

IN THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application of Ohio Edison:
Company, The Cleveland :
Electric Illuminating :
Company, and The Toledo :
Edison Company for : Case No. 14-1297-EL-SSO
Authority to Provide for :
a Standard Service Offer :
Pursuant to R.C. 4928.143 :
in the Form of an Electric:
Security Plan. :

- - -

DEPOSITION

of Sarah Murley, taken before me, Karen Sue Gibson, a
Notary Public in and for the State of Ohio, at the
offices of FirstEnergy Corporation, 76 South Main
Street, Akron, Ohio, on Wednesday, January 14, 2015,
at 8 a.m.

- - -

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- - -

APPEARANCES:

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By Ms. Carrie M. Dunn
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Calfee, Halter & Griswold LLP
By Mr. N. Trevor Alexander
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On behalf of the Applicants.

Bruce E. Weston, Ohio Consumers' Counsel
By Ms. Maureen R. Grady(via speakerphone)
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Consumers of
Ohio Edison Company, The Cleveland
Electric Illuminating Company, and The
Toledo Edison Company.

Earthjustice
By Mr. Shannon Fisk
Northeast Office
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Philadelphia, Pennsylvania 19103

Earthjustice
By Mr. Michael Soules
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Washington, D.C. 20036

On behalf of the Sierra Club.

Ohio Partners for Affordable Energy
By Ms. Colleen Mooney(via speakerphone)
231 West Lima Street
Findlay, Ohio 45846

On behalf of the Ohio Partners for
Affordable Energy.

APPEARANCES: (Continued)

McNees, Wallace & Nurick LLC
By Mr. Frank Darr (via speakerphone)
21 East State Street, 17th Floor
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On behalf of the Industrial Energy Users
of Ohio.

Vorys, Sater, Seymour & Pease, LLP
By Mr. M. Howard Petricoff (via speakerphone)
52 East Gay Street
Columbus, Ohio 43215

On behalf of PJM Power Providers Group,
Electric Power Supply Association, and
Retail Energy Supply Association.

Carpenter Lipps & Leland LLP
By Ms. Rebecca Hussey (via speakerphone)
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of the Ohio Manufacturers'
Association Energy Group.

Environmental Law & Policy Center
By Ms. Madeline Fleisher (via speakerphone)
1207 Grandview Avenue, Suite 201
Columbus, Ohio 43212

On behalf of the Environmental Law &
Policy Center.

Bricker & Eckler, LLP
By Mr. Dylan Borchers
100 South Third Street
Columbus, Ohio 43215

On behalf of the Northeast Ohio Public
Energy Council.

ALSO PRESENT:

Mr. William Allen, AEP Ohio (via speakerphone).

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Wednesday Morning Session,

January 14, 2015.

- - -

(Witness sworn.)

MR. ALEXANDER: Good morning. My name is Trevor Alexander. I am one of the lawyers representing the companies in this case.

Could everyone appearing via telephone this morning please identify themselves.

MR. PETRICOFF: This is Howard Petricoff and I am here representing the Retail Energy Supply Association, the Electric Power Supply Association, and P3.

MR. DARR: Frank Darr on behalf of the Industrial Energy Users of Ohio.

MS. HUSSEY: Rebecca Hussey on behalf of Ohio Manufacturers' Association Energy Group.

MS. GRADY: Maureen Grady on behalf of the industrial customers of FirstEnergy.

MS. MOONEY: Colleen Mooney on behalf of OP&A.

MR. BORCHERS: Dylan Borchers on behalf of Northeast Ohio Public Energy Council.

MR. FISK: This is Shannon Fisk on behalf

1 of Sierra Club.

2 MR. SOULES: Michael Soules on behalf of
3 Sierra Club.

4 MS. DUNN: Carrie Dunn on behalf of the
5 Ohio Edison Company, The Cleveland Electric
6 Illuminating Company, and The Toledo Edison Company.

7 - - -

8 SARAH MURLEY
9 being by me first duly sworn, as hereinafter
10 certified, deposes and says as follows:

11 CROSS-EXAMINATION

12 By Mr. Fisk:

13 Q. Good morning, Ms. Murley.

14 A. Good morning.

15 Q. How are you today?

16 A. Good, thank you.

17 Q. Could you just please state your name for
18 the record.

19 A. Sarah Murley.

20 Q. Okay. And what is your business address?

21 A. 11209 North Tatum Boulevard, Suite 225,
22 Phoenix, Arizona 85028.

23 Q. Okay. And who is your employer?

24 A. Applied Economics LLC.

1 Q. Okay. And what is your title there?

2 A. Principal.

3 Q. Principal, okay. And have you ever been
4 deposed before?

5 A. No.

6 Q. And as a principal in Applied Economics,
7 what -- what does that job position involve?

8 A. I'm involved in marketing and managing
9 staff and oftentimes working on projects on my own.
10 I put together contracts for the projects that I am
11 working on, and I am involved in billing for those
12 projects.

13 Q. Okay, okay. And does anyone report to
14 you?

15 A. Yes. I have two employees that report to
16 me directly and two others that indirectly report to
17 me.

18 Q. Okay, okay. Great. And who do you
19 report to?

20 A. I don't report to anyone.

21 Q. Wow. Lucky. And with regards to this
22 proceeding today, did anyone at Applied Economics
23 work with you on this case?

24 A. No, just me.

1 Q. Just you, okay. Okay. And have you ever
2 filed written testimony in a Public Utilities
3 Commission proceeding before?

4 A. Other than this, no.

5 Q. Other than this, okay. And how about in
6 any court proceeding?

7 A. No.

8 Q. No, okay. And have you ever testified in
9 a hearing before?

10 A. No.

11 Q. Okay. When did you first become involved
12 in this proceeding?

13 A. In July of 2014.

14 Q. Okay. And do you recall how you became
15 involved?

16 A. I was contacted by Sharon Noewer.

17 Q. And do you know who she is?

18 A. Could you clarify that?

19 Q. Like does she -- do you know who she
20 works for or?

21 A. I know that she works under the umbrella
22 of FirstEnergy.

23 Q. Okay, okay. And what -- when she
24 contacted you, what was the communication?

1 A. She wanted me to draft the reports that
2 are in my testimony.

3 Q. Okay, okay. And did she give you any
4 instructions about those reports?

5 A. She asked me what data I would need.

6 Q. Okay. Any other instructions?

7 A. I don't recall that she gave me any other
8 specific instructions.

9 Q. Okay, okay. And have you spoken with
10 anyone else at FirstEnergy regarding this proceeding?

11 A. I have spoken with Scott Casto.

12 Q. Anyone else?

13 A. I have corresponded with Jim Burk.

14 Q. Okay. And anyone else besides that?

15 A. I have had communications with Mark
16 Hayden.

17 Q. Okay. Anyone else?

18 A. Well, Trevor but he's not FirstEnergy so.

19 Q. Anyone else besides that?

20 A. Not that I recall.

21 Q. Okay. And do you know, have you spoken
22 with anyone who is employed by Cleveland Electric
23 Illuminating?

24 A. Not that I recall.

1 Q. And how about have you spoken with anyone
2 who is employed by Ohio Edison?

3 A. Not that I recall.

4 Q. Okay. And how about Toledo Edison?

5 A. Not that I recall.

6 MR. FISK: Okay. Mark this as Exhibit 1
7 and this is labeled confidential but I am not going
8 to ask about rates so let me know if there is
9 anything else that's confidential. If we can mark
10 this as Exhibit 1.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. So you have been handed a document
13 labeled Confidential Exhibit 1; is that correct?

14 A. Correct.

15 Q. Okay. And this is the Attachment 1 to
16 the company's response to Sierra Club Set 7-RPD-109.
17 Does that appear to be correct?

18 A. Uh-huh.

19 Q. Okay. And is this a copy of the contract
20 between Applied Economics and FirstEnergy Service
21 Company --

22 A. Yes.

23 Q. Okay. Covering your work in this
24 proceeding?

1 A. Yes.

2 Q. Okay. Great. Okay. And so to your
3 knowledge, this contract is not with any of the
4 companies who are applicants in this proceeding,
5 correct?

6 A. Correct.

7 Q. Okay. And if you could look at the first
8 bullet point, it says "The original W.H. Sammis
9 impact report." Do you see that?

10 A. Uh-huh.

11 Q. And it references a June, 2014, report.

12 A. Yes.

13 Q. Is that different than the report that
14 you filed here?

15 A. The report that I filed in June, 2014,
16 was for a -- that I created, I didn't file it, that I
17 created in June, 2014, was originally completed for a
18 different purpose, and it -- some of the numbers were
19 updated prior to the version that is in my testimony.

20 Q. Okay.

21 A. Those were updated in July.

22 Q. Okay. And but did you use the 2000 --
23 June, 2014, report in creating your report that you
24 filed in this proceeding?

1 A. I updated the numbers and rewrote through
2 the report.

3 Q. Okay. Do you know if that June, 2014,
4 report has ever been produced to any of the parties
5 in this proceeding?

6 A. I don't know.

7 Q. Okay. Would you say you relied on that
8 report in creating your report in this proceeding?

9 MR. ALEXANDER: Objection. She testified
10 she updated all the numbers. Go ahead.

11 A. I updated the numbers and changed the
12 text to reflect those updated results.

13 Q. Okay. And there's also a report from
14 November, 2014, regarding Davis-Besse; is that
15 correct?

16 A. That's correct.

17 Q. And what was that report done for?

18 A. I'm sorry.

19 Q. What was that report done for?

20 A. I had previously completed that report
21 for economic development people at FirstEnergy
22 Service Company.

23 Q. Okay. And do you know what -- how that
24 report was used?

1 A. No, I don't.

2 Q. Okay. And you say these reports were
3 originally prepared at the request of another entity.
4 What entity?

5 A. The economic development department at
6 FirstEnergy Service Company.

7 Q. Okay. So the same company as your
8 contract is with, correct?

9 A. Just a different person, yes.

10 Q. Different person, okay. And so for this
11 current proceeding you say that you -- you estimate
12 that it would take you five hours to update those two
13 reports; is that correct?

14 A. Uh-huh.

15 Q. Okay. So what did you -- what did you do
16 to update them?

17 A. So I was provided with different numbers
18 by FirstEnergy that were more current and I ran those
19 through in my model and updated my table and updated
20 the testing to be consistent with those numerical
21 results.

22 Q. Okay, okay. And who provided those
23 numbers to you?

24 A. Sharon Noewer.

1 Q. Okay. And how were those provided to
2 you?

3 A. Via e-mail.

4 Q. Okay. And what numbers did she provide
5 to you?

6 A. As I included in my testimony on
7 Attachment 1 at the end of each report, so on page 11
8 of the Sammis report and page 13 of the Davis-Besse
9 report.

10 Q. Okay. So you're referring to Attachment
11 SM-1 and SM-2?

12 A. Yes.

13 Q. So all of the data on Attachment 1 for
14 Sammis came from FirstEnergy?

15 A. That's correct.

16 Q. Okay. Was there any other data that came
17 from FirstEnergy?

18 A. On the Davis-Besse I was also provided
19 with the amount of property tax that they paid in
20 2014.

21 Q. Okay.

22 MR. ALEXANDER: Just to clarify was your
23 question previously related to just Sammis and SM-1?

24 MR. FISK: Yes.

1 MR. ALEXANDER: Let's take them one at a
2 time.

3 A. No. That's all the information I was
4 provided.

5 Q. And then for Davis-Besse it's page 13 of
6 Attachment SM-2; is that right?

7 A. Yes, that's correct.

8 Q. Is there any data besides what is
9 included on Attachment 1 to SM-2 that you were
10 provided by FirstEnergy?

11 A. I was provided with an estimate of 2014
12 property taxes paid.

13 Q. Okay. Which is not included on
14 Attachment 1, correct?

15 A. Uh-huh.

16 Q. Any other data?

17 A. No.

18 Q. Okay.

19 THE WITNESS: I apologize. Could I have
20 a tissue?

21 MR. FISK: Let's go off for a second.

22 (Discussion off the record.)

23 Q. Okay. Going back for a minute to the
24 November, 2013, Davis-Besse report, do you know

1 what -- what the purpose of that report was?

2 A. No.

3 Q. Do you -- who -- who at FirstEnergy were
4 you working with on that report?

5 A. Patrick Kelly.

6 Q. Patrick Kelly, okay. And when -- it was
7 Mr. Kelly that contacted you about doing that report?

8 A. Yes.

9 Q. And he didn't say any reason why he
10 wanted that report?

11 A. He did not discuss with me what he was
12 going to do with the report. We talked about what
13 he -- you know, the nature of the report that he
14 needed.

15 Q. Okay. And what did he say the nature of
16 the report was he needed?

17 A. He needed an economic impact analysis of
18 the operation of the Davis-Besse plant.

19 Q. Okay. And how do you -- how do you
20 define an economic impact analysis?

21 A. The jobs, direct and indirect, induced
22 jobs, and income and output that are created by the
23 plant. And then we also include the state and local
24 revenue impacts.

1 Q. Okay, okay. And with regards to the
2 June, 2014, Sammis report, who at FirstEnergy
3 contacted you about that report?

4 A. Patrick Kelly.

5 Q. Patrick Kelly, okay. And did he say what
6 the purpose of that report was?

7 A. No.

8 Q. Okay. And when he contacted you, what
9 did he request in that -- with regards to that
10 report?

11 A. An economic impact report of the
12 operations of the Sammis plant.

13 Q. Okay. And do you know about how long it
14 took you to create those reports, November -- the
15 June, 2014, November, 2013, reports?

16 A. I don't recall exactly how many hours I
17 spent.

18 Q. Okay. More than five?

19 A. Yes.

20 Q. Okay. And you said that the data with
21 regards to the reports that you filed in this
22 proceeding came from Sharon Noewer; is that right?

23 A. That's correct.

24 Q. Okay. Anyone else in FirstEnergy?

1 A. Not that I directly had communication
2 with.

3 Q. Okay.

4 A. I don't know where Sharon, you know, got
5 the data.

6 Q. Okay. And did you do anything to verify
7 the accuracy of the data she provided you?

8 A. I did look at profiles of the plants that
9 are available on the FirstEnergy website and the data
10 was -- to the extent the data matched, you know, that
11 I had similar data, it was consistent with those
12 profiles.

13 Q. Okay. Anything else?

14 A. No.

15 Q. Okay. And you have not provided any
16 evaluation of the economic impacts of the OVEC
17 plants; is that correct?

18 A. I'm sorry. Could you clarify?

19 Q. The OVEC plants.

20 A. No.

21 Q. And do you know what the OVEC plants are?

22 A. No.

23 Q. Oh, okay. And so do you know, have you
24 ever heard of the Clifty Creek plant?

1 A. No.

2 Q. Okay. How about Kyger Creek?

3 A. No.

4 Q. So you're not offering any testimony
5 regarding those plants, correct?

6 A. That's correct.

7 Q. And besides issues related to the
8 economic impacts analysis of Sammis and Davis-Besse,
9 are you offering any other opinions in this
10 proceeding?

11 A. No.

12 Q. So I guess walk me through the process.
13 You received various input data from Ms. Noewer.
14 What did you do then?

15 MR. ALEXANDER: Objection, broad. Go
16 ahead, if you can.

17 A. Can you be more specific?

18 Q. Well, what's the -- what's the next step
19 in your analysis once you get the inputs from
20 Ms. Noewer?

21 A. Well, the subject geography is important
22 because the economic multipliers are specific to a
23 particular geography. And so once we determined the
24 geography, I had purchased multiplier data from

1 IMPLAN and used that to create the multipliers in the
2 economic impact model. And then I selected the
3 appropriate industry categories from the model to use
4 in this analysis. And then I created -- calculated
5 the economic impacts using the multipliers and the
6 input data.

7 Q. Anything else?

8 A. And then I estimated the revenue impacts
9 that are direct revenues that were provided to me in
10 the case of Sammis, and I estimated the indirect
11 revenues generated by employees.

12 Q. Okay.

13 A. And those were based on information about
14 tax rates and state and local tax structures that I
15 collected as part of my analysis.

16 Q. Okay. Anything else?

17 A. I prepared the tables and wrote the
18 analysis.

19 Q. Okay, okay. And did you say the
20 estimated revenue impacts that were provided to you?

21 A. The direct revenues, the property taxes
22 paid by FirstEnergy, were provided to me.

23 Q. Okay, okay. So starting at the top, the
24 geography, you -- had you determined that as part of

1 working on the June, 2014, and November, 2013,
2 reports?

3 A. Yes.

4 Q. Okay. So that didn't change in terms of
5 the new --

6 A. It did not. I confirmed with Sharon that
7 was still an appropriate geography.

8 MR. ALEXANDER: Make sure you let him
9 finish the questions.

10 Q. And the multiplier data from IMPLAN, was
11 that -- did you obtain that as part of doing the
12 June, 2014, and November, 2013, reports?

13 A. Yes. I had to obtain data to complete
14 those reports.

15 Q. Did you just use the same multiplier data
16 in the report in this proceeding?

17 A. Yes.

18 Q. Okay. And then the industry categories,
19 you determined that for the November, 2013, and June,
20 2014, reports?

21 A. Yes.

22 Q. And that just stayed the same with
23 regards to the reports in this proceeding?

24 A. Yes. There was no reason to change the

1 industry categories.

2 Q. Okay, okay. And then you said you
3 calculated the impacts --

4 A. Yes.

5 Q. -- from the spending on the plants; is
6 that right?

7 A. I calculated the impacts using the
8 multipliers and using the inputs that I had in
9 Attachment 1.

10 Q. Okay, okay. So for the November, 2013,
11 and June, 2014, reports, you used different inputs.

12 A. Yes.

13 Q. Okay. All right. And then once you were
14 finished with your analysis what did you do with the
15 results of that?

16 A. I created tables to display the results,
17 and then I wrote up the explanation and the text of
18 the report.

19 Q. Did you discuss your results with anyone
20 before you drafted your report?

21 A. No, not that I recall.

22 Q. Okay. And did you -- did you personally
23 draft the reports?

24 A. Yes, I did.

1 Q. Did you personally draft your testimony?

2 A. Yes, I did.

3 Q. Okay. And who did you send the results
4 to once you were done?

5 A. I sent the results to Trevor Alexander.

6 Q. Okay. Anyone else?

7 A. Not that I recall.

8 Q. Okay. Do you recall discussing your
9 results with anyone else?

10 A. No.

11 Q. No? Okay, okay. And if you turn to your
12 testimony page 10, lines 13 to 14, so am I correct
13 that it's your testimony that the total economic
14 impact associated with the Sammis and Davis-Besse
15 plants is \$1.06 billion a year?

16 A. Yes.

17 Q. Okay. And is that the -- what geographic
18 scope is that economic impact for?

19 A. So that is the combined impacts of those
20 plants on the local areas where they are located.

21 Q. Okay. All right. And would that also be
22 the impact on the state of Ohio as a whole?

23 A. No, not necessarily. I would estimate --
24 we did not look at the impacts of Sammis on the state

1 of Ohio, and so I would certainly expect the impact
2 on the state of Ohio to be greater than the impacts
3 on the six-county region that we looked at.

4 Q. Okay. Why would you expect those to be
5 greater?

6 A. Because the impacts measure the amount of
7 purchasing that can occur locally based on the types
8 of industries that are present in that local economy
9 and certainly there are more industries and a broader
10 spectrum of industries that are located within the
11 state of Ohio than are specifically located in the
12 six-county area where we were looking at for Sammis.

13 Q. Okay, okay. And then you testified that
14 the plants also directly and indirectly support 2,921
15 jobs?

16 A. Yes.

17 Q. And is that again in the local areas?

18 A. Yes.

19 Q. Okay. And so that number does not
20 reflect the overall impact in Ohio as a whole?

21 A. Correct, for those two plants combined,
22 yes.

23 Q. Okay. For Davis-Besse you did look at
24 the state of Ohio as a whole.

1 A. That's correct.

2 Q. And why did you not look for Sammis as
3 the state as a whole?

4 A. When we purchased that analysis, we just
5 didn't discuss needing impacts for the state as a
6 whole.

7 Q. Okay. But you did discuss it for
8 Davis-Besse?

9 A. Uh-huh, yes, that's correct.

10 Q. Okay. And the numbers, that \$1.06
11 billion and 2,921 jobs, am I correct that those
12 numbers are the combined totals of the Sammis data
13 that's provided at the top of page 6 of your
14 testimony and the Davis-Besse data that's provided at
15 the bottom of page 8?

