

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

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

SD PUC DOCKET _____

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

June 28, 2024

1 **I. INTRODUCTION AND QUALIFICATIONS**

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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 & Company.
5 My business address is 1550 N. Northwest Highway, Suite 401, Park Ridge, Illinois
6 60068.

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8 **Q. On whose behalf are you providing this testimony?**

9 A. I am providing this testimony on behalf of Deuel Harvest Wind Energy South LLC
10 (“South Deuel Wind”) in support of its Facility Permit Application (“Application”) to
11 the South Dakota Public Utilities Commission. The Application is for a facility permit
12 to construct and operate a wind energy facility which will have a nameplate capacity
13 of up to 260 megawatts (“MW”) and deliver up to 250 MW to the point of
14 interconnection (“Wind Energy Facility”), and a transmission facility which will
15 operate at 345 kilovolts (“kV”) and be approximately 6 miles in length (“Transmission
16 Facility”). The Wind Energy Facility and the Transmission Facility are collectively
17 referred to as the Project.

18

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

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

24

25 During my career, I have appraised a variety of types of real estate located in more
26 than 30 states and reflecting a total value in excess of \$15 billion. I have done a
27 substantial amount of work on energy-related projects, including wind farm projects
28 such as the Deuel Harvest North Wind Farm in Deuel County, Crowned Ridge Wind
29 II Project in Codington County, Deuel County, and Grant County, Tatanka Ridge
30 Wind Farm in Deuel County, Sweetland Wind Project in Hand County, Triple H Wind
31 Project in Hyde County, Prevailing Wind Park Energy Facility in Bon Homme County,

32 Hutchinson County, and Charles Mix County, the Dakota Range Wind Projects in
33 Codington County, Grant County, and Roberts County, and the Crocker Wind Farm
34 in Clark County, all in South Dakota; and a number of other wind farm projects in
35 Illinois, Iowa, Minnesota, Michigan, Kansas, Indiana, Ohio, New York, and West
36 Virginia. More information on my background is set forth in my statement of
37 qualifications, which is attached hereto as **Exhibit 1**.

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39 **II. OVERVIEW**

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

42 A. I was retained by South Deuel Wind to prepare an independent market analysis of
43 the potential impact, if any, the Project would have on the value of the properties in
44 the general area of the Project in Deuel County (“Project area”). Specifically, the
45 analysis addressed the question of whether market data indicates that the Project
46 will have an effect on the value of residential properties and/or agricultural land in
47 proximity to the proposed wind turbines. The result of my work is the Market Impact
48 Analysis.

49

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

51 A. The purpose of my testimony, and specifically the Market Impact Analysis, is to
52 provide information with respect to the potential impact, if any, of the Project’s wind
53 turbines on the value of rural residential and agricultural property.

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55 **Q. What sections of the Application does your testimony support?**

56 A. My testimony supports the following portion of the Application:
57

- Appendix T: Market Impact Analysis.

58

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

60 A. I am sponsoring the following exhibit:

61 **Q. Exhibit 1: Michael MaRous Statement of Qualifications.**

62

63 **III. MARKET ANALYSIS FOR DEUEL HARVEST SOUTH WIND FARM**

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65 **Q. Please briefly describe your Market Impact Analysis.**

66 A. The Market Impact Analysis in Appendix T of the Application shows the work that I
67 did to study the question of whether there will be property value impacts if the Project
68 is constructed as proposed. The Market Impact Analysis explains background
69 information about the Project and the Project area. It then examines, describes, and
70 analyzes available data regarding the interactions, if any, between wind turbines and
71 property values in South Dakota and similar locales. The Market Impact Analysis
72 also includes references to peer-reviewed literature that explored the same issue,
73 although in different places.¹ Finally, the Market Impact Analysis presents my
74 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. University of Connecticut and Lawrence Berkeley National Laboratory.
- Eric J. Brunner and David J. Schwegman (2022). Windfall Revenues from Windfarms: How Do County Governments Respond to Increases in the Local Tax Base Induced by Wind Energy Installations?
- Eric J. Brunner and David J. Schwegman (2022). Commercial Wind Energy Installations and Local Economic Development: Evidence from U.S. Counties

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Q. Have you performed similar studies in the past?

A. Yes. I have completed market analyses in connection with wind farm projects on more than 40 occasions throughout the Midwest. In South Dakota, I have done so for nine other wind farm projects. Those analyses were filed with the South Dakota Public Utilities Commission (“Commission”) in Docket Nos. EL 19-027 (“Crowned Ridge II”), EL 19-026 (“Tatanka Ridge”), EL 19-012 (“Sweetland”), EL 19-007 (“Triple H”), EL18-053 (“Deuel Harvest North”), EL 18-046 (“Dakota Range III”), EL18-026 (“Prevailing Wind Park”), EL18-003 (“Dakota Range I & II”), and EL17-055 (“Crocker”), respectively.

Q. What did you do to familiarize yourself with the Project?

A. I was familiar with the Project because I had supported the local Deuel County permitting process in 2018 for both the Deuel Harvest North Wind Farm and the Project. To refamiliarize myself with the Project, I reviewed recent 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 Deuel County Zoning Ordinance.

