

Exhibit No.:  
Issue(s): Economic Analysis of  
Employment and Fiscal Impacts  
Witness: Dr. David Loomis  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Grain Belt Express LLC  
File No.: EA-2023-0017  
Date Testimony Prepared: May 15, 2023

**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO.**

**EA-2023-0017**

**SURREBUTTAL TESTIMONY**

**OF**

**DR. DAVID G. LOOMIS**

**ON**

**BEHALF OF**

**GRAIN BELT EXPRESS LLC**

**MAY 15, 2023**

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1 **I. INTRODUCTION**

2 **Q. Please state your name, present position and business address.**

3 A. My name is David G. Loomis. I am President of Strategic Economic Research,  
4 LLC, Professor of Economics at Illinois State University, Co-Founder of the Center for Renewable  
5 Energy and Executive Director of the Institute for Regulatory Policy Studies. My business address  
6 is 2705 Kolby Court, Bloomington, IL 61704.

7 **Q. Have you previously submitted testimony in this proceeding?**

8 Yes, I submitted direct testimony on August 24, 2022 and accompanying  
9 exhibits/schedules identified as Schedules DL-1 through DL-2.

10 **Q. What is the purpose of your surrebuttal testimony?**

11 A. I am responding to testimony filed by Staff Witness Michael Stahlman relating to  
12 economic benefits of the Amended Project.

13 **II. ECONOMIC BENEFIT ANALYSIS**

14 **Q. Have you reviewed the sections of Staff Witness Michael Stahlman’s Rebuttal**  
15 **Testimony discussing your direct testimony?**

16 A. Yes, I have.

17 **Q. Can you summarize Mr. Stahlman’s views regarding your testimony and**  
18 **Schedule DL-2 to your testimony?**

19 A. Mr. Stahlman provides Staff’s recommendation that the Commission not rely on  
20 the study provided in Schedule DL-2. *See* Rebuttal Testimony of Michael L. Stahlman at 7:21-  
21 8:10. Staff believes that some of economic benefits expressed in the study have unstated costs.  
22 Particularly, Staff believes that tax and expenditure benefits are completely offset because they  
23 reflect costs that Grain Belt Express will need to incur (and this affects economic feasibility). Staff

1 also believes that the study ignores the hidden opportunity costs attendant to the stated benefits—  
2 how workers, land, and investment could otherwise be used.

3 **Q. How do you respond to the assertion that the benefits in the study have**  
4 **unstated costs?**

5 A. Mr. Stahlman misunderstands the nature of an economic impact analysis. An  
6 economic impact analysis seeks to show the positive economic benefit that will flow to a  
7 geographic area from a given project. The basic inputs into such a study are the capital and  
8 operating expenditures that the developer will incur to build and operate the project. Thus, all of  
9 the inputs into the study are costs to the firm. The benefits are stated in terms of jobs, earnings,  
10 and economic output. If the costs are higher than stated, then the economic benefits would be  
11 higher as well, all other things equal.

12 Mr. Stahlman does not enumerate the “additional costs” that “work against the economic  
13 feasibility” of the project except to say that “[t]axes and expenditures of the project need to be  
14 recovered by Invenenergy in order to be feasible.” As stated above, expenditures, including taxes,  
15 are accounted for in the study and they do not threaten project feasibility.

16 **Q. How do you respond to the assertion that the study ignores opportunity cost?**

17 A. The study does not ignore the opportunity costs but rather assumes that there are  
18 idle resources in the economy that can be put to good use as a result of the project. The opportunity  
19 cost of workers would only be positive if the Missouri economy were at full employment. The  
20 land easements will allow for continued farming on most of the land and expenditures in this  
21 project is not constrained by the lack of capital. Mr. Stahlman’s argument also assumes that the  
22 capital and investments attendant to this project would still be allocated to Missouri if the project  
23 was not constructed. There is no evidence that this is a fair assumption—there is no known project

1 that will be built if this project is not built, therefore, the capital and investments attendant to this  
2 project would simply not be allocated to Missouri.

3 **Q. Has the Commission previously accepted your economic analysis as part of its**  
4 **review of the “public interest” element of the Tartan Factors?**

5 A. Yes. I prepared a similar economic analysis report that was attached as Exhibit  
6 AES-2 to the Rebuttal Testimony of Alan E. Spell in docket number EA-2016-0358—the docket  
7 that originally granted the CCN for this Project. Mr. Spell’s analysis was informed by my report  
8 and was incorporated in the Commission’s findings that the Project was in the public interest. *See*  
9 Report and Order on Remand ¶¶ 104-05; 106-07.

10 More recently, Staff recommended the Commission approve a CCN for NextEra Energy  
11 Transmission Southwest, LLC’s (“NEET”) Wolf Creek to Blackberry transmission line.<sup>1</sup> Staff  
12 concluded that NEET’s proposal was economically feasible, based in part on a similar report I  
13 prepared in that docket.<sup>2</sup> The Application was subsequently approved as part of an unopposed  
14 settlement agreement, and, in the Commission’s Order Approving the Settlement, the Commission  
15 sited to Staff’s Report in indicating that the line was economically feasible.<sup>3</sup>

16 **III. CONCLUSION**

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

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<sup>1</sup> Staff Report, File No. EA-2022-0234 (Sep. 22, 2022).

<sup>2</sup> *Id.* at 12-13 (section authored by Sarah Lange) *and see* Schedule DL-2 to Direct Testimony of David G. Loomis, Phd., File No. EA-2022-0234 (July 7, 2022).

<sup>3</sup> Order Approving the Settlement, File No. EA-2022-0234 (Dec. 8, 2022) at 4-5 *and see* fn. 13-14.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

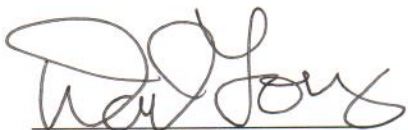
In the Matter of the Application of Grain Belt )  
Express LLC for an Amendment to its Certificate )  
of Convenience and Necessity Authorizing it to )  
Construct, Own, Operate, Control, Manage, and ) File No. EA-2023-0017  
Maintain a High Voltage, Direct Current )  
Transmission Line and Associated Converter )  
Station )

**AFFIDAVIT OF DAVID G. LOOMIS**

1. My name is David G. Loomis. I am President of Strategic Economic Research, LLC, Professor of Economics at Illinois State University, Co-Founder of the Center for Renewable Energy and Executive Director of the Institute for Regulatory Policy Studies. My business address is 2705 Kolby Court, Bloomington, IL 61704.

2. I have read the above and foregoing Rebuttal Testimony and the statements contained therein are true and correct to the best of my information, knowledge, and belief.

3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.



David G. Loomis  
President  
Strategic Economic Research, LLC

Date: 5/12/23

*Dated 5/12/23*

