

STATE OF NEW HAMPSHIRE
SITE EVALUATION COMMITTEE

July 31, 2017 - 9:00 a.m.
49 Donovan Street
Concord, New Hampshire

DAY 24
Morning Session ONLY

{Electronically filed with SEC 08-7-17}

IN RE: SEC DOCKET NO. 2015-06
NORTHERN PASS TRANSMISSION -
EVERSOURCE; Joint Application of
Northern Pass Transmission LLC and
Public Service of New Hampshire d/b/a
Eversource Energy for a
Certificate of Site and Facility
(Hearing on the Merits)

PRESENT FOR SUBCOMMITTEE/SITE EVALUATION COMMITTEE:

Chmn. Martin Honigberg <i>(Presiding Officer)</i>	Public Utilities Comm.
Cmsr. Kathryn M. Bailey	Public Utilities Comm.
Dir. Craig Wright, Designee	Dept. of Environ.Serv.
Christoper Way, Designee	Dept. of Business & Economic Affairs
William Oldenburg, Designee	Dept. of Transportation
Patricia Weathersby	Public Member
Rachel Dandeneau	Alternate Public Member

ALSO PRESENT FOR THE SEC:

Michael J. Iacopino, Esq. Counsel for SEC
(Brennan, Caron, Lenehan & Iacopino)

Pamela G. Monroe, SEC Administrator

(No Appearances Taken)

COURT REPORTER: Cynthia Foster, LCR No. 14

I N D E X

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E X H I B I T S

EXHIBIT ID	D E S C R I P T I O N	PAGE NO.
CFP 376	High-Voltage Transmission Lines: Proximity, Visibility, and Encumbrance Effects by Chalmers and Voorvaart, The Appraisal Journal, Summer 2009 CFP 0100483-10501	26
CFP 377	High Voltage Transmission Lines and Montana Real Estate Values, Final Report, January 12, 2012, Chalmers & Associates, LLC, CFP 10502-10523	27
CFP 378	Transmission Line Impacts on Rural Property Value, James A. Chalmers, Ph.D., Right of Way, May/June 2012 CFP 10524-10528	43
CFP 379	High-Voltage Transmission Lines and Rural, Western Real Estate Values, by James A. Chalmers, Ph.D., The Appraisal Journal, Winter 2012, CFP 10529-10544	28

CFP 380	A Summary of Key Literature by Headwaters Economics, Transmission Lines & Property Value Impacts, May 2012, CFP 10545-10568	31
CFP 381	Towers, Turbines and Transmission Lines, Impacts on Property Values, Edited by Sandy Bond, Sally Sims & Peter Dent, CFP 10569-10577	32
CFP 391	Preliminary Study Report, Impact on Value of High Voltage Transmission Lines, Towns of Deerfield & Littleton, By B.C. Underwood, LLC, CFP 10676-10696	77
CFP 392	Voluntary Petition for Individuals Filing for Bankruptcy, Brian C. Underwood, CFP 10697-10753	116
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P R O C E E D I N G S

(Hearing resumed at 9:00 a.m.)

PRESIDING OFFICER HONIGBERG: Good morning everyone. Welcome to Day 24 of the Northern Pass Adjudicative Hearings. The witness who is already seated is Mr. Chalmers. Mr. Walker, are you going to be doing this questioning? Let's let him get sworn in and then you can begin.

MR. WALKER: Thank you.

JAMES CHALMERS, DULY SWORN

DIRECT EXAMINATION

BY MR. WALKER:

Q Good morning, Dr. Chalmers. Could you introduce yourself to the Committee, please?

A Yes. I'm James Chalmers.

Q And Dr. Chalmers, you are the owner of Chalmers & Associates in Billings, Montana, correct?

A That's correct.

Q You filed Prefiled Testimony in this matter dated October 15, 2015?

A I did.

Q And for the record that is Applicant's Exhibit 30.

You also filed Supplemental Prefiled

1 Testimony dated April 17, 2017, correct?

2 A That's correct.

3 Q For the record that is Applicant's Exhibit 104.

4 Dr. Chalmers, do you have any changes you
5 wish to make to either of those testimonies?

6 A No, I do not.

7 Q That being said, do you affirm and swear by
8 those testimonies?

9 A I do.

10 Q Nothing further at this time, Mr. Chairman.

11 PRESIDING OFFICER HONIGBERG: All right.
12 Is anyone here from the Business Organizations
13 Group? The IBEW, anybody have questions? Seems
14 the answer is no. How about City of Franklin,
15 City of Berlin? I see no one. Wagner Forest
16 Management? Counsel for the Public.
17 Mr. Pappas.

18 MR. PAPPAS: Thank you, Mr. Chairman.

19 **CROSS-EXAMINATION**

20 **BY MR. PAPPAS:**

21 Q Good morning again, Dr. Chalmers.

22 A Morning.

23 Q Now, let me just ask you a few questions about
24 your background. I understand that after you

1 finished your education, you taught economics
2 for a while. Is that correct?

3 A That's correct.

4 Q And after that, you were economic consultant for
5 a bit?

6 A For the duration.

7 Q And two of the companies you worked for were
8 Coopers Lybrand which then became Price
9 Waterhouse Coopers; is that right?

10 A That's right.

11 Q And as I understand it, you retired from Price
12 Waterhouse in 2002?

13 A Correct.

14 Q And since 2002, you have done consulting work as
15 Chalmers & Associates, correct?

16 A That's right.

17 Q Now, since retiring from Price Waterhouse and
18 beginning Chalmers & Associates, would I be
19 correct in saying that 60 to 80 percent of your
20 work has been on behalf of utility companies?

21 A Since retiring, you know, I've probably only
22 been working, well, I would say less than a day
23 a week, you know, something. I've actually been
24 reasonably successful in retiring.

1 But I worked on a fairly large contaminated
2 property case for Dupont, but then the bulk of
3 the remainder of the work has been for utility
4 companies.

5 A Okay.

6 Q And your work for utilities is to analyze the
7 impact on real estate values from transmission
8 lines, correct?

9 A That's been the bulk of it, yes.

10 Q And you've done work for Northeast Utilities,
11 now known as Eversource before this case?

12 A I have.

13 Q And you're working for them not only in this
14 case but also in the Seacoast Reliability
15 Project Case.

16 A That's correct.

17 Q Now, you're not a real estate broker, correct?

18 A Correct.

19 Q You've never sold homes as a broker or
20 salesperson?

21 A Correct.

22 Q Are you an appraiser?

23 A I am.

24 Q Do you currently do work as an appraiser?

1 A Well, I've never earned a living writing
2 appraisals, but in the late '80s, early '90s,
3 when I started testifying on property value
4 issues, the court was used to having licensed
5 appraisers offer that testimony, and so at that
6 point I went through the educational and
7 experience requirements, met the educational and
8 experience requirements to get licensed as a
9 certified general real estate appraiser, and
10 that was in Arizona.

11 And then subsequently as I've worked on
12 cases around the United States, I've often
13 exercised the reciprocity agreements between
14 states to get a license, particularly in some
15 cases I would actually be preparing appraisals.
16 And in those cases I would have to be licensed.
17 In other cases, I'd be testifying about
18 appraisals and sometimes I would secure a
19 license and sometimes I wouldn't.

20 Q Have you secured a license in New Hampshire?

21 A I did. At the beginning of this engagement it
22 wasn't entirely clear what might develop in
23 terms of my own work, and Arizona and New
24 Hampshire had a convenient reciprocity

1 agreement, and so I got a New Hampshire license,
2 and I probably would have kept it. It was a
3 one-year license, but I learned that the
4 continuing education requirement in New
5 Hampshire is not reciprocal with Arizona so I
6 was going to have to come up here and sit in a
7 classroom for a week and get 20 hours of or 28
8 hours of appraisal credit, and given the way
9 this engagement had developed, that really
10 didn't appear to be necessary so I let the
11 license lapse.

12 Q Would it be fair to say that your expertise is
13 in the methodology and how to consider the
14 impact of transmission lines on real estate
15 values?

16 A As opposed to?

17 Q As opposed to going out and doing appraisals,
18 for instance?

19 A Yeah. I have expertise in quantitative analysis
20 and econometrics and statistics, and, you know,
21 in experimental design, but I've also been
22 involved in over 40 years' worth and hundreds
23 and hundreds and hundreds of cases involving
24 commercial real estate, residential real estate.

1 So it goes well beyond methodology. I've had a
2 lot of hands-on, boots-on-the-ground experience
3 all over the country.

4 Q Would it be fair to say your role in this case
5 deals primarily with methodology as opposed to
6 boots on the ground doing appraisals?

7 A Well, no. This is a pretty standard case in a
8 sense. You know, appraisal and real estate is
9 always local, and I don't think there's a single
10 case I could think of where I haven't teamed
11 with local expertise, but it goes well beyond
12 methodology. You know, I've personally looked
13 at every one of the case study properties of,
14 I've looked at all of the properties that are in
15 close proximity to the overhead route. I've,
16 you know, I've been from the north to the south
17 on many occasions. So it goes well beyond
18 methodology.

19 Q Now, as I understand it, for this case you were
20 contacted by Eversource in mid-2013, is that
21 right?

22 A That's correct.

23 Q And as part of this case, you did not
24 familiarize yourself with the local real estate

1 markets in 31 towns that the Northern Pass
2 transmission line would go through, is that
3 right?

4 A Yeah. I wouldn't say that I did that, no.

5 Q Okay. And, for instance, you don't know if
6 there's a difference between the real estate
7 market in Stewartstown versus the real estate
8 market in Plymouth, do you?

9 A I wouldn't be in a position to comment on
10 something at that level, no.

11 Q And you wouldn't be in a position to comment on
12 the difference between the real estate market in
13 Plymouth versus Concord or Deerfield, correct?

14 A That's correct.

15 Q You didn't study any individual real estate
16 markets in New Hampshire, correct?

17 A Yes. That's really not germane to the focus of
18 the research we were doing.

19 Q Okay. So fair to say you wouldn't consider
20 yourself an expert in the New Hampshire real
21 estate market, correct?

22 A That's correct.

23 Q Now, after you were retained, you made your
24 first trip to view the proposed route in either

1 late 2013 or early 2014; is that right?

2 A That's correct.

3 Q As I understand it, you drove along areas of the
4 proposed route that were accessible by the road?

5 A Correct.

6 Q Did you have any photo simulations with you?

7 A I don't believe so. Not at that time.

8 Q Did you interview anybody?

9 A No, I didn't.

10 Q Was the purpose of your visit to just get a
11 general sense of where the line would go?

12 A Yeah.

13 Q So now I want to turn to your Report. So on the
14 screen is a copy of your report, and I
15 understand you have your report in front of you
16 as well, correct?

17 A I do.

18 Q Your report is Applicant's Exhibit 1, Appendix
19 46. So during your testimony I'll just simply
20 refer to your Report. Let the record reflect
21 which exhibit it is.

22 So looking at your Report, it's entitled
23 High Voltage Transmission Lines and Real Estate
24 Markets in New Hampshire, A Research Report. Do

1 you see that.

2 A Yes.

3 Q Why did you title it A Research Report?

4 A Because that's what it is. It didn't have, it
5 wasn't Northern Pass specific. It didn't
6 address the issue of the impact of the Project
7 on local and regional real estate markets. It
8 was addressing the issue of the effect of high
9 voltage transmission lines on residential,
10 primarily on residential real estate values as a
11 general issue of research.

12 That then provides the background for the
13 testimony that I then submitted for the Prefiled
14 Testimony and opinions that I subsequently
15 rendered with respect to the effect of the
16 Project. But this was the research base, it was
17 the foundation on which I subsequently developed
18 my opinions with respect to the effects of the
19 Project.

20 And it could have been applied, and in,
21 fact was, it turned out, to SRP or to MVRP and
22 that was part of the rationale for it was to do
23 a thorough and extensive job, do as good a job
24 as we could, to establish that base so that it

1 could be applied to this Project or other
2 Projects that might come along in the future.

3 Q Now, you've prepared this for both Eversource
4 Energy and National Grid, do you see that?

5 A Yes.

6 Q When were you retained by National Grid for this
7 report?

8 A Well, you understand that the original retention
9 was by PSNH in connection with Northern Pass. I
10 don't have those, the exact dates when SRP and
11 MVRP became relevant, but somewhere prior to
12 publication of the Report, those Projects came
13 to light, and I was asked to prepare testimony
14 with respect to those.

15 So at that point, National Grid was added
16 as a client, and I think I explained that in my
17 testimony. It may have the dates in there,
18 but --

19 Q For purpose of the record, could you identify
20 the two Projects that you used by initials?

21 A Yes. Seacoast Reliability Project, SRP; and the
22 Merrimack Valley Reliability Project, MVRP.

23 Q Now this report is dated June 30, 2015. Do you
24 see that?

1 A Yes, I do.

2 Q And this is the only report that you've issued
3 in this case, correct? You've issued Testimony
4 and Supplemental Testimony, but this is the only
5 report you've done for this case?

6 A That's correct.

7 Q So Dr. Chalmers, what I have on the screen is
8 7.5, your overall conclusions for the report.
9 Do you see that?

10 A I do.

11 Q And if you want to get to it in paper that's
12 fine as well.

13 A Um-hum.

14 Q And as I see it, your overall conclusion was
15 that there is no evidence of consistent
16 measurable effects of HVTL on the market value
17 of residential real estate. Is that your
18 ultimate conclusion of your report?

19 A Yes.

20 Q And you reached that conclusion in June of 2015?

21 A That's correct.

22 Q Now, as of June of 2015, had you only made the
23 one visit to New Hampshire to generally look at
24 the line?

1 A I'm guessing that, and that's all I could do at
2 this point without thinking really hard about
3 it, that I've been here three to four times a
4 year over the last four years. I imagine I've
5 made 20 trips.

6 Q But I want to know how many trips you made
7 before June of 2015. If I tell you that in your
8 Technical Session you said you made one, would
9 that refresh your memory?

10 A Well, I appreciate that. I know Jim Wagner and
11 I looked at part of the line early. I looked at
12 the whole line which may be the source of some
13 ambiguity here. You know, I did a tour of the
14 entire proposed route with Brian Underwood
15 early. And I also looked at every case study
16 property prior to the production of this Report.

