

Mo. Public Service Commission Public Hearings
Testimony of Katie McKay, CPA
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Good Morning.

My name is Katie McKay. I am a licensed CPA in the State of Missouri. I am also a Board Member and Treasurer of the Missouri Landowners Alliance, a not for profit group fighting the Grain Belt Express power line.

I would like to address four claims made by Clean Line to me that appear to be at best half truths.

I personally discovered in December 2013 that our family farm was on a proposed line, which would have run past the front porch of my family's homestead of 30 years.

On March 3, 2014, my father and I attended a Clean Line public awareness meeting in Gower, MO. At that meeting we asked for permission to record the discussion and Clean Line representative, Mark Lawlor, agreed that would be okay. I have a copy of that recording with me that I wish to present as evidence. It is upon this evidence and other research I base my testimony today.

Item 1. In our introduction, (not on the tape), the Clean Line representative stated that all property owners along the proposed lines have already been contacted. In fact, we were on a route and Clean Line never contacted us.

Item 2. At 12:43 we asked a question about possible foreign ownership of the easement across our farm. In that discussion, Mr. Lawlor denied that that foreign ownership of my easement would ever happen. Later, we learned from the Illinois PSC testimony that Clean Line is 40% owned by National Grid, a British company that can buy the line at any time, finished or not.

Item 3. At 29:30 we asked if any energy other than clean wind energy will be on this line. At 31:40 we asked again and were told at 32:02, "Yes, I can tell you this will be all wind energy." Later, we discovered FERC rules to the contrary.

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Item 4. At 2:45 we inquired about the tax benefit Clinton County will receive. At 3:50 Mr. Lawlor provided a "conservative estimate" to Clinton County between \$400,000 to \$600,000 in annual revenue. On June 21st 2014, Mr. Lawlor went on record in the St. Joseph News Press stating, "By our estimates, Grain Belt Express would bring in approximately \$550,000 of revenue to (Clinton) county starting in the first year of operation."

In reality, according to Rosella Schad and Randy Wright of the Missouri State Tax Commission, at this point in the process IT IS IMPOSSIBLE TO ESTIMATE PROPERTY TAX ASSESSMENTS IN THE FIRST YEAR or ANY YEAR OF OPERATION for this project.

The assessment computation is complex and considers the project's hard and soft costs, and analysis of their operating income and capitalization structure in place on January 1st of each year of operation. None of these variables are known today.

Since there is no hard evidence to verify Clean Line's revenue claims, I choose to look at two existing pipelines in Clinton County that are in service today to help me estimate the property tax windfall to Clinton County.

TransCanada Keystone Pipeline and the Platte Pipeline both span approximately 21 miles in Clinton County, roughly over the same path Grain Belt Express will traverse. For this testimony, I consider this a fair comparison. The Missouri State Tax Commission, Clinton County assessor and Clinton County collector also agree that these companies are similar in nature in their eyes.

Interestingly, the assessed value and taxes paid in 2013 by the TransCanada Keystone was 10 times that of the Platte Pipeline. The Missouri State Tax Commission explained it is due to the ages of each line and the respective companies' financial statements on January 1st of each year. Property taxes will GO DOWN as the equipment ages and depreciates. Financially strong companies are assessed at a greater value than financially weaker companies.

Nobody really knows what assessments will be applied to Grain Belt Express, because Clean Line has only incurred soft costs so far. There are no windmill

investments yet, no lines built yet, and no agreements with paying customers yet. Besides all of this, Clean Line has never even built a transmission line and we don't have any guarantees this will even work.

Let's switch gears from this hypothetical tax discussion to reality. Here is the bottom line of how Missouri property taxes work, in the simplest form. There are only two basic rules.

1. If you DO have property in a taxing jurisdiction, you DO pay tax to that jurisdiction.
2. If you DON'T have property in a taxing jurisdiction, you DON'T pay tax to that jurisdiction.

It's that simple. CLEAN LINE WILL ONLY PAY TAXES TO TAXING JURISDICTIONS
CROSSED BY THEIR LINE. Their line will miss most of the taxing jurisdictions in
Clinton County and the State of Missouri.

Let's have some fun and review some of my research results.

Presenting:

"Katie's Top 10 List of No-Benefits Received from Clean Line"

	Taxing Jurisdiction and Citizens	Total Revenue Benefits from Clean Line
Number 10	8 Cities in Clinton County - Cameron, Gower, Holt, Lathrop, Osborn, Plattsburg, Trimble and Turney	\$0.00
Number 9	Cameron Special Road District	\$0.00
Number 8	Cameron Voted Road District	\$0.00
Number 7	Plattsburg Special Road District	\$0.00
Number 6	Plattsburg Voted Road District	\$0.00
Number 5	Grindstone Watershed	\$0.00
Number 4	DeKalb Clinton Ambulance District	\$0.00
Number 3	7 Fire Districts - Cameron, Easton, Edgerton, Holt, Lawson, Osborn and Stewartville	\$0.00
Number 2	6 School Districts - Cameron, Osborn, Lawson, Kearney, Smithville and Stewartville	\$0.00
Number 1	Clinton County Residents who live NEXT to the line and have to look at it for perpetuity and receive NO COMPENSATION.	\$0.00

In conclusion, Clean Line's claims about tax benefits to Missourians are presented with a broad brush stroke, based upon incomplete information. They fail to mention that the majority of Missourians will receive little or no tax benefits.

Considering the fact that Clinton County will receive ZERO electricity from this line, I fail to see either the CONVENIENCE or NECESSITY of this line to the majority of Clinton County residents.

Respectfully submitted,

Katie McKay, CPA
Missouri Landowners Alliance
Board Member and Treasurer