



KNOLL LEIBEL ^{LLP}
ATTORNEYS AT LAW

July 2, 2024

VIA U.S. MAIL & E-MAIL ONLY: ndpsc@nd.gov

Steve Kahl
Executive Secretary
North Dakota Public Service Commission
State Capitol
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

RE: In the Matter of the Application of SCS Carbon Transport LLC for
Certificate of Corridor Compatibility and Route Permit for the Midwest Carbon
Express
Case No.: PU-22-391

Dear Mr. Kahl:

On May 28, 2024, LO Exhibit #40 (Doc. No. 589) was filed with the North Dakota Public Service Commission ("NDPSC") and page two was missing. During the May 28, 2024 Technical Hearing, page two was provided to the NDPSC and the parties. Please file the enclosed LO #40 Bismarck Hearing Exhibit, which includes the missing page two that was provided at the hearing.

This Exhibit is being filed with the NDPSC on behalf of the Intervenors represented by Knoll Leibel LLP. These Intervenors have a direct and substantial interest in these proceedings, as well as legal property rights which may be substantially affected by NDPSC's findings and conclusions.

Sincerely,

KNOLL LEIBEL LLP

Steven J. Leibel

steve@bismarck-attorneys.com

SJL: rmo

Enclosures

Steven J. Leibel, Partner

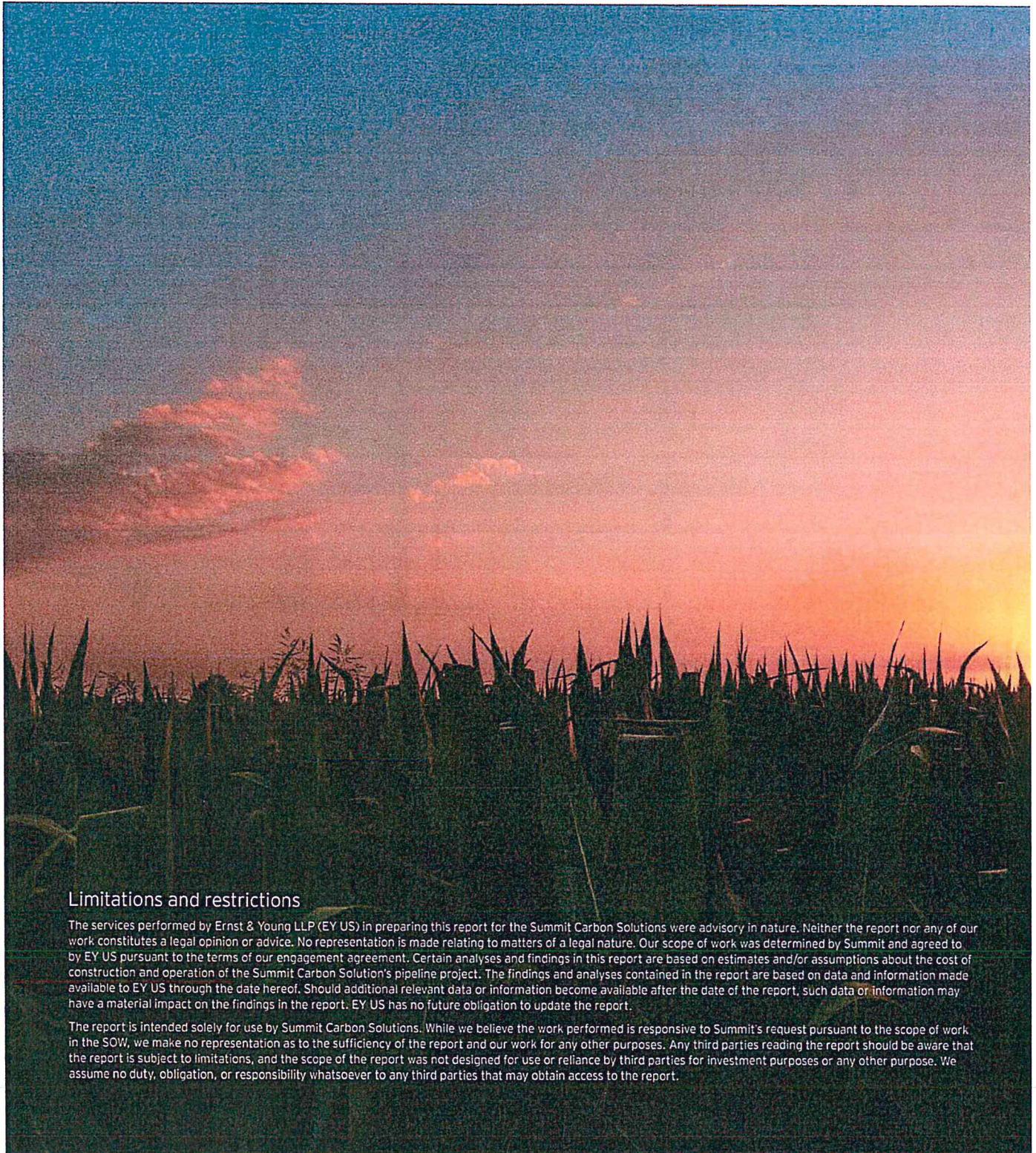
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751 PU-22-391 Filed 07/02/2024 Pages: 8
LO #40 Bismarck Hearing Exhibit
Knoll Leibel, LLP, on behalf of the Intervenors
Steven Leibel, Attorney