17 So, again, I think if the question was, you
18 know, how many times have I traveled the whole
19 route the answer might be one. I essentially
20 did one trip. But I can think of three offhand
21 prior to the publication of this report, and I
22 suspect there were other individual issues that
23 came -- oh, I also visited each of the
24 subdivisions in the subdivision studies so I

1 mean, I was in the field a good deal.

2 Q Well, do you recall at your Technical Session
3 that you said that you visited the, then 89 but
4 actually 94 properties, in August of 2015?

5 A Okay. And that's yet another trip.

6 Q But do you recall that?

7 A Yes.

8 Q Okay. Do you also recall in your Technical
9 Session that you indicated that that was your
10 second trip to New Hampshire?

11 A Well, I either misspoke or there's some
12 confusion over exactly or a misunderstanding as
13 to exactly what the question was. But I can, as
14 we sit here now and talk, I can think of four or
15 five occasions at least when I was visiting
16 properties. Again, I visited all the case study
17 properties. I visited what we said were 94, now
18 are 89 properties that are proximate to the
19 right-of-way.

20 Q When did you visit all the case study
21 properties?

22 A You know, at the time the case studies were
23 being completed, you know, so that would have
24 been probably the spring of '15.

1 Q Did you do that after the case studies were sent
2 to you? The completed case studies?

3 A I can't say for certain. I can't say for
4 certain. Some of them I presume would have been
5 in draft form by then. Others not. I just
6 don't remember.

7 Q Do you remember when the Case Study Report was
8 sent to you?

9 A Well, they dribbled in, 58 of them, and they
10 were coming from different directions. You
11 know, some of them didn't come in until fairly
12 close to June. But they came in late
13 spring/early summer of 2015.

14 Q Dr. Chalmers, what's on the screen now is
15 Appendix E to your report which is entitled The
16 Underwood Case Studies. Do you see that?

17 A I do.

18 Q And now on your screen is the Case Studies
19 Report from Mr. Underwood, do you recognize
20 that?

21 A Yes.

22 Q And do you see the date of May 29, 2015?

23 A I do.

24 Q About 30 days before your report?

1 A Correct.

2 Q And that's when you, you received this report
3 either on May 29, 2015, or some time after that?

4 A Well, yeah. This would have been the final
5 simply packaging of the individual case studies.
6 The individual case studies were coming in over
7 the course of the, as I say, the spring and
8 early summer, but when they were finally all in
9 one package was apparently the end of May, first
10 of June. But I'd seen drafts and I've seen
11 copies of all of them, you know, before that.

12 Q What's on the screen now is a page from Case
13 Study number 36, and if you look at the bottom,
14 do you see that both Mr. Correnti and
15 Mr. Underwood signed this on March 25, 2015?

16 A Yes. I do.

17 Q So they would -- and do you understand that
18 every one of the appraisals in their case
19 studies they signed on March 25, 2015?

20 A I'm not sure I ever paid attention to that.
21 That could well be.

22 Q So would I be correct in saying after March 25,
23 2015, you received this after they signed it?

24 A Yes, the file copies. Yes.

1 Q Well, it was their appraisals, right?

2 A I'm not sure what the point is.

3 Q You didn't do the appraisals. Mr. Underwood did
4 the appraisals?

5 A Right, right, but there was a review process, a
6 drafting process and a review process that I
7 participated actively in in the final packaging.
8 The final signature pages occurred at the end of
9 that process.

10 Q Okay. Sitting here today, do you recall
11 reviewing, going out to see the 58 case study
12 properties prior to June of 2015?

13 A Yes.

14 Q So you saw every one of them before June of
15 2015?

16 A To the best of my recollection, yes.

17 Q And you didn't remember that in your Technical
18 Session, did you?

19 A Again, I don't recall the context of that
20 question. I certainly if I'd been asked had I
21 visited the case study properties the answer
22 would have been in the affirmative.

23 Q The question asked in your Technical Session is
24 visits to New Hampshire, and you had indicated

1 that you made two visits, one early on and one
2 in August of 2015 to see the 89 properties.
3 That was, that was your response at the
4 Technical Session. If and your response today
5 is different, then your memory today is
6 different.

7 A Again, I don't have a record of that
8 interchange. Again, either I misunderstood the
9 question or you misunderstood the answer.

10 Q Okay. So Dr. Chalmers, what we have on the
11 screen now is the Table of Contents of your
12 report, and I just want to review what you did
13 to prepare this report.

14 I understand you first reviewed the
15 professional literature on the effects of HVTL
16 on real estate, is that right?

17 A Correct.

18 Q And you drew some conclusions from that
19 literature?

20 A I did.

21 Q And then you reviewed three New Hampshire case
22 studies, do you see that? Over the New
23 Hampshire case studies, New Hampshire specific
24 research?

1 A Yeah. I think what you mean, I then provided an
2 overview of three New Hampshire specific
3 research initiatives, one of which was case
4 studies, one way was subdivision studies and one
5 of which was market activity analysis.

6 Q Okay. And you drew some conclusions from each
7 of those three activities, correct?

8 A I did.

9 Q And after doing these four things, you reached
10 your ultimate conclusion that we saw earlier in
11 this report, correct?

12 A That's correct.

13 Q Okay. I just want to review your review of the
14 professional literature. You see on the screen
15 we have the first part of your report, and you
16 state that the published literature dealing with
17 the effects of HVTL on the market value of real
18 estate is largely focused on improved
19 residential properties. Typically data is
20 collected in a large number of home sales in
21 urban and suburban location, do you see that?

22 A I do.

23 Q Then you go on to say that the sales data are
24 then analyzed to determine whether the HVTL

1 affected sales prices due to the proximity of
2 the lines, visibility of the lines or
3 structures, encumbrance of the easement or other
4 characteristics of the lines. Do you see that?

5 A I do.

6 Q And then you indicate that for these reasons,
7 the review here will discuss 11 studies that are
8 most heavy referenced and cross-referenced by
9 researchers in the field that utilize accepted
10 methodology, that deal with sales in the United
11 States or Canada, and that carry publication
12 dates of 1988 or later. Do you see that?

13 A I do.

14 Q Okay. Now, eventually, you indicated that most
15 of the published literature deals with large
16 scale statistical studies, correct?

17 A That's right.

18 Q And that's not directly applicable to New
19 Hampshire; is that right?

20 A Correct.

21 Q New Hampshire's housing stock, particularly in
22 the rural areas, is much more heterogeneous than
23 homogenous, correct?

24 A Correct.

1 Q And that just doesn't lend itself to these sort
2 of statistical analysis, correct?

3 A Yes. That analysis just basically wouldn't be
4 feasible unless you have a sufficient density of
5 sales.

6 Q Now, in your review of the 11 studies that you
7 talk about in your report, you were familiar
8 with those before you began your work on this
9 Project, correct?

10 A I was. I am. I was.

11 Q On the screen now is the conclusions that you
12 drew from the 11 studies that you were
13 previously familiar with, and you indicate that,
14 quote, "The conclusions that can be drawn from
15 the above are widely shared by the researchers
16 who have carried out this research or who have
17 reviewed the literature. About half of the
18 studies find negative proximity effects, half
19 find none. Where they are found, they tend to
20 be small, generally 1 to 6 percent. Where they
21 are found, they tend to decrease rapidly with
22 distance from the HVTL. They are usually very
23 small beyond 200 feet and seldom extend beyond
24 500 feet from the HVTL," close quote. Do you

1 see that?

2 A I do.

3 Q So that was the conclusions that you drew from
4 these 11 studies that you were familiar with,
5 correct?

6 A That's right.

7 Q What's on the screen now is the cover page of an
8 article that you published back in 2009 in *The*
9 *Appraisal Journal*. Do you see that?

10 A I do.

11 Q And you co-authored it with another gentleman,
12 correct?

13 A Correct.

14 Q Whose name I did not attempt to pronounce.

15 A It's not hard. It's Voorvaart.

16 Q Thank you. As I understand it, you conducted
17 this study on behalf of Northeast Utilities
18 which is now Eversource?

19 A That's right.

20 Q Now, in this article, you also reviewed the
21 literature, correct?

22 A That's correct.

23 Q And you indicate that a large number of studies
24 have been undertaken since the 1980s using large

1 databases and statistical tools to investigate
2 the effect of transmission lines on property
3 values. Here you looked at 16 of those studies
4 and you summarize them as follows: Over time,
5 there is a consistent pattern with about half of
6 the studies finding negative property value
7 effects and half finding none, which is the same
8 thing you said in your report in this case,
9 correct?

10 A Yes.

11 Q And here you said when effects have been found,
12 they tend to be small, almost always less than
13 10 percent and usually in the range of 3 to 6
14 percent, correct?

15 A Correct.

16 Q And then you go on to also say where they are
17 found, you say here they decay rapidly, probably
18 mean decrease rapidly as, distance, and, again,
19 you mentioned 200 feet to 300 feet, correct?

20 A Correct.

21 Q Now, Counsel for the Public Exhibit 377 is your
22 report from your Montana study on high voltage
23 transmission lines, correct?

24 A Yes.

1 Q And you published this in January of 2012?

2 A Correct.

3 Q And you indicated that the research reported was
4 carried out on under contract of Northwestern
5 Energy, do you see that?

6 A I do.

7 Q Okay. And here you also reviewed the relevant
8 literature, and you talk about the conclusions.
9 In this case you looked at 17 studies, and,
10 again, you indicated that over time, there is a
11 consistent pattern, about half the studies
12 finding negative property value effects, half
13 finding none. And again you indicated that
14 quote, when the effects on value have been
15 found, they tend to be small, almost always less
16 than 10 percent and usually in the range of 3 to
17 6 percent. And then, again, you talk about the
18 declining distance. Do you see that?

19 A I do.

20 Q Now, Counsel for the Public Exhibit 379 is an
21 article you published in the winter of 2012 in
22 *The Appraisal Journal*, correct?

23 A Correct.

24 Q And this was research, again, you did for

1 Northwestern Energy?

2 A Yes.

3 Q Thank you. And here again, you reviewed the
4 relevant literature and again you can see the
5 conclusions you drew, the first being the same
6 as before, the second again being the same as
7 the last few that you indicated where the
8 effects tend to be small, almost less than 10
9 percent, but, again, the range of 3 to 6
10 percent, and then, again, with the values
11 declining with space. Do you see that?

12 A Yes.

13 Q So looking back at your report in this case,
14 your review of the same literature, you had
15 indicated that the range was 1 to 6 percent
16 rather than 3 to 6 percent that you had
17 consistently reported before. Correct?

18 A Yes. It's a summary. I'm saying generally they
19 fall in that range.

20 Q But you were reporting on the same literature
21 that you had previously reported a number of
22 times, correct?

23 A Not precisely. You know, here there were 11
24 articles I noted. I wouldn't have remembered

1 it, but I noted in looking back at one case it
2 was 17, one case it was 16. I'd have to put
3 these all side by side to see which ones were
4 left out. It may be either the date or it could
5 be the location of the study. I restricted this
6 to US and Canadian studies, and, frankly, I went
7 back and reread the articles which I hadn't done
8 for a while. When I summarize that literature,
9 sometimes I don't necessarily go back and reread
10 them. In this case I wanted to be sure that I
11 was being fair in representing them, and on
12 rereading them, it seemed to me that 1 to 6
13 percent, there were some articles that found an
14 effect as small as one percent, and I also
15 thought that the distance range, let's see what
16 I said. Usually very small beyond 200 feet,
17 okay? So I worded that slightly differently but
18 essentially summarizing the same literature with
19 essentially the same conclusions but with a
20 couple of slight modifications based on a
21 rereading.

22 Q And one of those modifications was instead of 3
23 to 6 percent, you now are at 1 to 6 percent?

24 A Yeah, which is, I think, a fair representation

1 of the literature. I mean, it's zero --

2 Q Are you're not suggesting that your prior
3 representation was not a fair representation,
4 are you?

5 A Well, I think either one is adequate. You know,
6 half the study finds no effect. Of the studies
7 that do find an effect, they tend to be small,
8 and, you know, 1 to 6 percent is what it would
9 include all of them. Three to 6 percent would
10 include most of them.

11 Q Now, others have conducted literature review
12 similar to you, correct?

13 A Others have?

14 Q Yes.

15 A Yes.

16 Q And others have reached conclusions on the range
17 of effect from high voltage transmission lines,
18 correct?

19 A You have to be careful to remember that in cases
20 where effects are found.

21 Q Yes. Okay. Now, on the screen is Counsel for
22 the Public Exhibit 380 which is a Summary of Key
23 Literature by Headwaters Economics. You're
24 familiar with Headwaters Economics, correct?

1 A I am.

2 Q And Headwaters Economics is an independent
3 nonprofit research group, correct?

4 A That's right.

5 Q And they're a reputable research group, correct?

6 A Yes.

7 Q Now, on the screen now is a page from Exhibit
8 380, the review of literature by Headwaters
9 Economics Group, and I won't read the whole
10 thing. The Committee can do it at its leisure,
11 but if you look at the bottom they found that
12 the range was between 2 and 9 percent. Do you
13 see that?

14 A Yes.

15 Q So on the screen now is Counsel for the Public
16 Exhibit 381 which is a recent book entitled
17 Towers, Turbines and Transmission Lines, Impacts
18 on Property Value. Do you see that?

19 A I do.

20 Q Are you familiar with this book?

21 A I am.

22 Q And this book was published in 2013. Do you
23 recall that?

24 A I don't recall when it was published.

1 Q If you look in the very bad print, you can see
2 the top, first edition published 2013.

3 A Okay.

4 Q Okay. Now, here they did a review of existing
5 literature. Do you see that?

6 A I do.

7 Q And they limited the studies to North America,
8 do you see that?

9 A Yes. This chapter addresses that, yes. Uh-huh.

10 Q Now, if you look at the highlighted section,
11 they found that a summary of literature that
12 measures proximity to power lines and the
13 studies found a zero to 12 percent decrease in
14 value for proximate properties, do you see that?

15 A I do.

16 Q So to summarize, you have found anywhere from 1
17 to 6 percent or 3 to 6 percent; others have
18 found between 2 and 9 percent or zero and up as
19 high as 12 percent, correct?

20 A Well, there's a variety of findings. If you go
21 through these articles in detail, there's
22 actually quite a dispersion of results, but it's
23 important to sort of generalize about the core
24 of the findings and the core of the findings are

1 that the results fall in that 1 to 6 range.
2 There's some outliers, and we could talk about
3 any of them, but they don't characterize the
4 literature, and I think it's perfectly accurate
5 to say that generally the studies that find
6 results find results in the range of 1 to 6
7 percent. It would be misleading to characterize
8 it as 1 to 12 percent or 1 to 9 percent.

