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November 14, 2012

VIA COURIER

Ms. Barcy F. McNeal, Secretary Public Utilities Commission of Ohio 180 E. Broad Street, 13th Floor Columbus, Ohio 43215-3793

Re: Ohio Power Siting Board Case No. 12-160-EL-GBN

Champaign Wind LLC

Deposition of Michael S. McCann

Dear Ms. McNeal:

Please find attached a copy of the deposition transcript of Michael S. McCann taken on November 6, 2012 in the above matter.

Very truly yours,

Miranda R. Leppla

MRL/dhl Enclosure

cc: All Counsel of Record (via email, with attachment)

1	BEFORE THE OHIO POWER SITING BOARD
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3	In the Matter of the : Application of Champaign :
4	Wind, LLC for a : Certificate to Construct : Case No. 12-0160-EL-BGN
5	a Wind-Powered Electric : Generating Facility in :
6	Champaign County, Ohio. :
7	
8	TELEPHONIC DEPOSITION
9	of Michael S. McCann, taken before me, Maria DiPaolo
10	Jones, a Notary Public in and for the State of Ohio,
11	at the offices of Vorys, Sater, Seymour & Pease, LLP,
12	52 East Gay Street, Columbus, Ohio, on Tuesday,
13	November 6, 2012, at 1:03 p.m.
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21	ARMSTRONG & OKEY, INC.
22	222 East Town Street, 2nd Floor Columbus, Ohio 43215
23	(614) 224-9481 - (800) 223-9481 FAX - (614) 224-5724
24	

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1	APPEARANCE:	
2	Vorys, Sater, Seymour & Pease, LLP By Mr. M. Howard Petricoff	
3	52 East Gay Street Columbus, Ohio 43216-1008	
4	On behalf of Champaign Wind, LLC.	
5		
6	APPEARANCES VIA SPEAKERPHONE:	
7	Van Kley & Walker, LLC By Mr. Christopher A. Walker 137 North Main Street, Suite 316	
9	Dayton, Ohio 45402	
10	On behalf of Union Neighbors United, Julia F. Johnson, and Robert and Diane McConnell.	
11	Mike DeWine, Ohio Attorney General	
12 13	William L. Wright, Section Chief By Mr. Stephen A. Reilly Assistant Attorney General	
14	Public Utilities Section 180 East Broad Street Columbus, Ohio 43215	
15	On behalf of the staff of the Public	
16	Utilities Commission of Ohio.	
17	ALSO PRESENT VIA SPEAKERPHONE:	
18	Mr. Tim Burgener; Mr. Jon Pawley;	
19	Mr. Stuart Siegfried.	
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1	Tuesday Afternoon Session,
2	November 6, 2012.
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4	MR. PETRICOFF: Let's go around for
5	appearances. On behalf of Champaign Wind, Howard
6	Petricoff, counsel.
7	MR. REILLY: On behalf of the staff of
8	the Ohio Power Siting Board and Ohio Public Utilities
9	Commission, Steve Reilly.
10	MR. WALKER: And Chris Walker, Van Kley &
11	Walker, here on behalf of Union Neighbors United,
12	Inc., Robert and Diane McConnell, and Julia F.
13	Johnson, intervenors.
L4	MR. PETRICOFF: Anybody else on the phone
15	who wants to make an appearance?
16	(No response.)
17	MR. PETRICOFF: With that, would you
18	swear in the witness.
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20	MICHAEL S. MCCANN
21	being by me first duly sworn, as hereinafter
22	certified, deposes and says as follows:
23	CROSS-EXAMINATION
24	By Mr. Petricoff:

- Q. Good afternoon, Mike. This is Howard
- 2 Petricoff. I'm going to ask you a number of
- 3 questions mainly about your prefiled testimony. Do
- 4 | you have a copy of the prefiled testimony nearby?
- 5 A. I do.
- 6 Q. Good. As we're going along if you have
- 7 | any trouble hearing me, let me know and I'll speak
- 8 up. Likewise, if you don't understand one of my
- 9 | questions, just please tell me that you don't
- 10 understand and I'll try to make -- I'll try to
- 11 | clarify it or rephrase the question.
- 12 A. Okay.
- 13 Q. First question for you, I see that, just
- 14 taking a brief look at your testimony here, and you
- 15 | have a professional biography, but I didn't see any
- 16 educational items down there. Did you go to college?
- 17 A. T did.
- 18 Q. And where did you attend?
- 19 A. College of DuPage.
- Q. And that's in Illinois?
- 21 A. It is.
- 22 Q. And did you graduate?
- 23 A. I did not.
- Q. Okay. And how many years did you attend?

- A. Part-time over the course of three years.
- Q. Did you reach a status level? Were you a freshman or a sophomore when you left?
- A. I don't recall what they were labeling me when I left.
 - Q. Okay. That's fine.

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And while you were in college did you have an opportunity to take a statistics course?

- A. Not in college, no.
- Q. Have you taken a course after college?
- A. I have taken appraisal courses that included elements of statistical analysis.
- Q. Tell me about the appraisal courses that you've taken.
- A. Well, a wide variety of courses that includes real estate appraisal principles, appraisal procedures, residential valuation, capitalization theory and techniques, several different elements of that, of course the standards of professional practice for appraisers, case studies in real estate valuation, highest and best use market analysis, advanced income capitalization, subdivision analysis, special purpose properties, eminent domain, and condemnation and valuation of detrimental conditions,

- and a variety of continuing education courses and seminars.
 - Q. Is continuing education a requirement to keep your license in Illinois?
 - A. It is.

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- Q. And just out of interest, how many hours do you have to take a year to keep your license?
 - A. Oh, from memory, I believe it's 28.
- Q. Okay. Now, you are licensed in Illinois.

 Are you licensed in any other state?
 - A. I have an Ohio temporary license.
- Q. If I understand this correctly, that's just for the purpose of this case?
- 14 A. It is.
 - Q. Okay. What do you have to do in Illinois to get a license? What's the licensing procedure?
- 17 Well, it's been a few years, so I may forget something, but it starts with having several 18 19 years' worth of experience, rated and approved; it requires a certain number and type of courses 20 21 depending on what license one is seeking, you know, 22 ranging from residential appraisal courses, if one is seeking to be limited to being a residential 23 24 appraiser, and also income type courses and other

more advanced courses for the general real estate
appraiser license, which I hold; of course, an exam
to satisfy their requirements for general knowledge

of the subject matter.

