

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

**IN THE MATTER OF THE APPLICATION OF
CROWNED RIDGE LLC, II FOR A FACILITIES PERMIT TO
CONSTRUCTION 300.6 MEGAWATT WIND FACILITY**

Docket No. EL19-027

**SUPPLEMENT TESTIMONY AND EXHIBITS
OF MICHAEL MAROUS**

September 20, 2019

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by MaRous & Company as President.

8
9 **Q. WHAT ARE YOUR RESPONSIBILITIES?**

10 A. I am a consultant to Crowned Ridge Wind II, LLC (“CRW II”) on the impact of the CRW
11 II wind project on property values. I was specifically retained by CRW II to prepare an
12 independent market analysis of the potential impact, if any, the CRW II wind project
13 (“Project”) would have on the value of the properties in the general area of the Project in
14 Deuel, Codington, and Grant Counties. The market analysis is attached as Exhibit
15 MM-S-1.

16
17 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND QUALIFICATIONS.**

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

22 During my career, I have appraised a variety of types of real estate located in
23 more than 25 states and reflecting a total value in excess of \$15 billion. I have done a
24 substantial amount of work on energy-related projects, including wind farm projects such

1 as the Deuel Harvest Wind Project in Deuel County, Prevailing Wind Park Energy
2 Facility in Bon Homme County, Hutchinson County, and Charles Mix County, the
3 Dakota Range Wind Projects I, II, and III in Codington County and Grant County, and
4 the Crocker Wind Farm in Clark County, Triple H Wind Project, Hyde County, Tatanka
5 Ridge Wind Farm in Deuel County, and Sweetland farm in Hand County, all of which are
6 in South Dakota. I have worked on a number of other wind farm projects in Kansas,
7 Indiana Illinois, Iowa, Ohio, and Minnesota.

8 More information on my background is set forth in my statement of
9 qualifications, which is at the end of Exhibit MM-S-1.

10
11 **Q. HAS THIS TESTIMONY BEEN PREPARED BY YOU OR UNDER YOUR**
12 **DIRECT SUPERVISION?**

13 A. Yes.

14
15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE SOUTH DAKOTA**
16 **PUBLIC UTILITIES COMMISSION?**

17 A. Yes, in Docket Nos. EL17-055 (Crocker Wind), EL18-003 (Dakota Range I and II),
18 EL18-026 (Prevailing Wind), EL18-046 (Dakota Range III), and EL18-053 (Deuel
19 Harvest).

20
21 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR SUPPLEMENTAL**
22 **TESTIMONY.**

23 A. The purpose of my supplemental testimony is to address the comments raised at the
24 August 26, 2019 public input hearing that the Project will negatively impact property
25 values.
26

1 **Q. DO YOU AGREE WITH THE COMMENTERS AT THE AUGUST 26, 2019**
2 **PUBLIC INPUT MEETING THAT ASSERTED THE CR II PROJECT WILL**
3 **NEGATIVELY IMPACT PROPERTY VALUES?**

4 A. No, the Market Analysis that I conducted (Exhibit MM-S-1) does not show that property
5 values will be negatively impacted by the Project.

6 Let me start by providing an overview of the Market Analysis. The Market
7 Analysis shows the work that I did to study the question of whether there will be property
8 value impacts if the Project is constructed as proposed. The Market Analysis explains
9 background information about the Project and the Project area. It then examines,
10 describes, and analyzes available data regarding the interactions, if any, between wind
11 turbines and property values in South Dakota and similar locales. The Market Analysis
12 also includes references to peer-reviewed literature that explored the same issue, although
13 in different places.¹ Finally, the Market Analysis presents my conclusions.

¹ 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.

1 **Q. WHAT CONCLUSIONS DO YOU DRAW FROM THE RESULTS OD THE**
2 **MARKET ANALYSIS?**

3 A. Having studied the potential impacts of wind farm projects on properties in South Dakota
4 and across the Midwest, the data consistently shows that property values are not
5 negatively impacted by proximate wind farm projects. As set forth above, my analysis,
6 testimony on behalf of Commission Staff in past proceedings, my prior market analyses
7 (including sales data, interviews with market participants, real estate professionals and
8 assessors), and peer-reviewed literature all indicate that there is no market evidence to
9 support a conclusion that proximity to wind turbines negatively affects proximate rural
10 residential or agricultural property values.

11 **Q. ARE YOUR RESULTS CONSISTENT WITH OTHER STUDIES AND**
12 **ANALYSES?**

13 A. Yes. My conclusions are consistent with my conclusions in other market analyses I have
14 performed, including those filed in prior South Dakota Public Utilities Commission
15 proceedings. Those analyses were filed with the Commission in Docket Nos. EL18-053
16 (Deuel Harvest), EL18-026 (Prevailing Wind Park), EL18-003 (Dakota Range), and
17 EL17-055 (Crocker). My conclusions are also consistent with the work of Mr. David
18 Lawrence (an appraiser who testified on behalf of the Commission Staff in the Crocker
19 and Dakota Range proceedings), the Commission's prior findings, information from

University of Connecticut and Lawrence Berkeley National Laboratory.

Wichita State University (2019) The study's data is based on 23 operational
Wind projects in Kansas which came online between 2005 to 2015. The
study and its results suggest that property values do not spike once the project
is completed.

For additional discussion of the relevant literature, see pages 72-73 of the Market
Analysis.

1 assessors and market participants in South Dakota and elsewhere, and the findings in
2 widely-accepted, large-scale peer-reviewed studies.

3
4 **Q. ONE OF THE COMMENTERS, GREG RICHTER, COMMENTED THAT HE**
5 **HAD DIFFICULTY SELLING HIS HOUSE AT A REASONABLE PRICE**
6 **BECAUSE OF THE PROPOSED CRW II PROJECT. DO HIS COMMENTS**
7 **CHANGE YOUR CONCLUSIONS?**

8 A. No. I have reviewed the information for Mr. Richter's house at 16525 462nd. Ave.,
9 Waverly South Dakota. It is situated on 2.65 acres, located on a gravel road. The 18-
10 year-old frame tri-level home appears to contain approximately 1,600 square feet above
11 grade. It has 3 bedrooms and 2.5 baths, of which one bedroom is in the basement. There
12 is also a modern pole building and a 2-car garage. There are 24 pictures on the listing
13 sheet and the condition, decorating, and appeal appears to be good.

14 The house has been on the market for 5 months with the last asking price of
15 \$329,000 or \$205.62 per square foot. The price per square foot appears to be very high in
16 the market. I confirmed with the broker that a buyer withdrew their offer with the reason
17 of the proposed wind farm. However, because of the high price for the size of the home,
18 the data does not necessarily support that the proposed wind farm is the sole reason that
19 the property has not sold.

20 For example, my experience with proposed wind farms is that the unknown and
21 uncertainty during the planning process has the potential for the largest potential negative
22 impact on value. However, once the wind farm is completed and operating the fear
23 dissipates and there is no negative impact on value.

- 1 Q. **DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**
- 2 A. Yes, it does.

1 STATE OF IL)

) ss

COUNTY OF Cook)

I, Michael MaRous, being duly sworn on oath, depose and state that I am the witness identified in the foregoing prepared testimony and I am familiar with its contents, and that the facts set forth are true to the best of my knowledge, information and belief.



Michael MaRous

Subscribed and sworn to before me this 19 day of
September 2019.

SEAL



Notary Public

My Commission Expires 12/23/19

