



NEW BRUNSWICK
ENERGY & UTILITIES BOARD

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS
NOUVEAU-BRUNSWICK

DECISION

IN THE MATTER OF an application by
Coach Atlantic Transportation Group
Inc. for a variance of an Order in
Matter 192.

(Matter No. 561)

October 27, 2023

Matter 561 - Coach Atlantic - Application for a variance of an Order

IN THE MATTER OF an application by Coach Atlantic Transportation Group Inc. for a variance of an Order in Matter 192. (Matter No. 561)

NEW BRUNSWICK ENERGY AND UTILITIES BOARD:

Vice-Chairperson	Stephanie Wilson
Members	Heather Black
	Christopher Stewart

APPLICANT:

Coach Atlantic Transportation Group Inc.	Ryan Cassidy
--	--------------

1 Introduction

- [1] This decision arises from an application by Coach Atlantic Transportation Group Inc. (Coach Atlantic), submitted to the Board on September 25, 2023, to vary the Order dated April 8, 2013, in Matter 192 (Order) to modify the fuel surcharge to include the cost of carbon adjustor and the federal fuel charge rates.
- [2] In the Order, the Board established that the Coach Atlantic fuel surcharge would consist of a surcharge of 0.5% for each 2.5 cent incremental increase in the price of ultra-low sulphur diesel fuel (ULSD) over the base price established in the Order. The price of ULSD, for the purpose of calculating the fuel surcharge, is the average New York Harbour spot price for ULSD.
- [3] The Board also established in the Order that the Coach Atlantic fuel surcharge was limited to price adjustments ranging between 0% and 15%. The Order stated that should Coach Atlantic require an adjustment in excess of 15%, it would be required to apply to the Board for changes to its fares, rates and tolls and that a new “base price” would be set at that time.
- [4] In its application, Coach Atlantic proposed a variance to its fuel surcharge so that the price of ULSD would be the average New York spot price plus the ‘Carbon Charge’ and the ‘Clean Fuel Adjustor’ at the time of calculation. It further proposed to vary the Order so that the fuel surcharge would be “limited to price adjustments ranging between 0% and 35%. Should Coach Atlantic/Maritime Bus require an adjustment in excess of 35%, it will be required to apply to the Board.”
- [5] The Board considered this application as a written procedure. In an Order dated September 25, 2023, the Board ordered Coach Atlantic to post notice of the proceeding on its website and in its bus stations. Coach Atlantic was also directed to serve the Notice on any competing common carrier, on the mayor of any local government and to any regional service commission to or through which the service is being operated. The Notice provided interested parties an opportunity to comment on the merits of the application. No comments were received.
- [6] For the following reasons, the Board will vary the Order, as requested by Coach Atlantic.

2 Analysis

- [7] In a letter dated August 22, 2023, Coach Atlantic asked for Board approval to update its fuel surcharge. The letter indicated that since the implementation of new carbon charges, the cost of fuel has directly increased. The letter stated that the original fuel surcharge was designed to increase or decrease the motor carrier's ticket price based on the cost of fuel and that the formula for calculating fuel costs established by the Board in the Order does not include newly implemented carbon charges.
- [8] In an email dated September 19, 2023, Coach Atlantic also requested that the threshold limiting price adjustments ranging between 0% to 15% be increased to allow for price adjustments of up to 35%. The motor carrier stated that the threshold of 15% was put in place based on the fuel price reality in 2012.
- [9] Coach Atlantic further stated in that email that it felt it was time to increase the threshold to reflect today's new realities. It stated that the New York Harbour spot price for ULSD had increased from approximately 59.3 cents per litre in 2010 to approximately 120.0 cents per litre currently. It also submitted that CPI had risen on average by 2.2% to 2.4% annually over the past ten years and that the federal fuel charge rates were scheduled to increase annually.
- [10] Section 43 of the *Energy and Utilities Board Act* gives the Board jurisdiction to review, rescind or vary any order made by it. In making a determination concerning a variance, the Board must consider the criteria set out under Rule 8.1.1 of the Board's Rules of Procedure.
- [11] In light of the changed circumstances, since the fuel surcharge was established in 2013, the Board concludes that Coach Atlantic has raised sufficient grounds regarding this variance. In particular, the federal fuel charge rates and the cost of carbon adjustor in New Brunswick have increased fuel costs.
- [12] Fuel costs remain important variable costs for a motor carrier. The Board is of the opinion that a surcharge that enables the motor carrier to recover such costs reduces the need for frequent fare applications, thus reducing the regulatory burden on Coach Atlantic. As the fuel surcharge was designed to increase or decrease the motor carrier's ticket prices in accordance with its fuel costs, it is warranted to update the mechanism by which the fuel surcharge is calculated so that the carrier's actual fuel costs are reflected.

3 Conclusion

- [13] The Board approves the inclusion of the federal fuel charge rates and the cost of carbon adjustor to the fuel surcharge mechanism in principle. The precise details of the mechanism have not been presented to or approved by the Board. Board staff is directed to submit to the Board for approval the details of such a mechanism.
- [14] In addition, the Board approves the increase in the threshold limiting fuel surcharge price adjustments ranging between 0% and 35%. Should Coach Atlantic require an adjustment in excess of 35%, it will be required to apply to the Board.

Dated at Saint John, New Brunswick, this 27th day of October, 2023.



Christopher Stewart



Heather Black



Stephanie Wilson