- Q. And I assume that Illinois, like Ohio, insists on payment of a fee.
 - A. That goes without saying, yes.
- Q. Okay. Tell me about this Ohio general appraiser temporary permit that you got. What process is that, and what does that entitle you to do?
- A. Well, it entitles -- the process is essentially fill out the application form, send in the check, disclose any prior licenses or existing licenses, rather, and it has requirements that you disclose whether or not you've ever been found to be in any violation of the standards or ethical requirements or words to that effect. And, essentially, it's a reciprocal license if you're in good standing in your own state, which I am, and it is.
- Q. And is this limited only just to this case?
- A. It was specific for this case, yes.

experience which means we are probably of like age.

Did you have it all running your own business or have

I note that you have 30 years of

- you worked as an appraiser for others?
- A. I've been running my own business since early-2008. Prior to that my entire career was spent at William A. McCann & Associates, a family firm that was started in 1962.
 - Q. Was your father the principal?
 - A. He was.

Ο.

- O. Great.
- Now, you note on page 2 that you've done a wide range of appraisals in 21 states. Have you done any appraisal work in Ohio prior to this employment?
 - A. Yes, I have.
 - O. Tell me about that.
- A. Oh, one that comes to mind is a matter I worked on, and I'm thinking what year it was, it must be around 1990 for the appraisal of a hazardous waste landfill east of Cincinnati known as the Aber Road facility, and that was a matter -- that assessment was appealed by the property owner and operator and I believe the name of the body was the Ohio tax court.

- Okay. On whose behalf did you do the 1 Q. appraisal? 2
 - I did that appraisal on behalf of the Α. property owner which was CECOS, C-E-C-O-S.
 - Q. It's a corporation or a firm?
- It was a subsidiary of Browning Ferris 7 Industries at the time.
 - Okay. Any other work in Ohio that comes Q. to mind?
- 10 Not that's coming immediately to mind, Α. 11 no, sir.
 - Ο. Then down on line 20 on page 2 you talk about 12 years ago you were appointed by the Northern District Federal Court -- and I assume that's the northern district in Illinois?
 - Α. Yes.

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- 17 -- as a condemnation commissioner. O.
- 18 Α. Correct.
 - Tell me about that. What did you do as a Q. condemnation commissioner?
 - Α. Well, as a condemnation commissioner I was appointed by a federal judge, Judge Paul Plunkett, to serve on the commission along with a law professor and an attorney, and what our role was was

- 1 to hear the evidence presented through a number of
- 2 | witnesses, including real estate appraisers,
- 3 regarding a high pressure natural gas pipeline that
- 4 | was being routed through quite a few different
- 5 | properties in Will County, Illinois, through a rural
- 6 | section of Will County, Illinois, and then to make a
- 7 recommendation to the court as to the just
- 8 | compensation that should be awarded to each of the
- 9 individual property owners.
- 10 Q. And how long did you serve on this
- 11 | commission?
- 12 A. Oh, I believe that was ongoing for part
- 13 of two years. Better part of two years.
- 14 Q. Just of interest, what was the criteria
- 15 | that was used to determine the value of the taking
- 16 | for the pipeline?
- 17 A. Can you be more specific by what you mean
- 18 by "the criteria"?
- 19 Q. Sure. I may have to redo the question
- 20 | because it may not be an adequate question, but it
- 21 says that it was establishing a high pressure gas
- 22 | pipeline. I assume that the utility company was
- 23 exercising some form of eminent domain as a right to
- 24 | lay the pipeline.

A. Correct.

- Q. Okay. And your task was to determine -your task, you the Commission, "you" plural, to
 determine the value of the taking of those property
 rights from the landowner?
- A. Well, it was to make a informed judgment within the range of the evidence that was presented by both the condemnor and the condemnees. In other words, we couldn't expand outside the range of the evidence per the court's order.
- Q. Okay. So basically you were sitting more or less as a judge with the law professor and the -- I'm sorry, who was the third member?
 - A. An attorney.
- Q. -- an attorney to determine, based on the evidence presented, what the value of the property taken was?
 - A. Well, the impact on value, correct.
- Q. Okay. Now I want to go on, on page 3 it says that you've evaluated or consulted with property owners and attorneys, government committees, regarding over 20 utility or industrial scale wind projects. Is one of the 20 or more than one of the 20 these gas pipelines?

- A. No. No. These are all industrial scale wind projects, not -- it excludes any pipelines --
 - Q. Okay.

- A. -- other types of power plants or any other use.
 - Q. Okay. So you've consulted on 20 different wind projects, then.
 - A. Correct.
 - Q. Great. Well, tell me about those if you could, just list as many of the 20 as you can recall and tell me a bit about them including their location.
 - A. Let's see. I have to pull up a list here to aid my memory, but while I'm doing that I'll begin. The first wind project I ever evaluated or even inspected was in Illinois in approximately 2005 at a point in time when there had only been one project already approved and built in Illinois, and that was in the context of a zoning hearing seeking, with the developer, applicants seeking a special use for approval of a large scale industrial wind energy project. I gave testimony at that hearing in Ogle County I believe also in 2005.

I have conducted many such evaluations of

- 1 | the location and compatibility and property value
- 2 | impacts in numerous other counties in Illinois
- 3 | including Livingston County, Stephenson County,
- 4 DeKalb County, Tazewell County, Logan County, Adams
- 5 | County, Bureau County, and I think that's pretty
- 6 inclusive.
- 7 I have also conducted evaluations and
- 8 provided testimony for matters involving large-scale
- 9 turbines such as we're talking about here in
- 10 | Connecticut, Massachusetts, New Hampshire, Michigan,
- 11 and have given testimony in matters that I've just
- 12 described at anything ranging from zoning hearings to
- 13 | siting valuation committees and other bodies that are
- 14 at the state level as opposed to at the county level
- 15 such as the case in Illinois.
- 16 Q. In Illinois it is the county that does
- 17 | the siting for wind turbines?
- 18 A. Yes.
- 19 Q. Okay. And let's go back to this first
- 20 one in 2005. On whose behalf did you provide
- 21 testimony?
- 22 A. It was on behalf of the objectors, the
- 23 | property owners that were not participating property
- 24 owners, but -- there were quite a few of them, I

- don't remember the exact number, but they were in or very near the footprint of the proposed project.
- Q. Moving on, you mentioned Connecticut.

