

FILED ON RESS

June 13, 2011

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

Dear Ms. Walli:

**Re: PowerStream Inc. - Application for an Extension to Mandated Time-of-Use Pricing Date for Certain Regulated Price Plan Customers
Board File Number EB-2011-0117
Responses to Board Staff Interrogatories**

Please find attached PowerStream's responses to the interrogatories from Board Staff.

These responses have been filed on RESS.

Yours truly,

Original signed by

Colin Macdonald
VP, Rates and Regulatory Affairs

cc. Richard D. Butler, Fasken Martineau DuMoulin LLP
Counsel for the Canadian Federation of Independent Business

**Application by PowerStream Inc. ("PowerStream") for an Extension to its
Mandated Time-of-Use Pricing Date for Certain Regulated Price Plan Consumers**

EB-2011-0117

**PowerStream Responses to
BOARD STAFF
Interrogatories**

Filed: June 13, 2011

Board Staff question 1

Preamble

PowerStream Inc. ("PowerStream") filed an application dated April 19, 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 its GS<50kW Regulated Price Plan ("RPP") consumers.

Under cover of a letter to all Ontario electricity distributors dated August 4, 2010, the Ontario Energy Board provided its determination of mandatory dates by which each distributor must bill those of its RPP customers that have eligible TOU meters using TOU pricing. PowerStream has applied for an extension to its June 2011 mandated TOU pricing date for its GS<50kW customers and requested a new date of February 2012 for this group of customers. PowerStream states that it is "ready to implement TOU rates for these customers," but an extension is necessary due to "concerns about potential bill increases."

PowerStream files monthly reports with the Board on smart meter deployment and TOU pricing.¹ Previous to its April 19, 2011 application, PowerStream did not indicate it had "concerns about potential bill increases" in its monthly reports, including its report for the month ending March 31, 2011.

On April 19, 2011 the Board released RPP electricity commodity prices that took effect May 1, 2011. The backgrounder accompanying the release of the RPP prices noted that "Though the electricity line on the bill has increased since last May, a comparison of May 2010 and May 2011 shows overall the total bill has remained relatively flat as a result of the introduction of the Ontario Clean Energy Benefit."²

¹ See: http://www.ontarioenergyboard.ca/html/touimplementation/toufilings_monthly_read.cfm

² See: http://www.ontarioenergyboard.ca/OEB/_Documents/Press%20Releases/rpp_Backgrounder_20110419.pdf

(a) Please explain in detail how “concerns for potential bill increases” represent “*extraordinary and unanticipated circumstances*” related to the implementation of TOU billing for PowerStream’s GS<50kW customer class given that PowerStream is “ready to implement TOU rates for these customers.”

Response:

PowerStream’s installation of smart meters was completed over the years 2008 to 2010 and in the first few months of 2011. PowerStream’s smart meter implementation plan during 2008 to late 2010 focused primarily on residential customer meter installation and TOU system changes to meet TOU implementation targets. Smart meters were installed for the majority of GS<50kW customers in late 2010 and early 2011. This sequence of installation was done mainly for the strategic reason of having a mass deployment of single phase meters that would enable migrating the vast majority of our customers to TOU rates in order to meet PowerStream’s mandated target of June 2011. Also there were delays in completing the GS<50kW smart meter installation in 2010 due to difficulties in getting Measurement Canada approval and sourcing three-phase smart meters.

The comment in our application that we were “ready to implement TOU rates for these customers” referred to the fact that the smart meters were installed and the “back office” infrastructure and processes were in place to start TOU billing.

The anticipated total bill impacts are outlined in our response to CFIB IR #1. These impacts could not be calculated prior to the general service meter installations being substantially complete. As a result, the bill impacts were not known until late February following the installation of the smart meters and subsequent analysis. The extent of the bill impacts was not anticipated.

Given the current customer sensitivity to electricity prices and the OEB’s concerns with rate mitigation, PowerStream considers an average total bill increase of 6.1% and a highest total bill increase anticipated at 24% to be extraordinary. Adding to our concerns was our consideration that many GS<50kW customers (restaurants for example) may have difficulty shifting consumption away from peak pricing periods. Given the current emphasis on energy conservation and an inability to reach these customers in time for the June 2011 TOU implementation target, PowerStream felt it prudent to request the extension in order to address potential customer concerns over bill increases.