16 A. Yes.

17 Q. Okay. So if you -- in looking at the top
18 of page 6, the -- the column that says total
19 output --

20 A. Yes.

21 Q. -- that figure and then on page 8 at the
22 bottom, the total output for the state of Ohio, if
23 you add those two together, you get the 1.06 billion?

24 A. Yes.

1 Q. Okay. So let's turn to page 6, the data
2 at the top of the page for Sammis. For direct
3 output, what -- there is a figure of \$502.32 million.
4 What does that figure represent?

5 A. Output in general represents the value of
6 production.

7 Q. Okay. And what do you mean by that?

8 A. It can be defined as wages plus the cost
9 of inputs plus profits.

10 Q. Okay. And that -- and for wages, that's
11 just wages of the people actually working in a plant,
12 correct?

13 A. Yes.

14 Q. The cost of inputs, what would be
15 included in that?

16 A. Whatever -- for the subject business
17 whatever types of supplies they have to purchase in
18 order to create their product.

19 Q. Okay. So for a coal plant like the coal
20 they burn?

21 A. That would be included.

22 Q. Okay, okay. And pollution control
23 sorbents, things like that would be included?

24 A. I don't know in detail exactly what

1 purchases are made by coal plants, by this particular
2 coal plant.

3 Q. Okay, okay. And where did you get the
4 \$502.32 million figure?

5 A. I used the IMPLAN multipliers for
6 electric utility generation in this region. Using
7 the personal income information and the multipliers,
8 I was able to estimate direct output.

9 Q. Okay. So the cost of inputs to the
10 plant, where did that -- where did those costs come
11 from?

12 A. So using the indirect multipliers, it's
13 possible to estimate indirect output and that is
14 representative of local purchases of goods and
15 services.

16 Q. Okay. So the indirect multiplier, you
17 are referring to the 1.17 figure that's on line 12 of
18 page 6?

19 A. No. That's the total output to
20 multiplier so there are separate IMPLAN multipliers
21 for direct, indirect, and induced impacts and
22 specifically direct, indirect, and induced
23 multipliers for output jobs and personal income.

24 Q. Okay.

1 A. And those are industry and geographically
2 specific, of course.

3 Q. Okay. So what -- so you have an indirect
4 multiplier.

5 A. Indirect output multiplier.

6 Q. Output multiplier. And what are you
7 multiplying that by to get the \$502.32 million
8 figure?

9 A. The 502.32 is the direct output. It's
10 not related to the indirect output multiplier.

11 Q. Okay. Well, let me take a step back
12 then. How did you calculate the 502.32 million
13 figure?

14 A. So all of the multipliers are in terms of
15 direct output, and so if you take the direct personal
16 income multiplier which is dollars of personal income
17 per dollar of output, and you divide by direct
18 personal income, the result is direct output.

19 Q. Okay. And the personal income is the
20 \$45.9 million figure?

21 A. That's correct.

22 Q. Okay. So you have a 45.9 million figure.
23 You put that into IMPLAN?

24 A. I used IMPLAN to create the multipliers

1 that I used to make this calculation.

2 Q. Okay. And then that -- and so then that
3 49 -- 45.9 million figure, there's a multiplier that
4 then gets you the 502.32 million?

5 A. Yes.

6 Q. So where, for example, does the cost of
7 the coal that's burned in the plant figure into that
8 equation?

9 A. So the IMPLAN model includes assumptions
10 about the types of supplies that are purchased by
11 electric power generation facilities and what can be
12 purchased within the specific geographic area that we
13 are looking at. And so I relied on the IMPLAN model
14 and that information about that industry and that
15 geography to estimate the indirect impacts which
16 represent supplier purchases in the local area.

17 Q. Okay. So the 502.32 million doesn't --
18 isn't based on any estimate of actual spending by the
19 plant; is that correct?

20 MR. ALEXANDER: Objection. Go ahead.

21 A. It's not specific to data about the
22 Sammis plant specific -- particularly. It is based
23 on IMPLAN estimates for that industry and that
24 geography.

1 Q. Okay, okay. And do you know how that --
2 how consistent that 502.32 million figure is with
3 actual costs for the Sammis plant?

4 A. I did not have information on actual
5 costs for the Sammis plant.

6 Q. Okay. Did you ever ask for it?

7 A. No.

8 Q. Okay. Do you think that would be
9 relevant in determining the economic impact of the
10 Sammis plant with money, actually spending?

11 A. It could be.

12 Q. And why did you not ask for it?

13 A. I relied on the IMPLAN assumptions in
14 this case.

15 Q. Okay. Is that what you typically do if
16 you are doing an economic impact analysis?

17 A. It varies depending on the type of
18 industry I am looking at and the types of results
19 that we're looking to create.

20 Q. Okay. Have you ever done an analysis of
21 the Sammis plant that relied on actual data from the
22 Sammis plant rather than --

23 A. Not for the statement --

24 MR. ALEXANDER: Objection. Actual data,

1 are you referring to something beyond the inputs she
2 identified and testified previously?

3 MR. FISK: Yeah. I am referring to she
4 just testified she didn't use actual data regarding
5 the plant. She used data derived by IMPLAN.

6 MR. ALEXANDER: She did testify she used
7 some actual data which is the inputs it provided. I
8 think what you are asking her about is the cost data
9 compared to the direct outputs.

10 MR. FISK: Yes.

11 MR. ALEXANDER: I am just trying to
12 clarify the question.

13 Q. So start over. Did you -- have you ever
14 done an analysis of the economic impacts of the
15 Sammis plant that looked at actual cost data for the
16 Sammis plant as opposed to data derived through the
17 IMPLAN model?

18 A. No.

19 Q. Okay, okay. And do you know whether any
20 of the coal used by the Sammis plant comes from
21 outside of Ohio?

22 A. I do not know exactly where the coal
23 purchases occur for the Sammis plant.

24 Q. Okay. If there were coal that would

1 come -- came from outside of Ohio, am I correct that
2 would -- that spending would not have a direct
3 benefit to the state of Ohio?

4 A. To the extent the coal was purchased from
5 outside of the state, the actual coal purchase would
6 not have a direct benefit to the state of Ohio. If
7 it was transported, for example, by a transporter
8 within the state of Ohio, that portion of the cost
9 for transporting could benefit the state of Ohio but
10 the coal purchase specifically, no.

11 Q. Okay. And do your estimates of the
12 economic impacts of the Sammis plant factor in
13 whether the Sammis plant is burning coal that's being
14 purchased outside of Ohio?

15 A. The IMPLAN model makes estimates about
16 how much and what types of purchases can occur in the
17 local area for that particular type of industry, and
18 so we relied on those assumptions.

19 Q. Okay. And do you know what those
20 assumptions are with regards to where the coal for
21 the plant comes from?

22 A. No, I did not specifically look into that
23 particular factor input.

24 Q. Okay. So you haven't adjusted your

1 numbers in any way to reflect the actual sourcing of
2 coal at the Sammis plant?

3 A. That's correct, because I didn't have
4 specific information on where the coal is sourced.

5 Q. Okay. Did you ever ask for it?

6 A. I don't recall that I did.

7 Q. Okay. And assuming you didn't, why did
8 you not ask for it?

9 A. Because I believe that the IMPLAN model
10 provides valid assumptions.

11 Q. Okay. How long have you worked with the
12 IMPLAN model?

13 A. I first began using the IMPLAN model in
14 1993.

15 Q. Okay. And have you used the IMPLAN model
16 to evaluate the economic impacts of any coal-fired
17 power plant not owned by FirstEnergy?

18 MR. ALEXANDER: Could I have that
19 question reread, please.

20 (Record read.)

21 MR. ALEXANDER: Go ahead.

22 A. Not that I recall.

23 Q. Okay. Have you ever done an economic
24 impact analysis regarding a coal plant not owned by

1 FirstEnergy?

2 A. Not that I recall.

3 Q. Okay, okay. So looking back to page 6,
4 at the top of page 6 of your testimony, you then have
5 a header that says "Indirect Supplier Impacts." Do
6 you see that?

7 A. Yes.

8 Q. Okay. And then there is an output figure
9 there of \$50.85 million.

10 A. Yes.

11 Q. And where does that figure come from?

12 A. That's based on the indirect output
13 multipliers.

14 Q. Okay. And am I correct that -- so you
15 take the personal income figure of \$15.82 million and
16 then put it into IMPLAN that has various multipliers
17 and that gets you to 50.85 million?

18 A. No.

19 Q. Okay. How do you do it?

20 A. So once you have direct output all of the
21 multipliers are in terms of direct output.

22 Q. Okay.

23 A. So there is a multiplier for indirect
24 output per dollar of direct output.

1 Q. Okay, okay. So you have your \$502.32
2 million figure. You have a multiplier that gets you
3 the 50.85 million.

4 A. Correct.

5 Q. And then the -- where does the indirect
6 jobs figure come from?

7 A. There is an indirect jobs multiplier for
8 a number of jobs per million dollars of direct
9 output.

10 Q. Okay.

11 A. The number of indirect jobs per million
12 dollars of direct output.

13 Q. Okay. And then the personal income under
14 the indirect?

15 A. So there is an indirect personal income
16 multiplier that tells -- that provides the amount of
17 personal income per dollar of indirect output.

18 Q. Okay.

19 A. I'm sorry, of direct output.

20 Q. Okay. So, once again, the \$15.82 million
21 figure is tied to the 502.32 million?

22 A. That's correct.

23 Q. Okay. And do you know what those
24 multipliers are? Like there is a specific figure

1 that you use or?

2 A. I don't have the multipliers memorized.

3 Q. Okay.

4 A. But, you know, you could divide and infer
5 them.

6 Q. So it's just direct division?

7 A. Multiplication in this case.

8 Q. Multiplication, sure. Okay. So, for
9 example, direct output of 502.32 million leading to
10 indirect output of 50.85 million, so it's
11 approximately a 1 to 10 ratio?

12 A. The multiplier would be in the range of
13 .1 something, yes.

14 Q. Okay, okay. Great. Okay. And if you
15 could turn to Attachment GM-1 -- I'm sorry, SM-1,
16 page 5.

17 A. Yes.

18 Q. Figure 2 it says "Typical Local Supplier
19 Purchases." Do you see that?

20 A. Yes.

21 Q. Okay. Those are -- are those the types
22 of economic spending that is reflected in the
23 indirect output figure?

24 A. Yes. And there are other industries.

1 That's not a comprehensive list.

2 Q. Okay, okay. Certainly. And did you
3 evaluate with regards to these types of purchases
4 what percentage of them -- what percentage of them
5 would be spending outside of Ohio?

6 A. By using multipliers for a specific
7 geography, the IMPLAN model's controls for what
8 industries are available and what purchases could be
9 made within that geography, that's the purpose of
10 using geographically specific multipliers. In this
11 case we weren't looking at Ohio. We were looking at
12 a six-county region that actually included counties
13 outside of Ohio.

14 Q. Okay. So, for example, legal services,
15 IMPLAN includes some assumption about how much legal
16 services you could get in this six-county area versus
17 elsewhere?

18 A. Yes, and how much would be needed by this
19 particular type of industry.

20 Q. Okay. And did you do anything to verify
21 whether that was -- those assumptions were consistent
22 with actual practice with regards to the Sammis
23 plant?

24 MR. ALEXANDER: Objection. An actual

1 practice? Answer if you can.

2 A. Could you clarify?

3 Q. Okay. Did you do anything to evaluate
4 whether the assumptions in the IMPLAN regarding, for
5 example, legal services are consistent with where
6 legal services for the Sammis plant are -- are
7 actually being obtained?

8 A. No. I did not have access to data on
9 where exactly legal purchases -- legal services are
10 purchased by the Sammis plant.

11 Q. Okay. Did you ever ask for that data?

12 A. I don't recall that I did.

13 Q. Okay. And why not?

14 A. I felt that it was sufficient to rely on
15 the IMPLAN model for that particular type of
16 assumption.

17 Q. Okay. And with regards to any of the
18 purchases identified in Figure 2, did you evaluate
19 whether the IMPLAN model assumptions are consistent
20 with where purchases for the Sammis plant are being
21 made in actual practice?

22 A. I did not have data on specifically what
23 types of purchases are made where by the Sammis
24 plant.

1 Q. Okay. And on Figure 2, coal is listed
2 under Figure 2 as a local indirect output, I guess;
3 is that correct?

4 A. As a typical supplier purchase of a
5 utility generation facility.

6 Q. Okay. So I guess I'm interested in I
7 believe we had discussed that coal would also be a
8 factor in the direct output figure; is that correct?

9 A. Only in the cost of all inputs are
10 reflected in the value of what's produced.

11 Q. Okay. So I guess I am just curious why
12 if there's -- if the value of -- or the cost of the
13 coal is included in the direct output, is the
14 reference to coal being included in the indirect
15 output some other factor or?

16 A. I'm sorry. I don't understand the
17 question.

18 Q. So the value of the coal is part of
19 calculating the direct output figure, correct?

20 A. It's not part of calculating it. It's
21 just that the price of your product includes the cost
22 of labor and the cost of inputs in general.

23 Q. Okay.

24 A. For any -- any operation.

1 Q. Okay. And so if one of those inputs were
2 coal, that would be reflected in the direct output
3 figure, correct?

4 A. The cost of coal would be part of the
5 overall cost of what you produce.

6 Q. Okay. And so then if I'm reading Figure
7 2 correctly, the cost -- there is some cost to coal
8 that could also be reflected in the indirect outputs;
9 is that correct?

10 A. Coal would be one of the indirect outputs
11 that's reflected.

12 Q. Okay. And is there -- so what is the
13 difference between reflecting it in the direct output
14 figure and reflecting it in the indirect output
15 figure?

16 A. The direct output includes the cost of
17 all factors that go into creating electricity.
18 Whether it was purchased locally or not, the final
19 product was produced at that plant.

20 Q. Okay.

21 A. So it's part of the value of that plant.
22 To the extent that there are local purchases made of
23 any type, those are reflected in the indirect output.

24 Q. Okay. So -- so that's not -- I guess I

1 am just wondering how that -- how that doesn't end up
2 double counting the cost of the coal purchases.

3 A. So the cost -- the way the economic
4 impacts work the cost of what Sammis produces is --
5 is reflected in the direct outputs. There are also
6 what becomes sales to other companies, suppliers, and
7 so those are -- those are a part of the value of what
8 you produce, but they are also sales to that other
9 company. This would be the case for any type of
10 operation, not just utilities. And those sales
11 support jobs and income at those other supplier
12 businesses.

13 Q. Okay, okay. That makes sense. Okay,
14 okay. And do you know of the indirect output figure
15 of 50.85 million, do you know what portion of that
16 would be purchases of coal?

17 A. No, I don't know that without looking it
18 up in the IMPLAN model.

19 Q. Okay, okay. And then going back to
20 your -- to the data at the top of page 6 of your
21 testimony, we have induced impacts; is that correct?

22 A. Yes.

23 Q. And what are those?

24 A. So --

1 MR. FISK: Did you want --

2 MR. ALEXANDER: Please. There's a
3 question pending.

4 Q. Okay. Why don't you answer that
5 question.

6 MR. ALEXANDER: Could we have the
7 question reread, please.

8 (Record read.)

9 A. Induced impacts are created by employee
10 spending so the income from the employ -- the direct
11 employees as well as the indirect employees, a
12 portion of that is respent within the local economy
13 on retail and services and other items that
14 households buy and that is what is reflected in the
15 induced impacts.

16 Q. Okay.

17 MR. ALEXANDER: Did someone join the
18 call?

19 MS. FLEISHER: Yes. This is Madeline
20 Fleisher from EPLC.

21 MR. ALEXANDER: Good morning, Madeline.
22 Go ahead.

23 Q. Okay. So the -- you have an induced
24 output for Sammis of 32.45 million; is that correct?

1 A. Yes.

2 Q. Okay. And that -- is that figure --
3 well, ask it the other way, how is that figure
4 derived?

5 A. So there is an induced output multiplier
6 so I take that times the direct output to get induced
7 output.

8 Q. Okay. And then the induced jobs, how is
9 that figure derived?

10 A. There is an induced jobs multiplier for
11 the number of jobs per million dollars of direct
12 output.

13 Q. Okay. And then they induce personal
14 impacts?

15 A. The induced personal income impacts are
16 based on an induced personal income multiplier per
17 dollars of direct output.

18 Q. Okay. I am seeing a trend. Okay. And
19 then on lines 11 to 12 of page 6, there is a
20 reference to an output multiplier of 1.17.

21 A. Yes.

22 Q. What is that figure?

23 A. So if you took total output of 585.62
24 million and derived -- divided by direct output of

1 502.32 million, you would get 1.17.

2 Q. Okay. So the 1.17 figure is a -- is not
3 an input into the model, correct?

4 A. No. I simply used that in the text as a
5 way to explain the outputs.

6 Q. Okay, okay. But the other multipliers
7 that we have been talking about that get you from the
8 direct output figure to the indirect and induced,
9 those are inputs into the model or?

10 A. Those are multipliers created by the
11 IMPLAN model using the IMPLAN data for this industry
12 in this specific geography.

13 Q. Okay, okay. And then at the bottom of
14 page 6, lines 14 to 15, it says "For every direct job
15 retained at Sammis, one additional job is supported
16 at other businesses in the region." Do you see that?

17 A. Yes.

18 Q. Okay. So is that a -- is that another
19 multiplier or?

20 A. I used the result -- I'm using that as a
21 way to explain the results that was -- that fact is
22 effectively part of the multipliers, but I was not
23 using that as an input. I was using the multipliers,
24 and after I finished the analysis, I went back and --

1 and drew that conclusion as a way to explain the
2 results.

3 Q. Okay. So that's almost like an output
4 rather than an input.

5 A. Yes.

6 Q. Okay. Great. So this approach, I guess,
7 of getting your direct output and then using
8 multipliers to come up with indirect impacts and
9 induced impacts, am I correct that's an approach
10 you've used to calculate the economic impacts of
11 other types of projects, not just a coal plant,
12 correct?

13 A. Yes. That is a standard approach for
14 calculating economic impacts.

15 Q. Okay, okay. So if the spending for the
16 Sammis plant were instead spent, you know, building a
17 car factory in Cleveland, you could do a similar
18 calculation to determine the economic impacts of
19 that.

20 A. Using different multipliers but, yes.

21 Q. Sure, okay, okay. And if you could turn
22 over to page 9 of your testimony, starting on line 8,
23 you say "The resulting output multiplier for the
24 on-going operations of the nuclear power station is

1 1.31 for Ottawa County and 1.50 for the State of
2 Ohio"?

3 A. Yes.

4 Q. And the nuclear station being
5 Davis-Besse; is that correct?

6 A. Yes.

7 Q. Okay. And those output multipliers are
8 derived from the data that you are reporting at the
9 bottom of page 8; is that right?

10 A. Yes, that's correct.

11 Q. Okay. And the data at the bottom of page
12 8, you went through a similar process that we just
13 walked through for the purposes of the Sammis data;
14 is that right?

15 A. That's correct, using different --
16 different IMPLAN data for different geography.

17 Q. Okay, okay. So the IMPLAN multipliers
18 that are used, you start with a general multiplier
19 for the electric power generation industry; is that
20 right?

21 MR. ALEXANDER: Could I have that
22 question reread, please.

23 (Record read.)

24 MR. ALEXANDER: Objection. Go ahead.

1 A. No.

2 Q. Okay. So on let's say line 4 on page 9,
3 you say "Multipliers for the electric power
4 generation industry were used to estimate direct
5 output." What are you referring there to the
6 multipliers for the industry?

7 A. So I am referring to the multipliers for
8 that industry in Ottawa County or Ohio, depending on
9 which results you are looking at, so when you use
10 IMPLAN software, you also must purchase data for a
11 specific geography and use the IMPLAN software to
12 process that data for that geography and that data
13 includes multipliers for all industries present in
14 that geography.

15 And so once you've created those
16 multipliers, then you need to select out the relevant
17 industries. But the geographic specificity is part
18 of buying the data for that specific geographic area.

19 Q. Okay. That makes sense. And who do you
20 buy the IMPLAN data from?

21 A. IMPLAN.

22 Q. Okay. IMPLAN is just a company?

23 A. Yes, it is.

24 Q. Okay. Is it -- do you know, is it a

1 government agency or is it a private company or?

