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July 7, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Burlington Hydro Inc. – Extension to Mandated Time-of-Use Pricing Date
for Regulated Price Plan Consumers
Board File No.: EB-2011-0137**

Please find enclosed Board Staff's submission respecting the above application.

Please forward the submission along with this cover letter to the applicant in this proceeding.

Yours truly,

Original Signed By

George Dimitropoulos
Advisor, Licence Applications

Attachment



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Application for Extension to Mandated Time of Use Pricing Date for Regulated Price Plan Consumers

Burlington Hydro Inc.

EB-2011-0137

July 7, 2011

BACKGROUND

Burlington Hydro Inc. (“Burlington Hydro”) filed an application dated May 9, 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 Regulated Price Plan consumers.

Burlington Hydro applied for an extension from its July 2011 mandated TOU pricing date and requested a new date of January 1, 2012. Burlington stated the extension is necessary due to concerns it has over foliage impact on data transmission as well as anticipated customer concerns with a new TOU environment.

The Board issued a Notice of Application and Hearing on June 2, 2011. Board staff filed interrogatories on the application on June 21, 2011. The Canadian Federation of Independent Business (“CFIB”) filed interrogatories on the application on June 24, 2011. Burlington Hydro responded to these interrogatories on June 28, 2011.

This submission is being provided by Board staff following a review of the application and evidence filed in this proceeding.

STAFF SUBMISSION

Burlington cited two reasons for requesting an extension: (1) data transmission problems caused by extensive foliage; (2) an expectation of “significant customer distress” caused by higher electricity bills from TOU billing.

Board staff will address each reason separately.

Data Transmission

Burlington Hydro states that it is experiencing data transmission problems by its LAN network in parts of its service territory because of extensive foliage. The problem is affecting 500 meters which are communicating no data and over 8,000 meters which are communicating intermittently. The problem is largely found in the residential areas of Aldershot, Lakeshore Road, Guelph Line and Brant Street.

Burlington Hydro intends to resolve this problem through the placement of repeaters in the problem areas. Burlington states that it is unlikely that the current data transmission problems will be fully resolved before year end.

Board staff is of the view that Burlington Hydro requires an extension to deal with this problem as it is an extraordinary and unanticipated circumstance. However, staff is concerned with the lack of detail regarding the timing of a resolution and would request Burlington Hydro to provide greater detail regarding timelines for its solution in its reply.

While staff believes that Burlington Hydro requires an extension for the approximately 15 percent of its customers affected by this problem, its remaining customers should be placed on TOU as mandated by the Board. In responses to interrogatories by staff about implementing TOU billing for customers not affected by data transmission problems, Burlington states that “an all-or-nothing conversion would be much more manageable since using mixed modes would increase the likelihood of billing errors. Moreover, mixed mode billing would likely create the perception of unequal treatment among our customers.” Further, Burlington states that “significant additional programming would be required to bill both TOU and RPP for MDM/R enrolled customers.”

Board staff does not find these assertions compelling. Staff notes that most LDCs currently billing customers on a TOU basis did so by converting customers over a number of months rather than an “all-or-nothing” conversion. Also, in many of the TOU date extension applications received to date, LDCs have argued that it is gradual rather than “all-or-nothing” conversion to TOU billing that decreases the likelihood of billing errors. Additionally, Burlington provided no details on the additional programming that would be needed to bill both TOU and RPP for MDM/R enrolled customers. Again, staff notes that most LDCs currently billing customers on TOU did so by converting customers over a number of months with some customers being billed on TOU prices and others on RPP-tiered pricing.

Staff also notes that the Board has received TOU date extension applications from Hydro One and other LDCs seeking an extension for only a portion of their customer base, further indicating that mixed mode billing is a feasible method for implementing TOU pricing. If Burlington Hydro has unique circumstances with mixed mode billing, Board staff suggests highlighting this in the reply.

“Customer Distress”

Burlington Hydro states that “local special interest groups within the Burlington community (such as, but not limited to) senior advocacy groups, low-income families and small business owners have become increasingly vocal about feeling victimized by TOU rates.” Burlington Hydro states further that “customers have the distinct impression (through media propaganda etc.) that their hydro bills will increase significantly more than 10% when switched to TOU.” However, Burlington Hydro has provided no evidence with respect to projected bill increases or examples of customer concern because it has performed no analysis of bill impacts resulting from TOU billing.

Board staff is of the view that the perception of adverse bill impacts does not represent an extraordinary or unanticipated circumstance that justifies a TOU extension. Further, staff notes that Burlington Hydro’s concern is based purely on speculation and that it has failed to provide any evidence that higher bills will occur. Board staff also notes there is the possibility that some customers will experience a bill decrease on TOU pricing and it would be unfair to these customers to delay the implementation of TOU pricing based on the assumption of customer-wide bill increases.

Board staff also notes that this component of Burlington Hydro’s application is based on the premise that rate mitigation supersedes Board policy. While the Board’s policy on mitigation is currently under review, previous Board decisions have used judgment on whether mitigation was warranted when implementing Board policy.¹ In addition, there are no assurances that were Burlington Hydro to be granted the requested extension that the education initiative undertaken would alleviate customer distress. While Board staff believes that it is important to provide customers with the information they require to understand TOU rates and how to reduce costs, TOU pricing has been known about well in advance of the mandated TOU pricing date with ample time to provide customers with the proper information and education. Board staff notes that Burlington Hydro stated that if it were not granted the requested extension it would continue to undertake communication efforts to educate its customers on TOU pricing.

¹ See staff submissions for PowerStream Inc. and Midland Power Utility Corporation TOU extension applications:
<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/280280/view/>
<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/280297/view/>

Conclusion

In closing, staff submits that an extension to January 1, 2012 be granted to Burlington Hydro to those 8,500 customers affected by data transmission problems. However, all other customers should be placed on TOU billing as required by Burlington's current TOU date of July 2011.

All of which is respectfully submitted.