

1           BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

2                               - - -

3       In the Matter of the               :  
4       Application of Ohio Edison       :  
5       Company, The Cleveland           :  
6       Electric Illuminating           :  
7       Company, and The Toledo          :  
8       Edison Company for               :   Case No. 14-1297-EL-SSO  
9       Authority to Provide for         :  
10      a Standard Service Offer       :  
11      Pursuant to R.C. 4928.143       :  
12      in the Form of an Electric       :  
13      Security Plan.                   :

14                               - - -

15                               DEPOSITION

16      of Sarah Murley, taken before me, Valerie J.  
17      Grubaugh, Registered Merit Reporter, and a Notary  
18      Public in and for the State of Ohio, at the offices  
19      of Calfee, Halter & Griswold, 1200 Huntington Center,  
20      41 South High Street, Columbus, Ohio, on Tuesday,  
21      July 26th, 2016, at 1:00 p.m.

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26                               ARMSTRONG & OKEY, INC.  
27                               222 East Town Street, Second Floor  
28                               Columbus, Ohio 43215-4620  
29                               (614) 224-9481 - (800) 223-9481  
30                               FAX - (614) 224-5724

31                               - - -

## 1 APPEARANCES:

2 Calfee, Halter & Griswold, LLP  
3 By N. Trevor Alexander  
4 The Calfee Building  
1405 East Sixth Street  
Cleveland, Ohio 44114

5 On behalf of the Applicants.

6 Earthjustice  
7 By Michael C. Soules (via speakerphone)  
Northeast Office  
1625 Massachusetts Ave, Suite 702  
8 Washington, DC 20036

9 On behalf of the Sierra Club.

10 Vorys, Sater, Seymour & Pease, LLP  
11 By Ms. Gretchen Petrucci  
52 East Gay Street  
12 Columbus, Ohio 43215

13 On behalf of Retail Energy Supply  
14 Association, PJM Power Providers  
Group, Electric Power Supply  
Association, Constellation, and  
15 Exelon.

16 Carpenter Lipps & Leland, LLP  
17 Ms. Ms. Danielle Walter (Via speakerphone)  
280 North High Street, Suite 1300  
Columbus, Ohio 43215

18 On behalf of the Ohio Manufacturers'  
19 Association Energy Group.

20 Bruce E. Weston, Ohio Consumers' Council  
21 By Mr. William Michael  
Assistant Consumers' Council  
10 West Broad Street, Suite 1800  
22 Columbus, Ohio 43215-3485

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

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1                               Tuesday Afternoon Session,  
2                               July 26th, 2016.

3                               - - -

4                               Sarah Murley,  
5       being by me first duly sworn, as hereinafter  
6       certified, deposes and says as follows:

7                               CROSS-EXAMINATION

8       By Mr. Soules:

9               Q.    Good afternoon, Ms. Murley.

10            A.    Good afternoon.

11            Q.    My name is Mike Soules.  As you just  
12       heard, I represent Sierra Club in this proceeding.  
13       How are you doing?

14            A.    Good.  Thank you.

15            Q.    Okay.  Before talking about the  
16       specifics of your hearing testimony I wanted to cover  
17       a couple of preliminary points.

18                   First of all, if I refer to The Ohio  
19       Edison Company and the Cleveland Electric  
20       Illuminating Company, and the Toledo Edison Company  
21       collectively as "the Companies", will you understand  
22       what I mean?

23            A.    Yes.

24            Q.    Okay.  Great.  And are you aware that on

1 May 2nd of this year the Companies proposed  
2 modifications to Rider RRS?

3 A. Yes.

4 Q. And if I refer to the Companies proposed  
5 modification to Rider RRS as the modified Rider RRS,  
6 will you understand what I mean?

7 A. Yes.

8 Q. Great. And are you aware that the  
9 Commission Staff has proposed a Distribution  
10 Modernization Rider?

11 A. Yes.

12 Q. And if I refer to that rider as the  
13 Staff's proposal, or the DMR, will you understand  
14 what I mean?

15 A. Yes.

16 Q. Great. Thank you. Ms. Murley, you  
17 filed three rounds of written testimony in this case,  
18 correct?

19 A. Yes.

20 Q. And your rebuttal rehearing testimony  
21 was filed last Friday, July 22nd, correct?

22 A. Yes.

23 Q. Okay. Great. And just for your  
24 reference, unless I explicitly state otherwise, I'm

1     only going to be asking you questions about your  
2     rebuttal rehearing testimony in this deposition. So  
3     any time I refer just to "your testimony", I'm  
4     referring to the rebuttal rehearing testimony. Does  
5     that make sense?

6             A. Yes, I understand.

7             Q. Great. Did you bring any documents with  
8     you to your deposition today?

9             A. I have a copy of my testimony, and I  
10    have a copy of Witness Buckley's testimony.

11            Q. Do you have a copy of Attachment SM-R-1?

12            A. I'm sorry, could you repeat that?

13            Q. Do you have a copy of the attachment to  
14    your testimony, the one labeled SM-R-1?

15            A. Yes.

16            Q. Great. Thank you. So for your  
17    testimony you're testifying on behalf of the  
18    Companies, correct?

19            A. Yes.

20            Q. But your firm contracted directly with  
21    FirstEnergy Corp. for your rehearing testimony?

22            A. I was asked by the Legal Department to  
23    prepare my testimony.

24            Q. The name of your firm is Applied

1       Economics LLC, right?

2             A.    Correct.

3             Q.    Did Applied Economics sign a contract  
4       with FirstEnergy Corp. or with another entity?

5             A.    With FirstEnergy Service Company, a  
6       wholly owned subsidiary of FirstEnergy Corp.

7             Q.    Okay. Thank you. Could you please turn  
8       to Page 2 of your rehearing testimony?

9             A.    Yes.

10            Q.    Great. Thank you. Starting on Line 2  
11       it states that your testimony, quote, addresses  
12       economic and revenue impacts of the FirstEnergy Corp.  
13       headquarters (HQ) on the State of Ohio. Do you see  
14       that reference in your testimony?

15            A.    Yes.

16            Q.    So your testimony presents an analysis  
17       of both the economic impact and the revenue impact of  
18       FirstEnergy Corp.'s headquarters, correct?

19            A.    Yes, the tax revenues.

20            Q.    Okay. And a tax revenue impact analysis  
21       is somewhat different than an economic impact  
22       analysis; is that right?

23            A.    Yes.

24            Q.    But both types of analysis are different

1       ways of measuring the economic impact of the business  
2       or some other activity?

3             A.   They are both ways to measure.

4             Q.   Do you agree with that?

5             A.   I'm sorry?

6             Q.   I'm sorry, Ms. Murley, I inadvertently  
7       interrupted you.   Please go ahead.

8             MR. ALEXANDER:   Could you please repeat  
9       the question, please?

10            MR. SOULES:   Yes.   Are you able to hear  
11   me okay?

12            MR. ALEXANDER:   Yes, it was just the  
13   interruption led it to be a little choppy there.  
14   By Mr. Soules:

15            Q.   Okay.   Great.   Ms. Murley, the  
16   revenue -- a tax revenue impact analysis and an  
17   economic impact analysis are different ways of  
18   measuring the economic impact of the business for  
19   some other type of activity; is that a fair  
20   statement?

21            A.   There are different ways of measuring  
22   the impact of a business or some similar activity.

23            Q.   Okay.   Thank you.   And looking on Page 2  
24   of your testimony, starting on Line 3, it states



1       that, quote, Staff Witness Buckley failed to address  
2       the economic and revenue impacts of the HQ. Do you  
3       see that reference in your testimony?

4             A. Yes, I see that.

5             Q. And your testimony addresses a topic  
6       that's not itself in Mr. Buckley's rehearing  
7       testimony, correct?

8             A. I'm sorry. Could you repeat that?

9             Q. Yes. Your testimony addresses a topic  
10      that is not discussed in Mr. Buckley's rehearing  
11      testimony, correct?

12            MR. ALEXANDER: Objection. Go ahead.

13            THE WITNESS: Mr. Buckley's testimony  
14      does not include an economic impact of the  
15      headquarters.

16      By Mr. Soules:

17            Q. So you agree with me that your testimony  
18      addresses a topic that is not discussed in  
19      Mr. Buckley's rehearing testimony, correct?

20            MR. ALEXANDER: Objection. Go ahead.

21            THE WITNESS: The topic of the economic  
22      impact of the headquarters is not discussed in  
23      Mr. Buckley's testimony.

24      By Mr. Soules:

1           Q. And in your testimony you're not  
2       disagreeing with my specific statement that  
3       Mr. Buckley made in his rehearing testimony; is that  
4       correct?

5           MR. ALEXANDER: Objection. Go ahead.

6           THE WITNESS: I believe that Mr. Buckley  
7       failed to quantify all of the benefits of Rider DMR.  
8       By Mr. Soules:

9           Q. Did Mr. Buckley quantify any of the  
10      economic and revenue impact of the headquarters?

11      A. No.

12          MR. ALEXANDER: And, Mr. Soules, just  
13      one point of clarification. When you say "economic  
14      revenue impacts", you're referring to those terms as  
15      used in Ms. Murley's testimony?

16          MR. SOULES: Yes.

17          MR. ALEXANDER: Okay. Thank you.

18      By Mr. Soules:

19          Q. With that clarification, Ms. Murley, in  
20      essence?

21      A. Can you repeat the question?

22          MR. SOULES: Could we have the question  
23      read back prior to Mr. Alexander's clarification?

24              (Question read back.)

1                   THE WITNESS: So my answer is no,  
2                   subject to the clarification.

3                   By Mr. Soules:

4                   Q. Okay. Thank you. Ms. Murley, is there  
5                   any specific statement in Mr. Buckley's rehearing  
6                   testimony that you disagree with?

7                   MR. ALEXANDER: Objection. Go ahead.

8                   THE WITNESS: I believe there was an  
9                   omission from his testimony in his failure to  
10                  quantify the benefit of the headquarters.

11                  By Mr. Soules:

12                  Q. So the answer to my question is no,  
13                  there's no specific statement excluded in  
14                  Mr. Buckley's testimony that you're disagreeing with  
15                  in your testimony, correct?

16                  MR. ALEXANDER: Objection. Asked and  
17                  answered, this is now the third time. She's  
18                  explained what she disagrees with. Go ahead.

19                  THE WITNESS: There is not a specific  
20                  statement that I disagree with, there is an omission.

21                  By Mr. Soules:

22                  Q. All right. Ms. Murley, you said you  
23                  have a copy of Mr. Buckley's testimony with you?

24                  A. Yes.

1 Q. Could you --

2 MR. SOULES: Valerie, could we have that  
3 marked as Deposition Exhibit 1. And, Trevor, if you  
4 need a copy, I believe someone may have an extra copy  
5 of this.

6 MR. ALEXANDER: Let's go off the record  
7 for just a moment.

8 MR. SOULES: Let's go off the record.

9 (Discussion off the record.)

10 MR. SOULES: So off the record we  
11 clarified that we actually do not need Mr. Buckley's  
12 testimony to be marked. Instead I'm just going to  
13 ask Ms. Murley a couple questions about that  
14 testimony.

15 By Mr. Soules:

16 Q. So, Ms. Murley, if you could please turn  
17 to Page 7 of Mr. Buckley's rehearing testimony.

18 A. Okay.

19 Q. Starting on Line 9 of the sentence that  
20 reads, quote, Staff recommends that FE must keep its  
21 corporate headquarters and nexus of operations in  
22 Akron, Ohio for the entire term of the electric  
23 security plan (ESP) or the entire amount of the  
24 credit should be subject to refund. Do you see that

1 statement in Mr. Buckley's testimony?

2 A. Yes, I see that statement.

3 Q. Okay. And does your testimony offer an  
4 opinion about whether FirstEnergy Corp. must keep its  
5 corporate headquarters and nexus of operation in  
6 Akron, Ohio for the entire term of the electric  
7 security plan?

8 A. My testimony offers an evaluation of the  
9 value of keeping the headquarters in Akron.

10 Q. But you're not offering an opinion or  
11 recommendation to the Commission about whether this  
12 should be a condition of the Staff proposal, correct?

13 A. Could you repeat that?

14 MR. SOULES: Valerie, could you read the  
15 question back?

16 (Question read back.)

17 THE WITNESS: No, I am offering an  
18 opinion that it was a benefit that was excluded from  
19 this testimony.

20 MR. SOULES: I'm sorry, could I get that  
21 last answer read back?

22 (Answer read back.)

23 By Mr. Soules:

24 Q. Ms. Murley, is it your understanding

1       that Mr. Buckley's rehearing testimony attempted to  
2       list all the benefits associated with FirstEnergy  
3       Corp. keeping its headquarters in Akron, Ohio?

4             A.   He addressed the benefits related to  
5       maintaining the credit position, but did not address  
6       the benefits related to maintaining the headquarters.

7             Q.   So if the Commission were to approve the  
8       Staff proposal, customers will pay charges to the  
9       Company under the DMR, correct?

10            MR. ALEXANDER:   Could I have that read  
11       back?

12            (Question read back.)

13            THE WITNESS:   That is my understanding  
14       of Witness Buckley's testimony.  
15       By Mr. Soules:

16            Q.   Are you offering any opinions about  
17       whether those DMR payments should be refunded if  
18       FirstEnergy Corp. moves its headquarters and nexus of  
19       operation out of Akron?

20            A.   No.

21            Q.   And you're not offering any opinions  
22       about whether the Staff should -- Strike that.

23            You're not offering any opinions about  
24       whether the Commission should approve the Staff

1       proposal, correct?

2           A.   No.

3           Q.   And you're not offering any opinions  
4       about the level of funding that would be needed to  
5       provide adequate credit support to the Companies,  
6       correct?

7           A.   Correct.

8           Q.   And you're not offering any opinions  
9       about the level of funding that would be needed to  
10      provide credit support to FirstEnergy Corp., correct?

11          A.   Correct.

12          Q.   Have you reviewed the rehearing  
13      testimony of Staff Witness Choueiki?

14          A.   No.

15          Q.   Have you reviewed the testimony of Staff  
16      Witness Turkenton?

17          A.   No.

18          Q.   Okay.  Thank you.  So let's shift gears  
19      a little bit.

20                So for your rehearing rebuttal testimony  
21      you filed six pages of testimony as well as a report  
22      that's been labeled as Attachment SM-R-1, correct?

23          A.   Correct.

24          Q.   And your six pages of testimony

1 summarize the results of the analyses described in  
2 Attachment SM-R-1; is that a fair statement?

