

Appendix 7-D

Consulting Report Proposed Electrical Generating Plant Spagnoli Road, Melville, New York

**CONSULTING REPORT
PROPOSED ELECTRICAL GENERATING PLANT
SPAGNOLI ROAD
MELVILLE, NEW YORK**

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I. EXECUTIVE SUMMARY

Assignment: Research and analyze market data to determine the impact on the value of the surrounding properties, if any, caused by the construction of the proposed energy plant.

Type of Property: Proposed energy generating plant with a 195 foot exhaust stack.

Location: The subject property is located on the southerly side of Spagnoli Road between Hub Drive and Broad Hollow Road (Route 110) in the Melville section of the Town of Huntington, County of Suffolk, State of New York.

Legal Description: District 400, Section 266, Block 1, Lot 7.1.

Land Area: Approximately 31 acres.

Zoning: I-2 - Light Industry District.

Research Process: Sales of properties in proximity to other energy generating plants on Long Island were researched and analyzed. Several existing energy plant locations were selected for analysis. Part of the basis for selecting these plants involved the availability of sales data for analysis. The selected plants are located in Island Park and Glen Head in Nassau County, New York, and Port Jefferson in Suffolk County, New York. These plants each have exhaust stacks which are quite visible in the surrounding communities and have all been in existence for at least 10 years. As such, any impact on the value of properties in proximity to the plants should be discernible from an analysis of the sales data.

Analysis Summary:

<u>Distance</u>	<u>\$/Sq. ft. Island Park</u>	<u>\$/Sq. ft. Glen Head</u>	<u>\$/Sq. ft. Port Jefferson</u>
<i>1/2 Mile</i>	\$176.59	\$265.99	\$150.81
<i>1/2-1 Mile</i>	\$169.35	\$253.19	\$152.08
<i>1+ Mile</i>	\$159.57	\$280.65	\$146.50
<i>% Change</i>	(9.6%)	5.5%	(2.7%)



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LOCATION MAP

The Island Park data reflects a -9.6% change in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile show a smaller change in value in comparison to homes located within 1/2 mile of the plant, -4.1%, than those located over 1 mile away.

The Glen Head data reflects a 5.5% change in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile actually reflect a 4.8% decrease in the median price per square foot in comparison to the properties located within 1/2 mile of the plant.

The Port Jefferson data reflects a 2.7% decrease in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile reflect a negligible 0.8% increase in the median price per square foot in comparison to the properties located within 1/2 mile of the plant.

Based on the presented data, the sale properties located in Island Park, Glen Head and Port Jefferson are not significantly impacted by the presence of the power generating plant. Although the Glen Head data indicates a slight value increase in values in properties over 1 mile from the energy plant, the properties located within 1/2 mile of the power plant actually have a higher median unit value than those located between 1/2 mile and 1 mile from the power plant, which is more in line with the other data analyzed.

There is insufficient sales data of office buildings available to support a qualitative analysis concerning the value impact of the proposed energy plant on the surrounding commercial properties. However, an analysis of the factors considered in determining the value of a site for office development clearly indicates that the energy plant would have no impact on the value of the surrounding commercial properties. In addition, the presence of existing sand and gravel mining operation, landfills, asphalt plant and high voltage electric transmission lines in the subject's immediate area has already been reflected in the value of the properties in the area. No additional value affect, attributable to the proposed energy plant, is considered to be warranted.

Conclusion:

The construction of the proposed energy plant will not have any negative impact on the value of properties in the immediate surrounding area.



SUBJECT PROPERTY
SPAGNOLI ROAD ENERGY PLANT

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AREA MAP

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II. DESCRIPTION OF THE SPAGNOLI ROAD PROPERTY

The subject property is located on the south side of Spagnoli Road, approximately 1,073 feet east of Hub Drive in Melville, an un-incorporated area in the Town of Huntington, Suffolk County, New York. It is currently identified as District 400, Section 266, Block 1, Lot 7.1 on the tax maps of Suffolk County.

Size and Topography

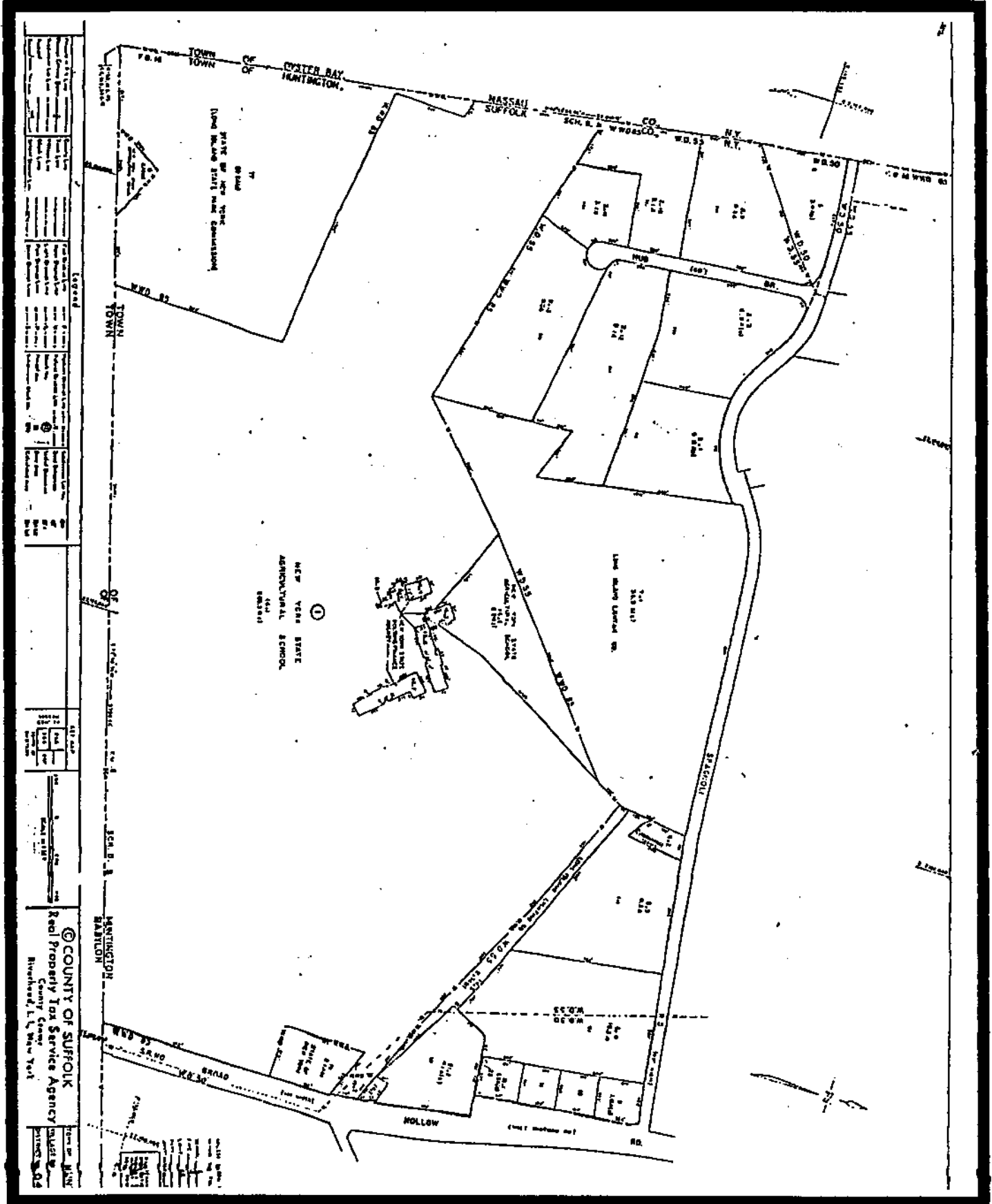
The subject property, which contains an area of approximately 31 acres, is located on the southerly side of Spagnoli Road between Hub Drive and Broad Hollow Road (Route 110). It is an irregular shaped parcel which has a total frontage along Spagnoli Road of approximately 1,041 feet. The property has an easterly boundary running a course of approximately 359 feet south from Spagnoli Road; the westerly boundary run south approximately 975 feet, then turns west for 299 feet before turning south again for approximately 606 feet. The southerly property line runs for a total of 2,224 feet along the adjoining property. The site is relatively level and on grade with its street frontage; it has no noticeable topographical features which would impede its development.

Access and Visibility

Spagnoli Road is a two lane, bi-directional roadway which extends in an east/west direction through the western portion of the Melville section of the Town of Huntington. It originates in Nassau County as Bethpage Hollow Road at Round Swamp Road and extends east into Suffolk County and the Town of Huntington, running a total distance of approximately two miles to its point of termination at Broad Hollow Road, just east of the subject property.

Broad Hollow Road (State Route 110) is a primary north/south commercial thoroughfare spanning the width of central Long Island. It originates as New York Avenue in the Halesite section of Huntington on the north shore of Long Island and runs south through the Town of Huntington becoming Walt Whitman Road, just north of Jericho Turnpike and then Broad Hollow Road, just south of Old Country Road. It continues south into the Town of Babylon, terminating at Merrick Road in Amityville on the south shore of Long Island. Along its entire route, Broad Hollow Road is predominantly improved with commercial, retail and industrial properties. It provides direct access to the Northern State Parkway, the Long Island Expressway (I-495), the Southern State Parkway, Jericho Turnpike (State Route 25), Sunrise Highway (State Route 27) and Merrick Road (State Route 27A). Its path across Long Island, coupled with its excellent access to the highway system, makes Broad Hollow Road one of the primary locations for commercial and industrial development. The area of Route 110 immediately surrounding its intersection with the Long Island Expressway is considered to be a prime location for office development in Suffolk County. This area is approximately 1.5 miles north of the proposed subject power plant on Spagnoli Road and has little influence on the subject's area.

