

**BRITISH COLUMBIA UTILITIES COMMISSION**  
**IN THE MATTER OF THE UTILITIES COMMISSION ACT**  
**R.S.B.C. 1996, CHAPTER 473**

**And**

**British Columbia Utilities Commission - An Inquiry into  
Gasoline and Diesel Prices in British Columbia -  
Project No. 1599007**

**VANCOUVER, B.C.**  
**July 30<sup>th</sup>, 2019**

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**ORAL WORKSHOP**

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**BEFORE:**

<b>D. Morton,</b>	<b>Chair/Panel Chair</b>
<b>D. Cote,</b>	<b>Commissioner</b>
<b>M Doehler,</b>	<b>Commissioner</b>

**VOLUME 4**

## APPEARANCES

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M. GHIKAS, T. AHMED, M. NOEL-BENTLEY, C. GIBBONS,	Parkland Fuel Corporation
T. OLENIUK, C. HUSTWICK, J. MCLEAN, B. WALLIN, N. FISHER,	Suncor Energy
M. CLARKE J. ALLEN, W. VANDEKERKHOVE,	Super Save Group
T. SHIKAZE, J. MOONEY, N. LIU,	7-Eleven Canada Inc.
I. THOMSON	Advanced Biofuels Canada Association
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L. DINELEY,	Husky Energy Inc.
M. KEEN, N. JONES,	Shell Canada Limited
T. GELBMAN, S. CHRISTENSEN, B. SCAMMELL,	Imperial Oil
R. ALLAN, M. ELIESEN,	On their own behalf

**ERRATA**

FOR ALL VOLUMES - "Robin" should be "Robyn"

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**VANCOUVER, B.C.**

**July 30<sup>th</sup>, 2019**

**(PROCEEDINGS RESUMED AT 8:04 A.M.)**

THE CHAIRPERSON: Good morning, please be seated.

Welcome, and thank you for joining us at the continuation of the oral workshops that we started a couple of weeks ago. I'd like to acknowledge that today's workshop is taking place on the traditional territory of Musqueam, Squamish and Tsleil-Waututh First Nations.

I'd also like to thank participants and intervenors again for your voluntary participation in this hearing, and thank you for attending this morning at our request. We appreciate that.

My name is Dave Morton and I am the Chair and CEO of the Commission, and also the Chair of this panel. And I'm joined again today by Commissioner Dennis Cote and Commissioner Murray Doehler.

I won't make a long statement. I think most, if not all, of you were here a couple of weeks ago when we met. I would just ask if there are any members of the press here to please restrict any video recording and restrict any audio recording during the time the hearing is in session, and not afterwards. No photographs also, please, thank you.

So what we have, we have some intervenors

1 here today that are going to provide some further  
2 responses to questions that we've asked and be  
3 available for panel questioning.

4 So let's just get started on that shall we,  
5 Mr. Bussoli? And I'll ask for appearances please.

6 **Proceeding Time 8:06 a.m. T02**

7 MR. BUSSOLI: Yes. The first in the order of  
8 appearances is Parkland Fuel Corporation.

9 MR. AHMED: Good morning, Mr. Chair, Commissioners.

10 THE CHAIRPERSON: Good morning.

11 MR. AHMED: My last name is Ahmed, A-H-M-E-D. First name  
12 is Tariq. I'm here for Parkland, along with Mr.  
13 Ghikas and Mr. Noel-Bentley, in-house counsel for  
14 Parkland.

15 THE CHAIRPERSON: Thank you, Mr. Ahmed.

16 MR. BUSSOLI: Next is Suncor Energy.

17 MS. OLENIUK: Good morning, Chair and Commissioners.

18 Nice to see you again. My name is Terri-Lee Oleniuk  
19 here for Suncor, along with in-house counsel Chris  
20 Hustwick, and we're joined by Brent Wallin, James  
21 MacLean, and Nicole Fisher, F-I-S-H-E-R. Thank you.

22 THE CHAIRPERSON: Thank you.

23 MR. BUSSOLI: Next is the Super Save Group.

24 MR. ALLEN: Good morning, Commissioner and Chairperson.  
25 Jim Allen from Super Save. I'm here with Mr.  
26 Vandekerkhove, also from Super Save, the president.

1           My last name is spelt A-L-L-E-N. And Mr.  
2           Vandekerkhove is V-A-N-D-E-K-E-R-K-H-O-V-E.  
3 THE CHAIRPERSON:       Thank you.  
4 MR. ALLEN:       Thank you.  
5 MR. BUSSOLI:       Next is 7-Eleven.  
6 MR. SHIKAZE:       Good morning, Mr. Chair, Commissioners.  
7 THE CHAIRPERSON:       Good morning.  
8 MR. SHIKAZE:       My name is Todd Shikaze. That's S-H-I-K-  
9           A-Z-E, for 7-Eleven. You may recall that Mr. Wright  
10          was here last week. He sends his regrets, he's not  
11          able to be here today but I'm here in his place. With  
12          me as co-counsel is Justin Mooney, that's M-O-O-N-E-Y.  
13          Also with us is a student of our firm, Natasha Liu, L-  
14          I-U and later today you'll hear from Mr. Doug  
15          Rosencrans, that's R-O-S-E-N-C-R-A-N-S.  
16 THE CHAIRPERSON:       Thank you, Mr. Shikaze.  
17 MR. BUSSOLI:       Mr. Chair, the next in the order of  
18          appearances is Advanced Biofuels Canada. They are  
19          represented by Ian Thomson who is actually not here  
20          present in the room but is listening on broadcast, and  
21          since we have Dr. Kahwaty on audio, we don't have Mr.  
22          Thompson on audio to introduce himself for the order  
23          of appearances, so I'll just do that.  
24 THE CHAIRPERSON:       Thank you. Thank you, Mr. Bussoli.  
25                        Okay, Mr. Ahmed, are you ready to proceed  
26          with your panel?

1 MR. AHMED: We are. We just -- we made our panel  
2 available. Again it's Mr. White and Mr. Krogmeier  
3 from Parkland and Dr. Kahwaty is on the phone. I've  
4 advised, I hope the panel is aware of this. There is  
5 a hard stop for Mr. White. He needs to be on a plane  
6 so he has to leave here by ten.

7 THE CHAIRPERSON: We'll make sure that happens, thank  
8 you.

9 MR. AHMED: Thank you very much.

10 THE CHAIRPERSON: And Mr. Bemister, are we going to  
11 swear in the panel? Thank you.

12 **PARKLAND FUEL CORPORATION PANEL:**

13 **IAN JAMES WHITE, Affirmed:**

14 **RYAN CURTIS KROGMEIER, Affirmed:**

15 **HENRY JOHN KAHWATY, Affirmed:**

16 THE CHAIRPERSON: Thank you, Mr. Bemister. Thank you,  
17 panel.

18 Is there anything that you would like to  
19 say to the panel? You've answered some questions in  
20 advance, I believe, and is there any kind of summary  
21 that yourselves or Mr. Kahwaty would like to provide?

22 MR. KROGMEIER: A: Good morning, Mr. Chair and  
23 Commissioners. Thank you again for having us back.  
24 We did not prepare any opening remarks or a summary.  
25 We thought it best that we just dive into questions or  
26 materials that you'd like to roll through.

1 THE CHAIRPERSON: Okay, fair enough, thank you.

2 Okay, so --

3 MR. AHMED: If it's helpful, we have prepared responses  
4 to the supplemental for the questions that were given.  
5 Many of them I think are perhaps confidential and may  
6 be better suited for that venue.

7 **Proceeding Time 8:11 a.m. T03**

8 If it's helpful, perhaps the witnesses  
9 could take a moment and just look through and see if  
10 -- I'm in your hands.

11 THE CHAIRPERSON: Or if you could perhaps answer the  
12 questions that you don't feel are confidential here,  
13 then when we go in confidential session you can answer  
14 there.

15 MR. AHMED: Absolutely.

16 THE CHAIRPERSON: Could you please?

17 MR. AHMED: Yes.

18 THE CHAIRPERSON: Rather than me go through them and  
19 you --

20 MR. AHMED: Okay. We're going to need some help here  
21 for a moment, this guy.

22 THE CHAIRPERSON: That's why he's here.

23 MR. KROGMEIER: A: Okay. I guess we'll just take a  
24 start here.

25 THE CHAIRPERSON: Yeah.

26 MR. KROGMEIER: A: And we'll go through -- start with

1           the questions that we received.

2   THE CHAIRPERSON:       Yes.

3   MR. KROGMEIER:     A:   And then some answers.  So the --

4           and Mr. Chairman, please cut me off if I read too much

5           of the question or not enough.

6   THE CHAIRPERSON:       No, that's fine.  Yeah.

7   MR. KROGMEIER:     A:   Yeah.  So it's our question number 1

8           and it asks, the issue titled is, "Potential issues

9           with retail market accessing alternative wholesale

10          contract structures."

11  THE CHAIRPERSON:       Right.

12  MR. KROGMEIER:     A:   Do you have that one in front of

13          you, by chance?

14  THE CHAIRPERSON:       Yeah, this is the one that refers to

15          the Jaccard report?

16  MR. KROGMEIER:     A:   Yes, sir.

17  THE CHAIRPERSON:       And the crude contracts?

18  MR. KROGMEIER:     A:   Yes, sir, that's correct.

19  THE CHAIRPERSON:       Yeah, you could just move to the

20          answer, then.  Thank you.

21  MR. KROGMEIER:     A:   Okay.  So on the crude contract

22          component of this Jaccard study, which I believe was

23          1996 if I recall correctly.

24  THE CHAIRPERSON:       Yes, yeah.

25  MR. KROGMEIER:     A:   Any product supply contract that is

26          tied to the price of crude is -- we don't have any.

1           They're very rare in the industry. And so it's not a  
2           common basis for us to negotiate or to structure a  
3           contract around for product supply. And it's --  
4           again, it might have been something kind of done in  
5           the '90s when we were long refining capacity and  
6           refiners were looking to ensure they had utilization  
7           of their assets and their facilities. But, you know,  
8           it's not something that is common these days and  
9           hasn't been for quite some time.

10       COMMISSIONER COTE:        If a proposal was put before you,  
11       would you be interested in pursuing it and if not, why  
12       not?

13       MR. KROGMEIER:    A:    We will look at everything, of  
14       course, that, you know, that folks want to put in  
15       front of us and negotiate around. So, yes, we would  
16       look at it, Commissioner. And -- sorry, was there  
17       another part to your question?

18       COMMISSIONER COTE:        No. No, no, I'm listening.

19       MR. KROGMEIER:    A:    Yeah, sure. Yeah, absolutely we  
20       would be all ears, as we are, you know, with proposals  
21       that come to us all the time.

22       THE CHAIRPERSON:        Okay, please go ahead, yeah.

23       MR. KROGMEIER:    A:    Okay. So the other part of this  
24       question -- sorry -- has to do with what is the option  
25       to access existing terminals in B.C. by independents  
26       -- sorry, change the retail market in B.C. So



1 do. And to keep segregated the gasoline, the diesel  
2 and all the various components. So really it's just  
3 -- again, it's a physical, very physical limitation to  
4 being able to do that.

5 THE CHAIRPERSON: Right. And their tanks I imagine are  
6 so large that they would have to mix their product  
7 with other product in the tank, it's not as if you  
8 could provide a dedicated tank to someone?

9 MR. KROGMEIER: A: That's correct. That's correct,  
10 absolutely correct.

11 THE CHAIRPERSON: Yeah. Thank you.

12 MR. KROGMEIER: A: That's right.

13 THE CHAIRPERSON: Yeah. Okay.

14 COMMISSIONER DOEHLER: Just to try and put together the  
15 refinery and -- so really what happens to these  
16 terminals, you might be an independent, but you have  
17 to buy fuel that essentially you have refined in the  
18 terminals or what you brought into the terminals?

19 MR. KROGMEIER: A: So at the terminals where we have  
20 product available and we post a price, you know, these  
21 terminals have others that post prices where you can  
22 buy product from the same terminal. It's different  
23 depending upon what terminal we're talking about. So  
24 let's take the Burnaby refinery, for example, where we  
25 have a large terminal there. We, again, we have  
26 several contracts with several resellers who lift

1 product there every day, all day long. If we talk to  
2 different, again, terminals throughout B.C., again,  
3 the number of posters or sellers is going to be  
4 different, the products available are going to be  
5 different, and the quantities available are going to  
6 be different.

7 COMMISSIONER DOEHLER: Yeah, but I'm trying to square  
8 with your other statement that no one can bring any  
9 product in. They can't bring a truck load in or barge  
10 full or whatever.

11 MR. KROGMEIER: A: Correct.

12 COMMISSIONER DOEHLER: You have to do the logistics of  
13 that. You bring the product in either through the  
14 refinery itself or your barge it in or whatever it is.

15 MR. KROGMEIER: A: Yeah. That's right.

16 COMMISSIONER DOEHLER: Then you make it available to  
17 whoever these parties are, what arrangements you have?

18 MR. KROGMEIER: A: That's correct, that's right. It's  
19 our product. And in the case of the Burnaby refinery,  
20 of course it comes off the production units and of  
21 course different terminals are different. But, yes,  
22 it's correct, it's our product, we bring it in or we  
23 produce it and we make it available.

24 COMMISSIONER DOEHLER: And then if I also understand,  
25 the refinery is going flat-out, you have no spare  
26 capacity, so for a third-party to say, "Here. Here's

1           some product, can you then refine it for us?" You  
2           might look at the contract but you don't have any room  
3           to even put it in your refinery, do you?

4 MR. KROGMEIER:    A:    But we run flat-out, right, as to  
5           the physical capabilities of the units at the  
6           refinery, right? Sometimes we have planned  
7           maintenance, sometimes we have planned -- unplanned  
8           down maintenance going on. Historically at times  
9           we've run below optimum because of crude availability,  
10          which I explained before. But, you know, we always  
11          run to the economic maximum utilization. I think  
12          that's just smart business.

13 COMMISSIONER DOEHLER:        Yes. Thank you.

14 THE CHAIRPERSON:        Please continue.

15 MR. KROGMEIER:    A:    Okay.

16 MR. WHITE:        A:    Do you want me to take number 3?

17 MR. KROGMEIER:    A:    Yeah, please.

18 MR. WHITE:        A:    Okay. So the next question was  
19          pertaining to the degree of flexibility between  
20          retailers and marketers to switch from one supplier to  
21          another. And I think -- you know, we didn't speak  
22          about this when we appeared before the Commission a  
23          few weeks ago, but maybe just to reiterate in our  
24          response, we have to be competitive to be in business.  
25          The length of contracts depends frankly on each  
26          individual contract and can be anywhere from days and

1 weeks to months and years, subject to the nature of  
2 the agreement.

3 So marketers have the flexibility outside  
4 of those contracts when those contracts come due to  
5 shop their business. We're in the market looking for  
6 new business, like others in this room would be, on a  
7 regular basis. So I'm not sure there's much more  
8 detail we can provide than that.

9 THE CHAIRPERSON: Okay. Please go ahead, yeah.

10 MR. KROGMEIER: A: Okay. The next question here, are  
11 there any other features in the wholesale supply  
12 contract, for example cash incentives, price  
13 projections, or other discounts? So in our wholesale  
14 contracts that we offer to, you know, resellers,  
15 retail dealers they may include, you know, certain  
16 financial incentives, for example, and I'll give you a  
17 couple.

18 **Proceeding Time 8:20 a.m. T5**

19 One is what we call a forgivable loan. So  
20 if they meet their obligations under the contract.  
21 And, you know, another one is what we call a rebate or  
22 a volume incentive. So in other words, if they are  
23 able to go above their contract volume in terms of  
24 sales, then we may offer, again, an incentive in the  
25 contract for them to do so.

