MINUTES OF THE
ASSESSING STANDARDS BOARD
Subcommittee on Former HB 547

**Draft**

**DATE:** September 10, 2015 **TIME:** 9:30 a.m.

**LOCATION:** Legislative Office Building – Room 303, 33 North State Street, Concord NH

**COMMITTEE MEMBERS:**

Betsey Patten, Public Member, Chairman
Joseph Lessard, NHAAO, Towns >3,000
Senator David Boutin - *Absent*
Eric Stohl, Municipal Official, Towns <3,000
Representative Peter Schmidt

**MEMBERS of the PUBLIC:**

Representative Patrick Abrami
Representative Patricia Lovejoy
David Cornell, DRA
Andrea Curtis, George Sansoucy's Office
Robert Gagne, Manchester
Heidi Kroll, Granite State Hydropower
Brenda Inman, NHEC
Nancy Johnson
Stefanie Lamb, BIA
Jon Block, Pierce Atwood
Chris Hodgdon, Comcast NBCU
Andrew Kingman, AT&T
George Hildum
Kathy Temchack, Concord
Cordell Johnston, NHMA
Representative Mark Proulx
Stephan Hamilton, DRA
Scott Dickman, DRA
Skip Sansoucy
Kevin O'Quinn, FairPoint
Meg Nelson, NHEC
Karen Hanks, NHEC
David Jivet, BIA
Len Gerzon, ASB
Michael Licata, Liberty Utilities
Bob Dunn, NHEC
Mark Weston, MW Associates
Scott Bartlett, Goffstown
Rosann Lentz, Portsmouth
Eric Maher, DTC

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Chairman Patten convened the meeting at 9:30 a.m.

**Minutes**

Chairman Patten stated the request was made to add the representatives in attendance to the members of the committee however they are not technically members of the committee but do share an interest in the issue. They will be added, when in attendance, under members of the public. Mr. Lessard ***motioned to accept the minutes of August 13, 2015, as amended***. Representative Schmidt ***seconded the motion***. No further discussion. Chairman called the motion to accept the minutes of the August 13, 2015, meeting as amended. ***All approved***.

The August 27, 2015, meeting minutes are not complete.

Granite State Hydropower submitted responses to the questions asked at the August 27, 2015, meeting.

**Survey Update**

Mr. Cornell stated there is a calculation error in Exhibit D; therefore the assessed values per pole are incorrect. He apologized for the confusion and added this would be corrected and a revised draft report will be distributed. A brief discussion took place pertaining to how the number of poles was calculated.

Mr. Cornell stated Exhibit C compares the number of poles reported by FairPoint versus the number of poles reported by the towns. Discrepancies have been found between the numbers of poles each side is reporting. The solution for this would be for the two sides to get together to determine the correct number of poles being assessed. In some cases, the differences in the number of poles reported may help to understand the valuation disparity.

Chairman Patten suggested that the base numbers need to be correct and that there seems to be the need for some parameters within the methodologies being used. The legislation introduced parameters and those may need to be discussed and fine-tuned by the ASB.

The discussion continued with regards to what to report to the full ASB. It was determined there was still a discrepancy with how the number of poles were reported which leads to the value of the poles being inaccurate and that additional verification of the numbers still needs to be done. Mr. Lessard stated that it is difficult to draw specific conclusions without knowing the accuracy of the data that we do have. At this time, in his opinion, there does not appear to be a valuation issue; that the methodology being used by the assessors appears to be consistent.

Chairman Patten stated she believes the discrepancies in the number of poles are a problem and should be reported to the full board. The court is still in the process of determining whether poles should be taxed however through review of the survey this issue appears to be significant. The subcommittee will report to the full ASB the number of meetings held, who has presented, that we are awaiting the outcome in the courts on the issue of paying taxes at all, and the problem of two sets of pole numbers being considered by the different sides.

Mr. Lessard clarified from the information received to date, including the presentations; there has not been adequate facts to indicate there is a problem with the methodology of valuation. He does not believe the discrepancies found concerning the number of poles is an issue for the ASB rather it is an issue between the communities and the companies. The legal resolution on the issue of whether or not the companies should be taxes appears to be a priority over resolving the valuation issues.

Mr. O'Quinn, respectfully stated, with regards to negotiations, that FairPoint has been and continues to be willing to negotiate a reasonable value for the poles, conduit and right-of-ways with the towns.

