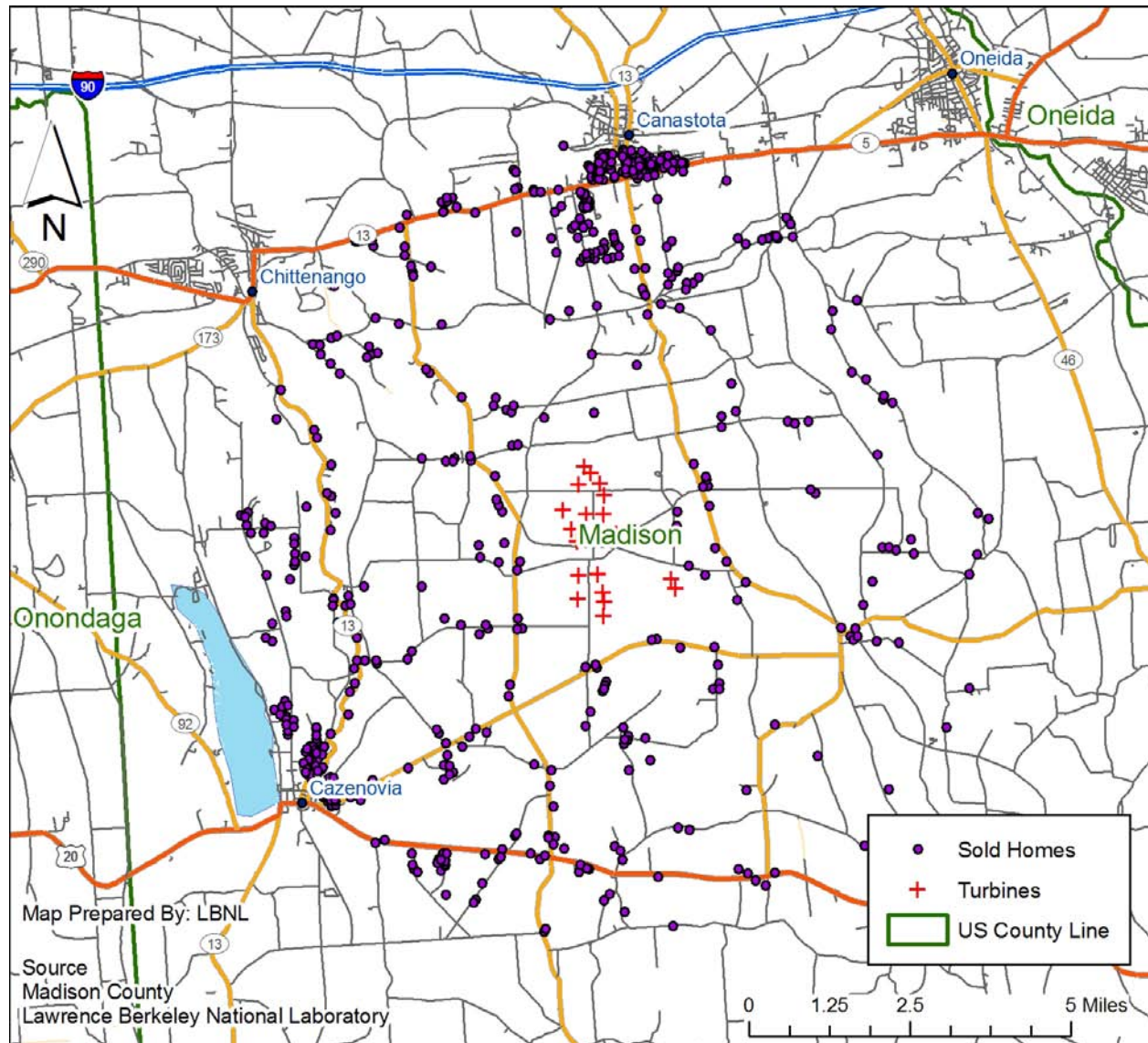


A.10 NYMC Study Area: Madison County (New York)

Figure A - 11: Map of NYMC Study Area



Note: "Sold Homes" include all sold homes both before and after construction.

Area Description

This study area surrounds the 20 turbine (30 MW, 218 ft hub height) Fenner wind facility in Madison County, New York, roughly 20 miles East of Syracuse and 40 miles West of Utica in the middle of New York. The study area is dominated by two roughly parallel ridges. One, on which the Fenner facility is located, runs Southeast to Northwest and falls away towards the town of Canastota. The second ridge runs roughly North from Cazenovia, and falls away just South of the town of Chittenango. Surrounding these ridges is an undulating landscape with many water features, including the Chittenango Falls and Lake Cazenovia. A number of high-priced homes are situated along the ridge to the North of Cazenovia, some of which are afforded

views of the lake and areas to the West, others with views to the East over the wind facility, and a few having significant panoramic views. The west side of the study area has a number of drivers to its real estate economy: it serves as a bedroom community for Syracuse, is the home to Cazenovia College, and enjoys a thriving summer recreational population. Canastota to the North, and Oneida to the East, are older industrial towns, both of which now serve as feeder communities for Syracuse because of easy access to Highway 90. Between the towns of Cazenovia and Canastota are many rural residential properties, some of which have been recently developed, but most of which are homes at least a half century old.

Data Collection and Summary

Data were obtained from the Madison County Real Property Tax Services department directed by Carol Brophy. As the first study area that was investigated, IT and mapping specialists Kevin Orr and Mike Ellis were subjected to a large number of questions from the study team and were enormously helpful in helping shape what became the blueprint for other study areas. Additionally, real estate brokers Nancy Proctor of Prudential, Joel Arsenault of Century 21, Don Kinsley of Kingsley Real Estate, and Steve Harris of Cazenovia Real Estate were extremely helpful in understanding the local market.

Data on 693 valid sales transactions of single family residential structures that occurred between 1996 and 2006 were obtained, most of which were within five miles of the wind facility. These sales ranged in price from \$26,000 to \$575,000, with a mean of \$124,575. Roughly 68% of these sales ($n = 469$) occurred after construction commenced on the wind facility, 13 of which were inside of one mile, and 74 of which had views of the turbines. Of that latter group, 24 have more dramatic than MINOR views of the turbines.

Area Statistics

| Study Period Begin | Study Period End | Number of Sales | Median Price | Mean Price | Minimum Price | Maximum Price |
|--------------------|------------------|-----------------|--------------|------------|---------------|---------------|
| 1/31/1996 | 9/29/2006 | 693 | \$109,900 | \$124,575 | \$26,000 | \$575,000 |

Facility Statistics

| Facility Name | Number of MW | Number of Turbines | Announce Date | Construction Begin Date | Completion Date | Turbine Maker | Hub Height (Meters) |
|---------------------------|--------------|--------------------|---------------|-------------------------|-----------------|---------------|---------------------|
| Fenner Wind Power Project | 30 | 20 | Dec-98 | Mar-01 | Nov-01 | Enron | 66 |

Source: AWEA & Ventyx Inc.

Variables of Interest Statistics

| Development Period | Pre Announcement | Post Announcement Pre Construction | 1st Year After Construction | 2nd Year After Construction | 2+ Years After Construction | Total |
|--------------------|------------------|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------|
| Madison, NY (NYMC) | 59 | 165 | 74 | 70 | 325 | 693 |

| View of Turbines | Pre Construction | None | Minor | Moderate | Substantial | Extreme | Total |
|--------------------|------------------|------|-------|----------|-------------|---------|-------|
| Madison, NY (NYMC) | 224 | 395 | 50 | 16 | 8 | 0 | 693 |

| Distance to Nearest Turbine | Pre Construction | < 0.57 Miles | 0.57 - 1 Miles | 1 - 3 Miles | 3 - 5 Miles | > 5 Miles | Total |
|-----------------------------|------------------|--------------|----------------|-------------|-------------|-----------|-------|
| Madison, NY (NYMC) | 224 | 2 | 11 | 80 | 374 | 2 | 693 |

Census Statistics

| Name | Type | 2007 Population | % Change Since 2000 | Population Per Mile ² | Median Age | Median Income | Median House 2007 | % Change Since 2000 |
|-------------|---------|-----------------|---------------------|----------------------------------|------------|---------------|-------------------|---------------------|
| Cazenovia | Town | 2,835 | 8.6% | 1,801 | 32.3 | \$ 58,172 | \$ 159,553 | n/a |
| Chittenango | Town | 4,883 | -0.5% | 2,000 | 36.0 | \$ 58,358 | \$ 104,845 | n/a |
| Canastota | Town | 4,339 | -1.7% | 1,306 | 37.3 | \$ 45,559 | \$ 93,349 | n/a |
| Oneida | City | 10,791 | -1.7% | 490 | 36.9 | \$ 47,173 | \$ 99,305 | n/a |
| Morrisville | Town | 2,155 | 0.6% | 1,869 | 20.4 | \$ 45,852 | \$ 102,352 | n/a |
| Madison | County | 69,829 | 0.6% | 106 | 36.1 | \$ 53,600 | \$ 109,000 | 39% |
| New York | State | 19,297,729 | 1.7% | 408 | 35.9 | \$ 53,514 | \$ 311,000 | 109% |
| US | Country | 301,139,947 | 6.8% | 86 | 37.9 | \$ 50,233 | \$ 243,742 | 46% |

Source: City-Data.com & Wikipedia. “% Change Since 2000” refers to the percentage change between 2000 and 2007 for the figures in the column to the left (population or median house price). “Town” signifies any municipality with less than 10,000 inhabitants. “n/a” signifies data not available.

Appendix B: Methodology for Calculating Distances with GIS

For each of the homes in the dataset, accurate measurements of the distance to the nearest wind turbine at the time of sale were needed, and therefore the exact locations of both the turbines and the homes was required. Neither of these locations was available from a single source, but through a combination of techniques, turbine and home locations were derived. This section describes the data and techniques used to establish accurate turbine and home locations, and the process for then calculating distances between the two.

There were a number of possible starting points for mapping accurate wind turbine locations. First, the Energy Velocity data, which covered all study areas, provided a point estimate for project location, but did not provide individual turbine locations. The Federal Aviation Administration (FAA), because of permitting and aviation maps, maintains data on turbine locations, but at the time of this study, that data source did not cover all locations, contained data on structures that no longer exist, and was difficult to use.¹¹⁰ Finally, in some cases, the counties had mapped the wind turbines into GIS.

In the end, because no single dataset was readily available to serve all study areas, instead the variety of data sources described above was used to map and/or confirm the location of every turbine in the 10 study areas. The process began with high-resolution geocoded satellite and aerial ortho imagery that the United States Department of Agriculture (USDA) collects and maintains under its National Agriculture Imagery Program (NAIP), and which covers virtually all of the areas in this investigation. Where needed, older ortho imagery from the USDA was used. Combining these data with the Energy Velocity data, and discussions with local officials, and maps provided by the county or the developer, locating and mapping all of the turbines in each study area was possible.

Home locations were provided directly by some counties; in other cases, a parcel centroid was created as a proxy.¹¹¹ In some situations, the centroid did not correspond to the actual house location, and therefore required further refinement. This refinement was only required and conducted if the parcel was near the wind turbines, where the difference of a few hundred feet, for example, could alter its distance rating in a meaningful fashion, or when the parcel included a considerable amount of acreage, where inaccuracy in home location could be considerable. Therefore, parcels inside of 1.5 miles of the nearest wind turbine and of any size, and parcels outside of 1.5 miles and larger than 5 acres, were both examined using the USDA NAIP imagery to determine the exact home location. In cases where the parcel centroid was not centered over the home, the location was adjusted, using the ortho image as a guide, to the actual house location.

With both turbine and home locations identified, the next step was to determine distances between the two. To do so, the date when each transaction in the sample occurred was taken into

¹¹⁰ A newer FAA database is now available that clears up many of these earlier concerns.

¹¹¹ A “parcel centroid” is the mathematical center point of a polygon, and was determined by XTools Pro (www.xtoolspro.com).

account, combined with the determination of which turbines were in existence at what time.¹¹² This required breaking the transactions in the sample into three categories: 1) those occurring before any wind facility was announced in the study area, 2) those occurring after the first wind facility was announced in the area but before all development was complete in the area, and 3) those occurring after all wind development in the area was complete. Any sale that occurred before wind development was announced in the study area was coded with a distance to the nearest turbine derived from the actual turbine locations after all wind development had occurred.¹¹³ Homes that sold after all wind development had occurred were treated similarly, with distances derived from the set of turbines in place after all development had taken place. The final set of homes - those that sold after announcement of the first facility, but before the construction of the last - had to be treated, essentially, on a case by case basis. Some homes were located within five miles of one wind facility but more than five miles from another wind facility in the same study area (e.g., many homes in PASC). In this case the distance to that closer facility could be applied in a similar fashion as would be the case if only one facility was erected (e.g., NYMC or PAWC). Another group of homes, those that sold during the development of the first facility in the study area, were given the distance to that facility, regardless of distance to the other facilities in the study area. The final and most complicated group of homes consisted of those that were within five miles of multiple wind facilities, and that sold after the first facility had been erected. In those cases, the exact configuration of turbines was determined for each stage of the development process. In study areas with multiple facilities that were developed over multiple periods, there might be as many as six possible configurations (e.g., IABV). In this final scenario, the distance to the closest turbine was used, assuming it had been “announced” at the time of sale.

Once the above process was complete, the mechanics of calculating distances from the turbines to the homes was straightforward. After establishing the location of a set of turbines, for instance those constructed in the first development in the area, a euclidian distance raster was derived that encompassed every home in the study area.¹¹⁴ The calculations were made using a 50-foot resolution state-plane projection and North American Datum from 1983 (NAD83). As discussed above, similar rasters were created for each period in the development cycle for each study area, depending on the turbine configuration at that time. Ultimately, a home’s sale date was matched to the appropriate raster, and the underlying distance was extracted. Taking everything into account discussed above, it is expected that these measurements are accurate to

¹¹² It is recognized that the formal date of sale will follow the date at which pricing decisions were made. It is also recognized, as mentioned in Section 3, that wind facility announcement and construction dates are likely to be preceded by “under the radar” discussions in the community. Taken together, these two factors might have the effect, in the model, of creating some apparent lag in when effects are shown, compared to the earlier period in which effects may begin to occur. For this to bias the results, however, effects would have to disappear or dramatically lessen with time (e.g., less than one year after construction) such that the effects would not be uncovered with the models in later periods. Based on evidence from other potentially analogous infrastructure (e.g., HVTL), any fading of effects would likely occur over many years, so it is assumed that any bias is likely minimal.

¹¹³ These distances were used to compare homes sold, for instance, within 1 mile of where the turbines were eventually erected with similar homes sold after the turbines were erected (see, for example, the Temporal Aspects Model).

¹¹⁴ A “Raster” is a grid of, in this case, 50 feet by 50 feet squares, each of which contains a number representing the number of feet from the center of the square to the nearest turbine.

within roughly 150 feet inside of 1.5 miles and within a maximum of roughly 1150 feet outside of 1.5 miles.¹¹⁵

¹¹⁵ The resolution of the raster is 50 feet, so the hypotenuse is 70 feet. If the home is situated in the top left of a raster cell and the turbine is situated in the bottom right of a diagonally adjacent cell, they could be separated by as much as 140 feet, yet the raster distance would only be 50 feet, a difference of 90 feet. Moreover, the resolution of the Ortho image is 40 feet so that location could additionally be off by another 55 feet along the diagonal. These two uncertainties total to roughly 150 feet for homes inside of 1.5 miles. Outside of 1.5 miles the variation between centroid and house location for parcels smaller than 5 acres could be larger still. If a 4.9 acre parcel had a highly irregular rectangular shape of 102 by 2100 feet, for instance, the centroid could be as much as 1050 feet from the property line. If the home was situated 50 feet from the property line then the actual house location could be off by as much as 1000 feet. Adding this to the 150 feet from above leads to a total discrepancy of 1150 feet (0.22 miles) for homes outside of 1.5 miles on parcels smaller than 5 acres. Of course, these extreme scenarios are highly unlikely to be prevalent.