TAX MAP



LEGEND

1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	
...

SCALE

1" = 100'

COUNTY OF SUFFOLK
Real Property Tax Services Agency
 Rochester, L. New York

Area Description

The proposed subject energy plant and the immediate surrounding properties are located on, or just off, Spagnoli Road, which is a relatively minor east/west thoroughfare in the area. None of the properties enjoy any visibility to the major roadways in the area. Access to the surrounding sites will not be affected at all by the development of the energy plant. There is no significant prestige associated with addresses on Spagnoli Road or Hub Drive. Properties in the area are a mixture of "flex" buildings, industrial properties, such as an asphalt plant, landfills and commercial properties. In addition, there is a sand and gravel mining operation located north of Spagnoli Road and visible to the properties on Spagnoli Road. High voltage electric transmission lines on towers currently run along the south side of Spagnoli Road and are clearly visible to the properties in the subject's immediate area. The existence of the sand and gravel mining operation and the high voltage electric transmission towers have already created negative value influences on the properties in the immediate area which would have been reflected in the value of the sites at the time of their development.

The image of the area around the proposed subject energy plant is one of an industrial and commercial neighborhood. It is not necessarily known as an office location. The area north of Spagnoli Road, near the Long Island Expressway, I-495, is definitely known as an office location. However, with the presence of the sand mining operation, the light industrial properties, the high voltage electric transmission lines, CostCo and Home Depot, the subject's immediate area is not considered to be an office location. It is more of a light industrial area, which typically creates a large volume of truck traffic. Many of the amenities in the area, which include fast food restaurants, "big box" retail, an amusement park, a college campus and a sand and gravel mining operation, are not necessarily conducive to an office area.










By contrast, Route 110 north of Spagnoli Road is noted for its commercial, retail and industrial development. The proximity and access to the Long Island Expressway, the Northern State Parkway and the Southern State Parkway has made this segment of Route 110 a highly desirable locale for commercial development. The area situated on the northwest quadrant of Route 110 and the Long Island Expressway has been developed with an office park, including a Marriott Hotel. Sbarro, a well known pizza chain, purchased a light industrial building on the southeast quadrant of the Expressway and redeveloped it into a corporate headquarters facility.

The Huntington Quadrangle, a large office building complex, is situated just south of the Sbarro building on the east side of Route 110. Numerous other office buildings line both sides of Route 110, both north and south from the Expressway. Most of the significant office development is situated between Walt Whitman Road and the Long Island Expressway north of Spagnoli Road. A Hilton Hotel is situated on the northwest corner of Spagnoli Road and Route 110. The complex along Route 110 changes to more retail and industrial uses south of Walt Whitman Road. The Farmingdale Campus of the State University of New York occupies a large tract of land on the west side of Route 110, just south of Spagnoli Road. Several shopping centers and large retail buildings, including a CostCo facility and a Home Depot store, are located along the east side of Route 110, south of Ruland Road.

The improvements along Spagnoli Road in the subject's immediate area consist of a variety of different property types, ranging from industrial uses, such as waste disposal, an asphalt plant, gravel and sand mining, warehouses and light industry, such as the Poly Pac plastics plant, to the hotel at the intersection of Route 110. Hub Drive, just west of the subject property, is improved with light

AERIAL PHOTOGRAPH



-  Subject Property Spagnoli Road
-  Gravel & Sand Mill
-  Poly Pac Plant
-  Hilton Hotel
-  Residential Development
-  Light Industrial & Warehouse Properties
-  SUNY Farmingdale Campus
-  Electrical Sub-station
-  High Voltage Electric Transmission Lines

industrial facilities. As Spagnoli Road continues into Nassau County as Bethpage Hollow Road, the improvements consist of light industrial uses. Spagnoli Road is not considered to be a location for office building development because of the industrial character of the existing improvements in the area. Typically industrial uses, similar to those along Spagnoli Road, generate a high volume of truck traffic which is not conducive to the development of higher end commercial properties, such as corporate office buildings, or residential properties. Other uses in the immediate area include the Farmingdale campus of the State University of New York, which abuts the high voltage electric transmission right of way adjacent to the subject property on the south, a sand and gravel mining operation on the north side of Spagnoli Road, shopping centers and large retail facilities. It should also be noted that high voltage electric transmission lines run adjacent to the industrial properties on the south end of Hub Drive. These power lines run through the south side of the property, across Route 110 to a large utility sub-station located along the south side of Ruland Road. Bethpage State Park is located southwest of the subject property in Nassau County. There are also several residential developments within a two mile radius of the subject property. The closest residential development consists of a gated community containing single family houses as well as townhouse units. This development is located on the south side of Ruland Road, approximately 840 feet east of Broad Hollow Road. Other properties in close proximity to this residential development include a shopping center, a large retail store, a gas station, an apartment property, an industrial facility and a large utility sub-station situated directly across Ruland Road from the development.

A second residential development, known as the Avalon Apartments, is situated further east on Ruland Road. This development consists of a townhouse apartment complex. It is located on the southeast corner of Ruland Road and Republic Road. Other improvements near this development consist of single family residences and a utility property improved with high voltage, overhead electric transmission lines.

Two other residential developments are located on Walt Whitman Road, north of the subject property. The first one, known as the Villas at West Hills, is situated on the west side of Walt Whitman Road, approximately 676 feet north of Park Drive. It consists of a townhouse development. The second one, which is situated directly north of the first one on Walt Whitman Road, also consists of a townhouse development. The improvements in the immediate area of these two residential developments consist of light industrial facilities, office buildings and single family residential properties.

In general, the Melville area is not known as a residential neighborhood. The high degree of commercial and industrial uses in the area has diluted its desirability for residential use. Conversely, access to the highway system on Long Island has spurred office, light industrial and retail development in the area, particularly in close proximity to the Long Island Expressway.

III. THE RESEARCH PROCESS

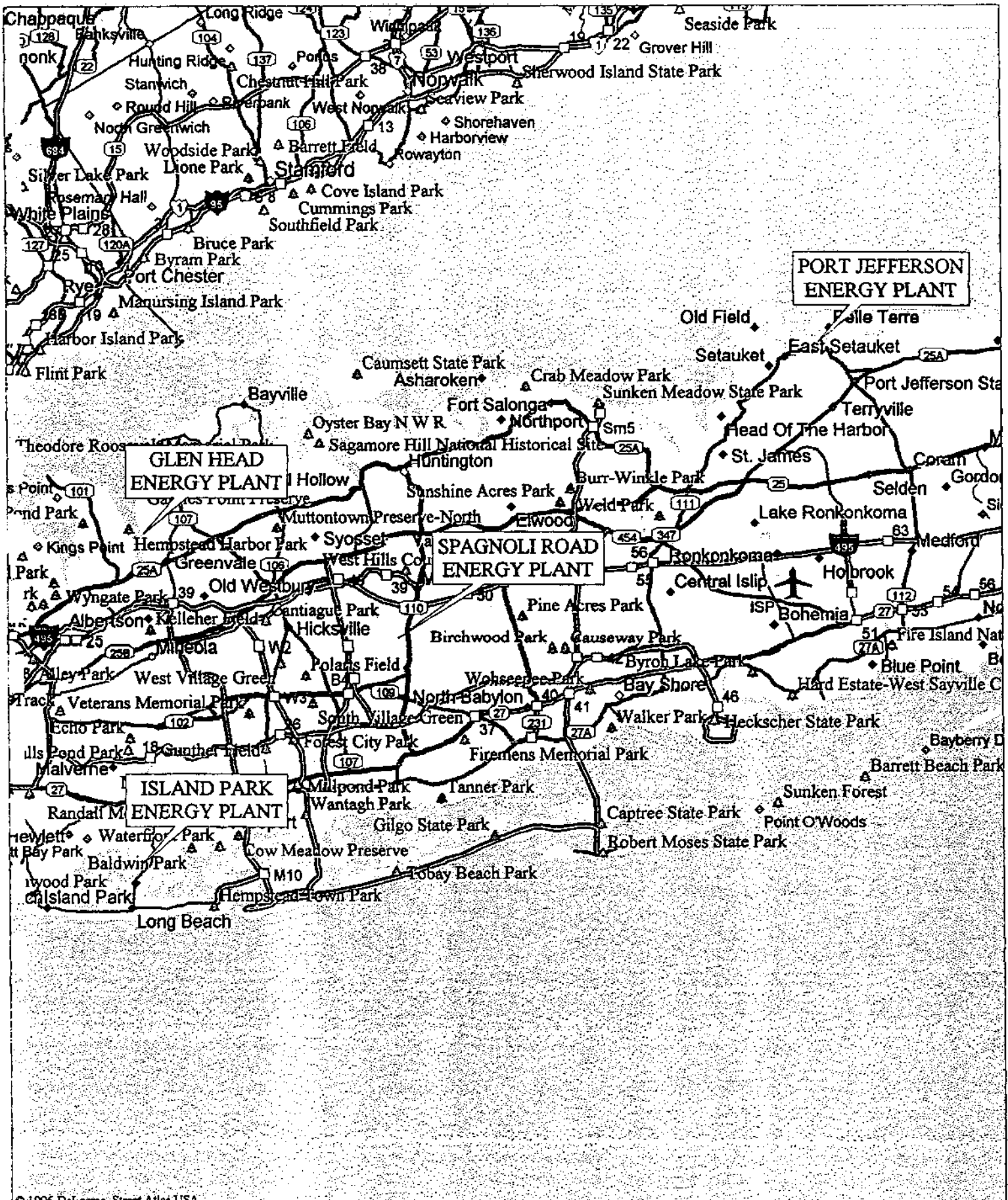
My assignment involved determining what effect the proposed energy generating plant would have on the market value of the other properties in the surrounding market area. In order to arrive at a reasonable conclusion, I researched and analyzed sales of properties in proximity to other energy generating plants on Long Island. I was provided with a list of various existing electric generating plants and I selected several plants in various locations to use as a basis for analysis. The basis for selecting these plants involved the availability of sales data for analysis. The selected plants are located in Island Park and Glen Head in Nassau County, New York, and Port Jefferson in Suffolk County, New York. These plants each have exhaust stacks which are quite visible in the surrounding communities and have all been in existence for at least 10 years. As such, any impact on the value of properties in proximity to the plants should be discernible from an analysis of the sales data.

