

M A N I T O B A) **Order No. 111/03**
)
THE PUBLIC UTILITIES BOARD ACT) **July 3, 2003**

BEFORE: G. D. Forrest, Chairman
E. Jorgensen, Member
D. Côté, Member

**PROCEDURAL ORDER FOR A PUBLIC HEARING
REGARDING THE APPLICATION OF THE MANITOBA
PUBLIC INSURANCE CORPORATION FOR APPROVAL
OF THE CORPORATION'S RATE BASES AND
PREMIUMS CHARGED FOR COMPULSORY DRIVER AND
VEHICLE INSURANCE COMMENCING MARCH 1, 2004
AND THE APPROVAL OF PARTIES APPLYING FOR
INTERVENOR STATUS**

The Public Utilities Board of Manitoba (the "Board") held a Pre-Hearing Conference (PHC) at its offices in Winnipeg, Manitoba on Friday, June 27, 2003 at 10:00 a.m. to consider the timetable to be followed at the public hearing of the application of Manitoba Public Insurance ("MPI") for approval of Rate Bases and Premiums charged for compulsory driver and vehicle insurance commencing March 1, 2004 and to consider applications for intervenor status. This Procedural Order flows from this hearing.

A Notice of Public Hearing and PHC dated June 9, 2003, was issued by the Board and filed at the PHC as Exhibit #1. The Notice described the proposed rate impact for major vehicle use categories including private passenger, commercial and public vehicles, motorcycles, trailers and off-road vehicles.

Board Counsel filed, as Exhibit #2, a draft timetable that had been circulated to known parties prior to the PHC and as Exhibit #3, the Board's Draft Rules of Practice and Procedure dated April 28, 1992.

There are two schedules attached to this Order being Schedule "A", the Timetable for the hearing and Schedule "B", the Procedures to be followed at the hearing.

Parties wishing to obtain intervenor status were requested to address their respective applications in detail, to present the reasons for requesting intervenor status and to provide details of the areas of the MPI Application they wished to examine.

The following parties made applications for Intervenor status:

1. Coalition of Manitoba Motorcycle Groups (CMMG) represented by its Counsel, Mr. Raymond Oakes (Intervenor Request Form submitted and received on April 30, 2003);

2. Consumers' Association of Canada (Manitoba) Inc./ Manitoba Society of Seniors (CAC/MSOS) represented by its Counsel, Mr. Byron Williams and Ms. Mona Smith. (Intervenor Request Form submitted and received on June 25, 2003);
3. Manitoba Car and Truck Rental Association (MCTRA) represented by its Counsel, Mr. Allan F. Foran. (Intervenor Request Form submitted and received on June 27, 2003);
4. Canadian Automobile Association Manitoba (CAA) represented by Mr. J. Kruk (Intervenor Request Form was submitted and received on June 27, 2003).

Subsequent to the Pre-Hearing Conference the Insurance Brokers Association of Manitoba (IBAM) on July 2, 2003 filed an Information Request Form seeking intervenor status. This request was forwarded to MPI for comment and for expediting, will be dealt with in this Order.

MPI was represented by Mr. J. Zacharias, President and CEO, Ms. M. McLaren, Vice-President, Corporate Insurance Operations and Mr. K. M. McCulloch, General Counsel.

APPLICATIONS FOR INTERVENOR STATUS

1. Coalition of Manitoba Motorcycle Groups

As set out in its Intervenor Request Form and communicated by Mr. Oakes, CMMG indicated the purpose of its intervention is to assist in determining the validity of any increase in the cost of motorcycle insurance and to suggest changes in the insurance product and/or MPI's practices or policies with a view to reducing the loss experience. CMMG intends to appear throughout the hearing, to test the evidence and to present final argument. CMMG may call an expert on Loss Transfer and will advise the Board as soon as a decision is made. CMMG indicated that it will be applying for costs. CMMG provided a copy of its Budget totalling \$15,231.45 which will need to be adjusted if an expert is called.

MPI did not oppose the granting of intervenor status to CMMG.

The Board will grant intervenor status to CMMG for this proceeding noting that no decision has been made with respect to an expert and that CMMG agreed to apprise parties once this decision is made and if necessary, update its Budget.