 What year did you participate in hearings in

 Connecticut?
- A. It was last year, if I recall correctly.
 7 2011.

- Q. And, once again, was that a state or a county zoning authority?
- A. That was at the state level. The Connecticut Siting Council I believe was the name of the governmental body, the state body.
- Q. Okay. Once again, were you representing the interests of the landowner or landowners?
- A. Well, I was retained by the neighboring residential property owners.
- Q. In fact, maybe we can save some time, is that true for all of your -- all 20 of these cases, that you gave testimony or consultation for the adjoining landowners?
- A. No. That's really two questions, and for those that I've given testimony it is true that I have been retained by the neighboring property owners and/or their attorneys. For those that I have not

- given testimony that has included, for example, the
 town of Cape Vincent in upstate New York and I was
 retained on that matter by the, I can't remember the
 formal name of the committee that was formed by the
 town but I believe it was the Economic Impact
 Committee for the town of Cape Vincent.
- Q. Okay. Let's go back, then. Thank you, that was very helpful.

- So Connecticut was 2011. How about Massachusetts, what was the forum in Massachusetts and the year?
- A. Well, there's been several that I've evaluated and have consulted on, provided written studies and so forth. I've testified in Massachusetts, in Wareham, Massachusetts, and I'm trying to remember if that was late-2010 or early-2011, but I don't specifically recall the date that I gave testimony there.
- Q. I think the next one down was New Hampshire.
 - A. New Hampshire, and what is your question?
 - Q. Oh, yeah. The first is what was the forum in New Hampshire that you testified in?
- A. I believe that was the New Hampshire site

- evaluation committee, siting evaluation committee,

 SEC, at the state level.
- Q. And the year?

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- A. I believe that was 2010.
 - Q. Okay. And then our neighbor to the north, Michigan, in what forum did you testify in Michigan?
 - A. I testified in the circuit court in Leelanau County in Michigan. That was a somewhat different matter.
 - O. Tell me about that matter.
 - A. Well, that was a single turbine and the only question really at hand was whether or not the turbine on a neighboring property had any impact on my client's single-family residence market value.
 - Q. And had the turbine in Michigan, had the turbine already been built?
 - A. It had.
 - Q. And did the court make an award to the adjacent landowner?
 - A. It did not.
- Q. Let's go back. In New Hampshire on the state siting committee, was that project eventually built?

- 1 A. I don't know.
- Q. How about in Wareham, Massachusetts, was that project built?
- A. To the best of my knowledge, it has not been built.
 - Q. Was it permitted to be built?
 - A. I don't think so, no.
 - Q. And how about the one in Connecticut, the state siting council, did they issue a permit to build the wind farm in that case?
 - A. Not the one I testified in, no.
- 12 Q. Did they deny the permit?
- 13 A. They did.

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- Q. Do you remember the ground on which the permit was denied?
- 16 A. Generally, yes.

were being proposed.

- O. And what was that?
- A. What I recall reading in the decision was
 the lack of compatibility with surrounding
 properties, the residential properties more
 specifically, and the height of the turbines that
- Q. Okay. I guess finally that brings us back, I know you said you had a number of them in

- 1 Illinois, but let's just look at the one in 2005.
- 2 What was the outcome of that proceeding?

- A. To the best of my knowledge, it was approved with some conditions and it is still tied up in litigation as far as I know.
 - Q. Okay, great. Thank you.

Now I want to direct your attention to page 4 of your testimony and we're going to talk about the Buckeye Wind II -- the Buckeye II Wind project. You call it Buckeye II Wind, I think we've named it the or called it the Champaign County Wind, so I'll try to use the name here but if I'm talking -- if I say something about Champaign, I think you and I will agree that Buckeye II and Champaign are synonymous.

- A. Okay.
- Q. With that in mind, do you recall what the proposed setbacks are in the application for Champaign?
- A. I don't recall specifically all of them.

 I know there's a minimum of 1.1 times the height to
 the tip of the blades plus, if I recall correctly, a
 couple hundred feet. But there's a variety of
 setbacks that while within, you know, I mean, the

range goes up to -- depending on what property you're measuring from. So it's as near as that but a great many of them in the quarter mile to half mile range.

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- Q. Now, you indicate on lines 10 through 12 that you looked at these to see if the protective measures would minimize the impact. Were there any that you thought the setbacks were sufficient to minimize the impact?
- A. Not within the project footprint. Every home within the project footprint is proximate enough to any home or any number of homes that the setbacks alone are not a protective measure.
- Q. And in your mind how far would the setbacks have to be in order to be protective?
- A. Well, there's no hard-fast answer for that. There's several ways really to answer that, but from a property value perspective and based on the studies that I've reviewed, the value impacts tend to be minimal beyond two to three miles. So from a property value perspective that would be the appropriate setback without any consents or grant of easements on the part of neighboring property owners.
- Q. To your knowledge, has any wind farm ever been built with a two to three mile setback for

nonparticipating landowners -- from nonparticipating landowners?

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- A. As I understand it, in Oregon, and I don't recall the name of the county, they did pass an ordinance requiring a minimum of a two-mile setback, and one of the Australian provinces that is the minimum setback, again, without consent of any landowners within that two mile range.
- Q. Is this correct, you don't remember what the district was in Oregon that had that setback?
- A. Not off the top of my head, no. It was a county.
- Q. A county. Are there any wind turbines in that county?
- A. I don't know if there was any projects that were approved prior to that ordinance, approved and built prior to that ordinance being passed.
- Q. Do you know if there are any that have been approved since the ordinance was passed?
 - A. No, I don't know.
- Q. Okay. I'm now looking down from lines 14 to 24 on page 4 and you talk about, this is the preparation that you did in order to prepare your testimony, and you indicated that you did look at the

- 1 testimony of Thomas Sherick in the Buckeye I case.
- 2 Did you read any of the other testimony in Buckeye I?
- A. I had skimmed through the testimony of,

 I'm trying to remember the woman's name, but I don't

 recall it, I'm sorry.
 - Q. Okay. That's fine.

