

## MEDIA RELEASE

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*Thursday, October 25, 2007*

### **Maximum fuel prices increase**

The Public Utilities Board, through its Petroleum Pricing Office, has set the new maximum fuel price for Newfoundland and Labrador (NL) effective 12:01 a.m. Thursday, October 25, 2007, as per its scheduled biweekly adjustment.

As a result of the average of market-pricing data from Oct. 10-23, 2007, maximum fuel prices in NL will move in the following manner:

- all types of gasoline will increase 1.5/1.6 cents per litre (cpl) – depending on the HST rounding impact in a particular pricing zone;
- ultra low sulphur automotive diesel will rise by 1.2/1.3 cpl;
- furnace/stove oil will move upward by 1.40 cpl; and,
- residential propane will increase 2.1 cpl.

While crude oil prices continue to fluctuate at record levels, the commodity prices for refined fuels used by the Board to set maximum prices for petroleum products in NL have not been affected to the same degree. The strength of the Canadian versus the U.S. dollar is one component of the regulated pricing formula that is currently working to the benefit of consumers although other influences on the commodity markets have served to increase prices for petroleum products overall.

Market demand/supply remain one of the central influences with many analysts indicating that gasoline inventories are currently at the lower end of the average range for this time of year. Distillates (automotive diesel and furnace/stove oil) are currently in the upper end of the average range tempered by growing apprehension that inventories will be hard-pressed to meet peak heating demands throughout the coming winter months. Other international events impacting market prices for petroleum products include a slowdown in global economic growth, particularly in the U.S., as well as instability in the Middle East, specifically the resignation of Iran's chief nuclear negotiator and escalating tensions between Turkey and Iraq, which may lead to fuel supply disruptions.

Fuel prices in this province so far this year were highest in April/May; however, all products are currently tracking above year-ago levels.

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