Appendix C: Field Data Collection Instrument

Figure A - 12: Field Data Collection Instrument

| | | | | |
|---|----------------|--------|---|----------------|
| House # (Control/ Key #) | | County | | |
| House Address | | | | |
| <u>Home Characteristics</u> | | | House Photo Number(s) | |
| Cul-De-Sac? | No(0) / Yes(1) | | Waterfront? | No(0) / Yes(1) |
| | | | | |
| <u>Scenic Vista Characteristics</u> | | | Vista Photo Numbers | |
| Overall Quality of Scenic Vista: Poor (1), Below Average (2), Average (3), Above Average (4), Premium (5) | | | | |
| | | | | |
| <u>View of Turbines Characteristics</u> | | | View Photo Numbers | |
| Total # of Turbines visible | | | Orientation of Home to View: See Below | |
| # of Turbines- blade tips only visible | | | Side (S), Front (F), Back (B), Angled (A) | |
| # of Turbines- nacelle/hub visible | | | | |
| # of Turbines- tower visible | | | View Scope: Narrow(1), Medium(2), Wide(3) | |
| | | | | |
| The Degree to which the View of Turbines Dominate the Site? | | | | |
| Non-Existent (0), Minor (1), Moderate (2), Substantial (3), Extreme (4) | | | | |
| Degree to which the Turbines Overlap the Prominent Scenic Vista? | | | | |
| Not at all (0), Barely (1), Somewhat (2), Strongly (3), Entirely (4) | | | | |
| | | | | |
| <u>Notes:</u> | | | | |
| | | | | |

Figure A - 13: Field Data Collection Instrument - Instructions - Page 1

Home Characteristics

| | |
|--------------------------|---|
| Cul-De-Sac? No(0)/Yes(1) | Is the home situated on a cul-de-sac? |
| Waterfront? No(0)/Yes(1) | Is the home situated on the waterfront? |

"Vista" Characteristics

| | |
|--|---|
| Overall Quality of Scenic Vista: Poor (1) | This rating is reserved for vistas of unmistakably poor quality. These vistas are often dominated by visually discordant man-made alterations (not considering turbines), or are uncomfortable spaces for people, lack interest, or have virtually no recreational potential. |
| Overall Quality of Scenic Vista: Below Average (2) | The home's vista is of the below average quality. These vistas contain visually discordant man-made alterations (not considering turbines) but are not dominated by them. They are not inviting spaces for people, but are not uncomfortable. They have little interest, mystery and have minor recreational potential. |
| Overall Quality of Scenic Vista: Average (3) | The home's vista is of the average quality. These vistas include interesting views which can be enjoyed often only a narrow scope. These vistas may contain some visually discordant man-made alterations (not considering turbines), are moderately comfortable spaces for people, have some interest, and have minor recreational potential. |
| Overall Quality of Scenic Vista: Above Average (4) | The vista from the home is of above average quality. These vistas include interesting views which often can be enjoyed in a medium to wide scope. They might contain some man made alterations (not considering turbines), yet still possess significant interest and mystery, are moderately balanced and have some potential for recreation. |
| Overall Quality of Scenic Vista: Premium (5) | This rating is reserved for vistas of unmistakably premium quality. These vistas would include "picture post card" views which can be enjoyed in a wide scope. They are often free or largely free of any discordant man made alterations (not considering turbines), possess significant interest, memorable qualities, mystery and are well balanced and likely have a high potential for recreation. |
| Degree Turbines Overlap Prominent Vista? Not at all (0) | The vista does not contain any view of the turbines. |
| Degree Turbines Overlap Prominent Vista? Barely (1) | A small portion (~ 0 - 20%) of the vista is overlapped by the view of turbines therefore the vista might contain a view of a few turbines, only a few of which can be seen entirely (from below the sweep of the blades to the top of their tips). |
| Degree Turbines Overlap Prominent Vista? Somewhat (2) | A moderate portion (~20-50%) of the vista contains turbines, and likely contains a view of more than one turbine, some of which are likely to be seen entirely (from below the sweep of the blades to the top of their tips). |
| Degree Turbines Overlap Prominent Vista? Strongly (3) | A large portion (~50-80%) of the vista contains a view of turbines, many of which likely can be seen entirely (from below the sweep of the blades to the top of their tips). |
| Degree Turbines Overlap Prominent Vista? Entirely (4) | This rating is reserved for situations where the turbines overlap virtually the entire (~80-100%) vista from the home. The vista likely contains a view of many turbines, virtually all of which can be seen entirely (from below the sweep of the blades to the top of their tips). |

Figure A - 14: Field Data Collection Instrument - Instructions - Page 2

View of Turbines Characterist

| | |
|--|--|
| House Orientation to View of Turbines: Side (S) | Orientation of home to the view of the turbines is from the side. |
| House Orientation to View of Turbines: Front (F) | Orientation of home to the view of the turbines is from the front. |
| House Orientation to Vista of Turbines: Back (B) | Orientation of home to the view of the turbines is from the back. |
| House Orientation to Vista of Turbines: Angled (A) | Orientation of home to the view of the turbines is from an angle. |
| View of Turbines Scope: Narrow(1) | The view of the turbines is largely blocked by trees, large shrubs or man made features in the foreground (0-300 feet) allowing 0 - 30 degrees of view of the wind facility |
| View of Turbines Scope: Medium(2) | The view of turbines is partially blocked by trees, large shrubs or man made features in the foreground (0-300 feet) allowing only 30-90 degrees of view of the wind facility. |
| View of Turbines Scope: Wide(3) | The view of the turbines is free or almost free from blockages by trees, large shrubs or man made features in the foreground (0-300 feet) allowing at least 90 degrees of view of the wind facility. |
| Degree to which View of Turbines Dominates the Site? None (0) | The turbines are not visible at all from this home. |
| Degree to which View of Turbines Dominates the Site? Minor (1) | The turbines are visible but either the scope is narrow, there are many obstructions, or the distance between the home and the facility is large. |
| Degree to which View of Turbines Dominates the Site? Moderate (2) | The turbines are visible but the scope is either narrow or medium, there might be some obstructions, and the distance between the home and the facility is most likely a few miles. |
| Degree to which View of Turbines Dominates the Site? Substantial (3) | The turbines are dramatically visible from the home. The turbines are likely visible in a wide scope, and most likely the distance between the home and the facility is short. |
| Degree to which View of Turbines Dominates the Site? Extreme (4) | This rating is reserved for sites that are unmistakably dominated by the presence of the windfarm. The turbines are dramatically visible from the home and there is a looming quality to their placement. The turbines are often visible in a wide scope, or the distance to the facility is very small. |

Appendix D: Vista Ratings with Photos

POOR VISTA



BELOW AVERAGE VISTA



AVERAGE VISTA



ABOVE AVERAGE VISTA



PREMIUM VISTA



Appendix E: View Ratings with Photos

MINOR VIEW



3 turbines visible from front orientation, nearest 1.4 miles (TXHC)



5 turbines visible from front orientation, nearest 0.9 miles (NYMC)

MODERATE VIEW



18 turbines visible from back orientation, nearest 1.6 miles (ILLC)



6 turbines visible from back orientation, nearest 0.8 miles (PASC)

SUBSTANTIAL VIEW



90 turbines visible from all orientations, nearest 0.6 miles (IABV)



27 turbines visible from multiple orientations, nearest 0.6 miles (TXHC)

EXTREME VIEW



6 turbines visible from multiple orientations, nearest 0.2 miles (WIKCDC)



212 turbines visible from all orientations, nearest 0.4 miles (IABV)

Appendix F: Selecting the Primary (“Base”) Hedonic Model

Equation (1) as described in Section 4.2 is presented in this report as the primary (or “Base”) model to which all other models are compared. As noted earlier, in the Base Hedonic Model and in all subsequent models presented in Section 5 all variables of interest, spatial adjustments, and home and site characteristics are pooled, and therefore their estimates represent the average across all study areas. Ideally, one would have enough data to estimate a model at the study area level - a fully unrestricted model - rather than pooled across all areas. In this appendix, alternative model forms are presented that unrestrict these variables at the level of study areas. As shown here, these investigations ultimately encouraged the selection of the somewhat simpler pooled Base Model as the primary model, and to continue to use restricted or pooled models in the alternative hedonic analyses.

F.1 Discussion of Fully Unrestricted Model Form

The Base Model described by equation (1) has variables that are pooled, and the coefficients for these variables therefore represent the average across all study areas (after accounting for study area fixed effects). An alternative (and arguably superior) approach would be to estimate coefficients at the level of each study area, thereby allowing coefficient values to vary among study areas.¹¹⁶ This fully interacted – or unrestricted – model would take the following form:

$$\ln(P) = \beta_0 + \sum_s \beta_1(N \cdot S) + \sum_c \beta_2(Y) + \sum_k \beta_3(X \cdot S) + \sum_v \beta_4(\text{VIEW} \cdot S) + \sum_d \beta_5(\text{DISTANCE} \cdot S) + \varepsilon \quad (\text{F13})$$

where

P represents the inflation-adjusted sale price,

N is the spatially weighted neighbors’ predicted sale price,

S is a vector of s study areas (e.g., WAOR, OKCC, etc.),

Y is a vector of c study area locational characteristics (e.g., census tract, school district, etc.),

X is a vector of k home and site characteristics (e.g., acres, square feet, number of bathrooms, condition of the home, age of home, VISTA, etc.),

VIEW is a vector of v categorical view of turbine variables (e.g., MINOR, MODERATE, etc.),

DISTANCE is a vector of d categorical distance to turbine variables (e.g., less than 3000 feet, between one and three miles, etc.),

β_0 is the constant or intercept across the full sample,

β_1 is a vector of s parameter estimates for the spatially weighted neighbor’s predicted sale price for S study areas,

β_2 is a vector of c parameter estimates for the study area locational fixed effect variables,

β_3 is a vector of k parameter estimates for the home and site characteristics for S study areas,

β_4 is a vector of v parameter estimates for the VIEW variables as compared to homes sold with no view of the turbines for S study areas,

¹¹⁶ For instance, the marginal contribution of Acres (the number of acres) to the selling price would be estimated for each study area (i.e., Acres_WAOR, Acres_TXHC etc.), as would the variables of interest: VIEW and DISTANCE.

β_5 is a vector of d parameter estimates for the DISTANCE variables as compared to homes sold situated outside of five miles for S study areas, and ε is a random disturbance term.

To refresh, the fully restricted equation (1) takes the following form:

$$\ln(P) = \beta_0 + \beta_1 N + \sum_s \beta_2 S + \sum_k \beta_3 X + \sum_v \beta_4 \text{VIEW} + \sum_d \beta_5 \text{DISTANCE} + \varepsilon \quad (1)$$

where

P represents the inflation-adjusted sale price,

N is the spatially weighted neighbors' predicted sale price,

S is the vector of s Study Area fixed effects variables (e.g., WAOR, OKCC, etc.),

X is a vector of k home and site characteristics (e.g., acres, square feet, number of bathrooms, condition of the home, age of home, VISTA, etc.),

VIEW is a vector of v categorical view of turbine variables (e.g., MINOR, MODERATE, etc.),

DISTANCE is a vector of d categorical distance to turbine variables (e.g., less than 3000 feet, between one and three miles, etc.),

β_0 is the constant or intercept across the full sample,

β_1 is a parameter estimate for the spatially weighted neighbor's predicted sale price,

β_2 is a vector of s parameter estimates for the study area fixed effects as compared to homes sold in the Washington/Oregon (WAOR) study area,

β_3 is a vector of k parameter estimates for the home and site characteristics,

β_4 is a vector of v parameter estimates for the VIEW variables as compared to homes sold with no view of the turbines,

β_5 is a vector of d parameter estimates for the DISTANCE variables as compared to homes sold situated outside of five miles, and

ε is a random disturbance term.

The significant change between equations (1) and (F13) is that each of the primary groups of variables in equation (F13) is interacted with the study areas (S) so that parameters can be estimated at the study area level. For example, whereas ACRES is estimated in equation (1) across all study areas, in equation (F13) it is estimated for each study area (i.e., Acres_WAOR, Acres_TXHC, etc.).¹¹⁷ Similarly, when considering the possible impact of wind facilities on residential sales prices, equation (1) seeks average effects that exist over the entire sample, while equation (F13) instead looks for differential effects in each individual study area. Additionally, in equation (F13), instead of estimating fixed effects using inter-study area parameters alone (e.g., WAOR, TXHC), a set of intra-study area effects (Y) - school district and census tract delineations - are added.¹¹⁸ These latter coefficients represent not only effects that are presumed

¹¹⁷ This change is made because, theoretically, the contribution to sales prices of home or site characteristics may differ between study areas – for instance Central_AC in Texas vs. New York – and therefore estimating them at the study area level may increase the explanatory power of the model.

¹¹⁸ In the evaluation and selection of the best model to use as the “Base Model” a set of census tract and school district delineations were used instead of the study area fixed effects. These more-granular fixed effects were extracted from GIS using house locations and census tract and school district polygons. Often, the school district and census tract delineations were not mutually exclusive. For example, in Wisconsin the WIKCDC study area contains four school districts and six census tracts, none of which completely overlap. Alternatively, in some study

to exist over each entire study area (inter-study area effects), but also intra-study area effects such as differences in home valuation due to school districts, distances to amenities, and other locationally bound influences. As with the inter-study area coefficients, because of the myriad influences captured by these variables, interpretation of any single coefficient can be difficult. However, it is expected that such coefficients would be influential, indicating significant differences in value between homes in each study area and across study areas due to school district quality and factors that differ between census tracts (e.g., crime rates).

Although the fully unrestricted model described by equation (F13) is arguably superior to the fully restricted model described in equation (1) because of its ability to resolve differences between and within study areas that are not captured by the Base Model, there are three potential drawbacks:

- Model parsimony and performance;
- Standard error magnitudes; and
- Parameter estimate stability.

Each of these potential drawbacks is discussed in turn below:

Model parsimony and performance: In general, econometricians prefer a simpler, more parsimonious statistical model. In this instance, variables should be added to a model only if their addition is strongly supported by theory and if the performance of the model is substantially improved by their inclusion. As such, if a model with a relatively small number of parameters performs well, it should be preferred to a model with more parameters unless the simple model can be “proven to be inadequate” (Newman, 1956). To prove the inadequacy of a simpler model requires a significant increase in performance to be exhibited from the more complex model. In this case, as presented later, performance is measured using the combination of Adjusted R^2 , Modified R^2 , and the Schwarz information criterion (see footnote 119 on page 127).

Standard error magnitudes: The magnitude of the standard errors for the variables of interest, as well as the other controlling variables, are likely to increase in the unrestricted model form because the number of cases for each variable will decrease when they are estimated at the study area level. Within each study area, there are a limited number of home transactions that meet the criteria for inclusion in the model, but even more limiting is the number of home transactions within each study area that have the characteristics of interest. For example, in Lee County, IL (ILLC), there are 205 post-construction home sales, while in Wayne County, PA (PAWC) there are 222. More importantly, in those areas, the data include a total of one and eleven sales inside of one mile, respectively, and a total of one and two homes with either EXTREME or SUBSTANTIAL rated views of turbines. With so few observations, there is increased likelihood that a single or small group of observations will strongly influence the sample mean of an independent variable. Since the standard error is derived from the variance of the parameter estimate, which in turn is derived from the summed deviation of each observation’s actual level relative to its sample mean, this standard error is more likely to be larger than if a larger sample were considered. If the presence of wind facilities does have a detrimental effect on property

areas the school district and census tracts perfectly overlapped, and in those cases either both were omitted as the reference category or one was included and the other withdrawn from the model to prevent perfect collinearity.

values, that effect seems likely to be relatively small, at least outside of the immediate vicinity of the wind turbines. The smaller sample sizes for the independent variables that come with the unrestricted model, which may decrease statistical precision by producing larger standard errors, would likely decrease the ability to accurately identify these possible effects statistically. To explore the magnitude of this concern, the difference in standard errors of the variables of interest is investigated among the restricted and unrestricted models.