3 A. Among other things, yes.

4 Q. And when you say "among others things",  
5 you mean the discussion about your background and  
6 your consulting firm?

7 A. Yes.

8 Q. And all of the -- all of the analysis  
9 results that are presented in your testimony could  
10 also be found if Attachment SM-R-1, correct?

11 A. Correct.

12 Q. If you could please turn to Page 5 of  
13 Attachment SM-R-1.

14 A. Yes.

15 Q. And if we could look at Figure 2 for a  
16 few minutes. This table in Figure 2 summarizes your  
17 estimate of the annual economic impact of FirstEnergy  
18 Corp.'s headquarters on the State of Ohio; is that  
19 correct?

20 A. Yes.

21 Q. Okay. So if we set aside the taxes  
22 revenue impact for the time being, the total  
23 estimated economic impact of the headquarters is \$568  
24 million annually; is that correct?



1           A.   That's correct.

2           Q.   And the \$568 million estimate includes  
3   the \$244.6 million personal income figure that's also  
4   shown in Figure 2, correct?

5           A.   By definition, output does include,  
6   among other things, the value of personal income or  
7   employee compensation.

8           Q.   So you agree with me that that \$568  
9   million estimate includes the \$244.6 million that  
10  you're showing in Figure 2?

11          A.   Yes.

12          Q.   So the personal income that is generated  
13  by FirstEnergy Corp.'s headquarters is a subset of  
14  the total economic output of the headquarters; is  
15  that an accurate statement?

16          A.   Yes.   And those two variables are always  
17  both listed when describing economic impacts.

18          Q.   Thank you.   Ms. Murley, do you have any  
19  reason to think that FirstEnergy Corp. might move its  
20  headquarters out of Akron -- do you have any reason  
21  to think that FirstEnergy Corporation might move its  
22  headquarters out of Akron in the foreseeable future?

23          A.   No, I am not offering an opinion about  
24  that.

1           Q.   Okay.  Are you offering any opinions  
2           about the likelihood that FirstEnergy Corp. might  
3           move its headquarters out of Akron if the Commission  
4           rejects the Companies' Modified Rider RRS proposal?

5           A.   No.

6           Q.   Are you offering any opinions about the  
7           likelihood that FirstEnergy Corp. might move its  
8           headquarters out of Akron if the Commission rejects  
9           the Staff proposal?

10          A.   No.  I believe that this should be  
11          included in Rider DMR, but I am not offering an  
12          opinion about the likelihood of the headquarters  
13          moving.

14          Q.   What do you mean by this should be  
15          included in Rider DMR?

16          A.   Information about the value of  
17          maintaining the headquarters in Akron is not  
18          addressed in Rider DMR, and I believe it should be.

19          Q.   Are you offering an opinion about the  
20          level of funding that Rider DMR should be set at?

21          A.   No, I am not.

22          Q.   Okay.  And you're not offering any  
23          opinions about the likelihood that FirstEnergy Corp.  
24          might move its headquarters out of Akron prior to

1 May 31st, 2024, correct?

2 MR. ALEXANDER: Objection. Asked and  
3 answered. Go ahead.

4 THE WITNESS: Correct.

5 By Mr. Soules:

6 Q. Has anyone employed by the Company told  
7 you that FirstEnergy Corp. might move its  
8 headquarters out of Akron?

9 MR. ALEXANDER: Objection. Asked and  
10 answered. Go ahead.

11 THE WITNESS: No.

12 By Mr. Soules:

13 Q. Has anyone employed by FirstEnergy  
14 Service Company told you that FirstEnergy Corp. might  
15 move its headquarters out of Akron?

16 MR. ALEXANDER: Objection. Asked and  
17 answered. Go ahead.

18 THE WITNESS: No.

19 By Mr. Soules:

20 Q. Has anyone employed by FirstEnergy  
21 Solutions told you that FirstEnergy Corp. might move  
22 its headquarters out of Akron?

23 MR. ALEXANDER: Objection. Asked and  
24 answered. Go ahead.

1 THE WITNESS: No.

2 By Mr. Soules:

3 Q. Okay. We're going to talk about the  
4 steps you took in preparing your analyses. So first  
5 off, did anyone else at Applied Economics assist you  
6 with your testimony and analyses?

7 A. No.

8 Q. Okay. And FirstEnergy Corp. provided  
9 several of the inputs you used for your economic  
10 impact analyses, correct?

11 A. FirstEnergy Service Company provided  
12 those inputs.

13 Q. And those inputs are presented in  
14 Attachment A to Attachment SM-R-1, correct?

15 A. Correct.

16 Q. And when were those inputs provided to  
17 you?

18 A. I'm sorry, when?

19 Q. Yes, when.

20 A. Earlier in July 2016.

21 Q. Do you remember the exact date?

22 A. No, I do not.

23 Q. Okay. And who specifically provided  
24 those inputs to you?

1           A.   The Legal Department.

2           Q.   Okay.  Could you please turn to  
3   Attachment A?

4           A.   Yes.

5           Q.   Okay.  Great.  So all of the information  
6   that's listed on this -- in this attachment was given  
7   to you by FirstEnergy Service Company; is that  
8   correct?

9           A.   Yes.

10          Q.   Okay.  If we could look at the table  
11   that's at the -- that's near the top of Attachment A.  
12   Do you see that table?

13          A.   Yes.

14          Q.   This table presents employment payroll  
15   and covered dependent information from 2015, correct?

16          A.   Correct.

17          Q.   And these figures are for the Shared  
18   Services employees that work at FirstEnergy Corp.  
19   headquarters, correct?

20          A.   These figures are for Shared Services  
21   employees that work in Ohio.

22          Q.   And these employment figures include  
23   Shared Services employees that work outside of  
24   headquarters; is that correct?

1           A. I don't know the exact work location  
2 other than the fact that it is in Ohio.

3           Q. Okay. Did you do anything to verify the  
4 accuracy of the figures listed in this table?

5           A. No, because there's not an outside or  
6 secondary source of information that would show me  
7 the number of employees or payroll for this  
8 particular subsidiary specifically within Ohio.

9           Q. You relied entirely on FirstEnergy  
10 Service Company for the accuracy of the figures,  
11 correct?

12          A. Yes, because there was no secondary  
13 source to verify that information.

14          Q. Did you search for any secondary  
15 sources?

16          A. No, but as an experienced economist I  
17 know that payroll figures for a specific subsidiary  
18 and a specific state of a single company are not  
19 going to be reported, for example, by government  
20 sources.

21          Q. Do you know if they would be recorded in  
22 Securities and Exchange Commission filings?

23          A. Not for a specific state and a specific  
24 subsidiary, given that it's a multi state --

1                   MR. ALEXANDER: Hold on. The witness  
2       wasn't finished with -- the witness wasn't finished  
3       with her response.

4                   THE WITNESS: -- given that it's a  
5       company that operates in multiple states.  
6       By Mr. Soules:

7                   Q. Thank you. And I do apologize,  
8       Ms. Murley. I thought you were done.

9                   You didn't review any SEC filings in  
10      preparing your rehearing testimony, correct?

11                  A. Could you repeat that?

12                  Q. Did you review any SEC filings in  
13      preparing your rehearing testimony?

14                  A. No.

15                  Q. Did you review any FirstEnergy Corp.  
16      shareholder presentations when preparing your  
17      rehearing testimony?

18                  A. No.

19                  Q. Do you know what the Shared Services  
20      employment and payroll figures are for any year prior  
21      to 2015?

22                  A. No.

23                  Q. You didn't review any pre2015 employment  
24      and payroll data in preparing your testimony; is that

1 correct?

2 A. Not for Shared Services, because I was  
3 doing a point in time analysis for 2015.

4 Q. Did you review historical data, some  
5 other type of historical data for preparing your  
6 rehearing testimony?

7 A. When I submitted testimony about Sammis  
8 and Davis-Besse, I had information about employment  
9 and payroll for those plants from years prior to  
10 2015.

11 Q. Okay. Thank you.

12 Do you know what the current employment  
13 and payroll is for the Shared Services employees that  
14 are represented in this in Attachment A?

15 A. The information shown in Attachment A is  
16 as of December 31st, 2015, and I did inquire as to  
17 whether that was similar to the current level of  
18 employment and I was told that yes, it is.

19 Q. Okay. But you didn't get any exact  
20 figures of the current employment, correct?

21 A. Correct. Not as I, you know, sit here  
22 today.

23 Q. Okay. Still looking at Attachment A, do  
24 you see the first bullet point, the one that begins,



1 quote, FirstEnergy Corp. is a Fortune 500 company?

2 A. Yes.

3 Q. Did you do anything to verify the  
4 accuracy of the information presented in that bullet  
5 point?

6 A. Yes, I did look up the Fortune 500  
7 companies in Ohio for 2016.

8 Q. Okay. Did you look up the Fortune 500  
9 companies for 2008?

10 A. Yes, I did, for Ohio.

11 Q. Okay. So you did verify the information  
12 in that bullet point?

13 A. Yes, I did.

14 Q. You see the second bullet point, that  
15 one that begins, quote, the FirstEnergy Corp.?

16 A. Yes.

17 Q. Did you do anything to verify the  
18 accuracy of the information presented in that bullet  
19 point?

20 A. No, that information wasn't part of my  
21 economic impact analysis, but I did restate that  
22 information in my report.

23 Q. So similar questions for the third  
24 bullet point, did you do anything to verify the

1 accuracy of the information presented in that bullet  
2 point?

3 A. No. I don't believe there would be any  
4 secondary source for me to verify that information  
5 about engagement in community organizations.

6 Q. Do you see the fourth bullet point, the  
7 one that begins, quote, FirstEnergy Corp.'s Ohio  
8 employees?

9 A. Yes.

10 Q. Did you do anything to verify the  
11 accuracy of the information presented in that bullet  
12 point?

13 A. No.

14 Q. Do you see the fifth bullet point, the  
15 one that begins FirstEnergy Corp. and generally  
16 spending over \$10 million?

17 A. Yes, I see it.

18 Q. Did you do anything to verify the  
19 accuracy of the information presented in that bullet  
20 point?

21 A. No, I did not. And just to reiterate,  
22 none of those statements were used in my actual  
23 calculation of the economic impact.

24 Q. And that information was presented in

1 the text, not only your Attachment SM-R-1, correct?

2 A. Yes, I presented it in the text of the  
3 attachment.

4 Q. Okay. Just to save some time, do you  
5 see the remaining five bullet points in Attachment A?

6 A. Yes.

7 Q. Did you do anything to verify the  
8 accuracy of the information presented in those five  
9 bullet points?

10 A. No.

11 Q. Ms. Murley, could you please turn to  
12 Page 3 of Attachment SM-R-1?

13 A. Yes.

14 Q. So starting in the middle of that page  
15 there's a section that -- quote, "Other Community  
16 Impacts", and then that runs down until Figure 1 on  
17 the following page. Do you see those -- that  
18 discussion?

19 A. Yes.

20 Q. Is it fair to say that you have not  
21 independently verified any of the information  
22 presented in the Other Community Impacts section?

23 A. Correct, nor did I use it in my impact  
24 calculations.

1           Q.   How many hours did you spend preparing  
2   the report that's presented as Attachment SM-R-1?

3           MR. ALEXANDER:   I'm sorry, could I have  
4   the last question and answer reread, please.

5           (Record read back.)

6           MR. ALEXANDER:   Mr. Soules, just a point  
7   of clarification.   When you were directing the  
8   witness to the Other Community Impacts section, you  
9   referenced Figure 1.   Did you intend to include  
10  Figure 1 in that question?

11          MR. SOULES:   I did not.   I meant -- I  
12  was discussing the paragraph leading up until right  
13  before Figure 1.

14          MR. ALEXANDER:   Okay.   So with that  
15  clarification, Ms. Murley, would that change your  
16  answer?

17          THE WITNESS:   No, that clarification  
18  would not change my answer.

19          MR. ALEXANDER:   And the reason I was  
20  asking, you did -- Figure 1 does address the results  
21  of your analysis.

22          THE WITNESS:   Yes, that's correct.   I  
23  was only answering with respect to the bulleted text.

24          MR. SOULES:   I'm sorry, Valerie, could

1 we have what Trevor just said read back?

2 (Record read back.)

3 By Mr. Soules:

4 Q. So, Ms. Murley, would it be fair to say  
5 that the Other Community Impacts section of your  
6 report is actually not part of the analysis that  
7 you're presenting to the Commission?

8 MR. ALEXANDER: Objection. Go ahead.

9 THE WITNESS: It's part of what I am  
10 presenting to the Commission. It goes to support the  
11 value of having a headquarters location.

12 MR. SOULES: I'm sorry, could we have  
13 that answer read back?

14 (Record read back.)

15 MR. SOULES: Okay. Thank you.

16 By Mr. Soules:

17 Q. So back to the question that I asked  
18 before our little detour. Ms. Murley, how many hours  
19 did you spend preparing the report that is presented  
20 in Attachment SM-R-1?

21 A. I don't have the answer to that with me.

22 Q. Do you have a ballpark sense of the  
23 number of hours spent preparing the report?

24 A. No, I would not be comfortable answering

1       that without verifying it.

2           Q.   And you prepared this report this month,  
3       in July of 2016, correct?

4           A.   Yes.

5           Q.   Do you know if you spent more than ten  
6       hours preparing the report?

7           MR. ALEXANDER:  Objection.  Asked and  
8       answered.

9           THE WITNESS:  I don't know the exact  
10      number of hours that I spent.

11      By Mr. Soules:

12          Q.   And you don't know if it was more or  
13      less than 10 hours; is that a fair statement?

14          MR. ALEXANDER:  Could I have that  
15      question reread, please?

16              (Question read back.)

17          MR. ALEXANDER:  Objection.  Asked and  
18      answered.  She already said she didn't want to  
19      speculate.  Go ahead.

20          THE WITNESS:  I don't know the exact  
21      number of hours.

22      By Mr. Soules:

23          Q.   Do you know how many hours you spent  
24      preparing the six pages of your written testimony?

1 A. No, I do not.

2 Q. Do you have a ballpark sense of how many  
3 hours you spent preparing your written testimony?

4 A. No, I do not.

5 Q. Okay. Could you please turn to Page 3  
6 of your testimony?

7 A. Yes.

8 Q. Starting on Line 10 there's a sentence  
9 that reads, quote, The direct output of the HQ is  
10 therefore defined as the value of the services  
11 produced. Do you see that statement in your  
12 testimony?

