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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF MARY H. NOVAK

ON BEHALF OF

FLORIDA MUNICIPAL POWER AGENCY

DOCKET NO. 050256-EM

APRIL 13, 2005

Q. Please state your name and business address.

A. My name is Mary H. Novak. My business mailing address is 24 Hartwell Ave.
Lexington, MA 02421.

Q. By whom are you employed and in what capacity?

A. I am employed by Global Insight, Inc. as the Managing Director for the North
American Energy Services division.

Q. Please describe your responsibilities in that position.

A. As Managing Director for the North American Energy Services I am responsible
for business development and consulting engagements in the areas of energy and
environment.

Q. Please state your educational background and professional experience.

A. I received a Bachelors of Arts in both economics and finance from the Catholic
University of America. I received a Masters of Arts in economics from the
University of Maryland. During my tenure with Global Insight I have directed

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1 the North American energy forecasting groups leading both the model
2 development and preparation of forecasts. I have also led the development of
3 the energy consulting practice where I was the project manager of specific fuel
4 market analysis, asset evaluation, and competitive market assessment.

5

6 **Q. What is the purpose of your testimony in this proceeding?**

7 A. The purpose of my testimony is to discuss the fuel price forecast that Global
8 Insight performed for FMPA in September 2004.

9

10 **Q. Are you sponsoring any sections of the Treasure Coast Energy Center
11 (TCEC) Unit 1 Need for Power Application, Exhibit No. __ (FMPA-1)?**

12 A. Yes. I am sponsoring Section 5.2 of the Need for Power Application, which was
13 prepared by me or under my direct supervision.

14

15 **Q. Please briefly describe Global Insight, Inc**

16 A. Global Insight is a premier multi-fuel consulting group, specializing in oil,
17 natural gas, power, and coal markets.

18

19 **Q. Please describe the methodology used to prepare the Energy Price Forecast
20 for FMPA.**

21 A. Global Insight prepares long-term forecasts of fuel prices using its U.S. Energy
22 Modeling System. The Energy Modeling System ensures that forecasts of
23 energy demand and economic activity are mutually consistent. Global Insight's
24 Macroeconomic Model defines the economic environment in which the energy

1 markets are operating. Projections of real GDP growth, industrial production,
2 employment, income, housing, vehicle sales, etc., are provided to the Energy
3 Model from the Macroeconomic Model. Also feeding into the Energy Model
4 are present and expected future energy regulations which impact the pricing
5 and/or availability of domestic energy supplies, assumptions regarding the
6 efficiency characteristics of the energy-using capital stocks, and world oil prices.
7 With these inputs, the Energy Model determines the prices, demands, and
8 supplies of the major energy sources in the United States. Iterative solutions of
9 the Energy Modeling System assure that price forecasts are consistent with
10 expected demand pressures and supply availability.

11

12 **Q. Please describe the Energy Price Forecast Prepared for FMPA by Global**
13 **Insight, Inc.**

14 A. Based on extensive review and analysis of relevant information, Global Insight,
15 Inc. prepared energy price forecasts for the commodity prices of crude oil,
16 Henry Hub natural gas, and East Kentucky mine mouth coal. Delivered price
17 forecasts were also developed for residual fuel oil, distillate fuel oil, and East
18 Kentucky coal. All of these delivered prices were forecast for delivery in the
19 Florida market.

20

21 **Q. Please summarize the Energy Price Forecast's Results.**

22 A. The results of the Energy Price Forecast Prepared for FMPA are presented in
23 Section 5.2 of the TCEC Unit 1 Need for Power Application, Exhibit No. __
24 (FMPA-1).

1

2 **Q. Does this conclude your pre-filed testimony?**

3 A. Yes.