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June 29, 2011

**BY COURIER**

Kristen Walli, Board Secretary  
Ontario Energy Board  
PO Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

**Re: EB-2011-0138  
Festival Hydro Inc. Response to Ontario Energy Board Staff Interrogatories  
TOU Pricing Extension Application**

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Dear Ms. Walli:

Festival Hydro Inc. filed an application dated May 10, 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 Regulated Price Plan consumers. On May 26, 2011 the Board issued a Notice of Application and Written Hearing and on June 15, 2011 the Board Staff submitted its interrogatories to the Applicant as per the Board's Notice of Application. The Applicant now submits its responses to those interrogatories.

A copy of this package has been electronically filed through the Ontario Energy Board's RESS system and emailed to the Board Secretary. The original has been couriered to the Board's offices.

Should you require any further information or clarification of any of the above please contact me.

Respectfully submitted,  
*Originally Signed by*

A handwritten signature in black ink, appearing to be "W.G. Zehr", followed by a horizontal line.

W.G. Zehr, President

## **Response to Board Staff Interrogatories**

**Application for Extension to Mandated Time-of-Use Price Date for  
Regulated Price Plan Consumers  
Festival Hydro Inc. ("Festival Hydro")  
EB-2011-2011  
Filed June 29, 2011**

### **Board Staff Interrogatory #1**

#### Preamble

Festival Hydro Inc. (Festival) filed an application dated May 10, 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 Regulated Price Plan consumers.

Festival is requesting an extension from its September 2011 TOU pricing date and requesting a new date of May 2012. Festival states the extension is necessary due to key human resource losses during TOU implementation, delays retrofitting the customer information software and time required to educate customers on TOU prior to transitioning to TOU prices.

#### Questions:

- a) Please confirm the status of Festival's smart meter deployment and TOU implementation as of June 1, 2011.**

#### Response

Festival Hydro has 1 residential meter, 1 commercial meter and 4 bi-directional meters to install in our service territory and is essentially complete the deployment stage of the project.

Network tuning is ongoing and Festival Hydro currently has 96% read interval success. Festival Hydro is currently in the process of testing the data received through collector polls to the manual read data compiled but is not using the data in the AMI to bill customers.

Our CIS software is currently undergoing the upgrades required in order to begin testing with the MDM/R.

New business processes under TOU are being documented and test scripts are being developed/refined to ensure accurate and complete testing of our system.

Festival Hydro is on target to the amended TOU implementation plan filed with the OEB staff and currently has its wave assignment confirmed with the IESO in accordance with the amended plan.

The milestones as identified in the monthly OEB reporting are included in the table below. Festival Hydro believes the qualification testing and the self-certification process cannot be completed until all of the required programming changes to the CIS have been installed and end to end testing has been completed. Our amended plan also includes a one month time frame between our self-certification and the transition to TOU for our first cycle of customers in order to build history in the MDM/R and to roll out a web-presentment product to our customers.

<b>Milestone</b>	<b>Expected Completion Date/Status</b>
AMCC Internal testing	Completed
CIS Internal testing	5-Sep-11
MDM/R Registration Application submitted	Completed
Enrolment wave requested & confirmed	Completed
Unit testing	19-Dec-11
Self-Certification for enrolment testing	19-Dec-11
System Integrity Testing	30-Jan-12
Qualification Testing	27-Feb-12
Self Certification	27-Feb-12
Transition to Production	2-Apr-12

**b) Please describe in detail the factors that Festival considered in making this application, including a clear description of the unanticipated and extraordinary circumstances that have prompted Festival's application.**

## **Response**

There are a number of contributing factors encountered by Festival Hydro that prompted the application for an extension:

1. Human Resource losses: As noted in our application, in March of 2011 our IT manager unexpectedly resigned. This individual was integral to the smart metering project as he was overseeing all interface solutions for the MDM/R and our CIS. In addition, he was overseeing the documentation of our new business processes under TOU and was the main technical contact for the IESO. On March 28<sup>th</sup> our Systems Analyst took over the role of IT Manager and was involved in the month long interview process

