



Retail Gasoline
Dealers Association
of Nova Scotia

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September 28, 2011

Ms. Elaine Wagner, Clerk of the Board
Nova Scotia Utility and Review Board
P.O. Box 1692
Unit M
Halifax, NS
B3J 3S3

Dear Ms. Wagner,

As a final submission to the gasoline margin increase application from 3067500, Mr. Wayne Pace, we are pleased to provide our comments.

The Retail Gasoline Dealers Association feels the evidence presented to justify a 1¢/litre increase in self serve margins at the time was sufficient, fair and reasonable to support our case. Evidence provided by Gardner Pinfold and the cross examinations that took place from all interveners also supported our application.

As can readily be seen, the rapid increasing costs of business especially from minimum wages, credit card surcharges and utilities have affected the entire network of gasoline retailers regardless of brand, location or type of operation. The fact that there were no objections to the proposed increases further supports the justification for our increase application.

The RGDA application for an increase in full serve minimum margins is not only based upon the need for additional margins for those retailers who must price at self serve levels to survive, it is also intended to establish a more practical and reasonable difference between the two offerings. In order to help stem the continued decline in full service availability and to create a more logical business climate to encourage new investment in full service offerings the RGDA recommends a differential of 2.5¢/litre from current minimum self serve margins. Approval of our application would result in a 1.5¢/litre differential from the new minimum self serve margin and no difference at maximum self serve margins. If some new intervention into improving the economics of full service offerings is not provided, there will certainly be a continuation of full service closures.

The Gardner Pinfold research also reported on the need to improve retail margins. While the report recommended an increase in the range of 0.83 – 1.14 c.p.l. it is significant to note that since the report some retail operating costs have increased beyond the evidence presented in our application i.e. minimum wages, October 1; credit card surcharges; (regular unleaded @ 123.3) and utility costs are rising again going forward.

It is our hope that the U.R.B. will take these changes, since our application, into account when making their decision.

The RGDA application made reference to the number of weeks, excluding taxes, Halifax self serve regular prices were below the Canada average i.e. 60 cities surveyed weekly as determined by Kent Marketing Services. The Kent weekly survey for 2010 indicated that upon approval of our application, Halifax prices would remain below the Canada average on 36 of the 52 weeks. Year to date (September 27, 2011) Halifax prices excluding taxes have been below the Canada average by more than 1¢/litre for 30 of 39 weeks thereby illustrating the affordability of a retail margin increase (please refer to enclosed, or visit:

http://www.kentmarketingservices.com/dnn/PriceDataReports.aspx?vp_url=/dnn/portals/0/Pricing%2f2011%2fWeekly%2fweekRulExtax2011.htm).

On behalf of the RGDA, Wayne Pace 3067500 and Roy McNeill, we respectfully ask for approval of our application.

Yours truly,

A handwritten signature in black ink, appearing to read "Graham Conrad". The signature is fluid and cursive, with a large initial "G" and "C".

Graham Conrad
Executive Director
NS Retail Gasoline Dealers Association

Att.
GC/nb

c.c. RGDA Board Members
Mike Power, Power, Dempsey, Leefe & Reddy