



March 31, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: London Hydro Inc. Application for Adjustment to Mandated Time-of-Use End Date (EB-2010-0097)

This application seeks an adjustment to London Hydro'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 considered London Hydro's supporting information that focuses on developments that are outside of the control of London Hydro, and will be described in more detail in this application; London Hydro respectfully requests that the Ontario Energy Board (the "Board") adjust London Hydro's mandatory TOU end date from June, 2011 to May, 2012.

London Hydro requests that this application be disposed of by way of a written hearing.

This application submission includes two paper copies and a CD copy, with the CD including formatted PDF and Microsoft Excel formats.

Please do not hesitate to contact me if you require further information.

A handwritten signature in blue ink, appearing to read "Mike Chase", written over a horizontal line.

Mike Chase, CMA, MBA

Director of Finance and Regulatory

Bus. (519) 661-5800 ext. 5750

Acronyms Used

AMCC	Advanced Metering Control Computer
AMI	Advanced Metering Infrastructure
CIS	Customer Information System
ESQR	Electricity Service Quality Requirements
LDC	Local Distribution Company
MDM/R	Meter Data Management and Depository
RF	Radio Frequency
RIS	Read Interval Success
SIT	System Integration Testing
SME	Smart Meter Entity
TOU	Time-of-Use



Application

To seek an adjustment to London Hydro'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 considered London Hydro's supporting information as described in more detail below, London Hydro respectfully requests that the Ontario Energy Board (the "Board") adjust London Hydro's mandatory TOU end date from June, 2011 to May, 2012.

Background

On August 4, 2010 the Ontario Energy Board issued a final determination under Section 1.2.1 of the Standard Supply Service Code to require the implementation of TOU pricing for Regulated Price Plan ("RPP") customers. The determination established mandatory TOU implementation dates for each electricity distributor. The date of June 2011 is the determined mandatory TOU date for London Hydro.

In its August 24, 2010 letter, the Board acknowledged that distributors may 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 may be warranted.

London Hydro has been diligent and aggressive in fulfilling the requirements and mandates of the OEB and the Province with respect to smart meter / TOU. This is evidenced by London Hydro's leadership in not only having completed the installation of virtually all smart meters required for our service area, but in the Board's proceedings for EB-2007-0063 London Hydro introduced a province-wide smart meter procurement procedure often referred to by the Board as the London Hydro "Request for Proposal". This procedure was welcomed by both the OEB and the Ministry of Energy and provided the majority of distributors in Ontario with an approach to be able to move forward with smart meter implementation plans. The result was an independent evaluation process for procurement of smart meters that was transparent and fair to all concerned. This procurement process allowed for confirmation that the most appropriate smart meter was purchased and helped to ensure that costs were minimized.

London Hydro is currently testing the interworking of the CIS TOU and interface modifications with the IESO MDM/R. London Hydro recently passed the System Integration Testing (SIT) on March 1st, 2011 and is scheduled to complete the Qualification Testing (QT) by April 8th, 2011.



Compliance

London Hydro has maintained compliance with the monthly filing of the OEB requested Smart Meter /TOU Reports. These reports reflect the status rollout of our smart meters, customer information system (CIS) modifications, and Smart Metering Entity (SME) Milestones. This demonstrates that London Hydro is achieving its plan and timelines for those matters that are within the control of London Hydro and its management.

Monthly Smart Meter/ TOU Reports

	December-10	January-11	February-11	March (Projected)
Total Number of Smart Meters Installed	137,437	141,087	142,512	143,862
Milestone Completion in Period	—	SME Unit Testing	Completed Self Certification For Enrollment Testing SME Form 007	System Integration Testing (SIT)

The three London Hydro Inc. Smart Meter /TOU Reports that reflect matters that are outside of management's control in this application are:

- The October 2010 Smart Meter / TOU report. The report notes that the AMCC internal testing was completed as per the scheduled date. Issues were identified and are being worked with the AMI vendor to support obtaining the desired read performance and file formats.
- The December 2010 Smart Meter / TOU report. The report notifies that although London Hydro is achieving SME Milestones, there is concern that a potential network congestion issue with AMI wireless network could have an impact on project timing.
- The February 2011 Smart Meter /TOU Report. London Hydro has continued to inform the Board as to the developments pertaining to network congestion issues with the AMI wireless network. Further identified in the report is "London Hydro would start flowing data to the MDM/R in June. It now seems likely that London Hydro won't meet the OEB deadline concerning the introduction of time-of-use billing for all customers. We will commence looking at alternative phase-in



options giving due consideration to the impending Measurement Canada changes and the associated testing timeframe and customer notification requirements”.

The Factors Requesting Extension

The factors for requesting an extension to the mandatory TOU end date are identified as follows:

AMI vendor design assumptions resulted in inadequate number of radio transceivers to achieve the throughput performance requirements.