Sales of properties surrounding each of the energy plants for the past five years were researched and analyzed to provide units of comparison. The sales were analyzed on a price per square foot of building area. Each group of sales was first analyzed to account for any change in value attributable to changing market conditions between the date of sale and September of 2001, when the sales search was conducted. The time adjustment was based on two forms of analyses. The first form involved the price change of properties which sold twice during the research period. The second analysis involved calculating the average price per square foot for the sales which occurred during each calendar year of the research period and then calculating the annual change in average price for the research period.

The use segmentation was broken down into single family residences in one group and industrial properties in the other group. These two groups represent the predominant property types in the immediate area of the proposed energy plant. In general, there was a sufficient number of single family sales around each power plant to form a conclusion. However, due to the limited number of industrial sales available for analysis, it was not possible to form a conclusion based on sales of industrial properties located around each power plant. As such, the industrial sales were analyzed in a much broader context in an attempt to arrive at a conclusion.

One factor which impacts on the value of a single family home is the school district in which it is located. The quality of education available within a local public school system greatly enhances the value of the homes within that district. In doing my research, I was aware of the school districts involved in the communities which were researched. The sales properties located in Glen Head, Nassau County were all in one local school district and the sales properties in Port Jefferson, Suffolk County were all in one local school district. However, the sales properties located in the Island Park area involved two different school districts, the Island Park School District and the Oceanside School District. In order to identify the impact of the school district on the value of homes in Island Park, I segregated the sales data by school district.

The sales situated within 1/2 mile of the Island Park energy plant were all in the Island Park school district. There were 125 sales located between 1/2 mile and 1 mile of the energy plant, of which 69 were in the Oceanside School District and 56 were in the Island Park School District. The average sale price for the homes in the Oceanside School District was \$171.36 per square foot, while the average price for the homes in the Island Park School District was \$139.79 per square foot. On average the homes in the Oceanside School District sold at a unit value which was 22.6% higher than the homes located in the Island Park School District.



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LOCATION MAP

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There were 281 sales located over 1 mile from the Island Park energy plant, of which 203 were in the Oceanside School District and 78 were in the Island Park School District. The average sale price for the homes in the Oceanside School District was \$157.94 per square foot, while the average price for the homes in the Island Park School District was \$135.66 per square foot. On average the homes in the Oceanside School District sold at a unit value which was 16.4% higher than the homes located in the Island Park School District. In order to remove the impact of the school district on the value of the home sales included in my analysis, I adjusted all of the sales located in the Oceanside School District downward by 20%. This percentage represents the midpoint in the difference in property values between the Oceanside school district and the Island Park school district.

The distance segmentation for the single family residences in Glen Head, Island Park and Port Jefferson was broken down into properties located within 1/2 mile of the energy plant, between 1/2 mile and 1 mile of the plant and those properties more than 1 mile from the plant. The unit values of the sales located in each segment were then compared to determine any noticeable difference which could be attributed to the proximity of the energy power plant.

IV. ANALYSIS OF DATA

Single Family Residential Sales

Island Park

The Island Park generating plant is located on the northerly end of McCarthy Road, approximately 220 feet north of Long Beach Road. This facility was constructed in 1956 and expanded in 1963. It has two exhaust stacks which are clearly visible in the surrounding community. Island Park is a residential community situated in the Town of Hempstead along the south shore of Nassau County. It is an incorporated village with its own police force and zoning regulations. The energy plant is not within the incorporated village but it is clearly visible from many of the streets in the area. It is also visible from the Oceanside area of the Town of Hempstead, which is just north of Island Park. In determining the impact of the energy plant on the value of the properties in the area, I researched and analyzed sales for single family residences in both the Island Park area and the Oceanside area. These sales took place within the past five years. Over 500 sales were initially researched for my analysis. However, certain sales were excluded from the analysis if they did not contain adequate information for analysis or if they did not appear to be an "arm's length" transaction. Any sale which indicated that the buyer and seller had the same last name was excluded. Also any sale which did not provide the square foot area of the house was excluded. In addition any sale with a purchase price that was either extremely high or extremely low in comparison to the other sale properties was excluded. A total of 434 sales was actually utilized in my analysis, of which 28 were located within 1/2 mile of the energy plant, 125 were located between 1/2 mile and 1 mile from the energy plant and 281 were located over 1 mile from the plant.

The initial step in my analysis involved bringing the sales data to a current date to reflect the changing market conditions between the date of sale and the date of value. For the purpose of this analysis, September 1, 2001 was utilized. In arriving at the adjustment to reflect the changing market conditions over time, I calculated the average annual increase in the price per square foot of the properties sold in 1997 and those sold in 2001. The sales located within 1/2 mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$126, while those sales that occurred in 2000 demonstrated an average price per square foot of \$172. No recorded market based sales took place in 2001 within 1/2 mile of the plant. The average annual increase in the price per square foot for the sales within 1/2 mile of the plant between 1997 and 2000 equates to approximately 8.1%. The sales located between 1/2 mile and one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$141, while those sales that occurred in 2001 demonstrated an average price per square foot of \$257. The average annual increase in the price per square foot for the sales within one mile of the plant between 1997 and 2001 equates to approximately 12.76%. The sales located over one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$136, while those sales that occurred in 2001 demonstrated an average price per square foot of \$195. The average annual increase in the price per square foot for the sales over one mile from the plant between 1997 and 2001 equates to approximately 7.5%. Averaging the three annual increases indicates an overall annual rate of increase amounting to 9.45%, or approximately .79% per month. For the purposed of this analysis, each purchase price was increased .75% per month for each month between the date of sale and the September 1, 2001.

The time adjusted sales located within 1/2 mile of the plant ranged in price between \$153,186 and \$299,751 in 2001 dollars, with a median price of \$221,029. The sales were analyzed on a price per

square foot basis. The houses ranged in size between 855 square feet and 1,849 square feet, with a median size of 1,237 square feet. The overall analysis indicated a range of unit values between \$117.73 per square foot and \$236.44 per square foot. The median price per square foot equated to \$176.59 per square foot.

The time adjusted sales located between 1/2 mile and one mile of the plant ranged in price between \$127,440 and \$439,110 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 787 square feet and 2,248 square feet, with a median size of 1,386 square feet. The overall analysis indicated a range of unit values between \$83.24 per square foot and \$299.09 per square foot. The median price per square foot equated to \$169.35 per square foot.

The time adjusted sales located over one mile from the plant ranged in price between \$110,400 and \$546,480 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 630 square feet and 2,800 square feet, with a median size of 1,355 square feet. The overall analysis indicated a range of unit values between \$58.70 per square foot and \$448.58 per square foot. The median price per square foot equated to \$159.57 per square foot.

Island Park

	<u>1/2 Mile</u>	<u>1/2-1 Mile</u>	<u>1+ Mile</u>
<i>Median \$/Sq. Ft.</i>	\$176.59	\$169.35	\$159.57
<i>Median Sq Ft.</i>	1,237	1,386	1,355
<i>Median Price</i>	\$221,029	\$240,870	\$212,248

This data indicates that the price of properties located more than 1 mile from the plant sell for approximately 10.0% less than those properties located within 1/2 mile of the plant. In addition, properties located between 1/2 mile and 1 mile from the plant sell for approximately 4.0% less than those properties located within 1/2 mile of the plant. The median size of a house located within 1/2 mile of the plant amounts to 1,237 square feet. The median size of the houses located more than 1/2 mile from the plant is fairly consistent, equating to 1,386 square feet and 1,355 square feet. The median purchase price for a house located within 1/2 mile of the plant amounted to \$221,029, while the median purchase price for a house located between 1/2 mile and 1 mile of the plant is \$240,870. The median purchase price for a house located over 1 mile from the plant is \$212,248.

Glen Head

The Glen Head generating plant is located on the westerly side of Shore Road, just south of Glenwood Road. This facility was constructed in stages in 1908, 1922, 1929, 1952 and 1954. This plant has eight exhaust stacks which are clearly visible in the surrounding community. Glen Head is a residential community situated in the Town of North Hempstead along the north shore of Nassau County. The energy plant is also visible from the surrounding communities of Glenwood Landing, Roslyn Harbor and Sea Cliff. In determining the impact of the energy plant on the value of the properties in the area, I researched and analyzed sales of residences in Glen Head, Glenwood Landing and Sea Cliff. These sales took place within the past five years. Over 200 sales were initially researched for my analysis.

However, certain sales were excluded from the analysis if they did not contain adequate information for analysis or they did not appear to be an "arm's length" transaction. The bases for the exclusion of a sale are detailed in the discussion of the Island Park sales data shown on page 8. A total of 158 sales was actually utilized in my analysis, of which 24 were located within 1/2 mile of the energy plant, 24 were located between 1/2 mile and 1 mile from the energy plant and 110 were located over 1 mile from the plant.

