Assessing Standards Board
Utility Valuation Subcommittee Meeting

Approved as written

**DATE:** April 20, 2018  **TIME:** 1:00 p.m.

**LOCATION:** NH Department of Revenue Administration, Conference Room 334, 109 Pleasant Street, Concord

**SUBCOMMITTEE MEMBERS in ATTENDANCE**
Betsey Patten, Bob Edwards, Steve Hamilton, Jim Wheeler, Joe Lessard, Scott Bartlett

**MEMBERS of the PUBLIC**
David Grant, Unitil, Teresa Rosenberger, DMB, Emalie Colburn, GES

Ms. Patten opened the meeting at 1:00 p.m.

**Minutes**

Mr. Bartlett motioned to accept the minutes of the April 6, 2018 meeting. Mr. Edwards seconded the motion. No discussion. Chair Patten called the motion to accept the minutes of the April 6, 2018, meeting as written. All approved. **The motion passed.**

Mr. Hamilton motioned to accept the minutes of the April 13, 2018, meeting. Mr. Lessard seconded the motion. A brief discussion followed and minor edits were made. Chair Patten called the motion to accept the minutes of the April 13, 2018, meeting as amended. Mr. Bartlett and Mr. Wheeler abstained. All others approved. **The motion passed.**

**Land and Land Values**

A review of a previous meeting took place about using the MS-1 information for residential, commercial and industrial land values and acreages to calculate a weighted average land value and some of the challenges that exist. Information pertaining to the different categories of land in each community may be difficult to acquire because towns keep different sets of records and an inventory of land by area for each municipality is not normally provided by the utilities. Additional research will be required to determine if that information is available.

Another challenge will be to determine the number of acres within each type of land, in particular the public rights-of-way or acreage of cross country rights-of-way over public property. Other challenges included no standard formula applied to calculate the areas occupied by the public rights-of-way and defined sizes of the rights-of-way are not necessarily recorded or maintained by the towns. It was suggested that determining the lengths of the rights-of ways and easements could be done. A brief discussion followed about where to begin.

The committee agreed, as a starting point, to use the information from the MS-1 to develop a weighted value per acre and that this value would work well for valuing both public and private rights-of-way. Discussion followed including ideas for measuring and valuing the rights-of way; the use of a value per linear foot versus per acre to overcome the variety; and multiple occupancies that could be valued by applying one value uniformly across distribution areas within a community.
Discussion followed including how much land utilities owned in fee, which was thought to be a small percentage when compared to the overall value of the town; concern about going down one path rather than coming up with options and supporting information and creating a standard formula to calculate the per linear foot value using local land values. It was suggested that any and all ideas be brought to the table so that the committee can provide a recommendation that is complete.

Mr. Bartlett expressed some concern pertaining to discussion and consideration of a formula to value easements for distribution lines that may ultimately lead to the same formula being used for transmission lines. Determining a land value for distribution lines using local values makes sense, however lines that run across multiple towns may create some significant differences in land values for the same line. Mr. Hamilton offered the description of what the committee is trying to do will need to be clear to understand the local values of the rights-of-way across both private property and along public rights-of-way and the right to occupy that land to do something with it. Describing this formula as one that can be applied uniformly and allow for other categories of land is important for being able to use the same linear foot calculation, however in the case of a 240 line or higher, it will not be the same dollar amount as there is a different implication and wider rights-of-way so the dollar per linear foot will be higher. He believes a formula can be developed to process the local value in and produce a reasonable estimate of value out.

A discussion followed about across the fence valuation, the consideration of the value of a parcel adjacent to another and the similarity to using the MS-1 values which, in this case, represent all non-current use property next to a public right-of-way. The importance of the weighted average is that it represents the same relative proportion of all properties in a community and converting that information into a linear foot value and describing the applications for each one of the formulas will provide a series of check boxes the municipalities will be able to use; determining the factors that will be the challenge. Ways to determine the land utilities owned fee, over public and private rights-of-way and easements were considered. While it was thought the utilities may not keep records of what they have in rights-of-way or easements they do know the miles of wire they have in each community and linear feet of the lines or pipe. Ideas included: to determine miles over private rights-of-way versus public occupancy could be to deduct the miles of roadway from miles reported of wire or pipe and the difference could roughly be inferred as being over private rights-of-way; a percentage tolerance; and the use of a state or regional average to determine a per linear foot for defined transmission lines.

Ms. Patten suggested the committee begin by creating a formula to determine the weighted average. From there, statistical analysis can begin by applying the empirical rule and considering a standard deviation to calculate parameters and allow for the analysis of various outcomes with the possibility of determining a minimum and maximum value. The committee agreed the current year’s reported MS-1 information for the entire state should be used for analysis to allow time for measurements and to be able to test the results to establish reasonable low and high values. A brief discussion followed about fractional rights of ownership and how those might be considered.

An update of House Bill 324 followed. The Senate Ways and Means Committee passed House Bill 324 out of Committee with an ought to pass recommendation with amendment so it goes back to the House for concurrence. The amendment essentially relieves the Senate committees from the burden of supporting any work of the commission. They deleted paragraph VI, “which the commission shall receive assistance from the support staff of the House Ways and Means Committee and the Science and Technology Committee.” Any necessary research needed by the commission will not be assisted by the Senate staff.

Next Meeting

Tuesday, May 1, 2018, at 9:30 a.m. at DRA

Mr. Edwards motioned to adjourn. Mr. Bartlett seconded the motion.
Ms. Patten adjourned the meeting at 2:50 p.m.

Respectfully submitted,
Stephanie Derosier
Municipal and Property Division
NH Department of Revenue Administration

All meetings are recorded and available upon request.

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

Telephone: (603) 230-5096
Facsimile: (603) 230-5947
Web: www.revenue.nh.gov
E-mail: asb@dra.nh.gov

In person at:
109 Pleasant Street, Concord

In writing to:
NH Department of Revenue Administration
Assessing Standards Board
PO Box 487
Concord, NH 03302-0487