panel:

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

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
October 15, 2021
Pages 822 to 864

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1 --- Upon commencing at 9:00 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,
4 everyone. We'll now continue with the MPI IT Value
5 Management Project Nova Panel and cross-examination by
6 Mr. Hacault.

7

8 MPI IT VALUE MANAGEMENT PROJECT NOVA PANEL:

9 SIDDHARTHA PARTI, Resumed

10 ALEX RAMIREZ, Resumed

11 SHAYON MITRA, Resumed

12 LAWRENCE LAZARKO, Resumed

13

14 THE PANEL CHAIRPERSON: Mr. Hacault,
15 are you on the line?

16 MR. ANTOINE HACAULT (by Teams): Yes,
17 I am. Hopefully the video and microphone are working.
18 Members of the Panel, good morning.

19 THE PANEL CHAIRPERSON: Good morning.

20 MR. STEVE SCARFONE: Madam Chair, just
21 before Mr. Hacault begins, if we could, there's a
22 point that we want to clarify on the record from
23 yesterday's evidence.

24 THE PANEL CHAIRPERSON: Certainly. Go
25 ahead, please, Mr. Scarfone.

1 MR. STEVE SCARFONE: Thank you.

2 Sorry, Mr. Hacault.

3 So yesterday, Madam Chair, when Mr.
4 Ramirez was giving his evidence, he was answering some
5 questions from Ms. McCandless in response to a
6 presentation that was made by the Technical Committee
7 in September. And there was a response to a question
8 about the scope and whether a decision had been made
9 to change the scope of Project Nova.

10 Do you recall that -- giving that
11 evidence, Mr. Ramirez?

12 MR. ALEX RAMIREZ: I do.

13 MR. STEVE SCARFONE: And you see that
14 question there before you where it reads:

15 "So there was -- I understand at the
16 committee meeting there was a
17 decision made to change the scope of
18 Nova?"

19 And your response to that was:

20 "That is not correct. To date, we
21 have not spoken about scope."

22 I understand there's a clarifying point
23 that you'd like to make about that particular
24 statement.

25 MR. ALEX RAMIREZ: That is correct.

1 MR. STEVE SCARFONE: Go ahead, Sir.

2 MR. ALEX RAMIREZ: Clarifying
3 statement I want to make is that we have spoken about
4 scope. Any time we look at program changes, we look
5 at scope, budget, and time line, schedule.

6 At this point in time, changing scope
7 is not a preferred option and has not been discussed
8 any further, but it has been something we've looked
9 at.

10 THE PANEL CHAIRPERSON: Thank you for
11 that clarification, Mr. Ramirez.

12 Mr. Hacault...?

13 MR. ANTOINE HACAULT (by Teams): Yes.
14 Good morning, members of the Panel. My name is
15 Antoine Hacault, as the Chair indicated, and I act on
16 behalf of the Taxi Coalition.

17 And this morning, similar to other
18 counsel, I'll be addressing questions to the panel as
19 a whole, and whoever is appropriate to answer the
20 question can do so, please.

21

22 CONTINUED CROSS-EXAMINATION BY MR. ANTOINE HACAULT:

23 MR. ANTOINE HACAULT (by Teams): I'll
24 be touching on two (2) areas generally. Firstly, how,
25 if at all, is vehicle (sic) framework review fitting

1 into all the IT scope and project that you have? And
2 secondly, some questions with respect to risk
3 assessment software, in particular, generalized linear
4 models analysis software.

5 So I'll start with the first series of
6 questions on the Vehicle for Hire framework review.
7 And put -- and to put that into context, if Ms.
8 Schubert could please put Order 1/21 starting at
9 directive number 8, there was a directive in the order
10 of January 5, 2021, that the Corporation was to
11 include certain matters in its Vehicle for Hire
12 framework review.

13 Firstly, is anyone on this panel aware
14 of this directive with respect to the Vehicle for Hire
15 framework review?

16

17 (BRIEF PAUSE)

18

19 MR. SHAYON MITRA: Good morning.
20 Shayon Mitra here. Yes, we are all aware at a fairly
21 high level.

22 MR. ANTOINE HACAULT (by Teams): Okay.
23 If we can flip to the next page, Ms. Schubert, I'll
24 bring the witnesses' attention to item D, being -- and
25 I'm quoting for the record:

1 "whether any one or more other
2 metrics, such as time on the road or
3 kilometres driven or driver risk,
4 are appropriate for designing the FH
5 premiums."

6 My question with respect to that item
7 is: Is there anything that needs to be done in your
8 planning and evolution of Nova or IT which needs to be
9 integrated to be able to assist in complying with that
10 directive?

11 MR. SHAYON MITRA: Shayon again.
12 Maybe I'll try and respond in -- in two (2) -- in two
13 (2) components. The first one is, I believe we have a
14 Vehicle for Hire and Driver Safety Rating Panel coming
15 up on the 21st of October. I think that panel from
16 MPI will be best positioned to respond to that.

17 From a Nova lens, so part 2, as we
18 stand up new platforms and technologies -- and I'd
19 spoken to it earlier -- business agility or the
20 ability to take new products to the market faster is
21 one (1) of our objectives.

