

1 Q. Please report on PIRA's accuracy over the past 10 years in its oil price forecasts in
2 relation to the Rate Stabilization Plan's operation.

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5 A. NL Hydro has relied on PIRA's oil price forecasts for preparing residual fuel price
6 forecasts for the Rate Stabilization Plan's operation since 2004. The tables below
7 report the accuracy for the price forecasts used for Newfoundland Power since the
8 introduction of the fuel rider in 2004.

Monthly Price Forecast						
RSP Period		Residual Fuel Price Forecast		Actual Fuel Price		Difference
		(US\$/bbl)		(US\$/bbl)		(US\$/bbl)
Jul-04 to Dec-04		22.94		25.73		-2.79
Jul-05 to Dec-05		34.96		42.11		-7.15
Jul-06 to Dec-06		47.78		43.23		4.54
Jul-07 to Dec-07		46.01		62.48		-16.47
Jul-08 to Dec-08		75.83		70.23		5.60
Jul-09 to Dec-09		54.76		67.45		-12.70
Jul-10 to Dec-10		83.38		76.21		7.18
Jul-11 to Dec-11		111.75		104.99		6.76
Annual Price Forecast						
RSP Period		Residual Fuel Price Forecast		Actual Fuel Price		Difference
		(US\$/bbl)		(US\$/bbl)		(US\$/bbl)
Jan-05 to Jun-05		22.95		36.90		-13.95
Jan-06 to Jun-06		26.05		45.33		-19.28
Jan-07 to Jun-07		46.30		54.07		-7.77
Jan-08 to Jun-08		51.30		75.99		-24.69
Jan-09 to Jun-09		67.30		55.82		11.48
Jan-10 to Jun-10		65.80		74.38		-8.58
Jan-11 to Jun-11		81.00		103.31		-22.31

9 The impact on the CPW of variations in fuel price forecasts are analyzed as
10 sensitivities to the reference case and reported in Section 7.2 of Nalcor's
11 Submission.