**2. Consumers' Association of Canada (Manitoba)
Inc./Manitoba Society of Seniors**

As set out in its Intervenor Request Form and as communicated by Mr. Williams, the reasons for the CAC/MSOS intervention are as follows:

1. To test whether the corporation's forecast expenses appear to be reasonably and necessarily incurred;
2. To consider whether the applied for rate increase is consistent with the objective of breaking even the long term; and
3. To consider the appropriateness of expenditures in road safety and technical change.

CAC/MSOS intends to appear throughout the hearing, to participate in the testing of evidence and final argument. CAC/MSOS was uncertain as to whether it will call an expert but if so, will advise the Board accordingly. CAC/MSOS will be applying for costs and submitted its Budget totalling \$48,000. CAC/MSOS noted the Budget will need to be revised if an expert is called.

MPI did not oppose the granting of intervenor status to CAC/MSOS.

The Board will grant intervenor status to CAC/MSOS.

3. Manitoba Car and Truck Rental Association

Counsel for MCTRA indicated that MCTRA was seeking Intervenor Status as it is not satisfied with the proposed rates (premiums) for U-drive Passenger Vehicles and Trucks. The Association intends to contest the proposed rates (premiums) for U-Drive Passenger Vehicles and Trucks and the adequacy of MPI's response to the provisions of Order 203/02 relating to fleet rebates and surcharges, claims expense and the transparency of the change from indicated to proposed rates.

More specifically MCTRA advised there were 4 areas of concern and they are as follows:

1. The general impact of the MPI Application on MCTRA including Special Risk Extension, Rate Stabilization Reserve and indicated rate smoothing. In this regard, MCTRA assured the Board there would be no overlap with CAC/MSOS.
2. The study on Fleet Rebates and Surcharges.
3. Claims expense.
4. Transparency of indicated rates moving to actual rates.

MCTRA noted that Items 2, 3 and 4 flow from the Board's Order approving rates for the 2003/04 Insurance Year.

MCTRA advised that it will appear throughout the hearing, as necessary, will test the evidence and present final argument. MCTRA will be calling a witness and will be applying for costs. MCTRA filed a Budget totalling \$100,825.50.

MPI noted MCTRA's limited commercial interest and noted its concerns with the granting of intervenor status to MCTRA, as noted in the last application proceeding, still exist. Noting that MCTRA is responding in part, to Board issues identified in Order No. 203/02 and that the Board will likely grant intervenor status, MPI did not oppose the granting of intervenor status to MCTRA.

The Board will grant intervenor status to MCTRA. Subject to MCTRA's commitment to avoid duplication and the remarks of the Board as noted below, the Board is concerned with the quantum of the MCTRA Budget. The Board agrees with the remarks of MPI regarding the limited commercial interest of MCTRA and accordingly, cautions MCTRA that its expectation for a cost award must clearly align with the Board's Guidelines for an Award of Costs at the end of the proceeding.

4. CAA Manitoba

CAA indicated it will conduct a watching brief and if necessary, participate in the testing of evidence and present final argument. It does not intend to call evidence and will not be applying for costs. Accordingly no Budget was necessary.

The Board will grant CAA Manitoba intervenor status for this proceeding.

5. Insurance Brokers Association of Manitoba

IBAM stated, in its Intervenor Request Form, that it intended to monitor and as necessary participate in the hearing process. IBAM intends to appear throughout the hearing and to present final argument. IBAM will only present evidence and participate in the testing of evidence if it becomes necessary. IBAM will not be applying for costs.

MPI advised orally that it did not oppose the granting of intervenor status to IBAM.

The Board will grant intervenor status to IBAM.

TIMETABLE

All parties indicated the timetable was acceptable.

The Board accepted the timetable as circulated.

In granting intervenor status to these parties the Board looks for a concerted effort by parties to co-operate and consolidate their interventions fully where possible to avoid duplication. The Board noted strong similarities of the issues being addressed by MCTRA and CAC/MSOS.

The Board reminds parties considering calling of evidence to advise the Board of their intentions at their very earliest opportunity.

CMMG observed that the July 7th date for filing first round of information requests of MPI is tight but CMMG will continue to work towards that date. Since there is no end date identified for the hearing it is important for intervenors to identify and confirm the use of experts early so all timetable issues can be dealt with in a timely manner.