22 So that will continue to stay -- that
23 would be one (1) of our primary drivers, so Nova would
24 not be impeding our ability to introduce new products.
25 We would synchronize the timing of these changes with

1 our releases and try and make that happen through
2 those release time lines.

3 MR. ANTOINE HACAULT (by Teams): Okay.
4 So you talked about a new product. Am I understanding
5 through that answer that the current software product
6 on analytics wouldn't be able to easily input other
7 metrics such as time on the road, kilometres driven,
8 or driver risk?

9

10 (BRIEF PAUSE)

11

12 MR. SHAYON MITRA: Shayon again.
13 Subject to check, currently, from my understanding,
14 our -- we don't have that ability. But if you're
15 looking further ahead -- and I want to go back to what
16 Mr. Herbelin had shared -- we want to be fast
17 followers, so when we bring that to the forefront
18 through telematics, so user-based products, those
19 would be considerations.

20 But all honesty, we are not there yet.
21 My -- our focus, this panel's focus, has been to get
22 Nova to deliver, and -- and the -- the panel led by --
23 led -- the panel for Vehicle for Hire and Driver
24 Safety Rating would be best positioned to respond to
25 that.

1 MR. ANTOINE HACAULT (by Teams): Okay.
2 Yeah. The reason I was asking this panel is, although
3 -- and this is maybe my erroneous experience.
4 Sometimes I have great ideas, and I go to our IT team
5 and they say, whoa, whoa, whoa, let's just wait a bit
6 here. I need new product, new software to be able to
7 help you implement that.

8 So my questions to this panel were
9 designed to try and elicit from the panel to what
10 extent the Corporation would be able to accommodate
11 requests from the other group that's doing the
12 framework review.

13 So do you have a sense at all if the
14 framework review people came to you and said, well, we
15 need to have software which works within your system
16 to be able to do other metrics such as time on the
17 road, kilometres driver, driver risk?

18 Is that a one (1) month project for the
19 IT team or a two (2) year project? Do you have any
20 sense of what it would be?

21 MR. SIDDHARTHA PARTI: Good morning.
22 Sid Parti here. No, at this stage, we do not have any
23 estimates on how long it'll take for us to implement
24 something like this.

25 But suffice to say that it would not be

1 a month at least, definitely a longer turn-around on
2 some of those things. But at this stage, we don't
3 have that estimate to provide.

4 MR. ANTOINE HACAULT (by Teams): Okay.
5 I'll draw your attention to paragraph F as in Frank
6 and little 'I' also, if you could look at those. They
7 also talk about collection and analysis of relevant
8 data in order to better understand the causes of high
9 relativities of the FH, so, Vehicles for Hire and,
10 in particular, of taxicabs and their major class.

11 Am I right in understanding again that,
12 from the analytical perspective, this is not software
13 that the Corporation currently has?

14

15 (BRIEF PAUSE)

16

17 MR. LAWRENCE LAZARKO: Lawrence
18 Lazarko responding. We don't currently have that
19 software today. It's definitely something that we're
20 looking at as part of our longer term data and
21 analytic strategy, but there's no additional details
22 on that at this point.

23 MR. ANTOINE HACAULT (by Teams): Okay.
24 And, again, you aren't able to give me kind of a time
25 frame that it would take, should the Vehicle for Hire

1 framework people decide to report to the PUB, pursuant
2 to this directive?

3 MR. LAWRENCE LAZARKO: Lawrence
4 Lazarko. I'll echo Mr. Parti's comments. It's an
5 important significant undertaking, definitely longer
6 than a month, but we don't have additional details at
7 this point.

8 MR. ANTOINE HACAULT (by Teams): Okay.
9 Thank you. And the last one, which is also a parallel
10 collection and analytic question, which is directive
11 8(I), as in igloo, there's a directive to collect and
12 analyze if available relevant data.

13 Again, the same answer would hold true.
14 You don't currently, as a corporation, have that
15 software which would analyze the metrics that are
16 listed in (I), such as time available for fares,
17 number of fares taken, time of day on the road, and
18 kilometres driven?

19 Is that correct?

20 MR. LAWRENCE LAZARKO: Based upon my
21 current -- sorry, Mr. Lazarko here. Based upon my
22 understanding, that is correct, subject to check and
23 feedback by next week's Vehicle for Hire panel.

24 MR. ANTOINE HACAULT (by Teams): Okay.
25 Thank you. And again it would be more than -- than a

1 month undertaking to be able to adapt, if there isn't
2 currently that software capability, correct?

3 MR. LAWRENCE LAZARKO: That's correct.

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

5 Now, yesterday there was a fairly complete
6 presentation of the structure of Nova and IT. And I
7 don't know whether going to Exhibit 49, slide 3 can
8 help me understand where this issue of considering new
9 software to be able to implement the directives of the
10 PUB falls into.

11 Is it somewhere in this structure or is
12 it totally a different reporting system and a
13 different structure which -- by which the Vehicle for
14 Hire framework people would communicate with the IT
15 and say, Well, listen, we need this kind of software
16 to be able to implement the directive of the PUB?

