

July 9, 2020

Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

EB-2020-0133 – COVID-19 Deferral and Variance Accounts – Q3 Prescribed Interest Rates

On June 16, 2020, the Ontario Energy Board (“OEB”) issued a letter that modified the way in which it calculated the interest rate applicable to deferral and variance accounts. The current methodology was established in 2006 through a public process which allowed for interested parties to make submissions. The OEB’s new policy was issued in the absence of public consultation. The result is to change the Q3 prescribed rate from 0.57% (derived under the old methodology) to 1.38% (derived under the new methodology). The OEB points to interest rate volatility arising from the COVID-19 pandemic as the rationale for making this change. The OEB stated, “With a view to maintaining stability for the interest rates, the OEB has determined that 2020 Q3 prescribed rate for DVA’s will be updated to 1.38%.”

We represent the Consumers Council of Canada (“Council”). We have reviewed the letters filed by the School Energy Coalition, the Vulnerable Energy Consumers Coalition, the London Property Management Association (“LPMA”) and the Association of Major Power Consumers in Ontario regarding this issue. We support the submissions made by these parties and agree that the OEB should not alter the way in which interest rates have been determined since 2006. The OEB, in making this change, is simply shifting cost responsibility from the regulated entities to customers without any legitimate rationale for doing so. This is at a time when many consumers are struggling to pay their bills.

As noted by LPMA although the OEB maintained its methodology in the 2008-2009 economic slowdown period, it has decided to change it during the economic slowdown resulting from the COVID-19 pandemic without any public consultation. LPMA and SEC have suggested that if the OEB is of the view that an interest rate methodology review is warranted, it should do so in the context of the EB-2020-0133 COVID-19 DVA consultation process. The Council agrees. If the OEB approves the lower interest rates as a result of the COVID-19 pandemic it may be appropriate to use those reductions to off-set any COVID-19 related costs.

Yours truly,

Julie E. Girvan

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CC: All Parties