

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD**

**IN RE: INVENERGY THERMAL DEVELOPMENT LLC's
APPLICATION TO CONSTRUCT THE
CLEAR RIVER ENERGY CENTER IN
BURRILLVILLE, RHODE ISLAND**

DOCKET No. SB-2015-06

**PRE-FILED DIRECT TESTIMONY OF
MICHAEL MAROUS**

(JUNE 30, 2017)

SUMMARY

Michael S. MaRous is the President and Owner of MaRous and Company and holds the MAI and CRE designations. Mr. MaRous is also a licensed real estate broker. Mr. MaRous testifies regarding Clear River Energy Center's ("CREC's") impact on the residential property values of properties near the Project. Mr. MaRous explains the methodology employed to create a market impact study which has been previously filed with the Board. He explains the market impact study findings. Mr. MaRous, relying on his experience and expertise, the application as supplemented, and his market impact analysis, opines that CREC Project will not negatively impact the property values in the neighborhood where CREC is to be located or to residential properties in the general vicinity.

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS TITLE AND BUSINESS ADDRESS.

A. Michael S. MaRous, president and owner of MaRous and Company, located at 300 S. Northwest Highway, No. 204, Park Ridge, Illinois 60068.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. My testimony is on behalf of the applicant, Invenergy Thermal Development LLC (“Invenergy”), in support of its application for a license from the Rhode Island Energy Facility Siting Board (“EFSB” or “Board”) to construct the Clear River Energy Center project in Burrillville, Rhode Island (“CREC”).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated with a B.S. in Finance with specialization in Urban Land Economics, from the University of Illinois, Urbana-Champaign. I have the MAI designation, from the Appraisal Institute, and have the CRE designation from the Counselors of Real Estate.

I am Certified in Illinois, Wisconsin, Minnesota, Iowa, Pennsylvania, and through November, 2017 in Rhode Island. I am also a Licensed Real Estate Broker in Illinois.

I maintain these designations through continuing education seminars and programs through the Appraisal Institute and the American Society of Real Estate Counselors and real estate brokerage classes.

1 I have appraised more than \$15 billion worth of primarily investment-grade real estate in
2 more than 25 states, and I have provided consultation in regard to valuation issues for a significant
3 number of marital and partnership dissolution matters involving real estate holdings valued at
4 several million dollars to more than one billion dollars.

5 Most recently, I have reviewed or received a citation in the following books:

- 6 • *Rural Property Valuation*, 2017
- 7 • *Real Estate Damages*, Randall Bell, 1999, 2008, and 2016
- 8 • *Dictionary of Real Estate Appraisal*, Fourth Edition, 2002 and Sixth Edition, 2015
- 9 • *Market Analysis for Real Estate*, 2005 and 2014
- 10 • *Appraisal of Real Estate*, Twelfth Edition, 2001, Thirteenth Edition, 2008, Fourteenth
11 Edition, 2013

12 In addition, I have been an alderman, and Mayor of the City of Park Ridge, Illinois. A
13 detailed description of my educational background and experience is in my CV, which was
14 submitted to the EFSB on September 12, 2016.

15 **Q. PLEASE DESCRIBE YOUR EXPERIENCE PROVIDING TESTIMONY TO**
16 **REGULATORY COMMISSIONS, BOARDS, AGENCIES OR AS AN EXPERT.**

17
18 **A.** I have served as an expert witness in litigation proceedings for many law firms; financial
19 institutions; corporations; builders and developers; architects; local, state, county and federal
20 governments and agencies; and school districts.

21 I have also provided testimony regarding highest and best use, marketability, feasibility and
22 market impact studies for a variety of properties, including permitting hearings for quarry
23 operations, landfills, waste transfer stations, wind farms and energy plants.

24

1 **Q. DID YOU ANALYZE THE IMPACT OF CREC ON SURROUNDING**
2 **RESIDENTIAL PROPERTY VALUES?**

3 **A.** Yes.

4
5 **Q. PLEASE DESCRIBE THE METHODOLOGY EMPLOYED TO ASSESS THE**
6 **CREC'S IMPACT ON RESIDENTIAL PROPERTY VALUES?**

7
8 **A.** The methodology employed in my market impact study is a matched pair analysis, which
9 analyzes the importance of a selected characteristic, in this instance proximity to a natural-gas-
10 fueled power plant, to the value of a property. This technique compares the sale of a property in
11 proximity to the selected characteristic to the sale of a similar property in the same market area
12 and under similar market conditions but without the proximity to the selected characteristic.
13 These are then compared to determine whether or not the studied characteristic appears to have
14 influenced the sale price.