17 MR. SHAYON MITRA: Shayon here. The
18 purpose of this exhibit was to share how Nova -- the -
19 - the Project Nova was governed. That said, with
20 regards to other initiatives, including other IT
21 projects or new software, there are two (2)
22 components.

23 I had alluded to our newly formed
24 customer and product division led by --

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

1 MR. SHAYON MITRA: -- Sadfur Jattana
2 (phonetic). So that would be the -- the starting
3 point of why and how we would look at products and
4 customers and their needs. And then through Mr.
5 Parti's team, it would be executed.

6 So short answer is it would fall
7 outside of this governance structure. That said, it
8 would be the same members who would be in play. Mr.
9 Parti's part of the Executive Steering Committee, and
10 Mr. Herbelin, as our CEO, is also involved. So, those
11 players would stay the same. The Board obviously
12 would also be engaged in decisions of that
13 significance.

14 MR. ANTOINE HACAULT (by Teams): Okay.
15 And, to your knowledge, has the Customer and Product
16 Division put the issue of getting the appropriate
17 software to be able to comply with the directives on
18 one (1) of the -- of the agendas for the meetings,
19 either with Mr. Parti or anyone of the IT team?

20 MR. SHAYON MITRA: Shayon here. I
21 would defer this to the Vehicle for Hire and Driver
22 Safety Rating Panel to respond, and then maybe if Mr.
23 Parti has any other comments.

24 MR. SIDDHARTHA PARTI: I think I echo
25 Mr. Mitra's comment there, subject to check. I'm --

1 I'm going to pass this on to the -- to the next panel
2 to discuss a bit further.

3 MR. ANTOINE HACAULT (by Teams): Okay.
4 But, Mr. Parti, you don't have any recollection of the
5 issue of getting appropriate software to be able to
6 comply with the directives of the PUB being brought to
7 your attention?

8 MR. SIDDHARTHA PARTI: For the short
9 time I've been with MPI, no. No, sir, I have not been
10 made aware of that yet.

11 MR. ANTOINE HACAULT (by Teams): Okay.
12 Thank you. I'll move on to the other area which is
13 generalized linear model software and best industry
14 practices.

15 And to start that discussion, I'd refer
16 the panel to Exhibit 40, page 5, bullet 4 which was
17 from the presentation of your CEO, and was referenced
18 again this morning.

19 Bullet 4 sets out the five (5) year
20 ambition of guiding principles. And the fourth one
21 is, and I'm quoting:

22 "Be a fast follower of industry best
23 practices and trends."

24 Do you see that, members of the panel?

25 MR. SIDDHARTHA PARTI: That is

1 correct, yes.

2 MR. ANTOINE HACAULT (by Teams): Okay.
3 I'll now bring you to the Taxi Coalition Exhibit 4,
4 which is a report by Dion Strategic consultants and
5 actuaries.

6 And I'm not intending by putting the
7 report to you to put any actuarial questions, but to
8 bring to your -- firstly, in your capacities as Nova
9 and IT teams, was it brought to your attention that
10 the evidence raised in issue with respect to analytic
11 software and the one being used by MPI dating back to
12 the 1960s?

13

14 (BRIEF PAUSE)

15

16 MR. LAWRENCE LAZARKO: Mr. Lazarko
17 responding. In regards to our data analytics
18 strategy, which you mentioned in our IT discussions
19 yesterday, we do look at best practices. This is not
20 something currently on our plan and roadmap, but
21 definitely something that we will be looking into
22 further with the team working on the Vehicle for Hire
23 and Rate-making panel.

24 MR. ANTOINE HACAULT (by Teams): Okay.
25 So, once again, Mr. Parti, the issue of MPI using

1 1960's analytics software wasn't put on your radar
2 since your arrival to the Corporation?

3 MR. SIDDHARTHA PARTI: That --

4 MR. STEVE SCARFONE: Just -- just one
5 (1) moment, Mr. Parti.

6 Mr. Hacault, I didn't meant to
7 interrupt, but I -- I do note that you've put to the
8 panel the evidence from the expert that you propose to
9 call later in the Hearing.

10 But your question is premised on that -
11 - that procedure, that minimus bias procedure being
12 developed in the '60s. I don't know that that is
13 something that -- we just want to be careful that
14 we're not accepting that when Mr. Parti responds to
15 the question whether the actuarial practice has been
16 brought to his attention, which I don't know he's
17 qualified to answer, in any event.

18 MR. ANTOINE HACAULT (by Teams): Okay.
19 I -- I understand that, Mr. Scarfone. But you'll
20 recall that we had an email exchange, also, as to
21 whether you were going to be producing an actuary, and
22 the choice was not to do that.

23 So I don't have an actuary to cross-
24 examine on any of the MPI panels, so the only
25 actuarial evidence on this issue right now is the

1 evidence of Dion Strategic.

2 So I'm -- I also raised with you that I
3 wanted your actuary to be on one of the panels, if you
4 were going to raise an issue of not having an ability
5 to respond to actuarial evidence that we had filed.

