

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

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## **MEDIA RELEASE**

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*Thursday, July 5, 2007*

### **PRICE FREEZE LIFTED IN ZONES 11A/B**

### **All fuel prices increase**

The Public Utilities Board, through its Petroleum Pricing Office, will establish the maximum prices for all fuels under regulation in Newfoundland and Labrador (NL) as per its scheduled biweekly adjustment effective 12:01 a.m. Thursday, July 5, 2007, except in Zone 14 (Coastal Labrador North) where a price freeze remains in effect.

All fuel products will see increases to their prices at this time, including:

- all types of gasoline by 1.1/1.2 cents per litre (cpl) – depending on the HST rounding impact;
- ultra low sulphur diesel in Newfoundland and low sulphur diesel in Labrador by 2.2/2.3 cpl;
- furnace and stove oil by 1.92 cpl; and,
- residential propane used for home heating purposes by 0.4 cpl.

This pricing period (June 20-July 3, 2007) has seen prices remain high with fluctuations on the commodity markets having diminished somewhat. Helping to shield consumers from the upward movement of these prices has been the strength of the Canadian dollar.

Gasoline prices are being influenced by higher fuel consumption normally experienced during the summer driving season. Also, refinery production continues to lag contributing to U.S. gasoline inventories being well below seasonal norms. Not only have gasoline prices remained high throughout North America, but similar rising demand for diesel fuel has affected prices for its sister distillate products furnace/stove oil. In addition, global tensions and activities in major oil-producing regions continue to support concerns over possible disruption in world oil supplies.

### **LABRADOR PRICE FREEZE**

Also effective July 5, 2007, the Board announces the removal of the price freeze in Zones 11a (Coastal Labrador South – Tanker Supplied) and 11b (Coastal Labrador South – Drum Delivery). This decision was taken following consultation with local suppliers and the improvement in ice conditions allowing a dependable supply of petroleum products to be restored to these zones.

The maximum allowable price for gasoline in these regions will increase by 19.9 cpl, while low sulphur diesel will move upward by 8.9 cpl and stove oil by 8.13 cpl. These increases are similar to those already experienced in Zone 11, where the freeze was lifted June 7. New fuel products have to be purchased by the supplier at higher market prices than those in effect at the time of the price freeze last November; therefore, these higher costs are reflected in the increased maximum allowable prices now that the price freeze is lifted.

The price freeze in Zone 14 (Coastal Labrador North) will remain in effect until fuel supply shipments can resume satisfactorily in these regions.

### **BACKGROUNDER**

Policy on the price freeze was developed in consultation with local stakeholders, and specifically affects Zones 11 (Labrador South – Lodge Bay/Cartwright) - formerly known as Zone 10a, 11a (Coastal Labrador South – Tanker Supplied), 11b (Coastal Labrador South – Drum Delivery) and 14 (Coastal Labrador North).

The freeze is primarily based on the difficulties encountered in supplying fuels to Labrador throughout the winter months when problems with shipping and road access disrupt the supply network. It is the Board's policy to consult with local suppliers to determine the level of fuel inventories available, the necessity to restore the supply network, and the possibility that access can be achieved via road or water in order to establish an appropriate time to lift the price freeze. Over the past two years the price freeze has been lifted during the first week in June for supplies dependent on road access and sometime later for those relying on the resumption of the shipping season.

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