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July 17, 2023

PEI Regulatory & Appeals Commission
PO BOX 577
Charlottetown, PE, C1A 7L1

Dear Mr. Scott MacKenzie,

Please be advised that we feel the Gardiner report falls well short of the reality we operate in on a daily basis servicing Islanders in home heat, fisheries, agriculture and retail gasoline sectors. We agree with having the IRAC pricing model based on an Irving PEI rack as Irving has the only marine terminal on the Island. We also agree that diesel margins should be aligned with furnace oil margins. However, we absolutely do not think that the report properly addresses the actual incremental operational costs our companies have incurred in just the last 5 years. Wages and vehicle expenses from 2016 to 2021 increased by 15.26%. Inflation on PEI since 2021 has also increased 11.4%. We feel the report is flawed when comparing us with publicly traded companies like Parkland and refiners. There is a reason why we don't see Ultramar, Esso, Shell and Co-op in our province anymore. They were not getting a sufficient return on their investment on PEI.

We have been very patient waiting for IRAC to sufficiently address industry cost increases while commissioning 3 different reports over 3 years. The Gardiner report is now out of date as it does not reflect current inflation increases, interest rate increases, existing labor costs, increased insurance costs, etc. Island marketers are in a difficult situation going forward with governments offering "off oil" incentives that include free heat pumps/electric water heaters combined with the addition of carbon tax/clean fuel federal program. We are still an essential service. What happens when the power goes out for an extended period of time and consumers are looking for a one time oil or propane delivery like during the cold snap last winter? People



PETRO-CANADA PEI DISTRIBUTOR OF PETRO-CANADA PETROLEUM PRODUCTS AND NOW PROPANE TOO!

were in a frenzy and we were all hands on board for that weekend yet many homes with just heat pumps froze. IRAC has to accept the fact that with reduced furnace oil volumes and increased operating costs, that we need additional margins to maintain services still required by Islanders.

We feel IRAC has not applied the Petroleum Products Act with enough consideration to local marketers in the last few years. We also feel IRAC must adjust to global, national and local factors affecting our industry in a more timely fashion. Our members do all the work servicing Islanders and should not have to beg for pennies while governments apply high fuel tax increases and free heat pumps!

Sincerely,

A handwritten signature in black ink that reads "D. W. Maclsaac". The signature is written in a cursive style with a large initial "D" and "W".

Dan Maclsaac
Kenmac Energy Inc.

CC: Mr. Allison MacEwen
IRAC Commissioners