6 So I'll continue. I'm not stuck on the
7 whole issue of the 1960s minimum bias procedure being
8 accepted at a fact -- this -- at this time, our
9 witnesses will bring that into the facts, in due
10 course.

11

12 CONTINUED BY MR. ANTOINE HACAULT:

13 MR. ANTOINE HACAULT (by Teams): If we
14 go to the third bullet on this same page, you'll see
15 that the evidence we intend to adduce is that
16 generalized linear models are widely recognized as the
17 industry standard method for pricing private passenger
18 auto and other personal lines as small commercial
19 lines insurance and -- units and many other markets.

20 That type of information, I gather, has
21 not been brought to the IT team until either today or
22 -- or recently. Is that correct?

23 MR. SIDDHARTHA PARTI: Sorry, could
24 you please repeat the question again?

25 MR. ANTOINE HACAULT (by Teams): I

1 quoted the third bullet, and then I asked the IT --
2 or the panel that's here as to whether that type of
3 information had been brought to your IT or Nova group
4 attention.

5 Again, respecting what Mr. Scarfone
6 said, I'm not asking you to accept that it's correct
7 information; I'm just asking you to advise us whether
8 you were even aware of this type of information.

9 MR. SIDDHARTHA PARTI: Sid Parti here.
10 Again, within the short time of been with MPI, I have
11 not been made aware of this particular statement that
12 I see on the bullet number 3.

13 MR. ANTOINE HACAULT (by Teams): Okay.
14 And if we can go to page 14 of this report. At the
15 bottom of the page, there is a recommendation and I'll
16 read it in for the record. It's under the heading
17 4.2.

18 "Dion Strategic recommends an
19 immediate plan to be put in place
20 for MPI to switch to generalized
21 linear models."

22 And they set out their view as to why
23 that would be so.

24 It is my understanding that -- at least
25 at this point -- MPI is not adverse to this

1 recommendation?

2 MR. SIDDHARTHA PARTI: Sid Parti.

3 This is outside of an expertise area that I have, and
4 I would not be in the right spot to comment whether a
5 generalized linear model against a bias-based model is
6 preferred or not. I could talk technology and so on,
7 but, yeah, this is definitely out of my areas of
8 expertise.

9 MR. ANTOINE HACAULT (by Teams): Okay.
10 I'm advised that this software can be accessed at no
11 charge. There's free software.

12 I guess, you wouldn't be in a position
13 to comment on whether that information is correct?

14 MR. SIDDHARTHA PARTI: At this stage,
15 no.

16 MR. ANTOINE HACAULT (by Teams): Okay.
17 And then if I could go -- there is a review report
18 which is attached to this main report. And at page 8
19 of that particular report, at the bottom of the page -
20 - so it's further on. I don't -- didn't mark which
21 page of the PDF -- I'm sorry about that, Ms. Schubert.
22 It would be...

23

24 (BRIEF PAUSE)

25

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

2 Thank you.

3 So, just for context, before I draw
4 your attention to this, much in the same way as MPI
5 has a reviewer for its actuarial certificate, same
6 thing happened with respect to Dion's report. And I
7 brought you to a section of that report that has the
8 comments of another actuary with respect to its
9 recommendation on generalized linear models.

10 My question to the panel -- and I guess
11 it's similar to the ones that I had at the beginning
12 of my cross-examination -- it's my understanding,
13 firstly, that you have no generalized linear model
14 software; and, secondly, that you, as a Corporation,
15 don't have that kind of software which would allow
16 what is recommended in this last sentence on the page,
17 which would be to introduce new rating variables into
18 that software modelling.

19 Is that correct?

20

21 (BRIEF PAUSE)

22

23 MR. SIDDHARTHA PARTI: Sid Parti.

24 We do have a ratemaking panel on the 18th of October.

25 And within that panel there are actual people from the

1 actuarial team who would be better equipped to answer
2 the capabilities and the -- and the question on the
3 18th.

4 MR. ANTOINE HACAULT (by Teams): Okay.
5 But is -- am I taking that to mean that you can't
6 answer yourself, sir, within the IT team, as to
7 whether your software can do generalized linear
8 modelling and whether your software allows that type
9 of modelling with new variables?

10 Do you not know whether you have
11 generalized linear software modelling -- or modelling
12 software?

13 MR. SIDDHARTHA PARTI: That is
14 correct. I would not be able to answer the
15 capabilities of our existing software systems on --
16 for those features.

17 MR. ANTOINE HACAULT (by Teams): Okay.
18 Thank you, sir. Thank you, members of the panel.
19 Those are all my questions of you this morning.

20 THE PANEL CHAIRPERSON: Thank you, Mr.
21 Hacault.

22 Board, do you have any questions? Ms.
23 McCandless, Ms. Meek is not asking questions of this
24 panel, is that correct? Thank you.

25 THE CHAIRPERSON: Okay, yeah, I --

1 sorry, I have a few questions.

2 Ms. Schubert, could you pull up page 11
3 of Exhibit 49. No, that's...

4

5 (BRIEF PAUSE)

6

7 THE CHAIRPERSON: Thank you. Now, I -
8 - I don't know who to direct this to, so I'll direct
9 it to all of you and whoever wants to answer it.

