

MINUTES OF THE
ASSESSING STANDARDS BOARD
SUB-COMMITTEE

Approved as Written

DATE: October 15, 2015

TIME: 9:30 a.m.

LOCATION: Legislative Office Building – Room 304, 107 North Main Street, Concord NH

COMMITTEE MEMBERS:

Betsey Patten, Public Member, Chairman
Joseph Lessard, NHA AO, Towns >3,000
Eric Stohl, Municipal Official, Towns <3,000

Representative Peter Schmidt
Representative Patrick Abrami
Representative Mark Proulx

MEMBERS of the PUBLIC:

Glenn Wallace, Rath & Young
Kathy Temchack, City of Concord Assessing
George Hildum
George Sansoucy
Eric Moher
David Cornell, DRA
Brenda Inman NHEC
Meg Nelson, Sulloway & Hollis
Nancy K. Johnson, Assessors
Andrew Kingman, AT & T
Ellen Scarponi, Fairpoint

Kevin O'Quinn, Fairpoint
Karen Hanks, NHEC
Scott Dickman, DRA
Representative Susan Almy
Representative Clyde Carson
Henry Veilleux, Unitil
Maura Weston, Weston & Assoc.
Chris Hodgdon, Comcast
Len Gerzon, ASB
Teresa Rosenberger, NHTA

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

Introductions followed.

Minutes

Selectman Eric Stohl ***motioned to accept the minutes of August 27th and September 10th*** and was seconded by Joe Lessard. Mr. Lessard noted there was a correction to the minutes of September 10th "taxes" should be past tense of "taxed" on page 2, fifth paragraph, last sentence. Further, on September 10th minutes page 3, fifth paragraph, Mr. Lessard questioned Fairpoint vs. Sansoucy. Mr. Sansoucy clarified that Fairpoint has taken over and is doing it themselves. Chairman Patten called the motion to accept the minutes of the August 27th meeting and the September 10th meeting as amended. ***Motion passed unanimously.***

ASB Clerk

Stephanie Derosier is stepping down as ASB clerk and Elizabeth McGill will now be acting clerk.

Presentation

David Cornell presented an update on pole assessed value and survey information. Mr. Cornell reviewed his two exhibits: Exhibit A "Survey Information – Summary" and Exhibit B "2014 Assessed Value Per Pole". The data reflects the highs, the lows and the averages of the poles and addresses the disparity in amounts.

Chairman Patten reiterated that the information was gathered so we would know what was happening out there, and so that the subcommittee can determine if a problem exists.

Presentation Pole Discussion

Representative Abrami mentioned his concern of different methodologies being employed and advocated for the “deeper dive” – and the need to come up with something fair for all the communities, taxpayers and utilities. Chairman Patten expressed her concern about the wide range in assessed value (from \$2,100 down to \$107 per pole). Representative Schmidt agreed there is an issue with disparity. Eric Stohl pointed out Avitar has disparity in pole amounts (i.e. Boscawen \$1094 a pole vs. Pittsfield at \$137) – going by that, he agreed there appeared to be an issue. Chairman Patten agreed there is an issue and a need to be able to take this to the ASB and say “this is the issue” and why there is a need for the “deep dive”. There is a need to figure out the parameters so if you go outside the parameters then a “flag goes up like what we have done in the residential portion of assessing”. Chairman Patten advised that today we can determine which towns we want for the deep dive. Representative Abrami advised that even if the range were smaller, there is still a problem as it’s “real money” involved because of the multiplying effect with the sheer number of poles. Eric Stohl questioned if the right of way is being assessed in the \$2100 per pole, and not being assessed in the \$137 per pole, for example. Chairman Patten asked David Cornell to confirm that right of way and conduit values are not included in the pole assessments. Mr. Cornell confirmed that the figure in the pole column only included the pole assessed value. Kathy Temchack suggested that the age, height, location, type of pole etc. might explain the disparities in the assessment ranges. Chairman Patten hoped the deep dive will show this. Bob Gagne agreed there is an issue but disagreed that following a rigid formula is the right approach to handle the issue. He also cautioned against just looking at the figures and disregarding them as high – perhaps the high values are the correct values. Representative Abrami stated that pole assessments should have a consistent methodology that the Standards Board should be addressing. He does not see any consistency and that’s why he is filing another bill unless this committee can recommend something that makes sense. Chairman Patten advised she spoke to Senator Boutin who has given them until December 1st for the committee’s recommendation. Representative Schmidt supports the deep dive and would like to have input from any interested party. Ellen Scarponi from Fairpoint commented that the deep dive should be on the same parameters that Fairpoint sends out to each of the towns, the height, class of service, (width), age and percentage ownership. She advised that doing medians and averages without those parameters doesn’t give a true assessment. Eric Stohl stated to Ellen Scarponi that they could just contact them for pole information and she advised “they can do that”.