26 THE CHAIRPERSON: And just to confirm, that would be

1 over and above any percent discount to rack.

2 MR. KROGMEIER: A: That's right.

3 THE CHAIRPERSON: That terms been used around generally.

4 But this is over and above that?

5 MR. KROGMEIER: A: That's correct. So we would start  
6 with what we call the base pricing in the agreement,  
7 which would be typically a discount to the rack price.  
8 And then any kind of rebate that we offer as a volume  
9 incentive, right, would be typically a predefined  
10 amount per litre, typically.

11 THE CHAIRPERSON: Right. Also we heard in testimony  
12 last week, and I'm sorry, I don't have the reference  
13 and I can't remember exactly offhand who said it, I  
14 believe it was possibly Suncor or Imperial. They were  
15 commenting that generally speaking -- and I'm not  
16 asking you for any information that would be  
17 confidential here, or at least I don't think I am,  
18 but they said that generally speaking discounts off  
19 rack are much greater here than they are in the  
20 northwest in the United States.

21 Would you agree with that statement? I  
22 think, if I recall, the numbers were they can be up to  
23 7 percent here whereas in the U.S. they are generally  
24 a few percent. Would that be your --

25 MR. KROGMEIER: A: We're very willing to share our --  
26 for example, our contract discounts confidentially

1 with you and the other Commissioners. To be honest,  
2 you know, I can't speak to other's contracts, of  
3 course, just don't know what they do, but happy to  
4 share our contract information with you  
5 confidentially.

6 THE CHAIRPERSON: Right. But just generally, what's  
7 general knowledge in the industry is the fact that  
8 there are greater discounts in --

9 MR. KROGMEIER: A: In PNW?

10 THE CHAIRPERSON: Here than in PNW.

11 MR. KROGMEIER: A: I honestly do not know. Again, we  
12 don't have contracts tied to B.C. rack in PNW, so I  
13 can't really speak to that.

14 THE CHAIRPERSON: Okay, thank you.

15 Okay, please go ahead.

16 MR. KROGMEIER: A: Then there's another question here  
17 that says:

18 "In the Oral Workshop sessions, it seems  
19 that a discount to the rack price is common  
20 in supply contracts. Do premiums to the  
21 rack price exist?"

22 And the answer is yes, they can exist, and it's often  
23 due to the point at which we deliver the product. So  
24 the location and the quality of the product may  
25 deviate from the benchmark price that's, quote, "the  
26 rack price". And so there is the potential that you

1 have a premium to your rack price in your contracts.

2 Again, deviations for quality, as well as  
3 location. So if it costs you -- if you have to  
4 transport from the benchmark location to a more remote  
5 location, you may bet a differential off of the rack  
6 that you're quoting in that contract.

7 THE CHAIRPERSON: Thank you.

8 MR. KROGMEIER: A: Okay? All righty. Shall we go to  
9 the next one. Okay, yeah, please -- the next question  
10 here, gentlemen is:

11 **Proceeding Time 8:25 a.m. T6**

12 "Please provide your refinery capacity and it's  
13 actual production volume for 2013 - 2018."

14 So our nameplate capacity at the refinery  
15 is 55,000 barrels of crude oil to what we call stills  
16 or distillation units per day. Okay, so that's total  
17 crude input capacity, and confidentially again, we are  
18 happy to share with you our actual production volumes  
19 for that same time period. So we have it available  
20 confidentially for you.

21 THE CHAIRPERSON: Thank you. Perfect.

22 MR. KROGMEIER: A: Okay?

23 THE CHAIRPERSON: Yes.

24 MR. KROGMEIER: A: All right. Moving on to the next  
25 one.

26 "If your refinery did not operate at full

1                   capacity for any or all of those years, please  
2                   advise why."

3                   I think I mentioned before that we didn't  
4                   run at full capacity either because we had planned or  
5                   unplanned maintenance going on at the facility and/or  
6                   we were unable to procure all of the feedstock that we  
7                   needed to run in the refinery. So that could be crude  
8                   oil wasn't available, either -- you know, physically  
9                   wasn't available or wasn't economic to run. Or other  
10                  feedstocks, what we call vacuum gas oils and some  
11                  other smaller stuff that we typically may consume at  
12                  the refinery. So those are the reasons why, when we  
13                  didn't run at capacity, why we would not have run at  
14                  capacity.

15 THE CHAIRPERSON:     Okay, thank you.

16 MR. KROGMEIER:     A:     Okay.

17 COMMISSIONER COTE:     One question on this section, and  
18                   it's not really related to your operation. As I  
19                   understand there's a new refinery opening up in  
20                   Alberta soon called Sturgeon Refinery.

21 MR. KROGMEIER:     A:     I believe you're referring to the  
22                   Northwest Refining --

23 COMMISSIONER COTE:     Just outside of Edmonton, is  
24                   that --

25 MR. KROGMEIER:     A:     Yes, correct. That's right.

26 COMMISSIONER COTE:     And I'm wondering from your

1 perspective what impact you feel that may have on  
2 availability or refined products availability in the  
3 B.C. market?

4 MR. KROGMEIER: A: Yeah, it's a good question. I  
5 think that the refinery is continuing to commission  
6 production units and as they do so it will make more  
7 product available. Of course, they'll have to compete  
8 into the B.C. market on the basis of the incremental  
9 barrel in, which is off trucking economics from  
10 Edmonton.

11 So the answer, you know, is supply will  
12 grow in Edmonton and, of course, they'll have to  
13 compete to bring it in and it should come in, again,  
14 on truck economics into B.C.

15 COMMISSIONER COTE: Do you see it having any impact on  
16 the marginal cost unit?

17 MR. KROGMEIER: A: On marginal -- no, I really don't.  
18 Not for -- you're asking for B.C. refiners? Yeah, no,  
19 I do not.

20 THE CHAIRPERSON: And that's because of the shipping  
21 costs?

22 MR. KROGMEIER: A: Correct.

23 COMMISSIONER COTE: Just for my own edification, and  
24 you may or not be able to answer this: Alberta, who  
25 do they rely on for marginal cost?

26 MR. KROGMEIER: A: For marginal cost?

1 THE CHAIRPERSON: Rack price, you mean?

2 COMMISSIONER COTE: In determining the rack price.

3 MR. KROGMEIER: A: So Edmonton is sort of the market  
4 hub.

5 COMMISSIONER COTE: So it would itself, then. In other  
6 words, they're not looking at an external -- say  
7 Chicago or that sort of thing. It's basically all  
8 self-contained within the province of Alberta.

9 MR. KROGMEIER: A: Well, I would guess that they do  
10 look at, you know, the Chicago market quite a bit,  
11 assuming that they have some capacity to move product  
12 that direction. But again, I think that Edmonton is a  
13 very big market and really kind of -- you know, that's  
14 where things get priced relative to supply and demand  
15 up there.

16 THE CHAIRPERSON: So there's a gasoline price for  
17 Edmonton then?

18 MR. KROGMEIER: A: There's a posted rack price for  
19 gasoline Edmonton.

20 THE CHAIRPERSON: So is that similar to -- when you say  
21 a posted rack price what --

22 MR. KROGMEIER: A: Right. Wholesale price.

23 THE CHAIRPERSON: Yes, but we've talked about posted  
24 rack prices here. Many gasoline sellers here post  
25 their rack prices, their individual rack prices. Is  
26 that the same thing that you're describing in



1 Harbor and Chicago and Pacific Northwest, those are --  
2 are those what you would just -- what you just  
3 described as spot prices?

4 MR. KROGMEIER: A: They do have a spot market that's  
5 quoted, yes, for those locations.

6 THE CHAIRPERSON: Yes, right. But that's not what  
7 Edmonton has?

8 MR. KROGMEIER: A: No, Edmonton is -- there's no spot,  
9 you know, quote available.

10 THE CHAIRPERSON: So Edmonton has a bunch of companies  
11 that post their own rack prices?

12 MR. KROGMEIER: A: Correct, that is correct.

13 THE CHAIRPERSON: Same as Vancouver?

14 MR. KROGMEIER: A: Correct.

15 THE CHAIRPERSON: So there's nothing that would  
16 differentiate Edmonton from Vancouver in terms of the  
17 way that the pricing is done, is that correct?  
18 Presumably it's done in a similar fashion in Edmonton  
19 to the way it -- the rack pricing?

20 MR. KROGMEIER: A: The rack prices, yeah. I think, I  
21 think Edmonton, right, you know, and certainly we in  
22 Vancouver, we look at a lot of the changes in this --  
23 in the market from day-to-day and our alternative  
24 economics and of course that's how we price the rack.  
25 So we look at the changes in the market, you know,  
26 day-to-day. And I can't speak for others, of course,

1 but -- I don't know how they do it, but I think from  
2 some prior testimony that you had here you'd probably  
3 draw a conclusion that, you know, that it may not be  
4 uncommon between Edmonton and Vancouver in terms of  
5 the methodology.

6 THE CHAIRPERSON: Okay.

7 COMMISSIONER COTE: A couple of minutes ago you  
8 mentioned that Edmonton was a very large market and  
9 I'm assuming by you meant there's plenty of refined  
10 product. And I think you also spoke to the cost of  
11 trucking. If more effective transportation was  
12 available are you saying that -- like I'm thinking  
13 rail or pipeline, are you saying that a lot more  
14 product could find its way from Edmonton to this  
15 market and there'd be less reliance on other markets?

16 MR. KROGMEIER: A: If there were more transportation  
17 capacity available and it was --

18 COMMISSIONER COTE: At a reasonable price.

19 MR. KROGMEIER: A: It was economic to do -- to move, to  
20 make those movements, then, yes.

21 COMMISSIONER COTE: Okay, thank you.

22 THE CHAIRPERSON: Okay, please continue. Thank you.

23 MR. KROGMEIER: A: Okay.

24 THE CHAIRPERSON: Yeah.

25 MR. KROGMEIER: A: Okay. We're -- sorry, gentlemen,  
26 we're flipping pages here --

1 THE CHAIRPERSON: Yeah, please.

2 MR. KROGMEIER: A: The text is a little hard to read  
3 against this red background, so I apologize.

4 Okay, the next question we had here was the  
5 theme, again, is differences between Canadian versus  
6 U.S. gasoline quality specifications. And try to move  
7 through this pretty quickly. First question,

8 "How much refined product volume does your  
9 company import from the U.S. on an annual  
10 basis..."

11 I'll start with that one.

12 So we do not routinely import finished  
13 product from the United States. So imports are  
14 generally only required for us to cover product demand  
15 that we have during a refinery turnaround, whether,  
16 you know, planned or unplanned maintenance. And I  
17 believe that, you know, when we do go to imports  
18 typically the Pacific Northwest refineries are where  
19 we draw most of our products simply because that's the  
20 most economic, and we can bring the product in by  
21 barge into the refinery which provides us better  
22 economics than, for example, having to rail or truck  
23 from another location.

24 **Proceeding Time 8:34 a.m. T8**

25 COMMISSIONER COTE: Just a quick question. I know that  
26 barges are bigger. In terms of capacity, say the

1 capacity of a railcar versus a barge, what  
2 differential? Like four times? Six times?

3 MR. KROGMEIER: A: So think of a railcar average as  
4 holding 500 barrels of product and a barge, typical  
5 barge 25,000 barrels, roughly. So you get -- was it  
6 500 times magnitude?

7 THE CHAIRPERSON: 50 times.

8 COMMISSIONER COTE: It's big. Yeah, I understand,  
9 okay.

10 MR. KROGMEIER: A: So you can see the economics on a  
11 per unit basis.

12 THE CHAIRPERSON: You said that generally you don't  
13 import from the U.S. except during refinery downtime  
14 or when it's not operating at optimum capacity. So is  
15 it fair to -- would it be fair to say then that you  
16 generally can sell -- you sell all of your refinery  
17 output but you're able to match those to your  
18 contracts reasonably well, so there's -- and that's  
19 why there's no need to import it other times. Is that  
20 correct?

21 MR. KROGMEIER: A: So we don't import -- yes, correct.  
22 Because our production is adequate to meet our demand,  
23 our customer demands. That's correct.

24 THE CHAIRPERSON: Right. Do you import from Alberta  
25 then?

26 MR. KROGMEIER: A: Not often. Not often, but again,

1           it's relative economics.

2   THE CHAIRPERSON:     Yes.

3   MR. KROGMEIER:     A:     Or let's say that sometimes -- you  
4           know we do everything in our power to meet our  
5           customer commitments.  And so, for example, if we have  
6           a logistics constraint and we couldn't bring product  
7           in by barge and we had to go to Alberta to bring it by  
8           truck at a loss, we would do that.  On a short term.  
9           Right?  I mean it's not a sustainable business model  
10          to do it at a loss.  But our goal is to meet our  
11          customer commitments and we would do that, and have  
12          done that in the past.

13   THE CHAIRPERSON:     Right, okay.  Thank you.

14   MR. KROGMEIER:     A:     Okay, rolling along here.  
15           Gentlemen, if I miss anything that's your minds,  
16           please don't hesitate to stop me and ask.

17   THE CHAIRPERSON:     Thank you.

18   MR. KROGMEIER:     A:     "How do you insure that  
19                       imported gasoline meets all Canadian  
20                       specifications?  Please explain the process  
21                       taken in detail. ..."

22           So what happens is when we go out to contract from a  
23           refiner in PNW -- let's just use that example -- to buy  
24           product from them, the purchase agreement actually  
25           defines what we call the specifications of the  
26           product.  And when the product is loaded on the barge,



1 THE CHAIRPERSON: Yeah. And we -- again, I'm sorry, I  
2 don't have the transcript reference, but I think we  
3 heard a couple of weeks ago that there are in some  
4 cases the additives that are allowed in gasoline in  
5 the United States are not allowed in gasoline here.  
6 So do you ever run into a problem where you receive  
7 gasoline and it's got stuff in it that you can't get  
8 out? I mean it's one thing to add things that are  
9 missing, but --

10 MR. KROGMEIER: A: So there is -- there are times when  
11 people can what we call overdose, so put more of that  
12 stuff in than we want or meets the specs. It's very  
13 --

14 THE CHAIRPERSON: Very rare?

15 MR. KROGMEIER: A: -- infrequent that that happens.

16 THE CHAIRPERSON: Right.

17 MR. KROGMEIER: A: And, again, when it does happen we  
18 have the means most of the time to correct it.

19 THE CHAIRPERSON: To blend it. You can blend it  
20 presumably.

21 MR. KROGMEIER: A: But I will tell you it's not that  
22 uncommon elsewhere in the industry for cargo to show  
23 up at an intended delivery location and it's off spec  
24 and they will literally ship it all the way back to  
25 the manufacturer, just like you would if you received  
26 your, you know, an off-spec vehicle. So it does

1           happen, but it's rare for us in Vancouver and Pacific  
2           Northwest that we encounter that.

3   THE CHAIRPERSON:       And do you purchase raw gasoline from  
4           the U.S. and add all the of blending products here?  
5           Do you also do that?

6   MR. KROGMEIER:       A:   Raw gasoline is --

7   THE CHAIRPERSON:       Well, with no ethanol and none of the  
8           other things that are blended post-refinery.

9   MR. KROGMEIER:       A:   We can, certainly, yes.  So, yes, we  
10           will buy gasoline that doesn't have an oxygenate  
11           blended into it like ethanol.  We can, and at times we  
12           do and, again, that will depend on, you know, the  
13           availability from the supplier, our economics, you  
14           know, ethanol availability.  There's just so many  
15           things that would go into that decision.

16   THE CHAIRPERSON:       Okay, thank you.

17   MR. KROGMEIER:       A:   Sure.  Okay,

18                        "Has the cost and availability of refined  
19                        products significantly changed since 2015?"

