

## **MEDIA RELEASE**

### **Petroleum Pricing Office makes early decrease to maximum furnace/stove oil prices**

Effective 12:01 a.m., Tuesday, July 26, 2005, the Public Utilities Board's Petroleum Pricing Office (PPO) will reduce the maximum prices for home heating fuels (furnace/stove oil) by 2.55 cents per litre (cpl) because the interruption formula criteria were met for these products.

David Toms, PPO director (acting), said the decrease in furnace/stove oil prices falls in line with the recent reduction made to maximum diesel fuel prices, as all these products belong to the distillate group of fuels, though their market-pricing movement can differ.

### **MARKET ANALYSIS**

Among the factors that recently affected prices on the market were:

- a reduction in fears of supply disruption after there was minimal damage from recent severe tropical weather in the Gulf of Mexico, where major oil production platforms and production are located;

- a U.S. Energy Department weekly report shows inventories had decreased less than expected, yet stockpiles of U.S. crude oil, gasoline and distillates are at or above their five-year seasonal averages;

- International Energy Agency (IEA), the Paris-based advisor on energy to 26 industrialized nations, cut its forecast for global demand growth this year because of slower-than-anticipated growth in the U.S. and China; and,

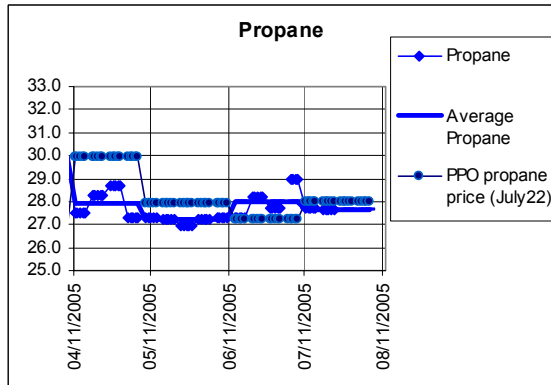
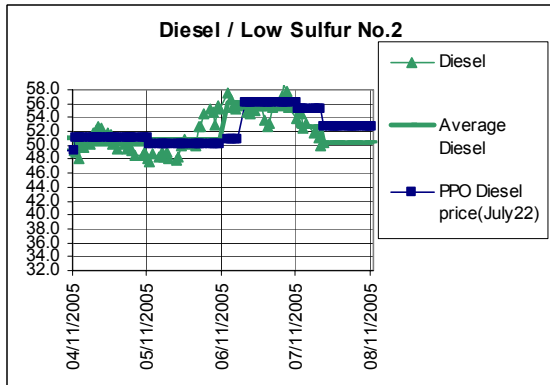
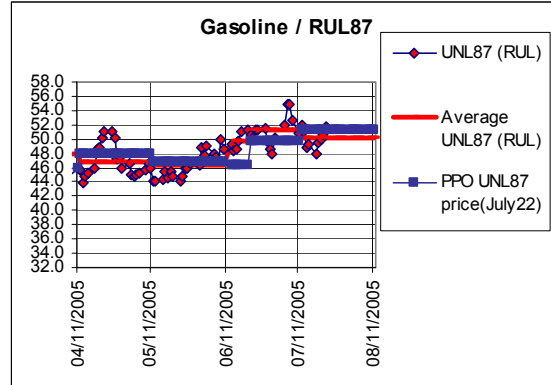
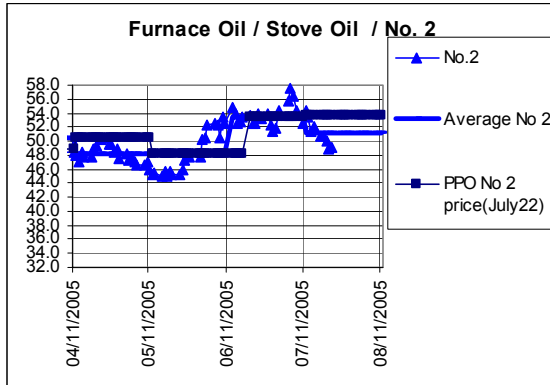
- OPEC (the Organization for Petroleum Exporting Countries) is pumping at near capacity to assist in rebuilding inventories to meet demand later this year, though the group recently predicted global oil demand will grow more slowly next year as high prices may deter consumption.

### **BACKGROUNDER**

PPO benchmarks are established based on the average prices of refined products in the period since the last time maximum prices were established. The PPO regularly sets maximum fuel prices on the 15<sup>th</sup> of each month.

For the interruption formula to be used on gasoline and distillate fuels, the PPO requires the average of market prices to be 3.5 cpl greater or less than the current PPO benchmark prices (except propane, which requires +/- 5.0 cpl) over five market business days. The formula is not used for five market days after new prices are set under regulation, or if it interferes with the impending price change made each month.

Illustrated in the following graphs is the market-price performance of distillate fuels, as well as other products regulated by the PPO for recent pricing periods up to July 22, 2005:



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