

FILED ON RESS

June 27, 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/EB-2011-0133
PowerStream Submission**

Please find attached PowerStream's Submission on this matter. This document has 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 SUBMISSION

Filed: June 27, 2011

Introduction

1. PowerStream Inc. (“PowerStream”) filed an application with the Ontario Energy Board on April 19, 2011 under section 74 of the *Ontario Energy Board Act, 1998*, for a licence amendment seeking an extension to the mandated date for implementation of time-of-use pricing (“TOU”) for Regulated Price Plan consumers. The Board assigned the application file number EB-2011-0117. PowerStream applied for an extension to the mandated June 2011 TOU pricing date for eligible General Service under 50 kW (“GS<50kW”) customers. PowerStream requested a new time-of-use implementation date of February 1, 2012 for this group of customers. PowerStream indicated that an extension was necessary in order to promote and implement Ontario Power Authority (“OPA”) Conservation and Demand Management (“CDM”) programs to mitigate the impact of potential bill increases to eligible GS<50kW customers.
2. On May 3, Midland Power Utility Corporation (“Midland PUC”) filed a similar application to which the Board assigned file number EB-2011-0133.
3. In a Procedural Order (“PO”) No. 1, dated May 27, 2011, the Board aligned the procedural steps for PowerStream and Midland PUC.

4. Analysis completed by PowerStream was a key factor in the decision to file the April 19, 2011 application to the OEB asking for the extension for the implementation of TOU rates to GS<50kW customers. PowerStream has about 25,000 GS<50kW customers that will be migrated to TOU rates. Hourly consumption data was taken from a sample of 11,568 of these customers. TOU rates were applied to these data to determine the bill impacts as compared to two-tiered pricing. The analysis showed that 59% of the customers would experience an increase in their bills. The average total bill for this group was \$84.22 per month. The average increase in the total bill was 6.1% or \$5.12 per month. The highest increase in the total bill was 24% or \$20.21. The analysis also estimated that 41% of the customers would experience a decrease in their bills. The average total bill for this group was \$269.60 per month. The average decrease in the total bill was 8.2% or \$22.12 per month. The highest decrease in total bill was 31% or \$83.58. The analysis used data from the winter season. Bill impacts could be higher in the summer period due to the use of air conditioning. (Response to Confederation of Independent Business ("CFIB") IR#1.)
5. 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 installations in 2010 due to difficulties in getting Measurement Canada approval and sourcing three-phase smart meters. The bill 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 considered significant. (Response to Board Staff IR#1a.)

6. It was further noted that when billing customers on TOU rates it is not practical to anticipate and separate customers between those that are estimated to experience a bill increase from those that are estimated to have a bill decrease. Any given customer could change their level or pattern of consumption, due to business conditions for example, and get a rate increase where a decrease might have been expected. (Response to CFIB IR#1 and response to Board Staff IR#1g.)
7. If PowerStream is granted an extension by the OEB, the time will be used to promote and help GS<50kW customers implement OPA CDM programs. These programs became available earlier in 2011 after the OPA Master Agreement was finalized. (Response to CFIB IR#3.)
8. PowerStream has concerns that some GS<50kW customers, given the nature of their businesses, may have difficulty shifting consumption away from peak pricing periods. (Response to Board Staff IR#1a.)

Submissions

9. The CFIB Submission supported PowerStream's request to the OEB for an extension of the date for implementation TOU rates for GS<50kW customers.
10. Board Staff's Submission recommended that the Board deny the extension. The remainder of PowerStream's Submission is a response to points raised by Board Staff.

11. PowerStream and Board Staff appear to differ mainly on the appropriateness of addressing rate mitigation. PowerStream's view is that given the potential for significant total bill impacts there is merit in providing GS<50kW customers with the time and opportunity to implement CDM programs that could offset the bill increases. Board staff correctly point out that PowerStream is ready, from a technical point of view, to implement TOU rates for GS<50kW customers. They further indicate that PowerStream's estimated bill increases do not represent extraordinary or unanticipated circumstances *related to TOU implementation*. Board staff also address the issue that it is estimated that some customers may experience a bill decrease and that an extension delays the possible benefit to these customers. These arguments all have merit.
12. Board Staff note that PowerStream has reported that 339 GS<50kW have been migrated to TOU rates. PowerStream would like to clarify that these are mainly temporary services to residential construction projects. These services are classed as GS<50kW until such time that they are no longer needed and are removed.
13. PowerStream submitted its application for an extension to implementation of TOU rates for GS<50kW customers based on the estimates that the average total bill increase would be 6.1% and the highest estimated increase would be 24%. A seven month extension in implementation of TOU rates from June 2011 to February 2012, that would allow the marketing and implementation of CDM programs to offset the increases, was considered reasonable.
14. PowerStream asks that the extension to from June 2011 to February 2012 be allowed by the Board

All of which is respectfully submitted.