

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.P. 41(2019)

1 **IN THE MATTER OF** the *Petroleum Products*
2 *Act*, SNL 2001, Chapter P-10.1 (the “*Act*”) and
3 regulations thereunder; and
4

5 **IN THE MATTER OF** a review by the Board
6 of the retail portion of the total allowed mark-up
7 for price regulated heating fuels in the Province
8 of Newfoundland and Labrador.
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11 **WHEREAS** in mid-2019 the Board commenced a review, pursuant to s. 8.1(1) of the *Petroleum*
12 *Products Act*, of the retail portion of the total allowed mark-up for price regulated heating fuels
13 in the Province; and
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15 **WHEREAS** the last adjustment to the retail portion of the total allowed mark-up for price
16 regulated heating fuels in the Province was made in Order No. P.P. 20(2013) as part of the
17 Board’s 2012-2013 margin review; and
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19 **WHEREAS** to assist in the 2019 review the Board retained the services of its financial
20 consultants, Grant Thornton, to update the percentage cost based model presented in its “2012
21 Study of the Costs of Supply and Distribution of Maximum Price Regulated Petroleum Products
22 in the Province of Newfoundland and Labrador – Part A” filed as part of the 2012-2013 margin
23 review; and
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25 **WHEREAS** on August 15, 2019 the Board received the report of Grant Thornton in relation to
26 potential mark-up adjustments for retail participants of heating fuels in the Province (the “Grant
27 Thornton Report”); and
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29 **WHEREAS** the Grant Thornton Report reflects the rate of change of operating and distribution
30 costs in identified cost categories during the period 2012 to 2018 and calculates adjustments to
31 the retail portion of the mark-ups for price regulated heating fuels based on the available external
32 market data; and
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34 **WHEREAS** on September 6, 2019 the Grant Thornton Report was distributed to wholesalers
35 and retailers of heating fuels in the Province for comment; and

1 **WHEREAS** the Board received comments from North Atlantic, BDO Canada, Oil Heat
2 Association Newfoundland & Labrador Inc. and Western Petroleum indicating their support for
3 the adjustments to the retail portion of the total allowed mark-up for heating fuels set out in the
4 Grant Thornton Report; and

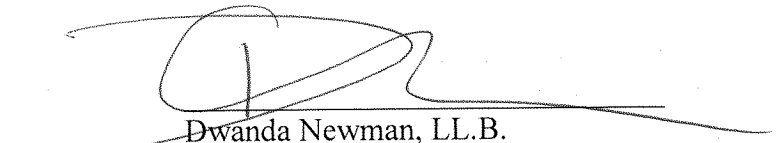
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6 **WHEREAS** the Board has considered the Grant Thornton Report as well as the comments of the
7 responding participants and finds that adjustments to the retail portion of the total allowed mark-
8 ups for heating fuels to reflect current costs are justified at this time.


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10 **IT IS THEREFORE ORDERED THAT:**

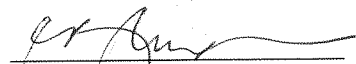
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12 1. The maximum total allowed mark-up for price regulated heating fuels shall increase as of
13 October 3, 2019 as follows:

- | | | | |
|----|-------|--------------------------|----------------------|
| 14 | | | |
| 15 | (i) | Furnace oil heating fuel | 1.71 cents per litre |
| 16 | (ii) | Stove oil heating fuel | 1.90 cents per litre |
| 17 | (iii) | Propane heating fuel | 3.49 cents per litre |

DATED at St. John’s, Newfoundland and Labrador, this 2nd day of October, 2019.


Dwanda Newman, LL.B.
Vice-Chair


John O'Brien, FCPA, FCA, CISA
Commissioner


Cheryl Blundon
Board Secretary