Economic Contributions of Summit Carbon Solutions

April 2022





Limitations and restrictions

The services performed by Ernst & Young LLP (EY US) in preparing this report for the Summit Carbon Solutions were advisory in nature. Neither the report nor any of our work constitutes a legal opinion or advice. No representation is made relating to matters of a legal nature. Our scope of work was determined by Summit and agreed to by EY US pursuant to the terms of our engagement agreement. Certain analyses and findings in this report are based on estimates and/or assumptions about the cost of construction and operation of the Summit Carbon Solution's pipeline project. The findings and analyses contained in the report are based on data and information made available to EY US through the date hereof. Should additional relevant data or information become available after the date of the report, such data or information may have a material impact on the findings in the report. EY US has no future obligation to update the report.

The report is intended solely for use by Summit Carbon Solutions. While we believe the work performed is responsive to Summit's request pursuant to the scope of work in the SOW, we make no representation as to the sufficiency of the report and our work for any other purposes. Any third parties reading the report should be aware that the report is subject to limitations, and the scope of the report was not designed for use or reliance by third parties for investment purposes or any other purpose. We assume no duty, obligation, or responsibility whatsoever to any third parties that may obtain access to the report.

Tax contribution analysis methodology

Project construction and operations generate substantial tax revenues for federal, state, and local governments. These taxes are paid either directly by Summit or indirectly by other business owners and their employees due to the economic activities related to the Project. The fiscal impact includes the taxes generated as a result of the Project's construction and operation. Major taxes include individual and corporate income taxes (related to suppliers), sales taxes, property taxes, and excise taxes.

Taxes incurred due to direct, indirect, and induced economic activity were calculated separately for capital expenditures and operating expenditures across each of the five affected states and all other US states. Taxes on some direct labor income and all indirect and induced labor income were

calculated by applying an average effective tax rate to labor income.⁹ Where applicable, direct taxes on Summit were estimated using a more detailed methodology. This includes the following taxes arising from capital expenditures: individual income tax, sales tax, property tax, and excise tax. Corporate income tax was estimated to be zero due to a lack of data on construction contractors. Operations taxes include individual income tax, corporate income tax, property tax, and excise tax.¹⁰ The analysis does not include tax impacts derived from Section 45Q, which provides an annual federal tax credit for the sequestration of carbon dioxide. Summit estimates that the value of such credits will be \$414 million in 2025. Appendix B contains further detail on the tax estimation methodology.

Interpretation of results and limitations of the analysis

The results presented in this report were estimated using standard economic contribution estimation techniques and a widely-used economic model, the IMPLAN model. In interpreting the results, the reader should note the following:

- ▶ All of the results presented in this report are based to some degree on data provided by Summit, which has not been independently audited or validated by EY. As such, EY offers no opinion on the validity of the data provided by Summit, although it was reviewed for general reasonableness and internal consistency.
- ▶ The estimates are based on the IMPLAN economic model, which incorporates economic data from the United States Bureau of Economic Analysis, Bureau of Labor Statistics, and other public data sources. The data contained in this model includes industry averages for a wide range of industries. Due to data constraints, some of the estimates included in this report rely on model-specified levels of economic output and the use of operating inputs rather than information provided by Summit. However, all direct employment and labor income information is based on information supplied by Summit.
- ▶ In most cases, Summit provided detailed cost breakdowns by state. Where missing, EY apportioned miscellaneous costs to states based on an understanding of the location of construction activity and pipeline mileage.
- ▶ The economic impact does not consider the counterfactual. Total employment figures presented in this report are not necessarily net new jobs, but rather gross new jobs supported in the five pipeline states and the rest of the United States. Some of the jobs may be supported as workers shift between industries in the labor market, meaning the net change in employment will likely be smaller than the gross employment impacts shown in this report.
- ▶ This report does not include economic impacts derived from Section 45Q, which provides an annual federal tax credit for the sequestration of carbon dioxide. Summit estimates that the value of such credits will be \$414 million in 2025.