- The original equipment deployment design plans developed by the AMI vendor led to an inadequate number of radio transceivers installed. Once the majority of the meters were installed and configured, it was revealed that there was not adequate network capacity to achieve the daily Read Interval Success (RIS) performance targets. The results of a revised deployment design plan performed by the AMI vendor indicates that London Hydro must enhance the AMI wireless network to reach the provincial performance targets for RIS to enable a smooth introduction and operation of TOU billing. London Hydro became aware of this possible capacity issue in the Fall of 2010, and reported as such in the October 2010 Smart Meter/ TOU report submitted to the OEB.

In the Fall, it was believed that the underlying problem could be addressed by tuning and optimizing the RF network. While this remedial action did yield measurable improvement, it did not completely alleviate the network performance issue. Clearly, there was evidence of another underlying problem.

- In January 2011, following a design review, the AMI vendor recommended that the existing population of nine (9) radio transceivers be augmented with eight (8) additional radio transceivers as dictated by their revised design assumptions. Pursuant to the RF performance guarantees in the governing contract, the vendor will develop the remedial action plan and implement the solution at their cost. Remediation of this technical issue will have a significant impact on London Hydro being able to meet the TOU end date. Following the remediation work more time will be required for re-testing and tuning of the AMI systems to assure good data and reliable RF system performance. Finally, re-verification of the modified RF system will be necessary to ensure full compliance with the conditions of our radio spectrum licence. Figure 1 shows the timeline of the remediation work which is expected to enable the AMI network to reach the required performance targets by early fall 2011.

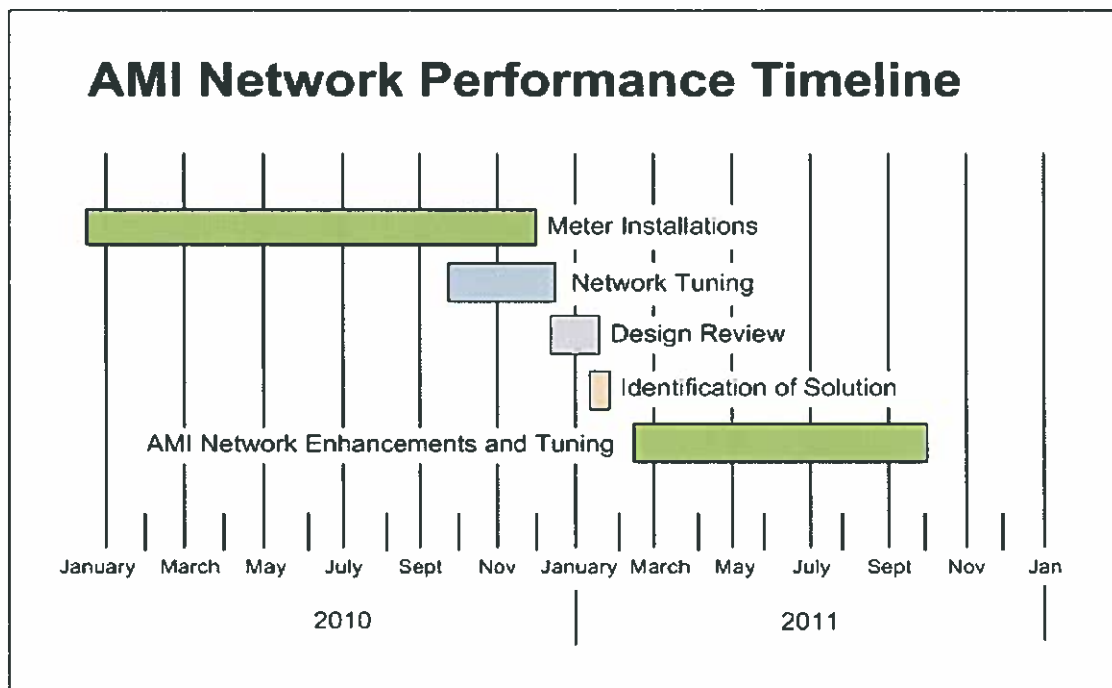


Figure 1: London Hydro AMI Network Performance Timeline

Obligation to Comply with Measurement Canada Billing Requirements

- Measurement Canada directives state that LDC's need to show the meter register read at the beginning and end of the bill period on the customer's invoice. The MDM/R's Technical Interface Specifications show that these quantities are not currently returned to the LDC. Our understanding is that Measurement Canada has directed the MDM/R to address this compliance issue and that a future release of the MDM/R system software (expected in the Fall of 2011) will provide the LDC with the meter register reads at the beginning and end of bill period for inclusion on the customer's bill.
- Modification for the Measurement Canada compliance means substantial re-work and re-testing of London Hydro's billing system and bill printing processes, using already limited resources with the requisite expertise in this area. London Hydro feels that it would be sensible to first arrive at a Measurement Canada

compliant MDM/R solution from the SME. After we are fully compliant with the Federal requirements, then a roll out of TOU billing to the customer should be made. Customer confusion can be avoided if TOU billing is introduced after the Measurement Canada compliant solution enables the register read to be placed on the bill.