Parameter estimate stability: In an unrestricted model, parameter estimates are more likely to be unstable because the sample of home transactions with any particular characteristic may be small and thus not representative of the population as a whole. As mentioned above, there are a limited number of transactions within each study area that have the characteristics of interest. Restricting the sample size by using an unrestricted model increases the likelihood that a limited number of observations, which in the population as a whole represent a very small segment, will drive the results in one direction or another, thereby leading to erroneous conclusions. The difference in parameter estimates is investigated by comparing the coefficients for the unrestricted variables of interest to those for the restricted variables of interest. Additionally, the sign of any significant variables will be investigated for the unrestricted models, which might help uncover potentially spurious results.

F.2 Analysis of Alternative Model Forms

Here the spectrum of alternative models is explored, from the fully restricted equation (1) to the fully unrestricted equation (F13). To do so, not only are these two ends of the spectrum estimated, but also 14 intermediate models are estimated that consist of every combination of restriction of the four variable groups (i.e., variables of interest, spatial adjustments, study area delineations, and home and site characteristics). This produces a total of 16 models over which to assess model parsimony and performance, standard error size, and coefficient stability. This process allows for an understanding of model performance but, more importantly, to ultimately define a “Base Model” that is parsimonious (i.e., has the fewest parameters), robust (i.e., high adjusted R^2), and best fits the purpose of investigating wind facility impacts on home sales prices.

Table A - 2 presents the performance statistics for each of the 16 models defined above, moving from the fully restricted model equation (1) (“Model 1”) to the fully unrestricted model equation (F13) (“Model 16”). In columns 2 – 5 of the table, the “R” represents a restriction for this variable group (i.e., not crossed with the study areas) and the “U” represents the case when the variable group is unrestricted (i.e., crossed with the study areas). Also shown are summary model statistics (i.e., Adjusted R^2 , Modified R^2 , and Schwarz information criterion - “SIC”), as well as the number of estimated parameters (k).¹¹⁹ All models were run using the post-construction data subset of the sample of home sales transactions ($n = 4,937$).

¹¹⁹ Goldberger (1991), as cited by Gujarati (2003), suggests using a Modified $R^2 = (1 - k/n) * R^2$ to adjust for added parameters. For example, Models 1 and 14 have Modified R^2 of 0.76, yet Adjusted R^2 of 0.77 and 0.78 respectively. Therefore the Modified R^2 penalizes their measure of explanatory power more than the Adjusted R^2 when taking into account the degrees of freedom. Similarly, the Schwarz information criterion penalizes the models for increased numbers of parameters (Schwarz, 1978). More importantly, practitioners often rely on the Schwarz criterion – over the Modified or Adjusted R^2 statistics - to rank models with the same dependent variable by their relative parsimony (Gujarati, 2003). Therefore it will be used for that purpose here.

Model Parsimony and Performance

Overall, the fully restricted model (1) performs well with only 37 independent variables, producing an Adjusted R^2 of 0.77. Despite the limited number of explanatory variables, the model explains ~77% of the variation in home prices in the sample. When the fully unrestricted model 16 (equation F13) is estimated, which lies at the other end of the spectrum, it performs only slightly better, with an Adjusted R^2 of 0.81, but with an additional 285 explanatory variables. It is therefore not surprising that the Modified R^2 is 0.76 for Model 1 and is only 0.77 for Model 16. Similarly, the Schwarz information criterion (SIC) increases from 0.088 to 0.110 when moving from model 1 to model 16 indicating relatively less parsimony. Combined, these metrics show that the improvement in the explanatory power of model 16 over model 1 is not enough to overcome the lack of parsimony. Turning to the 14 models that lie between Models 1 and 16, in general, little improvement in performance is found over Model 1, and considerably less parsimony, providing little initial justification to pursue a more complex specification than equation (1).

Table A - 2: Summarized Results of Restricted and Unrestricted Model Forms

| Model ¹ | Study Area ² | Spatial Adjustment | Home and Site Characteristics | Variables of Interest | Adj R^2 | Modified R^2 | SIC | k † |
|--------------------|-------------------------|--------------------|-------------------------------|-----------------------|-----------|----------------|-------|-------|
| 1 | R | R | R | R | 0.77 | 0.76 | 0.088 | 37 |
| 2 | U | R | R | R | 0.74 | 0.73 | 0.110 | 111 |
| 3 | R | U | R | R | 0.77 | 0.76 | 0.088 | 46 |
| 4 | R | R | U | R | 0.80 | 0.78 | 0.095 | 188 |
| 5 | R | R | R | U | 0.77 | 0.76 | 0.093 | 88 |
| 6 | U | U | R | R | 0.78 | 0.76 | 0.094 | 120 |
| 7 | R | U | U | R | 0.80 | 0.77 | 0.096 | 197 |
| 8 | R | R | U | U | 0.80 | 0.77 | 0.101 | 239 |
| 9 | U | R | U | R | 0.80 | 0.77 | 0.107 | 262 |
| 10 | U | R | R | U | 0.76 | 0.75 | 0.107 | 162 |
| 11 | R | U | R | U | 0.77 | 0.76 | 0.094 | 97 |
| 12 | U | U | U | R | 0.81 | 0.77 | 0.103 | 271 |
| 13 | R | U | U | U | 0.80 | 0.77 | 0.103 | 248 |
| 14 | U | U | R | U | 0.78 | 0.76 | 0.100 | 171 |
| 15 | U | R | U | U | 0.80 | 0.76 | 0.113 | 313 |
| 16 | U | U | U | U | 0.81 | 0.77 | 0.110 | 322 |

"R" indicates parameters are pooled ("restricted") across the study areas.

"U" indicates parameters are not pooled ("unrestricted"), and are instead estimated at the study area level.

1 - Model numbers do not correspond to equation numbers listed in the report; equation (1) is Model 1, and equation (F1) is Model 16.

2 - In its restricted form "Study Area" includes only inter-study area delineations, while unrestricted "Study Area" includes intra-study area delineations of school district and census tract.

† - Numbers of parameters do not include intercept or omitted variables.

The individual contributions to model performance from unrestricting each of the variable groups in turn (as shown in Models 2-5) further emphasizes the small performance gains that are earned despite the sizable increases in the number of parameters. As a single group, the

unrestricted Home and Site Characteristics model (Model 4) makes the largest impact on model performance, at least with respect to the Adjusted R^2 (0.80), but this comes with the addition of 151 estimated parameters a slight improvement in the Modified R^2 (0.78) and a worsening SIC (0.095). Adding unrestricted Study Area delineations (Model 2), on the other hand, adversely affects performance (Adj. $R^2 = 0.74$, Modified $R^2 = 0.73$) and adds 74 estimated parameters (SIC = 0.110). Similarly, unrestricted the Spatial Adjustments (Model 3) offers little improvement in performance (Adj. $R^2 = 0.77$, Modified $R^2 = 0.76$) despite adding nine additional variables (SIC = 0.088). Finally, unrestricted the Variables of Interest (Model 5) does not increase model performance (Adj. $R^2 = 0.77$, Modified $R^2 = 0.76$) and adds 51 variables to the model (SIC = 0.093). This pattern of little model improvement yet considerable increases in the number of estimated parameters (i.e., less parsimony) continues when pairs or trios of variable groups are unrestricted. With an Adjusted R^2 of 0.77, the fully restricted equation (1) performs more than adequately, and is, by far, the most parsimonious.

Standard Error Magnitudes

Table A - 3 summarizes the standard errors for the variables of interest for all of the 16 models, grouped into restricted and unrestricted model categories. The table specifically compares the medians, minimums, and maximums of the standard errors for the models with restricted variables of interest (1, 2, 3, 4, 6, 7, 9 and 12) to those with unrestricted variables of interest (5, 8, 10, 11, 13, 14, 15 and 16).¹²⁰ The table demonstrates that the unrestricted standard errors for the variables of interest are significantly larger than the restricted standard errors. In fact, the minimum standard errors in the unrestricted models are often higher than the maximum standard errors produced in the restricted models. For example, the maximum standard error for an EXTREME VIEW in the restricted models is 0.09, yet the minimum in the unrestricted models is 0.12, with a maximum of 0.34. To put this result in a different light, a median standard error for the unrestricted EXTREME VIEW variable of 0.25 would require an effect on house prices larger than 50% to be considered statistically significant at the 90% level. Clearly, the statistical power of the unrestricted models is weak.¹²¹ Based on other disamenities, as discussed in Section 2.1, an effect of this magnitude is very unlikely. Therefore, based on these standard errors, there is no apparent reason to unrestricted the variables of interest.

¹²⁰ For the restricted models, the medians, minimums, and maximums are derived across all eight models for each variable of interest. For the unrestricted models, they are derived across all study areas and all eight models for each variable of interest.

¹²¹ At 90% confidence a standard error of 0.25 would produce a confidence interval of roughly +/- 0.42 (0.25 * 1.67). An effect of this magnitude represents a 52% change in sales prices because sales price is in a natural log form ($e^{0.42} - 1 = 0.52$).

Table A - 3: Summary of VOI Standard Errors for Restricted and Unrestricted Models

| Standard Errors | Restricted Models | | | Unrestricted Models | | |
|------------------------------|-------------------|------|------|---------------------|------|------|
| | Standard Errors | | | Standard Errors | | |
| | Median | Min | Max | Median | Min | Max |
| Minor View | 0.01 | 0.01 | 0.02 | 0.05 | 0.03 | 0.07 |
| Moderate View | 0.03 | 0.03 | 0.03 | 0.10 | 0.06 | 0.18 |
| Substantial View | 0.05 | 0.05 | 0.06 | 0.19 | 0.10 | 0.29 |
| Extreme View | 0.08 | 0.08 | 0.09 | 0.25 | 0.12 | 0.34 |
| Inside 3000 Feet | 0.05 | 0.05 | 0.06 | 0.21 | 0.09 | 0.33 |
| Between 3000 Feet and 1 Mile | 0.04 | 0.04 | 0.05 | 0.13 | 0.08 | 0.40 |
| Between 1 and 3 Miles | 0.02 | 0.02 | 0.02 | 0.05 | 0.02 | 0.11 |
| Between 3 and 5 Miles | 0.01 | 0.01 | 0.02 | 0.05 | 0.02 | 0.10 |

Parameter Estimate Stability

Table A - 4 summarizes the coefficient estimates for the variables of interest for all of the 16 models. The table specifically compares the medians, minimums, and maximums of the coefficients for the models with restricted variables of interest (1, 2, 3, 4, 6, 7, 9 and 12) to those with unrestricted variables of interest (5, 8, 10, 11, 13, 14, 15 and 16). As shown, the coefficients in the unrestricted models diverge significantly from those in the restricted models. For example, in the restricted models, the median coefficient for homes inside of 3000 feet is -0.03, with a minimum of -0.06 and a maximum of -0.01, yet in the unrestricted models the median coefficient is 0.06, with a minimum of -0.38 and a maximum of 0.32. Similarly, a MODERATE VIEW in the restricted models has a median of 0.00, with a minimum of -0.01 and a maximum of 0.03, whereas the unrestricted models produce coefficients with a median of -0.05 and with a minimum of -0.25 and a maximum of 0.35.

Table A - 4: Summary of VOI Coefficients for Restricted and Unrestricted Models

| Parameters | Restricted Models | | | Unrestricted Models | | |
|------------------------------|-------------------|-------|-------|---------------------|-------|------|
| | Coefficients | | | Coefficients | | |
| | Median | Min | Max | Median | Min | Max |
| Minor View | -0.02 | -0.03 | 0.00 | -0.02 | -0.16 | 0.24 |
| Moderate View | 0.00 | -0.01 | 0.03 | -0.05 | -0.25 | 0.35 |
| Substantial View | -0.01 | -0.04 | 0.02 | -0.08 | -0.31 | 0.13 |
| Extreme View | 0.03 | 0.02 | 0.05 | -0.03 | -0.23 | 0.09 |
| Inside 3000 Feet | -0.03 | -0.06 | -0.01 | 0.06 | -0.38 | 0.32 |
| Between 3000 Feet and 1 Mile | -0.04 | -0.06 | -0.01 | -0.10 | -0.44 | 0.52 |
| Between 1 and 3 Miles | -0.01 | -0.03 | 0.02 | 0.00 | -0.23 | 0.40 |
| Between 3 and 5 Miles | 0.02 | 0.01 | 0.04 | 0.05 | -0.05 | 0.32 |

Turning from the levels of the coefficients to the stability of their statistical significance and sign across models more reasons for concern are found. Table A - 5 summarizes the results of the unrestricted models, and presents the number of statistically significant variables of interest as a percent of the total estimated. The table also breaks these results down into two groups, those

with coefficients above zero and those with coefficients below zero.¹²² It should be emphasized here that it is the *a priori* expectation that, if effects exist, all of these coefficients would be less than zero, indicating an adverse effect on home prices from proximity to and views of wind turbines. Despite that expectation, when the variables of interest are unrestricted it is found that they are as likely to be above zero as they are below.¹²³ In effect, the small numbers of cases available for analysis at the study area level produce unstable results, likely because the estimates are being unduly influenced by either study area specific effects that are not captured by the model or by a limited number of observations that represents a larger fraction of the overall sample in that model.¹²⁴

Table A - 5: Summary of Significant VOI Above and Below Zero in Unrestricted Models

| Significant Variables | Unrestricted Models | | |
|-------------------------------------|----------------------------|-------------------|-------------------|
| | Total | Below Zero | Above Zero |
| Minor View | 32% | 14% | 18% |
| Moderate View | 23% | 11% | 13% |
| Substantial View | 4% | 4% | 0% |
| Extreme View | 0% | 0% | 0% |
| Inside 3000 Feet | 23% | 15% | 8% |
| Between 3000 Feet and 1 Mile | 30% | 14% | 16% |
| Between 1 and 3 Miles | 56% | 32% | 24% |
| Between 3 and 5 Miles | 45% | 3% | 43% |

F.3 Selecting a Base Model

To conclude, it was found that all three concerns related to the estimation and use of an unrestricted model form are borne out in practice. Despite experimenting with 16 different combinations of interactions, little overall improvement in performance is discovered. Where performance gains are found they are at the expense of parsimony as reflected in the lack of increase in the Modified R^2 and the relatively higher Schwartz information criterion. Further, divergent and spurious coefficients of interest and large standard errors are associated with those coefficients. Therefore the fully restricted model, equation (1), is used in this report as the “Base Model”.

¹²² The “Total” percentage of significant coefficients is calculated by counting the total number of significant coefficients across all 8 unrestricted models for each variable of interest, and dividing this total by the total number of coefficients. Therefore, a study area that did not have any homes in a group (for example, homes with EXTREME VIEWS) was not counted in the “total number of coefficients” sum. Any differences between the sum of “above” and “below” zero groups from the total are due to rounding errors.

¹²³ The relatively larger number of significant variables for the MINOR rated view, MODERATE rated view, Mile 1 to 3, and Mile 3 to 5 parameters are likely related to the smaller standard errors for those categories, which result from larger numbers of cases.