2 A. It's a private company.

3 Q. Private company, okay. And the -- the
4 resulting output multipliers for Davis-Besse that are
5 identified on lines 8 to 9 of page 9 of your
6 testimony, those multipliers are higher than the ones
7 for Sammis, correct?

8 A. Correct.

9 Q. Okay. So does that mean that, you know,
10 a dollar of spending on Davis-Besse creates more
11 economic output than a dollar of spending at Sammis?

12 A. A dollar of spending on Davis-Besse
13 creates more economic output within that local
14 geography, not necessarily in general everywhere but
15 within that local geography, than a dollar of
16 spending creates within the specific geography that
17 we chose for the Sammis analysis.

18 Q. Okay, okay. But we don't know whether
19 the dollar spending on Davis-Besse creates greater
20 impacts for the state of Ohio as a whole than it
21 would for Sammis?

22 A. We don't know that because we didn't look
23 at the Ohio impacts for Sammis.

24 Q. Okay, okay. And then for lines 12

1 through 14 on page 9, you say that "for every direct
2 job retained at Davis-Besse, an additional 1.4 jobs
3 are supported at other businesses in Ottawa County,"
4 correct?

5 A. Yes.

6 Q. That figure is also higher than for
7 Sammis, correct?

8 A. I didn't use that exact measure for
9 Sammis, I don't believe.

10 Q. Lines 14 to 15 on page 6.

11 A. Okay.

12 MR. ALEXANDER: Are you referring to the
13 county-specific number or six-county number?

14 MR. FISK: I am referring to the direct
15 jobs retained at Sammis versus the direct jobs
16 referred to on lines 12 and 13 of page 9 for
17 Davis-Besse.

18 A. The -- so for every one direct job at
19 Sammis, one additional direct job is supported at
20 other businesses in the region. And for every direct
21 job at Davis-Besse, an additional 1.4 jobs are
22 supported at other businesses in Ohio -- in Ottawa
23 County; so, yes, the jobs multiplier is higher for
24 Davis-Besse within that local area.

1 Q. Okay, okay. And then the 1 point -- for
2 Davis-Besse you also referred to 1.7 jobs in
3 businesses throughout the state of Ohio, correct, for
4 every --

5 A. Correct.

6 Q. For every one job?

7 A. Uh-huh.

8 Q. And you -- you did not calculate the
9 similar number with regards to Sammis for the state
10 of Ohio as a whole, correct?

11 A. Correct.

12 Q. Okay. If you look at Attachment SM-1,
13 Figure 3, on page 6, this is -- this figure is
14 labeled "W.H. Sammis Employees by County of
15 Residence"; is that correct?

16 A. Yes.

17 Q. Okay. And doing the math here, it
18 appears about 17 percent of the employees for Sammis
19 are located in West Virginia or Pennsylvania; is that
20 correct?

21 A. Yes.

22 Q. Okay. So if you were evaluating the
23 economic impacts of Sammis for Ohio, would you reduce
24 the numbers that you had calculated by approximately

1 17 percent to reflect that those employees are
2 located out of state?

3 MR. ALEXANDER: Which numbers?

4 MR. FISK: The numbers reported on
5 page -- on the top of page 6 of your testimony.

6 MR. ALEXANDER: Objection. The numbers
7 at the top of page 6 relate to the six-county region.

8 Q. Right. And I am asking which portion of
9 those -- if you wanted to calculate just the benefits
10 to Ohio.

11 A. So Figure 3 shows where the employees
12 live --

13 Q. Right.

14 A. -- which has no relationship to where a
15 supplier's purchases are made.

16 Q. Okay.

17 A. It may or may not dictate where those
18 employees spend their income, where they shop. So,
19 no, if I were just looking at the impacts of these
20 specific counties in Ohio, the multipliers would be
21 different, but I would not expect that they would be
22 17 percent. How they would impact the indirect
23 impacts is -- depends on the specific suppliers that
24 are located in those counties which I don't know off

1 the top of my head.

2 Q. Okay, okay. So you would have to do a
3 different model run essentially to look at just the
4 Ohio counties?

5 A. That's correct.

6 Q. Okay. So the data you've presented at
7 the top of page 6 with regards to indirect supplier
8 impacts can't be used to determine what the indirect
9 economic impacts for Ohio are for the Sammis plant,
10 correct?

11 A. That's correct.

12 Q. Okay. For the induced impacts, that
13 represents employee spending, correct?

14 A. That's correct.

15 Q. Okay. Would it be fair to assume that
16 given that 17 percent of the employees live in West
17 Virginia or Pennsylvania, at least some of that --
18 some of the \$32.45 million of induced output would be
19 in states other than Ohio?

20 A. At least some of it but how much is
21 unclear because where you live and where you shop
22 isn't always the same.

23 Q. Okay, okay. So you would have to do a
24 new -- a new modeling run to determine how much of

1 the induced impacts is actually beneficial to
2 counties in Ohio versus other states; is that right?

3 A. That's correct.

4 Q. Okay. The economic impacts of the
5 Davis-Besse and Sammis plants, you would expect them
6 to continue if those plants continue operating; is
7 that right?

8 A. Yes.

9 Q. Okay. And those -- those impacts would
10 cease only if those plants were to be retired, right?

11 A. Certainly the impacts could change over
12 time depending on the level of operations, but if the
13 plants were to close all together, then I would
14 expect the operations impact to go away.

15 Q. Okay. And do you know if the Commission
16 were to deny FirstEnergy's application in this
17 proceeding, do you know, would the plants close?

18 A. I did not evaluate whether the plants
19 would close in that case.

20 Q. Okay, okay. So you are not offering any
21 opinion as to whether they would close.

22 A. I'm not offering an opinion on that.

23 Q. Okay.

24 MR. ALEXANDER: Could you speak up,

1 please.

2 A. I'm sorry. I am not offering an opinion
3 on that.

4 Q. Did anybody at FirstEnergy tell you it
5 would close --

6 A. No.

7 Q. Okay. -- if this application were
8 denied?

9 A. No.

10 MR. ALEXANDER: Could we have the
11 question redone?

12 Q. Did anyone at FirstEnergy tell you the
13 plants would close if the application were denied?

14 A. No.

15 Q. If the plants were to -- strike that.

16 If other spending were needed to allow
17 for the retirement of, say, the Davis-Besse plant,
18 would you agree that such spending would -- would
19 lead to some economic impacts?

20 A. Are you referring to decommissioning?

21 Q. Yes.

22 A. Decommissioning typically does create
23 temporary impacts after a nuclear plant is closed.

24 Q. Okay. Temporary being because it only

1 occurs for a set period of time; is that right?

2 A. That's correct.

3 Q. Okay. So as long as that spending for
4 decommissioning is occurring, you are going to get
5 some economic benefit?

6 A. That's correct. It may be -- I would
7 expect it would be less than the operations of the
8 plant but.

9 Q. Okay. And so along those lines, is that
10 similar to in your testimony I believe you talk about
11 a specific project that occurred at the Davis-Besse
12 plant; is that right?

13 A. Yes.

14 Q. Okay. I believe it's the -- discussed on
15 page 6 of your Attachment SM-2, the steam generator
16 placement and refueling impacts?

17 A. Yes.

18 Q. Okay. And so that was a one-time project
19 that you estimated at one time impacts would be of
20 that.

21 A. Correct.

22 Q. And so you can do a similar analysis
23 looking at decommissioning costs?

24 A. Yes.

1 Q. Okay. But you did not do that, right?

2 A. That's correct.

3 Q. And none of the numbers that you have
4 provided regarding the impacts of continued operation
5 of Davis-Besse factors in any economic impacts of
6 decommissioning, correct?

7 A. That's correct.

8 Q. Okay. Do you know -- and do you know,
9 would there be decommissioning costs for the Sammis
10 plant if it were to retire?

11 A. I don't know what is involved in closing
12 a coal plant.

13 Q. Okay. But, similarly, if there were
14 decommissioning costs for closing Sammis, there would
15 be some economic benefit from that?

16 A. That's correct.

17 Q. Okay. And you did not evaluate that,
18 correct?

19 A. That's correct.

20 Q. Okay. And do you know the
21 decommissioning of the Davis-Besse plant, is that --
22 are you aware as to whether there is a
23 Decommissioning Trust Fund from which such
24 decommissioning would be financed?

1 MR. ALEXANDER: Objection, beyond the
2 scope of her testimony. Go ahead.

3 A. I am not aware of that.

4 Q. Okay. Are you aware as to whether -- if
5 the Davis-Besse plant were to retire, whether there
6 would be any transmission grid upgrades needed to
7 allow for such retirement?

8 A. I did not look at that in my analysis.

9 Q. Okay. Are you aware of whether such
10 upgrades could be needed?

11 A. I'm not aware.

12 Q. Okay. If there were spending on
13 transmission grid upgrades, would you agree with me
14 that would also create some economic impact?

15 A. It would create some economic impact.

16 Q. Okay. And you could evaluate that
17 similar to the process you've done to evaluate the
18 operation of the Sammis plant?

19 A. I could use an economic impact analysis
20 to evaluate that depending on the geography where it
21 occurred.

22 Q. Okay. But you haven't done so, right?

23 A. That's correct.

24 MR. FISK: We can go off.

1 (Recess taken.)

2 Q. Okay. So getting back to the question
3 of, you know, if the Davis-Besse or Sammis plants
4 were to retire, would you agree with me if they were
5 to retire, they would presumably be replaced with
6 other energy sources?

7 A. I assume that the energy demand would
8 have to be met in some way. I assume that would most
9 likely not occur in the exact same location as where
10 these plants were.

11 Q. Sure. Okay, okay. Fair enough. Would
12 you agree that, I mean, if money were spent on other
13 energy resources, that would also have an economic
14 impact?

15 A. It would not have an economic impact in
16 the location where these plants were located unless
17 that's where the money was spent.

18 Q. Okay. But wherever the money is spent,
19 you know, so if you built a new gas plant, you know,
20 somewhere in Ohio to help replace, say, Davis-Besse,
21 that would generate economic impact, correct?

22 A. A new gas plant would generate economic
23 impact in the location where it was.

24 Q. Okay. And that would also provide

1 benefit to the state as a whole?

2 A. To the extent that other supplier
3 purchases for that plant occurred in other places in
4 Ohio, that would provide potential benefits to those
5 locations.

6 Q. Okay. Similar to how Davis-Besse
7 provides according to your -- your testimony provides
8 benefits to not just Ottawa County but also the state
9 of Ohio.

10 A. Yes. In what proportion I don't know
11 but, yes, there would presumably be other purchases
12 in Ohio if the plant was located somewhere in Ohio.

13 Q. Okay. And that, again, you would have to
14 run that through some sort of IMPLAN model to come up
15 with the specifics?

16 A. That's correct.

17 Q. And you did not look at that, correct?

18 MR. ALEXANDER: Look at --

19 A. Correct.

20 MR. ALEXANDER: Objection. Look at what?
21 Go ahead, if you can.

22 A. Could you clarify what?

23 Q. Sure. You did not look at the potential
24 economic impacts of any sort of replacement

1 generation if Davis-Besse were to shut down?

2 A. That's correct.

3 Q. Okay. And you also did not look at any
4 economic impacts of any replacement generation if the
5 Sammis plant were to shut down; is that correct?

6 A. That's correct.

7 Q. Okay. And do you know if, for example,
8 the Davis-Besse plant were to shut down, could that
9 create opportunities to redevelop the site where the
10 plant is?

11 MR. ALEXANDER: Objection, beyond the
12 scope of her testimony. Go ahead, if you can.

13 A. I don't really know having not seen the
14 site what the redevelopment potential would be for
15 that site.

16 Q. Okay. Would you agree if it were
17 redevelopment of that site, that would create some
18 economic impact for the local community?

19 MR. ALEXANDER: Same objection.

20 A. It would really depend on how -- what the
21 site was redeveloped with.

22 Q. Okay. So you would need -- you would
23 need to have details about what the redevelopment is
24 and that you could then put into the IMPLAN model?

1 A. That's correct.

2 Q. Okay. So the -- the economic impact
3 that's created by, say, the Sammis plant, would you
4 agree that that does come at cost also?

5 A. Could you clarify what you mean?

6 Q. Well, people purchasing electricity have
7 to pay money for it, correct?

8 A. Yes, people pay money to purchase
9 electricity.

10 Q. And that money is being used to, for
11 example, keep the Sammis plant operating, correct?

12 A. I assume that revenues from selling
13 electricity support the generation of electricity.

14 Q. Okay. And if that money were not being
15 spent on keeping the Sammis plant -- by buying the
16 power from the Sammis plant, that is money that could
17 be spent elsewhere, correct?

18 A. Could you clarify spent elsewhere by
19 whom?

20 Q. By the -- by the customers who are paying
21 for the electricity being produced by the Sammis
22 plant.

23 A. So if the customers were spending less
24 money on electricity, they would presumably spend

1 that money on something else but the direct
2 connection to the Sammis plant is -- is unclear to
3 me.

4 Q. Okay, okay. Well, so if -- if customers
5 who are currently buying electricity that's produced
6 by the Sammis plant -- and those customers they are
7 located in Cleveland, which is not one of the
8 counties that you have estimated any economic
9 benefits for from Sammis, correct?

10 A. Correct.

11 Q. Okay. If those -- if Sammis were retired
12 and replacement power were built in Cleveland, then
13 that -- this money would go to economic development
14 in Cleveland instead, correct?

15 MR. ALEXANDER: Objection, beyond the
16 scope of her testimony. It would require her to
17 understand the workings of the electric grid
18 distribution systems. Answer, if you can.

19 A. I'm not able to answer that question. I
20 didn't analyze that.

21 Q. Okay. If -- I believe you said a minute
22 or 2 ago that if people were paying less money for
23 electricity, they would presumably spend that money
24 somewhere else; is that right?

1 A. In general as a household.

2 Q. Okay.

3 A. Yes, they may reallocate their spending.

4 Q. That reallocated spending would also have
5 indirect and induced economic impacts; is that right?

6 A. They are spending a certain amount of
7 money. The amount of money they spend, their
8 spendable income, didn't change unless their income
9 changed. How they allocate their spending to
10 utilities or other types of goods and services could
11 generally change the total impact because what you
12 spend your money on matters not. You know, buying
13 pencils and buying legal services doesn't necessarily
14 create an equivalent impact, but beyond that I
15 couldn't really comment how the redistribution of
16 their spending may or may not create an impact.

17 Q. Okay. But you would agree that spending
18 on electricity from, say, the Sammis plant, that is
19 money that those ratepayers can't spend somewhere
20 else, correct?

21 A. So they are spending money on utilities
22 from wherever it came.

23 Q. Right.

24 A. And if they are spending that money on

1 utilities, then they are not spending that particular
2 money on some other good or service.

3 Q. Okay, okay. So if there were a lower
4 cost way to get power than purchasing it from, say,
5 the Sammis plant, that would free up more money for
6 those customers to spend in other areas of the
7 economy, correct?

8 A. If the retail rates for the customers
9 went down because of any reason, that would allow
10 them to reallocate their spending to something else.

11 Q. Okay. And so your -- you have not
12 evaluated as part of your testimony in this
13 proceeding whether there is the potential for greater
14 economic development if the money were being spent
15 on -- somewhere else in the economy rather than on,
16 say, power from the Sammis plant, correct?

17 A. Correct.

18 MR. ALEXANDER: Objection. What money?
19 Go ahead and answer, if you can.

20 A. Can you clarify the money you are talking
21 about?

22 Q. The money that the rate -- the customers
23 are paying for power from the Sammis plant, if that
24 money were spent elsewhere, you haven't evaluated

1 what economic impacts that would have on the state of
2 Ohio, correct?

3 A. That's correct, I have not evaluated
4 that.

5 Q. Okay. And do you know the estimated cost
6 to customers of this -- of the proposal that's
7 pending before the Commission in this proceeding?

8 A. No, I am not familiar with the estimated
9 costs to customers.

10 Q. Okay. If there were a net loss to
11 customers over the next three years from this
12 proposal, would you agree that could have an adverse
13 impact to economic spending in other parts of the
14 economy?

15 MR. ALEXANDER: Objection, vague. Go
16 ahead.

17 A. Could you explain -- could you repeat the
18 question first?

19 MR. FISK: Sure. Can you read it back.

20 (Record read.)

21 A. Could you explain what you mean by net
22 loss to customers?

23 Q. Sure. So do you -- so the proposal --
24 the proposed transaction between the companies and

1 FirstEnergy Solutions is to -- that the customers of
2 the companies -- well, the companies will be
3 purchasing all of the power from the Sammis plant and
4 then that power would then be sold on the
5 marketplace. And if there is a -- if that leads to a
6 profit, then the customers would get that profit; and
7 if that leads to a loss, the customers would pay that
8 loss. Is that --

9 A. You mean --

10 MR. ALEXANDER: Hold on. There is no
11 question pending.

12 Q. Is that -- does that fit with your
13 general understanding of the proposal at issue in
14 this proceeding?

15 A. Could you be more -- could you explain
16 when you're talking about the gain that the customers
17 receive and what -- and what form do you mean they
18 receive the gain?

19 Q. If the revenues from selling the power
20 were more than the costs of buying that power, the
21 customers, my understanding, would receive some sort
22 of a credit through the rider being proposed in this
23 proceeding.

24 A. Okay.

1 Q. Okay. And would you agree with me that
2 if they receive that credit, that presumably that
3 would create some -- that would be money they could
4 then spend elsewhere in the economy and that would
5 create some economic benefit, correct?

6 A. If they spent the money, this would
7 create an economic impact. If they saved the money,
8 which is a viable possibility, it would not create an
9 economic impact.

10 Q. Fair enough. But most of that money
11 would presumably get spent, correct?

12 A. I really can't comment on whether people
13 would save the money or spend the money.

14 Q. Does any of your -- your analyses in this
15 proceeding assume that employees are going to spend
16 at least some of what they earned, correct?

17 A. Yes, employees will spend at least some
18 of what they earned.

19 Q. Okay. And so similarly wouldn't it be
20 fair to assume if customers received a credit to the
21 transaction being proposed in this proceeding, they
22 would spend at least some of that?

23 A. I don't know.

24 MR. ALEXANDER: Objection. It's beyond

1 the scope of her testimony. She hasn't done the
2 analysis so answer, if you can.

3 A. I don't know.

4 Q. So how do you know that employees will
5 spend the money that they earned but you don't know
6 if customers will spend money that they are getting?

7 A. I believe that spending the money that
8 you work for to earn is a different assumption than
9 that you received a credit that wasn't part of your
10 normal income that you maybe weren't expecting and
11 how you might choose to spend that.

12 Q. Okay. If you receive -- if instead of a
13 credit the power that you have purchased from the
14 Sammis plant leads to a loss, you know, that you get
15 less revenue when you sell it back into the market,
16 would you expect that loss to reduce the amount of
17 spending those customers can make in other areas of
18 the economy?

19 MR. ALEXANDER: Same objection, beyond
20 the scope of her testimony. Go ahead.

21 A. I didn't evaluate that.

22 Q. Okay. And you have no opinion on that?

23 A. Correct.

24 Q. Okay. Do you know -- do you know what

1 the phrase opportunity costs means?

2 A. Yes.

3 Q. Okay. What is that?

4 A. If you are giving up, say, activity A to
5 do activity B, there is an opportunity cost to doing
6 activity B because you had an alternative.

7 Q. Okay. And your -- would you agree that
8 if you are spending money to purchase power from the
9 Sammis plant, that there is an opportunity cost to
10 that -- those purchases?

11 A. Could you define who -- who the subject
12 is?

13 Q. The electric customers.

14 A. So how are the electric customers
15 impacted by -- by this -- I mean, they are paying a
16 retail rate for their electricity. Could you explain
17 how they are impacted by this?

18 Q. They are paying a retail rate to the
19 electricity and then there's a rider being proposed
20 by which they would pay to purchase all of the power
21 produced by the Sammis plant.

22 A. Uh-huh.

23 Q. Would you agree that that -- that money,
24 there is an opportunity cost to that money of

1 purchasing the power from the Sammis plant?

2 MR. ALEXANDER: Objection. She testified
3 she is not familiar with the rider or proposal so
4 this is well beyond the scope of her testimony. Go
5 ahead, if you can.

