



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

**Application for Extension to Mandated Time
of Use Pricing Date for Regulated Price Plan
Consumers**

Kingston Hydro Corporation

EB-2011-0084

May 6, 2011

BACKGROUND

Kingston Hydro Corporation (“Kingston Hydro”) filed an application dated March 16, 2011 with the Ontario Energy Board for a licence amendment granting an extension in relation to the mandated date for the implementation of Time-of-Use (“TOU”) pricing rates for Regulated Price Plan consumers.

Kingston Hydro has applied for an extension to its June 2011 mandated 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 during billing cycles to facilitate a smooth transition.

The Board issued a Notice of Application and Hearing on April 6, 2011. Board staff filed interrogatories on the application on April 20, 2011. Kingston Hydro responded to these interrogatories on April 26, 2011.

This submission is being provided by Board staff following a review of the application and evidence filed in this proceeding.

STAFF SUBMISSION

Having reviewed the application and evidence, Board staff has concerns with Kingston Hydro’s request for an extension to its mandated TOU pricing date.

Kingston Hydro indicated in its application that it would prefer to roll out TOU pricing over five months beginning in June 2011 rather than transition all customers in one billing cycle and meet the mandated June 2011 TOU pricing date. Kingston Hydro bills customers on a monthly basis. Kingston Hydro stated that it preferred to transition customers over five billing periods “so that quality control can be assured and that any issues that may result can be corrected before impacting large numbers of customers.”¹ Board staff believes that while transitioning all customers over a one month billing cycle may create transitional

¹ Ibid.

issues for Kingston Hydro, Kingston Hydro has not shown that the reasons for a rollout over five billing periods have arisen from extraordinary or unanticipated circumstances that necessitate an extension to Kingston Hydro's mandated TOU date.

In response to Board staff interrogatories, Kingston Hydro provided the details of its preferred rollout schedule.² The implementation schedule runs for five months, beginning June 2011 and ending October 2011, as shown in the table below.

Month	Number of Accounts
June	7,192
July	7,169
August	3,673
September	3,866
October	4,672
Total	26,572

Kingston Hydro states that it is intentionally keeping its TOU pricing rollout to a minimum in August and September to reduce load on customer service representatives and the billing department. Kingston Hydro's evidence refers to historically busy months in August and September due to the significant number of account changes associated with Queen's University starting its fall semester. Board staff sees this as a reason to accelerate TOU rollout to avoid the resource constraints identified, not as a reason to delay TOU implementation. Board staff does not find historically busy months for a utility's billing department to be an extraordinary or unanticipated circumstance.

In its responses, Kingston Hydro stated that its preferred deployment would allow for the "easing of load on customer service representative, billing resources, and Information System resources."³ Staff notes that while Kingston Hydro has given a preferred schedule, it has not provided compelling evidence that its extended implementation schedule is necessary to delay the implementation of TOU pricing. Staff is of the opinion that the management of customer service

² Kingston Hydro Interrogatory Responses, pp. 4-6.

³ Ibid., p. 4.

representatives work load is a part of normal business planning and not an extraordinary and unanticipated circumstance.

Overall, staff is not persuaded by the evidence provided that there are unanticipated and extraordinary obstacles preventing Kingston Hydro from rolling out TOU billing by the mandatory TOU date. However, staff is mindful of the fact Kingston Hydro has put in place its most prudent plan for TOU pricing implementation according to its unique individual circumstance. Staff observes that similarly sized utilities such as Haldimand County Hydro Inc. and North Bay Hydro Distribution Limited have scheduled their implementation of TOU pricing during their one month billing cycles. In light of Kingston Hydro's proposed schedule, Board staff is of the opinion that a more efficient two month rollout schedule, completing implementation by the end of July 2011, may be more appropriate.

Staff acknowledges that Kingston Hydro has made significant progress towards TOU implementation and meeting its mandatory date. Staff submits while Kingston Hydro is meeting part of the requirement of the Board's August 4th determination letter by beginning to bill customers on a TOU basis on June 2011, it has not provided compelling evidence supporting the need for an extension to the mandatory TOU date. Staff submits it may be appropriate to direct Kingston Hydro to amend its TOU billing schedule to a more reasonably efficient timeline. While Board staff recognizes that it is late in the planning process to make amendments to rollout plans, staff submits that an extended rollout that began before the mandatory TOU pricing date would have allowed all customers to be on TOU before the historically busy months associated with Queen's University's fall semester.

All of which is respectfully submitted.