¹²⁴ Another possible explanation for spurious results in general is measurement error, when parameters do not appropriately represent what one is testing for. In this case though, the VIEW variables have been adequately “ground truthed” during the development of the measurement scale, and are similar to the VISTA variables, which were found to be very stable across study areas. DISTANCE, or for that matter, distance to any disamenity, has been repeatedly found to be an appropriate proxy for the size of effects. As a result, it is not believed that measurement error is a likely explanation for the results presented here.

Appendix G: OLS Assumptions, and Tests for the Base Model

A number of criteria must be met to ensure that the Base Model and Alternative Hedonic Models produce unbiased coefficient estimates and standard errors: 1) appropriate controls for outliers and influencers; 2) homoskedasticity; 3) absence of serial or spatial autocorrelation; and 4) reasonably limited multicollinearity. Each of these criteria, and how they are addressed, is discussed below.

Outliers and Influencers: Home sale prices that are well away from the mean, also called outliers and influencers, can cause undue influence on parameter estimates. A number of formal tests are available to identify these cases, the most common being Mahalanobis' Distance ("M Distance") (Mahalanobis, 1936) and standardized residual screening. M Distance measures the degree to which individual observations influence the mean of the residuals. If any single observation has a strong influence on the residuals, it should be inspected and potentially removed. An auxiliary, but more informal, test for identifying these potentially influential observations is to see when the standardized absolute value of the residual exceeds some threshold. Both the Base Model and the All Sales Model were run using the original dataset of 7,464 transactions and the 4,940 transactions which occurred post-construction respectively. For both models the standardized residuals and the M Distance statistics were saved.¹²⁵ The histograms of these two sets of statistics from the two regressions are shown in Figure A - 15 through Figure A - 18.

¹²⁵ For the M Distance statistics all variables of interest were removed from the model. If they were left in the M-Distance statistics could be influenced by the small numbers of cases in the variables of interest. If these parameters were strongly influenced by a certain case, it could drive the results upward. Inspecting the controlling variables in the model, and how well they predicted the sale prices of the transactions in the sample, was of paramount importance therefore the variables of interest were not included.

Figure A - 15: Histogram of Standardized Residuals for Base Model

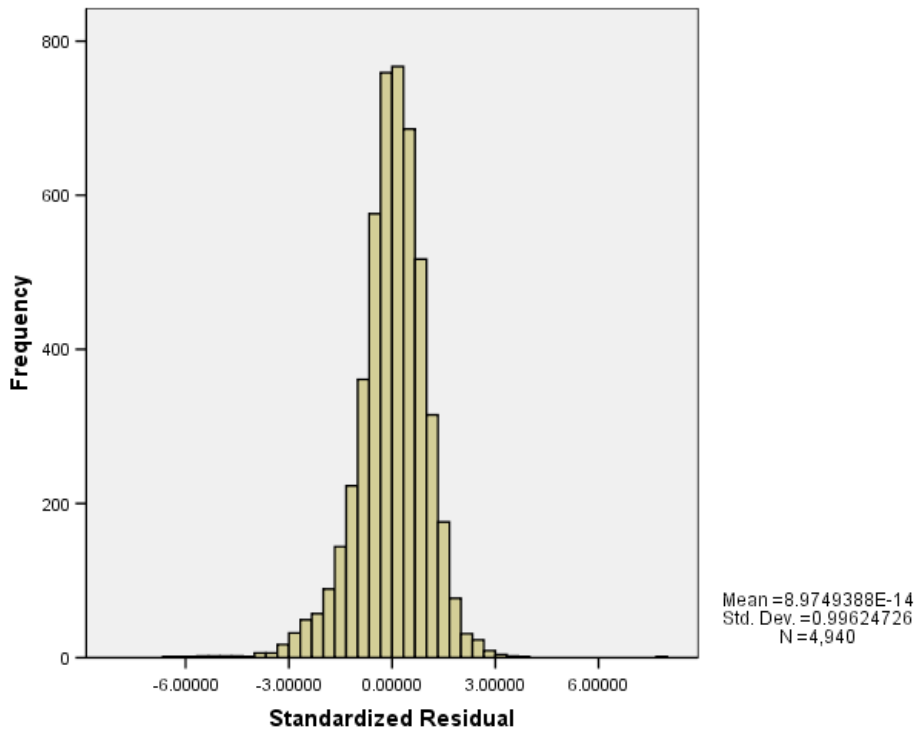


Figure A - 16: Histogram of Mahalanobis Distance Statistics for Base Model

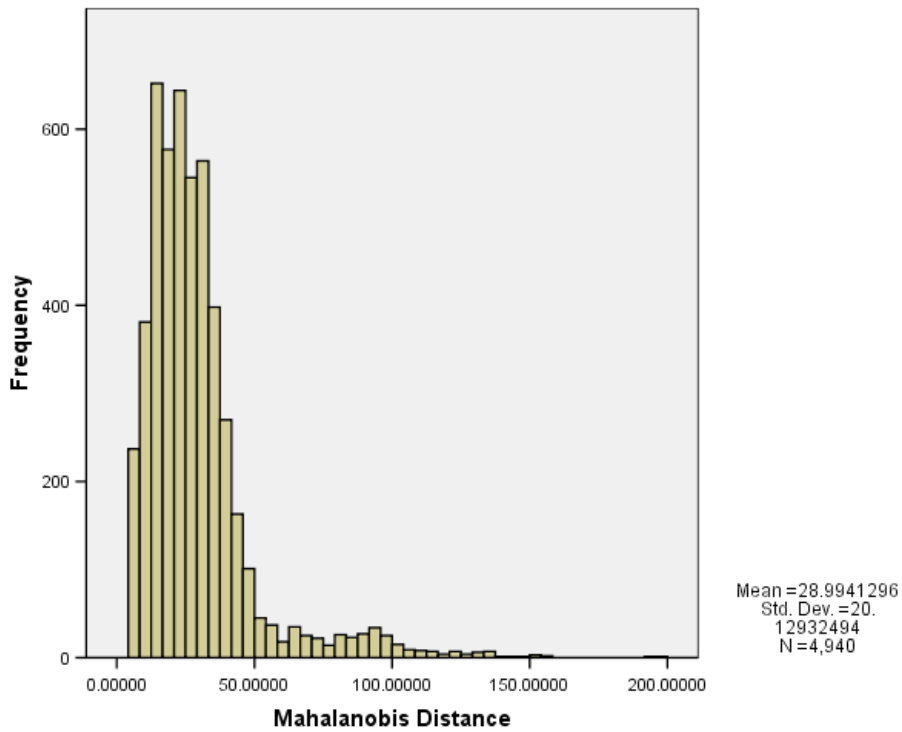


Figure A - 17: Histogram of Standardized Residuals for All Sales Model

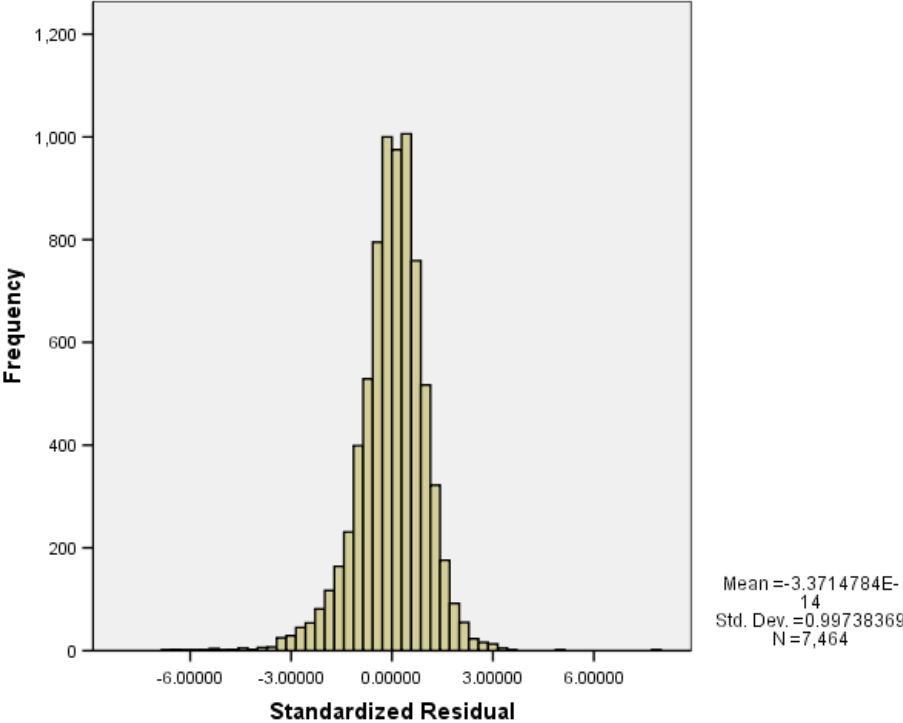
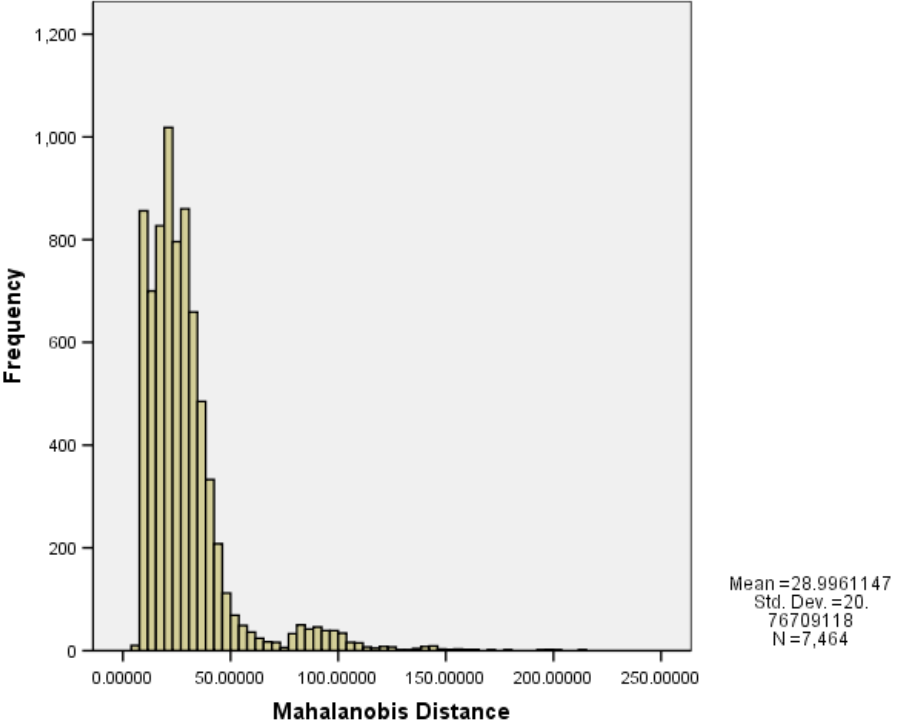


Figure A - 18: Histogram of Mahalanobis Distance Statistics for All Sales Model



The M Distance histograms suggested that a cutoff of 150 may be appropriate, which would exclude 15 cases from the All Sales Model and seven cases from the Base Model (all of the latter of which were among the 15 outliers in the All Sales Model). The Standardized Residual histograms suggested a cutoff of 4, 5, or 6, which would exclude 13, 8, and 3 cases from the Base Model, and 22, 12, and 5 cases from the All Sales Model. A case-by-case investigation of each of these sales transactions was then conducted by comparing their home characteristics (e.g., square feet, baths, age, etc.) against their study area and panel model cohorts to ensure that none had been inappropriately coded. None of the M Distance flagged cases seemed to be inappropriately coded, and none of those cases were removed from the final dataset as a result. Five cases that were flagged from the All Sales Model (which corresponded to three cases in the Base Model) with a Standardized Residual greater than six, however, were clearly outliers. One had a sale price that was more than \$200,000 more than any other transaction in the model, and the other four had exceptionally low prices, yet high numbers of corresponding characteristics that would suggest higher home sales prices (such as over 2000 square feet – all four cases – or more than two bathrooms – three cases).

As a result of these investigations, these five cases were removed from the model. One of the five cases occurred prior to announcement, one occurred after announcement and before construction, and the other three occurred after construction began. None were within three miles of the nearest wind turbine except one, which was 0.6 miles from the nearest turbine and had a MINOR view of the wind facility. The other two had no views of the turbines. Although there was hesitancy in removing any cases from the model, these transactions were considered appropriately influential and keeping them in the model would bias the results inappropriately. Further, the one home that was situated inside of one mile was surrounded by five other transactions in the same study area that also occurred after construction began and were a similar distance from the turbines, but that were not flagged by the outliers screen. Therefore, its removal was considered appropriate given that other homes in the sample would likely experience similar effects.

After removing these five cases, the sensitivity of the model results were tested to the inclusion or exclusion of the “greater than five” and “greater than four” Standardized Residuals observations and the cases flagged by the M Distance screen, finding that parameter estimates for the variables of interest moved slightly with these cases removed but not enough to change the results significantly. Because they did not show a unique grouping across the variables of interest, nor any unusual potentially inappropriate coding, and, more importantly, did not substantially influence the results, no substantive reason was found to remove any additional transactions from the sample. Therefore, the final dataset included a total of 7,459 cases, of which 4,937 occurred post-construction.

Homoskedasticity: A standard formal test for the presence of homoskedastic error terms is the White's statistic (White, 1980). However, the requirements to perform this test were overly burdensome for the computing power available. Instead, an informal test was applied, which plots the regression errors against predicted values and various independent variables to observe whether a "heteroskedastic pattern" is in evidence (Gujarati, 2003). Although no evidence of heteroskedasticity was found using this method, to be conservative, nonetheless all models were

run with White's heteroskedasticity correction to the parameter estimates' standard errors (which will not adversely influence the errors if they are homoskedastic).

Serial Autocorrelation: A standard formal test for the presence of serial autocorrelation in the error term is the Durbin-Watson statistic (Durbin and Watson, 1951). Applying this test as proposed by Durbin and Watson to the full panel dataset was problematic because the test looks at the error structure based on the order that observations are included in the statistical regression model. Any ordering choice over the entire panel data set invariably involves mixing home transactions from various study areas. Ideally, one would segment the data by study area for purposes of calculating this test, but that method was not easily implemented with the statistical software package used for this analysis (i.e., SAS). Instead, study area specific regression models were run with the data chronologically ordered in each to produce twelve different Durbin-Watson statistics, one for each study area specific model. The Durbin-Watson test statistics ranged from 1.98–2.16, which are all within the acceptable range.¹²⁶ Given that serial autocorrelation was not found to be a significant concern for each study area specific model, it is assumed that the same holds for the full dataset used in the analysis presented in this report.

Spatial Autocorrelation: It is well known that the sales price of a home can be systematically influenced by the sales prices of those homes that have sold nearby (Dubin, 1998; LeSage, 1999). Both the seller and the buyer use information from comparable surrounding sales to inform them of the appropriate transaction price, and nearby homes often experience similar amenities and disamenities. Therefore, the price for any single home is likely to be weakly dependent of the prices of homes in close temporal and spatial proximity. This lack of independence of home sale prices could bias the hedonic results (Dubin, 1998; LeSage, 1999), if not adequately addressed. A number of techniques are available to address this concern (Case et al., 2004; Espey et al., 2007), but because of the large sample and computing limits, a variation of the Spatial Auto Regressive Model (SAR) was chosen (Espey et al., 2007).

Specifically, an independent variable is included in the models: the predicted values of the weighted nearest neighbor's natural log of sales price in 1996 dollars.¹²⁷ To construct this vector of predicted prices, an auxiliary regression is developed using the spatially weighted average natural log of sales price in 1996 dollars as the independent variable and the spatially weighted average set of home characteristics as the dependent variables. This regression was used to produce the predicted weighted nearest neighbor's natural log of sales price in 1996 dollars that is then included in the Base and Alternative Models. This process required the following steps:

- 1) Selecting the neighbors for inclusion in the calculation;
- 2) Calculating a weighted sales price from these neighbors' transactions;
- 3) Selecting and calculating the weighted neighbors home characteristics; and
- 4) Forecasting the weighted average neighbor's sales price.

