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BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

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Application for a Certificate of Public )  
Convenience and Necessity to Construct )  
And Place in Service a Wind Turbine Electric ) Docket No. 6630-CE-302  
Generation Facility Known as Glacier Hills )  
Wind Park in Columbia County, Wisconsin )

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**REBUTTAL TESTIMONY OF RICHARD S. LARKIN  
ON BEHALF OF WISCONSIN ELECTRIC POWER COMPANY**

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**Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS  
ADDRESS.**

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**A.** Richard S. Larkin. I am a residential real estate appraiser. I am the President of  
Larkin Appraisals, Inc., 750 Wall Street, Elm Grove, WI 53122.

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**Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

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**A.** I am a 1976 graduate of the University of Wisconsin-Madison, with a Bachelor of  
Arts in psychology. Since then, I have trained as a real estate appraiser with the  
Society of Real Estate Appraisers, which has become part of the Appraisal  
Institute. I was granted the Institute's SRA designation in 1984. I am also a State  
Certified Residential Appraiser, and have been certified since approximately  
1993, when licensing and certification became a requirement. I have been active  
in the field of residential real estate appraisal since approximately 1977. My  
resume is attached as Exhibit 28.

26

**Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY?**

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**A.** Wisconsin Electric.

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**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. I am responding to testimony submitted by Kurt Kielisch on behalf of CWEST, in  
2 which he claims that paired sales analyses at the Blue Sky Green Field and  
3 Forward wind projects shows that proximity to wind turbines results in a  
4 significant negative impact on residential real estate values. There are significant  
5 (and probably fatal) problems with his analysis, which I will explain in my  
6 testimony.

7 **Q. PLEASE DESCRIBE YOUR APPRAISAL WORK.**

8 A. I am the principal of a residential real estate appraisal practice located in Elm  
9 Grove, Wisconsin. I primarily perform residential and land appraisals. I have  
10 specialized in providing appraisals of residential value, including vacant  
11 residential land, suburban estates, lake properties, easements, properties involved  
12 in litigation, and locational value studies relating to the effects of various  
13 locational and attribute differences as it applies to residential land value. I also  
14 review residential and land appraisals done by other appraisers, and I supervise  
15 the work of four residential real estate appraisers who are either licensed,  
16 certified, or trainees. My clients have included plaintiffs, defendants, taxpayers,  
17 tax assessors, corporations, non-profits, government agencies, attorneys, and  
18 financial institutions.

19 **Q. COULD YOU DESCRIBE SOME OF YOUR RECENT LOCATIONAL**  
20 **VALUE STUDY EXPERIENCE?**

21 A. Several years ago I was asked to study the impact of noise and traffic on  
22 residential property values in a high value suburban neighborhood. Specifically,  
23 this concerned the desire of the Karl Jewish Community Center in Whitefish Bay,  
24 Wisconsin to build an outdoor pool and expand a parking lot. I performed paired  
25 residential sales analysis on sales of unaffected locations in the community and  
26 compared them to the existing public high school campus, which was determined  
27 to be a significant source of noise and traffic.

1 This year, I performed a study for a utility company to examine the impact of  
2 electrical substations on residential land values. In that study I was able to pair  
3 vacant residential lot sales adjacent to and away from an existing substation in a  
4 residential subdivision.

5 Also, I was recently asked to prepare a paired sales analysis of properties served  
6 by municipal water compared to those served by private wells. I studied paired  
7 sales of vacant lots and provided an analysis as to the price characteristics of those  
8 lots served by private wells when compared to municipal water. In that case, the  
9 data overwhelmingly suggested that municipal water is much more desirable. As a  
10 further part of the study, I also studied properties where private wells and  
11 municipal water were present and found no significant enhancement due to the  
12 presence of an additional private well.

13 **Q. PLEASE EXPLAIN WHAT YOU WERE ASKED TO DO AS IT**  
14 **PERTAINS TO APPRAISAL ONE’S WIND TURBINE IMPACT STUDY**  
15 **(EXHIBIT 803).**

16 **A.** Wisconsin Electric asked me to provide my reaction to Appraisal One’s paired  
17 sales study. I focused, in particular, on the Blue Sky Green Field portion of the  
18 report, detailed on pages 28-36.

19 **Q. WHAT IS A “PAIRED SALES STUDY?”**

20 **A.** A “paired sales study,” which is also called a “paired data analysis” is a technique  
21 used to identify and measure differences in the sale prices, in this case, of land  
22 sales, using nearly identical properties which are analyzed to isolate a single  
23 characteristic's effect on value. A paired sales analysis is one way of conducting a  
24 locational value analysis.