20           And what I'd like to do is refer us to some previous  
21           documents that we had submitted.  And, Mr. Chairman, I  
22           have the exhibit reference here if you would like to  
23           go and look at those exhibits, where we can, you know,  
24           talk a little bit more about what we've seen in terms  
25           of cost and availability of refined products.

26                        So the exhibit is C5-2, Appendix A,



1                   And again, I think in addition to that, you  
2                   know, refiners have gotten a lot more -- in general,  
3                   have gotten more reliable and improved their  
4                   predictive maintenance and their ability to maintain  
5                   their units while they're still running. So  
6                   maintenance on the run.

7                   So there are a lot of reasons why we are  
8                   seeing product supply go up, and if you look at  
9                   utilization states in the U.S. they are quite high.  
10                  They are higher than 90 percent. And so now having  
11                  said that, the U.S. is also supplying a lot more  
12                  product to places like Latin America, where you've got  
13                  the opposite story in general, where refining  
14                  capacity, while it's there from a nameplate  
15                  perspective, they have trouble maintaining a lot of  
16                  it. It does not run at capacity, nor is it fully  
17                  utilized. And we've seen that phenomena in several  
18                  countries in Latin American and Central America.

19                  So again, many factors. The market is  
20                  constantly moving. But yes, so that is what I'd refer  
21                  to in terms of this question.

22                  THE CHAIRPERSON:     Thank you.

23                  MR. KROGMEIER:     A:     Okay?

24                  THE CHAIRPERSON:     Yes.

25                  MR. KROGMEIER:     A:     Okay, let's see.     Some more  
26                  questions here.     Questions for Parkland:

1                   "Since Parkland has a refinery capable to refine  
2                   light crude locally, what light crude is  
3                   available in PADD 2, 3, or 5 which is..."

4                   what does that say?

5   THE CHAIRPERSON:     "...suitable for use in Parkland  
6                   refinery."

7   MR. KROGMEIER:     A:     Okay, so it is true. The Parkland  
8                   refinery is capable of running of light, sweet crude  
9                   oils. So in PADD -- really our best option in PADD 2  
10                  is what we call Bakken crude oil. So it's crude oil  
11                  that comes from the Bakken area of North Dakota. And  
12                  what happens is it gets railed out to the U.S. west  
13                  coast. So you'll see a lot of U.S. west coast  
14                  refiners run it, particularly when the differential  
15                  for Bakken against WTI is really low or weak. Bakken  
16                  is an approved crude oil for us at the refinery, so we  
17                  can run it.

18                         The challenge we have is again for us,  
19                         logistics. So there is -- it's difficult to rail it  
20                         in for us, and there is no water-borne option for  
21                         Bakken without rail. So theoretically, you could rail  
22                         it all the way to the west coast of the United States,  
23                         get it through somebody's terminal, get it on a barge  
24                         and move it up into the Burnaby refinery, but you can  
25                         sense that's a very difficult and costly thing to do.  
26                         We can run it, however.



1 other alternatives and also other sources of crude.  
2 MR. KROGMEIER: A: Yeah.  
3 THE CHAIRPERSON: So after you've just gone through all  
4 of those sources, it sounds to me like your only  
5 source of crude is off the Trans Mountain Pipeline, is  
6 that correct or are there others?  
7 MR. KROGMEIER: A: The majority is. We also bring in  
8 crude by rail.  
9 THE CHAIRPERSON: Right, the Bakken crude that you were  
10 talking about?  
11 MR. KROGMEIER: A: No, this would be Alberta.  
12 THE CHAIRPERSON: From Alberta?  
13 MR. KROGMEIER: A: Yeah. I'll call it Alberta crude.  
14 THE CHAIRPERSON: Yeah. Sorry, yeah.  
15 MR. KROGMEIER: A: Yeah. Yes, sir.  
16 THE CHAIRPERSON: Yeah.  
17 MR. KROGMEIER: A: And, again, we do have the ability  
18 to bring in small, very small ships with crude oil on  
19 them, but, again, it typically does not meet pipeline  
20 or rail economics.  
21 THE CHAIRPERSON: And the reason that you bring crude  
22 in by rail from Alberta is that you have -- there's a  
23 limit to the pipeline access that your company has, is  
24 that -- what that be the --  
25 MR. KROGMEIER: A: We are unable to procure enough  
26 crude off the Trans Mountain Pipeline, so we have to

1 supplement with rail.

2 THE CHAIRPERSON: Okay. thank you. Please, go ahead.

3 MR. KROGMEIER: A: Okay.

4 "Other than crude oil transported through the  
5 Trans Mountain Pipeline, does Parkland "import"  
6 its crude oil to its refinery from other  
7 sources? If so, from where? Please provide  
8 volumes, geographical locations and methods of  
9 transportation..."

10 I think I answered kind of the 50,000 foot -- we're  
11 happy to share confidentially in more detail grade or  
12 grade or however you'd like to see it.

13 THE CHAIRPERSON: Sure. Yeah, that's fine, yeah. No,  
14 that's good, thank you.

15 MR. KROGMEIER: A: Okay,

16 "Please provide information on the type of  
17 refined product, volumes, geographical locations  
18 and methods of transportation of any other  
19 refined gasoline and diesel products Parkland  
20 imports into storage facilities in B.C."

21 I think I addressed a lot of that, again, high-level  
22 in our conversation, but confidentially we can provide  
23 more detailed information by grade, by product, et  
24 cetera, if that's helpful.

25 THE CHAIRPERSON: Thank you.

26 MR. KROGMEIER: A: "Please confirm that these

1                   products are imported into Parkland's storage  
2                   facilities and "blended" to comply with..."  
3           Absolutely. So we are --  
4   THE CHAIRPERSON:        I think we've covered that.  
5   MR. KROGMEIER:     A:    Job number one is we have to be in  
6           compliance with every rule and regulation.  
7                    Okay, so moving along --  
8   THE CHAIRPERSON:        Sorry, our concern was not that  
9           you're not in compliance, we're just interested in the  
10          process and how it worked, yeah.  
11   MR. KROGMEIER:     A:    Absolutely. Yeah.  
12   THE CHAIRPERSON:        Yeah. Thank you.  
13   MR. KROGMEIER:     A:    Okay. The next big theme here is  
14          called "terminal operations", just following on the  
15          list of questions that we received. Right, so first  
16          question here, Commissioners, is,  
17                    "Do storage terminals allow third party  
18                    companies to use the terminal facilities to mix  
19                    product from the U.S. to Canadian standards? Or  
20                    is each storage terminal reserved for its own  
21                    use?"  
22          Again --  
23   THE CHAIRPERSON:        We discussed that.  
24   MR. KROGMEIER:     A:    Okay, we've covered it, great.  
25          Okay.  
26          Second one,

1 "Please provide specifics of agreements for  
2 third parties to use terminals. Are all  
3 agreements for terminal use reciprocal  
4 agreements with other terminal owners?"

5 We can dig into that in more detail confidentially to  
6 talk about what our, again, terminal agreements look  
7 like with our customers in detail.

8 THE CHAIRPERSON: Thank you.

9 MR. KROGMEIER: A: If there is any 50,000 foot question  
10 there I can help on industry. I'm happy to jump in,  
11 but --

12 THE CHAIRPERSON: No. I think we're fine, yeah.

13 MR. KROGMEIER: A: Yeah.

14 THE CHAIRPERSON: No, that's fine. Please, go ahead.

15 MR. KROGMEIER: A: Okay.

16 "Has there been any storage constrains caused by  
17 the need for extra storage space to store  
18 biofuels?"

19 And I think this is a good one, actually, for us to  
20 talk about. So we did provide previously a little bit  
21 of insight into the role of biofuels in the supply  
22 chain in British Columbia, and I will give you  
23 Parkland's experience with biofuels.

24 **Proceeding Time 8:52 a.m. T12**

25 So when biofuels get introduced into the  
26 fuel mix, the reality is we cannot go build new tanks

1 for every new biofuel that comes in. And the reason  
2 we can't is, one, at the Burnaby refinery we have very  
3 limited footprint. It's not like we have unlimited  
4 land to build.

5 Secondly, these are not in all cases large  
6 quantities, and so it's uneconomic for us to build a  
7 large tank to store on average a very small amount of  
8 biofuels. And depending upon the biofuel itself, for  
9 example, biodiesel which is made from fatty acids, you  
10 have to heat the tank as well in winter when ambient  
11 temperatures go below what we call the pour point.

12 So, what Parkland has done is we have  
13 repurposed tanks that were in use for conventional  
14 non-biofuels, we have repurposed those to be able to  
15 handle the biofuel supply chains. And, of course,  
16 when we take tanks out of service or we repurpose them  
17 from conventional to bio, your constraints continue to  
18 grow, right? Your limits on flexibility continue to  
19 grow. And then of course you have to have a blend  
20 tank as well to mix the biofuel and the conventional  
21 fuels together.

22 So the answer is yes, it can really, what I  
23 would call put a strain on the storage infrastructure,  
24 and that's been Parkland's experience.

25 THE CHAIRPERSON: So you have other terminals other than  
26 the one at the Burnaby refinery, is that correct?

1 MR. KROGMEIER: A: We do.

2 THE CHAIRPERSON: So have you been able to expand your  
3 footprint at your other terminals to accommodate  
4 biofuels?

5 MR. KROGMEIER: A: Yes, we have. So I'll give you an  
6 example, Mr. Chairman. At Hatchpoint on Victoria  
7 Island, if you're familiar with that community.

8 THE CHAIRPERSON: Yes.

9 MR. KROGMEIER: A: We have a terminal there and we  
10 have built new tanks to accommodate biofuels in the  
11 supply chain.

12 THE CHAIRPERSON: Okay, thank you.

13 MR. KROGMEIER: A: Okay, next question here is,  
14 "Which customers deal directly with your Primary  
15 terminals?"

16 So many customers access our primary terminals. And  
17 of course, we'd be -- again, it's the list of people  
18 we sell to. We'd be happy to give you more detail in  
19 confidence, yes.

20 "Which customers deal directly with your Bulk  
21 terminals? Please explain how the relationship  
22 between Primary and Bulk terminals work  
23 financially."

24 So bulk terminals will typically service  
25 our commercial wholesale customers and those are not  
26 primary terminals, so they are typically smaller.

1           They've got maybe one loading rack and we've got a few  
2           tanks, so they're much slower than what we call  
3           primary terminals, where larger tanks, more traffic,  
4           they are typically located closer to either a supply  
5           source -- in our case the refinery. We have a large  
6           terminal right at the refinery That's a primary  
7           terminal for us. They can be off of pipelines, right,  
8           where you get large amounts coming in.

9                         Bulk plants again, small tanks, typically  
10           to service the end use -- our wholesale or commercial  
11           customers. And again, we'd be happy to give more  
12           detail confidentially on the individual customer base.

13 THE CHAIRPERSON:     Do you do blending at the bulk  
14           terminals?

15 MR. KROGMEIER:     A:     No.

16 THE CHAIRPERSON:     No, okay.     Okay, go ahead.

17 COMMISSIONER COTE:     That's the same question as I was  
18           going to ask.

19 THE CHAIRPERSON:     Okay, please go ahead.

20 MR. KROGMEIER:     A:     Now, when we say "blending" I just  
21           want to be clear, we do not bring in components to  
22           blend at the bulk plant.

23 THE CHAIRPERSON:     Right.

24 MR. KROGMEIER:     A:     If we, for some reason, have again  
25           a cargo that's off spec.

26 THE CHAIRPERSON:     Right.

**Proceeding Time 8:52 a.m. T13**

1  
2 MR. KROGMEIER: A: A truck gets loaded that's off  
3 spec, we will bring it back into the terminal -- or  
4 the bulk plant, sorry, and we will again then correct  
5 for whatever the issue might be.  
6 THE CHAIRPERSON: This is a truckload that you're  
7 selling.  
8 MR. KROGMEIER: A: Correct.  
9 THE CHAIRPERSON: As opposed to buying.  
10 MR. KROGMEIER: A: That's right. If that were to  
11 happen, yeah.  
12 THE CHAIRPERSON: And then you'd re-blend it at the bulk  
13 terminal? Or you'd fix it up at the bulk --  
14 MR. KROGMEIER: A: It depends. It depends on what the  
15 issue is. So sometimes you put it -- you know, put it  
16 back into the tank, right? And retest. And it gets  
17 on spec.  
18 THE CHAIRPERSON: Yeah, okay.  
19 MR. KROGMEIER: A: Yeah.  
20 THE CHAIRPERSON: Thank you.  
21 MR. KROGMEIER: A: Okay.  
22 MR. WHITE: A: That was it.  
23 MR. KROGMEIER: A: That was it?  
24 MR. WHITE: A: And then the final question is number 7  
25 around price competition and I prefer to deal with  
26 that in confidence.

1 THE CHAIRPERSON: In confidence. Yeah, that's fine,  
2 thank you. Thank you, very much gentlemen.

3 COMMISSIONER COTE: I have a one question.

4 THE CHAIRPERSON: Okay, go ahead.

5 COMMISSIONER COTE: And I don't think it's  
6 confidential. I've spent a fair amount of time in the  
7 U.S. and I noted in the retail sense that there's  
8 oftentimes, corner to corner, a large difference in  
9 price, sometimes as much as 25, 30 cents. And this  
10 goes on day after day, so it's not like an aberration  
11 that just occurred over an hour and then somebody  
12 corrected it. Yet, in Canada it appears that the  
13 prices are much closer when you go corner to corner,  
14 and they do -- I think we've heard that they do change  
15 a lot during the course of a day.

16 Can you provide me any explanation as to  
17 why the markets are so different?

18 MR. WHITE: A: I can't. I mean I'd be speculating. I  
19 would tell you that, as I mentioned in my remarks a  
20 few weeks ago, I would argue that the Canadian retail  
21 gasoline business is one of the most competitive  
22 retail businesses in the country, if not North  
23 America.

24 So lots of choice in the U.S. The  
25 convenience retail C store fuel environment is  
26 somewhat different. But I would be speculating to

1 suggest why there are significant points of  
2 difference. It really is -- it's the nature of the  
3 competitive environment and the way that those markets  
4 operate.

5 COMMISSIONER COTE: Okay, thank you.

6 THE CHAIRPERSON: I have a question. Mr. Kahwaty, are  
7 you still on the phone? Or Dr. Kahwaty, sorry.

8 MR. KAHWATY: A: Yes, I'm here.

9 THE CHAIRPERSON: I have a question, sir, about  
10 something that you said in your undertaking, something  
11 that was in your undertaking, and that was your  
12 analysis of market concentration. And I'm going to  
13 paraphrase here and I don't have the undertaking in  
14 front of me, sorry. I was just trying to bring it up  
15 but.

16 You refuted the evidence of Robyn -- or  
17 sorry, Allan and Eliesen, where they came up with a  
18 fairly high level of market concentration in the  
19 wholesale market. And you did your analysis and you  
20 came up with, I think, a number of 73 percent for the  
21 refineries that are providing gasoline and diesel to  
22 the B.C. market. However, you seem -- do you recall  
23 what I'm talking about?

24 MR. KAHWATY: A: I'm sorry, I didn't hear that last  
25 bit.

26 THE CHAIRPERSON: Are you with me so far? Do you

1 understand where I am so far? The 73?

2 MR. KAHWATY: A: Yes.

3 THE CHAIRPERSON: Okay. But as I understand it, that  
4 analysis was based on the refineries in Edmonton and  
5 Parkland, and I believe Husky also. Or perhaps not  
6 Husky. But the refineries, the three refineries in  
7 Edmonton and Parkland that are providing gasoline.

