

1 BEFORE THE STATE OF WASHINGTON
2 ENERGY FACILITY SITING EVALUATION COUNCIL

3 In the Matter of the Application of:
4 Scout Clean Energy, LLC, for Horse Heaven
5 Wind Farm, LLC,
6 Applicant.

DOCKET NO. EF-210011
REPLY TESTIMONY OF MORGAN
SHOOK ON BEHALF OF SCOUT
CLEAN ENERGY

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10 **ON BEHALF OF**
11 **SCOUT CLEAN ENERGY**
12 **EXH-1051_R**

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24 **JULY 12, 2023**

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1 Q. Please state your name, occupation, and business address.

2 A. My name is Morgan Shook, I am a Senior Policy Advisor and Project Director with
3 ECONorthwest, an economics, finance, and planning consultancy. I work out of our
4 Seattle office at 1200 Sixth Ave, Suite 615, Seattle, WA 98101.

5 Q. Please describe the purpose of your reply testimony.

6 A. My reply testimony is offered on behalf of Scout Clean Energy, to respond to the pre-
7 filed rebuttal testimony and attachments of Jim Sanders, Kurt Kielisch, and Richard
8 Hagar (collectively, the “Appraisers”), which I have read and find unconvincing.

9 Specifically, my testimony provides additional explanation as to why the scholarship
10 on which I relied in my direct testimony is scientifically sound and directly relevant
11 to the property value impacts (or lack thereof) expected from the Horse Heaven
12 Project (the “Project”). Specifically, the Appraisers took issue with the following
13 scholarship: (i) Ben Hoen et al., *A Spatial Hedonic Analysis of the Effects of US Wind*
14 *Energy Facilities on Surrounding Property Values*, 51 *Journal of Real Estate Finance*
15 *and Economics* 1, 22-51 (2015); (ii) Ben Hoen et al., *Wind Energy Facilities and*
16 *Residential Properties: The Effect of Proximity and View on Sales Prices*, 33 *Journal*
17 *of Real Estate Research* 3, 279-316 (2011); and (iii) Ben Hoen et al., *The Impact of*
18 *Wind Power Projects on Residential Property Values in the United States: A Multi-*
19 *Site Hedonic Analysis*, Lawrence Berkeley National Laboratory (2009) (collectively,
20 the “LBNL Research”).

21 Q. Were there aspects of your testimony the Appraisers did not rebut?

22 A. The Appraisers made no mention of the eight (8) other studies I cited in my direct
23 testimony, nor did they specifically discuss the Application for Site Certification. The
24 Appraisers also did not rebut any of the site-specific observations in my testimony,
25 such as the fact that no non-participating residences fall within the 0.5 mile radius of
26 the proposed solar arrays of the Project.

1 Q. Have the views you expressed in your direct testimony changed, in response to the
2 Appraiser's testimony or otherwise?

3 A. No, nothing in the Appraisers' testimony changes or erodes the views I expressed in
4 my direct testimony. In my professional opinion, I maintain that the analysis in the
5 Application for Site Certification reasonably assessed the likelihood of the Project's
6 impacts on nearby property values. Based on my experience and expertise in the field,
7 the studies I cited in my direct testimony are credible sources and the cumulative
8 weight of their findings provides an emerging scientific consensus on the impact of
9 facilities like the Project on property values.

10 Q. Based on their testimony materials, do any of the Appraisers have any professional
11 experience studying the impacts of wind and/or solar facilities on nearby property
12 values?

13 A. Only Mr. Kielisch appears to have experience studying the impacts of wind energy
14 facilities on nearby property values. Nothing in the testimony of the Mr. Sanders or
15 Mr. Hagar indicates either has undertaken such research.

16 Q. Was any testimony of the Appraisers site-specific, involving analysis or data of the
17 Project specifically?

18 A. No, only Mr. Hagar appears to have familiarity with property values in Washington
19 and he concedes to having not closely studied the Project. *See* EXH-5900_R at 2. Mr.
20 Kielisch and Mr. Sanders appear to have property appraisal experience in the
21 Midwest and Southwest, but no such experience in the Pacific Northwest, and
22 similarly nothing in their testimony indicates they have studied the Project.

