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7 **BEFORE THE STATE OF WASHINGTON**
8 **ENERGY FACILITY SITE EVALUATION COUNCIL**

9 In the Matter of
10 Application No. 2004-1

EXHIBIT 60 (DT-L)

11 WIND RIDGE POWER PARTNERS, LLC.

12 WILD HORSE WIND POWER PROJECT

13 **INTERVENOR F. STEVEN LATHOP'S PREFILED DIRECT TESTIMONY**
14 **WITNESS 60, F. Steven Lathrop**

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16 Q. For the record, please state your name and business address.

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18 A. My name is F. Steven Lathrop and my business address is 201 W. 7th Avenue, Ellensburg
19 Washington 98926.

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21 Q. What is your present occupation and background?

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24 A. I have been licensed to practice law in the State of Washington since 1973. I am a
25 principal in the law firm of Lathrop, Winbauer, Harrel, Slothower & Denison LLP which
26 I started in 1976. I am also licensed as a real estate broker in the State of Washington. I

1 have been directly involved in the purchase, sale, and development of primarily
2 commercial real estate in Washington for approximately 34 years, in Oregon for
3 approximately 13 years, and more recently in Arizona. I have developed commercial
4 projects with an aggregate value in excess of 75 million dollars, a substantial portion of
5 which has been for my own account. My first commissionable sale was of a large ranch
6 in Ellensburg in 1969. I brokered over 11 million dollars in sales in 2004.
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9 Q. What is the nature of your law practice?

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11 A. For almost all of my 27 plus year in private practice in Kittitas County I have been
12 engaged in real estate and land use matters and transactions. For at least the past 15
13 years, my practice has been almost exclusively devoted to land use development
14 entitlements and water rights law. I currently represent many, if not most, of the
15 significant developers of property within Kittitas County. My practice and my firm also
16 represent many of the larger real estate holdings in Kittitas County. However, I want to
17 make clear that my testimony in this matter does not represent in any way the opinions of
18 any client of any matters presently pending before EFSEC except as I may specifically
19 designate from time to time.
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23 Q. What have you referred to in preparing this testimony?

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25 A. I have read the applicant's pre-filed testimony including, but not limited to, that of
26 Marlena Guhlke, Thomas Priestley, and P. Barton DeLacy. I have also and I am

1 extremely familiar with the Kittitas County Comprehensive Plan, the Kittitas County
2 Zoning Code as well as the statutes and regulations applicable to EFSEC.

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4 Q. Are you familiar with land values and development trends in Kittitas County?

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6 A. Yes, both my practice and personal business involvement affords me both a broad
7 perspective of real property values and development in this County and an intensive in-
8 depth awareness of specific data that is not only not publicly available but not known to
9 the real estate appraisal community in particular. For example, there are surface water
10 issues pending that have the potential to dramatically alter the use of property throughout
11 the irrigated portions of Kittitas Valley and a great many large property owners, even in
12 the area of the Wild Horse Project, have taken steps to position their land for more
13 intensive development in the future as protection against land use rule changes. More
14 houses were built within the City of Ellensburg within the last two to three years than
15 have been constructed cumulatively in the prior 10 years. Kittitas County processed
16 more platted parcels last year outside the Suncadia Resort than the 334 residential parcels
17 platted within it. Kittitas County is now one of the four fastest counties in the State and
18 the only truly rural county in that category.

