

MEDIA RELEASE

Thursday, February 15, 2007

Maximum fuel prices increase

Effective 12:01 a.m. Thursday, February 15, 2007, the Public Utilities Board, through its Petroleum Pricing Office, will make its biweekly adjustment to maximum fuel prices in Newfoundland and Labrador (NL), except in areas where prices are currently frozen.

All refined fuel products will see increases at this time, including:

- all types of gasoline by 5.1 cents per litre (cpl), putting maximum pump prices at the dollar mark in the base zone, Zone 1 (Avalon), for the first time since early January.
- ultra low sulphur diesel in Newfoundland by 0.5/0.6 cpl (depending on the rounding effect of the HST in a particular zone), and low sulphur diesel in Labrador by 0.6 cpl;
- No. 2 blend furnace oil by 2.62 cpl and stove oil by 4.85 cpl; and,
- residential propane used for home heating purposes by 3.5 cpl.

The commodity markets are again experiencing considerable instability contributing to substantial upward price pressure on all fuels. While diesel prices succumbed to this pressure last Thursday through the use of the Board's interruption formula, the remaining products are now subject to a comparable increase with today's regular biweekly adjustment.

While the commodity markets saw some minor declines over this latest pricing period (Jan. 31 to Feb. 6) due to certain positive global conditions, by far the overwhelming impact particularly for heating fuels has been the weather, where regions of North America are battling frigid temperatures and record snowfalls. Despite distillate fuel supplies (furnace/stove oil and diesel) being above the average range for this time of year, inventory reports have shown decreases especially over the last couple of weeks due to increased consumption. Analysts are still trying to determine if the demand for the remainder of winter will be met. In the meantime, gasoline inventories are well above average, but they have also been struck by persistent and unseasonable higher demand.

Barring any unforeseen global events, whether this recent upward pressure on commodity market pricing will continue in the coming weeks will depend on how inventories will be affected by weather conditions in North America as it moves into spring. Market prices may also be impacted by whether or not the unseasonable demands now being experienced for gasoline are sustained heading into the peak driving period.

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