

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

**IN THE MATTER OF THE APPLICATION BY SWEETLAND WIND FARM, LLC  
FOR FACILITY PERMITS OF A WIND ENERGY FACILITY AND A 230-KV  
TRANSMISSION FACILITY IN HAND COUNTY, SOUTH DAKOTA FOR THE  
SWEETLAND WIND FARM PROJECT**

**SD PUC DOCKET EL19-012**

**PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY OF MICHAEL MAROUS  
ON BEHALF OF SWEETLAND WIND FARM, LLC**

May 20, 2019

1 **I. INTRODUCTION AND QUALIFICATIONS**

2

3 **Q. Please state your name, employer, and business address.**

4 A. My name is Michael MaRous. I am the owner and president of MaRous &  
5 Company. My business address is 300 South Northwest Highway, Suite 204, Park  
6 Ridge, Illinois 60068.

7

8 **Q. Did you previously provide Direct Testimony in this docket?**

9 A. No.

10

11 **Q. Briefly describe your educational and professional background.**

12 A. I graduated from the University of Illinois at Urbana-Champaign with a B.S. in  
13 Urban Land Economics and began my career working with a Chicago real estate  
14 appraisal and consulting firm. I founded MaRous & Company in 1980. I have a  
15 South Dakota State Certified General Appraisal License, No. 1467CG.

16

17 During my career, I have appraised a variety of types of real estate located in more  
18 than 25 states and reflecting a total value in excess of \$15 billion. I have done a  
19 substantial amount of work on energy-related projects, including wind farm projects  
20 such as the Deuel Harvest North Wind Project in Deuel County (Docket No. EL18-  
21 053 (“Deuel Harvest”)), the Prevailing Wind Park Energy Facility in Bon Homme  
22 County, Hutchinson County, and Charles Mix County (Docket No. EL18-026  
23 (“Prevailing Wind Park”)), the Dakota Range I and II Wind Project in Codington  
24 County and Grant County (Docket No. 18-003 (“Dakota Range I and II”)), and the  
25 Crocker Wind Farm in Clark County (Docket No. 17-055 (“Crocker”)), all in South  
26 Dakota; and a number of other wind farm projects in Illinois, Iowa, Kansas,  
27 Indiana, New York, and Minnesota. More information on my background is set  
28 forth in my statement of qualifications, which is included as Exhibit A12-1 to my  
29 testimony.

30

31 **II. OVERVIEW**

32

33 **Q. What is your role in the Project?**

34 A. I was retained by Sweetland Wind Farm, LLC (“Sweetland”) to conduct an initial  
35 analysis and prepare an independent market analysis of the potential impact, if  
36 any, the Project would have on the value of the properties in the general area of  
37 the Project in Hand County (“Project area”). Specifically, my analysis addresses  
38 the question of whether market data indicates that the Project will have an effect  
39 on the value of residential properties and/or agricultural land in proximity to the  
40 proposed wind turbines. The result of my work will be detailed in a Market  
41 Analysis, which will be submitted to the Commission at a later date.

42

43 **Q. What is the purpose of your Supplemental Direct Testimony?**

44 A. The purpose of my testimony is to provide information and my initial analysis with  
45 respect to the potential impact, if any, of the Project’s wind turbines on the value of  
46 rural residential and agricultural property.

47

48 **Q. What exhibits are attached to your Direct Testimony?**

49 A. I am sponsoring the following exhibits:

- 50 • Exhibit A12-1: Statement of Qualifications
- 51 • Exhibit A12-2: Surrebuttal Testimony of David Lawrence on Behalf of the  
52 Staff of the South Dakota Public Utilities Commission, In re the Matter of  
53 the Application by Dakota Range I, LLC and Dakota Range II, LLC for a  
54 Permit of a Wind Energy Facility in Grant County and Codington County,  
55 South Dakota, for the Dakota Range Wind Project, Docket No. EL18-003,  
56 (June 8, 2018).