6 A. I didn't look at that. I really can't
7 answer that.

8 Q. So you can't tell me if there is an
9 opportunity cost of spending money on purchasing
10 something?

11 MR. ALEXANDER: Objection. She's
12 testified she is not familiar with the proposal you
13 are asking her about. Go ahead.

14 A. I really can't answer that without having
15 done more analysis.

16 Q. So does any part of your analysis factor
17 in any opportunity costs at all?

18 A. Opportunity costs aren't the subject of
19 my analysis. Household spending is based on typical
20 patterns for people in certain income levels. But I
21 don't -- I don't understand how that relates to
22 opportunity cost.

23 Q. Well, all the impact -- all the direct,
24 indirect, and induced impacts of -- that you talk

1 about in your testimony comes at some cost, correct?

2 A. I don't understand the question.

3 Q. Is it free? I mean, is this money --
4 money just falls out of the sky and there is no cost
5 to it to generate the direct, indirect, and induced
6 impacts that you are talking about from the
7 Davis-Besse and Sammis plants?

8 A. There's certainly a cost to producing
9 electricity. That's part of what's represented in
10 the wages and the supplier purchases.

11 Q. Okay. And that is money that could
12 otherwise be spent elsewhere, correct?

13 A. You have to purchase certain supplies to
14 create electricity and in certain proportion, and I
15 don't think you are choosing between things you don't
16 need and things you need. There's certain production
17 functions for electricity.

18 Q. Okay. So -- so you can't identify
19 anywhere in your analysis that you considered any
20 opportunity costs, correct?

21 A. Correct. Opportunity costs, that concept
22 is not related to economic impacts.

23 Q. Okay. We talked earlier about the
24 November, '13, and June, 2014, reports; is that

1 correct?

2 A. Correct.

3 Q. Did you rely on those in any way in
4 your -- the reports that you did for your current
5 testimony?

6 A. Some of the text that is not specific to
7 the numerical results may be the same in both sets of
8 reports.

9 Q. Okay. Any other ways you relied on it?

10 A. I had set up a general system of models
11 that I could adjust the inputs in and use that
12 structure.

13 Q. Okay. Any other ways?

14 A. Not that I recall.

15 Q. Okay. And then all you -- and then so
16 after having set up that general structure and
17 system, you then just simply update those two reports
18 to create what you provided here in this proceeding?

19 A. I put in the new numbers and I reran the
20 model and I updated the numbers and then I revised
21 the text in the reports.

22 Q. Okay. And I believe you testified
23 earlier you received the inputs for your reports in
24 this proceeding by an e-mail from Sharon Noewer; is

1 that right?

2 A. That's correct.

3 Q. Okay. Did you receive any other written
4 communications from anyone at any of the FirstEnergy
5 companies about your work in this proceeding?

6 A. Could you be specific about what time
7 period you're talking about?

8 Q. From the day you started working on -- on
9 this project.

10 MR. ALEXANDER: What is this project?
11 What do you mean?

12 Q. The work that you did for this
13 proceeding, the day you started doing that, did you
14 receive any other written communications from anybody
15 at FirstEnergy?

16 A. Other than Sharon Noewer?

17 Q. Other than the specific e-mail from
18 Sharon Noewer that you have referenced.

19 A. I received multiple e-mails from Sharon.

20 Q. Okay. Any other communications, written?

21 A. I am sure there were, but I don't
22 remember exactly.

23 Q. And do you know if any of those multiple
24 e-mails from Sharon Noewer were produced in this

1 proceeding?

2 A. I don't recall if they were included in
3 discovery motions.

4 Q. Okay. Do you know if they were
5 requested?

6 A. I don't recall.

7 MR. FISK: Okay. Could you mark this as
8 Exhibit 2.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. Okay. I have handed you a document
11 marked Exhibit 2; is that correct?

12 A. Yes.

13 Q. Okay. And this is the company's response
14 to Sierra Club Set 7 Interrogatory 134; is that
15 correct?

16 A. Yes.

17 Q. And you are identified as the witness
18 providing the response on this document; is that
19 correct?

20 A. Yes.

21 Q. Okay. And do you see the request asks
22 for "identification of all documents relating to your
23 testimony including documents, correspondence, or
24 communications exchanged between the Companies and

1 Ms. Murley"? Do you see that?

2 A. I see where that is written.

3 Q. And your response does not identify any
4 communications with Ms. Noewer, does it?

5 MR. ALEXANDER: Objection. Do you have a
6 definition of the companies?

7 MR. SOULES: I do if you want me. Here.
8 That's what we used in all of our.

9 MR. FISK: Yes. It says "Term
10 FirstEnergy, Applicants, or Companies means the Ohio
11 Edison Company, Cleveland Electric Illuminating
12 Company, Toledo Edison Company including any
13 affiliated companies such as but not limited to
14 FirstEnergy Solutions Corporation, American
15 Transmission Services Corporation and their
16 affiliates, predecessors, and interests, employees,
17 and representatives."

18 MR. ALEXANDER: And so you are asking her
19 to not provide a legal opinion as to the objections
20 but to simply state whether this response says what
21 it says.

22 MR. FISK: Well, I am asking her to
23 confirm that she did not identify any written
24 communications with Ms. Noewer in this response.

1 MR. ALEXANDER: We are willing to
2 stipulate the response is what it is. She is not a
3 lawyer. I am not sure how she can answer with regard
4 to the objections.

5 MR. FISK: Well, I am not talking about
6 the objections. I am talking about did she identify
7 any e-mail communications with Ms. Noewer. She
8 provided the response saying that her testimony
9 identifies all facts and data provided by the
10 companies which Ms. Murley considered in creating her
11 testimony.

12 Q. You did not, however, identify any e-mail
13 communications with Ms. Noewer, correct?

14 MR. ALEXANDER: There is a work product
15 objection here so that's what I am sensitive to. We
16 are willing to stipulate she did not specifically
17 identify communications with Ms. Noewer including the
18 e-mail she just testified to. Does that resolve your
19 issue?

20 MR. FISK: So you are claiming an e-mail
21 sending facts is work product?

22 MR. ALEXANDER: The assumptions were
23 provided, and she identified them both earlier today
24 and in her prefiled written testimony.

1 MR. FISK: And you are claiming the
2 e-mails from Ms. Noewer that are providing factual
3 inputs are somehow work product?

4 MR. ALEXANDER: I would have to go back
5 and check those, which I am willing to do with you
6 offline. We're not going to have a discovery dispute
7 in the middle of the deposition. I am certainly
8 willing to have this conversation with you after
9 this, but we are not going to do it now.

10 MR. FISK: Okay.

11 Q. Okay. And with regards to Subsection B,
12 it asks for the identification of all documents
13 received, generated, or relied upon by Ms. Murley.
14 Do you see that?

15 A. I see that.

16 Q. Okay. And your written response does not
17 reference or identify the June, 2014, Sammis report
18 or the November, '13, Davis-Besse report, correct?

19 A. It refers to these specific attachments.

20 Q. Okay. To your knowledge did those
21 attachments include any of those -- either of those
22 previous reports that you had done?

23 A. I don't know.

24 Q. Okay.

1 MR. FISK: Can we get 2 minutes?

2 MR. ALEXANDER: Sure.

3 (Recess taken.)

4 Q. When you talked in your report about the
5 economic -- the total economic impact associated with
6 the plants, are you essentially -- would it be fair
7 to characterize that as the -- the economic benefits
8 of keeping the plants open?

9 A. Could you be specific in where the
10 reference is?

11 Q. Sure. On page 10, lines 13 to 14, I
12 think -- am I correct that's where you kind of give
13 the top line summaries of the -- of the economic
14 impact of the plants?

15 A. That is the top line summary.

16 Q. So it's the \$1.06 billion each year and
17 the 2,921 jobs, correct?

18 A. That is the output on jobs associated
19 with the plants combined.

20 Q. Okay. And would you -- would you --
21 would it be fair to characterize that as your
22 identification of the benefits -- of the economic
23 benefits of keeping the plants open?

24 A. Output and jobs are one way to quantify

1 economic benefits.

2 Q. Okay. And those -- those figures
3 referenced in lines 13 to 14 on page 10, are those
4 the net economic benefit of the plants?

5 A. What do you mean by "net economic
6 benefit"?

7 Q. Well, the -- the benefits of the plants
8 outweighing -- compared to the costs of the plants.

9 A. This is simply the benefits of the plant.

10 Q. Okay. So it's not -- it's not a net
11 benefit calculation, correct?

12 MR. ALEXANDER: Could we explain what
13 "benefit" means? I'm lost.

14 MR. FISK: I gave an explanation she
15 responded to.

16 MR. ALEXANDER: Okay. Let's go off for
17 just one moment.

18 (Discussion off the record.)

19 MR. ALEXANDER: Objection. Define the
20 word "benefit." The explanation earlier was
21 explaining the term "net" versus the term "benefit"
22 so objection to the question as vague.

23 Q. Which you've already answered the
24 question, correct?

1 A. Which question?

2 MR. FISK: Let's go off for a second.

3 MR. ALEXANDER: She did already answer,
4 yeah.

5 (Discussion off the record.)

6 Q. Okay. So the pending question, I
7 believe, is that your economic -- economic impact
8 estimates of the \$1.06 billion and 2,921 jobs, that
9 does not reflect a net economic benefit from the
10 plants, correct?

11 MR. ALEXANDER: Same objection.

12 A. I'm sorry. I just don't know what you
13 mean by "net economic benefit."

14 Q. Of course. Do you understand what I mean
15 by "economic benefit"?

16 A. What I am showing is the economic impact.

17 Q. Okay. And is that a benefit?

18 A. The economic impact is positive. I don't
19 know how you define "benefit."

20 Q. Okay. Are you showing the net economic
21 impact or just the economic impact?

22 A. I'm not familiar with the term "net
23 economic impact."

24 Q. How many years have you done economic

1 analyses?

2 MR. ALEXANDER: Objection, argumentative.

3 Go ahead.

4 A. Over 20.

5 Q. Okay. And you have never heard the term
6 "net economic impact."

7 A. Not as related to multiplier impacts.

8 Q. Well, if you were going to compare the
9 economic benefits of an activity to the economic
10 costs of an activity, what would you describe that
11 analysis as?

12 MR. ALEXANDER: Objection once again to
13 the phrase "economic benefit." Are you again
14 identifying it as economic impact?

15 MR. FISK: Yes.

16 A. So could you restate the question?

17 Q. The economic -- if you were to compare
18 the economic benefits of an activity with the
19 economic costs of an activity --

20 MR. ALEXANDER: Objection again to the
21 phrase.

22 A. Benefits aren't a technical term.

23 Q. Okay. You -- you have calculated an
24 economic impact that is positive for the plants,

1 correct?

2 A. Yes.

3 Q. And did you include any economic --
4 strike that.

5 Is your -- your calculation of economic
6 impact, does it include any negative impacts?

7 A. There are not relevant negative economic
8 impacts in this situation. Negative impacts would be
9 related to, say, the loss of an activity.

10 Q. Okay. So -- so you just testified a
11 minute ago that the phrase economic benefits isn't a
12 technical term; is that right?

13 A. That's right.

14 Q. So if you could turn to page 2 of Exhibit
15 SM-1, page 2. Are you there?

16 A. Yes.

17 Q. It says "Impact Summary" at the top; is
18 that correct?

19 A. Yes.

20 Q. Okay. So the very first line it says
21 "The economic benefits shown here depict the on-going
22 operations of the power plant." Do you see that?

23 A. Yes.

24 Q. So do you not know what economic benefits

1 means?

2 A. It's still not a technical term, but it's
3 a general word that I have used.

4 Q. Okay. So you do know what it means now.

5 A. It is a word that I have used.

6 Q. Okay. In fact, in your report in this
7 proceeding you used it.

8 A. Uh-huh.

9 Q. Okay. And then in the next paragraph you
10 say "The operations of W.H. Sammis detailed in this
11 analysis provide substantial economic benefits to the
12 region," correct?

13 A. That is what the text says.

14 Q. So do you normally use nontechnical
15 phrases in your reports?

16 A. Not when I'm referring to specific
17 numbers but when I am introducing a general concept.

18 Q. Okay, okay. So what in your mind is
19 substantial -- what in your mind does economic
20 benefits mean?

21 A. Something positive that occurs in the
22 economy.

23 Q. Okay. And your -- and would the opposite
24 of that be something negative that occurs in the

1 economy?

2 A. Sure.

3 Q. Okay. And would you -- could we agree
4 that's an economic cost?

5 A. It's a negative economic impact.

6 Q. Okay. And do you -- in your mind is
7 there any negative economic impacts of the operation
8 of the Sammis plant?

9 A. Given the methodology we use to measure
10 the impacts, no.

11 Q. Okay, okay. So, for example, any -- any
12 impacts of pollution from the Sammis plant, would
13 those factor into your analysis at all?

14 A. That is outside of the scope of this type
15 of economic impact analysis.

16 MR. FISK: Okay, okay. That concludes my
17 questions as of now but we are -- we are reserving
18 the right to ask further questions because we believe
19 that the response to SC Set 7 Interrogatory 134 that
20 was Exhibit 2 was incomplete. We have not been
21 provided with any of the e-mails from Ms. Noewer, and
22 we have not been provided with the previous reports
23 that -- from November, '13, and June, 2014, that
24 Ms. Murley said she relied in part upon in this

1 proceeding. So once we have settled that, which we
2 can do off -- outside of this deposition, we reserve
3 the right on the record to ask further questions.

4 MR. ALEXANDER: Sure. And for the record
5 I understand you taking that position. I am willing
6 to talk to you about that after the deposition
7 offline, but the companies do not at this point agree
8 to make Ms. Murley available again at a later date,
9 although we are willing to talk about that again
10 after the deposition.

11 MR. FISK: Okay. Fair enough.

12 MR. ALEXANDER: So with that,
13 Mr. Petricoff, would you like to go next?

14 MR. PETRICOFF: Yes, thank you, Trevor.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Petricoff:

18 Q. Good morning, Ms. Murley.

19 A. Good morning.

20 Q. Can you hear me?

21 A. Yes.

22 Q. Yeah. That's one of the difficulties of
23 a -- of a telephone deposition is sometimes it's hard
24 as we lose the visual communication.

1 I want to start by talking, if you would
2 turn to page 10 of your testimony, and I am looking
3 at lines 13 to 15, and this is where you give the
4 total -- the total economic impact for the plants.

5 A. Okay. I see that.

6 Q. Okay. And I assume that -- that
7 information comes from your -- your attached studies
8 attached to the testimony, 1 and 2; is that correct?

9 A. That's correct.

10 Q. Okay. And the studies were basically
11 historic studies. You looked at data that was given
12 to you at -- sometime in 2013, 2014 in order to
13 conduct the studies?

14 A. That's correct.

15 Q. Okay. So the figures that we have here
16 are basically based on those -- those historic
17 figures, this is what the impact is at the time that
18 we look at these variables that we put into the
19 model.

20 A. That's correct.

21 Q. All right. So in the year, for example,
22 2017, the -- the economic impact for the plants may
23 not be the same numbers that we see on page 10, line
24 13 to 15.

1 A. If the employment or payroll or those
2 sorts of things change, the impact would change also.

3 Q. Right. And you would expect that over
4 time there would be changes to not only the payrolls
5 but also the purchasing of -- of products and
6 supplies.

7 A. That could change over time.

8 Q. Right. And, likewise, the -- the inputs
9 that you bought from Impact, does Impact update
10 their -- their regional inputs on a regular basis?

11 MR. ALEXANDER: Objection. Did you mean
12 IMPLAN?

13 Q. I'm sorry, yes, IMPLAN.

14 A. Could you restate the question?

15 Q. Sure. Let's talk about -- about IMPLAN.
16 Why did you use IMPLAN?

17 A. Because I believe it provides a good
18 amount of industry detail as well as local geographic
19 detail.

20 Q. All right. And do they update their --
21 their databases on the -- on geographic economic
22 information -- with geographic -- more recent
23 geographic -- I'm sorry. Let me start over.

24 Does IMPLAN regularly update their

1 database for geographic economic information?

2 A. IMPLAN does issue a new set of local data
3 files each year.

4 Q. Okay. So if you were going to do this
5 report in 2017, you would probably go back to them
6 and get the most current inputs?

7 A. Correct.

8 Q. Okay. Now, if you will turn to page 6 of
9 your -- of your testimony, let's assume now we are
10 looking forward to the year 2017.

11 A. Okay.

12 Q. And we're looking at the -- actually
13 before we get that, let me go back and ask a -- an
14 underlying question. On this chart at the top of
15 page 6 of your testimony, under the output, that
16 first number, output \$502 million.

17 A. Yes.

18 Q. Do you see that? Okay. My understanding
19 from your testimony earlier today was that was a
20 figure that was derived by using the data you
21 received from the companies on the Sammis plant
22 and -- and running it through the -- your model using
23 the -- the multiplier inputs from IMPLAN; is that
24 correct?

1 A. Yes.

2 Q. Okay. And basically that output has
3 implicit assumptions in it including the
4 profitability of the Sammis plant.

5 A. Output by definition includes profit.

6 Q. Okay. And do you know if the Sammis
7 plant was profitable during the historic period in
8 which you collected the data?

9 A. No. I am just giving you the definition
10 of output based on IMPLAN's definition.

11 Q. Okay. Well, let's assume that you --
12 that you knew or that you had the data. The company
13 supplied you with -- with the data on -- on what the
14 profitability was of the Sammis plant and it was --
15 it was a loss. Let's say it was a \$500 million loss.
16 How would that affect the output number that's on
17 page 6?

18 A. I don't know without analyzing more data
19 than just profits.

20 Q. Okay. Well, let's talk about the general
21 trend. If there -- if there -- if the plant could
22 only be run if there was a \$500 million subsidy that
23 was paid by the people in the local community, how
24 would that affect the outcome of your study, all else

1 being equal?

2 A. I don't know without analyzing that.

3 Q. Is it possible that you could end up with
4 negative numbers?

5 MR. ALEXANDER: Objection to the
6 incomplete hypothetical. Go ahead.

7 A. I really don't know without analyzing
8 that.

9 Q. Theoretically can you have negative
10 multipliers?

11 A. In the case of a plant closure, you could
12 have a negative economic impact, but the multipliers
13 that come out of the IMPLAN model are all positive
14 numbers.

15 Q. Well, but if -- if, in fact, the output
16 numbers was a negative number, wouldn't the
17 multipliers be negative?

18 A. The multipliers that come out of the
19 IMPLAN model are all positive numbers.

20 Q. Okay. So the model that you used could
21 not calculate then the -- the -- the impact to the
22 local region if, in fact, there was a required
23 subsidy that was larger than the output?

24 A. I think an entirely different approach

1 would be required, and I didn't look at that.

2 Q. Okay. That's fair enough. Fair enough.
3 I've got -- I have just a couple small -- small
4 questions for you so I can get a better
5 understanding, I think, of your -- of your testimony.

6 If you would, turn to page 5, line 17.
7 And there you use the term a regional -- yeah, on
8 line 17 talking about the region. What -- what was
9 the region?

10 A. So the region is a six-county region. If
11 you give me a minute, I can find a definition of what
12 that region is. I believe in the report in the
13 Attachment SM-1, page 1, the last sentence in the
14 first paragraph lists those six counties.

15 Q. Okay. That's exactly what I was looking
16 for. One other clarification question, on page 6 on
17 line 13, okay, the third word in is "power." This
18 means that for every \$1 million of power produced how
19 did you -- how did you calculate a million dollars of
20 power? Is that a million dollars' worth of revenue
21 or a million dollars in cost? What is the reference
22 there to a million dollars of power?

23 A. Direct output.

24 Q. Okay. I guess I am asking how did you

1 quantify the output? Was it the cost of producing,
2 or was it the revenue from it, from producing the
3 power?

4 A. In this case I wasn't using specific
5 numbers from the Sammis plant. I estimated direct
6 output using the multipliers and using data on
7 personal income.

8 Q. Okay. So this is -- you use this term
9 here just to show a relationship.

10 A. Yes, between total output and direct
11 output in the table at the top of that page.

12 MR. PETRICOFF: Okay. Now, I understand.

13 Okay. Thank you. That's all the
14 questions that I have.

15 MR. ALEXANDER: Ms. Fleisher, would you
16 like to go next?

17 MS. FLEISHER: Sorry. I have like --
18 okay. I can get started. There is going to be
19 coughing a little bit. I am getting over a cold
20 here.

