



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2025/2026 GENERAL RATE APPLICATION
HEARING

Before Board Panel:

- Irene Hamilton, KC - Panel Chairperson
- Rober Gabor, KC - Board Chair
- Susan Nemec - Board Member
- George Bass, KC - Board Member
- Patrick Ireland - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Ave.
Winnipeg, Manitoba
October 31, 2024
Pages 1910 to 2075
Day 9

1 APPEARANCES

2

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7 Kristen Schubert) Board Staff

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19 Charlotte Meek) CMMG

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APPEARANCES (cont'd)

Alyssa Tomkins) Gartner representative

Marc Herman) Gartner

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1 --- Upon commencing at 8:59 a.m.

2

3 PANEL CHAIRPERSON: Good morning,
4 everyone. This morning, we are going to hear from the
5 representative of Gartner with regard to the
6 benchmarking report.

7 Mr. Andres, I'll turn it over to you.

8 MR. TODD ANDRES: Thank you, Madam
9 Chair. I believe the first order of business would be
10 to swear in the witnesses from Gartner and have them
11 identified.

12 And so, for that, we'll need a moment
13 as -- as I understand the registrar has stepped out
14 for just a moment.

15

16 (BRIEF PAUSE)

17

18 PANEL CHAIRPERSON: Good morning.
19 Would the representative from Gartner please identify
20 themselves, as well as anyone else who is on the Teams
21 call?

22 MR. NEVILLE HORN (by TEAMS): Good
23 morning. I'm the representative from Gartner.

24 MS. ALYSSA TOMKINS (by TEAMS): Good
25 morning. Alyssa Tompkins. I'm with Gowling WLG in

1 Ottawa. and I'm Counsel to Gartner and to Mr. Horn
2 for this proceeding.

3 PANEL CHAIRPERSON: Thank you very --

4 MR. MARC HERMAN (by TEAMS): Good
5 morning.

6 PANEL CHAIRPERSON: Oh.

7 MR. MARC HERMAN (by TEAMS): Mark
8 Herman. I am Counsel at Gartner. I'm also in
9 attendance this morning.

10 PANEL CHAIRPERSON: I'm sorry, You're
11 Counsel at Gartner?

12 MR. MARC HERMAN (by TEAMS): Correct.

13 PANEL CHAIRPERSON: Thank you.

14

15 GARTNER PANEL:

16 NEVILLE HORN, Sworn

17

18 PANEL CHAIRPERSON: Thank you, Mr.
19 Andres...?

20 MR. TODD ANDRES: Thank you, Madam
21 Chair.

22 MS. ALYSSA TOMKINS (by TEAMS): Just
23 before we -- we get into the questioning, I've not
24 appeared before your tribunal before. What would be
25 the best -- I'm hoping to not need to make any

1 objections. In the event I -- I needed to, what would
2 be -- should I put my camera off, and then perhaps pop
3 onto the screen? Should I raise my hand?

4 What's -- what's your recommended
5 practice?

6 PANEL CHAIRPERSON: If you have an
7 objection, I would suggest that you turn your screen
8 back on, please, so that we can see that you are
9 wanting to speak.

10 MS. ALYSSA TOMKINS (by TEAMS):
11 Perfect. Thank you.

12

13 CROSS-EXAMINATION MR. TODD ANDRES:

14 MR. TODD ANDRES: Thank you, Madam
15 Chair. And just by way of some introductory business,
16 Mr. Horn, can you please just -- well, just to
17 confirm, you were here by virtue of a subpoena that
18 was issued to you, correct?

19 MR. NEVILLE HORN (by TEAMS): That is
20 correct.

21 MR. TODD ANDRES: Thank you. And just
22 for the record, your Counsel initially contested the
23 subpoena, correct?

24 MR. NEVILLE HORN (by TEAMS): That is
25 correct.

1 MR. TODD ANDRES: Thank you. And
2 just to confirm, we -- you were initially -- the
3 subpoena was --

4 MS. ALYSSA TOMKINS (by TEAMS): Excuse
5 me. I -- I think it wasn't contested. We wanted more
6 clarification on the scope of it. It was extremely
7 broad. At no point did we bring a motion to quash.

8 MR. TODD ANDRES: Yeah, it's true.
9 There was no motion to quash, but indeed the
10 possibility of having the subpoena set aside was
11 raised by Counsel.

12 MS. ALYSSA TOMKINS (by TEAMS): Due to
13 the complete lack of precision in the subpoena, yes.
14 Once that precision was provided, Mr. Horn agreed to
15 attend.

16 PANEL CHAIRPERSON: Mr. Andres...

17 MR. TODD ANDRES: Thank you, Madam
18 Chair. I'll move on.

19

20 CONTINUED by MR. TODD ANDRES:

21 MR. TODD ANDRES: So, Mr. Horn, could
22 you please summarize just in general terms the -- the
23 engagement of Gartner by MPI?

24 MR. NEVILLE HORN (by TEAMS): Okay.
25 This particular report pertains to the fifth benchmark

1 in a series spanning five (5) fiscal years. The
2 objectives of the annual benchmark are to establish a
3 baseline for spending and staffing.

4 The benchmark also compares spending
5 and staffing levels to a peer group. There's --
6 there's three (3) components to the benchmark. The
7 first component deals with quantitative measures such
8 as spending and staffing.

9 The second component deals with
10 qualitative aspects of IT service delivery, such as
11 the maturity of service management processes.

12 And then finally, the -- the
13 recommendations are created and confirmed through a
14 series of interviews with IT management.

15 MR. TODD ANDRES: Thank you. Ms.
16 Schubert, if you could please bring up PUB/MPI-2-58.
17 And if we go down to figure 1.

18 So, Mr. Horn, just for your
19 edification, this -- this figure outlines the work
20 completed thus far by Gartner under the existing
21 contract, correct?

22 MR. NEVILLE HORN (by TEAMS): That is
23 correct.

24 MR. TODD ANDRES: Thank you. And
25 you'll agree that Gartner is now in the fifth of a

1 five (5) year engagement?

2 MR. NEVILLE HORN (by TEAMS): That is
3 correct.

4 MR. TODD ANDRES: Thank you. And from
5 this table, you'll agree that the IT benchmarking
6 reports that are prepared by Gartner address a fiscal
7 period that is two (2) years preceding the GRA year,
8 correct?

9 MR. NEVILLE HORN (by TEAMS): The
10 fiscal year addressed by this benchmark is fiscal
11 '22/'23, so it would be less than -- less than two (2)
12 years.

13 MR. TODD ANDRES: Thank you for that.
14 So, it looks again to me like we have a document which
15 references '22/'23 fiscal year. And then the
16 application to which that document applies is the 2025
17 GRA, correct?

18 MR. NEVILLE HORN (by TEAMS): That is
19 correct.

20 MR. TODD ANDRES: Okay. So again, the
21 fiscal year to which the 2025 GRA document applies
22 starts in 2022 and finishes at the end of fiscal year
23 2023, correct?

24 MR. NEVILLE HORN (by TEAMS): That is
25 correct.

1 MR. TODD ANDRES: Are you aware of
2 when the end of fiscal year 2023 -- 2022/2023 ends?

3 MR. NEVILLE HORN (by TEAMS): It ends
4 March 31st, 2023.

5 MR. TODD ANDRES: Thank you. And the
6 GRA is filed in respect of the 2025 GRA. It's filed -
7 - and perhaps you don't know this -- but in July of a
8 given year?

9 MR. NEVILLE HORN (by TEAMS): That is
10 correct.

11 MR. TODD ANDRES: Thank you. Now, in
12 the first row, we have the report for the 2022/'23
13 fiscal year. Looks like work commenced January 12 of
14 '24.

15 Work is completed on July 3rd, 2024,
16 correct?

17 MR. NEVILLE HORN (by TEAMS): That is
18 correct.

19 MR. TODD ANDRES: Thank you. And for
20 the last two (2) GRAs, the ones before that, the work
21 has been typically committed -- pardon me -- completed
22 over six (6) or seven (7) months.

23 Is that correct?

24 MR. NEVILLE HORN (by TEAMS): The --
25 the actual period I think is less than six (6) months,

1 but it's -- it's an annual activity that starts at the
2 beginning of each year and is completed at different
3 times.

4 In the previous fiscal year, it was
5 completed in May of 2023. The fiscal year before that
6 was completed in July, 2022, so between -- between
7 five (5) and six (6) months.

8 MR. TODD ANDRES: Thank you. But for
9 the -- the 2022 year you just referenced, it looks
10 like from what we have here from MPI -- and this
11 document I appreciate is -- is not yours, it's an MPI
12 document.

13 It looks like work commenced in respect
14 of the 2021/2020 -- pardon me -- the 2020 and 2021
15 benchmark report, work commenced March 7 of '22 and
16 was completed on July 22 of '22, so about three (3)
17 months, correct?

18 MR. NEVILLE HORN (by TEAMS): That is
19 correct.

20 MR. TODD ANDRES: Thank you. And do
21 you know why work was completed over, I guess, an
22 abridged period in that year?

23 MR. NEVILLE HORN (by TEAMS): In -- in
24 which -- in which year are we referring to?

25 MR. TODD ANDRES: Over the abridged

1 period, the -- the '20 and '21 benchmark report that
2 was completed. It says Work commenced March 7 of '22,
3 the bottom line in the document that's on the screen.

4 It looks like the work took place over
5 a three (3) month period.

6 MR. NEVILLE HORN (by TEAMS): That --
7 that work is three (3) -- three (3) years ago. I'm
8 not -- I'm not able to -- I'm not in a position to
9 remember the -- the reason for the timelines for that
10 particular benchmark report.

11 MR. TODD ANDRES: Thank you. And so,
12 can you tell us sort of why the work starts in January
13 of a given year for the GRA?

14 Why was that time selected?

15 MR. NEVILLE HORN (by TEAMS): The --
16 the work starts at the beginning of each year, and
17 it's governed mainly by availability of completed
18 financial data.

19 So, following the completion of a
20 fiscal year, there's a period of time for the
21 financial results to be -- to be completed, and the
22 benchmark is dependent on detailed financial data. It
23 -- it also requires interviews with IT management
24 personnel and requires detailed surveys to be
25 completed.

1 So, the -- the timeline is mainly
2 governed by access to key -- key MPI resources and
3 availability of -- of data.

4 MR. TODD ANDRES: Thank you for that.
5 Ms. Schubert, if you could pull up part 5, IT
6 attachment A, please.

7 And, Mr. Horne, you're familiar with
8 this document?

9 MR. NEVILLE HORN (by TEAMS): Yes, I
10 am.

11 MR. TODD ANDRES: Thank you. And it's
12 the Manitoba Public Insurance Information Technology
13 benchmark report with respect to fiscal year
14 2022/2023, correct?

15 MR. NEVILLE HORN (by TEAMS): That's
16 correct.

17 MR. TODD ANDRES: And you were one (1)
18 of the authors of this report?

19 MR. NEVILLE HORN (by TEAMS): That's
20 correct.

21 MR. TODD ANDRES: Thank you. And if
22 we scroll forward to page 8, Ms. Schubert, please.
23 Thank you.

24 It looks like on -- in the first
25 category that says, "The objectives of the IT

1 benchmark R2." And then it lists, it looks like, six
2 (6) bullets.

3 These are the objectives of IT
4 benchmark here, correct?

5 MR. NEVILLE HORN (by TEAMS): That is
6 correct.

7 MR. TODD ANDRES: Thank you. And if
8 we move forward to the next page, Ms. Schubert,
9 please. Thank you.

10 Could you provide a brief overview of
11 the work streams that were selected?

12 MR. NEVILLE HORN (by TEAMS): Well,
13 there's three (3) streams of work here. Spending and
14 staffing benchmark is a quantitative benchmark. This
15 relies on numerical values, financial data,
16 headcounts.

17 The IT service management process
18 review is qualitative in nature. This is completed
19 using a survey directed at managers responsible for
20 different components of IT service delivery at MPI.
21 It creates scores which are compared to peers and are
22 used to generate recommendations.

23 And then the stakeholder analysis is a
24 series of interviews done with IT managers to confirm
25 the findings in the spending and staffing benchmark

1 and the results of the IT service management process
2 review.

3 MR. TODD ANDRES: Thank you for that.
4 Ms. Schubert, if you could move forward to page 14,
5 please. Thank you, Ms. Schubert.

6 And I'll just ask you to confirm, Mr.
7 Horn, that these are Gartner's recommendations as an
8 outcome of reviewing the fiscal year, 2022/'23
9 information, correct?

10 MR. NEVILLE HORN (by TEAMS): That is
11 correct.

12 MR. TODD ANDRES: Thank you. Now
13 again, Ms. Schubert, if I can actually get you to jump
14 back to page 10, please. Thank you.

15 And, Mr. Horn, could you just summarize
16 what this exhibit -- pardon me -- what this page is
17 telling us?

18 MR. NEVILLE HORN (by TEAMS): This
19 page defines the demographics of the peer group. The
20 -- the most recent iteration of the benchmark was
21 expanded to include a second peer -- peer group,
22 whereas the previous four (4) iterations only had a
23 single peer group.

24 So, in this version of the benchmark,
25 we compared MPI's spending and staffing measures to an

1 industry peer group and a public sector peer group.
2 So, on the left-hand side, you can see that ten (10)
3 peers were selected. And you can see the -- the
4 metrics and the table below.

5 The objectives are to create a peer
6 group which matches MPI in terms of its industry, and
7 size, and the -- and the level of spending on IT.

8 And then on the right-hand side, you
9 can see the demographics of the eleven (11) public
10 sector peers that were used to create a second peer
11 group to compare MPI to public sector organizations.

12 MR. TODD ANDRES: Thank you for that.
13 And I'm -- and I'm wondering if you could just
14 describe in terms of, I guess, things like geography,
15 number of selected participants in each of the public
16 and private sectors, and the characteristics used.

17 If you could -- if you could describe
18 the industry and the public sector peers that were
19 selected.

20 MR. NEVILLE HORN (by TEAMS): So,
21 these are public sector peers. We're selecting peers,
22 matching the size and -- and the type of organization.
23 Obviously, MPI is a provincial public sector
24 organization, but we do include peers from both
25 federal, state governments, and provincial peers.

1 And you can see in the -- in the pie
2 chart that we have peers from Canada, Europe, United
3 Kingdom, and USA. When we choose peers, we -- we
4 typically choose organizations in -- in Western
5 Europe, and -- and the objective is to solve for size
6 and -- and industry.

7 MR. TODD ANDRES: And can you indicate
8 whether all the peers, or any of the peers for that
9 matter, within the group profile are undergoing IT
10 transformational changes that are comparable to what
11 MPI is undergoing in terms of project NOVA?

12 MR. NEVILLE HORN (by TEAMS): I do not
13 have that level of detail for the peer group. I -- I
14 cannot confirm.

15 MR. TODD ANDRES: And does the
16 benchmarking assessment take into account an
17 organization's maturity in a population that may be in
18 a state of transformation?

19 MR. NEVILLE HORN (by TEAMS): The
20 peers are assessed for maturity. As I was mentioning
21 before, the second stream of the analysis deals --
22 provides an IT service management process review.

23 So, there are comparisons to the level
24 of maturity in their service delivery, but it does not
25 give specific consideration to transformation projects

1 for the peer group.

2 MR. TODD ANDRES: Thank you. And are
3 you aware that MPI underwent a labour disruption in
4 its 2023/2024 fiscal year?

5 MR. NEVILLE HORN (by TEAMS): I'm
6 aware.

7 MR. TODD ANDRES: Thank you. And are
8 you aware as to whether any of the peer groups
9 selected -- or pardon me -- the peers selected
10 underwent similar labor interruptions?

11 MR. NEVILLE HORN (by TEAMS): I'm not
12 aware. I do not have access to that level of
13 information for the peer group.

14 MR. TODD ANDRES: Thank you. Ms.
15 Schubert, if we could now jump back to page 14 again,
16 please. Thank you for that.

17 Recommendation number 1 refers to the
18 adoption and impact of Agile development methodology,
19 correct?

20 MR. NEVILLE HORN (by TEAMS): That is
21 correct.

22 MR. TODD ANDRES: Thank you. Is
23 Gartner aware of MNP's revised view that a hybrid
24 approach, which is a combined Waterfall and Agile
25 approach, should be incorporated for delivering IT

1 initiated -- initiatives?

2 MR. NEVILLE HORN (by TEAMS): We are
3 aware that a -- that a combination of Waterfall and --
4 and Agile is currently being adopted. Yes, that's
5 correct.

6 MR. TODD ANDRES: And is -- as far as
7 Gartner is aware, have other organizations within the
8 peer groups shifted towards or currently use hybrid
9 methodologies,

10 MR. NEVILLE HORN (by TEAMS): It is
11 common for other organizations to -- to be in a state
12 of hybrid delivery; however, organizations typically
13 proceed towards the adoption of Agile to the greatest
14 extent possible. I wouldn't describe that as a -- as
15 a shift or as a -- as a deliberate course or a -- or
16 an objective.

17 MR. TODD ANDRES: Thank you for that.
18 And I think you've answered this question just in
19 terms of your level of knowledge. But Gartner is
20 aware of the scope of project NOVA, is it not?

21 MR. NEVILLE HORN (by TEAMS): The
22 annual IT benchmark deals with aggregate spending
23 measures and looks at the maturity of the service
24 delivery.

25 The benchmark did not provide for a

1 detailed drilldown into the scope, or the time, or the
2 specific cost for Project NOVA. To the extent that
3 Project NOVA forms part of the aggregate budget, there
4 is -- there is awareness, and -- and this is included
5 in the analysis, but the -- but the annual benchmark
6 does not deal specifically with Project or Program
7 NOVA.

8 MR. TODD ANDRES: Thank you. And so,
9 I guess just trying to get an understanding of what is
10 Gartner's perspective. I guess from Gartner's
11 perspective, what is Project NOVA?

12 MR. NEVILLE HORN (by TEAMS): Project
13 NOVA is a -- is a Legacy modernization initiative that
14 deals with core applications within MPI's delivery
15 portfolio. And it is an extensive project that
16 modernizes core Enterprise resource planning
17 applications.

18

19 (BRIEF PAUSE)

20

21 MR. TODD ANDRES: So, Mr. Horn, what
22 was Project NOVA's current status effective the end of
23 fiscal year 2022/2023, from Gartner's perspective?

24 MR. NEVILLE HORN (by TEAMS): As of
25 the end of fiscal '22/'23, certain components that had

1 been built as part of Program NOVA had been
2 incorporated into production operations and were being
3 managed by -- by MPI IT.

4 MR. TODD ANDRES: And then looking
5 forward to GRA 2026, can you please confirm whether
6 Gartner is contracted to continue to deliver an IT
7 benchmarking report?

8 MR. NEVILLE HORN (by TEAMS): This is
9 the final benchmark in the -- the current contract, so
10 Gartner is not currently contracted to deliver a
11 follow-on IT benchmarking report.

12 MR. TODD ANDRES: Thank you. Ms.
13 Schubert, if you could move us back to page 11,
14 please. Thank you.

15 So, Mr. Horn, you'll agree -- I mean,
16 it says on the page MPI's spending on IT is
17 significantly higher than insurance peer spending on -
18 - on IT, including Project NOVA, correct?

19 MR. NEVILLE HORN (by TEAMS): That is
20 correct.

21 MR. TODD ANDRES: Thank you. And from
22 Gartner's perspective, would IT staffing and spending
23 stabilize at levels before the commencement of
24 transformational initiatives?

25 MR. NEVILLE HORN (by TEAMS): I'd --

1 I'd ask for clarification on that question. So, if
2 you say stabilize, are you referring to this fiscal
3 year, or are you suggesting that the staffing levels
4 would stabilize at some point in the future after
5 Project NOVA is completed?

6 MR. TODD ANDRES: Sorry, the opposite.
7 And -- and I apologize for the lack of clarity there.
8 Just prior to the commencement of Project NOVA, IT
9 staffing and spending, you would've anticipated that
10 to have been flat, correct, Or stable?

11 MR. NEVILLE HORN (by TEAMS): That --
12 that is correct.

13 MR. TODD ANDRES: Thank you. And as
14 you mentioned, Gartner is aware that MPI experienced a
15 labor disruption in 2023/2024 fiscal year, correct?

16 MR. NEVILLE HORN (by TEAMS): That is
17 correct.

18 MR. TODD ANDRES: And how do you
19 expect that that would affect the process and results
20 of the IT benchmarking for '23/'24 if it was to be
21 undertaken?

22 MR. NEVILLE HORN (by TEAMS): I need
23 clarification there. Are you referring to the
24 stabilization of headcount in the context of the
25 labour disruption or the stabilization of the

1 headcount in the context of the delivery of Project
2 NOVA?