Based on my prior South Dakota work, I am generally familiar with the current market for real estate toward eastern South Dakota. In connection with the Deuel Harvest North Wind Farm and the earlier proposal for South Deuel Wind, I researched property values and market conditions through a variety of methods (e.g., interviews with market participants, survey of assessors, public records, and online research). For the purposes of this Application, I re-examined and further expanded that research substantially. I also visited the Project area on August 7, 2023. I inspected sales of improved residential properties proximate to the footprint of the Project and attended the Conditional Use Permit hearing before the Deuel County Board of Adjustment. I note further that that the recent work I did in the Commission’s dockets

For additional discussion of the relevant literature, see pages 149-151 of the Market Impact Analysis.

104 for the Crowned Ridge II, Tatanka Ridge, Sweetland, Triple H, Dakota Range III,
105 Prevailing Wind Park, Dakota Range I & II, and Crocker wind farm projects helped
106 to inform my knowledge of issues relevant to my Market Impact Analysis in this
107 proceeding.

108

109 **Q. Generally describe the work that is detailed in the Market Impact Analysis.**

110 A. The Market Impact Analysis brings together several different data sources and ways
111 of evaluating the potential valuation impacts of wind turbines on properties. As
112 detailed further in the Market Impact Analysis, I evaluated the footprint of the Project,
113 as well as the surrounding area, and reviewed rural residential and agricultural
114 property sales data and market information for Deuel County and other counties in
115 South Dakota in which wind farms are located. I considered that information, as well
116 as information from assessors in several South Dakota counties that are home to
117 active wind farms. I also considered the economic impact on the larger community
118 by the approval of the use as proposed. In addition to analyzing South Dakota-
119 specific information, I considered and re-examined my prior analysis for the Deuel
120 Harvest North Wind Farm, as well as analyses for wind projects in similar areas of
121 Minnesota, Iowa, and Illinois. I have also researched and viewed sales of residential
122 properties proximate to the Deuel Harvest North Wind Farm.

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124 Since the completion of the Market Impact Analysis, I have reviewed additional local
125 sales data and market information, which is consistent with the data, analysis, and
126 conclusions in the Market Impact Analysis. I have also obtained and reviewed
127 additional information regarding tax benefits for similar wind farm projects in South
128 Dakota, which confirms the extensive expected tax benefits from the Project for the
129 State, County, and local school districts addressed in the Market Impact Analysis. I
130 have also reviewed minor refinements to the Project design and specifications,
131 which are immaterial and do not impact the Market Impact Analysis or conclusions
132 therein.

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134 **Q. The matched pairs analysis in the Market Impact Analysis contains many of**
135 **the same sales that you used in your market analyses submitted in other**
136 **proceedings. Why is that?**

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138 A. The credibility of my analysis depends on having quality market data that is
139 appropriate for consideration. For example, matched pair analyses require what we
140 call “good sales,” or sales that are appropriate for study and comparison. To do the
141 analysis, we need the available good sales to include some that are in proximity to
142 wind farms and some that are not in proximity to wind farms. It can be difficult to
143 locate these sales, because, for a variety of reasons, properties in rural areas such
144 as the Project area do not sell often and, when they do, the sales may not be
145 considered for fair market value. That said, I located sufficient good sales to perform
146 our analyses in connection with the prior Commission proceedings noted above. For
147 this Market Impact Analysis, I also researched and utilized additional, relevant
148 matched pairs from both inside and outside of South Dakota to inform the analysis.
149 This additional market data supports consistent conclusions.

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151 In addition, in connection with preparing the Market Impact Analysis, I continued
152 searching for additional good sales and other relevant information. I have continued
153 to research available agricultural land and residential transactions in the Deuel
154 County and South Dakota markets, including through interviews with market
155 participants and data sources such as Beacon. For example, the land sales
156 analyzed in the Market Impact Analysis were located specifically in connection with
157 the Market Impact Analysis and Project area.

158
159 I have also continued to monitor development of wind projects in eastern and central
160 South Dakota to seek information and/or sales that would show any impact on
161 property values due to wind development. Moreover, I am continually monitoring the
162 available scholarly literature and professional journals and publications regarding
163 impacts of wind farms on property values. The recent literature that I have reviewed
164 is consistent with my analysis as well.

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Q. What were your conclusions about the impact that the Project, if constructed, would have on property values?

A. As detailed in the Market Impact Analysis, there is no market evidence to support a conclusion that proximity to wind turbines negatively affects rural residential property or agricultural property values. Therefore, the Project would not adversely affect property values. Further, I concluded 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 the Commission’s proceedings for Crowned Ridge II, Tatanka Ridge, Sweetland, Triple H, Deuel Harvest North, Dakota Range III, Prevailing Wind Park, Dakota Range I & II, and Crocker, respectively. My conclusions are also consistent with 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.

IV. CONCLUSION

Q. Do you have any concluding remarks?

A. Yes. 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 and in my Market Impact Analysis, sales data, interviews with market participants, real estate professionals and assessors, peer-reviewed literature, all consistently support my opinion that there is no market evidence to support a conclusion that proximity to wind turbines negatively affects proximate rural residential or agricultural property values.

195 **Q. Does this conclude your Direct Testimony?**

196 A. Yes.

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198 Dated this 28th day of June, 2024.

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201

202 Michael MaRous