- **Selecting the neighbors:** To select the neighbors whose home transactions would most likely have affected the sales price of the subject home under review, all of the homes that

¹²⁶ The critical values for the models were between 1.89 and 2.53, assuming 5% significance, greater than 20 variables, and more than 200 cases (Gujarati, 2003).

¹²⁷ The predicted value was used, instead of the actual value, to help correct for simultaneity or endogeneity problems that might otherwise exist.

sold within the preceding six months of a subject home's sale date in the same study area are identified and, from those, the five nearest neighbors based on Euclidian distance are selected. The inverse of each selected nearest neighbors' distance (in quarter miles) to the subject home was then calculated. Each of these values was then divided by the sum of the five nearest neighbor's inverse distance values to create a neighbor's distance weight (NDW) for each of the five nearest neighbors.¹²⁸

- **Creating the weighted sales price:** Each of the neighbor's natural log of sales price in 1996 dollars (LN_Saleprice96) is multiplied by its distance weight (NDW). Then, each weighted neighbor's LN_Saleprice96 is summed to create a weighted nearest neighbor LN_Saleprice96 (Nbr_LN_Saleprice96).
- **Selecting and calculating the weighted neighbors home characteristics:** Nine independent variables are used from each of the neighbor's homes: square feet, age of the home at the time of sale, age of the home at the time of sale squared, acres, number of full baths, and condition (1-5, with Poor = 1, Below Average = 2, etc.). A weighted average is created of each of the characteristics by multiplying each of the neighbor's individual characteristics by their NDW, and then summing those values across the five neighbors to create the weighted average nearest neighbors' home characteristic.¹²⁹ Then each of the independent variables is interacted with the study area to allow each one to be independently estimated for each study area.
- **Forecasting the weighted average neighbors sales price:** To create the final predicted neighbor's price, the weighted nearest neighbor LN_Saleprice96 is regressed on the weighted average nearest neighbors' home characteristics to produce a predicted weighted nearest neighbor LN_Saleprice96 (Nbr_LN_SalePrice96_hat). These predicted values are then included in the Base and Alternative Models as independent variables to account for the spatial and temporal influence of the neighbors' home transactions.

In all models, the coefficient for this spatial adjustment parameter meets the expectations for sign and magnitude and is significant well above the 99% level, indicating both the presence of spatial autocorrelation and the appropriateness of the control for it.

Multicollinearity: There are several standard formal tests for detecting multicollinearity within the independent variables of a regression model. The Variance-Inflation Factor and Condition Index is applied to test for this violation of OLS assumptions. Specifically, a Variance-Inflation Factor (VIF) greater than 4 and/or a Condition Index of greater than 30 (Kleinbaum et al., 1988) are strong indicators that multicollinearity may exist. Multicollinearity is found in the model using both tests. Such a result is not uncommon in hedonic models because a number of characteristics, such as square feet or age of a home, are often correlated with other characteristics, such as the number of acres, bathrooms, and fireplaces. Not surprisingly, age of the home at the time of sale (AgeofHome) and the age of the home squared (AgeatHome_Sqrd)

¹²⁸ Put differently, the weight is the contribution of that home's inverse distance to the total sum of the five nearest neighbors' inverse distances.

¹²⁹ Condition requires rounding to the nearest integer and then creating a dummy from the 1-5 integers.

exhibited some multicollinearity (VIF equaled 11.8 and 10.6, respectively). Additionally, the home condition shows a fairly high Condition Index with square feet, indicating collinearity. More importantly, though, are the collinearity statistics for the variables of interest. The VIF for the VIEW variables range from 1.17 to 1.18 and for the DISTANCE variables they range from 1.2 to 3.6, indicating little collinearity with the other variables in the model. To test for this in another way, a number of models are compared with various identified highly collinear variables removed (e.g., AgeatSale, Sqft) and found that the removal of these variables had little influence on the variables of interest. Therefore, despite the presence of multicollinearity in the model, it is not believed that the variables of interest are inappropriately influenced. Further, any corrections for these issues might cause more harm to the model's estimating efficiency than taking no further action (Gujarati, 2003); as such, no specific adjustments to address the presence of multicollinearity are pursued further.

Appendix H: Alternative Models: Full Hedonic Regression Results

Table A - 6: Full Results for the Distance Stability Model

| | Coef. | SE | p Value | n |
|------------------------|---------|----------|---------|-------|
| Intercept | 7.61 | 0.18 | 0.00 | |
| Nbr LN SalePrice96 hat | 0.29 | 0.02 | 0.00 | 4,937 |
| AgeatSale | -0.006 | 0.0004 | 0.00 | 4,937 |
| AgeatSale Sqrd | 0.00002 | 0.000003 | 0.00 | 4,937 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 4,937 |
| Acres | 0.02 | 0.00 | 0.00 | 4,937 |
| Baths | 0.09 | 0.01 | 0.00 | 4,937 |
| ExtWalls Stone | 0.21 | 0.02 | 0.00 | 1,486 |
| CentralAC | 0.09 | 0.01 | 0.00 | 2,575 |
| Fireplace | 0.11 | 0.01 | 0.00 | 1,834 |
| FinBsmt | 0.08 | 0.02 | 0.00 | 673 |
| Cul De Sac | 0.10 | 0.01 | 0.00 | 992 |
| Water Front | 0.33 | 0.04 | 0.00 | 87 |
| Cnd Low | -0.45 | 0.05 | 0.00 | 69 |
| Cnd BAvg | -0.24 | 0.02 | 0.00 | 350 |
| Cnd Avg | Omitted | Omitted | Omitted | 2,727 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 1,445 |
| Cnd High | 0.23 | 0.02 | 0.00 | 337 |
| Vista Poor | -0.21 | 0.02 | 0.00 | 310 |
| Vista BAvg | -0.08 | 0.01 | 0.00 | 2,857 |
| Vista Avg | Omitted | Omitted | Omitted | 1,247 |
| Vista AAvg | 0.10 | 0.02 | 0.00 | 448 |
| Vista Prem | 0.13 | 0.04 | 0.00 | 75 |
| WAOR | Omitted | Omitted | Omitted | 519 |
| TXHC | -0.75 | 0.03 | 0.00 | 1,071 |
| OKCC | -0.44 | 0.02 | 0.00 | 476 |
| IABV | -0.24 | 0.02 | 0.00 | 605 |
| ILLC | -0.08 | 0.03 | 0.00 | 213 |
| WIKCDC | -0.14 | 0.02 | 0.00 | 725 |
| PASC | -0.30 | 0.03 | 0.00 | 291 |
| PAWC | -0.07 | 0.03 | 0.01 | 222 |
| NYMCOC | -0.20 | 0.03 | 0.00 | 346 |
| NYMC | -0.15 | 0.02 | 0.00 | 469 |
| Mile Less 0 57 | -0.04 | 0.04 | 0.29 | 67 |
| Mile 0 57to1 | -0.06 | 0.05 | 0.27 | 58 |
| Mile 1to3 | -0.01 | 0.02 | 0.71 | 2,019 |
| Mile 3to5 | 0.01 | 0.01 | 0.26 | 1,923 |
| Mile Gtr5 | Omitted | Omitted | Omitted | 870 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|--------------------------|--------------------|
| Model Equation Number | 2 |
| Model Name | Distance Stability |
| Dependent Variable | LN SalePrice96 |
| Number of Cases | 4937 |
| Number of Predictors (k) | 33 |
| F Statistic | 496.7 |
| Adjusted R Squared | 0.77 |

Table A - 7: Full Results for the View Stability Model

| | Coef. | SE | Sig | n |
|-------------------------------|--------------|-----------|------------|----------|
| Intercept | 7.64 | 0.18 | 0.00 | |
| Nbr LN SalePrice96 hat | 0.29 | 0.02 | 0.00 | 4,937 |
| AgeatSale | -0.006 | 0.0004 | 0.00 | 4,937 |
| AgeatSale Sqrd | 0.00002 | 0.000003 | 0.00 | 4,937 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 4,937 |
| Acres | 0.02 | 0.00 | 0.00 | 4,937 |
| Baths | 0.09 | 0.01 | 0.00 | 4,937 |
| ExtWalls Stone | 0.21 | 0.02 | 0.00 | 1,486 |
| CentralAC | 0.09 | 0.01 | 0.00 | 2,575 |
| Fireplace | 0.11 | 0.01 | 0.00 | 1,834 |
| FinBsmnt | 0.08 | 0.02 | 0.00 | 673 |
| Cul De Sac | 0.10 | 0.01 | 0.00 | 992 |
| Water Front | 0.34 | 0.04 | 0.00 | 87 |
| Cnd Low | -0.45 | 0.05 | 0.00 | 69 |
| Cnd BAvg | -0.24 | 0.02 | 0.00 | 350 |
| Cnd Avg | Omitted | Omitted | Omitted | 2,727 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 1,445 |
| Cnd High | 0.23 | 0.02 | 0.00 | 337 |
| Vista Poor | -0.21 | 0.02 | 0.00 | 310 |
| Vista BAvg | -0.08 | 0.01 | 0.00 | 2,857 |
| Vista Avg | Omitted | Omitted | Omitted | 1,247 |
| Vista AAvg | 0.10 | 0.02 | 0.00 | 448 |
| Vista Prem | 0.13 | 0.04 | 0.00 | 75 |
| WAOR | Omitted | Omitted | Omitted | 519 |
| TXHC | -0.75 | 0.02 | 0.00 | 1,071 |
| OKCC | -0.45 | 0.02 | 0.00 | 476 |
| IABV | -0.25 | 0.02 | 0.00 | 605 |
| ILLC | -0.09 | 0.03 | 0.00 | 213 |
| WIKCDC | -0.14 | 0.02 | 0.00 | 725 |
| PASC | -0.31 | 0.03 | 0.00 | 291 |
| PAWC | -0.08 | 0.03 | 0.00 | 222 |
| NYMCOC | -0.20 | 0.03 | 0.00 | 346 |
| NYMC | -0.15 | 0.02 | 0.00 | 469 |
| Post Con NoView | Omitted | Omitted | Omitted | 4,207 |
| View Minor | -0.02 | 0.01 | 0.25 | 561 |
| View Mod | 0.00 | 0.03 | 0.90 | 106 |
| View Sub | -0.04 | 0.06 | 0.56 | 35 |
| View Extrm | -0.03 | 0.06 | 0.61 | 28 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|---------------------------------|-----------------------|
| Model Equation Number | 3 |
| Model Name | View Stability |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 4937 |
| Number of Predictors (k) | 33 |
| F Statistic | 495.9 |
| Adjusted R Squared | 0.77 |

Table A - 8: Full Results for the Continuous Distance Model

| | Coef. | SE | p Value | n |
|-------------------------------|--------------|-----------|----------------|----------|
| Intercept | 7.64 | 0.18 | 0.00 | |
| Nbr LN SalePrice96 hat | 0.29 | 0.02 | 0.00 | 4,937 |
| AgeatSale | -0.006 | 0.0004 | 0.00 | 4,937 |
| AgeatSale Sqrd | 0.00002 | 0.000003 | 0.00 | 4,937 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 4,937 |
| Acres | 0.02 | 0.00 | 0.00 | 4,937 |
| Baths | 0.09 | 0.01 | 0.00 | 4,937 |
| ExtWalls Stone | 0.21 | 0.02 | 0.00 | 1,486 |
| CentralAC | 0.09 | 0.01 | 0.00 | 2,575 |
| Fireplace | 0.11 | 0.01 | 0.00 | 1,834 |
| FinBsmt | 0.08 | 0.02 | 0.00 | 673 |
| Cul De Sac | 0.10 | 0.01 | 0.00 | 992 |
| Water Front | 0.34 | 0.04 | 0.00 | 87 |
| Cnd Low | -0.45 | 0.05 | 0.00 | 69 |
| Cnd BAvg | -0.24 | 0.02 | 0.00 | 350 |
| Cnd Avg | Omitted | Omitted | Omitted | 2,727 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 1,445 |
| Cnd High | 0.23 | 0.02 | 0.00 | 337 |
| Vista Poor | -0.21 | 0.02 | 0.00 | 310 |
| Vista BAvg | -0.08 | 0.01 | 0.00 | 2,857 |
| Vista Avg | Omitted | Omitted | Omitted | 1,247 |
| Vista AAvg | 0.10 | 0.02 | 0.00 | 448 |
| Vista Prem | 0.13 | 0.04 | 0.00 | 75 |
| WAOR | Omitted | Omitted | Omitted | 519 |
| TXHC | -0.75 | 0.02 | 0.00 | 1,071 |
| OKCC | -0.44 | 0.02 | 0.00 | 476 |
| IABV | -0.25 | 0.02 | 0.00 | 605 |
| ILLC | -0.09 | 0.03 | 0.00 | 213 |
| WIKCDC | -0.14 | 0.02 | 0.00 | 725 |
| PASC | -0.31 | 0.03 | 0.00 | 291 |
| PAWC | -0.07 | 0.03 | 0.00 | 222 |
| NYMCOC | -0.20 | 0.03 | 0.00 | 346 |
| NYMC | -0.15 | 0.02 | 0.00 | 469 |
| No View | Omitted | Omitted | Omitted | 4,207 |
| Minor View | -0.01 | 0.01 | 0.33 | 561 |
| Moderate View | 0.01 | 0.03 | 0.77 | 106 |
| Substantial View | -0.02 | 0.07 | 0.72 | 35 |
| Extreme View | 0.01 | 0.10 | 0.88 | 28 |
| InvDISTANCE | -0.01 | 0.02 | 0.46 | 4,937 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|---------------------------------|----------------------------------|
| Model Equation Number | 5 |
| Model Name | Continuous Distance Model |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 4937 |
| Number of Predictors (k) | 34 |
| F Statistic | 481.3 |
| Adjusted R Squared | 0.77 |