9 Q Are you suggesting that the authors of that book
10 were being misleading?

11 A Yes.

12 Q Okay.

13 A If you interpret it, if you interpret that as a
14 generalization about the literature.

15 Q Now, your ultimate opinion as we saw earlier is
16 that there's no evidence that HVTL results in
17 consistent measurable effects on property
18 values, and where there are effects, the effects
19 are small and decrease rapidly with distance.
20 That's your ultimate opinion from your report?

21 A Right.

22 Q Now, your opinion was not based on the
23 literature, correct? Your opinion was based on
24 the 58 case studies for New Hampshire?

1 A Right. It's informed by the literature, but
2 seems to me the definitive evidence is the New
3 Hampshire-specific research.

4 Q You relied on the 58 case studies in which to
5 form your opinion in this case, correct?

6 A That's by all measures the critical part of the
7 research that we did as it relates to my
8 opinion. Yes.

9 Q And your opinion was not based on the
10 literature, correct?

11 A Correct. It's informed by the literature. To
12 the extent there were inconsistencies, those
13 would have to be examined, but the literature
14 simply isn't consistent enough to base opinions
15 on areas that haven't been studied previously,
16 and it's that New Hampshire-specific research
17 which has to be the dominant consideration.

18 Q Okay. And in particular, the 58 case studies,
19 correct?

20 A Right. They carry the most information.
21 They're most informative.

22 Q Now, the 58 case studies looked at single family
23 detached residential property, correct?

24 A That's correct.

1 Q The 58 case studies did not look at hotels,
2 correct?

3 A Correct.

4 Q The case studies did not look at motels?

5 A Correct.

6 Q The case studies did not look at any
7 campgrounds, correct?

8 A That's right.

9 Q And the case studies didn't look at, for
10 instance, the AMC cabins and huts throughout New
11 Hampshire?

12 A That's correct.

13 Q Now, would you agree with me that within the 31
14 towns the proposed route travels through, there
15 are many hotels and motels and campgrounds and
16 AMC cabins and huts?

17 A I'm sure there are.

18 Q And many of them would have a view of the line,
19 that Northern Pass line, if it were built,
20 correct?

21 A They may well have, yes.

22 Q Now, let me ask, let me talk for a minute about
23 commercial property. The case studies didn't
24 cover commercial property, correct?

1 A That's correct.

2 Q And you concluded that the proposed Northern
3 Pass transmission line would have no measurable
4 impact on the value of commercial property in
5 New Hampshire, correct?

6 A Correct.

7 Q And you did that based on your review of the
8 literature, correct?

9 A Correct.

10 Q Now, you would agree with me that the literature
11 studying the effects of high voltage
12 transmission lines on commercial property is
13 very limited?

14 A Right. For a reason.

15 Q So on the screen now is a part of your report
16 dealing with commercial and industrial property,
17 and here you describe that the two reports that
18 you relied on to opine on the impact on
19 commercial and industrial property is, one, a
20 report from Chapman in 1985 regarding northern
21 California, Nevada, and Utah; do you see that?

22 A I do.

23 Q Now, do you know what areas in California
24 Mr. Chapman reviewed?

1 A I think he's in the, operates primarily in
2 southern California and the greater L.A. area.
3 Maybe in the inland empire as well.

4 Q And the other study and the other study you
5 relied on is by Jackson, Pitts and Norwood, do
6 you see that?

7 A Yes.

8 Q And they studied property in Wisconsin, correct?

9 A Correct.

10 Q Do you know what part of Wisconsin?

11 A I don't recall. Madison maybe. I just don't
12 recall.

13 Q Okay. Do you know if any of the areas studied
14 by Mr. Chapman are tourist-related areas?

15 A He had broad experience. I imagine some of them
16 have some tourist-related activities.

17 Q No, sitting here, do you recall whether
18 Mr. Chapman studies specifically looked at
19 tourist areas?

20 A I don't think he identified -- he talks about
21 hundreds of interviews. I don't believe in the
22 publication that I reviewed there was any
23 specific reference to the individual areas that
24 he studied or dealt with.

1 Q Okay. So you don't know whether he studied any
2 areas that outdoor recreation is an important
3 component?

4 A I don't know one way or the other, no.

5 Q So you don't know whether or not the areas
6 Mr. Chapman studied are similar to the areas
7 that the Northern Pass route would pass through,
8 correct?

9 A That's correct.

10 Q On the screen now is also a portion from your
11 report talking about the Jackson, Pitts, Norwood
12 study, and first you indicate they looked at a
13 large number of commercial/industrial sales in
14 the Milwaukee area, not the Madison area?

15 A Thank you.

16 Q And they report regression analysis of 123 sales
17 and are able to control for year of sale, gross
18 floor area, building age, square footage of
19 office space, sprinkler system, number of dock
20 high doors, location and a categorical variable
21 indicating whether the property was within 500
22 feet of an HVTL; do you see that?

23 A I do.

24 Q Now, that doesn't seem like they're looking at

1 hotels, motels or campgrounds, correct?

2 A That's correct.

3 Q And you'd agree with me that the Milwaukee area
4 is not similar to the area that the Northern
5 Pass Project would pass through, correct?

6 A I think that's true, yes.

7 Q Now, am I correct that tourist areas and resort
8 areas are not your area of expertise?

9 A Correct.

10 Q And you don't have an opinion as to whether the
11 Northern Pass transmission line would adversely
12 impact the value of a resort area or tourist
13 destination, do you?

14 A Well, I have an opinion based on Mr. Nichols'
15 research but not an independent one.

16 Q Well, Mr. Nichols didn't look at the impact on
17 the value of any individual resort, correct?

18 A No. He looked at the impact on tourism. There
19 would have to be a change in essentially the net
20 operating income of these facilities for there
21 to be a change in their value, and in order for
22 the income flows, the net income flows to
23 change, there would have to be a change in
24 occupancies or a change in rates.

1 Q Did Mr. Nichols look at any individual property?

2 A I don't think he got down to that. As a matter
3 of fact, I know he didn't get down to that
4 level, but he certainly started at the
5 appropriate level which is is there going to be
6 any change in the flow, and his conclusion was
7 that there wouldn't be.

8 Q You, based on your work in this case, don't have
9 a basis to opine on whether the Northern Pass
10 line would adversely impact any individual
11 tourist destination, do you?

12 A Correct.

13 Q And you're not aware of any literature
14 addressing the impact of high voltage
15 transmission lines on tourist or resort
16 properties, are you?

17 A Correct. The reason commercial properties
18 aren't studied is because no one presumes that
19 there's an effect there. There could only be an
20 effect, as I say, if there's essentially effect
21 on the income flow. I did take the occasion,
22 the one income property group that I did spend a
23 little bit of time on was the apartment market.

24 Q You did that after you rendered your opinion in

1 this case, correct?

2 A Yes. It was in the, right, in my Supplemental
3 Testimony, correct.

4 Q Okay.

5 A Well, let's correct something. The Research
6 Report is not my opinion in this matter. The
7 Research Report is a report on the research, and
8 on the basis of that research I've come to
9 certain conclusions, but then I've offered my
10 opinions in this matter are related to the
11 Project, and they are in my Prefiled Testimony
12 and my Supplemental Prefiled Direct Testimony.
13 Those are the opinions.

14 This is research. This is sort of
15 publishable research on kind of the central
16 issue which is do HVTL affect property values in
17 New Hampshire.

18 Q We understand that. Your testimony is filed.

19 Now, you just referred to this as published
20 research.

21 A No. I said it's publishable.

22 Q You haven't sought to publish this, have you?

23 A Excuse me?

24 Q You have not sought to publish your research in

1 this case, have you?

2 A Not yet, no.

3 Q And you did publish your research on behalf of
4 other utilities, correct?

5 A I did.

6 Q Including your research, other research on
7 behalf of Eversource, correct?

8 A Correct. In both cases, subsequent to producing
9 it and sort of getting through the, its first
10 level of application. The publication is a
11 lengthy process, and typically takes place after
12 either the litigation or the licensing procedure
13 or whatever it is that motivated the work is
14 completed.

15 Q On the screen is Counsel for the Public Exhibit
16 377. Do you see that?

17 A I do.

18 Q And that's your Research Report on your Montana
19 study. Correct?

20 A Correct.

21 Q And that's dated January 12, 2012?

22 A Correct.

23 Q On the screen now is Counsel for the Public
24 Exhibit 3 78. Do you see that?

1 A Yes.

2 Q And this is your published article based on your
3 Montana study, correct?

4 A Yes.

5 Q And if you look down to the bottom, it was
6 published in May/June 2012, correct?

7 A Correct.

8 Q It's a few months after you finished your
9 report, correct?

10 A Right.

11 Q So you were able to publish this report a few
12 months after you completed it, correct?

13 A Correct.

14 Q Thank you. Now, the use of case studies is not
15 nearly as common a approach as, for instance,
16 the statistical study approach, correct?

17 A That's right.

18 Q Now, in fact, would it be fair to say that you
19 somewhat pioneered the case study approach?

20 A I think that's fair.

21 Q And the case study approach has not been
22 accepted in the professional literature as the
23 statistical approach has been accepted, correct?

24 A I'm not sure I'd say that.

1 Q Do you recall in your Technical Session saying
2 that the case study approach had not been
3 accepted?

4 A Well, our work in Montana was peer-reviewed and
5 accepted by The Appraisal Journal. It's simply
6 not as common. I think your characterization of
7 it as pioneering is correct. There's a major
8 shortcoming of the statistical approach which is
9 that it's essentially giving you an average. It
10 answers the question is there a significant
11 relationship on average between, you know, X and
12 Y, in this case between transmission lines and
13 values. If the statistical answer is no, it
14 still is likely that there's some properties
15 that are affected. By the same token, if the
16 answer is yes, there are probably some
17 properties that aren't affected.

18 So the question is then how do you get
19 leverage on understanding what the conditions
20 are that determine these outliers. Either the
21 ones that are affected when there generally is
22 no effect or the ones that aren't affected when
23 there's generally an effect. And the case study
24 approach reasonably gets to that, and the

1 situation in Montana is in some ways similar to
2 New Hampshire in that it's very rural, very low
3 density.

4 So as a practice matter, we couldn't do the
5 statistical approach anyway. Only thing we
6 could do is the case study approach, and that
7 was my first experience with it, and as is the
8 case in New Hampshire, the results turned out to
9 be very consistent. Now, if you do case
10 studies, if you do 50, you know, 30, 40, 50 case
11 studies and the results are all over the place,
12 you'd have to conclude that the result would be
13 inconclusive.

14 But if you do 50 case studies you, you talk
15 to 50 listing agents, you look at the facts
16 associated with 50 sales and you get a fairly
17 consistent picture. You feel like you've really
18 gotten there, you really are beginning to
19 understand what is going on, and you can't get
20 that out of a statistical analysis. So I think
21 the two are complementary, but in rural areas,
22 it's really the only way you can proceed.

23 Q Okay. So to develop a case study, you first
24 identify an existing high voltage transmission

1 line, correct?

2 A Yes.

3 Q And here you looked at two transmission lines in
4 an area, correct?

5 A Two corridors.

6 Q Yes. Corridors. The first corridor you looked
7 at is the corridor from Littleton to Pelham, New
8 Hampshire, correct?

9 A That's right.

10 Q And that's known as the Phase II line; is that
11 right?

12 A Yes.

13 Q And the second corridor you looked at is from
14 Dummer to Deerfield, correct?

15 A Yes.

16 Q And then the first thing you looked at were some
17 short lines in the Seacoast area, correct?

18 A That's right.

19 Q So on the screen now is a description of
20 Corridor #1 which is the Phase II line. Do you
21 see that?

22 A I do.

23 Q And you indicated that the right-of-way is
24 typically 350 feet wide, page 1, 450 kV line and

1 two 230 kV lines, do you see that?

2 A I do.

3 Q And the typical 450 kV line is on 95-foot
4 lattice structure, and the 230 lines are on
5 65-feet high lattice structures. Do you see
6 that?

7 A Yes.

8 Q Okay. Now, in terms of the second corridor,
9 from Dummer to Deerfield, it contains in some
10 places one, some places two, and some places
11 three 150 kV lines that are either on 55-foot
12 wood H-Frame structures or 75-foot steel poles.
13 Do you see that?

14 A I do.

15 Q And if you look at that picture, that picture
16 depicts that's the second corridor, correct?

17 A Yes.

18 Q And if you look at the bottom, case study year
19 number 3, the lines there range from 345 kV line
20 on 75-foot H-Frames to 150 kV line on 43-foot
21 wooden H-Frames to a 34.5 kV line on 34-foot
22 single wooden poles, correct?

23 A Yes.

24 Q So they vary quite a bit in that third area?

1 A They do.

2 Q Now, would you agree with me that certainly
3 study area 3 would not be, the structures
4 themselves would not be similar to the
5 structures for the Northern Pass Project?

6 A Yeah, not precisely the same. The 345 corridor
7 in the Portsmouth area is, voltage-wise the
8 structure is a little different configuration,
9 but --

10 Q The structure is what I'm talking about.

11 A There are some smaller lines in the study area
12 number 3 that are different.

13 Q Well, certainly, 43 foot H-Frame wood structures
14 are not similar to the Northern Pass that could
15 range anywhere from 80 or 90 feet, upwards of
16 140 feet, correct?

17 A Well, right. There's a variety of structures on
18 all of these lines.

19 Q But none of them, none of them approach the size
20 of the upper limits in the Northern Pass
21 structures, correct?

22 A In terms of height?

23 Q Correct.

24 A You know, I don't know for certain. I think

1 that may be true.

2 Q Do you know the range of the height of the
3 Northern Pass structures?

4 A Not off the top of my head, no.

5 Q Then after you identified three corridors to
6 study, you then identified residential sales
7 that either the transmission line or the
8 right-of-way encumbered the property or the
9 property abutted the right-of-way, correct?

10 A That's right.

11 Q And you attempted to exclude nonmarket sales,
12 correct?

13 A Correct.

14 Q And here you had described the methodology by
15 starting to select the corridor and identified
16 residential properties that are either
17 encumbered by or abut the corridor, correct?

18 A Yes.

19 Q So that was the pool of properties that you
20 started with, correct?

21 A Correct.

22 Q It did not include any property that would have
23 a view of the line if that property did not
24 either abut the right-of-way or was encumbered

1 by the right-of-way, correct?

