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May 10, 2011

BY RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

Re: Festival Hydro Inc. Application for extension of mandated Time-of-Use date

Dear Ms. Walli:

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

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

Should you require any further information or clarification of any of the above, please do not hesitate to contact me.

Respectfully submitted,
Original Signed by

W.G. Zehr, President

1 **Background**

2
3 On August 4, 2010 the Ontario Energy Board (the “**Board**”) issued a final determination under
4 Section 1.2.1 of the Standard Supply Service Code to require the implementation of TOU pricing
5 for Regulated Price Plan (“**RPP**”) customers. The determination established mandatory TOU
6 implementation dates for each electricity distributor. The date of September 2011 is the
7 determined mandatory TOU date for Festival Hydro Inc. (“**Festival Hydro**”).
8

9 In its August 24, 2010 letter, the Board acknowledged that distributors may encounter
10 extraordinary and unanticipated circumstances during the implementation of TOU pricing and
11 requested that distributors bring these matters to the Board’s attention in order to assess the
12 impact on the distributor’s mandatory TOU date and whether any adjustment in that date may
13 be warranted.
14

15 Festival Hydro has maintained compliancy with the monthly filing of the OEB requested Smart
16 Meter/TOU Reports. These reports reflect the status rollout of our smart meters, customer
17 information system (CIS) modifications, and Smart Metering Entity (SME) Milestones. As a
18 general statement, Festival Hydro indicated in these monthly reports that it expected to be on
19 target for implementation of TOU pricing by September 2011. In some cases it was reported
20 that certain milestone planned dates had to be moved further out. This demonstrates that
21 Festival Hydro has put significant effort into meeting the milestone project dates and has been
22 diligently monitoring project execution.
23

24 Whenever Festival Hydro reported a change in project dates, a clear detailed response was
25 provided to the Board in regards to the purpose of the change. Correspondence with an OEB
26 staff member occurred in May of 2010 in relation to our meter deployment and enrollment date.
27 In September of 2010 more correspondence with the OEB documented a revision to our IESO
28 project plan and again in February of 2011, communication with the Board identified that
29 Festival Hydro had made a request with the IESO for an enrollment date change. The project
30 plan revision in February 2011 provided for very little cushion in the plan for the unexpected –
31 however, Festival Hydro was intent on pursuing the TOU OEB mandated date as long as we felt
32 that our customers would have a positive transition experience.
33

Detailed Factors Leading to an Extension Request

There have been several recent developments, described below, that have led to Festival Hydro to request an extension of the mandatory TOU date to May 2012.

Human Resource Losses

In March of 2011, the IT Manager, an integral player on the smart meter implementation team, announced his unplanned resignation. As a result of the departure of the IT Manager, Festival Hydro will not be able to execute the IT portion of the smart meter project plan as designed. Festival Hydro had planned to use its own internal resources to complete much of the software development and integration because of the significant amount of customization required. Because of the departure, a decision was made at this time to purchase more of the software required for smart meter implementation and to perform a retrofit of this software with our existing custom software. This change in direction had a significant impact on our project plan; however it was still felt at that time, that achieving our mandated TOU date with the OEB was manageable.

CIS Software Implementation

Festival Hydro purchased the required modules/modifications for our CIS applicable to the smart meter requirements from our CIS vendor in March. The software was installed and ready for a retrofit with our existing system late in March of 2011. In performing the retrofit of the software purchased to our existing CIS, it was discovered that due to significant custom applications in our system, the estimate of the time required to complete the retrofit in order to test and prove the billing data quality was significantly understated. It was at this time that Festival reviewed closely the ability to meet its TOU implementation date.

Customer Education on 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 Festival Hydro to transition customers to TOU billing without sufficient comfort in our own internal system testing.

1 The smooth transition for our customers to TOU billing over the requested timeline provides a
2 one month adjustment period where customers can access their hourly consumption information
3 before they are transitioned to being billed the TOU rates; a longer period of good meter data
4 before communicating to the customer their effective date for TOU pricing; a balanced call
5 volume to our call center related to questions relating to moving to TOU billing; and a reduction
6 in billing exceptions and issues as new business processes can be refined over a longer period
7 before all customers are on TOU billing.

8
9 The proposed TOU introduction plan would include a 6 week communication strategy prior to
10 TOU rates being applied to consumption in addition to a 4 week period whereby customers
11 could review consumption under TOU before the first cycle of TOU data collection for billing
12 purposes.

13 14 **Conclusion**

15
16 Due to the combination of extraordinary circumstances encountered in the execution of this
17 project including the loss of an integral team member, the unplanned time spent to staff the IT
18 department back to a sufficient headcount, and the software retrofit issues identified which
19 required resolution by the IT department, in conjunction with Festival Hydro's desire to maximize
20 customer acceptance prior to TOU rollout, Festival Hydro feels an extension of the mandated
21 TOU date is prudent.

22
23 Festival Hydro has been very open with the OEB in regards to our project plan changes and the
24 issues encountered as they have been encountered. At this time, Festival Hydro is of the view
25 that circumstances require it to request an extension due to the impossibility of completing our
26 system update, the various levels of testing with the IESO, and a smooth TOU roll-out to our
27 customers prior to the current TOU implementation date. Festival Hydro feels that to move
28 forward without sufficient time in our plan to properly address the software retrofit and internal
29 system testing will negatively impact our customers and as such request approval for the
30 extension requested.

31
32 Festival Hydro remains committed to the completion of the transition to TOU. We are very
33 confident of being able to meet the requested May 2012 TOU date. Festival Hydro will work
34 closely with the CIS software 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. Our revised project plan will include the following milestone items requiring completion by the dates specified.

Milestone Description	Date
Enrollment wave requested and confirmed	May 2011
CIS Internal Testing	Aug 2011
Unit Testing	Dec 2011
Self certification for SIT complete (SME_FORM_0007)	Dec 2011
System Integration Testing (SIT)	Jan 2012
Self certification cutover	Feb 2012
Qualification Testing (QT)	Feb 2012
Transition to Production Operations	Mar 2012
TOU transition complete	May 2012

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, Festival Hydro respectfully requests that the Board adjust Festival Hydro's mandatory TOU end date from September 2011 to May 2012.

Should you have any questions or comments with respect to this application, please contact Kelly McCann at (519) 271-4703 ext. 221, e-mail – kmccann@festivalhydro.com.