

BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION TO REMOVE GSS AND EAC RATES FROM QUESTAR GAS COMPANY'S TARIFF	Docket No. 06-057-T04
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PREFILED TESTIMONY OF

Dr. Ray Terry

FOR

Beaver County School District

January 13, 2007

2 **Q. Please state your name and business address.**

3 A. My name is Dr. Ray Terry. My business address is 291 North Main Street, P.O. Box 31,
4 Beaver, UT 84713.

5 **Q. Who is your employer and what is your position?**

6 A. I am the Superintendent of the Beaver County School District.

7 **Q. How long have you held your current position?**

8 A. I started employment with the Beaver County School District on July 1, 2005.

9 **Q. Why are you providing testimony in this proceeding?**

10 A. The Beaver County School District is currently under financial stress from excessive
11 operating costs. In addition, we have one elementary school building in the district that is
12 in dire need of replacement. Currently, the District lacks the bonding capacity to facilitate
13 that replacement. Utility rates have a significant impact on both operating costs and our
14 ability to generate new assessed valuation in the District.

15 **Q. Please give example(s) of the impact of removing GSS rates from your current
16 natural gas expense?**

17 A. The district currently pays the GSS tariff. Over the past five years this tariff has ranged
18 from 118% to 143% of the GS1 rate. The specific dollar impact of this differential during
19 the 2005 and 2006 school years was \$70,355 and \$73,329 respectively. Stated another
20 way, these same dollars could be used to provide approximately two additional teachers or
21 debt service on just over \$1,000,000 in new facilities. See table below:

Questar GSS minus GS1 Rates

	2005	2006
Beaver HS	\$36,816	\$33,017
Belknap	\$8,946	\$10,303
Minersville	\$5,699	\$6,291
Milford ES	\$5,200	\$7,911
Milford HS	\$13,694	\$15,807
Total	<u><u>\$70,355</u></u>	<u><u>\$73,329</u></u>

23 **Q. In what other ways is the Beaver County School District affected by the higher**
24 **natural gas tariffs?**

25 A. As noted above, we lack the bonding capacity necessary to replace an elementary school in
26 Beaver that is functionally obsolete and too small to meet the needs of our children. This
27 school has too few bathrooms, classrooms and other facilities deemed essential by state
28 and federal standards. We currently have on site four pre-fabricated classrooms as a
29 temporary measure to accommodate the increased number of students. The only source of
30 additional bonding capacity necessary to replace this building is increased investment in
31 our county facilitated by economic development efforts. Within the past two years,
32 Beaver's higher natural gas rates have driven new industry to neighboring communities.
33 One of these industries would have brought additional assessed valuation of over
34 \$50,000,000 in addition to fifty high paying jobs. This industry would have been eligible
35 for the F1 rate in the Questar Gas Company Tariff structure. Differences between GSS
36 and F1 rates over the past five years have ranged from 137% to 190%. To the industry
37 used in this example, higher GSS rates represent over \$1 million annually. As a
38 consequence to the higher rate, they did not choose Beaver. Economic development
39 efforts in rural areas are difficult at best. The disparity in utility rates makes success for
40 small and medium sized business very difficult.

41 **Q. Does this conclude your testimony?**

42 A. Yes.

State of Utah)
 : ss.
County of Beaver)

I, Dr. Ray Terry, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.

(name)

SUBSCRIBED AND SWORN TO this ____ day of _____, 2007.

Notary Public