

September 12, 2014

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

Attention: Ms. Kirsten Walli  
Board Secretary

RE: Union Gas Limited (Union) –Reduction to stated Penalty Charges OEB File No. EB-2014-0154  
AMCO Submission

#### INTRODUCTION

- 1.0 The winter of 2014 is understood to be one of the coldest with prolonged cold weather, this extremely cold weather caused a perfect storm whereby customers had contractual obligations to balance their Natural Gas account with Union that ultimately proved rather difficult in such an extreme situation.
- 2.0 AMCO acknowledges the submission as set forth by the Ontario Greenhouse Vegetable Producers Marketing Board (OGVG) and that the OGVG represents its growers such as AMCO, however AMCO wishes to provide additional comments in this matter and in doing so, has presented the following comments in addition to the OGVG submission.

#### PENALTY CHARGE

- 3.0 AMCO agrees that there needs to be a penalty in play to ensure that customers balance to their contractual obligations, however consideration to revise the penalties that are allowed to be imposed to provide a manner in which to mitigate situation that impose significant hardship to its customers.  
AMCO penalty @ the initial penalty rate of \$78.73 was \$1,338,567.46  
AMCO penalty @ Union's proposed rate of \$50.50 would be \$858,601.00
- 4.0 AMCO has stated in its initial complaint the challenges experienced in attempting to meet the contractual obligations and maintains its position that such penalties are unprecedented, not practical and as Union has presented should not prove to be detrimental or potentially force a possible bankruptcy.



- 5.0 The Intent of the penalty charge, as stated by Union is intended to discourage customers from making economic decisions on whether or not to comply with their contractual obligations, however I would provide further rationale that would allow customers some flexibility to provide a balancing plan to Union in such extreme situations that possibly could allow customers to meet their contractual obligations over an extended period understanding that such plans would allow customers to meet their balance their daily Natural Gas consumption to prevent adversity to Unions storage system. Such a plan would allow customers some relief in such unprecedented situations.
- 6.0 The reduction of the penalty charge, as stated by Union, as proposed is to reduce the penalty charge imposed to its customers that not meet their balancing obligations from \$78.73 to \$50.50, while understood to be a positive effort requires a further review to ensure that the penalty will not impose extended hardship to its customers.
- 7.0 AMCO contends that Union had options to mitigate such charges but did not choose to do so, and that such remedies could have been available to all its customers that in turn could have mitigated the radical Gas markets thus restricting transport companies from having the ability to cause such a chaotic situation.
- 8.0 AMCO further contends that Union has the ability through its current penalty protocol, to impact market conditions by limiting any proactive possible remedies in such extreme situations that in turn would allow Union big benefit and that this ability goes beyond Union 's intentions with respect to the penalties Union is allowed to impose.

#### CONCLUSION

- 9.0 AMCO remains committed to its contractual obligations and does not require an implemented penalty be in play to ensure the company meets its yearly obligations, and furthermore that AMCO has continually meet its obligations since the company was started in 1985 .

Respectfully Submitted by



Fausto Amicone  
President  
AMCO Group of Companies