57

58 **III. INITIAL ANALYSIS FOR SWEETLAND WIND FARM**

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60 **Q. Please briefly describe the initial analysis you conducted for the Project.**

61 A. My initial analysis is based on my research in the Project area and brings together  
62 several different data sources and ways of evaluating the potential valuation  
63 impacts of wind turbines on properties. I evaluated the footprint of the Project, as  
64 well as the surrounding area, and reviewed rural residential and agricultural  
65 property sales data and market information for Hand County and other counties in  
66 South Dakota in which wind farms are located. I considered that information, as  
67 well as information from assessors in several South Dakota counties that are home  
68 to active wind farms. I also considered the economic impact on the larger  
69 community by the approval of the use as proposed. In addition to analyzing South  
70 Dakota-specific information, I considered and re-examined my prior analyses for  
71 wind projects in similar areas of Minnesota, Iowa, Indiana, Kansas and Illinois.  
72 Finally, I also considered the work done by Mr. Lawrence in the Dakota Range I  
73 and II proceeding, attached as Exhibit A12-2, and relevant peer-reviewed  
74 literature.

75

76 **Q. What information will be provided in the Market Analysis?**

77 A. The Market Analysis will put into report format the work I have done to study the  
78 question of whether there will be property value impacts if the Project is  
79 constructed as proposed, and the conclusions reached. The Market Analysis will  
80 explain background information about the Project and the Project area, and will  
81 include more detailed information concerning values and market trends in the  
82 Project area. The Market Analysis will also analyze particular transactions  
83 involving improved residential properties and agricultural land in Hand County. It  
84 will then discuss available data regarding the interactions, if any, between wind  
85 turbines and property values in South Dakota and similar locales. Additionally, the

86 Market Analysis will include references to peer-reviewed literature that explored  
87 the same issue, although in different places.<sup>1</sup>

88

89 **Q. Please briefly explain what you did to familiarize yourself with the Project.**

90 A. To familiarize myself with the Project, I reviewed documents relating to the  
91 proposed Project, including the Application filed in this matter and engineering  
92 information. I reviewed the proposed layout and turbine models in the Application  
93 and the applicable regulations and the Development Agreement entered into  
94 between Hand County and Sweetland.

95

96 In addition, although I am generally familiar with the current market for real estate  
97 in eastern South Dakota, I needed to further develop my knowledge of the current  
98 market in and around the Project area. I have started researching property values  
99 and market conditions through a variety of methods (e.g., interviews with market  
100 participants, survey of assessors, public records, and online research), and plan to

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<sup>1</sup> Some of the widely-accepted, large-scale, peer-reviewed literature that I considered and find particularly informative are the following:

- Brian Guerin, Jason Moore, Jamie Stata, and Scott Bradfield (2012). Impact of Industrial Wind Turbines on Residential Property Assessment in Ontario: 2012 Assessment Base Year Study. Municipal Property Assessment Corporation.
- Jason Moore, Jamie Stata, and Scott Bradfield (2016). Impact of Industrial Wind Turbines on Residential Property Assessment in Ontario: 2016 Assessment Base Year Study. Municipal Property Assessment Corporation.
- Corey Lang and James Opaluch (2013). Effects of Wind Turbines on Property Values in Rhode Island. Environmental and Natural Resource Economics, University of Rhode Island.
- Richard J. Vyn and Ryan M. McCullough (2013). The Effects of Wind Turbines on Property Values in Ontario: Does Public Perception Match Empirical Evidence? University of Guelph, Canada.
- Carol Atkinson-Palombo and Ben Hoen (2014). Relationship between Wind Turbines and Residential Property Values in Massachusetts. University of Connecticut and Lawrence Berkeley National Laboratory.

Additional discussion of the relevant literature will be provided in the Market Analysis.

101 continue this research. I also visited the Project area on April 16, 2019. It is also  
102 worth noting that the recent work I did in the Commission's dockets for the Deuel  
103 Harvest, Prevailing Wind Park, Dakota Range I and II, and Crocker wind farm  
104 projects helped to inform my knowledge of issues relevant to my analysis.

105

106 **Q. Based on your initial analysis, what are your conclusions about the impact**  
107 **that the Project, if constructed, would have on property values?**

108 A. There is no market evidence to support a conclusion that proximity to wind turbines  
109 negatively affects rural residential property or agricultural property values in Hand  
110 County. Further, I conclude that the value of properties with wind leases may be  
111 increased.