13 A. Yes, I see that.

14 Q. Okay. Now, if we could turn back to  
15 Page 5 of Attachment SM-R-1.

16 A. Okay.

17 Q. So looking again at Figure 2, the first  
18 row and first column presents a \$295.5 million  
19 figure. Do you see that figure?

20 A. Yes, I see that.

21 Q. And that figure represents the output of  
22 FirstEnergy Corp.'s headquarters operation, correct?

23 A. Yes, that is direct output.

24 Q. Okay. So you said that was direct

1 output?

2 A. Yes.

3 Q. Okay. Great. So it's your belief that  
4 the value of the services provided by the  
5 headquarters operation is \$295.5 million annually; is  
6 that correct?

7 A. Based on the assumptions in the IMPLAN  
8 multipliers which I used to estimate direct output, I  
9 believe that is the estimate of direct output.

10 MR. SOULES: Can I have that answer read  
11 back?

12 (Question read back.)

13 By Mr. Soules:

14 Q. And, Ms. Murley, that necessarily means  
15 that you believe that the value of the services  
16 provided by those operations is \$295.5 million,  
17 correct?

18 A. Yeah, that is the definition of direct  
19 output in this headquarters impact.

20 Q. And do you have any reason to doubt the  
21 accuracy of the IMPLAN function that you referenced a  
22 moment ago?

23 A. No, IMPLAN is a widely used and widely  
24 respected model within federal government agencies



1 and within academia. I have no reason to believe  
2 that the assumptions would not be reasonable.

3 Q. Okay. And you generated the \$295.5  
4 million figure by dividing the \$151.3 million payroll  
5 figure by an IMPLAN multiplier; is that correct?

6 A. That's correct.

7 Q. But you didn't have a direct measurement  
8 of output, instead you back calculated that number by  
9 using personal income, correct?

10 MR. ALEXANDER: Objection. Vague. Go  
11 ahead, if you can.

12 THE WITNESS: Output is a concept that  
13 is related to economic impact analysis and is derived  
14 on the basis of employment or income in standard  
15 methodology for economic impact analysis.

16 MR. SOULES: Could we have that last  
17 question and answer read back?

18 (Record read back.)

19 MR. SOULES: Thank you.

20 By Mr. Soules:

21 Q. Ms. Murley, other than your analysis,  
22 the value of the services provided by the  
23 headquarters is directly tied to the compensation  
24 being paid to the Shared Services employees, correct?

1           A. Yes, the value of the services you  
2 provide includes the cost of your employees.

3           Q. Just so I understand how this direct  
4 output figure is developed, if FirstEnergy Corp. were  
5 to double the salaries of everyone working in the  
6 Shared Services department, the direct output of  
7 headquarters would also double to approximately \$590  
8 million; is that correct?

9           A. Based on the way that I have applied the  
10 multipliers, if personal income were to double,  
11 output would also double.

12                 However, it's also possible to estimate  
13 output based on employment, and if the personal  
14 income doubled that would provide a fairly  
15 unreasonable income per employee.

16           Q. So I'm sorry, were you indicating that  
17 there's a way to calculate that direct output figure  
18 without using the personal income, but instead using  
19 the employment figure only?

20           A. You can use either, and I choose to use  
21 personal income because I think it's a better  
22 representation of the value of the services provided.  
23 But the difference should be minimal.

24           Q. How would you do the calculation if you

1       wanted to use the employment figure as opposed to  
2       personal income figure?

3             A.   You would take employment and divide it  
4       by the direct employment multiplier to get direct  
5       output.

6             Q.   Is that direct employment multiplier  
7       included in your work papers?

8             A.   Yes, it is.

9             Q.   Do you have a copy of your work papers  
10      with you?

11            A.   Yes, I do.

12            Q.   Can you point me to where that  
13      multiplier is?

14            A.   There's a table starting on the second  
15      page of the work papers, assuming you're looking at  
16      it on paper, that has all of the multipliers.

17            Q.   Yes, I see that.

18            A.   So there's direct multipliers for  
19      output, jobs, and income.

20            Q.   I see that as well.  And which specific  
21      multiplier would you use to estimate direct output?

22            A.   4.326.

23            Q.   Thank you.  Just you're not offering any  
24      opinions in this case about the reasonableness of the

1     personal income being paid to Shared Services  
2     employees by FirstEnergy Corp., correct?

3             A.   No.

4             Q.   Okay.  And the \$295.5 million figure is  
5     not directly tied to the profitability of FirstEnergy  
6     Corp., correct?

7             A.   Correct.

8             Q.   Okay.  I want to talk for just a couple  
9     minutes about the other inputs that you used for your  
10    analyses.

11            First of all, you used several IMPLAN  
12    multipliers -- so just so we keep the question,  
13    Ms. Murley, you used several IMPLAN multipliers for  
14    your economic impact analysis, correct?

15            A.   I used several different numbers all  
16    related to a particular industry and a particular  
17    geography, yes.

18            Q.   Okay.  And then you also used a state  
19    and county tax rate information for the revenue  
20    impact analysis, correct?

21            A.   That is correct.

22            Q.   Do you know which county FirstEnergy  
23    Corp.'s headquarters are located in?

24            A.   Summit.

1           Q.   Okay.  And apart from the inputs that we  
2   have just discussed this afternoon, were there any  
3   other inputs that you used for the analyses presented  
4   in Attachment SM-R-1?

5           MR. ALEXANDER:  Objection.  Overbroad.  
6   Go ahead.

7           THE WITNESS:  All of the inputs that I  
8   used were presented in the work papers or in  
9   Attachment A.

10          MR. SOULES:  Okay.  Thank you.

11   By Mr. Soules:

12          Q.   Are you still on Page 5 of SM-R-1?

13          A.   Yes.

14          Q.   Okay.  Great.  So looking again at  
15   Figure 2, the figures that are reported in these  
16   vendor purchases row were generated using an IMPLAN  
17   multiplier, correct?

18          A.   Could you repeat that?

19          Q.   The figures that are reported in the  
20   vendor purchases row, the second row of the table,  
21   were generated using an IMPLAN multiplier; is that  
22   correct?

23          A.   That's correct.

24          Q.   Did you take any steps to verify whether

1 actual vendor purchases are \$110.2 million?

2 A. I relied on the IMPLAN assumptions for  
3 that type of industry in Ohio because there are  
4 inherent difficulties with gathering information  
5 about vendor purchases.

6 For example, where invoices are sent for  
7 particular goods and services is not necessarily the  
8 same as where that good or service was produced.

9 MR. SOULES: Could I have that last  
10 answer read back?

11 (Answer read back.)

12 MR. SOULES: Thank you.

13 By Mr. Soules:

14 Q. Ms. Murley, you didn't take any steps to  
15 independently verify that \$110.2 million, correct?

16 MR. ALEXANDER: Objection. Asked and  
17 answered.

18 THE WITNESS: I relied on the IMPLAN  
19 assumptions, which is a standard practice.

20 By Mr. Soules:

21 Q. Okay. Did you take any steps to verify  
22 whether actual vendor purchases support 756 jobs?

23 MR. ALEXANDER: Objection. Asked and  
24 answered.

1                   THE WITNESS: No, I relied on the IMPLAN  
2     assumptions.

3     By Mr. Soules:

4                   Q. Did you take any steps to verify whether  
5     actual vendor personal income -- or strike that.

6                   Did you take any steps to verify whether  
7     actual vendor purchases generate \$39.8 million of  
8     personal income?

9                   MR. ALEXANDER: Objection. Asked and  
10    answered.

11                  THE WITNESS: No, I relied on the IMPLAN  
12    assumptions.

13    By Mr. Soules:

14                  Q. Okay. Thank you.

15                  MR. SOULES: Trevor, the last two  
16    questions were not previously asked, so I will note  
17    on the record that I disagree with those objections.

18                  MR. ALEXANDER: Okay. I don't know that  
19    debating with me helps, but go ahead.

20    By Mr. Soules:

21                  Q. Ms. Murley, the figures that are  
22    reported in the local employee spending row were  
23    generated using an IMPLAN multiplier, correct?

24                  A. Correct.

1           Q. Did you take any steps to verify whether  
2 actual local employee spending is \$162.3 million?

3           A. No, I relied on the IMPLAN assumptions.

4           Q. And did you rely entirely on the IMPLAN  
5 assumption for the 1,291 jobs figure recorded in that  
6 row?

7           A. Yes. That's the way economic impact  
8 analyses are done.

9           Q. And did you rely entirely on the IMPLAN  
10 multiplier for the \$53.5 million figure listed in  
11 that row?

12          A. Yes, the personal income associated with  
13 local employee spending, I relied on the IMPLAN  
14 assumptions.

15          Q. So is it fair to say that you did not  
16 evaluate whether the IMPLAN generated figures are  
17 consistent with the actual economic impact of local  
18 employee spending?

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

21                 (Question read back.)

22          THE WITNESS: Correct. There would be  
23 no practical way to verify the actual household  
24 spending of those 1,360 employees.



1 MR. ALEXANDER: I believe you may have  
2 misheard that. I think the witness may have misheard  
3 the question.

4 THE WITNESS: Could you repeat the  
5 question?

6 MR. SOULES: I'm sorry, I didn't hear --

7 MR. ALEXANDER: I think the witness may  
8 have misheard the previous question and answered  
9 related to a different topic than what you had asked.

10 (Question read back.)

11 THE WITNESS: Could I restate my answer?

12 MR. SOULES: Please, if you need to  
13 clarify.

14 THE WITNESS: I relied on the IMPLAN  
15 assumptions for estimating local employee spending.  
16 By Mr. Soules:

17 Q. And you did not evaluate whether the  
18 IMPLAN developed figures are consistent with the  
19 actual economic impact of local employee spending,  
20 correct?

21           A. There would be no practical way to  
22       evaluate that, so I relied on the IMPLAN multipliers,  
23       which is the standard practice.

24 Q. So the answer to my prior question is

1 correct, you did not evaluate whether the IMPLAN  
2 developed figures are consistent with the actual  
3 economic impact of local employee spending?

4 MR. ALEXANDER: Objection. Asked and  
5 answered.

6 THE WITNESS: Yes, that's correct.

7 By Mr. Soules:

8 Q. And going up to the second line, the  
9 vendor purchases line, is it fair to say that you did  
10 not evaluate whether the IMPLAN generated figures are  
11 consistent with the actual economic impact for vendor  
12 purchases?

13 A. I did not evaluate whether the economic  
14 impacts that I estimated based on the IMPLAN  
15 multipliers were consistent with actual vendor  
16 purchases.

17 Q. Okay. Thank you. Ms. Murley, you're  
18 familiar with the phrase "opportunity costs",  
19 correct?

20 A. Yes.

21 Q. Would you agree that, generally  
22 speaking, opportunity costs means that if you are  
23 given enough spending on activity A in order to spend  
24 on activity B, there's an opportunity cost to doing

1 activity B because you could not do activity A?

2 A. Yes, that's correct.

3 Q. Okay. Going back to the Staff proposal  
4 we were discussing earlier. Under the Staff proposal  
5 the Companies' customers would pay \$131 million to  
6 the Company annually, at least per year, correct?

7 A. Yes, that's my understanding of the  
8 Staff proposal.

9 Q. So under that Staff proposal customers  
10 would end up paying \$393 million or more to the  
11 Company, correct?

12 A. I don't know.

13 Q. Why don't you know?

14 A. So just to clarify, you're taking the  
15 \$131 million number and multiplying it by three?

16 Q. Yes. With that understanding, under the  
17 Staff proposal customers could end up paying \$393  
18 million to the Company; is that correct?

19 MR. ALEXANDER: Just a point of  
20 clarification, Mr. Soules, because the phone -- did  
21 you say "could" or "would"?

22 MR. SOULES: I appreciate the  
23 clarification. Let me rephrase.

24 By Mr. Soules:

1           Q. Under the Staff proposal, Ms. Murley,  
2 customers would end up paying \$393 million to the  
3 Company, correct?

4           MR. ALEXANDER: Objection.

5           THE WITNESS: I see that that's the  
6 annual revenue needed times three.

7 By Mr. Soules:

8           Q. And is it your understanding that the  
9 Staff proposal also contemplates a possibility that  
10 the DMR could be extended for a fourth and fifth  
11 year?

12          A. I am not familiar with that assumption.

13          Q. So is it your understanding that the --  
14 under the Staff proposal, that the DMR would end  
15 after three years?

16          A. Yes, that's my understanding.

17          Q. Okay. Customers would bear an  
18 opportunity cost if they were forced to pay the DMR  
19 to the Companies, correct?

20          A. If by that you mean that they would need  
21 to reallocate their spending toward utilities versus  
22 other items, yes.

23          Q. Thank you. And the analysis presented  
24 in your testimony does not address those opportunity

1 costs of the DMR, correct?

2 A. Correct. I did not do a cost benefit  
3 analysis and I did not analyze the impacts of cost to  
4 customers.

5 Q. And so you would not have analyzed  
6 either direct, indirect, or induced impacts to  
7 customers resulting from their payment of the DMR to  
8 the Company; is that a fair statement?

9 A. Yes; nor did I analyze the cost and  
10 benefits.

11 Q. Okay. And the analyses that are  
12 presented in your testimony do not address  
13 opportunity costs at all, correct?

14 A. Correct, because that is a concept  
15 related to a cost benefit analysis, and I did an  
16 economic impact analysis.

17 Q. And you say you did not do any kind of a  
18 cost benefit analysis for your rehearing testimony,  
19 correct?

20 A. Correct.

21 MR. SOULES: All right. Thank you,  
22 Ms. Murley. I have no further questions.

23 MR. ALEXANDER: Let's go off the record  
24 for just a moment.

1 (Discussion off the record.)

2 - - -

3 CROSS-EXAMINATION

4 MS. PETRUCCI: We'll go back on the  
5 record, then.

6 By Ms. Petrucci:

7 Q. Ms. Murley, do you have any changes or  
8 corrections to your rebuttal rehearing testimony?

9 A. No.

10 Q. Okay. What testimony did you review  
11 before preparing your rebuttal rehearing testimony?

12 A. Are you asking other people's testimony  
13 that I looked at?

14 Q. Yes.

15 A. I looked at Witness Buckley's testimony.

16 Q. Was there any other testimony that you  
17 reviewed before preparing your rebuttal rehearing  
18 testimony?

19 A. No.

20 Q. Did you review any transcripts from the  
21 hearing, in the rehearing phase of this proceeding,  
22 before preparing your testimony?

