

Exhibit No.:  
Issues: Impact of Transmission Line  
on Value of Property  
Witness: David A. Nunn, MAI, SRA  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Surrebuttal Testimony  
Case No.: EO-2002-351  
Date Testimony Prepared: September 3, 2002

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. EO-2002-351**

**SURREBUTTAL TESTIMONY**

**OF**

**DAVID A. NUNN, MAI, SRA**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a AmerenUE**

**Jefferson City, Missouri  
September, 2002**

## AFFIDAVIT OF DAVID A. NUNN

**STATE OF MISSOURI            )**  
   **) ss**  
**COUNTY OF BOONE          )**

David A. Nunn, being first duly sworn on his oath, states:

1. My name is David A. Nunn. I am a professional appraiser with offices in Jefferson City, Missouri, and have been engaged by Union Electric Company d/b/a AmerenUE to provide opinions regarding the effect transmission lines have on property values.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 11 pages and Schedules 1 - 3, which has been prepared in written form for introduction into evidence in the above-referenced docket.

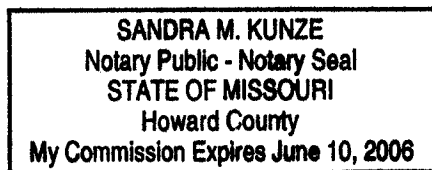
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
David A. Nunn

Subscribed and sworn to before me this 3<sup>rd</sup> day of September, 2002.

Sandra M. Kunze  
Notary Public

My commission expires:



## SURREBUTTAL TESTIMONY

OF

DAVID A. NUNN

**CASE NO. EO-2002-351**

**Q. Please state your name and business address.**

A. My name is David A. Nunn. My business address is 3702 W. Truman Blvd.,  
25, Jefferson City, Missouri 65109.

**Q. By whom are you employed and in what capacity?**

A. I am a full time independent fee appraiser and partner in The Nunn Company, a real estate appraisal and consulting firm located in St. Louis, Missouri. The Nunn Company is a real estate appraisal and consulting firm providing real estate appraisal services throughout Missouri, and in particular, in the central portion of the State. The Nunn Company was founded in 1989.

**Q. How long have you been involved in real estate appraisal?**

A. About 29 years.

**Q. Please provide an overview of your education and professional experience.**

A. Attached to my testimony as Schedule 1 is my current Curriculum Vitae provides detailed information about my education and professional experience. After graduating from Jefferson City Senior High School, I received a B.S. in Business from the University of Missouri-Columbia in 1973, and began my work in real estate appraisal after graduation. After approximately two years with Jordan Company, Inc., Realtors, I started my own appraisal firm, Property Research Company, and then in 1989 The Nunn Company. I

A. Attached to my testimony as Schedule 1 is my current Curriculum Vitae provides detailed information about my education and professional experience. After graduating from Jefferson City Senior High School, I received a B.S. in Business from the University of Missouri-Columbia in 1973, and began my work in real estate appraisal after graduation. After approximately two years with Jordan Company, Inc., Realtors, I started my own appraisal firm, Property Research Company, and then in 1989 The Nunn Company. I

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sity of Missouri-Columbia in 1973, and began my work in real estate appraisal after

tion. After approximately two years with Jordan Company, Inc., Realtors, I started my

appraisal firm, Property Research Company, and then in 1989 The Nunn Company. I

1 have been a Member of The Appraisal Institute since 1983, and hold both the MAI and SRA  
2 designations therefrom. I am also a Missouri State Certified General Real Estate Appraiser.

3 **Q. Can you briefly explain the MAI and SRA designations and your status**  
4 **as a Missouri Certified Appraiser?**

5 A. The MAI and SRA designations are nationally recognized, relating to having  
6 competency to appraise commercial/industrial properties (MAI) as well as residential  
7 properties (SRA). Obtaining the MAI designation, for example, requires up to approximately  
8 175 tested classroom hours in various aspects of appraisal theory and practice, a minimum of  
9 5 years of varied appraisal experience, a demonstration appraisal on an actual property that  
10 would be somewhat akin to preparing a master's thesis, and passing a two-day  
11 comprehensive exam. All appraisers in Missouri must be certified. I obtained a general  
12 certification in 1990 when the certification program first began. A general certification  
13 essentially allows for a person to appraise all property types for which they have the  
14 experience and expertise.

15 **Q. Please describe the general nature of your appraisal practice.**

16 A. My appraisal practice involves a variety of property types ranging from vacant  
17 recreational land to complex commercial/industrial properties. Assignments are performed  
18 throughout the state of Missouri for a variety of reasons, including loan purposes, investment  
19 analysis, litigation, estates, etc.

