

Exhibit No. _____
Issues: Project Area Impacts
Witness: John Richard Tregnago
Type: Direct Testimony
Sponsoring Party: Grain Belt Express Clean Line LLC
Case No.: EA-2016-0358
Date Testimony Prepared: August 30, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2016-0358

DIRECT TESTIMONY OF

JOHN RICHARD TREGNAGO

ON BEHALF OF

GRAIN BELT EXPRESS CLEAN LINE LLC

August 30, 2016

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

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

3 A. My name is John Richard Tregnago. I am the County Assessor for Randolph County,
4 Missouri. My home address is 3181 County Road 2530, Higbee, Missouri, 65257.

5 **Q. Please describe your experience and qualifications**

6 A. I live on a family farm in Randolph County that my grandparents bought in 1929. I have
7 actively farmed since 1964. I also worked for a real estate company as a licensed sales
8 person for three years before I ran for County Assessor in 1984. I took office in September
9 of 1985, and have been the Assessor ever since. I've been elected by Randolph County
10 voters eight times total.

11 Randolph County has a little over 10,000 parcels of residential property, 1,000
12 parcels of commercial land, and about 3,000 parcels of agricultural land. In total, there are
13 about 14,600 parcels, as some parcels such as railroads and churches are not assessed by
14 the County. Every other year the residential, commercial, and agricultural lands need to be
15 re-assessed. I go out and inspect certain properties that have undergone construction,
16 properties where landowners have contested their properties value, and others so that I can
17 defend the county when landowners challenge the value given to their land. I can also hire
18 outside counsel if I need to assess a unique situation.

19 The Missouri state tax commission sees to it that county assessors are as uniform
20 as possible. The statute requires that assessors have 32 hours of continuing education
21 training every other year in addition to the 20 hours of continuing education every year

1 required for all county elected officials.¹ I have completed this continued education ever
2 since 1985.

3 **Q. Please describe the purpose of your testimony.**

4 A. I am testifying in support of the Grain Belt Express Clean Line transmission project
5 (“Grain Belt Express Project” or “Project”) because of the benefits it will bring to
6 Randolph County. I will specifically talk about property taxes, based on my role as the
7 County Assessor. I will also speak to the concerns some have expressed about the
8 perceived impacts on property values and farming.

9 **Q. Please describe your interactions with the Grain Belt Express Clean Line (“Grain
10 Belt Express” or “Company”) thus far.**

11 A. I remember hearing about a meeting for the public in Moberly in 2013. At that time there
12 were two routes that Grain Belt Express was trying to narrow down. I also attended a public
13 meeting after the route was firmed up. I receive regular updates from Grain Belt Express
14 R me apprised of the Project’s progress.

15 In all the years that I have been involved with other projects like the Rockies
16 Express Pipeline or the TransCanada Keystone XL Pipeline Project, I do not recall any of
17 them hosting meetings open to the public prior to the construction. Grain Belt Express has
18 done more public meetings prior to construction than any other project that I am aware of.

19 At these meetings, Grain Belt Express has been courteous, informative, and open
20 to feedback from the public. These meetings have provided several opportunities for the
21 public to come, get information and ask questions. I felt very good about the way that Grain
22 Belt Express has visited with the public throughout this process.

¹ Missouri Revised Statute Chapter 53.255

1 **II. TAX IMPACT**

2 **Q. Will Grain Belt Express pay taxes during the construction of the line?**

3 A. Yes. I expect the Project to be locally assessed until it is energized, at which point it would
4 then be state assessed. During the construction period, on January 1st of each year, we will
5 look at the dollar spend of the Project in Randolph County. The Company would be charged
6 property taxes based on the level of construction in the previous year.

7 For example, there are about 20 miles in Randolph County. If the Project costs
8 about \$2 million a mile, it will be about a \$40 million investment in Randolph County. In
9 this example, let's say that in 2018, Grain Belt Express has completed about 25% of the
10 total construction spend, so they have spent about \$10 million. Then, on January 1, 2019,
11 Grain Belt Express' construction would be assessed by Randolph County. The state
12 assessed value for commercial property is 32%. Therefore, 32% of \$10 million is \$3.2
13 million, which would be the total assessed value in this instance. Each of the relevant taxing
14 entities would take their allotted percentage from this assessed value.

15 **Q. Who will benefit from those tax payments Grain Belt Express will pay during the
16 Project's construction?**

17 A. Each of the taxing districts along the route of the Project will benefit from the taxes Grain
18 Belt Express will pay during the construction of the Project. In Randolph County, several
19 school districts, fire districts, road and bridge and other public services will all benefit from
20 these tax dollars. Specifically, that is roughly \$5 - 6 for every \$100 in assessed value for
21 the taxing districts. Generally about 70-75% of this tax benefit will go to the schools. In
22 the example above, where Grain Belt Express has completed roughly a quarter of the

1 construction spend, then its taxes would contribute roughly \$122,000 for the schools in the
2 Randolph County project area in the fall of 2019.