2 A That's correct.

3 Q And then what you did is you started in 2014 to
4 identify certain sales and you worked backwards
5 until you got about 25 sales for the first
6 corridor, about 25 sales for the second corridor
7 and 8 sales in the third area, correct?

8 A That's right. There are actually six in the
9 third area. Two of them are in Corridor #1.

10 Q So this is a chart from Mr. Underwood's report,
11 and it summarizes the 50 case studies that he
12 did, correct?

13 A That's right.

14 Q So, for instance, if you look at the top which
15 is Corridor #1, correct?

16 A That's right.

17 Q And if you look over on the, to the right-hand
18 side there's a sale date. Correct? You see the
19 column that has sale date?

20 A Yes.

21 Q Now, none of the sales in Corridor #1 were in
22 2014, correct?

23 A Correct.

24 Q And if you look, there are four in 2013. You

1 see that?

2 A Yes.

3 Q And I'll represent to you there are 10 in 2012.
4 There's one in 2011. There are 6 in 2010. And
5 there's one in 2009. And so it's over that
6 five, six-year period that these 22 sales
7 occurred, correct?

8 A That's right.

9 Q Now, if you look at the towns on the left-hand
10 side, I'll represent to you that there are 12
11 different towns listed, and you're welcome to
12 look at that if you'd like. But if you look,
13 you'll notice that Bedford appears six times.
14 Do you see that?

15 A That's right.

16 Q So if you took Bedford out, essentially what you
17 have is either one or, in some cases, two sales
18 in each of the other 11 towns, correct?

19 A That's right.

20 Q Did you know how many towns the Phase II line
21 actually goes through?

22 A I don't. No.

23 Q On the screen now is Counsel for the Public
24 Exhibit 64, and on the right-hand side, you can

1 see the State of New Hampshire?

2 A I'm sorry?

3 Q You have a --

4 A I see the map.

5 Q The map. On the right-hand side, you see New
6 Hampshire? Recognize the state?

7 A Do I see the answer?

8 Q No, I'm sorry. New Hampshire.

9 A Oh, yes.

10 Q Thank you. I was beginning to wonder. And if
11 you look --

12 A I see Vermont, too.

13 Q If you look, that green line is the Phase II
14 line. Do you recognize that?

15 A Yes.

16 Q All right. And I'm not going to make you count,
17 but I will represent to you that if you start up
18 in Littleton and you go down to Pelham, there
19 are 24 towns that the Phase II line runs
20 through. And so of those 24 towns, 12 of them
21 your pool had no sales from, correct?

22 A Right. That's the reality out there. There
23 simply weren't sales in that period. We had
24 conflicting objectives here, and we wanted to

1 get at much geographic diversification if we
2 could. We can get more by going back in time,
3 but as we went back in time, you get into 10,
4 11, 8, 9, into the depths of the real estate
5 crash. So we were trying to stay as current as
6 we could, but simultaneously get as much
7 geographic diversification as we could and so
8 there's a compromise there and we took one sale
9 from 2009, but again, this is simply all we had.

10 Q But you could have gotten more sales if you
11 didn't limit yourself to either abutting the
12 right-of-way or encumbered by the right-of-way,
13 correct?

14 A Right, but those are the, obviously, the most
15 vulnerable properties and the rationale was to
16 start with them and there's also a limit to how
17 many of these you can do. So the idea was to
18 start with most vulnerable properties, and if on
19 the basis of that there was a case to be made
20 for expanding the sample distance-wise, we'd do
21 it. As it turned out, there wasn't.

22 Q All right. So you got no sales from 12 to 24
23 towns, for 11 of the towns you got either one or
24 two sales, and for one town you got 6 sales,

1 correct?

2 A That could be.

3 Q And you didn't see a basis to expand the pool
4 beyond either encumbered or abutting properties,
5 correct?

6 A That's correct. Although that would be a result
7 of the analysis of these. On an a priori basis,
8 no. But based on the analysis of these, we had
9 a good distribution of distance. These
10 properties, a lot of them are large. Some of
11 the homes are within 100 feet of the
12 right-of-way. Some of the homes are within 500
13 feet of the right-of-way. Some of the homes are
14 over 1000 feet of the right-of-way. So we had a
15 good distribution of distance of the homes which
16 is the critical variable, it turns out, and had
17 we found that properties with homes in that 500,
18 600, 700, 1000-foot distance were impacted,
19 there would be a strong case for them, for
20 finding out does that end at 1000, or does that
21 go out to 1500 or does that go out to 2000 feet.
22 And as I think you know, we found that the
23 effects remember limited to properties within
24 100 feet. And so that combined with the

1 literature which does not find visibility
2 effects typically left us with no case really to
3 expand the sample further.

4 Q So the second corridor runs from Dummer to
5 Deerfield. Can you identify Dummer on the map?
6 Look way at the top. It's a little hard, I will
7 admit.

8 A Is there a pending question?

9 Q In fairness, this is a really tough map to read.
10 I'll just represent to you, Dummer is in the
11 north and Deerfield is down towards the south.
12 Okay?

13 A That's my understanding.

14 Q And do you recall how many towns that corridor
15 goes through?

16 A 31.

17 Q Okay. And if you look, so if you look at the
18 bottom, those are the case studies for Corridor
19 #2, correct?

20 A Yes.

21 Q So there are 14 towns that you obtained sales
22 data from, correct? I'll represent to you, if
23 you count the towns there are 14.

24 A Okay.

1 Q So that's a little less than half of the number
2 of towns this corridor goes through, correct?

3 A Yes.

4 Q And if you look on the column where it has
5 dates, can't see the heading, but I'll represent
6 to you on the right-hand side the column dates,
7 that's that same column that said sales dates.
8 Do you recognize that?

9 A Right.

10 Q Okay. And I'll represent to you that these 28
11 sales span from one in 2014 down to five in 2010
12 which is over a five-year period, okay? So for
13 this corridor, you got some sales from a little
14 less than half the towns, and, again, some towns
15 there might be one sale, a few times there are
16 multiple sales, but there's either one or a
17 couple from about half the towns along the
18 corridor in that five-year period, correct?

19 A That's right.

20 Q And, again, you didn't see the need to look
21 beyond properties that either abut or are
22 encumbered by the right-of-way?

23 A That's correct.

24 Q Okay. Now, your sales were all single family

1 detached housing, correct?

2 A That's right.

3 Q You didn't look at the sale of condos, for
4 instance, correct?

5 A Not in the context of the Research Report, no.

6 Q Okay. So your case studies would have excluded
7 any property that would have had a view or would
8 have a view of the Northern Pass transmission
9 line if that property did not abut or was
10 encumbered by the right-of-way, correct?

11 A It's easier to say what it included. It only
12 included sales of abutting or encumbered
13 properties, yes.

14 Q You don't know how many properties were
15 excluded, properties that would have a view of
16 the line but they were excluded because they
17 didn't either abut or were not encumbered by the
18 right-of-way, correct?

19 A That's correct.

20 Q And your study only included about half of the
21 towns in either Corridor #1 or Corridor #2,
22 correct?

23 A That's correct. You know, but it's important to
24 recognize that just because we have two sales in

1 Thornton or one sale in Canterbury or even four
2 sales in Concord, you're not, that's going to,
3 that's not going to provide a basis for making a
4 generalization about Thornton or Canterbury or
5 Concord. These are very small numbers. The
6 only generalizations we are going to be able to
7 make on this are going to aggregate over these
8 observations and see if there's an overall
9 consistency that the numbers, obviously, for any
10 given time are 1s and 2s and 3s, and it would be
11 irresponsible and inappropriate to try to draw
12 any conclusions about the town based on those
13 small numbers, but it would only be if the
14 implications in the aggregate out of the 58 case
15 studies are coherent, consistent, make sense,
16 logical, then I think we would be, we're in a
17 position to draw some conclusions and to base an
18 opinion on the data.

19 Q You don't know whether or not, for instance, the
20 properties you excluded, there are significantly
21 more of them than the properties you included,
22 correct?

23 A Well, the way you're defining it there would be
24 a lot of them, right?

1 Q So they're likely to be more properties with a
2 view but don't abut or aren't encumbered by the
3 right-of-way than the pool from which you drew,
4 correct?

5 A Yes. If you did kind of a viewshed analysis
6 which has been done, I presume, in this matter,
7 yes, you'd get a wide swath on either side.
8 Some places it might go out 2 or 3 miles. Could
9 go out 5 or 10 miles.

10 Q That would be a much larger pool from which to
11 do your analysis than the pool you used?

12 A Yes. There would be thousands of property, but
13 you'd just be diluting your effort. There's a
14 prodigious effort involved in carrying these
15 out. You'd be diluting it. And you'd want to
16 start, as a practical matter, with those
17 properties that you felt were most likely to be
18 affected. And then if you found effects there,
19 you'd incrementally expand the area, you know,
20 based on the results that you found. And we
21 were totally prepared to do that, and, frankly,
22 having not done research in this area of this
23 type before, I had no idea what we'd find. And
24 until we began to table it up and see the

1 implications, but the implications were pretty
2 clear that you had to combine -- it wasn't
3 visibility by itself. It was visibility with
4 proximity. I mean, that was the, that is the
5 critical finding that it's those two things
6 together that drive market value, and when you
7 think about it, that's really what creates the
8 intrusion. It's not that, we don't find a
9 market value effect until that structure begins
10 to actually intrude on the property. It's not
11 just being able to see it, it's having it become
12 an integral part or an intrusion on the property
13 and that's a combination of proximity and
14 visibility.

15 Q But you only know that because you only looked
16 at properties that are proximate to the
17 right-of-way, correct?

18 A No, that's not true.

19 Q But wait a minute. You looked at properties
20 that either abut or encumbered the right-of-way.

21 A Let me answer.

22 Q No, no. You either looked at properties that
23 abut or encumber the right-of-way, correct?

24 A Let me answer the question.

1 Q Well, if you answer mine first, then I'm happy
2 to let you explain. I have not interrupted you.

3 A Okay.

4 Q But I'd like an answer to my question first.

5 A Yes, that's fair. Yes. They are only abutting
6 or encumbered. But the distance, but the
7 important thing to recognize is that we have a
8 good dispersion of distance. We, of those case
9 studies, 37 of them are beyond, have the home
10 beyond 100 feet of the right-of-way boundary.
11 Okay? 21 of them have a home within 100 feet of
12 the boundary. Okay? Of the 21 that are
13 proximate and have visibility, we found sale
14 price effects in 9 out of the 21 cases. 50
15 percent. 50/50. Okay? When you combine
16 proximity with visibility.

17 When you go beyond 100 feet, these are
18 simply the results, this is not an opinion.
19 This is just the results of the research. When
20 you go beyond 100 feet, we have 37 cases, and we
21 get one case out of 37 with a sale price effect
22 and that home was 106 feet from the right-of-way
23 boundary.

24 So essentially, beyond 100 feet we get zero

1 out of 36, if you want to be precise. Inside
2 100 feet we get, or inside, let's try to keep
3 the numbers straight. Inside 106, you get 10
4 out of 22 because we just fudged that one.
5 Okay? So inside 100 feet you're getting about
6 50/50. Outside of 100 feet, you're getting
7 zero. And that's a compelling finding and I
8 think, and we've got the distance measured right
9 there. So based on that, does it make any sense
10 to go out to 1500 feet or 2000 feet or start
11 pulling properties a quarter of a mile away?
12 You could do it. I know what you're going to
13 find, based on what we've done so far.

14 Q And that, those conclusions of 9 out of 21 and
15 one out of 37, those are Mr. Underwood's
16 conclusions, correct?

17 A Those are the conclusions of the case study
18 authors, correct.

19 Q And those are Mr. Underwood's conclusions,
20 correct?

21 A Those are the --

22 Q No, no. You have to answer yes. Is that, those
23 are Mr. Underwood's conclusions, correct?

24 A The conclusions in an individual case study are

1 his.

2 Q Correct. And the conclusions where there's only
3 one out of 37 on the greater distance, those are
4 Mr. Underwood's conclusions, correct?

5 A That number --

6 Q No, no, no.

7 A Not to split hairs, but the numbers, the data
8 are his, right? That number, one out of 37, is
9 the result of his research. The conclusions
10 based on that or the interpretation of that is
11 mine.

12 Q The conclusion that there was only price effect
13 in one out of 37 properties is Mr. Underwood's
14 conclusion, correct?

15 A We're kind of splitting hairs here.

16 Q No, no, no, no, no. He concluded --

17 MR. WALKER: Objection.

18 PRESIDING OFFICER HONIGBERG: You would
19 disagree that you're not splitting hairs here?

20 MR. PAPPAS: No.

21 PRESIDING OFFICER HONIGBERG: That's what I
22 thought.

23 MR. PAPPAS: Well, actually, I would
24 disagree.

1 PRESIDING OFFICER HONIGBERG: Okay. So I
2 think your problem is you're working on the word
3 "conclusion" and have two different meanings for
4 it.
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1 MR. PAPPAS: Okay.

2 A Thank you.

3 PRESIDING OFFICER HONIGBERG: You want to
4 track this down, Mr. Pappas, or just let it lie?

5 MR. PAPPAS: No, I'm going to track this
6 down because this is very different than what
7 someone said in their Technical Session so we're
8 going here or there. No, no, no. Just stay
9 with me.

10 PRESIDING OFFICER HONIGBERG: That
11 gratuitous statement was uncalled for and
12 unnecessary because what you think happened in
13 the Technical Session is of no relevance to this
14 Subcommittee. Do you understand that?

15 MR. PAPPAS: Yes, I would agree with that.

16 PRESIDING OFFICER HONIGBERG: Thank you.
17 Would this be a good time for a break?

18 MR. PAPPAS: Sure.

19 PRESIDING OFFICER HONIGBERG: We're going
20 to break for ten minutes.

21 (Recess taken 10:27 - 10:44 a.m.)

22 PRESIDING OFFICER HONIGBERG: Mr. Pappas,
23 you may proceed.

24 MR. PAPPAS: Thank you, Mr. Chairman, and I

1 want to apologize to the Committee for my
2 gratuitous comment. That was gratuitous.

3 BY MR. PAPPAS:

4 Q And Dr. Chalmers, I understand at times you
5 might have a hard time hearing me when I move
6 from the microphone. So if you don't hear my
7 question, just say so and I'll repeat it. I
8 don't want you trying to answer a question you
9 didn't hear or only heard part of it.

