

news and current offers

aamdc fall convention

This year, the AAMDC is celebrating 100 years of providing a strong voice for rural municipalities in Alberta and will host its official Centennial Convention at the Shaw Conference Centre in Edmonton from November 11-14, 2008. For more information, please visit the Association website at www.aamdc.com.

improved supplier directory launched

A major overhaul of the AAMDC trade supplier directory has been completed. Now each approved supplier has their own unique web page within the AAMDC website to describe their company and promote products and special offers to AAMDC Trade members. To update content on your supplier page, please contact our Communications and Web Coordinator Chantal Duchesne at chantal@aamdc.com. To view the new supplier directory, please visit www.aamdc.com > [trade](#) > [approved suppliers](#).

promote your company

Use *Partners in Trade* to advertise your company's next promotion or latest products to AAMDC trade members across the province. Submit your company's news and current offers to the AAMDC Trade Manager Duane Gladden at duane@aamdc.com

partners in trade special report future looks better for alberta diesel users

Diesel users from Alberta to Manitoba are all feeling the frustration of not having enough fuel to operate their machines – but hope is on the way.

"This is something that has affected our members – we've had calls from across the province," says Peter Pellatt of the AAMDC's Prairie Fuel Advisors. "While [the PFA] can't influence the supply, we have worked with our members and with our suppliers to arrange alternatives or otherwise guarantee continued fuel supplies."

"It's also a priority for us to keep our members up-to-date with what's happening," assures Pellatt. "We've been reassured by our suppliers that things will be back to normal soon."

High fall harvest demand, a strong trucking sector, plus both scheduled and unscheduled issues with refineries in Alberta all add up to not enough Diesel for farmers, truck drivers, municipalities and anyone else depending on Diesel.



'We have worked with our members and with our suppliers to arrange alternatives or otherwise guarantee continued fuel supplies'

■ Peter Pellatt, Prairie Fuel Advisors

"In the near future, we see the Petro Canada and Suncor refineries returning to full producing capacity. When this happens, there will be more fuel available and we will return to some form of normalcy," says Ted Durham, Sale Manager with UFA Petroleum. "With the economic downturn in the US, we are waiting to see what kind of activity will happen this winter in the energy sector of Alberta. There will always be activity, but we do not know how heavy it will be."

The High Cost of Diesel

Cost is another issue affecting Diesel users across the prairie. The tendency among refiners, distributors and retailers is to keep prices as high as possible, even when the price of crude is falling.

"No one wants to sell product at a lower price than they could get, especially when they have purchased inventory at higher prices," comments Durham. "That is why the retail prices stay higher than they would be if their prices were tied to rack and why rack prices don't fall as fast as they would otherwise."

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WHY THE SHORTAGE?

A number of factors have contributed to the Diesel shortage.

"One of the major problems we have experienced in the last few years is that the demand for Diesel has been so heavy in Alberta, that our refineries have been working to capacity and still cannot meet the demand," the UFA's Ted Durham explains. When a refinery goes off line, it has major repercussions.

"When people think about fuel supply, they think about how many barrels of oil are being shipped by OPEC into North America," continues Durham. "When that slows down, they think that is the reason for less fuel at the pumps. In reality, there is a limited supply of refined fuels in Alberta as we have a fixed number of refineries. There hasn't been a new one built in years."

The high seasonal demand, therefore, combined with a scheduled turnaround (maintenance period) at Petro-Canada's Edmonton refinery plus an unscheduled maintenance shutdown at the Strathcona Imperial Oil refinery and Suncor's hydrogen plant have all contributed to the current situation.

This is one area where PFA members do have a noticeable advantage, with many members experiencing more than 5 cents per litre in savings.

“Our prices are tied specifically to changes in the rack prices,” explains Pellatt. “This means that if the rack price falls, our prices fall mathematically according to our contract formula.”

For PFA members, low sulphur Diesel prices peaked in June at just over \$1.10/litre and have recently returned to under \$0.90/litre (all prices before tax).

Another advantage of the PFA service is that members are provided with advance notice of all price changes that are built into supply contracts for fuel. Members are advised several days in advance of each price change.

RACK PRICE EXPLAINED

For fuel, the rack price is the cost that would be paid if fuel was purchased directly from the refinery or a major storage centre. It has no (or includes minor) delivery or transportation costs from the refinery, no agency fees nor distribution profits. It is set daily by each oil company, driven by a variety of factoring including market forces, the underlying cost of crude, refining, distribution and profits. Imperial Oil's daily rack price is available [here](#).

“The interests of a fuel distributor are exactly the opposite of the interests of the municipality. Under the AAMDC Fuel Supply Program, however, the fuel distributors are paid for handling our account by their head office and just deliver head office-owned fuel. They do not get involved in pricing or are involved with all the paper work associated with tendering, invoicing, collecting and reconciling accounts.”

“This is one area where PFA members do have a noticeable advantage, with many members experiencing more than 5 cents per litre in savings.”

Brighter Future Ahead

While the future looks better for Alberta's Diesel users, there is no denying the impact the shortage has had on PFA and non-PFA members alike.

“In many cases work has been delayed or cancelled, this hasn't been easy for anyone,” concludes Pellatt. “But throughout this situation, we've had great cooperation and understanding between both our suppliers and our members. I'd like to personally thank everyone for their ongoing patience and understanding.”

“The PFA will continue to ensure that its members are looked after, working hard to secure a continued supply of fuel at a reasonable price.”

Free Cost Analysis

If you would like to consider joining the AAMDC Fuel Supply Program, please forward a copy of your fuel invoices for the past year to the AAMDC. PFA staff will compare the prices you paid for fuel to those that you would have paid had you purchased through the program and give you a detailed report of their findings. ■

“We advise our members to either purchase bulk fuel before the price goes up or to delay unnecessary purchases until it goes down,” Pellatt explains. “In many cases, this advance notice helps our members almost double their net savings from the Fuel Supply Program. No fuel distributor ever does that, because they have to purchase the fuel, pay for it and then resell it.”

trade division welcomes back tirecraft

The AAMDC Trade Division is pleased to announce the re-signing of **Tirecraft** as a preferred supplier to the Association members.

For many years the **Tirecraft** organization based in Alberta and across Canada has been a reliable and consistent supplier of tires for all aspects of the tire industry. The company continues to supply OTR, Medium Truck, Retreading, Agricultural and Passenger Light Truck tires from major manufacturers such as Michelin, Yokohama, Titan.

Tirecraft is a well rounded supplier of the goods and services the Association members need in their normal course of business. They have a dedicated sales and service team that are committed to meeting trade member's needs and expectations.



“For many years the Tirecraft organization has been a reliable and consistent supplier of tires for all aspects of the tire industry.”

The Tirecraft Edmonton Truck Center and Tirecraft Lloydminster stores will be the Hub of activity in Northern Alberta under a new ownership team that are very well versed in the overall business needs of the Association members right down to the finest of details such as National Account Billing programs that benefit the overall membership.

Owners, Mario Scarpelli, Pat Jurasek, and Bart Prochera are very happy to serve the membership as they have in the past and they have added Rick Nerenberg, Mark Wishart and Bob Anderson to the team with an extensive knowledge of all segments of the tire industry in order to serve you better.

For more information on Tirecraft, please call them toll free at 1-888-818-4400 or visit their website at www.tirecraft.com. ■