

MEDIA RELEASE

Maximum automotive diesel, stove oil prices move upward

Effective 12:01 a.m. Monday, April 3, 2006, the Public Utilities Board, through its Petroleum Pricing Office, will increase the maximum prices of automotive diesel by 2.9 cents per litre (cpl) and stove oil by 2.70 cpl in Newfoundland and Labrador (NL).

There will be no adjustments in areas currently under a price freeze, and the maximum prices of other fuels regulated by the Board will not change at this time because the criteria for the interruption formula (see Backgrounder) were not met.

Diesel and stove oil, like furnace oil, belong to the distillate group of fuels; therefore, similar factors that resulted in the increase to the maximum price of No. 2 blend furnace oil Sunday have led to these subsequent price changes.

The heating oil season is considered to be nearly over by many refiners. As the shift to increased gasoline production gets underway, concerns remain in the markets that continue to exert pressure on current prices. One such factor is recent U.S. inventory data that reflects declines for all refined fuel products - a pattern which has been sustained for the past several weeks. Demand for diesel, a low-sulphur distillate product, continues to be strong placing added pressure on available supplies and in turn raising prices on the commodities exchange for this group of fuels.

Tensions created by geopolitical events in crude oil-producing countries - such as the ongoing dispute over nuclear enrichment between Western leaders and Iran, along with violence, sabotage and reduced oil output in Nigeria - are also contributing to upward movement in fuel prices.

The public can continue to expect the processes of the Board and its related pricing adjustments to be applied consistently in serving the interests of both consumers and the regulated industry.

BACKGROUNDER

Interruption formula: Regulated fuel prices are adjusted on the 15th of each month using the average daily prices for most 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 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, figures are derived from pricing activity at the Sarnia rack, and the interruption formula criteria for this fuel differ from the other regulated petroleum products. Bloomberg's *Oil Buyer's Guide* weekly figures must exceed a ± 5.0 cpl change from the previously established base price under regulation.

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