MEDIA RELEASE

Thursday, Feb. 1, 2007

Maximum fuel prices see slight movement

Maximum fuel prices will see minimal movement at 12:01 a.m. Thursday, Feb. 1, 2007, when the Public Utilities Board, through its Petroleum Pricing Office, makes its biweekly pricing adjustment in Newfoundland and Labrador (NL), except in regions that have been under a price freeze since mid-November.

The following represents the resulting change for each of the refined fuels:

- all types of gasoline will increase by 0.5/0.6 cents per litre (cpl) – depending on the rounding impact of the HST for a particular pricing zone;
- automotive diesel: ultra low sulphur diesel in Newfoundland will experience either no change or a decrease of 0.1 cpl, whereas low sulphur diesel in Labrador will rise by 0.2/0.3 cpl;
- No. 2 blend furnace oil will move upward by 1.40 cpl and stove oil by 1.63 cpl; and,
- residential propane used for home heating purposes will be lowered by 0.1 cpl.

This pricing period (Jan. 17-30, 2007) reflected continued volatility on the commodity markets though the average of these fluctuations resulted in little change for fuel prices in NL. Maximum gasoline prices in many of the province's zones remain under a dollar per litre.

Weather reports leading up to this time of year play a major factor in influencing refined fuel prices on the commodity markets. Despite what some people see outside their windows in NL, many refiners consider the heating season to be nearly over. Concerns about being able to meet the demand for what's left of the season have subsided, at least for the time being. The focus will soon shift from distillate production (furnace/stove oil and diesel) to gasoline in advance of the peak demand driving season. Inventories for these products continue to be relatively healthy and are above the average range for this time of year.

OPEC (Organization of Petroleum Exporting Countries) again waded into the picture when market fuel prices started dropping, stating it would follow through on production cuts Feb. 1 to prevent prices from falling farther. Other market influences include the ongoing tensions in the Middle East and Iran's commitment (OPEC's second largest producer) to continue its nuclear program. As well, a plan was announced by the U.S., the world's largest consumer of fuel, to expand the capacity of its Strategic Petroleum Reserve.

-30-

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