1 Q. Consumer Question: Re: Fuel Price Forecasts: The MHI study explains (vol. II, p.

2   204-205) that PIRA provides four forecast scenarios (reference price, low price, high

3   price and expected price), where the expected price represents a weighted average

4   of the other three scenarios. MHI states that,

5

6   "*PIRA also estimates the discrete probability of occurrence for each of the …*

7   *scenarios. The relative probabilities assigned to each scenario can vary sharply from*

8   *one forecast to the next.* "

9

10   Note 244 refers to Exhibit 4, the NLH Thermal Fuel Oil Reference Forecast.

11

12   What are the probabilities identified by PIRA for the high and low scenarios in the

13   forecast used by Nalcor?

14

15

16 A. As indicated on page 205 MHI Report Volume 2, MHI used probabilities for low,

17   reference and high fuel oil price forecasts of 25%, 50%, and 25% respectively to

18   derive the expected fuel price. These probabilities were consistent with PIRA's

19   probability assessment for the alternative oil price projections.