



July 26, 2012

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

Dear Ms. Walli:

**Re: Application for Exemption from Mandated Time-of-Use Pricing: Algoma Power Inc.**

Please accept this letter, from Algoma Power Inc. (API), ED-2009-0072, as an application for an exemption from the Determination under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use (TOU) Pricing for Regulated Price Plan customers; Board File EB-2010-0218.

As noted in prior correspondence, API is owned by FortisOntario (FTSO), which also owns Canadian Niagara Power Inc. (CNPI, ED-2002-0572) and has an ownership stake in Grimsby Power Inc. (GPI, ED-2002-0554) and Westario Power Inc. (WPI, ED-2002-0515). CNPI is inclusive of the service territories in Fort Erie, Port Colborne, and Gananoque. CNPI, GPI, and WPI all share a common Customer Information System (CIS); namely, the SAP system hosted by CNPI. CNPI is in the process of implementing the SAP system at API. CNPI, API, GPI, and WPI worked collaboratively with a common project plan to implement TOU rates.

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On August 4, 2010, the Board issued its final determination under Section 1.2.1 for the Standard Supply Service Code, mandating specific dates for Ontario LDCs to implement TOU rates in their respective service territories. On November 25, 2010, an Application for Exemption (EB-2010-0307) from Mandated Time-of-Use Pricing was submitted to the Board on behalf of CNPI, API, WPI, and GPI. As described in the Application, the primary reason for requesting the extensions was to allow CNPI and its affiliates enough time to implement an upgrade to the CNPI SAP system and then configure the system to interface with the MDMR to perform TOU billing. Following a written hearing on the matter, in its decision dated March 29, 2011, the Board granted extensions for TOU pricing to the dates noted in the following Table:

<b>LDC</b>	<b>New Board-approved Date for TOU Billing</b>
CNPI – Fort Erie	January 2012
CNPI – Port Colborne	January 2012
CNPI – Gananoque	February 2012
GPI	December 2011
WPI	December 2011
API	June 2012

The specific case of API was more complex than that of the other LDCs listed above, and involved a lengthier process to transition to TOU pricing. Unlike the other LDCs above, API did not have the SAP CIS in place. API had in place a legacy CIS (HTE)

that was owned and supported by Great Lakes Power, Inc. (GLPI). The CNPI SAP system would first have to be implemented at API before TOU pricing could be achieved. As described in the Application dated November 25, 2010, and as detailed in API's last Cost-of-Service Application, EB-2009-0278, it would not have been prudent for API to move to TOU pricing with the legacy HTE system. Such a step would have involved duplication and the unnecessary expenditure of human and capital resources.

Subsequent to the Board's decision granting the extensions cited above, CNPI and affiliate companies continued to work diligently and systematically towards the implementation of their Smart Meter AMI systems and the required Information Technology infrastructure to facilitate MDMR integration and TOU billing. CNPI successfully implemented the required technical upgrade to its SAP system, and subsequently completed the required development work to the SAP system to allow MDMR connectivity and TOU billing. CNPI, GPI, and WPI have all progressed through the rigorous testing process required by the Smart Meter Entity (SME) and have all successfully cutover to the SME Production Environment. Now that the SME has released Version R7.2 of the MDMR Operating Environment to Production, these LDCs have implemented TOU billing. CNPI, GPI, and WPI implemented TOU rates in June 2012.

In collaboration with CNPI, API has also worked towards implementing its AMI systems and TOU pricing. CNPI commenced the implementation of its SAP system at API in the summer of 2011. This initiative was split into two distinct sub-projects; namely, the migration of financial systems ("back office" systems) into SAP, and the migration of customer information systems ("front office" systems) into SAP. The implementation of the financial component was completed early in 2012. However, the implementation of the customer information component has been delayed, and as a consequence TOU billing at API will be delayed beyond June 2012.

The change in the schedule for the migration of the API customer information systems to SAP is primarily due to repeated changes in the SME's schedule for the implementation of Version R7.2, which consequently impacted CNPI's project schedules. It is relevant to note that CNPI has a single, core group of personnel dedicated to the projects referred to in this Application – the implementation of SAP at API; the rollout of TOU pricing at CNPI, API, and affiliates. These projects are all interrelated and are major, resource-intensive undertakings. The complex nature of each project demands a focused approach from the project team. After several changes to the Version 7.2 schedule from the originally-anticipated rollout of summer 2011, CNPI decided to focus its efforts on the testing process with the SME and cutting over to Production in preparation for the rollout of R7.2. Because of ongoing uncertainty with the R7.2 schedule, CNPI considered it impractical to redirect its resources into commencing a full-fledged SAP CIS implementation at API until TOU pricing is implemented at CNPI, GPI, and WPI.

Two other pertinent factors should be noted: firstly, more technical information became available about R7.2 as the SME commenced its deployment. From time to time, some reconfiguration of the CNPI SAP solution was required as this information became available. Secondly, CNPI is supporting its associates, GPI and WPI, through the Smart Metering/TOU initiative, and CNPI resources were required to provide this support through the stages of the SAP upgrade, SAP development for MDMR operations, and the SME testing process. These factors further underscore the fact that an earlier redeployment of resources to the API CIS project would have been impractical.

In view of the foregoing, the following are the anticipated timelines for initiatives required to implement TOU pricing at API:

- Rollout of TOU rates at CNPI, GPI, and WPI: May 2012
- Migration of API customer information systems into SAP: June 2012 to October 2012. Note that some preparatory work is being done prior to June 2012. The June 2012 date represents the date when the project team can be fully committed to the API CIS project.
- Implementation of TOU pricing at API: December 2012

An extension of the API TOU pricing date, therefore, is requested from the Board-mandated date of June 2012 to December 2012. The following points are pertinent in considering this request:

1. CNPI and its affiliate companies have worked conscientiously to meet the Board's mandate to implement TOU pricing. CNPI, GPI, and WPI have cutover to MDMR Production and are on TOU pricing. This represents a total of approximately 60,000 meters, a significant majority of the total meter population amongst CNPI and its affiliate companies. The API meter population is approximately 11,400, which accounts for about 16% of the total Smart Meters at CNPI and associates.
2. CNPI has worked diligently to implement its SAP Enterprise system at API, and has made significant progress as exemplified by the fact that the migration of the financial systems into SAP is complete. However, the migration of customer information systems is delayed as described in the foregoing narrative.
3. API and its affiliate, CNPI, have worked diligently and in good faith to meet the Board's mandates vis-à-vis Smart Metering and TOU pricing while integrating business systems and processes of the two companies. In meeting these

various challenges, API and CNPI have made decisions that are prudent and in the interest of their ratepayers.

4. While delays in Version R7.2 are cited in this Application as a factor in the request for an extension to the API TOU date, this is not intended in any way to cast aspersions on the SME. CNPI and affiliates recognize the challenges faced by the SME in implementing a centralized meter data repository that will collect and process data from 4 million meters. CNPI and affiliates are greatly appreciative of the professionalism and support that the SME has extended to CNPI and its affiliates throughout this endeavour.

All of which is respectfully submitted.

Yours truly,

*Original Signed By*

Douglas Bradbury  
Director Regulatory Affairs