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March 14th, 2008

The Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Attention: Kirsten Wally, Board Secretary

Dear Kirsten:

We are writing to ask your assistance in helping us to seek intervenor status, or late intervenor status, in the hopes that we can stop an initiative currently underway by Hydro One.

This initiative, should it succeed will impose on us a major financial burden, which we fear will necessitate our closure, with the attendant loss of real employment. We have been told by Hydro One that our bill increase 300%!

We are The Hopper Foundry (1977) Ltd., a small historic iron foundry in the South West Ontario town of Forest. This business began in 1861 as a Livery, Blacksmith Operation and has managed to stay alive and grow since then. We are an iron foundry, who recycles all scrap metal, auto parts, brake drums, etc., and melts and casts new cast iron parts for pumps, farm machinery, municipal castings, snow plows, farm drainage etc. We draw our scrap metal locally and employ local workers as well as purchasing from several Ontario supply businesses.

We employ a modern state of the art induction-melting furnace to melt the scrap metal. We believe we are on the "side of the angels" in our use of electricity, as we do the heavy electrical usage work in the melting of the metal, during the night time, when most other businesses and residences are in the low ebb of their power requirements. For this consideration, we have had an agreement with Hydro One (formerly Ontario Hydro) that we were given an incentive in the form of lower electrical rates as long as we melted "off peak time".

We were visited by Mr. Mark Boucher, of Hydro One, last Friday, March 7<sup>th</sup>, 2008, who advised us of this impact.

Specifically we have been billed under a system referred to as "Interim Time of Use Rates". To qualify under this system we understand that a users energy use during the day had to be limited to one half or less of their nighttime (off peak) use. We certainly have met that consideration as our daytime use is typically less than 10% of our nighttime use. Mr. Boucher informed us that Hydro One has applied to the OEB to discontinue the "Interim Time of Use Rate" system. We are told that there are not

many firms in Ontario that have qualified to benefit under this system. Hydro One did not even ask for an extension to the "Interim Time of Use Rate" billing protocol.

During our Friday meeting, Mr. Boucher told us that the opportunity for appealing their initiative has already passed. We pray this is not so, and if so, we would strenuously object to the way this issue has been handled.

Mr. Boucher held out that a possible solution would be for us to spend massive amounts of money to run a feed line from a higher voltage source in town, to buy a new higher voltage transformer and to reconfigure our plant willing to suit. Quite frankly, this level of expenditure would be impossible for our small firm and we would have to shut the business down. We feel that if this initiative goes forward massive Hydro One will simply trample little Hopper Foundry.

Again, we feel we have structured the operation of the foundry to use electrical energy in an efficient way, when others are asleep and not wanting it. We had been told historically that the town supply could not handle Hopper and the town both drawing during the day.

With the current initiatives underway in the province, i.e. home houses equipped with "Smart Meters" to encourage more owners to power "off peak times", it seems absolutely incongruous we are being punished for having efficiently structured our electrical usage. We ask for your help in directing our efforts to obtain intervenor status to speak against Hydro One's initiative to trash the "Interim Time of Use Rate" billing protocol.

Hoping for a reply and opportunity to discuss this matter we remain:

Respectively Yours,

The Hopper Foundry (1977) Ltd.

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## A Review of Hopper Foundry Position re: Proposed Hydro One Rate Increases.

Hopper Foundry is a small (under 20 employees) iron foundry in the town of Forest Ontario. It utilizes electrical energy to melt scrap iron (used automotive brake drums and rotors, etc), to make new cast iron parts, typically industrial components and municipal castings.

Hopper Foundry began as a blacksmith shop in 1861.

In more recent history, Hopper Foundry has performed it's melting operations, which are it's heaviest draw of power, during the night shift.

In this sense we feel we are on the side of the angels, as we use the bulk of our power when the rest of the town is asleep and not using power. There is a practical side to this also, as according to the oral tradition handed down to us by the previous owner, now deceased, the local Forest utility had told Hopper Foundry that it could not service both the town and Hopper each drawing their heavy power at the same time.

