

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE APPLICATION BY DEUEL HARVEST WIND ENERGY LLC
FOR ENERGY FACILITY PERMITS OF A WIND ENERGY FACILITY AND A
345-KV TRANSMISSION LINE IN DEUEL COUNTY, SOUTH DAKOTA FOR THE
DEUEL HARVEST NORTH WIND FARM**

SD PUC DOCKET EL18-053

**PRE-FILED REBUTTAL TESTIMONY OF MICHAEL MAROUS
ON BEHALF OF DEUEL HARVEST WIND ENERGY LLC**

April 1, 2019

1 **I. INTRODUCTION**

2

3 **Q. Please state your name.**

4 A. My name is Michael MaRous.

5

6 **Q. Have you previously provided testimony in this docket?**

7 A. Yes. I provided Direct Testimony with Deuel Harvest Wind Energy LLC's ("Deuel
8 Harvest") Application on November 30, 3018.

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10 **II. PURPOSE OF TESTIMONY**

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12 **Q. What is the purpose of your Rebuttal Testimony?**

13 A. The purpose of my Rebuttal Testimony is to respond to concerns raised by
14 intervenors in responses to data requests and prefiled testimony regarding a
15 property value guarantee. I will also respond to the testimony of George Holborn.

16

17 **III. PROPERTY VALUE GUARANTEE**

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19 **Q. Do you believe a property guarantee is an appropriate condition for this
20 Project?**

21 A. No. A property value guarantee is not warranted for the proposed Project. As
22 explained in my Prefiled Direct Testimony and the Market Impact Analysis, there is
23 no market evidence that proximity to a wind turbine adversely affects South Dakota
24 property values. The Project is not expected to have an adverse impact on property
25 values. My work demonstrates that anecdotes and/or similar assertions that wind
26 projects decrease the value of nearby properties do not withstand scrutiny and are
27 unsupported by market data.

28

29 Further, a property value guarantee is a complex and nebulous concept and would
30 be difficult, if not impossible, to implement. Many variables can influence the criteria
31 to establish value or re-establish value at a later date. For example, if maintenance

32 and modernization has not been done, the condition of the property can deteriorate
33 and negatively impact value. Alternatively, it would be difficult to determine how an
34 improvement, such as a new kitchen or bathroom, should be factored in. Further,
35 ideally, the same appraiser should do the appraisal years later if an allegation of an
36 impact due to proximity to a wind farm is suggested. There are very few residential
37 appraisers in the Project area, and there is a reasonable chance that the same
38 appraiser would be retired or no longer working in the area when the future appraisal
39 is needed. Additional variables include: determining who is qualified to provide a
40 value opinion; defining the scope of work for establishing the market value before,
41 and the market value after the installation of the wind project; and determining how
42 changes in a property's condition such as a well maintained property versus a poorly
43 maintained property will be measured for value differences in contrast to the
44 operational date of the wind project. I want to emphasize that these are just some,
45 not all, of the reasons I believe a property value guarantee is unworkable.

46 47 **IV. RESPONSE TO GEORGE HOLBORN**

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49 **Q. In his prefiled testimony, Mr. Holborn claims that he lost “in excess of [\$]250k”**
50 **on the 2019 sale of his property. Did you analyze Mr. Holborn’s claim?**

51 A. Yes. I investigated the property at issue, which is located at 17752 486th Ave.,
52 Gary, South Dakota, and analyzed data for Gary, South Dakota regarding factors
53 that drive growth and residential values. I found no support for Mr. Holborn’s
54 assertion that he lost \$250,000 on the sale of his property.

55
56 According to the South Dakota Department of Revenue, the Holborns paid \$65,000
57 for the property in 2006. They sold off a portion of the property in 2017 for \$2,000.
58 In March 2019, they sold the remainder of the property for \$185,426, reflecting a
59 gross profit.¹ The house located on the property at issue appears to be

¹ I will note that we do not know if, or at what cost, improvements were made to the property after the initial purchase.

60 predominantly surrounded by woods, so a significant distant view, such as Project
61 turbines, is unlikely to be an issue with respect to value. I found no support for Mr.
62 Holborn's assertion that he lost \$250,000 on the sale of his property.

63

64 **Q. Please explain your analysis of the factors that drive growth and residential**
65 **values and your conclusions regarding Mr. Holborn's assertions.**

66 A. Factors that drive growth and value, the presence of which would indicate potential
67 for residential values increases in the upcoming future, include population growth,
68 employment opportunities, availability of services and business establishments (e.g.,
69 food), income levels, and newer housing stock.

70

71 Gary South Dakota has a continually dropping population, from 558 people in 1950
72 to 225 people in 2018. Every 10-year census after 1950 reflected a population
73 decrease. Further, there are limited employment opportunities, limited services,
74 and limited food establishments in the area. The housing stock is generally old, and
75 income levels are generally not high. Accordingly, most factors that drive growth
76 and value are not present, and would not indicate potential for residential values
77 increases in the upcoming future.

78

79 **V. CONCLUSION**

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81 **Q. Does this conclude your Rebuttal Testimony?**

82 A. Yes.

83

84 Dated this 1st day of April, 2019.

85



86 Michael MaRous

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