The initial step in the analysis involved bringing the sales data to a current date. For the purpose of this analysis, September 1, 2001 was utilized. In arriving at the adjustment to reflect the changing market conditions over time, I calculated the average annual increase in the price per square foot of the properties sold in 1997 and those sold in 2001. The sales located within 1/2 mile of the plant, which occurred in 1997 demonstrated an average price per square foot of \$217, while those sales that occurred in 2000 demonstrated an average price per square foot of \$241. No recorded market based sales took place in 2001 within 1/2 mile of the plant. The average annual increase in the price per square foot for the sales within 1/2 mile of the plant between 1997 and 2000 equates to approximately 2.7%. The sales located between 1/2 mile and one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$182, while those sales that occurred in 2000 demonstrated an average price per square foot of \$222. No recorded market based sales took place in 2001 between 1/2 mile and 1 mile of the plant. The average annual increase in the price per square foot for the sales between 1/2 mile and one mile of the plant between 1997 and 2000 equates to approximately 5.1%. The sales located over one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$202, while those sales that occurred in 2001 demonstrated an average price per square foot of \$305. However, the 2001 average is based on only three sales. The average price per square foot of the sales that occurred in 2000 amounted to \$259. The average annual increase in the price per square foot for the sales over one mile from the plant between 1997 and 2000 equates to approximately 6.4%. Averaging the three annual increases indicates an overall annual rate of increase amounting to 4.7%, or approximately .39% per month. For the purposed of this analysis, each purchase price was increased .5% per month for each month between the date of sale and the September 1, 2001.

The time adjusted sales located within 1/2 mile of the plant ranged in price between \$222,690 and \$566,100 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 534 square feet and 2,143 square feet, with a median size of 1,318 square feet. The overall analysis indicated a range of unit values between \$119.04 per square foot and \$595.53 per square foot. The median price per square foot equated to \$265.99 per square foot.

The time adjusted sales located between 1/2 mile and one mile of the plant ranged in price between \$176,976 and \$601,350 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 748 square feet and 3,000 square feet, with a median size of 1,494 square feet. The overall analysis indicated a range of unit values between \$164.47 per square foot and \$372.37 per square foot. The median price per square foot equated to \$253.19 per square foot.

The time adjusted sales located over one mile from the plant ranged in price between \$249,900 and \$866,400 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 816 square feet and 3,277 square feet, with a median size of 1,549 square feet. The overall analysis indicated a range of unit values between \$131.09 per square foot and \$559.53 per square foot. The median price per square foot equated to \$280.65 per square foot.

Glen Head

	<u>1/2 Mile</u>	<u>1/2-1 Mile</u>	<u>1+ Mile</u>
<i>Median. \$/Sq. Ft.</i>	\$265.99	\$253.19	\$280.65
<i>Median Sq Ft.</i>	1,318	1,494	1,549
<i>Median Price</i>	\$333,683	\$381,851	\$419,900

This data indicates that prices of properties located more than 1 mile from the plant sell for approximately 5.5% more than those properties located within 1/2 mile of the plant. In addition, properties located between 1/2 mile and 1 mile from the plant sell for approximately 4.8% less than those properties located within 1/2 mile of the plant. The median size of a house located within 1/2 mile of the plant amounts to 1,318 square feet. The median size of the houses located more than 1/2 mile from the plant is fairly consistent, equating to 1,494 square feet and 1,549 square feet. The median purchase price for a house located within 1/2 mile of the plant amounted to \$333,683, while the median purchase price for a house located between 1/2 mile and 1 mile of the plant is \$381,851. The median purchase price for a house located over 1 mile from the plant is \$419,900.

Port Jefferson

The Port Jefferson generating plant is located on the northerly end of Beach Street, north of West Broadway. This facility was constructed in stages in 1948, 1950, 1958 and 1960. It has two exhaust stacks which are clearly visible in the surrounding community. Port Jefferson is a residential community situated in the Town of Brookhaven along the north shore of Suffolk County. The energy plant is also visible from the surrounding communities of Belle Terre and PoQuott. In determining the impact of the energy plant on the value of the properties in the area, I researched and analyzed sales for single family residences in Port Jefferson. These sales took place within the past five years. Over 400 sales were initially researched for my analysis. However, certain sales were excluded from the analysis if they did not contain adequate information for analysis or they did not appear to be an "arm's length" transaction. The bases for the exclusion of a sale are detailed in the discussion of the Island Park sales data shown on page 8. A total of 370 sales was actually utilized in my analysis, of which 76 were located within 1/2 mile of the energy plant, 135 were located between 1/2 mile and 1 mile from the energy plant and 159 were located over 1 mile from the plant.

The initial step in my analysis involved bringing the sales data to a current date. For the purpose of this analysis, September 1, 2001 was utilized. In arriving at the adjustment to reflect the changing market conditions over time, I calculated the average annual increase in the price per square foot of the properties sold in 1997 and those sold in 2001. The sales located within 1/2 mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$101, while those sales that occurred in 2001 demonstrated an average price per square foot of \$158. The average annual increase in the price per square foot for the sales within 1/2 mile of the plant between 1997 and 2001 equates to approximately 9.4%. The sales located between 1/2 mile and one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$106 per square foot, while those sales that occurred in 2001 demonstrated an average price per square foot of \$156. The average annual increase in the price per square foot for the sales between 1/2 mile and one mile of the plant between 1997 and

2001 equates to approximately 5.1%. The sales located over one mile of the plant, which occurred in 1997, demonstrated an average price per square foot of \$108, while those sales that occurred in 2001 demonstrated an average price per square foot of \$165. The average annual increase in the price per square foot for the sales over one mile from the plant between 1997 and 2001 equates to approximately 8.8%. Averaging the three annual increases indicates an overall annual rate of increase amounting to 8.7%, or approximately .73% per month. For the purposed of this analysis, each purchase price was increased .75% per month for each month between the date of sale and the September 1, 2001.

The time adjusted sales located within 1/2 mile of the plant ranged in price between \$163,020 and \$618,450 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 861 square feet and 3,608 square feet, with a median size of 1,841 square feet. The overall analysis indicated a range of unit values between \$81.59 per square foot and \$302.16 per square foot. The median overall price per square foot equated to \$150.81 per square foot.

The time adjusted sales located between 1/2 mile and one mile of the plant ranged in price between \$147,204 and \$512,100 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 699 square feet and 4,063 square feet, with a median size of 1,972 square feet. The overall analysis indicated a range of unit values between \$71.74 per square foot and \$288.25 per square foot. The median overall price per square foot equated to \$152.08 per square foot.

The time adjusted sales located over one mile from the plant ranged in price between \$140,030 and \$1,051,650 in 2001 dollars. The sales were analyzed on a price per square foot basis. The houses ranged in size between 648 square feet and 5,900 square feet, with a median size of 2,160 square feet. The overall analysis indicated a range of unit values between \$73.45 per square foot and \$364.65 per square foot. The median price per square foot equated to \$146.50 per square foot.

Port Jefferson

	<u>1/2 Mile</u>	<u>1/2-1 Mile</u>	<u>1+ Mile</u>
<i>Avg. \$/Sq. Ft.</i>	\$150.81	\$152.08	\$146.50
<i>Avg. Sq Ft.</i>	1,841	1,972	2,160
<i>Avg. Price</i>	\$259,007	\$281,465	\$318,464

These data indicate that prices of properties located more than 1 mile from the plant sell for approximately 2.9% less on a per square foot basis than those properties located within 1/2 mile of the plant. In addition, properties located between 1/2 mile and 1 mile from the plant sell for approximately 0.8% more on a per square foot basis than those properties located within 1/2 mile of the plant. The median size of a house located within 1/2 mile of the plant amounts to 1,841 square feet. The median size of the houses located between 1/2 mile and 1 mile from the plant is 1,972 square feet, while the median size of a house located more than 1 mile from the plant is 2,160 square feet. The median purchase price for a house located within 1/2 mile of the plant amounted to \$259,007, while the median purchase price for a house located between 1/2 mile and 1 mile of the plant is \$281,465. The median purchase price for a house located over 1 mile from the plant is \$318,464.

Commercial Property Analysis

The proposed subject energy plant will be located adjacent to several properties which are improved with commercial structures. The improvements of these commercial properties consist of one story masonry buildings, which are typically called "flex" buildings. This term comes from the overall flexibility of use of these buildings. Depending upon the type of interior design and finish installed in these buildings, they can be utilized for office use, warehouse use, research and development, light manufacturing or a combination of uses. In general, these buildings are less valuable than traditional office buildings but more valuable than traditional warehouse buildings.

In attempting to statistically arrive at a conclusion concerning the impact on value on a commercial property, if any, caused by the proposed subject energy plant, I researched office building sales in both Nassau and Suffolk Counties for the past five years. The only parameters employed in my research were the property use as an office building and a minimum sale amount of \$1,000,000. The \$1,000,000 minimum sale amount was chosen because it represents the minimum value which would be considered comparable to the commercial properties adjoining the site of the proposed subject energy plant. Only 130 sales of office buildings in Nassau County over the past five years were discovered during my research. In addition, only 66 sales of office buildings in Suffolk County over the past five years were discovered during my research. This volume of sales activity is not considered to be sufficient to reasonably support a conclusion because very few, if any, of the office buildings sales discovered were in proximity to an existing energy plant. As such no comparison can be drawn by comparing sale properties in proximity to an energy plant with those not in proximity.