Table A - 9: Full Results for the All Sales Model

| | Coef. | SE | p Value | n |
|-------------------------------------|--------------|-----------|----------------|----------|
| Intercept | 9.08 | 0.14 | 0.00 | |
| Nbr LN SP96 hat All OI | 0.16 | 0.01 | 0.00 | 7,459 |
| AgeatSale | -0.007 | 0.0003 | 0.00 | 7,459 |
| AgeatSale Sqrd | 0.00003 | 0.000002 | 0.00 | 7,459 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 7,459 |
| Acres | 0.02 | 0.00 | 0.00 | 7,459 |
| Baths | 0.08 | 0.01 | 0.00 | 7,459 |
| ExtWalls Stone | 0.21 | 0.01 | 0.00 | 2,287 |
| CentralAC | 0.12 | 0.01 | 0.00 | 3,785 |
| Fireplace | 0.11 | 0.01 | 0.00 | 2,708 |
| FinBsmnt | 0.09 | 0.01 | 0.00 | 990 |
| Cul De Sac | 0.09 | 0.01 | 0.00 | 1,472 |
| Water Front | 0.35 | 0.03 | 0.00 | 107 |
| Cnd Low | -0.43 | 0.04 | 0.00 | 101 |
| Cnd BAvg | -0.21 | 0.02 | 0.00 | 519 |
| Cnd Avg | Omitted | Omitted | Omitted | 4,357 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 2,042 |
| Cnd High | 0.22 | 0.02 | 0.00 | 440 |
| Vista Poor | -0.25 | 0.02 | 0.00 | 470 |
| Vista BAvg | -0.09 | 0.01 | 0.00 | 4,301 |
| Vista Avg | Omitted | Omitted | Omitted | 1,912 |
| Vista AAvg | 0.10 | 0.01 | 0.00 | 659 |
| Vista Prem | 0.09 | 0.03 | 0.00 | 117 |
| WAOR | Omitted | Omitted | Omitted | 790 |
| TXHC | -0.82 | 0.02 | 0.00 | 1,311 |
| OKCC | -0.53 | 0.02 | 0.00 | 1,113 |
| IABV | -0.31 | 0.02 | 0.00 | 822 |
| ILLC | -0.05 | 0.02 | 0.02 | 412 |
| WIKCDC | -0.17 | 0.01 | 0.00 | 810 |
| PASC | -0.37 | 0.03 | 0.00 | 494 |
| PAWC | -0.15 | 0.02 | 0.00 | 551 |
| NYMCOC | -0.25 | 0.02 | 0.00 | 463 |
| NYMC | -0.15 | 0.02 | 0.00 | 693 |
| Pre-Construction Sales | Omitted | Omitted | Omitted | 2,522 |
| No View | 0.02 | 0.01 | 0.06 | 4,207 |
| Minor View | 0.00 | 0.02 | 0.76 | 561 |
| Moderate View | 0.03 | 0.03 | 0.38 | 106 |
| Substantial View | 0.03 | 0.07 | 0.63 | 35 |
| Extreme View | 0.06 | 0.08 | 0.43 | 28 |
| Inside 3000 Feet | -0.06 | 0.05 | 0.23 | 80 |
| Between 3000 Feet and 1 Mile | -0.08 | 0.05 | 0.08 | 65 |
| Between 1 and 3 Miles | 0.00 | 0.01 | 0.79 | 2,359 |
| Between 3 and 5 Miles | 0.01 | 0.01 | 0.58 | 2,200 |
| Outside 5 Miles | 0.00 | 0.02 | 0.76 | 1,000 |
| Pre-Announcement Sales | Omitted | Omitted | Omitted | 1,755 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|---------------------------------|------------------------|
| Model Equation Number | 6 |
| Model Name | All Sales Model |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 7459 |
| Number of Predictors (k) | 39 |
| F Statistic | 579.9 |
| Adjusted R Squared | 0.75 |

Table A - 10: Full Results for the Temporal Aspects Model

| | Coef. | SE | p Value | n |
|------------------------|---------|----------|---------|-------|
| Intercept | 9.11 | 0.14 | 0.00 | |
| Nbr LN SP96 hat All OI | 0.16 | 0.01 | 0.00 | 7,459 |
| AgeatSale | -0.007 | 0.0003 | 0.00 | 7,459 |
| AgeatSale Sqrd | 0.00003 | 0.000002 | 0.00 | 7,459 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 7,459 |
| Acres | 0.02 | 0.00 | 0.00 | 7,459 |
| Baths | 0.08 | 0.01 | 0.00 | 7,459 |
| ExtWalls Stone | 0.21 | 0.01 | 0.00 | 2,287 |
| CentralAC | 0.12 | 0.01 | 0.00 | 3,785 |
| Fireplace | 0.12 | 0.01 | 0.00 | 2,708 |
| FinBsmnt | 0.09 | 0.01 | 0.00 | 990 |
| Cul De Sac | 0.09 | 0.01 | 0.00 | 1,472 |
| Water Front | 0.35 | 0.03 | 0.00 | 107 |
| Cnd Low | -0.43 | 0.04 | 0.00 | 101 |
| Cnd BAvg | -0.21 | 0.02 | 0.00 | 519 |
| Cnd Avg | Omitted | Omitted | Omitted | 4,357 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 2,042 |
| Cnd High | 0.22 | 0.02 | 0.00 | 440 |
| Vista Poor | -0.25 | 0.02 | 0.00 | 470 |
| Vista BAvg | -0.09 | 0.01 | 0.00 | 4,301 |
| Vista Avg | Omitted | Omitted | Omitted | 1,912 |
| Vista AAvg | 0.10 | 0.01 | 0.00 | 659 |
| Vista Prem | 0.09 | 0.03 | 0.00 | 117 |
| WAOR | Omitted | Omitted | Omitted | 790 |
| TXHC | -0.82 | 0.02 | 0.00 | 1,311 |
| OKCC | -0.52 | 0.02 | 0.00 | 1,113 |
| IABV | -0.30 | 0.02 | 0.00 | 822 |
| ILLC | -0.04 | 0.02 | 0.05 | 412 |
| WIKCDC | -0.17 | 0.02 | 0.00 | 810 |
| PASC | -0.37 | 0.03 | 0.00 | 494 |
| PAWC | -0.14 | 0.02 | 0.00 | 551 |
| NYMCOG | -0.25 | 0.02 | 0.00 | 463 |
| NYMC | -0.15 | 0.02 | 0.00 | 693 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Note: Results for variables of interest shown on following page

| | Coef. | SE | p Value | n |
|---------------------------|--------------|-----------|----------------|----------|
| No View | Omitted | Omitted | Omitted | 6,729 |
| Minor View | -0.02 | 0.01 | 0.20 | 561 |
| Moderate View | 0.00 | 0.03 | 0.97 | 106 |
| Substantial View | 0.01 | 0.07 | 0.87 | 35 |
| Extreme View | 0.04 | 0.07 | 0.59 | 28 |
| Pre_Anc_Gtr2Yr_Lt1Mile | -0.13 | 0.06 | 0.02 | 38 |
| Pre_Anc_2Yr_Lt1Mile | -0.10 | 0.05 | 0.06 | 40 |
| Post_Anc_Pre_Con_Lt1Mile | -0.14 | 0.06 | 0.02 | 21 |
| Post_Con_2Yr_Lt1Mile | -0.09 | 0.07 | 0.15 | 39 |
| Post_Con_2_4Yr_Lt1Mile | -0.01 | 0.06 | 0.86 | 44 |
| Post_Con_Gtr5Yr_Lt1Mile | -0.07 | 0.08 | 0.37 | 42 |
| Pre_Anc_Gtr2Yr_1_3Mile | -0.04 | 0.03 | 0.19 | 283 |
| Pre_Anc_2Yr_1_3Mile | 0.00 | 0.03 | 0.91 | 592 |
| Post_Anc_Pre_Con_1_3Mile | -0.02 | 0.03 | 0.53 | 342 |
| Post_Con_2Yr_1_3Mile | 0.00 | 0.03 | 0.90 | 807 |
| Post_Con_2_4Yr_1_3Mile | 0.01 | 0.03 | 0.78 | 503 |
| Post_Con_Gtr5Yr_1_3Mile | 0.00 | 0.03 | 0.93 | 710 |
| Pre_Anc_Gtr2Yr_3_5Mile | 0.00 | 0.04 | 0.93 | 157 |
| Pre_Anc_2Yr_3_5Mile | 0.00 | 0.03 | 0.98 | 380 |
| Post_Anc_Pre_Con_3_5Mile | 0.00 | 0.03 | 0.93 | 299 |
| Post_Con_2Yr_3_5Mile | 0.02 | 0.03 | 0.56 | 574 |
| Post_Con_2_4Yr_3_5Mile | 0.01 | 0.03 | 0.66 | 594 |
| Post_Con_Gtr5Yr_3_5Mile | 0.01 | 0.03 | 0.68 | 758 |
| Pre_Anc_Gtr2Yr_Gtr5Mile | Omitted | Omitted | Omitted | 132 |
| Pre_Anc_2Yr_Gtr5Mile | -0.03 | 0.04 | 0.39 | 133 |
| Post_Anc_Pre_Con_Gtr5Mile | -0.03 | 0.03 | 0.36 | 105 |
| Post_Con_2Yr_Gtr5Mile | -0.03 | 0.03 | 0.44 | 215 |
| Post_Con_2_4Yr_Gtr5Mile | 0.03 | 0.03 | 0.42 | 227 |
| Post_Con_Gtr5Yr_Gtr5Mile | 0.01 | 0.03 | 0.72 | 424 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|--------------------------|------------------------|
| Model Equation Number | 7 |
| Model Name | Temporal Aspects Model |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 7459 |
| Number of Predictors (k) | 56 |
| F Statistic | 404.5 |
| Adjusted R2 | 0.75 |

Table A - 11: Full Results for the Orientation Model

| | Coef. | SE | p Value | n |
|-------------------------------------|--------------|-----------|----------------|----------|
| Intercept | 7.62 | 0.18 | 0.00 | |
| Nbr LN SalePrice96 hat | 0.29 | 0.02 | 0.00 | 4,937 |
| AgeatSale | -0.006 | 0.0004 | 0.00 | 4,937 |
| AgeatSale Sqrd | 0.00002 | 0.000003 | 0.00 | 4,937 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 4,937 |
| Acres | 0.02 | 0.00 | 0.00 | 4,937 |
| Baths | 0.09 | 0.01 | 0.00 | 4,937 |
| ExtWalls Stone | 0.21 | 0.02 | 0.00 | 1,486 |
| CentralAC | 0.09 | 0.01 | 0.00 | 2,575 |
| Fireplace | 0.11 | 0.01 | 0.00 | 1,834 |
| FinBsmnt | 0.08 | 0.02 | 0.00 | 673 |
| Cul De Sac | 0.10 | 0.01 | 0.00 | 992 |
| Water Front | 0.33 | 0.04 | 0.00 | 87 |
| Cnd Low | -0.44 | 0.05 | 0.00 | 69 |
| Cnd BAvg | -0.24 | 0.02 | 0.00 | 350 |
| Cnd Avg | Omitted | Omitted | Omitted | 2,727 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 1,445 |
| Cnd High | 0.24 | 0.02 | 0.00 | 337 |
| Vista Poor | -0.21 | 0.02 | 0.00 | 310 |
| Vista BAvg | -0.08 | 0.01 | 0.00 | 2,857 |
| Vista Avg | Omitted | Omitted | Omitted | 1,247 |
| Vista AAvg | 0.10 | 0.02 | 0.00 | 448 |
| Vista Prem | 0.13 | 0.04 | 0.00 | 75 |
| WAOR | Omitted | Omitted | Omitted | 519 |
| TXHC | -0.75 | 0.03 | 0.00 | 1,071 |
| OKCC | -0.44 | 0.02 | 0.00 | 476 |
| IABV | -0.24 | 0.02 | 0.00 | 605 |
| ILLC | -0.08 | 0.03 | 0.00 | 213 |
| WIKCDC | -0.14 | 0.02 | 0.00 | 725 |
| PASC | -0.31 | 0.03 | 0.00 | 291 |
| PAWC | -0.07 | 0.03 | 0.01 | 222 |
| NYMCOC | -0.20 | 0.03 | 0.00 | 346 |
| NYMC | -0.15 | 0.02 | 0.00 | 469 |
| No View | Omitted | Omitted | Omitted | 4,207 |
| Minor View | -0.01 | 0.06 | 0.92 | 561 |
| Moderate View | 0.00 | 0.06 | 0.97 | 106 |
| Substantial View | -0.01 | 0.09 | 0.87 | 35 |
| Extreme View | 0.02 | 0.17 | 0.89 | 28 |
| Inside 3000 Feet | -0.04 | 0.07 | 0.55 | 67 |
| Between 3000 Feet and 1 Mile | -0.05 | 0.05 | 0.37 | 58 |
| Between 1 and 3 Miles | 0.00 | 0.02 | 0.83 | 2,019 |
| Between 3 and 5 Miles | 0.02 | 0.01 | 0.22 | 1,923 |
| Outside 5 Miles | Omitted | Omitted | Omitted | 870 |
| Front Orientation | -0.01 | 0.06 | 0.82 | 294 |
| Back Orientation | 0.03 | 0.06 | 0.55 | 280 |
| Side Orientation | -0.03 | 0.06 | 0.55 | 253 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|---------------------------------|--------------------------|
| Model Equation Number | 8 |
| Model Name | Orientation Model |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 4937 |
| Number of Predictors (k) | 40 |
| F Statistic | 410.0 |
| Adjusted R Squared | 0.77 |

Table A - 12: Full Results for the Overlap Model

| | Coef. | SE | p Value | n |
|-------------------------------------|--------------|-----------|----------------|----------|
| Intercept | 7.61 | 0.18 | 0.00 | |
| Nbr LN SalePrice96 hat | 0.29 | 0.02 | 0.00 | 4,937 |
| AgeatSale | -0.006 | 0.0004 | 0.00 | 4,937 |
| AgeatSale Sqrd | 0.00002 | 0.000003 | 0.00 | 4,937 |
| Sqft 1000 | 0.28 | 0.01 | 0.00 | 4,937 |
| Acres | 0.02 | 0.00 | 0.00 | 4,937 |
| Baths | 0.09 | 0.01 | 0.00 | 4,937 |
| ExtWalls Stone | 0.21 | 0.02 | 0.00 | 1,486 |
| CentralAC | 0.09 | 0.01 | 0.00 | 2,575 |
| Fireplace | 0.11 | 0.01 | 0.00 | 1,834 |
| FinBsmnt | 0.08 | 0.02 | 0.00 | 673 |
| Cul De Sac | 0.10 | 0.01 | 0.00 | 992 |
| Water Front | 0.34 | 0.04 | 0.00 | 87 |
| Cnd Low | -0.45 | 0.05 | 0.00 | 69 |
| Cnd BAvg | -0.24 | 0.02 | 0.00 | 350 |
| Cnd Avg | Omitted | Omitted | Omitted | 2,727 |
| Cnd AAvg | 0.13 | 0.01 | 0.00 | 1,445 |
| Cnd High | 0.24 | 0.02 | 0.00 | 337 |
| Vista Poor | -0.21 | 0.02 | 0.00 | 310 |
| Vista BAvg | -0.08 | 0.01 | 0.00 | 2,857 |
| Vista Avg | Omitted | Omitted | Omitted | 1,247 |
| Vista AAvg | 0.10 | 0.02 | 0.00 | 448 |
| Vista Prem | 0.13 | 0.04 | 0.00 | 75 |
| WAOR | Omitted | Omitted | Omitted | 519 |
| TXHC | -0.75 | 0.03 | 0.00 | 1,071 |
| OKCC | -0.44 | 0.02 | 0.00 | 476 |
| IABV | -0.24 | 0.02 | 0.00 | 605 |
| ILLC | -0.09 | 0.03 | 0.00 | 213 |
| WIKCDC | -0.14 | 0.02 | 0.00 | 725 |
| PASC | -0.31 | 0.03 | 0.00 | 291 |
| PAWC | -0.07 | 0.03 | 0.00 | 222 |
| NYMCOC | -0.20 | 0.03 | 0.00 | 346 |
| NYMC | -0.15 | 0.02 | 0.00 | 469 |
| No View | Omitted | Omitted | Omitted | 4,207 |
| Minor View | -0.03 | 0.02 | 0.10 | 561 |
| Moderate View | -0.02 | 0.04 | 0.67 | 106 |
| Substantial View | -0.05 | 0.09 | 0.57 | 35 |
| Extreme View | -0.03 | 0.10 | 0.77 | 28 |
| Inside 3000 Feet | -0.05 | 0.06 | 0.41 | 67 |
| Between 3000 Feet and 1 Mile | -0.05 | 0.05 | 0.38 | 58 |
| Between 1 and 3 Miles | 0.00 | 0.02 | 0.82 | 2,019 |
| Between 3 and 5 Miles | 0.02 | 0.01 | 0.22 | 1,923 |
| Outside 5 Miles | Omitted | Omitted | Omitted | 870 |
| View Does Not Overlap Vista | Omitted | Omitted | Omitted | 320 |
| View Barely Overlaps Vista | 0.05 | 0.03 | 0.09 | 150 |
| View Somewhat Overlaps Vista | 0.01 | 0.03 | 0.67 | 132 |
| View Strongly Overlaps Vista | 0.05 | 0.05 | 0.31 | 128 |

"Omitted" = reference category for fixed effects variables

"n" indicates number of cases in category when category = "1"

Model Information

| | |
|---------------------------------|-----------------------|
| Model Equation Number | 9 |
| Model Name | Overlap Model |
| Dependent Variable | LN_SalePrice96 |
| Number of Cases | 4937 |
| Number of Predictors (k) | 40 |
| F Statistic | 409.7 |
| Adjusted R Squared | 0.77 |

Electric and Magnetic Fields



On a daily basis, most of us are exposed to electric and magnetic fields (EMF) generated by household wiring, lighting, computers and other electrical appliances, such as hair dryers, coffee makers, televisions and power tools.