3 MR. TODD ANDRES: Oh, sorry. And it's
4 not with respect to headcount. Now we're just talking
5 about the -- the process itself, so just the process
6 of Project NOVA itself.

7 What do you think the impact of the
8 labor disruption would've been in respect of -- you
9 know, if -- if Gartner were to undertake another
10 benchmarking for this year, what -- what impact would
11 the labour disruption have?

12 MR. NEVILLE HORN (by TEAMS): If -- if
13 Gartner was to undertake a benchmark for the --

14 MS. ALYSSA TOMKINS (by TEAMS): Excuse
15 me. I just want to make sure that we're not asking
16 Mr. Horn to speculate into the future as to work that
17 is outside -- we've already established that is
18 outside the scope of the previous mandate.

19 I'm not sure that he has a sufficient
20 factual foundation for that, nor has he given it
21 thought before this point.

22 MR. TODD ANDRES: That's fine. I'll -
23 - I'll move on.

24

25 CONTINUED by MR. TODD ANDRES:

1 MR. TODD ANDRES: So, in Gartner's
2 view, how does the advancement of maturity affect an
3 IT group undergoing transformational initiatives
4 similar to the size and scope of Project NOVA from an
5 IT perspective?

6 MR. NEVILLE HORN (by TEAMS):
7 Organizations typically become more efficient as they
8 become more mature. And Gartner has actually been
9 doing benchmarks with MPI It since the 2010 fiscal
10 year.

11 MPI actually has a long-term trend of
12 improvements in efficiency and productivity. Those
13 improvements in productivity and efficiency are offset
14 by investments made in Project NOVA.

15 So, it is common for organizations to
16 see increased spending levels and -- and, depending on
17 the delivery model, increased staffing to deliver
18 modernization such as Project NOVA.

19 However, we do not have visibility to
20 the schedule or the scope to understand where Project
21 NOVA is in its timeline. The -- Project NOVA was
22 first seen to have an effect on the aggregate spending
23 levels in the 2020/'21 fiscal year. Prior to that, it
24 was being funded outside of IT.

25 The highest level of funding seems to

1 have been within the 2021/'22 fiscal year. It seems
2 to be lower as a proportion of the overall
3 organizational expenses in the '22/'23 fiscal year.
4 However, we do not have visibility to the -- the
5 schedule for project NOVA, so we -- we don't have a
6 way to understand Project NOVA's contribution towards
7 the aggregate spending levels on a -- on a long-term
8 basis.

9 MR. TODD ANDRES: Thank you for that.
10 Ms. Schubert, now if you could jump forward to page 44
11 of the report.

12 And so, Mr. Horn, you have before you a
13 document that says on it at the top:

14 "Summary of changes in level of IT
15 maturity over the past year."

16 On the left-hand side of the screen, it
17 talks about largest increases in maturity and on the
18 right-hand side of the screen it talks about largest
19 decreases in maturity.

20 Do you see that?

21 MR. NEVILLE HORN (by TEAMS): I see
22 it.

23 MR. TODD ANDRES: Can you please
24 define what IT domain means as it pertains to these
25 tables?

1 MR. NEVILLE HORN (by TEAMS): The
2 Gartner benchmark deals with various domains. I
3 believe for MPI, we assess nine (9) domains: vendor
4 management, security and risk management, sourcing and
5 procurement, Enterprise architecture, INO data and
6 analytics, application strategy, program and portfolio
7 management.

8 So, these -- these are different
9 topics. They can be seen as disciplines that are
10 being measured. And this table provides an output
11 showing which domains have increased and which domains
12 have been decreased.

13 Within each of those domains at a lower
14 level we assess activities which generate an activity
15 priority index that -- that enable us to determine
16 which recommendations would have the biggest impact on
17 the maturity of MPI's IT service delivery.

18 MR. TODD ANDRES: Thank you. And
19 you've touched on it, but if I can actually get you to
20 explore a little bit more and just define for us what
21 you mean by 'activity level'.

22 I see you've listed a number of things,
23 but if you could just put some parameters around that.

24 MR. NEVILLE HORN (by TEAMS): Within
25 each of these domains, the benchmark deals with

1 different activities. So, for example, in
2 applications, planning products, planning the
3 strategy, managing security; these are examples of
4 activities for the applications domain. I -- I can
5 provide -- I can provide additional examples if
6 necessary.

7 MR. TODD ANDRES: Maybe a couple,
8 sure.

9 MR. NEVILLE HORN (by TEAMS): Within
10 security and risk management, developing a strategy
11 for IT security, actually securing the data, managing
12 third-party risk. These are examples of activities
13 within the IT security domain.

14 MR. TODD ANDRES: Very good. Thank
15 you for that. And so, I guess carrying along -- along
16 the top of the table, there is reference to maturity
17 levels.

18 And so, it looks like you've used a
19 scale -- a maturity scale of 1 through 5, correct?

20 MR. NEVILLE HORN (by TEAMS): That is
21 correct.

22 MR. TODD ANDRES: Can you define what
23 a maturity score of 1 indicates?

24 MR. NEVILLE HORN (by TEAMS): A
25 maturity score of 1 is typically reserved for a survey

1 that is -- that is actually missing data. So, a level
2 1 would be the lowest maturity score.

3 MR. TODD ANDRES: And so, missing data
4 is the only parameter, or the only defining element of
5 a level 1?

6 MR. NEVILLE HORN (by TEAMS): It
7 varies for each domain. So, for example, within IT --
8 IT strategy, a level 1 would be a situation where an
9 organization does not have a documented IT strategy at
10 all. So -- so, 1 would be -- 1 would be the lowest
11 level. It's -- it's typically where there's no -- no
12 metrics, or no data, or no defined process.

13 MR. TODD ANDRES: So then, for
14 example, in infrastructure and operations, what would
15 a level 1 indicate?

16 MR. NEVILLE HORN (by TEAMS): I need
17 to -- it would be very uncommon for an organization to
18 have a level 1 in -- in infrastructure and operations,
19 so I -- I don't have a specific example of that.

20 MR. TODD ANDRES: And then what would
21 a maturity score of 5 indicate?

22 MR. NEVILLE HORN (by TEAMS): A
23 maturity score of 5 would be the highest level. It's
24 -- it would be very uncommon for any organization to
25 achieve a level 5. So, these are the best of breed

1 organizations. These represent the best practices
2 seen within the industry for that particular domain.

3 MR. TODD ANDRES: Thank you for that.
4 And so now just paying attention to the left-hand side
5 of the screen, delving into level 5 assessment for
6 security and risk management.

7 You'll confirm that Gartner assessed
8 MPI for the 2022/'23 fiscal year as having a maturity
9 of 5, correct?

10 MR. NEVILLE HORN (by TEAMS): That is
11 correct.

12 MR. TODD ANDRES: Thank you. And that
13 corresponds with the five (5) different activity
14 levels that we just described in respect of the
15 security and risk management domain?

16 MR. NEVILLE HORN (by TEAMS): That is
17 correct.

18 MR. TODD ANDRES: Thank you. Ms.
19 Schubert, if you could scroll forward to the next
20 page, please, page 45. Thank you.

21 Can you, Mr. Horn, in broad terms,
22 explain this chart for us?

23 MR. NEVILLE HORN (by TEAMS): The
24 activity priority index is used to -- to direct the
25 recommendation. So, after we've assessed the maturity

1 across each domain, we use two (2) -- we use two (2) -
2 - two (2) metrics.

3 So, the level of maturity is the first
4 measure. And the second measure is the level of
5 importance. So -- so, these maturity scores are
6 derived from a survey.

7 So, stakeholders within MPI that are
8 responsible for different domains in IT service
9 delivery fill out a survey. They assess the
10 importance of an activity. And then they assess the -
11 - they -- they respond to questions that enable
12 Gartner to assess the level of maturity.

13 So, where an activity is considered to
14 be important and has low levels of maturity, we --
15 that drives a higher score in the activity priority
16 index. And taking into account that -- that IT
17 service delivery requires a focus, there's a limit to
18 the number of initiatives that can be part of a focus
19 within -- within MPI's IT department.

20 We use this activity priority index to
21 determine the recommendations that would have the
22 biggest impact on maturity.

23 MR. TODD ANDRES: So, because MPI has
24 been assessed as having a maturity of 5, the top end
25 of the scale, and I guess significantly above peers,

1 would Gartner expect an entity that has achieved that
2 level to be mature?

3 MR. NEVILLE HORN (by TEAMS): That is
4 correct. Level -- level 5 shows a very high level of
5 maturity.

6 MR. TODD ANDRES: Thank you. And so
7 therefore you would anticipate that spending and
8 resources would be allocated to improving in other
9 areas rather than the ones that have a maturity score
10 of 5, correct?

11 MR. NEVILLE HORN (by TEAMS): That is
12 correct.

13 MR. TODD ANDRES: Thank you. Ms.
14 Schubert, if we can scroll back again to page 44.

15 And so, we see here that Gartner has
16 also provided an IT maturity score of 5 for the IT
17 domain applications, correct?

18 MR. NEVILLE HORN (by TEAMS): That is
19 correct. Specifically for that --

20 MR. TODD ANDRES: And --

21 MR. NEVILLE HORN (by TEAMS): Sorry.
22 Just a clarification. That level 5 corresponds
23 specifically with rationalize and modernize
24 applications, not with the -- not with the
25 applications domain in its entirety.

1 MR. TODD ANDRES: Thank you, and --
2 and thank you for that clarification. And that was my
3 next question, and it's the rationalize and modernize
4 applications activity only, correct?

5 MR. NEVILLE HORN (by TEAMS): That's
6 correct.

7 MR. TODD ANDRES: Thank you. And
8 you'll agree with me that there is a year-over-year
9 improvement in that particular activity of 2.43?

10 MR. NEVILLE HORN (by TEAMS): That is
11 correct.

12 MR. TODD ANDRES: And it's -- the
13 assessment of 5 indicates that MPI is significantly
14 above its comparative industry peers as depicted by a
15 score of 3.43, correct?

16 MR. NEVILLE HORN (by TEAMS): That is
17 correct, specifically for that rationalize and
18 modernize activity.

19 MR. TODD ANDRES: Thank you. And can
20 you explain why Gartner assessed MPI at a maturity
21 level of 5 for that IT domain and activity, please?

22 MR. NEVILLE HORN (by TEAMS): The
23 results are generated from -- from surveys. So, a
24 stakeholder for the applications group would've
25 responded to a survey that would've generated that

1 result.

2 MR. TODD ANDRES: And from Gartner's
3 perspective, is a score of 5 the target that MPI
4 should be aiming to achieve?

5 MR. NEVILLE HORN (by TEAMS): That is
6 correct.

7 MR. TODD ANDRES: Now, Mr. Horn, we'll
8 spend some time on the right-hand side of the table
9 now, the -- the one that indicates largest decreases
10 in maturity. You see that before you?

11 MR. NEVILLE HORN (by TEAMS): I do see
12 that.

13 MR. TODD ANDRES: And can you
14 summarize -- can you explain I guess the context of
15 the table that was prepared on this -- on the right-
16 hand side of the screen?

17 MR. NEVILLE HORN (by TEAMS): So
18 similar to the table on the left-hand side, the table
19 on the right-hand side deals with areas where the
20 results of the survey shows that, compared to the
21 previous fiscal year, there was a significant decrease
22 in maturity.

23 MR. TODD ANDRES: And from Gartner's
24 perspective, why are these observations important for
25 MPI to consider?

1 MR. NEVILLE HORN (by TEAMS): These
2 areas enable us to anchor our recommendations, so
3 where we see that an activity is considered to be
4 important, but the level of maturity is low. That
5 would -- that -- that means that the recommendations
6 would deliver the biggest impact to MPI.

7 MR. TODD ANDRES: Thank you. And, Ms.
8 Schubert, if I could perhaps get you to slide Mr. Horn
9 over to the left-hand side of the screen.

10 You'll agree with me, Mr. Horn, that
11 this table showcases significant decreases in maturity
12 within four (4) different domains, correct?

13 MR. NEVILLE HORN (by TEAMS): That is
14 correct.

15 MR. TODD ANDRES: Thank you. And from
16 Gartner's perspective, is a year-over-year decrease of
17 maturity equally concerning across all domains, or are
18 there some that are more concerning than others?

19 MR. NEVILLE HORN (by TEAMS): There
20 are some that are more concerning than others.

21 MR. TODD ANDRES: And which are those?

22 MR. NEVILLE HORN (by TEAMS): For
23 example, infrastructure and operations, decreases in
24 maturity can point to a risk to the resiliency of the
25 IT operations.

1 We also look specifically at security
2 and risk management. Decreases in maturity can point
3 to IT security risks, and -- and in -- in
4 applications, decreases in maturity can point to an
5 increasing technical debt within the applications
6 portfolio.

7 MR. TODD ANDRES: Thank you.

8 Ms. Schubert, could you please move
9 back now to page 14.

10

11 (BRIEF PAUSE)

12

13 MR. TODD ANDRES: So, Mr. Horn, when
14 overlaying the recommendations against the table of
15 largest decreases in maturity on page 44, can you
16 explain why Gartner has yet to recommend MPI improve
17 on the four (4) domains recorded?

18 MR. NEVILLE HORN (by TEAMS): The
19 recommendations are indeed mapped to where the
20 weaknesses I've seen have been -- have been observed.

21 So, the first recommendation deals with
22 continuing to improve the level of adoption of Agile
23 methodology. This pertains to the applications area.

24 The second recommendation ties together
25 three (3) domains: Enterprise architecture, portfolio

1 management, and strategy. We have seen increases in
2 maturity in Enterprise architecture, portfolio, and
3 strategy, but we have -- we have not seen those
4 domains or those competencies being used to shape run
5 costs.

6 And in infrastructure and operations,
7 we are making a recommendation that metrics be used to
8 drive -- to drive the performance of that domain.

9 MR. TODD ANDRES: Thank you, Mr. Horn.
10 Those are my questions.

11 PANEL CHAIRPERSON: Thank you.

12 MR. NEVILLE HORN (by TEAMS): Thank
13 you.

14 PANEL CHAIRPERSON: Ms. Dilay...?

15 MS. KATRINE DILAY: Thank you, Madam
16 Chair. And for CAC (Manitoba), we don't have any
17 questions for Gartner this morning, but thank you for
18 being here.

19 PANEL CHAIRPERSON: Thank you.

20 Mr. Gabor...?

21 BOARD CHAIR GABOR: Thank you. Mr.
22 Horn, I have one question on the report, and then I
23 have a question of a more general nature. I can't
24 find it. At one point you say that NOVA is in flight.
25 Can you tell me what that means? I can find you the

1 page. It's --

2 MR. NEVILLE HORN (by TEAMS): I will -
3 - that -- that's okay. I'll preface my response by
4 just reminding the -- the Board that Gartner was not
5 specifically retained -- retained to assess Project
6 NOVA. So, our observations on Project NOVA are to the
7 extent that -- that it forms part of the aggregate
8 spending levels.

9 And -- and so -- so we've observed how
10 spending on Project NOVA was first part of the fiscal
11 2018 -- I'm sorry, fiscal 2020/'21 year. And during
12 our interviews, we -- we gathered some awareness of --
13 of Project NOVA, and -- and we've seen how the
14 spending on NOVA has actually increased aggregate
15 spending for the -- for the three (3) fiscal years.

16 And our understanding is that some of
17 the components of Project NOVA have been deployed. We
18 typically see these programs are structured in a plan,
19 build, transition, run phasing.

20 So, for many years, Project NOVA was in
21 the planning and building stage, and we've now seen
22 some of the functionality of Project NOVA being --
23 being deployed. And so, to the extent that -- that
24 those components are now part of run operations, we
25 consider Project NOVA to be -- to be in flight.

1 BOARD CHAIR GABOR: Okay. You gave a
2 much longer answer to -- it's just -- it's at the top
3 of page 74, and it says, "NOVA is currently in flight
4 and a key focus." I was wondering if it meant it's
5 underway. Your answer is -- is certainly a much more
6 detailed answer than I was expecting.

7 MR. NEVILLE HORN (by TEAMS): That is
8 correct. So, what -- what that statement refers to is
9 that -- is that the components of Project NOVA that
10 were previously being planned for and being built are
11 -- have now been deployed.

12 BOARD CHAIR GABOR: Okay. Thank you.
13 General question, Mr. Horn, and it relates to best
14 practices within your industry. In terms of frequency
15 of benchmarking, Is there a best practice as to how
16 frequent benchmarking should occur?

17 MR. NEVILLE HORN (by TEAMS): Annual
18 benchmarks are a best practice.

19 BOARD CHAIR GABOR: Okay. Thank you.
20 In terms of the benchmarking process that -- that you
21 follow, I don't want any reference to your -- your IP
22 or anything like that, but do consultants use the same
23 or similar criteria or methodology for benchmarking?

24 MR. NEVILLE HORN (by TEAMS):
25 Different consultants may use different criteria.

1 Gartner uses a consistent methodology. When making
2 comparisons to peer groups, it's important to follow a
3 consensus model. And when doing year-over-year
4 comparisons, it's important to follow a consistent
5 method so that -- so that there's some precision to
6 the -- the measurements that are made.

7 BOARD CHAIR GABOR: Okay. If -- if
8 you were selected to provide a five (5) year
9 benchmarking study for a new client, would you
10 generally receive the benchmarking information that
11 was provided to the client by the previous consultant?

12 MR. NEVILLE HORN (by TEAMS): I need
13 to clarify. So are you referring to a situation where
14 different consultancy was retained or --

15 BOARD CHAIR GABOR: Correct. Correct.
16 You have a consult -- one consultant is retained for
17 five (5) years. Does the benchmarking -- then Gartner
18 comes along as the new consultant under a new
19 contract. Would you see the reports of the previous
20 consultant?

21 MR. NEVILLE HORN (by TEAMS): I'd say
22 that's fairly uncommon. Those -- those benchmarking
23 reports are often governed by confidentiality
24 agreements. And moreover, Gartner's consensus model
25 may not align with the previous consultant's consensus

1 model.

2 So that -- that data may have some
3 applicability, but it wouldn't necessarily be -- be
4 relevant. And -- and, you know, so Gartner would
5 typically use their own consensus model. It's fairly
6 uncommon for us to have access to data from -- from
7 previous consulting studies.

8 BOARD CHAIR GABOR: Okay. So, in this
9 -- in this situation, if you are starting -- if you
10 retained to provide a five (5) year study for
11 benchmarking and you're starting afresh, how long does
12 it take for a consultant to go into a company, start
13 collecting information, and start feeling -- have
14 access to the resources and familiar -- familiarize
15 yourself with the company's activities before you can
16 actually start your process? Is there sort of a
17 buildup time?

18 MR. NEVILLE HORN (by TEAMS): It's --
19 it's fairly common for us to complete a benchmarking
20 study within a space of three (3) months at a new
21 organization. Obviously, to the extent that we have
22 visibility to -- to the -- to previous -- previous
23 fiscal years or -- or a better understanding of the
24 environment, that enables for more detailed findings.
25 But three (3) -- three (3) months would be the minimum

1 amount of time for us to gain the necessary context to
2 produce benchmarking findings.

3 BOARD CHAIR GABOR: Okay. And at the
4 time you would provide the findings after the three
5 (3) months, are you -- so based on what you said
6 before, are you sort of starting at ground zero? So,
7 your -- your results are for the time that you've
8 measured, but would have no bearing on previous
9 benchmarking studies?

10 MR. NEVILLE HORN (by TEAMS): That's -
11 - that's correct. In -- in a situation where we were
12 delivering a benchmark for the first time, we would
13 only be able to compare that organization to peers.
14 We -- we wouldn't have the ability to do year-on-year
15 comparisons.

16 Now, in the case of MPI, we've been
17 doing benchmarks annually since the 2010/'11 fiscal
18 year, so we do have that benefit of previous years.
19 But in a situation where we're delivering our first
20 benchmark, we wouldn't be able to do those year-over-
21 year comparisons.

22 BOARD CHAIR GABOR: Thank you. Those
23 are my questions.

24 MR. NEVILLE HORN (by TEAMS): Thank
25 you.

1 PANEL CHAIRPERSON: Ms. Nemec...?

2 BOARD MEMBER NEMEC: Hi. Just to
3 follow up on Mr. Gabor's question, on the benchmarking
4 you mentioned that you've been doing the benchmarking
5 since 2010, and you also mentioned that this report
6 shows comparisons from '22/'23 to I think '21/22.
7 Have you done --

8 MR. NEVILLE HORN (by TEAMS): That's
9 correct.

10 BOARD MEMBER NEMEC: -- comparisons to
11 other years or just the previous year?

12 MR. NEVILLE HORN (by TEAMS): We do
13 show a -- I'm sorry.

14 BOARD MEMBER NEMEC: Sorry. As part
15 of the scope of your -- your work in any year.

16 MR. NEVILLE HORN (by TEAMS): We
17 typically just do comparisons to the previous fiscal
18 year. We do show a long-term trend on page 15 of our
19 report. For example, we show the -- the ongoing trend
20 of the IT spending as a percentage of operational
21 expense all the way back to 2010.

