

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
December 5, 2014
Data Center
Missouri Public
Service Commission

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, Operate,)
Control, Manage, and Maintain a High Voltage, Direct) Case No. EA-2014-0207
Current Transmission Line and an Associated Converter)
Station Providing an interconnection on the Maywood -)
Montgomery 345 kV Transmission Line)

MATTHEW AND CHRISTINA REICHERT'S AND
RANDALL AND ROSEANNE MEYER'S
RESPONSES
TO GRAIN BELT EXPRESS CLEAN LINE'S
FIRST SET OF DATA REQUESTS

Matthew and Christina Reichert (Reicherts) and Randall and Roseanne Meyer (Meyers) state the following as their Responses to the First Set of Data Requests by Grain Belt Express Clean Line LLC (GBE).

1. Regarding the rebuttal testimony of witness Boyd Harris, please provide a copy of his professional resume or biography.

Response: Please refer to Attachment 1-1.

2. Please provide a list and describe the appraisals or instances where Mr. Harris provided opinions on land parcels impacted by power lines.

Response: Mr. Harris' comments are:

Specifically, appraisals on takings have not been my general field of practice. Valuation and marketing of land has been my focus since 1991. For a specific example, I don't really have that. There have been so many appraisals over

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the past years that to go back and find one specifically would be a challenge. Part of my support was simply just my experience in recalling how people have reacted to looking at land with power lines, the reservations about impact, health care concerns, etc. Appraising land with power lines would be similar / identical to appraising land with other impairments such as proximity to factories, nuisance sites, etc. The other thing that is similar would be properties cut in half, odd shapes, etc by a highway change.

3. Please describe and produce any “additional data that will be relevant” to Mr. Harris’ opinions as referenced in page 3, lines 16-17 of his testimony.

Response: Mr. Harris' comments are:

The additional data that I referenced would be quite voluminous. This would potentially include my entire database of sales which would be drawn upon to make comparisons and supporting data. Given the nature of the initial inquiry, my comments were more general in nature; my thoughts as to how I would proceed on this type of project; rather than specific to valuation of a specific property.

4. Please provide all copies of documents regarding the appraisal and sale of the property in Randolph County, Missouri referred to by Mr. Harris in his rebuttal testimony at page 3.

Response: Please refer to Attachment 4-1. Mr. Harris' comments are:

The Lakeview Estates subdivision was a 120+ acre tract of land along Highway 3, just south of Highway 24. There is a county gravel road along the south side. The property was developed with two 8+ acre lakes, interior roadways, rural water and, oddly enough, required underground electric service. The site is irregular in shape, wide on the west end along Highway 3, then tapering to the east. The property is bisected east/west by an "H"-tower HVTL the full length of the property. There were a total of 22 lots, ranging in size from 5 to 10.56 acres. Of these, Seven were fully bisected and Four abutted the power line right of way. The property was developed in 2005/2006, at the height of the residential development frenzy and marketed by a reputable local Realtor. There was one lot sale in 2006. That was Lot 14, 9/22/2006, a 5.38 acre lot that did not front a lake and was not bisected by the power line, nor did it abut. This lot sold for \$26,000, or \$4,832.71 per acre. The property remained on the market until December 2009 when the remaining 124.62 acre property was sold. At that time, in a transaction brokered by the original Realtor, the property sold for \$232,000, equating to \$1,861.66 per acre. Additionally, the Buyer rescinded all subdivision development documents, covenants, etc, to completely dissolve any development elements.

Interestingly enough, the differential here amounts to some 62% less for the property as a whole versus the potential sale price/value as subdivision lots. This is consistent with the conclusion in the referenced "Dannis" appraisal in

the “Northern Pass” project. I believe this is an excellent confirmation of that conclusion.

Another sale of 2 lots of the former Lakeview Estates subdivision was confirmed. In July 2014 Lots 14 and 15 were sold to the Buyer of Lot 13. These two lots totaled 10.38 acres and sold for \$25,000 total, equating to \$2,408.48 per acre. These were sold based on the survey of the subdivision but were sold AFTER the subdivision elements were rescinded; so basically just a 10+ acre tract of land.