Then you indicated that you looked at the homes of several property owners and the Johnsons, well, let's just start there, do you recall any of the other property owners' homes that you looked at other than the ones that are listed between lines 17 and 20?

- A. Well, I saw probably 80 percent or more of the homes in the project footprint. I did not meet any of the other individuals or owners within the project footprint.
- Q. Okay. And this is, you sort of drove the area; is that how you saw 80 percent of the homes?
 - A. Approximately 80 percent. Yes.
- Q. Did you actually go into the homes of Mr. Johnson, McConnell, and Gordon?
- A. Yes, to Mrs. Johnson and Mrs. McConnell, and I did not go inside the home of Mr. Gordon but I was on site.

Q. And are all three of these named plaintiffs members of the UNU?

- A. I'm not sure about Mr. Gordon, but I believe Julie Johnson and the McConnells are members of UNU.
- Q. You also said that you reviewed the Staff
 Report on two separate Ohio wind energy facilities.

 And I'm at the top of page 5 of your testimony.

 Could you tell me which two you looked at, which two
 staff reports you looked at?
 - A. The staff reports for the Iberdrola and Horizon projects in Van Wert and Paulding Counties.
 - Q. Why did you select those two staff reports to review?
 - A. Well, because they are existing wind energy projects with the turbines constructed and I just wanted to see what the Ohio staff had said about those projects to see if there was anything that was relevant to me or that would create an area of inquiry that I should, you know, undertake.
 - Q. I see on line 8 that you inspected the facilities in Van Wert and Paulding County. Tell me about that inspection you made on October the 25th. What did you see, and how did you see it?

- Well, primarily by automobile. I got out Α. of my car a couple times to get better vantage points of the view of some of the homes adjacent to the turbine facilities or structures. I traversed the area south to north and then from east to west and covered a good part of the ground where the turbines were visible and present and, you know, kind of dominated the landscape.
 - Q. Okay. How far were the turbines set back from the residences that you observed in Van Wert and Paulding County?

- A. I didn't measure them specifically but, as I recall, that included a similar minimum setback of 1.1 times the height to the tip of the blade plus, you know, some relatively nominal number of feet above that for nonparticipating property owners, and I believe there was some flexibility for participating property owners to limit it to 1.1 times the height, if I recall correctly.
- Q. Did you consider the setbacks that you observed to be suitable or adequate?
- A. Well, again, from a real estate perspective no, I don't. No, I didn't.
 - Q. Have you done any studies on sales of

- 1 | property in Van Wert or Paulding Counties?
 - A. I did conduct a little bit of research.
 - O. Tell me about that.

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- A. Well, I obtained information on the sale of properties in two townships in northern Van Wert County, namely Union and Hoaglin Townships, and then also two townships at the far south end of the county in Liberty and York Townships and I reviewed that sale data.
 - Q. How many properties sold in the northern part of the county that you reviewed?
- 12 A. In 2012 I believe the total number was 13 15.
 - Q. And in the south?
 - A. I believe the number was 11.
 - Q. And, relatively speaking, where are the wind farms in the county, are they north or south?
 - A. North in the, predominantly in Union and Hoaglin Townships.
 - Q. And what was the -- did you draw any conclusions from looking at these I guess it's 27 sale documents?
- A. Well, there were some indications of a disproportionate number of foreclosures in the two

- 1 townships with turbines present, by my calculations
- 2 | it was 47 percent of all the transactions in those
- 3 | two townships where the turbines are were foreclosure
- 4 | sales, whereas in the two townships to the south, you
- 5 | know, Liberty and York, the percentage of foreclosure
- 6 activity was 9 percent of the total. So roughly a
- 7 | 38 percent difference.
- 8 Q. Based on that is it your opinion that the
- 9 | wind turbines caused the foreclosures?
- 10 A. I don't have an opinion on that. I don't
- 11 have enough information to draw that conclusion.
- 12 Q. Okay. How did the value of the -- did
- 13 | you look at any sale data of an earlier period, a
- 14 period before the turbines came to Van Wert and
- 15 | Paulding County?
- 16 A. No.
- Q. So you're not in a position to talk about
- 18 | before and after values.
- 19 A. Not in that location, no.
- 20 Q. Okay. In the -- well, actually I think
- 21 I'll save that for later.
- 22 | I see that you met with Milo Schaffner
- 23 | while, I take it that -- was that part of your trip
- 24 on October 25th?

A. Well, I did not meet with him, to be clear. I spoke with him by telephone.

Q. Oh, I see. You say "contacted" so I just misinterpreted that to mean meet.

Why did you call Mr. Schaffner?

- A. Well, I had heard that he was a township trustee in Van Wert County and that he had been involved with or otherwise had knowledge of, you know, not only the process but what the feedback from citizens and property owners were following the construction and operation of Van Wert County project.
- Q. And who gave you that information that
 Mr. Milo is the township trustee who is
 knowledgeable?
 - A. I don't remember specifically if it was Mrs. Johnson, one of the McConnells, or Mr. Walker, I just believe it came up in discussion and I indicated I would like to speak with him.
 - Q. Fair enough, though, to say that the suggestion to call Mr. Schaffner came from your clients?
- A. Well, I don't know that it was at their suggestion. As I recall it, it was I expressed a

- desire to speak with him when I learned that, you know, he had some experience in that area.
 - Q. Okay. Did you talk to any other either township trustees or county commissioners in Van Wert or Paulding County?
 - A. No. I should say not to my knowledge.
 - Q. Okay. We'll take that as a given. In fact, I think your counsel would probably object if I asked you to tell me what you don't know.
 - A. Okay.

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- Q. Now I want to take you down to line 19 where on page 5, we're talking about your review of current and recent literature and documentation regarding the impact on residential property values. The first question is: Why residential property values as opposed to looking at commercial or industrial?
- A. Well, we'll start with the easiest. The industrial uses tend to be compatible with each other. Commercial properties trade or sell primarily on the basis of, you know, the income that can be generated or the business that can be conducted therein, it's not as sensitive as residential real estate values to external forces or influences or

1 detrimental conditions.

