

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Gas Company for an Increase in Gas) Case No. 17-1139-GA-AIR
Distribution Rates.)

In the Matter of the Application of Ohio)
Gas Company for Tariff Approval.) Case No. 17-1140-GA-ATA

In the Matter of the Application of Ohio)
Gas Company for Approval of Certain) Case No. 17-1141-GA-AAM
Accounting Authority.)

**DIRECT TESTIMONY
OF
WM. ROSS WILLIS**

On Behalf of
The Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-4213

January 29, 2018

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Attachment WRW-1

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.***

4 ***A1.*** My name is Wm. Ross Willis. My business address is 65 East State Street,
5 Columbus, Ohio 43215.

6

7 ***Q2. BY WHO ARE YOU EMPLOYED?***

8 ***A2.*** I am employed by the Office of the Ohio Consumers' Counsel (OCC).

9

10 ***Q3. WHAT IS YOUR CURRENT POSITION WITH THE OCC AND WHAT ARE***
11 ***YOUR DUTIES?***

12 ***A3.*** I am a Senior Regulatory Analyst within the Department of Analytical Services.
13 My duties include performing analysis of impacts on the utility bills of residential
14 consumers with respect to regulated utility filings before the Public Utilities
15 Commission of Ohio ("PUCO"), and PUCO-initiated investigations. I examine
16 utility financial and asset records to determine operating income, rate base, and
17 the revenue requirement, on behalf of residential consumers.

18

19 ***Q4. WOULD YOU BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND?***

20 ***A4.*** I earned a Bachelor of Business Administration Degree that included a Major in
21 Finance and a Minor in Management from Ohio University in December 1983. In
22 November 1986, I attended the Academy of Military Science and received a

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1 commission in the Air National Guard. I have also attended various seminars and
2 rate case training programs sponsored by the PUCO.

3

4 **Q5. PLEASE OUTLINE YOUR WORK EXPERIENCE.**

5 **A5.** I joined the PUCO in February 1984 as a Utility Examiner in the Utilities
6 Department. I held several technical and managerial positions with the PUCO
7 over my 30-plus year career. I retired from the PUCO on December 1, 2014. My
8 last position with the PUCO was Chief, Rates Division within the Rates and
9 Analysis Department. In that position, my duties included developing,
10 organizing, and directing PUCO Staff (“Staff”) during rate case investigations and
11 other financial audits of public utility companies subject to its jurisdiction. The
12 determination of revenue requirements in connection with rate case investigations
13 was under my purview. I joined the OCC in October 2015.

14

15 My military career spanned 27 years of honorable service with the Ohio National
16 Guard. I earned the rank of Lieutenant Colonel and I am a veteran of the war in
17 Afghanistan. I retired from the Air National Guard in March 2006.

18

19 **Q6. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUCO?**

20 **A6.** Yes, this testimony includes Attachment WRW-1 that lists the cases in which I
21 previously presented testimony before the PUCO.

22

1 **II. PURPOSE OF TESTIMONY**

2

3 ***Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

4 **A7.** On January 26, 2018, Ohio Gas Company (“Ohio Gas” or “Company”) filed a
5 Joint Stipulation and Recommendation (“Settlement) to resolve and reconcile
6 among the various parties certain matters affecting consumers and the Company
7 in the above-mentioned cases. My testimony will evaluate and make
8 recommendations regarding the Settlement under the PUCO's three-pronged test
9 for settlements.

10 .

11 ***Q8. WHAT ARE THE PUCO'S STANDARDS OF REVIEW FOR EVALUATING***
12 ***PROPOSED SETTLEMENTS?***

13 **A8.** The PUCO uses these criteria for evaluating the reasonableness of a proposed
14 settlement:

- 15 1. Is the settlement a product of serious bargaining among
16 capable, knowledgeable parties? In this regard, the PUCO
17 sometimes considers whether the signatory parties to the
18 settlement represent a diversity of interests.¹

¹ *See, e.g.*, In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger Is Approved, as a Merged Company (collectively, AEP Ohio) for an Increase in Electric Distribution Rates, Case No. 11-351-EL-AIR, et al., Opinion and Order (December 14, 2011) at 9; In re Application of the Dayton Power & Light Co. for Approval to Modify its Competitive Bid True-up Rider, Case No. 14-563-EL-RDR (Sep. 9, 2015); In re Application of the Columbus S. Power Co. & Ohio Power Co. for Authority to Recover Costs Associated with the Ultimate Construction and Operation of an Integrated Gasification Combined Cycle Electric Generation Facility, Case No. 05-376- EL-UNC (Feb. 11, 2015).

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- 1 2. Does the settlement, as a package, benefit customers and
2 the public interest?
3 3. Does the settlement package violate any important
4 regulatory principle or practice?²
5

6 ***Q9. PLEASE SUMMARIZE YOUR OPINIONS REGARDING THE***
7 ***SETTLEMENT.***

8 ***A9.*** I recommend that the PUCO adopt the Settlement as filed. The Settlement meets
9 the PUCO's three-pronged test for approval. Specifically, it is the product of
10 serious bargaining among parties. Significantly, the parties' diversity of interests
11 includes the 43,957 residential consumers represented by OCC. The Settlement
12 as a package benefits customers and the public interest. And the package does not
13 violate important regulatory principles and practices.
14

15 **III. EVALUATION OF THE PROPOSED SETTLEMENT**
16

17 ***Q10. WHO ARE THE SIGNATORY PARTIES TO THE SETTLEMENT?***

18 ***A10.*** The Signatory Parties are the Ohio Consumers' Counsel, the PUCO Staff and
19 Ohio Gas. At the time the Settlement was filed these were the only parties to the
20 case.