Because of our "off peak" usage of power we had been given a financial incentive in the fact that our "demand" billing was based on our lower daytime draw of power.

We were recently visited by a representative of Hydro One who told us that, now that Hydro One has bought the local utility this incentive is to be abolished, that our cost would jump to 300% of its current, that the only thing they could suggest would be to hook up to a higher voltage grid, and that only two other companies were affected, and they would be not severely affected as they are already connected to the higher voltage grid. He added that the time to request intervenor status had passed, but we might be able to ask for late status.

We informed the representative that an increase of 300% would simply put us out of business, as in the current economic conditions, with low cost offshore competition, our customer base would not accept it. We also said that the expense he outlined in paying Hydro One to install new poles and wire to bring high voltage power to our property line, to buy and install a new high voltage transformer, and to rewire the interior of our plant to suit was simply beyond our financial ability.

We also mentioned our understanding that the town and ourselves could not be supported at the same time. The representative offered to do some testing of this theory and we agreed.

These tests were performed soon after. We have recently been informed by the Hydro One representative that their tests confirm that if Hopper Foundry were to take it's heavy draw of power during peak town times of 4pm to 8pm there would be a low voltage problem, or "brown out". At this time the representative allowed that Hydro One would be willing to bring high voltage power to our property line, at their expense, but we would have to pay for the rest of the high voltage wiring, the new transformer, and the internal plant rewiring. He acknowledged that such an expense would still be significant, running in hundreds of thousands of dollars.

We object to proposed rate restructure for several reasons.

Firstly, we believe we are on the "side of the angels". We are drawing our heavy use of power during "off peak" hours, when our neighbours are asleep. This makes efficient use of already installed generation and distribution systems.

Secondly, at a time when Mr. and Mrs. Ontario are being told to install "smart meters" to educate and encourage them to use power during off peak hours, it seems ludicrous to penalize us because we are doing what we should be doing.

Thirdly, we see no wisdom in forcing us to spend money to connect to a higher voltage grid. Hydro One is supplying the power to us whether it comes through a high voltage grid or through a high voltage grid feeding a lower voltage grid.

Fourth, as we will receive no benefit from connecting to the high voltage grid, and as Hydro One will receive a benefit (otherwise why are they promoting it?), we do not see why we should be forced to pay for it.

Fifth, in our opinion, we feel that Hydro One may appear to be slightly disingenuous when they tell the OEB that the changes will not affect anyone by more than 5%, and then tell us we will see an increase of 300%.

Six, it has been suggested to us that one of the guidelines of the OEB is to ensure that no consumer should see a rate increase of more than 10% per year. If this is so, it would seem inappropriate to allow Hydro One to give us an increase of 300%.

Seven, Hopper Foundry engaged in an understanding with the former local Forest utility, that we would structure our business day around a cycle of nighttime off peak melting. In return, we received a financial incentive for off peak power use. We feel that now that Hydro one has taken over the local utility, it should honour that agreement.

Eight, we have found out that other utilities in Ontario are still offering their customers incentives on off peak power consumption. As this makes so much sense, why then would Hydro One be allowed to abolish the current initiative. If other utilities are offering off peak incentives, why is Hydro One abolishing them?

Nine, If allowed to go forward this increase will simply put us out of business. It is unfair, to let massive Hydro One trample little Hopper Foundry, just because it can.

We ask for the following:

- 1) Deny Hydro One's proposal to abolish our night time power incentive.
- 2) Grandfather Hopper Foundry's existing rates as a sign of acceptance of good operational practice.
- 3) If we are forced to connect to the higher voltage grid, have the total expense of this paid for by Hydro One.

In summary we feel that we are doing what we should be doing in terms of prudent use of electrical energy, and good stewardship of our resources.

We feel that if allowed, the proposal by Hydro One to abolish our current nighttime off peak incentive will be a travesty.

We appeal to the OEB to protect little Hopper Foundry from this unwarranted exercise of might.

Let right be done!

Respectfully,

The Hopper Foundry (1977) Limited

John R. Vickers, P. Eng.

