

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the East)
Ohio Gas Company d/b/a Dominion) Case No. 18-1908-GA-UNC
Energy Ohio re: Implementation of the Tax)
Cut and Jobs Act of 2017.)

In the Matter of the Application of the East)
Ohio Gas Company d/b/a Dominion) Case No. 18-1909-GA-ATA
Energy Ohio for Approval of Tariff)
Amendments.)

In the Matter of the Application of the East)
Ohio Gas Company d/b/a Dominion) Case No. 19-1639-GA-AAM
Energy Ohio for Authority to Revise Its)
Depreciation Accrual Rates and To)
Amortize Its Reserve Imbalance.)

**DIRECT TESTIMONY
OF
WM. ROSS WILLIS
IN SUPPORT OF THE SETTLEMENT OF THESE CASES**

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

November 12, 2019

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ATTACHMENTS

WRW Attachment A

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, 7th
5 Floor, Columbus, Ohio 43215.

6

7 ***Q2. BY WHOM 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 OCC AND WHAT ARE***
11 ***YOUR DUTIES?***

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

19

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

21 ***A4.*** I earned a Bachelor of Business Administration degree that included a major in
22 finance and a minor in management from Ohio University in December 1983. In
23 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, organizing,
10 and directing the PUCO staff during rate case investigations and other financial
11 audits of public utility companies subject to the jurisdiction of the PUCO. The
12 determination of revenue requirements in connection with rate case investigations
13 was under my purview. I joined OCC in October 2015.

14

15 My military career spans 27 honorable years of 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 IN CASES BEFORE THE PUCO?**

20 **A6.** Yes, WRW Attachment A includes a list of the cases in which I have presented
21 testimony before the PUCO.

1 **II. PURPOSE OF TESTIMONY**

2

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

4 **A7.** Using the PUCO's three-pronged test for evaluating settlements, I evaluate and
5 make recommendations to the PUCO regarding the Stipulation and
6 Recommendation (“Settlement”), including whether it is in the public interest. On
7 October 31, 2019, The East Ohio Gas Company d/b/a Dominion Energy Ohio
8 (“Dominion”) filed the Settlement that the parties negotiated. The Settlement
9 resolves certain tax-related¹ and depreciation-related² matters for reducing the
10 monthly bills of Dominion’s consumers.

11

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

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

- 16 1. Is the settlement a product of serious bargaining among capable,
17 knowledgeable parties? In this regard, the PUCO sometimes

¹ Case Nos. 18-1908-GA-UNC and 18-1909-GA-ATA (“Tax Case”).

² Case No. 19-1639-GA-AAM (“Depreciation Case”).

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1 considers whether the signatory parties to the settlement represent
2 a diversity of interests.³

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

5 3. Does the settlement package violate any important regulatory
6 principle or practice?⁴

7

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

10 ***A9.*** I recommend that the PUCO adopt the Settlement as filed, which is favorable to
11 consumers. The Settlement meets the PUCO's three-pronged test for approval.
12 Specifically, it is the product of serious bargaining among parties. An important
13 contributing factor for a diversity of interests in the Settlement is the fact that
14 OCC, which represents Dominion's residential consumers, is a signatory. The
15 Settlement as a package will also benefit customers and is in the public interest.
16 And the package does not violate important regulatory principles and practices.

³ 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 (September 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 (February 11, 2015).

⁴ *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).

1 **III. EVALUATION OF THE PROPOSED SETTLEMENT**

2

3 ***Q10. WHO NEGOTIATED THE SETTLEMENT?***

4 ***A10.*** The Signatory Parties that negotiated the Settlement are the Ohio Consumers'
5 Counsel, the PUCO Staff, and Dominion.

6

7 ***Q11. DOES THE SETTLEMENT MEET THE FIRST PRONG OF THE PUCO'S***
8 ***STANDARD?***

9 ***A11.*** Yes, the Settlement meets the first prong of the test. The Settlement is the product
10 of a process where parties were represented by experienced counsel that have
11 participated in numerous regulatory proceedings before the PUCO. There were
12 extensive negotiations among OCC, the PUCO Staff and Dominion.
13 Consequently, the Settlement represents a comprehensive compromise of the
14 issues raised by parties with diverse interests. In addition, there is no party
15 contesting this Settlement. OCC appreciates the PUCO Staff and Dominion's
16 engagement in meaningful negotiations with OCC for purposes of our
17 representation of Dominion's million residential consumers.