8 And then you said there are other places  
9 that gasoline come from that were PADD 2, PADD 3 and  
10 PADD 5. But we've heard testimony throughout this  
11 proceeding that it's actually -- it's not the  
12 refineries that are selling gasoline, it's companies  
13 or entities that operate and own these refineries that  
14 are selling gasoline, and when they are short of  
15 supply for British Columbia, then they go out and they  
16 purchase gasoline from other sources including PADD 2,  
17 PADD 3, and PADD 5. In fact, that's the testimony  
18 that we've just heard from your panel.

19 **Proceeding Time 9:01 a.m. T14**

20 So when you're doing a market concentration  
21 analysis should you not use the company or the entity  
22 that's selling the gasoline as the entity that -- as  
23 one of the four entities as opposed to one of their  
24 refineries?

25 MR. KAHWATY: A: So in an ideal world if you had data  
26 that allowed you to break up -- can you hear me fine?

1 THE CHAIRPERSON: Yes, thank you.

2 MR. KAHWATY: A: Okay, very good. In an ideal world  
3 when you're doing a market concentration analysis you  
4 would want information to be as granular as possible  
5 and you would want to allocate all of the volume in  
6 the market based on the entity to which -- or the  
7 entity that is managing that product or that is  
8 selling that product.

9 So you would typically -- you know, you  
10 would want -- so take Shell, for example. You know,  
11 Shell had a refinery in Alberta and refineries in the  
12 U.S. You would want to look at all of their -- both  
13 their products together. If you're trying to  
14 understand competition in the marketplace and supply  
15 sources, I mean, that would be the standard approach.  
16 You take all the volumes and you allocate them out by  
17 entity. If you're trying to analyze something  
18 different, if you're trying to analyze the regions  
19 from which to buy from, of course you'll be looking at  
20 different -- but if you have information that would  
21 allow you to break out imports by, you know, entity,  
22 you'd want to take that into account.

23 THE CHAIRPERSON: So just to be clear, then, let me  
24 give you an overly simplified example. If Parkland  
25 was the only supplier of gasoline in British Columbia  
26 and they refined let's say 90 percent of that

1           themselves and purchased the other ten percent from  
2           the United States for resale into the British Columbia  
3           market, would there be one supplier or two suppliers?  
4           Would there be Parkland in the United States as  
5           supplies or would Parkland be the only supplier for  
6           the purpose of --

7 MR. KAHWATY:    A:    So I think that the standard approach  
8           would be to view Parkland as being the only supplier  
9           with the 90 percent share from its own resources and  
10          the 10 percent that it was importing.  If that 10  
11          percent was contracted by other parties and Parkland  
12          had an arrangement to use the facility to bring it in,  
13          then maybe that wouldn't be the case.  But if that 10  
14          percent, you know, could have been supplied by someone  
15          else, that might not be the case.  But if it's all  
16          either Parkland supply or Parkland contracted external  
17          sources brought in, then you'd want to allocate all of  
18          those to Parkland in the share calculation.

19 THE CHAIRPERSON:       And then would the market share of  
20          Parkland be 100 percent in that case?

21 MR. KAHWATY:    A:    In that case the share of supply would  
22          be 100 percent, it would be 90 percent of their own  
23          resources and 10 percent that they were contracting.  
24          You would typically allocate shares -- again, if  
25          you're just looking at shares of supply, you would  
26          want to allocate imports by the entity, you know, that

1           has -- that is bringing them in, that is contracted  
2           for them, unless they're spot sales or something along  
3           those lines, you know, not long-term contracted to  
4           volumes. But, yes, if that was the situation you  
5           would do your best to, you know, to allocate the  
6           volumes by the entity responsible for them.

7 THE CHAIRPERSON:        Good, thank you, sir. Thank you.

8                            Thank you very much, gentlemen. We  
9           appreciate that. I'm just going to confer with the  
10          panel for a moment here.

11                         Okay, so let's -- we appreciate your offer to answer  
12          some questions in confidentiality. We will take you  
13          up on that, please.

14 MR. KROGMEIER:        A:    Sure.

15 THE CHAIRPERSON:        So just take -- sorry?

16 MR. AHMED:            Mr. Chairman, just I assume this is the  
17          case, but just to interject, Dr. Kahwaty I assume is  
18          not joining the confidential group, so I just wanted  
19          to flag that if there were further questions for him  
20          either now or another time?

21 THE CHAIRPERSON:        I don't think we have further  
22          questions for the doctor.

23 MR. AHMED:            Very good, thank you.

24 THE CHAIRPERSON:        Thank you. Thank you, Dr. Kahwaty.

25 MR. KAHWATY:         A:    You're welcome.

26 THE CHAIRPERSON:        So we'll take -- well, subject to set

1 up time, five minutes, so we'll come -- we'll meet in  
2 the back room at 9:15. Thanks.

3 (MR. KAHWATY ASIDE)

4 **(PROCEEDINGS ADJOURNED AT 9:07 A.M.)**

5 **[HEARING MOVED TO IN CAMERA/CONFIDENTIAL SESSION]**

6 **(PUBLIC PROCEEDINGS RESUMED AT 10:50 A.M.)** **T15/16**

7 THE CHAIRPERSON: Please be seated.

8 Ms. Oleniuk, good after- -- good morning.

9 MS. OLENIUK: It is still the morning, isn't it?

10 THE CHAIRPERSON: It is still, yes.

11 MS. OLENIUK: Yes, good morning to you as well, sir.

12 Again, I'm just happy to be back again presenting the  
13 Suncor panel, along with Mr. Hustwick.

14 And just by way of introduction, I forgot  
15 to bring the name cards today, but seated closest to  
16 the Commission is James McLean and seated to Mr.  
17 McLean's left is Brent Wallin. And so I think the  
18 plan today is to proceed in a similar fashion as to  
19 when Suncor appeared in front of you a couple of weeks  
20 ago. They prepared some opening remarks in response  
21 to things they've heard and then they will proceed to  
22 go through the questions that were sent by the  
23 Commission.

24 THE CHAIRPERSON: Thank you. Good morning, gentlemen.  
25 Thank you once again. We appreciate your voluntary  
26 participation and we're glad that you're able to

1 attend today, thank you.

2 MR. McLEAN: A: You're welcome. Should we start.

3 THE CHAIRPERSON: Yes, please.

4 **SUNCOR ENERGY PANEL:**

5 **JAMES McLEAN, Affirmed:**

6 **BRENT WALLIN, Affirmed:**

7 **PRESENTATION:**

8 MR. McLEAN: A: Good morning.

9 THE CHAIRPERSON: Good morning.

10 MR. McLEAN: A: On behalf of Suncor we'd like to thank  
11 you for the opportunity to speak with you again today.  
12 Once again, my name is James McLean and I'm the  
13 director of national pricing for Petro-Canada, which  
14 is owned by Suncor. With me again today is Brent  
15 Wallin, Suncor's director of supply west.

16 We've answered questions posed in Exhibit  
17 A-15 and we'd like to take you through our answers but  
18 before we do that, I would like to take the  
19 opportunity to provide confirmations, clarifications  
20 and corrections to our oral testimony on July 18<sup>th</sup> if  
21 that's okay.

22 THE CHAIRPERSON: Yes.

23 MR. McLEAN: A: The first area I'd like to address is  
24 my testimony on fuel quality and I will refer to the  
25 transcripts from July 18<sup>th</sup>. On page 323, lines 22 to  
26 I stated:

1                    "So in Canada we have Canadian specifications  
2                    for gasoline. It's from the Canadian General  
3                    Standards Board and subject to check, it's  
4                    standard 3.5 and 3.5(1)(1). Which cover both  
5                    federal and provincial regulations."

6                    First to confirm, I did state the correct  
7                    standard numbers, but to clarify, CGSB does include  
8                    federal regulations, and CGSB includes references to  
9                    provincial regulations. However, CGSB does not  
10                  include test parameter limits of provincial  
11                  regulations as vary products from province to  
12                  province. To address this, Suncor creates local  
13                  specifications for our fuel and our specifications  
14                  incorporate both federal and provincial regulations,  
15                  including these provincial test parameter limits.

16                  On the next page of my testimony from July  
17                  18<sup>th</sup>, page 324, lines 9 to 11 I stated:

18                  "...gasoline sold in Canada must be with the CGSB  
19                  spec."

20                  To clarify, there are provinces that do not  
21                  regulate to CGSB specifications. However, gasoline  
22                  sold in British Columbia must meet CGSB specifications  
23                  3.5 and 3.5(1)(1). So instead of stating gasoline in  
24                  Canada must meet CGSB specifications, I should have  
25                  said gasoline sold in British Columbia must meet the  
26                  CGSB spec.

1 COMMISSIONER DOEHLER: So just to make sure, to clarify  
2 the clarification --

3 MR. McLEAN: A: Absolutely.

4 COMMISSIONER DOEHLER: That means that there is an  
5 additional spec that must be met in British Columbia  
6 that is not necessarily met in the rest of Canada,  
7 which could help explain part of the price  
8 differential.

9 MR. McLEAN: A: There are provinces that don't require  
10 you to meet exactly the CGSB spec. British Columbia  
11 does.

12 THE CHAIRPERSON: And just for -- sorry.

13 COMMISSIONER DOEHLER: I was trying to get -- so  
14 there's a cost reason for that? There's a cost that  
15 goes with that?

16 MR. McLEAN: A: There could be. I'll be honest in that  
17 Suncor specifically sets our specifications to meet  
18 the CGSB spec regardless of the policy.

19 COMMISSIONER DOEHLER: Regardless, okay.

20 THE CHAIRPERSON: And since to some extent this inquiry  
21 is focussed on changes since 2015, this is not a  
22 change that would have taken place in 2015, correct?

23 MR. McLEAN: A: I just wanted to make sure that our  
24 testimony was exactly accurate.

25 THE CHAIRPERSON: Yeah, okay, thank you.

26 **Proceeding Time 10:55 a.m. T17**

1 MR. McLEAN: A: Next, I would like to clarify our  
2 testimony regarding Oil Price Information Service,  
3 commonly referred as OPIS. During testimony  
4 Commissioner Doehler asked, "Do you supply information  
5 to OPIS?" This is on page 319 of the July 18<sup>th</sup>  
6 transcripts, lines 20 and 21. Now, at that time Brent  
7 and I were each discussing Suncor's rack pricing as  
8 well as spot prices in the Pacific Northwest and  
9 Chicago as reported by OPIS. What we should have done  
10 is asked for clarification regarding the context of  
11 the question before answering.

12 So to ensure that we answer Commissioner  
13 Doehler's question correctly, I'd like to make these  
14 statements. Suncor does provide daily rack pricing to  
15 OPIS. We also post our daily rack pricing on our  
16 website. Suncor does not provide OPIS with any  
17 information on our trades for consideration in setting  
18 their spot prices.

19 And finally, I'd like to testify -- or  
20 clarify our testimony and discussion with the panel  
21 about the percentage of Petro-Canada gas stations  
22 offering full-serve options. This appears on pages  
23 344 and 345 of the July 18 transcripts. I correctly  
24 stated that 25 percent of Petro-Canada retail stations  
25 in British Columbia offer full-service options versus  
26 one percent in Ontario and zero percent in Alberta.

1                   Chair Morton asked, "Do you have any  
2                   suggestions about the reason for that?" As I did not  
3                   have any suggestions Commissioner Cote said, "I think  
4                   it's required in a couple of municipalities. I  
5                   believe Richmond was and West Vancouver." After our  
6                   panel discussion I did speak with our staff in the  
7                   Greater Vancouver area and they told me that chair  
8                   Cote is correct. There are regulations regarding  
9                   full-serve and full-service offerings in Coquitlam,  
10                  Richmond, Burnaby, Surrey, Port Moody, Vancouver and  
11                  North Vancouver, and all the requirements for full-  
12                  serve or full-serve options may vary by municipality.  
13                  Delta, Langley, New Westminster, and Port Coquitlam do  
14                  not regulate full-service.

15                  For your reference, on January 31<sup>st</sup>, 2017  
16                  the Kent Group published a report titled *City of*  
17                  *Coquitlam Analysis of Full-Serve Bylaw*. And if you're  
18                  interested the Table 1 on page 4 of that report  
19                  provides an overview of Lower Mainland municipality  
20                  regulations by municipality. That report is publicly  
21                  available on the Kent website.

22                  THE CHAIRPERSON:        Thank you.

23                  MR. McLEAN:     A:     One last comment. This morning, I  
24                  think it was Commissioner Cote, asked about the  
25                  benchmark referenced when setting Edmonton rack  
26                  prices. With respect to Suncor, Suncor references the

1 Chicago price as reported by OPIS when we set our  
2 Edmonton rack prices.

3 **ANSWERS TO QUESTIONS:**

4 With that we will now answer the Oral  
5 Workshop questions posed to us in Exhibit A-15. We  
6 are going to go through the questions that we are  
7 prepared to answer in public and then we will ask if  
8 we could move to *in camera* for the rest.

9 THE CHAIRPERSON: Thank you.

10 MR. McLEAN: A: The first few questions relate to  
11 Brent, so I'm going to turn it over to him.

12 MR. WALLIN: A: Good morning, Mr. Chairman,  
13 Commissioners.

14 THE CHAIRPERSON: Good morning.

15 MR. McLEAN: A: I will lead into my questions just by  
16 paraphrasing the question, and then answering  
17 accordingly.

18 THE CHAIRPERSON: Sure.

19 MR. McLEAN: A: And then pausing for questions if you  
20 need.

21 THE CHAIRPERSON: Yeah.

22 MR. McLEAN: A: So the first question, 1.1 is saying,  
23 "Please provide your views regarding a "crude related  
24 contract"..."

25 Discussed at great length regarding how  
26 wholesaler and rack prices are set. In the case of

1 Vancouver the benchmark price is the Pacific  
2 Northwest. We believe a crude benchmark would add  
3 volatility and decrease the level of transparency. It  
4 would not serve as an accurate representation of the  
5 market. I would be more than willing to offer more to  
6 this question *in camera*.

7 THE CHAIRPERSON: Okay.

8 **Proceeding Time 11:00 a.m. T18**

9 MR. McLEAN: A: I'll move on to 1.2.

10 "Would the option to access existing terminals  
11 in B.C. by independents change the retail market  
12 in B.C.? How could this function?"

13 My response would be no, it would lead to  
14 inefficiencies. More smaller terminals would not  
15 lower the cost but rather raise the cost due to  
16 decreased efficiency, smaller tanks, less optimal  
17 shipments, et cetera, which will all lead to higher  
18 costs. All would have to find a lower cost of supply  
19 and get it into the terminal at a lower cost in order  
20 to lower the cost of fuel.

21 THE CHAIRPERSON: Okay.

22 MR. McLEAN: A: I'll answer question 1.3. The question  
23 reads:

24 "What is the degree of flexibility for retailers  
25 and marketers to switch from one supplier to  
26 another? For example, are there contracts that

1                   limit or make the purchaser captive for a  
2                   specific period? ..."

3                   To answer this question I'd like to make  
4                   the distinction between the Petro-Canada branded  
5                   retail marketer and what we call an unbranded retail  
6                   marketer. Would that be okay?

7 THE CHAIRPERSON: Yes, please.

8 MR. McLEAN: A: So due to the sizeable investment a  
9                   retail marketer makes when establishing a new Petro-  
10                  Canada service station and the sizeable investment  
11                  Suncor makes to differentiate Petro-Canada brand and  
12                  fuel offering at that station, agreements between  
13                  Suncor and the Petro-Canada branded retail marketers  
14                  have longer terms, typically 5 to 10 years, with both  
15                  parties committed for the agreement. This longer-term  
16                  commitment provides confidence for both parties to  
17                  make those sizable investments.

