

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

MEDIA RELEASE

Thursday, February 8, 2007

Interruption formula criteria met for automotive diesel

The Public Utilities Board, through its Petroleum Pricing Office, is required to adjust maximum automotive diesel prices in Newfoundland and Labrador (NL) effective 12:01 a.m. Thursday, Feb. 8, 2007 because the criteria for the use of the interruption formula (IF) were met.

Ultra low sulphur diesel prices in Newfoundland and low sulphur diesel in Labrador will increase by 4.8/4.9 cents per litre (cpl) – depending on the rounding impact of the HST in a particular pricing zone. Though the market prices for the other fuel products under regulation also experienced considerable upward movements overall, the IF criteria were not realized for these products and there will be no changes to their maximum prices at this time.

Diesel belongs to the same family of fuels (distillates) as furnace and stove oil, and while the market-pricing behaviour for each fuel may be influenced by many of the same factors, each product is not necessarily influenced to the same extent. Demand for the higher quality automotive diesel has remained unseasonably strong, which in turn placed additional pressure on this product causing it to meet the IF criteria. This pricing session (Jan. 31 to Feb. 6) also saw concerns on the commodity markets heighten about what affect the recent onset of Arctic-like temperatures throughout North America will have on existing distillate supplies, despite reports of above-average inventories.

Barring any unforeseen circumstances, the Board's next scheduled price change will occur Thursday, Feb. 15, 2007.

BACKGROUNDER

Regulation schedule: The Board currently sets maximum prices for petroleum products every two weeks. Every Thursday following a scheduled adjustment, consumers will experience either no change in price or a change triggered by the criteria being met for the interruption formula (IF).

More information about the IF or any other aspect of fuel-pricing regulation can be found on the Board's website at www.pub.nl.ca.

-30-

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