112

113 **Q. Are your conclusions consistent with your prior work and the work of**  
114 **others?**

115 A. Yes. My conclusions are consistent with my conclusions in other market analyses  
116 I have performed, including those filed in prior South Dakota Public Utilities  
117 Commission proceedings. Those analyses were filed with the Commission in the  
118 Deuel Harvest, Prevailing Wind Park, Dakota Range I and II, and Crocker  
119 proceedings. My conclusions are also consistent with the work of Mr. David  
120 Lawrence (an appraiser who testified on behalf of the Commission Staff in the  
121 Crocker and Dakota Range I and II proceedings), the Commission's prior findings,  
122 information from assessors and market participants in South Dakota and  
123 elsewhere, and the findings of widely-accepted, large-scale peer-reviewed studies.

124

125 **Q. Have other professionals researched whether wind turbines impact property**  
126 **values in South Dakota?**

127 A. To my knowledge, the only other professional who has studied this issue is Mr.  
128 Lawrence. There are not, to my knowledge, any peer-reviewed studies that deal  
129 specifically with South Dakota properties. The large-scale peer-reviewed studies  
130 that have been done evaluated properties outside of South Dakota.

131

132 **Q. You describe your conclusions as consistent with the work of Mr. Lawrence**  
133 **on behalf of Commission Staff in the Dakota Range I and II proceeding.**  
134 **What do you mean by that?**

135 A. Mr. Lawrence's research led him to conclude that, based on the evidence and  
136 research he had conducted,

137 (1) "the evidence supports the presumption there have been no adverse  
138 effects on the selling price of rural residential properties in proximity to a  
139 wind tower, turbine or wind project," Exhibit A12-2 at 5; and

140 (2) "the research supports the presumption there have been no adverse  
141 effects on the selling price of agricultural properties in proximity to and  
142 within the boundaries of the property with a wind tower." Exhibit A12-2 at 6.

143

144 Mr. Lawrence's work also helped to demonstrate that allegations that the values of  
145 rural residential properties within the viewshed of a wind project are negatively  
146 affected are not supported by the data. The Rural Residential Transaction  
147 Summary Table at Exhibit 1 to Mr. Lawrence's testimony (which is attached as  
148 Exhibit A12-2 to my testimony) showed that seeing and/or hearing wind turbines  
149 does not reduce nearby properties' values:

150

Rural Residential Transaction Summary Table						
Transaction Reference	Property Type	Physical Evidence of Effects	Interview Evidence of Effects	Sales Evidence of Effects	Consistency of Sale Evidence with Interview Evidence	Overall Conclusion
BK1	Rural Residential	Yes	None	None	Consistent	No measurable effects
BK2	Rural Residential	Yes	None	None	Consistent	No measurable effects
BK3	Rural Residential	Yes	None	None	Consistent	No measurable effects
BK4	Rural Residential	Yes	None	None	Consistent	No measurable effects
BK5	Rural Residential	*None*	None	None	Consistent	No measurable effects
BK7	Rural Residential	Yes	None	None	Consistent	No measurable effects

\*\*Turbines were not in operation during the site visit of BK5. Winds light and variable. \*\*

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Likewise, Mr. Lawrence’s work on agricultural properties suggests that the value of properties proximate to wind farms is not decreased and that the value of properties that host turbines is likely increased. See Exhibit A12-2 at 5-6. I have not located any market data that would support the opposite conclusion.

**Q. Based on your initial analysis, the market analyses you have conducted for other proposed wind projects in South Dakota and other states, and the other sources of information you discuss above, do you expect to reach different conclusions in the Market Analysis regarding the Project’s potential impact on property values?**

A. It is unlikely. Having studied the potential impacts of wind farm projects on properties in South Dakota and across the Midwest, the data consistently shows that property values are not negatively impacted by proximate wind farm projects. As set forth above, my initial analysis, testimony on behalf of Commission Staff in



167 past proceedings, my prior market analyses (including sales data, interviews with  
168 market participants, real estate professionals and assessors), and peer-reviewed  
169 literature all indicate that there is no market evidence to support a conclusion that  
170 proximity to wind turbines negatively affects proximate rural residential or  
171 agricultural property values.

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173 **IV. CONCLUSION**

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175 **Q. Does this conclude your Supplemental Direct Testimony?**

176 A. Yes.

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178 Dated this 20th day of May, 2019.

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182 Michael MaRous

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