25 **Q. WHAT STEPS DID YOU TAKE TO ANALYZE THE MARKET AREA?**

26 **A.** I reviewed the study prepared by Appraisal One. I then performed my own  
27 independent market analysis of the residential land market in Fond du Lac County  
28 using Flex MLS, WIREX, and other Internet-based sales services. I also used the

1 Fond du Lac County GIS site to familiarize myself with the physical attributes of  
2 the area and the Fond du Lac County Register of Deeds website to confirm sales.  
3 After this research, I traveled to the areas in Fond du Lac County covered by  
4 Appraisal One's study and personally viewed a large sample of the properties  
5 which were utilized and presented in the study.

6 **Q. WHAT DID YOUR ANALYSIS SHOW?**

7 **A.** My analysis revealed numerous errors of flawed methodology and analysis, which  
8 in my opinion significantly impact the validity of the Wind Turbine Impact Study.  
9 Specifically, the report included two property sales of small parcels between  
10 neighbors that are not indicative of market conditions; failed to identify  
11 significant disamenities (such as, in one instance, a large factory-scale dairy farm  
12 between the parcel and some of the visible turbines) neighboring some of the  
13 parcels; and failed to note substantial differences between the allegedly affected  
14 properties and the properties used for comparison.

15 **Q. PLEASE SUMMARIZE THE APPROACH TAKEN BY APPRAISAL**  
16 **ONE'S STUDY.**

17 **A.** The study examined a group of sales that Appraisal One determined were  
18 influenced by wind turbines and compared them to supposedly unaffected sales.  
19 The supposedly affected land sales were located in this area lying primarily to the  
20 east of Highway 151 and bounded by Calumet County to the north and  
21 Sheboygan County to the east. The study included the townships of Calumet,  
22 Taycheedah, and Marshfield. A large number of wind turbines are found in this  
23 area based on my drive-by inspection. A total of 68 vacant residential land sales  
24 were utilized for comparison. Sixty-two were located outside of the sphere of  
25 wind turbine influence and six were located inside.

26 **Q. DID YOU VISIT THE HOMES INCLUDED IN THE STUDY?**

27 **A.** I did. I made a physical inspection of the area on October 13, 2009. I specifically  
28 located four of the six properties identified as wind turbine sales. I also traveled

1 the rural roads where the other two were located, but those parcels were not  
2 identified by address or tax parcel number in Appraisal One's report.

3 **Q. PLEASE DISCUSS THE SALES THAT WERE PRESENTED AS**  
4 **IMPACTED BY THE PRESENCE OF WIND TURBINES.**

5 **A.** In my opinion none of the four sales identified in the report are representative  
6 home sales showing the impact of wind turbines on property price. For example,  
7 the first two wind turbine sales identified as CAL 4 and CAL 5 on page 32 of  
8 Appraisal One's report, are located at 2073 and 2079 Highway HHH respectively.  
9 Each sale consisted of two acres. These parcels were sold on the same day in  
10 March of 2006 in two separate transactions for \$4,250/acre. My investigation  
11 revealed that these lots were located to the rear of two older farm homes. I spoke  
12 with the homeowner at 2073 Highway HHH, who verified that she and her  
13 neighbor acquired these two-acre parcels of back land for additional yard space. I  
14 noted that neither of these back parcels had public road frontage and were merely  
15 carved off of the adjacent farm field. Therefore, these two sales should not be  
16 considered residential site sales. I note that this area is located in a rural area, non-  
17 subdivision in character, and served by private wells and septic tanks. The land is  
18 level and unremarkable. Photos of these properties are presented on pages 2-7 of  
19 Exhibit 29.

20 **Q. WHAT DID YOU FIND OUT ABOUT THE OTHER TURBINE-**  
21 **INFLUENCED SALES?**

22 **A.** The sale identified as Marsh 2 was located at W2209 County Road W in the  
23 Town of Marshfield. This is a 2.3 rural site located on a County Highway served  
24 by private well and septic system. The site sold for \$17,167/acre in May of this  
25 year. The site is level and attractive, and has views of turbines at some distance  
26 from the home site. Photos appear at pages 16-17 of Exhibit 29.

27 The sale identified as Marsh 5 is located at W1362 Basswood Road and was a  
28 December 2007 sale of 2.9 acres for \$15,203/acre. This parcel is located on a

1 ridge with a panoramic view primarily to the south of distant wind turbines and a  
2 partial view of a wind turbine from road grade to the northwest. No direct  
3 influence from wind turbines was noted and while inspecting the property, I  
4 needed to use my telephoto lens in order to bring the wind turbine into view.