However, this is not to say that the value of an office property is not affected by its location. The old adage stating that the three most important factors in real estate are "location, location and location" does hold true for "flex" office buildings. In determining the suitability of a site for office building development it is necessary to analyze a site based on both its assets and its liabilities. Site features that affect the marketability of an office building location can be grouped into three categories:

1. Physical issues,
2. Visibility and access,
3. The surrounding area.

The physical features include:

- | | |
|--------------|---|
| Size: | The size of an office building site dictates the density of development given the zoning and building codes; |
| Shape: | Oddly shaped parcels can restrict development, limit density, or adversely affect construction costs; |
| Topography : | Topographical features can add to construction costs reducing the profitability of a building on the site; |
| Environment: | The environmental cleanliness of a site and any potential cleanup costs can also impact on the profitability of a building. |

The visibility and access features include:

- Visibility: The visibility of a site from major roadways can enhance the desirability of a site for office development;
- Access: The accessibility of a site to pedestrian and vehicular traffic is a significant factor for office development;
- Adjacent Use: Some adjacent property uses can negatively impact on an office building site by blocking views or diminishing its overall appeal;
- Prestige: Certain locations or addresses, such as Park Avenue in Manhattan, add considerable value to an office building site;
- Protection: Whether the site is protected from future adjacent development could negatively impact on its desirability.

The surrounding area features include:

- Image: Local areas which have a certain image or persona, such as the Times Square District or Financial District in Manhattan enhance the desirability of a site;
- Amenities: Nearby conveniences and services such as restaurants, shopping, and health clubs can add to the value of a site;
- Transportation: The accessibility of mass transit or the availability of inexpensive parking can impact on the value of an office building site;
- Other Uses: Proximity to complimentary uses such as government agencies or financial institutions play a role in the value of an office building site;
- Security: The safety of the surrounding area also can impact on the desirability of a site;
- Public Policy: The potential for zoning changes allowing different property uses can impact on the value of a site.

I have assessed the properties in proximity to the proposed KeySpan energy plant in light of the above criteria to ascertain what, if any, impact the plant may have on them. None of the surrounding properties will be physically affected by the development of the energy plant. The surrounding properties already are in existence and the proposed energy plant will be constructed on an existing site which will not physically alter any of the surrounding properties.

In general, I do not believe that the development of the proposed energy plant will have any negative impact on the value of the commercial properties in the area. The value of the surrounding properties already reflects the uses currently existing in the area, such as the sand and gravel mining operation, the asphalt plant, land fills and the high voltage electric transmission towers. It is my professional opinion that construction of the proposed energy plant will have no additional impact on the value of the surrounding properties.

V. SUMMARY & CONCLUSION

The preceding analysis finds no negative effect from the energy generating plants upon the value of single family residential properties. Although insufficient sales data on commercial properties was available to do the same type of analysis for commercial properties, the existing industrial character of the area precludes any negative value impact on commercial properties by the proposed energy plant. The following chart summarizes the data on which the residential conclusion is based.

<u>Distance</u>	<u>\$/Sq. ft. Island Park</u>	<u>\$/Sq. ft. Glen Head</u>	<u>\$/Sq. ft. Port Jefferson</u>
<i>1/2 Mile</i>	\$176.59	\$265.99	\$150.81
<i>1/2-1 Mile</i>	\$169.35	\$253.19	\$152.08
<i>1+ Mile</i>	\$159.57	\$280.65	\$146.50
<i>% Change</i>	(9.6%)	5.5%	(2.7%)

The Island Park data reflects a -9.6% change in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile show a smaller change in value, -4.1%, than those located over 1 mile away.

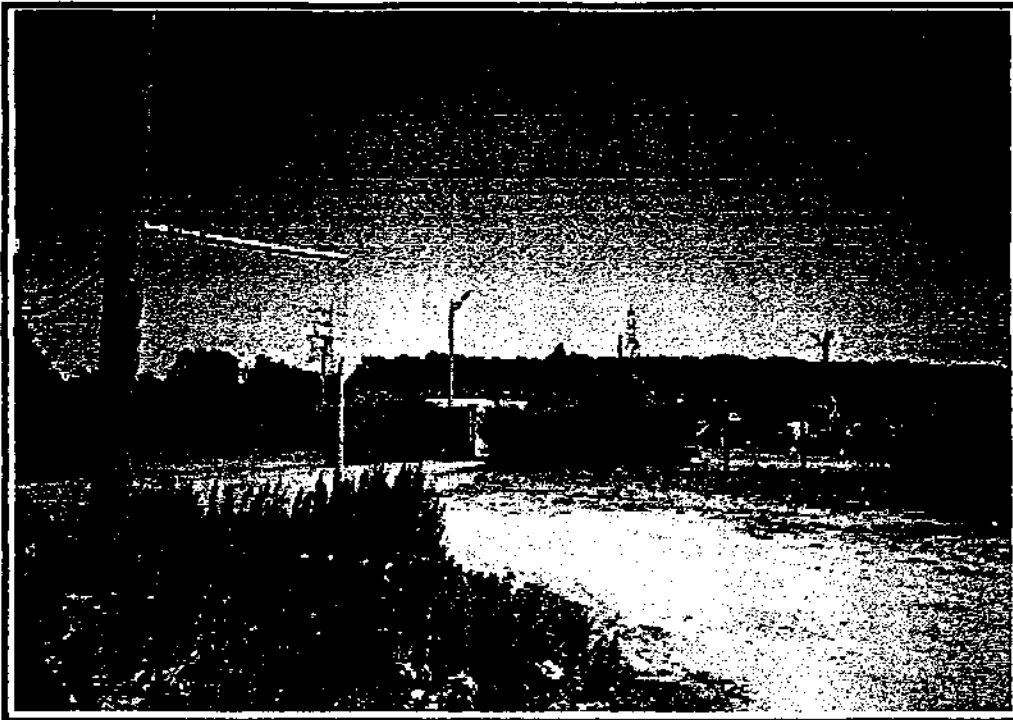
The Glen Head data reflects a 5.5% change in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile actually reflect a 4.8% decrease in the median price per square foot in comparison to the properties located within 1/2 mile of the plant.

The Port Jefferson data reflects a 2.7% decrease in the median price per square foot values between homes located within 1/2 mile of the power generating plant and the homes located over 1 mile away. The homes located between 1/2 mile and 1 mile reflect a negligible 0.8% increase in the median price per square foot in comparison to the properties located within 1/2 mile of the plant.

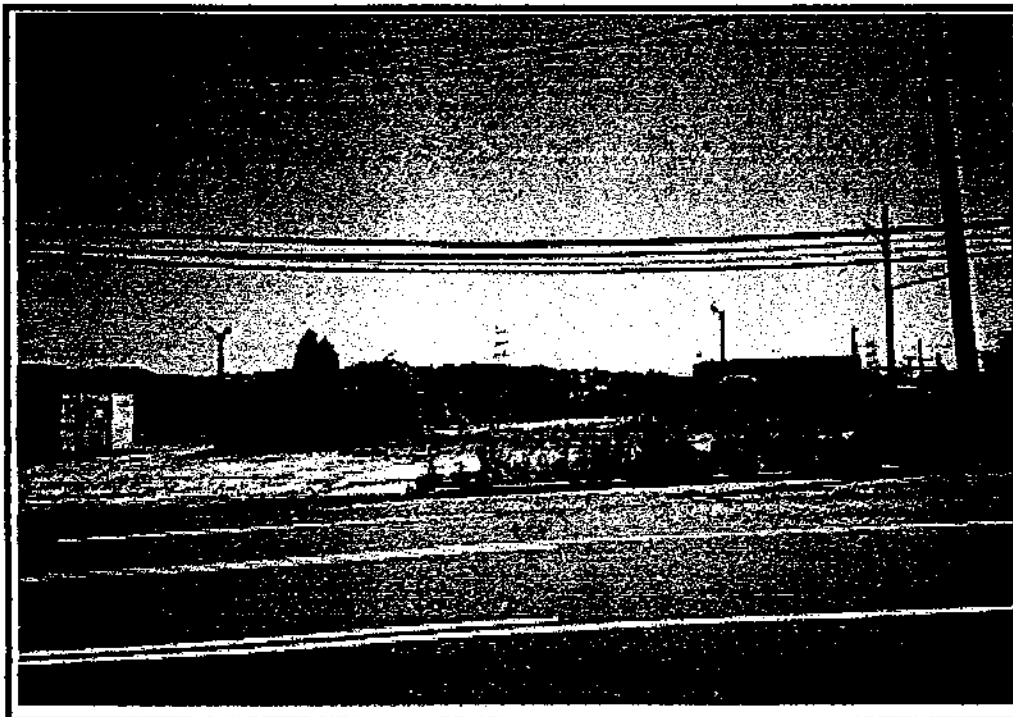
Based on the presented data, the sale properties located in Island Park, Glen Head and Port Jefferson are not significantly impacted by the presence of a power generating plant. Although the Glen Head data indicates a slight value increase in values in properties over 1 mile from the energy plant, the properties located within 1/2 mile of the power plant actually have a higher median unit value than those located between 1/2 mile and 1 mile from the power plant, which is more in line with the other data analyzed.

As previously stated there is insufficient sales data of office buildings available to support a quantitative analysis concerning the value impact of the proposed energy plant on the surrounding commercial properties. However, a qualitative analysis of the items considered in determining the feasibility of a site for office development clearly indicates that the energy plant would have no impact on the value of the surrounding commercial properties. In addition, the presence of the existing sand and gravel mining operation, landfills, asphalt plant, manufacturing facilities and high voltage electric transmission lines in the subject's immediate area has already been reflected in the value of the properties in the area. No additional value effect, attributable to the proposed energy plant, is considered to be warranted.