Since the 1970s, scientists have been researching possible human health effects of EMF, particularly certain cancers including brain cancer, lymphoma, breast cancer and leukemia. This extensive research has not proven a link between health risks and EMF.

Canadian electric utilities are committed to supporting EMF research to resolve ongoing questions, as well as to providing educational materials and facilitating magnetic field measurement for the public and employees.

What are electric and magnetic fields?

Power frequency (also referred to as extremely low frequency or ELF) electric and magnetic fields are present everywhere that electricity flows. All electrical wires – and the lighting, appliances and other electrical devices they supply – are sources of electric and magnetic fields. Although they are often referred to together as EMF, electric fields and magnetic fields are actually distinct components of electricity (See “*Electric vs. Magnetic Fields*” sidebar). Most of the interest regarding possible health effects is related to magnetic fields. So usually, when the term EMF level is used, it is the magnetic field strength that is being referred to or measured.

X-rays, visible light, radio waves, microwaves and power frequency EMF are all forms of electromagnetic energy making up an electromagnetic spectrum. On the next page there is a chart of the electromagnetic spectrum.

As the chart shows, one property that distinguishes different forms of electromagnetic energy is the frequency, measured in hertz (Hz). These frequencies are plotted on the right side of the spectrum chart. At the lowest end is static or direct current (DC) electricity with a frequency of 0 Hz. At the

Electric vs. Magnetic Fields

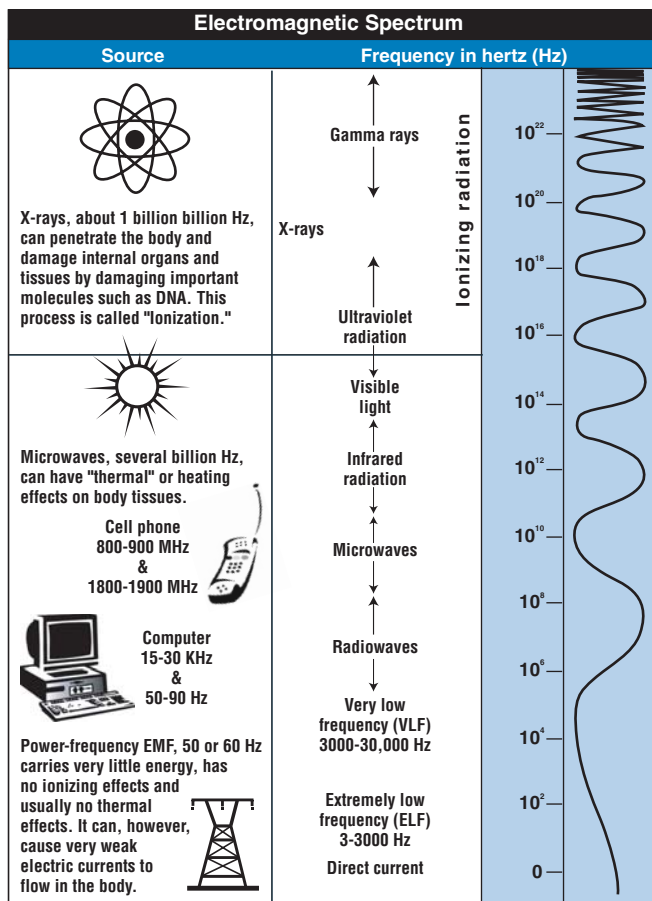
Electric fields are produced by voltage or electric charge. An electric field is present, for example, when an appliance is plugged into an outlet, even if it is not turned on. Electric fields are measured in Volts per metre (V/m); the higher the voltage, the greater the electric field.

Magnetic fields are created by the flow of current in a wire or an appliance. As a result, they are only present in an appliance when it is switched on. As the flow (current) increases, so does the strength of the field.

In North America, magnetic fields in electrical wiring are most commonly measured in milligauss or mG (one thousand milligauss equal 1 gauss). Elsewhere magnetic fields are measured in microtesla or μT (one thousand μT equal 1 mT, one million μT equal 1 tesla). One μT equals 10 mG.



upper end (above 10^{16} Hz - that's 10,000,000,000 MHz) is ionizing radiation produced by ultraviolet, X-ray and gamma ray radiation.



The wavy line at the right illustrates the concept that the higher the frequency, the more rapidly the field varies. The fields do not vary at 0 Hz (direct current) and vary trillions of times per second near the top of the spectrum. Note that 10^4 means $10 \times 10 \times 10 \times 10$ or 10,000 Hz. 1 kilohertz (kHz) = 1,000 Hz. 1 megahertz (MHz) = 1,000,000 Hz.

Courtesy of NIEHS booklet EMF Questions and Answers at: <http://www.niehs.nih.gov/emfrapid/booklet/intro.htm>

Power frequency EMF has a frequency of 60 Hz. It is at the lower end of the spectrum near DC electricity and well below the microwave or RF (radio frequency) radiation emitted by cellular phones and radio broadcast transmitters. As noted on the chart, unlike x-rays and gamma rays, power frequency EMFs have little energy and no ionizing or thermal effects on the body.

Exposure and guidelines

Both electric and magnetic fields are strongest at the source – whether it is a power line or an appliance such as a hair dryer, dishwasher or microwave oven – and decrease rapidly when you move away from the source. Magnetic

field exposure from power lines depends primarily on the current the wires carry and an individual's distance from the lines. And while electric fields are easily shielded by trees, fences and other building materials, magnetic fields pass through most objects.

In Canada, there are no guidelines or standards on acceptable levels of residential EMF exposure. Health Canada's *It's Your Health* fact sheet on EMF states, "At this time, Health Canada does not consider guidelines [on EMF exposure levels] necessary because scientific evidence is not strong enough to conclude that typical exposures cause health problems." Health Canada goes on to state, "You do not need to take action regarding typical daily exposures to electric and magnetic fields at extremely low frequencies." (Health Canada, April 2004) (See the sidebar for other information on EMF standards)

Research

Scientists around the world have been researching possible human health effects of EMF since the 1970s. There are two main types of research which make up the body of scientific knowledge around EMF: epidemiological studies and laboratory studies. These epidemiological studies and laboratory studies provide pieces of the puzzle but no single study can give us the whole picture.

Epidemiological Studies

In epidemiological studies, researchers try to establish whether there is a statistical association (mathematical link) between selected groups of people with certain types of exposure and certain kinds of disease. The stronger the statistical association, the greater the probability that the particular exposure may cause the disease. However, epidemiological studies cannot establish a cause and effect relationship because other possible causes that could explain the statistical relationship cannot be ruled out. Some epidemiological studies have suggested a possible statistical association between exposure to magnetic fields and some diseases, including childhood leukemia.

Laboratory Studies

Laboratory studies involve exposing cells, tissues, humans and/or animals to EMF under controlled conditions. These studies allow researchers to closely control EMF exposure and provide information about any small scale biological changes that EMFs may cause.

Laboratory studies have not confirmed that magnetic fields are the cause of any disease.

Conclusions to date

In light of the evidence and research to date, a number of conclusions have been drawn by international research organizations on the health risks associated with EMF:

- Health Canada's 2004 *It's Your Health* fact sheet on EMF states:

"Research has shown that EMFs from electrical devices and power lines can induce weak electric currents to flow through the human body. However, these currents are much smaller than those produced naturally by your brain, nerves and heart, and are not associated with any known health risks.

There have been many studies about the effects of exposure to electric and magnetic fields at extremely low frequencies. Scientists at Health Canada are aware that some studies have suggested a possible link between exposure to ELF fields and certain types of childhood cancer. However, when all of the studies are evaluated, the evidence appears to be very weak."

• Following a 10-year review of scientific research on effects from exposure to electromagnetic fields, the World Health Organization's International EMF Project states:

"In the area of biological effects and medical applications of non-ionizing radiation approximately 25,000 articles have been published over the past 30 years. Despite the feeling of some people that more research needs to be done, scientific knowledge in this area is now more extensive than for most chemicals. Based on a recent in-depth review of the scientific literature, the WHO concluded that current evidence does not confirm the existence of any health consequences from exposure to low level electromagnetic fields. However, some gaps in knowledge about biological effects exist and need further research."

• The Federal-Provincial-Territorial Radiation Protection Committee (FPTRPC), organized under Health Canada's Radiation Protection Bureau, issued a Position Statement in January, 2005 stating that adverse health effects from exposure to power-frequency EMFs at levels normally encountered in homes, schools and offices have not been established.

"...FPTRPC is of the opinion that moderate measures and the participation in the process of acquiring new

EMF Exposure Guidelines

In the absence of sufficient data to allow a long-term EMF exposure guideline to be established, the International Commission on Non-Ionizing Radiation Protection (ICNIRP) and the Institute of Electrical and Electronics Engineers (IEEE) have proposed exposure guidelines which protect workers and the general public from well-documented immediate biological effects that can result from direct exposure to fields well above those typically found in living environments. These immediate biological effects could include: stimulation of nerves and muscles, functional changes in the nervous system, hair stimulation and other tissues, shocks, burns, and elevated tissue temperatures.

Typical Canadian exposures fall well below these international guidelines.

- **The International Commission on Non-Ionizing Radiation Protection (ICNIRP) published "Guidelines for Limiting Exposure to Time Varying Electric, Magnetic, and Electromagnetic Fields (up to 300 GHz)" in April 1998. It is available at <http://www.icnirp.de/documents/emfgdl.pdf>.**
- **The Institute of Electrical and Electronics Engineers, Inc. (IEEE) recently produced "C95.6-2002 IEEE Standard for Safety Levels with Respect to Human Exposure to Electromagnetic Fields 0 to 3 kHz 2002". This technical document is available for purchase at <http://shop.ieee.org/store/product.asp?prodno=SH95034>**
- **The Health Canada summary of health effects and exposure guidelines is available at http://www.hc-sc.gc.ca/hecs-sesc/ccrpb/publication/elf_guidelines/toc.htm**

knowledge are sufficient. These types of activity are consistent with the Canadian government framework on precaution.”

- A 1999 report by the U.S. National Institute of Environmental Health Sciences (NIEHS) following a seven-year EMF research programme concluded:
“The NIEHS believes that the probability that EMF exposure is truly a health hazard is currently small. The weak epidemiological associations and lack of any laboratory support for these associations provide only marginal scientific support that exposure to this agent is causing any degree of harm”
- The World Health Organization International Agency for Research on Cancer (IARC) has classified power frequency EMF as a 2B carcinogen – a possible carcinogen based on unanswered questions of the statistical association between magnetic field exposure and childhood leukemia. IARC found no consistent evidence that childhood EMF exposures are associated with other types of cancers or that adult EMF exposures are associated with increased risk of any kind of cancer. Other 2B Possible Carcinogens include coffee, pickled vegetables and gasoline engine exhaust.

What Lies Ahead for EMF Research and Policy

EMF research is on-going, and from time to time health agencies and organizations, such Health Canada and the World Health Organization, review the new studies and confirm or update their position statements on EMF.

As well, these agencies are looking to “precaution-based policies” to possibly guide their actions on EMF and other issues. Precaution-based policies are intended to address issues where there is some basis for concern, but no scientific certainty of a cause and effect relationship. Generally a precaution-based policy requires that there is enough evidence to do a risk analysis or a cost/benefit analysis when considering policy options. It is not intended to be a replacement for scientific understanding. The Government of Canada document on precaution is available at: http://www.pco-bcp.gc.ca/default.asp?Language=E&page=publications&doc=precaution/precaution_e.htm. The World Health organization website also contains information of precaution.

What are Canadian utilities doing?

The Canadian electricity industry continues to support scientific research on EMF and possible long-term effects on people. CEA member companies also work to communicate accurate and up-to-date information to the public and employees about EMF.

For more information on EMF and the Canadian electricity industry, please visit our website at www.canelect.ca/emf.html.

To Learn More

For more information on EMF, contact your local electricity provider. For a list of quick links, visit: http://www.canelect.ca/english/managing_issues_environment_emf_library.html

To find out more about what Health Canada has to say on EMF you can visit: <http://www.hc-sc.gc.ca>. **For the Health Canada summary of health effects and exposure guidelines, visit:** http://www.hc-sc.gc.ca/hecs-sc/ccrpb/publication/elf_guidelines/toc.htm

The FPTRPC, a joint committee of federal and provincial agencies has prepared position statements on EMF and health effects: <http://www.bccdc.org/content.php?item=196>

The Electric and Magnetic Fields Research and Public Information Dissemination (EMF RAPID) Programme, led by the U.S. National Institute of Environmental Health Sciences (NIEHS), has produced an informative booklet, available online at: <http://www.niehs.nih.gov/emfrapid/booklet/home.htm>

The World Health Organization (WHO) is conducting its International EMF Project to evaluate EMF research and risks: <http://www.who.int/peh-emf/en/>



Wind power is here.



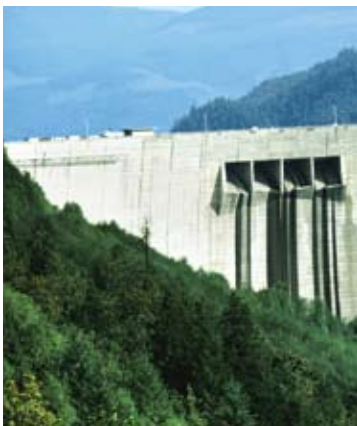
Wind power is determined by more than just how and when the wind blows. Wind energy is the culmination of years of studying the wind and perfecting the technology that harnesses it.

Wind is reliable and has the power to make a significant contribution to Canada's energy needs. In Denmark, 20% of electricity demand is currently met by wind energy. With our abundant resource, there's no reason why we couldn't follow their lead – and the Canadian wind energy industry is here to capture that potential.



photo courtesy of Valon Quest

“Wind has an availability factor of 98% – much higher than conventional forms of energy production.”



As long as there is wind, there will be wind power.

Changing winds.

Everyone knows that the wind is variable. Sometimes it blows, other times it doesn't. So how can wind power be a reliable source of energy? The answer to that lies in how we plan for variability.

Most turbines are located in sites where there's enough wind to produce electricity 70-80% of the time. Naturally, the amount of electricity produced varies with the wind. The way we manage for this variability is to locate wind farms in different geographical areas so that turbines can take advantage of different prevailing winds. The fact is, the wind will never stop blowing everywhere at once – even within a single wind farm, it's unlikely that all the turbines stop spinning at one time. With Canada's large and varied wind resource, there's no doubt that the wind can power us well into the future.

The power of two.

In Canada, we would never rely on wind turbines alone to meet the entire country's electricity needs. Instead, we use wind in conjunction with other forms of compatible energy production.

One example is wind and hydro-electric. These two sources of energy are a natural fit. In the winter, wind is at its peak, allowing hydro to store energy for use when wind productivity is lower. Hydro dams can be closed relatively quickly allowing water reserves to build when peak wind is in full swing.

In the spring and fall, hydro is at its peak production and wind energy serves as its supplement. It's interesting to note how wind energy can help us better manage our precious water resources.