3 In the second year of construction, if Grain Belt Express had completed three
4 quarters of the line, then they would pay more than \$366,000 to the Randolph County
5 schools whose district is within the Grain Belt Express project area.

6 **Q. Will Grain Belt Express pay taxes when the Project is fully operational? If so, who**
7 **will benefit from these taxes?**

8 A. When the Project is fully operational, I expect the Project will be state assessed and the
9 state will portion out the taxes to the relevant taxing entities in each county. This would
10 also include the schools, fire districts, library, roads and bridges, the county and townships,
11 and depending on the county could support other public services. These revenues are
12 shared among all of the school districts in the county – not just the project area districts –
13 and the amount of revenue is based on the number of the enrolled students.

14 The tax rate in every county is unique. I estimate that Grain Belt Express will bring
15 more than \$720,000 in new tax revenue to Randolph County in the first year of operation
16 alone. This may depreciate somewhat over time, but will remain one of the largest tax
17 contributors in our county for decades to come.

18 This is a big deal for Randolph County. The projected assessed value of this one
19 Project would be equivalent of all of the assessed value of all of the agricultural land in
20 Randolph County. That's an impact that I was surprised to learn.

21 **III. LANDOWNER IMPACTS**

22 **Q. Will you assess landowner's property differently because of the presence of a**
23 **transmission line?**

1 A. No. The majority of the land hosting the Project is agricultural land. In Missouri, all
2 agricultural land is assessed based on its productive value. Missouri statute dictates this.²
3 This value is updated every two years based on a study through the University of Missouri.
4 The productive values are broken down into eight categories. One is the most productive
5 agricultural land, and eight is the equivalent of a pile of rocks. A five represents land that
6 is best used for pastures, and six is forested land. The prices were just updated in 2015. A
7 power line or gas line has no impact on the agricultural assessed value of that parcel. If
8 there are improvements on the land, such as a house, then the property owner may provide
9 an appraisal if they want to challenge that value.

10 **Q. Do you think the value of one's property will be diminished because of the presence**
11 **of a transmission line?**

12 A. I don't think property values will diminish because of the transmission line. I cannot recall
13 anyone contesting the value we've associated with their property because of a transmission
14 line or pipeline.

15 One other thing to consider with the Grain Belt Express Project, is the
16 compensation offered to landowners. If a landowner chooses to receive annual payments
17 for each of the poles on their property, then this will add to the value of the farm land if it
18 is sold. This wouldn't change the way the property is assessed, but another source of
19 consistent income on a parcel of farmland would certainly contribute to the factors a
20 potential buyer would consider.

21 **Q. Will the state of Missouri benefit in any other ways from the Project?**

² Missouri Revised Statute, Chapter 137.016 through .021. Further details provided in the Missouri State Tax Commissions Rules found in Chapter 7 of the Assessors Manual http://stc.mo.gov/files/073_CHAPTER7.3AGLAND.pdf (downloaded May 20, 2016).

1 A. Yes. Projects like these require a lot of workers. These workers need places to sleep and
2 eat. These workers earn income and pay taxes on that income. Missouri will directly benefit
3 from the increase in money spent at local businesses and income taxes generated as a result
4 of this Project.

5 I think one of the biggest benefits is the power that the Project will deliver to
6 Missouri. In Randolph County, we have three coal-fired generating stations at Thomas Hill.
7 They're owned by Associated Electric. The first one was put on line, according to their
8 records, in approximately 1966, and it is 180 megawatts of power. Unit 2 went on line
9 approximately 1969, and it's rated at 285 megawatts. And Unit 3 went on line
10 approximately 1982 and, it's at 670 megawatts. Those three units total 1,135 megawatts of
11 electric generating capacity. I'm very concerned that down the road we have a risk of losing
12 some of our coal-fired plants because of their age and the lack of ability to modernize them
13 at efficient cost.

14 It may be cheaper to close one or two of these down and wheel electricity from the
15 converter station in Ralls County. I imagine it will be expensive to update and maintain
16 these old plants. I'm concerned that we are going to lose these units because of the
17 economy. The Grain Belt Express Project may be a cheaper way to replace this power.

18 **Q. Do you have any experience farming around transmission lines?**

19 A. Yes. My brothers and I own about 600 acres of land and we have two sets of 161 kV
20 transmission lines on our property. Central Electric Power owns one and Ameren owns
21 the other. They each have their own right-of-way that parallel each other but the poles
22 aren't lined up. The lines runs through our row crops, pasture, hay fields, and wooded areas.
23 One of the lines was built in the 50's or 60's the other was built in the 80's.