SUBJECT PHOTOGRAPHS



***SUBJECT PROPERTY
PROPOSED ELECTRICAL GENERATING PLANT
SPAGNOLI ROAD
MELVILLE, NEW YORK***

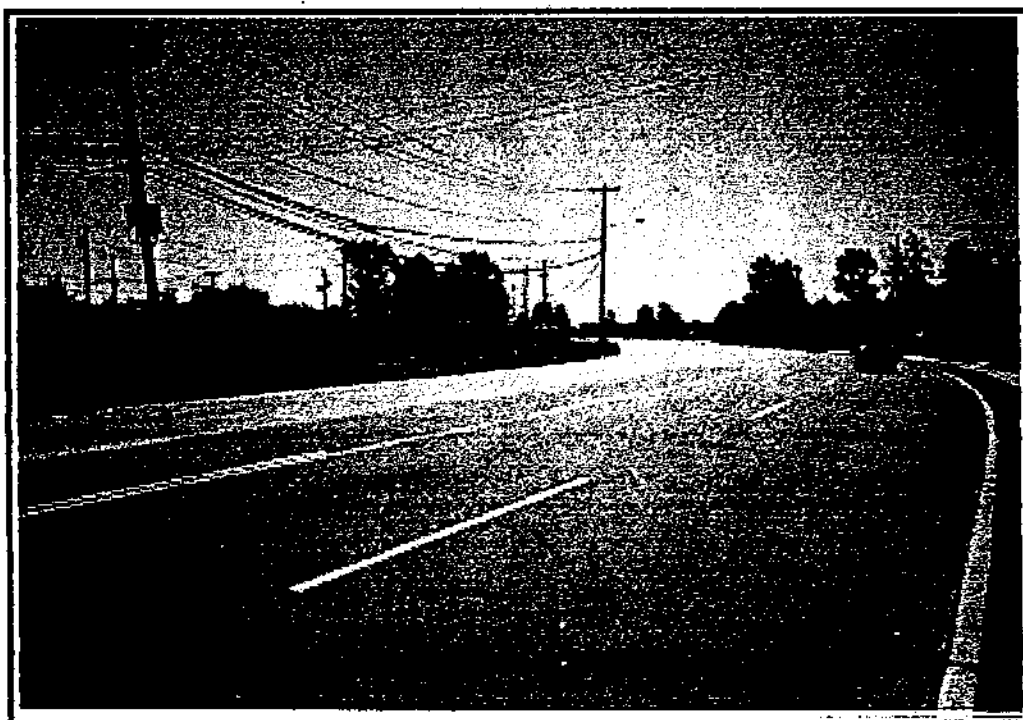


SUBJECT PROPERTY

SUBJECT PHOTOGRAPHS

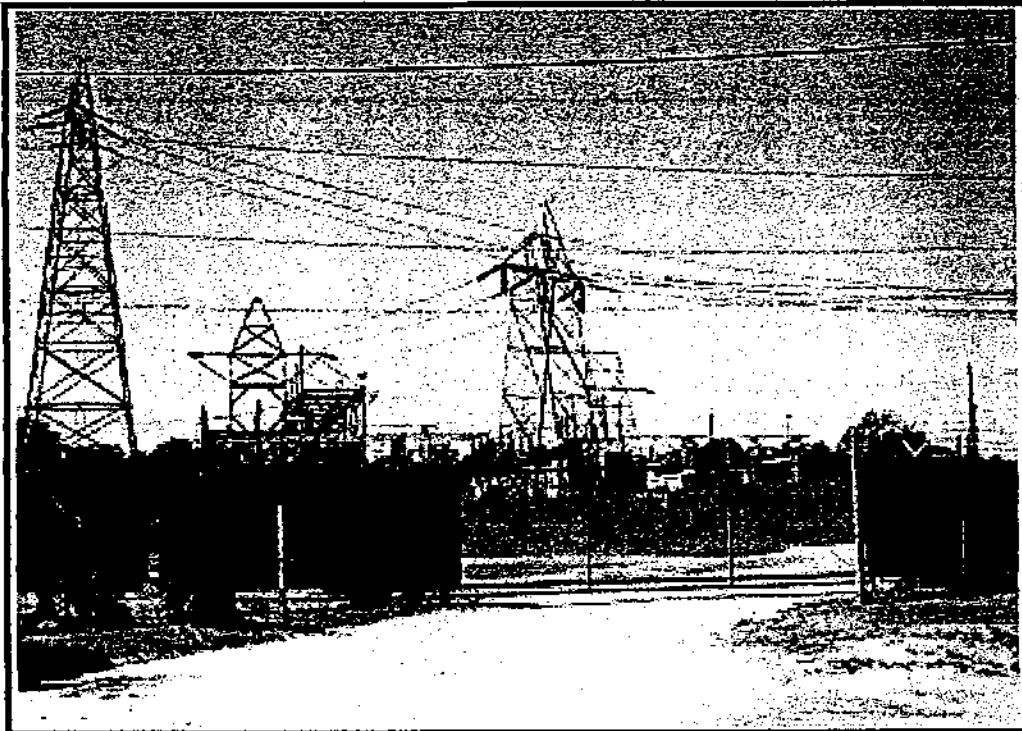


VIEW EAST ON SPAGNOLI ROAD

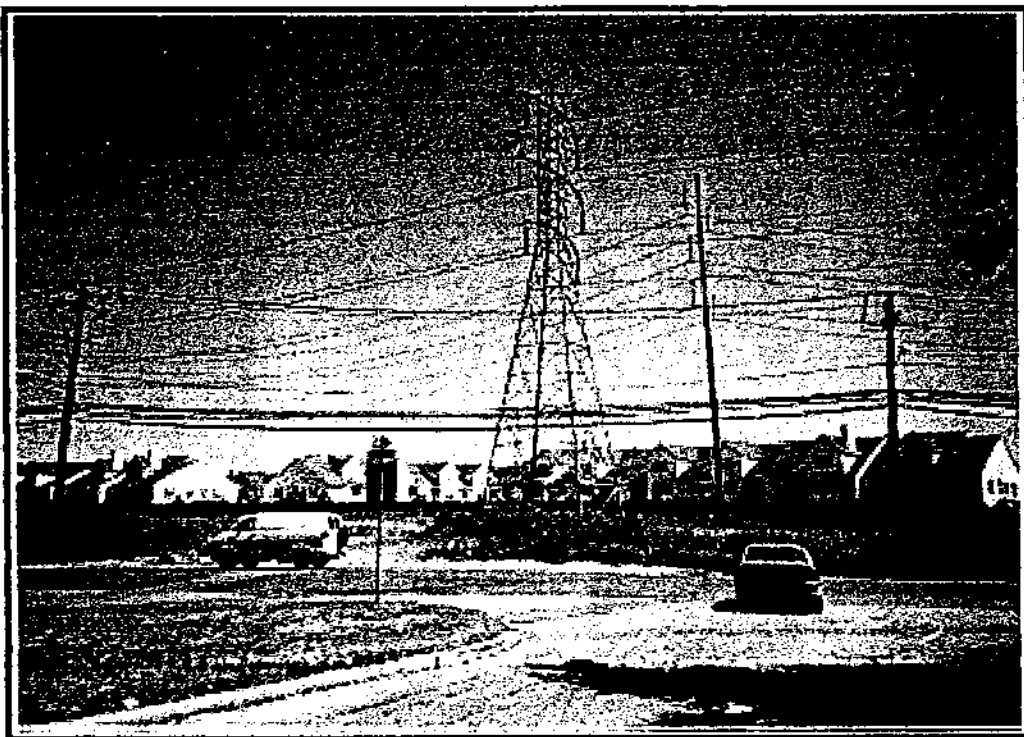


VIEW WEST ON SPAGNOLI ROAD

SUBJECT PHOTOGRAPHS

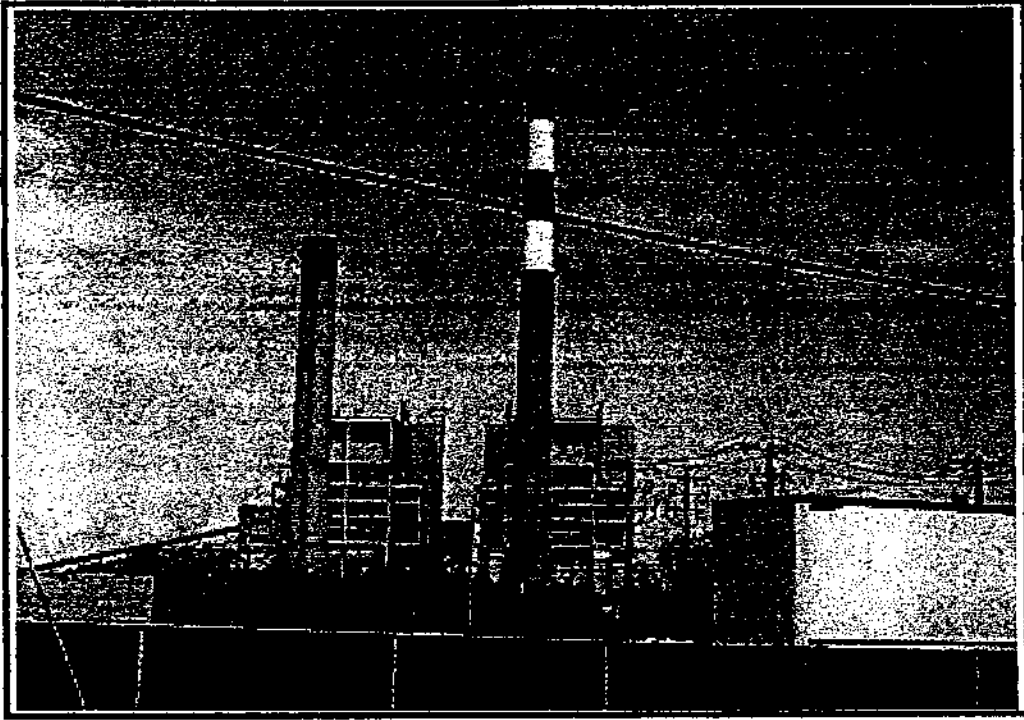


RULAND ROAD ELECTRICAL SUB-STATION



HIGH VOLTAGE TRANSMISSION LINES ON RULAND ROAD

SUBJECT PHOTOGRAPHS

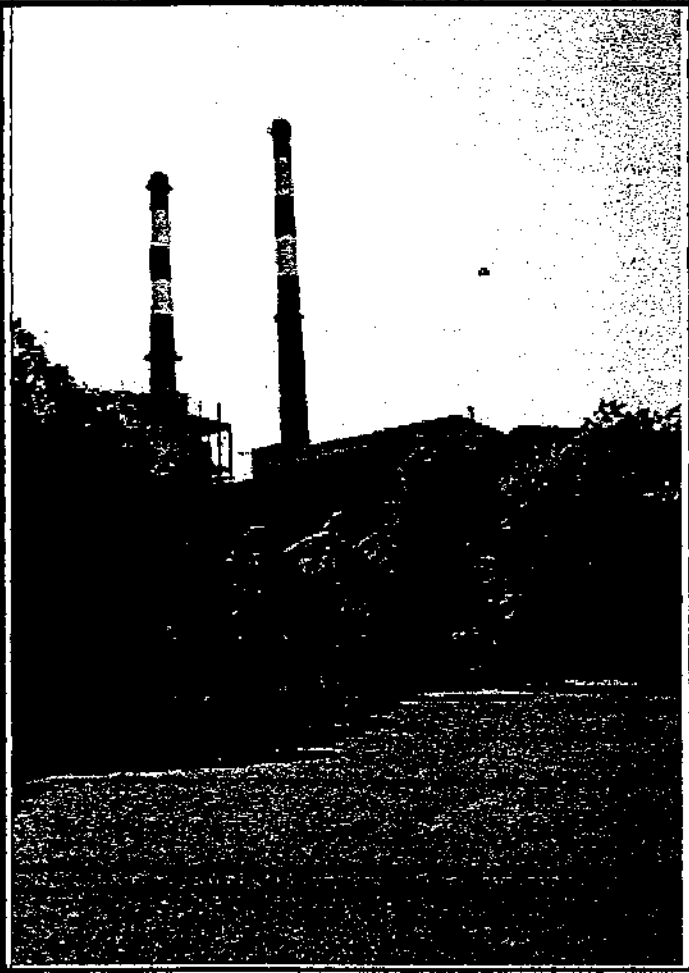


ISLAND PARK ENERGY PLANT

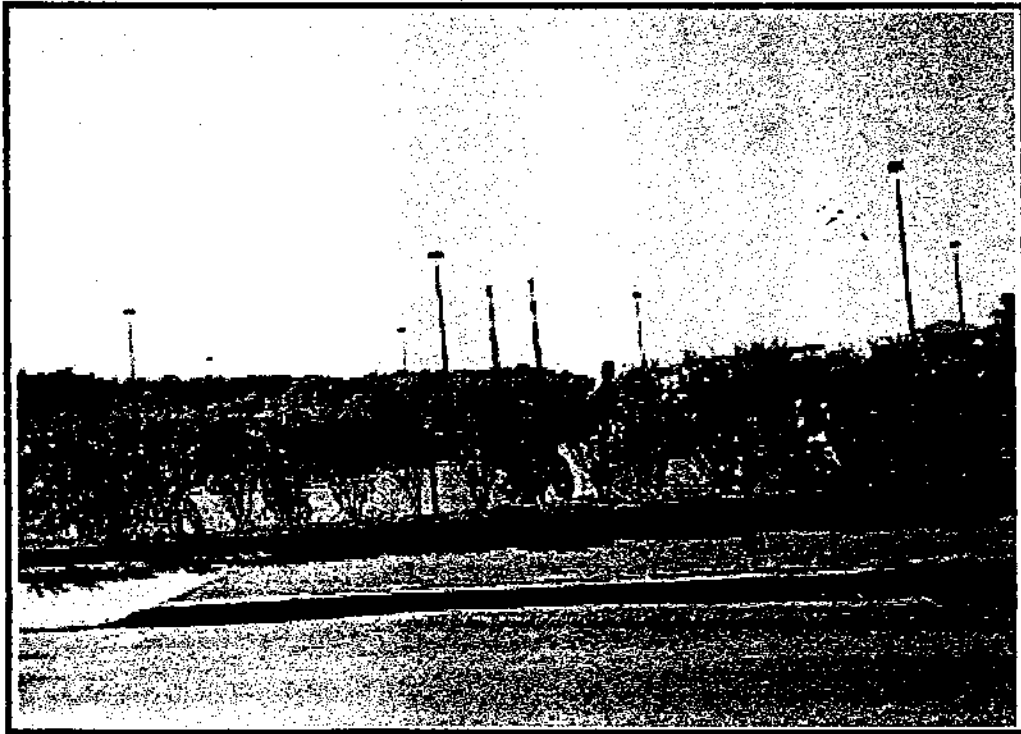


ISLAND PARK NEIGHBORHOOD VIEW

SUBJECT PHOTOGRAPHS

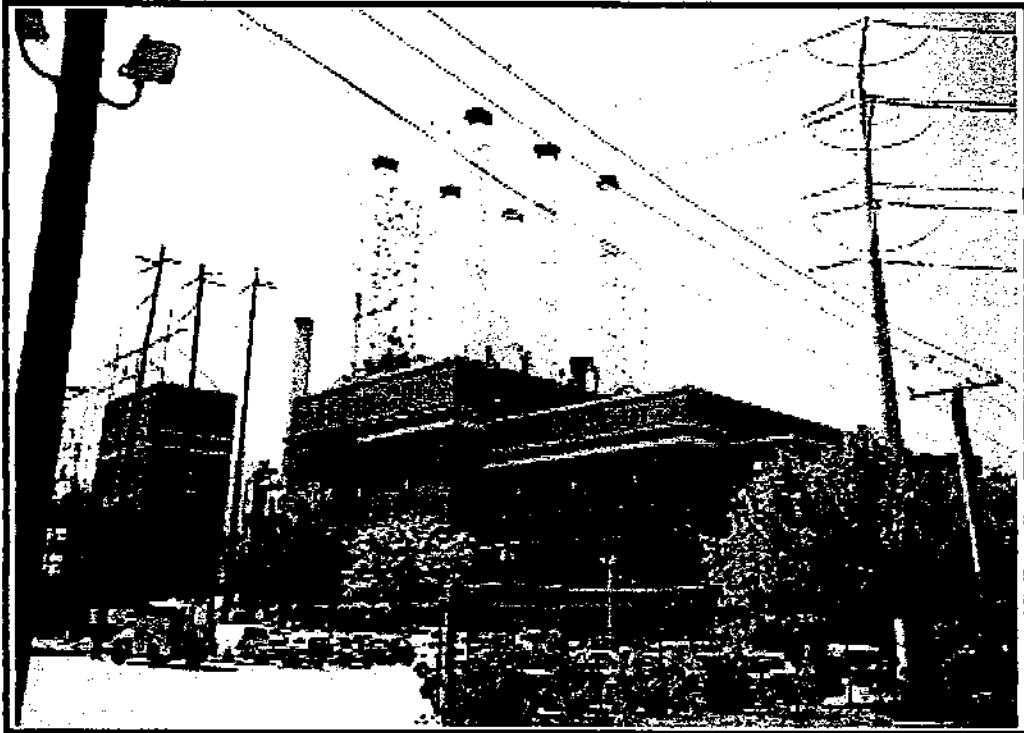


→ *PORT JEFFERSON ENERGY PLANT*



PORT JEFFERSON NEIGHBORHOOD VIEW

SUBJECT PHOTOGRAPHS



GLEN HEAD ENERGY PLANT



GLEN HEAD NEIGHBORHOOD VIEW

PROFESSIONAL QUALIFICATIONS

JAMES A. COWAN, CRE, MAI

EMPLOYMENT

- 1988 to present ***J. A. COWAN & ASSOC., INC.***
President
Specializing in real estate consulting and appraising of office, industrial, multi-family residential, retail, hotel/motel and special use real estate on a national basis, with a concentration in the northeast quadrant of the country.
- 1985 to 1988 **GIBBONS RUSHMORE & COWAN REAL ESTATE ADVISORY SERVICES, INC.**
Mineola, New York
Principal - Managing Director.
Real estate consulting and appraising of commercial, industrial, hotel/motel and multi-family residential properties on a national basis.
- 1983 to 1988 **COWAN RESIDENTIAL APPRAISAL COMPANY**
Rockville Centre, New York
President
Appraising one to four family residential properties in Nassau County and the Borough of Manhattan
- 1983 to 1985 **REAL ESTATE RESEARCH CORPORATION**
New York, New York
Vice President - Office Manager.
Appraising commercial real estate on a national basis.
- 1977 to 1983 **EMIGRANT SAVINGS BANK**
New York, New York
Vice President - Chief Appraiser
Responsible for the valuation of \$3 billion mortgage portfolio containing commercial, industrial and residential properties throughout the country.

