



FILED
December 5, 2014
Data Center
Missouri Public
Service Commission

Exhibit No.: 553

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

FILED
February 04, 2016
Data Center
Missouri Public
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2014-0207

REBUTTAL TESTIMONY OF

BOYD L. HARRIS

ON BEHALF OF

MATTHEW AND CHRISTINA REICHERT

~~ATX~~ Exhibit No. 89
Date 1/28/16 Reporter JL
File No. EA-2015-0146

September 15, 2014

~~Exhibit No. 553
Date 11-10-2014 Reporter Stenst
File No. EA-2014-0207~~

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
5 is 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
13 to 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
24 Breakfast as a result of unsightly appearance of the power line, health concerns resulting

1 from stray voltage, etc.

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

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

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

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

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

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

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

23 A: The approach to quantifying this damage will be multi-pronged. First, a pairing
24 of sales of easement impacted versus non-easement land. Second, a consideration of lost

1 income to the property, capitalized to a value conclusion with appropriate methodology.

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

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

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

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

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

20 A: Our real life example is significantly better than any of the studies because it is
21 clear evidence, in an adjacent county, on similar land, that the presence of the power line
22 was the primary reason that development tracts did not sell. This would certainly support
23 the position that there would be damage to the Reichert's Bed and Breakfast enterprise
24 and dwelling.

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

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

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

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

15 Q: Did you review any documents at the request of Matthew and Christina
16 Reichert?

17 A: Yes. I reviewed "Condemnation for Energy Corridors: Selected Legal Issues in
18 Acquisitions for Pipeline, Transmission Line and Other Energy Corridors" by Eleasalo
19 Ale¹

20 Q: Do you agree with the article's statement "The majority view among courts is
21 that evidence of fear in the marketplace is admissible with respect to the value of the
22 property taken without proof of the reasonableness of the fear"²

1 Eleasalo (Salo) V. Ale, *Condemnation for Energy Corridors: Selected Legal Issues in Acquisitions for Pipeline,
Transmission Line and Other Energy Corridors*, Faegre & Benson LLP, February 2009, available at
www.faegrebd.com%2Fwebfiles%2FEnergy%2520Corridors%2520White%2520Paper.pdf.

2 *Id.* at 11-12.

1 A: Yes.

2 Q: Do you agree with the article's following statement "This appears to be the
3 best approach because it appropriately places the focus on the impact of the alleged
4 fear on property value, and shields the court from having to engage in analysis of
5 competing scientific views on issues where no scientific consensus exists, such as the
6 link between EMF and cancer and other health issues"?³

7 A: Yes.

8 Q: Did you read any other articles at the request of the Reicherts?

9 A: Yes. I reviewed "Couple: Northern Pass kills land value" by Paula Tracy.⁴

10 Q: Are the decreases in value listed in the following statement good examples of
11 the effect of transmission lines on property values? "In the case of the 135-acre
12 parcel, the property decreased in value by 63 percent from today's value. In the
13 smaller, 32-acre parcel of mostly fields, it concluded the decrease in value from high
14 voltage lines would be 84 percent, and for the 12.5-acre house lot, the decrease in
15 value would be 91 percent, taking it from an as-is value of \$68,000 to \$6,000."⁵

16 A: Yes.

17 Q: Is this the conclusion of your testimony?

18 A: Yes.

3 *Id.* at 12.

4 Paula Tracy, *Couple: Northern Pass kills land value*, April 25, 2011, New Hampshire Union Leader, available at retasite.files.wordpress.com/2009/01/reta-union-leader-apr-25-2011.pdf.

5 *Id.* at 2.

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

September 15, 2014

Karen Franco
NOTARY PUBLIC

My Commission Expires:

March 3, 2017