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20 Q. EFSEC has proposed to limit your testimony on the impact of the Wild Horse Project on
21 your specific property. How does your knowledge of real estate activities and local land
22 use rules and trends relate to your property in light of that proposed limitation?
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1 A. There is simply no way to even approximately evaluate the impact of the Wild Horse
2 Project on any specific piece of real estate, let alone my own, without something other
3 than a general overview. An anecdotal analysis. I will comment on Mr. DeLacy's
4 opinions later in this testimony. I note with interest that even he purports to rely on
5 general area qualities and characteristics in relating the impact of the Wild Horse Project
6 to my property specifically. Likewise, Mr. Priestly uses a similar technique in assessing
7 simulation of viewpoints. There is simply no other way to approach the question and I
8 doubt that either of these two gentlemen disagree. Accordingly, my comments about the
9 impact the Wild Horse Project will have on the County generally and specific parcel,
10 including my own, is the most appropriate way to gain any degree of valid registration on
11 impacts.
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15 Q. Describe your property.
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17 A. I own 40 acres, comprised of two 20-acre tax parcels in an Ag 20 zone. Each tax parcel
18 is eligible to be divided in two through an exempt segregation process unique to this
19 zone. The property is located approximately 4 miles directly west of Ellensburg and
20 approximately 20 miles directly west of the westerly boundary of the Wild Horse Project.
21 My property is unique in several respects. It generally sits at the easterly edge of a ridge.
22 That topographic break provides a commanding view of almost all of the Kittitas Valley,
23 particularly the surrounding ridgelines. Its topography, size and proximity to adjacent
24 parcels provides a great deal of insulation and isolation from immediately surrounding
25 land uses and improvements. The immediate area is characterized by a compatible mix
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1 of intensive agriculture, 20-acre parcels used for grazing, single family residences, and
2 some smaller residential parcels of 2 to 5 acres in size. The property is all irrigated by
3 the Kittitas Reclamation District and is within the Manastash Ditch service area. It is
4 undulating ground with a drainage channel that runs water year round, many mature trees
5 and good cover for wildlife habitat. My home sits at the end of a half mile private paved
6 driveway that is shared with Mr. and Ms. Scott Repp who own the 59 acres immediately
7 adjacent to the west. My home is situated to provide a view of the Valley in three
8 directions. The Clockum, Whiskey Dick, Rye Grass and Boylston areas are all quite
9 visible. Communication towers presently located on and adjacent to the Wild Horse site
10 are clearly visible to the naked eye during the day and their lights are visible at night.
11 The present towers are particularly visible and silhouetted by the morning sun and
12 become even more prominent in the late afternoon and the evenings. They are
13 particularly reflective. A particular note is that the unpainted metal towers which are
14 generally mid to dark grey in color are much less visible than say the lighter grey covers
15 of the microwave antennae.
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19 Q. How will the construction of the Wild Horse Project impact your property?
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21 A. This project will have two very substantial impacts. I have carefully reviewed the
22 applicant's materials, maps of the area, had several very productive and much appreciated
23 discussions with Puget Sound Energy representatives. I have also carefully reviewed
24 maps of the site and the proposed tower locations. The impacts on my property from this
25 project will be substantial and consist generally of two impacts. First, Mr. Priestly has
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1 estimated approximately 30 turbines will be visible from the community of Kittitas. The
2 elevation of my property ensures that I will see many more. Because no visual
3 simulation has been done by this project on my property, there is no way to estimate a
4 total. I have spent considerable time in parts of California where similar numbers of
5 turbine towers of much smaller scale are viewed from a distance of 15 to 20 miles and
6 know what a direct and substantial impact they have to the viewshed. The human eye is
7 drawn to movement and the appearance of 30 to 53 bladed propellers, 295 feet in
8 diameter, turning at different speeds on the horizon will permanently capture the attention
9 of anyone looking east from my property and the nighttime view of multiple red flashing
10 lights is no less intrusive. As a commercial pilot of 40 years, red lights are put on towers
11 so they can be seen at night at considerable distances. I can assure you that at 300 miles
12 per hour, 20 miles away is none to soon to be able to clearly see the obstruction light on a
13 tower let alone the number proposed for Wild Horse. It is also interesting to note the
14 applicant has now been required by the Federal Aviation Administration to relocate
15 certain towers because their overall height extend above 4,000 feet above sea level and
16 require additional precautions. These towers are on a ridgeline and can be plainly seen.
17 It is not the view of rural community, it is one of a major industrial complex. My
18 property I believe to be particularly valuable because of its aesthetics, its unique setting,
19 and its attractiveness will be degraded in direct proportion to the visibility of this project.
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24 Second, the introduction of any one power project within the rim of the Kittitas Valley
25 under any circumstances or mitigating conditions forms the undeniable precedent for the
26 establishment and promise of more projects to come. The fact is that approximately 400