15 **Q. DID YOU CREATE A REPORT REGARDING YOUR ANALYSIS?**

16 **A.** Yes. I prepared a Market Impact Analysis, dated May 17, 2016, which was revised on
17 August 29, 2016. The original and revised analysis were filed with the Board in Invenergy's
18 original and supplemental response to the Town of Burrillville's Data Request No. 1-9.

19 **Q. PLEASE PROVIDE A SUMMARY OF YOUR ASSESSMENT OF CREC'S**
20 **IMPACT ON PROPERTY VALUES.**

21
22 **A.** First, the proposed Facility is located 2,300 feet west and southwest from the nearest
23 residential area, and is shielded from nearby residential areas by dense woods and rolling
24 topography. Second, the proposed Facility is adjacent to an existing compressor station, and will
25 not be visible from the nearest roadway or nearest residential areas. Third, electrical and natural
26 gas infrastructure are already located in the area of the proposed Facility, and no new right-of-way
27 ("ROW") will be needed for the gas pipeline. The Project will have a 0.8 mile new easement across
28 the land owned by the compressor station (Algonquin Gas transmission) for the electrical

1 transmission line to reach the existing electrical transmission line ROW. Fourth, as confirmed by
2 others, the proposed Facility will be one of the most efficient power facilities in its class in the
3 world, using state-of-the-art technology which will result in extremely low emissions. Fifth, there
4 are significant financial benefits to the local economy and to the local taxing bodies from the
5 development of the proposed power plant, including the creation of well-paid jobs in the area
6 which will benefit overall market demand. Sixth, an analysis of residential sales proximate to
7 existing power plants did not support any finding that proximity to a power plant has had a negative
8 impact on property values. Finally, none of the real estate brokers interviewed believed that
9 proximity to a power plant adversely affected the value of the residential properties with which
10 they were involved.

11 **Q. DO YOU HAVE AN OPINION, TO A REASONABLE DEGREE OF CERTAINTY,**
12 **WHETHER CREC WILL HAVE A NEGATIVE IMPACT ON RESIDENTIAL**
13 **PROPERTY VALUES?**

14 **A.** As a result of the market impact analysis undertaken, and my prior experience in this field,
15 it is my opinion that CREC will not have a negative impact on the property values either in the
16 neighborhood where it is to be located or to residential properties in the general vicinity.

17 **Q. SINCE YOUR REPORT, HAVE YOU DISCOVERED ANY INFORMATION**
18 **THAT WOULD CHANGE YOUR FINDINGS?**

19 **A.** No. My conclusions remain the same as described in my report. The Project plans and
20 market conditions were reviewed. Additionally, market transactions were reviewed in the
21 immediate subject target market that are both proximate to the proposed Project and market
22 transactions that are located over one (1) mile from the proposed Project. None of the items
23 reviewed changed my findings.

24

25

1 **II. TOWN OF BURRILLVILLE TAX ASSESSOR ADVISORY OPINION ANALYSIS**

2 **Q. HAVE YOU REVIEWED THE TAX ASSESSOR’S ADVISORY OPINION?**

3 **A.** Yes.

4 **Q. DO YOU HAVE AN OPINION REGARDING THE ASSESSOR’S ANALYSIS OF**
5 **CREC’S IMPACT ON PROPERTY VALUES?**

6 **A.** The report was well researched and well documented. The report concludes that there will
7 be minimal traffic impact (after construction); limited noise (after construction); minimal visual
8 impact; and no reason to believe emissions represent a risk to health and welfare or will have an
9 impact on property values. The Matched Pair Analyses were conducted with due care and did not
10 indicate any diminution of value associated with proximity to the Ocean State Power plant, or the
11 Burrillville Compressor Station. The Assessor’s Survey was well-constructed, applied in an
12 unbiased manner, and the results did not indicate any diminution of value associated with energy
13 plants elsewhere in the state. Overall, I agree with the conclusions of the report.

14 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15 **A.** Yes.

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