

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

9

In the Matter of the Application of Columbus and	:	
Southern Power Company for Approval of its	:	
Electric Security Plan: an Amendment to its	:	Case No. 08-917-EL-SSO
Corporate separation Plan; and the Sale or	:	
Transfer of Certain Generating Assets	:	
	:	
	:	
	:	Case No. 08-918-EL-SSO
In the Matter of the Application of Ohio Power	:	
Company for Approval of its Electric Security	:	
Plan: an Amendment to its Corporate Separation	:	
Plan;	:	

PREPARED TESTIMONY

Of

IBRAHIM SOLIMAN
ELECTRICITY AND ACCOUNTING DIVISION
UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

STAFF EXHIBIT _____

PUCO

2008 NOV -7 PM 4:15

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November 7, 2008

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

2 A. My name is Ibrahim Soliman. My business address is 180 E. Broad Street,
3 Columbus, Ohio 43266-0573
4

5 2. Q. By whom are you employed?

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

8 3. Q. Would you please state your background?

9 A. I received a Bachelor of Business Administration degree from Cairo University in
10 1976 with a major in accounting. I have completed many regulatory training
11 programs. I was employed by Lewis and Michael Storage Inc. from February
12 1979 until June 1980 as a junior accountant. I began my current employment
13 with the PUCO in July 1980. I am a certified public accountant.
14

15 4. Q. What is your current position with the PUCO and what are your duties?

16 A. I am an administrator in the Electricity and Accounting Division of the Utilities
17 Department. My duties include planning of rate case investigation, supervising
18 auditors assigned to the investigation, and overseeing the preparation and
19 presentation of both text and schedules for operating income and rate base
20 sections of Staff reports of investigation. I prepare and present written and oral
21 testimony in support of Staff's position in all utility industries.
22

23 5. Q. What is the purpose of your testimony?

1 A. I am responsible of the Staff's recommendation regarding the carrying cost
2 associated with the environmental investment.

3
4 **Carrying Cost Associated with the Environmental Investment**

5
6 6. Q. What is the AEP companies' proposal for carrying cost associated with the
7 environmental investment?

8
9 A. The companies propose to increase the non-fuel portion of each Company's
10 generation rates to recover (beginning in 2009) incremental carrying costs
11 associated with additional environmental investments made between 2001 and
12 2008. The estimated revenue increases are \$26,000,000 for Columbus Southern
13 Power (CSP) and \$84,000,000 for Ohio Power Company (OPCO). These
14 incremental revenue increases are not currently reflected in rates.

15
16 In addition, the companies propose to increase the non-fuel portion of the
17 generation rates by three percent per year for 2009, 2010 and 2011 for CSP and
18 by seven percent per year for each of those years for OPCO.

19
20 7. Q. What is the Staff' recommendation regarding the AEP companies' proposal?

1 A. Staff witness Cahaan is sponsoring the calculation of the carrying cost rate, and
2 the three and seven percentage increases. I am sponsoring the principle amount of
3 environmental investment made between 2001 and 2008.
4

5 8. Q. Do the companies' existing generation rates include recovery of carrying costs
6 associated with previously made environmental investments?
7

8 A. Yes. In the last Rate Stabilization Plan (RSP), Case No. 04-169-UN-UNC, the
9 companies were authorized to increase their generation rates by three percent for
10 CSP customers and by seven percent for OPCO customers. The three and seven
11 percentage increases were to spur market competition and complement the
12 companies' investments to comply with environmental requirements. In addition,
13 generation rates can be further increased, after a Commission hearing, for
14 increased expenditures related to pooling arrangements, for complying with
15 changes in laws, rules and regulations related to environmental requirements,
16 security, taxes and any new generation-related regulatory requirements.
17

18 Accordingly, in Case No. 07-63-EL-UNC the companies were authorized to
19 implement generation cost recovery riders (GCRRs) to recover environmental
20 expenditures associated with the cost of compliance with the CAIR (Clean Air
21 Interstate Rule) and CAMR (Clean Air Mercury Rule).
22

1 Since the issuance of the Order in Case No. 07-63-EL-UNC, the companies filed
2 three more applications (Case Nos. 07-1132-EL-UNC, 07-1191-EL-UNC and 07-
3 1278-EL-UNC) to adjust GCRR riders to recover additional actual carrying costs
4 associated with additional environmental investments.

5
6 In the ESP, the companies request to increase existing generation rates only to
7 reflect the incremental carrying costs associated with additional environmental
8 investment made since the last Rate Stabilization Plan (RSP) increases.

9
10 9. Q. Are the increases in environmental charges avoidable during the ESP three year
11 period?

12
13 A. Yes. It is important to note that customers who choose another competitive
14 generation supplier can avoid AEP's increased generation rates related to
15 environmental investments.

16
17 10. Q. What is the Staff recommendation regarding the companies request to increase its
18 existing generation rates only to reflect the incremental carrying costs associated
19 with additional environmental investment made since the last Rate Stabilization
20 Plan (RSP) increases?

1 A. The Staff is recommending that the AEP companies be allowed recovery of the
2 capital carrying costs on 2001-2008 environmental investment that are not
3 presently reflected in the companies' existing rates.

4
5 The companies' compliance with the current and future environmental
6 requirements is in the public interest, and they should continue investing in
7 environmental equipment. Therefore, the Staff recommends that the AEP
8 companies also be allowed to recover carrying costs for anticipated 2009, 2010,
9 and 2011 environmental investment.

10
11 11. Q. Does this conclude your testimony?

12
13 A. Yes it does.

PROOF OF SERVICE

I hereby certify that true copy of the foregoing Testimony submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 7th day of November, 2008.



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