

Exhibit No.: _____
Issue: Impact on Land Values
Witness: Boyd L. Harris
Type of Exhibit: Rebuttal
Sponsoring Party: Matthew and
Christina Reichert
Case No.: EA-2014-0207
Date Testimony Prepared: September 15, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2014-0207

REBUTTAL TESTIMONY OF

BOYD L. HARRIS

ON BEHALF OF

MATTHEW AND CHRISTINA REICHERT

September 15, 2014

1 **Q: What is your name?**

2 A: Boyd L. Harris.

3 **Q: What is your occupation?**

4 A: I am a Real Estate Appraiser employed at AgriLand Appraisal Group. AgriLand is
5 a contract appraiser for Farmers National Company. My office is located at 1397 East
6 Highway 22, Centralia, Missouri, 65240.

7 **Q: What Licenses and Certifications do you hold?**

8 A: I am a Missouri State Certified General Real Estate Appraiser.

9 **Q: What is the focus of your practice?**

10 A: My practice has been focused on agricultural production and agri-business
11 properties since 1991.

12 **Q: What is your knowledge concerning the property of the Reicherts in relation to**
13 **the proposed Grain Belt Express transmission line?**

14 A: As I understand the Reichert's issue, the proposed easement will bisect their farm
15 and also be placed precariously close to their Bed and Breakfast enterprise.

16 **Q: What will be the effect of this transmission line on the value of the Reicherts'**
17 **property?**

18 A: It is my opinion that a power line easement of this magnitude will significantly
19 impact their real estate. This will come in one of two ways. First, a loss of income and
20 productivity from the crop land. There a number of ways this will happen, ranging from
21 the placement of towers impacting the functionality of the farm land, compaction from
22 construction limiting grain production, and lack of demand on the market due to the
23 foregoing impacts. Second, in their case, a lack of demand or use on the Bed and Breakfast

1 as a result of unsightly appearance of the power line, health concerns resulting from stray
2 voltage, etc.

3 **Q: What is your support for this opinion?**

4 A: The immediate support we would have on this position is a property in Randolph
5 County, Missouri. The property was a well located rural tract with good access, good
6 appearance, and nice amenities such as several small ponds. This tract was platted and
7 marketed for a rural residential subdivision during a time frame when there was a strong
8 demand for these tracts. The property was well exposed to the market by a local broker.
9 One lot was sold at one end of the property. Then the sales stopped. The lot that was sold
10 was the only one that was not near a large power line that bisected the tract. The other lots
11 were near the power line. Though there were potential buyers, none ever purchased lots.
12 The consistent reason for declining to buy was the power line.

13 **Q: What eventually happened to the property?**

14 A: Eventually, the owner was able to sell the parent (larger) tract. But only after he
15 agreed to vacate the plat and subdivision and return the land to a tract of agricultural
16 pasture or crop land.

17 **Q: Do you have any additional information to support this opinion?**

18 A: We have additional data that will be relevant but this is the most proximate example
19 of the economic damage that a project such as this can impart on a tract of agricultural
20 land. Within our office in Centralia and with my associates at Salisbury, Missouri, and
21 Lapeer, Michigan, we will be able to provide further support to value the potential damages
22 to the Reicherts' property.

1 **Q: How would you quantify the damages?**

2 A: The approach to quantifying this damage will be multi-pronged. First, a pairing of
3 sales of easement impacted versus non-easement land. Second, a consideration of lost
4 income to the property, capitalized to a value conclusion with appropriate methodology.

5 **Q: Would the harmful effect of this proposed transmission line on property values**
6 **be applicable to properties along the entire proposed route?**

7 A: It would be reasonable to assume that any property along the corridor would suffer
8 some of the same impacts. These could vary depending on type of land, proximity of the
9 line to building improvements, particularly a residence, or if a tract of land could be
10 irrigated and the towers would impede that improvement to the land; that would create a
11 significant economic impact of lost income from lost production as a result of not being
12 able to irrigate crop land.

13 **Q: Are you familiar with the studies that claim that transmission lines have**
14 **minimal or no effect on property values?**

15 A: Yes, to some limited degree. I have not had time to delve conclusively into the
16 matter. However, I have recently reviewed some white papers, shared by my LaPeer
17 colleagues, that contain some reference to studies that indicate there would be no
18 significant impact to real property values. But, in that paper, there was a greater
19 preponderance of studies that indicated there was significant negative impact to property
20 values, with studies from both coasts and the Southwest, to support damages.

21 **Q: Can you explain why your real life example is so different from the conclusions**
22 **of these studies?**

23 A: Our real life example is significantly better than any of the studies because it is

1 clear evidence, in an adjacent county, on similar land, that the presence of the power line
2 was the primary reason that development tracts did not sell. This would certainly support
3 the position that there would be damage to the Reichert's Bed and Breakfast enterprise and
4 dwelling.

5 **Q: In this case, Grain Belt is offering market value for the easements. Is this**
6 **typical when land is taken through eminent domain?**

7 A: Land taken through eminent domain is typically, initially, considered at the market
8 value of the encumbered land. However, the precedent does seem to indicate that there are
9 nearly always damage considerations over and above the market value of the land. While
10 the Federal Standards for Land Acquisitions do not allow for the enhancement of value to
11 be considered as a result of a taking, there is certainly provision for damages as
12 compensation for the taking, over and above market value.

13 **Q: What is the typical multiplier for land taken through eminent domain?**

14 A: I don't know that there is such a thing as a "typical multiplier" for land taken in
15 condemnation. Each property is different, each case negotiated differently. Each property
16 would have to be considered in light of its own unique damages with those then factored
17 out based on the sales and market data. To say there is a "typical" factor would be
18 inherently difficult as there is no "typical" property.

19 **Q: Did you review the documents in Schedules BH-1 and BH-2?**

20 A: Yes.

21 **Q: Do you agree with discussion in Schedule BH-1 of the perception of health**
22 **risks affecting land values?**

23 A: Yes.

1 **Q: Is the discussion of the loss of property value in Schedule BH-2 a good example**
2 **of the affect of transmission lines on property values?**

3 A: Yes.

4 **Q: At this time, do you have any additional comments regarding the impact of**
5 **transmission line easements on property values?**

6 A: No.

**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, 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)

AFFIDAVIT OF BOYD L. HARRIS

STATE OF MISSOURI)
) SS.
COUNTY OF BOONE)

Boyd L. Harris, being duly sworn under oath, states the following:

1. My name is Boyd L. Harris.
2. My Rebuttal Testimony is attached to this Affidavit and made a part of this Affidavit for all purposes.
3. My Rebuttal Testimony consists of eight pages including cover sheet and Affidavit and has been prepared in written form for introduction as evidence in Case No. EA-2014-0207.
4. I swear and affirm that my answers contained in the Rebuttal Testimony in response to those questions in the Testimony are true and accurate to the best of my knowledge, information, and belief.
5. I swear and affirm that any attachments to the Rebuttal Testimony are true and accurate to the best of my knowledge, information, and belief.

Boyd L. Harris

In witness whereof, I have hereunto subscribed my name and affixed my official seal on

_____.

NOTARY PUBLIC

My Commission Expires:
