

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P. P. 20(2013)**

1 **IN THE MATTER OF** the *Petroleum Products Act*,  
2 SNL 2001, Chapter P-10.1 and regulations thereunder;

3  
4 **AND**

5  
6 **IN THE MATTER OF** of a review by the Board  
7 of the maximum mark-up for price regulated petroleum  
8 products in the Province of Newfoundland and Labrador.

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10  
11 **WHEREAS** in February 2012 the Board commenced a review, pursuant to s. 8.1(1) of the  
12 *Petroleum Products Act*, of the maximum mark-up for price regulated petroleum products in the  
13 Province; and

14  
15 **WHEREAS** the Board retained the services of its financial consultants, Grant Thornton, to conduct  
16 a study of the change in costs to supply and distribute price regulated heating fuels and motor fuels in  
17 the Province, which would include consultation with wholesalers and retailers of petroleum products  
18 in the Province; and

19  
20 **WHEREAS** on February 13, 2013 the Board received the report of Grant Thornton in relation to  
21 price regulated heating fuels in the Province (the "Grant Thornton Report"); and

22  
23 **WHEREAS** the Grant Thornton Report sets out a model developed using data supplied by industry  
24 participants as well as external data sources to reflect the rate of change of operating and distribution  
25 costs in identified cost categories, as an average percentage of total costs included in the maximum  
26 mark-up for price regulated heating fuels, for the period 2005-2011; and

27  
28 **WHEREAS** the Grant Thornton Report also sets out adjustments to the maximum mark-up for price  
29 regulated heating fuels based on the model and the available data; and

30  
31 **WHEREAS** the Grant Thornton Report was distributed to industry participants for comment; and

32  
33 **WHEREAS** the Board received comments from Harvey's Oil, Irving Energy Distribution and  
34 Marketing, Western Petroleum and Superior Propane; and

1 **WHEREAS** Harvey's Oil, Irving Energy Distribution and Marketing and Western Petroleum  
2 indicated support for the model developed by Grant Thornton and Superior Propane did not  
3 comment on the model; and

4  
5 **WHEREAS** Harvey's Oil and Irving Energy Distribution and Marketing provided alternative  
6 costing information to be considered by the Board in establishing an appropriate adjustment to the  
7 maximum mark-up; and

8  
9 **WHEREAS** the Board has reviewed the additional information, which was provided after the  
10 completion of the Grant Thornton Report, and finds that this information cannot be relied on to  
11 reasonably represent industry average costs for each cost category as the information is specific to  
12 only two of the participants in the study and appears to be based on different assumptions and  
13 approaches; and

14  
15 **WHEREAS** the Board has considered the Grant Thornton Report as well as the comments of the  
16 responding participants and finds that an adjustment to the maximum mark-up for heating fuels, as  
17 set out in the Grant Thornton Report, is justified at this time.

18  
19 **IT IS THEREFORE ORDERED THAT:**

- 20  
21 1. The maximum mark-up for price regulated heating fuels shall increase as of May 16, 2013 as  
22 follows:

- 23  
24 (i) Furnace oil heating fuel 1.96 cents per litre  
25 (ii) Stove oil heating fuel 2.28 cents per litre  
26 (iii) Propane heating fuel 4.90 cents per litre

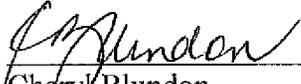
DATED at St. John's, Newfoundland and Labrador this 15<sup>th</sup> day of May, 2013.



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Darlene Whalen, P.Eng.  
Vice-Chair



\_\_\_\_\_  
Dwanda Newman, LL.B.  
Commissioner



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Cheryl Blundon  
Board Secretary