



CITY OF CONCORD

REPORT TO THE MAYOR AND CITY COUNCIL

FROM: Northern Pass Committee

DATE: October 6, 2015

SUBJECT: Interim Report on the Northern Pass

Recommendation:

Accept this report recommending the following three actions:

- 1) That the Council direct the City Solicitor to file for intervener status with the State of New Hampshire's Site Evaluation Committee relative to the Northern Pass application; and
- 2) That City staff continue to follow the evolution of the Forward NH Fund; and
- 3) That the Council recommend—based on the information to date—that the Northern Pass bury its proposed line along the entire 8 mile route through Concord.

Background

At its March 9, 2015 meeting, the City Council appointed a committee to examine the Northern Pass project specific to its impact on Concord.

The committee, comprised of Councilor Matson (chairwoman); Councilor Bouchard; Councilor Coen and Mayor Pro Tem St. Hilaire met 6 times to review this matter between March 23, 2015 and October 5, 2015. Approximately 50 individual instances of testimony were taken from representatives of Northern Pass, the Society for the Protection of New Hampshire Forests, the Appalachian Mountain Club, and the general public. Over 20 email messages were submitted from the public for the committee's consideration as well as a petition comprised of (to date) 664 signatures all requesting burial of the Northern Pass project through Concord.

Officials with the Northern Pass project attended every meeting and provided answers to the committee's questions and promptly fulfilled requests for information solicited by committee members. Northern Pass representatives also submitted a PowerPoint presentation and a set of

visual simulations depicting the Loudon Road and D'Amante Drive intersection as well as perspectives from McKenna's Purchase. All of the public's correspondence, Northern Pass submittals, historical documents, and meeting minutes were posted on the committee's webpage and are included as attachments to this report.

Discussion

In its examination of the project, the Committee focused on the following key areas:

- 1) Tax implications: One of the central points put forth by the Northern Pass project has been the significant tax payments that would be generated by the value of the new infrastructure. The Concord portion of the project is estimated, by Northern Pass, to be valued at \$30,856,902 which Northern Pass calculates will generate \$548,636 in total tax payments to the City of Concord and the applicable school district.ⁱ Taxes paid to the County would be separate from this number based on its tax rate. In an April 22, 2015 letter to the committee, Northern Pass officials estimated that the County tax payment would be approximately \$90,000.ⁱⁱ

What the Committee found is that the “net book” methodology that Northern Pass prefers to utilize in determining its infrastructure's value would present the City with a continuously declining value over a twenty year horizon. According to testimony and documentation provided by Northern Pass' economist, Lisa Shapiro, Northern Pass contends that the value of its project would drop from \$30,856,902 in 2019 (year 1) to \$18,756,379 in 2038.ⁱⁱⁱ

Concord's Director of Real Estate Assessments, Kathy Temchack, testified that she would not employ a “net book” value methodology and instead would utilize a “replacement costs new less depreciation” methodology. The latter would allow for the depreciation but mitigate for some of the loss in value through the application of an inflation factor based on a potential replacement value.

It was noted by the Northern Pass economist that the tax payments generated by Northern Pass could actually increase, despite the declining project value, based on the assumption that the local tax rates would outpace the percentage of depreciation. While this could occur, it is also important to note that in a period of significant overall community tax base growth, the tax rate might not outpace the depreciation and Northern Pass would garner a benefit that other property owners in Concord would not enjoy.

Although the City—at present—is not legally compelled to utilize Northern Pass' methodology, Eversource—Northern Pass' parent company—is in active litigation in New Hampshire courts seeking to have this “net book” approach be the accepted methodology applied by municipalities in valuing its infrastructure.

- 2) Impact on Residents: The most frequent and visceral concern raised by the public in testimony and correspondence related to the overhead lines and supporting structures. Residents that testified or submitted correspondence expressed significant worry about the possible line noise and visual impact of this project and the fear of its potential negative effect on City property values.

To demonstrate what the project would look like along the densest neighborhoods it would abut, Northern Pass officials provided visual simulations taken at the Loudon Road/D'Amante Drive intersection as well as from McKenna's Purchase. The visualizations (which are enclosed) showed different support structure options such as a lattice, H-frame and monopole. The Committee and Northern Pass mutually agreed that the lattice structure was unacceptable and would not be considered in Concord.

