

April 26, 2011

Ms. Kirsten Walli Board Secretary Ontario Energy Board PO Box 2319 27th Floor 2300 Yonge Street Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Board File No. EB-2011-0084 Kingston Hydro Application for Exemption from Mandated Time of Use Pricing

Please be find attached Kingston Hydro replies to the interrogatories of Board Staff in the above matter.

Respectfully submitted,

Nancy Taylor

Corporate Secretary

ntaylor@kingtsonhydro.com

Board Staff Interrogatories Application for Exemption from Mandated Time of Use Pricing Date for Regulated Price Plan Consumers Kingston Hydro Corporation EB-2011-0084 Dated April 20, 2011

Board Staff question 1

Preamble

Kingston Hydro Corporation ("Kingston Hydro") filed an application dated March 17, 2011 with the Ontario Energy Board for a licence amendment granting an exemption in relation to the mandated date for the implementation of Time-of- Use ("TOU") pricing rates for Regulated Price Plan ("RPP") consumers.

Kingston Hydro has applied for an exemption from their June 2011 mandatory TOU pricing date and requested a new date of October 2011. Kingston Hydro states it has been impacted by the required implementation of new customer service standards and the Ontario Clean Energy Benefit causing testing to fall behind schedule. In addition, Kingston Hydro states the extended date would allow a gradual implementation of a smaller number of customers for initial billing cycles to facilitate a smooth transition.

Questions

a) Please confirm the status of Kingston Hydro's smart meter deployment and TOU implementation as of April 1, 2011.

As of April 1, 2011

- 98% of residential smart meters have been installed
- 96% of small commercial meter have been installed
- Meter communication infrastructure is in place and noise issues at one of the towers are close to being resolved
- ◆ The AMI infrastructure is being used to obtain meter readings for RPP and retailer billing
- AMCC Internal testing has been completed
- CIS Internal testing has been completed
- ♦ MDM/R registration is completed
- Wave assignment has been completed
- Unit testing has been completed
- Self certification for enrolment has been completed
- System integration testing scheduled (Completed April 11, 2011)
- Qualification testing is scheduled (Commenced April 21, 2011)

b) Please specify and describe in detail the extraordinary and unanticipated circumstances that have led Kingston Hydro to request an extension to its mandatory TOU pricing date, including the impact on Kingston Hydro's implementation schedule from "new Customer Service Standards" and the Ontario Clean Energy Benefit.

The original baseline report was submitted in July 2009, at that time Kingston Hydro had attended information sessions offered by the IESO but had not yet completed any sort of detailed project planning. The baseline was updated January 7, 2010 which was when Kingston Hydro had initiated discussions with the IESO regarding detailed project planning with a view to obtaining a wave assignment.

A meeting was held between IESO staff and utility representatives on February 24, 2010. Following this meeting a detailed project plan was prepared and submitted to the IESO on May 31, 2010 in order to obtain the original wave assignment. It had been the Applicants intention to revise the baseline report to the Board to reflect the detailed plan at the time of the next quarterly filing July 6, 2010. Before that could be accomplished the initial Board letter regarding the determination was issued on June 24, 2010.

Kingston Hydro purchases billing services through its affiliate Utilities Kingston, which provides billing services for electricity, water, sewer and natural gas. The Customer Information System (CIS) is maintained by staff of Utilities Kingston and there is no third party support.

In parallel with the preparations for Time of Use billing system modifications were required in preparation for the implementation of the HST July 1, 2010. Additional system modification have been implemented to permit the tracking of FIT and micro FIT generator payments within the CIS.

In addition, not contemplated at the time of the original project planning, a number of Code changes were issued by the Board July 2, 2010 with respect to customer service standard. The first stage of these changes were required October 1, 2010, followed by additional changes January 1, 2011 and April 2011. In March additional amendments were issued for implementation in October 2011. Kingston Hydro has implemented some of the required changes in the CIS but in some cases (e.g. arrears management program) staff are tracking the arrangements manually as developer staff time has been allocated to the TOU billing project.

Also not contemplated during project planning were the CIS changes required for the implementation of the Ontario Clean Energy Benefit which was announced late in 2010 and required approximately 4 weeks of dedicated developer time to develop, test and implement. c) Please provide the details of and rationale for the smart meter deployment and TOU implementation plan associated with Kingston Hydro's requested mandatory TOU pricing date, including the billing cycle dates (and number of customers on each billing date) when customers will begin to billed on a TOU basis.

Kingston Hydro Corp is planning a deployment to TOU pricing that will allow for a gradual implementation, easing load on customer service representatives, billing resources, and Information Systems resources. The philosophy for our deployment is transitioning 2 bill days per week for the duration of the proposed extended implementation period. Kingston Hydro currently processes bills every day of the month, as a result we are planning for the following;

June 2011	
Bill Day (Lines up with Calendar Day)	Number of Accounts
7	781
9	423
14	1042
16	1803
21	869
23	897
28	574
30	803
Total	7192
July 20:	11
Bill Day	Number of Accounts
5	935
8	815
12	785
15	1165
19	1097

714
859
799
7169
t 2011
Number of Accounts
1286
361
471
1184
371
3673
per 2011
Number of Accounts
746
948
827
1345
3866
r 2011
Number of Accounts
977
1205
880
1049
561

Total 4672

For every bill day that is to be transitioned, the rate change to move from RPP to TOU will be effective on the respective bill day. The result will be bills with a portion of RPP and a portion of TOU.

It is expected that this strategy will make the most efficient use of resources. There is a noticeable decline in volume through August and September, this is due to the significant number of account changes associated with Queens University starting its fall semester. Historically, August and September have been very busy months for our customer service representatives and our billing department, we are purposefully trying to keep our MDM/R enrolment and TOU transitions to the bare minimum in these months.

d) Are there any other factors (internal and/or external) that Kingston Hydro has identified that may hinder its ability to comply with their requested mandatory TOU date?

The factors have been outlined in responses to other interrogatories.