Hopper 2009 OEB Letter, Request to Speak at Oral Hearings, Nov. 13,2009

Re: Hydro One Networks Inc.-Board File No. EB-2009-0096

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

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Dear Ms. Walli:

The Hopper Foundry (1977) Ltd. (Hopper) wishes to thank the OEB for granting us intervenor status in the current round of hearings ( EB-2009-0096 ).

We would appreciate an opportunity to speak before the Board at the scheduled round of oral hearings, which we understand will be held from December 7th through December 18th, 2009. Specifically we understand that the portion dealing with rate structure will probably be held from December 14th through December 18th. It would be our hope to speak before the Board at that time, for a short period.

Background: Hopper Foundry is a small historic iron foundry in the South West Ontario town of Forest, tracing its origins to a Livery, and Blacksmith operation established in 1861. By 1880 the foundry operation was established. About one hundred years later, in 1981 the original cupola, coke fired melting furnace, was replaced with a modern state of the art electric induction furnace, and the first heat was melted on September 1st, 1981. Our raw material is over 99% post consumer scrap iron, typically old used brake drums and rotors, which we recycle by melting to make new cast iron parts for pumps, farm machinery, municipal castings, snow plows, farm drainage, etc.

We have had a very long standing history with the Forest P.U.C. and Ontario Hydro of receiving a financial incentive for Time of Use Demand control by melting off-peak. Our records show this practice was initiated by the fall of 1981. It was initiated by the Forest P.U.C. In the early days it was referred to as “Restricted Hour Rate”. We believe in this sense we are on the side of the angels, and certainly in keeping with current societal goals, in that we draw the vast majority of our power during nighttime off-peak hours. Our off peak demand is typically ten fold higher than our on peak demand. Typical off-peak demand is approximately 700 kw against typical on-peak demand of approximately 70 kw.

We should further point out that our oral history, as passed on to us by the previous owner now deceased, is that we would “brown out” the town if we melted during peak hours. This was confirmed during last year’s hearings.

We were informed in March of 2008 that Hydro One was proposing to the OEB to reduce the province wide rate structure from over two hundred or so rates to a dozen or so. As part of this revision our Time of Use rate was to end. We were granted intervenor status and participated in the hearings, during which we found out that the negative impact on us was the largest in the province, some three thousand percent (3000%) on the demand portion of the bill, and about three hundred percent (300%) on the aggregate. This would have taken our average monthly bill from typically $3000 to about $9000. This would be an annual increase of about $72000 a year in a company which only sold about $70,000 per month.

We are grateful to the Canadian Manufacturers and Exporters and Mr. Peter C. Thompson and Nadia Effendi of Borden Ladner Gervais for assisting us in the hearing , and in their written submission. We are also grateful to the Association of Major Power Consumers of Ontario and the School Energy Coalition for their support, in their respective written submissions, of our position.

 We were pleased with the decision of the Board which instructed Hydro One to continue our time of Use rates for the rate year terminating on April 30, 2010.

We also noted the Board’s direction to ourselves and Hydro One to work together to attempt to find a workable solution to our situation within the newly simplified rate system. We have met several times since with Hydro One representatives in an effort to find a workable solution.

 At this point in time we would report that the option of embarking on a capital expenditure of approximately $150,000 for a higher voltage transformer installation is not economically justifiable, nor are the resources available. The past year has been economically extremely tough! We have seen our workforce fall from an average of ten shop floor employees to a low of four shop floor employees. With the seasonal summer pick up we are now back to six shop floor employees. This past year has seen the closure of the province’s largest family owned foundry.

We have inquired about a possible pidgeonhole which would allow us a location within the newly approved rate structure. In discussion with Hydro One representatives on August 5th, we were advised that this would result in a rate increase of 32.7% on a non TOU basis over approved 2009 rates, or an increase of 34% on a TOU basis. Recently in response to interrogatory #9 List 1 from CME, we read of an increase of 44% in our total bill. Also recently in a response to interrogatory #33 list 1 from Ampco we read of an increase of 190% in our total bill. At this point we are uncertain as to the actual bill increase, which we would be facing, were we to embark down this path. We would see any of the above increases as an expensive option, certainly well above a normal yearly increase.

 Our principal appeal, then is that the OEB recognize our very long history of receiving a financial benefit for melting off-peak and rule that our current Time of Use Rate structure be grandfathered, and perpetuated, or at least extended through the cycle of rate approvals currently before the board.

We feel that this is in keeping with societal goals and recognizes our historical commitment to the principal of using power off-peak, as a benefit to society and the utilities through lessening demands on generating and transmission capacity, even at added operational costs to ourselves.

 We also feel that Hydro One having purchased Forest P.U.C. should honour their longstanding arrangement with us, in the offering of off-peak demand incentives.

 All of which is respectfully submitted.

 John R. Vickers P. Eng.

The Hopper Foundry (1977) Ltd.

Forest, Ontario.

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Cc: Harold Thiessen [Harold.Thiessen@oeb.gov.on.ca]

Cc: Intervenors