23 Q. Do you find Mr. Sanders' critique of the LBNL Research compelling? Please explain.

24 A. Overall, Mr. Sanders' critiques are too generic and vague to be compelling. He does
25 not specifically cite what exact methodological issues, pages, or sections of the LBNL
26 Research are in question, and if so, how his evaluation of those issues would call into

1 question the validity of the LBNL Research findings. Specifically, Mr. Sanders
2 provides no support for his assertion about eliminating outliers and does not
3 substantively discuss the methods and controls used in constructing the LBNL
4 Research models. Mr. Sanders takes issue with the fact that the LBNL Research is
5 “older” but chooses not to engage with the more recent studies I cited in my direct
6 testimony. Mr. Sanders’ comments on model fitness and collinearity do not identify
7 which independent variable(s) he is concerned with and how they would impact
8 critique of the research. His comment on sales dating is ambiguous and of
9 questionable relevance to LBNL Research methods. Mr. Sanders’ critique of a lack of
10 Washington and Oregon data does not name what exact omitted variables would
11 confound the LBNL Research. Mr. Sanders’ conclusion that wind turbines will
12 produce similar property value impacts as his research on high voltage power line
13 easements is not supported by any evidence outside a thin comparison between high
14 voltage power lines and wind turbines.

15 Q. Do you find Mr. Kielisch’s critique of the LBNL Research compelling? Please
16 explain.

17 A. Mr. Kielisch’s review of the LBNL Research takes issue with the application of
18 hedonic modeling (e.g., regression analysis) which was not prepared by professionals
19 in real estate valuation. First, hedonic modelling is widely used in the real estate
20 valuation field and has been so for decades. Second, no compelling evidence is
21 submitted as to why the lack of real estate appraisal expertise on the behalf the
22 researcher should call into question their expertise in statistical tools used to evaluate
23 changes in homes sales. Mr. Kielisch’s main critique is that the study used improved
24 residential properties as the unit of analysis in the research. He states that this is
25 “problematic” because there are too many variables that contribute to the valuation of
26 a property; however, nowhere in his comment does he address that the hedonic

1 pricing models applied by LBNL are used to estimate the extent to which each factor
2 affects the market price of the property. He also is concerned that the number of
3 property characteristics used in the LBNL Research is inadequate and could result in
4 an error but does not provide any insight into how the introduction on his listed set of
5 characteristics would change the veracity, direction, or magnitude of the LBNL
6 Research’s findings. In addition, Mr. Kielisch’s critiques are limited to the earlier of
7 the two LBNL Research studies, and do not comment on third, more comprehensive
8 LBNL Research study, *A Spatial Hedonic Analysis of the Effects of US Wind Energy*
9 *Facilities on Surrounding Property Values*, 51 *Journal of Real Estate Finance and*
10 *Economics* 1, 22-51 (2015).

11 Q. Do you find Mr. Hagar’s critique of the LBNL Research compelling? Please explain.

12 A. Most of Mr. Hagar’s comments and questions are likely an indicator that he
13 misunderstands the LBNL Research rather than the identification of flaws in the
14 research methodology. Mr. Hagar’s comments on the outputs of the different
15 alternative hedonic models seems to miss the purpose of this approach—to test the
16 robustness of results in the Base Hedonic Model and to test for other possible impacts
17 from nearby wind projects. His comments on these models take the results out of
18 context to insinuate a conclusion that the researchers do not find. Mr. Hagar feels the
19 research should use a “matched-pair” analysis to validate its findings. It is not clear if
20 Mr. Hagar is referring to a “paired sale” analysis used in real estate appraisal to
21 control for difference in property characteristics. Regardless, he does not address why
22 he thinks the the hedonic pricing models used in the analysis (to statistically account
23 for differences in property characteristics) is deficient to a paired sale analysis.

24 Q. Are you able to answer questions under cross examination regarding your testimony?

25 A. Yes.

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