22 BOARD MEMBER NEMEC: Thank you.

23 MR. NEVILLE HORN (by TEAMS): But to
24 answer your question directly, for example, when we do
25 comparisons of changes year-over-year for maturity, we

1 only compare the current fiscal year to the previous
2 fiscal year.

3 BOARD MEMBER NEMEC: Okay. That's for
4 maturity. Okay. Thank you. That information would
5 be available from 2010/2011 throughout the IT
6 maturity?

7 MR. NEVILLE HORN (by TEAMS): That is
8 correct.

9 BOARD MEMBER NEMEC: And would you use
10 the same key indicators? Like in the last three (3)
11 years within your last five (5) year contract, would
12 the same key indicators have been used?

13 MR. NEVILLE HORN (by TEAMS): That is
14 not correct. As you can see in the 2015/'16 fiscal
15 year, Gartner used a different methodology. And so,
16 IT maturity was assessed between 2010 and 2015, but
17 using a different methodology.

18 So as the IT industry adapts, the --
19 the activities have changed, in some cases the domains
20 have changed. And so, whereas we did assess IT
21 maturity prior to 2016, we used a different
22 methodology that wasn't directly comparable.

23 But since 2016, from 2016 to 2022, we
24 have used the same benchmarking product, although even
25 within the -- even -- even within the last seven (7)

1 fiscal years, there have been small changes to
2 activities. However, there -- there's been
3 consistency in the methodology used.

4 BOARD MEMBER NEMEC: Okay. And when
5 you use IT maturity, that's not a comparison between
6 peers. That's -- or I guess there is a -- there is a
7 list of the comparison among peers.

8 And I'm just -- I guess I'm thinking
9 that there's a difference in the composition of the
10 peers this year with having industry and more public
11 sector. And I wondered if that impacted some of those
12 comparisons.

13 MR. NEVILLE HORN (by TEAMS): That did
14 impact some of the comparisons. So, in the same way
15 as we compare spending levels of MPI compared to
16 insurance organizations and public sector
17 organizations, we also compare maturity, the maturity
18 of -- of MPI's IT service management to insurance
19 peers, and government peers.

20 BOARD MEMBER NEMEC: Okay. Thank you.
21 And I think my last question is: There is some
22 significant -- in the change in level of IT maturity
23 in that chart, some significant changes, some
24 significant increases, some significant decreases.

25 Is that something that in a one (1)

1 year time span, that there are such significant
2 changes, or does that say something to you about the
3 organization and -- and managing change, I guess?

4 MR. NEVILLE HORN (by TEAMS): It -- we
5 do scrutinize large increases in maturity or decreases
6 in maturity. So, for example, in the case of MPI, we
7 saw a significant increase in maturity in security and
8 risk management. That directed our -- our interviews
9 to validate those, to those -- to validate that those
10 maturity improvements were correct.

11 In some cases where we see a
12 significant decrease, this is the result of re-
13 baselining. So, where the IT management have adopted
14 more rigor in -- or -- or have insisted on -- on a
15 greater formality, so ensuring that -- that service
16 management processes are not just conducted, but are
17 actually documented. We often see a re-baselining
18 where the maturity of service delivery processes can
19 decrease.

20 BOARD MEMBER NEMEC: Okay. And as
21 part -- I guess it's Part B of that -- when those
22 decreases in maturity occur, that becomes part of your
23 recommendations. And I know this is a benchmarking
24 review, but I'm assuming the part of the scope of your
25 review is to also come out with recommendations for

1 management.

2 MR. NEVILLE HORN (by TEAMS): That is
3 correct. The result of this benchmark is to -- is to
4 provide recommendations.

5 MS. ALYSSA TOMKINS (by TEAMS): And
6 that is to prioritize or set focus and direction?

7 MR. NEVILLE HORN (by TEAMS): That is
8 correct. So, we -- we use a combination of the
9 importance of certain activities. And so, where
10 activities are considered to be important, but the
11 maturity is low, we use that as a hypothesis for our
12 recommendations, which we then validate through
13 interviews and we crosscheck against the spending and
14 staffing levels.

15 BOARD MEMBER NEMEC: Thank you.

16 PANEL CHAIRPERSON: Thank you.

17 Mr. Ireland...?

18 BOARD MEMBER IRELAND: Mr. Horn.

19 Kristen, can we go back to page 10, please? Great.

20 Thank you.

21 I'm just curious. Characteristics that
22 you use to qualify an insurance industry or private
23 sector peer on the left side, are those different than
24 the ones you use to qualify a government or public
25 sector peer on the right side?

1 MR. NEVILLE HORN (by TEAMS): To the
2 extent that the insurance industry peers are all
3 within the insurance industry and the public sector
4 peers are within the public sector, yes, the criteria
5 is different.

6 However, within each of those peer
7 groups, we're selecting based on industry size and --
8 and the size of the IT budget.

9 BOARD MEMBER IRELAND: So, for the
10 public sector side, that's -- those are the two (2)
11 qualifiers?

12 MR. NEVILLE HORN (by TEAMS): That is
13 correct. You know, within public sector, we do as
14 much as possible try to select provincial government
15 peers. And if provincial government peers are not
16 available, state government peers. But -- but we do
17 need to keep the size within scope for the selection.

18 And so -- so we select federal
19 government, state government, and provincial, and in
20 some cases, even local government peers to ensure that
21 we have public sector peers that are -- that -- that
22 have IT operations that are the same size and scale as
23 MPI.

24 BOARD MEMBER IRELAND: Okay. So
25 that's the primary driver is the IT size?

1 MR. NEVILLE HORN (by TEAMS): I
2 wouldn't say that's the primary driver. We're solving
3 for all of these demographics, but it is certainly one
4 -- one of the drivers.

5 BOARD MEMBER IRELAND: Okay. Thank
6 you.

7 PANEL CHAIRPERSON: Mr. Gabor, you
8 have a follow-up question?

9 BOARD CHAIR GABOR: Yes. Sorry, Mr.
10 Horne. I have a follow-up question. Before, I asked
11 you about the best practice for benchmarking, and you
12 said the best practice was annual benchmarking.

13 Can you tell me what's lost if
14 benchmarking occurs every two (2) or three (3) years
15 instead of annually?

16 MR. NEVILLE HORN (by TEAMS): If -- if
17 benchmarking isn't done -- isn't done annually, then
18 there's no -- there's no -- no traceability and
19 there's no ability to -- to measure the impact of the
20 recommendations that have been made.

21 BOARD CHAIR GABOR: Thank you.

22 PANEL CHAIRPERSON: Thank you.

23 Mr. Guerra, do you have any questions?

24 MR. ANTHONY GUERRA: Yes, I do. Thank
25 you, Madam Chair.

1

2 CROSS-EXAMINATION by MR. ANTHONY GUERRA:

3

MR. ANTHONY GUERRA: And thank you,
4 Mr. Horn. Good morning. My name is Anthony Guerra.

5

I'm the vice president and chief legal and risk
6 officer for Manitoba Public Insurance, and I just have
7 a few questions for you this morning.

8

And, Ms. Schubert, if you could help by
9 bringing up -- actually, before we get there, you're
10 anticipating way too -- too far along my -- my
11 questions, but that's -- that's fine. I appreciate
12 that. PUB Information Request 2-58, please, from the
13 2025 GRA. Yes. And exactly that figure, please.

14

Mr. Horne, you will recall there were
15 some questions posed to you this morning by My Friend
16 at the PUB for -- in regards to this figure and the --
17 the dates on which the benchmarking reports were
18 prepared and the application in which those reports
19 were filed. Do you recall that?

20

MR. NEVILLE HORN (by TEAMS): I do
21 recall.

22

MR. ANTHONY GUERRA: And in the case
23 of the last line on this figure here, the 2020 and
24 2021 benchmarking report, this particular response
25 indicates that it was commenced March 7th, 2022, work

1 completed July 22nd, 2022, and it was filed in the
2 2023 General Rate Application. Do you see that?

3 MR. NEVILLE HORN (by TEAMS): That is
4 correct.

5 MR. ANTHONY GUERRA: And in terms of
6 the response, I -- I don't believe you were able to
7 say specifically what it was that resulted in Gartner
8 being able to complete work on that particular report
9 as quickly as it was able to compare to the reports
10 that followed it. Do you recall that?

11 MR. NEVILLE HORN (by TEAMS): I do
12 recall that. I can provide some -- some additional
13 context there.

14 MR. ANTHONY GUERRA: Okay. If you're
15 able to, please.

16 MR. NEVILLE HORN (by TEAMS): We've
17 discussed how the benchmark has three (3) work
18 streams. So -- so each -- each year the -- the
19 benchmark includes a spending and staffing assessment.
20 It includes a review of the IT service management,
21 which is done using interviews and stakeholder -- my --
22 - my apologies -- IT service management which is done
23 using surveys, and a stakeholder analysis that is done
24 using interview.

25 in the case of the fiscal 2020/'21

1 benchmark, that -- that benchmark did not include the
2 maturity review, and it was an amendment to the
3 contract to -- to extend the continuity of the -- of
4 the quantitative measures. And so, it did not include
5 the service management review and -- and therefore
6 could -- could be completed in a -- in a shorter
7 period of time.

8 MR. ANTHONY GUERRA: Okay. Thank you
9 for that. So, if -- Ms. Schubert, if we can pull up
10 for the 2025 GRA IT Attachment A. That was the
11 Gartner benchmark for this year. And if we can go to
12 slide 9, please

13 So, these are the work streams, Mr.
14 Horn, and -- and this is what you were referring to?

15 MR. NEVILLE HORN (by TEAMS): That is
16 correct.

17 MR. ANTHONY GUERRA: And so, in the
18 case of the most recent Gartner report, MPI engaged
19 Gartner to complete each of these three services,
20 correct?

21 MR. NEVILLE HORN (by TEAMS): That is
22 correct.

23 MR. ANTHONY GUERRA: And, Ms.
24 Schubert, if we can now pull up the 2023 GRA
25 Benchmarking, Appendix 3, please.

1 And this is the report that you
2 referenced for the 2020 and 2021 fiscal year, correct?

3 MR. NEVILLE HORN (by TEAMS): That is
4 correct.

5 MR. ANTHONY GUERRA: And if we can
6 pull up slide number 9, please.

7 You'll agree that this is the same
8 slide or a very similar slide that we saw to the --
9 the last report, but in this case, the middle box is
10 grayed out?

11 MR. NEVILLE HORN (by TEAMS): That is
12 correct.

13 MR. ANTHONY GUERRA: Now, does this
14 indicate, Mr. Horn, that service wasn't engaged by MPI
15 with respect to this report?

16 MR. NEVILLE HORN (by TEAMS): That is
17 correct.

18 MR. ANTHONY GUERRA: And so, the
19 difference here between the two (2) reports that we
20 saw is that, in the -- in the first case, in the most
21 recent report, MPI did engage Gartner to complete the
22 IT service management process review, but not in the
23 case of this report?

24 MR. NEVILLE HORN (by TEAMS): That is
25 correct.

1 MR. ANTHONY GUERRA: And are you
2 saying, sir, that -- that the -- the lack of
3 engagement of Gartner with respect to this report was
4 able -- that resulted in a shortening of the scope of
5 the work and therefore the time to complete the
6 report?

7 MR. NEVILLE HORN (by TEAMS): I would
8 -- I would say that the reduction in the scope and the
9 smaller scope of the data collection resulted in a
10 shortening of the timeline.

11 MR. ANTHONY GUERRA: Okay. And in the
12 case of the most recent Gartner report for the
13 2022/'23 fiscal year, you indicated that there was an
14 additional peer group added, public service -- public
15 sector organizations, correct?

16 MR. NEVILLE HORN (by TEAMS): That is
17 correct.

18 MR. ANTHONY GUERRA: The addition of
19 that peer group, did that also add to the amount of
20 work that was required to complete the report?

21 MR. NEVILLE HORN (by TEAMS): It -- it
22 added to the -- to the effort on the -- on the part of
23 Gartner to create that peer group and do those
24 additional comparisons, that is correct.

25 MR. ANTHONY GUERRA: Okay. And did

1 that have an impact on the ability of the timeline to
2 produce the report?

3 MR. NEVILLE HORN (by TEAMS): It did
4 have an impact on the -- on timeline. That is
5 correct.

6 MR. ANTHONY GUERRA: And was that
7 impact to extend the timeline?

8 MR. NEVILLE HORN (by TEAMS): I'm
9 sorry. Correction there. It has an impact on the
10 level of effort. Gartner was able to keep to the
11 timelines by adding additional delivery resources to
12 keep within the original timeline.

13 MR. ANTHONY GUERRA: Okay. Thank you
14 for that clarification.

15 In terms of the -- the length of time
16 to deliver the reports, generally speaking, so we'll
17 not -- we won't consider this report to be in that
18 context because this report doesn't include all
19 aspects of the -- the Gartner scope that could be
20 provided. But where the entire scope is provided, is
21 the six (6) month period to produce that report, is
22 that -- is that typical for Gartner?

23 MR. NEVILLE HORN (by TEAMS): Is the
24 question is that typical for Gartner's engagement with
25 MPI or typical for Gartner in general?

1 MR. ANTHONY GUERRA: Fair enough. So
2 typical for Gartner in general.

3 MR. NEVILLE HORN (by TEAMS): It's --
4 it's not typical. Gartner can -- can often deliver
5 such a report within three (3) to four (4) months,
6 depending on the -- depending on whether or not
7 there's a requirement to do year-over-year comparisons
8 and, you know, depending on whether there's an
9 additional peer group, it's -- it's often possible for
10 Gartner to deliver a benchmark within three (3) to
11 four (4) months.

12 MR. ANTHONY GUERRA: Okay. And in the
13 case of MPI, that's a longer period of time, would you
14 agree, than -- than the average?

15 MR. NEVILLE HORN (by TEAMS): That is
16 correct.

17 MR. ANTHONY GUERRA: And is that
18 because of the additional requirements to -- to meet
19 with members of MPI to get the stakeholder analysis
20 and to get the surveys?

21 MR. NEVILLE HORN (by TEAMS): That is
22 correct. The timeline is largely driven by the
23 availability of data. So, for the spending and
24 staffing benchmark, that means that the fiscal year
25 needs to have been completed and the financial results

1 need to -- the audited financial results need to have
2 been made available and then IT stakeholders
3 completing the surveys, and then IT managers being
4 available for the stakeholder analysis done using
5 interviews.

6 MR. ANTHONY GUERRA: Okay. And in
7 this case, we saw that -- we see rather that the most
8 recent Gartner report for 2022/'23 was prepared in
9 time for the filing of the 2025 Rate Application. And
10 the period of time seems to be under two (2) years
11 from the end of the fiscal year to the filing of the
12 Rate Application in July of 2025.

13 That period of time, sir, would you
14 agree that that is not inconsistent with what you've
15 seen with your peers or with the peers that MPI -- or
16 that Gartner measures?

17 MR. NEVILLE HORN (by TEAMS): That is
18 correct.

19 MR. ANTHONY GUERRA: If I can bring
20 you -- Ms. Schubert, if you could bring up the Gartner
21 slide from this year and at slide 44, please.

22 This slide has been referenced quite a
23 bit this morning, Mr. Horn, and I would just ask you
24 to turn your attention to the -- the top, the left-
25 hand side, the -- the top domains that are registering

1 as a maturity level of 5 for this security and risk
2 management domains. Do you see that?

3 MR. NEVILLE HORN (by TEAMS): I see
4 that.

5 MR. ANTHONY GUERRA: And in the case
6 where MPI has achieved a maturity level of 5, would
7 you agree that, in situations like that, that there
8 may still be required a financial resource allocation
9 in order to maintain those levels -- in other words,
10 that without a resource allocation, those maturity
11 levels could decrease?

12 MR. NEVILLE HORN (by TEAMS): That is
13 correct.

14 MR. ANTHONY GUERRA: One moment,
15 please.

16
17 (BRIEF PAUSE)

18
19 MR. ANTHONY GUERRA: Thank you, Mr.
20 Horn. Those are all my questions.

21 MR. NEVILLE HORN (by TEAMS): Thank
22 you.

23 PANEL CHAIRPERSON: Thank you, Mr.
24 Horn, for your testimony this morning. You and
25 Counsel can disconnect from the TEAMS meeting.

1 MR. NEVILLE HORN (by TEAMS): Thank
2 you.

3 PANEL CHAIRPERSON: Thank you.

4 MS. ALYSSA TOMKINS (by TEAMS):
5 Thanks, everyone.

6

7 (PANEL STANDS DOWN)

8

9 PANEL CHAIRPERSON: So, we will now
10 start where we left off yesterday afternoon. Ms.
11 Schubert, do you have the MNP witnesses on TEAMS? Not
12 yet? Okay.

13 MR. TODD ANDRES: Madam Chair, I think
14 we may also have to have some shuffling of seats to
15 bring in the NOVA panel as well.

16 PANEL CHAIRPERSON: Maybe what we can
17 do is just take five minutes to make those changes and
18 we'll break closer to 10:30.

19

20 --- Upon recessing at 10:05 p.m.

21 --- Upon resuming at 10:09 p.m.

22

23 PANEL CHAIRPERSON: Thank you and
24 welcome back to the Project NOVA panel. Mr. Andres, I
25 believe you are about to start your cross-examination

1 of this panel and I, in no way, intended to bind you
2 to 10:30. So whenever there is a reasonable break
3 around that time would be just fine. Thank you.

4 MR. TODD ANDRES: Thank you, Madam
5 Chair, and I believe Mr. Scarfone has some
6 administrative matters to attend to as well.

7 MR. STEVE SCARFONE: Yes, thank you
8 Mr. Andres. Madam Chair, just a few exhibits to read
9 into the record to keep us on track.

10 MPI Exhibit 66 is response to
11 Undertaking 16.

12 MPI Exhibit 67 response to Undertaking
13 7.

14 MPI Exhibit 68 response to Undertaking
15 19.

16 MPI Exhibit 69 is a black line version
17 of PUB 1-7 and the response thereto.

18 MPI Exhibit 70 is response to
19 Undertaking 29, along with attachment A.

20 MPI Exhibit 71, response to Undertaking
21 28 and attachment 'A', the MPI draft questionnaire.

22 MPI Exhibit 72, response to Undertaking
23 13.

24 MPI Exhibit 73, response to undertaking
25 12.

1 MPI Exhibit 74, response to undertaking
2 23.

3 And MPI Exhibit 75, response to
4 undertaking 26. Thank you, Madam Chair.

5

6 --- EXHIBIT NO. MPI-66: MPI response to Undertaking
7 16.

8

9 --- EXHIBIT NO. MPI-67: MPI response to Undertaking
10 7.

11

12 --- EXHIBIT NO. MPI-68: MPI response to Undertaking
13 19.

14

15 --- EXHIBIT NO. MPI-69: Black line version of PUB
16 1-7 and the response thereto.

17

18 --- EXHIBIT NO. MPI-70: MPI response to Undertaking
19 29, along with attachment 'A'.

20

21 --- EXHIBIT NO. MPI-71: MPI response to Undertaking
22 28 and attachment 'A', the MPI
23 draft questionnaire.

24

25 --- EXHIBIT NO. MPI-72: MPI response to Undertaking

1 13.
2
3 --- EXHIBIT NO. MPI-73: MPI response to undertaking
4 12.
5
6 --- EXHIBIT NO. MPI-74: MPI response to undertaking
7 23.
8
9 --- EXHIBIT NO. MPI-75: MPI response to undertaking
10 26.
11
12 PANEL CHAIRPERSON: Thank you. Mr.
13 Andres...?
14 MR. TODD ANDRES: Thank you, Madam
15 Chair.
16
17 NOVA PANEL:
18 GARY DESSLER, previously Affirmed
19 JEN ST. LAURENT, previously Affirmed
20 ROY HART, previously Sworn
21 HASSAN QURESHI, previously Affirmed
22 (by TEAMS)
23 MATTHEW BRIKIS, previously Affirmed
24 (by TEAMS)
25

1 CONTINUED CROSS-EXAMINATION BY MR. TODD ANDRES:

2 MR. TODD ANDRES: Good morning. My
3 name is Todd Andres. I am legal Counsel to the Public
4 Utilities Board for those of you who have not met me.
5 And I will be directing my comments or questions, I
6 suppose, to the Panel generally. There are some that
7 I'll have specifically for the MNP witnesses, but I
8 will identify those as questions to the MNP witnesses.

