

MEDIA RELEASE

Road opening leads to lifting of price freeze in Zone 10a

Effective 12:01 a.m., June 01, 2005, the Public Utilities Board's Petroleum Pricing Office (PPO) will lift the price freeze, which has been in place since Nov 15, 2004, for Zone 10a (Mary's Harbour to Cartwright – road connected).

The maximum allowable price for all types of gasoline in this zone will increase by 7.8 cents per litre (cpl), diesel by 7.9 cpl, and stove oil by 5.15 cpl.

David Toms, PPO director (acting), noted that these new maximum prices are calculated based upon the current benchmark price used in Zone 1 (Avalon), plus the associated costs used to distribute the products to these areas.

The policy to freeze maximum fuel prices for certain Labrador regions, established since November 2001, was formulated based on extensive consultation with stakeholders and the fact that new fuel stocks could not be supplied to the area during the winter months.

In line with standing PPO policy, the price freeze coincides approximately with the beginning and end of the shipping season, and specifically affects Zones 10a, 11 (Coastal Labrador South) and 14 (Coastal Labrador North). Although communities in Zone 10a are connected by road to Zone 10, the road is impassable for a significant part of the winter.

Route 510 between Mary's Harbour and Red Bay has re-opened and conditions permit tank wagon traffic to allow inventories to be replenished for communities in Zone 10a.

There have been other times in the past when the price freeze was lifted at a time before June 15 because of shipping capabilities and supply concerns. Mr. Toms said the PPO is taking a proactive approach to ensure a secure fuel supply for this region, and after ongoing discussion with stakeholders, the decision was made to lift the price freeze for Zone 10a before the scheduled date of June 15, 2005.