

VANCOUVER, B.C.

August 12th, 2021

(PROCEEDINGS RESUMED AT 3:11 P.M.)

THE CHAIRPERSON: Thank you, please be seated.

Mr. Wright?

MR. WRIGHT: Mr. Chairman, Mr. Vella in his opening remarks, or his remarks had indicated he had some examples or further information that he would be prepared to share in camera.

THE CHAIRPERSON: Yes.

MR. WRIGHT: And with your leave, I suggest that he provide that information to you, then I understand there may be questions from Staff or Commission Counsel or the Panel, and of course Mr. Vella would be happy to answer those.

THE CHAIRPERSON: Please go ahead, Mr. Vella.

MR. BUSSOLI: Sorry, Mr. Chair to interrupt --

THE CHAIRPERSON: Do we need to be sworn in again?

MR. BUSSOLI: No, was our audio working then? There was no audio to begin with, but there is now, I understand, sorry to interrupt.

THE CHAIRPERSON: We're good? And the room is secured and the TV --

MR. BUSSOLI: Yes, I should let 7-Eleven know that the only people in the room are the BCUC staff, counsel, the panel, court reporters, and yourselves.

1 THE CHAIRPERSON: And virtually, is that BCUC's --

2 MR. BUSSOLI: On virtually there are BCUC staff as
3 well.

4 THE CHAIRPERSON: All right, thank you, please go
5 ahead, Mr. Vella.

6 **7-ELEVEN PANEL**

7 **MARK VELLA, Resumed:**

8 MR. VELLA: All right, thank you, Mr. Chairman and
9 Panel, and staff members for allowing me a few minutes
10 to share some more details.

11 I want to start with just a bit of
12 repetition, but I told you earlier we operate 130 fuel
13 sites in B.C. [REDACTED]

14 [REDACTED] It breaks down to [REDACTED] Petro-
15 Canada sites, [REDACTED] Essos, and [REDACTED] 7-Eleven branded sites.
16 The reason I bring that up as point is I just want to
17 make sure the committee understands that already I am
18 -- we are living in a world where we are having to
19 treat everything we say about fuel with extreme
20 confidentiality. Even with our own partners.

21 You know, both of our major partners want
22 our business, they both want to grow with us. We need
23 them to grow. We also need them for a reliable option
24 in most cases for our supply of our [REDACTED]
25 [REDACTED] in British Columbia, we do have a great
26 number of 7-Eleven sites elsewhere in North America

1 and in Canada.

2 I told you earlier that most of our
3 agreements are covered by confidentiality terms. You
4 know, obviously if asked by the Government or the
5 committee or ordered we would release that
6 information, and work through any legal processes
7 needed to ensure that information was released fairly,
8 but I do want to kind of restate that, you know, there
9 is some concerns in 7-Eleven that what happens in B.C.
10 will set precedence elsewhere in the country. You
11 know, and it could affect our business materially as
12 we go on.

13 I just want to explain a little bit about
14 [REDACTED] sites that we don't price the fuel at or own
15 the fuel equipment or own the fuel. [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

22 The reason I bring that up is if a
23 competitor knows [REDACTED]
24 [REDACTED]
25 [REDACTED] they could use that
26 information to some advantage. [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

You know, most of the sites where we do
have a third part that steps in as a fuel provider

[REDACTED]

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[REDACTED] But the
reason we enter those relationships is [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

You know, this -- that can affect us in a
couple of different ways. You know, if people
understand how [REDACTED]
[REDACTED]
[REDACTED]
they may adjust their pricing. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Any time that we have competitors having
knowledge of our wholesale fuel costs, or at least
having enough information that they can assume with
increasing degrees of accuracy as they gain more data
points what our costs are, we believe it can be to our
disadvantage.