9 As a starting point, can you confirm
10 that release 1 of Project NOVA was delivered primarily
11 using the Agile methodology?

12 MR. GARY DESSLER: Hi. Gary Dessler
13 speaking. I would say -- or characterize the work as,
14 you know, more hybrid. So, definitely we did a lot of
15 the planning upfront, which is more traditional than a
16 Waterfall approach.

17 But when we got down to the -- the
18 building and where we are doing the construction
19 pieces, where we had the detailed requirements and the
20 build, that was adopting a more Agile approach.

21 In a -- in a Waterfall approach, you do
22 all the requirements upfront. You do all the design
23 upfront. And then you do all the build and all the
24 tests.

25 So, really what we tried to do is do

1 that planning upfront, made sure we had, you know, the
2 high-level requirements defined. And then as we got
3 closer into building specific pieces, we would have
4 the -- the details. So, that's why we characterize
5 that as more of a hybrid approach.

6 MR. TODD ANDRES: Sorry. And by
7 hybrid approach -- and I think you did mention this --
8 that is a combination of Agile and Waterfall
9 methodologies, correct?

10 MR. GARY DESSLER: That's correct.

11 MR. TODD ANDRES: And so, was that the
12 first project -- or the first program that was done
13 using a hybrid approach and methodology?

14 MR. GARY DESSLER: First project of
15 this size? Yes. I mean, I think we had done -- you
16 know, the industry has, you know, been moving away
17 from that traditional Waterfall where you did all the
18 requirements, you did all the design and all the
19 development upfront. We've been moving away from that
20 for -- for many, many years.

21 So, we just tried to formalize that a
22 bit because a lot of our -- how we fund projects, of
23 how we, you know, bring that to, you know -- you know,
24 an organization, like PUB, that's a year, eighteen
25 (18) months in advance, so we can't be very agile in

1 that way, but we still need to fund it.

2 So, that's where we still need those
3 Waterfall bookends at the front and at the end. And
4 then -- but we try to get a little better at
5 delivering work, you know, at the -- at the build
6 phase, and that's where the Agile components come into
7 play.

8 MR. TODD ANDRES: Okay. So just to
9 make sure I understand the response, then. So, MPI
10 has used Hybrid methodologies previously for projects
11 outside of NOVA, correct?

12 MR. GARY DESSLER: That's correct.
13 But I don't necessarily know we called it Agile -- or
14 hybrid, right. I mean, we've been asked quite often
15 about what our approach is, so we've tried to describe
16 it, and we've used those terms to describe it. But
17 it's been, you know, one -- we've been following that
18 quite a while.

19 And I would argue that a lot of the
20 industry is doing that way -- doing it that way as
21 well.

22 MR. TODD ANDRES: Thank you. And so,
23 I guess before today, or before this year, if we had
24 asked you the question maybe a year ago how you
25 would've characterized release 1, would the response

1 still have been hybrid, or would the response then
2 have been Agile?

3 MR. GARY DESSLER: No. I think we've
4 been pretty consistent in saying we've been using
5 hybrid, right. I mean, I think we've talked about
6 Agile and wanting to get better at how we deliver
7 detailed requirements. And the industry's been moving
8 that direction for twenty (20) plus years, so -- where
9 we've been going down that approach.

10 I think just our -- maybe our
11 definition and how we've described it hasn't been as,
12 you know, crisp as we would've wanted, but, you know,
13 we're trying to be -- we're trying to correct that and
14 make sure that we are -- you know, better describe all
15 the different components.

16 And how do we interact with government,
17 how do we interact with PUB still has these other
18 constraints that a pure Agile organization doesn't
19 have to contend with.

20 MR. TODD ANDRES: Thank you for that.
21 Ms. Schubert, could you please pull up yesterday's
22 presentation, which was Exhibit 55. Thank you. And
23 if you could go ahead to slide 16, please. Thank you.

24 Now we heard testimony yesterday, I
25 believe, that release 1 is -- was not considered a

1 successful launch. And I see here that there's
2 reference to remediation efforts underway with respect
3 to release 1 in particular.

4 That's correct? We'll get you to do
5 that one (1) more time with a microphone.

6 MS. JENNIFER ST. LAURENT: Jennifer
7 St. Laurent. Yes, that is correct.

8 MR. TODD ANDRES: Thank you, Ms. St.
9 Laurent. And just I guess to correct and confirm what
10 was provided previously, we heard that 50 percent of
11 policies had been migrated while 50 percent were left
12 in the old Legacy system.

13 And I think the updated information
14 that we have now is that five thousand (5,000) have
15 been migrated to the new Duck Creek system while the
16 remaining seven thousand (7,000) have not.

17 Is that correct?

18 MS. JENNIFER ST. LAURENT: Jennifer
19 St. Laurent. So, 50 percent was identified as a
20 generality, but those numbers of five thousand
21 (5,000), seven thousand (7,000) are more accurate.

22 MR. TODD ANDRES: Yeah. And -- and
23 sorry, it wasn't trying to -- it wasn't a gotcha. It
24 was just wanting to make sure that we're -- that those
25 figures, the five thousand (5,000) seven thousand

1 (7,000) were referring to the same thing as the 50
2 percent.

3 MS. JENNIFER ST. LAURENT: Yes.

4 MR. TODD ANDRES: Thank you. Okay.

5 And so, the cost for migrating the remaining seven
6 thousand (7,000) policies, will that be outside the
7 scope of the Project NOVA budget?

8 MS. JENNIFER ST. LAURENT: Jennifer
9 St. Laurent. Yes. That is now operational work
10 activity.

11 MR. TODD ANDRES: And do you have an
12 estimate of that cost?

13 MS. JENNIFER ST. LAURENT: Not at this
14 time.

15 MR. TODD ANDRES: And the cost
16 associated with remediating or rectifying release 1,
17 is that considered a part of the Project NOVA budget?

18 MS. JENNIFER ST. LAURENT: No. Those
19 costs are operational costs at this point in time.

20 MR. TODD ANDRES: And would rectifying
21 the issues and gaps be considered enhancements to
22 release 1 scope?

23

24 (BRIEF PAUSE)

25

1 MS. JENNIFER ST. LAURENT: Jennifer
2 St. Laurent. So, the majority of the work is
3 considered as enhancements for the work that was
4 delivered as part of release 1.

5 MR. TODD ANDRES: Sorry. So, the
6 answer to the question -- and the question again was,
7 is -- whether rectifying the issues and gaps
8 considered enhancements.

9 Was the answer then 'yes'?

10 MS. JENNIFER ST. LAURENT: Yes.

11 MR. TODD ANDRES: Thank you. So, with
12 respect to release 2 -- and again, I think this may be
13 directed to Mr. Dessler -- was that also delivered
14 using a hybrid methodology?

15 MR. GARY DESSLER: Correct. Thank
16 you. So, if you refer to PUB/MPI 196, and if we
17 scroll down to 'D', the question is:

18 "Please list the criteria used to
19 determine if Project NOVA release
20 has been successfully completed and
21 MPI's interpretation against the
22 criteria."

23 Then if we scroll down to the response.

24 Now there's reference to ADKAR there.

25 Could you please describe ADKAR for us?

1 MR. GARY DESSLER: Yes.

2 MR. TODD ANDRES: And again, it's not
3 a skill testing question. The -- the acronym is
4 defined at the bottom of the paragraph. So, just --

5 MR. GARY DESSLER: Yeah.

6 MR. TODD ANDRES: -- wondering if you
7 can actually just get into describing what is.

8 MR. GARY DESSLER: Yeah. Gary
9 speaking. ADKAR is an operational readiness tool as
10 part of the Prosci methodology. So, it's a way to
11 measure, you know, how well changes are being adopted
12 by the people using the systems.

13 MR. TODD ANDRES: And so, ADKAR is
14 used to support measuring the success of release 2,
15 correct?

16 MR. GARY DESSLER: Yes, that's
17 correct.

18 MR. TODD ANDRES: Thank you. And so,
19 why is it that MPI selected that measure?

20

21 (BRIEF PAUSE)

22

23 MR. GARY DESSLER: So, the -- the
24 Prosci and ADKAR methodologies is really -- it's a
25 change management tool to help measure the -- the

1 success of the -- any change in an organization.

2 So, the -- the change management team
3 has brought this in, not just for this project, but
4 for all projects. This is a new thing. This is a new
5 -- newer process that we brought in over the last few
6 years.

7 MR. TODD ANDRES: Okay. And I don't
8 know if I heard a why in there. So why this
9 particular one?

10 MR. GARY DESSLER: Why this
11 methodology?

12 MR. TODD ANDRES: Yes.

13

14 (BRIEF PAUSE)

15

16 MR. GARY DESSLER: Yeah. Gary
17 speaking. So, the why is really here for us to be
18 able to measure how well a change is being adopted by
19 the people using the system.

20 It gives management ability to, you
21 know, understand what impacts are going to impact the
22 -- the staff. It gives us the ability to, you know,
23 predict where pain points are going to be, and it's an
24 industry standard. There are many organizations using
25 this methodology.

1 MR. TODD ANDRES: And are you still
2 using this sort of more traditional change management
3 -- or measures of success, things like, you know,
4 against timelines, functionality, those sorts of
5 things?

6 MR. GARY DESSLER: This is -- this
7 isn't about managing, you know, all -- all -- you
8 know, the project delivery. It's managing how this is
9 being received by the staff, so a different focus.

10 MR. TODD ANDRES: Okay. And -- and I
11 guess the -- the question then is: Are those other
12 ones still being used then, so things like --

13 MR. GARY DESSLER: Yeah.

14 MR. TODD ANDRES: -- timelines,
15 functionality, those sorts of benchmarks?

16 MR. GARY DESSLER: Yes, that's
17 correct.

18 MR. TODD ANDRES: Okay.

19 MR. GARY DESSLER: Right. So, it's
20 there for different things.

21 MR. TODD ANDRES: Yeah. And so, then
22 from those two (2) perspectives, again, functionality,
23 timelines, the sort of more traditional change
24 management benchmarks, and -- and delivery, was
25 released to a success?

1 Sorry. When I say a 'success', I mean
2 a successful launch.

3 MR. ROY HART: So, Roy Hart speaking.
4 Yes, it was a successful launch. We've had next to no
5 issues from a production support perspective, which
6 kind of goes to part of your question around what --
7 what we're measuring.

8 And as well from a user experience and
9 adoption perspective, which is what ADKAR helps us
10 measure, we -- we've had great success with that
11 particular launch.

12 MR. TODD ANDRES: Thank you for that.
13 And was Release 2 the first release in which ADKAR was
14 implemented?

15 MR. ROY HART: So, we have used ADKAR
16 in other initiatives, not -- not just NOVA -- not
17 NOVA-related change.

18 MR. TODD ANDRES: But it wasn't used
19 in Release 1, correct?

20 MR. ROY HART: I'll check.

21 MR. TODD ANDRES: Thank you.

22

23 (BRIEF PAUSE)

24

25 MR. ROY HART: So, to the best of our

1 knowledge, it was not used, but we are happy to check.

2 I don't -- I don't have the answer at the ready.

3 MR. TODD ANDRES: If you could,
4 please. Thank you.

5 MR. ROY HART: Yes. We will.

6 MR. ANTHONY GUERRA: So, we will do --
7 do that by way of an undertaking to confirm whether or
8 not the ADKAR Prosci methodology was used to determine
9 the success of Release 1.

10

11 --- UNDERTAKING NO. 31: MPI to confirm whether
12 or not the ADKAR Prosci
13 methodology was used to
14 determine the success of
15 Release 1

16

17 MR. TODD ANDRES: Thank you, Mr.
18 Guerra.

19

20 CONTINUED BY MR. TODD ANDRES:

21 MR. TODD ANDRES: And would the use of
22 ADKAR be considered a mature practice at MPI?

23 MR. ROY HART: Yes, I would say so.

24 MR. TODD ANDRES: Thank you.

25 Ms. Schubert, if you could bring up

1 Part 5 of the GRA NOVA page 12 of 35. Right, and it's
2 the middle paragraph, last sentence:

3 "The cost of the deferred work will
4 be tracked separately and allocated
5 to the IRP budget and forecast with
6 no spend to date."

7 And again, the first part as well:

8 "We're seeing that, in the fall of
9 2022, some of the IRP scope was
10 deferred to better align with the
11 Release 3 components and reduce the
12 delivery risk of the IRP release."

13 You see that?

14 MR. GARY DESSLER: Yes, I do.

15 MR. TODD ANDRES: Thank you. And so,
16 it's correct that some of the scope of Release 2 was
17 deferred into Release 3, correct?

18 MR. GARY DESSLER: That's correct.

19 MR. TODD ANDRES: Thank you. And so,
20 can you tell us what scope was deferred?

21 MR. GARY DESSLER: Yes, I can. So
22 really, I'd say two (2) components. So, in the
23 original scope for the IRP release, we were expecting
24 to rule out some functionality for the IRP customers
25 to use some online functionality.

1 because of where we were, we kind of --
2 you know, we wanted to defer that portal work until
3 Release 3 because, just from the timing point of view,
4 it made more sense to do that with the broader
5 customer base as opposed to rolling that out with
6 Release 2.

7 And then the other deferred work with
8 some of the integrations that we had. So, there was a
9 little bit more manual activity for our staff where
10 they would have to key in a couple pieces of
11 information that we expect to integrate better when we
12 get into Release 3.

13 If you remember from my discussion
14 yesterday, a big part of Release 3 is vehicle
15 ownership and registration while in the IRP world,
16 that's also registration for the commercial vehicles.
17 So, we didn't want to have to duplicate that work, so
18 that's the piece that got deferred to Release 3 'cause
19 it better fit with the overall ownership and
20 registration components being delivered in Release 3.

21 MR. TODD ANDRES: Understood. And,
22 sorry, just to clarify, who is the customer base that
23 you were referencing there?

24 MR. GARY DESSLER: It would be the
25 commercial IRP customers.

1 MR. TODD ANDRES: Thank you. And did
2 the scope affect broker usage or adoption?

3 MR. GARY DESSLER: No, it does not.

4 MR. TODD ANDRES: Now, Ms. Schubert,
5 if you could move to page 19 and 20 of 35, please.

6 So, if we just stop at the first
7 bullet, it indicates that at the beginning of fiscal
8 year, the IRP, so Release 2 go live, was planned from
9 2023, and then. due to mitigating issues with the SRE
10 release, that was then rescheduled to January of 2024,
11 correct?

12 MR. GARY DESSLER: That's correct.

13 MR. TODD ANDRES: And the revised date
14 was before assessing the impact of the labour
15 disruption on Project NOVA, correct?

16 MR. GARY DESSLER: That's correct.

17 MR. TODD ANDRES: Thank you. And as
18 such, MPI delivered less scope and at a later date,
19 correct?

20

21 (BRIEF PAUSE)

22

23 MR. GARY DESSLER: Gary speaking.

24 Yes. So, we, you know, did delay and there was a
25 reduction in the scope, but it was a small -- we've

1 estimated that about 3 percent of the scope, so it
2 wasn't a significant portion.

3 MR. TODD ANDRES: Thank you. And
4 moving on to Release 3, you'll agree Release 3 is the
5 most significant release for Project NOVA, correct?

6 MR. GARY DESSLER: Yes, I would.

7 MR. TODD ANDRES: Thank you. Ms.
8 Schubert, if you can bring forward yesterday's
9 presentation -- this is Exhibit 55 -- and go forward
10 to slide 10, please -- I guess back to slide 10.

11 So, we see here Release 3 has seven
12 sub-releases, correct?

13 MR. GARY DESSLER: That's correct.

14 MR. TODD ANDRES: And I assume, based
15 on the answers you've given thus far, this will be
16 implemented using a hybrid approach or methodology,
17 correct?

18 MR. GARY DESSLER: Yes. I mean, we
19 are building -- what's really different for this
20 release is our investment in what we call an
21 Integrated Project Plan. That Integrated --
22 Integrated Project Plan is really, you know, a very,
23 you know, detailed breakdown of the work within each
24 of the releases and between the releases.

25 We didn't build this level of -- we

1 didn't perform this level of planning in Release 1 and
2 Release 2. We had plans, but it wouldn't -- it wasn't
3 necessarily as integrated as we're trying to do at
4 this point.

5 And, you know, when we -- when we look
6 back on lessons learned, we felt this was really a gap
7 for us. And we've contracted a vendor, our solution
8 management vendor, to come in and help perform this
9 activity and build this integrated plan. So, this
10 integrated plan is a key element for understanding,
11 you know, how Release 3 will be broken up, you know,
12 and delivered.

13 MR. TODD ANDRES: And, sorry, who is
14 that vendor?

15 MR. GARY DESSLER: Accenture.

16 MR. TODD ANDRES: Thank you. So -- so
17 and -- and I've got them described in -- in my notes
18 as a system integrator?

19 MR. GARY DESSLER: That's correct.

20 MR. TODD ANDRES: Okay. And they're
21 primarily responsible for Release 3, correct?

22 MR. GARY DESSLER: They're helping us
23 do the planning.

24 MR. TODD ANDRES: That's what I mean.
25 Sorry. Thank you.

1 MR. GARY DESSLER: Yes. There are
2 other vendors helping build the products.

3 MR. TODD ANDRES: Has Accenture
4 provided other services for Project NOVA?

5 MR. GARY DESSLER: They have been
6 selected as the preferred vendor for the property and
7 casualty configuration, which is the Duck Creek work.

8 MR. TODD ANDRES: Thank you. So, I
9 understand -- I believe I heard that MPI was saying
10 Release 3 discovery phase is scheduled to be completed
11 in December of 2024. Is that correct?

12 MS. JENNIFER ST. LAURENT: Jennifer
13 St. Laurent. That is correct.

14 MR. TODD ANDRES: Thank you. And, Ms.
15 Schubert, if we can go to -- thank you -- page 13 of
16 that document.

17 And so MPI has filed a Release 3
18 discovery timeline, correct?

19 MS. JENNIFER ST. LAURENT: That is
20 correct.

21 MR. TODD ANDRES: Thank you. And the
22 timeline notes discovery workshops to be completed
23 before the hearings, correct?

24 MS. JENNIFER ST. LAURENT: That was
25 the anticipated schedule at the time of this filing.

1 MR. TODD ANDRES: Thank you. And can
2 you reconcile the timeline presented in the GRA with
3 the noted completion of Release 3 discovery in
4 December of 2024?

5 MS. JENNIFER ST. LAURENT: Jennifer
6 St. Laurent. The -- the work undertaken during
7 discovery has proven to be more complex than
8 originally identified. Thus, we are taking additional
9 time that is needed in order to ensure that we have a
10 solid comprehensive plan that we can be confident in.

11 MR. TODD ANDRES: Thank you. Then, as
12 it relates to this timeline, is release discovery
13 completion going to be late?

14 MS. JENNIFER ST. LAURENT: If the
15 assessment is versus the information on page 13, there
16 would be a delay. The intention is that it is much
17 more appropriate to spend additional times on the
18 discovery phase. Earlier in the project is far more -
19 - far less expensive than later in the project, so
20 this was deemed the prudent approach to take.

21 MR. TODD ANDRES: Thank you. And --
22 and will this discovery phase, so the Release 3
23 discovery phase, also detail the final timeline and
24 cost to address the deferred scope from Release 2?

25 MS. JENNIFER ST. LAURENT: Yes.

1 MR. TODD ANDRES: Thank you. And then
2 after Release 3 discovery, will MPI be at a point to
3 deliver the full and final budget and timeline to
4 complete Project NOVA?

5 MS. JENNIFER ST. LAURENT: Yes. That
6 is the anticipated plan.

7 MR. TODD ANDRES: Thank you.

8 MS. JENNIFER ST. LAURENT: One -- one
9 moment, please.

10

11 (BRIEF PAUSE)

12

13 MS. JENNIFER ST. LAURENT:
14 Clarification point to add. So, the discovery
15 timeline is focused on Release 3. It has not
16 contemplated Release 4, so there will be additional
17 activity required subsequent in the project to
18 understand the equivalent activity for discovery for
19 Release 4 activities.

20 MR. TODD ANDRES: Thank you. And,
21 Madam Chair, I'm at a good place in my notes to have a
22 break. This might be a good opportunity for the
23 morning break.

24 PANEL CHAIRPERSON: Thank you. If we
25 can come back at 10 to 11:00.

1

2 --- Upon recessing at 10:36 a.m.

3 --- Upon resuming at 10:49 a.m.

