



March 11, 2019

Mr. Benjamin Clegg
Rocky Mountain Power
1407 W. North Temple Street, Room 220
Salt Lake City, Utah 84116

SUBJECT: Clarification to Opinion Letter – Impact of Electrical Transmission Line Upgrade on Home Values

Dear Mr. Clegg,

I previously provided an opinion letter that appears to have created some confusion. Hopefully the following points help clarify.

1. The studies that we completed were macro in scope and should not be applied directly to any particular property or project. Instead, the studies reflect general market data regarding the impact of transmission lines and were intended to analyze generally claims made by some appraisers and property owners of significant impacts (10% or greater) of abutting transmission lines.
2. While we isolated myriad property-specific variants in our studies, one we were not able to isolate is location on collector and arterial-class roadways. It is axiomatic that homes on busy roadways sell for less than those on residential streets, all other things being equal. However, we did not undertake a street by street categorization necessary to permit isolation of this characteristic in the studies presented. This of particular note as it relates to findings for 138kV lines, those as a percentage most likely to be found along such busy roadways. The implication is that the impact factor indicated in the studies for homes immediately abutting 138kV is inflated as representing both the value impact of the 138kV lines and the impact of those properties in the sample that are on busy roadways. The value impact indications of the 46kV and 345kV indicate there are other property characteristics that are not fully addressed in the studies. Roadway orientation is a particularly notable example of such a characteristic.

3. Third, our studies do not address step-up projects but instead compare only homes proximate to transmission lines and those not. It is analytically inappropriate to attempt to mathematically calculate impact of a step-up project from the data and conclusions of our analysis as such extrapolation invites compounding error of analysis. That is, any error of analysis as it relates to a given population (e.g., homes immediately proximate to roadways or homes abutting open space corridors associated with 345kV corridors) is compounded in quantitative comparison with another population. This danger is evident if one compares the indicated impact of 138kV and 345kV lines. Obviously, the idea that the significantly larger and more obtrusive 345kV lines would have less impact than 138kV lines is antithetical to the idea that transmission lines have any impact at all and consequently indicate that our studies have not yet addressed every meaningful variant.
4. While the studies do not produce absolutely reliable quantification of impact factors, the studies do reliably support the conclusion that transmission corridors have no impact or nominal (significantly less than the 5% reflected for 138kV lines before accounting for roadway orientation) impact on value when comparing properties proximate to corridors with those not. This conclusion is consistent with my general experience in valuing properties as well.
5. Given the foregoing, it is my opinion based on extensive experience in valuing and analyzing properties proximate that step up projects have no impact to nominal impact on proximate homes. It is further my belief that if the homes were appraised both before and after the step up project for, say, refinancing, that the appraiser would not even mention the lines much less adjust value. This opinion is based on the fact that in spite of reviewing hundreds of residential appraisals, I have never seen one for lending purposes identify or adjust for abutting power lines. This is strong anecdotal evidence of the market's indifference to transmission lines which ubiquitously span the market and underlies my conclusion.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Salt Lake City



Troy A. Lunt, MAI, SR/WA

