I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name, employer, and business address.
A. My name is Michael MaRous. I am the owner and president of MaRous & Company. My business address is 300 South Northwest Highway, Suite 204, Park Ridge, Illinois 60068.

Q. Did you previously provide Direct Testimony in this docket?
A. No.

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

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

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

Q. What is the purpose of your Supplemental Direct Testimony?
A. The purpose of my testimony is to provide information and my initial analysis with respect to the potential impact, if any, of the Project’s wind turbines on the value of rural residential and agricultural property.

Q. What exhibits are attached to your Direct Testimony?
A. I am sponsoring the following exhibits:

- Exhibit A12-1: Statement of Qualifications
- Exhibit A12-2: Surrebuttal Testimony of David Lawrence on Behalf of the Staff of the South Dakota Public Utilities Commission, In re the Matter of the Application by Dakota Range I, LLC and Dakota Range II, LLC for a Permit of a Wind Energy Facility in Grant County and Codington County, South Dakota, for the Dakota Range Wind Project, Docket No. EL18-003, (June 8, 2018).
Q. Please briefly describe the initial analysis you conducted for the Project.
A. My initial analysis is based on my research in the Project area and brings together several different data sources and ways of evaluating the potential valuation impacts of wind turbines on properties. I evaluated the footprint of the Project, as well as the surrounding area, and reviewed rural residential and agricultural property sales data and market information for Hand County and other counties in South Dakota in which wind farms are located. I considered that information, as well as information from assessors in several South Dakota counties that are home to active wind farms. I also considered the economic impact on the larger community by the approval of the use as proposed. In addition to analyzing South Dakota-specific information, I considered and re-examined my prior analyses for wind projects in similar areas of Minnesota, Iowa, Indiana, Kansas and Illinois. Finally, I also considered the work done by Mr. Lawrence in the Dakota Range I and II proceeding, attached as Exhibit A12-2, and relevant peer-reviewed literature.

Q. What information will be provided in the Market Analysis?
A. The Market Analysis will put into report format the work I have done to study the question of whether there will be property value impacts if the Project is constructed as proposed, and the conclusions reached. The Market Analysis will explain background information about the Project and the Project area, and will include more detailed information concerning values and market trends in the Project area. The Market Analysis will also analyze particular transactions involving improved residential properties and agricultural land in Hand County. It will then discuss available data regarding the interactions, if any, between wind turbines and property values in South Dakota and similar locales. Additionally, the
Market Analysis will include references to peer-reviewed literature that explored the same issue, although in different places.¹

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

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

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

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

- 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.

Additional discussion of the relevant literature will be provided in the Market Analysis.
continue this research. I also visited the Project area on April 16, 2019. It is also worth noting that the recent work I did in the Commission’s dockets for the Deuel Harvest, Prevailing Wind Park, Dakota Range I and II, and Crocker wind farm projects helped to inform my knowledge of issues relevant to my analysis.

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

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

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

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

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

A. To my knowledge, the only other professional who has studied this issue is Mr. Lawrence. There are not, to my knowledge, any peer-reviewed studies that deal specifically with South Dakota properties. The large-scale peer-reviewed studies that have been done evaluated properties outside of South Dakota.
Q. You describe your conclusions as consistent with the work of Mr. Lawrence on behalf of Commission Staff in the Dakota Range I and II proceeding. What do you mean by that?

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

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

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

Mr. Lawrence's work also helped to demonstrate that allegations that the values of rural residential properties within the viewshed of a wind project are negatively affected are not supported by the data. The Rural Residential Transaction Summary Table at Exhibit 1 to Mr. Lawrence’s testimony (which is attached as Exhibit A12-2 to my testimony) showed that seeing and/or hearing wind turbines does not reduce nearby properties' values:
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
past proceedings, my prior market analyses (including sales data, interviews with market participants, real estate professionals and assessors), and peer-reviewed literature all indicate that there is no market evidence to support a conclusion that proximity to wind turbines negatively affects proximate rural residential or agricultural property values.

IV. CONCLUSION

Q. Does this conclude your Supplemental Direct Testimony?
A. Yes.

Dated this 20th day of May, 2019.

Michael MaRous
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