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By RESS and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P. O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, Ontario
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Dear Ms. Walli:

**RE: Application for Adjustment to Mandated Time-of-Use End Date
EB-2011-0028**

Application

This application, submitted on behalf of Enersource Hydro Mississauga Inc., ("Enersource"), seeks an adjustment to Enersource's mandated Time-of-Use (TOU) end date pursuant to the Determination under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing for Regulated Price Plan Customers (Board File EB-2010-0218). Having regard for Enersource's circumstances as described in more detail below, in summary, Enersource requests that the Ontario Energy Board (the "Board") adjust Enersource's mandatory TOU end date from August, 2011 to May, 2012, such that all conversions to TOU pricing are to be concluded by the end of May, 2012.

Background

May, 2010 Status Update

On May 11, 2010, Enersource provided the Board with a status update on its smart metering deployment and implementation of TOU pricing. Enersource stated that transitioning the first set of its customers to TOU rates would not

commence in August, 2010, as originally forecasted in Enersource's letter to the Board dated July 10, 2009 on the Status Report on Smart Meter Deployment and the Application of Time-of-Use Pricing.

Enersource provided rationale in the May, 2010 letter that the prerequisite conditions for Enersource to be able to implement TOU rates as identified earlier in its July, 2009 letter had not yet materialized. Consequently, Enersource undertook to inform the Board of the new planned dates for TOU pricing implementation as soon as it would be able to determine these dates.

Proposed Determination

On June 24, 2010, the Board issued a proposed determination under Section 1.2.1 of the Standard Supply Service Code to mandate deadlines for the implementation of TOU rates for Regulated Price Plan ("RPP") consumers. Comments on the proposed determination were provided to the Board by Enersource on July 8, 2010. Enersource respectfully submitted that under the then current circumstances, setting mandatory dates for TOU pricing was premature.

July, 2010 Status Update

On July 15, 2010, Enersource sent a subsequent letter to the Board providing a status update, advising that it anticipated transitioning its first tranche of customers to TOU pricing in May, 2011.

Final Determination

On August 4, 2010, the Board issued its final determination which mandated specific dates for each distributor to implement TOU rates in its respective service delivery area. The Mandatory TOU Date set for Enersource was June, 2011, with the requirement to complete conversion of all eligible customers within one billing cycle, which is two months for Enersource's eligible RPP customers, resulting in a conversion completion deadline of August, 2011.

In addition, the Board acknowledged in its August 4, 2010 letter that distributors might encounter extraordinary and unanticipated circumstances during the implementation of TOU pricing and requested that distributors bring these matters to the Board's attention in order to assess the impact on the distributor's mandatory TOU date and whether any adjustment in that date was warranted.

Further Communications

On August 25, 2010, Enersource and Board Staff met to discuss Enersource's specific circumstances. In a follow-up letter dated September 10, 2010, Enersource reiterated that its TOU implementation plan to commence

conversions by May, 2011 and complete conversions by October, 2012, was accepted in writing dated July 9, 2010 by the Independent Electricity System Operator (the "IESO"). Enersource advised that the implementation plan had been informed by the IESO's experience with other distributors, all of whom had had the benefit of reasonable transition timelines to TOU billing.

Enersource also noted that its call centre could not handle the anticipated intense peak load of phone calls from customers over the Board's very tight implementation period of two months from June to August, 2011. Enersource's eighteen month implementation plan would allow for manageable and reasonable call centre response handling as well as customer education and communications.

Enersource expressed concern for the high risk of errors in converting such a large number of customers to TOU billing in such a short period of time, i.e., only two months; inevitable errors in customers' bills would need to be corrected adding further customer frustration and an erosion of their trust in Enersource.

Implementation Plan as at November, 2010

In a November 19, 2010 email response to questions from Board Staff resulting from an email dated November 8, 2010, Enersource provided a detailed explanation of its eighteen month implementation plan. Some of those details are repeated here.

Enersource's planned rate of implementation starts off modestly and then grows exponentially to a large number of conversions each month. This allows Enersource to closely manage the process, to maintain quality assurance, to adjust the process as needed, and to meet customers' expectations with respect to responses to inquiries should problems arise.

For example, if Enersource were to set extremely aggressive initial targets of, say, 10,000 meters converted in each of the first three months, it would likely be unable to correct issues before they had compounded into unmanageable and significant problems.

Enersource will closely monitor the results of the first few months of conversions, including customer feedback. It is expected that much will be learned during those initial tranches, and Enersource will enhance information provided to customers via the website, outgoing communications, call centre scripts and FAQs. This will be in addition to whatever adjustments may need to be made to Enersource's conversion operations.

Customer Notice

For TOU pricing, Enersource believes that one billing cycle's notice is not sufficient as customers would have to change behaviour immediately because their TOU billing period would have already started with the receipt of such notice. Enersource has determined that two billing cycles' notice is best as customers then have time to start thinking about changing behaviour and then actually start changing behaviour by the time TOU pricing is to be implemented. Longer advance notice than that and many customers will likely forget about the pending changes, and then be unpleasantly surprised when they get their next bills.