20 **Q. In general, what types of properties do you appraise?**

21 A. As I indicated, my assignments will be varied, as are the types of properties I  
22 appraise. Most typically, assignments will involve various types of vacant land, including  
23 rural farmland, multiple family properties such as apartments, and commercial/industrial

1 properties such as offices, manufacturing plants, retail facilities, etc. Assignments involving  
2 special purposes or use properties such as churches, schools, truck terminals, etc. are also  
3 performed, but obviously on a less regular basis.

4 **Q. Does your experience include appraising family farms, including farms**  
5 **used for recreational purposes, forage crops, and similar uses?**

6 A. Yes. I have appraised numerous properties in rural Central Missouri, the  
7 primary use of which was a family farm where some crops, including hay, is grown, and  
8 where the owners typically also used the land for hunting, fishing, and other recreational  
9 purposes.

10 **Q. Have you previously appraised such properties in Osage, Pulaski, and**  
11 **Maries Counties?**

12 A. Yes. From time to time I have been requested to appraise various types of  
13 properties in these counties.

14 **Q. Are you familiar with the proposed electric transmission line project that**  
15 **is the subject of the present case before the Public Service Commission?**

16 A. Yes, I have provided AmerenUE with some basic information about land  
17 values in this area, and I have performed one residential appraisal for the property owned by  
18 Mr. and Mrs. Alvin Drennan. I have also reviewed the testimony of the person I understand  
19 to be the spokesperson of a group involved in this case, the Concerned Citizens of Family  
20 Farms and Heritage, Mr. Doug McDaniel. I have also personally driven most of the route of  
21 the proposed line so that I could view the route and the properties crossed.

1           **Q.     Please describe your understanding of the project.**

2           A.     It is my understanding that AmerenUE proposes to build an approximately  
3     54 mile long transmission line running generally from Chamois, Missouri through Osage,  
4     Pulaski, and Maries Counties to an electric substation located near Franks, Missouri. The  
5     line would be built primarily on double, wood-pole H-frame structures averaging  
6     approximately 80 feet in height. For most of the route, the line would parallel an existing  
7     transmission line owned by Central Electric Power Cooperative that is built using similar  
8     H-frame structures. It is my understanding that AmerenUE and Central Electric will share  
9     25 feet of right of way, and that the width of the cleared, shared corridor will be  
10    approximately 225 feet.

11          **Q.     Are you familiar with the types of properties to be crossed?**

12          A.     Yes. Based on the proposed route that was provided to me, my review of  
13    county ownership maps, and my personal observation of the route, the vast majority of the  
14    area to be crossed consists of rural properties generally ranging from about 40 acres to over  
15    300 acres in size, most of which are in areas away from any significant population centers.  
16    There were also some properties that appeared to be involved that were approximately 20 to  
17    30 acres in size. The line as planned will also pass just west of Linn, Missouri. Most of the  
18    properties are used as family farms, with some row crops grown, but the primary uses are for  
19    pastures, forage crops, hunting, fishing, and similar recreational uses. It is my understanding  
20    that there are a few small, rural residential tracts that will also be impacted.

21          **Q.     Are you familiar with the voltage of the line to be built?**

22          A.     Yes. It is my understanding that the line is a 345 kV line.

1           **Q.     Are you familiar with the various sizes of transmission lines constructed**  
2 **in Central Missouri?**

3           A.     Yes. Most of the properties that I have appraised with transmission lines  
4 involve either 69 kV, 161 kV or 345 kV lines, with most of the latter two types being  
5 constructed on H-frame structures similar to those I understand are to be used on this project.

6           **Q.     You previously indicated that you had reviewed Mr. Doug McDaniel's**  
7 **testimony. One of the main contentions made by Mr. McDaniel and the other**  
8 **Intervenors is that once the proposed line is built, their properties will be "unsaleable"**  
9 **and the option to sell their properties will therefore be "unavailable" (Mr. McDaniel's**  
10 **Rebuttal Testimony at page 3). They have also asserted that they "will not be able to**  
11 **sell even though they may not wish to stay" (Mr. McDaniel's Rebuttal Testimony at**  
12 **page 4). Do you have an opinion with respect to whether a property owner whose**  
13 **property is crossed by the proposed electric transmission line will be able to market and**  
14 **sell his or her property if he or she so desires?**

15          A.     Yes.

16          **Q.     What is that opinion?**

17          A.     The contention that a property owner is unable to sell property, a portion of  
18 which is traversed by an electric transmission line, is – in general - contrary to my  
19 professional experience and knowledge. My opinion is based upon my first-hand experience  
20 in appraising properties of the type at issue in this case – those used for rural recreational,  
21 agricultural, and rural residential uses – and the fact that transmission lines do not typically  
22 have any significant detrimental effect on a property's value. I have also specifically studied  
23 this issue by conducting a study for Union Electric Company in the early to mid-1990's in

