

MEDIA RELEASE

Thursday, October 11, 2007

Strong dollar, quiet market lead to lower maximum fuel prices

Effective 12:01 a.m. Thursday, October 11, 2007, the Public Utilities Board, through its Petroleum Pricing Office, will establish the new maximum fuel prices as per its scheduled biweekly adjustment throughout Newfoundland and Labrador (NL).

The following represents the resulting change for the maximum prices of each fuel product:

- all types of gasoline will be reduced by 3.0/3.1 cents per litre (cpl), depending on the HST rounding impact for a particular pricing zone;
- ultra low sulphur diesel will be lowered by 2.3/2.2 cpl;
- furnace/stove oil will decrease 2.14 cpl; and,
- residential propane used for home heating purposes will increase 1.0 cpl.

From Sept. 26-Oct. 9, 2007, which represents the data used for this pricing period, the commodity market prices for refined products performed well against the soaring price of crude oil. The recent rally of the Canadian dollar has also benefited Canadian consumers since these products are priced in U.S. dollars. The strong position of our dollar relative to U.S. currency means that the prices of petroleum products in this country are not subject to the same fluctuations as are being experienced elsewhere.

Declining demand for gasoline after the end of the peak driving season is gradually being replaced by the anticipated higher demand for heating fuel. Factors which may affect future gasoline prices include the forecasted U.S. economic slowdown and the closure of many refining facilities for pre-winter repairs and upgrades. The risk of interference from hurricanes and other storm systems disrupting supplies is decreasing and the future performance of heating fuel products will primarily be tied to the severity of winter temperatures in months to come. Propane inventories are well below the average range for this time of year contributing to a slight price increase in this product.

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