23 A. Not transcripts from the rehearing  
24 phase, no.

1           Q. And with respect to Staff Witness  
2 Buckley's rehearing testimony, are there any specific  
3 statements in the testimony, in his testimony, that  
4 you disagree with?

5           MR. ALEXANDER: Objection. Asked and  
6 answered. Go ahead.

7           THE WITNESS: No. I believe there is an  
8 omission in that he did not talk about the benefit of  
9 the headquarters remaining in Ohio.

10 By Ms. Petrucci:

11          Q. And does your economic impact  
12 analysis -- Strike that.

13                 How does your economic impact analysis  
14 rebut the staff's proposal?

15           MR. ALEXANDER: Objection. Calls for  
16 legal conclusion. Go ahead.

17           THE WITNESS: It provides information on  
18 the benefits of the headquarters remaining in Ohio,  
19 and the headquarters are expressly connected to the  
20 Rider in Witness Buckley's testimony, but that  
21 benefit is not quantified.

22 By Ms. Petrucci:

23          Q. And by that do you mean that your  
24 impact -- your economic impact analysis provides

1 additional information for the Commission to consider  
2 for purposes of its consideration of the Staff's  
3 proposal in this proceeding?

4 A. Yes.

5 Q. How does the economic impact of  
6 FirstEnergy Corp.'s headquarters compare with the  
7 other business operations of FirstEnergy affiliates  
8 in Ohio?

9 A. I haven't evaluated the economic impacts  
10 of the other affiliates in Ohio, so I could not  
11 comment on that.

12 Q. If FirstEnergy Corp. were to leave its  
13 headquarters in Akron there would be no resulting  
14 economic impact on the local and state economy,  
15 correct?

16 A. The impact that the headquarters is  
17 currently having would continue if the headquarters  
18 were to remain in Akron.

19 Q. When were you retained to do this  
20 economic impact analysis?

21 MR. ALEXANDER: Objection. Asked and  
22 answered to Mr. Soules, but go ahead.

23 THE WITNESS: And you're referring to  
24 the impact analysis of the headquarters?



1 By Ms. Petrucci:

2 Q. Yes.

3 A. In July of 2016.

4 Q. Do you know more specifically if it was  
5 in the beginning of July, the middle of July?

6 MR. ALEXANDER: Again, asked and  
7 answered to Mr. Soules.

8 MS. PETRUCCI: Actually, his question  
9 was when did she conduct the study. My question is  
10 when was she retained to conduct the study, so I'm  
11 being very specific there.

12 THE WITNESS: I do not know the exact  
13 date.

14 By Ms. Petrucci:

15 Q. Can you give me an estimate as to what  
16 part of the month in which you were retained to  
17 conduct the economic impact analysis of the  
18 headquarters?

19 A. Early in the month, but I do not know  
20 the exact date.

21 Q. When did you start receiving information  
22 from FirstEnergy Corp. for purposes of conducting  
23 your economic impact analysis of the headquarters?

24 A. Very soon after I was initially

1       contacted, but I do not know the exact date.

2               Q.   And if we could turn to Attachment A of  
3       your Attachment SM-R-1.  Of the information contained  
4       in Attachment A, which statements were relied upon  
5       you for purposes of your economic impact analysis,  
6       relied upon by you?

7               A.   When you say for the purposes of my  
8       economic impact analysis, are you referring to the  
9       results presented in Figure 2 and Figure 3?

10              Q.   Let's start with Figure 2.  Let's divide  
11       it up, and why don't you tell me which parts of the  
12       information on Attachment A you relied upon in order  
13       to develop the information that's contained in  
14       Figure 2?

15              A.   In order to calculate the economic  
16       impact shown in Figure 2 I used the information on  
17       2015 employees and gross payroll listed in  
18       Attachment A.

19              Q.   Was there anything else listed in  
20       Attachment A that you also relied upon?

21              A.   Not that was listed in Attachment A.

22              Q.   Okay.  And then for purposes of Figure  
23       3, what information in Attachment A did you rely  
24       upon?

1                   MR. ALEXANDER: Objection as to the last  
2                   question. I think this is more a clarification than  
3                   anything else, but when you asked what information  
4                   she relied upon, were you referring to the  
5                   calculation, or the definition?

6                   And I'm referring strictly to the last  
7                   bullet point in Attachment A with regard to  
8                   FirstEnergy Corp. employees.

9                   So with regard to your question, if  
10                  you're asking for the calculation, I think the record  
11                  is clear. If you were asking with regard to the  
12                  definition of the employees, then I'm not sure it is.

13                 MS. PETRUCCI: Okay. I'll try again.

14                 MR. ALEXANDER: Thank you.

15                 By Ms. Petrucci:

16                 Q. For purposes of developing the  
17                 information that you present in Figure 3, what  
18                 information on Attachment A did you rely upon, if  
19                 any?

20                 A. In Figure 3, which is the revenue  
21                 impact, the information that I relied on in  
22                 Attachment A, because there's other information that  
23                 was not in attachment, would include the number of  
24                 employees, the gross payroll, and the number of

1 covered dependents.

2 Q. Now, looking at the second-to-last  
3 bullet on Attachment A, there's a reference there to  
4 264 additional local employees who may migrate.  
5 Actually, I'm sorry -- the 264 generation support  
6 employees.

7 Can you tell me what that refers to?  
8 What type of employees are you referring to there?

9 A. So my impact analysis includes all the  
10 Shared Service employees in Ohio. These 264 people  
11 who also work in Ohio are not part of Shared  
12 Services, they are part of generation.

13 They provide services similar to  
14 services provided by employees in the Shared Services  
15 area, but they were not included in my analysis  
16 because they are not part of the employee count for  
17 Shared Services.

18 Q. And that's because they are not in the  
19 headquarters, is that accurate?

20 A. I don't know where their location is  
21 other than that it's in Ohio.

22 Q. Your analysis does not take into account  
23 the -- let me step back for a second.

24 Have you reviewed the testimony

1 presented by Ms. Mikkelsen just recently --

2 A. No.

3 Q. -- in this proceeding?

4 A. No, I have not.

5 Q. Then it's fair to say that your  
6 testimony and your analysis doesn't take into account  
7 what is presented by Ms. Mikkelsen for purposes of  
8 Rider DMR; is that accurate?

9 A. I am not familiar with Ms. Mikkelsen's  
10 testimony.

11 Q. Okay. Do you believe that keeping the  
12 headquarters for FirstEnergy Corp. in Akron  
13 constitutes economic development?

14 A. Economic development includes both  
15 retention and attraction and expansion of companies,  
16 and so keeping the headquarters in Ohio is a  
17 retention activity as far as economic development is  
18 concerned.

19 Q. And you said three things, retention,  
20 expansion and?

21 A. Attraction.

22 Q. Attraction.

23 MS. PETRUCCI: I don't have any further  
24 questions. Thank you.

— — —

## CROSS-EXAMINATION

4

Q. My name is Bill Michael and I'm an

attorney with the Ohio Consumers' Counsel. We

represent FirstEnergy utilities, residential utility

customers.

If you don't know if FirstEnergy's Akron

headquarters is going to move, why do you believe

that the purported economic benefits should be

included in the DMR Rider?

A. Because the testimony provided by

Witness Buckley expressly connects the headquarters

remaining in Akron with Rider DMR.

Q. Okay. But if -- if the headquarters

stays in Akron, irrespective of whether or not the

money is included in the DMR Rider, Ohioans are still

going to get the benefits of \$568 million that you

estimate, right?

A. Could you repeat that?

(Question read back.)

THE WITNESS: If the headquarters stays

in Akron, Ohioans will continue to benefit from that,

but that benefit is not stated in Witness Buckley's

1 testimony even though it's directly related to the  
2 conditions of the rider.

3 By Ms. Petrucci:

4 Q. Well, how do you know that Witness  
5 Buckley didn't consider the purported benefits of the  
6 headquarters remaining in Akron, but just didn't  
7 believe they should be compensated through the DMR  
8 Rider?

9 A. I can't speculate on what he considered,  
10 but it is not included or referenced anywhere in his  
11 testimony.

12 Q. Okay. So it's entirely possible that  
13 Witness Buckley did consider purported benefits of  
14 keeping the headquarters in Akron, but nonetheless  
15 concluded that FirstEnergy's customers shouldn't pay  
16 through the DMR Rider for those benefits, right?

17 MR. ALEXANDER: Objection. Calls for  
18 speculation. Go ahead.

19 THE WITNESS: I don't know what he  
20 considered, but I know it is not stated in the  
21 testimony.

22 By Mr. Michael:

23 Q. Well, if you turn to Page 2 of your  
24 direct testimony, lines 3 through 4 -- let me know

1       when you're there.

2               A.   Yes.

3               Q.   You say that Staff Witness Buckley  
4       failed to address the economic and revenue impacts of  
5       the HQ, correct?

6               A.   That's what it says.

7               Q.   So you can't accurately say that Staff  
8       Witness Buckley failed to address, because he may  
9       have addressed it?

10              MR. ALEXANDER:  Objection.  The prior  
11       question was consider, and this question is address,  
12       so you changed the terms.  But objection.  If you can  
13       answer, go ahead.

14              THE WITNESS:  He failed to address them  
15       in the testimony.

16       By Mr. William:

17              Q.   So when you use addressed there, what  
18       you're taking about is he failed to write about it in  
19       his written testimony?

20              A.   That is what I mean, yes.

21              Q.   Okay.  What's your -- what hourly rate  
22       are you charging FirstEnergy for your testimony in  
23       this rehearing?

24              MR. ALEXANDER:  Let's -- I'm going to



1 object. Is that confidential business information?

2 THE WITNESS: Yes, it is.

3 MR. ALEXANDER: Okay.

4 MR. MICHAEL: Based on what?

5 MR. ALEXANDER: Do you have any other  
6 confidential information?

7 MR. MICHAEL: Well, I can't say for sure  
8 at this point, but you guys might say it is.

9 MR. ALEXANDER: Ms. Ghiloni, do you have  
10 plan on having any confidential questions?

11 MS. WALTER: No, I do not.

12 MR. ALEXANDER: Well, let's mark this as  
13 confidential transcript, just this one question.

14 THE WITNESS: I don't know the exact  
15 rate without checking.

16 MR. MICHAEL: And just for the record,  
17 OCC doesn't concede that that's confidential.

18 MR. ALEXANDER: Well, that does not need  
19 to be confidential, she didn't know without checking.  
20 That's fine.

21 By Mr. Michael:

22 Q. You said that with your economic impact  
23 study you didn't consider costs. How can -- how can  
24 the economic impact study accurately reflect what the

1     purported economic impact is if you don't consider  
2     the cost necessary to get to the purported economic  
3     impact?

4             A. I need to clarify that there is a  
5     difference between a cost benefit analysis and an  
6     economic impact analysis.

7             An economic impact analysis translates  
8     expenditures, in this case, by a company into jobs,  
9     income, and output at the Company, at vendors, and at  
10    places where employees shop. That is the standard  
11    methodology and scope for an economic impact  
12    analysis.

13            The cost benefit analysis considers the  
14    cost associated with using a resource, or in this  
15    case the cost of a rider, versus the benefits  
16    received by all parties that may benefit from that.  
17    And that's a different type of analysis than what I  
18    did.

19            Q. Okay. So the analysis that you did acts  
20    as if there's no cost to consumers for keeping the  
21    headquarters in Akron?

22            MR. ALEXANDER: Objection. Go ahead.

23            THE WITNESS: It's not that it acts as  
24    if there is no cost, it's simply not comparing costs

1 and benefits, it's looking at how expenditures  
2 support jobs and income in related industries.

3 By Ms. Petrucci:

4 Q. So is it possible that the cost of  
5 keeping the headquarters in Akron could exceed the  
6 purported economic benefits that you found in your  
7 testimony?

8 A. I did not do a cost benefit analysis, so  
9 I could not comment on the cost of keeping the  
10 headquarters in Akron.

11 Q. Okay. But could you comment on the  
12 degree to which those costs could exceed the  
13 purported economic benefits that you model?

14 A. No, I did not do that analysis.

15 Q. Okay. I'm going to try it one more  
16 time.

17 Can you comment the degree to which it's  
18 possible that the cost for keeping the headquarters  
19 in Akron exceeds the economic benefits?

20 MR. ALEXANDER: Objection. Asked and  
21 answered.

22 THE WITNESS: Without having done the  
23 analysis, I could not comment on that.

24 By Ms. Petrucci:

1           Q. And you can't even comment if it's  
2 possible?

3           MR. ALEXANDER: Objection. Asked and  
4 answered.

5           THE WITNESS: No.

6 By Mr. Michael:

7           Q. If we could, Ms. Murley, please turn to  
8 your rebuttal rehearing testimony on Page 2, lines 9  
9 through 10. Let me know when you're there, please.

10          A. Yes.

11          Q. How do you know that the Shared Service  
12 employees would be relocated?

13          A. Because they make up the headquarters  
14 functions, they are the headquarters' employees.

15          Q. Okay. So the headquarters could be  
16 relocated to Columbus, Ohio, correct?

17          A. I don't know.

18          Q. Okay. So if you don't know where it  
19 could be moved, then it's possible that the  
20 headquarters would be -- could be moved within Ohio,  
21 and therefore the purported economic benefits would  
22 stay in Ohio, correct?

23          A. If the headquarters relocated within  
24 Ohio, the impacts would stay in Ohio.

1           Q. If you turn to Page 3 of your testimony,  
2     please, Ms. Murley, lines 9 through 10, and let me  
3     know when you're there.

4           A. Yes.

5           Q. First off, I was wondering, who is the  
6     "they" you refer to in Line 10?

7           A. Shared Services.

8           Q. And the Company to which you are  
9     referring there?

10          A. FirstEnergy Corporation and it's wholly  
11     owned subsidiary, FirstEnergy Service Company.

12          Q. Okay. Thank you. The Shared Service  
13     employees provide services to all of FirstEnergy's  
14     operating companies, correct?

15          A. Yes, that is my understanding.

16          Q. Whether those operating companies are in  
17     Ohio or some other state, correct?

18          A. I don't know whether the FirstEnergy  
19     Shared Services employees in Ohio provide Shared  
20     Services to operating companies outside of Ohio. I  
21     do know that there are additional Shared Service  
22     employees in other states.

23          Q. In your analysis did you do anything to  
24     segregate the work Shared Services employees provide

1 to FirstEnergy's Ohio operations versus FirstEnergy's  
2 operations outside of Ohio?

3 A. I am looking at the impacts that they  
4 create in Ohio based on the definition of the  
5 multipliers, looking at what kind of vendor purchases  
6 they could make in Ohio. I know that they are living  
7 in Ohio, so local employee spending is most likely in  
8 Ohio.

