

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Aqua Ohio, : Case No. 13-2124-WW-AIR
Inc., to Increase its Rates and Charges for its :
Waterworks Service. :

**PREFILED TESTIMONY
OF
WM. ROSS WILLIS
RATES DIVISION
UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO**

**IN SUPPORT
OF
JOINT STIPULATION AND RECOMMENDATION**

Staff Exhibit _____

July 21, 2014

1 1. Q. Please state your name and your business address.

2 A. My name is Wm. Ross Willis. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.
4

5 2. Q. By who are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO).
7

8 3. Q. What is your current position with the PUCO and what are your duties?

9 A. I am Chief of the Rates Division within the Utilities Department. My
10 duties include developing, organizing, and directing staff during rate case
11 investigations and other financial audits of public utility companies subject
12 to the jurisdiction of the PUCO. The determination of revenue require-
13 ments in connection with rate case investigations is under my purview.
14

15 4. Q. Would you briefly state your educational background?

16 A. I earned a Bachelor of Business Administration Degree that included a
17 Major in Finance and a Minor in Management from Ohio University in
18 December 1983. In November 1986, I attended the Academy of Military
19 Science and received a commission in the Air National Guard. Moreover, I
20 have attended various seminars and rate case training programs sponsored
21 by this Commission.
22

1 5. Q. Please outline your work experience.

2 A. Following graduation from Ohio University, I joined the Public Utilities
3 Commission in February 1984, in the Utilities Department as a Utility
4 Examiner. I have held several technical and managerial positions with the
5 PUCO. They include Utility Examiner, Utility Rate Analyst, Utility Audit
6 Coordinator, Utility Supervisor, Utility Administrator 1, Utility Adminis-
7 trator 2, and my current position, Chief of Rates Division.

8
9 My military career spans 27 honorable years of service with the Ohio
10 National Guard. I earned the rank of Lieutenant Colonel and I am a veteran
11 of the war in Afghanistan. I retired from the Air National Guard in March
12 2006.

13
14 I have previously testified before this Commission.

15
16 6. Q. What is the purpose of your testimony in this proceeding?

17 A. The purpose of my testimony is to support the Joint Stipulation and Recom-
18 mendation (Stipulation) and the revenue requirement schedules attached to
19 the Stipulation in this case.

20
21 7. Q. Are the results of the Stipulation reasonable?

1 A. Yes. The results are reasonable for three basic reasons: (1) the settlement
2 was a product of serious bargaining among capable, knowledgeable parties;
3 (2) the settlement, as a package, benefits ratepayers and is in the public
4 interest; and (3) the settlement does not violate any regulatory principle or
5 practice.

6
7 8. Q. Is the settlement a product of serious bargaining among capable,
8 knowledgeable parties?

9 A. Yes. The results of the settlement reflect consensus building on the part of
10 the signatories to the settlement. The signatories are represented by experi-
11 enced counsel who regularly participate in regulatory proceedings before
12 the Commission and are familiar with Commission practice and procedure.
13 The agreement is the result of good faith negotiations and serious bargain-
14 ing on the part the signatories to the Stipulation and Recommendation.

15
16 9. Q. How does the Stipulation, as a package, benefit ratepayers and is in the
17 public interest?

18 A. The signatories to the settlement have examined the case record and repre-
19 sent diverse interests. The stipulated settlement results in a just and reason-
20 able revenue requirement that benefits ratepayers by recognizing some of
21 the objections to the Staff Report of Investigation, rejecting some of the
22 objections, and where appropriate alternative approaches were considered.

1 The settlement is in the public interest because it:

- 2 • Avoids the added cost of litigation.
- 3 • Reduces the requested \$6,659,718 revenue increase or
4 an increase over current revenue of 11.76% to a
5 stipulated increase of \$3,820,000 or an increase over
6 current revenue of 6.74%.
- 7 • Mandates the Applicant may not implement rates as a
8 result of a future base rate increase for a period of two
9 years.
- 10 • The stipulated rates for each service area aids in the
11 continued movement toward a single tariff rate for all
12 jurisdictional waterworks customers not subject to
13 ordinance rates under contract.
- 14 • Implements rates as a result of this base rate case on a
15 bills rendered basis.
- 16 • Requires the Applicant to submit a depreciation study
17 in the next waterworks rate case that will establish new
18 accrual rates that encompasses all of the Applicant's
19 districts.
- 20 • Requires the Applicant to include as part of its next base
21 rate filing information demonstrating Aqua Ohio
22 engages in Project Management Institute (PMI) driven
23 budget development and oversight of Information
24 Technology (IT) projects.
- 25 • Establishes a rate of return of 7.47% based on a return
26 on equity of 9.8% and a cost of debt at 4.99%

27
28 10. Q. Does the settlement violate any regulatory principle or practice?

29 A. No. The revenue requirement schedules attached to the Stipulation are the
30 result of traditional rate setting policies, practices, and procedures followed

1 by the Staff. The recommended revenue requirement is consistent with
2 sound regulatory rate setting practices.

3
4 11. Q. Does this conclude your testimony?

5 A. Yes, it does. However, I reserve the right to submit supplemental testi-
6 mony as described herein, as new information subsequently becomes avail-
7 able or in response to positions taken by other parties.

Respectfully submitted,

Michael Dewine
Ohio Attorney General

William L. Wright
Section Chief

/s/Devin D. Parram

Devin D. Parram
Ryan P. O'Rourke
Assistant Attorneys General
Public Utilities Section
180 E. Broad Street, 6th Floor
Columbus, OH 43215
(614) 466-4396
Fax: (614) 644-8764

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Wm. Ross Willis, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 21st day of July, 2014.

/s/Devin D. Parram

Devin D. Parram

Assistant Attorney General

Parties of Record:

sam@mwncmh.com
fdarr@mwncmh.com
mprtichard@mwncmh.com
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
williams@whitt-sturtevant.com
brent@supancehoward.com
law@marionohio.org
Melissa.yost@occ.ohio.gov
Kyle.kern@occ.ohio.gov
Michael.schuler@occ.ohio.gov

Attorney Examiners:

Jay.agranoff@puc.state.oh.us
James.lynn@puc.state.oh.us

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/21/2014 5:11:28 PM

in

Case No(s). 13-2124-WW-AIR

Summary: Testimony Direct Testimony of WM Willis filed on Behalf of Staff electronically filed by Mr. Devin D Parram on behalf of PUCO Staff