10 As I understand it, this is the -- the
11 current schedule for -- for Nova. Is that correct?

12 MR. ALEX RAMIREZ: Alex Ramirez
13 responding. That is correct.

14 THE CHAIRPERSON: Okay. But as I
15 understand from your information, you have an external
16 vendor who is going to provide a review which
17 commences as of October 29th based on -- sorry.

18 MR. ALEX RAMIREZ: It is correct on
19 the external vendor. It commences October 25.

20 THE CHAIRPERSON: Sorry, 20...?

21 MR. ALEX RAMIREZ: 25th.

22 THE CHAIRPERSON: Oh, sorry, 25th,
23 based on the report they provide, could this schedule
24 slip?

25 MR. ALEX RAMIREZ: Both internal and

1 external reviews are meant to assess our ability to
2 successfully deliver this program. There will be
3 considerations on whether the schedule is appropriate.

4 THE CHAIRPERSON: Okay. And that --
5 that will, as I understand it, that -- you will have a
6 better idea on whether the schedule is appropriate
7 sometime early in '22.

8 Is that correct?

9 MR. ALEX RAMIREZ: That is correct.

10 THE CHAIRPERSON: Okay. Can you tell
11 me, looking at this schedule, the current schedule,
12 I'm trying to figure out is this the right document to
13 look at to determine when online goes live?

14 MR. ALEX RAMIREZ: It is. That is
15 correct.

16 THE CHAIRPERSON: Okay. So, and I
17 looking at Release 3A?

18 MR. ALEX RAMIREZ: So, if you look at
19 that schedule, when you see an A in front of the
20 release, or Release 2A as an example, in the second
21 row --

22 THE CHAIRPERSON: Yeah.

23 MR. ALEX RAMIREZ: -- that refers to
24 our core software with a portal for our partners; for
25 example, our brokers. When you see a 'B', our third

1 row, Release 2B, that is our customer portal portion
2 of the releases.

3 THE CHAIRPERSON: Okay. So, then if
4 I'm right -- so, based on that, the online would be in
5 Release 3B?

6 MR. ALEX RAMIREZ: That is correct.

7 THE CHAIRPERSON: Okay. So does this
8 mean that the live date that you're looking at is
9 under P-11 -- sorry, I'm having trouble reading this.
10 No, it's P -- I think it's P-11 619 to 910?

11 MR. ALEX RAMIREZ: That is correct.

12 THE CHAIRPERSON: Okay. So we're look
13 -- if this schedule is current, we're looking at the
14 third Quarter of '23.

15 Is that correct?

16 MR. ALEX RAMIREZ: That is correct.

17 THE CHAIRPERSON: Okay. One (1) of
18 the issues that was raised before, and I guess we'll
19 have further discussions, and there were discussions
20 the last two (2) hearings, was about -- was about DSR.

21 Where in this release plan is the work
22 on DSR? What module does it fit under?

23 MR. ALEX RAMIREZ: So, the work will
24 be incorporated into 3A.

25 THE CHAIRPERSON: Okay. And 3A

1 appears to have started or close to started?

2 MR. ALEX RAMIREZ: Based on our
3 current schedule that we have in front of us, the
4 discovery is planned to start soon, but --

5 THE CHAIRPERSON: Okay.

6 MR. ALEX RAMIREZ: -- it's not yet
7 started.

8 THE CHAIRPERSON: Okay. One (1) of
9 the issues is whether the model for registration is
10 primary driver or registered owner. When I look at
11 this under 3A, when does the decision need to be made
12 to fit within this time frame?

13

14 (BRIEF PAUSE)

15

16 MR. ALEX RAMIREZ: Alex Ramirez,
17 responding. The decision on when will be part of our
18 discovery activities, which happen before each of the
19 release implementation activities start. At that
20 point in time, we'll be able to decide when those
21 requirement need to be solidified.

22 If it is not ready at that time, we
23 have the ability to configure within the products that
24 we're deploying, prior to the 3A goal line.

25 THE CHAIRPERSON: Okay. Last year,

1 and perhaps previously, but last year for certain, the
2 Board expressed a concern that if a decision was made
3 to move to primary driver or some other registration
4 scheme, that we would not face the argument of, well,
5 we now increase the expense of Nova, it's a little too
6 late.

7 If -- if a decision is not made until
8 the next hearing, a year from now, will MPI be in a
9 position to build that into their system or is it
10 going to be too far down the road to change from
11 registered owner?

12 MR. STEVE SCARFONE: Mr. Gabor, could
13 I interject just for one (1) minute?

14 THE CHAIRPERSON: Yeah.

15 MR. STEVE SCARFONE: So the evidence
16 in the application this year is that a decision has
17 been made to maintain the registered owner model, at
18 least for the next five (5) years.

19 So maybe the better question would be,
20 if the Corporation were to change course, is there
21 anything that Nova is doing now or in the future that
22 would prevent MPI from changing course and moving to a
23 primary driver model? But as it stands now, the
24 Corporation has decided to maintain it's registered --

25 THE CHAIRPERSON: Well, with all due

1 respect, Mr. Scarfone, this was an issue before this
2 Board for a good number of years, and we have been
3 delayed on directives to do comparisons.