4

5 PANEL CHAIRPERSON: Mr. Andres...?

6 MR. TODD ANDRES: Thank you, Madam

7 Chair.

8

9 CONTINUED BY MR. TODD ANDRES:

10 MR. TODD ANDRES: Just to wrap up on
11 the line of questioning that I was touching on before
12 the break.

13 So, at the end of Release 3 Discovery,
14 is it fair to say, that MPI will have a degree of
15 confidence in the budget and timelines to implement
16 Release 3?

17 MR. TODD ANDRES: Thank you. Ms.
18 Schubert, if you could pull up part 2, glossary, page
19 19. This is from the GRA. And it's a definition of
20 minimum viable product.

21 And you see that in the screen in front
22 of you?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: Thank you. And the
25 definition notes that is the simplest core feature and

1 functionality that meets end user needs before any
2 enhancements, correct?

3 MR. ROY HART: Yes.

4 MR. TODD ANDRES: Thank you. And Ms.
5 Schubert, if you could move to part 5, page 10, figure
6 NOVA 2, which is the NOVA timeline. Thank you.

7 And the third last milestone says, "To
8 be scheduled, multiple MVP delivery roadmap. When you
9 referenced, sir -- when MVP is referenced there, I
10 assume that's referencing minimum viable product,
11 correct?

12 MR. ROY HART: Yes.

13 MR. TODD ANDRES: Thank you. And so,
14 the multiple MVP delivery roadmap, you'll agree that's
15 the third to last bullet on this timeline, correct?

16 MR. ROY HART: Yes.

17 MR. TODD ANDRES: And so, using these
18 as a reference, is it fair to say that the scope of
19 release 3 will be responsible for delivering the
20 simplest core features and functionality required
21 before any enhancements?

22 MR. ROY HART: Yes.

23 MR. TODD ANDRES: Thank you. If
24 enhancements are required, would this be considered
25 part of the Project NOVA budget or operational

1 expenses going forward?

2 MR. ROY HART: So, if I might speak to
3 enhancements and how they're viewed with a little bit
4 of historical context so that it can be better,
5 understood, okay.

6 So, throughout the past many, many
7 years, MPI has continually made enhancements to
8 current business systems. It's a normal part of
9 operations. Enhancements can be made due to new
10 opportunities, new technologies, directives,
11 legislative changes. Any number of things can require
12 enhancements to -- to systems.

13 So, as we implement NOVA, there will be
14 a transition to operations function. After the
15 transition to operations function, it's quite normal
16 that it will shift to enhancements being completed as
17 part of normal business, i.e., part of operations.

18 MR. TODD ANDRES: Thank you. So, to
19 confirm, it'll be part of the -- the enhancements will
20 be a part of the operational budget, correct?

21 MR. ROY HART: Yes, in normal course
22 of business.

23 MR. TODD ANDRES: Thank you. And so,
24 how does MPI intend to assess and prioritize
25 enhancements?

1 MR. ROY HART: We do have a process
2 for assessing and prioritizing enhancements. It
3 involves our product management team who works with
4 business stakeholders to assess which enhancements
5 need to take priority over others.

6 Then it moves in -- to be scheduled in
7 the work queue for it development staff or the
8 contractor, as the case may be.

9 MR. TODD ANDRES: Thank you. And --
10 and just before we move on from release 3, Ms.
11 Schubert, if you could pull up yesterday's slide
12 presentation -- again, this is Exhibit 55 -- and take
13 us to slide nine. Thank you.

14 And if we look at the fifth bullet
15 under R-3, it says, "Customers will be -- obtain an
16 identity card."

17 I assume will be able to obtain an
18 identity card and driver's licence, correct?

19 MR. ROY HART: Yes.

20 MR. TODD ANDRES: And so, in this
21 sense, MPI is playing a dual role as both insurer and
22 identity provider, correct?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: Thank you. And will
25 there any -- be any cloud providers used to deliver

1 services under release 3?

2 MR. ROY HART: Yes.

3 MR. TODD ANDRES: And I guess are --
4 are any of these hosting data of Manitobans outside of
5 Canada?

6 MR. GARY DESSLER: As discussed
7 yesterday in the IT Panel, we selected -- we're -- our
8 preference is to select Canadian cloud providers. If
9 there is no Canadian provider, then we look to have a
10 US cloud provider.

11 MR. TODD ANDRES: Thank you for that.
12 So, moving on to release 4, again, based on the -- the
13 responses I've been receiving, I assume release 4 is
14 going to be released using a -- or going to use a
15 hybrid methodology.

16 Is that correct?

17 MR. ROY HART: Yes, that's correct.

18 MR. TODD ANDRES: And will Accenture
19 be responsible and or participating in delivering the
20 scope of release 4?

21 MR. ROY HART: That has not yet been
22 determined?

23 MR. TODD ANDRES: Thank you. Ms.
24 Schubert, if we can turn to part 5 of the GRA, page
25 15. Right.

1 And it talks there about pre-discovery
2 for release 4 anticipated to begin during the release
3 3 implementation phase.

4 Can you give us an idea as to when this
5 might be precisely?

6 MR. ROY HART: At this point, I -- I
7 cannot give an idea as to when this might be.

8 MR. TODD ANDRES: Thank you. And Ms.
9 Schubert, if you scroll forward to page 23, figure NOV
10 10. Thank you.

11 And this table notes the re-baseline
12 business case estimated as a budget of 224.1 million,
13 correct?

14 MR. ROY HART: Yes.

15 MR. TODD ANDRES: And so, Ms.
16 Schubert, if we can move to page 17. Thank you.

17 And that's the first paragraph under
18 NOV .5. The contingency for Project NOVA has been
19 established at a maximum of 40 percent, correct?

20 MR. ROY HART: Yes.

21 MR. TODD ANDRES: Thank you. And as
22 noted in the first paragraph, using the full 40
23 percent contingency would bring the full budget
24 inclusive of contingency to 290.1 million, correct?

25 MR. ROY HART: Yes.

1 MR. TODD ANDRES: Thank you. And in
2 the same paragraph, MPI notes the 30 percent
3 contingency resulting in a budget of 273.5 million was
4 reported on the capital mastery -- master summary,
5 correct?

6 MR. ROY HART: Yes.

7 MR. TODD ANDRES: And so, taking these
8 amounts, I guess the 224 million pre-contingency
9 budget, and then we have 273.5, 30 percent
10 contingency. And then we have 290.1 million, 40 -- 50
11 percent contingency.

12 And -- and just so we can understand,
13 what should the base estimated budget of Project NOVA
14 be considered?

15

16 (BRIEF PAUSE)

17

18 MR. ROY HART: So, inclusive of
19 contingency 290.01, as per the slide.

20

21 (BRIEF PAUSE)

22

23 MR. TODD ANDRES: And, Ms. Schubert,
24 if you could move us forward to page 19, please,
25 figure NOV .7. Thank you.

1 And so, we see that -- pardon me -- MPI
2 has provided an estimated overall spend of 253.5
3 million on NOVA, correct?

4 MR. ROY HART: Yes.

5 MR. TODD ANDRES: And so, given that
6 this is greater than the 224 million, I presume then
7 MPI is planning to use the contingency to complete
8 Project NOVA, correct?

9

10 (BRIEF PAUSE)

11

12 MR. ROY HART: So, the overall program
13 budget for NOVA remains at 290.1. We know that we
14 cannot deliver the full scope of NOVA without
15 utilization of contingency, which is not atypical for
16 a project of this scope, and hence why contingency is
17 allocated in the first place.

18 MR. TODD ANDRES: Thank you. Ms.
19 Schubert, could you take us back to page 15, please.

20 The last sentence of the paragraph
21 under 4.2 update on strategic projects indicates that
22 there are no Enterprise related projects delivering
23 the scope on which NOVA is dependent, correct?

24 MR. ROY HART: Yes.

25 MR. TODD ANDRES: Thank you. And that

1 remains correct, remains accurate at this point?

2 MR. ROY HART: Yes.

3 MR. TODD ANDRES: Thank you. Ms.

4 Schubert, could you pull up PUB/MPI 1-103. Thank you,

5 Ms. Schubert. And if we move forward to 'B'

6 "Please file status of dependent

7 projects as filed in the 2024 GRA."

8 And then if we scroll down to 'B',

9 there's a table. And -- and you'll agree that the

10 table here represents projects that NOVA has been

11 dependent upon and notes the projects are either

12 closed, nearing closed, or have no further dependency

13 relationship with Project NOVA, correct?

14 MR. ROY HART: That's correct.

15 MR. TODD ANDRES: Thank you. And then

16 if we scroll back up to PUB/MPI 1-103A, the second

17 last sentence to the first paragraph there MPI has

18 noted that MPI believes IT has provided all the

19 technical abilities needed to deliver Project NOVA,

20 correct?

21 MR. ROY HART: Yes.

22 MR. TODD ANDRES: Thank you. And

23 going forward, if there is a gap, Project NOVA will be

24 responsible for implementing capability gaps

25 discovered, correct?

1 MR. ROY HART: Insofar as they're
2 specifically related to Project NOVA, that is -- that
3 is likely the case, yes.

4 MR. TODD ANDRES: Thank you. And so,
5 if a gap is identified and required for Project NOVA,
6 then the Project NOVA budget will be used to alleviate
7 the gap?

8 MR. ROY HART: One second.

9

10 (BRIEF PAUSE)

11

12 MS. JENNIFER ST. LAURENT: Jennifer
13 St. Laurent. So, Project NOVA has identified that we
14 will use existing capabilities wherever possible. I
15 would say just by nature of the technology industry,
16 there are constantly new capabilities evolving.

17 So, if something arises that enables us
18 to become more efficient and it is something that the
19 Enterprise can also leverage, there would be
20 opportunity for those items to be brought in as part
21 of larger Enterprise capability.

22 And I think that would be good judgment
23 for us to identify if there's something that can help
24 us be more efficient. Then we would establish, if it
25 is an Enterprise-wide capability, be funded for

1 Enterprise. If it is NOVA specific, would be funded
2 for NOVA.

3 MR. TODD ANDRES: Okay. So, I guess
4 to summarize, it depends. So, if it's related
5 specifically to Project NOVA, then it will come from
6 the Project NOVA budget. If it's an Enterprise-wide
7 matter, then it'll be from operational budget?

8 And sorry, I see you nodding, but if
9 you could respond on the record, that would be
10 helpful.

11 MR. ROY HART: So, we have a process
12 for determining which initiatives are funded and how
13 they're funded. As was said, if there's something
14 specific that's specific to NOVA, then we would look
15 to fund it through that particular program.

16 To the greatest degree possible, we are
17 moving to Enterprise capabilities. So, at this point,
18 we're not forecasting any particular capabilities.
19 That may be a gap in the future. It is not impossible
20 that it could happen. But I will point out for the --
21 the Board here that all of the technologies required
22 to deliver the balance of NOVA have materially been
23 delivered to date.

24 MR. ANTHONY GUERRA: Anthony Guerra,
25 for the record here. Just for the benefit of the

1 witnesses, if you could please just wait for the
2 question to be asked fully before providing your
3 response. I'm sure Digi-Tran would -- would
4 appreciate that very much, for the record.

5 The transcript otherwise reflects
6 talking over, and it just doesn't work that well. So,
7 please just to give a moment for the question to be
8 answered -- asked. Thank you.

9 MR. TODD ANDRES: Thank you, Mr.
10 Guerra.

11

12 CONTINUED BY MR. TODD ANDRES:

13 MR. TODD ANDRES: And these next
14 questions are for Mr. Qureshi and Mr. Brikis. I hope
15 they're still around.

16 MR. HASSAN QURESHI (by TEAMS): Yes,
17 we are.

18 MR. TODD ANDRES: Thank you. Yes,
19 There you are. Mr. Schubert, could you please bring
20 up yesterday's slideshow. This is the Exhibit 55
21 again. And if we go ahead to slide 29.

22 And again, I'll address my questions to
23 you both generally, but whoever feels the desire to
24 jump in and provide a response, feel free. Is it fair
25 to say that slide 29, that's the one that's on the

1 screen in front of you that says, "Governance and risk
2 advisory Agile methodology," it provides an overview
3 of MNP's methodology, correct?

4 MR. HASSAN QURESHI (by TEAMS): That
5 is correct. Hassan Qureshi speaking.

6 MR. TODD ANDRES: Thank you for that.
7 And when MNP was retained, were they provided with all
8 reports from previous governance vendors?

9 MR. HASSAN QURESHI (by TEAMS): Yes,
10 we were.

11 MR. TODD ANDRES: So, did MNP review
12 reports prepared by PricewaterhouseCoopers?

13 MR. HASSAN QURESHI (by TEAMS): Yes,
14 we did.

15 MR. TODD ANDRES: Thank you. And if
16 so, what influence would those reports have had on
17 MNP's first set of observations?

18 MR. HASSAN QURESHI (by TEAMS): Very
19 little.

20 MR. TODD ANDRES: And has -- oh, go
21 ahead, please.

22 MR. HASSAN QURESHI (by TEAMS): Sorry.
23 I just thought to provide a more complete answer.
24 very little since one (1) of the key attributes, as I
25 mentioned yesterday, we sought evidence, artifacts

1 analysis, and testing, and we relied on opinions of
2 management, much less.

3 Of course, we use those opinions to
4 inform our work, but we did not rely on those
5 opinions. And similarly, a report provided by another
6 service provider, we would take it as input as one (1)
7 opinion, but we would seek our own evidence, and --
8 and particularly when we are not -- we do not have
9 access to the working papers of that firm.

10 MR. TODD ANDRES: I see. Thank you.
11 I -- I think I understand. And I probably know the
12 answer to this question, but I'll ask it anyway. So,
13 has MNP been providing detailed feedback and
14 requirements to MNP to resolve any of the issues that
15 were previously noted by PWC?

16 MR. HASSAN QURESHI (by TEAMS): Our
17 work isn't based on remediations identified by PWC
18 and, therefore, being addressed by management. When
19 we started our engagement, we established the -- the
20 initial areas of review and focus using the risk
21 assessment framework, which I believe is one (1) slide
22 behind this one.

23 And so, we established a clean slate
24 and we -- thank you. This is the initial risk
25 assessment framework we used. You'll note that it has

1 categories where we make sure we -- we have a complete
2 review, and this formed the basis of our analysis.

3 We certainly did not want to rely on --
4 on feedback from another service provider where we did
5 not understand what was their overall process.

6 MR. TODD ANDRES: Thank you for that,
7 Mr. Qureshi. Well, I guess I -- we'll go there now.

8 MR. HASSAN QURESHI (by TEAMS): Yes.

9 MR. TODD ANDRES: So, this
10 visualization represents a summary assessment of the
11 risks that were identified by MNP for this reporting
12 period, yes?

13 MR. HASSAN QURESHI (by TEAMS): This
14 is an initial risk assessment that most large
15 modernization efforts would -- would have to deal
16 with.

17 So, this is a generalized framework.
18 And then using this, we did very specific analysis and
19 identified items that are specific. And we tailored
20 that using industry frameworks that are listed there,
21 IIA, the PMI, the open group architecture framework,
22 and so on.

23 And that tailored framework is what
24 feeds what is referred to as the risk backlog, the
25 items of most interest.

1 MR. TODD ANDRES: Thank you for that.
2 Ms. Schubert, could you pull up CAC 1-90, attachment
3 E, please. And if you could scroll forward to page
4 25. I guess jump forward to 25. Perfect.

5 Now this is MP's Governance and Risk
6 Advisory Deliverable Summary for December 31, 2023,
7 correct?

8 MR. HASSAN QURESHI (by TEAMS): That
9 is correct.

10 MR. TODD ANDRES: Thank you. And, Ms.
11 Schubert, if you could move us forward to page 28,
12 please. Thank you.

13 And again, this is the document -- or
14 the -- the slide we were just looking at.

15 Does this represent the same thing?

16 MR. HASSAN QURESHI (by TEAMS): It
17 does.

18 MR. TODD ANDRES: Thank you. And then
19 on page 34, if we jump forward again another six (6)
20 pages, table notes, "Critical advice memos," correct?

21 MR. HASSAN QURESHI (by TEAMS): That
22 is correct.

23 MR. TODD ANDRES: And can you define
24 what 'critical advice' means?

25 MR. HASSAN QURESHI (by TEAMS):

1 Critical advice is, in the course of our engagement,
2 when we feel that we have provided a point of view to
3 management that -- that we want to record as
4 consisting of a point of view that we should record so
5 that we maintain our independence.

6 MR. TODD ANDRES: Thank you. And so,
7 if we again go back to slide 28. And so as seen from
8 this as well as the critical advice memos, a number of
9 risks and observations were made by MNP, correct?

10 MR. HASSAN QURESHI (by TEAMS): That
11 is correct.

12 MR. TODD ANDRES: Thank you. And can
13 you please tell us what level of involvement MNP has
14 in managing the action plan to resolve and mitigate
15 the risks observed over each iteration?

16 MR. HASSAN QURESHI (by TEAMS): So, we
17 provide from our standpoint independent assessments
18 using the evidence, using the interviews that we've
19 performed, and so on, our analysis, and we identify
20 what we feel are risks, issues, gaps, and -- and we
21 provide that to management.

22 Management can disagree. MNP, since
23 we're from the outside, we're an external third party
24 independent of management, management can disagree, or
25 they can agree.

1 In the -- in the event that they agree,
2 they form their action plan. MNP does not second
3 guess what that action plan is. Since we do not --
4 we're not aware of all these resources available, we
5 could not possibly know the details that
6 organizational management is living with on a day-to-
7 day, hour-by-hour basis.

8 However, we do follow up, especially as
9 we are being directed by the Tech Committee to follow
10 up on management action plans, confirm that the plans
11 exist, confirm that those plans are being implemented
12 and they are having the desired effect.

13 And in a subsequent sprint in the
14 future, we -- we would circle back and confirm that
15 the outcomes that the would -- the outcomes and the
16 output that we expected to see has been delivered.

17 MR. TODD ANDRES: Thank you for that.
18 And switching gears completely.

19 MR. HASSAN QURESHI (by TEAMS): M-hm.

20 MR. TODD ANDRES: There was something
21 discussed yesterday during the evidence of the IT
22 Committee. And I appreciate you were not president.
23 No. Pardon me, even before that. It was during the
24 Strategic Vision Panel, the idea of a technology risk
25 score.

1 Are you familiar with the concept of
2 technology risk score?

3 MR. HASSAN QURESHI (by TEAMS): I
4 could imagine what it might be. I'd have certainly
5 certain questions on how -- how it's being developed,
6 but I could imagine what it could be.

7 MR. TODD ANDRES: Thank you. But it
8 wasn't an MNP concept that was introduced to MPI?

9 MR. HASSAN QURESHI (by TEAMS): No.

10 MR. TODD ANDRES: Thank you. Thank
11 you, Mr. Qureshi and Mr. Brikis. Those are my
12 questions for MNP.

13 MR. HASSAN QURESHI (by TEAMS): Thank
14 you very much.

15 MR. TODD ANDRES: And you're not
16 released. Someone else might still have questions for
17 you, but those are all that I have for you. Thank
18 you.

19 MR. HASSAN QURESHI (by TEAMS): No, no
20 problem. We'll stand by.

21 MR. TODD ANDRES: Now, turning back to
22 the front row, to the left of me. During the
23 Strategic Vision Panel, again, the concept of
24 technology risk score was discussed. So, we -- we do
25 have a few questions on this topic. I'm hoping

1 someone can provide some input.

2 Can -- can one of you explain what is
3 meant by the term 'technology risk score'?

4 MR. GARY DESSLER: Yeah. Gary Dessler
5 speaking. So, what we're trying to do is quantify
6 what the risk is for our different application
7 portfolios. So, we look at a number of different
8 criteria, and we score those different attributes to
9 come up with a larger number.

10 And it's a way to compare, you know,
11 different applications. Things that could go into it
12 could be, you know, how many people do we have
13 supporting it, the age of the technology, is it with
14 how to -- how to manage vendors. Don't -- we'll stop
15 supporting technology. So, is it in extended support?
16 Is it in basic support? Is there no support?

17 So, these different characteristics get
18 a score and basically add all these scores up to give
19 a technology risk index for the application. And it
20 gives us one (1) attribute to look at to compare
21 different applications.

22 MR. TODD ANDRES: That's helpful.
23 Thank you. So, who is responsible for developing the
24 technology risk score?

25 MR. GARY DESSLER: A number of years

1 ago, we brought in a consulting firm to help establish
2 our application portfolio management practice, and
3 that was developed as part of that.

4 Since then, we've enhanced it over the
5 years. And our operational teams today are
6 responsible for scoring the different attributes for
7 those applications.

