

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

In the Matter of the Application of Ameren Transmission)
Company of Illinois for Other Relief or, in the Alternative,)
a Certificate of Public Convenience and Necessity)
Authorizing it to Construct, Install, Own, Operate,) File No. EA-2015-0146
Maintain and Otherwise Control and Manage a)
345,000-volt Electric Transmission Line from Palmyra,)
Missouri, to the Iowa Border and Associated Substation)
Near Kirksville, Missouri.)

REPLY BRIEF OF UNITED FOR MISSOURI, INC.

COMES NOW United for Missouri, Inc. (“UFM”), by and through its undersigned counsel, and files this its *Reply Brief* in support of the application for a Certificate of Convenience and Necessity (“CCN”) submitted by Ameren Transmission Company of Illinois (“ATXI”).

In its Initial Brief, ATXI argued that the Commission should consider other additional benefits in approving its application. ATXI argues:

The Project will also provide benefits not captured in the benefit-cost analyses discussed earlier and that are unrelated to reliability. As ATXI witness Dr. Geoffrey Hewings’ analysis demonstrates, the Project will deliver benefits to Missouri in the form of approximately 1,880 job years over the life of the construction of the Project. Moreover, ATXI witness Joseph LaMacchia’s testimony confirms there are substantial tax benefits from the Project. Mr. LaMacchia’s testimony shows that once in operation, the Project is expected to provide incremental property tax revenues of about \$3.5 million annually across the five counties through which it will be built. While the benefits of the Project and the showing that it is needed, that the improvement is worth the cost, is easily shown by the MISO/Schatzki benefit-cost analyses and by reliability benefits, these additional benefits also demonstrate need, as has been recognized by the Commission in the past when it has cited similar benefits in approving section 393.170 applications. *See, e.g., Tartan, supra* (The proposed improvement will “represent a major capital investment . . . which will require the employment of workers during the construction phase of the project, and for the operation of the pipeline”); *see Intercon Gas, supra* (citing to evidence that the project at issue

would produce fuel savings and lead to increases in employment and tax revenues in discussing the “need” criteria).¹

This is a confusion utilities and other mercantilists fall into to achieve a regulatory goal. UFM will refer to these two confusions as the economic development and the tax revenue benefits.

First, regarding the economic development benefit, the presentation of these benefits is typically a one sided consideration of the issue. It is no different in ATXI’s presentation. If the Commission rightly considers economic development drivers, it will recognize that economic development value is bound up in the money spent on the project, whether it be in the form of the purchase of the materials used or the payment for labor provided. Money is the driver of economic development. Money does not come into existence upon the proposal of the project. Individual citizens have alternatives in how they spend their money. If this project were not developed, the money would still exist for purchasing goods and services that would benefit the individual citizens of the state and the economy. However, studies such as the one conducted by Dr. Hewings do not consider the opportunity costs associated with money that is spent on a project rather than on other economic opportunities. This is a significant flaw in the analysis.

The critical issue for such presentations is whether a purchase is of value compared to the opportunity cost. The Commission need not and should not get into such economic planning complexities in this case. In this case, the sole issue is, does the proposed project meet the standard of supporting the public convenience and necessity? If not, the money should be presumed to be more valuable in the pockets of the customers of ATXI, permitting them to transact for goods and services that are of most utility to them. If so, the project brings value to all of the citizens of Missouri and to customers of ATXI. This is the analysis the Commission must make in this proceeding. The separate identification of the economic development benefit

¹ *ATXI’s Initial Post Hearing Brief*, p. 25.

is redundant and misleading. The evidence shows this project supports the public convenience and necessity of the state of Missouri. That conclusion is enough.

Second, regarding the tax revenue benefit, the underlying assumption in this so-called benefit is that tax revenues are inherently good. UFM disputes this underlying assumption. It is truly ironic that a private business enterprise would make such an argument. Business enterprises exist to make a profit for their shareholders. To achieve this goal, business enterprises should seek to maximize revenue and to minimize cost. Taxes are a cost to be minimized in any business entity.

Recognizing, however, that the additional taxes will be recovered from ratepayers, the underlying proposition is that the utilities' collection of taxes from its ratepayers is inherently good. Again, the presentation is one sided. The Commission has in other places recognized that economic conditions make it difficult on certain classes of ratepayers to make ends meet. Higher rates further harm ratepayers.² This recognition applies in this case as it does in others. Taxes taken from citizens, whether in the form of direct taxes or increased utility rates, takes money out of the economy that could be used for valuable economic transactions. UFM believes that increasing taxes is a factor weighing against the public interest of the project. The critical issue is what is the most valuable use of the money. UFM proposes that in most instances it is the uses chosen by individuals seeking to serve their families and their own private business interests and not the government.

Often times these increased tax revenues are portrayed as serving a state interest. But, as UFM has argued before, the primary state interest is the execution of justice as described in

² In its *Report and Order* in File No. ER-2014-0258, the Commission concluded, "Many customers are already having a hard time paying their electric bills. Increasing Ameren Missouri's rates may make it even harder for some customers to pay their bills." *Report and Order*, p. 15.

Article I, Section 2 of the Missouri Constitution. To the extent taxes taken exceed the amount required to fulfill these minimum functions of government, they become counterproductive and harmful to the interest of the state in fulfilling its proper role. The state ends up taking rather than protecting the gains of the people's own industry.

These other ancillary benefits are not within the proper role and function of ATXI or of this Commission. ATXI is not the tax collector for the state, and the Commission is not the central planner for the state's economy. Again, it is enough that ATXI has shown this project serves the public convenience and necessity. In doing so, it is fulfilling the purposes in its charter, the provision of an essential service, electric energy. In its finding that the project serves the public convenience and necessity, the Commission is fulfilling its role in protecting ATXI's customers against unjust and unreasonable rates.

Respectfully submitted,

By: /s/ David C. Linton

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email to all parties by their attorneys of record as provided by the Secretary of the Commission on the 18th day of March, 2016.

/s/ David C. Linton

David C. Linton