9 Q. Okay. But some of the value of those  
10 Shared Services employees may be value created by  
11 services provided to operating companies outside of  
12 the State of Ohio, correct?

13 A. I don't know.

14 Q. If in fact that were the case, do you  
15 think it would be appropriate for Ohio consumers to  
16 pay for that value that the Shared Services employees  
17 are providing to operating companies outside the  
18 State?

19 MR. ALEXANDER: Objection. Assumes  
20 facts.

21 THE WITNESS: I don't know.

22 By Mr. Michael:

23 Q. Okay. Let's stick with the Ohio  
24 operating companies and the Shared Service employees

1       that are providing services to the Ohio operating  
2       companies, okay?

3             A.    Okay.

4             Q.    Are the costs of those services recouped  
5       through FirstEnergy utility's base rates?

6             A.    I don't know.

7             Q.    If they were recouped through  
8       FirstEnergy's base rates, do you think Ohio's  
9       consumers should compensate for those services again  
10      by including the value of those services in the DMR  
11      Rider?

12            MR. ALEXANDER:  Objection.  Assumes  
13      facts.

14            THE WITNESS:  I'm not offering an  
15      opinion on that.

16      By Mr. Michael:

17            Q.    Okay.  I understand that.  But let me  
18      walk you through a hypothetical, if I can.

19            Assume for the purpose of my question,  
20      No. 1, that the cost of the Shared Service employees  
21      providing services to the Ohio operating companies,  
22      the cost of those services are recouped through  
23      FirstEnergy's base rates, okay?

24            A.    Okay.

1           Q. Number one. If that's the case, would  
2     you think it's appropriate that FirstEnergy should  
3     recover those costs through the DMR Rider based on  
4     the analysis that you performed?

5           MR. ALEXANDER: Objection. Assumes  
6     facts, beyond the scope of her testimony, and I think  
7     it confuses an economic impact analysis which  
8     measures the economic impact of the headquarters,  
9     with cost recovery for Shared Service employees  
10    through distribution rates. Those are wholly  
11    separate concepts. So those are my objections. Go  
12    ahead.

13           THE WITNESS: I really can't offer an  
14    opinion about that.

15    By Mr. Michael:

16           Q. Why not?

17           A. I'm not familiar with exactly the way  
18    that Shared Service costs are included or not  
19    included in rates.

20           Q. Okay. So let's focus on the \$568  
21    million figure for a moment, if we could.

22                    So your testimony is that if the  
23    headquarters leaves Akron there will be a hit to the  
24    Ohio economy of \$568 million, roughly, in lost



1 economic benefits, correct?

2 A. Just to clarify, if the headquarters not  
3 only leaves Akron, but leaves Ohio, that there would  
4 be a reduction in economic activity of \$568 million.

5 Q. Okay. And if the \$568 million figure  
6 were to be included in the DMR for recovery from  
7 FirstEnergy's customers, then the economic impact  
8 would be a wash versus whether or not they left Ohio  
9 or whether or not Ohio's consumers had to pay the 568  
10 million, correct?

11 MR. ALEXANDER: Could I have that  
12 reread, please?

13 (Question read back.)

14 MR. ALEXANDER: Objection to form. Go  
15 ahead.

16 THE WITNESS: Could you restate the  
17 question?

18 By Mr. Michael:

19 Q. Certainly. Let's start first with if  
20 FirstEnergy's headquarters leaves Ohio there would be  
21 a 568 million economic loss according to your  
22 analysis, correct?

23 A. Yes.

24 Q. Okay. Now, assume for the purposes of

1 the question I'm going to ask you that FirstEnergy  
2 would attempt to recover the \$568 million by charging  
3 customers through the DMR Rider. Okay?

4 A. Okay.

5 Q. Now, my question is, from a net economic  
6 benefit perspective, if FirstEnergy were to leave and  
7 take that 568 million with them, or if they tried to  
8 charge customers the 568 million, the net effect from  
9 an economic benefit perspective would be zero,  
10 correct?

11 A. I didn't do a cost benefit analysis, and  
12 I think it depends on who we're talking about.

13 If you're a vendor that just lost your  
14 business because FirstEnergy is no longer purchasing  
15 from you, and you may or may not be a customer of  
16 FirstEnergy, then there's an impact to you that's  
17 unrelated to Rider DMR.

18 The scope of what I'm looking at in  
19 economic impact is different than what you're -- it's  
20 not limited to charges to customers.

21 Q. Okay. So you ignore charges to  
22 customers in your analysis?

23 A. It's not -- it's not the subject of an  
24 economic impact analysis of the headquarters. The

1       headquarters is providing Shared Services, and that's  
2       what I'm valuing.

3               Q.   Okay.  But, Ms. Murley, isn't it true  
4       that whether or not the 568 million is taken out of  
5       the economy because the headquarters moves or because  
6       FirstEnergy charges all of its customers 568 million  
7       through the DMR Rider, the economic impact is the  
8       very same, you're taking \$568 million out of the Ohio  
9       economy, correct?

10              MR. ALEXANDER:  Objection.  Fails to  
11       address the other benefits of the DMR.  Go ahead.

12              THE WITNESS:  I'm not sure I understand  
13       the question.

14       By Mr. Michael:

15              Q.   Okay.  Well, as I read your economic  
16       impact study, what you're saying is that if  
17       FirstEnergy's headquarters moves, that's going to  
18       take \$568 million out of the Ohio economy, correct?

19              A.   Yes, if they were to move.

20              Q.   Okay.  Now, let's assume they stay, but  
21       the price for them staying is collecting \$568 million  
22       from their customers, okay?  In either case you're  
23       still taking \$568 million out of the Ohio economy,  
24       correct?

1                   MR. ALEXANDER:  Objection.  Fails to  
2           address the other benefits of the DMR.  Go ahead.

3                   THE WITNESS:  I believe that's an apples  
4           and oranges comparison.

5           By Mr. Michael:

6                   Q.  Okay.  Tell me why.

7                   A.  Because I am looking at the benefits to  
8           FirstEnergy and all these related businesses that are  
9           their vendors and that sell goods and services to  
10          their employees, which are all part of the Ohio  
11          economy.

12                   And you're asking me how that compares  
13          to the cost to customers of that economic impact.  It  
14          is, in my mind, an apples and oranges -- it's not  
15          correlated.

16                   Q.  Okay.  So there's a difference in your  
17          mind, Ms. Murley, then, between taking \$568 million  
18          out of the economy were the headquarters to move,  
19          versus taking \$568 million out of the economy because  
20          FirstEnergy increased its rates by that amount; is  
21          that correct?

22                   A.  Yes.

23                   Q.  Okay.  If you could please turn to Page  
24          4 of your testimony, Ms. Murley, lines 3 through 5.

1           A.   Yes.

2           Q.   Why is it not possible to isolate the  
3    taxes exclusively paid by the headquarters?

4           A.   Because the services and cost of the  
5    services they provide are shared.

6           Q.   Between whom?

7           A.   The operating companies that they  
8    provide services to.

9           Q.   Okay.  Why does that prevent you from  
10   isolating the taxes paid by the headquarters?  Walk  
11   me through that.  I don't understand.

12          A.   So I know the amount of income taxes,  
13   for example, or I could know the amount of income  
14   taxes paid by FirstEnergy in Ohio.

15          Q.   Okay.

16          A.   But how much of that is due to the  
17   headquarters versus other subsidiaries of FirstEnergy  
18   Corporation in Ohio is not possible to delineate.

19          Q.   Did you analyze -- I mean, are there  
20   accounting categories or records that you could  
21   have -- you could look to where they would segregate  
22   the taxes that are associated with this given line of  
23   work or that given line of work, or this business or  
24   that business?

1           A. I did not review financial records, but  
2       it is my understanding based on the information I was  
3       provided by FirstEnergy Service Company that it was  
4       not possible to delineate that.

5           Q. Okay. And is that also because some of  
6       the services are performed in states other than Ohio?

7           A. I do not believe that is the issue.

8           Q. Okay. If you'd please turn to Page 5,  
9       Ms. Murley, of your testimony, lines 14 through 16,  
10      and let me know when you're there.

11          A. Yes.

12          Q. Do you assume in making that assertion  
13      that all of the employees are going to leave the  
14      State of Ohio?

15          A. Are you referring to the event that the  
16      headquarters left Ohio?

17          Q. Correct.

18          A. I'm not assuming that the employees will  
19      necessarily leave Ohio, I'm assuming that they will  
20      no longer be employed by FirstEnergy in Ohio. They  
21      may migrate with the headquarters, they may get a  
22      different job.

23          Q. So if they were to get a different job,  
24      then there may be no difference of the tax revenue

1       that the State of Ohio receives, correct?

2           A. Overall that is not true, because if  
3       they were to get a different job, that job was  
4       created independent of what happened with  
5       FirstEnergy, it's at some other company, let's say.

6           That job could have been filled by  
7       someone from outside of Ohio, an additional person  
8       coming in and becoming employed in Ohio, who would  
9       then also begin generating taxes in Ohio.

10          So there is a net loss of jobs, and so  
11       it's -- even though that person may become reemployed  
12       by some other company, there is a net loss of jobs,  
13       and so we're not looking at the same amount of  
14       revenue just because they got another job.

15          Q. So if Jane Smith FirstEnergy employee  
16       were to leave FirstEnergy because it moves its  
17       headquarters to Birmingham, Alabama, just say, but  
18       yet kept -- decided she wanted to stay in Akron, Ohio  
19       and the job was equally or more in compensation,  
20       you're saying that there would not be -- or that  
21       there still would be a net reduction in total taxes  
22       collected by the State of Ohio under those  
23       circumstances?

24          A. Yes, because if Jane had stayed with

1 FirstEnergy in the event that the headquarters did  
2 not move, so she kept her FirstEnergy job, and some  
3 other person, let's just say from outside Ohio, came  
4 in and took that other job that Jane could have taken  
5 if the headquarters left, then they would also begin  
6 paying taxes in Ohio.

7 So you'd have Jane and the second person  
8 paying taxes, which would be more taxes than if Jane  
9 left her current job and took a different job.

10 Q. If you would please turn to the first  
11 page of text in your attachment to your testimony,  
12 please, and let me know when you're there.

13 MR. ALEXANDER: So you're referring to  
14 S-MR-1's first page.

15 MR. MICHAEL: Yes.

16 THE WITNESS: Yes, I am there.

17 By Mr. Michael:

18 Q. If you look at the first note, the last  
19 sentence says, "This report may be used only for the  
20 purposes for which it was intended," correct?

21 A. Yes. That's what it says.

22 Q. And is the purpose for which the report  
23 is intended the last sentence in the first paragraph  
24 under purpose of the study, which reads, "This



1 analysis is intended to provide a framework for  
2 understanding the economic revenue and other  
3 community impacts that the headquarters creates in  
4 Ohio"?

5 A. Yes.

6 Q. Okay. And if FirstEnergy were using  
7 your report to argue that its customers should pay  
8 for the economic benefit found in your report, that  
9 would be outside the scope of the purpose of your  
10 report, correct?

11 MR. ALEXANDER: Objection. Go ahead.

12 THE WITNESS: I'm not offering an  
13 opinion on whether they should use it to argue that,  
14 I'm stating what I believe the benefit of the  
15 headquarters remaining in Ohio would be.

16 By Mr. Michael:

17 Q. Okay. But you're saying more than that,  
18 aren't you, Ms. Murley? You're saying that the  
19 report may be used only for the purpose for which it  
20 was intended, and we identified the purpose for which  
21 it was intended as providing a framework for  
22 understanding the economic revenue and other  
23 community impacts that the headquarters creates in  
24 Ohio?

1                   MR. ALEXANDER:  Objection.  The witness  
2                   explained very clearly the report was intended to  
3                   define the economic impact of the headquarters.  That  
4                   is what is intended in the last sentence there, so  
5                   with that objection on the record, go ahead.

6                   THE WITNESS:  Could you repeat your  
7                   question?

8                   By Mr. Michael:

9                   Q.  Certainly.  My question is if  
10                  FirstEnergy were using your report to justify  
11                  charging customers up to \$568 million via the DMR  
12                  Rider, would that use of your report be beyond the  
13                  scope of the stated purpose on Page 1 of your  
14                  economic and revenue impacts of FirstEnergy corporate  
15                  headquarters on the State of Ohio?

16                  MR. ALEXANDER:  Objection.  Misstates  
17                  facts.  Go ahead.

18                  THE WITNESS:  I don't know that the last  
19                  sentence in the purpose of the study, first  
20                  paragraph, limits the use in that particular way.  
21                  It's not that specific.

22                  By Mr. Michael:

23                  Q.  If you'd please turn to the second page  
24                  of that document, Ms. Murley.

1 A. Yes.

2 Q. I want to direct your attention to the  
3 bottom of the page, the paragraph beginning, "Supply  
4 chain impacts..."

5 A. Yes.

6 Q. There's a statement there, "Locally  
7 headquartered companies are more likely to purchase  
8 from local vendors." Do you see that?

9 A. Yes.

10 Q. Did you do anything to test that  
11 assertion as it relates to FirstEnergy's headquarters  
12 in Akron?

13 A. Not specific to FirstEnergy's  
14 headquarters in Akron. There is literature about the  
15 likelihood of headquarters to purchase from local  
16 vendors.

17 Q. If you'd please turn to Page 3,  
18 Ms. Murley. And specifically the Other Community  
19 Impacts section.

20 A. Yes.

21 Q. I want to start with the paragraph  
22 community support for purpose of my question. It's  
23 not possible to isolate the share of community  
24 support that are directly related to the corporate

1       headquarters, correct?

2             A.    Yes.

3             Q.    And it's not possible to isolate the  
4       share of community involvement that are directly  
5       related to the corporate headquarters, correct?

6             A.    Correct.

7             Q.    And it's not possible to isolate the  
8       share of demand for local office space that are  
9       directly related to the corporate headquarters,  
10      correct?

11            A.    The amount of office space that's  
12      specifically occupied by Shared Service employees is  
13      what is being referenced in that particular bullet.

14            Q.    Okay.  And it's not possible to isolate  
15      the share of community impacts for sponsorships that  
16      are directly related to the corporate headquarters,  
17      correct?

18            A.    Correct.

19            Q.    And it's not possible to isolate the  
20      share of community impacts that are -- let me start  
21      over, please.

22                    It's not possible to isolate the share  
23      of tuition reimbursement that are directly related to  
24      the corporate headquarters, correct?