1 to 450 wind turbines are presently being proposed at various locations within the Kittitas
2 Valley with a fourth project apparently in the wings. There is virtually no part of the
3 County that is off limits to this type project. It is naive to believe the precedent that the
4 Wild Horse Project will set will not place a chill on land values in this County equivalent
5 to another ice age. Heavily improved properties such as mine depend upon preservation
6 of the aesthetics to make them so attractive. Heretofore the expectations in Kittitas
7 County and the land use planning and decisions have been directly oriented toward the
8 preservation of a rural lifestyle. Small parcels are discouraged if not outright prohibited.
9 Protection and preservation of agriculture is paramount. The County has developed and
10 rigorously enforces its Right to Farm Ordinance to insure that higher intensity uses do not
11 hinder agricultural operations. This County was criticized by the Growth Management
12 Hearings Board in the early iterations of its Comprehensive Plan because it did not go far
13 enough to preserve open space and agriculture. It was exactly because of these
14 protections and this emphasis that I purchased the property I did and made the
15 improvements I have. If I wanted to be burdened by industry, I would not have continued
16 to live in Ellensburg. While these criteria are all cited by the applicant and the
17 applicant's witnesses as justification for wind farms, essentially by saying they are
18 obtrusive enough that they stifle further growth, they totally misinterpret the economic
19 equation in play. Agriculture in Kittitas County is fragile at present and the situation is
20 going to get worse. 50 years ago, the County was home to several thousand head of
21 cattle and a much broader variety of crops were economically viable. Today, the cattle
22 population is a few thousand, crops such as potatoes are not economically raised and that
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26 although Timothy hay continues to be the significant cash crop, significant concerns of its

1 continued viability have surfaced. Irrigation farm ground anywhere in the Valley already
2 has a market value per acre that is two, three, or more times the maximum land value that
3 agriculture can support. The population of Kittitas County is up 50% in the last 10 years.
4 Agricultural land owners have only 3 options: (1) continue farming and ignore the fact
5 that the land does not produce any return (let alone a fair one) on its value; (2) divide the
6 land into smaller parcels and sell it to people who earn their living elsewhere and want to
7 enjoy a rural setting and lifestyle; or (3) find someone wealthy enough who essentially
8 doesn't care that the land will not produce an economic return and wants to maintain it in
9 a large block. Interestingly enough, it is this latter category that has so far preserved and
10 protected a great deal of land in the eastern part of the valley in the proximity of the Wild
11 Horse Project. Construction of a wind power project anywhere within the rim of the
12 valley removes the second and third options and the value under the first option becomes
13 problematic. Wind power projects do not protect agriculture, they only destroy the exit
14 strategies.
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18 Q. Doesn't the distance from the Wild Horse Project minimize the impact on your property?
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20 A. No. The distance actually exacerbates the problem because normal setback guidelines
21 simply do not apply when dealing with massive structures over 400 feet in height, most
22 of which are moving in a big circle. Setbacks cannot mitigate these impacts because
23 whether one is 5 miles or 20 miles from this project (a) you will see it very clearly; (b) it
24 will dominate the easterly portion of the valley; (c) there will be no way to compensate
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26 me for my loss or enjoyment of my property, let alone mollify a prospective purchaser

1 who will likely agree that wind farms are ugly; and (d) no way to assure anyone they will
2 not proliferate at much closer range to my property in the future.

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4 Q. Do you have comments about pre-filed testimony of Marlene Guhlke?

