

**OCC EXHIBIT NO. \_\_\_\_\_**

**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, 7<sup>th</sup> Floor*  
*Columbus, Ohio 43215-4213*

**January 29, 2018**

## **TABLE OF CONTENTS**

	<b>PAGE</b>
I. INTRODUCTION .....	1
II. PURPOSE OF TESTIMONY .....	3
III. EVALUATION OF THE PROPOSED SETTLEMENT .....	4
IV. CONCLUSION.....	7

Attachment WRW-1

*Direct Testimony of Wm. Ross Willis  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case No. 17-1139-GA-AIR et al.*

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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PUCO Case No. 17-1139-GA-AIR et al.*

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

**II. PURPOSE OF TESTIMONY**

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

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

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

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

1. Is the settlement a product of serious bargaining among capable, knowledgeable parties? In this regard, the PUCO sometimes considers whether the signatory parties to the settlement represent a diversity of interests.<sup>1</sup>

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<sup>1</sup> 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).

*Direct Testimony of Wm. Ross Willis  
On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case No. 17-1139-GA-AIR et al.*

2. Does the settlement, as a package, benefit customers and the public interest?

3. Does the settlement package violate any important regulatory principle or practice?<sup>2</sup>

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

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

**III. EVALUATION OF THE PROPOSED SETTLEMENT**

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

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

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<sup>2</sup> *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).

*Direct Testimony of Wm. Ross Willis  
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PUCO Case No. 17-1139-GA-AIR et al.*

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

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*PUCO Case No. 17-1139-GA-AIR et al.*

1 rate. OCC had sought this consumer protection in the filing of our December  
2 objections in this proceeding.<sup>3</sup> 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

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



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*PUCO Case No. 17-1139-GA-AIR et al.*

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 29<sup>th</sup> day of January 2018.

/s/ Kevin Moore

Kevin Moore

Assistant Consumers' Counsel

## **SERVICE LIST**

Jodi.bair@ohioattorneygeneral.gov

Robert.eubanks@ohioattorneygeneral.gov

fdarr@mwncmh.com

mpritchard@mwncmh.com

Attorney Examiners:

Sarah.parrot@puc.state.oh.us

Patricia.schabo@puc.state.oh.us

**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.