- to hire a new IT resource. It was during this time that the decision was made to move forward and purchase software to update our CIS for changes as they relate to TOU billing. This was a change in direction from Festival Hydro's original plan as we had been in the process of designing our own software because of the significant amount of customization in our existing system. Festival Hydro no longer considered this initial approach as being viable given the changes in our IT department (namely that our IT staff experience with our customized software was significantly reduced). On May 2, 2011 a new IT systems analyst started with Festival Hydro. As our original project plan approved by the IESO had a unit test start date in April of 2011, and system changes were ongoing at the time that the IT manager resigned, Festival Hydro immediately fell behind and was forced to consider reducing our unit testing in order to meet our mandated TOU enrollment date.
2. CIS Software Implementation: As noted above – Festival Hydro made a significant project plan direction change in late March of 2011 as a result of changes in resources in the IT department to purchase the required modules/modifications from our software vendor to update our existing CIS for TOU implementation. The time required to integrate the software with our existing CIS was significantly underestimated given the amount of custom programming that was inherent in our system. This fact was recognized in late April as Festival was nearing our unit test start date. Again we were faced with the decision of significantly reducing the amount of time spent unit testing in order to meet our mandated TOU date. Festival Hydro sought the advice of the IESO on this matter and were informed that unit test results were being more closely scrutinized by the IESO before each LDC was given approval to move into formal testing. They strongly recommended that we perform extensive unit testing to ensure our system was prepared for the more stringent formal testing under SIT and QT. In analyzing our remaining time frame prior to September 2011 (our OEB mandated TOU date), and noting that the project milestones following unit testing are sequential, Festival Hydro felt it was prudent to reassess our timeline and file for an extension rather than risk insufficient testing and possibly faulty data being presented to our customers.
  3. Customer Education on TOU: The third factor leading to our extension request was actually viewed as a benefit of the possible extension in that it would allow Festival Hydro more time to communicate more information to our customers as it relates to the impact of TOU pricing on each of them. Festival Hydro currently adheres to the highest level of customer service standards – and the revised timeline includes a full 4 week period prior to TOU rollout to the first cycle of customers where customers can use a web

presentment tool to view their usage data under TOU peak/mid peak/off peak windows. This customer communication technique prior to TOU billing was under consideration of being eliminated from the project plan when it was contemplated to move forward without the extension request. Ultimately, Festival Hydro felt that this would be a disservice to our customers and as such required the extension as a means of leaving time for this communication technique in the project plan. More details on the customer communication that we've had over the last two years as well as our upcoming education plan for customers on TOU pricing is documented in the questions below.

The loss of our IT manager mid-project, and the implementation of generic software to our custom CIS are two unanticipated and extraordinary circumstances encountered during our attempt at achieving our original project plan timeline. Festival Hydro's belief that extensive customer communication is required for this project is also a driver in requesting an extension.

In addition, in deciding to bring forth this Application, Festival Hydro considered the potential issues that could have resulted if an extension was not requested such as additional project cost due to overtime, the negative implications of rushing the testing which ultimately could have resulted in incorrect billing, in addition to the lack of time for the web presentment tool to be available to customers prior to TOU billing being implemented. Festival Hydro felt the negative impacts of moving forward under these circumstances would significantly reduce the possibility of successfully implementing TOU pricing and this was not an acceptable approach from Festival Hydro's perspective. As such, Festival Hydro felt the unanticipated and extraordinary circumstances encountered during project implementation justified the extension request.

**c) Please provide details of Festival's proposed TOU billing implementation schedule, including the specific billing cycle dates and number of customers on each billing date.**

**Response**

Our existing project plan has a transition to production ending April 2, 2012 with the TOU web presentment tool available to customers beginning the week of April 2 and the TOU rollout beginning on May 1<sup>st</sup>. The table below highlights the roll-out schedule with billing cycle dates and the number of customers on each billing date.

Distributor Name (Please enter your Company name below)	Rate Class	Date TOU Billing Commences (enter in date format dd/mm/yy - like 23/06/10)	Number of Customers Commencing TOU Billing	Revised Date Applied For	Billing Dates
Festival Hydro Inc.	Residential/GS<50 combined	9/2/2011	866	5/1/2012	6/18/2012
	Residential/GS<50 combined	9/3/2011	1,000	5/2/2012	6/19/2012
	Residential/GS<50 combined	9/7/2011	1,075	5/3/2012	6/20/2012
	Residential/GS<50 combined	9/8/2011	997	5/4/2012	6/21/2012
	Residential/GS<50 combined	9/9/2011	896	5/7/2012	6/22/2012
	Residential/GS<50 combined	9/10/2011	1,179	5/8/2012	6/25/2012
	Residential/GS<50 combined	9/13/2011	583	5/9/2012	6/26/2012
	Residential/GS<50 combined	9/14/2011	963	5/10/2012	6/27/2012
	Residential/GS<50 combined	9/15/2011	1,224	5/11/2012	6/28/2012
	Residential/GS<50 combined	9/15/2011	833	5/11/2012	6/29/2012
	Residential/GS<50 combined	9/16/2011	641	5/14/2012	7/4/2012
	Residential/GS<50 combined	9/16/2011	510	5/14/2012	7/4/2012
	Residential/GS<50 combined	9/16/2011	833	5/15/2012	7/5/2012
	Residential/GS<50 combined	9/17/2011	641	5/15/2012	7/4/2012
	Residential/GS<50 combined	9/20/2011	1,108	5/16/2012	7/6/2012
	Residential/GS<50 combined	9/20/2011	577	5/17/2012	7/9/2012
	Residential/GS<50 combined	9/21/2011	778	5/18/2012	7/13/2012
	Residential/GS<50 combined	9/22/2011	398	5/18/2012	7/10/2012
	Residential/GS<50 combined	9/23/2011	407	5/22/2012	7/10/2012
	Residential/GS<50 combined	9/23/2011	586	5/22/2012	7/13/2012
	Residential/GS<50 combined	9/24/2011	964	5/23/2012	7/11/2012
	Residential/GS<50 combined	9/27/2011	425	5/24/2012	7/11/2012
	Residential/GS<50 combined	9/28/2011	879	5/25/2012	7/12/2012
			444	5/28/2012	7/16/2012
	Residential/GS<50 combined	9/29/2011	357	5/29/2012	7/16/2012
	Residential/GS<50 combined	9/30/2011	473	5/30/2012	7/17/2012
	Residential/GS<50 combined	10/1/2011	292	5/31/2012	7/17/2012