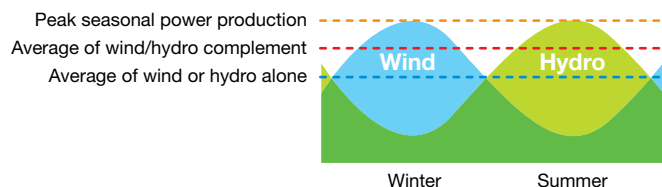




photo courtesy of Vision Quest

North Cape Wind Farm, PEI

Owner/operator:
PEI Energy Corporation



photo courtesy of PEI Energy Corporation

“The variability of wind matches the variability of demand. Generally wind is strongest in cold-weather months when our demand for electricity is highest.”²

Capturing the energy of wind.

Estimating energy productivity is done through a calculation called capacity factor. If a power plant produced at full capacity 100% of the time, it would have a capacity factor of 100%. Of course, wind is variable, so it doesn't have a 100% capacity factor – but neither does any other form of energy. No energy source, conventional or otherwise, works 100% of the time. It's simply impossible.

There are periods when power plants shut down for maintenance and repairs. There are times when resources run low or when unexpected outages occur.

One of the greatest attributes of wind is that it blows hardest – and therefore generates more electricity – in the winter. Wind power offers an opportunity to add more green energy to the grid and to add it during the coldest months of the year, when demand is heavy.

Wind turbines are reliable.

Wind-generated power is a reliable source of electricity. Wind turbines have one of the highest availability factors – a term that refers to the reliability of the turbines and the percentage of time that a plant is ready to generate energy. Wind has an availability factor of 98% – much higher than conventional forms of energy production.

Maintenance issues are also much smaller on a wind farm. At some conventional power plants, the entire plant may have to be shut down for repairs whereas at a wind farm maintenance takes place one turbine at a time.

Enhanced technology and design improvements have also played a part in increasing the reliability of wind power allowing turbines to generate electricity in all but the most extreme weather conditions. Plus wind forecasting technology has the potential to make wind energy more predictable and more reliable than ever before.



Yes, it's true; the wind blows some of the places all of the time, and all of the places some of the time – but it can't blow everywhere at once.

Wind is variable, but with good site selection, wind farms have access to strong and steady winds.

As of June, 2006, Canada's installed capacity was 1,049 MW – enough to power about 315,000 Canadian homes.

On line since 2001, PEI Energy Corporation's North Cape Wind Farm – sited in one of Canada's windiest locations – has an installed capacity of 10.56 MW. With a capacity factor of 40%, it generates about 35,000 MWh annually – enough to supply 3% of PEI's electricity requirements, or about 5,000 PEI homes.

Together, with other wind farms, PEI will have 52 MW of installed wind capacity by mid 2007.

It's estimated that PEI could develop 200 MW of wind energy by 2015. PEI currently imports over 90% of its electricity from New Brunswick. By exporting excess wind energy during periods when production exceeds demand, it's feasible that PEI could net out as an energy self-sufficient province.

Purchasing agreement: North Cape Wind Farm's power is sold to Maritime Electric Company Limited for distribution. Maritime Electric can sell the power through their Green Power Program, which allows customers to purchase it at a premium price. This green power premium is passed along to PEI Energy Corporation. If the electricity available under this program becomes fully subscribed, then additional wind powered generators may be installed on PEI.



Canadian Wind Energy Association
Powering Canada's future naturally

Toll Free: 1.800.922.6932
T: 613.234.8716 / F: 613.234.5642
www.canwea.ca



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CanWEA acknowledges the contribution of
Natural Resources Canada.

1: Source: http://www.awea.org/faq/tutorial/vwt_basics.html
2: Source: <http://www.windpower.org/en/tour/grid/season.htm>

ABOUT STRAY VOLTAGE



STRAY VOLTAGE FACT SHEET

WHAT IS STRAY VOLTAGE?

Stray – or ‘tingle’ voltage – is a low-level electrical current or shock (typically under 10 volts) that results primarily from an improperly grounded or, in some cases an ungrounded, electrical distribution system.

Stray voltage can be found in any electrical system and is strictly a power distribution issue – improper grounding causes low voltage current to travel along a neutral wire. An electrical wiring system is grounded in order to keep voltage potential differences between the neutral wire and the ground, below levels that could be considered harmful.

While potential exists for stray voltage in residential areas, it is most commonly found at agricultural operations and is often attributed to poor grounding of the neutral wiring system in an environment where the presence of water increases conductivity between points of contact.

Stray voltage is unwanted electricity that in some cases can pose a safety risk to animals – and to lesser degree, humans – that come in contact with it.

Farming operations are especially susceptible to incidences of stray voltage for two key reasons:

- 1) Many working farms have electrical systems and wiring that have not been fully updated to current electrical codes and standards
- 2) Farms have a higher number of potential contact points (e.g., metal), water and wet conditions, i.e. feed bowls and wet concrete floors

WHAT'S IN A TERM?

The term ‘stray voltage’ is often misused due to poor understanding of its cause.

Stray voltage has incorrectly been called 'dirty electricity', implying that some forms of electricity are better or cleaner than others. Electricity from all sources is equally 'clean'. Stray voltage has also been confused with electromagnetic fields (EMF), grounding systems or even naturally-occurring current found in the earth.

ANIMAL REACTION TO STRAY VOLTAGE

Stray voltage may affect farm animals through nerve stimulation, causing a 'tingling' effect.

This so-called 'tingle' can occur when the animal comes in contact with two points that have a voltage potential – such as a metal dish filled with water and a wet concrete floor - creating a path for current (electricity) to flow through the animal.

This nerve stimulation may have an effect on an animal's behaviour directly – in the form of involuntary muscle contractions and/or pain; or indirectly in the form of behavioral responses such as reduced food and water intake, or proving difficult to handle.

All electrical current must be respected as potentially harmful and stray voltage, although present in low amounts, is no different. Based on research, levels below 1 V are considered to be inconsequential, and generally not believed to cause behavioral changes in farm animals.

DETECTING AND REPAIRING INCIDENCES OF STRAY VOLTAGE

In most cases the source of stray voltage can be identified, allowing it to be either mitigated or eliminated.

Suspected cases of stray voltage should be investigated by an inspector from a local utility operator such as Hydro One, Toronto Hydro, etc., as it is a common distribution issue for farm operators as a result of inconsistent wiring quality. A utility inspector will investigate the farm's existing wiring system to ensure proper installation, wire condition and code compliance. An inspector will seek to isolate the source of neutral-to-earth (ground) voltage through measurement of voltage at various points within the electrical system. This helps to determine whether the issue is related to on-farm wiring and distribution or whether the issue is related to the electrical distribution system off the farm.

COUNTERING INCIDENCES OF STRAY VOLTAGE IN ONTARIO

In 2007, the province of Ontario began an extensive research and consultation process into the phenomenon of stray voltage and its effects on the farm sector. In 2009, the Ontario Energy Board (OEB) enacted code amendments detailing procedures and methodology for dealing with incidences of stray voltage.

As part of its two-year research and consultation process, the OEB employed Dr. Douglas J. Reinemann, a Professor of Biological Systems Engineering and a leading authority on stray voltage to review studies and literature on the subject.

Recognizing stray voltage's connection to farming operations, Dr. Reinemann sought to further clarify the term 'stray voltage' by further defining it as "...a low-level electrical shock that can produce sensation or annoyance in farm animals". He also further specifies the term as "a special case of voltage developed on the grounded neutral system of a farm".

STRAY VOLTAGE AND WIND ENERGY

There has been much confusion on the topic of stray voltage, and wind turbines have at times been inappropriately linked as direct sources of stray voltage.

Stray voltage is a potential symptom in *any* system of electrical distribution, regardless of source and is especially prevalent on working farms. Wind turbines are often located in agricultural areas, connecting to the provincial electricity grid with farm operators leasing the land on which the turbines sit. Through improved regulation and electrical code enforcement, incidences of stray voltage will be increasingly detected and eliminated.

WIND FACTS

WIND BY THE NUMBERS: ECONOMIC BENEFITS OF WIND ENERGY



Wind energy is generating affordable, clean electricity while creating new jobs and economic development opportunities in communities across the country. Here are some of the economic benefits being realized today – and opportunities for tomorrow.

- Canada is now the ninth largest producer of wind energy in the world with current installed capacity at **5,403 MW** – representing about **2.3 per cent** of Canada's total electricity demand.
- Canada enjoyed a record year in 2011 the addition of **1,267 MW** of new wind energy capacity to provincial grids, representing an investment of **\$3.1 billion** and creating **13,000 person-years** of employment.
- 2011 was also a record year for new wind energy installations in Ontario with more than **500 MW** installed by the end of year.
- More than **6,000 MW** of wind energy projects are already contracted to be built in Canada over the next five years.
- Ontario is expected to install more than **5,600 MW** of new wind energy capacity by 2018, creating **80,000 person-years** of employment, attracting **\$16.4 billion of private investments** (with more than half of that invested in the province), and contributing more than **\$1.1 billion of revenue to municipalities** and landowners in the form of taxes and lease payments over the 20-year lifespan of the projects.¹
- Wind energy drives jobs and local benefits at prices that are competitive with other new sources of electricity. According to new research from Bloomberg New Energy Finance: "The cost of electricity from onshore wind turbines will **drop 12 per cent in the next five years** thanks to a mix of lower-cost equipment and gains in output efficiency."
- CanWEA believes that wind energy can satisfy **20 per cent** of Canada's electricity demand **by 2025**. The benefits of achieving this vision are many:
 - \$79 billion in new investment
 - 52,000 new high quality jobs
 - \$165 million in annual revenues for municipalities
 - Reducing Canada's annual greenhouse gas emissions by 17 megatonnes

¹ The Economic Impacts of the Wind Energy Sector in Ontario 2011 – 2018, by ClearSky Advisors, http://www.canwea.ca/wind-energy/talkingaboutwind_e.php



WINDVISION 2025
POWERING CANADA'S FUTURE

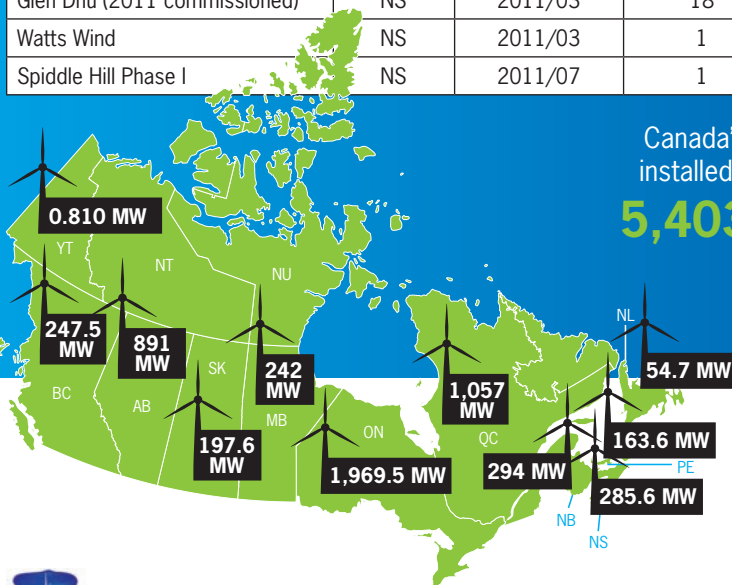
www.canwea.ca

 **canwea**
CANADIAN WIND ENERGY ASSOCIATION | ASSOCIATION CANADIENNE DE L'ÉNERGIE ÉOLIENNE

- CanWEA released a wind vision for British Columbia which called on the BC government to install **5,250 MW** of cost-competitive and low-impact wind power capacity **by 2025**. This would generate **\$16 billion in new investment** with **\$3.7 billion** flowing directly to **BC communities** and meet **17 per cent** of BC's total electricity demand. Download *CanWEA's WindVision 2025 – A Strategy for British Columbia* at: www.canwea.ca/windvision_bc_e.php
- CanWEA's *WindVision 2025 – A Strategy for Quebec* proposes that an average of **800 MW** of wind energy capacity be added each year between 2016 and 2025 – for a **total of 8,000 MW** – increasing wind energy to 20 per cent of Quebec's overall installed capacity for electricity generation. This long-term objective would stimulate **\$25 billion in industry investment** and create nearly **91,000 new construction jobs**. Download the report at: www.canwea.ca/windvision_quebec_e.php

New wind farms built in 2011

| Wind Farm | Province | Date Installed | # of Turbines | Total Capacity (Megawatts) | Developer/Operator |
|------------------------------------|----------|----------------|---------------|----------------------------|--|
| Dokie Wind Project | BC | 2011/02 | 48 | 144.00 | Dokie General Partnership |
| Wintering Hills | AB | 2011/12 | 55 | 88.00 | Suncor |
| Red Lily Wind Energy Project | SK | 2011/02 | 16 | 26.40 | Red Lily Wind Energy Partnership/ Algonquin Power |
| St. Joseph | MB | 2011/02 | 60 | 138.00 | Pattern Energy |
| North Maiden Wind Farm | ON | 2011/01 | 5 | 10.00 | Boralex Inc. |
| Kruger Energy Chatham Wind | ON | 2011/01 | 44 | 101.20 | Kruger Energy |
| Raleigh Wind Energy Centre | ON | 2011/01 | 52 | 78.00 | Invenergy LLC |
| Kent Breeze Wind Farm | ON | 2011/05 | 8 | 20.00 | Suncor Energy Inc. |
| Greenwich Renewable Energy Project | ON | 2011/11 | 43 | 98.9 | Enbridge & RES Canada |
| Pointes Aux Roches | ON | 2011/12 | 27 | 48.60 | International Power/GDF Suez |
| Comber East | ON | 2011/12 | 36 | 82.80 | Brookfield |
| Comber West | ON | 2011/12 | 36 | 82.80 | Brookfield |
| Mont Louis | QC | 2011/09 | 67 | 100.50 | Northland Power |
| Montagne-Sèche Wind Farm | QC | 2011/11 | 39 | 58.5 | Cartier Énergie Éolienne |
| Gros Morne Phase I | QC | 2011/12 | 67 | 100.50 | Cartier Énergie Éolienne |
| Lameque Wind Power Project | NB | 2011/03 | 30 | 45.00 | Acciona Lameque GP Inc. |
| Glen Dhu (2011 commissioned) | NS | 2011/03 | 18 | 41.40 | Shear Wind |
| Watts Wind | NS | 2011/03 | 1 | 1.50 | Watts Wind Inc. |
| Spiddle Hill Phase I | NS | 2011/07 | 1 | 0.80 | Colchester-Cumberland Wind Field Inc. |



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WIND FACTS

PRICING

Wind energy is generating clean electricity, new jobs and economic development opportunities in communities across the country. While wind energy has enjoyed growing success in many countries for several decades, it is a relatively new contributor to the power system here in Canada. As such, it is natural for people to ask questions. As a responsible industry, we are committed to ensuring Canadians have the most up-to-date factual information on wind energy.



Wind Energy: A Reliable and Affordable Source of Power

Wind is an affordable source of new energy supply that protects against unpredictable fuel and carbon costs.

Any new source of electricity generation is going to cost more than the current generating plants, built and paid for decades ago, that now supply most of Canada's electricity. Among today's options, wind energy stacks up well. Wind is extremely competitive with new installations of coal, hydro, and nuclear power, when the cost of health and environmental impacts are considered.^{1,2}

The price we pay for wind today, though, is only one part of its value proposition.

Wind turbines do not use fossil fuels for producing electricity; this means that once a wind farm is built, the price of the electricity it produces is set and remains at that level for the entire life of the wind farm. In a time of increasing price volatility of traditional sources of energy, the price stability from wind farms

(continued on next page)



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