

Burlington Hydro Inc.

Reply Submission

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

EB-2011-0137

July 13, 2011

Introduction

Burlington Hydro Inc. ("Burlington Hydro") filed an application with the Ontario Energy Board ("the Board") on May 9, 2011, under section 74 of the *Ontario Energy Board Act, 1998*, for a license amendment seeking extension for the mandated date for implementation of time-of-use ("TOU") pricing for Regulated Price Plan ("RPP") consumers. The Board assigned the application file number EB-2011-0137.

The Board issued a Notice of Application and Written Hearing on June 2, 2011. Burlington Hydro filed supplementary information on June 7, 2011. Board staff filed interrogatories on the application on June 21, 2011, and 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, and June 29, 2011, respectively. Board staff and CFIB filed submissions on July 7, 2011.

This current document is Burlington Hydro's reply to the Board staff and CFIB submissions.

The Application

Burlington Hydro stated in its application that it seeks an extension for the mandated date for implementation of TOU pricing for RPP consumers from July 2011 until January 1, 2012.

Burlington Hydro stated two reasons for requesting the TOU extension:

1. While the 900 MHz wireless local area network ("LAN") which is a key component of the meter data transmission and collection system had been extensively tested under winter and early spring conditions, Burlington Hydro's technical experts expressed serious concerns about the ability of the LAN to self-heal in the presence of extensive foliage. A period of several months was envisaged as needed to reconfigure and stabilize the system under allweather conditions.
2. Through published information and bill inserts, Burlington Hydro had been preparing its customers for many months for the introduction of TOU pricing. Nevertheless, significant customer distress was now expected with the imminent introduction of TOU pricing, in part, from the customers' lack of experience in managing their electricity consumption in a TOU environment. The application stated that a number of billing cycles is considered essential to enable Burlington Hydro to further help its customers adapt more readily to the new billing reality.

In the supplementary information filed June 7, 2011, Burlington Hydro reported that after its May 9, 2011, application had been filed, the worst-case scenario had occurred when, during the week of May 15, 5% of the transmitted data was corrupted due to interference by foliage; this corruption level increased and stabilized at 9% in the following week. It was noted that the latter level represents some 5,400 customers¹ with constant or intermittent data transmission problems. Burlington Hydro stated that while it had developed a technical solution and was implementing it at all possible speed, the heightened level of data corruption had, unfortunately, underscored the need for the requested extension until January 1, 2011.

Submissions

Board staff's submission focused on two areas: data transmission and customer unpreparedness. The CFIB submission focused uniquely on customer unpreparedness and, specifically, on that of small and medium-sized businesses.

Data Transmission

Board staff referenced the evidence (e.g. responses to Board staff interrogatories #1c and 1e) which showed the foliage interference to be particularly acute in the heavily-treed northern part of the service area and in the older established residential areas of Aldershot, Lakeshore Road, Guelph Line and Brant Street. Board staff clearly acknowledged the severity of this issue by submitting that "...an extension to January 1, 2012 be granted to Burlington Hydro to those 8,500 customers affected by data transmission problems." As will be elaborated later in this reply submission, it is quite impractical to bill some Burlington Hydro customers by TOU and others by RPP; i.e. "mixed mode" billing.

It was also noted in the Board staff submission that there is a lack of detail regarding the timing of a resolution and requested Burlington Hydro to provide more details. Timing details regarding TOU implementation is provided below.

Board staff examined at length the issue of mixed-mode billing and noted:

- Burlington Hydro's evidence that "an all-or-nothing conversion would be much more manageable since using mixed modes would increase the likelihood of billing errors" and that "significant additional programming would be required to bill both TOU and RPP for MDM/R enrolled customers."

¹ In response to Board staff interrogatories #1b, 1e and 1g, it was noted that by May 31, 2011, the number of affected customers had increased to the 8,000 – 8,500 range.

- Board staff noted that it did not find Burlington Hydro's assertions regarding the difficulties of mixed-mode billing compelling. Board staff noted further that many of the LDCs that have requested TOU date extensions, have argued – and this has also been the experience of those LDCs that have engaged in mixed-mode billing over a number of months – that it is *gradual* rather than all-or-nothing conversion to TOU that decreases the likelihood of billing errors. [Emphasis added.] Board staff substantiated its position by referencing Hydro One in particular and its success with mixed-mode billing. Board staff concluded: "If Burlington Hydro has unique circumstances with mixed-mode billing, Board staff suggests highlighting this in the reply."

Despite appearances, there is no conflict between Burlington Hydro's assertions regarding the significant difficulties it fully expects in pursuing a mixed-mode conversion in its particular circumstances and the success of many other LDCs that have implemented such conversion.