1           A.   Correct.

2           Q.   If you'd please turn to Page 5 of that  
3   document, Ms. Murley.

4           A.   Yes.

5           Q.   The very last paragraph on that page  
6   regarding the 110.2 million, do you see that  
7   sentence?

8           A.   Yes.

9           Q.   What are IMPLAN assumptions regarding  
10   the Ohio based vendors?

11          A.   So in IMPLAN, when you select a  
12   particular set of multipliers to use, you need to  
13   select multipliers for a specific industry type and  
14   also a specific geography.  And the important -- in  
15   which case I chose Ohio.

16               And the importance of choosing a  
17   specific geography is that the multipliers contain  
18   information about the economic base of that  
19   geography, and assumptions about how much of the  
20   supplier purchasing and local employee spending would  
21   occur specifically within that geography.

22               And so in that way I -- my model limited  
23   this to vendor purchases in Ohio based on the IMPLAN  
24   assumptions.

1           Q. What are the data sources that those  
2     IMPLAN assumptions draw from?

3           A. IMPLAN uses a variety of industry survey  
4     data from the census from the Bureau of Economic  
5     Analysis, from the Bureau of Labor Statistics about  
6     interrelationships between businesses and information  
7     about wages and purchases.

8           Q. Okay. Have you ever analyzed whether or  
9     not there's a variance between the IMPLAN assumptions  
10    and actual results?

11          A. No, that would be very difficult because  
12    it not only includes companies from whom FirstEnergy  
13    directly purchases goods and services, but also  
14    suppliers to those vendors, so there are iterative  
15    effects, and so it would be very difficult to confirm  
16    not only FirstEnergy Ohio's purchase, but also all of  
17    the Ohio purchases by all of their suppliers.

18          Q. I want to ask you similar questions  
19    regarding the next sentence if I can, Ms. Murley.  
20    The supply chain spending, do you see that sentence?

21          A. Yes.

22          Q. Okay. You also relied on the IMPLAN  
23    assumptions in arriving at the 756 additional jobs  
24    and 39.8 million in payroll, correct?

1           A. Yes, I did.

2           Q. Okay. And what are those IMPLAN  
3 assumptions?

4           A. So I used the indirect multipliers for  
5 the management of companies, which is what IMPLAN  
6 calls headquarters, in Ohio, to -- in this case for  
7 employment, the indirect employment multiplier, and  
8 for personal income, the indirect personal income  
9 multiplier, to make those estimates of employment and  
10 income indirect related to vendor purchases.

11          Q. And what are the data sources for those  
12 IMPLAN assumptions?

13          A. I believe I just answered that, but --

14          Q. Are they the same?

15          A. Yes.

16          Q. Okay. Have you ever analyzed the  
17 variance between the assumptions associated with the  
18 supply chain spending and the actual outcomes?

19          A. As I mentioned, that would be difficult  
20 if not impossible to do because it's not only the  
21 companies from whom in this case FirstEnergy buys  
22 goods and services, it's also the companies from whom  
23 those suppliers buy goods and services.

24          Q. Okay. IMPLAN is a widely used economic

1 impact tool according to your testimony, correct?

2 A. Yes, sir.

3 Q. Okay. Have you ever analyzed the degree  
4 to which IMPLAN's projections vary with actual  
5 results of whatever it is IMPLAN is trying to  
6 project?

7 A. IMPLAN doesn't specifically make  
8 projections, they provide a tool for economists to  
9 use when estimating economic impacts.

10 Q. Okay. Have you ever analyzed the degree  
11 to which the estimated economic impacts based on  
12 IMPLAN varies with actual results?

13 A. No, because it includes a myriad of  
14 related industries, suppliers to suppliers, suppliers  
15 to the places where employees shop, all of the  
16 employees spending by not only the employees of the  
17 company that you're looking at, but also the  
18 suppliers of the businesses.

19 It would be difficult, if not  
20 impossible, to isolate the impacts of those related  
21 businesses specifically from that target company,  
22 because obviously they have other customers as well.

23 Q. So I'm asking you the question, I don't  
24 know you answered this, there's no economic



1 literature that analyzes how accurate IMPLAN economic  
2 impact results are when compared with actual results?

3 A. I haven't done a literature search  
4 specifically on that topic, but I understand what  
5 would be involved in making that verification, and  
6 it's reasonable to assume that that would be  
7 difficult, if not impossible.

8 Q. If I could draw your attention,  
9 Ms. Murley, to the first page of your rebuttal  
10 hearing testimony, lines 14 through 16. Let me know  
11 when you're there, please.

12 A. Yes.

13 Q. Could you please identify which Ohio  
14 utilities you have constructed an economic or fiscal  
15 impact model for?

16 A. Within Ohio, the only --

17 MR. ALEXANDER: Hold on. Could I have  
18 that question reread, please?

19 (Question read back.)

20 THE WITNESS: FirstEnergy is my only  
21 utility client in Ohio. I have other clients in Ohio  
22 that are not utilities.

23 By Mr. Michael:

24 Q. Okay. And when you say in that portion

1 of your testimony, Ms. Murley, that you have  
2 constructed a large number of economic and fiscal  
3 impact models, describe for me what you mean by that.

4 A. So those are two different types of  
5 models. So an economic impact model is -- this is an  
6 analysis based on an economic impact model.

7 I also construct software tools that  
8 economic development organizations can use in  
9 analyzing new and expanding companies within their  
10 area. And that would be different from a fiscal  
11 impact model which looks at revenues and expenditures  
12 to a particular jurisdiction; for example, a city.

13 So we might analyze the fiscal impact of  
14 a new or expanding company in a city, and what kind  
15 of revenues they would generate for that city, and  
16 what kind of expenditures they would create in terms  
17 of the cost of public safety or public works, or  
18 those kinds of services that are provided by  
19 municipalities.

20 Q. Okay. Now, there's a lot of different  
21 FirstEnergy related entities that we have talked  
22 about through the course of this case, and I just  
23 want to get specific with you if I can, Ms. Murley.

24 Did you construct -- have you

1 constructed an economic model or fiscal impact model  
2 for FirstEnergy utilities throughout the course of  
3 your representation?

4 MR. ALEXANDER: Mr. Michael, do you mean  
5 the Companies as Mr. Soules defined it to mean?

6 MR. MICHAEL: Yes, I do.

7 MR. ALEXANDER: Okay.

8 THE WITNESS: The definition of the  
9 Companies being the operating Companies, I have not  
10 constructed economic or fiscal impact models for the  
11 operating companies.

12 By Mr. Michael:

13 Q. Okay. Have you constructed economic or  
14 fiscal impact models for FirstEnergy Services  
15 Corporation?

16 A. FirstEnergy Service Company?

17 MR. MICHAEL: Help me, Trevor. The  
18 Company?

19 MR. ALEXANDER: Yes.

20 THE WITNESS: I have constructed other  
21 models and done reports for FirstEnergy Service  
22 Company.

23 By Mr. Michael:

24 Q. Okay. Have you done so for FirstEnergy

1 Solutions?

2 A. No.

3 Q. Tell me about the models you did for  
4 FirstEnergy Service Company, please.

5 A. I have constructed impact models that  
6 they can use in Ohio and in all of the other states  
7 where FirstEnergy operates; Pennsylvania, West  
8 Virginia, Maryland, New Jersey, I think that's -- I  
9 think that's all, and updated them.

10 And so these models allow an economic  
11 development person to put in information about the  
12 number of jobs and payroll at a particular company,  
13 typically a company that might be new to the area or  
14 a company that might be expanding in their area, and  
15 estimate what the economic and revenue impacts would  
16 be associated with that expansion or attraction of a  
17 company.

18 Q. Are you able to say, Ms. Murley,  
19 approximately how many of those reports you have done  
20 for FirstEnergy Service Company?

21 A. So just to clarify, those aren't  
22 reports.

23 Q. Or models.

24 A. I build up software for them and they

1     may run it. I don't know how often they run it or  
2     when they run it. They don't call me every time they  
3     run it.

4             Q.    Okay.

5             A.    I have done those models in each of the  
6     states in Ohio, West Virginia, Pennsylvania, New  
7     Jersey. And I have updated each of those models at  
8     least once, in some cases more than once. This dates  
9     back more than ten years --

10            Q.    Okay.

11            A.    -- when I originally created the very  
12     first model.

13            Q.    In this case you actually ran the model  
14     as distinct from what you just described where you  
15     would create software and FirstEnergy Services  
16     Company would run the model, correct?

17            A.    By "this case" you're referring to the  
18     headquarters impact?

19            Q.    Yes, ma'am.

20            A.    Yes. I didn't run the model that I  
21     created for them, I created a model specifically for  
22     this particular analysis.

23            Q.    Okay. Have you ever run -- setting  
24     aside that example, have you ever created and run the

1 model for FirstEnergy Services Company before?

2 A. The model that I built for them, are you  
3 asking?

4 Q. Yeah. Let me back up a second. You  
5 created and ran the model for the headquarters case  
6 that we're here talking about, right?

7 A. I created a model using IMPLAN. I  
8 didn't create special software. I created a model  
9 using IMPLAN for this particular purpose.

10 Q. Okay. And my question is: Have you  
11 ever done anything similar in the past for  
12 FirstEnergy Services Company?

13 A. I have done reports on -- not on the  
14 headquarters, but I have done reports where I created  
15 my own model and wrote a report about my results, in  
16 addition to building them a model that they could  
17 use.

18 Q. Okay. Do you bill FirstEnergy Services  
19 Company on a task-by-task basis, or are you on a  
20 retainer with them?

21 A. I'm not on a retainer, I build them on a  
22 task-by-task basis.

23 MR. ALEXANDER: Counsel, FirstEnergy  
24 "Service" Company.

1 MR. MICHAEL: Did I put an "s" on there?

2 MR. ALEXANDER: Yes.

3 By Ms. Petrucci:

4 Q. All right. And those engagements,  
5 Ms. Murley, do you charge FirstEnergy the same amount  
6 as you're charging them in connection with this  
7 testimony you're providing them?

8 A. No. For each one of those engagements I  
9 would create a proposal with a cost estimate in  
10 advance of doing the work, and I would do the work  
11 and I would bill them for that amount.

12 Q. Okay. Do you provide those cost  
13 estimates in response to an RFP or, you know, tell me  
14 how you'd get started providing those cost estimates?

15 MR. ALEXANDER: Objection. We're  
16 getting pretty far afield of her testimony. Go  
17 ahead.

18 THE WITNESS: I have not responded to  
19 RFPs in the case of FirstEnergy. I have -- they  
20 asked me to prepare a cost estimate to do a  
21 particular analysis, and I responded.

22 By Mr. Michael:

23 Q. Okay. Now, Ms. Murley, you have  
24 presented several economic impact studies in

1 connection with this case, three at least, right?

2 You had your direct testimony, your supplemental  
3 testimony, and now your rebuttal rehearing testimony,  
4 correct?

5 A. Yes.

6 Q. Okay. And amongst those you conducted  
7 an economic impact analysis of the Davis-Besse and  
8 the Sammis plant, correct?

9 A. Yes, in my original testimony.

10 Q. And you relied upon the IMPLAN software  
11 in conducting that analysis, correct?

12 A. Among other things, yes, I did.

13 Q. Okay. And that use of IMPLAN produced  
14 direct, indirect, and induced impacts associated with  
15 those plans, correct?

16 A. Yes.

17 Q. And ultimately that analysis produced  
18 estimate of revenue and economic impacts of both  
19 Davis-Besse and Sammis, correct?

20 A. Yes. To clarify, we're talking about  
21 tax revenues.

22 Q. Correct.

23 MR. MICHAEL: I'm not going to mark  
24 this, Trevor, unless you want me to, but this is a



1 copy of Ms. Murley's direct testimony filed in this  
2 case.

3 MR. ALEXANDER: We don't need to mark  
4 it, it's already in the record.

5 MR. MICHAEL: A copy for you,  
6 Ms. Murley. Could I see your copy back real quick,  
7 Trevor? I think that might be -- may I see your copy  
8 real quick, Ms. Murley? Thank you.  
9 By Mr. Michael:

10 Q. All right. And, Ms. Murley, if you  
11 would please turn to I think what was identified as  
12 SM-1, Page 1, that was attached to that testimony?

13 MR. ALEXANDER: Counsel, at this point  
14 I'm going to point out there's highlighting on my  
15 copy.

16 MR. MICHAEL: That's what I was looking  
17 for, but I didn't see it. Switch with me.

18 MR. ALEXANDER: And you're going to tie  
19 this back? We're getting pretty far afield of the  
20 scope of testimony at this point.

21 MR. MICHAEL: Well, what we're aiming at  
22 is the way that Ms. Murley ran the model, any  
23 differences between the way she ran the model this  
24 time and last time. So I appreciate the

1 opportunity --

2 MR. ALEXANDER: I'll give you some  
3 leeway.

4 MR. MICHAEL: Thank you.

5 By Mr. Michael:

6 Q. All right. Ms. Murley, Page 1, are you  
7 there?

8 A. Yes.

9 Q. Actually, of the attachment to your  
10 direct testimony.

11 A. Yes.

12 Q. Are you there with me? And you'll see  
13 at the bottom of that page, it says, "Estimates made  
14 in this analysis are based on hypothetical  
15 assumptions, current tax policies, and the current  
16 economic structure of the region," correct?

17 A. I see that it says that.

18 Q. Okay. And that statement would be  
19 equally applicable to the analysis you did in  
20 connection with the FirstEnergy headquarters,  
21 correct?

22 A. I relied on IMPLAN assumptions that are  
23 not specific to FirstEnergy but are specific to -- in  
24 the case of the headquarters, a headquarters

1 operation, and current taxes and the current economic  
2 structure of the region.

3 Q. Okay. So that it's true, then, that the  
4 analysis you did in connection with the headquarters  
5 is based on hypothetical assumptions, current tax  
6 policies, and a current economic structure of the  
7 region, correct?

8 A. Yes. And by "hypothetical assumptions",  
9 I'm referring to the assumptions in the IMPLAN model.

10 Q. Okay. And those assumptions are  
11 assumptions about spending patterns?

12 A. Yes.

13 Q. And those assumptions are assumptions  
14 about the types of goods and services that are  
15 required by industries in the electric generation  
16 sector, correct?