For comparison; the sale of Lots 14 and 15, just vacant land, sold for 50% less than the active, platted, subdivision lot sale. Compared to the sale of the entire parcel the Lots show a 22% decrease in the sale of the whole versus the small tract sale.

Again, I would argue that this lends support to the Northern Pass assessment of 62% loss/impact due to the power line.

I confirmed the sale of Lots 14/15 with the buyer whose son had bought Lot 13 and built a house there. He shared some insight, from a buyer, that strongly confirms some of the assertions in the Bolton/Sick paper I provided to you. When I asked if the power line was an issue in looking at the property he said “a bunch”. He then said, “if we could not have bought a lot on the back side, we would not have bought at all”. He further indicated that in conversation with other potential buyers, the power line bisecting the property was the major issue. They all like the sites, lake, etc, but DID NOT like the power line.

5. Please provide copies of the “white papers” referred to by Mr. Harris in his rebuttal testimony at page 4 that were provided by colleagues in his company's Lapeer, Michigan office.

Response: Please refer to Attachment 5-1.

6. With regard to the Northern Pass Project discussed in the article cited by Mr. Harris in his rebuttal testimony at page 6, please state whether he has appraised property in New Hampshire or the province of Quebec. If so, please provide copies of all appraisals or other studies that he has conducted of such properties.

Response: Mr. Harris' comments are:

The implication of this request is a bit odd. The short answer, No, I have not appraised land in Quebec or New Hampshire. The important thing here is the methodology and approach to the analysis. To imply that since one has not done an appraisal in a specific province or state makes no more sense than to say since you don't have a New Hampshire drivers license you can't drive there. The technique is what is important and the data gathered from the analysis. Really no different than an attorney citing case law or precedence from different jurisdictions to support their local case. The conclusions are the important thing.

Please refer to Attachment 6-1 for the appraisal report for the Northern Pass Project that became available during the week of October 7. The document is 14 Mb in size and cannot be send by e-mail. Therefore, the file is available at

http://LawOfficeOfGaryDrag.com/Files/20141004_Discovery_Reichert_ResponsesToDataReqsByGBE_Attachment06-1.pdf. The original document is available at http://www.northernpasseis.us/media/comments/SCI_ADan_41211.pdf. Mr. Harris' comments regarding the methodology are:

In general, the report appears to be properly developed. However, there was a point on which I was not clear as to why the appraiser had developed them. The date of value is April 2011 and it would appear that he made the conclusion that the market had stabilized in July 2010 and he had data to support a time adjustment for sales prior to that. The part that did not make sense was the development of sales and values for the 2007 “market high point”. The only conclusion I can see to come of this is that the “High Market Values” did support his overall conclusion and might, perhaps, show that the discount could be just slightly less in a strong market versus a steady-weak market time period. The percentage difference conclusions are on Page 61 of the report.

By comparison, the Dannis property stood to be bisected by the power line in a fashion nearly identical to the Lakeview Estates property referenced above, so there is strong similarity in physical impact of the two properties.

On Page 42 of the appraisal, the conclusions drawn as to the effect on value by the HVTL are supported by the Lakeview sales.

On Page 46, the results presented from the survey of Realtors in the Dannis region are supported by and provide credibility to the arguments presented in

the Bolton/Sick paper which I reviewed; relative to the perceived “fear” factor in the market of properties under HVTL.

On Page 48, his assumption of market stabilization in mid-2010 would be reasonably consistent with this area, thereby supporting his conclusion as to the discount.

7. Regarding the rebuttal testimony of witness Christina Umbriaco, please provide a copy of her professional resume or a statement of basic biographical information, including education, employment and professional experience.

Response: Please refer to Attachment 7-1.

8. Please provide a list of the judicial, regulatory or other governmental proceedings, including docket numbers, in which Ms. Umbriaco provided drawings or other visual depictions for submission into evidence.

Response: None.

9. Please provide the scale of Ms. Umbriaco’s drawing contained in Schedule CU-1 to her rebuttal testimony.

Response: The scale will depend on the location in the photo. The dimensions for the closest transmission tower are based on the dimensions of the house relative to the tower in Schedule SN-1 of Scott Nordstorm's Rebuttal Testimony. The house is approximately 24 foot high, the barn is approximately 20 foot high, and the transmission tower is approximately 150 foot high.