



MEDIA RELEASE

Price freeze lifted for Zone 10a (Mary's Harbour to Cartwright)

Effective 12:01 a.m. Wednesday, June 7, 2006, the Public Utilities Board, through its Petroleum Pricing Office, will remove the price freeze for Zone 10a (Mary's Harbour to Cartwright – road access), which has been in place since Nov. 15, 2005.

The maximum allowable price for all types of gasoline will increase by 16.1 cents per litre (cpl), automotive diesel by 9.4 cpl, and stove oil by 5.35 cpl. These new maximum prices are calculated based upon the current base price used in Zone 1 (Avalon), plus the associated costs to distribute the products to these areas.

In making this adjustment prior to the scheduled date of June 15, the Board is taking a proactive approach to ensure a secure fuel supply for this region. Recent discussions with stakeholders in this zone highlighted concerns that local stations would soon run out of fuel, particularly gasoline, unless supplies were replenished. This new product has to be purchased by the supplier at the higher market prices now in effect and these costs are being reflected by way of the higher regulated maximum prices currently indicated in other zones in Newfoundland and Labrador.

Although communities in Zone 10a are connected by road to Zone 10 (Labrador Straits to Red Bay), the road is impassable for a significant part of the winter. Because conditions on Route 510 between Mary's Harbour and Red Bay now permit tank wagon traffic, inventories are able to be replenished for communities in Zone 10a.

The price freeze for Zones 11 (Coastal Labrador South) and 14 (Coastal Labrador North) will remain in effect until June 15.

BACKGROUND

Policy on the price freeze was developed in November 2001 following consultations with local stakeholders, and specifically affects Zones 10a (Mary's Harbour to Cartwright – road access), 11 (Coastal Labrador South) and 14 (Coastal Labrador North).

The freeze is primarily based on the difficulties encountered in supplying fuels to Labrador given the winter conditions that affect the shipping season, as well as problems of road access. In line with standing policy, the price freeze coincides around the same time as the beginning and end of the shipping season.

In the case of Zone 10a, where road access may be available prior to the beginning of the shipping season, the Board has stated in the past that it would consult with local stakeholders to determine the appropriate end date for the price freeze.

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