

The Canadian Press - ONLINE EDITION

Shortage of diesel causing headaches for Alberta trucking companies

By: Lauren Krugel, The Canadian Press

Posted: 11/4/2011 2:01 PM

CALGARY - Radio chatter amongst Alberta truck drivers in recent days has focused on one main topic: which fuelling stations have diesel and which ones are out.

"Everybody's on the two-ways talking about diesel cardlocks shutting down because they're out of fuel," said Dave MacNevin, operations manager at Whitecourt Transport Inc.

Whitecourt Transport — located in the town of the same name, about 180 kilometres northwest of Edmonton — has been scrambling to get enough fuel to run its fleet of 30 to 45 trucks, which mainly haul loads for the forestry industry.

"Up until yesterday, all was good," MacNevin said Friday. "Today, panic mode. Just about every one of the cities that our trucks run into has run out of diesel fuel from every supplier."

Whitecourt Transport has an agreement to purchase fuel from Petro-Canada, the fuel-marketing subsidiary of Canadian energy giant Suncor Energy Inc. (TSX:SU). Petro-Canada and Suncor merged in 2009.

The company's Edmonton refinery, a major supplier, has been short on hydrogen sulphide in recent days and has had to scale back production of diesel as a result.

MacNevin said he's been told the situation won't be resolved until Nov. 18 or 19. "That's a long time to be worried about diesel every day."

Whitecourt Transport has some contingency supplies in its yard, and it has been relying on radio and satellite communications to find out if fuel is being delivered.

"As soon as we hear a tanker truck has pulled in and filled up one of the stations, we try to get one of our trucks there as quick as possible to be first in the key to get filled up. It's not a very scientific way of doing it because we have no idea when their tankers are replenishing the stations," he said.

"Everybody's in the same boat," he added. "We're very concerned that business could be seriously affected over the next two weeks if we don't find some solutions to our fuel issues. It's turned into a very serious matter at this point."

MacNevin said he hasn't heard of fuel shortages elsewhere in Canada, so he doesn't see why his vendor can't truck in supplies from out of province, as it has in past disruptions.

"To tell somebody you're not going to have your normal flow of product for two weeks is a pretty substantial concern."

Drivers with Bushell Transport, a St. Albert, Alta.,-based heavy equipment hauler, use Petro-Canada cards to buy fuel in Canada, and credit cards in the United States, said owner Grant Glattacker.

The shortage has led to about a three per cent increase in costs, he said.

"Basically, what it's forced us to do is to purchase from other vendors with the credit cards, pay a higher cost, and really inconvenience the drivers because they've been used to going to the same fuel stations for the last 10 years and so now they're hunting all the time for fuel."

Glattacker said his company has run into fuel shortages before, and he's taking this one in stride for now.

"We're of the mindset that (Suncor is) doing everything they possibly can to get back into position to start selling fuel again. That's what I'd be doing if I owned a fuel company," he said.

"So we'll just wait it out here. Every company has these issues, and hopefully they get things back together. If it goes on for an extended time there, then we might have to look for another supplier."

Roger McKnight, a senior petroleum adviser with consulting firm En-Pro International, said he recommends clients in the transportation sector always have a Plan B.

"I empathize with the trucking industry," he said. "But goodness gracious, guys, don't put all your eggs in one basket."

The refining situation in Western Canada was already tight, with an explosion at a Consumers' Co-operative refinery in Regina last month cutting output. The company has said diesel production would be 20 per cent lower until the spring, though gasoline production is back to normal.

The incident came at a time of year when demand for diesel is high. Farmers are harvesting their crops and the oilpatch is getting ready for winter drilling and drillers need to power their rigs.

Refineries aren't "inflatable toys" that can be switched on and off at a moment's notice, McKnight said. So it's a complicated undertaking for other refiners — like Imperial Oil Ltd. (TSX:IMO) and Shell Canada Ltd., for example — to fill the gap.

"You have to have two suppliers, and right now if you have one supplier, and that supplier happens to be somebody who's a bit short, like Petrocan, nobody's going to pick up the slack."