

## **2. Gas Forecast for Years 1-6**

The 2004 MPR 20-year gas forecast consists of two parts. The first, for the first six years of the proxy plant PPA, relies on information from NYMEX Henry Hub forward contracts. In their comments on the 2005 MPR, the parties generally agree that using NYMEX contracts for Years 1-6 is a sound approach. Some parties also entered into the Gas Stipulation, which proposes that most aspects of the 2004 gas price methodology for Years 1-6 of the proxy plant PPA should be continued. The Gas Stipulation proposes that we adopt the terminology "transaction costs," rather than "hedging costs," for certain costs related to NYMEX contracts. It also proposes changing the 2004 method for determining which NYMEX data to use, choosing to use a 22-day, rather than 60-day, averaging period and ending the period with the short-list date of the last utility to report its short list to staff. The Gas Stipulation reflects the views of a range of parties and received no major objections.<sup>21</sup> It is a reasonable resolution of the relatively small number of issues related to the first six years of the gas price methodology and is supported by the record. We will, therefore, adopt it.

Language added to last sentence: We will, therefore, adopt it, with the modification that the 22-day averaging period will end with the close of the utilities' solicitations.