A discussion took place about how to further analyze the data by taking a "deep dive" into the information using sample towns and their information in order to determine the reasons for the differences and possible outliers in pole values. Once the information has been corrected, analyzed and organized into a final report, this portion of the analysis can take place. Mr. Cornell stated he anticipates that a final report will be available in a month. A report showing the towns with the high and low values can be created by the October 15 meeting for review. Mr. Lessard suggested that the subcommittee review that report first to determine which towns to take the "deep dive" into. Once the towns are determined, additional information can be requested.

**HB 192**

A discussion took place pertaining to HB 192. Mr. Lessard stated he believes the laws and procedures in place work fairly well. He does not believe that the legislature should dictate what information a court can consider. The courts can determine how much weight to assign a particular submission. The BTLA has weighted the DRA valuation in a couple of cases and in one case agreed the unit method was appropriate and in another did not give it much weight.

The issue came about because the towns felt they had to defend a value that they could not explain how it was calculated. The DRA valuation is comprised of confidential information and only a portion of the information is available. The choice is available to the companies to waive confidentiality if they so choose. Chairman Patten added that a possible recommendation for the full board to discuss with regards to appeals could be that in order for a company to use the DRA's valuation they have to waive confidentiality; if not, the DRA's valuation may not be used.

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The question was raised as to whether or not the ASB should have an opinion on the issue. It was the House and Senate that asked the question and the full ASB may choose to respond that it is not under the board's purview. The subcommittee will make a recommendation to the full board so that at the very least, the discussion has taken place. Chairman Patten stated the subcommittee will report to the full ASB that despite diverse opinion, this is a judicial and legislative issue that does not fall under the purview of the statutory obligation of Assessing Standards Board.

Skip Sansoucy

Mr. Sansoucy stated all of the information being distributed is public information and can also be found in the Belknap County case with Gilmanton and 49 other communities.

Mr. Sansoucy's presentation followed several handouts which are included at the end of the minutes. The handouts help to explain the mass appraisal system of valuing poles including telephone and electric, in the 90 or so towns and cities in NH that his company works for. He welcomed questions that may arise during or after this presentation.

One of the issues having been discussed is pole types. Taller wider poles are vastly more expensive than shorter thinner poles. Other reasons for differences in pole values include class, age, depreciation, area and region. The average life of a pole is between 70-90 years with an average life of 80 years. Ownership is a difficult issue. Reasons for this include sole and joint ownership (which is created by workload), transition of ownership and lack of record-keeping.

FairPoint inherited incomplete records when it purchased New England Telephone Company (NET). All of NET's records were expunged in 1981 resulting in all poles having the same age and original cost since then. In addition, these records were kept by exchange rather than region. Because of these issues, FairPoint has had difficulty producing this information, however they have been and continue to count and determine what they own in each town.

Another issue is that the reported costs and inventory in NH is vastly different between companies. Each company has a different level of or different method of reporting for electric and telecom. The different types of reporting include mass accounting, continuing property records which required for regulated companies; or a combination of both.

Mr. Sansoucy continued with an explanation of costs and how those are determined including the use of manuals. Each year cost tables are developed and entered into a system to build data and inventory, similar to a CAMA system and then trending indexes are used and depreciation is applied. He verified within his method of appraising poles, poles are depreciated down to a 20% floor.

One of the largest debates revolves around depreciation. There are two methods, one is the unit method and book depreciation and the other is value based on actual observed depreciation of the property that the assessors use. Book depreciation is used for tax purposes and appraising and the net book value ends at $0 and eventually comes off the tax roll. Mr. Sansoucy reported his company, as well as some assessors, does random pole studies to keep up with depreciation. This is done by going into multiple towns, sampling a number of poles and aging them, then an aging study to make sure that depreciation is tracking properly. A complete sweep of the communities he represents is completed every 5-10 years. The discussion continued briefly. Due to a time constraint it was determined that the depreciation and value presentation would be discussed at another meeting.

**Meeting Schedule**

The next meeting will be held on Thursday, September 24, 2015, at 9:30 a.m. at the Legislative Office Building (LOB), Room 305.

Mr. Lessard **motioned to adjourn**. Representative Schmidt **seconded the motion**.

Chairman Patten adjourned the meeting at 12:15 p.m.

Respectfully submitted, Stephanie Derosier

NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

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