

2020 GRIEVANCE HEARING

1. The 2020 Grievance Hearings opened on August 6, 2020 at 6:00 PM at the Canaan Municipal Office Building. Dennis Johnson, Diana Rancourt and Richard Dennis, Jr. Listers for the Town of Canaan were present, via zoom Peter Crosslett Esq. Barclay Damon LLP, Representative for CR NH Canaan LLC and via phone District Advisor Deanna Robitaille. Face-to-face grievance hearings were not held this year.
2. Two votes were cast for Dennis Johnson for chairman and he accepted.

Before this grievance, Chairman, Dennis Johnson welcomed Peter Crosslett to the zoom/phone grievance hearings. He stated that this meeting is being recorded and videotaped at the same time and you will be allowed up to 15 minutes for discussion. Your initial application and meeting notes will be used for determination by the Lister's in the days following tonight's session. You as the taxpayer will now have a chance to voice your grievance pertinent to the buildings or parcels. If you are representing another, which we know you are, Mr. Johnson stated that he is aware that Peter Crosslett Esq., Barclay Damon LLP is representing Central Rivers Power. We, the Listers may ask specific questions or request additional information but, NO decision will be made at this hearing. A reply will be mailed within two weeks and if not satisfied you may then further grieve through the BCA and so on. We do hope a compromise or understanding can be accomplished without ongoing actions.

U04050

The grievance addressed was on property owner Central Rivers Power property location is 344 Power House Road. The appeal read:

Attachment

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Basis For Appeal

The Canaan facility was acquired in an arms-length transaction from Eversource in August of 2018 as part of a larger transaction involving multiple hydroelectric facilities totaling 70+ MWS which were primarily located in New Hampshire. The Canaan facility is a small hydro with just 1.1 MW rated capacity and is primarily located within Canaan, Vermont with the exception of a portion of the dam which is within New Hampshire territory. The allocated purchase price for the Canaan facility was just over \$2 million dollars and represents the best evidence of market value for the facility.

Based on information provided by the township in the spring of 2020 we were advised that a PVR-404 had not been produced in prior years. In May of 2020 the attached detailed PVR-404 was submitted to the Listers showing a net book value of \$2,123,950.11 for the real property and \$3,869.86 for the personal property. See attached. On May 27, 2020 the company was provided notice of a change in appraisal putting a current value on the real property of \$2,421,800 and advising that any appeal must be filed by June 11, 2020. Given the decrease from the prior year and a less than \$300,000 difference in the appraised value and the actual net book value the company chose in good faith not to appeal.

On July 24, 2020 a subsequent notice of change in appraisal form was sent changing the value to \$4,115,600 which had been the value in the previous year stating the revision was due to incomplete valuation forms. In June of 2020 the Vermont Department of Taxes sent an email requesting that the company file an electric utility inventory providing 10 years of generation and O&M expenses. Although the company did not believe it fell within the legal definition of electric utility it provided the information on July 10, 2020 for calendar year 2019 which was its only year of ownership and for which it had the data readily available and noting the prior year information was not available. It appears that because this generation information was not provided a decision was made to increase the value which has no basis in appraisal theory and the result is an assessment that exceeds the true market value of the property. Since receiving this notice in change of appraised value the company has sought and obtained from the prior owner the generation history for ten years and is attaching it hereto.

It is respectfully submitted that this generation history does not justify the change in value and that the purchase price and additional accumulated depreciation since acquisition resulting in the current net book value as reported on the PVR-404 is the best evidence of the true market value.

Mr. Peter Crossett introduced himself and stated he works for Barclay Damon and they represent Central Rivers Power which is ultimately owned by Hull Street Energy. He handles a lot of tax matters all across the country. He is here tonight to present their position and is a long time taxpayer and wants to have positive relations with the town for many years regardless of the outcome tonight. Hull Street Energy is not an equity firm and is long term play and going company.

Mr. Crossett pointed out a few items on the appeal letter and also stated that in the past a PVR-404 form hadn't been filed and he informed the company to file that form to the listers and was done in May. It is his understanding that a very detailed value which showed all assets with depreciation was sent to Town of Canaan. He commented that part of the dam was in NH and the Canaan value was 2.1M.

District Advisor Deanna Robitaille commented that it will change the overall grand list by 20%. She commented that it is up to the listers to figure out the fair market value. She does know that we have been in contact with an appraiser and doesn't know how long it would take to get that information. She was happy that they were able to bring in 10 years of generation data. That would help to obtain a value for this property.

Mr. Crosslett said the first thing an appraiser would want is the purchase price allocation. He also commented that there are very strict guidelines with the uniform standards of professional appraisal practices to appraise the property. Every year stands on its own and the market value has to be determined every year. He stated they went thru an auction process and there were multiple vendors, so he thinks the purchase price is a solid market value price. Mr. Johnson said he would get back to him within 14 days and come up with something that works for both and thanked him to bringing the information before us today.

After Mr. Crosslett left the Zoom meeting, Deanna Robitaille stated that properties that sell on the open market are fair value market. Properties that are sold under auction are to be considered properties under distress and should be removed from

equalization sales study and feels we should go to the next level – BCA. She commented that what that they have brought forth today is current market value and generation values for the past 10 years but no comparable information. Don't know if we have enough information or we are properly trained to assess a utility company and felt it would be very important to reach out to a utility appraiser. It would be the best interest of the town to enlist Brian Fogg since he has previous experience with this company.

Deanna informed us that if we follow the best practice all the way thru and the case goes to Superior Court then there is the opportunity at a loss, we can file for consideration as long as we follow the best practice and hire an assessor so we can be sure of our fair market value. Mr. Johnson stated that since the reappraisal will be starting next year that it is important to get a good value on that utility.

Deanna Robitaille did reach out to their staff attorney and Jill Remick with the issue with the grand list for the extension to lodging the grand list.

The listers met after the zoom/phone grievance hearing ended to discuss said appeal.

After some discussion, the appeal was denied by the listers and the next step will be going to the next level BCA. No comparable presented and insufficient evidence to amend values.

No other business took place.

This concluded this 2020 Grievance hearing.

This 2020 Grievance Hearing adjourned on August 6, 2020 at 6:33 p.m.