5 It is also interesting to note that this sale is approximately one half mile north of  
6 County Highway CCC. Directly opposite the property, across County Highway  
7 CCC, some one half mile to the south, is a mega-dairy complex consisting of  
8 multiple barns and a large number of dairy cows. Beyond these, at some distance,  
9 lie the turbines. Photographs of this site appear at pages 18-22 of Exhibit 29.

10 **Q. DID YOU ALSO REVIEW THE NON-TURBINE IMPACTED SALES**  
11 **USED FOR COMPARISON?**

12 **A.** I did.

13 **Q. PLEASE DISCUSS THE CONCLUSIONS OF THAT REVIEW.**

14 **A.** Most of the non-turbine sales included in the report possess varying degrees of  
15 attributes that significantly affect residential real estate value. These include  
16 views of water, access to public boat launches, the presence of municipal sewer,  
17 access to commuting highways as well as other desirable physical attributes.

18 I viewed a sample of the non-turbine influenced lots identified in the maps on  
19 pages 28-31 of Appraisal One's report. These lots were utilized as a baseline in  
20 the Wind Turbine Impact Report for price difference analysis comparing the sales  
21 that were impacted by wind turbines to sales which were not located near wind  
22 turbines. In particular, I reviewed lots in the Fisherman's Estates subdivision. I  
23 drove the roads of the subdivision, and also viewed the subdivision from Highway  
24 151. These lots, which comprise approximately 19 sales examples of the 62 sales  
25 presented, are lots that enjoy full or partial views of Lake Winnebago, and are  
26 marketed accordingly. An examination of MLS data shows the following  
27 marketing: "MLS #1060254, New 55-lot subdivision, prices vary between  
28 \$24,900 and \$77,000; sizes vary between .5 acre to .75 acre plus estate lots and

1 are in scenic view easement. View of Lake Winnebago from most lots. Launch  
2 your boat at Willow Beach at end of Fisherman's Road. No specific builder is  
3 required. \$2,500 sewer hook-up fees.” Further analysis of this development  
4 reveals that it is served by municipal sewer and enjoys close proximity (1/2 block)  
5 to a public boat launch and is also only several blocks off of Highway 151  
6 simplifying commuting to Fond du Lac, Chilton or surrounding communities.  
7 Photos of these parcels appear at pages 8-10 of Exhibit 29.

8 **Q. DID YOU LOOK AT ANY OTHER NON-TURBINE SALES?**

9 **A.** I also studied a sale identified as TAY 69, which was Lot 11 on Park Ridge Drive  
10 in the Park Ridge Subdivision. I was able to interview the adjacent property  
11 owner of Lot 10 who had built a home. Lot 11 is vacant but inspection reveals  
12 that the lot, while located east of Highway 151, enjoys a significant view of Lake  
13 Winnebago. (Pages 11 and 12 of Exhibit 29). In addition the lot is served by  
14 municipal sewer. The lots also offer significant elevations such that residences  
15 with exposed lower levels can be built. This topographical feature is noted to be  
16 especially popular in the marketplace.

17 I also investigated a sale identified at TAY 70, located at 8593 Lakeview Road,  
18 on a non-subdivision location enjoying a partial view of Lake Winnebago. (Pages  
19 13 and 14 of Exhibit 29). This property was served by private well but enjoyed  
20 the use of municipal sewer. I was able to interview the owner who verified that  
21 views of the lake were possible from the second floor of the house.

22 Finally, I investigated the sale identified as TAY 47, located at 8244 Sunset  
23 Drive, in a small country subdivision. This lot, which sold for \$41,900 in April  
24 2007, was one acre in size, did not have water view, but was served by municipal  
25 sewer, as verified by one of the subdivision property owners. This parcel is  
26 shown on page 15 of Exhibit 29.

27 **Q. WHAT IS YOUR IMPRESSION OF THE NON-TURBINE SITES USED**  
28 **AS COMPARATORS IN THE PAIRED SALES ANALYSIS?**

1 A. As noted above, an analysis of the pairings reveals that the non-turbine sales all  
2 possess attributes that significantly affect residential real estate value. These  
3 include views of water, access to public boat launches, the presence of municipal  
4 sewer, access to commuting highways as well as physical attributes such as  
5 sloping topography. I have, during the course of my appraisal practice, performed  
6 analyses of properties with views of water and have noted that the view of a large  
7 lake such as Lake Winnebago can significantly affect the value of a residential  
8 land parcel. The same can be said for municipal sewers when compared to septic  
9 systems.