4 And now I understand that, in fact, it
5 -- it appears to be MPI's role -- MPI's view that we
6 have no role in this, that MPI will make the decision,
7 notwithstanding that the Board may have a different
8 view on the registration.

9 Is that -- is that the position of MPI?

10 MR. STEVE SCARFONE: Yeah, the
11 position of MPI at this point is that the decision has
12 been made on -- on the Driver Safety Rating System and
13 maintaining the registered owner model. At least as
14 we've said in the application "in the near term,"
15 which was clarified to mean for the next five (5)
16 years.

17 THE CHAIRPERSON: Okay. Mr. Ramirez,
18 what would be required now if -- if there was a change
19 to the primary driver model since this -- this part
20 has just started?

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Shayon, here. Just
25 confirm with our back panel. So this functionality

1 would be delivered through Duck Creek, which is our
2 PNC platform. It has the configuration capability
3 either leveraging registered owner or primary driver.

4 So, it will be a configuration
5 component, but it'll be -- we'll try and synchronize
6 that, should the change happen, at a point in time
7 when the decision is made to move away from --

8 THE CHAIRPERSON: And -- and what is,
9 in the course of this, would be the normal time point
10 when that decision would need to be made and reported
11 to Duck point (sic)?

12 MR. SHAYON MITRA: It would be --
13 Shayon, again. It would be a function of -- if it's
14 happening -- hypo -- hypothetically, through the
15 program Nova, it would have to happen before the
16 requirements for 3A are logged in. But as Mr.
17 Scarfone alluded to, I believe it's our -- sorry,
18 commented on, the decision has been made to leave it
19 as -- as is for the next five (5) years.

20 THE CHAIRPERSON: Okay. Can we go to
21 page 26.

22 The summary of issues, I noticed the
23 bottom right corner, "general contractor
24 inexperience." I'm trying to understand, is it that
25 you picked a general contractor that wasn't

1 experienced and just found out about it or... For a
2 size, this project, that's been going on this long, I
3 -- it seems a little surprising.

4 But is -- is that what that means?

5 MR. SHAYON MITRA: Shayon here. I'll
6 respond and then I'll defer to Mr. Ramirez to add
7 additional comments.

8 So, as presented we're looking at
9 changing our PNC, our DVA and bringing on digital
10 capabilities so we've got Duck Creek, Celtic and
11 Microsoft Dynamics.

12 Each of them have their preferred -- or
13 each of them have system integrators that we have
14 selected, like Excenture (phonetic), KPMG, and -- and
15 Infosys.

16 So, we are working with -- with three
17 (3) of them and then MPI currently is playing the role
18 of coordinating and working with each of these system
19 integrators to align and deliver to what we hope to be
20 the ideal solution.

21 That's not an area of expertise for
22 MPI. For that matter, Excenture (phonetic) as an
23 example, their expertise is in Duck Creek. They don't
24 understand Microsoft dynamics to the level that KPMG
25 does or the other way around. Infosys's expertise is

1 in Celtic, they don't understand the Duck Creek
2 platform.

3 So we are stepping in and coordinating
4 all these moving parts, and that's the role of the
5 general contractor that we have played.

6 We could have gone to the market, on
7 hindsight, and -- and -- and got another system
8 integrator, but there is no single system integrator
9 that has done a PNC, a DVA, from my understanding, a
10 CRM or a -- a digital platform and also expertise in
11 integration.

12 So that's where we're -- we're -- we
13 are learning or -- or we are -- understanding that
14 there -- that we need to do more and -- and our
15 leverage -- third parties to tell us about our blind
16 spots, which we are doing in short order, so that if
17 there are capability gaps or if there are execution
18 gaps, or if there are coordination opportunities, we
19 try and do much better than we are doing today.

20 So, that is essentially the role of the
21 general contractor and MPI is -- is -- is leading that
22 charge and to your comments, Mr. Gabor, is there
23 another third party that can do that? Yes and no.
24 That would be the short answer.

25 THE CHAIRPERSON: So -- and I

1 appreciate the answer, sir.

2 So when Mr. Herbelin talked about the
3 foundation issues and, sir, you talked about the
4 plumbing issues, is this something that should have
5 been considered at a much earlier stage and MPI's now
6 being forced to play catch up in this role?

7 MR. SHAYON MITRA: Shayon here. On
8 the hindsight, yes. Our focus was Legacy Systems
9 transformation --

10 THE CHAIRPERSON: Right.

11 MR. SHAYON MITRA: -- but we should
12 have looked at it with a broader brush, understood the
13 dependencies in changing Legacy Systems.

14 Also, capabilities that -- that should
15 have existed or should have been developed in-sync or
16 in parallel and that's where some of these disconnects
17 are -- are surfacing, but our approach to leveraging
18 Agile and the scale Agile framework is bringing them
19 to the forefront a lot earlier on than would have been
20 in the Waterfall approach.