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6 A. Yes I do. Based upon my legal experience and own knowledge, I question the expertise
7 and qualifications to give the opinions she does. For example, she trundles out the
8 questionable argument that this project will support agriculture which I dealt with in my
9 testimony above. However, without regard to the weight to be given to her testimony, I
10 think a couple of facts she recites are constructive. The closest house to the project
11 boundary is approximately 1.7 miles away and she emphasizes the site isolation and
12 proximity to state lands. This recognition I think is important to some of my later
13 testimony. The balance of her testimony, however, is conclusionary in nature, goes to
14 ultimate issues of law and fact to be decided by the Kittitas County Board of
15 Commissioners and should be ignored, if not stricken.
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19 Q. Do you have comments on the pre-filed testimony of Thomas Priestly?

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21 A. Yes I do. His simulations from viewpoints 1, 2, and 3, emphasize that even at distances
22 of 3 or 4 miles, the towers are visually very intrusive, minimizes the impact, however,
23 emphasizing there are not many people in this range to be bothered. The City of Kittitas,
24 a little over 8 miles away, begins to make clear that what may otherwise be considered as
25 a considerable distance, really does not diminish the visual impact of the towers because
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1 of their scale and number. The scene is going to change. People are going to notice it.
2 That is the fact. His personal opinion that “the degree of change will be limited by the
3 fact the turbines will be so far away, they will be secondary elements in the overall view”
4 has no basis. He certainly doesn’t cite to any opinions of the people in Kittitas as to what
5 they think of the intrusion and the assertion that the visual impact will be lessened
6 because the towers are located in somewhat orderly fashion is just plain silly. Equally
7 incongruous is his conclusion where he rightly states the project will “add a number of
8 tall, highly visible, new elements to the project area landscape”. Although the project
9 would create substantial change to the character, and to a lesser extent the quality of a
10 number of views toward the project site during the period of project operation, he
11 concludes by saying “these changes would not constitute significant impacts because of
12 the low to moderate levels of visual sensitivity of the areas of the view in which they will
13 be visible”. That statement includes my property and it simply is not true. About all that
14 can be said for Mr. Priestly’s conclusion is that it is his opinion and it should be afforded
15 no more weight than mine, which is the exact opposite.
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19 Q. Do you have comments about the direct testimony of Mr. DeLacy?
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21 A. Yes I do. Let me preface my testimony by saying I have personally spent thousands of
22 dollars hiring people such as Mr. DeLacy to provide opinions of value on multiple
23 occasions in both Oregon and Washington. It is my experience that real estate opinions
24 of value tend to reflect the interests of who is paying the bill. A lender’s appraisal never
25 seems to be able to achieve the value one obtained for a seller and buyers are continually
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1 perplexed that they cannot conclude a purchase at the value their appraisal indicates. The
2 problem with all real estate estimates of value is that they provide some guidelines but at
3 the end of the day it is still what a willing seller and buyer are willing to do, neither being
4 compelled to do anything. I do not question Mr. DeLacy's credentials and believe he has
5 used to maximum advantage the materials with which he had to "dress this pig". My
6 critical comments would be that his analysis of 56 properties on approximately 4,000
7 acres close to the project is a very questionable sample. Despite all of the cited studies
8 (which I do not profess to have reviewed completely) deal with remote areas and there
9 simply is not enough information to establish any correlation between remote areas in
10 southern Oregon with the Kittitas Valley. One of the main objections to the continued
11 reference to outside studies on land values and their application to the Wild Horse Project
12 or any other project for that matter in Kittitas County is that the proponents or applicants
13 fail to establish any correlation between the areas in which their studies were conducted
14 and the demographics here. The fact is there are no comparable areas that have the land
15 values, population increases, densities, and population centers as proximate as to this
16 proposed project. That directly relates to any opinions that tend to support my property is
17 not going to be impacted. The reason, of course, that this correlation is critical is that real
18 estate is, by its very nature and definition, unique. I can provide examples today of 20-
19 acre parcels in the Kittitas Valley that vary in price by more than \$100,000 simply by
20 where they are located. Mr. DeLacy's testimony is a bit paradoxical in that it relates to
21 studies that show no impacts on values and then says that awareness of pending wind
22 power projects tend to influence property purchase decisions in those areas. He has
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26 studied property sales for the last half dozen years or so but purportedly substantiates that

