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June 13, 2011

Ontario Energy Board
2300 Yonge Street
26th Floor
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Sirs:

Re: Midland Power Utility Corporation – Application for Extension to Mandated Time-of-Use Pricing
for Certain Regulated Price Plan Consumers
Licence #ED 2002-0541; Board File No. EB-2011-0133

Enclosed please find Midland PUC's response to Interrogatories of Ontario Energy Board Staff filed under the RESS system today.

Should you have any questions, please do not hesitate to contact the writer.

Yours very truly,

MIDLAND POWER UTILITY CORPORATION

A handwritten signature in black ink, appearing to read 'Phil Marley'.

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**Midland Power Utility Corporation
RESPONSE TO**

**Board Staff Interrogatories
Application for Extension to Mandated Time-of-Use Pricing Date
for Regulated Price Plan Customers
Midland Power Utility Corporation
EB-2011-0133
Dated June 13, 2011**

Board Staff question 1

Preamble

Midland Power Utility Corporation (“Midland”) filed an application dated May 4, 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. Midland 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. Midland states its “systems are set up to implement TOU rates for these customers,” but an extension is necessary due to “concerns about potential bill increases.”

Midland files monthly reports with the Board on smart meter deployment and TOU pricing.¹ Previous to its May 2011 application, Midland 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

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

remained relatively flat as a result of the introduction of the Ontario Clean Energy Benefit.”²

Questions

- a) Please explain in detail how “concerns about potential bill increases” represent “*extraordinary and unanticipated circumstances*” related to the implementation of TOU billing for Midland’s GS<50kW customer class given that Midland’s “systems are set up to implement TOU rates for these customers.”

Response:

As indicated in Midland PUC’s response to Canadian Federation of Independent Business Interrogatory #1, average bill increase for 87% of customers would be \$6.49 or 6.8% based on winter TOU pricing. Rates have since increased effective May 1, 2011. Consequently, the bill impacts will be substantially increased. Midland PUC was able to analyze potential bill impacts in early May, 2011 when the smart meter infrastructure was completely installed and stabilized. Once this analysis was completed, Midland PUC determined the potential bill impacts for the majority of these customers was much higher than the average bill impact. One of the main contributing factors to this increase is the inability of this customer class to shift their consumption to non-peak periods as the hours of operating their businesses co-insides with the peak period pricing.

Recognizing this customer base would require specialized education with respect to TOU rates and OPA conservation programs, Midland PUC requested the extension to enable the LDC to provide this information to customers. The OPA programming information was late coming to market and consequently, the programs were not rolled out until April, 2011. In addition, in April, 2011 Midland PUC hired an Energy Services Manager who is key to the development of these programs with commercial customers. Midland PUC will be hosting information sessions at our local Chamber of Commerce, Rotary Club, Builders Association and Business Improvement Association. With these measures in place, Midland PUC anticipates this customer class to be empowered to take advantage of the OPA programs and to conserve consumption where possible.

² See:

http://www.ontarioenergyboard.ca/OEB/ Documents/Press%20Releases/rpp_Backgrounder_20110419.pdf

- b) Please explain in detail why Midland did not raise this concern prior to its May 2011 application for an extension.

Response:

Midland PUC was not able to raise this concern prior to May, 2011 as the information was not available. Midland PUC completed the installation of meters to the GS<50kW class in January, 2011. Once our back office systems were stabilized, we were able to perform the analysis.

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

Response:

The analysis Midland PUC undertook in this application included taking into consideration the reduction as a result of the Ontario Clean Energy Benefit. Bill impacts would be 10% greater than shown in our analysis if the OCEB was not taken into account.

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

Response:

In the fall of 2009, Midland PUC held information sessions for all customers, including GS<50kW to acquaint them with installation of smart meters and TOU pricing. Following installation, Midland PUC provided customers with a letter and a booklet outlining how smart meters would work and providing customers with energy conservation tips and techniques. Installation of meters was first rolled out to the residential customer base as it is the largest. GS<50kW customers followed in 2010. In 2011, Midland PUC held two information sessions for all customers, has placed advertisements and an article in the local newspaper. Midland PUC has also provided customers with an information package which included a Welcome to TOU pricing letter, a summary of two months consumption on RPP vs. TOU rates and a magnetized cling customers may attach to their appliance readily identifying the TOU rate periods. Midland PUC was unable to provide GS<50 KW customers with additional educational and conservation programs due to staffing and delays in the rollout of the OPA programs.

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

Response:

Midland PUC will work with customers to implement and educate them on CDM programs through the OPA in 2011. Midland PUC feels it has not been able to accommodate this in the past due to time constraints and staffing needs as the focus of this initiative has been on back office implementation of systems and business practices set up for billing on the new rate regime. The significant delay in OPA program rollout, coupled with the hiring of our Energy Services Manager will enable Midland PUC to provide GS<50kW customers with alternatives to reduce their consumption.

- f) Has Midland 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:

See response to CFIB #1

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

Response:

No, Midland PUC does not intend to inform customers who may have potential decreases. The analysis performed was prepared using the winter TOU rates and it is anticipated the decreases may be eliminated when customers switch to the summer TOU rates. In addition, Midland PUC is a summer peaking LDC and consequently, the increases over this period would be greater than the analysis prepared in this Application.

Typically the GS<50 customer class operates business during the mid-peak and on-peak periods and does not always have the ability to shift their load to off-peak periods. Consumption patterns may not be consistent from month to month which would result in decreases in one month and increases in another. Consequently, it would be impractical or inappropriate to implement TOU billing for customers who may have a perceived decrease in their consumption over the estimated period.

- h) Please explain why Midland requires “six months to implement and educate customers on the OPA programs so that customers may mitigate against potential increases“.

Response:

See response to CFIB #3.

- i) Please provide the details of Midland'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:

Midland PUC GS<50 customers will be converted to TOU pricing in totality beginning February 1, 2012.