BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 070003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
Christopher M. Snyder
on Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. Christopher M. Snyder, 401 South Dixie Highway, West Palm Beach, FL 33401.

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

A. I am employed by Florida Public Utilities Company (FPU) as the Gas Logistics Manager.

Q. How long have you been employed by FPU?

A. Since July 1991.

Q. Have you previously testified before this Commission?

A. No, I have not previously testified before the Commission.

Q. What are the subject matters of your testimony in this proceeding?

A. My testimony will relate to three (3) specific matters: forecasts of gas sales, forecasts of the pipeline charges and the forecast of commodity costs of natural gas to be purchased by the Company.

Q. What is the projection period for this filing?

A. The projection period is January 2008 through December 2008.

Q. Please generally describe how the forecasts of gas sales were developed for the projection period.

A. Gas sales projections were based on historical factors developed by the Company's Marketing Department. These projections were compiled and sorted to determine the total projected sales to the traditional non-transportation firm and the interruptible classes of customers for the twelve-month period of Company's Purchased Gas Cost Recovery Factor filing.

Q. Please describe how the forecasts of pipeline charges and commodity costs of gas were developed for the projection period.

A. The purchases for the gas cost projection model were based on using Marketing's projection of sales to bundled and unbundled customers. Florida Gas Transmission Company's (FGT) FTS-1, FTS-2, NNTS-1 and ITS-1 effective charges (including surcharges) and fuel rates, at the time the projections were made, were used for the entire projection period. The expected cost of natural gas purchased by FPU and delivered to FGT, for transportation to the Company and for FGT's fuel use factor, during the projection period was developed using the maximum New York

Mercantile Exchange (NYMEX) natural gas futures settlement prices for the historical period of June 1992 through present. The forecasts of the commodity cost of gas also takes into account the average basis differential between the NYMEX projections and historic cash markets as well as premiums and discounts, by zone, for term gas supplies.

Q. Please describe how the forecasts of the weighted average costs of gas were developed for the projection period.

A. FPU's sales to traditional non-transportation firm and interruptible customers were allocated all of the monthly pipeline demand costs, less the cost of capacity temporarily relinquished to pool managers for the accounts of unbundled customers, and were allocated all of the relevant projected pipeline and supplier commodity costs. The sum of these costs were divided by the projected sales level to said customers resulting in the projected weighted average cost of gas for traditional non-transportation firm customers and interruptible customers and ultimately the Purchased Gas Cost Recovery Factor (PGCRF) shown on Schedule E-1. Capacity shortfalls, if any, would be satisfied with the most economic dispatch combination of acquired capacity relinquished by another FGT shipper and/or gas and capacity repackaged and delivered by another FGT capacity holder. Obviously, if other services become available and it is more economic to dispatch supplies under those services, the Company will utilize those services as part of its portfolio.

Q. Does this conclude your prepared direct testimony?

A. Yes.