21 - - -

22 CROSS-EXAMINATION

23 By Ms. Fleisher:

24 Q. Ms. Murley, my name is Madeline Fleisher.

1 I represent the Environmental Law & Policy Center.

2 Let me know if you have any trouble hearing me.

3 A. Okay.

4 Q. I just have a few quick questions for
5 you, I think. I want to confirm my understanding
6 that when you looked at the IMPLAN multipliers for
7 the plants you were analyzing, you did not look at
8 multipliers for any other regions that might also
9 have power plants; is that correct?

10 A. I only looked at the data for the
11 specific areas that we analyzed in these two studies.

12 Q. And do you have any way of knowing
13 whether multipliers in other regions or for other
14 plants might show a greater economic impact?

15 A. They may be greater. They may be lesser.
16 It depends on the amount of supplier businesses of
17 the right type that are located within the specific
18 geographic area that you are looking at.

19 Q. But that was not part of your analysis.

20 A. That's correct.

21 Q. And are there -- scratch that. Give me
22 one minute here. Sorry.

23 And did you consider in terms of impacts
24 profit to the shareholders in FirstEnergy Solutions?

1 A. I simply used the multipliers to derive
2 direct output which by definition includes profit,
3 but I did not look at specific components of profit
4 for Sammis.

5 Q. I'm not sure I understood that answer.
6 So are you saying part of the economic impact you are
7 describing here does include profit to FirstEnergy
8 Solutions' shareholders for Sammis --

9 MR. ALEXANDER: Objection.

10 Q. -- and Davis-Besse?

11 MR. ALEXANDER: Objection, asked and
12 answered. Go ahead.

13 A. I don't think I can improve on my
14 previous answer.

15 Q. I guess can you give me a "yes" or "no"
16 as to whether this -- the economic impact you
17 described here includes profit to FirstEnergy
18 Solutions' shareholders?

19 MR. ALEXANDER: Objection. Could you
20 clarify are you asking for direct -- whether direct
21 output includes profits?

22 MS. FLEISHER: That economic impact
23 described in Ms. Murley's report.

24 MR. ALEXANDER: Is there a reference?

1 Q. Maybe it's better to ask this backwards
2 then. Am I correct in understanding that the
3 economic impact in your report does not include
4 profit to FirstEnergy Solutions' shareholders?

5 A. I guess I don't understand which specific
6 number you're referring to.

7 Q. Any of the numbers. I mean.

8 A. Output by definition includes wages plus
9 supply costs plus profits.

10 Q. Okay. And would that profit necessarily
11 be received by shareholders in Ohio?

12 A. I don't know. That is beyond the
13 definition -- detail of the definition here.

14 Q. And do you -- in considering the revenues
15 created by -- the revenue impacts created by these
16 plants, did you consider what portion of FirstEnergy
17 Solutions' revenue that represents?

18 A. So --

19 MR. ALEXANDER: Could I have that
20 question reread, please.

21 (Record read.)

22 MR. ALEXANDER: Objection to form. Go
23 ahead.

24 A. So could you give me a reference in the

1 document as to where you are looking at?

2 Q. Sure. Give me one second. I'm looking
3 at page -- well, I guess just to pick out one plant
4 but per Davis-Besse on page 8.

5 A. Of the testimony or the report?

6 Q. Sorry of the testimony.

7 A. Okay. Hang on.

8 Q. Looking at the table at the bottom, and
9 just repeat the question, did you look at how those
10 impacts compare to any of the -- any other plants run
11 by FirstEnergy Solutions?

12 A. Well, of course, we have the Sammis
13 implant -- Sammis impacts but otherwise not any other
14 plants beside Sammis and Davis-Besse.

15 MS. FLEISHER: Okay. All right. That's
16 it. Thank you.

17 MR. ALEXANDER: Thank you. At this point
18 let's go off the record and take a break.

19 (Recess taken.)

20 MR. ALEXANDER: Let's go back on the
21 record. Ms. Hussey, would you like to go?

22 MS. HUSSEY: I would. Thank you very
23 much.

24 - - -

CROSS-EXAMINATION

By Ms. Hussey:

Q. Hi, Ms. Murley.

A. Yes. Hi.

Q. I wonder if you could turn to page 1 of your testimony.

A. Okay.

Q. And beginning at line 17, you testify that you performed many custom studies to quantify economic and physical impacts of utility generation facilities, and then in parentheses you list traditional and solar.

A. Yes.

Q. What do you mean by "traditional"?

A. Something other than solar.

MR. ALEXANDER: Did someone just join the call?

MR. DARR: Yes. This is Frank Darr. I just returned.

MR. ALEXANDER: Okay. Thank you.

A. Such as coal or nuclear or natural gas.

Q. Okay. Thank you. And I believe you spoke with Mr. Fisk a bit about your coal electric

1 generation plants and economic analyses. For the
2 sake of clarification, have you previously conducted
3 economic impact analysis for a coal-generation
4 facility?

5 A. Other than Sammis?

6 Q. Yes, other than Sammis.

7 A. No, not a coal-generation facility.

8 Q. Okay. What about a nuclear-generation
9 facility?

10 A. Yes.

11 Q. Okay. And are you able to tell us what
12 the facility may have been?

13 A. I'm sorry, can you repeat that?

14 Q. Are you able to tell us what facility
15 that was?

16 A. Palo Verde nuclear plant.

17 Q. Okay. Any other nuclear plants?

18 A. Other than Davis-Besse, no.

19 Q. Okay. Great. And what about natural
20 gas-generation facilities?

21 A. What's the question?

22 Q. What about natural gas-generation
23 facilities, electric generation facilities?

24 A. Do you mean -- what are you -- could you

1 repeat the question?

2 Q. Combined cycle type of a plant.

3 MR. ALEXANDER: Is the question has she
4 done an economic impact analysis for a natural gas
5 facility?

6 MS. HUSSEY: Correct.

7 A. Yes.

8 Q. Okay. And how many such analyses have
9 you performed?

10 A. For natural gas?

11 Q. Yes.

12 A. Two.

13 Q. And what about renewables, have you
14 performed economic impact analysis for renewable
15 generation?

16 A. For solar, yes.

17 Q. Okay. Any others?

18 A. Not that I recall.

19 Q. Thank you. And when you are asked to
20 perform an economic impact analysis, do you always
21 use the IMPLAN model?

22 A. Yes, I do.

23 Q. Okay. You explained a bit about how
24 IMPLAN can take industry-specific information into

1 account earlier.

2 A. Yes.

3 Q. And I wondered what -- what category of
4 industry-specific information you obtained from
5 IMPLAN when conducting the study.

6 A. Do you mean which industry category in
7 IMPLAN I used?

8 Q. Correct.

9 A. Electric power generation is a category
10 in IMPLAN. I believe that it may not be the exact
11 name but.

12 Q. Okay. And do you happen to know if
13 IMPLAN breaks that information down into categories
14 of electric generation, or is it all within the same
15 umbrella?

16 A. In the IMPLAN model I used all types of
17 electric generation are included in a single industry
18 category.

19 Q. Okay. Thank you. If I could talk to you
20 a bit about regional impacts. It appears that under
21 your analysis for Sammis you considered the impact on
22 a six-county regional area. And then for Davis-Besse
23 you regionally looked only at Ottawa County, and I
24 wondered why the regions that you analyzed for those

1 two plants were different. Would the scope -- it
2 appears to be the scope was larger for Sammis than it
3 was for Davis-Besse.

4 A. The geographic area covered by the six
5 counties is probably larger than the single area of
6 Ottawa County.

7 Q. Correct. And is there a reason that you
8 selected a larger geographic region for the Sammis
9 plant, for your analysis of the Sammis plant, than
10 for Davis-Besse?

11 A. The region for the Sammis plant was
12 primarily based on where the employees lived.

13 Q. Okay. And for Davis-Besse, did you
14 decide just to isolate it to Ottawa County because of
15 the location specifically?

16 A. Yes.

17 Q. Okay. And did you make the determination
18 of what regional geographics to look at, or was that
19 something that was asked of you by FirstEnergy?

20 A. I presented my ideas about what geography
21 we should look at to FirstEnergy and they agreed.

22 Q. Okay. So developing this six-county area
23 for Sammis, you took the impact in the counties where
24 the individuals that work at Sammis live; is that

1 correct?

2 A. That was how I selected the area.

3 Q. Okay. And are all those counties
4 contiguous to Jefferson County where Sammis is
5 located?

6 A. I don't know without looking at a map.

7 Q. You said that you typically use the
8 IMPLAN model when asked to perform an economic impact
9 analysis. Are you familiar with any criticisms of
10 the IMPLAN model?

11 A. I'm familiar with how the IMPLAN model
12 differs from certain other models like REMI.

13 Q. Okay. And can you explain that?

14 MR. ALEXANDER: Objection, overbroad. Go
15 ahead.

16 Q. Can you explain the differences -- my
17 apologies. Can you explain the differences between
18 IMPLAN and REMI and the sort of inputs that they
19 examine?

20 A. With regard to the inputs that they
21 examine, do you mean the inputs that would be
22 required to do an analysis?

23 Q. Sure.

24 A. Those aren't really different. It's the

1 underlying structure of the models that is different.

2 Q. Okay. And would you consider an
3 IMPLAN -- IMPLAN to be a more specific model, or
4 would REMI in your estimation be a more specific
5 model?

6 A. What do you mean by specific?

7 Q. In terms of specific results, yielding
8 specific results.

9 A. Specific to what? I'm sorry.

10 Q. The economic impact of the -- whatever
11 plant you're looking at or whatever other -- the
12 impetus would be for the analysis.

13 A. Both models yield results in terms of the
14 same variables, jobs, income, output, value added
15 which I didn't include here.

16 Q. Okay. So did you consider using any
17 model other than IMPLAN for the economic impact
18 analysis for both Sammis and Davis-Besse?

19 A. No. I generally use the IMPLAN model
20 because that is the model with which I have
21 expertise.

22 Q. Okay. And FirstEnergy did not ask you to
23 use any specific type of model? That was your
24 decision?

1 A. Correct.

2 MS. HUSSEY: Okay. Those are all my
3 questions. Thank you very much.

4 MR. ALEXANDER: Did someone just join the
5 call?

6 MR. ALLEN: This is Bill Allen with AEP
7 Ohio.

8 MR. ALEXANDER: Good morning, Bill.

9 Ms. Grady, would you like to go next?

10 MS. GRADY: Yes. That would be great.

11 - - -

12 CROSS-EXAMINATION

13 By Ms. Grady:

14 Q. Good morning, Ms. Murley.

15 A. Good morning.

16 Q. I'm going to probably jump around a bit.

17 We'll pick up with areas that others have gone to so
18 I will -- but I will try to not ask repetitive
19 questions. My name is Maureen Grady, and I represent
20 the residential customers of the FirstEnergy
21 utilities.

22 Now, on page 1 you were asked about
23 your -- you gave testimony about your educational
24 background and your experience, and you indicated

1 that you constructed a large number of economic and
2 fiscal impact models. You mentioned to the counsel
3 for OMA that you had done some economic impact
4 modeling for natural gas facilities. Do you recall
5 that?

6 A. Yes.

7 Q. Can you identify what natural gas
8 facilities you would have done the economic impact
9 model for?

10 A. My client for that was Salt River Project
11 in Arizona and there were several natural gas
12 facilities located around -- in and around the
13 Phoenix metro area.

14 Q. Okay. Would that have been --

15 MR. ALEXANDER: Hold on just one --
16 Maureen, hold on. We are getting a feedback thing
17 that just stopped, so if someone could mute their
18 line if they are listening, we would really
19 appreciate it.

20 And with that, I'm sorry, Maureen. I
21 didn't want to interrupt, but we were having a hard
22 time hearing so please repeat your last question.

23 MS. GRADY: Okay, sure.

24 Q. You had mentioned that you had two

1 natural gas facilities you had done impacts --
2 economic impact analysis for and I was trying to
3 determine which those were and you mentioned the Salt
4 River Project. Is that one project or two?

5 A. I looked at two different facilities for
6 the Salt River Project which is a utility in Arizona.

7 Q. Okay. Thank you. I appreciate that.
8 Now, you also indicate that -- that you had done
9 economic impact studies for renewable -- renewable
10 energy; is that correct?

11 A. For solar specifically, yes.

12 Q. And can you identify the -- the project
13 that would have involved the solar facility?

14 A. I have looked at solar facilities for
15 Arizona Public Service Company and also planned solar
16 facilities for a private Spanish solar company that
17 was looking at putting facilities in the Central
18 Valley of California.

19 Q. Okay. Thank you. Now, you also indicate
20 on page 1 of your testimony, and specifically I am
21 looking at line 16, that you constructed economic
22 impact models for utilities in Ohio. And I wanted to
23 make sure I understood what those would have been.
24 Are there any other economic impact models that you

1 have constructed for Ohio utilities other than the
2 economic impact model that you present in the
3 testimony in this proceeding?

4 A. Yes. So --

5 Q. And can you --

6 A. Go ahead.

7 Q. Can you identify those projects, please?

8 A. So by constructing a model, I mean that I
9 built a structure, a model in Microsoft Access that I
10 provided to my client, and my client, in turn, could
11 use that model to run their own economic impact
12 analyses so these were not specific reports on
13 specific projects.

14 Q. Okay. So what clients would you have
15 done that particular work for that are utilities in
16 Ohio?

17 A. Just for FirstEnergy. The phrase is
18 "economic development organizations and utilities in
19 Ohio," and I have built models for economic
20 development organizations in Ohio as well.

21 Q. Okay. Yes. I was just really focusing
22 on the work you had done for utilities in Ohio.

23 A. Uh-huh. So I just want to make sure that
24 I understand that the work that -- the work you have

1 done has been entirely on behalf of FirstEnergy or a
2 FirstEnergy affiliate. In terms of building economic
3 impact models for utilities, that is true in Ohio.

4 Q. Has there been any other activities with
5 respect to the economic impact model that you have
6 done -- let me strike that.

7 Are there any other economic impact
8 modeling that you have done for utilities in Ohio
9 other than what you present in this case and the
10 building of the economic models you just referred to?

11 A. I have done other custom economic studies
12 for FirstEnergy Services Company that were related to
13 projects in Ohio.

14 Q. Is there anything beyond that particular
15 project or projects that you've indicated?

16 A. Do you mean in Ohio or for utilities?
17 Can you be more specific?

18 Q. Yes. I'm sorry. I am trying to focus in
19 exactly on utilities and utilities within Ohio.

20 A. Okay.

21 Q. What work have you done related to
22 economic impact modeling, whether it is constructing
23 the model or presenting a study for electric
24 utilities in Ohio?

1 A. I have done numerous projects for
2 FirstEnergy Services Company for --

3 Q. Beyond the -- I'm sorry. Beyond the
4 projects that you mentioned for FirstEnergy Services
5 Company, have you done any other economic impact
6 modeling or construction of economic impact models
7 for utilities in Ohio?

8 A. Not for utilities in Ohio.

9 Q. Thank you. Now, when you refer on line
10 15 to "fiscal impact models," can you -- is that
11 different than an economic impact model?

12 A. Yes. A fiscal impact model concerns the
13 revenues and expenditures for a -- usually a local
14 government.

15 Q. And that -- and you are drawing a
16 distinction between that and the economic impact
17 model.

18 A. Yes.

19 Q. And in your testimony you present an
20 economic impact model and not a fiscal impact model.

21 A. That is correct.

22 Q. Now, on page 2 of your testimony, I want
23 you to look at line 9, and you indicate there that an
24 economic impact analysis determines the impact that a

1 specific project may have on a region's economy. Do
2 you see that --

3 A. Yes.

4 Q. -- reference?

5 A. Yes.

6 Q. Would you consider the economic impact
7 analysis that you have presented to be a
8 forward-looking approach?

9 A. Could you define what you mean by that?

10 Q. Well, I'm focusing on the fact that you
11 said that your analysis looks at what a project or
12 program may have on a -- on a region's economy, so
13 I'm wanting to understand whether the economic
14 analysis you present is -- is -- although it's based
15 on historic information is to present what may happen
16 in the future, what the impact may be into the
17 future.

18 A. No. This is simply a point in time, sort
19 of a snapshot of the operations of these particular
20 plants.

21 Q. Thank you. Now, can an economic impact
22 analysis determine the impact that increased utility
23 rates paid by customers will have on the economy?

24 A. I'm sure it's possible to do an economic

1 impact analysis of that question.

2 Q. But you have not done that for purposes
3 of this proceeding, correct?

4 A. That's correct.

5 Q. Would you agree with me generally with
6 increased utility rates paid by customers will have
7 economic impacts that affect the regional economy?

8 A. I didn't analyze that question.

9 Q. But just as a principal, would you agree
10 with me that increased utility rates paid by
11 customers will have economic impacts that affect the
12 regional economy?

13 MR. ALEXANDER: Objection, asked and
14 answered. Go ahead.

15 A. I guess you would have to -- I would need
16 you to be more specific about what you mean by
17 economic impacts that would affect the regional
18 economy.

19 Q. Well, you present, do you not, economic
20 impacts that affect the regional economy associated
21 with the Davis-Besse and the Sammis plants continuing
22 in operation, correct?

23 A. Yes.

24 Q. I'm talking about in -- or, similarly,

1 whether or not the -- you would see economic impacts,
2 negative economic impacts, on the regional economy
3 from increased utility rates paid by customers.

4 MR. ALEXANDER: Objection, asked and
5 answered. Go ahead.

6 A. I really wouldn't know without having
7 done that analysis.

8 Q. Would you agree as a concept or the
9 principle that it is likely that if you increase the
10 utility rates that are paid by customers, there will
11 be a negative impact on the regional economy?

12 MR. ALEXANDER: Objection, asked and
13 answered. Go ahead.

14 A. I couldn't say whether it would be
15 negative or positive without having done that
16 analysis.

17 Q. Have you -- Ms. Murley, have you ever
18 constructed an economic impact model that considers
19 the costs associated with increased expenses to
20 customers and their effect on the economy?

21 A. No, I have not constructed that type of
22 model.

23 Q. Would you agree with me that an economic
24 impact study by its nature does not consider the

1 costs borne by the community?

2 A. In general economic impact analysis does
3 not rely on inputs regarding costs.

4 Q. Okay. Now, if the costs were
5 incorporated into -- into the study, it would change
6 the study from an economic impact study to a
7 cost/benefit study; is that correct?

8 A. I don't know if that's really the term
9 that I would use to describe it.

10 Q. Would you agree that the monetary costs
11 and the nonmonetary negative impacts that are
12 inflicted on a community are not generally considered
13 in the economic impact analysis?

14 MR. ALEXANDER: Objection, compound.
15 Could we split that?

16 Q. Yes. That's not a problem. Would you
17 agree with me that, Ms. Murley, that monetary costs
18 associated with -- let me strike that.

19 Did you consider in your economic impact
20 analysis presented in this proceeding the monetary
21 costs of keeping Davis-Besse and Sammis running?

22 A. I only considered the amount of jobs and
23 payroll and taxes paid by the facility.

24 Q. So you did not consider the monetary

1 costs of keeping the facilities running, correct?

2 A. I guess you would have to be more
3 specific about what you mean by "costs of keeping the
4 facility running."

5 Q. Did you consider the expenses that
6 customers will pay for keeping Davis-Besse and Sammis
7 running as part of your economic impact analysis?

8 A. We simply looked at the value of what was
9 produced by the plant and their supplier purchases
10 and spending by their employees.

11 Q. So you did not look at the cost that
12 customers pay to keep the facility running.

13 A. We looked at the supplier purchases which
14 are costs of producing electricity but that was all
15 that we looked at in terms of the impact of the plant
16 and the employee purchases and.

17 Q. Would you agree with me, Ms. Murley, the
18 costs to customers of increased utility rates can be
19 translated into economic values?

20 A. I'm sure it's possible to run an economic
21 impact analysis of changes in utility prices.

22 Q. And can you qualitatively or
23 quantitatively assess the costs of increased utility
24 rates and include that in an analysis to evaluate the

1 net benefits a project --

2 MR. ALEXANDER: Objection, compound.

3 Q. Let me try to break that down. Can you
4 as part of an economic analysis, impact analysis,
5 qualitatively assess the -- let me strike that.

