

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
Petroleum Pricing Office

MEDIA RELEASE

Maximum fuel prices changed

The Public Utilities Board, through its Petroleum Pricing Office, will make its next scheduled adjustment to maximum fuel prices in Newfoundland and Labrador (NL) at 12:01 a.m. Thursday, December 21, 2006, except in areas currently under a price freeze.

Overall, the average of pricing activity from Dec. 6-19, the period used for this price change, has resulted in price adjustments for each of the refined products under regulation. The breakdown is as follows:

- all types of gasoline will increase by 0.7/0.8 cents per litre (cpl) – depending on the HST rounding impact for a particular pricing zone;
- ultra low sulphur diesel will decrease in Newfoundland by 0.5/0.6 cpl;
- low sulphur diesel in Labrador will move downward by 0.3/0.4 cpl;
- No. 2 blend furnace oil will rise by 0.91 cpl;
- stove oil will increase by 0.46 cpl; and,
- residential propane used for home heating will rise by 1.5 cpl.

Market activity has been focused on heating fuels and whether or not supplies are sufficient to meet peak demand. Distillate inventories (diesel and furnace/stove oil) have been steadily declining, and weather forecasts have affected prices for this group of fuels, sometimes on a daily basis. Outside of other market influences, consumption levels and temperatures are often related for this fuel group, such that recent predictions of warmer temperatures in the northeast (an area where heating fuel use is highest) have meant an expectation of reduced use in the short term.

NYMEX (New York Mercantile Exchange) gasoline has been also been affected by the status of inventories in the face of unusually strong demand in an off-peak season. Supplies are below the average range for this time of year. In the meantime, international events have continued to play a role in commodity pricing overall. For example, the recent announcement from OPEC (Organization of Petroleum Exporting Countries) that it will make a further production cut has been met with mixed reaction. As well, violence in the oil-rich Niger Delta, unexpected refinery problems and the resumption of nuclear talks with North Korea were other mitigating factors.

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