

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

9 - - -

10 DEPOSITION

11 of Sarah Murley, taken before me, Valerie J.
 12 Grubaugh, Registered Merit Reporter, and a Notary
 13 Public in and for the State of Ohio, at the offices
 14 of Calfee, Halter & Griswold, 1200 Huntington Center,
 15 41 South High Street, Columbus, Ohio, on Tuesday,
 16 July 26th, 2016, at 1:00 p.m.

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On behalf of the Residential
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 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.

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2

CROSS-EXAMINATION

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By Mr. Michael:

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Q. My name is Bill Michael and I'm an attorney with the Ohio Consumers' Counsel. We represent FirstEnergy utilities, residential utility customers.

8

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11

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?

12

13

14

A. Because the testimony provided by Witness Buckley expressly connects the headquarters remaining in Akron with Rider DMR.

15

16

17

18

19

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?

20

21

22

23

24

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 :
2 County of : SS:
3

4 I, Sarah Murley do hereby certify that I
5 have read the foregoing transcript of my deposition
6 given on Tuesday, July 26th, 2016; that together with
the correction page attached hereto noting changes in
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
12 submitted to the witness for reading and signing;
13 that after she had stated to the undersigned Notary
Public that she had read and examined her deposition,
14 she signed the same in my presence on the ____ day
of _____, 2016.

14

15

16 _____
Notary Public

17

18

19 My Commission expires _____, _____.

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CERTIFICATE

State of Ohio :
: SS:
County of Fairfield :

I, Valerie J. Grubaugh, Registered Merit Reporter and Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named Sarah Murley was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotype in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Columbus, Ohio, on this July 27th day of July, 2016.

Valerie J. Grubaugh,
Registered Merit Reporter
and Notary Public in and for
the State of Ohio.

My Commission expires April 16, 2016

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in

Case No(s). 14-1297-EL-SSO

Summary: Transcript Deposition Transcript of Sarah Murley Filed by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Sauer, Larry S.