2.

Residential property values tend to be the most sensitive and where most of the concerns, objections, and impacts have been documented.

- Q. You say "A bibliography of the documents I reviewed are set forth in Table A, below," and I guess I didn't see a table until I got to, actually, I didn't see a table until, what looked like a table until -- I may be able to cut this short. Can you tell me on what page I can find table A?
- A. Sure, and I'm sorry I neglected to label that as table A, but it's on page 17.
 - Q. Okay.
 - A. And 18. But it starts on 17.
- Q. Ah, yeah. Okay. Good. Well, we're on the same, literally on the same page then, because that's what I assumed when you said "Table A, below," that that's where it was.

Tell me how you assembled this group of studies.

A. Well, over time and, as I mentioned, the first wind project I worked on evaluating was in 2005, and I have just been collecting and finding and locating and in some cases just being forwarded to me

- different studies that have been prepared by different individuals or organizations or on behalf of the wind industry and so forth.
 - Q. Okay.

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- A. I think I answered your question.
- Q. Yes, you did.
- A. Okay.
- Q. Let's turn to 17, then, and sort of go through them. So, and correct me if this is not an accurate summary of what you just told me, so basically these are the collection of the studies that you have found in your, well, at least since 2005 when you started working with wind projects that you have come across that you thought were significant.
- A. Well, I guess you'd have to define what you mean by "significant," but they are studies that I have considered and have continued to build on the body of knowledge and research that has been developed on this area of study.
- I did not look at the older studies and other types of studies or consider them to be reliable for a number of reasons, you know, including some of the older studies were primarily based on

- evaluating the impacts or ostensibly evaluating the
 impacts for much smaller, older generation turbines
 and the more recent studies I felt were more relevant
 to the, or at least compared to much smaller turbines
 than to the current generation of turbines that are
 - Q. Well, let's take a walk through these studies and you can tell me about them. The first one is Lansink. How did you come to get a copy of the Lansink study?
 - A. He had forwarded it to me.
 - O. And who is Mr. Lansink?

approaching 500 feet.

- A. He is an appraiser based in London, Ontario, Canada.
- Q. Is he a personal acquaintance, or did you meet him through professional outings? How do you know Mr. Lansink?
- A. Well, he's not a personal acquaintance per se. I did meet him initially, never in person, only by telephone in regard to another matter in Canada that I've been asked to consult on.
- Q. So I take it you contacted him, then, because you were working on a project in Canada.
 - A. No, that's not quite right.

Q. How did he come to send you a study? What events led to him sending you a study?

- A. He and I were both on the phone with an attorney in Canada and before concluding our telephone conference traded contact information and then he provided his draft report and final report to me to see if I had any thoughts or comments and so forth.
 - Q. And this was a report on behalf of nonparticipating landowners?
 - A. No. His study was done completely without compensation or without any retention by any party. He did it, as I understand it, simply as a matter of continuing education, fulfilling educational requirements.
 - Q. Okay. Tell me about, I'm reading the footnote now, it says a resale study uses resales of developer to private properties -- let me retract this. This may be easier.

Tell me about the study. What did he study, and how was this study conducted?

A. Well, the report that you have is essentially two different studies, one in Melancthon, which was really his first study and project

location, and the second being in the Clear Creek area of Ontario along the north shore of Lake Erie.

2.

The Melancthon study was essentially following up on news reports of a developer, I believe the name of the developer is Canadian Hydro, that had developed a wind project in Melancthon and then, as I understand it, based on complaints and so forth from neighboring property owners regarding the impacts ended up buying out five of these property owners.

Then over time and through the use of the multiple listing service and realtor services and so forth they disposed of each of those properties in an orderly manner, had sold them to individual buyers who as part of -- the most significant condition of the transaction was that the buyers had to grant easements back to the wind developer and -- as reflected in recorded instruments in Canada that are titled Easement in Gross, and what those easements in gross allowed for was for the wind energy facility to continue to broadcast its various impacts including noise, vibration, flicker, dust, heat, or any other impacts that may impact the living environments of those residences.

So the buyers bought them subject to the very conditions that large scale wind energy projects often create in close proximity to residential dwellings. That's significant to me because that meets the criteria for market value of a fully informed buyer as well as a fully informed seller and everybody acting in their own best interests. So the prices that were paid were with the acknowledgment of those impacts.

Q. And there's an impact percentage here. Tell me about the impact percentage. How was that calculated?

A. Well, in general terms, it was based on a comparison of the original buyout price to what the typical or median prices were at the point in time that they were bought, and that was important to establish that they were bought at market value which the purchase prices by the developer were right in line with the market at the time that they bought them out.

Then when they resold, Mr. Lansink updated the overall market trend research regarding what the, you know, median prices were at the point in time those properties were resold, and that

1 | enabled him to measure the difference in value just

- 2 | based on time, the change in market conditions
- 3 outside the project, and then compare that to what
- 4 | the properties actually sold and resold for to
- 5 determine the net difference or, in this case, in all
- 6 | five cases in the Melancthon study a value loss.
- 7 And for the Melancthon study it worked
- 8 out to just under 39 percent average value loss
- 9 ranging from 23 to 59 percent.
- 10 Q. And what was the valuation you said that
- 11 Mr. Lansick adjusted for changes in market condition?
- 12 Do you recall what that market condition adjustment
- 13 | was?
- 14 A. I'll have to turn to the report. Bear
- 15 | with me while I find that particular adjustment.
- 16 0. Sure.
- 17 A. Well, you really have to look at each
- 18 | individual one because they all sold on different
- 19 dates, but on Exhibit F, which is page 13 of the
- 20 | Lansink report, the percentage change between the
- 21 | sale dates for the market overall was 11-1/2 percent.
- 22 Not to be confused with the value diminution that was
- 23 the, just the percentage change in the market.
- Q. Right. So using Mr. Lansink's approach,

- 1 if the resale price was the same as the buyout price,
- 2 | it would be considered a loss of 11 percent.
- A. Well, he didn't make that analysis, but I follow your --
- Q. Right. I'm not putting those words in -I'm just looking for the mechanics. That's the basic
 mechanic.
- A. Well, yes. It's the only adjustment that
 was made and, frankly, that's what makes it superior
 to many other studies is that it's an easily
 discernible and measurable number for a given market
 area.
- Q. Okay. Let's go on, then, and look at the Sunak study. How did you come to possess a copy of the Sunak study?
 - A. I think I just found that on the internet. I don't recall anybody forwarding that to me.
 - Q. And where does this study take place?
 - A. Germany.