As alluded to by Board staff, Burlington Hydro has indeed unique circumstances with regards to its mixed-mode billing. The Province's LDCs use a number of different vendor technologies to effect TOU billing; in particular, different types of meters are employed to collect the data, different data transmission systems are used to provide the data to a common collection point, and different billing system technologies are used to process the customers' bills. Each of the LDCs use their own combination of these three components; Burlington Hydro's combination is Elster A3/Rex2 meters, a 900 MHz wireless LAN and the Daffron billing system. Burlington Hydro has challenges with these components in this combination:

- Burlington Hydro is only one of two Ontario Daffron-using LDCs that utilize the Elster A3/Rex2 meters together with the Energy Axis System; it is the first LDC scheduled to have A3 firmware upgrades that will enable it to meet all the MDM/R requirements. (The need for this firmware update was only recently identified by the vendor.) Moreover, Burlington Hydro is the only LDC running the latest A3 firmware found to contain programming errors. The A3 firmware is corrupting meter data for meters registered at 25 of the 108 collectors – both general service and residential. While Burlington Hydro is assured that the vendor is developing this upgrade at all possible speed, no promised date has yet been advised.
- Some 50 new repeaters have been installed in order to resolve the foliage issue which struck six weeks ago. Because the wireless LAN can take between 5 days and 3 weeks to rebuild after system upgrades are installed and thus its configuration changed, an exact measure of progress is unclear but the data corruption level is estimated to have dropped to approximately 12% from the

previous 15% level. Clearly an extended – though imprecise – period of time is to be expected to resolve even this single issue.

- In its current release, the Daffron billing system does not lend itself readily to mixed-mode billing. In addition, because the approximately 8,500 affected meters are randomly distributed *within each day's billing cycle*, the manual coordination necessary to ensure mixed-mode billing integrity would be a major challenge. Additional editing and utilization processes would need to be developed. This form of mixed-mode implementation is totally different from the “gradual” implementation process that was enjoyed by the referenced LDCs.

With the foregoing, Burlington Hydro believes that it has adequately demonstrated to the Board that to resolve its TOU issue will require an extended resolution period; also, that it is quite impractical with its billing system to operate mixed-mode billing. Burlington Hydro submits that in order to maintain the integrity and accuracy of its customers' bills, it is essential that it receive the requested TOU date extension.

Customer Unpreparedness

In its submission, Board staff accurately summarized Burlington Hydro's concern about the customers' anticipated distress; namely:

- “Local special interest groups within Burlington...have become increasingly vocal about feeling victimized by TOU rates”.
- “Customers have the distinct impression (through media propaganda etc.) that their Hydro bills will increase significantly more than 10% when switched to TOU.”

Board staff continued: “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.*” [Emphasis added.] Board staff added that Burlington Hydro “has failed to provide evidence that higher bills will occur” and that “some customers will experience a bill decrease on TOU pricing.”

Burlington Hydro respectfully suggests that Board staff has missed the point about customer concern; this is a matter of perception – it is precisely *because* no proof can be provided ahead of the event about increases or decreases in bills that customers feel victimized and are susceptible to media propaganda. The impracticality of estimating customers' bills was made in PowerStream Inc.'s (EB-2011-0117) reply submission, bullet #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.”

With respect to the timing of communications, Burlington Hydro notes that it made a conscious decision not to communicate too far out but, rather, to provide the information in a timely manner consistent with industry best practices.

Board staff noted that Burlington Hydro provided no assurances that if the requested extension were granted that the customer distress would be alleviated. Board staff is correct; moreover, no guarantees are ever possible, only adoption of best practices learned from this and other utilities, together with previous experiences, is possible.

In its submission, CFIB noted that 92% of its members surveyed confirmed that they believed they are unable to switch their time of use from peak to low peak periods and expressed concern about “the effect of TOU rates will have on the majority of our members...especially if effective, affordable means to increase efficiency...are not available to them.” CFIB went on to recognize that Burlington Hydro’s planned heightened communications and enhanced education (including Education Sessions focused on small and medium businesses) would benefit CFIB members. Burlington Hydro notes that an aspect of that communication/education program already under way is focused on small/medium businesses and is designed to show those who thought they had no control over their electricity usage that opportunities for reduced energy consumption do exist through the Conservation and Demand Management program.

CFIB firmly concludes: “CFIB, therefore, is of the view that Burlington Hydro’s application should be approved.”

Burlington Hydro submits that, through obtaining the requested extension, it will be able to provide the additional consumer education set out in the evidence (see responses to Board staff interrogatories 2e and 2h) and will thus help eliminate the feeling of victimization that is impeding acceptance of TOU billing.

Conclusion

Burlington Hydro submits that in order to effectively implement its time-of-use billing as part of a well-managed process, the requested TOU date extension until January 1, 2012, be approved.

Burlington Hydro reiterates that it remains confident that the TOU implementation challenges it is currently facing will be resolved by the requested extension date.

~ All of which is respectfully submitted ~