

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

**IN THE MATTER OF THE APPLICATION BY PREVAILING WIND PARK, LLC
FOR A PERMIT FOR A WIND ENERGY FACILITY IN BON HOMME, CHARLES MIX,
AND HUTCHINSON COUNTIES, SOUTH DAKOTA, FOR PREVAILING WIND
PARK ENERGY FACILITY**

SD PUC DOCKET EL-18-026

PREFILED REBUTTAL TESTIMONY OF MICHAEL MAROUS
ON BEHALF OF PREVAILING WIND PARK, LLC

September 26, 2018

1 **I. INTRODUCTION**

2

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

4 A. My name is Michael MaRous.

5

6 **Q. Did you provide Supplemental Direct Testimony in this Docket?**

7 A. Yes. I submitted Supplemental Direct Testimony in this docket on August 10, 2018.

8

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

10 A. The purpose of my Rebuttal Testimony is to respond to the testimony of South
11 Dakota Public Utilities Commission Staff witness David Lawrence. As discussed
12 below, since much of Mr. Lawrence's testimony supports my conclusions, my
13 rebuttal testimony focuses on those areas where Mr. Lawrence has offered
14 suggestions for or criticisms of my analysis.

15

16 **Q. What is your overall response to Mr. Lawrence's testimony?**

17 A. Overall, Mr. Lawrence's testimony and the data he discusses further support my
18 conclusion that there is no market evidence that proximity to a wind turbine
19 adversely affects South Dakota property values. Mr. Lawrence's work, along with
20 mine, demonstrates that anecdotes and/or similar assertions that wind projects
21 decrease the value of nearby properties do not withstand scrutiny and are
22 unsupported by market data.

23

24 **II. MARKET IMPACT ANALYSIS**

25

26 **Q. Mr. Lawrence states that there is a gap in the research in the Market Impact**
27 **Analysis because it does not analyze the nearby wind projects (i.e., Beethoven**
28 **Wind Project, SD Wind Partners, Prairie Winds SD-1 and Prairie Winds, Titan**
29 **Wind Project, and Wessington Springs Wind Project). Lawrence Direct at 6-7.**
30 **What is your response?**

31 A. I disagree. There is not a gap in the research; rather, market sales are limited. As
32 further described in my Supplemental Direct Testimony and the Market Impact
33 Analysis, I reviewed data on the market for single-family houses and agricultural
34 properties in the area of the proposed wind farm and from other areas in the county
35 from public sources, and from the Bon Homme County, Charles Mix County, and
36 Hutchinson County public records, and public records from nine other counties in
37 South Dakota. As for the existing wind farms Mr. Lawrence mentions, I reviewed
38 data from the counties in which the Beethoven Wind Project is located (Charles Mix,
39 Hutchinson, and Bon Homme Counties). I also reviewed data from Jerauld County,
40 where the Wessington Springs Wind Project, SD Wind Partners Wind Project, and
41 part of PrairieWinds SD1 are located, as well as Aurora County (PrairieWinds SD1).
42 The research I conducted for my matched pair analysis indicates that there is a
43 relative lack of sales proximate to wind turbines in these counties.

44

45 I chose to focus on wind farms that are comparable to the Project in both number of
46 turbines and project footprint. Accordingly, I did not review data from the ten-turbine
47 Titan Wind Project (located in Hand County), or from Brule County, which has only
48 two turbines (part of PrairieWinds SD1).

49

50 **Q. Mr. Lawrence asserts that one should have “at least fifteen sales for a case-**
51 **by-case analysis (per property type).” Lawrence Direct at 13. What is your**
52 **response?**

53 A. I do not agree with Mr. Lawrence and I note that he does not identify any standard
54 for his asserted minimum. The Market Impact Analysis, including the matched pairs

55 analysis, used the best available data. Many sales in the area are conducted
56 privately from family member to family member, or passed down from generation to
57 generation, causing there to be a lack of sale information or, in most cases, the
58 properties do not sell at full value. I believe the six residential paired sales are
59 sufficient to draw the conclusion that wind turbines do not have an adverse effect on
60 property values. This conclusion is supported by my body of work throughout the
61 Midwest, including matched pairs developed in counties with similar demographics,
62 land use, and economic characteristics, just east of this area in Minnesota, and in
63 similar rural counties in Iowa and Illinois.

