

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren)
Energy Delivery of Ohio, Inc. for Approval) Case No. 19-29-GA-ATA
of a Tax Savings Credit Rider.)

**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*

June 18, 2020

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WRW Attachment A

*Direct Testimony of Wm. Ross Willis
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case No. 19-29-GA-ATA*

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A1. My name is Wm Ross Willis. My business address is 65 East State Street, 7th Floor,
Columbus, Ohio 43215.

Q2. BY WHOM ARE YOU EMPLOYED?

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

Q3. WHAT IS YOUR CURRENT POSITION WITH OCC AND WHAT ARE YOUR DUTIES?

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

Q4. WOULD YOU BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND?

A4. I earned a Bachelor of Business Administration degree that included a major in finance and a minor in management from Ohio University in December 1983. In November 1986, I attended the Academy of Military Science and received a commission in the Air

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1 National Guard. I have also attended various seminars and rate case training programs
2 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 Department. I
6 held several technical and managerial positions with the PUCO over my 30-plus year
7 career. I retired from the PUCO on December 1, 2014. My last position with the PUCO
8 was Chief, Rates Division within the Rates and Analysis Department. In that position, my
9 duties included developing, organizing, and directing the PUCO staff during rate case
10 investigations and other financial audits of public utility companies subject to the
11 jurisdiction of the PUCO. The determination of revenue requirements in connection with
12 rate case investigations was under my purview. I joined OCC in October 2015.

13
14 My military career spans 27 honorable years of service with the Ohio National Guard. I
15 earned the rank of Lieutenant Colonel and I am a veteran of the war in Afghanistan. I
16 retired from the Air National Guard in March 2006.

17
18 ***Q6. HAVE YOU PREVIOUSLY TESTIFIED IN CASES BEFORE THE PUCO?***

19 ***A6.*** Yes, the cases in which I have presented testimony before the PUCO are listed on WRW
20 Attachment A.

II. PURPOSE OF TESTIMONY

Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A7. The purpose of my testimony is to make recommendations to the PUCO regarding a Settlement reached by OCC, the PUCO Staff and Vectren Energy Delivery of Ohio, Inc. (“Vectren” or “Utility”). The Settlement (a “Stipulation and Recommendation”) was filed to resolve certain tax-related matters affecting Dayton-area consumers of Vectren. The Settlement, if adopted, would reduce consumers’ monthly bills for natural gas distribution service. My testimony will also address how the PUCO Staff, Vectren and OCC have carved-out for possible litigation later in 2020 one issue related to a proposal by Vectren to provide it with an incremental return on rate base outside of a base distribution rate case where such an increase would otherwise be considered.

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.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,

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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?²

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-prong test for approval. Specifically, it is the product of serious bargaining among parties. Contributing to the diversity of interests in the Settlement is the fact that OCC, which represents the Utility's residential consumers, is participating as a signatory party. The Settlement as a package will also benefit customers and is in the public interest. And, the package does not violate important regulatory principles and practices; in fact, the Settlement advances those 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 Vectren. At the time the Settlement was filed these were the only parties to the case.

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).

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 of a
4 process where all parties were represented by experienced counsel that have participated
5 in numerous regulatory proceedings before the PUCO. There were extensive negotiations
6 among the parties and consequently, the Settlement represents a comprehensive
7 compromise of issues raised by parties with diverse interests. In addition, there is no
8 party contesting this Settlement. OCC appreciates the engagement of Vectren and the
9 PUCO Staff in meaningful negotiations to finally resolve most of this case.

10
11 ***Q12. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT VECTREN'S***
12 ***CUSTOMERS AND THE PUBLIC INTEREST?***

13 ***A12.*** Yes. The Settlement will provide Vectren's consumers with the benefit of the federal
14 corporate tax cuts. Congress passed the Tax Cuts and Jobs Act of 2017 ("federal tax
15 cuts"). That law reduced the corporate income tax rate (from 35 percent to 21 percent)
16 and thereby reduced the tax payments for utilities like Vectren. Because utility customers
17 pay for their utility's taxes through rates, customers deserve lower rates as a result of the
18 federal tax cuts. The Settlement provides benefits to customers resulting from the federal
19 tax cuts.

20
21 In particular, the Settlement, if adopted, should give customers the following reductions
22 in their Vectren bills: (1) about \$74.6 million over 25 years, of which the residential

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1 customers will receive 74.85% or approximately \$189 in total credits for each residential
2 customer, (2) approximately \$25.9 million over six years, of which the residential
3 customers will receive 74.85% or approximately \$66 in total credits for each residential
4 customer, and (3) approximately \$6 million over 12 months, of which the residential
5 customers will receive 74.85% or approximately \$15 in total credits for each residential
6 customer.³

7
8 In other words, the Settlement guarantees that customers will begin receiving all
9 applicable reductions to their bills as a result of the federal tax cuts. Initially, residential
10 customers are expected to receive a monthly credit of more than \$5.50 per month for the
11 first year following the PUCO's approval of the Settlement.

12
13 In these times of the health pandemic and economic crisis, consumers need this money.
14 Vectren consumers especially need money in this area where the poverty level is above
15 32.7 % in Dayton and food insecurity is above 17% in Montgomery County.

16
17 ***Q13. ARE THERE ANY ISSUES IN THIS CASE THAT HAVE NOT BEEN RESOLVED***
18 ***THROUGH THE SETTLEMENT?***

19 ***A13.*** Yes. In its application, Vectren is asking for an “incremental return on rate base.”⁴ This
20 request would reduce customers' bill credits resulting from the federal tax cuts; that is,

³ Settlement at 3-6.

⁴ Application at 6.

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Vectren's request would prevent consumers from receiving their full bill reductions. Vectren's proposed incremental return on rate base would effectively allow Vectren to increase the rates consumers pay, outside of filing a base rate case. As part of the Settlement, parties agreed that this issue should be handled by litigation and that the litigation of this issue should be deferred until later in 2020.⁵ OCC opposes Vectren's proposal and I recommend that the PUCO defer until later this year the litigation of this one issue (as the Settlement provides). Customers should immediately begin receiving all the significant tax credit benefit provisions contained within the Settlement.

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

A14. No. The Settlement does not violate any important regulatory principles or practices. In this regard, the Settlement advances regulatory principles and practices by ensuring that consumers will receive all savings they are due as a result of the federal tax cuts, with the exception being the contested provision (Vectren's proposed incremental return on rate base). As I discussed previously, Vectren's proposal will be deferred for future litigation this year.

⁵ The Signatory Parties have discussed the possibility of foregoing live witness testimony and anticipate discussing an alternative to the standard hearing process with the administrative law judge.

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1 Consumers have been awaiting these bill reductions during what has been a long duration
2 of the settlement process. I recommend that the PUCO act promptly to approve the
3 Settlement and thereby give consumers the benefit of the federal corporate tax reductions.
4

5 **IV. CONCLUSION**

6
7 ***Q15. DOES THIS CONCLUDE YOUR TESTIMONY?***

8 ***A15.*** Yes. However, I reserve the right to submit supplemental testimony as new information
9 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 18th day of June 2020.

/s/ Christopher Healey
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

East Ohio Gas Company d/b/a Dominion Energy Ohio – Case No. 18-1908-GA-UNC, et al.

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 on Behalf of The Office of The Ohio Consumers' Counsel electronically filed by Mrs. Tracy J Greene on behalf of Healey, Christopher