1 property values do not decline in anticipation of a wind power project. He does not
2 follow up with any empirical data applicable to this County and only demonstrates such
3 to be the case after the fact. My experience in developing real estate is that it is quite
4 difficult to get people who are sophisticated in real estate to comprehend the benefits of a
5 project before it is actually completed. It does not matter how many appraisals, pictures,
6 renderings, simulations or whatever you provide, most people simply cannot “see” the
7 end result to any degree sufficient to allow an accurate evaluation. I am not one bit
8 surprised at Mr. DeLacy’s conclusions that land prices do not seem to have changed in
9 anticipation of any particular wind power project in this County. Put up 120 plus towers
10 on the Wild Horse Project, however, and the ripple effect on land values will be felt even
11 in areas out of their view. My property is not out of their view and I do not want to bear
12 the risk of being one of the thousands of guinea pigs in this County to suffer the loss.
13 The truth is neither side has a clue as to what the actual result will be until a particular
14 project is constructed. At that point, there is not a need for statistical modeling because
15 subsequent sales will demonstrate the impact. I think one can read the testimony to
16 support any conclusion one wants. Suffice to say that as to what is going to happen to
17 property values with the Wild Horse Project, Mr. DeLacy doesn’t know either. Probably
18 the most telling part of Mr. DeLacy’s testimony is facts he does not address or ignores.
19 These include the Kittitas Valley is a very confined area. The Valley floor is only 11
20 miles wide, rimmed by hills that make everything within the valley rim readily visible
21 from almost everywhere. No mention is made of population growth, the fact that Kittitas
22 County has far outstripped the State’s office of financial management’s population
23 estimates nor is the fact that land values have appreciated at significant rates over recent
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1 years. The Takhoma Farm residential development is only 6 miles directly west of the
2 project and consists of very expensive residences on 20 acre or larger parcels in a private
3 gated community. Within a couple of miles of that, especially north of Kittitas, is a
4 proliferation of large and expensive residential projects indicative of the type of
5 development being experienced throughout the valley, very similar to my property. Yet,
6 Mr. DeLacy makes no mention of this and probably is unaware of their existence. He
7 takes a very short-range view of not only how far the visual impacts extend but also how
8 this valley is likely to develop in the future. His testimony provides no economics upon
9 which to base any opinions in this regard. A failing that I would suggest is the equivalent
10 to looking at the Kent Valley 25 years ago and saying it is just farm ground and should be
11 treated as such in planning a long-range project. While the properties of my neighbors
12 may be more modest than mine, I strenuously object and disagree to the notion that the
13 value of my property has already been degraded by their existence and the wind farm
14 cannot do anymore harm. This is simply not true. I am proud of this neighborhood. My
15 property is enhanced as a result. However, the Wild Horse Project directly and
16 substantially infringes on this neighborhood and I object to that. In an effort to say
17 something good about Mr. DeLacy's testimony, his total justification for his opinion that
18 land values will not be negatively impacted is that this is very remote project, almost to
19 the extent of not being able to stay within the County limits. The combination of facts
20 testified to by Mr. DeLacy, Mr. Priestly and Ms. Guhlke center on the elements of
21 isolation as the defining characteristic of this project.
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Q. Can you say anything positive about the Wild Horse Project?