Deep Dive

Chairman Patten asked the committee where they want to go with the deep dive. The sub-committee decided they wanted towns with high assessment, middle assessment and low assessment value; they selected Londonderry, Epsom, Hudson, Hooksett, Nelson, Campton, Boscawen, Plainfield, Groton, Goffstown, Moultonborough, Pittsfield.

George Sansoucy explained that the cost of the pole is where he starts the value. The economic obsolescence is subtracted from the pole assessment. He does not add value above the cost for the distribution system and caps it at the cost approach (the direct and indirect installation costs caps the value of the poles. Ellen Scarponi stated there are factors some of the assessors are putting in in addition to normal things that others are using. Both Representative Schmidt and Chairman Patten confirmed this is what the deep dive will reflect. George Sansoucy advised that Fairpoint does not know its original cost (although TDS, Merrimack Telephone, Granite State, Kearsarge and Chichester all have good records) by vintage year from which the assessors can then start a base model although they are now giving the size of the pole and the height and the class. They now have a starting point of how old the pole is, the original cost and depreciation. He further stated that New England utilities cost more than national averages. Kevin O’Quinn from Fairpoint agreed with Mr. Sansoucy that accounting records aggregate all of the older poles as if they were installed in 1981. Mr. O’Quinn advised there is another way to get to replacement cost new by providing the size, the height, and the location to develop that

replacement cost new. Mr. O'Quinn answered Mr. Lessard that they can provide the original cost of all the poles across the state but they do not have how much for a particular municipality in a particular year. Mr. Lessard asked Ms. Scarponi if they have provided today's cost (new less depreciation), not the 1981 cost – and Mr. O'Quinn and Ms. Scarponi both affirmed. Ms. Scarponi advised that information is in a spreadsheet that was sent to each municipality. Mr. Sansoucy advised this is new to NH but not new to states that have litigated with Verizon – this is called “81 Roll – Up”. All costs were rolled up to 1981 and allowed by the FCC. This completely obliterated the original NET records, it was prior to New England Telephone, and it was an inherited system, they cannot report those costs to anyone. Moving forward from there, they can only come up with a mandatory reporting system that requires them to keep the total capitalized cost per year.

Chairman Patten brought the meeting back to the deep dive subject and the towns. All were in agreement to move forward with the deep dive. Londonderry, Fairpoint, with Mr. Sansoucy; Epsom, TDS, Avitar; Hudson, Fairpoint, Mr. Sansoucy; Hooksett, Fairpoint, (GHMS – Mr. Sansoucy believes they did this); Boscawen, Fairpoint, Avitar; Plainfield, TDS Mr. Hildum; Plainfield, Fairpoint, Mr. Hildum; Groton, Fairpoint, Avitar; Nelson, Fairpoint, Avitar; Goffstown, Fairpoint, Scott Bartlett. Chairman Patten asked if everyone was okay with this and asked Representative Abrami his thoughts. Representative Abrami agreed. Ms. Scarponi suggested Moultonborough since they testified. It is agreed that Moultonborough, Fairpoint, Gary Karp will be added. Mr. Sansoucy advised they can provide this information in one package for their towns. Mr. Hildum confirmed he can get his information for TDS.

Mr. Sansoucy's Presentation regarding the Valuation of Telephone Poles

- The presentation covers type of information that is available
- What they know and don't know
- Two methods of determining replacement cost
- Several hand outs including graphs, multipliers, depreciation practices, pole and pole life study

Mr. Lessard ***motioned to adjourn at 12:05 p.m. Unanimously approved.***

Chairman Patten adjourned the meeting.

Respectfully submitted,

Elizabeth McGill
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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