8 MR. TODD ANDRES: Thank you for that.
9 Mr. Dessler. Mr. Schubert, if we could pull up,
10 please, PUB/MPI 1-97B. And if we can move forward to
11 figure 2, please. Thank you for that.

12 And this presents the overall
13 governance structure of Project NOVA compared against
14 the 2024 GRA, correct?

15 MR. ROY HART: Yes.

16 MR. TODD ANDRES: Thank you. And in
17 this figure, the yellow and green items -- or so the
18 yellowish greenish items -- I'm not entirely sure how
19 to describe the color -- they denote updates to the
20 governance structure from the previous GRA, correct?

21 MR. ROY HART: Yes. And I concur with
22 the indescribable color.

23 MR. TODD ANDRES: Thank you. If we
24 again, scroll down to response C still within IR 1-97,
25 and move all the way forward to figure 3, please.

1 Thank you, Ms. Schubert.

2 And this provides a summary of the
3 total governance cost for Project NOVA since
4 inception, correct?

5 MR. ROY HART: Yes.

6 MR. TODD ANDRES: And subject to
7 check, you'll agree that the total noted here is
8 approximately 30.6 million since 2019/'20, correct?

9 MR. ROY HART: Subject to check, yes.

10 MR. TODD ANDRES: Thank you. Ms.
11 Schubert, could you please pull up PUB/MPI 2-71.
12 Right.

13 And the table here summarizes the high-
14 level changes in governance, is that correct, in terms
15 of Project NOVA?

16 MR. ROY HART: That I see the top?

17 MR. TODD ANDRES: That's very fair.

18 If we could actually go up to the question, Ms.
19 Schubert. Thank you.

20 "Please describe the staffing
21 changes, additions, removals,
22 reallocation pertaining to the
23 changes from the GRA filing."

24 And actually, if we could go even
25 further up and give some context. So, MPI has

1 provided figure 2 comparisons for 2025 GRA filing to
2 2024 GRA filing and figure 3 estimated cost for NOVA
3 solution governance.

4 And again, question A, "Please describe
5 the staffing changes." So, that's additions, removals
6 reallocations pertaining to changes from GRA 2024
7 filing.

8 MR. ROY HART: Thank you.

9 MR. TODD ANDRES: And then if we
10 scroll down -- thank you -- this is the table that was
11 provided by MPI, correct?

12 MR. ROY HART: Yes.

13 MR. TODD ANDRES: Thank you. And so,
14 midway down, several chief roles are noted. So,
15 that's under description role of the second -- I guess
16 the second box on this.

17 So, we have the chief actuary, chief
18 claims officer, chief customer, and project officer,
19 et cetera?

20 MR. ROY HART: Yes.

21 MR. TODD ANDRES: And under,
22 "Additional information," MPI has noted these
23 executive roles have been expanded to ensure fuller
24 engagement of the business in NOVA program decisions,
25 correct?

1 MR. ROY HART: Yes.

2 MR. TODD ANDRES: Thank you. And Ms.
3 Schubert, if we can -- well, we'll start by going back
4 up to the top to have question 'C'. And the question
5 was:

6 "Please indicate which positions
7 committees teams are composed of
8 external resources and the estimated
9 costs for those resources since
10 inception of Project NOVA, inclusive
11 of the LSA business case."

12 Correct?

13 MR. ROY HART: Yes.

14 MR. TODD ANDRES: Thank you. And then
15 if we scroll down to the response, please, Ms.
16 Schubert.

17 And you'll see the response says,
18 "Pease refer to figures 1 and 2 below." Figure 1
19 summarizes the external positions providing solution
20 governance to support Project NOVA from 2019 to -- oh,
21 I guess, 2019/'20 fiscal year to the 2023/2024 fiscal
22 year, correct?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: Thank you. And
25 figure 2 -- if we could scroll down again, please, Ms.

1 Schubert -- summarizes that the cost associated with
2 external positions that provide solution governance,
3 correct?

4 MR. ROY HART: Yes.

5 MR. TODD ANDRES: And the cost
6 summarized there, subject to check, is about 6.8
7 million?

8 MR. ROY HART: Yes.

9 MR. TODD ANDRES: Thank you. And is
10 it fair to say that MPI is expended and forecast to
11 expend a significant budget on external positions to
12 support Project NOVA governance?

13 MR. ROY HART: So, I would say that we
14 spend on external positions for NOVA governance in the
15 context of the program. I'm not sure that it would be
16 significant.

17 MR. TODD ANDRES: Sorry, I didn't
18 quite catch the last part of your response. Can you
19 say that again?

20 MR. ROY HART: I said I'm not quite
21 sure that it would be necessarily significant. It is
22 an important part of the cost, but it's a large
23 program.

24 MR. TODD ANDRES: And so, what changes
25 in government -- pardon me -- governance would MPI

1 recommend to improve the confidence in delivering the
2 remaining releases on time and within budget?

3

4 (BRIEF PAUSE)

5

6 MR. ROY HART: So, Roy Hart speaking.

7 Yeah, as -- as you could see from earlier in this
8 particular document, we've increased executive
9 presence with this program overall.

10 That's the reflection of an approach
11 we've taken with this program that significantly
12 involves lines of business more than they were ever
13 involved previously, essentially turning it into a
14 business led initiative to ensure that we're getting
15 business value from -- from the program and the
16 delivery.

17 With that, we've changed our -- our
18 governance model then accordingly. And I believe
19 we've shared that in --in other filings. But suffice
20 it to say from -- and Ms. St. Laurent will expand on
21 this, we have now a significantly engaged executive in
22 this program, which is not something that would have
23 been true twelve (12) months ago.

24 Every member of the executive team is
25 engaged on a weekly basis on this program, making

1 decisions on a weekly basis on this program, and it is
2 how this program should have been engaged from the
3 very, very beginning; it was not.

4 It is now and has been, I would say,
5 from a practical perspective, in place since January
6 of this year, shortly after I took over this role and
7 has been enhanced and formalized since then.

8 And I will -- I will ask Ms. St.
9 Laurent to further expand on the governance
10 improvements that we've made

11 MS. JENNIFER ST. LAURENT: Jennifer
12 St. Laurent. So, further to slide 23 that I covered
13 in the presentation yesterday, we have made
14 significant changes -- sorry, I'll just go -- thank
15 you -- in order to increase the, you know, business
16 led focus of our governance model, and really, it's IT
17 enabled.

18 So, the new and evolved governance
19 bodies are highlighted on -- on the slide in terms of
20 how those have evolved and really increased that
21 engagement. And I will say personally as, you know,
22 director major programs, I am in extensive discussions
23 with -- with our business leaders across the
24 organization.

25 MR. TODD ANDRES: Thank you for that.

1 Ms. Schubert, can you please pull up CAC IR 1-90,
2 attachment 'G', please. And thank you.

3 This document is the MNP Technology
4 Committee update dated December 19 of 2023, correct?

5 MR. ROY HART: Yes.

6 MR. TODD ANDRES: And what is the
7 audience for these reports?

8 MR. ROY HART: As it indicates on this
9 slide here, it's the Technology Committee of the
10 Board.

11 MR. TODD ANDRES: Thank you. And if
12 we look at page 10, please, Ms. Schubert.

13 The sidebar item labeled number 6 talks
14 about workaround and tech debt. And it says:

15 "NOVA provides a working solution
16 with agreed workarounds and
17 alleviates reliance on Legacy
18 systems and technical debt."

19 I'm wondering if someone can please
20 define and comment on the term 'workarounds' that is
21 referenced here,

22 MR. GARY DESSLER: Gary speaking.

23 Basically, what we're saying is, you know, any changes
24 in our processes that we need to implement in order to
25 adopt the new technology really kind of is -- is that

1 -- that workaround, right.

2 As we're buying cost packages, it's not
3 -- it's not always a hundred percent fit to the way
4 our processes work, so need to adjust those processes.
5 And that term gets, you know sometimes coined as a
6 workaround. And, you know, eventually those become
7 the new processes.

8 MR. TODD ANDRES: And are the
9 workarounds considered part of the delivery of the
10 expected scope for Project NOVA? Oh, Mr. Hart, you
11 had something to add?

12 MR. ROY HART: Yes. My apologies.
13 Roy Hart speaking. I'd like to add to -- to what Mr.
14 Dessler has said.

15 So, the -- you know, the term -- as --
16 as Mr. Dessler mentioned, the term 'workaround' has
17 been used in a very generic way. At the time of this
18 particular report, it would've been used in a very
19 generic way.

20 Since that time, we have made efforts
21 to actually make that more of a defined term. And so,
22 when we are talking about something that's a
23 workaround, to be very specific, it means that there
24 is a defect, or issue, or enhancement required to
25 mitigate that workaround so it is no longer a

1 workaround up.

2 At this particular time, we would have
3 been using the term 'workaround' to reflect the fact
4 that the business process has actually changed and you
5 need to adjust how you -- how you execute the business
6 process.

7 And it did lead to some confusion and
8 some misunderstanding about the state of -- of the
9 program and the state of affairs, right.

10 So, we have gone through great length
11 over to -- well, I would -- maybe not great length,
12 but we've gone through sufficient length to really
13 bring clarity to the use of some of these words that
14 can cause confusion. A workaround is a temporary
15 measure until the system is adjusted or new features
16 that are planned for the future, for example, release
17 2, release 3, release 4, whatever the case might be,
18 are implemented to mitigate that workaround.

19 I hope that provides some clarity to
20 the -- to the Panel today.

21 MR. TODD ANDRES: Thank you. And just
22 to clarify then, I take it then the workarounds are
23 considered a part of the delivery of the expected
24 scope for Project NOVA, correct?

25 MR. ROY HART: I will say that a

1 workaround is quite normal as we go through the
2 process of a long -- a long-term program to replace
3 significant amount of systems.

4 As we go through the program, we will
5 have workarounds during -- during the Project as we
6 wait for the next delivery to happen to remove that
7 particular workaround; it's time bound in that sense.

8 For workarounds that are a result of a
9 technical defect or issue, those workarounds are
10 resolved by repairing the defect or issue.

11 MR. TODD ANDRES: And sorry, so the --
12 they are considered a part of the delivery of the
13 expected scope?

14 MR. ROY HART: Yes.

15 MR. TODD ANDRES: Thank you. So, from
16 what I've heard over the course of the last -- well,
17 this morning and yesterday afternoon, it -- it looks
18 like MPI, IT in particular, has a substantial
19 portfolio of initiatives to achieve. Just -- and
20 correct me -- or if you can just confirm.

21 So, you have on-the-go Project NOVA,
22 correct?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: The Gartner maturity
25 improvements?

1 MR. ROY HART: Yes.

2 MR. TODD ANDRES: Clearing the backlog
3 from the labor interruption?

4 MR. ROY HART: That's not necessarily
5 an IT related issue. It's mostly operation staff.

6 MR. TODD ANDRES: Okay. So, remove
7 that from the list. Improving value management?

8 MR. ROY HART: Value management has
9 been moved to the portfolio of the chief financial
10 officer.

11 MR. TODD ANDRES: Defining and
12 evolving a new IT strategy?

13 MR. ROY HART: Yes.

14 MR. TODD ANDRES: Managing the new
15 operational landscape of new systems, patterns, and
16 practices?

17 MR. ROY HART: Yes. I would classify
18 that as normal work, though.

19 MR. TODD ANDRES: Thank you. And then
20 continuing to replace Legacy systems that are not
21 managed by Project NOVA?

22 MR. ROY HART: Yes.

23 MR. TODD ANDRES: Managing technical
24 debt?

25 MR. ROY HART: Yes.

1 MR. TODD ANDRES: Optimizing
2 resources?

3 MR. ROY HART: Yes.

4 MR. TODD ANDRES: And then
5 implementing the MNP recommendations?

6 MR. ROY HART: Yes.

7 MR. TODD ANDRES: Thank you. And so,
8 does MPI's IT believe that it has the current IT
9 resources levels -- pardon me. I'll rephrase that.
10 Does MPI IT believe that the current IT resource
11 levels are sufficient to achieve all of these
12 initiatives?

13 MR. ROY HART: So, we work through all
14 of these different initiatives on a priority setting
15 basis. As we all know, trying to do many, many things
16 at once results in none of them being done well,
17 right.

18 That being said, we -- we are a
19 substantial operation inside the Corporation. We do
20 have teams that have specific responsibilities
21 assigned to them across each of this -- these
22 different domains.

23 And to the greatest degree possible, we
24 avoid conflicts of time and delivery against those
25 different teams and the assignment of work.

1 The effort that we're putting in place
2 to create that five (5) year roadmap that was spoken
3 about yesterday will really go a long way towards
4 helping manage and plan those resources.

5 And then the annual Operating Plan will
6 make it realistic within the context of the available
7 resources and budgets approved.

8 So, the answer to the question is, it
9 should be until we get through this other effort. You
10 know, most people in my position will never say they
11 have enough time, resources, or money, right. And you
12 just illustrated a long list of things. The list is
13 actually longer than that, but it is a long list of
14 things.

15 The vast majority of what's on that
16 list are normal for an IT organization of this size
17 and complexity to have to handle.

18 MR. TODD ANDRES: Thank you for that,
19 Mr. Hart. Thank you very much for the responses this
20 morning. Those are my questions.

21 PANEL CHAIRPERSON: Thank you. Ms.
22 Dilay...?

23 MS. KATRINE DILAY: Thank you, Madam
24 Chair. And I do anticipate I may be done the -- the
25 public version of my cross before lunch, but around

1 noon I can advise whether or not that will be
2 possible.

3 PANEL CHAIRPERSON: Thank you.

4

5 CROSS-EXAMINATION BY MS. KATRINE DILAY:

6 MS. KATRINE DILAY: Good afternoon. I
7 think some of you we've met before. My name is
8 Katrine Dilay. I'm one (1) of the legal Counsel for
9 the Manitoba branch of the Consumers' Association of
10 Canada. I'll have a few questions, as I said on the
11 public record, and then more questions on the
12 confidential record, recognizing the nature of -- of
13 this topic.

14 I believe most of my questions will be
15 for MPI but, in some cases, I may ask for a response
16 to a question from both MPI witnesses as well as from
17 MNP witnesses.

18 At a high level, you'll confirm that
19 MPI's budget for Project NOVA has evolved since the
20 Project was first put forward as the Legacy System
21 Modernization Project in 2019, correct?

22 MR. ROY HART: Yes.

23 MS. KATRINE DILAY: And perhaps if we
24 can turn to a reference just to illustrate that. Ms.
25 Schubert, if we could go to part 5 of the GRA, NOVA

1 appendix 2, page 6, please. Thank you.

2 And so, you'll agree that at the top of
3 this page, what Ms. Schubert has in front of us, MPI
4 provides a bit of a historical overview of the budget
5 and business case for NOVA since 2019?

6 MR. ROY HART: Yes, with clarification
7 that the budget at that time would've been estimates
8 based, most certainly.

9 MS. KATRINE DILAY: Thank you. And --
10 and perhaps I'll go through a few questions to clarify
11 what those numbers are and what they mean. So, at the
12 top we see -- in the gold color we have the initial
13 budget for the Legacy System Modernization Project,
14 which was approved on February 2019. And the dates
15 you could take subject to check?

16 MR. ROY HART: Yes, subject to check.

17 MS. KATRINE DILAY: And if we look to
18 the right, the budget including contingency was 106.8
19 million at that time?

20 MR. ROY HART: Yes.

21 MS. KATRINE DILAY: And subject to
22 check, was the proposed timeline thirty-six (36)
23 months at that time?

24 MR. ROY HART: Yes.

25 MS. KATRINE DILAY: And as I believe

1 you alluded to, this was essentially a preliminary
2 business case, correct?

3 MR. ROY HART: I would classify it as
4 that, yes.

5 MS. KATRINE DILAY: And then if we
6 look to the next row, this was the re-baseline 2021,
7 correct?

8 MR. ROY HART: Yes.

9 MS. KATRINE DILAY: Approved by the
10 MPI Board in February 2021, subject to check?

11 MR. ROY HART: Yes, subject to check.

12 MS. KATRINE DILAY: And if we look to
13 the right-hand side, at a total budget including
14 contingency of 128.5 million?

15 MR. ROY HART: Yes.

16 MS. KATRINE DILAY: And with the same
17 timeline of thirty-six (36) months, subject to check?

18 MR. ROY HART: Yes.

19 MS. KATRINE DILAY: Then if we look to
20 the next row, this is what is referred to as the
21 flattened delivery?

22 MR. ROY HART: Yes.

23 MS. KATRINE DILAY: And the next row
24 under that is the McKinsey assessment?

25 MR. ROY HART: Yes.

1 MS. KATRINE DILAY: And then together,
2 if we look to the right, these comprise the 2022 re-
3 baseline?

4 MR. ROY HART: Yes, without
5 contingency.

6 MS. KATRINE DILAY: Thank you. And
7 so, that total budget of 224.1 million that we see is
8 the total without contingency. That's what you're
9 referring to?

10 MR. ROY HART: Yes.

11 MS. KATRINE DILAY: And then if we
12 look to the very bottom right, the revised budget of
13 257 million to 289.9 million including contingency,
14 correct?

15 MR. ROY HART: Yes.

16 MS. KATRINE DILAY: And a revised
17 timeline of fifty-six (56) months, subject to check?

18 MR. ROY HART: Yes.

19 MS. KATRINE DILAY: And, Ms. Schubert,
20 I did not give you a heads up about this, but if we
21 could just move two (2) pages down to page 8, please,
22 and looking at the second paragraph there starting
23 with the word "extending."

24 And so, you'll agree at a high level
25 that one (1) of the factors contributing to the

1 increase in budget in the 2022 re-baseline was the
2 longer project timeline?

3 MR. ROY HART: Yes.

4 MS. KATRINE DILAY: At a high level,
5 you'll agree that releases 1 and 1 of Project NOVA
6 have faced some challenges.

7 MR. ROY HART: Release 2 was very
8 successful with minimal challenges. Release 1
9 certainly has challenges, yes.

10 MS. KATRINE DILAY: And so, focusing
11 on the challenges for release 1, that would include
12 post-launch defects?

13 MR. ROY HART: Yes.

14 MS. KATRINE DILAY: And required
15 enhancements?

16 MR. ROY HART: Required enhancements
17 come as part of a normal project delivery.
18 Enhancements are continuous process. But the -- in
19 this case, I would say the number of enhancements is
20 larger than I would've anticipated.

21 MS. KATRINE DILAY: And another
22 challenge for release 1 would've been timeline
23 slippage?

24 MR. ROY HART: Yes. We went longer
25 than planned.

1 MS. KATRINE DILAY: And for both --
2 both release 1 and release 2, there were impacts from
3 the labour disruption -- or the labour interruption?
4 Pardon me.

5 MR. ROY HART: So, release 2 was --
6 was impacted from a release date perspective. Release
7 1 was not impacted from a release date perspective,
8 but it was impacted from a -- dealing with some of the
9 issues that we've already spoken about.

10 MS. KATRINE DILAY: And so, the labour
11 interruption would've led to some delays for both
12 release 1 and release 2?

13 MR. ROY HART: For release 2? Yes.
14 For release 1? Only from an issue mitigation
15 perspective.

16 MS. KATRINE DILAY: Thank you. And
17 so, at a high level, you'll agree that the challenges
18 we just discussed have resulted in both delays and
19 budget increases for releases 1 and 2?

20 MR. ROY HART: Yes.

21 MS. KATRINE DILAY: And I believe it
22 was Ms. St. Laurent who spoke to this yesterday, but
23 in the presentation yesterday, there was reference to
24 lessons learned from release 1 and 2 being implemented
25 for the remainder of the project.

1 Do you recall that?

2 MS. JENNIFER ST. LAURENT: Jennifer
3 St. Laurent. Yes, I do --

4 MS. KATRINE DILAY: And --

5 MS. JENNIFER ST. LAURENT: -- and
6 confirm.

7 MS. KATRINE DILAY: Thank you. And
8 so, related to lessons learned and recognizing the
9 challenges we discussed faced in release 1 and 2, are
10 you able to indicate whether any of the assumptions
11 underlying the budget for release 3 and four have been
12 adjusted as a result?

13 MR. ROY HART: We are going through
14 the -- the discovery phase right now for release 3.
15 So no, there's been no adjustment to budget at this
16 time. And release 4, as we've indicated, we have not
17 started any material planning work for that.

18 MS. KATRINE DILAY: So, to follow --
19 sorry, to follow up on that response, any changes to
20 assumptions that would need to be made will be made as
21 a result of findings from release 3 discovery?

22 MR. ROY HART: Yes, that's fair.

23 MS. KATRINE DILAY: At a high level,
24 you will -- you will recall concerns raised in last
25 year's General Rate Application that MPI had been

1 proceeding with Project NOVA for a period of
2 approximately eleven (11) months without a governance
3 vendor?

