

MEDIA RELEASE

Maximum prices decrease for furnace/stove oil

Effective 12:01 a.m. Tuesday, Oct. 25, 2005, the Public Utilities Board, through its Petroleum Pricing Office, will reduce the maximum price of furnace/stove oil in Newfoundland and Labrador (NL) by 2.96 cents per litre (cpl).

The interruption formula criteria used by the Board to make interim pricing adjustments were met for furnace/stove oil. This follows a similar adjustment by the Board in decreasing the maximum price of gasoline by 4.1/4.2 cpl on Sunday, Oct. 23. The criteria have not been met for automotive diesel and residential propane used for home heating, and there will be no change to the maximum prices of these regulated fuels at this time.

Many of the same factors that led to the decrease in the maximum prices for gasoline have contributed to this decrease in furnace/stove oil prices.

The most recent event that impacted refined fuel prices on NYMEX (New York Mercantile Exchange) was the fact that Hurricane Wilma was forecasted to miss the crude oil and refining region in the Gulf of Mexico. It eased fears among market traders that no major disruptions to the available fuel supplies would occur as a result of this massive weather system.

This news was complemented by recent reports that refined petroleum products inventories are rebounding after many of the refineries damaged by recent hurricanes in the U.S. are restoring operations and concerns over tightening production capacity are being alleviated. Distillate fuel supplies, which include furnace/stove oil and diesel, fell last week; however, they are still in the lower-than-average range for this time of year. There remains the distinct possibility that price fluctuations may occur once the northern hemisphere enters its winter season and traditionally the demand for home heating products increases.

BACKGROUNDER

Regulated fuel prices are adjusted on the 15th of each month using the average daily prices for finished petroleum products as listed on NYMEX (New York Mercantile Exchange). In the event of volatile behaviour between normal price adjustments, the interruption formula is used by the Board based on specific criteria to make upward or downward interim price changes as warranted in the marketplace.

For the interruption formula to be used on gasoline, diesel or furnace/stove oil, price fluctuations on the New York Mercantile Exchange (NYMEX) must exceed an average of ± 3.5 cpl over a five market business-day period. Adjustments are then made where price increases or decreases are warranted. In the case of residential propane,

Bloomberg's *Oil Buyer's Guide* weekly figures must exceed a ± 5.0 cpl change over five days.

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