

MEDIA RELEASE

Thursday, November 5, 2009

Maximum Fuel Prices Adjusted

Implementation of seasonal furnace oil/ jet blend, and suspension of maximum price adjustments for Zones 11a and 14 in Labrador

Effective 12:01 a.m. Thursday, November 5, 2009, in accordance with the Public Utilities Board's biweekly pricing adjustment, maximum fuel prices in Newfoundland and Labrador will change as follows:

- all types of gasoline will decrease by 1.0 or 1.1 cents per litre (cpl) – depending on the HST rounding impact;
- ultra low sulphur diesel will decrease by 0.9 or 1.0 cpl – also due to HST rounding;
- No. 2 blend furnace oil will increase by 0.41 cpl;
- stove oil will decrease by 0.36 cpl; and,
- residential propane use for home heating purposes will increase by 4.1 cpl.

These maximum prices reflect the change in the average benchmark price of the products since the last pricing period. As an example, the average benchmark price for gasoline, as tracked on the New York Mercantile Exchange (NYMEX) and converted to Canadian dollars decreased over the seven-day period by 0.96 cpl, resulting in a 1.1 cpl decrease, accounting for taxation and rounding. The commodity market movements for the period were offset to some extent by a lower Canadian dollar. Since fuel on the commodity markets is priced in U.S. currency, a lower Canadian dollar means it is more expensive to purchase these products.

In addition to the regular maximum price adjustments occurring at this time, the following seasonal changes also will take place:

- implementation of the blending of furnace oil with jet fuel, and,
- suspension of maximum price adjustments for Zones 11a and 14 in Labrador for the winter months.

The increase in the price of furnace oil is the result of the annual implementation of the jet blend component to furnace oil (known as No. 2 blend). This seasonal adjustment reflects the costs associated with mixing 75 per cent jet fuel with 25 per cent furnace oil to improve this fuel's performance over the winter months.

As previously announced by the Board in a media release issued September 17, 2009, there have been changes made to the Board's policy with respect to the Labrador regions that will see their maximum price adjustments suspended for the winter. At this time, the suspension of maximum price adjustments will affect only Zones 11a (Coastal Labrador South – tanker supplied) and 14

(Coastal Labrador North), and will no longer be implemented in Zones 11 (Labrador South – Lodge Bay / Cartwright) and 11b (Coastal Labrador South - drum delivery). This action takes place each year at this time to reflect the difficulties encountered in supplying fuels to affected zones during the winter months, and remains in effect until deliveries resume to these zones in the spring of the year.

The next scheduled price change will occur Thursday, November 19, 2009.

-30-

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