4 MR. ROY HART: Yes.

5 MS. KATRINE DILAY: And at a high
6 level, are you able to describe the work that was done
7 on NOVA during that eleven (11) month, approximately,
8 period without a governance vendor and what the
9 approximate spend was during that time?

10

11 (BRIEF PAUSE)

12

13 MR. ANTHONY GUERRA: So, Counsel, just
14 to respond to that question in terms of the -- how we
15 would respond to it or the process to respond to it.

16 We -- we would have to go back and --
17 and take a look at the costs for the period, the
18 eleven (11) month period in question, and -- and so we
19 wouldn't be able to answer that today.

20 But we can respond today with respect
21 to the work that was completed during that period.

22

23 (BRIEF PAUSE)

24

25 CONTINUED BY MS. KATRINE DILAY:

1 MS. KATRINE DILAY: And perhaps if we
2 could talk today about the high-level work that was
3 done, that would be very helpful.

4 MR. GARY DESSLER: So, Gary speaking.
5 So, the work that was completed during that -- during
6 period, we would've been in our final stages of
7 implementing our SRE release. That was in January of
8 2023.

9 And then we would've transitioned into
10 focusing on, you know, continuing to develop the IRP
11 functionality testing of IRP and get any for IRP
12 production.

13 So, that would've been the -- the work
14 that would've been primarily delivered during that
15 gap.

16 MS. KATRINE DILAY: Thank you. That's
17 very helpful. And you'll confirm that just before
18 last year's, General Rate Application MPI had engaged
19 MNP LLP to provide governance services?

20 MR. ROY HART: Yes, they were -- Roy
21 Hart speaking. Yes. They were engaged in September
22 2023.

23 MS. KATRINE DILAY: And at a high
24 level, you will confirm that MPI has filed reports
25 prepared by MNP LLP both on the public record of the

1 GRA and in the confidential portion, correct?

2 MR. ROY HART: Yes.

3 MS. KATRINE DILAY: And would you
4 agree that engaging a governance vendor is one way to
5 mitigate risks associated with a large project such as
6 NOVA?

7 MR. ROY HART: Yes, it is one way.

8 MS. KATRINE DILAY: And especially in
9 MPI's case, given the stated lack -- lack of expertise
10 in governance for this type of project?

11

12 (BRIEF PAUSE)

13

14 MR. ROY HART: My apologies. Could
15 you repeat the question?

16 MS. KATRINE DILAY: Following up on
17 your previous response, so engaging a governance
18 vendor is -- is a way to mitigate risks.

19 You agreed with that?

20 MR. ROY HART: Yes.

21 MS. KATRINE DILAY: And especially
22 given MPI's stated lack of expertise in governance for
23 this type of project?

24 MR. ROY HART: Yes. MPI I would not
25 have had experience with running a project of this

1 scale.

2 MS. KATRINE DILAY: And you'll also
3 confirm that since last year's General Rate
4 Application, MPI has engaged Accenture as a solutions
5 management vendor for Release 3?

6 MR. ROY HART: Yes, we have.

7 MS. KATRINE DILAY: And would you
8 agree that this is another way for MPI to mitigate
9 risks associated with the large -- with the largest
10 release, which is Release 3, of Project NOVA?

11 MR. ROY HART: Yes. That's materially
12 why we've engaged them.

13 MS. KATRINE DILAY: You'll agree that
14 MPI has extended the project from a projected end date
15 of December 2025 to an end date in fiscal 2026/'27?

16

17 (BRIEF PAUSE)

18

19 MR. ROY HART: Yes.

20 MS. KATRINE DILAY: And the budget is
21 anticipated to increase to 253.5 million without
22 contingency as a result of events that have taken
23 place over the last year?

24

25 (BRIEF PAUSE)

1

2 MR. ROY HART: As per the Rate
3 Application, that's inclusive of contingency. Two
4 fifty-three (253) including it contingency is what our
5 forecast is currently.

6

7

(BRIEF PAUSE)

8

9 MS. KATRINE DILAY: And sir, just to
10 clarify my understanding, I believe we heard earlier
11 in the conversation with Mr. Andres that the 290
12 million was inclusive of that 40 percent contingency,
13 correct?

14 MR. ROY HART: So, \$290 million is the
15 total forecasted budget for the NOVA program,
16 inclusive of Release 3 and Release 4, including all
17 contingency funding. The two fifty-three (253) is
18 what our current forecast is, including contingency,
19 as of now.

20 I will point out for the benefit of the
21 Board that we have not yet done any discovery work for
22 Release 4, and we are in the midst of concluding that
23 work for Release 3.

24 MS. KATRINE DILAY: Thank you for that
25 clarification. Just going back to that -- the

1 timeline extension to 2026/'27, would it be fair to
2 say that the timeline extension is due both to some
3 challenges and delays faced in Releases 1 and 2 as
4 well as the labor interruption in 2023?

5 MR. ROY HART: There are many
6 contributing factors to that change in timeline.
7 Those are some of them, yes.

8 MS. KATRINE DILAY: Ms. Schubert,
9 could we please turn to Part 5 of the GRA, NOVA,
10 Appendix 13, please.

11 And so, you'll confirm here, this
12 document outlines the Project NOVA re-baseline from
13 May 26th, 2021?

14 Thank you, Ms. Schubert.

15 MR. ROY HART: Yes.

16 MS. KATRINE DILAY: And then if we
17 could turn to page 10 of this document. And looking
18 at the bottom of the page, you'll agree that we see
19 there the annual inflation assumption being 1 percent
20 annually until 2024?

21 MR. ROY HART: Yes.

22 MS. KATRINE DILAY: And thereafter 2
23 percent annually, 2024 onwards?

24 MR. ROY HART: Yes.

25 MS. KATRINE DILAY: And at a high

1 level, you'll agree that since toward the beginning of
2 2021, inflation has been higher than 1 percent in
3 Manitoba?

4

5 (BRIEF PAUSE)

6

7 MR. ROY HART: I had to check on that.
8 I'm not a finance person. So yes, it is. Yes, it's
9 higher.

10 MS. KATRINE DILAY: And I'm not sure
11 if you'll know the -- the response to this, but are
12 you aware whether inflation peaked in the middle of
13 2022 at over 9 percent in Manitoba?

14 MR. ROY HART: Subject to check, I --
15 I imagine it was if -- if you say it was, subject to
16 check.

17 MR. ANTHONY GUERRA: Well, Ms. Dilay,
18 we have that evidence on the record already with Mr.
19 Bunston's presentation.

20 MS. KATRINE DILAY: Thank you very
21 much.

22

23 CONTINUED BY MS. KATRINE DILAY:

24 MS. KATRINE DILAY: And so, you'll
25 agree that, to the extent that the recent high levels

1 of inflation have an impact on Project NOVA costs,
2 those impacts would lead to a higher budget?

3 MR. ROY HART: Inflation costs have
4 impact on every aspect of operations, including
5 projects, yes.

6 MS. KATRINE DILAY: And has MPI
7 assessed the impact of inflation on Project NOVA
8 costs?

9 MR. ROY HART: At this time, we have
10 not.

11 MS. KATRINE DILAY: Thank you. Could
12 we turn to part five of the GRA, NOVA, Appendix 1,
13 please.

14 And this is the Project NOVA IT Summit
15 presentation, correct?

16 MR. ROY HART: Yes.

17 MS. KATRINE DILAY: And looking to
18 page 5, please, MPI lists here risk events that have
19 occurred on the overall NOVA program, correct?

20 MR. ROY HART: Yes.

21 MS. KATRINE DILAY: And looking to the
22 bottom of this page, the conclusion is that all of --
23 all of these events have had significant impacts to
24 NOVA delivery timelines and forecasts, correct?

25 MR. ROY HART: Yes.

1 MS. KATRINE DILAY: And so, you -- you
2 would agree that one of -- one outcome of these events
3 was the timeline extension that we just spoke about to
4 fiscal 2026/'27 for the completion of the project?

5 MR. ROY HART: Yes.

6 MS. KATRINE DILAY: And another
7 outcome was the revised budget forecast to 253.5
8 million?

9

10 (BRIEF PAUSE)

11

12 MR. ROY HART: Could you ask the
13 question again, please?

14 MS. KATRINE DILAY: You would agree
15 that another outcome flowing from the risks or the
16 events listed in this slide was the revised budget
17 forecast to 253.5 million?

18 MR. ROY HART: This is certainly a
19 large collection of the inputs into that, yes.

20 MS. KATRINE DILAY: But other inputs
21 also would've led to that revision of the budget?

22 MR. ROY HART: Yes.

23 MS. KATRINE DILAY: But you'll confirm
24 that the upper limit of the 290 million has remained
25 the same, correct?

1 MR. ROY HART: We have not changed
2 that or suggested changing it at this time.

3 MS. KATRINE DILAY: And then if we
4 could turn to -- and, Ms. Schubert, I -- I apologize.
5 I should have given you a heads up, but if we could
6 turn to CAC/MPI-1-90, Attachment G, please. And if we
7 just go to the beginning of this document, please.
8 Thank you.

9 You'll agree these are materials
10 provided by MNP to MPI's board of directors technology
11 committee at the December 19th, 2023, meeting?

12 MR. ROY HART: Yes.

13 MS. KATRINE DILAY: And going to page
14 12 of this document, these are the key risk themes
15 mapped to assurance areas, correct?

16 MR. ROY HART: Yes.

17 MS. KATRINE DILAY: And if we look to
18 page 16, this is a key risk summary?

19 MR. ROY HART: Yes.

20 MS. KATRINE DILAY: And just to
21 confirm our understanding of this page, you'll confirm
22 that we see in the legend at the bottom that the red
23 colour denotes high risk areas?

24 MR. ROY HART: Yes.

25 MS. KATRINE DILAY: And the yellow

1 denotes medium risk?

2 MR. ROY HART: Yes.

3 MS. KATRINE DILAY: And the gray

4 denotes unknown?

5 MR. ROY HART: Yes.

6 MS. KATRINE DILAY: And specifically,

7 the unknown means, if we look at the asterisk at the

8 bottom, that sufficient risk information has not been

9 obtained to conclude on these scope areas?

10 MR. ROY HART: Yes.

11 MS. KATRINE DILAY: And so, at a high

12 level, you will agree that at the time this report was

13 provided in December, 2023, there were a number of

14 items in red meaning high risk, correct?

15 MR. ROY HART: Yes.

16 MS. KATRINE DILAY: And a few items in

17 yellow, meaning medium risks?

18 MR. ROY HART: Yes.

19 MS. KATRINE DILAY: And perhaps my

20 next question I -- I would pose to both MNP and MPI.

21 And perhaps if we could start with MNP

22 representatives, please.

23 In your view, since December -- since

24 these findings in December of 2023, has MPI adequately

25 addressed these risks?

1 MR. HASSAN QURESHI (by TEAMS): These
2 risks have been addressed through the Management
3 Action Plan. These aren't risks that are -- that
4 simply go away once an action plan is generated and
5 items are implemented. Rather, the risks will come as
6 the program continues to evolve.

7 And that's why one of the key
8 attributes of our methodology is to constantly assess
9 the risks at a given point in time, recommend response
10 to those risks.

11 So, in terms of adequacy, the action
12 plans that were developed by management, which I'll
13 allow management to address directly, those -- those
14 plans were provided to us in a timely manner. And --
15 and as part of our process, we will follow up on those
16 and make sure that the outcomes continue to be within
17 the risk tolerance side of the organization.

18 MS. KATRINE DILAY: Thank you for
19 that. I'll pose the same question to MPI to get MPI's
20 perspective as well.

21 In your view, has MPI adequately
22 addressed the risks that are on the page before you?

23 MR. ROY HART: If you just give me a
24 moment, I have to remind myself of December, 2023.

25

1 (BRIEF PAUSE)

2

3 MR. ROY HART: So, I would suggest in
4 the testimony that we have given to date between the
5 IT panel and the NOVA panel, we have demonstrated that
6 we have addressed the majority of those, including an
7 item that I referenced at one point yesterday -- I
8 don't recall which testimony -- around implementing
9 gated decision making. That would be the only one in
10 this area that is still an item that we are yet to
11 move forward on, but we are moving forward on it.

12 MS. KATRINE DILAY: Thank you.
13 Changing gears a little bit, Ms. Schubert, if we could
14 turn to the Part 2 of the GRA. I believe it's
15 Compliance Filing, Appendix 4, please. Thank you.

16 And I'll just have a couple questions
17 on this page, but the remainder of my questions on
18 this topic will be in the confidential portion. So,
19 if we look at the bottom -- or I'll start with asking
20 you if you're familiar at a high level with this
21 document.

22

23 (BRIEF PAUSE)

24

25 MR. ROY HART: Could you scroll to the

1 top, please? Or is this the top? This is the top.

2 MS. KATRINE DILAY: Yeah. And so,
3 you'll see at -- at the top of the page, it refers to
4 this being a budget framework key performance
5 indicators?

6 MR. ROY HART: Yes, I see that.

7 MS. KATRINE DILAY: Okay. And we'll
8 look -- we'll only focus on one line in this document.
9 Looking at the bottom of the page under 'Other', you
10 see their reference to the technology row?

11 MR. ROY HART: Yes.

12 MS. KATRINE DILAY: And specifically
13 for NOVA, you see that line?

14 MR. ROY HART: Yes.

15 MS. KATRINE DILAY: And so, you'll
16 agree that the only key performance indicator
17 currently listed is that the spend on NOVA be smaller
18 or equal to the budget?

19 MR. ROY HART: In the context of
20 budget process and budget framework, yes.

21 MS. KATRINE DILAY: And then looking
22 to the notes, so to the far right of this row, that
23 refers to the current budget of 290 million with
24 contingency, correct?

25 MR. ROY HART: That's right, yes.

1 MS. KATRINE DILAY: And we'll leave it
2 at that for now. I'll have a few more questions on
3 this topic in the confidential portion.

4 MR. ROY HART: Okay.

5 MS. KATRINE DILAY: Madam Chair, I'm
6 just noting the time. I would estimate approximately
7 ten (10) to fifteen (15) minutes left in the public
8 version of my cross-examination. I'm open to whatever
9 the Board would prefer.

10

11 (BRIEF PAUSE)

12

13 PANEL CHAIRPERSON: Thank you, Ms.
14 Dilay. If we can finish the public portion of this
15 panel right now, going into the lunch break, that
16 would be, I think, ideal. And then we'll go on to the
17 confidential -- excuse me -- record this afternoon.

18 MS. KATRINE DILAY: Thank you, Madam
19 Chair.

20

21 CONTINUED BY MS. KATRINE DILAY:

22 MS. KATRINE DILAY: I have a few
23 questions regarding the discount rate used by MPI in
24 the net present value analysis for Project NOVA. But
25 starting with at a high level, you'll agree that a

1 higher discount rate decreases the net present value
2 of a project or investment?

3

4 (BRIEF PAUSE)

5

6 MR. ROY HART: Yes.

7 MS. KATRINE DILAY: Thank you. And
8 the result of -- of this is that it makes future cash
9 flows less valuable, correct?

10 MR. ROY HART: Yes, that's my
11 understanding.

12 MS. KATRINE DILAY: Thank you.

13 Ms. Schubert, if we could turn to Part
14 5 of the GRA, VA, Appendix 1B, please.

15 And so, looking at the top here, just
16 to familiarize ourselves with this document, this is
17 MPI's determination of Cost of Capital for Value
18 Management Business Case, dated July, 2024, correct?

19 MR. ROY HART: Yes.

20 MS. KATRINE DILAY: And as we look
21 through this document, and specifically the first
22 sentence here, when we refer to cost of capital and
23 hurdle rate, are those the same as discount rate?

24 MR. ROY HART: I wish I had studied
25 finance in university. Yes.

1 MS. KATRINE DILAY: So did I, sir.
2 And currently, and looking at the three (3) bullets
3 here, MPI uses 5 percent for low-risk projects,
4 correct?

5 MR. ROY HART: Yes.

6 MS. KATRINE DILAY: Six (6) percent
7 for medium-risk projects?

8 MR. ROY HART: Yes.

9 MS. KATRINE DILAY: And 12 percent for
10 high-risk projects?

11 MR. ROY HART: Yes.

12 MS. KATRINE DILAY: And if we look
13 towards the bottom of the page, please, in the
14 footnotes specifically, at a high level this is a
15 summary of past discount rates used by MPI, correct?

16 MR. ROY HART: Yes.

17 MS. KATRINE DILAY: And looking at the
18 dates here for 2019, and so the second -- the end of
19 the second line, beginning of the third line, January,
20 2019 review, you'll agree that in 2019, the discount
21 rate for medium-risk projects was 6 percent?

22 MR. ROY HART: Yes.

23 MS. KATRINE DILAY: And 9 percent at
24 that time for high-risk projects?

25 MR. ROY HART: Yes.

1 MS. KATRINE DILAY: And we can go to a
2 reference if you'd like, but you'll confirm that MPI
3 applied a 7.5 percent discount rate for Project NOVA?

4 MR. ROY HART: Yes, we did, as there
5 are mitigation strategies in place.

6 MS. KATRINE DILAY: And that was to
7 recognize that it is a medium- to high-risk project?

8 MR. ROY HART: Yes.

9 MS. KATRINE DILAY: And so, it was the
10 middle ground between that 6 percent and 9 percent,
11 correct?

12 MR. ROY HART: Yes.

13 MS. KATRINE DILAY: Okay. And I'll
14 have a few more questions on this topic in the
15 confidential portion.

16 I have a few relatively high-level
17 questions regarding vendor management and governance.
18 At this point, have any vendors signaled the need for
19 contract amendments or extensions that could increase
20 costs for Release 3 and Release 4?

21 MR. ROY HART: We're in the discovery
22 phase currently, so that's a matter of discussion.
23 There is no -- there's nothing that we can share at
24 this time in that regard.

25 MS. KATRINE DILAY: So, to the extent

1 that there would be a need for contract amendments or
2 extensions, those would flow from the Release 3
3 discovery process, correct?

4 MR. ROY HART: Yes, materially.

5 MS. KATRINE DILAY: At a high level,
6 are you able to indicate how vendor contracts for
7 Release 3 and Release 4 are structured to minimize
8 cost overruns? For example, are there fixed-price
9 contracts or open-ended agreements?

10 MR. ROY HART: So -- Roy Hart speaking
11 -- Release 4 I can't comment on obviously. We have
12 not yet started to work on that.

13 For Release 3, we are using a
14 combination of fixed-scope, fixed-price contracting
15 and time and materials or small segmented contracting,
16 depending on the nature of the work, whichever
17 delivers us best value for money.

18 MS. KATRINE DILAY: Thank you. And
19 again, at a high level, can you indicate how vendor
20 performance will be measured to ensure accountability
21 for Release 3 and Release 4?

22 MR. ROY HART: So, we have a vendor
23 management team that is responsible for validating the
24 outputs and deliverables from the vendors. So, we
25 have that. We also have regular reporting

1 requirements. We have escalation procedures in place
2 should there be a material delay or issue with the
3 program, all of the typical measures one might expect
4 for, you know, material projects and programs and
5 deliverables.

6 MS. KATRINE DILAY: Thank you for
7 that. And just a few last questions for now.

8 Could we please turn to Part 5 of the
9 GRA, NOVA Attachment A, please. Thank you.

10 And this is the MNP report for the IT
11 summit Sprint 1 summary, correct?

12 MR. ROY HART: Yes.

13 MS. KATRINE DILAY: Dated May 2nd,
14 2024?

15 MR. ROY HART: Yes.

16 MS. KATRINE DILAY: And turning to
17 page 3, please, so if we look at the -- towards the
18 bottom of the page under 'Overall Takeaway', you see
19 there that it reads:

20 "While several risks -- while
21 several risks have been noted
22 related to the delivery of Project
23 NOVA, nothing has come to our
24 attention that suggests that Project
25 NOVA will fail to meet its intended

1 objectives. However, several high
2 risks were identified that require
3 continued vigilance to increase the
4 probability of success."

5 You see that?

6 MR. ROY HART: Yes, I do.

7 MS. KATRINE DILAY: And this may be a
8 question for MNP, recognizing that they are the author
9 of this report, but are you able to indicate whether
10 the reference to "project meeting its intended
11 objectives" would include staying within the upper
12 budget of 290 million?

13 MR. HASSAN QURESHI (by TEAMS): Cost
14 and -- cost would be one of the factors, but there --
15 there are at times organizations that suggest cost is
16 not the most important attribute of a project. That
17 is why we've said "intended objectives." It could be
18 one of the objectives, but it wasn't necessarily the
19 case when we did this report.