EXHIBIT 60 (DT-L)
F. STEVEN LATHROP
PREFILED TESTIMONEY

Page 13 of 17

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2 A. I think my testimony thus far should make it pretty clear that I am opposed to it.
3 However, it possesses some elements and characteristics very different from the other
4 two applications presently pending. This project is in a single block that at least meets
5 the legal definition of a “wind farm” the County’s Zoning Code. It is a single ownership
6 and comprises only a portion of that ownership. It has been represented to me by Puget
7 Sound Energy that it will the own the land and the project once constructed and that is
8 extremely important and different because it is a large Washington public utility,
9 carefully regulated that has demonstrated a history of responsible business operations.
10 Puget Sound Energy’s structure provides as much assurance as can reasonably be
11 expected that it will be around when these turbines turn into the junk they are destined to
12 become. The closest residence is 1.75 miles away and as even the applicant’s direct
13 testimony demonstrates, historic ideas about setbacks are meaningless when dealing with
14 wind power projects. I think the minimum setback from the boundary of the project
15 should be 1.75 miles since the existing property owner owns that land, presumably they
16 will be willing to covenant distance. In any event, setbacks must be the burden of the
17 project, not the neighborhood and the line has to be the boundary of the project. In the
18 case of Wild Horse, I suppose with a friendly landowner/seller, a variance could be
19 granted in this case to encumber the area surrounding the project since the tower
20 locations I have been shown are certainly much closer to the project boundaries.
21 However, for the future 1-1/2 miles is very close to a turbine and a turbine should not be
22 any closer than that to the boundary of the project. I have read the studies on colors of
23 wind turbines and believe the conclusions that painting them essentially white as being
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1 the most unobtrusive color must be given by people who are literally blind. If wind
2 turbines are visually offensive, then they need to be camouflaged and one has only to
3 look at the equipment of our own military to see that we do not have many white tanks or
4 airplanes let alone white communication towers anyplace in the military inventory
5 because they do not want them to stand out. The number of residents within a 5 miles
6 radius of the project boundary is also illustrative of the important characteristic and that
7 this area is extremely low on density. I believe there should not be more than 50
8 residences within 5 miles of any project boundary. Moreover, a thorough study needs to
9 be conducted on the true potential for highest and best use of the property within 5 miles
10 of the project and the higher the potential, the greater project boundary setbacks should
11 be. Again, it is the project that bears that burden, not adjacent properties. To the extent
12 the Wild Horse Project can't meet the boundary setback in its present configuration; I
13 think it is uniquely capable of concurrently requesting a variance from the county unique
14 to this situation only, due primarily to the fact that the landowner has land sufficient to
15 grant the variance or to acquiesce in the variance.
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19 Q. What do you view are your most important protection to your property rights with respect
20 to the Wild Horse Project?
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23 A. There is no doubt that the protection of my property rests totally with the rules and
24 regulations of Kittitas County and the Board of Commissioners, Board of Adjustment,
25 and Planning Commission that will ultimately have to decide issues of land use
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1 consistency and impose conditions and mitigations. They are the only ones who take
2 seriously their charge of protecting my interests along with those of all county citizens.

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4 Q. Do you have any concluding remarks?

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7 A. No one really knows what this or any other wind power project will do to the character of
8 Kittitas County, the Kittitas Valley, let alone my property in particular. However, there
9 are any number of significant danger signals because such a project has never been
10 proposed for an area like this. It is incredible to me that our community that has been
11 historically so circumspect in considering significant land use changes and has been so
12 activist in formulation of its policies is even contemplating experimenting with such a
13 massive project. I believe the Wild Horse Project should be built in two phases. The first
14 phase consisting of only those towers that are east of and below the summit of Whiskey
15 Dick Mountain and the Rye Grass area. The second phase of the project would consist of
16 the remaining towers that were proposed only after a further hearing and approval by the
17 County subject to the imposition of additional mitigating factors. If we are going to
18 experiment with these projects, then let's at least approach them wisely. If the
19 proponents are correct in their assertions, then they should have no fears that the citizenry
20 will not accept the impacts as benign. On the other hand if, as I firmly believe, we are
21 simply being told whatever it takes to get permission to build them because there is no
22 way we are going to like them once they are here, then at least we have not permanently
23 spoiled what we have for many years tried to preserve and protect. And to the assertion
24 that such a phased approval would make the project uneconomically feasible, I say that
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1 when we start making our land use decision based upon economic viability of the project
2 to the applicant, we have no land use controls at all.
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