10 A Very good. Thank you.

11 Q What's on the screen now is part of your report
12 and it's the table that summarizes the Corridor
13 #1 case studies. Do you recognize that?

14 A I do.

15 Q Before the break, we were talking about
16 conclusions. And if you look at the far
17 right-hand side you see the caption at the top
18 says Conclusions?

19 A Yes.

20 Q And underneath that caption there are two
21 subheadings. One is sales price effect
22 conclusion, do you see that?

23 A Yes.

24 Q And one is market time effect conclusion, do you

1 see that?

2 A I do.

3 Q And for each of the properties that were looked
4 at under Corridor 1, there is a conclusion as to
5 whether or not the sales price was affected by
6 the transmission line in Corridor #1, correct?

7 A That's right.

8 Q And for each of the properties there was a
9 conclusion as to whether there was any market
10 time effect, correct?

11 A That's right.

12 Q And would I also be correct in saying that each
13 of the conclusions listed in this chart, those
14 were, Mr. Underwood reached those conclusions,
15 correct?

16 A Yes. That's correct. Just one addition here.
17 The last two case studies were done by Amidon.

18 Q That's right. That's why they have the A1 and
19 A2?

20 A Correct.

21 Q And for those two case studies, it would have
22 been Mr. Amidon's conclusions, correct?

23 A Correct.

24 Q So earlier when you had indicated that it was

1 determined or concluded that one of the 37
2 properties you're referring to was outside the
3 100 feet, it was 106 feet, that was based on a
4 conclusion for that property listed in the
5 appropriate chart, correct?

6 A Right. That was a tabulation of the results as
7 they're shown in this chart, yes.

8 Q Right. So it would have been Mr. Underwood who
9 had concluded that for that one property there
10 was a price effect, correct?

11 A Yes. He's the one who concluded with respect to
12 that 106-foot property. That's correct.

13 Q So getting back to your methodology in the case
14 studies, after you select the corridors, and
15 after you then look at sales for properties that
16 either abut or encumber or encumbered by the
17 right-of-way, and you start in 2014 and you go
18 backwards until you find about 25 for each
19 corridor, the next thing you do is to have a
20 retrospective appraisal done on each property,
21 correct?

22 A That's right.

23 Q So, for instance, if the property was sold in
24 2011, either the appraiser would go out and

1 appraise that property as of the date it was
2 sold in 2011 as if there was no high voltage
3 transmission line, correct?

4 A Right. You'd use, the way you do that is use
5 comparable sales that aren't influenced by
6 HVTLs.

7 Q Okay. So what you're trying to do is get two
8 values, the appraisal value at the time of sale
9 as if there were no high voltage transmission
10 line and the actual sales price for that
11 property?

12 A Correct.

13 Q Now, you didn't do any of the appraisals,
14 correct?

15 A Correct.

16 Q Mr. Underwood or Mr. Correnti did 50 of the
17 appraisals along Corridor 1 and 2?

18 A Correct.

19 Q And is it your understanding Mr. Correnti works
20 for Mr. Underwood?

21 A No. He's an independent contractor, but he was
22 hired and supervised by Mr. Underwood.

23 Q Okay. And you, as I understand, read the
24 appraisals, but you didn't do an actual quote,

1 unquote, review as that is defined by The
2 Appraisal Society, correct?

3 A Right. Uniform Standards of Appraisal Practice,
4 USPAP, defines the review function formally. I
5 did not do a review subject to Standard 3 of
6 USPAP. I simply read them to be able to
7 understand them and to raise questions where I
8 didn't understand them.

9 Q Okay. And for Corridor #3 or study area number
10 3, Stanhope Appraisals did the 8 retrospective
11 appraisals? Or six, I should say. Six.

12 A Correct.

13 Q And they were retained by Mr. Amidon?

14 A Correct.

15 Q Okay.

16 A By the appraiser who worked for the Amidon
17 company. There's not a Mr. Amidon. There's a
18 Ms. Amidon.

19 Q Ah. Thank you.

20 A But she wasn't involved. It was two gentlemen.

21 Q Now, for these 58 retrospective appraisals, the
22 appraisers chose the three comparable
23 properties, correct?

24 A Right. The 3 or 4 or 5 in some cases. But

1 they, sure, they did the appraisals.

2 Q And you had no input on what comps to choose,
3 correct?

4 A Correct.

5 Q And you don't know why they choose specific
6 properties. That was left to the appraisers to
7 choose the comp, correct?

8 A Sure.

9 Q Now, you'd agree with me that the choice of a
10 comparable involves some judgment by the
11 appraiser, correct?

12 A Yes.

13 Q Now, I'll represent to you that Mr. Underwood
14 and Mr. Correnti signed all 50 appraisals on the
15 same day. March 25, 2015. I think it's fair to
16 say they didn't do 50 appraisals in one day,
17 correct?

18 A Correct.

19 Q Do you know what time period they did their
20 appraisals?

21 A We were well into the process by mid-2014 so my
22 estimate would be that Correnti was retained and
23 had been given at least a list of some of the
24 properties mid-2014.

1 Q Okay. But if you don't actually know, you can
2 say you don't know. I mean, you can estimate,
3 it's fine, but if you know, let us know if you
4 don't actually know.

5 A I don't know precisely, but he worked on them
6 for I would think a period of about a year,
7 something like that. Little less than a year.

8 Q Okay. Do you know the period that Mr. Stanhope
9 worked on his?

10 A That would have been shorter. Let's just leave
11 it at that. It would have been shorter.

12 Q Okay. Now, I'll showing you one of the sample
13 appraisals that was done, and this is for Case
14 Study number 36. And if you look it says
15 Appraisal of Real Property, date of valuation,
16 the property, and it was for Devine, Millimet &
17 Branch. Do you see that?

18 A I do.

19 Q Do you know why the appraisals were done for the
20 Devine law firm?

21 A Because my retention and the retention of the
22 subcontractors was through the Devine Millimet
23 firm.

24 Q Okay. Now, after the retrospective appraisal

1 was done, I understand that for each case study,
2 the listing broker was interviewed, is that
3 correct?

4 A That's correct.

5 Q And I also understand that for the 50 case
6 studies along Corridor #1 or 2, Mr. Underwood
7 did those interviews, correct?

8 A That's correct.

9 Q You didn't do any of the interviews, correct?

10 A I did not.

11 Q And you didn't direct Mr. Underwood on how to
12 conduct the interviews, did you?

13 A Not at any level of specificity, no.

14 Q There were no set questions?

15 A Correct.

16 Q The interviews were more of a casual
17 conversation, is that right?

18 A Casual as opposed to scripted? You know, the
19 object was pretty clear. It was to understand
20 the transaction and understand the influence of
21 the transmission lines on the transactions, but
22 the way in which he would have approached that
23 with the individual so that he was talking to
24 would vary, I'm sure, and could be characterized

1 as a casual conversation.

2 Q Okay. Now, you don't know if Mr. Underwood took
3 notes of his interviews, do you?

4 A My understanding is he had some sort of notes
5 that he then transcribed into what appears in
6 the case study summaries.

7 Q You never received copies of any notes of his
8 interviews, did you?

9 A That's correct.

10 Q And you don't know if Mr. Underwood taped any of
11 the interviews, correct?

12 A No. I think I would have, that would have come
13 up at some point if he had. I'm not aware that
14 he did. It certainly never came up.

15 Q Were these interviews done over the phone?

16 A By and large. I expect almost exclusively.

17 Q And you don't, for instance, know how long any
18 interview took, do you?

19 A I don't.

20 Q Fair to say that what you know of the interviews
21 are Mr. Underwood's writeup of the interviews,
22 correct?

23 A Yes. Except that in some cases, probably in
24 more than a few, we discussed the interviews so

1 I'd have the interview writeup in front of me
2 and Brian would be there and we'd sit and talk
3 about it, and if there was a question in my mind
4 or something that wasn't clear, I'd ask him if
5 he recollected details that would help me in
6 understanding it, and in some cases he'd then
7 amend the writeup to reflect that.

8 Q But that didn't happen for all of them, did it?

9 A Well, we went through all of it. No, that
10 discussion wouldn't have happened on all of
11 them.

12 Q Okay. So what's on the screen now is from Mr.
13 Underwood's report, and this is the sample Case
14 Study 36, and what you see here is Mr.
15 Underwood's description of this interview. Do
16 you see that?

17 A I do.

18 Q And that's consistent with each of his case
19 studies, right? He included a small description
20 of his interview?

21 A That's right.

22 Q And that's the only written documentation you
23 received regarding Mr. Underwood's interviews,
24 correct?

1 A That's right.

2 Q And other than discussing some of them with Mr.
3 Underwood, what you know from the interviews is
4 what you've read from his description of them,
5 correct?

6 A That's right.

7 Q So back on the screen is the summary of the
8 Corridor #1 Case Studies, and would I be correct
9 in saying that the information on this summary
10 comes from Mr. Underwood?

11 A Correct.

12 Q And there is a similar table for Corridor #2 and
13 for Study Area #3, correct?

14 A That's right.

15 Q And for those two tables as well, well, for
16 Corridor #2 the information on the summary table
17 comes from Mr. Underwood, correct?

18 A Correct.

19 Q And for Study Area #3, the information on the
20 table comes from Mr. Amidon, correct?

21 A Correct.

22 Q Now, would I also be correct in saying that
23 ultimately what you did was you took the results
24 of the 58 case studies and based on those

1 results you interpreted them to reach your
2 opinion?

3 A Exactly.

4 Q The results themselves are, the 58 case studies
5 are either from Mr. Underwood or Mr. Amidon,
6 correct?

7 A Correct.

8 Q Now, what's on the screen is Counsel for the
9 Public's Exhibit 391, and this is a Preliminary
10 Study Report, Impact on Value of High Voltage
11 Transmission Lines, Towns of Deerfield &
12 Littleton. Do you see that?

13 A I do.

14 Q And this was prepared for Attorney Bisbee at the
15 Devine law firm, correct?

16 A Yes.

17 Q And is that the same counsel and firm that
18 retained you and retained Mr. Underwood?

19 A Correct.

20 Q And the date of Mr. Underwood's study is May 27,
21 2011. Do you see that?

22 A I do.

23 Q Now, I understand you received a copy of this
24 report?

1 A I did.

2 Q And the next page is addressed to Attorney
3 Bisbee, and Mr. Underwood states that, quote,
4 "At your request, I have prepared the following
5 Preliminary Study Report in summary format to
6 determine if the value of residential properties
7 that abut or bisect existing high voltage
8 transmission lines, HVTL, is impacted." Close
9 quote. Do you see that?

10 A I do.

11 Q And then later on below he says the scope of the
12 report was limited to two towns, one in the
13 North Country, one in the southern tier; do you
14 see that?

15 A I do.

16 Q On the screen is the conclusion of Mr.
17 Underwood's report in which you can see in the
18 bold he concluded that, quote, "Based on the
19 preliminary analysis contained herein, there is
20 no market evidence in either Deerfield or
21 Littleton that would indicate diminution of
22 property value due to high voltage transmission
23 lines." Close quote. Do you see that?

24 A I do.

1 Q So Mr. Underwood back in 2011 reached that
2 conclusion, correct?

3 A Correct.

4 Q And he had reached that conclusion before he did
5 any of the case studies, correct?

6 A Correct.

7 Q So what is on the screen now is the summary of
8 the 22 case studies by Mr. Underwood and the two
9 by Mr. Amidon for Corridor #1, and I want to ask
10 you some questions about the information on
11 these summaries. Bear with me one moment.

12 So first on this. So looking at this
13 summary chart, first there's a description of
14 the property itself, correct?

15 A Yes.

16 Q Then next it has a title, Encumbrance; do you
17 see that?

18 A Yes.

19 Q And Encumbrance is either, the encumbrance is
20 for those properties that the right-of-way goes
21 through the property, correct?

22 A Correct.

23 Q And for those properties that the right-of-way
24 does not go through the property, it's indicated

1 Abuts; do you see that?

2 A I do.

3 Q Then next is Proximity, do you see that?

4 A Yes.

5 Q And under Proximity, you have the distance of
6 the house to the right-of-way, correct?

7 A Yes.

8 Q And then you have the distance nearest to the
9 nearest structure, correct?

10 A Yes.

11 Q And next Mr. Underwood listed Distance to the
12 Most Visible Structure, correct?

13 A Yes.

14 Q And then in the next category, Mr. Underwood
15 listed Visibility, and that is whether the line,
16 the most visible structure is either partially
17 visible, clearly visible, or not visible,
18 correct?

19 A Correct.

20 Q And then we have the category Appraisal
21 Evidence. So in the first column, we have Mr.
22 Underwood's or Mr. Amidon's or actually I should
23 say Mr. Stanhope's appraised value absent HVTL,
24 correct?

1 A Yes.

2 Q And then next to that is the price that the
3 house or property actually sold for?

4 A Correct.

5 Q And then there's either a premium or discount
6 which indicates either that the sales price was
7 above the appraisal value or below the appraisal
8 value, and denominated by a percentage, correct?

9 A That's correct.

10 Q Then we have the category of Market Time. The
11 first column under that category is Days on the
12 Market, and that would be the days that this
13 property was on the market, correct?

14 A Well, to be precise, it's the days on the market
15 under the current listing. It may have been on
16 the market under different listings a couple of
17 times so it's days on the market under the
18 current listing.

19 Q Right. For instance, for some properties they
20 could have put it on the market, taken it off
21 for a period of time and put it back on the
22 market; is that right?

23 A Yes. Or it could have been on the market, you
24 know, for sale by owner.

1 Q And then in the next column, it's the average
2 days on the market for the town the property is
3 located in?

4 A Correct.

5 Q Then we have a category for Interview Evidence;
6 do you see that?

7 A I do.

8 Q And under that category, the first subheading is
9 Interview Evidence of Sales Price Effect. Do
10 you see that?

11 A I do.

12 Q And that is the, whether it says "none" or "yes"
13 is based on Mr. Underwood's interview of the
14 listing broker, correct?

15 A Correct.

16 Q And then we have a category Interview Evidence
17 of Market Time Effect. Do you see that?

18 A I do.

19 Q And that is Mr. Underwood indicating whether
20 based on the interview there was some evidence
21 of a market time effect, correct?

