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P. P. 1(2005)

IN THE MATTER OF the
Petroleum Products Act, SNL 2001,
c. P-10.1, as amended 2004 c. 8, and
Regulation 79/01 under the
Petroleum Products Act (the “*Act*”)

AND

IN THE MATTER OF the application by
Harvey’s Oil Limited for a change in the
price of furnace oil.

WHEREAS pursuant to the *Act* the Board has the authority, *inter alia*, to set, and shall set the
maximum wholesale and retail prices that a wholesaler and a retailer may charge for heating fuel
and motor fuel, and to determine the minimum and maximum mark up between the wholesale
price to the retailer and the retail price to the consumer of heating fuel and motor fuel; and

WHEREAS Section 8 of the *Act* provides that a wholesaler or retailer may apply to the Board
for a change in the price of a type of heating fuel or motor fuel; and

WHEREAS on January 10, 2005 the Board received an application from Harvey’s Oil Limited
(Harvey’s), a retailer of home heat fuels based in St. John’s, requesting, in accordance with
Section 8 of the *Act*, that the base price of furnace oil be increased by 3.52 cents per litre (cpl) to
account for increases in the cost of retailing home heating fuels to customers in the St. John’s
area since the initial base price was established; and

1 **WHEREAS** Regulation 15 states that, where a wholesaler or retailer applies for a change in
2 price under subsection 8(1) of the *Act*, the Board may set a new maximum wholesale price or
3 maximum retail price that the applicant may charge for a type of heating fuel or motor fuel
4 within a zone by adjusting (a) the total allowed mark-up or wholesale mark-up for the applicant;
5 (b) the allowed service cost; or (c) both the total allowed mark-up and the allowed service cost;
6 and

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8 **WHEREAS** Regulation 15 sets out those factors that the Board may consider in adjusting the
9 total allowed mark-up or wholesale mark-up for the applicant, including (a) whether a charge
10 would be reasonable as a result of a change to (i) transportation costs, (ii) volume of sales, (iii)
11 storage costs, (iv) distribution costs, and (v) inventory turnover rates since the total allowed
12 mark-up or allowed wholesale mark-up was last established by the Board, or (b) other
13 considerations that the Board considers relevant; and

14
15 **WHEREAS** the total allowed mark-up for furnace oil was last established at 16.5 cpl by the
16 former Petroleum Products Pricing Commission (“PPPC”) in November 2001 pursuant to
17 Regulation 10 in the initial setting of the total allowed mark-up; and

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19 **WHEREAS** Harvey’s provided, among other things, documentation of the costs that have
20 increased since the original base price for furnace oil was established in November 2001,
21 including costs related to insurance, Worker’s Compensation premiums, pension plan expenses,
22 wage increases, quality control, and waste disposal; and

23
24 **WHEREAS** after investigation the Board is satisfied that an increase of 1.5 cpl in the total
25 allowed mark-up for furnace oil sold by Harvey’s, to be effective March 1, 2005, is justified
26 based on the information provided to the Board; and

27
28 **WHEREAS** after notice of this application and Order has been given to other retailers of home
29 heating fuels in the Province, the Board may order that this price will apply to other wholesalers
30 or retailers of home heating fuel.

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1 **IT IS THEREFORE ORDERED THAT:**

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3 Pursuant to Section 8 of the *Petroleum Products Act* the maximum price of furnace oil sold by
4 Harvey's Oil Limited shall be increased by 1.5 cents per litre effective March 1, 2005.

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6 **DATED** at St. John's, Newfoundland and Labrador, this 11th day of February 2005.

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Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chair.

G. Cheryl Blundon,
Board Secretary.