

MEDIA RELEASE

Thursday, June 21, 2007

Maximum gasoline prices drop; heating fuels up slightly

The Public Utilities Board, through its Petroleum Pricing Office, will set the maximum prices of regulated fuels in Newfoundland and Labrador (NL) as per its scheduled biweekly adjustment, except in regions where a price freeze remains in effect.

Effective 12:01 a.m. Thursday, June 21, 2007, maximum fuel prices will move as follows:

- all types of gasoline will be lowered by 2.5/2.6 cents per litre (cpl), depending on the HST rounding impact in a particular pricing zone;
- automotive diesels: ultra low sulphur diesel in Newfoundland will decrease 0.3 cpl, while low sulphur diesel will increase 0.5 cpl;
- furnace and stove oil will increase slightly by 0.81 cpl; and,
- residential propane used for home heating purposes will move downward by 1.5 cpl.

Gasoline prices in NL are on par with last year. Despite this, commodity markets continue to experience considerable volatility, virtually on a daily basis, and the trending of gasoline pricing throughout the summer period remains uncertain. While prices are now undergoing some declines, analysts have suggested this is no clear indication of any specific relief in the foreseeable future. The commodity markets continue to wrestle with the impact of several global events and the ability to meeting growing demand for automotive fuels in particular. Among them: threats of an oil worker strike in Nigeria, Africa's largest producer and a major U.S. supplier; below-average refinery output that has prevented a significant rebuild in gasoline supplies; Iran's assertion it (OPEC's second largest producer) will use oil as leverage against potential U.S. action in the Middle East; and, the continued strength of the Canadian dollar.

The Board uses prices for refined fuels on the New York Market Exchange (NYMEX), as published daily by Platts *US Marketscan*, when setting the maximum prices for petroleum products in NL. The one exception is residential propane where Bloomberg's *Oil Buyers Guide* is used. The Board applies this data on a current basis up to the end of trading the day before the price adjustment and applies its methodology equally, consistently and without discretion whether prices are going up or down. These non-discretionary pricing methods are consistently applied by the Board in both its biweekly regular price changes and the use of the interim weekly interrupt criteria, when necessary. Predictions involving the price of petroleum products using other available data sources or incomplete information for the entire pricing period used by the Board may produce different results.

PRICE FREEZE

The annual price freeze for Zones 11a (Coastal Labrador South – Tanker Supplied), 11b (Coastal Labrador South – Drum Delivery) and 14 (Coastal Labrador North) will remain in effect until further notice. Ice conditions in these regions have hindered the complete replenishing of fuel

supplies at this time, and as a result, the Board will determine the date of the freeze lift upon an ongoing review of the situation in consultation with local stakeholders.

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