18                  As the retailer is selling fuel under the  
19                  Petro-Canada brand, all fuel must be supplied by  
20                  Suncor so that we can be sure that the fuel meets our  
21                  strict quality standards, contains the proprietary  
22                  additives that we specify and advertise, and so Suncor  
23                  can confidently represent the quality of our products  
24                  and protect the value of our Petro-Canada brand  
25                  reputation with our customers.

26 THE CHAIRPERSON: So just so I can understand this then,

1           are you saying that all Petro-Canada branded gas  
2           stations, at least in British Columbia, purchase their  
3           gas or acquire their gas from Suncor? From a Suncor  
4           terminal?

5 MR. McLEAN:    A:    They have to be supplied by Suncor,  
6           yes.

7 THE CHAIRPERSON:   From a Suncor terminal?

8 MR. McLEAN:    A:    From a Suncor terminal or a terminal  
9           that Suncor has an arrangement with.

10 THE CHAIRPERSON:   Okay, thank you.

11 MR. McLEAN:    A:    Now Suncor also supplies fuel to a  
12           number of unbranded retailers. These are gas stations  
13           that sell fuel under their own brand name. The fuel  
14           supplied simply meets federal and provincial  
15           specifications and possibly any unique specifications  
16           of that customer.

17                       Supply terms and conditions vary from one  
18           customer to another, but the terms of the agreements  
19           are usually much shorter as the retailer has invested  
20           in their own brand and Suncor has no vested interest  
21           in that brand. Further, the terms and conditions of  
22           the agreement may allow the retailer a level of  
23           flexibility, and in some cases the full flexibility to  
24           source fuel from other suppliers during the term of  
25           the agreement.

26 THE CHAIRPERSON:   Thank you.

1 MR. McLEAN: A: There's a second part to the question  
2 1.3.

3 "Are there any penalties imposed for early  
4 cancelation of these contracts?"

5 For Petro-Canada branded retail marketers,  
6 both parties are committed to the term of the  
7 agreement.

8 **Proceeding Time 11:04 a.m. T19**

9 The contract does not contemplate early termination.  
10 As I mentioned, supply contracts with unbranded  
11 retailers are more flexible and any arrangements for  
12 early cancellation, if applicable, will vary from  
13 agreement to agreement.

14 With respect to question 14, we will answer  
15 that *in camera*, so I'm going to move to question 1(5).

16 "In the Oral Workshop sessions, it seems that a  
17 discount to the rack price is common in supply  
18 contracts. Do premium to rack price contracts  
19 exist?"

20 The answer is yes, premium to rack price does exist.  
21 While discounts to the rack price are common in  
22 unbranded supply contracts, premium to rack prices are  
23 common in Petro-Canada branded retail marketer  
24 contracts. Unlike unbranded supply contracts, Petro-  
25 Canada branded retail marketers are supported by  
26 Petro-Canada field staff, head office support staff,

1 are provided access to the Petro-Canada marketing  
2 campaigns, brand advertising, branded and co-branded  
3 promotions, the PetroPoints loyalty program, national  
4 commercial fueling card programs, and other programs  
5 related to the Petro-Canada brand products and service  
6 offer. The premium to the rack price reflects this  
7 value.

8 That completes section 1. I'm going to  
9 turn it over to Brent who will continue in Section 2  
10 which is about refined product. Excuse me, refined  
11 petroleum product supply and demand balance.

12 MR. WALLIN: A: Thanks, James. 2(1) states, or asks,  
13 "Please provide your refinery capacity and its  
14 actual production volumes for 2013 - 2018."

15 At this point I'd like to direct your attention to  
16 Exhibit C2-8 as I brought up on the screen. The  
17 capacity of the Edmonton refinery is nameplate,  
18 142,000 barrels per day. The actual production is  
19 listed by year as requested. Just as a point of  
20 reference, the production averages 129,000 barrels per  
21 day for this period of time, with gasoline being  
22 57,000 barrels a day, diesel 66,000 barrels a day and  
23 other as listed below, including gas oil, asphalt,  
24 sulphur, petroleum, coke, et cetera, is averaging  
25 about six a day.

26 As with all of our producing

1 assets/facilities, this is a key metric for our  
2 shareholders as represented on our financial  
3 statements and you would see all this data in our  
4 financial statements.

5 THE CHAIRPERSON: So I've got a couple of questions  
6 then. When we're seeing variations like, for example,  
7 I look at the total production, variation 129 in 2013  
8 and 136 in 2017, then a drop to 123 in 2018. What's  
9 driving those differences? Is it demand or is it  
10 maintenance and turnarounds that are driving this?

11 MR. WALLIN: A: Sure. I'll go right to 2.2 --

12 THE CHAIRPERSON: You were going to tell me that anyway.

13 MR. WALLIN: A: It's a good question. So the 2.2 does  
14 address the -- when the not operating at a full  
15 capacity, please advise why. And I've got five things  
16 listed.

17 THE CHAIRPERSON: Okay.

18 MR. WALLIN: A: One would be planned  
19 turnarounds/maintenance. Secondly would be unplanned  
20 turnarounds/maintenance. Number three would be  
21 logistical constraints. Number four would be force  
22 majeure/unplanned events. And number five would be  
23 diesel demand, seasonal diesel demand.

24 I think this is a good point to stop and  
25 maybe add some context around diesel demand and speak  
26 to the question that Commissioner Cote had asked this

1 morning with regards to North West Redwater and tied  
2 into our oil sands producing facility up in Fort  
3 McMurray and its diesel production as well.

4 **Proceeding Time 11:08 a.m. T20**

5 So North West Redwater, the Sturgeon County  
6 refinery that you commented on or questioned this  
7 morning, is -- it's only finished product is diesel.  
8 It does not produce gasoline. It started its  
9 production in 2017. They are still lining out -- as  
10 Parkland said, they are still lining out some of the  
11 refiner units and will be taking a turnaround in  
12 September and October to finish that facility. But  
13 they have been running full for the last little while,  
14 at approximately 35 to 40 thousand barrels a day of  
15 pure diesel.

16 In conjunction to that, our Fort McMurray  
17 asset, our distillate hydrotreater in Fort McMurray,  
18 also produces 100 percent diesel, no gasoline, and it  
19 also produces about 40,000 barrels a day. So  
20 oftentimes the Edmonton refinery -- not oftentimes,  
21 but at times, seasonally the Edmonton refinery will  
22 underproduce because of its diesel demand.

23 Is there any questions about this?

24 THE CHAIRPERSON: So, well, none of the five reasons  
25 you gave included -- had anything to do with demand.  
26 So you don't adjust your refine -- so I assume then

1           you don't adjust your refinery output because of  
2           demand?

3 MR. WALLIN:    A:    We do not.

4 THE CHAIRPERSON:        Okay.

5 COMMISSIONER DOEHLER:        And the logistical issues, that  
6           was you just can't get it away or you can't get  
7           product to --

8 MR. WALLIN:    A:    Yeah, so that would be rail or pipeline  
9           constraints mostly.

10                               Continue?

11 THE CHAIRPERSON:        Please, yeah.

12 MR. WALLIN:    A:    2.3 and 2.4 we'll be looking to answer  
13           *in camera*.

14 THE CHAIRPERSON:        Okay.

15 MR. WALLIN:    A:    I think the next question addressed to  
16           Suncor would be 3.6. The question is,

17                               "Some interveners assert[ed] that there is  
18                               underutilized capacity on Trans Mountain...Does..."

19           It said "Imperial", but I think "Suncor",

20                               "...think there is an opportunity to increase  
21                               capacity on the existing line...under the current  
22                               tariff?"

23                               Although I'm not a pipeline expert, we  
24           believe that here are some technical improvements that  
25           could add capacity to Trans Mountain Pipeline. Those  
26           include some drag reducer ideas that Trans Mountain

1 has presented, as well as some pumping stations  
2 enhancements that they have recommended. But we do  
3 see these as minor tweaks and they -- we don't  
4 consider them to be substantial to the overall  
5 capacity of Trans Mountain Pipeline.

6 3.7 states,

7 "Could changes be made to the tariff to support  
8 the shipment of refined products?"

9 When the tariff proceedings were going on  
10 Suncor expressed concerns about the use of historical  
11 based volume units. We have discussed the adverse  
12 impact of this allocation process on the shipment of  
13 refined products versus crude. Ultimately the NEB  
14 determined that historical base verification was the  
15 most appropriate way. If Trans Mountain/the NEB were  
16 to propose something different, we would have to  
17 assess at that time.

18 THE CHAIRPERSON: You don't have any suggestions,  
19 though, in that domain?

20 MR. WALLIN: A: I think most of our suggestions would  
21 be pretty biased.

22 THE CHAIRPERSON: Okay.

23 MR. WALLIN: A: 3.9,

24 "Suncor has noted it has been difficult securing  
25 capacity for refined products on Trans Mountain.  
26 What has Suncor done in response to the

1                   situation to secure more capacity?"

2                   We kind of expanded on this question to say  
3                   how do we get more product into B.C.? In doing so we  
4                   concluded four different things, three of which have  
5                   been successful and one just shows our interest.

6   **Proceeding Time 11:38 a.m. T21**

7                   The first one is the interest part, which  
8                   is we continue to bid on line space every month  
9                   regardless of the fact that we probably know the  
10                  outcome.

11                  Secondly, we have acquired a pipeline line  
12                  space in the past. Nothing recently, but we have been  
13                  successful in the past.

14                  Thirdly, we increase the capacity of our  
15                  rail unloading at Burrard terminal, which is again in  
16                  Vancouver.

17                  And fourthly, we increase the capacity of  
18                  rail unloading at the Kamloops terminal. All right?

19                  THE CHAIRPERSON:     Yeah.

20                  MR. WALLIN:     A:     3.10,

21                                        "Has Suncor considered making a Priority  
22                                        Destination application to ship refined products  
23                                        on Trans Mountain pipeline?"

24                  Suncor has considered this. However, as  
25                  noted by the NEB in their decision on the Chevron  
26                  Burnaby refinery before it was sold to Parkland,

1 application for priority destination designation:

2 "Priority destination designation is a relief  
3 that should only be applied in extraordinary  
4 circumstances."

5 The NEB ultimately determined that the Burnaby  
6 refinery did not qualify and noted that it's Chevron's  
7 responsibility to manage the Burnaby refinery's supply  
8 options in a manner that best enabled it to meet its  
9 minimum run rates and reasonably ensure its long-term  
10 viability.

11 In light of the NEB's commentary on this  
12 point, and in particular its view that the primary  
13 role of priority destination designation should be to  
14 provide short-term relief to shippers that face a  
15 significant supply disruption and that priority  
16 destination designation is an option of last resort,  
17 that is not an option that Suncor is currently  
18 pursuing.

19 Moving on to 4.1, we have a chart for your  
20 presentation in private.

21 I'll lead you all the way to 4.12, with all  
22 the questions that are addressed in 4 that have Suncor  
23 on them that we will do *in camera*.

24 In 4.12 the question asked was:

25 "Please confirm that these products are imported  
26 into Suncor's storage facilities and "blended"

1 to comply with Canadian standards."

2 Some product is purchased preblended, or  
3 sellable/fungible product. Other products need to be  
4 blended by Suncor to comply. And at this time I'll  
5 reference you back to 4.2, which was a question that  
6 was not addressed to Suncor but I think we have an  
7 answer that could probably explain this process.

8 Canadian and U.S. -- oh, sorry, the  
9 question reads:

10 "How do you ensure that imported gasoline meets  
11 all Canadian specifications? Please explain the  
12 process..."

13 Canadian and U.S. specifications may differ  
14 in testing requirements. Like Canada requires steel  
15 corrosion, benzene emission number, haze testing on  
16 gasoline which is not required in the U.S. It's  
17 limits, which include cloud point, albeit for diesel,  
18 volatility, vapour pressure, distillation,  
19 driveability index and test methods. In most cases  
20 the test methods are the same if not similar. But  
21 CGSB standards require the spec to be in the Canadian  
22 method.

23 The results U.S. versus Canada of the test  
24 methods are very similar as well.

25 Suncor requires suppliers to provide a C of  
26 A, which is a certificate of analysis, from their load

1 port when they receiving product. Using this COA,  
2 Suncor evaluates if this product will meet Canadian  
3 specifications. Upon receipt of each delivery, the  
4 imported products are sampled and tested to the  
5 critical regulatory Canadian specifications.

6 **Proceeding Time 11:17 a.m. T22**

7 Once the imported products are offloaded  
8 into the terminal, in this case Burrard, the tank is  
9 certified to Canadian specifications with meeting all  
10 the specifications being the operator's -- the  
11 terminal operator's obligation.

12 MR. McLEAN: A: I think that concludes all of the  
13 questions that we're prepared to answer in public.  
14 We'd like to move to *in camera* unless there's any  
15 other questions you have based on this testimony.

16 THE CHAIRPERSON: Okay, what -- five minutes, do you  
17 need?

18 COMMISSIONER DOEHLER: Staff questions?

19 THE CHAIRPERSON: Sorry, do you have a question? Do  
20 you have questions?

21 MR. BUSSOLI: Mr. Chairman, no, the staff does not have  
22 any questions.

23 THE CHAIRPERSON: Okay, so let's move to the *in camera*  
24 room. Be there in about five minutes. Thanks.

25 **(PROCEEDINGS ADJOURNED AT 11:17 A.M.)**

26 **[HEARING MOVED TO IN CAMERA/CONFIDENTIAL SESSION]**



1 gasoline in British Columbia, correct?

2 MR. THOMSON: A: Yes, and if I could ask you to pull,  
3 if I might just, the microphone closer to you, that  
4 would allow me to hear fully, but I think you were  
5 just asking if we ourself supplied ethanol or whether  
6 we just represented companies that do supply biofuel.

7 THE CHAIRPERSON: That's my question, yes.

8 MR. THOMSON: A: Yes. We represent companies that  
9 supply biofuel to the province. So we, ourselves, do  
10 not import or in any way touch the fuel. But we work  
11 with companies that do.

12 THE CHAIRPERSON: Okay, and the companies that you work  
13 with, do they produce the ethanol in the British  
14 Columbia or do they produce it outside of British  
15 Columbia?

16 MR. THOMSON: A: There is no ethanol produced in  
17 British Columbia. There is a very small quantity of  
18 biodiesel produced in British Columbia. So all of the  
19 ethanol that is supplied to the province comes out of  
20 Western Canada or the United States, and then other  
21 biofuels like renewable diesel, some of it comes from  
22 offshore, some of it comes from the United States and  
23 then biodiesel would come from primarily the United  
24 States and Canada, Western Canada.

25 THE CHAIRPERSON: And the ethanol that comes into the  
26 province, presumably it goes through some sort of

1 testing process to ensure that it is ethanol before it  
2 gets blended with the gasoline?

3 MR. THOMSON: A: I'm sorry, I couldn't hear that  
4 question.

5 THE CHAIRPERSON: The ethanol that's brought into the  
6 province, it goes through some sort of testing before  
7 it's blended with gasoline to make sure it's ethanol,  
8 I would imagine, is that correct?

9 MR. THOMSON: A: Yes. This is a question about the  
10 certification that --

11 THE CHAIRPERSON: Yes.

12 MR. THOMSON: A: Or the specification that ethanol  
13 needs to meet in order to be used in the province?

14 THE CHAIRPERSON: Correct.

15 MR. THOMSON: A: Yeah, so it's fairly straight forward.  
16 British Columbia and other provinces in Canada in  
17 their fuels regulations require that any biofuel, or  
18 any fuel for that matter, needs to meet Canadian  
19 general standards board specifications, and for both  
20 biodiesel and ethanol and renewable diesel those  
21 specifications are generally by blend levels.