6 Now, you discuss the IMPLAN model on page
7 3 and 4 of your testimony, and I am going to direct
8 you to lines 10 and 11 on page 4 where you indicate
9 that you -- that IMPLAN software combined with data
10 files purchased from IMPLAN for a particular
11 geographic region can be used to create multipliers.

12 A. Yes.

13 Q. Now, you state that -- that -- let me
14 strike that.

15 The multipliers that you are referring to
16 here are then used to measure the total impact of a
17 change on all the other industries within the region
18 study; is that correct?

19 A. The mod -- the IMPLAN software can be
20 used to create multipliers for any industry for a
21 specific geography.

22 Q. As a general, the multipliers are used to
23 measure the total impact of a change on all the other
24 industries within the region studied?

1 A. The multipliers measure the
2 interrelationships between the subject industry and
3 other industries from which they make purchases and
4 from which their employees may make purchases.

5 Q. And then the multipliers feed into the
6 total economic impact; is that correct?

7 A. Multipliers can be used to quantify the
8 total economic impact.

9 Q. And, in fact, in the study that you
10 present the multipliers have been used to quantify
11 the total economic impact, correct?

12 A. Correct.

13 Q. Now, would you also agree with me that
14 the multipliers estimate three components and that
15 would be the direct effect, the indirect effect, and
16 the induced effect, correct?

17 A. Yes, that's correct.

18 Q. And the multipliers that you set -- that
19 you used in this economic impact study did estimate
20 these three components, correct?

21 A. Yes.

22 Q. Now, for purposes of your analysis, you
23 purchased data files for the Ohio region, correct?

24 A. Yes.

1 Q. And did you also purchase a data file for
2 the tri-state region for purposes of your economic
3 impact on -- of Sammis?

4 A. I purchased individual county files for
5 each of the six counties.

6 Q. And part of the six counties would have
7 been in -- within a tri-state region, correct?

8 A. Those six counties are in three different
9 states.

10 Q. Would you agree with me that the larger
11 the geographic area being studied the larger the
12 multipliers will be?

13 A. Assuming that geographic area translates
14 into more industries, yes, generally the larger the
15 economy the larger the multipliers.

16 Q. And would you also agree that the larger
17 the multipliers the greater the total economic impact
18 created from the economic impact analysis?

19 A. The greater the economic impact within
20 that local area.

21 Q. Now, on page 5 of your testimony, lines
22 12 through 13, you state that Sammis supports an
23 estimated 140 full-time equivalent contractors on a
24 seasonal basis during major maintenance projects. Do

1 you see that reference?

2 A. Yes.

3 Q. What do you mean by "seasonal basis"?

4 A. Sammis employs contractors for one or
5 multiple months per year to perform certain
6 maintenance tasks.

7 Q. And do you know -- can you identify what
8 months and the maintenance tasks associated with
9 these seasonal contractors?

10 A. I was provided with -- I'm sorry.

11 Q. I'm sorry. I was just making sure you
12 understood it was for Sammis.

13 A. Okay. I was provided with information on
14 the full-time equivalent number of contractors based
15 on the number of person months and what their
16 estimated payroll was.

17 Q. So the person months would tell you what
18 the seasonal basis of the maintenance project was?

19 A. I know how -- how many effectively
20 full-time equivalent people which was, I'm sure,
21 computed based on how many months each person was
22 there.

23 Q. Now, for purposes of the economic impact
24 study -- let me strike that.

1 For purposes of your economic impact
2 analysis, did you assume that there were any
3 constraints on Sammis operating throughout the year?

4 A. I assumed that the output was based on
5 the amount of income and that the income and the
6 number of employees reflected the amount of hours
7 that those people worked and what amount of work was
8 required.

9 Q. And perhaps I am not making myself clear.
10 For purposes of this study, did you assume that
11 Sammis was -- what did you assume about Sammis
12 operations? Were you making an assumption that
13 Sammis is operating at 100 percent for the entire
14 study period?

15 A. I relied on the IMPLAN model as to the
16 normal level of operations for utility generation
17 plants.

18 Q. And do you know what the normal level of
19 operations or -- for utility plants, in particular
20 for a coal-burning plant, is in IMPLAN?

21 A. I do not know the specific assumptions
22 about the level of operations that they are assuming,
23 but it is inherent in those output multipliers.

24 Q. And we established earlier that -- or I

1 believe we established earlier, did we not, that the
2 assumptions made in IMPLAN related to the electric
3 generation were not plant specific?

4 A. That's correct.

5 Q. Or industry specific?

6 A. They are specific to the electric
7 generation industry.

8 Q. Right. But they are not specific by type
9 of plant, for instance, they do not delineate between
10 a coal-burning plant versus a gas-fired plant,
11 correct?

12 A. Correct.

13 Q. Also they would not delineate between a
14 coal-coal-burning plant and a solar facility,
15 correct?

16 A. Correct.

17 Q. For purposes of the economic impact
18 study, does the IMPLAN model assume full employment
19 is maintained?

20 A. I'm not sure I understand the question.

21 Q. With respect to -- you indicate that --
22 that as part of the economic impact analysis, there
23 are certain job assumptions made, correct?

24 A. The direct number of jobs are actual jobs

1 that were provided to me.

2 Q. Okay. And those actual number of jobs
3 are assumed that full -- full employment is
4 maintained throughout the study period; is that
5 right?

6 A. It's based on the actual number of jobs
7 in 2013.

8 Q. Now, on page 5, line 17 of your
9 testimony, you indicate that "Sammis creates a total
10 economic impact of 585.6 million in the regional
11 economy each year." Do you see that?

12 A. Yes.

13 Q. And that figure comes from an estimate
14 for the year 2013?

15 A. Yes, implying that that's an annual
16 number, not a number that covers multiple years or
17 parts of a year.

18 Q. Okay. Just to be clear it's an estimate;
19 it is not an actual figure, correct?

20 A. Absolutely. All economic impacts are
21 estimated.

22 Q. Thank you. Now, on page 8 of your
23 testimony, you indicate that "Statewide, the regular
24 operations of Davis-Besse generate an annual economic

1 impact of \$473.3 million." Do you see that?

2 A. Yes.

3 Q. And that figure also comes from an
4 estimate for the year 2013?

5 A. Yes, yes.

6 Q. Now, when you use the term "regular
7 operations," what do you mean there?

8 A. I'm excluding the steam generator
9 placement and refueling project which is included in
10 later results for Davis-Besse.

11 Q. And the employment numbers that were used
12 for Davis-Besse, were those also based on actual
13 employment numbers?

14 A. For the direct, yes.

15 Q. And those employment numbers would have
16 corresponded to the year 2013, if you know?

17 A. Yes.

18 Q. And going back for a moment, when we
19 talked about the Sammis economic impact analysis, you
20 indicated those were actual employee numbers. Would
21 those also have been based on the actual year 2013?

22 A. The direct jobs were based on information
23 for 2013.

24 Q. Thank you. Now, can you tell me why you

1 looked at the statewide impact of Davis-Besse instead
2 of just looking at the FirstEnergy service
3 territory's impact?

4 A. When I discussed the scope of work with
5 FirstEnergy Services Company, they chose to look at
6 the state of Ohio as well.

7 Q. And do you know what the basis for
8 looking at the state of Ohio was?

9 A. No.

10 Q. And when you say they chose, would that
11 have been Ms. Noewer of FirstEnergy Solutions; is
12 that correct?

13 MR. ALEXANDER: Objection, assumes facts
14 not in evidence. Go ahead.

15 A. I don't recall exactly.

16 Q. Who would you have talked to about the
17 scope of the Davis-Besse geographic area?

18 A. I don't recall exactly who was involved
19 in that conversation.

20 Q. Do you know the economic impact from the
21 regular operations of Davis-Besse that come solely
22 from the FirstEnergy service territory?

23 A. No.

24 Q. Now, on page 10 of your testimony, lines

1 13 and 14, you -- and you have been asked some
2 questions about this, but I just want to ask some
3 clarifying questions. You state that the economic
4 impact is 1.06 billion each year.

5 A. Yes.

6 Q. That -- now, does that figure -- the
7 \$106 billion figure is a -- is a composite figure for
8 both Sammis and Davis-Besse, correct?

9 A. It's a combination of the impacts of both
10 plants.

11 Q. Okay. And for Sammis we have 585.6
12 economic impact for the tri-state or the six-county
13 region, correct?

14 A. Yes.

15 Q. And then for Davis-Besse, we have 473.3
16 million for the ongoing operations on a statewide
17 basis?

18 A. Yes.

19 Q. Now, on page 10 of your testimony at the
20 very -- at the very bottom, I believe, you state that
21 "The effects on local communities would be
22 devastating if these Plants closed." Do you see
23 that?

24 A. Yes.

1 Q. I guess that's actually lines 14 and 15.

2 A. Uh-huh.

3 Q. Now, what is your understanding about
4 whether or not these plants will or will not close?

5 A. I have -- I have no specific information
6 about that. I was simply making a comment about the
7 importance of the plants to these local communities.

8 Q. Okay. Now, on page 10, lines 21 through
9 23, you state that "If additional levies were passed
10 to make up for some of the lost property tax
11 revenues, that would increase the amount of money
12 that residents and businesses spend on taxes and"
13 then that would "correspondingly decrease the amount
14 that was available for other types of purchases." Do
15 you see that?

16 A. Yes.

17 Q. If additional dollars are collected from
18 customers to support these two plants, would you also
19 agree that there would be a corresponding decrease in
20 the amount of money that residents and businesses
21 have available for other types of purchases?

22 MR. ALEXANDER: Objection, asked and
23 answered in Mr. Fisk's examination. Go ahead.

24 A. Assuming that the amount of money that

1 the residents had to spend remained the same, there
2 would be a reallocation of their spending.

3 Q. Would you agree with me, Ms. Murley, that
4 a positive economic impact coming out of an economic
5 impact study does not necessarily mean that a product
6 should be supported?

7 MR. ALEXANDER: Could I have that
8 question reread.

9 (Record read.)

10 MR. ALEXANDER: Objection to the phrase
11 "product" as vague.

12 Q. I'm sorry, project. Let me restate that
13 just to be clear. Would you agree, Ms. Murley, that
14 a positive economic impact coming out of an economic
15 impact study does not necessarily mean that a project
16 such as the Davis-Besse or Sammis project should be
17 supported?

18 A. I can't really comment on how people
19 should use the information from the economic impact
20 study to make those kinds of judgments.

21 Q. Are you presenting any recommendation to
22 the PUCO about how it should use the results of your
23 economic impact study?

24 A. I'm presenting the economic impacts.

1 Q. But you are not making a recommendation
2 to the Public Utilities Commission of Ohio that the
3 results should be used in any particular way.

4 MR. ALEXANDER: Objection to the extent
5 it calls for a legal conclusion. Go ahead.

6 A. I'm not making a specific recommendation
7 about how the results should be used.

8 Q. Are you making a recommendation,
9 Ms. Murley, by presenting your economic impact
10 studies that the Commission approve the company's
11 application in this case?

12 A. I'm presenting my testimony on behalf of
13 the companies.

14 Q. Should the PUCO base its decision in this
15 case upon the results presented by your economic
16 impact study?

17 MR. ALEXANDER: Objection. Calls for a
18 legal conclusion. Go ahead.

19 A. I'm sure there are many factors that they
20 will consider.

21 Q. In your -- let me strike that.

22 Under the study that you present, the
23 economic impact analysis of Sammis and Davis-Besse,
24 can we tell whether or not the spending proposed for

1 those plants stimulates the economy more than any
2 other kind of investment?

3 A. That question is outside the scope of
4 what I analyzed.

5 Q. So you did not examine or compare the
6 benefits that could be obtained from using customers'
7 resources for other activities, correct?

8 A. That's correct.

9 Q. And did you examine in your benefit -- in
10 your cost -- in your economic impact analysis who
11 benefits and who pays for the Davis-Besse and Sammis
12 plant?

13 A. Those types of questions are outside of
14 the scope of economic impact analysis.

15 Q. And did you not consider the transfer of
16 money between customers and the utility as part of
17 your analysis?

18 A. That's a different type of analysis.

19 Q. Does your economic impact analysis
20 consider that support for these plants may displace
21 other investments that might otherwise occur?

22 A. I didn't look at that in my analysis.

23 Q. So you did not study the displacement
24 costs or consider whether other options may have

1 brought in even more positive economic impact?

2 MR. ALEXANDER: Objection, asked and
3 answered. Go ahead.

4 A. I don't believe I can improve upon my
5 answer.

6 Q. Can you tell me what the report that you
7 present -- let me strike that.

8 Let's go to your Attachment SM-1. And as
9 we've testified, the Sammis -- the economic impact
10 analysis for Sammis involved the tri-state region,
11 correct?

12 A. It involved six specific counties in
13 three states.

14 Q. Yes. And you also testified that you do
15 not know the Ohio-specific revenue and economic
16 impact of Sammis.

17 A. I didn't look at that.

18 Q. Now, you indicate that Sammis employs
19 close to 400 people. Do you see that reference?

20 A. No. Where are you looking?

21 Q. In the second paragraph on page 1, I'm
22 sorry.

23 A. Yes.

24 Q. Do you know whether that is full- or

1 part-time employees?

2 A. I assumed that's total employment.

3 Q. So that would be full- as well as
4 part-time?

5 A. Yes.

6 Q. Do you know the breakdown between full-
7 and part-time employees?

8 A. Not off the top of my head, no.

9 Q. Okay. And do you know as of what date
10 that 400 people figure is -- is related to?

11 A. That's 2013 data.

12 Q. Okay. Do you know the current amount of
13 employees at Sammis?

14 A. What do you mean by "current"?

15 Q. As we sit here today, can you tell me
16 what -- what amount of employees there are at Sammis?

17 A. No.

18 Q. Do you know how that number compares to
19 the 2013 400 employee number?

20 A. Since I don't know current employment,
21 no, I can't comment on how it compares.

22 Q. And do you know as you sit here today the
23 breakdown of employees between Ohio employees and the
24 Pennsylvania and West Virginia employees?

1 A. For what time period?

2 Q. As we sit here today, can you tell me
3 what -- what the breakdown is between the Ohio
4 employees versus Pennsylvania and West Virginia
5 employees of Sammis?

6 A. No.

7 Q. Are you aware of any changes in the
8 percentages of employees from 2013 to the current
9 date?

10 A. I didn't --

11 Q. That comes from -- I'm sorry. That comes
12 from the tri-state region.

13 A. I don't have data on the current today
14 distribution of where employees live.

15 Q. Now, can you tell me -- you have listed
16 that the annual payroll is \$34 million and that's
17 mentioned again in connection with the 400 employees.
18 Do you know how much of the employee payroll is Ohio
19 payroll alone and not related to West Virginia or
20 Pennsylvania?

21 A. I do not know how much payroll is
22 associated with employees that live in Ohio versus
23 those that live in other states.

24 Q. Do you know, Ms. Murley, whether the

1 employment numbers vary with the production of energy
2 coming out of Sammis?

3 A. I haven't looked at a time series of
4 employment relative to production levels.

5 Q. Do you know whether -- let me strike
6 that.

7 Do you know whether planned or unplanned
8 outages at Sammis affect the employment numbers of --
9 at Sammis?

10 A. I haven't specifically looked at that
11 issue.

12 Q. Does your model assume that -- let me
13 strike that.

14 Does the economic impact analysis in your
15 study assume that production will not vary coming out
16 of Sammis?

17 A. It's simply a snapshot for a particular
18 point in time.

19 Q. So that snapshot would assume a static
20 level of production?

21 A. Over what time period?

22 Q. Over the entire study period.

23 A. I don't think it matters whether the
24 actual level of production is exactly equivalent on

1 every day in the year.

2 Q. But under your model you're assuming that
3 production is the equivalent of that snapshot for the
4 entire period, correct?

5 A. For the whole year I'm assuming that is
6 the amount of production.

7 Q. And, in turn, you are also making -- the
8 economic impact analysis also makes the assumption
9 that 100 percent of the employees will be constant or
10 that 100 percent of the employees will be constant
11 throughout the entire year, correct?

12 A. The analysis assumes that this amount of
13 employees would work there all year.

14 Q. Thank you. Now, on page 1 of your --
15 your SM-1 attachment, you state that the estimates
16 made in your analysis are based on hypothetical
17 assumptions, among other things. Do you see that?

18 A. Uh-huh.

19 MR. ALEXANDER: You have to answer -- you
20 have to answer orally.

21 A. Yes.

22 Q. Okay. And we're referring to the last
23 sentence on page -- on page 1, correct?

24 A. Yes.

1 Q. Now, the hypothetical assumptions, those
2 are made by IMPLAN, correct?

3 A. Yes. These are assumptions about
4 spending patterns that are made by IMPLAN.

5 Q. And have you examined or do you know of
6 each of those hypothetical assumptions that are made
7 by IMPLAN for purposes of the economic impact
8 analysis you present in this proceeding?

9 MR. ALEXANDER: Objection, overbroad. Go
10 ahead.

11 A. IMPLAN is a very complex model, and I
12 can't comment on every specific assumption.

13 Q. So you don't know what -- what specific
14 assumptions are made by IMPLAN for purposes of your
15 net impact analysis presented in this proceeding?

16 MR. ALEXANDER: Again, objection,
17 overbroad.

18 A. Could you be more specific about what
19 types of assumptions?

20 Q. Well, Ms. Murley, I am trying to explore
21 the statement that you made on page 1 of the SM-1
22 where you refer to hypothetical assumptions, so I am
23 just trying to understand what hypothetical
24 assumptions there are made by IMPLAN and what your

1 knowledge is of those assumptions.

2 A. IMPLAN --

3 Q. So -- go ahead.

4 A. IMPLAN makes assumptions about the types
5 of goods and services that are required by industries
6 in the electric utility generation sector, and it
7 makes assumptions about what share of those purchases
8 can be made locally. And it makes assumptions about
9 household spending patterns of employees based on
10 their income level, what particular goods and
11 services they buy and what quantities as an
12 aggregate.

13 Q. Can you tell me how many hypothetical
14 assumptions are made by IMPLAN? Are we talking about
15 hundreds of assumptions?

16 A. I couldn't quantify exactly how many
17 assumptions IMPLAN makes in building their software.

18 Q. A lot of assumptions, would you agree?

19 A. It's a very complex model.

20 Q. Now, you indicate on footnote 1 that
21 "This analysis," and I assume you are referring to
22 the economic impact analysis there?

23 A. Yes.

24 Q. "Is based on the best available

1 information." Do you see that reference?

2 A. Yes.

3 Q. And can you tell me the best available
4 information -- where that best available information
5 comes from?

6 A. It's referring to the information that
7 was provided to me by FirstEnergy Services Company.

8 Q. Okay. You're not referring to
9 information -- the data files on geographic
10 information; is that right?

11 A. I would say that the IMPLAN data is also
12 based on the best available assumptions.

13 Q. But when you refer to "the best available
14 information" there in that footnote, you are
15 referring to the information from FirstEnergy
16 Solutions, correct?

17 A. I am.

18 MR. ALEXANDER: Objection, misstates
19 prior testimony. I believe she testified FirstEnergy
20 Service Company but go ahead.

21 A. I'm referring to all of the assumptions
22 and information that I used in the analysis.

23 Q. Now, the information and assumption that
24 was provided to you by FirstEnergy Services Company,

1 you've identified that -- that information and that
2 information is found on Attachment 1 for Sammis; is
3 that right?

4 A. That's correct.

5 Q. And was there any other information that
6 was specifically provided for by FirstEnergy Services
7 Company?

8 A. No.

9 Q. Now, you also indicated in SM-1 even if
10 the assumptions were to occur, there would usually be
11 differences between the estimates and actual results.
12 Do you see that?

13 A. Yes.

14 Q. Is that based on your experience from
15 running the economic impact model?

16 A. Yes, in that we don't know exactly who
17 their suppliers are and who the suppliers to their
18 suppliers are, and so we are making assumptions about
19 that.

20 Q. And has your experience been there are
21 differences between the estimates and actual results
22 that you present on -- in economic impact analysis in
23 general?

24 A. I'm making assumptions about their

1 purchasing patterns. I have to assume that there may
2 be differences in actual purchasing patterns and my
3 assumptions.

4 Q. Do you ever have to -- after you conduct
5 the economic impact analysis, do you ever go back and
6 look at the differences between the estimates and the
7 actual result?