(b) Please explain in detail why PowerStream did not raise this concern prior to its April 19, 2011 application for an extension.

Response:

As outlined in PowerStream's response to Board Staff IR#1(a), the bill impacts were not known until February 2011 when sufficient smart meters were installed for the GS<50kW class and the analysis could be completed. Management carefully considered how to best proceed and it was decided to submit the application for an extension in April. This was disclosed in PowerStream's April report on smart meter deployment and TOU pricing, submitted to the OEB in May.

(c) Please explain in detail why PowerStream has “concerns for potential bill increases” for its GS<50kW customer class given the presence of the Ontario Clean Energy Benefit.

Response:

PowerStream’s understanding of the Ontario Clean Energy Benefit (“OCEB”), based on information that is posted on the Ministry of Energy’s website, is that it is intended to help offset the costs of implementing renewable generation that will replace some more traditional forms of generation. Since the OCEB is applied at the end of the bill, after taxes, it provides relief to all aspects of the bill, many of which appear to be facing upward pressure.

As indicated in PowerStream’s response to Board Staff IR#1(a), the migration of GS<50KW customers to TOU rates may result in total bill increases as high as 24%. In these instances, the OCEB will only provide partial relief.

(d) Please provide a description of all smart meter and TOU communications PowerStream has issued to its GS<50kW customers over the last two years. Please explain why PowerStream has failed to provide these customers with materials containing sufficient information to prepare them for TOU implementation.

Response:

Prior to the installation of smart meters for GS<50kW accounts, these customers were provided with advance notice and apprised of what to expect when the meter change-out occurred.

As indicated in PowerStream's response to CFIB IR#3, PowerStream's practice with residential customers was to provide an individualized comparator statement prior to migration to TOU rates. Experience showed that if this communication was more than one billing period prior to TOU rate implementation, the messaging tended to be ineffective.

For GS<50kW customers, a similar approach was contemplated. As indicated in PowerStream's response to Board Staff IR#1(a) the bill impacts were determined in February, 2011 following smart meter implementation and the collection of hourly consumption data. This individualized communication did not proceed due to the filing of the April 19, 2011 application for an extension.

(e) In the event that PowerStream does not receive the extension to its mandated TOU implementation date as requested, does PowerStream plan to work with its GS<50kW customers to implement and educate them on the CDM programs available through the Ontario Power Authority?

Response:

Yes. PowerStream will carry out the Ontario Power Authority Programs outlined in the response CFIB IR#4.

(f) Has PowerStream performed analysis of the bill impact benefits to its GS<50kW customers with the implementation of TOU billing? If so, please provide this analysis. If no such analysis has been conducted, please explain why.

Response:

Yes. Please see PowerStream's response to CFIB IR#1.

(g) Does PowerStream intend to inform those customers whose bills would be reduced by TOU billing that PowerStream has chosen to delay the implementation of TOU billing? If yes, when and how. If not, why not?

Response:

No. Any individual customer that is estimated to have a bill decrease based on past consumption could increase consumption due to changing its business circumstances. A manufacturer for example could add a work shift or make another change in its usage of electricity and move from an estimated decrease to an increase. It would be very difficult to manage this type of messaging with customers.

It also needs to be emphasized that from a billing perspective it is not feasible to separate those customers that may experience a bill decrease from those that may experience an increase.

Therefore, it is not practical to try and implement TOU rates for only those customers that PowerStream has calculated may experience a bill increase.

.

.

(h) Please explain the basis for PowerStream's request for a February 1, 2012 TOU implementation date and the reasons why seven months is needed to educate consumers and mitigate potential bill increases.

Response:

A six month period from June, 2011 to December, 2011 was considered sufficient time to make GS<50 kW customers aware of the OPA CDM programs and have those programs implemented for those that so choose. The date was moved one additional month to February 1, 2012 since the Customer Service staff that deal with TOU rate implementation must also complete a number of 2011 year-end activities.

(h) Please provide the details of PowerStream's proposed TOU implementation for GS<50 customers, including the specific dates customers will be converted to TOU billing and how many customers will be converted on each date.

Response:

PowerStream has scheduled migration of GS<50 customers to TOU billing as shown in the following table:

Week (beginning – ending), 2012	Scheduled Customers
February 1-3	4,076
February 6-10	7,203
February 13-17	6,194
February 20-24	6,818
February 27-29	696
TOTAL	24,987