



Northern Pass Transmission, LLC.  
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April 22, 2015

Carlos P. Baía  
Deputy City Manager- Development  
City of Concord  
41 Green Street  
Concord, NH 03301

Dear Mr. Baía:

Thank you for your request for more information regarding the Northern Pass Project in Concord. We are pleased to fulfill your request. Enclosed you will find detailed responses to the inquiries submitted after the March 30<sup>th</sup> Concord City Council subcommittee meeting.

If you have any questions or concerns regarding the responses, please contact me at any time.

Sincerely,

Bonnie Kurylo  
Project Manager

Enclosure



Questions for Eversource on the Northern Pass Project

- 1. Will Northern Pass Project be required to file an application with the NH Energy Facility Siting Council in addition to the Federal Energy Regulatory Commission? If yes, when do you expect to make that filing?**

Yes, Northern Pass will file an application for a Certificate of Site and Facility with the New Hampshire Site Evaluation Committee in 2015. An exact date has not yet been set, but will be after the U.S. Department of Energy issues the draft Environmental Impact Statement that it is in the process of preparing and finalizing.

- 2. An increase of new local taxes in the amount of \$541,991, as well as proposed new taxes for the county and state, were presented at the meeting on March 30, 2015. Please show the calculation used to determine those amounts.**

Preliminary estimates were developed and reported in November 2013 by multiplying the 2011 equalized tax rates in the community<sup>1</sup> times the then-estimated total cost (excluding rebuild costs) of the project in the community.

Assumed November 2013 Estimated Northern Pass Transmission (NPT) value in Concord = \$30.1 million

2011 Equalized Municipal Tax Rate = \$8.67  
 Estimated Municipal Tax Payment = \$261,492                      \$8.67 x (\$30,160,594/1000)

2011 Equalized Local School Tax Rate = \$9.30  
 Estimated Local School Tax Payment = \$280,494                      \$9.30 x (\$30,160,594/1000)

\*Estimated Total Local Tax Payment = \$541,986                      \$261,492 + \$280,494  
 (\*The data used for Project estimates reads directly from the NH Department of Revenue Administration's publicly-available digital files, which has tax rates reported to the 14<sup>th</sup> decimal place; therefore, results in the Project documents are slightly different than shown here due to rounding error.)

2011 Equalized County Tax Rate = \$2.89  
 Estimated County Tax Payment = \$87,164                      \$2.89 x (\$30,160,594/1000)

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<sup>1</sup> The New Hampshire Department of Revenue Administration Tax Rate Comparison Report, 2011.

If the Project is built, the actual new NPT tax payments would depend upon the final cost of the Project in Concord and its fair market value, municipal, education, and county spending, other sources of revenue, and the relevant total tax base at that time. The specific estimates presented here are based on available data at the time and represent one scenario for calculating an estimate.

Utility property pays the utility state education tax rate of \$6.60/thousand of value, which is paid directly to the state to be redistributed as part of state education aid.

$$\$6.60 \times (\$30,160,594) = \$199,060$$

**3. How was the \$30,000,000 +/- in new assessed value arrived at? Is that the anticipated cost new? Does that number represent market value? What methodology was used to determine the value(s)? For example:**

- A. Original cost less depreciation (net book),**
- B. Reproduction/replacement cost less depreciation,**
- C. The unit method.**

**If reproduction/replacement cost less depreciation was used what is the depreciation time and is there a residual value?**

The total direct costs of the Project reflect the estimated costs of its major different parts (e.g., overhead lines for different sections, substations, etc.). Direct costs are allocated to specific towns where they are so identified. For linear project sections, costs are allocated to each community depending on the number of miles of that part of the Project in that community. Once all of the direct costs are allocated in this manner, all of the indirect costs are allocated pro-rata or to specific communities as appropriate. Costs to rebuild existing equipment were subtracted so that the estimation is based on new property in Concord.

The total costs of the Project allocated across all the proposed host communities is an estimate of what the fair market value of the Project would be in the first year, post-construction.

**4. How do you anticipate that the value will change over the next 10 years? Next 20 years? Will there be an increase, decrease or will the value remain constant? Please explain the response.**

The company would expect that the value over a period of time would be impacted by what the company is allowed to earn on the property. If rate base capital additions are added, the value could increase. If no additions are made and the earnings potential erodes, then there could be a decrease in value.

**5. Over the past 7 weeks there were about 110 appeals heard for 54 towns at the Board of Tax and Land Appeals for PSNH (Eversource) and NHEC. The argument made by the utilities was that net book was the appropriate method of valuation. Does that same argument or approach to value apply with the Northern Pass Project to be constructed in Concord? Please explain your response.**

Eversource has not argued that net book was the sole method of valuation. However, the economic constraints that regulation places upon a utility does limit a company's income or earnings to something

near rate base. Sales of utility property have also been at or around net book due to the fact that purchasers recognize the impact of regulated earning limitations on the property.

**6. Will NP provide view simulations from I-393 south as that would be a very visible area for the lines and the people that have raised concerns to him have largely focused on aesthetics for that heavily populated area?**

NPT's visual impact assessments focus on public scenic resources, and the experts did not identify any locations in and around the I-393 area as such (e.g., through a scenic byway designation). As a result, no photo simulations in and around that area were prepared.

However, we will continue to meet with individual landowners who have expressed concerns about visual impacts. Landowners may contact Northern Pass by calling 1-800-286-7305 or emailing us at [info@northernpass.us](mailto:info@northernpass.us).

**7. What percentage of the proposed structures in Concord will be over 100'?**

In Concord, Northern Pass is proposing to locate 77 new 345 kV structures along an existing transmission corridor, approximately eight miles in length, in which 200 transmission structures are currently located. Approximately 19% of the proposed 345 kV structures—a total of 15—will have a height greater than 100 feet. Of those 15 structures, eight will be 105 feet in height.

**8. How much of the existing wooded areas in Concord were going to be cleared as a result of NP?**

To minimize the impacts, including those associated with clearing activities, Northern Pass has designed its transmission line so that it will be located within existing, already cleared transmission corridors along most of its length. That is the case in Concord, where the project will be located within just over eight miles of existing transmission corridor that is cleared to all or most of its full width. There will be some minimal clearing of vegetation along approximately five miles of that corridor. Along that segment, no more than approximately 15 to 20 feet of vegetation will need to be cleared.

**9. Has NP done any work to simulate how the line would be seen from various parts of Concord?**

Yes, visual impact experts have prepared “before and after” photo simulations of two Concord area scenic resources— one at Turtle Pond, and the other of the view of the Concord area from Oak Hill Fire Tower <http://northernpass.us/assets/community-pdfs/oak%20hill%2007.12.13%20optimized.pdf> - <http://northernpass.us/assets/turtle%20pond%2006.27.13%20optimized.pdf>

**10. Please have NP elaborate on the process for amending the existing utility easements.**

Modifying existing utility easements involves negotiating arm's length agreements with each owner of property that is the subject of an easement or easements. For example, if a section of transmission corridor uses easements that traverse 100 properties, then an entity seeking to modify the easements to, for example, allow underground installation of utility facilities, would have to negotiate a separate agreement with each of those 100 owners. It is in the nature of linear infrastructure developments that it would be necessary to reach agreement with each one of those 100 property owners. If any single

property owner refused to negotiate, or rejected an offer, it would be impossible to locate an underground facility in the length of that corridor. In other words, the modification of easements for a linear project is an all or nothing proposition.