8 A. Because the estimates, for example, for
9 the induced impacts include not only the supplier
10 purchases made by FirstEnergy Services Company or the
11 operate -- or the operating entity for Sammis but
12 also the suppliers to their suppliers, it would be
13 impossible to verify all of that information using
14 actual data and isolate those specific activities
15 because, you know, lots of things are happening in
16 the economy at the same time. This isn't all
17 happening in isolation.

18 Q. So it's not -- would you agree with me
19 it's not something that you generally do after you
20 conduct an economic impact analysis? You don't look
21 at what you estimated and what actually occurred?

22 A. It would be impossible to look at what
23 exactly actually occurred.

24 Q. Can you quantify the -- what the

1 difference is that you refer to, what percentage
2 difference you would expect between the estimated
3 results of an economic impact analysis and the actual
4 results variance, what the variance would likely be?

5 A. There are many variables involved in that
6 question. I can't give you an exact percentage.

7 Q. Can you give me a general percentage
8 where -- can you tie it to a general percent what the
9 difference would be likely between the economic
10 impact analysis estimate and the actual economic
11 impact?

12 MR. ALEXANDER: Objection. She testified
13 the actual can't be calculated so asked and answered.
14 Go ahead.

15 A. I don't believe I can improve on that
16 answer.

17 Q. Now, your footnote you also indicate that
18 events or circumstances frequently do not occur as
19 expected. Do you see that?

20 A. Yes.

21 Q. Can you tell me by -- what you are
22 referring to there?

23 A. Things can change in the actual course of
24 operations and this is looking at many iterations

1 of -- of buyers and suppliers.

2 Q. So any event or circumstances -- let me
3 strike that.

4 So you could be referring to any number
5 of factors, or you could be referring to any number
6 of factors that are looked at in the impact analysis;
7 is that fair?

8 A. Yes.

9 Q. Could be something like customer
10 spending, correct?

11 MR. ALEXANDER: There's no question
12 pending.

13 Q. You could be referring to, for instance,
14 customer spending would be something that frequently
15 does not occur as expected?

16 A. No, I wouldn't think of that as what I
17 would typically be looking at.

18 Q. Can you tell me what you would think of
19 as typically being looked at then?

20 A. Suppose, for example, that a supplier or
21 a supplier to a supplier went out of business and had
22 to be replaced with someone in a different location.

23 Q. Okay. Can you give me any other
24 instances that -- that you would refer to as that

1 relates to events or circumstances that frequently do
2 not occur as expected?

3 A. Suppose that some particular employee
4 household changed their spending pattern because of
5 some particular personal event that happened in their
6 family.

7 Q. Can you give me any other factors that
8 would equate to events or circumstances that
9 frequently do not occur as expected?

10 A. I'm sure there are plenty of other
11 examples but those are the examples I can come up
12 with at this moment.

13 Q. Would you agree with me that perhaps
14 employment levels might be something that would fit
15 as an event or circumstances that frequently did not
16 occur as expected?

17 A. In this case I was using employment data
18 for a period that had already occurred.

19 Q. Understood. Now, you state that "The
20 information and the observations," and I am still in
21 the footnote, "The information and observations are
22 based on our present knowledge of components of
23 development and the current conditions of the
24 effected area." Do you see that?

1 A. Yes.

2 Q. Can you define for me what you mean for
3 "present knowledge"? What period of time you are
4 talking about?

5 A. What is currently known about the
6 activities about the plant and the economic base of
7 the area as of the time of the report being
8 completed.

9 Q. And that would be based upon the -- the
10 IMPLAN data purchased?

11 A. As well as the data provided to me by
12 FirstEnergy Services Company.

13 Q. Okay. And then when you refer to the
14 current conditions of the affected area, current
15 would be a reference to the timeframe that the
16 analysis was undertaken?

17 A. In this case the timeframe that the
18 IMPLAN data applies to.

19 Q. And that would be 2013?

20 A. The data is always delayed one year, and
21 so the IMPLAN data is for 2012.

22 Q. Okay. Would you -- do you believe it's
23 appropriate to consider the nonrecurring impacts of
24 activities undertaken at a plant in your net --

1 net -- in your economic impact analysis?

2 A. Yes, as long as it's clear that they are
3 nonrecurring activities.

4 Q. Should the nonrecurring activities be
5 looked at in a different light than the recurring
6 activities in determining the economic impact that
7 results from your study?

8 A. For the specific year we looked at the
9 one-time activities really did occur in that year and
10 really did contribute to the economic impacts in that
11 particular year. We're not suggesting that they
12 would occur again in the next year.

13 Q. Does it depend on what use you want to
14 make of the economic study when the nonrecurrent
15 activities should be included?

16 A. I think it's just important to be clear
17 about what's recurring and what's nonrecurring. I
18 suppose you may refer to one or the other depending
19 on what you were looking at.

20 Q. And to be clear the Davis-Besse
21 nonrecurring activity was separate from the recurring
22 activities and was identified separately in the
23 economic impact analysis that you conducted?

24 A. It's identified here separately in the

1 tables.

2 Q. Now, on page 2 of your study, SM-1, still
3 on the Sammis issue, you've identified the
4 \$585.6 million effect on the region, the economy in
5 Ohio, West Virginia, and Pennsylvania. Is that the
6 same as the annual economic impact on the regional
7 economy for Sammis's regular operation that's
8 described on page 4?

9 A. Are you referring to the first paragraph
10 on page 4?

11 Q. Yes.

12 A. Yes. Those numbers are the same.

13 Q. And that's the figure that's identified
14 as total output on page 3 under Figure 1?

15 A. That's correct.

16 Q. Does that \$585.6 million figure include
17 the regular operations impact that's shown on the top
18 portion of Figure 1?

19 A. I'm sorry. I am not seeing where you are
20 looking.

21 Q. I've got -- I've got page 3 of SM-1 for
22 Sammis, Figure 1, and I am looking at the 585.62
23 figure called total output. And my question is does
24 that 585.62 figure include the impacts that are shown

1 in the top portion of Figure 1 as the W.H. Sammis
2 regular operation?

3 A. So economic impacts are expressed in
4 terms of their variable output, income, and jobs. In
5 this case there's no output number that's listed in
6 that top section.

7 Q. But the 582.62, that's the total economic
8 impact, correct?

9 A. Total output.

10 Q. Total output and that is the figure you
11 have presented as the economic impact of -- of the
12 Sammis plant on the region -- on the geographic
13 region you identified as the tri-state region,
14 correct?

15 A. Total output is routinely referred to as
16 the total economic impact.

17 Q. And that's how you've referred to it in
18 your testimony, correct?

19 A. Yes.

20 Q. Now, I am looking at Figure 1, and I am
21 looking at the total jobs 1,059 in Figure 1. Do you
22 see that?

23 A. Yes.

24 Q. Is that the 1,100 jobs that are

1 referenced on page 2 that the operations of the power
2 plant directly and indirectly support?

3 A. Yes. I round.

4 Q. In the first -- you've rounded up or
5 rounded down? The 1,100 is rounding up?

6 A. Yes.

7 Q. And that figure was derived as an input
8 of IMPLAN?

9 A. Yes.

10 Q. Does IMPLAN have 1,100 jobs that are Ohio
11 specific versus West Virginia and Pennsylvania?

12 A. No.

13 Q. Could it have provided that information
14 had you set the parameters differently?

15 A. No, because when you create the
16 multipliers, you have to combine those -- the data
17 for all of those regions, the IMPLAN model, that
18 data, and it becomes one region, and you cannot go
19 back and break out the impact in a particular county
20 using that regional data.

21 Q. But if you -- it started with the
22 regional data being Ohio specific; it would have
23 related in Ohio-specific jobs being created, correct?

24 A. I could have created multipliers for a

1 specific area in Ohio, and then I would have gotten
2 the economic impacts for that specific area.

3 Q. Yes, that was my question. Now, with
4 regard to the revenue impact, you indicate there is a
5 5.5 million in annual property tax revenues. Do you
6 see that?

7 A. Yes.

8 Q. Is that the Ohio-only effect, or does
9 that include any other area affected?

10 A. That's the amount of property tax paid by
11 the plant and since the plant is located in Ohio, all
12 of those property taxes are paid in Ohio.

13 Q. And the same would go for the 5.6 million
14 in indirect state and local revenues? Is that
15 related to Ohio only?

16 A. No. That's based on where those
17 employees live and have a residence.

18 Q. In Figure 6 on page 8 that would break
19 that figure down with the state information; is that
20 correct?

21 A. That's correct.

22 Q. So if we wanted to isolate the Ohio-only
23 revenue impact, we would just subtract out the
24 Pennsylvania and West Virginia portion for that

1 particular -- that particular factor?

2 A. Are you referring to the \$5.6 million
3 number on figure 6?

4 Q. Yes.

5 A. Yes, you could subtract out the
6 Pennsylvania and West Virginia information.

7 Q. Now, on page 4 of SM-1, going back, you
8 state that the \$585.6 million impact on the regional
9 economy includes the impact of production activity at
10 the plant. Do you see that, the very first
11 paragraph?

12 A. Oh, okay. Yes.

13 Q. Can you tell me what you mean by
14 production activity?

15 A. Direct output.

16 Q. And you do not necessarily mean how many
17 megawatts of energy or capacity are being produced,
18 correct?

19 A. No. I am referring to direct output.
20 The total output includes direct output.

21 Q. Okay. Now, on page 7, you indicate --
22 you have a multiplier of 1.17.

23 A. Yes.

24 Q. Do you see that?

1 A. Yes.

2 Q. Does that figure include the tri-state
3 impacts; is that correct?

4 A. That multiplier is specific to the
5 six-county region.

6 Q. Okay. And you do not know what the
7 multiplier effect would be if it was Ohio only?

8 A. No, I do not.

9 Q. Would you expect that the employer impact
10 would be less if it was Ohio only instead of the
11 tri-state region?

12 A. What do you mean by Ohio only?

13 Q. Ohio counties, Ohio counties and Ohio
14 employees only considered as opposed to counties that
15 include West Virginia and Pennsylvania.

16 MR. ALEXANDER: I guess to clarify, are
17 you asking all Ohio counties or just for the Ohio
18 counties included in the six-county area?

19 Q. Let me -- let me be more specific.
20 Instead of using the tri-county area we limited the
21 economic impact study to the Ohio counties, the four
22 Ohio counties, would you expect that the multiplier
23 impact would be less than the multiplier impact
24 produced by using a six-county area?

1 A. Typically if there are fewer businesses
2 and employees within the Ohio counties listed there
3 versus all of the counties combined, then the
4 multipliers would be less.

5 Q. And if the multipliers are less, the
6 economic impact coming out of your economic impact
7 study would be less, correct?

8 A. Yes. In what proportion is very unclear.

9 Q. Yes. I understand that. Now, on page 5
10 of SM-1 you talk about local vendor purchases
11 creating an impact of \$50.9 million per year. Do you
12 see that reference under Section 3.2? And you refer
13 to suppliers within the region. Are you talking
14 about the tri-state region there?

15 A. Yes.

16 Q. So we do not know from your economic
17 analysis what the Ohio impact would be, correct?

18 A. Correct.

19 Q. And do we know -- you indicate under
20 Figure 2 "the typical local supplier purchases." Do
21 you know -- let me strike that.

22 Now, you state on page 5 that an
23 estimated 94 percent of employees live in the
24 seven -- in the seven-county region. Do you see

1 that?

2 A. Yes.

3 Q. Where did the remaining 6 percent live?

4 A. In Figure 3 on page 6.

5 Q. Yes.

6 A. They live in other counties not listed in
7 Ohio, West Virginia, and Pennsylvania.

8 Q. Do you know what -- where those counties
9 would be indicated?

10 A. I don't recall exactly which counties
11 those were.

12 Q. Do you know, were they non-Ohio counties?

13 A. Well, in --

14 MR. ALEXANDER: Objection, vague. Are
15 you referring to the phrase "Ohio counties" on Figure
16 3?

17 MS. GRADY: Well, I wasn't referring to
18 that. I was asking the witness about that.

19 A. So if you look at Figure 3, you can see
20 the breakdown of -- by state of people who did not
21 live in the selected counties.

22 Q. Yes. And I'm still having trouble seeing
23 where the 6 percent is. You -- you indicate that
24 there is 94 percent living in the seven-county

1 region. That leaves 6 percent. So where is the
2 6 percent shown on Figure 3?

3 A. Since the total on Figure 3 adds to
4 100 percent, they are in other counties in those
5 states that aren't specifically listed.

6 Q. So would I add up the other Ohio
7 counties, other West Virginia counties, and other
8 Pennsylvania counties?

9 A. Yes.

10 Q. Is that what you are suggesting?

11 A. Yes. And there's --

12 Q. And I get 7 percent.

13 A. There's a rounding difference there.

14 Q. Okay. Thank you. Now, when you were
15 counting the employee and contractor spending, do the
16 numbers produced show spending in the tri-state area
17 versus the Ohio area?

18 A. Yes.

19 Q. And the 540 regular employees and
20 contractors listed on page 5, those are tri-state
21 numbers?

22 A. Which numbers?

23 Q. 540 regular employees and contractors on
24 the bottom of page 5 that you indicate.

1 A. The 540 is the number of people that work
2 at the plant.

3 Q. And so that would involve -- that would
4 be from the tri-state area versus the Ohio-only area.
5 That's my question.

6 A. In terms of where those people live?

7 Q. Yes.

8 A. Yes.

9 Q. And on page 6 the \$32.5 million output
10 is -- shows induced impact that is for the tri-state
11 region, correct?

12 A. Yes.

13 Q. And the job support of the 160 local jobs
14 reflects the tri-state impact again, correct?

15 A. Yes.

16 Q. And the 1,100 jobs shown on page 6 is a
17 figure related to the tri-state impact, correct?

18 A. Correct.

19 Q. And the 67.3 million also is the annual
20 payroll related to the tri-state impact.

21 A. Yes.

22 Q. With respect to page 8, at the bottom of
23 page 8, you've got a figure of \$295 million that
24 employees could generate in local sales revenues. Do

1 you see that?

2 A. 295,000.

3 Q. Yes. Do you see that figure?

4 A. Yes, I do.

5 Q. Is that related to the tri-state impact?

6 A. Yes, it is.

7 Q. Now, you indicate on page 9 you assume
8 local employees spend 31 percent of their wages on
9 goods that are subject to sales tax. Do you see
10 that?

11 A. Yes.

12 Q. And that data is based on the Census
13 Annual Consumer Expenditure Study?

14 A. Yes.

15 Q. Do you know what date that Census Annual
16 Consumer Expenditure Study was?

17 A. I believe that would have been 2013 data
18 because it was available in 2014 and there is a
19 slight delay.

20 Q. And this is an annual study as far as you
21 know?

22 A. Yes, it is.

23 Q. And do you have a copy of the 2013 -- do
24 you have a copy of the census that you used to derive

1 the 31 percent figure?

2 A. It's available on the census website.

3 Q. Thank you. Do you know if they have
4 published a 2014 study --

5 A. I doubt it.

6 Q. -- or later study than that which was
7 used by you in your economic impact analysis?

8 A. I don't know.

9 Q. Now, on page 9 of your testimony, you
10 refer to the Sammis employees and local contractors
11 that could generate approximately 1.1 million in
12 local taxes. Do you see that?

13 A. Yes.

14 MR. ALEXANDER: Ms. Murley, one point of
15 clarification. You said of her testimony. Did you
16 actually mean of the exhibit?

17 Q. I'm sorry, of the exhibit. We are still
18 on SM-1, and I am referring to page 9 of that
19 exhibit.

20 A. Yes.

21 Q. So is that 1.1 million in local tax, is
22 that -- is that the tri-state area effect?

23 A. Yes.

24 Q. And the 2.2 million in state taxes

1 referred to on page 9, is that state taxes for Ohio
2 and Pennsylvania?

3 A. Yes, but in both cases this is specific
4 to income taxes.

5 Q. So it relates to the income of the
6 employees.

7 A. Yes.

8 Q. Correct?

9 A. Yes, that's correct.

10 Q. And the employees will be coming from
11 Ohio residing in Ohio, Pennsylvania, and West
12 Virginia.

13 A. That's correct.

14 Q. Now, on page 10 of Attachment SM-1, under
15 the summary, you refer to capital investments
16 associated with this plant. Do you see that?

17 A. Yes.

18 Q. Can you tell me what you're referring to
19 there?

20 A. Any capital investments would translate
21 into additional assessment value that would
22 subsequently generate property taxes.

23 Q. And so when you make that reference, you
24 are not talking about any specific Sammis capital

1 investments that you are aware of, correct?

2 A. Correct.

3 Q. Have you reviewed the capital investments
4 associated with Sammis that are to be made or have
5 been made in the past?

6 A. No.

7 Q. Are there any future capital investments
8 that you are aware of at -- as we sit here today
9 with -- related to Sammis?

10 A. No. I am not aware of any specific
11 investment.

12 Q. Okay.

13 MR. ALEXANDER: Let's go off the record
14 for just one moment.

15 (Discussion off the record.)

16 (Thereupon, a lunch recess was taken at
17 12:03 p.m.)

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1 Wednesday Afternoon Session,
2 January 14, 2015.

3 - - -

4 SARAH MURLEY

5 being by me previously duly sworn, as hereinafter
6 certified, deposes and says further as follows:

7 CROSS-EXAMINATION (Continued)

8 By Ms. Grady:

9 Q. Good afternoon.

10 A. Hello.

11 Q. I'm going to go back to page 10 of SM-1
12 under the section entitled "Summary."

13 A. Okay.

14 Q. And I've got more questions to follow up
15 with you on there. You indicate in that particular
16 paragraph that cutbacks at this plant would not only
17 impact FirstEnergy employees at the facility but also
18 impact surrounding businesses. Do you see that
19 reference?

20 A. Yes.

21 Q. What do you mean by cutbacks?

22 A. If the plant were to reduce its
23 employment and operations and assumably supplier
24 purchases, that those supplier businesses would be

1 impacted and also businesses that sell to the
2 employees.

3 Q. And is it your understanding if the
4 company doesn't get what it wants through the -- in
5 its application, that there had been cutbacks at the
6 plant?

7 A. I don't really know.

8 Q. Are you aware of what the reasons there
9 would be cutbacks at the plant?

10 A. No. This was just a general statement.

11 Q. Was this particular -- was this
12 particular paragraph, was this a paragraph that you
13 prepared on your own, or were you provided some
14 assistance with the drafting of this paragraph?

15 A. I wrote this myself.

16 Q. Let's go now to SM-2. And this
17 attachment, correct, refers to the economic impact
18 analysis for the Davis-Besse nuclear power station,
19 correct?

20 A. Yes.

21 Q. Now, that study you looked at the ongoing
22 operations of Davis-Besse plus looked at a steam
23 generator -- or generator placement and refueling
24 project that took place over the last six months; is

1 that correct?

2 A. Yes.

3 Q. And would you agree with me this differs
4 from the approach taken to the economic impact study
5 of Sammis?

6 A. I would not say the approach differs.

7 Q. But we -- in Sammis you were not looking
8 at any nonrecurring event, correct?

9 A. Correct.

10 Q. And what is the reason for looking at the
11 nonrecurring event, the steam generator placement and
12 refueling project for Davis-Besse?

13 A. It created a very significant economic
14 impact in that year.

15 Q. Do you know how often the stem generator
16 placement and refueling will take place for
17 Davis-Besse? Do you know what the schedule for that
18 would be?

19 A. No.

20 Q. Are you assuming or do you know whether
21 or not refueling will occur for the Davis-Besse
22 nuclear power station in the future?

23 A. I'm sure refueling would occur in the
24 future. If the plant --

1 Q. Can you say -- I'm sorry. Go ahead.

2 A. If the plant continues to operate,
3 refueling on a periodic basis is a regular part of
4 nuclear plant operations.

5 Q. Do you know how often refueling in
6 general is done at a nuclear power station?

7 A. No.

8 Q. Do you know with respect to the
9 Davis-Besse nuclear power station how often refueling
10 occurs?

11 A. No.

12 Q. With respect to the steam generator
13 placement portion of the project, do you know whether
14 that is a one-time event or that would be a recurring
15 event?

16 A. I'm sure at some point in the future the
17 steam generator would need to be replaced. Again,
18 I'm sure it doesn't last forever, but I don't know
19 what the exact timing would be.