- Information from other LDC's, who have previously introduced TOU billing with no register reads on the bill, indicated a substantial increase in customers calls with a majority of the calls associated with the lack of register read on the bill. This burden on our Customer Services will potentially effect our OEB compliances for Electricity Service Quality Requirements (ESQR).

Customer Acceptance of TOU

- The full support and acceptance of TOU billing by the customer is essential for the customer to be able to fully benefit from the potential energy cost savings that can be achieved through time management of energy consumption. Therefore it would not be prudent for London Hydro to transition customers to TOU billing without the resolution of the above mentioned factors.
- The smooth transition for our customers to TOU billing over the requested timeline provides the following benefits:
 - a. A two month adjustment period where customers can access their hourly consumption information before they are transitioned to being billed the TOU rates;
 - b. Ensure at least two months of good meter data before communicating to the customer their effective date for TOU pricing;
 - c. A balanced call volume to our call center related to questions related to moving to TOU billing; and
 - d. A reduction in billing exceptions and issues as new business processes can be refined over a longer period before all customers are on TOU billing.

Proposed TOU Introduction Plan

Figure 2 below represents London Hydro's rollout plan to meet the requested May 2012 TOU end date. The plan includes flowing meter data to the MDM/R starting in June 2011 in advance of moving the customers to TOU billing and allowing time to confirm the performance of all MDM/R elements. This plan introduces London Hydro customers to TOU billing starting in November 2011 after complying with Measurement Canada requirements scheduled in October 2011. The timing of transitioning customers to TOU billing is depicted by the blue shaded area in Figure 2. This allows a faster progression to TOU billing.

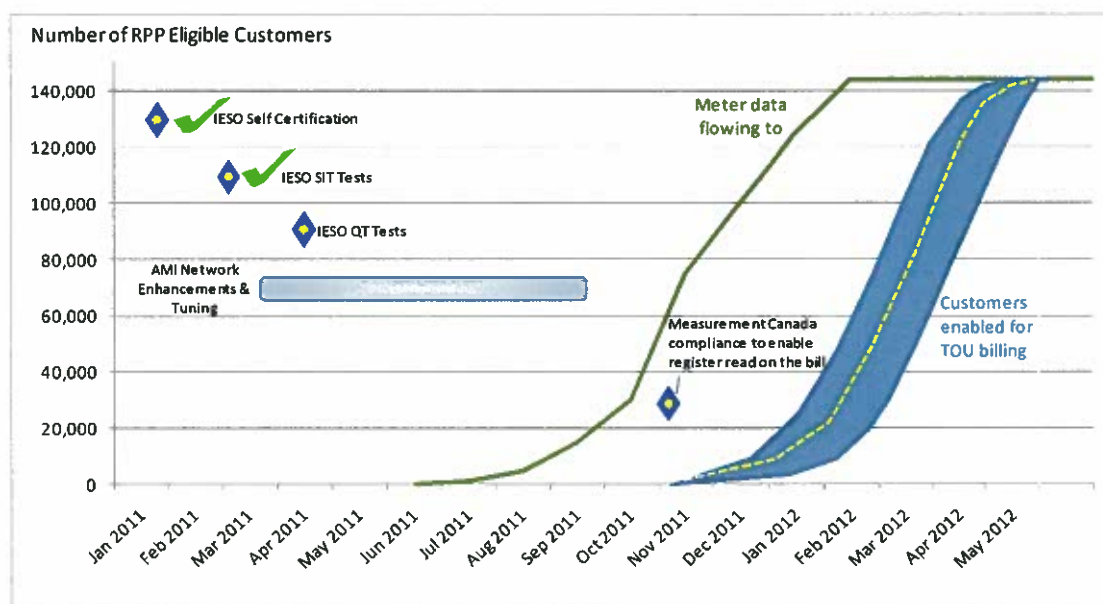


Figure 2: London Hydro Rollout Plan to Support a May 2012 TOU Completion Date

Conclusion

London Hydro remains committed to the completion of the transition to TOU. We are very confident of being able to meet the requested May 2012 TOU date. London Hydro will work closely with the AMI vendor to ensure that the system performance meets the



provincial target. Our plan will address those factors that could otherwise lead to a less-than-satisfactory customer experience.

We trust that the Board will support and approve this revised plan as being prudent given the circumstances, but most importantly will recognize it will provide a positive TOU rollout experience for our customers.

For the factors that have been identified, London Hydro respectfully requests that the Board adjust London Hydro's mandatory TOU end date from June 2011 to May 2012.

Should you have any questions or comments with respect to this application, please contact Mike Chase at (519) 661-5800 extension 5750, e-mail chasem@londonhydro.com or David Williamson (519) 661-5800 extension 5745, e-mail williamsond@londonhydro.com.

Sincerely,

Original signed by

Mike Chase, CMA, MBA
Director of Finance and Regulatory Compliances
London Hydro