IT IS THEREFORE ORDERED THAT:

1. The timetable attached hereto as Schedule "A" shall be the timetable for the orderly exchange of information by the participating parties.
2. Schedule "B" attached hereto shall apply with respect to the hearing of the MPI Application.
3. Intervenor status shall be awarded to the following applicants:
 - a) Coalition of Manitoba Motorcycle Groups;
 - b) Consumers' Association of Canada
(Manitoba) Inc./Manitoba Society of Seniors;

SCHEDULE "A"

**MANITOBA PUBLIC INSURANCE
2004 RATE APPLICATION**

TIMETABLE

ITEM	2003 DATES	DAY OF WEEK	ELAPSED WORKING DAYS
1. Application filed and served	June 18	Wednesday	0
2. Notice of Public hearing to be published	June 21	Saturday	2
3. a) Pre-hearing Conference b) Intervenors Complete Registration c) Settle Hearing Procedure and exchange of information timetable d) Discuss possibility of joint intervention	June 27	Friday	7
4. Board to circulate list of Intervenors, complete timetable to Intervenors and applicant.	July 3	Thursday	10
5. Last day to file as an intervenor.	July 3	Thursday	10
6. MPI to be in receipt of first round information requests	July 7	Monday	12
7. MPI to provide response to first round information requests	July 28	Monday	27

8.	MPI to be in receipt of second round information requests	Aug 18	Monday	41
9.	a) MPI to file responses to second round information requests b) MPI to file and serve any further amendments to application, if required	Sept 8	Monday	55
10.	MPI to publish reminder notice and any amendments to application	Sept 13	Saturday	59
11.	a) Intervenors to file pre-filed testimony to all parties b) Parties to file any motions	Sept 19	Friday	64
12.	Intervenors to be in receipt of information requests from all parties	Sept 24	Wednesday	67
13.	Board to hear all motions	Sept 26	Friday	69
14.	Board decision on motions, meeting among Counsel, if required	October 3	Friday	74
15.	a) MPI to file rebuttal evidence b) Intervenors to provide responses to all information requests	October 7	Tuesday	76
16.	Hearing commences	Oct 14	Tuesday	80

SCHEDULE "B"

**PROCEDURES TO BE FOLLOWED AT THE
MANITOBA PUBLIC INSURANCE CORPORATION
2004 INSURANCE RATE HEARING**

1. Hearing and Rural Meetings:
 - a) Winnipeg hearing will be held at the Board's office, 4th floor, 330 Portage Avenue, Winnipeg, commencing October 14, 2003 at 9:00 a.m. and continuing thereafter as necessary.
 - b) Rural Meetings - time, location and place to be identified.
2. Hearing Times Each Day: 9:00 a.m. to 12:00 Noon
1:15 p.m. to 4:30 p.m.
3. Assigned Sittings: Presenters will be heard commencing at 1:15 p.m. and at 7:00 p.m., Monday, October 14, 2003, if necessary.
4. Opening Statements by Board Counsel, by Counsel for MPI and other Counsel or representatives of registered intervenors.
5. (a) MPI to file their application and supporting evidence.
(b) MPI to introduce witnesses. Board Counsel and intervenors to cross-examine the Corporation's witnesses (order to be determined).
6. (a) Leading of testimony by witnesses for intervenors, if any, will be in alphabetical order by name of Intervenors and updated as necessary.
(b) Witnesses to be available for cross-examination by all parties following each presentation.

7. All interrogatories are to be filed and responded to using the prefixes as assigned by the Board when intervenors are registered (set out in the body of the Order). The party requesting information is to use firstly their prefix followed by the prefix of the party being asked e.g. PUB/MPI, etc. Interrogatories are to be numbered sequentially through 1st and 2nd rounds.
8. All pre-filed evidentiary material to be filed at the commencement of the hearing by Board Counsel using assigned prefixes.
9. All witnesses to highlight their evidence.
10. All witnesses to be sworn or affirmed.
11. Daily transcripts will be available. Parties to make arrangements with the Reporter.
12. It is the Board's request that all motions be dealt with pursuant to the Board's Timetable.
13. Board Order No. 163/87 (available at the Board's office) dealing with the Awarding of Costs will apply to all matters before the Board.
14. The Board indicates its willingness to be available for any problems that may arise during the exchange of information at any time, such time to be arranged through Board Counsel.
15. ONLY five (5) copies of material are to be submitted to the Board's offices and five (5) copies are to be submitted to Board Counsel at the following address: Attention: Walter Saranchuk, Q.C., Pitblado, 2500 - 360 Main Street, Winnipeg, MB R3C 4H6
16. Except for all material required to be filed by MPI and the evidence of parties, electronic copies are acceptable where available and the Board's e-mail address is publicutilities@gov.mb.ca