⁹ Effective tax rates were calculated as total federal, state or local tax collections as reported by the Internal Revenue Service (IRS) and United States Census as a share of state personal income. The effective tax rates were then multiplied by direct and indirect labor income generated by pipeline activity to estimate overall tax liability. The tax liability for all other US states was calculated as total tax collections across other US states as a share of average personal income.

¹⁰ Summit is not directly liable for the corporate income tax, but indirect and induced activities caused by Summit's operations may be subject to it.

- ▶ Modeling the economic contribution of the capital expenditures and Summit's annual operations relies on the IMPLAN industry classifications. Please refer to Appendix A for a complete list of industries used in the modeling. This report relates the activities of those industries and commodities as defined by the IMPLAN 546 Industry Scheme to most effectively estimate the industries' economic contributions. Workers are assumed to receive the average wages and benefits of workers in their respective industry. They are also assumed to require the level of operating input purchases characteristic of the industries into which they have been categorized. This analysis relies on estimates of the domestically purchased inputs from the IMPLAN economic model, which are estimated using aggregate trade flow data and may vary by industry.
- ▶ Economic output reported in this report includes double counting. Input-output modeling can include double counting in its indirect and induced estimates, especially while estimating gross economic output. The gross economic output should not be interpreted as gross domestic product or value-added.
- ▶ IMPLAN model is not based on a computable general equilibrium (CGE) model and is entirely based on average multipliers rather than marginal effects. IMPLAN multipliers reflect industry linkages in a local economy at a specific point in time but do not consider price elasticities or changes in consumer or industry behavior. The model only captures the demand side and assumes there are no capacity constraints.
- ▶ The economic impacts report in this report are based on preliminary estimates of costs by Summit from a specific point in time. Thus, revisions to the amount of capital expenditures and operating costs may produce significantly different economic impacts.
- ▶ The direct property tax impact during the Project operation is provided by Summit based on its preliminary estimates of operations from a specific point in time, and EY has not independently validated the impact. The direct property tax impact is the primary driver of Summit's total operations tax contributions.



**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE APPLICATION
OF SCS CARBON TRANSPORT LLC FOR
A CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE MIDWEST CARBON EXPRESS
PROJECT IN BURLEIGH, CASS, DICKEY,
EMMONS, LOGAN, MCINTOSH,
MORTON, OLIVER, RICHLAND AND
SARGENT COUNTIES, NORTH DAKOTA

Case No. PU-22-391

DECLARATION OF SERVICE

[1] Rosanne Ogden declares that I am of legal age and not a party to this action, and that I served the following document(s):

1. LO #40 Bismarck Hearing Exhibit; and
2. Declaration of Service.

[2] On July 2, 2024, by sending a true and correct copy thereof by electronic means only to the following email addresses, to wit:

John Maurice Schuh Bar ID 08138
Special Assistant Attorney General
North Dakota Public Service Commission
600 E. Boulevard Ave, Dept. 408
Bismarck, ND 58505-0480
jschuh@nd.gov

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Bismarck, ND 58501-1215
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Office Of Administrative Hearings
2911 N. 14th St., Ste. 303
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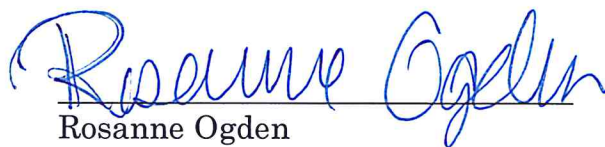
[3] and by sending the originals and seven (7) copies of said documents via U.S. Mail, at Bismarck, North Dakota with postage prepaid, to the following:

Steve Kahl
Executive Secretary
North Dakota Public Service Commission
State Capitol
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

[5] The addresses of each party served are the last reasonably ascertainable e-mail address and post office address of such party.

[6] I declare, under penalty of perjury under the law of North Dakota, that the foregoing is true and correct.

Signed on the 2nd day of July, 2024 at Bismarck, North Dakota.


Rosanne Ogden