1 which I examined approximately 40 sales of similar properties in Camden County to see if  
2 those properties over which a transmission line was built experienced any significant loss in  
3 value due to the transmission line. The result of my study was that there was no value  
4 difference for rural Camden County land, with or without a transmission line, whose highest  
5 and best use is for recreational, rural residential, or forage production. In addition, I have  
6 reviewed numerous comparable sale sheets and multilist service information sheets that I  
7 know involve properties over which transmission lines and transmission line easements exist,  
8 and it is extremely unusual for such sheets to make any note of the line or the easement.

9 **Q. What does the absence of such a reference on such sheets indicate to you?**

10 A. Proper appraisal practice would require that if the line or the easement has a  
11 material affect on the subject property's value the fact of the line or easement should be  
12 noted on such sheets. The fact that we rarely see such a notation provides further support for  
13 my opinion that such lines do not have any significant effect on value in most cases.

14 **Q. Were there any material differences in the properties you studied and the**  
15 **properties at issue in this case that would affect your opinion?**

16 A. No. The properties I studied, as indicated, were located in Camden County,  
17 which is directly to the West and adjacent to Pulaski County, one of the counties through  
18 which the proposed line will pass. The properties studied in Camden County were generally  
19 similar to the properties at issue in this case, many of which could also properly be  
20 characterized as "family farms," as the properties at issue in this case have been described by  
21 Mr. McDaniel and others.

22 **Q. You indicated that the study was done in the early to mid-1990's. Has the**  
23 **passage of time changed your opinion in any way?**



1           A.       No. As Mr. McDaniel mentions, the character and usage of the properties at  
2     issue in this case, as well as those I studied in Camden County, have not changed all that  
3     much over the last few decades, including since the early to mid-1990's. Most of these  
4     properties have been used in a similar way for many years and will continue to be used in  
5     that way for many years to come, with or without a transmission line.

6           **Q.       There has been Rebuttal Testimony in this case to the effect that a 345 kV**  
7     **transmission line is so large that no one will buy any property over which such a line is**  
8     **built. Do you have an opinion regarding whether that concern is valid and if so, what is**  
9     **that opinion?**

10          A.       Yes I do. My understanding is that there is very little difference between a  
11     161 kV and a 345 kV line apart from the fact that a 345 kV line often has a wider right of  
12     way, usually 150 feet in width versus 100 feet in width for a 161 kV line, and that the larger  
13     kV line is on higher poles. Thus, the only additional impact is that there is typically a wider  
14     right of way for the 345 kV line. In this case, however, it is my understanding that the  
15     additional width is only 25 feet in most areas, which would have only a small additional  
16     effect on value within the area of the easement itself. Other than the wider right of way, the  
17     impact, visually or in terms of uses of the property – and thus value, is basically the same for  
18     either type of line. In other words, I do not believe that a property would essentially be  
19     rendered valueless or that no one would purchase a property over which a 345 kV line  
20     crosses simply because the line is so large.

21          **Q.       Have you seen H-frame structures on which both 161 kV and 345 kV**  
22     **lines are constructed, and do those observations support your conclusion expressed**  
23     **above?**

1           A.     Yes. Except for the height of the poles, which to my observation is not  
2 drastically different, the appearance of both lines is quite similar and the impact on property  
3 values from either type of line is the same unless the larger line, in an individual case, would  
4 occupy a wider right of way.

5           **Q.     Other than your experience as a professional appraiser, including your**  
6 **specific study of these issues, do you have other experiences with regard to the effect on**  
7 **land values of a transmission line?**

8           A.     Yes. In the late 1980s I, along with two partners, owned approximately  
9 21 acres just outside of Linn. This property, which we purchased for recreational purposes as  
10 well as entertaining, had a residence and a 4-5 acre lake. There was a 161 kV transmission  
11 line that ran near the dwelling and across part of the lake. This line was not considered to be  
12 a detriment to me or my partners when we bought the property, nor did it affect our ability to  
13 sell it later.

14          **Q.     Can you cite other similar examples?**

15          A.     Yes. Tower Drive in Jefferson City has a large electric transmission line that  
16 runs along its length. This is in a popular area of town, with homes along it selling at prices  
17 comparable to those obtained for similar homes in other similar areas of the city.  
18 Additionally, marketing times are generally similar.