20 Q. And -- let me strike that. And were you
21 directed under your economic impact analysis to do
22 this additional analysis related to the
23 nonrecurring -- let me strike that.

24 Were you directed by the service company

1 to study the generator placement refueling project
2 for purposes of your economic impact analysis?

3 A. They requested that I include that, yes.

4 Q. And with respect to the other projects
5 that you have worked on or -- let me strike that.

6 In other economic impact analyses that
7 you have conducted, have you as a matter of course
8 looked or done an analysis which would encompass
9 nonrecurring events related to a facility or event?

10 A. Yes, I commonly look at nonrecurring
11 events.

12 Q. Now, let's go to page 1 of your
13 testimony. I'm sorry, page 1 of SM-2. And there you
14 refer to an estimated 2,290 additional local and
15 nonlocal contractors that were employed over the last
16 six months. Do you see that?

17 A. Yes.

18 Q. Can you tell me what -- how you define
19 nonlocal contractors?

20 A. Someone that had alternate living -- that
21 lived far enough away that they did not go home at
22 night. They lived in some sort of, you know, hotel
23 or apartment or temporary rental in the region while
24 they were working there.

1 Q. And those could be -- could possibly be
2 contractors that are outside of Ohio?

3 A. Sure.

4 Q. Is it likely that they are outside of
5 Ohio or can you not -- can you tell?

6 A. I really don't know.

7 Q. Do you know how many of the 2,290 were
8 nonlocal contractors?

9 A. Yes. Well, the nonlocal contractors
10 worked a total of 2,737 person weeks based on
11 information on page 6 of SM-2.

12 Q. So you just know the hours they worked,
13 not the number of nonlocal.

14 A. Right, because many of them were there
15 for just a short period of time.

16 Q. Okay. Now, in -- in footnote 1 on page
17 1, you refer to Attachment A. Is that the same as
18 Attachment 1?

19 A. Yes.

20 Q. Now, on page 2 you have an estimate of
21 1,900 jobs shown on -- as an economic impact of
22 ongoing operations under the first bullet point. Do
23 you see that?

24 A. Yes.

1 Q. Was that the same -- does that refer to
2 the same figure as the 1,862 jobs shown in Figure 1
3 on page 4?

4 A. Yes. It's just rounded.

5 Q. Okay. Now, on page 2 you also indicate
6 that Davis-Besse creates an annual economic impact of
7 473.3 million from ongoing operations, correct?

8 A. Yes.

9 Q. Is that an Ohio-only impact?

10 A. Everything in this report is Ohio only
11 but some things are specific only to Ottawa County.

12 Q. Okay. And Ottawa County is where
13 Davis-Besse is located, correct?

14 A. Correct.

15 Q. Okay. Now, the 689 employees referenced
16 in the second bullet with annual payroll of 64.7
17 million, do you see that reference?

18 A. Yes.

19 Q. Do you know how much of the payroll is
20 Ottawa County?

21 A. I do not know where --

22 Q. Okay.

23 A. No.

24 Q. And in -- do you understand why you

1 were -- the geographic area was defined as the entire
2 state of Ohio for Davis-Besse for purposes of your
3 economic impact study?

4 A. I don't recall exactly why we chose the
5 whole state of Ohio.

6 Q. As you sit here today, do you know a
7 reason why you would want to choose the entire state
8 of Ohio to look at the economic impact of
9 Davis-Besse?

10 A. Not specifically.

11 Q. What about generally why you would want
12 to look at the entire state of Ohio to determine the
13 economic impact of the Davis-Besse?

14 A. Versus Ottawa County, I am sure there are
15 a number of purchases and employees' spending
16 activity that occurs outside of Ottawa County.

17 Q. I guess I'm also trying to understand why
18 you would look at the state of Ohio for Davis-Besse
19 and not look at the state of Ohio for the economic
20 impact analysis for Sammis. Can you explain why --
21 what the difference is and why you chose the
22 different geographic areas for Sammis versus
23 Davis-Besse?

24 A. Because of the location of the Sammis

1 plant close to the borders of other states, we chose
2 to look at the area where most of the employees live.

3 Q. And for Davis-Besse you chose the entire
4 state because of the location of the Davis-Besse
5 plant?

6 A. In part.

7 Q. And what is the other part?

8 A. I don't remember the complete
9 conversations that I had about why we chose that
10 particular geography.

11 Q. Who would those conversations have been
12 with, if you recall?

13 A. I don't recall exactly who all was
14 included in those conversations.

15 Q. Would it have been with -- included
16 Sharon Noewer?

17 A. It's likely that Sharon was included.

18 Q. Is there anyone else that comes to mind
19 that would have been included in the conversations
20 about what geographic area to -- to study for
21 purposes of Davis-Besse?

22 A. I don't recall.

23 Q. Now, on page 2 of SM-2, you indicate
24 that -- under the "Impacts of the Steam Generator

1 Placement and Refueling Project" that an additional
2 2,290 contract employees were used. Do you see that?

3 A. Yes.

4 Q. And that those contract employees had a
5 \$219.4 million in payroll effect?

6 A. Yes.

7 Q. Do you know how many of the contractors
8 were Ohio businesses or residents of Ohio?

9 A. Well, as I stated previously, I know the
10 number of person weeks because the issue with these
11 contractors is that most of them were not there for
12 the entire year.

13 Q. But so you wouldn't -- you may know
14 person weeks but you may not know how -- how many of
15 the contractors were Ohio contractors alone, correct?

16 A. That's correct.

17 Q. Now, on page 2 you state that 930 of the
18 contractors -- of the 2,290 contractors are from the
19 local area. How do you define "local area" there?

20 A. People who live in Ottawa County or close
21 enough to the border of Ottawa County that they
22 commute home to their primary residence every night.

23 Q. And when you -- when you use the Figure
24 2 -- on page 3 when you use the figure \$219 million

1 of local contractor spending and local supplier
2 purchases, how do you define "local"?

3 A. I'm sorry. Can you say where you are
4 looking at one more time?

5 Q. I'm sorry, that is on page 3 you use the
6 figure 219 million. It's up at the top, I believe.

7 A. Okay. Uh-huh.

8 Q. You use -- you say these are impacts from
9 local supplier purchases and local contractor
10 spending. I'm asking you how do you define local as
11 you used it there?

12 A. Just give me a minute.

13 Q. Thank you.

14 A. I believe there we are referring to
15 Ottawa County.

16 Q. Okay. Now, on page 4 I want you to look
17 at Figure 1 where you show the total jobs under steam
18 generation re -- generation placement and refueling
19 project, and you see a figure -- you indicate a
20 figure 3,954. Do you see that?

21 A. Yes.

22 Q. Do you know how many of the total jobs
23 are temporary jobs, or are they all temporary jobs?

24 A. This is all temporary situations. They

1 could be someone who is employed on an ongoing basis
2 at a supplier company but during the impact period
3 that we are measuring is just related to what they
4 are doing relative to the steam generator placement
5 and refueling project.

6 Q. Now, on Figure 1 under "Annual Direct and
7 Indirect Revenue Impacts," is that limited to the
8 regular operations and -- and -- let me strike that.

9 Where you indicate the "Annual Direct and
10 Indirect Revenue Impacts," was that solely related to
11 the regular operation?

12 A. No. You can see in the last section I
13 have indirect revenues from contract employees.

14 Q. Yes. That would include -- where you
15 have indirect contract employees, that would include
16 the impacts of the steam generator placement and
17 refueling?

18 A. Yes.

19 Q. And how do you ensure that for purposes
20 of the economic impact analysis that you are not
21 double counting?

22 A. Could you be more specific?

23 Q. I'll try. You have two different -- you
24 have an economic impact analysis associated with the

1 steam generator placement and refueling project,
2 correct?

3 A. Uh-huh.

4 Q. And that was separate and apart from the
5 economic impact analysis done with respect to the
6 regular on -- excuse me, regular ongoing operations
7 of Davis-Besse, correct?

8 A. Right.

9 Q. And where you have the annual and direct
10 revenue impacts of Davis-Besse on an ongoing basis,
11 you have just indicated that you include some impact
12 of the steam generator placement and refueling
13 project by including indirect contract employee
14 data --

15 A. Yes.

16 Q. -- as shown on Figure 1. Can you tell me
17 why that would not be double counting the impact of
18 the steam generator placement and refueling project
19 as part of the ongoing operation impact shown on
20 Figure 1?

21 A. So referring specifically to the revenue
22 impact; is that correct?

23 Q. Yes.

24 A. Okay. So the indirect revenue impacts

1 for the regular employees is based on the number of
2 regular employees and their payroll, and the indirect
3 revenue impacts for the contract employees is based
4 on the number of contract employees and their payroll
5 and their length of stay in the region relative to
6 lodging taxes, so it's two different groups of
7 people. There really wouldn't be any potential for
8 double counting.

9 MS. GRADY: May I have a moment, please?

10 (Discussion off the record.)

11 Q. Now, on page 6 of your analysis, and I am
12 looking at SM-2, page 6, you say under the "Steam
13 Generator Placement and Refueling Impact," you state
14 that 41 percent of the employees were from the
15 Northern Ohio region while the remaining workers were
16 from outside the area. Can you tell me what you mean
17 by "outside the area"? Are you talking about outside
18 the state?

19 A. Not necessarily. They could be --

20 Q. Outside the --

21 MR. ALEXANDER: Yeah. We are getting
22 that feedback. If someone could mute their phone, we
23 would appreciate it. And could we have the question
24 reread just because we got --

1 MS. GRADY: I can just restate it.

2 MR. ALEXANDER: That would be great.

3 Q. When you state that 41 percent of the
4 employees were from Northern Ohio region and the
5 remaining workers from outside the area, can you
6 define "outside the area"?

7 A. It wouldn't necessarily mean outside
8 Ohio. It could be just from somewhere else further
9 away in Ohio but not necessarily in Northern Ohio.

10 Q. Okay. Are you saying outside Ottawa
11 County?

12 A. I don't know what -- I don't have the
13 exact counties that were included in the Northern
14 Ohio region in -- in my head right now.

15 Q. Now, you indicate on page 6 that there is
16 an estimated 1,700 more local jobs that could be
17 supported in other businesses throughout the state
18 over the next several months. Do you see that?

19 A. Yes.

20 Q. Are these temporary jobs or permanent
21 jobs, if you know?

22 A. They could be temporary jobs. They could
23 be permanent jobs. But during this time period they
24 are being supported by additional demand created by

1 the steam generator placement and refueling project.

2 Q. So are you saying that they would be
3 likely temporary because the temporary nature of
4 the -- of the project?

5 A. Not necessarily. I could be a restaurant
6 employee, and during that time period, I have people
7 related to this project eating at my restaurant, and
8 other times of the year I have other people. I don't
9 necessarily lose my job after this project goes away.

10 Q. Do you know with respect to the 1,700
11 more local jobs whether those are full- or part-time
12 jobs?

13 A. I don't know.

14 Q. Now, on page 6 you also discuss nonlocal
15 contractor impacts and that's at the bottom of the
16 page.

17 A. Yes.

18 Q. Again, I am going to ask you to define
19 what you mean there by nonlocal.

20 A. People that are staying overnight in some
21 sort of facility that is not their primary residence.

22 Q. Now, you indicate that you -- you have --
23 you base nonlocal contractor impacts on information
24 from the Ohio Division of Travel and Tourism. Do you

1 see that?

2 A. Yes.

3 Q. Do you know how fresh the data is with
4 that assumption that nonlocal contractors spent \$79
5 per day?

6 A. The general per person per day tourism
7 spending is 2012 data.

8 Q. Okay. And have you looked at the 2013 or
9 2014 data?

10 A. I would not anticipate that 2014 data was
11 necessarily available at this point because there is
12 almost always a delay, but I have not looked at 2013
13 data.

14 Q. So you don't know how the 2013 data
15 compares to the 2012 data you used in your impact
16 analysis?

17 A. No.

18 Q. Do you know if the \$79 per day figure
19 that -- that -- that you derived from the -- let me
20 strike that.

21 Is the \$79 per day figure that was
22 derived through the \$105 figure adjusted due to
23 working hours of the visitors?

24 A. It's adjusted due to the fact that they

1 are working while they are here as opposed to someone
2 who is strictly here on a leisure visit.

3 Q. And going to page 7, we look at Figure 4,
4 the estimated nonlocal contractor expenditures were
5 through a period of January, '13, through April,
6 2014; is that correct?

7 A. Yes.

8 Q. Going to page 7, Figure 4, you have a
9 column called "Distribution." Can you tell me what
10 that represents?

11 A. It just shows how spending breaks down by
12 category between lodging, food and beverage,
13 transportation, and retail.

14 Q. Now, on -- on page 7 you refer also to
15 133,000 in personal income in the surrounding region.
16 Can you define for me what the surrounding region is?

17 A. I see the reference. Just give me a
18 minute.

19 So it could be anywhere in the state of
20 Ohio, but we can assume that it's probably much
21 closer to Ottawa County than that because we're
22 talking about places where these nonlocal contractors
23 spend money in their evening hours and weekend hours,
24 but it's based on statewide multipliers.

1 Q. Now, with respect to footnote 3 and
2 that's at page -- I believe it's at page 10. You say
3 there that the average depreciation assumed was
4 50 percent. Do you see that?

5 A. Yes.

6 Q. Do you know where that figure comes from?

7 A. Well, I looked at the actual depreciation
8 schedules; and, of course, the number is different in
9 every year, but I just took an average of multiple
10 years.

11 Q. When you say you looked at -- I'm sorry.
12 Go ahead.

13 A. At any given point in time, you know,
14 some of your equipment stock may be new and some of
15 it is aging at different -- you know, it's different
16 ages and so this was an average to represent --

17 Q. And you say -- you said you looked at
18 actual depreciation schedules. What schedules would
19 those have been?

20 A. The Ohio Department of Revenue has
21 prescribed schedules for different types of
22 equipment.

23 Q. So it was not a specific FirstEnergy
24 Service Company number, but it was derived from

1 aggregate data provided by the Ohio Department of
2 Revenue?

3 A. These are required depreciation schedules
4 that are used when property taxes are computed for
5 utility personal property.

6 Q. Now, going to Attachment 1, Davis-Besse
7 input data, can you pull to that page, page 13.

8 A. Yes.

9 Q. And the column there says October through
10 April labor costs, 2013 to 2014. Do you see that?

11 A. Yes.

12 Q. Can you tell me why that particular
13 timeframe was used?

14 A. That's when those contractors were
15 present in the area. That's when the steam generator
16 placement and refueling project took place.

17 Q. Can you tell me why the estimated
18 nonlocal contractor expenditures that were examined
19 were examined during a different period?

20 A. Can you give me a reference on that?

21 Q. If you go to page 7, Figure 4, it would
22 indicate that the local -- nonlocal contractor
23 expenditures were examined from a period of January,
24 2013, through April, 2014.

1 A. Yes. I see that.

2 Q. Can you tell me why -- if those are
3 different time periods why they are different time
4 periods?

5 A. I do not believe they are different time
6 periods. I believe there's -- one of those things
7 should have been labeled differently.

8 Q. And which one should have been labeled
9 differently?

10 A. I would have to verify that before I
11 answer.

12 Q. Now, throughout the -- throughout this --
13 your testimony throughout your study you talked about
14 multipliers, and we talked about the role of
15 multipliers. Can you tell me for -- for the
16 Sammis -- for the economic impact study conducted for
17 Sammis how many multipliers were developed?

18 A. Well, there are different multipliers for
19 jobs, of course, and output and there are direct
20 multipliers, indirect multipliers, induced
21 multipliers, so I would have to count that. I
22 believe we only used multipliers for the electric
23 power generation -- no, I also used multipliers for
24 household spending so there are direct, indirect, and

1 induced multipliers for that as well. So quite a
2 number of multipliers.

3 Q. If you had to put a number on it, what
4 would you say?

5 A. Approximately 12.

6 Q. And with respect to the economic impact
7 study conducted for Davis-Besse, could you tell me
8 how many multipliers were used in that study?

9 A. Okay. Just give me a minute.
10 Approximately 63.

11 MS. GRADY: Thank you. If I may have a
12 moment, I think that may be the end of my cross, but
13 I want to take 1 or 2 minutes just to look through my
14 questions. Thanks.

15 (Discussion off the record.)

16 MS. GRADY: That's all the questions I
17 have. Thank you very much, Ms. Murley.

18 MR. ALEXANDER: And so the record is
19 clear Ms. Grady and I spoke prior to her conducting
20 Ms. Murley's deposition, and Ms. Grady intends to
21 file a notice of appearance in this proceeding, and
22 the companies consented to allowing Ms. Grady to
23 conduct this deposition on that basis; is that
24 correct, Ms. Grady?

1 MS. GRADY: That's correct. And I would
2 note that the conduct of a deposition does not amount
3 to an appearance before the Commission; and,
4 therefore, a notice of appearance is not required.

5 MR. ALEXANDER: Right. But you do intend
6 to file a notice of appearance, correct?

7 MS. GRADY: I believe that I will be
8 filing a notice of appearance in the case, yes. I do
9 believe that.

10 MR. ALEXANDER: Okay. Thank you.

11 Anyone else with questions for
12 Ms. Murley?

13 Hearing none that concludes and we will
14 read.

15 (Thereupon, the deposition was concluded
16 at 1:07 p.m.)

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1 State of ~~Ohio~~ AZ :
2 County of Maricopa : SS:

3 I, Sarah Murley, do hereby certify that I have
4 read the foregoing transcript of my deposition given
5 on Wednesday, January 14, 2015; that together with
6 the correction page attached hereto noting changes in
7 form or substance, if any, it is true and correct.

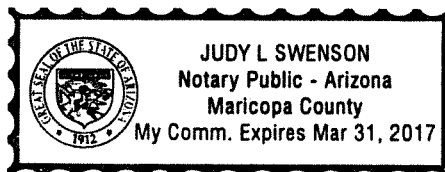
8 Sarah Murley Bramer
9 Sarah Murley

10 I do hereby certify that the foregoing
11 transcript of the deposition of Sarah Murley was
12 submitted to the witness for reading and signing;
13 that after she had stated to the undersigned Notary
14 Public that she had read and examined her deposition,
15 she signed the same in my presence on the 27
16 day of January, 2015.

17 Judy L Swenson
18 Notary Public

19 My commission expires 3-31, 2017.

20 - - -



ERRATA SHEET

Please do not write on the transcript. Any changes in form or substance you desire to make should be entered upon this sheet.

TO THE REPORTER:

I have read the entire transcript of my deposition taken on the 14 day of January, 2015, or the same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the signature page and authorize you to attach the same to the original transcript.

Page	Line	Change	Reason
6	8	^{Should be} Sarah Murley Brammer	omission
13	20	change "testing" to "text"	transcription error
25	4	change "purchased" to "discussed"	transcription error
63	12	omit word "not"	transcription error
107	23	insert Q. after "Uh-huh"	transcription error

Date 1-26-15 Signature: Sarah Murley Brammer

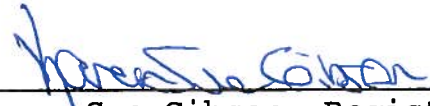
1 CERTIFICATE

2 State of Ohio :
3 County of Franklin : SS:

4 I, Karen Sue Gibson, Notary Public in and for
5 the State of Ohio, duly commissioned and qualified,
6 certify that the within named Sarah Murley was by me
7 duly sworn to testify to the whole truth in the cause
8 aforesaid; that the testimony was taken down by me in
9 stenotypy in the presence of said witness, afterwards
transcribed upon a computer; that the foregoing is a
true and correct transcript of the testimony given by
said witness taken at the time and place in the
foregoing caption specified and completed without
adjournment.

10 I certify that I am not a relative, employee,
11 or attorney of any of the parties hereto, or of any
12 attorney or counsel employed by the parties, or
financially interested in the action.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and affixed my seal of office at Columbus, Ohio,
15 on this 20th day of January, 2015.

16 
17 Karen Sue Gibson, Registered
18 Merit Reporter and Notary Public
19 in and for the State of Ohio.

20 My commission expires August 14, 2015.

21 (KSG-5987)

22 - - -

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Case No(s). 14-1297-EL-SSO

Summary: Deposition (Public) of Sarah Murley electronically filed by Mr. Tony G. Mendoza on behalf of Sierra Club