



May 11, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

Dear Ms. Walli,

**Re: Kingston Hydro Corporation – Reply Submission respecting its Application for  
Exemption from Mandated Time-Of-Use Pricing Date for Regulated Price  
Plan Consumers**

**Board File Number EB-2011-0084**

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Please find attached, Kingston Hydro Corporation's reply submission respecting the above application.

Please forward this reply submission along with this cover letter to Board Staff involved in this proceeding.

Submitted respectfully,

A handwritten signature in dark ink, appearing to be "J.A. Keech".

J.A. Keech, President and CEO  
Kingston Hydro Corporation

Encl.

**Reply Submission**  
**Application for Exemption from Mandated Time of Use Pricing**  
**Date for Regulated Price Plan Consumers**  
**Kingston Hydro Corporation**  
**EB-2011-0084**  
**Dated May 11, 2011**

Preamble

Kingston Hydro Corporation (“Kingston Hydro”) filed an application dated March 16, 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.

Kingston Hydro has provided additional data in response to Board Staff Interrogatories on April 26, 2011. Kingston Hydro received the Board Staff Submission on May 6, 2011.

Response

The Board Staff Submission indicates that Kingston Hydro has not presented a compelling case for granting an extension to the mandated TOU date.<sup>1</sup> Kingston Hydro disagrees with this conclusion for the following reasons.

Since the original application for an exemption from mandated time of use pricing was submitted, Kingston Hydro has been working extremely hard with it’s implementation. During this time, Kingston Hydro has completed System Integration Testing (SIT) and is 66% completed Qualification Testing (QT) with the IESO.

During the official testing with the IESO, the inherent compressed timelines associated with this initiative meant completing internal user acceptance testing (UAT) at the same time. The approach by Kingston Hydro’s affiliate, Utilities Kingston, to complete these major TOU tasks, has been to make the TOU project the top priority and allocate as

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<sup>1</sup> Board Staff Submission, p. 4

many staff resources as possible to two TOU teams; one team is testing the system with the IESO, and the second team is completing detailed testing for Kingston Hydro business rules and procedures.

The importance of the unanticipated Customer Service Standards changes and the Ontario Clean Energy Benefit is that these directives have significantly impacted the resources that otherwise could have been allocated to the TOU project. The detailed UAT testing in progress for TOU has revealed significant functional deficiencies that must be addressed before moving to TOU. These deficiencies are being dealt with as quickly as possible however they have put a severe strain on staff resources to get them completed in time.

The request to extend the TOU deployment in Kingston Hydro's territory is meant to provide manageable loads for the staff groups identified in our original application. Additionally, the time given for an extended TOU deployment is also seen as a risk management tool. As indicated in the original application, the billing system used by Kingston Hydro's affiliate is heavily customized to a degree that it is unlike others in the province, billing electricity, water, sewer and natural gas. Those utilities observed by Board staff in their submission<sup>2</sup> to be of similar size to Kingston Hydro are not similar in terms of Kingston Hydro's unique individual billing system circumstance and hence are not appropriate for billing system TOU pricing implementation comparison purposes.

It is prudent from a management perspective to understand that not all of the issues associated with the new TOU components will be caught before moving customers to the new pricing system. This is especially true with such an aggressive deadline as the TOU Mandated Date provides. There simply are not enough people and not enough hours in the day to catch everything. Based upon Kingston Hydro's knowledge and experience in implementing changes to this customized billing system, it is Kingston Hydro's view that moving smaller numbers of customers to TOU gradually, will limit the impact of unforeseen issues.

In Board staff submission, Board staff sees the significant account changes associated with Queen's University as a reason to accelerate TOU<sup>3</sup>. Kingston Hydro disagrees; the account changes associated with Queen's University starting its fall semester and the resource constraints that result is reason to delay TOU rollout rather than accelerate it. This is a period of time where there are in the order of 14,000 students descending upon the city. The resources required for processing the account changes with this massive influx is what the business is sized for. Accelerating the proposed TOU deployment to be done before this rush is not possible. Moving customers to TOU in July will mean their first TOU bills will be prepared in August. It is when billing quantities are requested that issues will arise. There are simply not enough resources available to

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<sup>2</sup> Board Staff Submission, p. 4

<sup>3</sup> Board Staff Submission, p. 3

handle the peak of the student rush and TOU issue resolution. Kingston Hydro believes that the schedule put forward in the application is the best for its territory based on historical experience.

Finally, since the applicant's response to the board interrogatories it has been working very closely with the AMI provider and the IESO to confirm a deployment strategy. There are limitations within all three organizations that are currently being discussed to come to an agreement on. Moving customers to TOU appears to be a very manual process for Kingston Hydro and the AMI provider, as such, we are scheduling transitions to make the work load match the available resources for each organization.

Kingston Hydro believes that without the requested extension there is a significant risk that inaccurate bills could be issued resulting in a negative impact on our customers that could continue to increase public animosity toward the TOU regime.

All of which is respectfully submitted.