17 A. Among other things, yes.

18 Q. And those assumptions are about what  
19 share of those purchases can be made locally,  
20 correct?

21 A. Among other things, yes.

22 Q. And also assumptions on what particular  
23 goods and services that the headquarters buys,  
24 correct?

1           A.   In the case of the headquarters  
2 multipliers, yes.

3           Q.   Okay.  And also hypothetical assumptions  
4 about the quantity of goods bought on an aggregate  
5 level by the FirstEnergy headquarters in Akron,  
6 correct?

7           MR. ALEXANDER:  Could I have that  
8 question reread, please.

9           MR. MICHAEL:  If it was unartful, I'll  
10 rephrase it.

11          MR. ALEXANDER:  I think it may have  
12 been.

13          By Mr. Michael:

14          Q.   The analysis you did of the FirstEnergy  
15 headquarters is based on hypothetical assumptions  
16 about the quantities of goods bought on an aggregate  
17 level by the headquarters?

18          A.   Could you clarify what you mean by "on  
19 an aggregate level"?

20          Q.   Well, as opposed to any specific  
21 purchase, just the total purchases made by the  
22 headquarters.

23          A.   So in the IMPLAN model there are  
24 specific assumptions about the amount of purchases

1 from particular other industries, which is slightly  
2 different than the type of commodity.

3 So it's -- the aggregate amount that I'm  
4 showing is the sum of those purchases that IMPLAN  
5 assumes in specific industries.

6 Q. And that assumption again -- I'm trying  
7 to tie it to the use of the phrase "hypothetical  
8 assumption".

9 Those numbers reflected by IMPLAN that  
10 you just described are based on hypothetical  
11 assumptions not actual aggregate purchases by  
12 FirstEnergy headquarters, correct?

13 A. They are based on actual industry data,  
14 but not specifically the FirstEnergy headquarters.

15 Q. Are there any other hypothetical  
16 assumptions that relate to the estimates in your  
17 headquarters analysis?

18 A. There are IMPLAN assumptions about the  
19 amount of output per employee and the amount of  
20 personal income per employee, and a variety of  
21 different industries that are included in the vendor  
22 industries and the industries from which employees  
23 purchase.

24 Q. Okay. Anything else?

1           A. IMPLAN is a very complex model and I  
2       could not comprehensively state all of the  
3       assumptions that are inherent in the IMPLAN  
4       multipliers.

5           Q. Can you quantify how many assumptions  
6       were in the IMPLAN model?

7           A. No, I could not.

8           Q. If I could draw your attention back to  
9       the part of your first paper you did in your direct  
10      testimony, Footnote No. 1.

11          A. Yes.

12          Q. It states there, "Even if the  
13      assumptions outlined in this report were to occur,  
14      there will usually be differences between the  
15      estimates and the actual results because events and  
16      circumstances frequently do not occur as expected."  
17      Did I read that correctly?

18          A. That's what it says.

19          Q. And would that statement be equally  
20      applicable to your HQ analysis?

21          A. Yes.

22          Q. Ms. Murley, are there any differences  
23      between the approach you used on the Davis-Besse and  
24      Sammis economic impact study, and the economic impact

1 study you've presented for the headquarters?

2 A. I used multipliers for a different  
3 industry. And the Davis-Besse plant did include a  
4 nonrecurring construction project, but otherwise I  
5 used the same standard methodology in both cases.

6 Q. Okay. You said you used, I think,  
7 different multipliers from a different industry. Is  
8 that because in the first -- in the first analysis  
9 you did you focus on generation, and in this one you  
10 focus on headquarters, or what is the nature of that  
11 difference?

12 A. That is correct. So there are different  
13 multipliers for utility generation, obviously  
14 different supplier purchases, different types of  
15 employees. And there are multipliers for  
16 headquarters operations, which I use for the  
17 headquarters analysis.

18 Q. And are those multipliers for  
19 headquarters that you use specific to electric public  
20 utilities, or is it headquarters irrespective of the  
21 industry at issue?

22 A. They are for headquarters irrespective  
23 of the industry at issue. But they are particularly  
24 applicable here because we're able to completely

1       separate the headquarters operation from generation  
2       distribution, and in some companies the headquarters  
3       may be collocated with their production and it would  
4       be much more difficult to make that distinction.

5           Q.   Ms. Murley, you have made a distinction  
6       throughout the course of the deposition to a cost  
7       benefit analysis and an economic impact study.  And  
8       my question is:  Why did you run an economic impact  
9       analysis rather than do a cost benefit analysis?

10          A.   I wasn't asked to analyze the cost of  
11       keeping the headquarters in Ohio, I was asked to look  
12       at the economic impact specifically of the  
13       headquarters.

14          Q.   But I mean, wouldn't it be a more  
15       accurate picture of keeping the headquarters in Ohio  
16       to include and consider and analyze the costs  
17       associated with keeping that headquarters here; I  
18       mean, just as an economist and a purported expert on  
19       this subject matter?

20          A.   I wouldn't necessarily say it would be  
21       more accurate.  It is simply a different approach to  
22       the analysis.

23          Q.   Okay.  But I mean, if you're trying to  
24       gauge what the headquarters being in Akron means, it



1       seems to me that you're looking only at half of the  
2       picture, and that's the benefits.

3               But in the study you've produced you're  
4       not looking at what it costs in order to get those  
5       benefits, and therefore it's not presenting the  
6       Public Utilities Commission with a complete picture  
7       of what it means to keep the headquarters here.

8               MR. ALEXANDER:  Objection.  There's no  
9       question there.  There's no question pending.

10              MR. MICHAEL:  Okay.

11       By Mr. Michael:

12              Q.  So my question is:  Isn't it true that  
13       you're only providing the Commission with half the  
14       picture because you're not modeling the costs  
15       associated with keeping the benefits here?

16              MR. ALEXANDER:  Objection.  Asked and  
17       answered.  Go ahead.

18              THE WITNESS:  It's not half of a cost  
19       benefit analysis, it's a whole economic impact  
20       analysis, which is really a different methodology  
21       than a cost benefit analysis.

22       By Ms. Petrucci:

23              Q.  Okay.  Under what circumstances would  
24       you use a cost benefit analysis rather than an

1 economic impact analysis?

2 A. If I were trying to evaluate a trade-off  
3 between option A and option B, I might do a cost  
4 benefit analysis.

5 Q. Okay. And so if that's true, wouldn't  
6 it be appropriate to conduct a cost benefit analysis  
7 because you do have an option A and an option B,  
8 which is FirstEnergy's headquarters stays here, or  
9 FirstEnergy's headquarters leaves?

10 MR. ALEXANDER: Objection. She's  
11 already explained why she chose the analysis she did,  
12 what the analysis she did shows. Asked and answered  
13 several times. Go ahead.

14 THE WITNESS: I was asked to perform an  
15 economic impact analysis. Typically cost benefits  
16 compare two options, not the inverse of option A.  
17 By Ms. Petrucci:

18 Q. Okay. Did you by chance suggest to  
19 FirstEnergy that a cost benefit analysis might be  
20 appropriate in this case?

21 A. No, I did not.

22 Q. Now, you made very clear, Ms. Murley,  
23 that you haven't run an economic impact analysis of  
24 changes in utility rates and their impact on the

1 economy for purposes of your testimony here, right?

2 A. Correct.

3 Q. Could that analysis be done?

4 A. It could, but it would -- that would be  
5 a more appropriate application of a cost benefit  
6 analysis.

7 Q. Why is that?

8 A. Because you're comparing one allocation  
9 of spending to a different allocation of spending.

10 Q. How many different multipliers were used  
11 in your economic impact study of the headquarters?

12 A. So to clarify, for each industry and  
13 each geography, in this case the State of Ohio being  
14 the selected geography, there are a set of  
15 multipliers, and so there are three direct  
16 multipliers, three indirect multipliers, and three  
17 induced multipliers.

18 So effectively we could say that for any  
19 given industry in a particular location, IMPLAN  
20 provides nine different multipliers that are applied  
21 in different ways to produce the results.

22 Q. And those are the direct, indirect, and  
23 induced?

24 A. For jobs, income, and output.

1 Q. Okay.

2 MR. ALEXANDER: Off the record for just  
3 a moment. You want to take a break?

4 (Recess taken.)

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 By Mr. Michael:

7 Q. Ms. Murley, I'm going to hand you what  
8 has been marked Deposition Exhibit 1, Murley. If you  
9 could please take a look at that document and let me  
10 know when you've had a chance to do so.

11 (Pause.)

12 A. I have not seen this document before,  
13 but I have looked at it now.

14 Q. You've never seen the Notice to Take  
15 Deposition and Request for Production of Documents  
16 before?

17 A. I have not seen this particular document  
18 before.

19 Q. So who told you to appear today?

20 A. The Legal Department; Trevor.

21 Q. Okay. Turn to Page 3 for me, if you  
22 would.

23 A. Okay.

24 Q. I trust that because you've never seen

1     this document before you haven't brought any copies  
2     of any studies conducted for purposes of rebuttal or  
3     surrebuttal testimony, correct?

4                 MR. ALEXANDER:  Objection.

5     Attorney-Examiner Price set the nature and scope of  
6     discovery for rebuttal testimony that included the  
7     testimony and/or papers of the witness, which were  
8     produced in accordance with the rulings of the  
9     Attorney-Examiner.  Subject to that objection, you  
10    can answer.

11                THE WITNESS:  I have copies of my  
12    rebuttal testimony.

13                MR. MICHAEL:  So what you're saying,  
14    Trevor, is you previously produced it consistent with  
15    Attorney Price's order?

16                MR. ALEXANDER:  I'm saying we produced  
17    the information required by the Attorney-Examiner's  
18    order.

19                MR. MICHAEL:  I'm not going to depose  
20    you.

21    By Mr. Michael:

22                Q.  Ms. Murley, are there any copies of  
23    studies conducted for purposes of your surrebuttal  
24    testimony in existence other than what you brought

1 with you today?

2 MR. ALEXANDER: I think you might have  
3 misspoke. You said surrebuttal.

4 MR. MICHAEL: I think that's what she  
5 described her testimony as.

6 MR. ALEXANDER: I think you're talking  
7 Ms. Mikkelsen's testimony.

8 MR. MICHAEL: You're right. I  
9 apologize. Thanks for catching that.

10 By Mr. Michael:

11 Q. Okay. So you brought with you today  
12 your rebuttal rehearing testimony, correct?

13 A. Yes.

14 Q. And you brought your work papers with  
15 you?

16 A. Yes.

17 Q. And you brought Mr. Buckley's testimony  
18 with you, correct?

19 A. Correct.

20 Q. Okay. Are there any other studies that  
21 you conducted for purposes of your rebuttal  
22 testimony?

23 MR. ALEXANDER: When you say -- you're  
24 asking whether she brought her testimony. Just for

1 the purposes of record she brought her testimony and  
2 SM-R-1, the studies she conducted. So when you say  
3 "other than", do you mean other than SM-R-1?

4 MR. MICHAEL: Correct.

5 MR. ALEXANDER: With that clarification.

6 THE WITNESS: I brought my rebuttal  
7 testimony with SM-R-1 with me, along with my work  
8 papers and the testimony of Mr. Buckley.

9 By Ms. Petrucci:

10 Q. Did you create any other studies for  
11 purposes of your rebuttal testimony?

12 A. No, not for the purposes of my rebuttal  
13 testimony.

14 Q. Okay. Are there any backup documents to  
15 your rebuttal testimony, including raw data for  
16 studies, other than what you brought with you today?

17 A. Not other than what I brought with me  
18 today.

19 Q. Okay. Are there any documents that you  
20 relied on or cited in your rebuttal testimony other  
21 than what you brought with you today?

22 A. Not other than what I brought with me  
23 today.

24 Q. Okay. And are there any work papers for

1 your rebuttal testimony other than what you brought  
2 with you today?

3 A. Not other than what I brought with me  
4 today.

5 MR. MICHAEL: Thank you for your  
6 questions.

7 MR. ALEXANDER: Danielle, did you have  
8 any questions?

9 MS. WALTER: Yes, thank you.

10 - - -

11 CROSS-EXAMINATION

12 By Ms. Walter:

13 Q. I just have a few, and I have been  
14 marking off so I'm going to try not to repeat  
15 anything and get you out of her, Ms. Murley.

16 My name is Danielle Walter, and I  
17 represent OMAEG. I want to start off, are you  
18 familiar with the settlements or stipulations that  
19 were filed in this proceeding?

20 A. Can you be more specific?

21 Q. There were several stipulations that  
22 were filed by the Companies and signed by some  
23 signatory parties. There was an initial stipulation,  
24 a supplemental stipulation, second supplemental



1 stipulation, third supplemental stipulation. Are you  
2 aware of those documents or their existence?

3 MR. ALEXANDER: Objection. Beyond the  
4 scope of the hearing. Go ahead.

5 THE WITNESS: I am aware of the  
6 existence of some of those documents, but I'm not  
7 directly familiar with them.

8 By Ms. Walter:

9 Q. Okay. Are you familiar with the  
10 Commission's order issued on March 31st in this  
11 proceeding?

12 MR. ALEXANDER: Objection. Again, it's  
13 beyond the scope of the hearing. Go ahead.

14 THE WITNESS: No.

15 By Ms. Walter:

16 Q. Okay. And is the purpose of your  
17 testimony to add information regarding Staff  
18 condition with respect to Staff proposals?

19 A. Could you be more specific? Are you  
20 referring to Rider DMR?

21 Q. Yes. Staff proposal is Rider DMR. I  
22 apologize.

23 A. Yes. The purpose of my testimony is to  
24 provide information that I believe was omitted from

1     Witness Buckley's testimony about Rider DMR.

2 Q. Okay. So on Page 2, lines 3 to 4 of  
3 your testimony. Are you there? Just let me know if  
4 you're there.

5                   A.    Yes.

6 Q. Okay. When you state that Staff Witness  
7 Buckley failed to address the economic and revenue  
8 impacts of the headquarters, you are referring to one  
9 of the conditions that Witness Buckley set forth in  
10 his testimony related to Staff's proposed Rider DMR;  
11 is that correct?

12           A. I am referring to the connection that he  
13       made between Rider DMR and the stipulation that the  
14       headquarters remain in Akron for the term of the ESP.

15 Q. And that was at the -- I'm sorry.

16 Strike that.

17                   So on whose behalf do you believe that  
18       such a commitment would have to be made, FirstEnergy  
19       Corp. or the Company?

20           A.   Are you --

21 MR. ALEXANDER: Objection to the extent  
22 it calls for a legal conclusion. Go ahead, if you  
23 can.

24 THE WITNESS: Are you referring to the

1 commitment to keep the headquarters in Akron?