64

65 **Q. Mr. Lawrence references two sales that have occurred in proximity to a wind**
66 **tower in the Southeast Region near the proposed Project that were not**
67 **included in the Market Impact Analysis. Lawrence Direct at 7. What is your**
68 **response?**

69 A. After reviewing Mr. Lawrence's testimony, I contacted him to obtain information
70 regarding the two sales he identified. Mr. Lawrence provided raw data and
71 unverified research on potential sales, but no actual sales. Based on the limited
72 information, I do not see a basis for including them in my Market Impact Analysis.
73 We are continuing to evaluate this data. If additional information is verified, we will
74 supplement our findings.

75

76 **III. APPLICABILITY OF PEER-REVIEWED STUDIES TO SOUTH DAKOTA**

77

78 **Q. Mr. Lawrence states that the studies presented in the Application and your**
79 **testimony provide a useful starting point to gauge the potential impacts to**
80 **rural properties in the Project area, but criticizes several of the studies as not**
81 **being relevant to South Dakota properties near wind farms. Lawrence Direct**
82 **at 7. What is your response?**

83 A. I appreciate Mr. Lawrence's recognition of the usefulness of the studies included
84 with the Application and by Supplemental Direct Testimony. I included the studies in
85 my testimony to provide a balanced overview of the peer-reviewed literature. The

86 studies reflect large amounts of data arriving at similar conclusions of no negative
87 value impact for well-planned wind farm development. There are no peer-reviewed
88 studies that have studied South Dakota properties, and I have been unable to locate
89 any other peer-reviewed market analysis specific to South Dakota wind farms.
90 Large-scale peer-reviewed studies have evaluated the potential impact of wind
91 turbines on property values outside of South Dakota. While these studies are not
92 specific to South Dakota, they are authoritative studies that have produced
93 consistent results.

94
95 Mr. Lawrence correctly notes that some of these studies looked at residential values
96 in some more populated areas. However, that does not mean the studies are
97 inapplicable to understanding the potential impact of wind turbines on residential and
98 agricultural land in rural South Dakota, particularly Bon Homme, Hutchinson, and
99 Charles Mix Counties. For example, I am personally familiar with the majority of
100 counties included in the LBNL Studies that are located in Illinois, Iowa, and
101 Minnesota. The majority of these counties' economies are agricultural-based and
102 residential values are generally comparable in the rural locations.

103
104 The studies included in the Application and my prior testimony support my opinion
105 that there is no definitive evidence in the literature to indicate that the Project will
106 negatively impact the value of agricultural or residential properties.

107
108 **IV. PROPERTY VALUE GUARANTEE**

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110 **Q. Mr. Lawrence discusses the difficulty of administering a property value**
111 **guarantee. What is your response?**

112 A. I do not believe a property value guarantee is warranted for this Project or workable.
113 As I testified, the Project is not expected to have any adverse impact on property
114 values. I also agree with Mr. Lawrence's "concerns about how to properly manage
115 the valuation process for consistent results before the project and after the
116 installation of the wind project." Lawrence Direct at 14. As Mr. Lawrence discussed,

117 many variables can influence the criteria to establish value or re-establish value at a
118 later date. For example, in addition to the examples provided by Mr. Lawrence, if
119 maintenance and modernization has not been done, the condition of the property
120 can deteriorate and negatively impact value. Alternatively, it would be difficult to
121 determine how an improvement, such as a new kitchen or bathroom, should be
122 factored in. Further, ideally, the same appraiser should do the appraisal years later
123 if an allegation of an impact due to proximity to a wind farm is suggested. There are
124 very few residential appraisers in the Project area, and there is a reasonable chance
125 that the same appraiser would be retired or no longer working in the area when the
126 future appraisal is needed. I want to emphasize that these are just some, not all, of
127 the reasons I believe a property value guarantee is unworkable.

128

129 **V. CONCLUSION**

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

132 A. Yes.

133

134 Dated this 26th day of September, 2018.



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136

137 Michael MaRous

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