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- Q. Germany, okay.
- 22 And the next one is the Heintzelman
- 23 Tuttle. How did you come to a copy of the
- 24 | Heintzelman Tuttle?

A. I really don't recall. It was not forwarded to me by Professor Heintzelman or the student that assisted him; Tuttle. I don't recall

how I came into possession of that originally.

- Q. Okay. How about, well, now we get to the McCann one. You've had contact with Mr. McCann?
 - A. Well, I am Mr. McCann.
- Q. I know. I'm sorry. We're an hour into this, I'm looking for some levity.
 - A. Okay.

- Q. Tell me about your 2009 study.
- A. Well, it's updated through 2009. It was originally done a few years earlier, and the Illinois study was conducted in 2008 regarding the first wind project that was built in Illinois known as the Mendota Hills project which is in Lee County, Illinois.

And what I did in that study was, you know, of course inspected the project area and obtained a complete listing of all the sale transactions for residential property in Lee County and then via site inspection, you know, field inspection of each of the sales in the project area I was able, as well as reviewing maps, I was able to

determine what the proximity of any homes were in relation to any turbines.

2.

And I separated that data into two groups, the two groups being within two miles of any turbine, and the second group being a somewhat larger number but not all inclusive for the whole county, but from beyond two miles out to about five miles, and then just compared the datasets as to what the -- any indicated difference was in the sale price per square foot and the overall sale price.

And what that study revealed was that on average the properties within two miles of any turbines sold for 25 percent lower than the properties in the two to approximate five mile range.

- Q. Let's go back. First, did someone commission this study? Were you paid to make this study for anyone?
- A. I believe I undertook that research as part of one of the Illinois, I'm sure I did it as one of the Illinois zoning matters; I don't recall which one.
- Q. Okay. And you at that point were providing it on behalf of the nonparticipating landowners.

A. And their attorney, yes.

Q. And their attorney, right.

And in the -- first of all, if this terminology, if you're not comfortable with it, let me know because I'll change it, but it sounds like you broke this up into two groups, a control group that's sales beyond -- control group that's more than two miles from a turbine and the study group which is less than two miles to a turbine.

- A. That's essentially correct. And that terminology is fine with me.
- Q. Okay. Good. Now let's talk about the control group. How many houses were in the control group?
- A. From memory, about 38. Thirty-eight or 39.
- Q. Okay. And over what period of time did the sales take place?
- A. From early-2003, beginning of the year 2003, through the first quarter of 2005.
- Q. And did you make any adjustment for the change in the general market for housing during that period?
- 24 A. No. Both datasets were from the same

1 period of time.

2.

- Q. Well, obviously from the same period of time, but, unlike Mr. Lansink, you did not do a market adjustment.
- A. I made no adjustments. I just reported the factual empirical sale price information.
- Q. Okay. And that's fine. I'm just trying to make sure that I understand the mechanics.

And so then you took the sale price, then, and divided it by the square footage of the house to come up with a price per square foot?

- A. Correct.
- Q. Okay. In both the control group and the study group.
 - A. Yes.
 - Q. Were these houses the same in terms of the number of bathrooms that they had or, well, let's just start there. Did they all have the same number of bathrooms?
- A. They all had the same range of number of bathrooms, but no, they did not all have the same number of bathrooms.
- Q. And, let's see, how about updated kitchens? Did you make any adjustments for updated

kitchens?

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- A. I did not.
- Q. But you'd agree with me that if we're looking at like properties in order to tease out a price attributable to the proximity to wind turbines, those are the kinds of things that you would normally tease out in property. You wouldn't call a house with three bathrooms, you wouldn't value that the same as a house with one bathroom.
- A. Well, first of all, I didn't value any of the houses. Those were the actual sale prices. So I did not come up with an opinion of value for any one of these houses. If I had been appraising any one of these houses and using comparable sales, the adjustment process you're describing would be appropriate.

As a homogenous dataset including a similar number or amount of older homes to newer homes, you know, ranches and two-stories. This, you know, but for the turbine project this was a homogenous market area and so what I was doing in this particular study was eliminating any -- How shall I put it? -- any potentially unsupported adjustments or assumptions and just reflecting this

- homogenous dataset overall near and far. 1
- How did you -- I'm sorry. Have you 2. Ο.
- 3 finished?

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- 4 Α. Yes.
- 5 Q. Okay. I didn't mean to -- that's one of 6 the problems in a telephone deposition is it's 7 sometimes hard to tell when someone's through.
 - Α. I understand.
- 9 How did you determine that it was a Q. 10 homogenous area?
- 11 By inspecting every property in those Α. 12 project areas. In that project area.
- 13 So you looked at all, you went around and Ο. looked at all 38 houses. 14
- Well, it was a total of I think 56. Was Α. it -- 15 or 16 nearer, you know, within two miles, and then the 39 or so beyond the two-mile range. 17
 - Right. In what we called the control Ο. group, okay.
 - Α. Right.
- 21 Q. Thanks for clearing that up.
- 22 Okay. Now, the next one down, you have a 23 2012 study Michigan, Wisconsin, and I guess that's Massachusetts, "MA"?

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Α.

Q. Tell me about that study.

Yes.

- A. Well, these are individual examples of case studies and paired sales which are contained in my appraisal institute presentation which is marked as, I have labeled as Exhibit D.
 - Q. And that was, the study was done for the Institute presentation?
 - A. Well, no. The Massachusetts prepared sale analysis was done as one of the properties nearer the little cluster of three turbines in Falmouth that had been on the market for a while sold, and I did that as part of an evaluation for, I believe it was a project in Nantucket.
 - Q. I'm sorry. If you don't mind, I want to go back to your Illinois study for just a moment.