Note: through discussion with OEB it was clarified that the date required in column C is the first day of the first billing cycle in September where TOU rates would apply and every subsequent billing cycle following that until all of our customers are converted.

Also note that the number of customers in column D is greater than the total number of residential customers and GS<50 customers that have a smart meter as the various cycles also include some interval customers (GS>50)

**d) Please provide the details of Festival's proposed consumer "TOU introduction plan".**

**Response**

Festival Hydro's website and participation at community events are current methods being used to raise awareness and educate Festival Hydro customers about Time of Use rates and this will continue into the future.

In the last quarter of 2011 we will include a billing insert to all customers, and in the first quarter of 2012 we will augment our public awareness campaign with newspaper ads.

One month prior to going live with TOU rates –we will provide on line access through a web portal giving customers information about their usage patterns. In the bill prior to conversion a letter will be sent to each customer to notify them of the upcoming change and to direct them to the portal.

**e) Please explain the contribution of consumer education (in terms of the length of the extension requested) to Festival's requested TOU implementation date.**

**Response**

Included in Festival Hydro's project plan is a 4 week period whereby we have all of our meters in production and are accumulating data under TOU – however, are not applying TOU rates for actual billing purposes. This 4 week period will allow customers to access our TOU web presentment tool and begin to monitor their usage under TOU. During this 4 week period we are also continuing our active customer communication rollout plan. This portion of the communication plan was included in our previously approved project plan with the IESO. Should we not provide this 4 week period of access to usage data under TOU to our customers, we could move our TOU roll-out forward by 4 weeks. However, we feel this is an integral part of the customer communication plan and as such have included it in our proposed new project plan as approved by the IESO.

**f) Please provide a description of all smart meter and TOU communications Festival has issued to its customers over the last two years. Please explain why Festival has failed to provide customers with materials containing sufficient information to prepare them for TOU implementation.**

**Response.**

During meter deployment, Festival Hydro sent a letter introducing smart meters and Time of Use billing in advance to all customers who would be affected. At the time of meter installation, a booklet was left describing Time of Use methodology and ways to save energy by switching consumption to off peak periods. In addition, the following bill inserts with TOU information have been sent to customers:

May 2010 & May 2011: OEB's take charge bill insert discussing smart meter pricing

June 2010 & June 2011: Festival Hydro's rate change letter which included a write up on the status of smart meter deployment and pricing.

Since 2010 Festival Hydro has promoted Time of Use billing at all public events which Festival Hydro has attended. In 2011 to date, Festival Hydro has been available at thirteen public events such as the Stratford Spring Home Show and the Linc Family Festival to address customer questions in relation to the implementation of TOU pricing. In addition our call center has been assisting customers with any questions they may have.

Festival Hydro does not feel that we have failed to provide our customers with materials containing sufficient information to prepare them for TOU implementation based on our activities to date as noted above. We do however feel that *timely* communication is essential to our customers understanding the TOU program. Our experience to date and that of other LDCs indicates that providing information too far in advance causes confusion as customers think that once they have the smart meter installed and information in hand that they are being billed based on TOU pricing, and as such, Festival Hydro has always included in our project plan, the bulk of our customer communication in the eight weeks just prior to TOU rollout.

- g) Are there any other factors (internal and/or external) that Festival has identified that may hinder its ability to comply with their requested mandatory TOU date?**



## **Response**

Festival Hydro believes that it has the internal and external resources available to meet the requested TOU date of May 2012. Festival Hydro will be working closely with our external partners/vendors to identify issues as they arise which may impact the target date and find solutions to avoid any further delays. It is difficult at this time to identify specifically what issues we may encounter as we complete the meter tuning of our network and the testing of our internal system with the MDM/R.