

MEDIA RELEASE

Thursday, February 28, 2008

Increases continue for most maximum fuel prices

Effective 12:01 a.m. Thursday, February 28, 2008, the Public Utilities Board, through its Petroleum Pricing Office, will set new maximum prices as per its scheduled biweekly adjustment for Newfoundland and Labrador (NL), except in regions under a price freeze.

An interruption for all maximum prices except residential propane last Thursday means current pricing movements are based on seven days' worth of market data (Feb. 20-26), instead of the usual 14. Maximum prices for all products will change as follows:

- all types of gasoline will increase by 1.7/1.8 cents per litre (cpl) – depending on the rounding impact of the HST in a particular pricing zone;
- ultra low sulphur diesel will rise by 5.1/5.2 cpl;
- No. 2 blend furnace oil will also increase by 3.47 cpl and stove oil by 3.21 cpl; and,
- residential propane will decrease by 0.1 cpl.

Current maximum diesel and heating oil prices have been pushed to all-time highs in this province, and gasoline prices remain elevated.

The behaviour on the commodity markets that led to dramatic spikes in fuel prices in NL, as well as other parts of the country, last week continued aggressively. The Board recognizes consumers' concerns as they relate to fuel prices, and assures the public that maximums are established based on solid market data. As well, prices have to reflect the reality of costs for the fuel-supply delivery network throughout this vast province.

While regulated fuel products are not priced from crude oil itself, the rally to record highs above \$100 US per barrel has seriously impacted the market behaviour for the petroleum products made from it, such as automotive and heating fuels. The weak U.S. dollar, demand growth from China and area, and political hotspots in major oil-producing regions, such as Venezuela (a major exporter to the U.S.), Iran (OPEC's – Organization of the Petroleum Exporting Countries – second largest producer) and Iraq (site of a significant portion of the world's untapped reserves) served to boost market prices. Uncertainty surrounding the U.S. economy is also impacting the outlook for demand growth and inventories.

The Board will continue to monitor and set maximum prices based on changing market conditions. The Board's pricing methodology is applied consistently whether prices are rising or falling to ensure a continuous supply of petroleum products throughout the province.

-30-

Media contact: Michelle Hicks, Communications. Tel: 1-866-489-8800 or (709) 489-8837.

E-mail: mhicks@pub.nl.ca, or visit the Board's website: www.pub.nl.ca.