PROFESSIONAL ASSOCIATIONS

American Institute of Real Estate Counselors - CRE
Past Member - National Membership Development Committee

Appraisal Institute - MAI
2002 Long Island Chapter President
Past Chairman - Chapter Admissions Committee
Past Member - National Admissions Committee
Past Regional Member - Review & Counseling Committee
Director - Long Island Chapter Appraisal Institute 1993-2002
Member - National Experience Review Committee

Certified General Appraiser
New York, # 46000003087
New Jersey, #RG01638
Connecticut, #CG1149

Licensed Real Estate Broker
New York, # 033784

Real Estate Board of New York

EDUCATION

St. Bonaventure University - BBA - 1966

American Institute of Real Estate Appraisers
Course 1A - Principles of Real Estate
Course 1B - Real Estate Valuation
Course 2 - Case Studies
Course 6 - Real Estate Investment Analysis
Ethics - Code of Conduct, Standards of Professional Practice
Seminars - Various topics, including: Subdivision Analysis, Utilization of HP12C, Appraisal Report Formats, Subsidized Housing Analysis

QUALIFIED EXPERT WITNESS

New York State Supreme Court
Federal Bankruptcy Court
United States District Court

TEACHING ASSIGNMENTS

New York University Real Estate Institute, Adjunct Professor
Northwest Center for Professional Education
University of Pennsylvania - Wharton Graduate Association

SEMINARS

Barclays Bank of New York - Comprehension and Utilization of Commercial Appraisal Reports for Lending Officers

CORPORATE, MUNICIPAL, GOVERNMENTAL & INSTITUTIONAL CLIENTS SERVED

Institutional Clients:

Allied Irish Bank
AMI Capital
Apple Bank for Savings
Astoria Federal Savings
Bank of America
Bank of China
Bank of Ireland
Bank of New York
Bankers Trust Company
Banco Popular
Bayerische Vereinsbank AG
Brooklyn Federal Savings
Chase Manhattan Bank
Citibank, N. A.
City & Suburban Federal Savings Bank
Deutsche Bank Securities
Dime Savings Bank
Doral Bank
East New York Savings
Emigrant Savings Bank
Emigrant Funding
Equitable Bank, N.A.
Fleet Bank

First Pioneer Farm Credit
First National Bank of Chicago
First Union Bancorporation
Home Federal Savings Bank
HSBC
Hudson Valley Bank
I B J Whitehall Bank & Trust Co.
Key Bank
Korea Exchange Bank
Manhattan Savings Bank
M&T Bank
Mitsubishi Trust & Banking Corp.
New York Community Bank
North Fork Savings Bank
Ocwen Federal
Richmond County Savings Bank
Ridgewood Savings Bank
River Bank American
Roslyn Savings Bank
Saudi European Bank
Standard Charter Bank
Summit Bank
Valley National Bank

Municipal & Governmental Clients:

City of Long Beach
City of New York
Federal Aviation Agency
Federal Deposit Insurance Corporation
Federal Home Loan Mortgage Corp.
Government Accounting Office
Incorporated Village of Freeport

Incorporated Village of Rockville Centre
Metropolitan Transportation Authority
National Credit Union Administration
New York State Dept. Of Transportation
Resolution Trust Corporation
United States Department of Navy

Corporate Clients:

Aetna Realty Investors
Alistate
American Continental Prop.
American Mortgage Banking
AMRESO Management, Inc.
ARBOR National Mortgage
AMI Capital Inc.
Arnold & Porter
Atlantic & Pacific Tea Co.
Banc One Management and
Consulting Corporation
Bear Stearns Commercial Mortgage
Beatrice Foods
Boston Financial Tech Grp.
Brewran Corporation
Brookdale University Hospital
and Medical Center
Brooks Harvey
Canal Randolph
Chesterson International
Children's Aid Society
CIGNA Investments, Inc.
Ciniplex Odeon
Cullen & Dyckman
Eaton Corp.
Equitas, S.A.
Feldman Enterprises
First Commercial Capital
Fitch Investors Services Inc.
Gallagher Associates
GMAC
Home Life Insurance Co.
Jaspan, Ginsberg, Ehrlich
Schlesinger & Hoffman
Kalikow Properties
KeySpan
La Salle Properties
Lehman Brothers
Lever Management
Levin, Belsky, Ross & Daniels LLP
Liberty Mutual Insurance Co.

Long Island Rail Road
Mazor, Carp & Rubin
Mellon Financial
Melvin Simon & Assoc., Inc.
Merchants Insurance
Merrill Lynch
Meyers Brothers Parking
Midlantic Home Mrtg. Corp.
Multivest Resources
Muss Development Corp.
North Corp.
NYNEX
Pan American Properties
Planned Parenthood
Parallel Capital Corp.
Prudential Insurance Co.
Quest Diagnostics
Racanelli Indust. Develop.
Reilly Mortgage Group
Roberts & Holland LLP
Salomon Brothers, Inc.
Satterlee, Stephens, Burke & Burke
Security Mutual Life
Senior Corporation
Sherwood Equities, Inc.
Siller Wilk LLP
Sonnenblick-Goldman Corp.
S. L. Green Realty Corp.
Teachers Insur. & Annuity
The Money Store
Thomson Industries, Inc.
Trinity Real Estate
United Stockyards
U.S. Title Life
UNC
VMS
Warburg Dillon Read
Well Fargo Credit Union
White Castle
Winter & Company
Zeckendorf Organization

TYPES OF PROJECTS

Vacant Land:

- Residential Development* - Market studies and appraisals on large tracts of unimproved land for future residential development.
- Industrial Development* - Market studies and appraisals on large tracts of industrial land for future development as industrial parks.
- Commercial Development* - Commercial real estate market analysis in specified areas determining potential for development.
- Mixed-Use Development* - Analysis, market study and appraisal of large scale projects for development with commercial, residential, industrial and lodging improvements.

Office Buildings:

- Multi-Tenanted Properties* - Appraisal and market studies on existing office buildings in both suburban and central business district locations.
- Single-Tenanted Properties* - Analysis and appraisals of office buildings occupied by a single tenant, owner occupied and leased, in both suburban and central business district locations.

Industrial Properties:

- Research and Development* - Market studies and appraisals on both new and existing research and development properties giving consideration to the highly technical aspect of the space.
- Special Purpose Facilities* - Analysis of market demand and appraisals of properties built for specific functions, such as freezer warehouses, piano factories, leather tanning plants and marinas.
- Heavy Industrial Properties* - Analysis and appraisals of heavy industrial properties, and requirements imposed on these properties by governmental agencies protecting the environment.
- Warehouses* - Market studies and appraisals on warehouse properties, reflecting the importance of items such as access, ceiling height and loading facilities.

Residential Properties:

- Rental Apartment Buildings* - Appraisals and market studies on existing rental apartment buildings, reflecting the impact on value of rent control laws, tax abatements, room sizes, unit sizes and location.
- Cooperative Buildings* - Analysis and appraisals of cooperatively owned apartment buildings to establish value for financing purposes.
- Condominium Apartments* - Analysis of market demand and appraisals of individually owned condominium apartments.
- Conversion of Rental Bldgs.* - Market studies and appraisals of rental apartment buildings determining feasibility of conversion to cooperative or condominium ownership.

Mixed-Use Properties:

- Office and Hotel Property* - Market study, analysis and valuation of existing office and hotel developments in both suburban and central business district locations.
- Office and Retail Property* - Market study, analysis and valuation of existing office and retail property, reflecting the potential impact on value of the mixed-use aspect of the project.
- Retail & Residential Property* - Analysis of market demand and appraisals of existing retail and residential property.

Market Studies:

- Residential Property* - Market study and analysis of demand for a proposed high-rise apartment building as a rental property and as a condominium. Market study and analysis of market demand for proposed development of single family houses.
- Mixed -Use Property* - Market study and analysis of demand for a proposed high-rise office building and hotel.
- Industrial Property* - Market study and analysis of market demand for a proposed research and development park.
- Special-Use Property* - Analysis of market demand for an existing recreational development.

Special Projects:

- | | |
|---------------------------------|---|
| <i>Portfolio Valuation</i> | - Appraisal of a real estate investment portfolio containing 100 properties in four different states. |
| <i>Investment Analyses</i> | - Analysis of potential real estate investments, reflecting return requirements of individual investors. |
| <i>Alternative Use Analyses</i> | - Analysis of existing property improvements for financially feasible alternative uses after considering cost of conversion. |
| <i>Valuation Review</i> | - Valuation procedures and techniques employed in real estate appraisals including field inspection of subject and comparable properties. |
| <i>Special-Use Property</i> | - Value-in-use analysis of special use properties including hotels, vineyards, wineries, stockyards, nursing homes, movie theaters and resorts. |
| <i>Litigation Support</i> | - Appraisal review services and assistance in examination of witnesses as well as expert witness testimony. |
| <i>Partial Interest</i> | - Valuation of partial equity interest in real estate property reflecting the value impact created by the partitioning of the equity. |

KEYSPAN ENERGY DEVELOPMENT CORPORATION

**REBUTTAL TESTIMONY
OF
JAMES A. COWAN
JEFFREY L. SMITH**

**IN SUPPORT OF SECTION 12.0 OF THE
SPAGNOLI ROAD ENERGY CENTER PROJECT
ARTICLE X APPLICATION
Case 01-F-0761**

July 24, 2002