22 **Proceeding Time 1:35 p.m. T25**

23 At certain blend levels they have some variation in  
24 the specification. So any biofuel needs to meet that  
25 standard.

26 B.C. itself, the province, does not test as

1 to whether it meets that CGSB standard, but the fuel  
2 companies that blend biofuels have very specific fuel  
3 policy protocols and they would ensure that the fuel  
4 meets the standard.

5 B.C. does require -- and I think this may  
6 go to some of the questions, does require all  
7 companies that supply biofuel to the province to be  
8 used there, they require it to be registered with B.C.  
9 Energy and Mines for the renewable and low-carbon fuel  
10 program, and that registration is largely for that  
11 program and the biofuel producer provides  
12 documentation to Energy and Mines to show in detail  
13 how the fuel is produced, the feedstock, the  
14 conversion process, et cetera, and then that  
15 information allows the biofuel producer to provide a  
16 key piece of information about the biofuel, and that  
17 is the carbon content that is measured in the grams of  
18 carbon dioxide equivalent per megajoule and the  
19 buying, the petroleum -- the company that buys that  
20 biofuel then uses that carbon intensity number to  
21 calculate their compliance with the low-carbon fuel  
22 standard.

23 And lastly, that information supplied by  
24 the biofuel producer is accompanied by a statement  
25 from a competent body, usually an engineer or a  
26 lifecycle analysis expert that attests to the accuracy

1 of the information at that registration.

2 THE CHAIRPERSON: So not all ethanol is created equally

3 then. Some has different deemed emission qualities.

4 MR. THOMSON: A: Yes. Not in B.C.

5 THE CHAIRPERSON: Correct. And that's not a reflection

6 of the physical product, I assume. That's a

7 reflection of how it was manufactured?

8 MR. THOMSON: A: I'm sorry, could you repeat that?

9 THE CHAIRPERSON: Is that a reflection of the physical

10 product or is that a reflection of how it was

11 manufactured?

12 MR. THOMSON: A: I apologize. I still cannot hear the

13 question.

14 THE CHAIRPERSON: So is it not the case that all ethanol

15 would produce the same amount of greenhouse gasses or

16 carbon?

17 MR. THOMSON: A: All the -- sorry, is the question

18 about all the ethanol produced in the same manner or

19 with the same carbon intensity, s that the question?

20 THE CHAIRPERSON: I think so, yes. I think that's a way

21 to rephrase it, yes.

22 MR. THOMSON: A: Yes. All biofuels vary widely in the

23 carbon intensity of the fuel based on the feedstock.

24 That can have a lot of bearing, whether it's a residue

25 that does not carry with it a large carbon load or

26 whether it's a feedstock that requires a lot of

1 inputs. That can have a fairly significant impact on  
2 the carbon intensity. It will depend on how far that  
3 biofuel is shipped. It will depend on the conversion  
4 process and how much energy is required and how  
5 efficient.

6 So there's actually a wide variation in the  
7 carbon intensity of the fuel and, you know, just from  
8 a historical point of view, the carbon intensity of  
9 the biofuel supplied over the last decade to the  
10 province has gone down consistently, which is  
11 generally the trend in low-carbon fuel tenders.

12 THE CHAIRPERSON: So it's a life cycle analysis, is what  
13 that is then, right?

14 MR. THOMSON: A: Pardon me. I did not hear the  
15 question.

16 THE CHAIRPERSON: It's a lifecycle analysis, correct?

17 MR. THOMSON: A: Yes. The lifecycle analysis is  
18 conducted under a tool called GH Genius and it is a  
19 common tool that is used across Canada.

20 THE CHAIRPERSON: Thank you. So my next question then  
21 is, is it difficult to source ethanol and biofuels  
22 from outside the country for that reason? Would the  
23 supplier -- let's say it came from Singapore, for  
24 example, would that supplier have to be registered in  
25 British Columbia and would have to be approved, is  
26 that correct?

**Proceeding Time 1:40 p.m. T26**

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MR. THOMPSON: A: Probably. It's not difficult to source ethanol, whether it is from domestic sources or from the United States or offshore. There is very little ethanol, or none that I'm aware of, that comes into anywhere in Canada from -- other than Canada or the United States, and that is because there is an abundance of production capacity in the United States and Canada.

We, as your background information notes or maybe my information, that we are a net importer of ethanol. There is currently a glut of ethanol production in the United States. Plants are quite literally being idled because the demand has been reduced in the last year in the United States, and so it has made ethanol quite affordable. And the carbon intensity of the ethanol provided to B.C. from Canadian and American plants has dropped significantly in the last number of years.

So I think there is no shortage of ethanol and there's certainly no shortage of low-carbon intensity in ethanol that's reported. A number of ethanol producers are undertaking or have undertaken significant projects to reduce the amount of energy in their processes and that has reduced the carbon intensity significantly.

1 THE CHAIRPERSON: Thank you. One final question. If  
2 gasoline is brought into -- imported into Canada from  
3 the United States and that gasoline has ethanol bended  
4 into it, that was blended into it in the United  
5 States, does the course of that ethanol have to also  
6 be registered here in Canada and have to provide the  
7 same life cycle information?

8 MR. THOMPSON: A: Yeah, if I heard the question  
9 correctly, you're asking just about the nature of the  
10 ethanol in gasoline that would be imported and then if  
11 there's any impact that that would have on the supply  
12 or the makeup of gasoline in British Columbia?

13 THE CHAIRPERSON: Well, I was asking if it also has to  
14 pass the same tests as ethanol that is sourced in  
15 Canada.

16 MR. THOMPSON: A: I apologize, again, for not hearing  
17 the question well. The line is only so so-so good.

18 THE CHAIRPERSON: Okay, well, perhaps we could ask this  
19 question by -- we can send an email with a question in  
20 it.

21 COMMISSIONER DOEHLER: Hello. I'm trying to understand  
22 what the goals of your association are. Is there a  
23 problem with your members in sales?

24 MR. THOMPSON: A: Is there a problem with?

25 COMMISSIONER DOEHLER: Sales. Do they have sufficient  
26 sales? Is this they can't sell their product or can

1           they sell everything they can make?

2 MR. THOMPSON:    A:    Sorry, is there a problem with the  
3           sale of ethanol in the province?

4 COMMISSIONER DOEHLER:       Any of the biofuels. You  
5           represent companies that make biofuels. Are they  
6           having a problem selling their product or is there  
7           enough demand to meet what they can supply?

8 MR. THOMPSON:    A:    So is there enough demand from  
9           British Columbia for the product?

10 COMMISSIONER DOEHLER:       Is there enough demand for your  
11           members? Why the association -- I don't understand  
12           what the purpose of your association is. If the  
13           purpose of your association is to create more sales,  
14           is that a problem?

15 MR. THOMPSON:    A:    Our members are always looking for  
16           the ability to sell more fuel, if I'm understanding  
17           the question correctly, in the sense that we're still  
18           a very small portion, about six percent and eight  
19           percent in the diesel and the gasoline pools  
20           respectively. British Columbia is a relatively small  
21           market for fuel when compared to a market like  
22           California or the U.S. in general or Ontario, which is  
23           a much bigger market. So there's certainly interest  
24           in seeing higher biofuel, carbon fuel --

25 COMMISSIONER DOEHLER:       So you're looking at a complete  
26           -- something, a product or a fuel that is sold

1 complete, not an additive to a fuel.

2 **Proceeding Time 1:45 p.m. T27**

3 MR. THOMSON: A: Yes, at this point we are an additive  
4 to a fuel, but in some cases it's not an additive,  
5 it's a hundred percent of the fuel. So the City of  
6 Vancouver is working right now to finalize a contract  
7 that would have them consuming 100 percent biofuel in  
8 their trucks and heavy duty equipment. That would be  
9 an example where it's not an additive, it's the entire  
10 fuel. Other places it is five and ten percent. In  
11 some places it could be in biodiesel as high as 20  
12 percent.

13 So I think there is an expectation that the  
14 biofuel blending levels will go up as the B.C. low-  
15 carbon fuel standard becomes more stringent.

16 COMMISSIONER DOEHLER: So what is your impediment to  
17 increasing sales of the additive to those who have to  
18 mix it?

19 MR. THOMSON: A: What is our -- sorry, what is the  
20 question with respect to -- are you talking about  
21 biofuel as an additive or additives other than  
22 biofuel?

23 COMMISSIONER DOEHLER: Because you represent biofuel  
24 companies or people who make biofuels or additives to  
25 make biofuels, is there an impediment to your  
26 companies selling the additive?

1 MR. THOMSON: A: Well, biofuels don't require generally  
2 any different level of additives to make them  
3 compatible with fuels. You have a little bit of  
4 additives that might be needed in the wintertime for  
5 some biodiesels. Ethanol doesn't really need any  
6 additives. There don't appear to be many significant  
7 requirements or costs in that regard to make the  
8 biofuel compatible. Higher levels of blends will  
9 require some different strategies from the fuel  
10 suppliers to enable those higher levels of biofuel.  
11 And some of those strategies are employed widely in  
12 some of the colder places in the United States, in the  
13 case of biodiesel, as an example.

14 COMMISSIONER DOEHLER: I'm having trouble communicating  
15 what my problem is. If I understand it correctly, to  
16 make a biofuel there's biofuel requirements that a  
17 certain amount of biofuel or some additive must be  
18 added to diesel and/or gasoline. And I understand  
19 your companies make that additive. And are they  
20 having trouble selling that additive, the volume they  
21 need?

22 MR. THOMSON: A: No. Well, maybe I can speak kind of  
23 more broadly. None of our companies make the kinds of  
24 additives that might be used to enable higher levels  
25 of biofuel blending. In the case of ethanol there are  
26 not real additives that I'm aware of. In the case of



1                   We have a few questions that I think you've  
2           received in advance of the proceedings?

3 MR. VANDEKERKHOVE:    A:    We did.

4 THE CHAIRPERSON:       Thank you, we will just go through  
5           those, unless there are any opening remarks that you  
6           have?

7 MR. VANDEKERKHOVE:    A:    No, nothing for us.

8 MR. ALLEN:            A:    No, we don't.

9 THE CHAIRPERSON:       Okay, so we'll just go through these  
10          questions then. Thank you.

11                   So the first question is regarding issues  
12          with retail market accessing and alternative wholesale  
13          contract structures, and you are probably quite  
14          familiar with this, because you as you can see, we  
15          have quoted from the Jaccard 1996 report which quoted  
16          your submission on crude related contracts.

17 MR. VANDEKERKHOVE:    A:    Yes.

18 THE CHAIRPERSON:       Yes, so these first questions are  
19          regarding that. And if you could provide your views  
20          regarding a crude related contract that was suggested  
21          in the question.

22 MR. VANDEKERKHOVE:    A:    In our opinion, a crude related  
23          contract that were widely given out in the '90s  
24          through to the late '90s, and some were given out to  
25          some companies well into the 2000s, opened a  
26          transparency to what crude is doing. A processing fee

1 at the refinery level, and then an end price. And we  
2 would negotiate, and we did negotiate, what that  
3 processing fee would be, what the pipeline fee would  
4 be, and it was complete transparency from the  
5 feedstock of crude oil to the end pump price. So,  
6 everybody knew everything. There was no -- everything  
7 was transparent. Total vision. And that's what we're  
8 saying is needed today.

9 THE CHAIRPERSON: And who was involved in the  
10 negotiation?

11 MR. VANDEKERKHOVE: A: I was back in the '90s.

12 THE CHAIRPERSON: You mean a one-on-one negotiation?  
13 You with a refiner? Or was it --

14 MR. VANDEKERKHOVE: A: No, we sat down with Imperial  
15 Oil and Petro-Canada. We had two crude oil contracts  
16 running simultaneously with each other.

17 THE CHAIRPERSON: Right.

18 MR. VANDEKERKHOVE: A: One was on a 30 day pass-  
19 through, and one was on a 60 day pass-through. So one  
20 had a 30 day lag on crude oil, and one had a 60 day  
21 lag on crude oil. And they ran concurrently with each  
22 other.

23 THE CHAIRPERSON: All right. But the prices, when you  
24 talk about transparency, would the prices be public?

25 MR. VANDEKERKHOVE: A: Yeah, so we have Swan Hills 23,  
26 Battery 23 on both contracts, and my understanding



1           should follow, and we've charted and it doesn't. And  
2           if you take Western Canadian Select, that spread gets  
3           as high as 60 and 70 cents. There's no reason for  
4           that. And I believe that crude oil transparency is  
5           what we want. The whole world wants transparency.

6                        The internet has allowed transparency. You  
7           can Google just about anything. The world is craving  
8           transparency. To hide behind, "Well, we can't talk  
9           about that." Well, that's -- "No, we can't do that."  
10          This is 2020 and a year from now or six months from  
11          now, let's open up. Let's not hide. Let's be free.

12 THE CHAIRPERSON:     Okay, thank you. The second question  
13           is would the option to access existing terminals in  
14           B.C. by independents change the retail market in B.C.?

15 MR. VANDERKERKHOVE:   A:    Sorry, repeat that again?

16 THE CHAIRPERSON:     Would the option -- if there was  
17           option to access existing terminals in B.C. by  
18           independents, would that change the retail market? In  
19           other words, if there was more access to terminal --

20 MR. VANDERKERKHOVE:   A:    I believe if you had water  
21           access or a waterborne barrel, but they are controlled  
22           by majors. And I believe from the testimony earlier  
23           today, they have no desire to let anybody else in  
24           those terminals than their own.

25                        Would it open up something? Absolutely.  
26           Anytime you can remove a barrier on anything, things

1 flow better. And I would say yes.

2 President Trump in the States is adding  
3 barriers. He's adding tariffs. He wants to make it  
4 more difficult. What we are proponents of is make it  
5 easier. We want easy access for not only us, for  
6 everybody. We're not here on behalf of Super Save,  
7 we're here on behalf of everybody. We want  
8 transparency, openness. If you have nothing to hide  
9 then open it up. It's that simple.

10 Crude oil is this level. What happens  
11 between crude and the gasoline pump, the province says  
12 what they take for taxes, our margin is well known.  
13 If you take what rack is and what the street price is,  
14 it moves constantly. We post our price six, seven,  
15 eight times a day with price changes. We're open to  
16 the public. We're transparent. This is what we do.

17 Major oil doesn't want to have that  
18 openness. They want to have this mystery that this is  
19 -- "You don't understand," and "That's the problem,"  
20 and "It's because."

21 THE CHAIRPERSON: Okay. What's the degree of  
22 flexibility for retailers and marketers to switch from  
23 one supplier to another in your experience?

24 MR. VANDERKERKHOVE: A: In our experience we will  
25 require X number of litres per week, per month. And  
26 so the refinery or the person who provides us with

1 product makes that available to us. For us to say one  
2 day, "Oh, we're not going to take it." Then the next  
3 day if we went -- let's say we left our supplier and  
4 went to a new supplier and we went to the new supplier  
5 for three days, then we wanted to come back, he would  
6 say, "Well, no, I sold that gas to somebody else. I  
7 can't sit on that." So you are in a relationship.

8 It's like a marriage. So if I take a wife  
9 and I take a wife for life, she's not going to let me  
10 sleep with the neighbour. If she does, I come home,  
11 the door is locked. "No, no, no, you left. You stay  
12 with Mariette." You're not going to go here with  
13 Julie. It's very similar.

14 Major oil, you can't just make gasoline  
15 appear out of nowhere. You have to plan it and so  
16 they plan to give you so much fuel. And so you can't  
17 just leave and bill the neighbour. When you come home  
18 the door is locked.

