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

MEDIA RELEASE

Thursday, November 22, 2007

Maximum fuel prices continue to increase

Effective 12:01 a.m. Thursday, November 22, 2007, the Public Utilities Board, through its Petroleum Pricing Office, has set new maximum prices for all regulated fuels in Newfoundland and Labrador (NL), except in areas currently under a price freeze.

All maximum fuel prices will see increases at this time as follows:

- all type of gasoline by 3.0/3.1 cents per litre (cpl) – depending on the HST rounding impact in particular pricing zone;
- ultra-low sulphur diesel by 2.9 cpl;
- No. 2 blend furnace oil by 3.03 cpl, while stove oil will move upward 3.01 cpl; and,
- residential propane used for home heating purposes by 0.8 cpl**.**

Fuel prices in NL, and indeed in the Western world, continue to rise marked by sustained market volatility and prices for crude oil that, while fluctuating, remain at record levels between $89-98 US per barrel during this latest two-week price adjustment period. While the price of crude is not the determining factor in setting the maximum prices for automotive and home heating fuels in NL, its impact is being reflected tremendously in the current commodity market costs for these refined petroleum products. Also the protection afforded rising fuel prices by the higher Canadian dollar is having the reverse effect with the declining value of the loonie.

Inventory levels remain a major concern, as gasoline sits at the lower end of the average range for this time of year with supplies being further impacted by the heightened driving period during the upcoming Thanksgiving weekend in the U.S., the world's largest consumer of fuel. Distillates (furnace/stove oil and automotive diesel) are falling from their comfort zone at the top of the average range, which is not a good sign analysts say, entering the peak demand season for heating fuels. Uncertainty over future demand/supply trends for fuel products triggered by the impact of world economic growth, particularly in China, the U.S and the Middle East, continues to feed the current round of pricing volatility. Other market pressures include: refining bottlenecks and unexpected stoppages; geopolitical risks in OPEC (Organization of Petroleum Exporting Countries) and non-OPEC countries that threaten supply availability; and, a flagging U.S. dollar versus the euro.

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