 When was the wind farm put in in the Illinois project?
 - A. It was operational and I think part of it was still under construction in late-'02 but it became operational in early-'03. So right at the beginning of this two-and-a-quarter year period of time that the sales were transacted.
- Q. Okay. Let's move down now to the

- 1 Gardner study. Tell me about the Gardner study. How
- 2 | did you come to possess a copy of the Gardner study?
- A. Again, I don't recall specifically how it came to me so I don't recall.
- Q. Okay. Good chance that that could be an internet find as well?
- 7 A. That's possible.
 - Q. How about, and I'm probably going to mispronounce this, Keelisch?
- 10 A. Kielisch, yeah.
- Q. Okay. How did you come to a copy of the Kielisch study?
- A. That was either sent to me by Kurt

 Kielisch, the author, or a citizen in Wisconsin that,

 again, I don't recall.
- Q. Was that part of working on a case in Wisconsin?
- 18 A. No.

- 19 Q. How about the Lumexburger?
- 20 A. Okay.
- Q. How did you come to a copy of the
- 22 Luxemburger study?
- A. I don't recall specifically.
- Q. Lincoln Township.

A. I believe I read about that one and then searched for it on the internet and found it.

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- Q. Okay. Just flipping the page here to 18, how about the Canning & Simons?
 - A. Canning & Simmons. Again, I don't recall specifically. I just generally recall downloading it from the internet.
 - Q. Okay. And that brings us to the Hinman.
 - A. Okay. Would you like to know --
 - Q. Yeah, how you came to have a copy of the -- came to possess a copy of the Hinman study.
 - A. Oh, she sent it to me.
- Q. Okay. And what was the occasion that she sent it to you? Did you make a request?
- A. No. No. It was completely out of the blue. She just took it upon herself to send it to me.
- Q. Okay. And the last one is the Hoen and that's the Berkeley-Livermore study?
- A. Correct. That one was sent to me by Ben
 Hoen initially in draft form with the request that
 I -- an agreement that I do a peer review on it, and
 then of course the final report he either sent to me
 or I downloaded.

- Q. I'd like to focus your attention now on page 9. And there you have a --
 - A. Hold on. Let me get to 9, please.
 - Q. I'm sorry. Tell me when you're ready.
 - A. I'm ready.
 - Q. Okay. I'll call this one the Hoen as well just so we're all on the same page.
 - A. Okay.

- Q. Explain to me, you put in the figure ES-1 from the Hoen report. Explain to me what you interpret that figure to be telling us. What information do you get from that chart?
- A. Well, what it clearly shows is that despite a very broad range of reference category data, meaning from more than five miles from the nearest turbine and out to ten miles, it occurred after construction began on the wind facility, that within the range of 3,000 feet and then between 3,000 feet and one mile that there was a lower indicated, you know, sale price by 5.3 percent, negative 5.3 percent within 3,000 feet and negative 5.5 percent in the range of 3,000 feet to one mile.
- Q. And is your understanding, is that the adjusted impact, or is that just what the dataset was

1 on sale price?

2.

- A. Could you please ask that question again?
- Q. Okay. First we'll talk -- let's go back a step and make sure we're all on the same page.
 - A. Okay.
- Q. Is the basis of the Hoen study a multivariable regression?
 - A. Yes.

different states.

- Q. And what is your definition of a multivariable regression?
- A. Well, I don't really define it.

 There's -- my understanding of it is essentially that it's intended to include a series of variables or variations in the data that attempts to isolate the nominal contribution of each category that they selected, you know, but, again, across a very broad range of property location, values, and settings.

 You know, really 24 projects in I believe nine

So what it purports to be is an analysis that isolates out, in this particular case, nuisance stigma.

Q. Okay. And that brings us up to our question now. Does the minus 5.3 percent within

3,000 feet represent the impact of distance or is that the overall price, overall prices in that group was minus 5.3?

2.

- A. Well, this is their base model results and this particular analysis, again, attempts to break out the sale prices of, really from a statistical standpoint only within 3,000 feet and then again 3,000 feet to one mile.
- Q. But this is just showing you what the sale prices were in that area. It's not the sales prices controlled for other factors.
- A. I don't recall exactly without reading that section of the study again. There was a few, two or three, of their many models that they created that revealed, as they stated in their report, that there was some limited number of indications or significance of there being an adverse impact.
- Q. Okay. That's fine. This is a difficult area, I don't expect you to have all the details committed to memory, so if you don't recall, that's fine.
- Now let's turn to page 11, and tell me the information you think is being conveyed in chart $\mbox{ES-2}$.

A. Well, ES-2 is, as it's titled, is

2 intended to reflect scenic vistas, and what you can

3 see on this chart is the average percentage

4 differences in sale prices as compared to the

5 | reference category, the reference category being the

6 center column in this chart that by their field

7 | evaluations constituted an average vista, meaning the

8 | vista at a given property which they, again, purport

9 to have inspected in all of these sales, the average

category constituted approximately 1247 sales. Well,

11 specifically that's what it says.

21 percent for a poor vista.

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What it also goes on to show is that when vistas are below average or poor, it has a discernible and they claim statistically significant decrease from the average percentage or the average sale price as measured shown in the chart at minus 8 percent for below average vista and minus

This is in contrast to, again, their findings that an above-average vista will increase the value of the property by 10 percent above that reference category with an average vista and by 13 percent with a premium vista above the average vista.

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So what it recognizes is pretty much consistent with much other real estate literature, knowledge, experience, and just really general understandings, accepted understandings, that the more premium a property is as far as its setting and its view, it adds value, and the more that that is impaired or cluttered or industrialized, as is shown in some of their vista example photographs, which I also have my own understanding, that those values on average are as much as 21 percent lower than the average.

- Q. So it's fair to say, then, that basically those properties that had a premium vista basically sold for 13 percent more than the reference category.
 - A. Correct.
- Q. Okay. And this has nothing to do with wind turbines or no wind turbines, it's just we're establishing the fact about what a vista is worth.
- A. That's what they intended it to show.

 What I also recognize it to be is a pretty reasonably accurate summation of values by those categories, and there's certainly a reasonable range, you know, that reasonable people could agree or disagree as to what constitutes a poor vista or an average vista or a

premium vista.

2.