19 **Proceeding Time 1:59 p.m. T30**

20 THE CHAIRPERSON: Okay.

21 COMMISSIONER DOEHLER: I guess -- I'm trying to  
22 remember what we heard in the public session. Is that  
23 there is competition at the rack level and that what  
24 the -- those posted on the rack, what I'm hearing, is  
25 that they've got to be roughly within the market, so  
26 -- they said otherwise the retailers will say to them,

1 "You're charging too much."

2 MR. VANDEKERKHOVE: A Yeah, I believe that that is  
3 untrue. I don't believe there's competition at the  
4 rack at all.

5 THE CHAIRPERSON: And your remedy for that is there --  
6 are the crude oil contracts that you're talking about?

7 MR. VANDEKERKHOVE: A Yes. A crude oil contract is  
8 transparent. Our product that we all deal with in our  
9 gasoline for now, unless you have an electric car,  
10 would be crude oil. You process the crude oil, you  
11 have gasoline. That's the transparency of it. This  
12 rack, we saw the rack go very high prior to the  
13 inquiry being called and it dropped 25 percent within  
14 days of the inquiry being called. Boom, 25 percent.  
15 Crude oil didn't move 25 percent. The oil didn't  
16 disappear or magically appear. It was the fear of the  
17 inquiry caused this to happen. And we've sat here for  
18 days and days and listened to people. We've had  
19 economists say this and that. You know, maybe he  
20 should go back to school and get a refund, because I  
21 don't think he taught him right.

22 THE CHAIRPERSON: Okay.

23 COMMISSIONER COTE: I'm sorry, could you repeat that?

24 MR. VANDEKERKHOVE: A: The economists should go back to  
25 school and get his money back. I don't think he got  
26 proper economics.

1 THE CHAIRPERSON: So just to continue on with question  
2 3 then, in your experience contracts -- the contracts  
3 limit or make purchasers captive. I think you've made  
4 that clear. And you're faced penalties imposed for  
5 early cancellation, as with many contracts.

6 MR. VANDEKERKHOVE: A: And it makes sense. You can't  
7 have a large -- and we move a lot of fuel. You can't  
8 have a lot of fuel brought for you, and you don't take  
9 it. Where are they going to put it? I understand why  
10 they would lock the door. You're sleeping with the  
11 neighbour.

12 THE CHAIRPERSON: Are there any other features in  
13 wholesale supply contracts, for example cash  
14 incentives, price protections, or other discounts in  
15 addition to the sort of discount --

16 VANDEKERKHOVE: A: Our understanding -- and we're bound  
17 here with some confidential relationships with our  
18 contract, we have no other incentive that we're  
19 receiving at all. Before this contract -- and my  
20 understanding is there's ample forgivable loans, money  
21 lent, money never paid back over and above the rack.  
22 We don't have that, but my understanding is it's alive  
23 and well and taking nourishment.

24 If the street price that's based off of  
25 rack, if we fight for a year, or two, or three, the  
26 retail margin disappears. Your customer can't stay



1 and to order a trailer today is a year waiting list.  
2 To get a gasoline trailer built in Western Canada is a  
3 year waiting list. We presently are waiting on  
4 several, and we have a fleet of them, but we're  
5 waiting on more, and we've ordered more.

6 COMMISSIONER COTE: When you say a fleet, how large is  
7 it?

8 MR. VANDEKERKHOVE: A: Our fleet of tankers is 20 some  
9 tankers.

10 COMMISSIONER COTE: Okay.

11 MR. VANDEKERKHOVE: A: So for us to run, and we'd love  
12 to -- if we could get assurances that the Edmonton  
13 rack was going to have a window of anything over what  
14 it costs us to pull a product here, we'd run it all  
15 from Edmonton, albeit it's a high risk with the roads.  
16 I think Shell said, if my memory serves, I believe it  
17 was Shell said, they don't want to haul any fuel on  
18 the roads because it is of a safety hazards. And  
19 there is issues. Winter, ice, it's a concern. We  
20 have our drivers report in every four to seven hours.  
21 They pull over and they report in, so we know where  
22 they are on the road from Edmonton to Vancouver, and  
23 we want to know slides and outages and injuries and  
24 headaches. We monitor very, very closely.

25 COMMISSIONER COTE: Okay, so back to my original  
26 question, the amount of gasoline and diesel you source

1           in British Columbia is relatively small, most of it  
2           you are bringing in from Alberta?

3 MR. VANDEKERKHOVE:    A:    No, our vast majority is right  
4           here in Burnaby. We have a little bit comes in from  
5           Edmonton.

6 COMMISSIONER COTE:       Okay, so if there's opportunities,  
7           you jump on it?

8 MR. VANDEKERKHOVE:    A:    Yes, and even with the  
9           opportunity it's still very small.

10 THE CHAIRPERSON:       Okay. Would you put a percentage to  
11           that?

12 MR. VANDEKERKHOVE:    A:    Twenty percent.

13 COMMISSIONER COTE:       Okay.

14 THE CHAIRPERSON:       I'm looking at question number four  
15           now. How much refined product does your company  
16           import from the U.S. on an annual basis and from which  
17           PADD region, if you have that? And you may have  
18           provided some of that information.

19 MR. VANDEKERKHOVE:    A:    So, we presently import daily  
20           propane. We bring propane in daily from the U.S. So  
21           that's a hydrocarbon. So we have trucks running every  
22           day to the States. We bring in no gasoline, nor can  
23           we, into this. We did in the '90s from ARCO, and ARCO  
24           built a loading plant and brought gasoline into  
25           Canada. And we did access ARCO. We were the first  
26           one to load and brought it up. And then they actually

1           bought us out of B.C. in January of 1998, and we  
2           bought the company back I believe in 2002.

3   THE CHAIRPERSON:       Right, but at the present time, you  
4           don't import any gasoline at all?

5   MR. VANDEKERKHOVE:    A:    None.

6   THE CHAIRPERSON:       No.

7   MR. VANDEKERKHOVE:    A:    Not gasoline, propane we do.

8   THE CHAIRPERSON:       Right. And the reason you don't  
9           import gasoline is that there's inadequate Canadian  
10          supply? Or there is barriers to importing it?

11   MR. VANDEKERKHOVE:    A:    No, we can't get the spec we  
12          would need, because we would bring it up in say  
13          35,000, 40,000 gallon trailer, litres -- or sorry,  
14          40,000 gallon litre, and you would need three and a  
15          half million litres to mix it. And so it just doesn't  
16          work.

17   THE CHAIRPERSON:       Right, if you could bring it up in  
18          those quantities, how would you mix it? Where would  
19          you mix it?

20   MR. VANDEKERKHOVE:    A:    That's the other challenge.

21   THE CHAIRPERSON:       That's the next step, yeah.

22   MR. VANDEKERKHOVE:    A:    That's -- yeah.

23   THE CHAIRPERSON:       And you can't do that either?

24   MR. VANDEKERKHOVE:    A:    Not presently, unless one of the  
25          majors say "Listen, here's a tank, help yourself."

26   THE CHAIRPERSON:       Right, well can you purchase it pre-

1 mixed? Sourced in the U.S.?

2 MR. VANDEKERKHOVE: A: Yeah, that knowledge I don't  
3 have. I would have to source that knowledge.

4 THE CHAIRPERSON: Okay, that's fine, thank you. So the  
5 answer, just to clarify then, the next question is,  
6 have you purchased products specifically manufactured  
7 for the B.C. Market? The question is no, because you  
8 don't know if that exists?

9 MR. VANDEKERKHOVE: A: Correct.

10 THE CHAIRPERSON: Okay, thank you. Has the costs and  
11 availability of refined products that you are  
12 purchasing anywhere, significantly changed since 2015?  
13 I think you've provided quite a bit of information on  
14 rack prices?

15 MR. VANDEKERKHOVE: A: Yeah, when we did our graphs, we  
16 did our graphs with both Western Canadian Select, that  
17 we could access, and sometimes we couldn't access  
18 Western Canadian Select. I believe we have graphs  
19 down to -- up to 2014 or back to 2014.

20 **Proceeding Time 2:08 p.m. T32**

21 THE CHAIRPERSON: Yes.

22 MR. VANDERKERKHOVE: A: If you look at the graphs we've  
23 done, we've done crude oil, New York, WTI. Then we  
24 did Western Canadian Select when we could source that.  
25 The rack has expanded consistently from 2014 and  
26 really took off after 2017. Once Parkland bought

1 Chevron, Parkland's own financial statement speaks in  
2 2017, and there's a caption in there where they say "a  
3 robust rack price". So a robust rack price. They've  
4 since not put that in their financial statements. It  
5 got so good, they quit talking about it. And it's  
6 been fab.

7 Parkland will produce in two days, August  
8 1<sup>st</sup>, their financial statements for the second quarter.  
9 They will be a record second quarter. I have no  
10 knowledge that that's what they will be, but I'm  
11 knowledgeable enough to know the oil business, it will  
12 be a record second quarter. Their stock is up a  
13 thousand percent since 2004. In ten years their stock  
14 is up a thousand percent from \$4.50 to north of 46, 47  
15 dollars. I think today they are about 43.30, 43.50.  
16 It's the only oil company I know that's gone up a  
17 thousand percent. If you look at Imperial Oil, Exxon,  
18 Shell, Hotel, Suncor, none of them have done that.  
19 Parkland is the only one that's done it.

20 A big part of how they've done it is  
21 through that rack pricing. They ballooned rack right  
22 up.

23 THE CHAIRPERSON: Okay, thank you. I'll just ask the  
24 question. I think you've probably addressed it, but  
25 is there evidence that price wars exist on a retail  
26 level in British Columbia?

1 MR. VANDERKERKHOVE: A: Yes. We price war daily.

2 THE CHAIRPERSON: Right.

3 MR. VANDERKERKHOVE: A: And we'll move the price six,  
4 seven, eight times a day. We'll move the price while  
5 we're sitting here by texting, while we're sitting in  
6 the inquiry. There's lots of activity at the retail  
7 level. But if you control the wholesale level -- if  
8 you can't buy right, you can't sell right.

9 So think of the federal government lending  
10 money to all of us at zero interest rate. So they  
11 talk about the Bernanke put. So after the '08 crises  
12 in financials, they flew around -- and this is not  
13 really what they did, but in essence it was helicopter  
14 mining. They put the fed rate at zero. So they put a  
15 put into the stock market so the stocks couldn't go  
16 down, because they're not going to give you any money  
17 in the bank. So they forced people to go to the  
18 investment community and put money in the stock  
19 market.

20 So they put in a put in the financial  
21 world. We're still doing it today in Europe and there  
22 are 17 countries in Europe that give negative interest  
23 rates. Well, the oil companies have figured out how  
24 to do that with retail by putting a put in the  
25 wholesale.

26 If you are going to fight with this little

1 bit of margin, but crude oil is well below that, say  
2 five, six, seven times below the true cost of the  
3 product, and you're able to capture this expanded  
4 margin in your rack price, then you've limited the  
5 competition at the retail level. The public is mad at  
6 the retail. People are made at us and we're in  
7 retail, we're not in wholesale. They're mad at us  
8 because they think we're making too much money. In  
9 essence, we've been selling at cost or below cost for  
10 the last three months. Often we will go down below  
11 cost and have to sit there.

12 But the major oil companies are not feeling  
13 any of the pain. They've got this put in place by the  
14 wholesale rack being so high. There is never -- and  
15 I've been at this for 42 years. I've never seen a  
16 wholesale price war. Ever. I've never seen -- so we  
17 will post a gas price, and you've all seen it, during  
18 the day.

19 **Proceeding Time 2:44 p.m. T33**

20 We never have rack prices being posted lower and lower  
21 and lower during the day. But that's what happens at  
22 the retail gas level. But the public, I think, is  
23 unaware of that.

24 We get our price late at night and that's  
25 what it is. It will change at 12:01 in the morning.

26 THE CHAIRPERSON: And then you set your retail price

1           based on that rack, is that --

2 MR. VANDERKERKHOVE:   A:   That's correct.

3 THE CHAIRPERSON:       And then you drive it down from there.

4 MR. VANDERKERKHOVE:   A:   It will tend to self-destruct

5           itself for fighting for customers.

6 THE CHAIRPERSON:       Right.

7 MR. VANDERKERKHOVE:   A:   We fight for customers at the

8           retail level. The retail is very, very competitive,

9           no doubt about it. There is no competitiveness at the

10          wholesale level whatsoever. And why should there be?

11          There's how many guys have it? Four, five, six?

12 THE CHAIRPERSON:       Yeah.

13 MR. VANDERKERKHOVE:   A:   Very limited. They don't need

14          to have a gas war.

15 THE CHAIRPERSON:       So what about this issue that we

16          talked about a couple of weeks ago that the retail

17          margins are higher in British Columbia than in the

18          rest of the country and the Deetkin report that

19          purported to explain some but not quite all of that.

20          What's your feeling about that?

21 MR. VANDERKERKHOVE:   A:   I do believe that the margins in

22          B.C. when they recover in the morning, they are very

23          healthy. They recover to a healthy level. We also do

24          business in Quebec. And we've done some Quebec

25          graphs. And again, they've got the put in place in

26          Quebec. So I believe it's Ultramar still runs the

1 refinery there. Parkland Industries, I believe, have  
2 a vast number of service stations there, as well as  
3 Alimentation Couche-Tard. And I believe that they  
4 both buy the bulk of their gas from Irving. Or sorry,  
5 from Ultramar. And they've basically put a put in  
6 place there as well.

7 We're living on nearly nothing in Quebec.  
8 We used to have 23 gas stations there. I think we're  
9 down to seven. And we don't make money. Year in and  
10 year out, there's no profit in it.

11 But they've put a put in place by moving  
12 the rack price up. The rack price, and it was said  
13 here in the meetings, we don't look at crude oil to  
14 set our rack. Well, that's ironic if, you know, 80  
15 percent, 85 percent of your input costs are crude, and  
16 you don't look at crude? Something doesn't make sense  
17 here.

18 THE CHAIRPERSON: Okay, thank you.

19 COMMISSIONER DOEHLER: Just to carry on a bit. You  
20 talk about changing your prices up to seven or eight  
21 times a day. In your experience -- you may not have  
22 the figures with you, but does it more often down or  
23 up? Or is it roughly equal during the day. It  
24 changes.

25 MR. VANDERKERKHOVE: A: So we would make a full  
26 recovery this morning to \$1.48, \$1.50 a litre. And I

1 believe right now we're at \$1.33 in Langley.

2 MR. ALLEN: A: Not that level.

3 MR. VANDERKERKHOVE: A: What are we now?

4 MR. ALLEN: A: \$1.37.

5 MR. VANDERKERKHOVE: A: \$1.37, so we recover up and  
6 then during the day it starts -- and we probably fell,  
7 this morning, within two hours of recovery, and that's  
8 the way it is. Now, I'm not blaming anybody for it,  
9 it's free market. I'm all for free market. You want  
10 to have free market, ladies and gentlemen, bring it  
11 on. We've got no issue with free market.

12 I used to be a boxer. I have trouble in a  
13 boxing ring with one arm tied behind my back and my  
14 feet bound to each other. I'm not going to win too  
15 many rounds in the ring. That's what we have with  
16 this artificially high rack price. And we have people  
17 come up here -- we've had days of it. "Oh, no, it's  
18 this and it's that." Ladies and gentlemen, that is  
19 just not the case.

20 COMMISSIONER DOEHLER: Thank you.

21 THE CHAIRPERSON: What is the case then? Why is the  
22 rack high?

23 MR. VANDEKERKHOVE: A: For profit. There is an awful  
24 lot of money made from a high rack price. And just  
25 take Parkland's financial statement. They print it.  
26 Or they used to print it.

