



June 26, 2020

Ms. Christine Long
Registrar & Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: OEB June 16th Letter - 2020 Q3 Prescribed Interest Rates
AMPCO's Comments

Dear Ms. Long:

On June 16, 2020, the Ontario Energy Board (OEB) issued a letter to set the 2020 Q3 prescribed interest rates for Deferral and Variance Accounts (DVAs) at 1.38% and provided a rationale as to why the approach to set the 2020 Q3 DVA prescribed interest rate departs from the OEB's Approved Prescribed Interest Rates Methodology set in 2006. The OEB calculated 2020 Q3 prescribed interest rate for DVAs as the average of the Q2 interest rate of 2.18% and the calculated Q3 interest rate of 0.57% using the OEB's approved methodology resulting in a Q3 prescribed interest rate for DVAs of 1.38% instead of 0.57%. The OEB claims that using the average of the two rates smooths the impact during this unprecedented time and aligns with the average of AA-, A- and BBB- rated Canadian Corporate bond yields since the middle of May, 2020.

AMPCO has reviewed the submissions of SEC, VECC and LPMA and supports those submissions. The OEB has unilaterally increased costs for customers without notice and without a comprehensive public consultation process to seek direct input from all interested parties. The OEB proposes to maintain stability for interest rates however as LPMA points out, the OEB appears to be treating the current economic slowdown and interest rate environment differently than the last major economic slowdown where the OEB approved a 0.55% DVA rate for Q3 2009 through Q2 2010 from 3.35% the year before.¹ AMPCO agrees with the other parties that the OEB should vacate its June 16th letter, and instead follow its longstanding interest rate methodology to set prescribed interest rates for Q3 2020 for DVAs. Further, if the OEB believes the issue should be reviewed, it should be considered as part of the current EB-2020-0133 consultation relating to impacts arising from the COVID-19 emergency giving due regard to bill impacts on customers.

Regards,

A handwritten signature in blue ink, appearing to read 'Colin Anderson', written over a light blue horizontal line.

Colin Anderson
President
Association of Major Power Consumers in Ontario

¹ LPMA Submission June 25, 2020 P3