You know, people -- and it could also be to
the public's disadvantage. You know, competitors

1 could, as I mentioned earlier to staff's questions,
2 they could build their pricing strategies based on
3 knowing if we're buying at inopportune times or from
4 inopportune -- or less than optimum suppliers and
5 facing a higher cost, that we may not be as able to go
6 step for step with them on a battle for market share,
7 you know. Or they may know that at times [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] So that could actually cause prices to go up.
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED] Pricing can vary quite
16 dramatically, [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] You know, and a savvy competitor could quickly build information that would show that this particular group of stores [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]
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[REDACTED]
[REDACTED]
[REDACTED] the more

the industry understands how we react to that and, you know, the less advantage we have at the negotiating table.

Really, that's the points that I wanted to share. I'm willing now to turn it over to over to staff or to the --

THE CHAIRPERSON: Thank you.

MR. VELLA: -- committee to ask questions

THE CHAIRPERSON: Thank you, Mr. Vella. Appreciate it.

MS. de BOER: Thank you, just one clarification question. In your remarks you used the word "jobbers", that you buy from. Could you explain what "jobbers" are in that context?

MR. VELLA: Jobbers would be a wholesaler that would typically wholesale to smaller companies, where they may only have a few truckloads of product available. They may have some small individual customers but they may have 50 or 100,000 litres available in a particular community that we need it and we would go to them [REDACTED]

1 MS. de BOER: Thank you.

2 MR. BUSSOLI: I just have one further clarification
3 question with respect to that. So the fact that 7-
4 Eleven is buying from a competitor at times, you say,
5 you mention it in the market in B.C. in particular, or
6 that it's buying from jobbers, for example, doesn't
7 that information to that wholesaler or jobber, doesn't
8 that already provide the competitor with the info that
9 you're doing this practice in B.C. and that's no
10 longer confidential to them or?

11 MR. VELLA: In the case of that immediate competitor,
12 yes. Like when we buy [REDACTED]
13 [REDACTED] obviously they know they price
14 they're selling it to us for and they know what the
15 rack price is and, you know, they can estimate our
16 margins with a high precision of accuracy. But, you
17 know, can [REDACTED] Can the
18 people that don't understand those metrics do that?
19 If we have to disclose that we're buying from a third
20 party, okay, they can start making assumptions pretty
21 quickly.

22 MR. BUSSOLI: Okay, thank you.

23 MR. VELLA: Okay.

24 THE CHAIRPERSON: Just to clarify, just to follow on
25 with Mr. Bussoli's question, you framed it as buying
26 from a competitor, but as I understand it 7-Eleven is

1 solely and only in the retail business.

2 So [REDACTED]

3 [REDACTED]
4 [REDACTED] Is that correct?

5 MR. VELLA: Yes, we are.

6 [REDACTED] [REDACTED]

7 [REDACTED]

8 [REDACTED] [REDACTED]

9 [REDACTED]

10 [REDACTED] [REDACTED]

11 [REDACTED] [REDACTED]

12 THE CHAIRPERSON: So when you say you're buying from a
13 competitor, you're buying from a wholesaler or a
14 refiner that also runs retail sites?

15 MR. VELLA: Correct.

16 THE CHAIRPERSON: But if you were to buy from a refiner
17 or a wholesaler that doesn't run retail sites that
18 wouldn't be from a competitor then, is that --

19 MR. VELLA: Correct.

20 THE CHAIRPERSON: Okay, thank you.

21 MR. VELLA: Correct.

22 THE CHAIRPERSON: Okay.

23 [REDACTED] [REDACTED]

24 [REDACTED]

25 THE CHAIRPERSON: Sure.

26 MR. VELLA: And they have retail sites as well as a

1 wholesale division.

2 **Proceeding Time 3:24 p.m. T4**

3 THE CHAIRPERSON: Right. I understand. Okay. Thank
4 you very much. I don't have any further questions.

5 So I'd like to thank you for staying for
6 the rest of the day to share that. That was
7 interesting information and helpful information and we
8 really appreciate it. Thank you. And thank you for
9 your participation here today.

10 MR. VELLA: My pleasure. Thank you.

11 MR. WRIGHT: Thanks. Thanks.

12 (PANEL ASIDE)

13 THE CHAIRPERSON: Thanks, yeah. So we're adjourned
14 then. Thanks.

15 **(PROCEEDINGS ADJOURNED AT 3:24 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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August 12th, 2021

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