

MEDIA RELEASE

Stove oil prices decline

Effective 12:01 a.m. Monday, Dec. 5, 2005, the Public Utilities Board, through its Petroleum Pricing Office, will reduce the maximum allowable prices for stove oil by 2.40 cents per litre (cpl) in Newfoundland and Labrador, except in areas where a price freeze is in place.

Barring any unforeseen circumstances, the next announcement for maximum regulated fuel prices in this province will be Dec. 15, as per its usual schedule.

Reducing maximum stove oil (a premium furnace oil product) prices at this time follows the recent declines made by the Board for other fuels found in the same distillate category, including furnace oil and automotive diesel.

Lower-than-usual demand for heating fuels in areas where large amounts of these products are consumed, along with improved inventory levels as refinery production shifted from gasoline to distillates, contributed to a reduction in refined fuel prices on NYMEX (New York Mercantile Exchange) during this particular pricing period.

A gradual edging toward pre-hurricane refined fuel production levels also assured market watchers over the past week or so that there may be sufficient fuel supply availability to meet the impending expected demand associated with the northern hemisphere's winter months. The overall resultant downturn in commodity pricing was sufficient to use the Board's interruption formula for these decreases.

BACKGROUNDER

Interruption formula: Regulated fuel prices are adjusted on the 15th of each month using the average daily prices for finished petroleum products as listed on NYMEX (New York Mercantile Exchange). In the event of volatile behaviour between normal price adjustments, the interruption formula is used by the Board based on specific criteria to make upward or downward interim price changes as warranted in the marketplace.

For the interruption formula to be used on gasoline, diesel or furnace/stove oil, price fluctuations on NYMEX must exceed an average of ± 3.5 cpl over a five market business-day period. Adjustments are then made where price increases or decreases are warranted. In the case of residential propane, Bloomberg's *Oil Buyer's Guide* weekly figures must exceed a ± 5.0 cpl change over five days.