

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

MEDIA RELEASE

Thursday, Jan. 4, 2007

Maximum prices decrease for all regulated fuels

The Public Utilities Board, through its Petroleum Pricing Office, will establish the new maximum prices for all fuels under regulation effective 12:01 a.m. Thursday, Jan. 4, 2007, except in areas of the province where a price freeze is in effect.

All fuels will see decreases in their maximum prices, including: all types of gasoline by 0.4/0.5 cents per litre (cpl) – depending on the HST rounding impact in a particular pricing zone; ultra low sulphur diesel in Newfoundland by 3.5/3.6 cpl; low sulphur diesel in Labrador by 3.6/3.7 cpl; No. 2 blend furnace oil by 1.95 cpl; stove oil by 2.37 cpl; and, residential propane used for home heating by 1.8 cpl.

Since maximum prices were last established Dec. 21, 2006, NYMEX (New York Mercantile Exchange) prices have trended downward due to shifting supply/demand pressures. The U.S. Energy Information Administration (EIA) reported gains in gasoline and distillate (diesel and furnace/stove oil) supplies, as refinery output was on the rise. Gasoline stockpiles are below the average range for this time of year, while distillates are near the middle.

Milder-than-average temperatures have been one of the major driving factors for the commodity markets in recent weeks, and have helped put downward pressure on some refined fuels. Though the average demand for gasoline has decreased in the short term, more motorists were expected to take to the roads over the holidays, thereby increasing demand. In the meantime, heating fuel consumption was expected to be curbed because of the overall lack of colder temperatures along the northeastern seaboard, where use is traditionally higher. This also impacted propane prices.

Geopolitical events have not played as significant role on market fuel prices in recent weeks as they have in the past, though there are several events being closely watched by analysts. Among them are Iran, OPEC's (Organization of Petroleum Exporting Countries) second largest oil producer, and its nuclear enrichment program, along with continued and escalating violence in Nigeria that most recently led to a major pipeline explosion and fire as a result of attacks that killed many people in the oil-rich Niger Delta.

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