22 A Yes. Just to be precise, I'm actually the one
23 who put this table together so I had the case
24 studies and I read the paragraph, and then I

1 made a judgment that this interview did not
2 offer any evidence one way or the other with
3 respect to sales price effect or it supported
4 that conclusion or it supported the absence of
5 an effect would be none. So in any event, I
6 filled out that column.

7 Q You filled out the column, but it was based on
8 your review of Mr. Underwood's paragraph
9 description?

10 A Correct.

11 Q And then Conclusions we already went through
12 earlier, correct?

13 A We did.

14 Q Okay. So looking back at encumbrance. If you
15 look under that column for the 24 properties
16 under Corridor #1, four of the 24 properties
17 abut the right-of-way, do you see that?

18 A Yes.

19 Q So that means 20 of them were encumbered by the
20 transmission line, correct?

21 A That's right.

22 Q Now, if you look under the Appraisal Evidence
23 category, and if you go down the list of Premium
24 or Discount, would you agree with me that 14 of

1 the 24 properties sold for some amount less than
2 the appraised value? There's a negative number
3 or negative percentage?

4 A I'll take your count on that.

5 Q Okay. And I'll represent to you, and you're
6 happy to look at this, but the range is from a
7 low of .9 percent and the high is for 10.3
8 percent which is down at the bottom, A number 1,
9 do you see that?

10 A I do.

11 Q And the median for that range is 5.6 percent.

12 A I'm sorry. Are you just talking about the
13 negatives or the positives or --

14 Q Correct. Just the negatives and the positives.

15 A But when you say the mean, are you averaging
16 over the plusses and minuses?

17 Q No. The median of the negatives only.

18 A Okay. So would you restate what you just said?

19 Q Sure. The low one is .9 percent and that's
20 number 2. If you look at number 2 --

21 A So you're saying the smallest negative number is
22 .9?

23 Q Correct.

24 A And the largest negative is --

1 Q 10.3.

2 A Okay. And the median?

3 Q Between those two numbers.

4 A Is?

5 Q 5.6.

6 A Not the mean but the median?

7 Q Correct. So if you look at proximity, that's to
8 the left, okay? And that's, you have three
9 levels of proximity. Either distance of the
10 house to the right-of-way, distance nearest
11 structure, and I assume that means distance of
12 the house to the nearest structure?

13 A Correct.

14 Q And then you have distance of the house to the
15 most visible structure, correct?

16 A Correct.

17 Q So if you're looking at just the 14 properties
18 that have a negative number under premium
19 discount meaning that the actual sale price was
20 some amount less than the appraisal value, if
21 you just look at that number alone, and you sort
22 of go down the list of proximity, and you can --
23 I'll first start with right-of-way, 7 of the 14
24 are more than 100 feet from the edge of the

1 right-of-way, correct?

2 A I'm not sure, but I'll take your word for it if
3 you've been careful.

4 Q And if you look at proximity distance to nearest
5 structure, those numbers tend to be even greater
6 distance, correct? Because it makes sense that
7 the structure is going to be farther away than
8 the edge of the right-of-way, correct?

9 A Correct.

10 Q Okay. And if you look at distance to nearest
11 structure, all 14 of the properties that have a
12 negative number, the nearest structure is more
13 than a hundred feet away. Because you just look
14 down the column and the closest one is 110. You
15 see that?

16 A Yes.

17 Q Okay. And for many of these properties, not
18 all, but many of them, the distance to the,
19 virtually all of them, the distance to the most
20 visible structure tends to be the closest
21 structure. That's usually the one you see the
22 most?

23 A That's right.

24 Q Okay. I'm going to ask you some questions about

1 number 7. Okay? And if you look at number 7,
2 and, unfortunately, to make it easier to read I
3 did away with the headings. So if you look at
4 number 7, for the discount, it was negative 6.4
5 percent, correct?

6 A Correct.

7 Q So that means that the actual sale price was 6.4
8 percent less than the appraisal value, correct?

9 A That's right.

10 Q And if you look all the way over to the right,
11 it says under Conclusions, Sales Price Effect
12 Conclusion, Mr. Underwood had concluded none,
13 correct?

14 A Correct.

15 Q Now, we indicated earlier that that "none" was
16 Mr. Underwood's conclusion, correct?

17 A That's right.

18 Q Now, you don't know why he concluded none,
19 correct?

20 A Well, we'd have to look at the rationale. In
21 the case study, it would probably be clear.

22 Q Okay. Before you turn that page, without
23 looking at that page, you don't know why,
24 correct?

1 A That's right.

2 Q Okay. Now, let me ask you one other question.
3 If you also look under Days on Market, for this
4 property the days on the market were 828 days.
5 Do you see that?

6 A Yes.

7 Q And the average in that town was 231 days,
8 correct?

9 A Yes.

10 Q Now, would you agree with me that 828 days on
11 the market would indicate market resistance to
12 this property?

13 A Yes.

14 Q Now, this property was on the market more than
15 three and a half times the town average,
16 correct?

17 A That's right.

18 Q But Mr. Underwood concluded that the presence of
19 the HVTL had no effect on market timing,
20 correct?

21 A That was his ultimate conclusion based on all
22 the considerations associated with the
23 transaction. Yes.

24 Q And what he knows of the transaction is the

1 sales price, his appraisal, and his interview of
2 the listing broker.

3 A And, very importantly, the physical relationship
4 of the property to the transmission line.

5 Q Okay.

6 A The orientation of the property, vegetation,
7 topography, size of the parcel.

8 Q Okay. Looking back at the chart itself, let me
9 ask you some questions about 11. Now, 11 had a
10 negative 5.9 percent price reduction, correct?

11 A Yes.

12 Q Which would indicate that the property sold for
13 5.9 percent less than the appraised value,
14 correct?

15 A That's right.

16 Q And again, in this case, Mr. Underwood indicated
17 Possible Sales Effect, correct?

18 A That's right.

19 Q Now, sitting here right now you don't know why
20 he said possible, correct?

21 A I don't recall. I'd have to look at the
22 evidence as he summarized it in the case study
23 summary, but where the evidence appears to be
24 contradictory or is not consistent it's

1 typically addressed and reconciled to the extent
2 it can be. In several cases simply left with
3 contradictory evidence. The listing broker says
4 categorically there was no effect. The lines
5 aren't visible. They're distant. And yet the
6 appraisal came in, let's say, 5 percent above
7 the sale price. In the North Country in
8 particular, the number of sales in this time
9 period was very, very sparse, and the housing
10 stock is very, very heterogeneous which means it
11 can be very difficult to find good comps. And
12 so if you're doing kind of suburban homes in
13 Concord, chances are getting good comps that
14 don't require a lot of adjustment is pretty
15 high, but if you're up north, particularly in
16 '10, '11, '12, you may not have great comps, and
17 you would take that into account and then would
18 come to a conclusion. In many cases his
19 conclusion was essentially that it's
20 indeterminate which is what possible means.
21 Possible really wasn't as good a term as
22 indeterminate because everything's possible. So
23 possible just means there's conflicting evidence
24 and no way to resolve it.

1 But in some cases, there's some conflict,
2 apparent conflict in the evidence, but he was
3 comfortable resolving it, and sometimes that
4 involved applying less weight to the Appraisal
5 Evidence simply because the confidence interval
6 in those appraisals is pretty broad in that kind
7 of a market. You know, be plus or minus, we've
8 talked explicitly about this, and some of those
9 markets at some points in time could easily be
10 plus or are minus 6, 7, 8 percent. In an urban
11 market, in a robust urban residential market, it
12 must be plus or minus 2 percent.

13 Q But you didn't study any of the individual
14 markets, correct? Yourself?

15 A That's correct, but he was aware of market
16 conditions.

17 Q So you don't have a basis to determine what the
18 range for any individual appraisal is because
19 you didn't study individual markets, correct?

20 A Well, I discussed that explicitly with the
21 appraisers.

22 Q I'm asking about your knowledge and the basis
23 for you individually to know that.

24 A Well, that would give me a perspective on it. I

1 wouldn't say that I had studied it in detail,
2 but I did have a perspective on Lancaster in
3 2011/2012 just from the materials that I
4 reviewed.

5 Q Okay. And those materials come from Mr.
6 Underwood, correct?

7 A I'm sorry?

8 Q Those are Mr. Underwood's materials he provided
9 to you?

10 A Well, there's been a variety now of, I've looked
11 at all kinds of stuff.

12 Q So if you look back on number 7 that had a
13 negative 6.4 percent, the distance of the house
14 to the right-of-way is 448 feet. Do you see
15 that?

16 A Yes.

17 Q And if you look at number 11, that had negative
18 5.9 percent, the distance is 160 feet, correct?

19 A Yes.

20 Q Both of which are outside the 100-foot range?

21 A They are.

22 Q So what's on the screen now is from your Report,
23 and you're summarizing your view of the 24
24 Corridor #1 case studies, and you said "In

1 summary, sale price effects in the 24 Corridor
2 #1 case studies were infrequent, small and only
3 occurred where there was close proximity; i.e.,
4 less than 100 feet from the house to the edge of
5 the right-of-way combined with partial or, more
6 often, clear HVTL visibility." Close quote. Do
7 you see that?

8 A Yes.

9 Q And to reach those conclusions, you had to rely
10 on the conclusions reached or listed under the
11 conclusions table that we saw earlier that were
12 Mr. Underwood's conclusions, correct?

13 A That's right.

14 Q So Mr. Underwood in his conclusions had listed
15 only three yeses for possible price effects, and
16 for those three -- four. Okay. Thank you.
17 Four. And for those four, they were 100 feet or
18 less, correct?

19 A That's right.

20 Q But if we would have considered the other
21 properties that showed a negative price meaning
22 that the sales price was less than the appraised
23 value, your statement about "infrequent" would
24 not be accurate, correct? Because we saw where

1 that is far more than four.

2 A That would be a different criterion, and one
3 that I don't think would be appropriate. You
4 know, I think it's the, it's the combined
5 evidence of the appraisal, the interview, and
6 the physical orientation of the property, and
7 it's the combination of those three things
8 that's critical and must be considered and the
9 real strength of the case study is that you have
10 information on each of those.

11 Q Okay. And if we had used the 14 properties that
12 had some negative indication based on the
13 appraisal, if you look at, and I know you have
14 it in front of you, if you look at number 8,
15 that is, it's a 781 distance from the house to
16 the right-of-way, correct?

17 A Yes.

18 Q And number 8 had a negative 5.9 percent,
19 correct?

20 A Correct.

21 Q So if we were to use number 8 and adopt the
22 conclusion that it had a price effect because it
23 showed 5.9 percent difference between the
24 appraisal and the sales price, then that would

1 extend from 100 feet to 781 feet, correct?

2 A Yes. If you use that single criterion, it would
3 change the table for sure.

4 Q Now, would I be correct in saying you didn't go
5 out and independently verify any of the
6 information in Mr. Underwood's report to you,
7 did you?

8 A No, nothing beyond what I might observe in
9 simply looking at the property. You know, I
10 might have just spotted something that, some in
11 inconsistency but no, I didn't do any detailed
12 review of the data in the appraisal or in the
13 case study summary.

14 Q Okay. Dr. Chalmers, what's in front of you now
15 is the summary chart for the Corridor #2 case
16 studies and these were all done by Mr.
17 Underwood. The information comes from Mr.
18 Underwood, correct?

19 A That's right.

20 Q And I understand that you created the chart and
21 put the data on it, correct?

22 A Correct.

23 Q Okay. Now, if you look again under Encumbrance,
24 four of the 28 properties are abutting the

1 right-of-way, correct?

2 A That's right.

3 Q And the other 24 properties are encumbered by
4 the transmission line or the right-of-way in
5 some way?

6 A That's right.

7 Q And if you look at the Appraisal Evidence, and,
8 again, if you go down the column premium or
9 discount, it shows that 10 of the 28 properties
10 showed some amount of discount meaning that the
11 sales price was less than the appraised value,
12 correct?

13 A That's right.

14 Q And here the low is 1.9 percent, and the high
15 which is number 31 is negative 17.9 percent. Do
16 you see that?

17 A I do.

18 Q And you would agree with me that 17.9 percent is
19 a significant decrease in value?

20 A Significant difference, yes.

21 Q And I'll represent to you that median between
22 1.9 and 17.9 is 9.9.

23 Now, if you look at the distance, the
24 proximity column, and look at number 30 which is

1 the greatest in terms of proximity, do you see
2 number 30? Case study number 30?

3 A I do. Yes.

4 Q And that showed a negative 2 percent, correct?

5 A Yes.

6 Q And the distance from the house to the
7 right-of-way is 1057 feet?

8 A Correct.

9 Q And the distance to the nearest structure is
10 1220 feet?

11 A Correct.

12 Q And if you go down and you look at number 32,
13 that's a negative 11.6 percent.

14 A Yes.

15 Q And that's the house that the property that you
16 indicated was up, the one that Mr. Underwood
17 concluded there was a price effect and it was
18 outside the 100 feet. That's the 106-foot
19 property, correct?

20 A Correct.

21 Q And I'll represent to you that if you look at
22 the chart, the numbers vary. The one I showed
23 you was on the high end of 1057 and 1220 and
24 then they go down to various distances after

1 that.

2 Now, if you look at number 24, 24 shows a
3 negative 6 percent, do you see that?

4 A Yes, I do.

5 Q And Mr. Underwood concluded that there was a
6 possible sales price effect, correct?

7 A Yes.

8 Q And if number 24 were included in your category
9 of yes for Price Effect, the distance from the
10 house to the right-of-way would increase to 369
11 feet, do you see that?

12 A Yes.

13 Q And that's more than three times your hundred
14 foot boundary that you were using, correct?

15 A Correct.

16 Q Now, for those price effects where Mr. Underwood
17 concluded "possible," and if you look at this
18 chart, there are 8 of those, correct?

19 A Yes.

20 Q So if Mr. Underwood had concluded that those had
21 a price effect, not just possible but yes, that
22 would have changed your boundary of 100 feet,
23 correct?

24 A Sure. If the data had been different, it would

1 have affected my conclusions for sure.

2 Q Now, take a look at number 48. At the bottom.
3 Number 48 has a negative 3.5 percent negative
4 price, correct?

5 A Yes.

6 Q And then for, you don't know why, for days on
7 the market, it was on the market 159 days,
8 correct? If you go down that column?