10 It is my opinion that the failure to control these influential variables, which affect  
11 the prices paid for residential land, is a serious error and likely has produced  
12 results that are of questionable quality. In some cases, lots possessing a significant  
13 water view, municipal sewer, more desirable topography and location, were  
14 paired with lots on interior country locations with no view of Lake Winnebago  
15 and on-site sewage disposal systems such as septic systems and mound septic. In  
16 addition, with respect to those sales identified as being within the "sphere of  
17 influence" of the wind turbines, I note that in all cases, the wind turbines are at a  
18 significant distance from these properties. Finally, two of the sales are examples  
19 of backland without road frontage, purchased from the adjacent farmer by two  
20 rural homeowners seeking additional yard space. These cannot be considered  
21 residential land sales. Their low prices have a significant potential to skew the  
22 results.

23 **Q. DO YOU HAVE AN OPINION AS TO THE FINAL METHODOLOGY**  
24 **UTILIZED TO PROVIDE THESE DIFFERENCES?**

25 A. I note that the Appraisal Group One Study relied on a regression analysis utilizing  
26 the six wind turbine residential lot sales and the 62 non-turbine residential lot  
27 sales. While I am not a statistician, I understand statistical principles and have  
28 reviewed appraisals where regression analysis has been utilized, and I note two  
29 flaws in the analysis provided. The first is the small sample group of wind turbine

1 affected sales. The report looked at only six allegedly wind turbine-impacted  
2 sales, two of which were not residential lots at all. The second is that the report  
3 compared those six sales to 62 sales from developments enjoying such positive  
4 attributes as water views, municipal sewer, convenient locations, and other  
5 desirable features, all of which can significantly impact residential land value. In  
6 other words, Appraisal One compared apples to oranges.

7 **Q. WHAT IS YOUR OPINION OF THE OVERALL ANALYSIS PROVIDED**  
8 **IN THE REPORT?**

9 **A.** The analysis as developed on page 35 is extremely flawed and in my opinion,  
10 meaningless. Appraisal One's failure to control for variables which significantly  
11 affect residential land value has created a study with little, if any, reliability.

12 **Q. DO YOU HAVE ANY OTHER OPINIONS REGARDING THE WIND**  
13 **TURBINE IMPACT SALES STUDY?**

14 **A.** Yes. Markets change. The sales study utilizes sales from 2005 to 2009. From  
15 2005 through the first quarter of 2008, the market experienced a tremendous run-  
16 up in price. Values have declined significantly as supported by a variety of local,  
17 regional, and national resources. I note that some of Appraisal One's examples  
18 included second sales of properties that sold for higher prices in 2005, and much  
19 lower prices in 2009. In one case, the change was 30% . While Appraisal One  
20 indicated in its "scope of work" section that it would control for time differences,  
21 this does not appear to have been done. The failure to account for changes in the  
22 market over time results in a seriously flawed analysis

23 **Q. DID YOU REVIEW ANY OTHER PORTIONS OF THE WIND TURBINE**  
24 **IMPACT SALES STUDY AS IT PERTAINS TO RESIDENTIAL LAND**  
25 **VALUES?**

26 **A.** Yes. My office staff and I examined the report's literature review and focused on  
27 those articles cited in the bibliography that dealt with the loss of residential land  
28 value. The bibliography indicated nine studies where residential land was

1 discussed. None of the studies presented sales data using a comparison of  
2 properties close to and further away from wind turbines. The studies relied on  
3 broker surveys or discussions of value loss with no support. Much of this  
4 discussion of value loss is extremely vague in character and contains no  
5 presentation of tangible sales data where these differences are analyzed or  
6 presented.

7 **Q. DO YOU HAVE AN OPINION AS TO THE EFFECT ON RESIDENTIAL**  
8 **VALUE AND WIND TURBINES?**

9 **A.** No, I have no opinions positive or negative. The data I have reviewed is at best  
10 improperly developed. In the interest of time, I have not performed an  
11 independent paired sales analysis attempting to control for all variables that affect  
12 the price paid for residential land. As I stated previously, it is my opinion that  
13 Appraisal One's Wind Turbine Impact Study is significantly flawed, and in my  
14 opinion, likely meaningless.

15 **Q. DOES THAT COMPLETE YOUR TESTIMONY?**

16 **A.** Yes.