1 THE CHAIRPERSON: But we've heard evidence that the  
2 reason the rack price is what it is is that the  
3 pricing is based on the cost of the marginal supply  
4 and the marginal supply is Pacific Northwest. That's  
5 what we've been told by a number of parties. Would  
6 you disagree with that as an economic principle?

7 MR. VANDEKERKHOVE: A: I think it's a good story. I  
8 think if you took U.S. gasoline, I don't think it ever  
9 comes anywhere near our rack price.

10 **Proceeding Time 2:17 p.m. T34**

11 There's a big -- and I believe we had a  
12 graph a couple weeks ago that showed, I think 17 cents  
13 a litre was still the spread. How does margin ever  
14 come into that or marginal litre? And there's lots of  
15 gasoline around. There's no shortage of gasoline.  
16 There may be gasoline here, but it's on a train or  
17 it's not in the right spot at the exact right time.

18 We've got lots of fuel. Our gasoline  
19 inventories in all of North America in our crude  
20 inventories are busting at the seams. Sometimes they  
21 can't unload crude oil, they've got to leave it on the  
22 ship, around the world. We've got OPEC curtailing  
23 production. We've got Notley in Alberta, went through  
24 I believe 350,000 barrels a day because Western  
25 Canadian Select got down to \$7 a barrel. If you use  
26 all of the math in it, they couldn't produce it for



1           pleased to be here and to be participating in this  
2           process. Mr. Rosencrans has reviewed the questions  
3           that were circulated. I do expect that some of the  
4           answers may touch on commercially sensitive subject  
5           matter --

6 THE CHAIRPERSON:       Fair enough.

7 MR. SHIKAZE:         -- in which case we may have to move to  
8           *in camera* sessions. But we're a bit in your hands as  
9           to how the panel would like to proceed. He can go  
10          through the questions one-by-one that were addressed  
11          to 7-Eleven or if the panel would prefer he can  
12          address specific questions that remain of interest.  
13          We're in your hands.

14 THE CHAIRPERSON:     Well, first of all, Mr. Rosencrans,  
15          welcome and thank you for participating in this  
16          inquiry and thank you for being here today.

17 MR. ROSENCRANS:     A:   Thank you, Mr. Chair. Nice to see  
18          you and the Commissioners again.

19 THE CHAIRPERSON:     You too, sir. And if you would like  
20          to go through the questions we've posted to you, that  
21          would be wonderful, thanks.

22 MR. ROSENCRANS:     A:   Okay, yeah. We do not have any  
23          opening statements as Todd mentioned.

24 THE CHAIRPERSON:     Okay.

25 MR. ROSENCRANS:     A:   The first question, 1.1, about our  
26          views regarding a crude related contract. It's been

1 suggested and robustly discussed. I have not seen  
2 one. We have not seen one as an organization in our  
3 past. I think in order to make a determination we'd  
4 have to understand all the puts and takes that go into  
5 that contract.

6 What sort of a position does it put us in  
7 in terms of taking care of our customers? What are  
8 the resources required to build the infrastructure to  
9 support that? Because today I can tell you I have  
10 nothing in our organization in Canada that analyzes  
11 crude prices on a daily basis in order to make that  
12 kind of determination. So that would be a broad  
13 undertaking for us to fully understand whether it  
14 would be beneficial or not.

15 THE CHAIRPERSON: Fair enough. Thank you.

16 MR. ROSENCRANS: A: Options to accessing -- 1.2,  
17 options to accessing existing terminals in B.C. by  
18 independents, would that change the market?

19 **Proceeding Time 2:22 p.m. T35**

20 I think whenever you have different types of options,  
21 that does create a different level of competition. So  
22 independents have the ability to go, which I  
23 understand today several of them would, to go and  
24 shop, if you will, their volumes and their commitments  
25 with different suppliers, I think that would give them  
26 different options.

1                   So maybe it's with one supplier but they're  
2                   able to access different racks. Again we just heard  
3                   an example of that a few minutes ago. Or maybe they  
4                   have different contracts with different suppliers.  
5                   Whatever those options are that they are able to take  
6                   advantage of in the marketplace, I think that does  
7                   give them, through their own business model  
8                   evaluation, a chance to be more competitive if they  
9                   choose to be.

10                   So if that they have that access and the  
11                   resources to take advantage of that, certainly it  
12                   would be advantageous to them.

13 THE CHAIRPERSON:     Thank you.

14 MR. ROSENCRANS:    A:    Okay. For 1.3, degree of  
15                   flexibility for retailers and marketers to switch from  
16                   one supplier to another. So considering contract  
17                   obligations that, for example, 7-Eleven has with our  
18                   supplier partners. There are terms to that, including  
19                   length of time. At the end of that period, we then  
20                   have the ability to go through a process to evaluate,  
21                   is there another option that we wish to choose? Do we  
22                   want to take and rebrand a certain number of our  
23                   stores? Do we want to evaluate the options of a 7-  
24                   Eleven brand for fuel growing within British Columbia.  
25                   Those things are available to us to make a decision on  
26                   at the term of contract. Follow me?

1 THE CHAIRPERSON: Yes.

2 MR. ROSENCRANS: A: So let's say for example we have --  
3 in one of our agreements we have our term contract  
4 comes due in 2025 -- or 2020 let's say. At that  
5 point I'm in a decision -- or our organization is in a  
6 decision point. Do we want to evaluate what our  
7 options are in the market to change brands? Do you  
8 think we can become more competitive? Or do we wish  
9 to renew with our existing supplier?

10 So in our world, in the 7-Eleven world we  
11 have that option at the time of the contract coming  
12 due, or shortly before that obviously for discussion  
13 reasons. Okay?

14 COMMISSIONER COTE: Excuse me. Are you saying that  
15 you're tied to one supplier for the terms of that  
16 contract, or the length of that contract?

17 MR. ROSENCRANS: A: That's correct. So if I'm flying  
18 the Petro-Canada brand in our forecourt in one of our  
19 stores, we have entered into that mutual agreement  
20 that I will buy my product for the stores from Petro-  
21 Canada. I'm using their trademarks. I'm using their  
22 programs to help support the brand, and for a period  
23 of time I meet that obligation by purchasing product  
24 from them.

25 COMMISSIONER DOEHLER: And to follow on from that then,  
26 so if you happen to notice, I presume someone in your

1 organization keeps track of what the other rack prices  
2 are.

3 MR. ROSENCRANS: A: Yes, sir.

4 COMMISSIONER DOEHLER: And I presume at some point if  
5 you think your supplier is out of line, do you give  
6 him a call and say, "You seem to be a bit high"? I'm  
7 quite you'd never call him to say, "You're too low."

8 MR. ROSENCRANS: A: I have not called and said, "I  
9 think you're too high." On average, over time, we do  
10 have part of our organization -- as mentioned to you  
11 last time, we have a fuel organization that's based in  
12 Irving, Texas with our parent company. They evaluate  
13 those movements over time, and so as we look back at  
14 what the situation has been over X number of years  
15 based on our contract, we may decide it's best for us  
16 to change brands based on what we've seen happen  
17 historically. But on a day-to-day basis, no.

18 COMMISSIONER DOEHLER: All right, thank you.

19 MR. ROSENCRANS: A: Would you like me to move on?

20 THE CHAIRPERSON: Yes, please.

21 MR. ROSENCRANS: A: All right. Are there penalties  
22 imposed for early cancellation of these contracts?  
23 Yes. Yes.

24 1.4. Are there any other features in the  
25 wholesale supply contracts, for example cash  
26 incentive, price protections, or other discounts? And

1 I think it ties into question 1.5 where you ask about  
2 discounts or premiums to the rack.

3 The specifics of those arrangements -- I  
4 have seen both. And I think it was also referenced  
5 earlier today that there are rack plus pricing models.  
6 I'm happy to discuss the specifics of that *in camera*.  
7 What I can very comfortably assure you of, never in my  
8 experience have I had price protection where this is  
9 going to be it for a long period of time. We have  
10 rack movements. As the Commission's hearings have  
11 gone on, there are fluctuations on a day-to-day basis.  
12 I've never had any price protection.

13 THE CHAIRPERSON: Okay, thank you.

14 **Proceeding Time 2:27 p.m. T36**

15 MR. ROSENCRANS: A: Moving on. Question 4.1. Actually  
16 4.1, 4.2 and 4.3 gentlemen, do you not apply to us.

17 THE CHAIRPERSON: Because you don't import.

18 MR. ROSENCRANS: A: That's correct.

19 THE CHAIRPERSON: And I'm assuming the reason you don't  
20 import is for the reasons that -- similar to the  
21 reasons that we've just heard from Super Save that  
22 it's just not practical. Is that the reason? Or are  
23 there other reasons?

24 MR. ROSENCRANS: A: The way our fuel agreements are  
25 structured in Canada, we have agreements for all three  
26 of the brand flags that we fly.

1 THE CHAIRPERSON: Right.

2 MR. ROSENCRANS: A: Right. Esso, Petro-Canada and a  
3 very small piece of 7-Eleven in British Columbia. All  
4 of those brands have term agreements associated with  
5 them. So within that, short of force majeure, where  
6 they cannot supply me, I do not proceed outside of  
7 those arrangements to secure products. So no, I do  
8 not go to the --

9 THE CHAIRPERSON: Right, right, right. And obviously  
10 the products you buy may or may not contain U.S.  
11 gasoline and that's of no interest to you.

12 MR. ROSENCRANS: A: That's right. I don't want that.

13 THE CHAIRPERSON: Yeah, yeah. So you don't source  
14 gasoline on the open market, so to speak, because  
15 you've got locked-in contracts for all of the gasoline  
16 you purchase. So you don't even buy gas from Alberta.

17 MR. ROSENCRANS: A: That's correct. So we have our  
18 contracts, like I said, through the branded  
19 agreements, and then also through our unbranded  
20 arrangements, but again, that's a term contract.  
21 Where that fuel is coming from, I do not know, other  
22 than I have a rack pick-up point that is optional to  
23 me in terms of I could choose one of two or three  
24 racks depending on --

25 THE CHAIRPERSON: What the contract says.

26 MR. ROSENCRANS: A: Yes, sir.

1 THE CHAIRPERSON: Okay, thank you.

2 MR. ROSENCRANS: A: All right?

3 THE CHAIRPERSON: Yes, thank you.

4 MR. ROSENCRANS: A: I believe the next questions for 7-  
5 Eleven were Section 7, 7.1.

6 "Is there evidence that a price war exists on a  
7 retail level in B.C.? How often do these price  
8 wars occur, and for how long? Have there been  
9 any significant events since 2015?"

10 Defining a price war, I won't attempt to  
11 do. What I can share is that there are pockets and  
12 there have been pockets at different times where the  
13 competitive retail prices on the street have  
14 compressed margins. So by way of example to support  
15 that, and I can be more specific *in camera*, but I can  
16 share with you that since July of 2017 we have had  
17 over 2200 days, store days, where we have sold fuel  
18 below our cost.

19 COMMISSIONER DOEHLER: So you're echoing what we just  
20 heard from Super Save.

21 MR. ROSENCRANS: A: In terms of?

22 COMMISSIONER DOEHLER: Selling below cost.

23 MR. ROSENCRANS: A: Yes, it does happen. We attempted  
24 to quantify that with our data and our experiences.

25 COMMISSIONER COTE: Now, you said 2200. How is that  
26 calculated?

1 MR. ROSENCRANS: A: Days. So --

2 COMMISSIONER COTE: Days times the number of stores?

3 MR. ROSENCRANS: A: The number of stores, yes, sir,  
4 that's correct.

5 THE CHAIRPERSON: That's a -- again, I don't want to get  
6 too much in the weeds here, but to be a store day,  
7 that would be any day on which there was a point in  
8 time in that day that it was sold below cost, or would  
9 it be for the whole day sold below cost?

10 MR. ROSENCRANS: A: This is on average for the day. We  
11 did not attempt to calculate over the course of a  
12 single day we might be below cost, which could be  
13 potentially much larger.

14 THE CHAIRPERSON: Yeah. Yeah, okay.

15 COMMISSIONER COTE: I expect there's time when you are  
16 significantly operating above the cost to offset that  
17 with. Is that a fair statement? Because we've been  
18 hearing about --

19 MR. ROSENCRANS: A: We would like to operate above  
20 cost. As a business trying to create a profit, it's  
21 in our best interest as you can imagine. But if we  
22 think back to, Mr. Commissioner, where my description  
23 was a few weeks ago of how we evaluate what is  
24 happening with other retailers on the street, some  
25 cases the competitive position for whatever those  
26 other retailers decide -- I can't speak to what Super

1 Save's economic model within their business looks to,  
2 I can only speak to mine.

3 **Proceeding Time 2:31 p.m. T37**

4 But in order for us to be able to attract customers  
5 you have to be very conscientious of what that posted  
6 price is on the street and then make an educated  
7 decision as to how are we going to continue to attract  
8 customers to come to our store. In some cases that  
9 puts our economics in a negative situation. Does it  
10 sustain itself? Sometimes it does.

11 And so that then progresses into the other  
12 point that I shared with the Commission last time,  
13 that while a decision on -- or an evaluation of margin  
14 on a daily basis for us is not the primary concern.  
15 On average over time, if I'm looking at a particular  
16 site where there's been significant retail margin  
17 compression for a long period of time, capital rate  
18 investment, or additional investment of other retail  
19 sites in that particular area could be jeopardized.

20 THE CHAIRPERSON: Okay. Thank you. Please, go ahead.

21 MR. ROSENCRANS: A: And I believe the last question was  
22 in regards to price wars at the wholesale refinery  
23 level. Nothing that we can -- that we have record.

24 THE CHAIRPERSON: Right. Right. And, again, since you  
25 generally have long-term contracts, even if there were  
26 it would presumably -- it would affect you though be

1           your contracts are based daily on the rack rate, is  
2           that correct?

3 MR. ROSENCRANS:    A:    Yes, sir.

4 THE CHAIRPERSON:        So I correct myself there, yeah,  
5           yeah.

6 MR. ROSENCRANS:    A:    Yes, sir.

7 THE CHAIRPERSON:        But you haven't observed that?

8 MR. ROSENCRANS:    A:    No.

9 THE CHAIRPERSON:        Thank you.  Sir, you offered to go *in*  
10          *camera* on a couple of points.

11 MR. ROSENCRANS:    A:    Sure.

12 THE CHAIRPERSON:        We'd like to take you up on that  
13          offer, please.

14 MR. ROSENCRANS:    A:    Be happy to.

15 THE CHAIRPERSON:        Thank you.  So five minutes.  We'll  
16          meet in the room in five minutes.  Thank you.

17                        Perhaps before that, just so we don't keep  
18          everybody unnecessarily, that does bring us to the end  
19          of the order of appearances.  So Mr. Bussoli, I  
20          suggest that we adjourn everyone else and we'll just  
21          continue with the *in camera* session, unless there's  
22          anything else you have or unless there's staff  
23          questions that you have at this point?

24 MR. BUSSOLI:        Mr. Chairman, no, staff does not have any  
25          further questions for 7-Eleven.  And we're in your  
26          hands, so that's fine from our perspective.

1 THE CHAIRPERSON: Yeah, okay. So unless there's  
2 anything else that anyone has, I again thank you all  
3 for your interest and your presence today and we'll  
4 continue with our *in camera* session and everyone else  
5 is adjourned. Thank you.

6 **[HEARING MOVED TO IN CAMERA/CONFIDENTIAL SESSION]**

7 **(PUBLIC PROCEEDINGS ADJOURNED AT 2:34 P.M.)**

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I HEREBY CERTIFY THAT THE FORGOING  
is a true and accurate transcript  
of the proceedings herein, to the  
best of my skill and ability.

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A.B. Lanigan, Court Reporter

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July 30<sup>th</sup>, 2019

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