21 But the short answer is, they should
22 have been looked at with a broader brush at the onset.

23 THE CHAIRPERSON: And -- and returning
24 to the issue of the internal and external review, is
25 the role of MPI as the general contractor and the

1 steps its taking now, one of the items that will be
2 subject of the internal and external reviews?

3 MR. SHAYON MITRA: Yes.

4 THE CHAIRPERSON: Okay. Thank you.
5 Those are my questions.

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

7 BOARD MEMBER WATSON: Thank you. Just
8 a couple of quick questions in regards to the budget.
9 There was an initial budget, from what
10 I understand, from your answers and then it was
11 updated after the RP -- RFP's were returned and then
12 there was -- it was updated again in the PUB filing of
13 last year and then this year.

14 Is it a moving budget or is it -- the
15 budget is updated when it's produced for -- either for
16 the PUB or Board of Directors or is it sort of always
17 live and moving every day or every week or, for
18 example?

19 MR. ALEX RAMIREZ: Alex Ramirez
20 responding. The budget is firm and approved, so that
21 \$111.7, that we call our base budget plus contingency
22 that brings us up to 128.5 is the current approved
23 budget that we are managing the program under. It is
24 not a -- a budget that moves.

25 Obviously, the consumption of that is

1 what moves and gets trended and forecasted, but the
2 budget itself is locked in.

3 BOARD MEMBER WATSON: Okay. I don't
4 have the page in front of me, but I believe it was a
5 comparison between the budget that was submitted last
6 year at the PUB versus this year.

7 In those numbers, there would be a
8 hardware component, software component. You talked
9 about the training and -- is there a possibility of --
10 do an undertaking that you could expand on that and
11 compare last year to this year on what hardware,
12 software, training.

13 So, I believe there is two (2) lines --
14 or four (4) lines there, that it could just be
15 expanded to.

16 And what else goes into the budget,
17 other than hardware, software, licensing fees,
18 training.

19 MR. ALEX RAMIREZ: So just -- maybe to
20 clarify before I answer that, so Alex Ramirez
21 responding here.

22 A shift in the industry when it comes
23 to procuring software, let's say, has shifted to
24 software as a service. So a lot of our agreements are
25 subscription based.

1 BOARD MEMBER WATSON: Yep.

2 MR. ALEX RAMIREZ: And so we're not
3 buying hardware. We're not buying software, it's
4 subscriptions.

5 BOARD MEMBER WATSON: Okay.

6 MR. ALEX RAMIREZ: And so cloud
7 services -- it's like leasing and so the model is a
8 lot different. It is not a 100 percent, the model
9 that's within Nova, but the majority of that is
10 software as a service or platform as a service.

11 BOARD MEMBER WATSON: So, how did it
12 change from last year to this year in the budget? Did
13 the subscriptions go up? Has it been more allocated
14 to the training component or labor component?

15 MR. ALEX RAMIREZ: So to answer your
16 initial question, Mr. Watson, the budget is broken
17 down by components. So, we definitely can share the
18 breakdown through confidential filing.

19 Has it changed? I can tell you that
20 the negotiated agreements are based on fixed price and
21 locked in for five (5) years with an option to renew
22 for another five (5), and so the costs are pretty firm
23 and controllable based on the -- those negotiated
24 agreements.

25 BOARD MEMBER WATSON: Okay. Perfect,

1 if you could just do that undertaking. If you could
2 just provide a breakdown from last year's submission
3 to this year's submission on the breakdown of, you
4 know, the licensing versus training to labor, internal
5 labor component, that would be great.

6 MR. STEVE SCARFONE: We can do that,
7 Mr. Watson.

8 BOARD MEMBER WATSON: Thank you. That
9 is all.

10

11 --- UNDERTAKING NO. 20: MPI to provide a breakdown
12 from last year's submission to this
13 year's submission on the breakdown
14 of the licensing versus training to
15 labor, internal labor component.

16

17 THE PANEL CHAIRPERSON: Mr. Scarfone,
18 any re-direct.

19 MR. STEVE SCARFONE: Just a couple
20 questions on re-direct for the panel.

21

22 RE-DIRECT EXAMINATION BY MR. STEVE SCARFONE:

23 MR. STEVE SCARFONE: Mr. Ramirez, you
24 will recall yesterday being asked about the
25 profitability of Project Nova and how it's largely

1 dependent on the on-line adoption of the customers
2 when Nova is finally implemented. Correct?

3 MR. ALEX RAMIREZ: (No audible
4 Response).

5 MR. STEVE SCARFONE: Sir, you'll
6 recall that the Corporation provided projections for
7 its net present value of the project with lower, and
8 perhaps slower, on-line adoptions?

9 MR. ALEX RAMIREZ: That's correct.

10 MR. STEVE SCARFONE: And the
11 Corporation also, as I understand it, provided its
12 projections if, in fact, there are greater on-line
13 adoptions. Is that right?

14 MR. ALEX RAMIREZ: That's correct.

15 MR. STEVE SCARFONE: And currently, as
16 I understand it, under the updated business case, the
17 on-line adoption was increased from 30 percent to 40
18 percent?