But big picture what it shows is, as it relates to turbines, is if you take an average or above-average vista, you know, say for example in Champaign County, some of the views from the properties are rather nice, others are pretty average, but then introduce, you know, 56 500-foot turbines, that is going to, in my opinion, constitute a poor vista.

And perhaps that's an unintended result of their analysis, but to me what this scenic vista figure ES-2 can confirm is that when a vista is impaired from a prior superior rating or ranking, then it follows that the property values also are lower.

Q. Okay. So let me make sure that we're all on the same page. So that you were looking at the data that said that from the highest of the premium vista to the lowest of the poor vista was 34 percent differentiation in price, and what you're supplying is that you think that that's what you could see if we added wind turbines because wind turbines could give you that much of a price depressing -- that much of a price depressing impact.

- A. Fair enough.
- Q. Right.
- A. Yes.

Q. So they supplied the amount, and you're supplying what you think that wind turbines would generate -- actually, let me withdraw that question.

7 MR. WALKER: Objection.

MR. PETRICOFF: Yeah, I agree. As well as a terrible pun on generation.

- Q. I think we're on the same page here, I'm ready to move on.
- 12 A. Okay.
 - Q. Well, I want to take you now to page 11, lines 12 to 14. This is where you did some independent research to determine what the effect was on properties that had been excluded from the LBNL study or, I'm sorry, we're call it the Hoen, the Hoen study; is that correct?
 - A. It is.
 - Q. What is your understanding as to why these properties were not included in the study?
- A. Well, what they claim in the report is
 that it was because they were related-party
 transactions, but my research has disclosed that they

were not, in fact, related-party transactions by the correct use of that term that is found in the assessor's manual that's also cited, which is to say that related-party transactions are, you know, blood relatives or through marriage, but not through prior business arrangements.

2.

For example, the property that showed an 80 percent decline when the developer resold it, he sold it to an existing neighbor who had leased part of his land for the development of turbines on it and, you know, again, a business relationship preexisting but no -- not a related-party transaction.

- Q. Okay. You'd agree with me, though, that if we were doing a study and there was a sale that wasn't at arm's length, we shouldn't be using that data.
- A. Well, as a general proposition I would agree. If it's -- it depends on what "arm's length" means and there's more than one way to interpret that. But when both parties are acting in their own best interests, you know, that is -- and they're not under any compulsion to sell or buy, then that's an arm's-length transaction, and from everything I was

- able to discern these were arm's-length transactions.
- Q. And the reason we throw relatives out,
 because if that's a relative transaction, that may
 not be arm's length. There may be nonmonetary
 factors at work.
 - A. Well, there might be if they're related, sure. That's not a given, but it's a --
 - Q. Not a given.

- A. -- it's assumed to be.
- Q. Right. It was something we would be concerned about if we were doing research. And then, now, you indicate here that it was a resale to a property owner who was already participating? That was one of the properties that were thrown out?
 - A. Yes.
- Q. Okay. Isn't it possible that there could be some compensation that's associated with the prior business transaction that would make this less than arm's length?
- A. Well, I'm sure there was some prior compensation as part of the lease's consideration but, again, in a separate transaction, a separate matter, a prior business arrangement that it doesn't have anything to do with what price the developer was

willing to sell to a neighbor for.

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- Q. Well, but this is a neighbor with which the developer has an ongoing business relationship.
- 4 MR. WALKER: Objection. Calls for 5 speculation.
- Q. Okay. You can answer the question if you can.
 - A. I don't know if the lease still exists or has been canceled, so I don't know that for sure.
- Q. Okay. Give me a moment here. I want to see if there's anything else I need to ask you. If not, I think I might be through.
 - MR. PETRICOFF: I don't think I have any additional questions. Thank you very much for your time and effort. And, with that, I guess I'll turn it over to staff counsel if they have any questions.

17 THE WITNESS: Thank you, Howard.

- MR. REILLY: Thank you, Howard. We don't have any questions.
- 20 MR. PETRICOFF: Chris, do you want any 21 redirect or shall we wrap up the session?
- MR. WALKER: Hold on just a second,
- 23 Howard. No, I have no further questions either.
- MR. PETRICOFF: Okay. Once again, thank

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    you for your time and I guess we'll be seeing each
 1
    other in the next week or so.
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                 THE WITNESS: Okay. Looking forward to
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     it. Have a good day.
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                 (The deposition concluded at 2:27 p.m.)
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		56
1	State of:	
2	: SS: County of :	
3	I, Michael S. McCann, do hereby certify that I	
4	have read the foregoing transcript of my deposition given on Tuesday, November 6, 2012; that together	
5	with the correction page attached hereto noting changes in form or substance, if any, it is true and	
6	correct.	
7		
8	Michael S. McCann	
9		
10	transcript of the deposition of Michael S. McCann was submitted to the witness for reading and signing;	
11	that after he had stated to the undersigned Notary Public that he had read and examined his deposition,	
12	he signed the same in my presence on the day of, 2012.	
13		
14	Notary Public	
15		
16	My commission expires,	
17		
18		
19		
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23		
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		J
1	CERTIFICATE	
2	State of Ohio :	
3	: SS: County of Franklin :	
4	I, Maria DiPaolo Jones, Notary Public in and	
5	for the State of Ohio, duly commissioned and qualified, certify that the within named Michael S.	
6	McCann was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was	
7	taken down by me in stenotypy in the presence of said witness, afterwards transcribed upon a computer; that	
	the foregoing is a true and correct transcript of the	
8	testimony given by said witness taken at the time and place in the foregoing caption specified and	
9	completed without adjournment.	
10	I certify that I am not a relative, employee,	
11	or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or	
	financially interested in the action.	
12	IN WITNESS WHEREOF, I have hereunto set my	
13	hand and affixed my seal of office at Columbus, Ohio, on this 9th day of November, 2012.	
L4	on chip yen day of November, 2012.	
15		
16	Maria DiPaolo Jones, Registered Diplomate Reporter, CRR and	
	Notary Public in and for the	
17	State of Ohio.	
18	My commission expires June 19, 2016.	
19	(MDJ-4078C)	
20		
21		
22		
23		
24		

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Summary: Deposition Deposition Transcript of Michael McCann electronically filed by Ms. Miranda R Leppla on behalf of Champaign Wind LLC