19          **Q.     Is it your testimony that a transmission line easement has no effect on a**  
20 **given property's value at all?**

21          A.     No, but typically the effect is almost entirely on the area of the easement  
22 itself. Even within the easement area, the effect on value is, in relative terms, fairly small.

1           **Q.     Why is that so?**

2           A.     The ownership of property consists of a bundle of rights – possession, quiet  
3     enjoyment, and the right to dispose of the property. A transmission line, within the area of  
4     the easement, has some effect on the rights of full possession and quiet enjoyment of that  
5     area, but the effect on those rights as to the rest of the property is insignificant. The right of  
6     disposition as to the entire property is totally unaffected. My experience, including the study  
7     mentioned above, indicates that in most cases a property owner who is paid for a  
8     transmission line easement is able, if he or she later so desires, to sell the entire tract for the  
9     same price per acre as they would have been able to sell it had there been no transmission  
10    line, even though payment has been made for the easement.

11          **Q.     So is it your testimony that upon sale of his or her land a property owner,**  
12   **in most cases, loses no value at all as a result of the presence of the transmission line?**

13          A.     Yes. My professional experience indicates that two comparable properties,  
14    one with electric transmission lines and one without electric transmission lines, will sell for  
15    the same price per acre, and it is therefore my opinion that the transmission line does not  
16    affect value in any significant way in the vast majority of cases.

17          **Q.     Are there exceptions?**

18          A.     Sure. If you have a small tract and the line goes over that small tract thereby  
19    occupying a large percentage of the tract, or preventing maintenance or erection of a house  
20    on that tract, the line may have a large effect on the value of the entire property. I understand  
21    there may be a property or two, such as Mr. and Mrs. Drennan's property, where this is the  
22    case. That could also be the case if the positioning of the line creates problems with crop  
23    planting and harvesting. Having driven the general area through which the line will pass, it

1 did not appear that this is the situation with regard to the vast majority of the properties at  
2 issue in this case. This is because, as I have personally observed, farm land, either used for  
3 hay, row crops, or as pasture, can continue to be used for those purposes after the line is built,  
4 with only a small area right at the poles actually being taken out of production or use.

5 **Q. You mentioned rural residential uses. Do transmission lines significantly**  
6 **affect the ability to use property for such uses?**

7 A. Except as I noted in previous examples or other similar situations, no. As I  
8 mentioned earlier, the value of the land within the easement area will be affected, primarily  
9 because a home could not be built within that area. Also, if a line were to isolate a very small  
10 part of a property that is crossed, for example a small corner or very narrow strip, that small  
11 part might also be affected in terms of residential uses because homes could not be built there  
12 either. However, in these cases, there is nothing about a transmission line that typically has  
13 any material effect on the use of the remainder of this type of property for rural residential  
14 purposes.

15 **Q. Is that opinion based upon your experience as an appraiser who has**  
16 **appraised such properties?**

17 A. Yes, as well as noting instances where a home or homes have been built  
18 relatively close to existing transmission lines. Attached to my testimony as Schedule 2 are  
19 pictures I took during the preparation of my study for Union Electric of instances where  
20 residential dwellings had been placed by transmission lines on “H” poles. While not  
21 involving a residential property, there is also a photograph showing an agricultural property  
22 located on either side of Highway 63 close to Freeburg in Osage County with two “H” pole  
23 lines traversing it. While I haven’t appraised this particular property, I have noted over the

1 years that the land in and around the easement area appears to have been used without  
2 hindrance for agricultural purposes (pasture, hay, etc.).

3 **Q. Did you make any observations about the use of land along the proposed**  
4 **route and the effect transmission lines have on that use?**

5 A. Yes. Attached to my testimony as Schedule 3 are pictures I took of various  
6 properties along the route of the proposed line and in particular near the existing Central  
7 Electric Power Cooperative line which, as I understand it, will be paralleled by the new UE  
8 line for much of the route. Those pictures show essentially uninterrupted uses of the property  
9 for various agricultural uses, even very near the poles. This is consistent with my past  
10 experience and my opinion with regard to the lack of any significant affect on value of such  
11 properties as a result of a transmission line.

12 **Q. Please summarize your testimony.**

13 A. Electric transmission lines of the type proposed in this case do not render  
14 properties unsaleable or valueless, and in fact at most have a relatively minor impact on the  
15 value of the properties in the vast majority of cases. The properties at issue in this case are  
16 almost all rural family farms used for recreational or agricultural uses, or rural residential  
17 uses, and my experience and specific study of these issues demonstrate that the value of such  
18 properties, either with or without an electric transmission line, is substantially the same  
19 unless there is something unusual about the placement of the line.

20 **Q. Does this conclude your Surrebuttal Testimony?**

21 A. Yes, it does.