

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

Craig Val Davidson

FOR

Beaver Valley Hospital

January 15, 2007

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I. INTRODUCTION

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

4 A. My name is Craig Val Davidson. My business address is 1109 North 100 West, P.O. Box
5 1670, Beaver, UT.

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

7 A. I am the Administrator for the Beaver Valley Hospital and the Milford Valley Memorial
8 Hospital.

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

10 A. As you may or may not know, with each passing day it becomes more difficult for rural
11 hospitals to remain financially viable. The reasons for this are two-fold. 1) It is
12 increasingly difficult to receive fair value for services rendered from both Medicare and
13 Medicaid. A large portion of our census at the Beaver Valley Hospital as well as the
14 Milford facility is from Medicare and Medicaid patients. 2) Operating costs continue to
15 escalate. We saw an increase in natural gas rates from 2004 to 2005 of 39% due primarily
16 to commodity cost increases. We are currently on the UTIS4 interruptible rate. The
17 purpose of this proceeding is to eliminate the surcharge associated with the UTIS4 rate and
18 give us instead, the UTI4 rate. For the past three years, the UTIS4 rate has ranged from
19 124% to 183% of the UTI4 rate.

20 **Q. What is the dollar impact of paying the UTIS4 rate compared to the UTI4 rate at the
21 Beaver Valley Hospital?**

22 A. For fiscal year 2005, the difference would have been \$27,093.34. The 2006 difference
23 would have been \$25,876.81. The Milford numbers will be less than these but highly
24 significant nonetheless.

25 **Q. Why are these amounts significant?**

26 A. The current shortage of nurses throughout the country is no less a crisis here. In order to
27 keep our hospital staffed, we must offer competitive rates to nurses. The savings that

28 could be gleaned from lower utility rates would provide a welcome and significant boost
29 in our ability to meet our goal of providing high quality healthcare to our patients.

30 **Q. Where do your patients come from?**

31 A. Of course most of them come from the community of Beaver. We also receive patients
32 from the nearby towns of Minersville, Milford and Parowan. The Beaver Valley Hospital
33 also provides management for the Milford Valley Memorial Hospital that is no less
34 affected by these rates than the Beaver Facility. In addition to the towns and cities nearby,
35 we also are the first responder to accidents that occur along the I-15 corridor in this area.
36 We literally treat patients from all over the state as well as the entire country. Though our
37 hospital is located in Beaver we feel we provide important life sustaining service to
38 anyone with a need that happens to be close by.

39 **Q. What other reasons exist that have led you to the opinion of supporting the removal
40 of the GSS and EAC rates?**

41 A. Whether or not our hospital functions in the “black” is largely a function of the level of
42 business activity in the area. Our hospital is best served when industry is moving into our
43 marketing area, creating jobs and making investment. This helps us in many ways. More
44 people are living here that require healthcare services. The tax base is expanded. The
45 quality of life is expanded. I understand from visiting with our economic development
46 people that our utility rates are high enough to discourage companies from locating here
47 when they can go 50 miles away and receive the same service for a fraction of what they
48 would pay here.

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

50 A. Yes.

State of Utah)
 : ss.
County of Salt Lake)

I, _____, 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