9 A Yes.

10 Q And the town average was 71 days, correct?

11 A Right.

12 Q So it was on the market for more than twice the
13 town average, correct?

14 A Correct.

15 Q But Mr. Underwood concluded that there was no
16 market time effect for that property, correct?

17 A That's right.

18 Q You don't know why he concluded there was no
19 market time effect despite the fact that it was
20 on the market more than twice the town average?

21 A Again, as I sit here, you cannot understand the
22 conclusion by simply looking at this table. You
23 have to look at the case study summary which is
24 only two and a half pages typically, but there

1 will be a rationale for the opinion which, you
2 know, in some cases will be compelling and in
3 other cases will be less compelling. But in any
4 event, there will be an explanation of how he
5 came to the conclusion that he did. And in
6 several cases, the evidence is simply
7 conflicting. And, you know, and so it's
8 indeterminate in his view.

9 Q And you relied on Mr. Underwood's conclusions
10 and his underlying rationale, correct? You
11 didn't go back and check any of his source data?

12 A Well, I didn't recheck the source data, and
13 frankly, they're pretty darn careful. That
14 wouldn't be my concern. My larger concern would
15 be the logic, and we worked collectively pretty
16 hard on the logic. So how good are these comps,
17 okay? You're using a 1400 square foot comp
18 against a 2400 square foot subject. What's the
19 square footage estimate in the north versus the
20 square footage adjustment in Concord. There are
21 a lot of relevant questions that they were, that
22 they were questioned carefully on, and I didn't
23 stop until it fundamentally made sense to me,
24 until the logic, until the thought process was

1 coherent and consistent and clear. And that, I
2 think, as I say, they're pretty good at getting
3 the data copied correctly off the deed or off
4 the tax card. But it was, it was the process of
5 interpreting that that bears some scrutiny and
6 it got scrutiny.

7 Q In terms of, you mentioned a moment ago the
8 comps. In order to understand whether a
9 particular comp is appropriate or not, you have
10 to understand the real estate market, do you
11 not?

12 A Well, I don't think I'd put it quite that way.
13 I mean, you have to have experience appraising
14 houses.

15 Q But don't you have to have experience appraising
16 houses in that market?

17 A Yeah. Yes. For a variety of reasons. I mean,
18 for tax reasons and all kind of reasons. But
19 yes, that's not quite how they described it.
20 Generally, you want to stay as close
21 geographically to the subject as you can. And
22 by implication, that means you want to stay in
23 the same market, yes.

24 Q But in order to really have a good feel for

1 whether any particular comp is appropriate or
2 not, you really need to understand the market in
3 which both the sales and the comp exist, do you
4 not?

5 A Yeah. As a general statement, I'd agree with
6 that.

7 Q And in this case, it wasn't part of your
8 assignment to go and look at and understand each
9 of the individual markets where appraisals were
10 done, correct?

11 A That's correct.

12 Q So on the screen now is your summary of the 28
13 properties in the Corridor #2 studies where you
14 said, "In summary, a conclusion of negative
15 effect of the HVTL on sale price in the 28
16 Corridor #2 case studies was infrequent and only
17 occurred where there was a combination of close
18 proximity and clear HVTL visibility." Do you
19 see that?

20 A Yes.

21 Q Now, that is based on the conclusion that four
22 of the 28 properties had a negative price
23 effect. Correct? That's how you concluded that
24 it was infrequent and only -- correct?

1 A Correct.

2 Q If you had included all of the properties that
3 showed any negative price effect, or even if you
4 included all the properties that was possible,
5 that would no longer make it incorrect, would
6 it?

7 A If you change the criterion, you'd get a
8 different tabulation, yes.

9 Q And you'd agree with me that 10 out of 28
10 properties is not infrequent.

11 A Right. It's a third.

12 Q Okay. So, Dr. Chalmers, what's on the screen in
13 front of you now is a summary of Study Area #3.
14 And I understand Study Area #3, these were done,
15 the appraisals were done by Stanhope Appraisals,
16 and Amidon provided you with this information
17 that you put on the chart, correct?

18 A That's right. Amidon did the case studies
19 analogous to Underwood and Stanhope did the
20 appraisals analogous to Correnti.

21 Q And for these six properties, they were all
22 encumbered, correct?

23 A Correct.

24 Q And if you look at the negative, at the

1 Appraisal Evidence under the column Premium
2 Discount, 5 of the 6 sold for less than the
3 appraisal value, correct?

4 A That's right.

5 Q And one of them sold for the appraisal value,
6 correct?

7 A Yes.

8 Q And here there's a low of .6 and a high of 8.4.
9 Do you see that?

10 A Yes.

11 Q And similar to the other two case studies, if
12 you look at the far right conclusions, again,
13 those were conclusions that Mr. Amidon reached,
14 correct?

15 A Correct.

16 Q And you adopted those in your interpretation of
17 the data, correct?

18 A I did.

19 Q Okay. So what I'm showing now on the screen is
20 the section of your report that you reached your
21 Conclusions from the case studies. You
22 recognize that?

23 A I do.

24 Q And the first Conclusion you reached was sale

1 price effects are infrequent. 10 cases out of
2 58, 17 percent, identified a negative sale price
3 effect. Do you see that?

4 A Yes.

5 Q Now, that 10 are the conclusions reached by Mr.
6 Underwood and Mr. Amidon, correct?

7 A That's right.

8 Q And another 11 cases, 19 percent identifying a
9 possible sales price effect. Do you see that?

10 A Yes.

11 Q And you say 37 cases or 64 percent concluded no
12 sales price effect. Do you see that?

13 A That's right.

14 Q So you felt that 10 out of 58 was infrequent.
15 17 percent?

16 A Given the extent to which these properties were
17 impacted. I mean, these were heavily impacted
18 properties, very close, by and large, with a lot
19 of visibility and in many cases a significant
20 encumbrance.

21 Q And would you agree with me that if you included
22 the negative sales or price effect that Mr.
23 Underwood and Mr. Amidon concluded and the
24 possibles, that 36 percent would not be

1 considered infrequent?

2 A Yeah, but the possible are indeterminate. Yeah,
3 if you add those in.

4 Q It's about a third. Little more than a third?

5 A That wouldn't be appropriate, but if you wanted
6 to do it, you would get a third, yes.

7 Q Now, we looked earlier at the Corridor #1,
8 Corridor #2 and Corridor #3, and I had listed
9 for Corridor #1 14 of the 24 properties had sold
10 for less than the appraised value; and Corridor
11 #2, 10 of the 28 properties sold for less than
12 the appraised value. And in Study Area #3, 5 of
13 the 6 properties were sold for less than the
14 appraised value. So that would be 29 of the 58
15 properties sold for an amount that was less than
16 the appraised value, assuming you agree with my
17 math, correct?

18 A Yes.

19 Q So that's a little over 50 percent, correct?

20 A Correct.

21 Q Then your next Conclusion was where sales price
22 effects were found, they appear to have been
23 small. That's your next conclusion, correct?

24 A Yes.

1 Q And again, that's based on Mr. Underwood and
2 Mr. Amidon's conclusions of those properties
3 where they found price effect, correct?

4 A Correct.

5 Q And if you looked at Corridor #1, the price
6 effect ranged from 1.6 percent to as high of
7 10.3 percent. Do you recall that?

8 A That's the raw appraisal result, correct.

9 Q Correct. Correct. So, and the meaning of that
10 is just under 6 percent. Would you agree with
11 me that just under 6 percent, my math says 5.95
12 percent, that would not be considered a small
13 discount?

14 A Again, I think you have to consider it relative
15 to the extent to which these properties are
16 impacted.

17 Q Would you agree with me that's not a small
18 discount?

19 A Given the extent to which, you know, some of
20 these properties had 15 structures on them.
21 Some of them were 80 percent encumbered. Some
22 of them had structures very, very close, and I
23 think given the extent of the intrusion on some
24 of these properties, the results struck me as

1 being small. You know, there weren't 25 percent
2 or 30 percent. These were single digit, by and
3 large, single digit impacts on properties.

4 The other thing is that the appraisal
5 evidence has to be interpreted carefully. You'd
6 been sort of pointing out that about half of the
7 appraisals are coming out with a value greater
8 than the sale price, but about half are coming
9 out with a value less than the same price.

10 Well, what does that imply? I mean, if you take
11 that literally, if you simply blindly look at
12 that, that implies that the transmission lines
13 are increasing the value, right? Because we're
14 normally holding everything else equal.

15 Well, I don't believe that. I believe that
16 the appraisal process has a confidence interval
17 associated with it, and you're going to get some
18 randomness there. And, in fact, you get
19 randomness, about half of them have a negative
20 differential. Half of them have a positive
21 differential.

22 That's why the case study approach is so
23 important. You've got to talk to the brokers.
24 You've got to understand the relationship of the

1 property, and then you look at the appraisal and
2 then you look at the quality of the appraisal,
3 and you've got to put all these of those
4 together. In many cases they conform, and you
5 get a real clear, yeah, it's obvious those lines
6 affected that sale price. But in a lot of cases
7 you don't get that clear answer and that needs
8 to be duly noted.

9 So I would not interpret the differential
10 or the median differential as an indicator of
11 what the size of those effects are. There would
12 have to be -- we never formed an opinion or they
13 never formed an opinion on the size of the
14 effect. They simply said there was an effect,
15 there wasn't an effect or you can't tell. If I
16 were asked to form an opinion on a given sale,
17 I'd have to look very carefully at the details
18 of that sale, and I might or might not take that
19 Appraisal Evidence literally.

20 Q So you indicated that in your second conclusion,
21 where sale price effects were found, they appear
22 to have been small, correct?

23 A Yes.

24 Q So on the screen is a summary for Corridor #2.

1 And if you go down the list of premiums or
2 discounts, and you look to the right and just
3 use the conclusions reached by Mr. Amidon, the
4 first one had a negative 17.9 percent which is
5 number 31. Do you see that?

6 A You're talking about Mr. Underwood, I think,
7 right?

8 Q I'm sorry. Thank you. Mr. Underwood. So for
9 number 31, it's minus 17.9 percent, correct?

10 A Correct.

11 Q The next one where Mr. Underwood found the sales
12 price effect is 32 and that is negative 11.6
13 percent, correct?

14 A Correct.

15 Q And the next one is number 41, and that's a
16 negative 11 percent, correct?

17 A Yes.

18 Q And then the next one is number 44, and that's
19 13.9 percent, correct?

20 A Correct.

21 Q So we've seen a range of 11, 11.6, 13.9 and
22 17.9, correct?

23 A Yes.

24 Q Would you agree with me that those aren't small

1 discounts?

2 A Those are not small discounts, but, again, it
3 would be a mistake to interpret those literally.
4 What about the case number 29 here that's got a
5 plus 9.4. How do we interpret that? Does that
6 mean that the transmission line caused a 9.4
7 percent premium? And the anticipate is no, that
8 doesn't make any sense. So what we're, all I'm
9 saying is you've got to be very careful to look
10 at as much information as you have about any of
11 these sales before you reach a conclusion. I
12 haven't tried to come to a conclusion on what
13 the particular number might be for sale number
14 31, but you'd have to do that before I think
15 taking anything of that magnitude literally.

16 And, again, I think how you characterize
17 that is really a function, or at least the way
18 I've interpreted, it's a function of kind of how
19 heavily impacted that property is.

20 Q Okay. So your next conclusion was sales price
21 effects decreased very rapidly with distance,
22 and, again, only one of the 10 cases had a house
23 located from the edge of the right-of-way and 7
24 were within 30 feet. And we saw under the

1 summaries that if you went beyond the
2 conclusions of Mr. Underwood or Mr. Amidon about
3 price effect, and even if you just used the
4 possible ones, let alone the ones that show
5 negative, it would significantly increase that
6 100 feet, correct?

7 A Yes. If you included the indeterminate cases
8 with the ones where an effect was included, the
9 number would go up, yes.

10 Q And in one case, it's over 300 feet, correct?

11 A Yeah, but why would you do that?

12 Q If you did that, that would significantly
13 increase the pool of possible case studies to
14 look at, would it not?

15 A No.

16 Q If you included houses more than 300 feet away?
17 I take that back. There could be properties
18 that either aren't encumbered or abut the
19 right-of-way that were more than, they were 300
20 feet away from the right-of-way, correct?

21 A Well, you're changing lanes here. You just
22 wanted to add the indeterminate cases to the
23 cases in which it was concluded affirmatively
24 that there was a sales price effect, and my

1 rhetorical question was why would you do that.
2 Because the conclusion is that it's
3 indeterminate. That there's conflicting
4 evidence. Some of the evidence goes one way and
5 some goes the other way. We essentially have to
6 set those aside. Now, if arbitrarily you want
7 to add those in and say let's interpret those as
8 yeses, I guess you could do that. It wasn't
9 clear to me why you would do that.

10 Q But my point is is that eventually you used that
11 100-foot marker to look solely at properties
12 that might be impacted by Northern Pass,
13 correct?

14 A Right. And that number is very important, and
15 that's the reason to not include the
16 indeterminate cases, right? Because we don't
17 know in those indeterminate cases.

18 Q My point is is if you would have expected your
19 pool, you would have a greater pool from which
20 to look at, correct?

21 A That's self-evident. Right.

22 Q Okay. And we saw also that if you included
23 properties that is have a negative effect based
24 on the appraisal value, in some cases the

1 distance went out to 1220 feet, correct?

2 A Right. There's a variety of distances
3 associated with that particular discrepancy,
4 yes.

5 Q Okay. So I'm going to drop down to your last
6 Conclusion, which is quote, "Marketing time
7 effects were also infrequent. It was concluded
8 in 41 (70 percent) of the 58 cases that there
9 was no marketing time effect of the HVTL."
10 Close quote. Do you see that?

11 A Yes.

12 Q So you consider 30 percent of the time to be
13 infrequent?

14 A No. That remaining 30 percent is, about half of
15 that is a conclusion that there was a marketing
16 time effect and about half is that a conclusion
17 is indeterminate with respect to marketing time.
18 So it's essentially two-thirds no, one-sixth
19 indeterminate, one-sixth there was a marketing
20 time effect which is about the breakdown on sale
21 price effects. Two-thirds, no; one-sixth, yes;
22 and one-sixth, indeterminate.

23 Q And the indeterminate wasn't based strictly on
24 days in the market versus town average, correct?

1 A Correct.

2 Q They had to make a judgment that although a
3 property may have been on the market for greater
4 than the town average, and one case we saw three
5 and a half times the town average, they, either
6 Mr. Underwood or Mr. Amidon, made a judgment
7 that there was no market effect, correct?

