



EB-2011-0084

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Kingston Hydro Corporation seeking an extension to its
mandated time-of-use pricing date.

By delegation, before: Jennifer Lea

DECISION AND ORDER

Kingston Hydro Corporation ("Kingston Hydro") filed an application dated March 17, 2011 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) 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 ("RPP") consumers.

BACKGROUND

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. The Board's determination was made pursuant to sections 3.4 and 3.5 of the Standard Supply Service Code for Electricity Distributors, which requires TOU pricing for RPP consumers with eligible TOU meters, as of the mandatory date. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

THE APPLICATION

Kingston Hydro applied for an extension to its June 2011 mandated 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 during billing cycles to facilitate a smooth transition.

The Board issued a Notice of Application and Written Hearing for Kingston Hydro's application on April 6, 2011, and interrogatories and submissions on the application were invited. The applicant responded to interrogatories filed by Board staff, providing more information about the delay and progress to date in implementing TOU pricing. On May 6, 2011 Board staff filed a submission on the application. Kingston Hydro responded to the submission on May 12, 2011.

In its application, Kingston Hydro stated unit testing had fallen behind schedule by two months. Following this delay Kingston Hydro still hoped to achieve a June implementation date. However, Kingston Hydro stated that to meet the June implementation date it would have to transition customers to TOU pricing in one billing cycle. Kingston Hydro's view was that a longer deployment schedule would permit transitioning customers in smaller numbers over multiple billing cycles so that quality control could be assured and that any issues that result can be corrected before affecting large numbers of customers. In its interrogatory responses Kingston Hydro proposed a five month billing schedule beginning June 2011 and ending October 2011. Kingston Hydro stated that this strategy was expected to make the most efficient use of resources as Kingston Hydro is trying to keep TOU transitions to a minimum during August and September which, due to the number of university students arriving in the city, are historically busy months for its customer service representatives and billing department. Kingston Hydro also stated it has installed smart meters for approximately 98% of its eligible residential customers and 96% of its eligible small commercial customers.

In its submission Board staff stated it had concerns with Kingston's five month TOU rollout schedule and recommended a more efficient TOU rollout schedule of two

months, with a completion date of July 2011. Board staff stated it was not persuaded by the evidence provided that there are unanticipated and extraordinary obstacles preventing Kingston Hydro from rolling out TOU billing within a more efficient timeline.

Kingston Hydro responded to Board staff's submission stating the five month rollout schedule was necessary to avoid the risk of inaccurate bills. Kingston Hydro submitted that its billing system is unique, in that billing is provided by an affiliate that bills not only for electricity, but for water, sewer and natural gas services. In response to Board staff's suggestion that TOU pricing be completed by July 2011, Kingston Hydro pointed out that this would result in having the first TOU bills go to customers in August, which coincides with the peak demand on customer service resources due to the arrival in Kingston Hydro's service territory of approximately 14,000 students.

BOARD FINDINGS

I find the application should be granted as requested. Kingston Hydro will be exempted from the requirement to apply TOU pricing under the Standard Supply Service Code until October 31, 2011.

Kingston Hydro has made a considerable effort towards completing TOU pricing implementation, and has installed smart meters for approximately 98% of its eligible residential customers and 96% of its eligible small commercial customers. I acknowledge the submission made by Board staff that similarly sized utilities have achieved their TOU pricing rollout during one billing cycle, and that the fact that Kingston Hydro experiences a high demand on its customer service resources in August and September is not a circumstance that should be unanticipated by the distributor. However, I find that at this date, it is not practical to require Kingston Hydro to complete its TOU pricing rollout by the end of July 2011. The delay of four months sought by Kingston Hydro is not excessive. The pace of the rollout proposed by Kingston Hydro appears to be reasonable given the circumstances affecting its billing and customer service resources.

IT IS THEREFORE ORDERED THAT:

1. Kingston Hydro Corporation's distribution licence ED-2003-0057, specifically Schedule 3 List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on October 31, 2011.

DATED at Toronto, June 29, 2011

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects