

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

In the Matter of the Application of American
Transmission Company, As an Electric Utility,
to Construct a New 345 kV Transmission Line
from the Rockdale Substation to the West
Middleton Substation, Dane County, Wisconsin

Docket No. 137-CE-147

DIRECT TESTIMONY OF BRADLEY L. HUTTER

1 **Q. What is your name, title, and business address?**

2 A. My name is Bradley L. Hutter. I am, and have been since 2000, the
3 president of Mortenson Investment Group, which is located at 3001 West
4 Beltline Highway, Suite 202, Madison, WI 53713.

5 **Q. What is Mortenson Investment Group?**

6 A. Mortenson Investment Group ("MIG") is a multi-dimensional commercial
7 real estate development, leasing and private investment company. MIG
8 was formed in March 1995 and resulted from a merger of various real estate
9 ownership and developmental entities existing since 1967. MIG builds and
10 leases large, high-class office buildings for business tenants. Further, MIG
11 provides management experience in concert with private equity investment
12 in select organizations that share its corporate culture and financial

1 objectives. MIG also offers business insurance referral and consultation
2 services.

3 **Q. Please describe MIG's property development, management, and**
4 **leasing division.**

5 A. MIG's commercial property development, management, and leasing
6 division is our most visible asset. MIG provides comfortable working and
7 meeting space to more than forty Fortune 500, regional and Madison-based
8 businesses and their clients. Only a small percentage of MIG's
9 approximately 1,000,000 square feet of lease space is ever vacant, which is
10 well below national, regional, and City of Madison averages. MIG's newest
11 project, Arbor Gate, is stunning architecturally and impressive in its Class
12 A quality of construction. This project and its follow-up phases will
13 provide MIG with an additional 280,000 square feet of new office and retail
14 space for lease on the central Beltline. MIG owns a diverse portfolio of real
15 estate, including warehouse, retail and high-end office, and we continue to
16 develop. Our real estate partnerships include ownership in such varied
17 facilities as the Perkins restaurants in Madison, the Department of
18 Corrections building on East Washington Avenue, the seven office
19 buildings that make up the Central Beltline Office Campus, and
20 partnerships in high use professional offices on the Capitol Square.

1 **Q. Please describe MIG's investment business.**

2 A. MIG makes equity investments in, and assists in management and oversight
3 of select privately owned entities throughout the United States, primarily in
4 Southern Wisconsin. Since Loren Mortenson founded MIG in 1995, MIG
5 has invested in, and partnered with, a dozen local companies that currently
6 employ over 1,000 people. Such companies include Collectar, Inc.,
7 DaneVest, Gaming Informatics Software, and Ideal Builders, all in
8 Madison, and Food Concepts, Inc., in Middleton.

9 **Q. How do the real estate development and the investment divisions of**
10 **MIG work together?**

11 A. MIG chooses investment opportunities that will allow MIG to leverage its
12 property development expertise. For example, MIG may invest in a
13 company that has a need for real estate development expertise, such as a
14 need to buy or improve property in order to expand. MIG then uses its own
15 expertise, as well as that of other entities in which it has an interest, to help
16 that company meet its goals through real estate development. An example
17 of one such company is Food Concepts, Inc. MIG acquired an interest in
18 that company then helped it to improve as a business through real estate
19 development in cooperation with FCI management and ownership.

1 **Q. How does the investment division affect MIG's role as a developer of**
2 **real estate?**

3 A. Because MIG not only develops real estate but also, in some instances,
4 owns the companies that benefit from its development activities, MIG has a
5 long term stake in its real estate developments. This also means that MIG
6 has a long term stake in the continued economic development of the
7 communities in which its companies do business. Consequently, MIG
8 carefully selects from among investment and development opportunities
9 those projects that have a solid prospect of long term success.

10 **Q. What are your responsibilities as president of MIG?**

11 A. As President of MIG, I have ultimate responsibility for all aspects of MIG's
12 operations, including its real estate development and investment divisions.

13 **Q. Apart from your work as president of MIG, what personal experience**
14 **do you have with real estate development?**

15 A. From 1997 to 2000, I served as MIG's chief operating officer. In that
16 position, I performed many of the same functions as I do currently as
17 president; however, I did not have responsibility over the investment
18 division of MIG, and I did not have the same level of authority to take
19 action as I do now.

1 Also, I am a licensed attorney, insurance agent, and real estate agent
2 in Wisconsin. Consequently, I know the real estate business from several
3 different perspectives. In fact, as an attorney, I practiced in areas that dealt
4 with real estate development and business organizations.

5 I work with the local government and have served, by appointment
6 by the Mayor of Madison, on the East Washington Avenue BUILD
7 Advisory Committee and the Todd Drive-Beltline Redevelopment District
8 Committee. I was named by the Mayor of Madison to the selection and
9 interview committee for the City of Madison's new Economic Development
10 Coordinator. I also served as a governing board member of the South
11 Madison Redevelopment Fund.

12 **Q. Are you familiar with the proposals proffered by the American**
13 **Transmission Company ("ATC") regarding a transmission line to be**
14 **built in the Madison area?**

15 A. Yes.

16 **Q. Have you had contacts with ATC regarding its proposal?**

17 A. Yes. As a developer of properties along the Beltline and in the Madison
18 area generally, I realized that many different individuals, entities, and
19 governmental bodies had an interest in ATC's proposed transmission line
20 project. This loose coalition of varied entities, including developers,

1 technology and manufacturing companies, educational institutions, and
2 municipalities has had meetings and other contacts with ATC from late
3 2006 until mid-2008. I have been quite active in arranging and
4 participating in these discussions with ATC.

5 **Q. Please describe your initial contacts with ATC.**

6 A. Initially, this coalition contacted ATC with a goal of discussing our support
7 for ATC's proposal if ATC would place a portion of the transmission line—
8 the portion that would traverse the Beltline—underground.

9 **Q. What position did ATC take with this group during these initial**
10 **contacts?**

11 A. Mark Williamson, Charlie Gonzalez, Sarah Justus, and Frank Fennessy,
12 (who variously represented ATC at multiple meetings over the past two
13 years) initially explained to our group that undergrounding the transmission
14 line along the Beltline was not technically possible.

15 **Q. What did you and these other interested parties do next?**

16 A. We undertook research on our own into undergrounding the transmission
17 line.

18 I attended a conference in San Diego sponsored by Electric Utility
19 Consultants, Inc. and entitled the "Underground Transmission Conference:
20 Trends, Techniques and Best Practices." At that conference, I learned that

1 undergrounding 345Kv, and lower Kv, transmission lines is an increasingly
2 prevalent practice that can be cost-effective. I concluded that ATC either
3 was unaware of the new developments discussed at the conference or chose
4 not to accept the information presented at the conference for some reason.

5 **Q. What happened upon your return to Wisconsin from that conference?**

6 A. This loose coalition of organizations coalesced into the Coalition for an
7 Underground Alternative ("CUA"). We started a website and continued to
8 hold regular meetings to discuss the viability of an underground alternative
9 to ATC's strictly overhead transmission line proposal. On January 7, 2008,
10 we sought to intervene in the present proceeding as a full party, and the
11 Commission granted that request on January 28, 2008.

12 **Q. What is CUA's position in this proceeding?**

13 A. CUA supports placing the transmission line underground along the Beltline
14 from Highway 51/Stoughton Road to the West Middleton Substation.

15 **Q. Generally, how do you perceive ATC's position with respect to
16 undergrounding a portion of the transmission line?**

17 A. ATC's position with respect to undergrounding has been result-oriented and
18 inconsistent. ATC's actions seem to have been designed to steer the project
19 away from an underground alternative rather than conducting a legitimate
20 and unbiased analysis of an underground alternative. When challenged on

1 the basis for its apparent "overhead" preference, ATC has been forced to
2 change its position repeatedly.

3 **Q. Can you provide any examples of such conduct by ATC?**

4 A. Yes, I can. As I described above, ATC initially informed the nascent CUA
5 organization that undergrounding simply was not "technically possible."
6 My trip to San Diego showed me that ATC was wrong. When CUA
7 presented ATC with information showing that undergrounding the
8 transmission line was indeed technically possible, ATC conceded that fact
9 but claimed that undergrounding the transmission line was not "technically
10 feasible."

11 Again, members of CUA and I conducted independent research of
12 publicly available information that yielded a contrary result. When we
13 alerted ATC to our findings that undergrounding the transmission line was
14 indeed technically feasible, ATC conceded that fact but claimed that
15 undergrounding the transmission line was not "technically reasonable."

16 Once again, members of CUA and I conducted independent research
17 of publicly available information that yielded a contrary result. When we
18 alerted ATC to our findings that undergrounding the transmission line was
19 indeed technically reasonable, ATC conceded that fact but claimed that
20 undergrounding the transmission line was not "environmentally friendly"

1 based upon its purported effect on areas in Monona, the Arboretum, and
2 other portions of Dane County.

3 CUA then pointed out to ATC that the City of Monona, the
4 Arboretum, and Dane County—those allegedly at the center of ATC's
5 environmental concerns—disagreed with ATC's environmental assessment,
6 given that each had aligned itself with CUA's position regarding
7 undergrounding the transmission line. ATC again changed its tactic and
8 claimed that undergrounding the transmission line would be "too
9 expensive." Concurrently, ATC then released new cost figures for the
10 overhead power line proposal, raising the expected outlay from \$98M to a
11 figure closer to \$250M. These press releases coincide with statements that
12 undergrounding the line is a "multiple of the cost of overhead
13 construction." When challenged as to the reason why the costs increased
14 by over 250% with no apparent primary cause, ATC's response through
15 then-spokesman Mark Williamson was that it was due to "a rise in labor
16 and materials costs." The new cost figure is now regularly stated by ATC
17 as the figure upon which any multiplier for increased cost of
18 undergrounding should be based.

1 **Q. Has ATC consistently addressed the increased expense issue?**

2 A. No. Faced with the fact that undergrounding the transmission line is
3 technically feasible and environmentally acceptable, ATC shifted strategy
4 to focus on the purported substantial increase costs associated with
5 undergrounding. Although the supposed increased cost attendant to
6 undergrounding the transmission line is now cited by ATC as a reason to
7 reject such an alternative, in the context of ATC's Arrowhead-Weston
8 project Mr. Williamson minimized the effect of increased costs on the
9 viability of that project.

10 In particular, as reported in The Business Journal Serving Greater
11 Milwaukee on November 11, 2002:¹ "The developers of the Arrowhead-
12 Weston electricity transmission line project [*i.e.*, ATC] said Monday that
13 the projected cost of building the 210-mile high-voltage line has increased
14 to approximately \$396 million, about \$231 million more than its originally
15 announced estimate." Mr. Williamson is then quoted as stating that
16 "[w]hile admittedly this represents a significant cost increase for the
17 project, the total project cost translates to approximately 1 percent across all
18 consumers, including residential, manufacturing and industrial. . . That
19 means the line will now cost the average residential consumer about 50

¹ <http://milwaukee.bizjournals.com/milwaukee/stories/2002/11/11/daily5.html>.

1 cents a month or \$6 annually, based on an average monthly electric bill of
2 \$50."

3 Based on Mr. Williamson's prior public comments, and taking into
4 account the verified cost figures quoted by ATC in the DOT position paper,
5 the general public (including members of CUA) must come to the
6 conclusion that the overall *additional* cost associated with undergrounding
7 the entire route must be less than one-half of one percent across all
8 consumers, including residential, manufacturing and industrial, and that the
9 increase in cost to underground the project would thus cost the average
10 residential consumer less than 24 cents a month or less than \$3 annually,
11 based on an average monthly electric bill of \$50.

12 **Q. What was ATC's next tact, as observed by you?**

13 A. By this time, the Commission required ATC to undertake a more serious
14 analysis of an underground alternative. At a meeting between ATC and
15 CUA members, Mr. Williamson of ATC distributed that study to CUA
16 members. At that meeting Mr. Williamson repeated, three times, that he
17 knew, *before the study was even undertaken*, that it would conclude that the
18 underground option was not viable. He also stated that the "real" concern
19 harbored by ATC about undergrounding parts of this particular project was
20 in setting a precedent for undergrounding transmission lines in this state.

1 **Q. Has ATC made any other comments that demonstrate its antipathy**
2 **toward an underground alternative?**

3 A. Yes. Throughout my interactions with ATC, and apparently to rationalize
4 ATC's anti-undergrounding position, Mr. Williamson has commented that
5 "there is nothing worth saving on the Beltline anyway." Clearly, he made
6 this comment to try to avoid dealing fairly with an underground alternative.
7 In doing so, however, Mr. Williamson must agree that undergrounding the
8 transmission line along the Beltline would "save" property along the
9 Beltline—even if Mr. Williamson does not believe it is worth saving.
10 Moreover, in making this comment, Mr. Williamson clearly acknowledged
11 that using an overhead transmission line along the Beltline would do harm
12 to the Beltline area.

13 **Q. What does this series of comments by an ATC representative mean to**
14 **you?**

15 A. It means that ATC has not seriously considered an underground alternative
16 and that it will be up to the Commission to provide an unbiased analysis of
17 that alternative, taking into consideration all relevant factors. Alternatively,
18 given how ATC's position has evolved in light of facts we have brought to
19 its attention—from undergrounding being "technically impossible" to
20 merely grasping to the unspecified fear of setting a precedent—perhaps it is

1 only a matter of time before ATC will recognize that the underground
2 alternative supported by CUA is the best alternative for this project.

3 **Q. Why does CUA support placing the transmission line underground**
4 **along the Beltline?**

5 A. CUA prefers such a route because it presents the optimal solution to the
6 present disputes among municipalities, land owners, environmentalists,
7 safety experts, supporters of public education, health and human service
8 concerns, and other interested parties. Moreover, an underground
9 transmission line would promote continued economic development of the
10 area surrounding the transmission line. Finally, wiring the project
11 underground and along the Beltline is both technically feasible and can be
12 done at a reasonable cost.

13 **Q. Would you and MIG have devoted the economic development**
14 **resources to your past and current Beltline-area projects if overhead**
15 **transmission lines, as proposed by ATC in this proceeding, had been in**
16 **existence?**

17 A. No. We would have looked elsewhere to invest our development funds and
18 undertake development activities. In fact, MIG and the city worked
19 diligently with extraordinary cost over the past six years to bury all of the
20 transmission/distribution power poles that previously existed along the U.S.

1 Highway 12 and West Beltline Frontage Roads in and around our office
2 campus—poles that were much shorter and older than those proposed by
3 ATC. Our payment for burying these lines was a critical component, and
4 required aspect, of the redevelopment of nearly a half-mile of roadway
5 related to the Arbor Gate and Landmark Gate Developments, and the
6 Department of Transportation renovation and expansion of the existing
7 transportation corridor. Further, MIG paid MG&E over \$50,000 to bury
8 power lines that previously existed in front of the 3001 (Inacom) and 3113
9 (M3 Insurance) buildings even though these parcels were outside of the
10 Redevelopment District. We pursued this strategy of voluntarily burying
11 lines at our own cost less than twenty-four months *prior* to ATC
12 announcing plans to construct massive overhead power lines along the very
13 same right of way.

14 **Q. Does your testimony support CUA's view that overhead transmission**
15 **lines will harm the economic development of affected properties?**

16 A. Yes. The actions of MIG in relation to its Beltline development projects
17 demonstrate that the existence and location of transmission lines are critical
18 considerations in economic development projects. Overhead transmission
19 lines harm the economic development of affected properties because they
20 negatively impact the marketability of commercial rental properties,

1 eliminate or limit the feasibility of economic development and
2 sustainability, and constitute a disincentive to devoting development funds
3 to affected property.

4 **Q. Please explain how the presence of overhead transmission lines would**
5 **lead to those results.**

6 A. An understanding of that cause and effect requires an understanding of real
7 estate development principles. In my role as a real estate developer for
8 approximately 15 years, I have found that there exists six guiding principles
9 for real estate development: accessibility, services, aesthetics, value,
10 visibility, and safety.

11 **Q. Please describe "accessibility" and how that is affected by the presence**
12 **of overhead transmission lines.**

13 A. The DOT report referenced above makes clear in numerous places that right
14 of way expansion, ramp and adjoining property site accessibility will be
15 severely limited by the introduction of major power lines along this critical
16 and already burgeoning transportation corridor. Poor or limited access
17 equates to more difficulty in accessing a property, and for both retail and
18 office this equates to lower value for a current or proposed development
19 and in some cases eliminates the viability of the future development
20 altogether.

1 **Q. Please describe "services" and how that is affected by the presence of**
2 **overhead transmission lines.**

3 A. The numerous negative impacts on real estate development will clearly
4 dictate an immediate and long-term response and movement away from a
5 high-voltage overhead electric corridor of services that typically follow,
6 and in many cases attract, desired development and renovation. As office
7 users move away from the power lines, services and retail will suffer and
8 they will move away, lessening services available to an area until the most
9 die-hard long term residents of a commercial area finally and eventually
10 also pick up and leave.

11 **Q. Please describe "aesthetics" and how that is affected by the presence of**
12 **overhead transmission lines.**

13 A. Power poles installed that block the view from our buildings for our
14 customers has a deleterious effect on aesthetics, and commercial lease
15 opportunities. Commercial landlords typically price rent by floor. Tenants
16 pay more to be on the upper floors by dollars per square foot--this can
17 equate to upwards of \$30 per square foot of value. If the tenant's view is
18 blocked by power lines, tenants will not pay for a view they do not have
19 resulting in lower lease payments than otherwise could be obtained.

20 Tenants will simply pay less for the lower floors that do not have a view or

1 will pay less for locations in the building that have a view blocked, or will
2 simply relocate their tenancy elsewhere – either in the city, regionally, or in
3 the case of large national users, oftentimes out of state.

4 **Q. Please describe "value" and how that is affected by the presence of**
5 **overhead transmission lines.**

6 A. James Grasskamp, the world-renowned professor of real estate from the
7 University of Wisconsin-Madison was well known for his assertion that
8 value is a complex calculation that must take into account a plethora of
9 underlying factors when applied to assessing commercial real estate and its
10 impact on an entire community.

11 ATC seems to ignore these basic teachings and the multiplicity of
12 ways that installation of large overhead transmission lines in the clear zones
13 of our capital city's commercial corridor will impact value and the social
14 fabric and quality of life throughout Greater Madison. Location, visibility,
15 aesthetics, safety, the availability of supporting services: all translate to an
16 impact on value and the opportunities for economic development.

17 **Q. Please describe "visibility" and how that is affected by the presence of**
18 **overhead transmission lines.**

19 A. "Location, location, location" is a term often heard in commercial real
20 estate. It does not only relate to whether the site is accessible and in a

1 centralized location that is available and accessible for your Tenants and
2 customers, like the Central Beltline corridor of Madison. It also relates to
3 whether people see your presence and the increased presence and sense of
4 strength a highly visible and quality development presents.

5 **Q. Please describe "safety" and how that is affected by the presence of**
6 **overhead transmission lines.**

7 A. The DOT report referenced above makes clear in numerous places that
8 safety will be tested by the introduction of major power lines along a
9 transportation artery that carries over 120,000 cars per day. The DOT
10 report repeatedly notes that both the number of crashes as well as the crash
11 induced delay for motorists along the Beltline will increase due to the
12 presence of these poles, in many places within the typically barrier-free
13 "clear zones" usually mandated as being kept open for safety by the DOT.
14 The poles have a serious and significant negative effect on snow removal
15 and incident response/management, and the list goes on. It is simple
16 common sense that given a choice, homeowners, commercial tenants,
17 retailers or service workers would prefer not to be stuck in ATC
18 transmission pole accident-induced traffic delays. Each commuter
19 experiencing this DOT-predicted outcome will eventually determine that
20 safety and efficiency of accessibility is of great enough concern that the

1 impact on Beltline properties and development will be significant unless the
2 line is underground.

3 The serious effect of these poles in the clear zones of the Beltline
4 Highway alone and their impact on commuter and worker and pedestrian
5 safety will undermine viability of current neighborhoods and developments
6 and eliminate otherwise viable future development in many areas of the
7 roadway.

8 **Q. Given this analysis, as an experienced developer of real estate, what**
9 **effect will the presence of overhead transmission lines as proposed by**
10 **ATC have on the development activities of you and MIG?**

11 A. First, the presence of overhead transmission lines on the Beltline corridor
12 will cause me and MIG and likely other developers to seek out other
13 properties, unaffected by the presence of overhead transmission lines, in
14 which to invest our resources and allocate our development funds. In some
15 cases this result would create an environment where the relocation is not
16 merely local or regional.

17 A process that would allow the installation of overhead high-voltage
18 power lines on the Beltline is a huge *cultural* disincentive to developers and
19 businesses, such as MIG, to invest in the community and further economic
20 development. The prospect of being subject to this impact on economic

1 development plans will cause many businesses, including MIG, to consider
2 whether their continued presence in Wisconsin is in its best interest. It will
3 surely result in many forward – thinking and progressive businesses who
4 might wish to relocate their tax base, employment and creativity to
5 Wisconsin or Madison to re-think their plans, or growing businesses to
6 simply consolidate elsewhere.

7 **Q. Does this conclude your pre-filed direct testimony?**

8 A. Yes. This concludes my pre-filed direct testimony, but I may have further
9 testimony to provide to the Commission to supplement this testimony or to
10 rebut the testimony filed by other witnesses.