1 I have planted, plowed, spayed, cultivated crops and done just about every type of
2 farming under and around these poles. For about 15 years, we had a dairy operation and
3 the livestock grazed around the poles. Besides a cow rubbing her back on the poles from
4 time to time, there was no other impact to the livestock or my farming operations.

5 **Q. Is it difficult to farm around transmission lines?**

6 A. No. It's a small swerve to get around the poles. I lose very little land. It's negligible. The
7 most important thing is to stay awake while driving the combine or tractor so that you can
8 maneuver around it. It is easier to farm around a transmission pole than it is to farm around
9 a tree. With trees, there are low branches you have to watch out for. You lose a lot of
10 ground farming around a tree, and the tree also sucks up the moisture in the ground which
11 hurts the surrounding crops. Power lines don't have these impacts.

12 **Q. How does Grain Belt Express' compensation package for landowners compare to the
13 compensation you received from other utility projects?**

14 A. Grain Belt Express' compensation is a lot more generous than the compensation we have
15 received from utilities in the past. We have 10 sets of poles (2 poles per set) with Ameren
16 and were paid \$1,000 per pole one back in the 80's. Grain Belt's annual payment option
17 for the structures is a nice benefit to landowners, providing landowners in Randolph
18 County with additional income for many years.

19 **Q. Have the power lines inhibited your ability to spray pesticides or herbicides on your
20 crops?**

21 A. No. We typically use ground driven sprayers and they have worked fine around the power
22 lines. They have 80 – 100 foot booms and these have worked fine around the lines. It takes
23 a few extra minutes, and you have to be awake, but other than that there is no impact.

1 **Q. Does it concern you that Grain Belt Express is a private company and that granting**
2 **of a certificate of convenience and necessity will also give the Company the authority**
3 **to seek eminent domain?**

4 A. No. Other electric companies are investor-owned and there are gas and oil pipelines all
5 throughout our state that are owned by private companies. I don't distinguish between these
6 and Grain Belt Express. There is a pipeline in Randolph County owned by a private
7 company that does not deliver one drop of oil to Missourians, but they had the power of
8 eminent domain. They had the power of eminent domain because their private company
9 was providing a public benefit. In this case, the Grain Belt Express Project is also providing
10 a public benefit. And in addition and unlike the pipelines, this Project is delivering low-
11 cost clean electricity directly to Missourians.

12 If this were a private company that was wanting to build a warehouse to store their
13 private antique collection, and they tried to take part of my farm, then, yes, I would be
14 opposed to it, because that would not be to the benefit of a lot of people. But that is not the
15 case. This Project is about providing a broader public benefit, and one that will benefit
16 many Missourians.

17 I am also opposed to eminent domain when it is for private gain. But that is not
18 what this Project is.

19 **Q. Is there anything else you would like to add?**

20 A. I believe many people opposed to this construction are very sincere in their beliefs. Many
21 of them are my neighbors. We farm together. I can see both sides of this equation.

22 I live on a family farm that my grandparents bought in 1929. Where I was raised,
23 Missouri Power and Light (now Ameren) had a substation no more than 350 feet from my

1 parent's house. We grew up with it, drove by there. The school bus stop was at the
2 substation. There is a 345 kV line that is diagonal to the farms northeast of us. I was also
3 across the railroad tracks of a train that ran daily. My point is, I lived in my parent's house
4 since 1949, and I don't see those power lines. It just becomes part of the scenery. Initially
5 it may be offensive to some. But over a period of time, I cannot imagine that the visual
6 impact will be significant because you see them every day. I contend that after six months
7 you aren't even going to see it.

8 The Grain Belt Express Project will involve about 75 farms in Randolph County,
9 that's one half of one percent of the landowners in the county. I think it is a very small
10 sacrifice for these landowners that will bring a lot of good to the rest of the residents of
11 Randolph County and the state of Missouri.

12 **Q. Does that conclude your testimony?**

13 **A. Yes.**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Grain Belt Express)
Clean Line LLC for a Certificate of Convenience and)
Necessity Authorizing it to Construct, Own, Control,)
Manage, Operate and Maintain a High Voltage, Direct)
Current Transmission Line and an Associated Converter)
Station Providing an Interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

Case No. EA-2016- 0358

AFFIDAVIT OF RICHARD TREGNAGO

STATE OF FLORIDA)
COUNTY OF SUMTER) ss

John Richard Tregnago, being first duly sworn on his oath, states:

1. My name is John Richard Tregnago. I am the County Assessor for Randolph County, Missouri.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Grain Belt Express Clean Line LLC consisting of 11 pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

John Richard Tregnago
John Richard Tregnago

Subscribed and sworn before me this 25 day of AUGUST, 2016.

Melissa A. Botelho
Notary Public

My commission expires: 12/18/2017