8 A The interview evidence with the listing with the
9 brokers played a big role in that conclusion.

10 Q Thank you. So I had asked you earlier and you
11 indicated that you had accepted Mr. Underwood's
12 conclusions that show up on the two charts he
13 did, correct?

14 A Yes.

15 Q And in order to, in addition to that, you also
16 reviewed and relied upon his writeup of the
17 interviews, correct?

18 A Correct.

19 Q I mean, the only knowledge you have of the
20 interviews is based on, from Mr. Underwood,
21 correct?

22 A That's right.

23 Q And so in order to reach your conclusions, you
24 had to rely on Mr. Underwood's credibility, did

1 you not?

2 A I did.

3 Q And you also had to rely on whether or not Mr.
4 Underwood was completely objective, correct?

5 A Is completely what?

6 Q Whether he was objective or not?

7 A Correct.

8 Q And you had to rely on his judgment in many
9 instances, correct?

10 A Yes.

11 Q Okay. Now, when you wrote your report in June
12 of 2015, and when you filed your testimony and
13 your Supplemental Testimony, as late as April of
14 2017, did you know that Mr. Underwood was in
15 financial trouble?

16 A No.

17 Q Have you since learned that Mr. Underwood has
18 filed for bankruptcy protection?

19 A No.

20 Q Okay. Dr. Chalmers, what's on the screen is the
21 Voluntary Petition for Individuals Filing
22 Bankruptcy that Mr. Underwood filed on October
23 5, 2016. If you look at the top you can see the
24 date, and later on there's a date as well. Do

1 you see that?

2 A I do.

3 Q On the screen now is the second page and it
4 indicates Mr. Underwood's address. Do you
5 recognize that?

6 A I recognize the Rye, New Hampshire, town
7 address, not the street address or the P.O. box.

8 Q Okay. Fair enough. So on the screen it
9 indicates Mr. Underwood's occupation is real
10 estate appraiser, self-employed, B.C. Underwood,
11 LLC, do you see that?

12 A Yes.

13 Q And that's the same Mr. Underwood who did the
14 work in this case, correct?

15 A That's right.

16 Q Now, what's on the screen is the page from Mr.
17 Underwood's Petition in Bankruptcy, and the
18 question is do you hold or control any property
19 that someone else owns, and at the bottom he
20 indicates Dartmouth College. Where is the
21 property, my account. And it says retainer of
22 18,000 for appraisal work I have yet to perform.
23 Do you see that?

24 A Right.

1 Q Now, you're a certified appraiser, correct?

2 A Yes.

3 Q Would you degree with me that appraisers should
4 hold their client's retainer in trust until the
5 appraisal work is performed?

6 MR. WALKER: Object to the relevance of
7 this line of questioning, Mr. Chairman.

8 PRESIDING OFFICER HONIGBERG: Mr. Pappas?

9 MR. PAPPAS: He's testified repeatedly that
10 he relied on Mr. Underwood's credibility in his
11 work.

12 PRESIDING OFFICER HONIGBERG: Objection is
13 overruled. You can answer.

14 MR. PAPPAS: Thank you.

15 A It sounded like a legal opinion to me. You can
16 repeat the question if you wish.

17 Q Sure.

18 A I'm not sure that --

19 Q That's fine. I prefaced by saying you are a
20 certified appraiser, correct?

21 A Correct.

22 Q Now, would you agree with me that in the
23 appraisal industry, for certified appraisers,
24 the practice or the better practice is to hold a

1 client's retainer until you do the work and then
2 you can accept the retainer as your funds?

3 A I still don't really understand the, I mean,
4 when I get a retainer I deposit it in my bank
5 account, but you don't spend it. Is that what
6 you're saying?

7 Q Do you keep in your bank account and don't
8 consider it your earned money until you do the
9 work?

10 A I'm not sure I've ever gone through that thought
11 process with any precision. If for some reason
12 the assignment got cancelled, I suppose you'd
13 give the retainer back, if that's the
14 implication. I don't go through that thought
15 process.

16 Q Would you agree with me that the appraiser
17 doesn't earn the money until they do the work?

18 A Yeah. I think that's fair.

19 Q What's on the screen now is a page from Mr.
20 Underwood's Bankruptcy Petition, and it
21 indicates deposit of money, and it shows four
22 accounts in Mr. Underwood's name, and it shows
23 the balance in those accounts, and you agree
24 with me that the four accounts in Mr.

1 Underwood's name does not contain the \$18,000
2 retainer he received from Dartmouth College?

3 A Correct.

4 Q Then if you look below, it indicates B.C.
5 Underwood, LLC, and a description of the
6 company's assets, and Mr. Underwood indicated
7 zero value. Do you see that?

8 A Correct.

9 Q Okay. And here's another page from his
10 Bankruptcy Petition, and this has to deal with
11 exemptions he claimed, and here he indicates
12 electronics, computer equipment and camera
13 equipment for work and he placed a value of
14 \$5,000 on it. Do you see that?

15 A Yes.

16 Q Okay. Now, this is pages from Mr. Underwood's
17 Bankruptcy Petition, and it's a schedule of
18 creditors who have unsecured claims and the
19 first, IRS is \$7,700. Do you see that?

20 A Yes.

21 Q And it says when was the debt incurred, 2013.
22 Do you see that?

23 A Yes.

24 Q And so Mr. Underwood had this debt at the time

1 he did the work in this case, correct?

2 A Apparently.

3 Q Continuing with creditors, Mr. Underwood lists,
4 again, the Internal Revenue Service for owing,
5 he owes the IRS \$20,000. Do you see that?

6 A I do.

7 Q Says when this debt was incurred was 2015. Do
8 you see that?

9 A Yes.

10 Q And that's the year he did work on this case,
11 correct?

12 A Some of his work was in 2015. Yes.

13 Q Okay.

14 A Pretty well wrapped up by, you know, the spring.

15 Q And then below, he has a creditor Barclay's Bank
16 Delaware. You see that?

17 A Yes.

18 Q And that is credit card in default. Do you see
19 at the bottom?

20 A Yes.

21 Q And that debt was \$52,873.81?

22 A Correct.

23 Q Then continuing on with creditors, again we see
24 the IRS, this time for 27,083.96. Do you see

1 that?

2 A Yes.

3 Q And that debt was from 2009?

4 A Correct.

5 Q And then below that, he was indebted to the Lake
6 Winnepesaukee Golf Club, looks like for past due
7 invoices, in the amount of \$56,205.87. Do you
8 see that?

9 A Yes.

10 Q And that's since 2004?

11 A Correct.

12 Q So at the end of his bankruptcy schedules on
13 debt, he lists debt of \$361,163.46. Do you see
14 that?

15 A I do.

16 Q And earlier the page went up where his assets
17 were 49,000 and some change. Were you also
18 aware that Mr. Underwood was involved in
19 litigation regarding his debt?

20 A I was not.

21 Q This is a page from his bankruptcy schedule, and
22 if you look in the middle, it indicates Schubert
23 v. Underwood. Do you see that?

24 A Yes.

1 Q And the case caption is 212-2015-cv-27; do you
2 see that?

3 A Yes.

4 Q And I'll represent to you that when it indicates
5 212-2015, that means that case was filed in
6 2015.

7 A Okay.

8 Q And that was pending in Carroll County Superior
9 Court, do you see that?

10 A Yes.

11 Q Now, are you aware that at least one of Mr.
12 Underwood's creditors are objecting to him
13 getting a discharge in bankruptcy with respect
14 to his debts?

15 A I have no knowledge of any of the details of any
16 of this.

17 Q Are you aware that the grounds for that
18 objection is that Mr. Underwood allegedly
19 provided false testimony?

20 A I have no knowledge of any of this.

21 Q Counsel for the Public's Exhibit 393 is the
22 Adversary Complaint filed in Mr. Underwood's
23 bankruptcy proceeding against him by Mary E.
24 Schubert, and I'm not going to go through the

1 details of this because the Committee can read
2 this at its leisure.

3 MR. WALKER: Objection, Mr. Chairman. It
4 seems like he's now referring to allegations.
5 Nothing more than allegations in a Complaint.

6 MR. PAPPAS: I am referring to allegations
7 in the Complaint. I think they're relevant.
8 I'm not going to go through detail. I'm just
9 going to ask him one question about it.

10 PRESIDING OFFICER HONIGBERG: Okay. Ask
11 your question.

12 MR. PAPPAS: Sure. I'm just going to ask
13 him whether he was aware of these allegations.
14 A I think I made it clear I have no knowledge of
15 any of this.

16 Q Okay. All right. This is a publicly available
17 document so I'm not going to take the time to go
18 through it because I think the Committee, if it
19 would like, can read it on its own. It's
20 Counsel for the Public's Exhibit 393.

21 So let me move on to ask you some questions
22 about the impact of high voltage transmission
23 lines on undeveloped land. Raw land. Now, on
24 the screen now is Counsel for the Public's

1 Exhibit 378. Do you see that?

2 A Yes.

3 Q This is your article from May/June 2012
4 regarding your study in Montana, correct?

5 A That's right.

6 Q And if you look, this is a page from your
7 article, and you describe what you studied which
8 was the Aspen Valley Ranch's subdivision. Do
9 you see that?

10 A Yes.

11 Q And you go on to describe that they were
12 undeveloped lots, correct?

13 A Yes. There were 148 of them. It was kind of a
14 unique experimental situation in that, as you
15 can see, there's 500 kV, double circuit 500 kV
16 cuts right through the middle of this 148-lot
17 subdivision. They're pretty much cookie-cutter
18 lots. Many of them have no view of the
19 transmission line, some of them have a partial
20 view and some of them have a clear view. And we
21 had the sales history of that subdivision so it
22 was possible to study whether proximity,
23 visibility, affected the sale of these raw land
24 parcels.

1 Q Then on the screen now is the last page of your
2 article, and the highlighted portion on the left
3 just is a discussion of your general
4 conclusions, do you see that?

5 A Yes.

6 Q And you concluded that the vulnerability to
7 transmission line impacts on values is a
8 function of three variables. Use, size and
9 available of substitutes, correct?

10 A Yes.

11 Q And then on the right-hand side you show the
12 results of your statistical analysis, correct?

13 A That's right.

14 Q And you'd agree with me that statistical
15 analysis is perhaps the most reliable of the
16 methods?

17 A To answer the basic question of whether there's
18 any systematic measurable effect, in general,
19 yes.

20 Q And you concluded in this study that a discount
21 of about 15 percent in the sales price of lots
22 within 1000 feet of the centerline of the kV
23 line, but none beyond that, correct?

24 A That's what we found, yes.

1 Q But in this study and in these findings, you
2 found a 15 percent discount out to 1000 feet?

3 A Correct.

4 Q So, Dr. Chalmers, let me ask you now some
5 questions about the subdivision studies that you
6 did. We already talked about the review of
7 literature, and we talked about the case
8 studies, and now I'll ask you some questions
9 about the subdivision studies that are included
10 in your report.

11 Now, first would you agree with me that a
12 subdivision approach such as this is not
13 commonly used?

14 A Yes. It's not common.

15 Q Okay. Now --

16 A You know, we should just add that most of the
17 approaches or most of the work in this area has
18 addressed improved properties, and the
19 subdivision approach is raw land is undeveloped
20 lots. The rationale is that if there are
21 effects, they would be easier to find with
22 looking just at the lots because you don't have
23 to worry about the houses. The impact should be
24 easier to identify. And so that was, that's

1 always been my motivation. Now we can't find it
2 with the houses on it because we have to control
3 for the houses, but let's just go back to the
4 lot, and if you had two lots, one adjacent to a
5 transmission line and one not adjacent, maybe we
6 can learn something by looking at which one
7 sells first and whether they sell at different
8 prices. That's the rationale.

9 Q Now, you selected the ten subdivisions, correct?

10 A I did.

11 Q And as I understand it, you selected the ten
12 subdivisions mostly from your desk in Montana?

13 A From aerial photography.

14 Q And after you looked at aerial photography, you
15 then looked at some tax maps, and after you
16 selected the ten subdivisions, you came here and
17 you actually visited the ten subdivisions,
18 correct?

19 A Yes. Basically, I went down the proposed route
20 starting in Dummer looking for subdivisions. So
21 I'm really looking at lot lines where A, the
22 lots are reasonably homogeneous, same size, and
23 where some of them are abutting or encumbered by
24 a right-of-way. Others aren't. So the ideal

1 would be a rectangle, five lots on either side
2 of some centerline access, and then a
3 transmission line down the left-hand side that's
4 affecting five of the lots, not affecting the
5 five on the other side, and then I'd go back
6 through the chain of title to the original sale
7 of those lots and say did the five on the
8 right-hand side sell first or was it random, and
9 did they sell at the same price. And it's a
10 pretty good check. I mean, if it doesn't show
11 up there, I mean, if there is an effect, it
12 ought to be pretty easy to find it in that
13 context. That's what we were up to.

14 So I came down the line, once I found a
15 subdivision in a given town, didn't find them in
16 every town, but once I found one, went on to the
17 next town. Wanted to get as much geographic
18 dispersion as I could. And ended up with ten
19 along Corridor #2, the PSNH corridor, and then
20 three in the, in Study Area #3 in the Portsmouth
21 area.

22 Q And you didn't seriously consider looking down
23 the Phase II line Corridor #1, correct?

24 A I didn't. No. That seemed like a sufficient

1 number, and it's a lot of work.

2 Q So let me ask you some questions about these
3 subdivision studies.

4 (Discussion off the record)

5 PRESIDING OFFICER HONIGBERG: We're going
6 to take our lunch break for about an hour.

7 (Lunch recess taken at 12:17
8 p.m. and concludes the **Day 24**
9 **Morning Session**. The hearing
10 continues under separate cover
11 in the transcript noted as **Day**
12 **24 Afternoon Session ONLY**.)
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C E R T I F I C A T E

I, Cynthia Foster, Registered Professional Reporter and Licensed Court Reporter, duly authorized to practice Shorthand Court Reporting in the State of New Hampshire, hereby certify that the foregoing pages are a true and accurate transcription of my stenographic notes of the hearing for use in the matter indicated on the title sheet, as to which a transcript was duly ordered;

I further certify that I am neither attorney nor counsel for, nor related to or employed by any of the parties to the action in which this transcript was produced, and further that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

Dated at West Lebanon, New Hampshire, this 4th day of August, 2017.

Cynthia Foster, LCR