Enersource submits that this customer notice process is prudent and methodical, and effectively manages incoming calls to the call centre, and hence meets customers' expectations with respect to providing timely responses. As well, this timetable allows the development of robust communications materials, e.g., changing FAQs as needed based on the experience and questions from the earliest tranches of customers placed on TOU rates. Enersource intends to make the best use of early learnings to increase the satisfaction and acceptance of customers on TOU and the success of the government's TOU program.

As well, this plan aligns with Enersource's approach to the delivery of conservation programs to this customer class.

Accelerated Implementation Plan

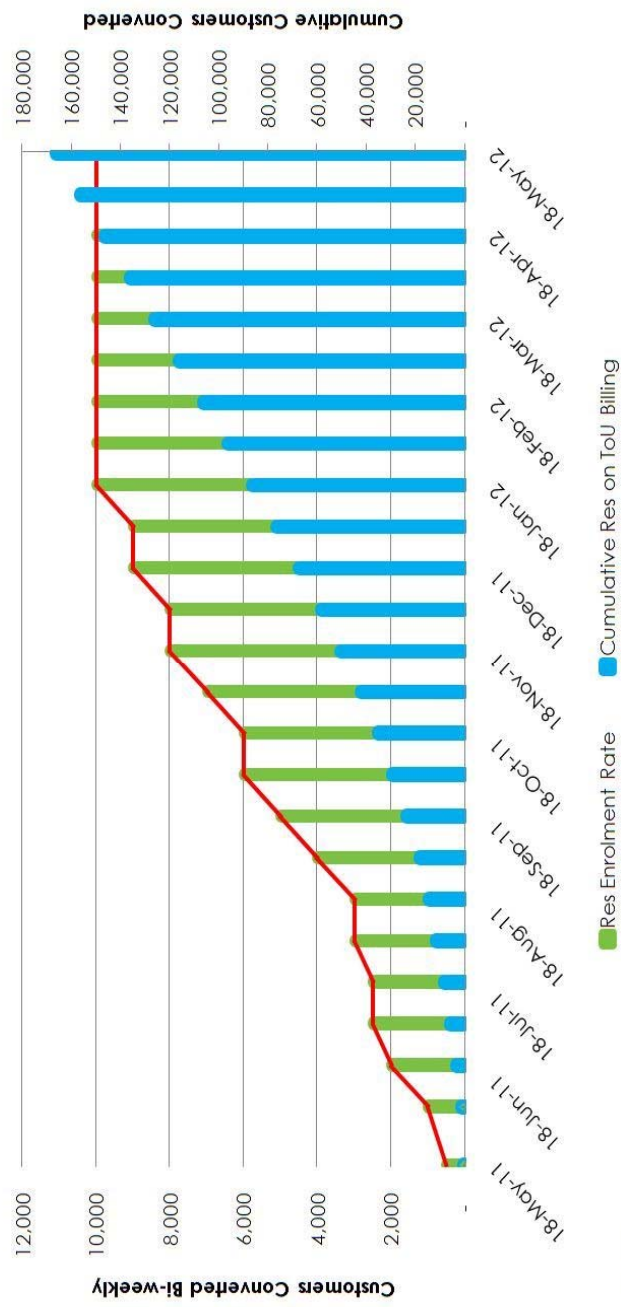
As noted above, Enersource plans to commence implementation of TOU pricing by May, 2011, and had planned a staged roll out over eighteen months, concluding in October, 2012. Enersource is pleased to advise that it has identified a way to accelerate its previously stated roll out schedule for TOU billing by six months. The accelerated residential TOU implementation schedule is provided below, demonstrating commencement by May, 2011 and completion of the residential conversion to TOU billing by May, 2012.

Upon receipt of the Board's approval of this requested adjustment to its mandatory TOU end date, Enersource *will immediately* begin an accelerated TOU rollout in Mississauga, with notification and education activities signaling the start of TOU billing to all residential and small commercial customers.

Adjusted Mandatory TOU End Date

For the reasons explained above, Enersource requests that the Board adjust Enersource's mandatory TOU end date from August, 2011 to May, 2012, such that all conversions to TOU pricing are to be concluded by the end of May, 2012.

Residential Rollout Plan and Timelines



Notes:

- Rollout Plan, schedule and numbers above represent residential customers
- Proposed dates in the rollout timelines may change to align with changes to billing dates



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No Material Impacts

Enersource advises that the requested adjustment to its mandatory TOU end date will have no material impact on costs for its Smart Meter and TOU implementation plan.

Conclusion

Enersource is committed to the Board's objectives with respect to implementing TOU pricing responsibly and prudently. Enersource submits that transitioning RPP consumers to TOU billing pursuant to the accelerated implementation plan described above is prudent, responsive and responsible. This plan is timely, prepares and educates customers along the way, and ensures prompt responses and resolutions of customers' issues. For these reasons, Enersource respectfully requests the Board's approval of this application for an adjustment to its mandatory TOU end date.

Sincerely,

Original signed by

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cc. Dan Pastoric, Executive Vice-President and Chief Operating Officer
Tom Wasik, Director, Strategic Projects