20

21 (BRIEF PAUSE)

22

23 MS. KATRINE DILAY: Thank you for
24 that. And -- and just to clarify our understanding of
25 -- of your response, so if we look at the second line

1 under 'Overall Takeaway', the intended objectives,
2 that may or may not include staying within the 290
3 million budget?

4 MR. HASSAN QURESHI (by TEAMS): That
5 is correct.

6 MS. KATRINE DILAY: And would this --
7 this overall key takeaway, would it also mean that MPI
8 would meet its intended objectives within the current
9 timeline with completion expected in fiscal 2026/'27?

10 MR. HASSAN QURESHI (by TEAMS): Again,
11 you're -- you're looking at a deck from May, and at
12 that time, based on the information that was available
13 to us, we would not have identified anything that
14 would -- that's what this is saying: In May at that
15 time, nothing had identified that the budget would go
16 over or the timeline would go over. Our assessment --

17 MS. KATRINE DILAY: Thank you.

18 MR. HASSAN QURESHI (by TEAMS): Oh,
19 sorry. go ahead.

20 MS. KATRINE DILAY: No, no. You go
21 ahead. Sorry to interrupt.

22 MR. HASSAN QURESHI (by TEAMS): No
23 problem at all. However, as we execute each iteration
24 of analysis on an ongoing basis, the priorities that
25 are being identified by MPI and its primary

1 stakeholders, which include the confirmation of what
2 the program budget is at that moment in time, our
3 assessment and review performs that risk assessment
4 using that material in context.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: Thank you, Madam
9 Chair and witnesses. Those are all our questions on
10 the public portion of this cross-examination.

11 PANEL CHAIRPERSON: Thank you, Ms.
12 Dilay.

13 Mr. Gabor...?

14 BOARD CHAIR GABOR: I have a question
15 for Mr. Hart and then I have a question for MNP.

16 Mr. Hart, earlier today we talked about
17 benchmarking, and you made the comment that you
18 thought that the benchmarking may occur every two (2)
19 to three (3) years rather than annually.

20 I put the same question to Mr. Horn as
21 to the best practice. He said the best practice was
22 annual benchmarking. And I asked him what would be
23 lost if benchmarking occurred every two (2) to three
24 (3) years, and his comment was that it would affect
25 the ability to measure impact and traceability.

1 And to be fair, I'd -- I'd like to get
2 your comment -- your response to his comment.

3 MR. ROY HART: Yes. And I -- I
4 understand why Gartner would suggest annual as -- as
5 an appropriate timeline.

6 My counterpoint to that is if it's done
7 every second year or every third year, you have the
8 same -- you just have a longer time in between -- you
9 have the same comparability, just not the fine-grained
10 comparability. And my point is that fine-grain
11 comparability adds little value to our operations and
12 comes at significant expense.

13 BOARD CHAIR GABOR: Okay. Thank you.

14 And -- and for MNP, in response to Ms.
15 Dilay's comment, you said you regularly assess MPI's
16 risks. And I'm -- can you identify how frequently you
17 meet with them and what steps you take to regularly
18 assess the risks?

19 MR. HASSAN QURESHI (by TEAMS): So,
20 built into the methodology that we shared, I know it
21 was a very busy diagram, but in that diagram, it
22 identifies something that you'll note that really
23 triggers at the beginning of every sprint.

24 I think it's (INDISCERNIBLE). It's --
25 it's that -- it looks like a barrel up on the left --

1 top left of every iteration, and it's called a risk
2 backlog. And you'll note that the very first one is
3 called the initial risk backlog.

4 So regardless of what gates -- and Mr.
5 Hart mentioned gates of the program -- regardless of
6 what -- what the gates are, the -- the frequency of
7 our review, the depth of our review really is
8 dependent on the amount of change and complexity the
9 program is experiencing at that given moment.

10 That way, if a program is undergoing a
11 significant amount of change, then that cycle, that
12 iteration actually shrinks, it gets tighter so that a
13 more accurate view, a more accurate risk-based view,
14 can be established.

15 And so, I'll say it depends, but,
16 generally speaking, it's about a month, a month to six
17 (6) weeks. And so, every month, every six (6) weeks
18 we're cycling through the risks that are relevant at
19 that time. And certainly, the results of our previous
20 work is fed in and taken in consideration of the next
21 sprint's work. That -- that risk backlog is
22 constantly being updated.

23 BOARD CHAIR GABOR: Okay. Can I just
24 ask who's triggering this? Are they constantly
25 feeding your information or are you going to them

1 every month or so to see what changes have occurred?

2 MR. HASSAN QURESHI (by TEAMS): We
3 trigger it. Being independent and objective, we
4 provide the assessment. Of course, we do rely on
5 management's reporting on their data. However, we --
6 we are not directed by management where to look.

7 BOARD CHAIR GABOR: Okay. Thank you
8 very much. Those are my questions.

9 BOARD MEMBER NEMEC: Thank you.
10 Ms. Nemeč...?

11 BOARD MEMBER NEMEC: Thank you. My
12 questions are -- are for MPI, and of all -- and I've
13 got a couple different questions. I'm not quite sure
14 how to ask them, but maybe I'll start by saying we --
15 we have a lot of questioning on the NOVA budget at top
16 level right now of 290 million.

17 Now of that budget, there's a capital
18 portion and there's an operational portion. And what
19 impact that has is on not only the financial viability
20 and capacity of MPI, but also on the ratepayers. So,
21 I'm trying to understand on a couple comments.

22 I know there's been a spend. I'm not
23 sure how much of that spend, off the top of my head,
24 is capital and how much of that spend has went through
25 the operations and therefore the rate base.

1 The opera -- or the capital will come
2 at a future time during amortization, but there's some
3 discussion on -- on R-1 and it was talked -- it
4 mentioned that it is now considered complete, I guess,
5 but has been moved into operate -- I think into
6 operations and consider it as enhancements.

7 Now, there are different accounting
8 issues, and I know you're chief financial officer
9 isn't here to talk about the implications of that
10 moving into -- is that moving it into operations? Is
11 it not capitalized anymore? And is there a policy for
12 you as to when do you move a project from one area to
13 a -- you know, from a capitalization to an expense?

14

15 (BRIEF PAUSE)

16

17 MR. ROY HART: So, the special risk
18 extension line of business doesn't have any impact on
19 Basic rates. We -- when we say "moved it to
20 operations", we were not speaking specifically to
21 capital and operating dollar perspective. We're
22 speaking to phase within the project and delivery.

23 So, we -- what we mean by operations is
24 now it's in just regular business, and by
25 enhancements, it's regular enhancements as part of our

1 ongoing operating model, like we would've had in the
2 Legacy environment previously. So, it doesn't impact
3 on basic ratepayers at this time.

4 BOARD MEMBER NEMEC: So, in general,
5 as far as the budget and when you -- after you finish
6 R-3, that will have a major impact on Basic and the
7 ratepayer and rates.

8 So, as you're re-imagining, I guess,
9 from discovery, will you be looking at -- I'm trying
10 to understand what costs going forward are going to
11 remain capital versus what costs are going to remain
12 as operating in that.

13 Now you're going more to cloud-based or
14 you're not -- you're not owning sort of the software.

15 Is that sort of an issue going forward,
16 whether the original capital versus operating will be
17 different?

18 MR. ROY HART: Just one moment.

19

20 (BRIEF PAUSE)

21

22 MR. ANTHONY GUERRA: Sorry, Ms. Nemec.

23 We actually have another sworn witness in the back
24 row, and she's the one who's been feeding this
25 information. So, I'm going to suggest that Ms.

1 Onofreychuk just respond to this question.

2 MS. LYNNE ONOFREYCHUK: So, software
3 as a service has definitely complicated what we can or
4 cannot capitalize. So, we have to look at the
5 configurations being done, and it comes down to who is
6 doing those configurations and how they relate to the
7 contract for the service being provided.

8 Are they embedded within the service
9 contract or are we doing that work ourselves or have
10 we hired a third party to do that on our behalf?

11 And in those cases, we can capitalize
12 those configurations or customizations, and they would
13 be -- we could amortize over the life of -- of that
14 licensed contract for as long as we're planning to use
15 that software, or we can use our own internal
16 capitalization policy, which dictates how long we
17 would capitalize an intangible asset.

18 BOARD MEMBER NEMEC: Thank you. And I
19 think there's been some changes since this original
20 budget was -- accounting changes as to what remains
21 capital and such. And I'm just wondering if that's
22 something that you're using in future budgeting to --

23 MS. LYNNE ONOFREYCHUK: Yes.

24 BOARD MEMBER NEMEC: -- understand the
25 impact on Basic ratepayers?

1 MS. LYNNE ONOFREYCHUK: Yes, we are.
2 So outside of NOVA, we're budgeting at an expense
3 level to remain just because we don't know. So -- but
4 as we get into each of the projects we're doing and
5 have those contracts in place and know who's doing
6 what, we're able to best do the accounting based on
7 IFRS and -- and ASPE 38 -- or IAS 38, sorry.

8 PANEL CHAIRPERSON: Okay. Excellent.
9 Always good to have an accountant around.

10 MR. ROY HART: Yes. I agree.

11 PANEL CHAIRPERSON: Spoken like a true
12 accountant. Mr. Ireland...?

13 BOARD MEMBER IRELAND: Much simpler
14 and no accounting involved.

15 Mr. Dessler, just quickly, you'd
16 mentioned I believe Accenture is going to provide the
17 R-3 integrated plan for the seven (7) subcomponents.

18 Is that correct?

19 MR. GARY DESSLER: Yes. We've
20 selected -- yes.

21 BOARD MEMBER IRELAND: And is that
22 plan when it's done going to include the other IT
23 projects Mr. Andres referenced as part of that
24 integrated plan?

25 MR. GARY DESSLER: No. The scope of

1 the integrated plan is all of the work that falls
2 under the NOVA Release-3 umbrella.

3 So, when we talk about that integrated
4 plan, like we've got the property and casualty vendor.
5 We've got a vendor working on the Microsoft Stack.
6 We've got a vendor working with the -- you know, the
7 DVA platform. We have our migration team. We have
8 our integration team.

9 The integrated plan is how all those
10 individual teams are going to work together. What are
11 all the dependencies between them so we can track that
12 kind of front to back? But the scope of that is for
13 the NOVA Release 3 umbrella.

14 BOARD MEMBER IRELAND: Okay. So does
15 it fall then to Ms. St. Laurent to create a more
16 Enterprise-wide plan which would take that plan,
17 include the other IT projects, and also include the
18 other fifteen (15) strategic plans that have been
19 scoped out for '25/'26 delivery.

20 Does that come to you to build a giant
21 plan plus dependencies?

22

23 (BRIEF PAUSE)

24

25 MS. JENNIFER ST. LAURENT: Jennifer

1 St. Laurent. So, the Integrated Program Plan focuses
2 mostly on NOVA in terms of the -- there is a separate
3 strategy to execution pipeline that identifies the
4 relative priority of initiatives that are coming in
5 through the other described areas for our strategy
6 overall.

7 Those projects are prioritized and
8 identify resource requirements, those different types
9 of elements that are needed throughout that might be
10 common type resources across the organization 'cause
11 I'm -- I'm assuming that's, you know, sort of the --
12 the potential area of -- of greatest conflict.

13 So, we do identify where there are
14 resources that are required explicitly to NOVA. We
15 try to isolate those individuals to work on NOVA, and
16 we recognize if there are resource constraints across
17 the other areas.

18 So it isn't that there is a gigantic
19 Integrated Program Plan for the entirety of MPI. That
20 wouldn't be a best practice and nor do I think it's
21 realistic to be able to accomplish something like
22 that.

23 But it was very important for us to
24 focus this effort on NOVA specifically because that is
25 our primary area of focus. It will take precedence

1 over other projects that would be, you know,
2 identified through the strategy to execution pipeline,
3 and we would identify resource constraints and then
4 resolve those resource constraints through
5 augmentations of -- of the appropriate skill sets
6 where needed.

7 BOARD MEMBER IRELAND: And the NOVA R-
8 3 plan, is that part of the release -- part of the
9 discovery? Will that be available at the end of
10 discovery for your area? Which I think is, what, end
11 of December.

12 MR. ROY HART: So, yes, at the end of
13 December, we'll be ready to meet with our board to
14 discuss the Integrated Project Plan and get their
15 consent with moving forward. So, it will be the
16 detailed project plan.

17 BOARD MEMBER IRELAND: Okay.

18 MR. ROY HART: Yeah. With sub-
19 projects.

20 BOARD MEMBER IRELAND: Yes. Great.
21 Thank you.

22 PANEL CHAIRPERSON: Ms. Nemeč, you
23 have another question?

24 BOARD MEMBER NEMEČ: Sorry. And I
25 promise it's not an accounting question. My question

1 just evolves around the scope of and delivery
2 timelines that were originally thought of in say the
3 20 -- I think it was in the re-baseline of '22? Yeah,
4 it was the '22 re-baseline.

5 And it was thought to have an R-1, R-2,
6 R-3, R-4. R-1 and R-2 thought these are a little --
7 they're smaller, manageable, so let's try and get our
8 feet wet on on R-1 and R-2.

9 And part of that I thought was to also
10 allow for some new functionality that the organization
11 didn't have which is more of the. you know, get the --
12 all the ability for cloud processing or to have online
13 customer contact. And let's do that with one -- MPI
14 would say, let's do that with R-1 and R-2, kind of a
15 little more manageable group.

16 But when R-2 was delivered -- and I --
17 and I understand you mentioned it was 3 percent of the
18 scope -- that the system integration part, which is I
19 think something new and the online functionality for
20 commercial customers was going to be delayed.

21 And I thought the whole purpose of an
22 R-1, R-2, R-3, R-4 was to get R-1 and R-2 to try and
23 make sure that functionality was working before you
24 went to something as large as R-3. So that would be -
25 - I would like you to address those thoughts.

1 MR. ROY HART: So, I'll -- I'll start
2 answering that -- Roy Hart speaking -- and I'm sure my
3 colleagues here will add -- add to what I have to say.

4 So, the premise that R-1 and R-2 would
5 deliver all the technology required for moving forward
6 is -- is a fair callout and was something that was
7 delivered. So, all of the technology required for
8 moving forward is now in productive use inside the
9 Corporation.

10 What we're talking about now is
11 expanding that use. One of the use cases for
12 expanding that use is the online functionality for
13 commercial customers. There was a decision taken that
14 it would make -- as Mr. Dessler described earlier, it
15 would make better sense to align that a little bit
16 closer into the R-3 program, and so our R-3 part of
17 the program, and so we've done that.

18 It's not a -- it is a delay in
19 delivering that functionality, certainly. You know,
20 we don't believe it's a large delay and we believe
21 that it has a larger benefit for the overall success
22 of the program.

23 So, to answer the question from my
24 perspective, yes, all of the technologies are in
25 place. Through the R-3 discovery work, we're actually

1 considering how we can best leverage some of that
2 technology earlier for delivery than what might've
3 been originally considered and --and that sort of
4 thing. We're not through that process yet, and we do
5 hope to be able to leverage that technology in new
6 ways on an iterative basis starting in 2025.

7 BOARD MEMBER NEMEC: And maybe a
8 clarification. Thank you for that. And maybe for the
9 clarification of moving the R-2 online customer-type
10 work into R-3, will you still be doing the online R-2
11 work prior and learning from that integration into R-3
12 or all at the same time?

13 MR. GARY DESSLER: Yeah, Gary
14 speaking. So definitely that's -- if you look at our
15 sub-release breakdown, the IRP online is our first
16 release. On page 10 of our filing yesterday, the IRP
17 online -- thank you very much -- is our first release.

18 The idea here is -- is that we can
19 establish the My MPI portal for those IRP customers
20 before we open it up to the entire, you know,
21 community of users.

22 To Mr. Hart's point, when we -- you
23 know what -- we're trying to deliver services quicker.
24 If you look at on the second row, the registration
25 insurance payments online, we're trying to deliver

1 those services earlier than we had originally planned.

2 In the -- the original LSM plan that we
3 had created, we had talked about delivering all of the
4 R-3 functionality, all of it, including driver, and
5 then providing some online services.

6 So here we feel we have an opportunity.
7 We can deliver some of those online services sooner.
8 So, we're looking for opportunities where we can
9 deliver that value to the customer as quick as
10 possible.

11 BOARD MEMBER NEMEC: Thank you. That
12 answers my question.

13 PANEL CHAIRPERSON: Thank you.

14 Mr. Dessler, I just have one follow up
15 question on that area as well. The delay in IRP
16 online, will that have any cost implications within
17 the NOVA budget?

18

19 (BRIEF PAUSE)

20

21 MR. GARY DESSLER: Gary speaking. So,
22 what I would say is we're moving money between the
23 releases and we're not adding to the overall two
24 ninety (290) budget.

25 PANEL CHAIRPERSON: Thank you for

1 that. Mr. Guerra...?

2

3 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

4 MR. ANTHONY GUERRA: Thank you, Madam
5 Chair.

6 Ms. Schubert, if you could bring up the
7 NOVA Figure NOV-7, please, from the Rate Application.
8 And there was a line of questioning this morning, I
9 believe, yes -- of course, we now carry it into the
10 afternoon -- about the -- the budget, the actual and
11 forecast, going to \$253.5 million for whoever wants to
12 answer that question, please.

13 MR. ROY HART: Yes.

14 MR. ANTHONY GUERRA: And I think this
15 is just perhaps a technical confirmation, but the --
16 the budget has not been revised since the re-baseline
17 from 2022. Is that correct?

18 MR. ROY HART: Yes.

19 MR. ANTHONY GUERRA: So how do we
20 explain the -- the difference between what we're
21 seeing here and then the 2022 re-baseline?

22

23 (BRIEF PAUSE)

24

25 MR. ROY HART: Could you clarify the

1 question? Do you mean the difference between two
2 seventy-three (273) and two ninety (290)?

3 MR. ANTHONY GUERRA: Correct. So, the
4 difference between what -- what is being shown on this
5 graph as -- as the new actual and forecast versus the
6 re-baseline of 2022.

7 MR. GARY DESSLER: Gary speaking. So,
8 the -- the reforecast line, so the middle line, the
9 life-to-date actuals plus the reforecast, is what we
10 are -- we think is the cost to deliver the project to
11 its completion.

12 It does contemplate and does assume
13 that we're using some contingency dollars. So, we
14 talk about contingency. We have contingency that
15 we're allocating that we plan to spend, and we have
16 contingency that is still held in reserve to handle
17 some of the unknowns.

18 So right now, we've forecasted at this
19 filing is that we have -- we need the difference
20 between two fifty-three (253) and the two twenty-four
21 (224). That's the contingency that we're going to
22 spend.

23 And our total cost, if everything goes
24 as we currently had planned, we would be spending two
25 fifty-three point five (253.5). But it doesn't mean

1 that we're at two fifty-three (253) plus our
2 contingency. That two fifty-three (253) is inclusive
3 of a portion of the contingency that we need to do to
4 deliver the final product.

5 MR. ROY HART: And -- and just to add
6 to Mr. Dessler's testimony, the two seventy-three
7 (273) represents the 30 percent contingency in the
8 Master Capital Plan while the two ninety (290)
9 represents that 40 percent contingency, which is the
10 overall project budget.

11 MR. GARY DESSLER: Sorry, I'll just
12 add that -- that the -- the Capital Master is a year-
13 by-year view. So, when we look at -- when we look at
14 our overall budget, we break that into year views.

15 So, we'd look at what we think we're
16 going to spend for the year. We allocate only 30
17 percent for that year, but we're not decreasing our
18 overall budget. It's just a way to help us hold some
19 contingency in reserve.

20

21 (BRIEF PAUSE)

22

23 MS. LYNNE ONOFREYCHUK: And just to
24 add to that, we kept the two seventy-three (273) on
25 the Capital Master Summary just for reporting purposes

1 to remain consistent as to when we're reporting out at
2 a financial -- at finance level so that we
3 consistently have reported against that mid-
4 contingency at the 30 percent, and we just maintain
5 reporting against that for Capital Master Summary
6 purposes, understanding that it could be the two
7 ninety (290), but the -- the choice at the time when
8 the budget rebaselined, it was to just report against
9 the two fifty-three point five (253.5) on the CMS --
10 on the Capital Master Summary.

11 MR. ANTHONY GUERRA: Thank you. Ms.
12 Onofreychuk. I have no further questions.

13 PANEL CHAIRPERSON: Thank you very
14 much. We'll break for lunch now and come back on the
15 confidential record. 1:30? Can we come back at 1:30,
16 please.

17

18 --- Upon adjourning at 12:38 p.m.

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20 Certificate of Transcript

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24 Wendy Woodworth, Ms.

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