2 By Ms. Walter:

3 Q. Yes, I am.

4 A. I don't know who would be responsible  
5 for making that commitment.

6 Q. On Page 2, lines 7 and 8.

7 A. Yes.

8 Q. You state those Shared Service employees  
9 are employed by FirstEnergy Service Company, which is  
10 a wholly owned subsidiary of FirstEnergy Corp.,  
11 FirstEnergy Corp. has no employees. Where did you  
12 obtain that information?

13 A. The Legal Department at FirstEnergy  
14 Service Company provided information for me to  
15 understand that distinction.

16 Q. And the next sentence beginning on  
17 line 9, in the event FirstEnergy Corp. moves its  
18 headquarters -- moves it's headquarters, the Shared  
19 Services employees would be relocated, so that next  
20 sentence, lines 9 and 10.

21 A. Are you asking --

22 Q. Who informed -- who informed you of this  
23 information as well?

24 A. Well, the Shared Service employees

1 effectively are the headquarters employees, and so if  
2 the headquarters moved, by definition they would also  
3 move.

4 Q. So that was based on the previous  
5 sentence that you said was provided to you by the  
6 Legal Department?

7 A. Yes.

8 Q. Okay. And you are assuming then that  
9 the headquarters are actually moved, not just  
10 purchased, in your analysis?

11 MR. ALEXANDER: Could I have that  
12 reread, please?

13 (Question read back.)

14 MR. ALEXANDER: Object to form as to  
15 what "purchased" means.

16 By Ms. Petrucci:

17 Q. Well, I would say that -- I guess I'll  
18 clarify.

19 You're assuming then that the -- in your  
20 analysis, you're making the assumption, or your  
21 analysis is based on the assumption that the  
22 headquarters are actually moved from one location to  
23 another rather than just, you know, there's a  
24 purchase of the Company or the corporation?

1           A. My analysis is actually what is the  
2           current point in time impact of the headquarters  
3           remaining in Akron. I did not address the question  
4           of ownership.

5           Q. Okay. Okay. And then your testimony --  
6           just to clarify a few things. Your testimony  
7           addresses two types of impact, the economic impacts  
8           and the revenue impacts; is that correct?

9           A. Yes, the tax revenue impacts.

10          Q. And the economic impact represents  
11          retaining existing jobs, payroll, and output that are  
12          generated by the headquarters, correct?

13          A. Yes.

14          Q. And is the assumption that the  
15          retention, is that the same job or employee numbers?

16          A. Yes, my analysis is based on a certain  
17          level of employment and payroll.

18          Q. So it's not just the same employment,  
19          but it's also, like you said, at the same payroll  
20          level as well?

21          A. Yes. My results are based on both of  
22          those assumptions.

23          Q. Okay. And the tax revenue impact  
24          represents the amount of state and local tax revenues

1     that are generated by the headquarters and employees,  
2     correct?

3             A.   In this case we're only looking at the  
4     tax revenues that are generated by employees of the  
5     headquarters, and also the indirect and induced  
6     employees from the economic impact.

7             Q.   So speaking of that, on Page 6 of your  
8     testimony, at the very top on -- in Figure 2, does  
9     the row, the other supported jobs -- is that what you  
10    refer to as the indirect and induced employees?

11            A.   Yes. That is the tax revenues  
12    associated with those employees.

13            Q.   And in making those calculations did you  
14    use a multiplier?

15            A.   No, although I used information from the  
16    results of the economic impact analysis on the amount  
17    of indirect and induced jobs and personal income.

18            Q.   So how did you -- how did you perform  
19    that calculation, then?

20                   MR. ALEXANDER:  Objection as to that  
21    calculation is referring to?

22    By Ms. Walter:

23            Q.   The calculations that are included --  
24    that are included in the work or other supported

1 jobs, how did you come to those numbers?

2 MR. ALEXANDER: Well, just the important  
3 clarification is she testified she used the numbers  
4 she got from the economic impact analysis to then  
5 determine the tax impact. So is this question  
6 relating to the economic impact analysis, or accepts  
7 those numbers and then addressing the tax analysis?  
8 By Ms. Walter:

9 Q. I'm trying to understand. So  
10 multipliers were used in the economic impact  
11 analysis, and then you used -- and I just want to  
12 make sure you used then those numbers with the FE  
13 Shared Service employee numbers to come up with the  
14 other supported jobs information; is that correct?

15 A. So referring to the economic impact  
16 results shown in Figure 1 of my testimony on Page 4,  
17 I used economic multipliers to estimate those numbers  
18 other than employment and personal income for the  
19 headquarters, because those are actual numbers.

20 Q. Right. So in Figure 2, the FE Shared  
21 Service employees, in that row those are all actual  
22 numbers, correct?

23 A. No, those are estimates of the amount of  
24 taxes paid by FE Shared Services employees based on

1 the number of employees and their payroll.

2 Q. And you do not adjust those inputs based  
3 on actual numbers; is that correct?

4 A. I don't have information on the actual  
5 amount of state and local sales tax paid by each of  
6 the employees, I am estimating that.

7 Q. And then the figures contained in the  
8 other supported jobs, those are also estimates?

9 A. Yes.

10 Q. And those estimates are based on what?

11 A. Those numbers are based on the number of  
12 indirect and induced employees from Figure 1 and the  
13 amount of personal income associated with those  
14 employees, and also local tax rates.

15 Q. Okay. Thank you. I understand now. I  
16 apologize.

17 In executing this revenue impact, this  
18 past revenue impact analysis, did you include any  
19 potential lost state or local tax revenues in your  
20 calculations?

21 A. No, because I was looking at a  
22 point-in-time analysis based on the amount of  
23 employment and payroll in 2015.

24 Q. On Page 5, line 20, that \$20 million, is



1       that an annual number, an annual estimate?

2             A.   Yes.

3             Q.   Okay.  So I just want to make sure,  
4       going back now to -- you talked previously about in  
5       Attachment A there were a number of assumptions or  
6       information that was provided to you through the  
7       IMPLAN model, correct?

8             A.   Attachment A does not contain any  
9       information from the IMPLAN model.  The information  
10      in Attachment A was provided to me by FirstEnergy.

11            Q.   Right.  And then you used that -- did  
12      you use that information in the IMPLAN modeling, or  
13      does the IMPLAN modeling include additional  
14      assumptions?

15            MR. ALEXANDER:  Objection.  When you say  
16      "that information", what specifically are you  
17      referring to, all of the attachment, or just what the  
18      witness previously testified to?

19            MS. WALTER:  Just the bullet points.  
20      Just the bulleted list.  I apologize.

21            MR. ALEXANDER:  Okay.  But she earlier  
22      testified she didn't use the entire bulleted list,  
23      she used the table at the top of the page in her  
24      IMPLAN analysis.  So that -- with that clarification,

1       could you restate the question?

2                   MS. WALTER:  Yes.  I apologize.

3       By Ms. Walter:

4               Q.  So let me back up.  The IMPLAN model has  
5       a number of assumptions built into it, correct, based  
6       on geography and industry?

7               A.  Correct.

8               Q.  Okay.  And then in addition to those  
9       assumptions, do you also consider assumptions -- some  
10      of the assumptions that may be provided to you by the  
11      Companies, or by FirstEnergy Corp.?

12              A.  So the IMPLAN model requires inputs, and  
13      in this case I used information in the table in  
14      Attachment A on the number of employees and the  
15      amount of gross payroll, which aren't assumptions,  
16      those are actual numbers, as inputs to the IMPLAN  
17      model.

18              Q.  And you used those in addition to the  
19      assumptions that are already part of the IMPLAN  
20      model?

21              A.  Correct.

22              Q.  Okay.  And the bulleted list then is  
23      just additional information that was provided?

24              A.  That's correct.

1           Q. And you may or may not use some of those  
2     in the -- as inputs as well, or do you not use any of  
3     them as inputs?

4           A. I did not use any of the information  
5     listed in the bulleted text on Attachment A as inputs  
6     to the IMPLAN model.

7           Q. Okay. On Page 6, line 4 of your  
8     testimony, you say, "The HQ provides high paying jobs  
9     with benefits to thousands of workers, supports the  
10    local and state economies with millions of dollars in  
11    vendor purchases each year, and benefits local  
12    governments and school systems through tax payments."

13                  Can you define high paying jobs as  
14    you've used it in your testimony?

15           A. So the average wage of employees at the  
16    headquarters. So if I took the total payroll and  
17    divide it by the number of employees, I would get an  
18    average wage, is significantly above the average wage  
19    for all industries for Ohio.

20           MS. WALTER: Can you repeat that answer,  
21    please?

22                  (Answer read back.)

23    By Ms. Walter:

24           Q. Ms. Murley, do you believe that Staff's

1     proposal, the Rider DMR, provides a new commitment  
2     for the FE Corp. or the Companies with regards to  
3     their headquarters?

4                 MR. ALEXANDER:  Objection.  Beyond the  
5     copy of her testimony.  Go ahead.

6                 THE WITNESS:  I can't comment on whether  
7     it's a new commitment.  I understand that the time  
8     commitment for the headquarters remaining in Akron is  
9     longer than in previous -- in the previous rider  
10    proposed.

11                MS. PETRUCCI:  Can I have that answer  
12    read?

13                         (Answer read back.)

14    By Ms. Walter:

15                Q.  And when you say "previous rider  
16    proposed", what are you referring to?

17                A.  Rider RRS.

18                Q.  Are you aware -- are you aware of any  
19    previous commitments made by FirstEnergy Corp. or the  
20    Companies with regard to the headquarters?

21                MR. ALEXANDER:  Objection, with regard  
22    to -- is the question asking about in this proceeding  
23    with regard to Rider RRS, or prior to this  
24    proceeding?

1 By Ms. Walter:

2 Q. I would say within the past five years.

3 A. I'm not familiar with all of the  
4 commitments regarding the headquarters that have been  
5 made in the last five years.

6 Q. Are you aware of any previous  
7 commitments to any state agencies with regard to the  
8 headquarters within the past five years?

9 A. No, I am not.

10 Q. Are you aware of any previous commitment  
11 made by FirstEnergy Corp. or the Companies to any  
12 federal agencies with regard to headquarters in the  
13 past five years?

14 A. No, I am not.

15 Q. Are you aware of any previous  
16 commitments made by FirstEnergy Corp. or the  
17 Companies to any state or federal court with regard  
18 to the headquarters within the past five years?

19 MR. ALEXANDER: And again, just to  
20 clarify, you're referring to other than this  
21 proceeding as we defended earlier?

22 MS. WALTER: I would say within the past  
23 five years, whether it's within this proceeding or  
24 otherwise.

1                   MR. ALEXANDER: Okay. I think that's a  
2 different definition than we asked, we had done  
3 earlier. So I guess with regard to this line of  
4 questioning, would that change any of your answers?

5                   THE WITNESS: I understand that Rider  
6 DMR includes a commitment regarding the headquarters.  
7 By Ms. Walter:

8                   Q. Right. Are you aware of any -- outside  
9 of Rider DMR, any other commitments --

10                  A. I understand that rider -- I'm sorry?

11                  Q. -- within the past five years? I  
12 apologize.

13                  A. I understand that Rider RRS did include  
14 a provision about the headquarters.

15                  Q. Okay. I'm just checking my notes.

16                  MS. WALTER: All right. That's all I  
17 have. No further questions. Thank you, Ms. Murley.

18                  THE WITNESS: Thank you.

19                  MR. ALEXANDER: I do have one -- does  
20 anybody else have questions?

21                  (No response.)

22                  MR. ALEXANDER: Hearing none, I do have  
23 one clarifying question.

24                                 - - -

1 REDIRECT EXAMINATION

2 By Mr. Alexander:

3 Q. Ms. Murley, in response to Mrs. Walter's  
4 question you testified regarding the time commitment  
5 for the headquarters. Do you recall that?

6 A. Yes.

7 Q. And you had compared the time commitment  
8 for the headquarters provision with regard to the  
9 time commitment for Rider RRS. Do you recall that?

10 A. Yes.

11 Q. Okay. What did you understand the time  
12 commitment for the RRS headquarters provision to be?

13 A. I understood that the time commitment in  
14 Rider RRS for the headquarters to stay in Akron was  
15 the same as the term of the rider; whereas in Rider  
16 DMR it is not the same.

17 MR. ALEXANDER: Okay. I don't have  
18 anything further. We will read.

19 (Thereupon, the deposition concluded  
20 at 4:09 p.m. Signature not waived.)

21 - - -

22

23

24

1 State of Ohio :  
 : SS:  
 2 County of :  
 3

4 I, Sarah Murley do hereby certify that I  
 have read the foregoing transcript of my deposition  
 5 given on Tuesday, July 26th, 2016; that together with  
 the correction page attached hereto noting changes in  
 6 form or substance, if any, it is true and correct.

7

8 \_\_\_\_\_  
 Sarah Murley

9

10 I do hereby certify that the foregoing  
 11 transcript of the deposition of Sarah Murley was  
 submitted to the witness for reading and signing;  
 12 that after she had stated to the undersigned Notary  
 Public that she had read and examined her deposition,  
 13 she signed the same in my presence on the \_\_\_\_ day  
 of \_\_\_\_\_, 2016.

14

15

16 \_\_\_\_\_  
 Notary Public

17

18

19 My Commission expires \_\_\_\_\_, \_\_\_\_\_.

20 - - -

21

22

23

24



## 1 CERTIFICATE

2 State of Ohio :  
3 County of Fairfield : SS:

4 I, Valerie J. Grubaugh, Registered Merit  
5 Reporter and Notary Public in and for the State of  
6 Ohio, duly commissioned and qualified, certify that  
7 the within named Sarah Murley was by me duly sworn to  
8 testify to the whole truth in the cause aforesaid;  
9 that the testimony was taken down by me in stenotype  
10 in the presence of said witness, afterwards  
11 transcribed upon a computer; that the foregoing is a  
12 true and correct transcript of the testimony given by  
13 said witness taken at the time and place in the  
14 foregoing caption specified and completed without  
15 adjournment.

16 I certify that I am not a relative,  
17 employee, or attorney of any of the parties hereto,  
18 or of any attorney or counsel employed by the  
19 parties, or financially interested in the action.

20 IN WITNESS WHEREOF, I have hereunto set  
21 my hand and affixed my seal of office at Columbus,  
22 Ohio, on this July 27th day of July, 2016.

23

24

25

26 Valerie J. Grubaugh,  
27 Registered Merit Reporter  
28 and Notary Public in and for  
29 the State of Ohio.

30

31

32 My Commission expires April 16, 2016

33

34

35

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