Northern Pass officials explained that Concord would have H-Frame structures with two monopoles near Loudon Road and McKenna's Purchase. In total, there would be 77 new structures in addition to the 230 existing Eversource structures in the same proposed right of way. The majority of the Northern Pass structures would be between 85'-100' in height.

- 3) Burial Alternative: During the course of the Committee's meetings, the Northern Pass released the *Forward NH Plan* which proposed to bury 52 miles within the White Mountain National Forest in addition to the 8 miles that had already been determined would be buried in the North Country. According to information provided by Northern Pass, the line would be buried in "public roadways" and would eliminate more than 400 structures.^{iv}

The Committee asked Northern Pass officials whether a similar burial could be accomplished in Concord. Northern Pass representatives explained that the costs for an aerial installation are approximately \$3 million per mile. However, burial would equate to \$8-\$13 million per mile depending on the soils, topography, etc. In addition, Northern Pass officials posited that the existing easements within their right of way in Concord did not allow for an underground installation and successful renegotiation of all of those easements would be extremely challenging, if not impossible.

The Committee, therefore, inquired about the feasibility of Northern Pass burying the line along a roadway as was proposed in the White Mountain National Forest. Northern Pass officials explained that they would likely be precluded by federal and state regulations from using I-93 right of way unless the state and federal government would agree that

there was a significant hardship that made an I-93 route the only viable alternative. However, Northern Pass Project Director Jerry Fortier did testify that it is a long-standing practice for lines to be buried along non-interstate roadways.^v The Committee felt that this option should be explored.

- 4) Forward NH Fund: Northern Pass' *Forward NH Plan* included a \$200 million fund dedicated to "support important initiatives in tourism, economic development, community investment, and clean energy innovation."^{vi} In testimony before the Committee, Northern Pass officials explained that the Fund is for the entire state, not simply communities that are along the Northern Pass route. Investments from the Fund would be made over 20 years. Northern Pass officials indicated that an advisory committee is planned to oversee the Fund but it has not yet been convened.

The Committee felt that the Fund was worth monitoring and recommends that City Staff stay informed of how the fund evolves.

- 5) Site Evaluation Committee: As the Council is aware, the City is an intervener in the U.S. Department of Energy's review of the Northern Pass' federal permit. The Committee felt it was imperative for the City to also intervene in the State's Site Evaluation Committee and recommends that Council direct the City Solicitor to do so.

Conclusion

The Committee acknowledges, as did many of the residents that participated in this process, that it finds no issue with the merits of the Northern Pass project in light of the need for greater energy diversity in the region. However, in its opinion, burial of the Northern Pass project in Concord has not yet been thoroughly explored by Northern Pass. Therefore, the Committee stresses that this report, while important, is an interim step. The Committee hopes that if Council supports the recommendation seeking Northern Pass' burial of the line, Northern Pass officials will endeavor to fully vet that alternative and will return to the City with a new plan that takes into account what was discussed during the Committee's review. The Committee is prepared and willing to reconvene to further analyze any new development relative to the project.

The Committee's work, to date, would not have been possible without the assistance of the Community Development Department and the cooperation of Northern Pass officials who dedicated their time to attending every meeting and answering questions. The Committee especially wishes to thank the public for its continued engagement in this important matter.

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ⁱ Based on a spreadsheet entitled “Concord: Illustration of Northern Pass Transmission Local Property Tax Payments,” submitted to the Committee on September 15, 2015 by Lisa Shapiro, economist for the Northern Pass project.

ⁱⁱ Letter dated April 22, 2015 to Deputy City Manager Carlos P. Baía from Bonnie Kurylo with Northern Pass.

ⁱⁱⁱ Shapiro, September 15, 2015.

^{iv} *Forward NH Plan* News Release, August 18, 2015, “Northern Pass Will Now Go Under Roadways in Treasured Areas, Including White Mountain National Forest,” p. 2.

^v Comments by Jerry Fortier as cited in minutes of the 9/15/15 Northern Pass Committee meeting, p.6.

^{vi} *Forward NH Plan* News Release, August 18, 2015, p. 2.