19 MR. ALEX RAMIREZ: That's correct.

20 MR. STEVE SCARFONE: And sir, could
21 you just briefly, and I know we can't crystal ball it,
22 but how is it -- what's the rationale that MPI had for
23 increasing its -- its 30 to 40 percent allocation
24 estimate?

25 MR. SHAYON MITRA: Mr. Scarfone, is it

1 okay --

2 MR. STEVE SCARFONE: Yes.

3 MR. SHAYON MITRA: -- if I respond to
4 that. So we've done -- we've done -- so a couple of
5 factors. We did three (3) customer surveys, one was
6 in 2018, when the program was at its onset, and then
7 we -- we did two (2) more during the pandemic.

8 So one (1) was four (4) months into the
9 pandemic and the -- the last one was earlier on, this
10 year just to get a -- a pulse from Manitobans on their
11 preferences to -- to on-line, and then KPMG also did
12 their own independent work and we've seen a
13 significant increase -- I don't have the numbers in
14 front of me, but for on-line transactions, or
15 preference to use on-line from Manitobans through the
16 pandemic and the two (2) surveys that were connected.

17 And based on that, we felt comfortable
18 increasing the on-line adoption numbers to go from 30
19 percent in the original business case, to 40 percent
20 and we have left it at 40 percent.

21 So -- but it would be more than 40
22 percent, but we -- we didn't make that assumption.

23 MR. STEVE SCARFONE: Thank you. So
24 that represents the Corporation's best estimate at
25 this stage?

1 MR. SHAYON MITRA: Based on the
2 information we have in front of us, yes.

3 MR. STEVE SCARFONE: Second question:
4 Recall questions yesterday about the Corporation
5 having downgraded the project from a high risk to a
6 medium-high risk?

7 MR. SHAYON MITRA: Shayon here. Yes.

8 MR. STEVE SCARFONE: And that was
9 based on the miti -- risk mitigation strategies that
10 are part of the business case?

11 MR. SHAYON MITRA: That is correct.
12 So a number of risk mitigation strategies: firstly,
13 the role of PricewaterhouseCooper; secondly, our
14 adoption of Agile and the scale Agile framework. In
15 addition to that, I'd spoken to RAID, which is our
16 Risk Action Decision and Issues Approach that goes
17 across the program.

18 And -- and so, based on the inherent
19 risk which is flagged as high and -- and the residual
20 risk which is flagged as medium-high, we decided to
21 leave it at seven point five (7.5).

22 MR. STEVE SCARFONE: And I think you
23 may have answered my -- my question in -- in that
24 response, Mr. Mitra.

25 So the governance vendor,

1 PricewaterhouseCooper, was on board with that
2 reduction of the risk?

3

4 (BRIEF PAUSE)

5

6 MR. SHAYON MITRA: Shayon here. Mr.
7 Scarfone, I -- I cannot confirm that -- that
8 PricewaterhouseCooper was involved in -- in confirming
9 leaving the discount rate at 7.5 percent.

10 MR. STEVE SCARFONE: Okay. Thank you
11 for that. One (1) more question on -- so it was
12 mentioned yesterday and again by Board Member Gabor,
13 the foundational elements that were alluded to.

14 A question for Mr. Ramirez. Sir, are
15 those foundational elements -- are they all dependent
16 -- is Nova dependent on each of those foundational
17 elements, or are some of them outside of Project Nova?

18 MR. ALEX RAMIREZ: So Alex Ramirez
19 responding. Mr. Scarfone, dependency on Nova, yes,
20 100 percent, but not all of that foundational elements
21 are Nova responsibility from within the program as
22 some of those are overall from an MPI perspective,
23 whether it's the support from the IT division within
24 Mr. Parti's purview or anywhere else within the
25 organization.

1 MR. STEVE SCARFONE: Thank you.

2

3 (BRIEF PAUSE)

4

5 MR. STEVE SCARFONE: Those are all my
6 questions, Madam Chair.

7 THE PANEL CHAIRPERSON: Thank you, Mr.
8 Scarfone. I believe we're now moving into the CSI
9 portion of the hearing, so perhaps we'll take a break
10 right now, come back at quarter after 10:00 to do CSI,
11 and we'll have to shut down the live streaming at this
12 point.

13 MS. KATHLEEN MCCANDLESS: And I can
14 advise the Panel that I don't expect to take very long
15 at all, and I don't believe that Ms. Dilay has any CSI
16 questions, so it'll be brief when we return.

17 THE CHAIRPERSON: So just to confirm,
18 we go to a separate tape?

19 MS. KATHLEEN MCCANDLESS: Yes.

20 THE CHAIRPERSON: Yeah. Okay.

21 MR. ANTOINE HACAULT (by Teams): And
22 members of the panel, I can confirm that I don't have
23 any questions -- this is Mr. Hacault here -- and won't
24 be participating in the CSI session.

25 THE PANEL CHAIRPERSON: Thank you, Mr.

1 Hacault.

2

3 --- Upon adjourning at 9:54 a.m.

4

5

6 Certified Correct,

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9 _____

10 Wendy Woodworth, Ms.

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