18

19 ***Q12. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT DOMINION'S***
20 ***CUSTOMERS AND THE PUBLIC INTEREST?***

21 ***A12.*** Yes, the Settlement provides significant benefits to the customers in Dominion's
22 service area. The Settlement provides for credits to customers' bills of
23 approximately \$672.6 million to return to customers all components of the

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1 corporate federal income tax reductions (\$648.1 million) identified in Case No.
2 18-1908-GA-UNC, and the over-accrual (\$24.5 million) of the depreciation
3 reserve identified in Case No. 19-1639-GA-AAM.

4
5 The Settlement guarantees that customers will receive all applicable reductions to
6 their bills as a result of the Tax Cuts and Jobs Act of 2017 (“federal tax cuts”).

7 While some of the time periods for the reductions are long (up to 38 years),
8 certain of those time periods are controlled by federal law. The Settlement
9 provides considerable benefits to residential and other customers in the form of
10 lower natural gas utility bills. The Settlement is consistent with OCC’s intention
11 that utility consumers throughout Ohio receive the benefit of the utility’s savings
12 from the reduction of the federal corporate income tax. Further, the Settlement
13 guarantees that consumers will get the benefit of Dominion returning its over-
14 accrued depreciation reserve over six years.

15
16 An additional benefit of the Settlement is that Dominion has committed to file a
17 rate case no later than October 2024. This will enable all stakeholders to
18 thoroughly analyze Dominion’s rates and costs to determine whether consumers’
19 rates are fair, just, and reasonable.

1 **Q13. HAS THE BENEFIT OF THE SETTLEMENT FOR A TYPICAL**
2 **RESIDENTIAL CUSTOMER BEEN ESTMATED?**

3 **A13.** Yes. If the Settlement is adopted by the PUCO, a typical residential consumer
4 would receive a bill credit of approximately \$69.60 (approximately \$5.80 per
5 month) in the first year. Thereafter, consumer savings would range between
6 approximately \$3.15 per month (for years two through six) and \$1.55 per month
7 (for year seven and beyond).

8

9 **Q14. DOES THE SETTLEMENT VIOLATE ANY IMPORTANT REGULATORY**
10 **PRINCIPLES OR PRACTICES?**

11 **A14.** No. The Settlement does not violate any important regulatory principles or
12 practices. In this regard, the Settlement appropriately protects consumers by
13 returning to consumers all savings they are due as a result of Dominion's federal
14 tax cuts and its depreciation over-accruals that were charged to consumers.
15 Further, Dominion will return to consumers all over-accrued depreciation.

16

17 **IV. CONCLUSION**

18

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

20 **A15.** Yes. However, I reserve the right to submit supplemental testimony as new
21 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 in Support of the Settlement of these Cases* has been served upon those persons listed below via electronic service this 12th day of November 2019.

/s/ William J. Michael
William J. Michael
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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Testimony before The Public Utilities Commission of Ohio

Ohio Gas Company – Case No. 18-1903-GA-WVR

Dayton Power & Light Company – Case No. 16-395-EL-SSO, et al.

Suburban Natural Gas – Case No. 18-1205-GA-AIR

*Ohio Edison Company, The Cleveland Electric Illuminating Company
and The Toledo Edison Company - Case No. 16-481-EL-UNC, et al.*

Aqua Ohio, Inc. – Case No. 18-337-WW-SIC

Columbia Gas of Ohio, Inc. – Case No. 17-2202-GA-ALT

Ohio Power Company – Case No. 18-1007-EL-UNC

Dayton Power & Light Company – Case No. 15-1830-EL-AIR

Commission Ordered Investigation (TCJA) – Case No. 18-47-AU-COI

Ohio Gas Company – Case No. 17-1139-GA-AIR

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

Ohio American Water Company – Case No. 09-391-WS-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 in Support of the Settlement of These Cases On Behalf of The Office of The Ohio Consumers' Counsel electronically filed by Mrs. Tracy J Greene on behalf of Michael, William J.