

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

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio       )  
American Water Company to Increase Its       ) Case No. 11-4161-WS-AIR  
Rates for Water and Sewer Service.       )

**DIRECT TESTIMONY  
OF  
IBRAHIM SOLIMAN**

**On Behalf of  
The Office of the Ohio Consumers' Counsel**  
*10 West Broad Street, Suite 1800  
Columbus, Ohio 43215-3485*

**March 1, 2012**

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## **ATTACHMENT**

IS-A	Ibrahim Soliman Testimony Submitted
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**I. INTRODUCTION**

***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

***A1.*** My name is Ibrahim Soliman. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC" or "Consumers' Counsel") as a Senior Regulatory Analyst.

***Q2. WHAT IS YOUR EDUCATIONAL BACKGROUND?***

***A2.*** I earned a Bachelor of Business Administration degree from Cairo University in 1976 with a major in accounting. I have completed several regulatory training programs, including the National Association of Regulatory Utility Commissioners ("NARUC") Utility Rate School and the NARUC Regulatory Studies Program. I am a Certified Public Accountant ("CPA"), Certified Internal Auditor ("CIA"), and Certified Management Accountant ("CMA").

***Q3. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.***

***A3.*** I joined the OCC in January 2011 as a Senior Regulatory Analyst. Prior to my employment with the OCC, I worked for the Public Utilities Commission of Ohio ("PUCO" or "Commission") from July 1980 until July 2010. During my thirty years tenure with the Staff of the Commission ("PUCO Staff"), I held several positions including: Utility Auditor, Utility Supervisor, and Utility Administrator. My current duties as an OCC Senior Regulatory Analyst include the review and analysis of utility

1 applications for rate increases. I also participate in other cases and matters in the electric,  
2 gas, and water industries  
3

4 ***Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS***  
5 ***COMMISSION?***

6 ***A4.*** Yes. During my employment as a PUCO Staff member, I submitted testimony before the  
7 Commission in several electric, gas, and water cases where some cases went to  
8 evidentiary hearing and other cases were stipulated. I also submitted testimony during  
9 my employment with OCC in the latest AEP distribution rate cases 10-351-EL-AIR and  
10 10-352-EL-AIR, as shown on Attachment IS-A.  
11

12 ***Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF YOUR***  
13 ***TESTIMONY?***

14 ***A5.*** I have reviewed the Application for an Increase in Water and Sewer Rates filed by Ohio  
15 American Water Company ("OAW"), the Standard Filing Requirements and associated  
16 workpapers, and OAW's supporting testimony. I have also reviewed the PUCO Staff's  
17 Report of Investigation ("Staff Report") and associated workpapers, and OAW's  
18 responses to PUCO data requests and OCC discovery requests.

**II. PURPOSE OF TESTIMONY**

**Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A6.** My testimony will support OCC's and the City of Marion's objection to the Staff Report related to the Federal Income Tax Expense Adjustment.

**III. FEDERAL INCOME TAXES**

**Q7. DID THE PUCO STAFF ADJUST FEDERAL INCOME TAXES TO FLOW THROUGH THE IMPACT OF ITS ADJUSTED TEST YEAR NET OPERATING INCOME?**

**A7.** Yes. On Schedule C-4, the PUCO Staff adjusted federal income taxes to reflect its adjusted test year net operating income.

**Q8. DO YOU HAVE ANY CONCERNS WITH THE PUCO STAFF'S ADJUSTMENT TO FEDERAL INCOME TAXES TO REFLECT THE PUCO STAFF'S ADJUSTED TEST YEAR NET OPERATING INCOME?**

**A8.** Yes.

**Q9. WHAT ARE YOUR CONCERNS?**

**A9.** The PUCO Staff used the incorrect amounts of unadjusted test year federal income taxes to calculate its adjustment. Specifically, the Staff Report indicates<sup>1</sup> that the following unadjusted test year amounts were used in the PUCO Staff's calculations:

*Water A        \$95,267*

*Water C        \$8,239*

*Wastewater    \$19,055*

The use of these incorrect amounts in the federal income tax expense adjustment results in a higher federal income tax liability and, therefore; higher revenue requirement increases. The PUCO Staff's use of these incorrect amounts will result in higher water and sewer bills for consumers.

**Q10. WHAT ARE THE CORRECT AMOUNTS OF UNADJUSTED TEST YEAR  
FEDERAL INCOME TAXES?**

**A10.** The correct amounts of unadjusted test year federal income taxes as shown on the Applicant's Schedule C-2 are as follows:

*Water A        \$592,493*

*Water C        \$51,242*

*Wastewater    \$118,506*

I recommend that these correct amounts are utilized in the calculation of federal income taxes adjustment. This adjustment will decrease the PUCO Staff's revenue requirement calculations which will lower the rate increases recommended by the PUCO Staff.

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<sup>1</sup> See Staff Report at 145 (Schedule C-3.6).

1    **IV.    CONCLUSION**

2  
3    ***Q11.   DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?***

4    ***A11.***    Yes. However, I reserve the right to incorporate new information that may subsequently  
5            become available. I also reserve the right to supplement my testimony in the event that  
6            the PUCO Staff fails to support the recommendations made in the Staff Report and/or  
7            changes any of its positions made in the Staff Report.

## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of *Testimony of Ibrahim Soliman on Behalf of the Office of the Ohio Consumers' Counsel* was provided to the persons listed below served via U.S. mail this 1<sup>st</sup> day of March, 2012.

/s/ Melissa R. Yost  
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**ATTACHMENT IS-A**

**Ibrahim Soliman  
Testimony Submitted**

<b>Date</b>	<b>Docket</b>	<b>Company</b>
01/30/1986	85-554-EL-AIR	Toledo Edison
11/07/1988	88-170-EL-AIR et al.	Toledo Edison, CEI
01/23/1990	89-616-EL-AIT et al.	Columbia Gas
04/23/1990	89-1001-EL-AIR	Ohio Edison
01/23/1992	91-418-EL-AIR	Columbus Southern Power
07/13/1994	93-487-TP-ALT et al.	Ohio Bell
03/20/1995	94-0578-EL-CMR et al.	CEI
01/16/1996	95-0299-EL-AIR et al.	Toledo Edison, CEI
01/30/2008	07-0551-EL-AIR et al.	FirstEnergy (Ohio Edison, CEI, Toledo Edison)
08/22/2008	07-0829-GA-AIR et al.	East Ohio Gas
11/07/2008	08-0917-EL-SSO et al.	Columbus Southern Power, Ohio Power
04/20/2009	09-0038-GA-UNC	Dominion East Ohio
10/14/2009	09-0458-GA-RDR	Dominion East Ohio
04/05/2010	09-1875-GA-UNC	Dominion East Ohio
10/24/2011	10-351-EL-AIR	Columbus Southern Power
10/24/2011	10-352-EL-AIR	Ohio Power

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Summary: Testimony Direct Testimony of Ibrahim Soliman on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Yost, Melissa R. Ms.