² *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St 3d 123, 125(1992), citing *Akron v. Pub. Util. Comm.*, 55 Ohio St. 2d 155, 157 (1978).

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1 ***Q11. DOES THE SETTLEMENT MEET THE FIRST PRONG OF THE PUCO'S***
2 ***STANDARD?***

3 ***A11.*** Yes, the Settlement meets the first prong of the test. The Settlement is the product
4 of a process where all parties were represented by experienced counsel that have
5 participated in numerous regulatory proceedings before the PUCO. There were
6 extensive negotiations among the parties and the Stipulation represents a
7 comprehensive compromise of the issues raised by parties with diverse interests.
8 In addition, there is no party contesting this Settlement. We appreciate the
9 Company's engagement in meaningful negotiations with OCC, the residential
10 consumer advocate.

11

12 ***Q12. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT OHIO GAS'***
13 ***CUSTOMERS AND THE PUBLIC INTEREST?***

14 ***A12.*** Yes, the Settlement provides immediate benefits to the customers of Ohio Gas.
15 Settlement of this case reduces for consumers the Company's requested
16 \$3,237,345 revenue increase to a stipulated increase of \$2,419,587. The Company
17 has not filed to increase the rates consumers pay for its distribution service since
18 1984.

19

20 In addition and as a result of the Settlement, Ohio Gas customers will likely
21 become the first utility customers in Ohio to receive the benefit of an offset to
22 their utility rates to reflect the recent decrease in the federal corporate income tax

1 rate. OCC had sought this consumer protection in the filing of our December
2 objections in this proceeding.³ This provision results in a savings of over
3 \$600,000 per year for customers or around \$1.00 per customer per month. This
4 result is consistent with our intention that utility consumers throughout Ohio
5 receive the benefit, in their utility bills, of the federal corporate income tax
6 reduction.

7

8 ***Q13. WHAT IS THE SETTLEMENT'S IMPACT ON RESIDENTIAL***

9 ***CUSTOMERS' BILLS?***

10 ***A13.*** Residential customers will see a monthly increase of \$4.08. This increase will
11 appear in the fixed customer charge on the bill, which means the increase will be
12 the same for every customer regardless of their usage. In the past, the OCC has
13 opposed this pricing approach, known as a straight fixed variable ("SFV" or "fixed
14 charge") rate design, and OCC has favored pricing based on a customer's actual
15 usage. That past position remains OCC's position to this day. However, given
16 our experience with adverse rulings at the PUCO and in past appeals and given
17 the benefits of the Settlement with the sharing of the Company's tax savings with
18 customers, the OCC will not contest the fixed charge rate design in this

³ See OCC Objections to the Staff Report at 5 (December 22, 2017).

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1 proceeding. The OCC's position on SFV (fixed charges) in this proceeding
2 should not be considered precedent for any future case and should not be
3 construed to limit any future consumer advocacy on these issues by the OCC.

4

5 ***Q14. DOES THE SETTLEMENT VIOLATE ANY IMPORTANT REGULATORY***
6 ***PRINCIPLES OR PRACTICES?***

7 ***A14.*** No. The Settlement does not violate any important regulatory principles and
8 practices. In this regard, the Settlement appropriately uses for the protection of
9 consumers an offset of the utility Company's rates with the lower taxes it pays as
10 a result of the federal corporate tax reduction.

11

12 **IV. CONCLUSION**

13

14 ***Q15. DOES THIS CONCLUDE YOUR TESTIMONY?***

15 ***A15.*** Yes. However, I reserve the right to submit supplemental testimony as new
16 information becomes available or in response to positions taken by other parties.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Direct Testimony of Wm. Ross Willis* on behalf of the *Office of the Ohio Consumers' Counsel* has been served upon those persons listed below via electronic service this 29th day of January 2018.

/s/ Kevin Moore
Kevin Moore
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Wm. Ross Willis

Testimony before The Public Utilities Commission of Ohio

Aqua Ohio, Inc. - Case No. 16-907-WW-AIR

Globe Metallurgical, Inc. - Case No. 16-737-EL-AEC

Ohio Power Company - Case No. 13-2385-EL-SSO

Aqua Ohio, Inc. - Case No. 13-2124-WW-AIR

Camplands Water LLC. - Case No. 13-1690-WW-AIR

Duke Energy Ohio, Inc. - Case No. 12-1685-GA-AIR

Duke Energy Ohio, Inc. - Case No. 12-1682-EL-AIR

Ohio American Water Company - Case No. 11-4161-WS-AIR

Water and Sewer LLC. - Case No. 11-4509-ST-AIR

Aqua Ohio, Inc. - Case No. 09-1044-WW-AIR

Duke Energy Ohio, Inc. - Case No. 08-709-EL-AIR

Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company - Case No. 07-551-EL-AIR

Northeast Ohio Natural Gas Corp. - Case No. 03-2170-GA-AIR

Water and Sewer LLC. - Case No. 03-318-WS-AIR

Southeast Natural Gas Company - Case No. 01-140-GA-AEM

Masury Water Company - Case No. 00-713-WW-AIR

Akron Thermal, Limited Partnership - Case No. 00-2260-HT-AEM

GTE North Inc., - Case No. 87-1307-TP-AIR

The Cleveland Electric Illuminating Company - Case No. 85-675-EL-AIR

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Summary: Testimony Direct Testimony of Wm. Ross Willis on Behalf of The Office of the Ohio Consumers' Counsel electronically filed by Ms. Jamie Williams on behalf of Moore, Kevin F. Mr.